This represents a translation for reference and convenience only, of the original notice issued in Japanese.

In the event of any discrepancies between the Japanese and English versions, the former should prevail.

Security Code: 7741
June 1, 2011

Notice of the 73rd Ordinary General Meeting of Shareholders

Dear Shareholders:

Please accept our heartfelt sympathies and condolences for the victims of the Great East Japan Earthquake and we truly hope for the recovery as soon as possible.

Notice is hereby given that the 73rd 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 materials for the general shareholders meeting and send us, either by return mail the enclosed voting form indicating your approval or disapproval of the propositions, or enter your approval or disapproval of the propositions from the voting site designated by the Company (http://www.evote.jp) no later than 5:45 p.m. on June 20 (Monday), 2011 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 21st (Tuesday), 2011, at 10:00 a.m.

2. Location: Orion, 5th floor, Chinzan-so
10-8, Sekiguchi 2-chome, Bunkyo-ku, Tokyo, Japan
(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 73rd fiscal year (from April 1, 2010 to March 31, 2011) and the audited reports of the consolidated financial statements for the fiscal year by the Independent Auditor and the Audit Committee.

2. Reports on financial statements for the 73rd fiscal year (from April 1, 2010 to March 31, 2011).
(Please refer to the accompanying business report for the 73rd fiscal year for details of the reports stated above.)

Matters for resolution:

Matters proposed by the Company (Propositions No. 1 and No. 2)
Proposition No. 1: Election of 8 Directors
Proposition No. 2: Issuance of stock subscription rights as stock options

Matters proposed by a shareholder (Propositions No. 3 to No. 22)
Proposition No. 3: Partial amendment to the Articles of Incorporation
(Review of the size of the Board of Directors)
Proposition No. 4: Partial amendment to the Articles of Incorporation
(Individual disclosure of remunerations to Directors and the Executive Officers)
Proposition No. 5: Partial amendment to the Articles of Incorporation
(Prior notice and disclosure of sales of shares by Directors, Executive Officers and their families)
Proposition No. 6: Partial amendment to the Articles of Incorporation
(Prohibition against hedging by stock option holders)
Proposition No. 7: Partial amendment to the Articles of Incorporation
(Increase in the number of Executive Officers)
Proposition No. 8: Partial amendment to the Articles of Incorporation
(Separation of roles of Chairman of the Board and CEO)

Proposition No. 9: Partial amendment to the Articles of Incorporation
(Prohibition to treat a blank vote as approval if it is the Company's proposal and disapproval if it is a shareholder's proposal)
Proposition No. 10: Partial amendment to the Articles of Incorporation
(Disclosure obligations concerning exercise of shareholders' right to make proposals, etc.)
Proposition No. 11: Partial amendment to the Articles of Incorporation
(Establishment of a contact point within the Audit Committee for whistle-blowing)
Proposition No. 12: Partial amendment to the Articles of Incorporation
(Preparation of a succession plan for the CEO)
Proposition No. 13: Partial amendment to the Articles of Incorporation
(Disclosure of academic background of the Directors and the Executive Officers)
Proposition No. 14: Partial amendment to the Articles of Incorporation
(Criteria for selection of candidates for Directors by the Nomination Committee)
Proposition No. 15: Partial amendment to the Articles of Incorporation
(Disclosure of time pledged by Directors)
Proposition No. 16: Partial amendment to the Articles of Incorporation
(Preparation of Code of Ethics by the Board of Directors)
Proposition No. 17: Partial amendment to the Articles of Incorporation
(Provision for fiduciary responsibility and indemnity liability)
Proposition No. 18: Partial amendment to the Articles of Incorporation
(Provision for the Board of Directors' contact with senior management)
Proposition No. 19: Partial amendment to the Articles of Incorporation
(Allocation of committee budget that may be used without approval of the Executive Officers)
Proposition No. 20: Partial amendment to the Articles of Incorporation
(Employment of legal advisor to the Board of Directors)
Proposition No. 21: Partial amendment to the Articles of Incorporation
Proposition No. 22: Partial amendment to the Articles of Incorporation

For an outline of each proposition, please refer to the accompanying reference materials for the general shareholders meeting.

4. Information on exercising the voting rights:

(1) If you attend the meeting
If you are attending the meeting, please present the enclosed voting form to the receptionist at the meeting. In addition, please bring with you this Notice of the Meeting and the accompanying business report for the 73rd fiscal year.
(2) If you are exercising your voting rights by returning the voting form by mail.
Please indicate your approval or disapproval of the propositions on the enclosed voting form and send us by return mail no later than 5:45 p.m. on June 20 (Monday), 2011.
(3) If you are exercising your voting rights via the Internet
Please refer to "Information on exercising the voting rights via the Internet" on the next page, and enter your approval or disapproval of the propositions via the designated voting rights exercising site (http://www.evote.jp) no later than 5:45 p.m. on June 20 (Monday), 2011.
(4) Non-uniform exercise of voting rights
If you plan to exercise your voting rights in a non-uniform way, please inform the Company of this intention with the reason in writing at least three days prior to the date of the meeting.

5. Handling of voting rights:

(1) If you indicate neither your approval nor disapproval of a proposition, your answer will be deemed to be approval if it is the Company's proposal and disapproval if it is a shareholder's proposal.
(2) 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.
(3) 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 and a mobile phone, the Company will regard the content of the last exercise as valid.

6. 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 Individual Notes to the Financial Statements are disclosed on our website (http://www.hoya.co.jp/english/)instead of being included in the accompanying business report for the 73rd fiscal year.
(2) If any revision takes places in the accompanying reference materials for the general shareholders meeting, 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/).

7. 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.

-END-

<Information on exercising the voting rights via the Internet>

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

Notes

1. About the voting rights exercising site
   (1) The voting rights can be exercised via the Internet by a personal computer or a mobile phone (i-mode, EZweb, Yahoo!Keitai)(Note) only by accessing the voting rights exercising site designated by the Company (http://www.evote.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.
   (2) 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.
   (3) 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.
   (4) Exercising of the voting rights via the Internet is accepted until 5:45 p.m. on June 20 (Monday), 2011, however, please exercise your rights in good 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)

2. How to exercise the voting rights via the Internet
   (1) On the voting website (http://www.evote.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.
   (2) 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 mobile phones are used, packet communication fees and other mobile phone usage fees are incurred, and these are also to be borne by the shareholders.

Information for the General Meeting of Shareholders

Propositions and information

<Matters proposed by the Company (Propositions No. 1 and No. 2)>

Propositions No. 1 and No. 2 are proposals made by the Company.

Proposition No. 1: Election of 8 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 eight 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 (Date of birth)	Brief history, positions and assignments at the Company, and important position of other companies concurrently held	Number of shares of the Company held by Candidate
1	Yuzaburo Mogi (Feb. 13, 1935)	Apr. 1958 Joined Noda Shoyu Co., Ltd. (present Kikkoman Corporation) Mar. 1979 Director of Kikkoman Corporation Mar. 1982 Managing Director of Kikkoman Corporation Oct. 1985 Managing Director and Representative Director of Kikkoman Corporation Mar. 1989 Executive Managing Director and Representative Director of Kikkoman Corporation Mar. 1994 Executive Vice President and Representative Director of Kikkoman Corporation Feb. 1995 President and Representative Director of Kikkoman Corporation Jun. 2001 Director of the Company (present post) Jun. 2004 Representative Director, Chairman and CEO of Kikkoman Corporation (present post) **Important position of other companies concurrently held** Representative Director, Chairman and CEO 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.	4,000 shares
2	Eiko Kono (Jan. 1, 1946)	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 Director of the Company (present post) Jun. 2003 Chairperson and CEO of RECRUIT Co., Ltd. Apr. 2004 Chairperson and Chairperson of the Board of Directors of RECRUIT Co., Ltd. Jun. 2005 Special Advisor of RECRUIT Co., Ltd. **Important position of other companies concurrently held** 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.	1,000 shares

No	Name (Date of birth)	Brief history, positions and assignments at the Company, and important position of other companies concurrently held	Number of shares of the Company held by Candidate
3	Yukiharu Kodama (May 9, 1934)	Apr. 1957 Joined the Ministry of International Trade and Industry (MITI) (now the Ministry of Economy, Trade and Industry (METI)) Jun. 1985 Director General of the Minister's Secretariat MITI Jun. 1988 Director General of Industrial Policy Bureau MITI Jun. 1989 Administrative Vice-Minister of MITI. Jun. 1991 Retired from MITI Jun. 1991 Advisor to Japan Industrial Policy Research Institute (JIPRI) Feb. 1992 Advisor to the Industrial Bank of Japan (IBJ) Jun. 1993 President of The Shoko Chukin Bank Jul. 2001 Chairman of the Japan Information Processing Development Corporation Jun. 2005 Director of the Company (present post) Nov. 2007 Chairman of the Mechanical Social Systems Foundation (present post) **Important position of other companies concurrently held** 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.	1,000 shares
4	Itaru Koeda (Aug. 25, 1941)	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 (present post) Jul. 2003 Director of Renault S.A. Mar. 2005 Chairman of JATCO Ltd. Jun. 2008 Chairman Emeritus and Advisor of Nissan Motor Co., Ltd. (present post) Jun. 2008 Chairman of Nissan Shatai Co., Ltd. (present post) Jun. 2009 Director of the Company (present post) **Important position of other companies concurrently held** Chairman Emeritus and Advisor of Nissan Motor Co., Ltd. Chairman of Calsonic Kansei Corporation Chairman of Nissan Shatai Co., Ltd.	5,000 shares

No	Name (Date of birth)	Brief history, positions and assignments at the Company, and important position of other companies concurrently held	Number of shares of the Company held by Candidate
5	*Yutaka Aso (Aug. 28, 1946)	Nov. 1973 Joined Osawa Shokai (presently J.Osawa Group Co.,Ltd.) May 1975 Auditor of Aso Cement Co., Ltd. (present Aso Corporation) Jun. 1977 Senior Managing Director of Aso Cement Co, Ltd. Dec. 1979 President of Aso Cement Co., Ltd. Aug. 2001 President and Representative Director of Aso Cement Co., Ltd. Aug. 2001 President and Representative Director of Aso Cement Co., Ltd. (present LAFARGE ASO CEMENT Co, Ltd.) (present post) Jun.2010 Chairman and Representative Director of Aso Corporation (present position) **Important position of other companies concurrently held** Chairman and Representative Director of Aso Corporation President and Representative Director of LAFARGE ASO CEMENT Co, Ltd.	1,000 shares
6	Hiroshi Suzuki (Aug. 31, 1958)	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, Electro Optics Company Jun. 1999 Executive Managing Director of the Company Jun. 2000 President and Representative Director of the Company Jun. 2003 Director, President & CEO of the Company (present post)	942,080 shares
7	Hiroshi Hamada (May 30, 1959)	Apr. 1982 Joined Yamashita Shinnihon Steamship Co., Ltd. (present Mitsui O.S.K. Lines, Ltd.) Mar. 1987 Joined ALICO Japan Nov. 1992 Joined Clarke Consulting Group of the United States Jan. 1995 Joined Dell Computer Corporation (present Dell Inc.) Aug. 2000 President and Representative Director of Dell Computer Corporation, and Vice President of Dell Inc. of the United States May 2006 Representative partner of Revamp Corporation Apr. 2008 Executive Officer & Chief Operating Officer of the Company (present post) Jun. 2008 Director of the Company (present post)	67,800 shares
8	Kenji Ema (Nov. 8, 1947)	Mar. 1970 Joined the Company Jun. 1993 Director of the Company, in charge of Administration Planning, Accounting and Purchase Jun. 1997 Managing Director of the Company, in charge of Strategy, Planning and Treasury Jun. 2000 Executive Managing Director of the Company, in charge of Corporate Finance Jun. 2001 Executive Managing Director and CFO of the Company Jun. 2003 Director, Executive Officer & Chief Financial Officer of the Company (present post) Jul. 2003 President of HOYA HOLDINGS N.V. Jan. 2007 Executive Officer Chief Financial of HOYA CORPORATION, Netherlands Branch	44,800 shares

(Notes)

1. * This is a new candidate.
2. No candidate has any relationship of special interest with the Company.
3. Matters concerning the candidates for the posts of Outside Directors are as follows:
   (1) 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 and Mr. Itaru Koeda as being independent directors appointed by the Company, in accordance with the Tokyo Stock Exchange's rules and regulations. Mr. Yutaka Aso also satisfies the requirements for being an independent director in accordance with the Tokyo Stock Exchange's rules and regulations, and the Company is scheduled to appoint Mr. Yutaka Aso as an independent director and provide notice to the Tokyo Stock Exchange.
   (2) Reasons for the selection of candidates for the posts of Outside Directors
   In 2003, the Company adopted a committee structure itself (as a "company with committees" following the

enforcement of the Companies Act). 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. For this reason, the Company needs to appoint two or more Outside Directors. 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. In addition, the “Basis for Election of Candidates for Directors" prescribe that the Nomination Committee appoints three or more Outside Directors. At present, five of the eight Directors of the Company are Outside Directors. They contribute to building a solid and transparent system of governance.

With this background, the Company hereby requests appointment of the five candidates to the posts of Outside Directors.

Each candidate has engaged in corporate management for many years, with Mr. Yuzaburo Mogi serving at Kikkoman Corporation in the food industry in the consumer goods field, Ms. Eiko Kono at RECRUIT Co., Ltd. in the information services industry, Mr. Itaru Koeda at Nissan Motor Co., Ltd. in the automobile industry, and Mr. Yutaka Aso as the representative of Aso Group involved in a wide range of businesses from healthcare and nursing care to education and IT. Meanwhile, Mr. Yukiharu Kodama has surveyed the business community from a fair and impartial viewpoint for many years, assisting ministers at the Ministry of International Trade and Industry (presently known as the Ministry of Economy, Trade and Industry), and has accumulated very substantial knowledge and experience at financial institutions.

The Company nominated these candidates for the posts of Outside Directors in the hope that they would provide management supervision and advice to the Company from a broad perspective not constrained in the industry to which the Company belongs, based on their abundant knowledge and experience, and the wealth of information they have cultivated through their careers. Each of the candidates has a sufficient background to provide management supervision and advice to the Company. They also possess abundant international experience and extensive networks of contacts in their fields. These are people who, instead of providing names only, can actually attend meetings of the Board of Directors of the Company, take an active part in discussions at the meetings, and express opinions as persons who care about the Company.

(3) Violations of laws and ordinances or the Articles of Incorporation, or other inappropriate actions, and steps taken to prevent or respond to the above events initiated by the candidate Outside Directors over the past five years, to the extent that the candidates have served as Outside Directors of other companies

At Mitsui Sumitomo Insurance Co., Ltd., where Ms. Eiko Kono concurrently serves as an Outside Director, facts emerged showing the improper non-payment of benefits for whole-life medical insurance and other third-category products and incomplete payment of extra expense claims and other incidental benefits. For this reason, the Financial Services Agency on June 21, 2006 issued to the company an order for operational improvement in accordance with Paragraph, 1, Article 132 of the Insurance Business Law, and an order for partial operational suspension in accordance with Article 133 of said law. Subsequently, partial calculation errors in fire and other insurance premiums came to light at the company.

Ms. Eiko Kono has regularly spoken about the importance of legal compliance and customer protection at the meetings of the Board of Directors of the company, etc. Following the incidents, Ms. Kono discharged her responsibility by making proposals to prevent a recurrence of the errors as the company undertook a fundamental review of the administration of its operations.

(4) Years since appointment as Outside Directors of the Company (up to the close of this General Meeting of Shareholders)

Mr. Yuzaburo Mogi	10 years
Ms. Eiko Kono	8 years
Mr. Yukiharu Kodama	6 years
Mr. Itaru Koeda	2 years
Mr. Yutaka Aso	(New appointment)

(5) Liability limitation contract with candidates for the posts of Outside Directors

(i) The Company and the four 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.

(ii) The Company will conclude a similar agreement as the above with Mr. Yutaka Aso, who is a new candidate for Outside Director, when his appointment is approved and passed.

4. The current conditions for assuming the post of committee member for each candidate are as shown below.

Nomination Committee members: Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, and Mr. Itaru Koeda

Audit Committee members: Mr. Yukiharu Kodama (Chairman), Mr. Yuzaburo Mogi, Ms. Eiko Kono, and Mr. Itaru Koeda

Compensation Committee members: Mr. Yuzaburo Mogi (Chairman), Ms. Eiko Kono, Mr. Yukiharu Kodama, and Mr. Itaru Koeda

Proposition No. 2: Issuance of stock subscription rights as stock options

We request your approval for stock subscription rights to be issued to the employees of the Company and the directors and employees of the subsidiaries of the Company as stock options as outlined below, based on the provisions of Articles 236, 238 and 239 of the Companies Act, and for the authority to determine the guidelines for subscription to the above stock subscription rights to be delegated to the Board of Directors.

1. Reasons for inviting persons who accept stock subscription rights with specially favorable conditions

The Company intends to issue stock subscription rights to its employees and to the directors and employees of its subsidiaries to raise the morale of its employees and of directors and employees of its subsidiaries, to motivate them to improve results and to attract excellent human resources.

2. Outline of the issuance of stock subscription rights (hereinafter referred to as the "Stock Subscription Rights")

(1) Upper limit of the number of Stock Subscription Rights

The upper limit shall be 3,000 rights.

(2) Amount of payment for the Stock Subscription Rights

No payment of money shall be required in exchange for the Stock Subscription Rights.

(3) Details of the Stock Subscription Rights

(i) Type and number of shares that are the object of the Stock Subscription Rights

The type of shares that are the object of the Stock Subscription Rights shall be the common shares of the Company, and the number of shares that are the object of one Stock Subscription Right (hereinafter referred to as "the Number of Granted Shares") shall be 400 shares.

If the Company conducts a stock split (including free share allocation) or a reverse stock split after the date of allocation, the Number of Granted Shares shall be adjusted based on the following formula. Such adjustment shall be made only for the Number of Granted Shares of the Stock Subscription Rights that are not exercised as of the time of adjustment. Any fraction of less than one share created as a result of the adjustment shall be discarded.

Number of Granted Shares after adjustment =
Number of Granted Shares before adjustment x ratio of stock split or reverse stock split

If there is an unavoidable reason requiring the adjustment of the Number of Granted Shares in addition to the foregoing after the date of allocation, the Number of Granted Shares may be adjusted to a reasonable extent.

The total number of shares that are the object of the Stock Subscription Rights shall be subject to an upper limit of 1,200,000 shares. If the Number of Granted Shares is adjusted as above, a number obtained by multiplying the Number of Granted Shares after adjustment by the upper limit of the number of Stock Subscription Rights set out in (1) above shall become the upper limit.

(ii) Method for calculating the value of properties that will be invested in at the time of the exercise of the Stock Subscription Rights

The value of properties that will be invested in at the time of the exercise of one Stock Subscription Right shall be an amount obtained by multiplying the Number of Granted Shares by the amount of payment (hereinafter referred to as "the Exercise Price") per share that will be delivered after the exercise of the Stock Subscription Rights.

The Exercise Price shall be the closing price of the ordinary transactions of the shares of the Company at the Tokyo Stock Exchange on the date before the date of resolution regarding the subscription requirements of the Stock Subscription Rights by the Board of Directors of the Company (if no transactions are concluded on this date, it shall be the closing price of the immediately preceding date).

If the Company conducts a stock split (including free share allocation) or a reverse stock split after the date of allocation, the Exercise Price shall be adjusted based on the following formula. Any fraction of less than one yen created as a result of the adjustment shall be rounded up.

Exercise Price after adjustment =
Exercise Price before adjustment x (1 / (ratio of stock split or reverse stock split))

If there is an unavoidable reason such as a decline in the amount of capital stock, which requires the adjustment of the Exercise Price in addition to the foregoing after the date of allocation, the Exercise Price may be adjusted to a reasonable extent.

(iii) Period for exercise of the Stock Subscription Rights

From October 1, 2012 to September 30, 2021

(iv) Conditions for the exercise of the Stock Subscription Rights

The Stock Subscription Rights shall not be exercised after dividing one Stock Subscription Right.

(v) Clause of acquisition of the Stock Subscription Rights

If the general meeting of shareholders of the Company approves a merger agreement under which the Company will become a non-surviving company, a company spin-off agreement or plan based on which the Company will become a spin-off company, a stock swap agreement based upon which the Company will become a wholly-owned subsidiary, or a stock transfer plan (if the approval of the general meeting of shareholders is not required, the resolution of the Board of Directors or decision by Representative Executive Officer), the Company may acquire the Stock Subscription Rights free of charge.

(vi) Common stock and capital reserve to be increased

The amount of increase in capital stock in the event of the issue of shares through the exercise of the Stock Subscription Rights shall be half of the amount of the limit of the increase in capital stock, etc. which is calculated in accordance with Paragraph 1 of Article 17 of the corporate accounting regulations (any fraction of less than one yen created as a result of the calculation shall be rounded up). The amount of increase in capital reserve shall be an amount obtained by deducting the amount of capital stock increase from the above amount of limit of increase in capital stock, etc.

(vii) Restriction on the acquisition of the Stock Subscription Rights through transfer

The acquisition of the Stock Subscription Rights through transfer shall be subject to the approval of the Board of Directors of the Company.

<Matters proposed by a shareholder (Propositions No. 3 to No. 22)>

Counter-opinions by the Board of Directors against the shareholders' proposals

The Company recognizes corporate governance as a matter of the utmost importance for management. It adopted the governance model based on the company-with-committees system when it was first introduced in Japan in order to strengthen the management monitoring function and improve management efficiency. By separating the roles of management execution and supervision thereof, it has strived to conduct its business so as to improve the corporate value and to maximize shareholders' benefit. As an example, the Articles of Incorporation stipulate that more than half of the Directors of the Company to be comprised of Outside Directors, and the independence standards concerning the candidates for Outside Directors are established by the Nomination Committee, which is disclosed on the Company website. As the Company's standards meet the independent director's criteria of the Tokyo Stock Exchange, the Company has submitted notification to the Tokyo Stock Exchange of all of the Outside Directors of the Company as qualified Independent Directors.

All shareholder proposals are proposals to amend the Articles of Incorporation, however, the Articles of Incorporation of Japanese companies are equivalent to the Constitution of the Company and the entries in the Articles of Incorporation bind stakeholders of the Company at present as well as stakeholders of the Company including the shareholders in the future. Therefore it is the Company's opinion that stipulating detailed obligations in the Articles of Incorporation focusing only on the current situation of the Company and society may impede the prompt and flexible management of the Company. The current Executive Officers chosen by the Nomination Committee and appointed by the Board of Directors are speedily taking specific management measures to contribute to the sustained growth of the Company to respond to ever-changing business environment. As for corporate governance issues which contribute to long-term creation of shareholder values, the Board of Directors and each Committee are actively promoting reforms to respond to the demands of the times, incorporating the reforms in the way of thinking, rules and management regulations, and then promoting disclosure for further transparency. For those shareholder's proposals made last year, such as to require amendment of the Articles of Incorporation to increase the amount of explanatory text for shareholders' proposals, and to require amendment of the Articles of Incorporation to hold meetings amongst Outside Directors only, we have adopted the ideas in more appropriate way by amending internal rules and regulation. Therefore, the Board of Directors believes that amending the Articles of Incorporation as proposed by adding detailed provisions may impede the prompt and flexible management and thus not be beneficial to the Company's shareholders at large.

For the above reasons, the Board of Directors is against all of the shareholder's proposals below.

Specific reasons for opposing each of the shareholder's proposals are given after each proposition.

<Matters Proposed by a shareholder (Propositions No. 3 to No. 20)>

Propositions No.3 to No. 20 are proposals made by one of our shareholders.

The number of voting rights of the proposing shareholder is 380.

Pursuant to laws and regulations, the specifics of and reasons for each proposition are according to the contents of documents submitted by the shareholder, except where such contents are obviously untrue or deemed to mainly intend to defame or to insult.

Proposition No. 3: Partial amendment to the Articles of Incorporation (Review of the size of the Board of Directors)

Outline of Proposition: It is proposed that a provision that reads as follows be deleted from the Articles of Incorporation: "The number of Directors shall be ten or less."

Reason for the proposal: The Company specifies in the Articles of Incorporation that the number of Directors to be ten or less. However, the appropriate size of the Board of Directors should be determined depending on the activities of the Board of Directors and committees, and it is not appropriate to specify the number to ten or less.

It is the proposer's opinion that appointing candidates who are independent of the current Nomination Committee will contribute to shareholders' benefit because it will enhance the monitoring capability of Directors. In such case as to replace the CEO whose misconduct is suspected, one can assume a situation where large number of Directors who are independent of the current Nomination Committee should be elected. Therefore, it is not necessary to set an upper limit to the number of Directors in the Articles of Incorporation. As a usual size for the Board of Directors, one CEO and five to fifteen Outside Directors (of which 75% or more are independent Outside Directors) is considered desirable.

Opinion of the Board of Directors about the Proposition No. 3
The Board of Directors is against this shareholder's proposal.
We believe the upper limit of ten as stipulated in the current Articles of Incorporation is an appropriate size of the Board of Directors for our current business scale for best decision making based on lively debates. This prevents the Board of Directors from becoming bloated and losing substance. In addition, this size has been optimized according to the activities of the Board of Directors and each committee. The term of our Directors is one year and thus they are elected every year. The optimal size of the Board of Directors is reviewed every year within the upper limit, and we do not believe it necessary to abolish the current upper limit of ten which we consider is appropriate.

Proposition No. 4: Partial amendment to the Articles of Incorporation (Individual disclosure of remunerations to Directors and the Executive Officers)
Outline of Proposition: It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "The amounts and specifics of remuneration paid to Executive Officers and Directors must be disclosed individually in the business report and financial statement every year, and all of the disclosed amounts must be individually evaluated on yen basis for the disclosure."
Reason for the proposal: With regard to the remuneration paid to Executive Officers and Directors, only the total amount, etc. has been disclosed to shareholders in business reports, etc., and the individual amounts and specifics of the remuneration have never been disclosed in Japan. However, disclosing the amounts and specifics of remuneration paid to each of the Executive Officers and Directors will be extremely beneficial for shareholders when they check the appropriateness of the remuneration. Therefore, the details of remuneration paid to individual Executive Officers and Directors should be disclosed to shareholders in a manner that is understandable for individual as well as institutional investors.
The ratio of votes in favor of the Proposition presented in June 2010 for individual disclosure of remuneration was released by the Company. The status on the day before without taking into consideration the impact of the voting rights exercised on the day was 49.42% (denominator is the total number of affirmative votes and dissenting votes, and the numerator is the total number of affirmative votes). The last year's Proposition for individual disclosure of remuneration was supported and recommended by ISS, the world's largest advisory firm on exercise of voting rights, and Glass Lewis, the second largest. The details of the voting rights exercised on the day were not disclosed and thus unknown. In capital markets in developed countries other than Japan, individual disclosure of remuneration is a matter of course. This has not caused any inconveniences for the investors, and the indexes of those capital markets have created significantly higher return than Japan's indexes such as Nikkei Stock Average for the past 20 years.

Opinion of the Board of Directors about the Proposition No. 4
The Board of Directors is against this proposition.
The amount of remuneration for the Company's Directors and Executive Officers is determined by the Compensation Committee which solely comprises Outside Directors. The total amount of remuneration, etc. for this fiscal year is described in the accompanying business report for the 73rd fiscal year. Policies for determining the amount of remuneration, their details and calculation method are also described in the same report. The norm of remuneration of Executive Officers is fixed remuneration of 50% and performance-based remuneration of 50%. The performance-based remuneration, which fluctuates significantly depending on the performance of the Company, is determined based on the Company's results (level of achievement of the target of sales, current net income, and current net income per share, weight: up to 80%) and measures (level of achievement of management measures set at the beginning of the term, weight: up to 20%). With regard to the remuneration of Executive Officers, we believe that clarifying how Executive Officers are assessed along with the calculation policy and standards as to how the Executive Officers are evaluated and the amount of remuneration is determined, rather than clarifying the resulting individual amount every year, is important to boost the morale and to assess the achievement of Executive Officers, and thus leads to shareholders' benefit. The Company has disclosed individual Director's remuneration in accordance with the Cabinet Office Ordinance on Financial Instruments and Exchange Act.

Proposition No. 5: Partial amendment to the Articles of Incorporation (Prior notice and disclosure of sales of shares by Directors, Executive Officers and their families)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "Sales of shares by Directors, Executive Officers, their spouses, or relatives within the first degree of relationship, shall require at least 30 days' notice in advance and must be disclosed to shareholders."
Reason for the proposal: Sales of shares by Directors, Executive Officers, their spouses, or relatives within the first degree of relationship should be monitored closely. For example, even if a Director or the CEO is given stock subscription rights (stock options), there may be a case in which their benefits will increase when the share price falls if the Director, the CEO, or his/her family sells the shares at the same or higher price, or it may create an economic motive to sell shares for such benefits.
It is certain that the acquisition of PENTAX Corporation has created significant losses for shareholders, but even if the Directors had shorted their shares by using their families' accounts, shareholders would not normally have had any way of knowing about it. In fact, the example of the husband of a former Outside Director of Seiyu, who heard from his wife about the TOB, conducted insider trading, and is now being indicted, is a tip of the iceberg.
For example, even if the Company is in receipt of an action for the revocation of resolution of the shareholders meeting and the fact of the action is not disclosed in a timely manner, while families of Directors or Executive Officers may short the shares of the Company, other shareholders have no way of knowing it. Foreign investment banks, etc. would come to members of founding family for sales of a liquidation scheme, etc. of shares owned by them.
Of course, it is not reasonable to prohibit the sale of shares itself because Directors, Executive Officers or their families have

the right to dispose of their property. However, it is extremely important to have a system that permits shareholders to monitor for the inappropriate disposal of shares, and this is why the proposer presents this proposition. In capital markets in developed countries such as the United States, this is an item known as common sense.

Opinion of the Board of Directors about the Proposition No. 5
The Board of Directors is against this proposition.
With regard to the sales of the Company's shares, the Company's Directors and Executive Officers are subject to regulations pursuant to laws and ordinances (insider trading regulations, mandatory reporting of trading, provision of short-term trading profits, prohibition of short selling, etc.). In addition, in consideration of the importance to ensure fair market activity, the Company has laid down "Rules concerning management of internal information and trading of the Company's shares, etc." in an effort to manage insider information and prevent insider trading. Accordingly, Executives and employees of the Company are obligated to maintain confidentiality of insider information, and they are prohibited to convey insider information to their families, too.
This proposal, regardless of the existence of insider information, materially restricts the rights to dispose of property for all relatives within the first degree of relationship of Directors and Executive Officers by requiring prior notice and disclosure of sales of shares by the family members not only who share livelihood with Directors and Executive Officers but also all relatives within the first degree of relationship. We believe this is an unreasonable regulation that treats some shareholders discriminatory for the sole reason of being a relative of the Directors and Executive Officers. In addition it is unreasonable to impose on the Company the obligation to monitor disposition of property by not only the Directors and Executive Officers but also their relatives. The said prior notice and disclosure system is not established in Japan, and the possibility cannot be ruled out that the prior notice may lead to speculative trading of the Company's shares, and this may cause disruption in the market. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 6: Partial amendment to the Articles of Incorporation (Prohibition against hedging by stock option holders)
Outline of Proposition: It is proposed that an Article which read as follows be added to the Articles of Incorporation: "Directors and Executive Officers holding stock options and shares are prohibited from hedging by such methods as selling the call option while retaining the put option. The Compensation Committee must create guidelines to this end and disclose them to shareholders."
Reasons for the proposal: Issuance of stock options will not function as a discipline which motivates Directors and Executive Officers who are granted stock options to strive to bring about long-term shareholders' benefit if they undertake hedging such as selling the call option while retaining the put option. However, the current Compensation Committee does not seem to be aware of this issue, and this has prompted the proposer to present this proposition.
Selling of shares by Directors who hold shares in coincidence with the granting or exercising of stock options is a kind of hedging, and similar transactions conducted by their families have similar characteristics. Counter-opinions by the Board of Directors last year was inconclusive, therefore this proposition is presented again.

Opinion of the Board of Directors about the Proposition No. 6
The Board of Directors is against this proposition.
The Compensation Committee of the Company has studied the most appropriate way to compensate Directors and Executive Officers of the Company from various angles. The executive compensation system is extremely important for the Company's Directors and Executives to share the corporate value with the shareholders and receive an appropriate level of remuneration that is linked to the Company's achievement and performance of the share price. Therefore we believe the system needs to be carefully designed. The Company currently adopts stock options as an incentive to improve the corporate value in the long term in accordance with the rules of the Compensation Committee which stipulates that "the remuneration system must be such that it gives an incentive to Directors and Executive Officers to improve the performance of the Company". This incentive scheme is implemented on the recipients' full understanding that the stock options are not exercised when the market value of the share is below the exercise price (the options become valueless). The Company has never employed a remuneration system with excessive reliance on stock options as seen in the remuneration system of rapidly growing companies in the United States where an enormous amount of remuneration had been received as stock options and there is no instance either that Directors or Executive Officers have acted against the aforementioned intention of the Company's remuneration system, we are preparing internal process so that the scheme is managed in line with its intended objective. We will continue reviewing the design of remuneration from the viewpoint of improving the morale and motivation to improve the performance as well as to align the interest of the shareholders and the management. Accordingly, we believe that the proposed provisions need not to be added to the Articles of Incorporation at this time.

Proposition No. 7: Partial amendment to the Articles of Incorporation (Increase in the number of Executive Officers)
Outline of Proposition: It is proposed that the Article 29 of the Articles of Incorporation be amended to read as follows: "The number of Executive Officers of the Company shall be five or more."
Reason for the proposal: The proposer plans to propose an increase in the number of Executive Officers in the future and to propose appointment of the Chief Material Science Officer, Chief Medical Officer and Chief Investment Officer. Therefore, along with CEO and Chief Financial Officer, at least five Executive Officers are needed. This is why the proposer presents this proposition. At a company with committees, the relationship of Directors and the Executive Officers is that the former monitor the management and the latter execute operations, thus, it is desirable to have the responsibilities of the Executive Officers clarified. The Company does not have a succession plan for Executive Officers, and the dependence of the Company on a small number of Executive Officers was disclosed as a risk factor in the securities report for the 72nd term.

The proposer has advocated at several other occasions that the core business of the Company should be in the areas of material science (note: Mr. Suzuki mentions optics, but the Company does not have a business advantage in optics such as camera design or product assembly. The Company's advantage is in inorganic materials science such as processing and polishing of glass materials) and ophthalmology.
The proposer strongly recommends the Executive Officers for limiting the areas of reinvestment to material science and ophthalmology in principle. In order to clarify the performance measurement of the persons in charge of the areas of material science and ophthalmology, it is considered that clarification of the responsibility, by appointing a Chief Material Science Officer and Chief Medical Officer, will contribute more to shareholders' value. Competition against Alcon, the world largest company in ophthalmology, would require considerable capability, such as acquisition of new drug candidates for age-related macular degeneration. In the material science area also it requires long-term effort based on appropriate management decisions.
In order to increase the corporate value, especially in the areas of ophthalmology including medicine and material science, introduction of external management resources is needed for example by acquisitions. However, the Company's management has no track record in increasing corporate value through acquisitions. Instead, the management has repeatedly behaved in a way that would eat away the inheritance from past business development, for example, most investment projects have resulted in bankruptcy and the purchase of Pentax at a high price incurred a large loss. As a result of this sort of management, the share price has remained slumped, without any significant increase in shareholders' value in the last 11 years. In order to improve such a situation, I believe it is desirable to employ personnel who have professional ability in external investment, appoint the Chief Investment Officer, and let him/her manage the Company based on clear responsibility.

Opinion of the Board of Directors about the Proposition No. 7
The Board of Directors is against this proposition.
Article 29 of the Articles of Incorporation stipulates that the number of Executive Officers be two or more. Also for increased transparency, the Nomination Committee selects candidates for Executive Officers as well as for Directors. As for Executive Officers, a mechanism is in place so that the Board of Directors, of which the majority is comprised of Outside Directors, can pass a resolution to appoint them in a flexible manner. As for the number of Executive Officers, the Nomination Committee reviews the necessary number based on the objective assessment of the business status of the Company. Accordingly, we believe that the proposed amendment to Articles of Incorporation to specify the number of Executive Officers at five or more is unnecessary.

Proposition No. 8: Partial amendment to the Articles of Incorporation (Separation of roles of Chairperson of the Board and CEO)
Outline of Proposition: It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "Concurrent holding of the position of the Chairperson of the Board of Directors and the position of the CEO is prohibited, and the position of the Chairperson of the Board of Directors must be held by an Outside Director."
Reason for the proposal: It is proposer's opinion that the Chairperson of the Board of Directors should be an independent Outside Director, or at least an Outside Director. It should be particularly avoided that the CEO also serves as the Chairperson of the Board of Directors. Because the CEO possesses power over the Company's internal resources and personnel matters and thus should be positioned as the subject of closest supervision. In addition, the separation of the Chairperson of the Board of Directors and the CEO has been a direction adopted in corporations in North America to strengthen corporate governance.
The proposer makes this proposal to prevent illegal activities by the CEO, etc., such as damaging shareholders' value. The Chairperson of the Board of Directors should also prepare documents prior to Board of Directors meetings and thus is required to spend longer time to supervise the Company than other Outside Directors.

Opinion of the Board of Directors about the Proposition No. 8
The Board of Directors is against this proposition.
We are aware that there are discussions and theories on corporate governance that it is desirable to separate Chairperson of the Board of Directors and the CEO and we recognize that the concept has gained a certain level of support reflecting the awareness of problem of a case where a CEO who also serves as the Chairperson of the Board of Directors (Chairperson), dominates the Board with his/her overwhelming power. At our Company, the situation is totally different. In fact, while our CEO currently serves as the Chairperson of the Board of Directors, five out of the eight (62.5%) members of the Board are Outside Directors and all of them are well experienced and independent, who have either been engaged in corporate management or have widely supervised industries at government offices for many years. Based on their deep insight, an appropriate monitoring system is established and the Board of Directors is run from the viewpoint of improving corporate value, thus we are not in the situation where the CEO may exert overwhelming power. Moreover, the Company has the Chief Operating Officer, the Chief Financial Officer and Executive Officer in charge of Technology below the CEO by nomination of the Nomination Committee, which solely composed of Outside Directors, hence any domineering decisions of the CEO are eliminated by the structure. Therefore, adding a provision to the Articles of Incorporation at this time to prohibit the concurrent holding of positions of the Chairperson of the Board of Directors and the CEO in principle may impede the optimal operation of the Board of Directors for example in discussion of management issues that require swift response. Accordingly, we are against this proposition.

Proposition No. 9: Partial amendment to the Articles of Incorporation (Prohibition to treat a submitted voting form left blank as affirmative to Company's proposal and dissenting to shareholder's proposal)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "A submitted voting form left blank (“blank vote”) without indication of approval or disapproval must not be treated inequitably between Company's proposal and shareholder's proposal."
Reason of the proposal: The Board of Directors has treated a blank vote as affirmative to the Company's proposal and dissenting to shareholder's proposal in the past. There is a view that this is unfair as a method to resolve agenda items. It would be justifiable to treat blank votes as abstention. Therefore, the proposer makes this proposal.

Opinion of the Board of Directors about the Proposition No. 9
The Board of Directors is against this proposition.
Treatment of a voting form without indication of approval or disapproval is stated in the "Handling of voting rights" on page 2 of the Notice of the Ordinary General Meeting of Shareholders, and on the voting form itself, as to be treated as approval if it is the Company's approval and disapproval if it is a shareholder's proposal. Given this instruction, this treatment is permitted and recognized by law and judicial precedents. This is a standard treatment that is adopted not only by the Company but also by many companies in Japan. Therefore, our shareholders who return voting forms without stating approval or disapproval are assumed to have done so with the intention to approve of the Company's proposal and to disapprove of the shareholder's proposal. The change in such treatment may cause confusion for shareholders in exercising their voting rights in years to come.
Moreover, the Japanese legal system allows the shareholder who exercises his/her right to make a shareholder proposal to solicit proxy to rally support for his/her proposal, thus it is not only fair but also appropriate in terms of shareholder meeting practice in Japan for the Board of Directors who express objection to the shareholder proposal with its reasons stated on the Notice of the Ordinary General Meeting of Shareholders to treat the voting forms without statement of approval or disapproval in this manner.

Proposition No. 10: Partial Amendment to the Articles of Incorporation (Disclosure obligations concerning exercise of shareholders' right to make proposals, etc.)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "Should shareholders' right to make proposals be exercised in anticipation of a general meeting of shareholders, said exercise of shareholders' right to make proposals must be disclosed to shareholders within one week thereof. In the event an action for revocation of resolution of the shareholders meeting deemed to have a significant impact on shareholders is filed against the Company, the filing of said action must be disclosed to shareholders within one week of gaining knowledge thereof."
Reason for the proposal: Although shareholders' right to make proposals had been exercised as of January 2010 with respect to the general meeting of shareholders held in June 2010, the Company did not disclose this fact in any way. Many companies (e.g., Charle and Sun City, whose shareholders exercised the right to make proposals this year) treated the exercise of shareholders' right to make proposals as a timely disclosure. The proposer believes in legislative intent that exercise of shareholders' right to make shareholder proposals is useful to facilitate communication between shareholders, as well as between shareholders and the Directors. Also given the trend among listed companies to enhance information disclosure, it must be said that the Company's response last fiscal year was problematic. Accordingly, it is proposed that the disclosure of the exercise of shareholders' right to make proposals be made a requirement.
Further, the proposer filed an action with Tokyo District Court in September 2010 for the revocation of all resolutions, both those that were allegedly adopted and those allegedly rejected, by the shareholders meeting held at the Company in June 2010 (currently in litigation at the Tokyo High Court). The Company has been engaging in a behavior counter to the stance of disclosing information to investors by failing to disclose the fact that an action having a significant impact on investment decisions by investors had been filed. The Executive Officers' stance of not disclosing, among others, the filing of an action for the revocation of resolutions by the shareholders meeting is highly questionable in view of the principle of dislocating information to shareholders. Moreover, the Company is continuing to ignore this situation in spite of a warning by the proposer on this concealment that was sent to the Audit Committee by content-certified mail in January 2011. It is clear that, depending on circumstances, the revocation of resolutions by the shareholders meeting may result in serious obstructions and/or risks to business.
The proposer can’t help saying that it is reasonable in terms of shareholder to provide for the disclosure of actions filed for the revocation of resolutions.

Opinion of the Board of Directors about Proposition No. 10
The Board of Directors is against this proposition.
The Company is aware of the importance of providing information to its shareholders and has been making efforts to disclose information correctly and appropriately in accordance with laws, regulations, rules on timely disclosure stipulated by the financial instrument exchanges, and the like. The receipt of a "shareholder proposal" not being a statutory disclosure item, it is necessary for the Company as a recipient to examine the legality and other elements of the proposal. Considerable time may be required for the finalization of the proposal and examination of the contents thereof in cases where a proposal contains matters contrary to laws and regulations or states the intent to make additional proposals. If a proposal is ultimately taken up as a shareholder proposal, it will be listed in the notice of general meeting of shareholders for distribution to the shareholders. Hence, we believe that it is not necessary to disclose the receipt of all proposals made by shareholders upon receipt as proposed herein. Likewise, we are appropriately disclosing information on law suits in accordance with laws, regulations, rules on timely disclosure stipulated by the financial instrument exchanges, and the like. Accordingly, we are against adding this provision to the Articles of Incorporation. As regards the action filed by the proposer in September 2010

for the revocation of resolutions by the shareholders meeting, the Tokyo District Court, which is the court of first instance, has rejected all of the proposer's claims.

Proposition No. 11: Partial amendment to the Articles of Incorporation (Establishment of a contact point within the Audit Committee for whistle-blowing)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Company must have a contact point within the Audit Committee for whistle-blowing on misconduct by the Executive Officers from within and outside the Company, and disclose the information within and outside the Company. The Executive Officers and employees reporting to Executive Officers may not take part in the whistle-blowing processes or the handling thereof, with the exception of clerical work related to the archiving of records."
Reason for the proposal: Corporate scandals involving Executive Officers and Directors tend to be more serious, also in terms of monetary amount, compared to those involving employees. At a company with committees, the mechanism is to have a committee comprised of Outside Directors in the majority to supervise the Executive Officers. However, the problem in the case of this Company is that the Directors do what they are told by Executive Officers, especially by the CEO.
HOYA Help Line, which is the contact point for whistle-blowing, informs Executive Officers about whistle-blowing, hence it has become obvious that the system does not work to prevent misconduct by the CEO. The proposer believes that a contact point for whistle-blowing at the Audit Committee, without the involvement of the Executive Officers in the process, will be beneficial in terms of ensuring shareholders' value.

Opinion of the Board of Directors about Proposition No. 11
The Board of Directors is against this proposition.
The Company has a contact point for whistle-blowing, "HOYA Help Line", to receive reports and give advice, since 2003 as part of the internal control system. This is a mechanism to detect any conduct early that is in violation of laws and ordinances and the "HOYA Business Conduct Guidelines" while protecting the reporters, and to swiftly inform top management to resolve the problem. It aims to ensure the integrity of the entire group by taking prompt and appropriate action.
In addition, in an exceptional situation where the Directors and/or Executive Officers are the subject of the report, the Chairperson of the Audit Committee and those appointed by him/her take command of the situation, therefore the Audit Committee's function to monitor Executive Officers is already secured. Accordingly, we believe it is not necessary to add the proposed provision to the Articles of Incorporation. Although there is no designated contact point in particular for people outside the HOYA Group, the Audit Committee and the Audit Department under the Committee will conduct investigations as necessary and take appropriate measures. Therefore there is no need to amend the Articles of Incorporation as proposed.

Proposition 12: Partial amendment to the Articles of Incorporation (Preparation of a succession plan for the CEO)
Outline of Proposition: It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "The Board of Directors must prepare a succession plan for the CEO, and disclose the plan every business year."
Reason for the proposal: The proposer thinks the internal personnel assessment system of the Company is problematic. In the first place, it is absurd from the proposer's viewpoint that the CEO, who is appointed by the Nomination Committee of the Company (a company with committees), is the hereditary candidate of the honorary chairman. Preparation, implementation and continual review of a succession plan for the CEO are primary roles of the Board of Directors. In addition, securing opportunities for all Directors to meet with internal candidates for CEO and having the mechanism in place to hear shareholder opinions are all in line with shareholders' benefit. However, none of these are available at present. Accordingly the proposer makes this proposition.

Opinion of the Board of Directors about Proposition No. 12
The Board of Directors is against this proposition.
Candidates for Executive Officers and the Representative Executive Officer of the Company are selected by the Nomination Committee. Since the term of office is one year in both cases, the Committee holds active discussions each year as it examines candidates in the selection process. Particularly in the case of the Representative Executive Officer, who is the CEO referred to in this proposition, efforts are made to deliberate comprehensively on whether an individual is appropriate for the duties, including business execution abilities, in selecting the most suitable individual. A succession plan for the CEO is a matter of extreme importance for any company, the Company being no exception. Accordingly, the Company has programs for the selection and training of management resources, which are implemented for the ongoing identification, selection and training of appropriate human resources from both inside and outside of the Company. Since the disclosure of a succession plan referred to in the proposition signifies the release of the Company's confidential information, allowing our competitors access to such information may work to the disadvantage of the Company, as well as the shareholders, and may further lead to the loss of valuable human resources to others. Accordingly, we are against this proposition.

Proposition No. 13: Partial Amendment to the Articles of Incorporation (Disclosure of the education record of the Directors and the Executive Officers)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The education record of the Directors and the Executive Officers from and after the university level must be disclosed to shareholders."
Reason for the proposal: The so-called second-generation management of the other listed Japanese company, for example, President Motoya Okada of Aeon acquired an MBA from Babson College after graduating from Waseda University School of Commerce, and President Haruo Naito of Eisai also acquired an MBA from Northwestern University after graduating from Keio University Faculty of Business and Commerce. Senior Vice President Akio Toyota of Toyota Motor Corporation also acquired an MBA from Babson College after graduating from Keio University Faculty of Law. The late for President Hajime Mitarai of Canon (cousin of incumbent Chairman of the Board Fujio Mitarai) served as the Director of Canon's Central Research laboratory after completing his doctorate in technology at Stanford University, following graduation from Massachusetts Institute of Technology.
Even in comparison with other listed companies in the Japanese capital market, which are described as being low efficiency, the proposer believes that the management executives of the Company lack the expertise necessary for business management. Education record being one of the major pieces of information in determining the abilities of the Directors and the Executive Officers, the proposer believes that the information should be disclosed to shareholders. There should be no reason for not disclosing their education record, given that the education record and major professional background of directors and management executives are indicated as a matter of course in informational materials for shareholders in the United States.

Opinion of the Board of Directors about Proposition No. 13
The Board of Directors is against this proposition.
Information deemed necessary in order for shareholders to approve or disapprove proposals on the election of directors that should be disclosed by companies is stipulated in the Ordinance for Enforcement of the Companies Act, and the education record of candidates is not explicitly specified as a matter to be indicated. While the Ordinance also stipulates that prescribed information be included in business reports, the education record of executive officers is not included in the matters to be indicated. It goes without saying that the greatest emphasis should be placed on the professional background of each candidate in electing the Directors and the Executive Officers that are appropriate for the Company, and it is believed that the Company is already providing adequate information to shareholders to enable them to make appropriate decisions. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposition No. 14: Partial Amendment to the Articles of Incorporation (Criteria for selection of candidates for Directors by the Nomination Committee)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Nomination Committee must prepare criteria for the selection of candidates for Directors based on diverse perspectives, including their attributes and experience, to enable the election of Directors most suitable for the Company, and the Company must disclose said selection criteria to shareholders."
Reason for the proposal: The Board of Directors of the Company appointed Takeo Shiina, who has connections with the CEO and his father, the Honorary Chairman, as the chairman of the Nomination Committee. The majority of the Company’s outside Directors are over 75 years of age and simultaneously holding a considerable number of positions such as outside directors of other companies and directors of public interest corporations. These facts show that they are not at all serving to monitor management. The Board of Directors lacks knowledge of the latest in laws and business acquisitions, and there is not a single outside director who has industry expertise in the area of ophthalmology, which is a global growth area. Further, essentially no consideration is being given to women and racial minorities, who have not been adequately represented in the past.
As Japan is an undeveloped country in corporate governance, the proposer would like to give as an example the series of attributes, experiences, diverse perspectives and abilities sought by Intel, a major semiconductor company that is a leading entity in North America, in directors it considers most suitable for the company, as disclosed in its 2011 proxy statements.
(See http://files.shareholder.com/downloads/INTC/963348685x0x456207/573FA6B9-CC41-457B-B10E-D3FFA5F574D5/Intel_2011_proxy.pdf)
The proposer can’t help saying that the Company's Board of Directors lacks all of the elements. Enough is enough of the buddies club. The proposer would also like to recommend that serious efforts be made to increase the percentage of female Directors and Executive Officers. Such diversity of Directors has an extremely strong positive correlation to medium and long-term increase in shareholders' benefit.

Opinion of the Board of Directors about Proposition No. 14
The Board of Directors is against this proposition.
The Company’s Nomination Committee has the "Criteria for Selection of Directorial Candidates", an overview of which is disclosed on the corporate governance page on the Company's website. The criteria is set from the perspective of selecting as candidates for Directors resources that are expected to promote the Company's growth for shared benefit with shareholders. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposition No. 15: Partial amendment to the Articles of Incorporation (Disclosure of time pledged by Directors)
Outline of Proposition:
It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "The Board of Directors shall set

the guideline for the time to be pledged by the CEO when he/she assumes another position as a Director of more than one company."
Reason for the proposal
The Board of Directors of the Company is a buddies club. The share price hovers at a low level and none of the new business has been successful. One of the reasons for this is that Directors concurrently hold positions at other companies. This is evident in a comment by Robert E. Monks, an influential and prominent investor. He said, "Being a CEO of a major company is one of the most difficult jobs in modern society. It is only exceptional people that have the ability to fulfill the job properly. It is only a small handful of those people who are able to give a certain amount of energy to the directorship at another company. No CEO will have any more time than that." (Robert E. Monks, "Shareholders and Directors Section page 158, Directors & Boards, Winter 1996 issue) There is no way the Company could have achieved the price-earnings ratio realized in the 1980s and the 1990s, if the Honorary Chairman had been serving simultaneously on the boards of more than five companies in the 1970s and 1980s. The management should concentrate on managing its own company.
The proposer hopes that the management strategy will be shifted to focus management resources in the areas of material science and ophthalmology as soon as possible. The proposer believes Outside Directors need to spend approximately 200 hours per annum in principle to amend the management strategy and implement it, and to provide monitoring with a certain level of effectiveness. Exceptions can be made, but exceptions need to be disclosed.

Opinion of the Board of Directors about Proposition No. 15
The Board of Directors is against this proposition.
There currently is no need to add this provision to the Articles of Incorporation, since the CEO of the Company is not serving as a director for any other business corporation. Further, the status of outside Directors regarding important positions held at other companies is as indicated in Proposition No. 1 and, as is the case with other candidates for Directors, they are capable of allocating adequate time to the fulfillment of their responsibilities in the absence of excessive overlap with other companies. The Company provides for a minimum rate of attendance in Board of Directors meetings (75%) in its Criteria for Selection of Candidates for Directors. In addition, the Nomination Committee deliberates on whether to select an individual as a candidate for re-election, depending on the details of deliberations during Board of Directors meetings, level of contribution, and other factors. As indicated in the Business Report on the 73rd Fiscal Year attached hereto, the attendance rate of all outside Directors was 100% as regards Board of Directors meetings. Given that the Company already has guidelines that are essentially the same as those proposed herein, as well as a system where a Director who fails to meet the guidelines is not selected as a candidate for re-election, we believed that it is not necessary to add this provision to the Articles of Incorporation.

Proposition No. 16: Partial Amendment to the Articles of Incorporation (Preparation of Code of Ethics by the Board of Directors, etc.)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Board of Directors must prepare, approve and release to shareholders a code of ethics relating to the execution of the Company's operations. The Directors and the Executive Officers must sign the Code of Ethics stipulated by the Board of Directors each and every year."
Reason for the proposal: The Company has little awareness concerning corporate code of ethics. In fact, there was no reduction of compensation for the Executive Officers or any other measure, in spite of the problem of illegal disposal of industrial waste and the Siplus coating incident relating lenses for glasses. The ethics of management executives are of extreme importance. If the ethics of the management is in question, there is a risk that auditors refuse to perform audits. It is an extremely significant component of the principle of corporate governance.
Since the Board of Directors of the Company has developed into a buddies club, it is hard to believe that the Board will take appropriate measures, even if a problem should occur, until tremendous damage is done to the Company's reputation. It is already clear from the Toyota Motor Corporation recall incident and other incidents that harmful rumors concerning a company have a considerable negative impact on shareholder value. In the case of a company with committees, it would be more desirable under normal circumstances for each committee to conduct investigations based on its own budget and authorities. However, the outside Directors do not appear to have the slightest awareness of such issues. Accordingly, the signature of the Directors is requested as an indication that they will comply with the Code of Ethics.

Opinion of the Board of Directors about Proposition No. 16
The Board of Directors is against this proposition.
This proposal is based on a one-sided and erroneous perception of the proposing shareholder. The Directors and the Executive Officers make a pledge to abide by HOYA Code of Conduct when assuming office, since the Company has been aware of the importance of the code of ethics regarding the execution of operations since before this proposal. As regards the illegal disposal of waste along the border between Aomori and Iwate Prefectures in 2003, it was pointed out by the prefectures that the collection and transport operator hired by the Company had an expired period (July through September 1998) in its license. The Company voluntarily offered to remove all of the waste materials that had been disposed, garnering positive recognition from regulatory authorities. We subsequently implemented measures to prevent recurrence by enhancing our internal systems, including confirmation and management of the licensing status of our business partners. As regards the shipment of eye-glass lenses that did not meet special shock-resistance enhancement coating (Siplus coating) specifications in 2002, preventive measures were taken after thorough internal investigation of the case together with internal action such as voluntary return of compensation by the Directors and disciplinary actions of employees. Accordingly, we believe that the further addition of this provision to the Articles of Incorporation is not necessary.

Proposition No. 17: Partial amendment to the Articles of Incorporation (Provisions for fiduciary responsibility and indemnity liability)
Outline of Proposition: It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "Outside Directors are required to undergo annual training on fiduciary responsibility and indemnity liability with a source that is independent of the Executive Officers."
Reason for the proposal: It is becoming a norm in the capital markets in North America, etc., for Outside Directors to undergo training on obligations and responsibilities as such. The proposer believes that working or retired management executive is not necessarily the appropriate talent pool for Outside Directors. At least, it is not necessarily appropriate for the working or retired management executives occupying the majority seats of the Board of Directors. On the other hand, however, it is necessary to have a system to train professional Outside Directors, and for this end, the proposer believes it is desirable for Outside Directors to have training by undergoing professional training procedures that train professional Outside Directors.
Assumption of Outside Directorship for more than one company requires a significant amount of preparation including obtaining basic knowledge about businesses and management strategies. One of the functions of Outside Directors is to object to what is not right for shareholders' benefit at the Board of Directors meetings, hence their knowledge on legal requirements and accounting needs to be kept up to date with the times. The CFA Society, an international society of financial analysts issued report on director training a short while ago. Although the Society introduces the current status of director training in six Asian countries in its "Director Professionalism: A Review of Director Training Programs in Asia-Pacific" (Japan CFA Society), the Japanese financial market, once again, is the only one that is not mentioned in any way in this respect. On the international level, the consensus that director training may impact shareholder value is already developing.

Opinion of the Board of Directors about Proposition No. 17
The Board of Directors is against this proposition.
Candidates for the Company's outside Directors are selected in accordance with the criteria stipulated by the Nomination Committee, requiring that they have abundant experience as a management executive, or a position as a professional specialist in accounting, finance, etc. Candidates who satisfy the selection criteria already have adequate experience comparable to that attained through such training as proposed. As regards the updating of their expertise, the candidates are fully capable of adequate updating, since they are in a position to continually collect information on the political, economic, legal and other trends in the world in a timely manner through their broad network of contacts and activities that they carry out outside the Company. Therefore, there is no need for an Article to specify such uniform obligation and we are against this proposition.

Proposition 18: Partial amendment to the Articles of Incorporation (Provisions for Board of Directors' contact with senior management)
Outline of Proposition: It is proposed that an Article that reads as follows be added to the Articles of Incorporation: "The Board of Directors must specify a process for all Directors to get in touch with senior management."
Reason for the proposal: The Outside Directors of the Company do little more than making decisions based on the information provided by the Executive Officers including the CEO. Obviously, it is more desirable, by anybody's standards, if all Directors obtain information by getting in touch with senior management. A process to analyze the information provided by Inside Directors including the CEO from a critical viewpoint is non-existent, and that is why it ended up with the acquisition of Pentax at such a high price of 150 billion yen. According to news reports, the possibility of securing a return on this investment was studied, but this is merely a joke from the proposer's viewpoint.
Aggressive investment in the areas of material science and ophthalmology will help materialize shareholders' benefit more. It should have been noted that the budget for research and development is too small. Moreover, everybody knew the irrationality of the acquisition of Pentax from the beginning. The situation resembles how a Minister of ruling Democratic Party becomes manipulated by bureaucrats when he/she is surrounded by them. The proposer makes this proposition in order to change the current situation where Directors are solely dependent on the information provided by the CEO and isolated from other information.

Opinion of the Board of Directors about Proposition No. 18
The Board of Directors is against this proposition.
Boards of directors of companies with committees, like the Company, have the responsibility to monitor the execution of duties by directors and executive officers pursuant to the provision of the Companies Act. Each Director of the Company is appropriately performing his/her duties as a member of the Board of Directors and may contact the senior management, including the Executive Officers, as necessary. Persons responsible for each business, who are not Directors or Executive Officers, present the business directly to the Board of Directors, and there is no restriction placed on Outside Directors to making contact with responsible persons and persons involved with business. All Directors are able to make contact with senior management if needed, without adding an Article as proposed. We believe there is no need to add the proposed Article to the Articles of Incorporation.

Proposition No. 19: Partial Amendment to the Articles of Incorporation (Allocation of committee budget that may be used without the approval of the Executive Officers)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Board of Directors must allocate a budget to the Nomination, the Audit and the Compensation Committees, enabling them to

employ an independent third-party consultant without the approval of the Executive Officers."
Reason for the proposal: While the Outside Directors have powerful authorities in a company with committees, they are often deceptively persuaded by the Executive Officers. This is attributable to the fact that the outside Directors rely on information provided mainly be the Executive Officers, particularly the CEO, in making most of their decisions. This structure is comparable to that of the modern-day Kasumigaseki, where politicians are supposedly in leadership positions but are achieving an outcome as pictured by bureaucrats as a result of relying on information provided by the bureaucrats. A measure necessary to address this situation is for each of the Nomination, the Compensation and the Audit Committees to be able to hire a consultant to perform relevant monitoring based on authorities and budget independent of those for the monitoring of the Executive Officers. This is what CalPERS and other institutional investors recommend as governance principal.

Opinion of the Board of Directors about Proposition No. 19
The Board of Directors is against this proposition.
The Company already allocated a certain amount of budget to each of the Nomination, the Compensation and the Audit Committees, which they are able to use without the approval of the Executive Officers. Each Committee is able to employ independent third-party consultants and is, in fact, employing such consultants. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

Proposition No. 20: Partial Amendment to the Articles of Incorporation (Employment of legal advisor to the Board of Directors)
Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Board of Directors must, if determined necessary for the execution of its duties, employ its own legal advisor who is different from the one employed by the Executive Officers."
Reason for the proposal: Because the structure of a company with committees is such that the directors monitor the executive officers using their power to appoint, discharge, etc., it is said that they are normally superior to companies with corporate auditors in terms of corporate governance. Meanwhile, there are experimental studies that show that the share prices of companies with committees are not faring as well in Japan. Also in discussions in the United States on corporate governance, emphasis is now being placed on the importance of preventing the Top Executive Officer, the CEO and other Executive Officers from deceptively persuading the Directors. One means thereof is for the Board of Directors to employ its own legal advisor, who is different from the attorney employed by the CEO and other Executive Officers. If told that the attorney serving as an advisor to the Executive Officers approved of a matter, would the Company's outside Directors, who are not well versed in law, refute that? One method for avoiding a situation such as this, which is already recommended in standard text books, etc., in North America and other places, is for the Board of Directors to employ its own legal advisor who is independent of the legal advisor to the Executive Officers. For example, the presence of an independent legal counsel for the Board of Directors is one of the only ten items on the check list "Corporate Governance-Related Check Points Regarding the Board of Directors from Shareholders' Perspective" on page 4 of Tadashi Ohno's "CFA Examination Preparation Handbook - Level II" (Kinzai Institute for Financial Affairs, Inc., 2004). Differences of opinion between the legal advisor to the Executive Officers and the legal advisor to the Board of Directors surfacing at Board of Directors meetings involves far less cost in terms of monetary burden or reputational risks than the involvement of the Company in a legal battle with a third party.

Opinion of the Board of Directors about Proposition No. 20
The Board of Directors is against this proposition.
Since each Director comprising the Board of Directors has the obligation to exercise due care of a prudent manager, it is a matter of course for the Board to appoint its own legal advisor if necessary for the performance of its duties. Accordingly, we believe that it is not necessary to add this provision to the Articles of Incorporation.

<Matters proposed by the shareholders (Propositions No. 21 and No.22)>
Propositions No. 21 and No.22 are proposals made by three of our shareholders including a shareholder who proposed Propositions No. 3 to No. 20.
The number of voting rights of the three proposing shareholders is 705 in total.
The content and the reason for each proposal are stated as submitted by the shareholders, except for the proposition numbers which are adjusted.

Proposition No. 21: Partial amendment to the Articles of Incorporation
Outline of Proposition: It is proposed that an Article that stipulates that when stock subscription rights are issued as stock options, the exercise price must be linked to indexes such as Nikkei Stock Average index to be added to the Articles of Incorporation.
Reasons for the proposal: The Companies Act allows stock subscription rights to be issued to executives as stock options. In this case, many companies set the fixed exercise price for the stock options. For example, the exercise price is set at 1,000 yen or at the market value at the date when the stock option is granted. (Such schemes are hereinafter referred to as a fixed-price scheme.) However, this type of fixed-price scheme does not sufficiently strengthen the incentive of the executives, to whom the options are granted, to increase the share price, by linking their remuneration to the share price. The share price may rise irrespective of the executives' performance, and in such a case, executives gain "windfall profit" irrespective of their performance. As a result, this may lower Executives' incentive to whom the options are granted (compared to the indexed

stock options, as described below). Therefore, the exercise price should be linked to an index such as Nikkei Stock Average or industry-specific stock index to eliminate “windfall profit" which the management may obtain. (This type of stock option is referred to as indexed stock option.) During the recession when the share price is depressed regardless of the performance of the management, the exercise price falls in tandem with the index. The proposer would like to add that indexed stock options, compared to the fixed-price scheme, will be advantageous for executives under such circumstances. The choice of index to which the exercise price shall be linked is to be determined by the Compensation Committee. This Article is to be applied to only those stock subscription rights that are granted after this Proposition has been approved.

Opinion of the Board of Directors about the Proposition No. 21
The Board of Directors is against this proposition.
This proposal concerns the design of the stock options that form a part of the remuneration system. The proposed design may eliminate the possible "windfall profit" of the stock option holders, however, when the index falls due to recession, etc., the shareholders suffer the loss caused by the lower share price, while stock option holders will benefit by the downward adjustment of the exercise price. Therefore, the proposal is problematic in terms of the original purpose to share interest between Directors and Executive Officers, who are the stock option holders, and the shareholders. In addition, a number of issues require deliberations when it comes to actually design such a stock option, for example, which index to base it on. The remuneration system is extremely important and its design should be always reviewed for optimization from the viewpoint of corporate governance. Therefore it is not reasonable to make the stock option whose exercise price is linked to an index the one and only choice, and this proposal may hinder the optimization of the design and operation of the remuneration system in the future. Accordingly, we believe that proposed Provision should not be added to the Articles of Incorporation.

Proposition No. 22: Partial amendment to the Articles of Incorporation
Outline of Proposition: It is proposed that an Article that prohibits issuance of the Company's shares to Executives for free of charge or at a nominal value to be added to the Articles of Incorporation
Reason for the proposal: Shares are issued free of charge or at nominal value as alternative remuneration to stock options in recent years. Shares issued in this manner are subject to a certain period during which the transfer is restricted, thus also referred to as restricted stocks. This remuneration scheme seems to have been introduced to overcome the shortcomings of stock options which will only give a low incentive to executives, to whom the option is granted, when the exercise price falls to an extremely low level. In other words, when the share price falls significantly, the holder of the stock options lose an incentive to raise the share price as it becomes unlikely for the share price to exceed the exercise price. The argument is that issuance of shares of the company free of charge or at nominal value is desirable because it allows profits being obtained regardless of how far the share price declines. As a result, executives do not lose an incentive to raise the share price regardless of whatever the share price may be.
However, this remuneration is no different from issuing stock options at zero or at near-zero value. Many of the executives who have been granted the option will benefit from the "windfall profit". Ultimately, it will only give a low incentive to raise the share price to executives to whom the options are granted. The issue of a significant decline in the share price lowering the executives' morale can be dealt with by the indexed stock options (see Proposition No. 21). If the significant decline in the share price is due to low performance by the executives, etc., then there is no need to give benefits to the executives. After all, such remuneration will not be beneficial to shareholders. Accordingly, this proposition prohibits granting such remuneration to Executives.

Opinion of the Board of Directors about the Proposition No. 22
The Board of Directors is against this proposition.
This proposition concerns the design of the remuneration system. The Company has never introduced a system to grant stock options free of charge or at nominal value as suggested in the Proposition. Instead, the stock options of the Company in the past have had the exercise price at the market value. We believe the remuneration system is extremely important and its design should be always reviewed for optimization from the viewpoint of corporate governance. Various trials continue for the optimal remuneration system in various countries including Japan and by various companies including ourselves. We believe various innovations will be created in response to amendments to laws and tax systems of different countries and proving tests of remuneration systems in the past. Accordingly, we believe that the proposed Provision, which may prevent flexible design of the system in the future, should not be added to the Articles of Incorporation.

Guide to the Venue of the General Shareholders' Meeting

Venue……Orion, 5th floor, Chinzan-so
10-8, Sekiguchi 2-chome, Bunkyo-ku, Tokyo, Japan
Tel: 03-3943-1111 (switchboard)

Access……Subway: A 10-minute walk from Exit 1a of Edogawabashi Station on the Tokyo Metro Yurakucho Line
A 20-minute walk from Exit 3 of Zoshigaya Station on the Tokyo Metro Fukutoshin Line

JR / Bus: Cross the crosswalk in front of Mejiro Station, and take the Toei bus bound for Shinjuku West Exit from the Mejiro-eki-mae stop on your left, or the bus bound for Chinzan-so or for Shinjuku West Exit from the Kawamura-Gakuen-mae stop on your right. Get off at the Chinzan-so-mae stop. (10 minutes)

Pickup bus: A pickup bus will be available at the Kawamura-Gakuen-mae bus stop between 9:00 and 9:40.
(A bus will run from the meeting location to Mejiro Station, JR Yamanote Line, after the end of the general meeting of shareholders.)

* The public transportation and the pickup bus above are recommended as roads around the venue and parking lots will be crowded.
* The *Kabukimon* gate opens at 9:00. The route from this gate to the venue is via the garden which is hilly, and includes an upward slope and stairs.