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Security Code: 7741
June 1, 2010

Notice of the 72nd Ordinary General Meeting of Shareholders

Dear Shareholders:

Notice is hereby given that the 72nd 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 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 by return mail the enclosed voting form indicating your approval or disapproval of the propositions, no later than 5:45 p. m. on June 17 (Thursday), 2010. Please be sure to read the "Precautions for exercising voting right" on page 3 of this notice.

Yours very truly,

HOYA CORPORATION
2-7-5, Naka-Ochiai, Shinjuku-ku, Tokyo, Japan
Hiroshi Suzuki
President and Chief Executive Officer

Description

1. Date and time of meeting: June 18th (Friday), 2010, 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 72nd fiscal year (from April 1, 2009 to March 31, 2010) 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 72nd fiscal year (from April 1, 2009 to March 31, 2010).
(Please refer to the accompanying business report for the 72nd 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 acquisition rights as stock options

Matters proposed by a shareholder (Propositions No. 3 to No. 17)

Proposition No. 3: Election of 9 Directors

Proposition No. 4: Partial amendment to the Articles of Incorporation

(Amendment to increase to 4,000 characters the amount of explanatory text permitted for shareholder propositions)

Proposition No. 5: Partial amendment to the Articles of Incorporation

(Secret ballot)

Proposition No. 6: Partial amendment to the Articles of Incorporation

(Restriction on the number of corporate insiders' seats on the Board of Directors)

Proposition No. 7: Partial amendment to the Articles of Incorporation

(Cumulative vote)

Proposition No. 8: Partial amendment to the Articles of Incorporation

(Prohibition of interlocking directors)

Proposition No. 9: Partial amendment to the Articles of Incorporation

(Restriction on the number of positions assumed by Outside Directors at other companies)

Proposition No. 10: Partial amendment to the Articles of Incorporation

(Restriction to 10 of the number of times that an Outside Director may be reappointed)

- Proposition No. 11:** Partial amendment to the Articles of Incorporation
(Disclosure of remuneration to directors who have resigned)
- Proposition No. 12:** Partial amendment to the Articles of Incorporation
(Obligation to hold meetings not involving Executive Officers)
- Proposition No. 13:** Partial amendment to the Articles of Incorporation
(Obligation to create guidelines defining Independent Directors)
- Proposition No. 14:** Partial amendment to the Articles of Incorporation
(Individual disclosure of remuneration)
- Proposition No. 15:** Partial amendment to the Articles of Incorporation
(Disclosure of positions held at public-interest corporations)
- Proposition No. 16:** Partial amendment to the Articles of Incorporation
(Prior notice and disclosure of sales of shares by directors and their families)
- Proposition No. 17:** Partial amendment to the Articles of Incorporation
(Prohibition of hedging by stock option holders)

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

4. Matter decided before meeting

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. Other matters related to this Notice

Of the matters to be included in this notice pursuant to laws and regulations and provisions of Article 16 of the Articles of Incorporation, Notes to the Consolidated Financial Statements and Individual Notes to the Financial Statements are disclosed on our website (<http://www.hoya.co.jp/english/index.html>) rather than being included in the accompanying business report for the 72nd fiscal year.

– END –

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

If any revision takes place 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/index.html>).

Precautions for exercising voting right

For this General Meeting of Shareholders, the Company has received a document concerning the exercise of shareholders' rights from one of our shareholders who holds 380 voting rights (hereafter "shareholder's proposals"). Details of its contents are given as Propositions No. 3 to No. 17 on pages 9-21 of the reference materials for this Notice of the 72nd Ordinary General Meeting of Shareholders. **The Board of Directors of the Company is against these shareholder proposals** as is described for each corresponding proposition shown in the reference materials.

With regard to the election of directors, there are two propositions: Proposition No. 1 proposed by the Company and Proposition No. 3 included in the shareholder's proposals. These two propositions are partially incompatible with one another, and some of the directorial candidates are included in both of them. Therefore, those intending to exercise their voting rights by using the enclosed voting form must confirm the following precautions before indicating their approval or disapproval of the propositions on the voting form.

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.

Notes

Precautions for exercising voting rights regarding Proposition No. 1 and Proposition No. 3

1. The relationship with the upper limit of the number of Directors prescribed in the Articles of Incorporation of the Company

While the Articles of Incorporation of the Company stipulate that "The number of directors of the Company shall be 10 or less," the election of eight Directors is proposed in Proposition No. 1 by the Company, and the election of nine Directors is proposed in Proposition No. 3 included in the shareholder's proposals. If all directorial candidates recommended in the two Propositions (14 candidates, including three overlapping) are elected, the total number of directors will exceed the upper limit stipulated by the Articles of Incorporation, making the two propositions partially incompatible with one another.

Therefore, **those planning to exercise their voting right by mailing the enclosed voting form must indicate their approval or disapproval either by "approving either the Company's or shareholder's proposition and disapproving of the other" or by "approving both propositions by selecting up to 10 candidates from among those listed in the two propositions."**

Please note that selecting more than 10 candidates from Propositions No. 1 and No. 3 entirely invalidates voting rights concerning the said propositions.

2. Treatment of candidates listed in both Proposition No. 1 and No. 3

Of the directorial candidates listed in Proposition No. 3 of the shareholder's proposals, (vii) Mr. Hiroshi Hamada, (viii) Ms. Eiko Kono, and (ix) Mr. Itaru Koeda are also included in Proposition No. 1 given by the Company.

Therefore those who intend to exercise their voting right by mailing the enclosed voting form **must be sure to treat the above three directorial candidates as being listed in Proposition No. 1, not Proposition No. 3, when indicating their approval or disapproval of the election of the said three candidates.** Please note that indication of the said three candidates in the Proposition No. 3 columns will be considered invalid.

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 eight 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:

	Name (Date of birth)	Brief history, positions and assignments at the Company, and representation at other corporations, etc.	Number of shares of the Company held by Candidate
1	Takeo Shiina (May 11, 1929)	Jun. 1953 Joined IBM Japan, Ltd. May 1962 Director of IBM Japan, Ltd. Feb. 1975 President and Representative Director of IBM Japan, Ltd. Jan. 1993 Chairman of IBM Japan, Ltd. Jun. 1995 Director of the Company (present post) Dec. 1999 Senior Adviser to IBM Japan, Ltd. May 2007 Adviser of IBM Japan, Ltd. Apr. 2010 Honorary Adviser to IBM Japan, Ltd. (present post) Important positions held at other companies Honorary Adviser to IBM Japan, Ltd.	4,000 shares
2	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 positions held at other companies Representative Director, Chairman and CEO of Kikkoman Corporation Outside Director of Meiji Yasuda Life Insurance Company Outside Director of Calbee Foods Co., Ltd. Outside Auditor of Tobu Railway, Co., Ltd. Outside Auditor of Fuji Media Holdings, Inc. Outside Auditor of Fuji Television Network, Inc.	4,000 shares

	Name (Date of birth)	Brief history, positions and assignments at the Company, and representation at other corporations, etc.	Number of shares of the Company held by Candidate
3	Eiko Kono (Jan. 1, 1946)	<p>Dec. 1969 Joined RECRUIT Co., Ltd. Apr. 1984 Director of RECRUIT Co., Ltd. Aug. 1985 Managing Director of RECRUIT Co., Ltd. Nov. 1986 Senior Managing Director of RECRUIT Co., Ltd. Jul. 1994 Executive Vice President of RECRUIT Co., Ltd. Jun. 1997 President and Representative Director of RECRUIT Co., Ltd. Jun. 2003 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.</p> <p>Important positions held at other companies Outside Director of Mitsui Sumitomo Insurance Co., Ltd. Outside Director of DIC Corporation Outside Director of Tokyo Stock Exchange Group, Inc. Outside Director of Tokyo Stock Exchange, Inc.</p>	1,000 shares
4	Yukiharu Kodama (May 9, 1934)	<p>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 (present post) Jun. 2005 Director of the Company (present post) Nov. 2007 Chairman of the Mechanical Social Systems Foundation (present post)</p> <p>Important positions held at other companies President of the Mechanical Social Systems Foundation Outside Director of Asahi Kasei Corporation Outside Auditor of Tokyo Dome Corporation Outside Auditor of Yomiuri Land Co., Ltd.</p>	1,000 shares

	Name (Date of birth)	Brief history, positions and assignments at the Company, and representation at other corporations, etc.	Number of shares of the Company held by Candidate
5	Itaru Koeda (Aug. 25, 1941)	<p>Apr. 1965 Joined Nissan Motor Co., Ltd. Jun. 1993 Director of Nissan Motor Co., Ltd. May 1998 Managing Director of Nissan Motor Co., Ltd. May 1999 Vice President of Nissan Motor Co., Ltd. Apr. 2003 Representative Director of Nissan Motor Co., Ltd. Jun. 2003 Co-Chairman of Nissan Motor Co., Ltd. Jun. 2003 Chairman of Calsonic Kansei Corporation (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)</p> <p>Important positions held at other companies Executive Advisor and Honorary Chairman of Nissan Motor Co., Ltd. Board Member (Chairman) of Calsonic Kansei Corporation Chairman of Nissan Shatai Co., Ltd.</p>	5,000 shares
6	Hiroshi Suzuki (Aug. 31, 1958)	<p>Apr. 1985 Joined the Company Jun. 1993 Director of the Company Jun. 1997 Managing Director of the Company Apr. 1999 Managing Director of the Company, President, Electro Optics Company Jun. 1999 Executive Managing Director of the Company Jun. 2000 President and Representative Director of the Company Jun. 2003 Director, President, Representative Executive Officer and CEO of the Company (present post)</p>	942,080 shares
7	Hiroshi Hamada (May 30, 1959)	<p>Apr. 1982 Joined Yamashita Shinnihon Steamship Co., Ltd. (present Mitsui O.S.K. Lines, Ltd.) Mar. 1987 ALICO Japan Nov. 1992 Clarke Consulting Group of the United States Jan. 1995 Dell Computer Corporation (present Dell Inc.) Aug. 2000 President and Representative Director of the above company, and Vice President of Dell Inc. of the United States May 2006 Representative partner of Revamp Corporation Apr. 2008 Executive Chief Operating Officer of the Company (present post) Jun. 2008 Director of the Company (present post)</p>	67,800 shares
8	Kenji Ema (Nov. 8, 1947)	<p>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 and CFO of the Company (present post) Jul. 2003 President of HOYA HOLDINGS N.V. Jan. 2007 Executive Officer Chief Financial of HOYA CORPORATION, Netherlands Branch</p>	44,800 shares

(Notes)

1. No candidate has any relationship of special interest with the Company.
2. Matters concerning the candidates for the posts of Outside Directors are as follows:
 - (1) Mr. Takeo Shiina, Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, and Mr. Itaru Koeda are candidates for the posts of Outside Directors. The Company has provided notice to the Tokyo Stock Exchange of Mr. Takeo Shiina, 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.
 - (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 Corporation Law). 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 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. At present, five of the eight Directors of the Company are Outside Directors. They contribute to building a solid system of governance.

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

Four of the five candidates have engaged in corporate management for many years, with Mr. Takeo Shiina serving at IBM Japan, Ltd. in the information and telecommunications industry, Mr. Yuzaburo Mogi at Kikkoman Corporation in the food industry in the consumer goods field, Ms. Eiko Kono at RECRUIT Co., Ltd. in the information services industry, and Mr. Itaru Koeda at Nissan Motor Co., Ltd. in the automobile industry. 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 by 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 Director of the Company (up to the close of this General Meeting of Shareholders)

Mr. Takeo Shiina	15 years
Mr. Yuzaburo Mogi	9 years
Ms. Eiko Kono	7 years
Mr. Yukiharu Kodama	5 years
Mr. Itaru Koeda	1 year

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

The Company and the five candidates for reappointment as Outside Director have concluded an agreement that limits liabilities for damages prescribed in Paragraph 1, Article 423 of the Corporation Law 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, the liability limitation contract for the previous term will be continued.

4. The conditions for assuming the post of committee member for each candidate are as shown below.
Nomination Committee members: Mr. Takeo Shiina (Chairman), Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, and Mr. Itaru Koeda
Audit Committee members: Mr. Yukiharu Kodama (Chairman), Mr. Takeo Shiina, Mr. Yuzaburo Mogi, Ms. Eiko Kono, and Mr. Itaru Koeda
Compensation Committee members: Mr. Yuzaburo Mogi (Chairman), Mr. Takeo Shiina, Ms. Eiko Kono, Mr. Yukiharu Kodama, and Mr. Itaru Koeda

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

We request your approval for stock acquisition 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 acquisition rights to be delegated to the Board of Directors.

1. Reasons for inviting persons who accept stock acquisition rights with special advantageous conditions
The Company intends to issue stock acquisition 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 acquisition rights (Hereinafter referred to as the “Stock Acquisition Rights”)
 - (1) Upper limit of the number of Stock Acquisition Rights
The upper limit shall be 5,000 rights.
 - (2) Amount of payment for the Stock Acquisition Rights
No payment of money shall be required in exchange for the Stock Acquisition Rights.
 - (3) Details of the Stock Acquisition Rights
 - (i) Type and number of shares that are the object of the Stock Acquisition Rights
The type of shares that are the object of the Stock Acquisition Rights shall be the common shares of the Company, and the number of shares that are the object of one Stock Acquisition 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 Acquisition 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.
$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{ratio of stock split or reverse stock split}$$

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 Acquisition Rights shall be subject to an upper limit of 2,000,000 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 Acquisition 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 Acquisition Rights
The value of properties that will be invested in at the time of the exercise of one Stock Acquisition 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”) for one share that will be delivered after the exercise of the Stock Acquisition 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 prospectus of the Stock Acquisition Rights by the Board of Directors of the Company (if no transactions are conducted 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.
$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times (1 / (\text{ratio of stock split or reverse stock split}))$$

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 Acquisition Rights
From October 1, 2011 to September 30, 2020
 - (iv) Conditions for the exercise of the Stock Acquisition Rights
The Stock Acquisition Rights shall not be exercised after dividing one Stock Acquisition Right.
 - (v) Clause of acquisition of the Stock Acquisition 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 Acquisition 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 Acquisition 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 before increase from the above amount of limit of increase in capital stock, etc.
- (vii) Restriction on the acquisition of the Stock Acquisition Rights through transfer
The acquisition of the Stock Acquisition Rights through transfer shall be subject to the approval of the Board of Directors of the Company.

Matters proposed by shareholders (Propositions No. 3 to No. 17)

Propositions No. 3 to No. 17 are proposals made by one of our shareholders (number of voting rights: 380).

Pursuant to laws and regulations, the specifics of and reasons for each proposition are described according to the contents of documents submitted by the shareholder, except when such contents are obviously untrue or deemed to be entirely for the purpose of dishonoring or inflicting insult.

○Counter-opinions by the Board of Directors against the shareholder's proposals

The Board of Directors is against all of the shareholder's proposals, or Propositions No. 3 to No. 17.

The Company recognizes corporate governance as a matter of the utmost importance to management. It instituted a company-with-committees system when such a system was first introduced in Japan, thereby separating those who perform management from those who supervise it and striving to ensure overall efficiency and transparency in management. With regard to the shareholder's proposals concerning the election of directors, the Board of Directors believes that the composition of directors proposed by the Company is the most appropriate and adequate choice. The candidates for Outside Director selected by the Nomination Committee are highly independent and capable of holding discussions sincerely from the standpoint of the shareholders for improving the corporate value of the Company, in addition to having sufficient insight and experience required for the role. With regard to the shareholder's proposals concerning amendments to the Articles of Incorporation, the Board of Directors believes that the Company currently does not need to make provisions for particular matters through amendments to the Articles of Incorporation proposed by the shareholder, because the Company will remain ready to apply measures deemed to contribute to improvement of corporate governance as appropriate to the content and characteristics of individual events.

Moreover, supplementary reasons for opposing the shareholder's proposals are given after each proposition.

Proposition No. 3: Election of 9 Directors

Outline of Proposition (i): It is proposed that Dr. Balamurali K. Ambati (Associate Professor of Ophthalmology and Visual Sciences and Director of Corneal Research, University of Utah School of Medicine; date of birth: July 29, 1977) be appointed as an Outside Director.

Reason for the proposal: It is proposed that the Company's business strategies in the field of ophthalmology, including medicine, be monitored by this world-leading ophthalmic professional from India who doubles as an Associate Professor of Ophthalmology and Visual Sciences and Director of Corneal Research at the University of Utah. Dr. Ambati was a child prodigy who graduated from New York University with honors at the age of 13 and obtained the degree of Doctor of Medicine from the Mount Sinai School of Medicine when he was 17. He is recorded in the *Guinness Book of World Records* as the youngest doctor of medicine in the world. He also obtained a doctoral degree in cell biology from the School of Medicine, University of Georgia in 2008 and a Master's degree in Business Administration from the University of Utah. While continuing his research on the cornea, Dr. Ambati now focuses on the field of angiogenesis as a cause of age-related

macular degeneration, which is the most frequent cause of blindness in the United States – the largest medical market in the world. He also donates his time to the activities of ORBIS, a volunteer organization that provides free ophthalmic care in developing countries. It is recommended that Dr. Ambati be invited to monitor strategies for obtaining potential new medicines for age-related macular degeneration, a one-trillion-yen market, through acquisition, etc. and which in five years may dominate the global market by combining the new medicines with intraocular lenses.

Outline of Proposition (ii): It is proposed that Dr. Paul Ashton (President and CEO of pSivida, a NASDAQ-listed company; date of birth: November 27, 1960) be appointed as an Outside Director.

Reason for the proposal: It is proposed that the Company's business strategies in the field of ophthalmology be monitored by Dr. Paul Ashton, a leading figure in drug delivery in ophthalmology, and CEO of pSivida, a NASDAQ-listed company. Dr. Ashton obtained a Ph.D. in Pharmaceutical Science from the University of Wales (UK), and was a professor at the University of Kentucky and then at the New England Eye Center in 1989-2000. In 1992, Dr. Ashton founded Control Delivery Systems, Inc. and succeeded in selling the company to pSivida for \$104 million in 2006. He played a leading role in the successful development and commercialization of two medical products approved by the Food and Drug Administration and developed jointly with Bausch & Lomb Inc. Currently, at pSivida, Dr. Ashton is taking the initiative in phase-3 investigative treatments for a drug candidate through a collaboration with Alimera Sciences and in early-phase investigative treatments for two drug candidates through a collaboration with Pfizer. The share price of pSivida has rocketed 400% since Dr. Ashton became CEO in January 2009.

Outline of Proposition (iii): It is proposed that Dr. Cardinal Warde (Professor of Electrical Engineering and Computer Science at Massachusetts Institute of Technology; date of birth: July 14, 1945) be appointed as an Outside Director.

Reason for the proposal: Dr. Cardinal Warde is a Professor of Electrical Engineering at the Massachusetts Institute of Technology (MIT), has founded multiple companies and has abundant knowledge in material science. Dr. Warde is from the Caribbean island nation of Barbados. In 1974, he obtained a Ph.D. in Physics from Yale University and is now one of the few black professors at MIT. Dr. Warde engages in research in a wide variety of fields including new-generation display materials. He has a close network of researchers and entrepreneurs in the field of material science. Dr. Warde has also been successful as an entrepreneur, having founded Optron Systems, Inc. in 1982 and Radiant Images in 1999, and selling the latter to the Company in 2004 (but maintaining no business relationship with Radiant Images since then). The proposer and Dr. Warde share the opinion that the Company's way of developing new businesses is problematic. In fact, the Company has not succeeded in any new businesses. Specifically, the Company has established neither an effective method for finding targets of minority interest investment nor a sufficient system for acquiring such targets. It is therefore proposed that Dr. Warde as an Outside Director should strengthen the system of monitoring the Company in that respect.

Outline of Proposition (iv): It is proposed that Mr. Akira Mizobuchi (Associate Professor at Faculty of Economics of Shimonoseki City University, former Visiting Researcher at Harvard Law School; date of birth: May 15, 1972) be appointed as an Outside Director.

Reason for the proposal: It is proposed that Mr. Mizobuchi, who returned to Japan after finishing his research at Harvard Law School, be appointed as an Outside Director. This proposal is aimed at improving the compensation design for the management team. Mr. Mizobuchi completed the Ph.D. Degree Program in Law at Kansai University. In April 2004, he became a lecturer at Shimonoseki City University, and in April 2006 became an Associate Professor at the same university. For one year from 2008, he conducted research at Harvard Law School as a Visiting Researcher under Professor Lucian A. Bebchuk, an expert in corporate governance. Currently, Mr. Mizobuchi is translating, jointly with Professor Hiroyuki Fukutaki of Kansai University, *Pay Without Performance*, an academic book on management compensation co-authored by Professor Bebchuk and Professor Jesse M. Fried. He also researches issues related to management compensation and

corporate governance. Professor Bebchuk is former candidate for Outside Director at Yahoo! Inc., and has published a number of proposals and research papers regarding systems for conforming management compensation to long-term shareholder value. It is proposed that Mr. Mizobuchi, a specialist in management compensation, be invited to the Board of Directors. This will hopefully enable the pointing out, based on facts, of any motivations of the management team which possibly deviate from shareholder value, and accordingly enable improvements to be made.

Outline of Proposition (v): It is proposed that Ms. Motoko Hirotsu (former House of Representatives member, certified public accountant, certified tax accountant; date of birth: May 16, 1953) be appointed as an Outside Director.

Reason for the proposal: Ms. Motoko Hirotsu graduated from the Faculty of Medicine at The University of Tokyo in 1977. From 1982 to 1990, she worked in the Auditing Department and Tax Department of PricewaterhouseCoopers, and from 1990 to 2001 worked in the Auditing Department and Tax Department of KPMG. Ms. Hirotsu later became a professor at an accounting school, and from 2005 to 2009 was as a member of the House of Representatives, serving as a member of the Fiscal and Monetary Committee, Accounting and Public Administration Monitoring Committee, and Committee on Agriculture, Forestry and Fisheries. Ms. Hirotsu was also a member of the Experts Committee on Tax Effect Accounting under the Accounting System Committee of the Japanese Institute of Certified Public Accountants, Tax Investigation Commissioner of the Japanese Institute of Certified Public Accountants, and a member of the Committee on Taxation System of Corporate Reorganization. She also authored *Kaisha bunkatsu no jitsumu* [Practices for corporate divisions] (Commercial Law Center, Inc.) jointly with Mr. Kazuhiro Takei, a lawyer, and *Iten kakaku zeisei* CD-ROM [Transfer price taxation CD-ROM] edited by the Japanese Institute of Certified Public Accountants (Zeiri keiri kyokai). Improper accounting bears the risk of great liability; therefore it is recommended that Ms. Hirotsu, who has experience working as a certified public accountant and member of the House of Representative, be an Outside Director (especially as a member of the Audit Committee). This will also ensure diversity on the Board of Directors.

Outline of Proposition (vi): It is proposed that Mr. Yohei Suda (lawyer who belongs to the Tokyo Bar Association and lawyer in the U.S. state of Washington; date of birth: May 24, 1976) be appointed as an Outside Director.

Reason for the proposal: The proposer thinks that the Company's attitude toward compliance with laws and regulations and code of ethics is thought to be problematic. Therefore it is proposed that Mr. Suda, who is qualified as a lawyer both in Japan and the United States and has experience working in the nonprofit sector, be appointed an independent director. Mr. Suda passed the bar examination while a student in the Faculty of Law of the The University of Tokyo. He later obtained a JD degree from University of Washington School of Law and obtained the degree of Maitrise in International and European Law from the University of Nantes in France. After that, Mr. Suda worked as a judicial clerk for Justice Barbara Madsen of the Washington State Supreme Court and as an intern at the International Criminal Tribunal for the former Yugoslavia, gaining rich experience in international legal work. Even after completing the legal training and registering himself with the Tokyo Bar Association, he has been involved in cases related to labor law and international human-rights issues. He is therefore the most appropriate person to supervise the Company, which has caused a lot of problems related to compliance with laws and regulations and corporate ethics. He has also promised to receive training as an Outside Director provided by a voting advisory company immediately after assuming the post of Director.

Outline of Proposition (vii): It is proposed that Mr. Hiroshi Hamada be appointed as a Director.

Reason for the proposal: The proposer thinks that the business attitude of the active management team of the Company has not reached the level demanded by long-term shareholders. One reason is that the Company still distributes a large amount of resources to businesses without a competitive edge, such as the PENTAX camera business. Another reason is that sufficient management resources are not being invested in the fields such as the field of ophthalmology, including medicine and material science, which should have high in investment efficiency. From this viewpoint, the proposer proposes to replace

many of the directors. However, it is also necessary to, to a certain degree, consider the continuity of management. Therefore, it is proposed that only Mr. Hamada be reappointed as Director. From the viewpoint of the proposer, Mr. Hamada's achievements are not necessarily satisfactory, but the number of available experts in management is limited in Japan, and it is not necessarily easy to secure desirable new managers from outside the Company. If the candidates recommended by the proposer occupy the majority of the Board of Directors, Mr. Hamada will have to follow the direction of management advocated by the proposer.

Outline of Proposition (viii): It is proposed that Ms. Eiko Kono be appointed as an Outside Director.

Reason for the proposal: The abilities of Outside Directors of the Company are doubtful, and it is obvious from the changes in share prices that there has been no remarkable increase in shareholder value in the last 10 years and that the effective increase of corporate value has not yet been achieved. One former director, who failed in all previous venture investments, has made no achievements toward the improvement of corporate value through new businesses and acquisitions. This director resigned from his position at the meeting of the Board of Directors in June 2009, but remains an executive officer in charge of planning. It is inexplicable that although the term of a director is one year, a director who was deemed inappropriate still remains an executive officer. As long as the Board of Directors is comprised of "buddies" in this way, we cannot expect that the Nomination Committee will handle personnel affairs in consideration of shareholder value, which it probably does not recognize as a problem. The only way to change the current situation is to replace the directors. However, in consideration of the fact that Ms. Kono is female, a minority member, and in order to concentrate dissenting votes on the three directors who are especially problematic, instead I propose that Ms. Kono be reappointed as an Outside Director.

Outline of Proposition (ix): It is proposed that Mr. Itaru Koeda be appointed as an Outside Director.

Reason for the proposal: There is no evidence that Mr. Koeda has given any clear dissenting opinion regarding the problems of the Company not having a human network or information sources for obtaining good business and not putting forth any effort to acquire such a network, or regarding the Company leaving investment destinations after making investments and not performing detailed analyses, at least quarterly, on trends of technological development at investment destinations and on whether to make buyout offers, Mr. Koeda was also appointed as an Outside Director to succeed Mr. Yoshikazu Hanawa, who is also from Nissan Motor Co., in other words, the predecessor of Mr. Koeda at the Company was his senior at Nissan Motors Co., which makes it difficult for Mr. Koeda to point out the errors of his predecessor, and the problem is that the Nomination Committee does not seriously look for foreigners or Directors with career background other than retired managers by using search firms, etc. to ensure diversity on the Board of Directors. Nonetheless, in order to concentrate dissenting votes on the three directors (Mr. Shiina, Mr. Mogi and Mr. Kodama) who are especially problematic, I propose that Mr. Koeda be reappointed as an Outside Director.

○ Opinion of the Board of Directors about Proposition No. 3 (Supplementary)

The Board of Directors is against this proposition.

With regard to election of directors, as explained in Proposition No. 1, we believe that the composition of directors proposed in Proposition No. 1, if approved by shareholders, would be most appropriate and sufficient choice for the Company.

Proposition No. 4: Partial amendment to the Articles of Incorporation (Amendment to increase to 4,000 characters the volume of explanatory text permitted for shareholder propositions)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: "Where a

proposition for a general shareholders meeting is submitted by a shareholder who exercises shareholder's rights, the volume of explanatory text for such a proposition permitted by the Company to be included in the reference materials for the general shareholders meeting may be up to 4,000 characters in the case of a proposition concerning matters other than election of Directors, and up to 400 characters per candidate in the case of a proposition concerning election of Directors, pursuant to paragraph (1), Article 93 of the Ordinance for Enforcement of the Companies Act."

Reason for the proposal: Currently, despite a motto promoting emphasis on shareholders, the text permitted for a proposition submitted by a shareholder is limited to 400 characters. Yet when the Company is against such a proposal, it is free to write as many characters of text as it needs. Suppose, for example, a shareholder writes: "From a practical standpoint of investment banks and private equities, 'buying at the high price' – such as with the acquisition of PENTAX Corporation – is seen as an example of the utmost failure. Unfortunately, it must be said that appropriate determination on such acquisitions can be made even by investment bank analysts. This means that the recognition abilities of the management team fall below those of such analysts." In this case, the shareholder cannot make the persuasive arguments normally needed to back up such statements because the number of characters is limited. The proposer makes this proposal believing that at least 2,000 characters are necessary to provide adequate supporting argument for each proposal, particularly when such a proposal goes against the opinions of active directors, who have more resources.

○ Opinion of the Board of Directors about Proposition No. 4 (Supplementary)

The Board of Directors is against this proposition.

We believe that 400 characters is an appropriate and adequate amount for giving reasons for proposals, which are aimed at having the content understood. This is a legal, appropriate amount we have stipulated pursuant to laws and regulations. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 5: Partial amendment to the Articles of Incorporation (Secret ballot)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: "To the extent permitted by laws and regulations, resolutions at general shareholder meetings shall be subject to secret ballots counted by a third party that is independent from the Company and the voting record must be retained for one year. When a secret ballot is conducted, the process must be audited by an organization that is independent from the Executive Officers and Directors of the Company, shareholders, and the party in charge of counting the ballot, and rules for validating the acts of voting, number counting, and shareholder voting, and practices of these acts, must be explicitly disclosed. This does not apply, however, where a secret ballot is not possible with regard to provisions of other laws and regulations."

Reason for the proposal: The effectiveness of secret ballots was obvious in the recent Japan Sumo Association board of director election. Many shareholders of a company have a relationship of interest with that company in terms of business transactions and tend to support proposals made by the company in the hopes of continuing business transactions or being awarded deals. Multiple studies demonstrate that the voting behavior of institutional investors is influenced by their relationship of interest with the company in terms of business transactions. In the United States, a rule has been adopted stipulating that a mutual fund must disclose its voting right when it exercises such a right due to a potential conflict of interest. Yet people who invest in institutional investors make their investments based on the investment performance of an institution, instead of how it exercises its voting rights, which does not have to be disclosed. Instead, counting by a third-party organization and secret ballot needs to be conducted to ensure that institutional investors can exercise their voting rights efficiently without being constrained by their business relationships. (Refer to: Lucian A. Bebchuk, *The Myth of Shareholder Franchise* 93Va.L.Rev.675, 704-706.)

○ Opinion of the Board of Directors about Proposition No. 5 (Supplementary)

The Board of Directors is against this proposition.

The Companies Act admits the right of shareholders to request inspection or copying of documents evidencing the authority of proxy and voting forms concerning the exercise of voting rights, etc. and it is not believed that such documents and forms should be kept secret. We also do not believe that the presence or absence of the proposed system will make a difference in how our shareholders exercise their voting rights. 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 (Restriction on the number of corporate insider seats on the Board of Directors)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: “The number of seats on the Board of Directors available for corporate insiders who are also Executive Officers of the Company shall be one or less.”

Reason for the proposal: Due to their fiduciary responsibility to shareholders, Directors have a range of obligations to shareholders, including the obligation to increase shareholder value by monitoring the management team, including the Executive Officers. The presence of Executive Officers as corporate insiders doubling as Directors means that the same people are simultaneously conducting and supervising business operations. This is “self-supervision,” which reduces the Board of Directors’ ability to monitor management. While it is possible to prohibit all Executive Officers from doubling as Directors, it would be appropriate to admit only one such instance to ensure that management decisions made by the Board of Directors will be transmitted smoothly to the Executive Officers who perform business operations. Corporate governance principles by CalPERS include a provision stating that “Corporate insiders are not deemed independent and must not hold more than one seat on the Board of Directors” (page 9). Of course, this proposal is not aimed at preventing Executive Officers from attending meetings of the Board of Directors. Executive Officers are obliged to provide reports and explanations to Directors at Board of Directors meetings whenever requested to do so.

o Opinion of the Board of Directors about Proposition No. 6 (Supplementary)

The Board of Directors is against this proposition.

The Company currently has a total of eight Directors, five of whom are Outside Directors. The Nomination Committee, Compensation Committee, and Audit Committee all also consist only of Outside Directors, and Directors who double as Executive Officers do not belong to any of the Committees. The current corporate governance system has caused no particular problem, and is believed to be functioning effectively. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 7: Partial amendment to the Articles of Incorporation (Cumulative voting)

Outline of Proposition: It is proposed that articles rejecting cumulative voting be excluded from the Articles of Incorporation.

Reason for the proposal: Cumulative voting for electing directors is a form of corporate governance recommended by prominent institutional investors such as CalPERS. Currently, 49% of the shareholders cannot elect any Directors when opposed by 51% of the shareholders. If a cumulative vote is applied, the number of votes will be the “fixed number of directors x number of voting rights.” This means that minority shareholders (e.g., 15% of all individual shareholders) would be able to elect a Director by consolidating all their votes on one particular candidate. With regard to the acquisition of PENTAX Corporation, the proposer sent a letter to the Board of Directors warning that it would result in significant loss for shareholders. However, the Board of Directors of the Company, due to its collusive structure, approved the acquisition despite the significant loss it would cause. The existence of Directors who represent minority shareholders would enhance the monitoring capability because their contrary opinions would be recorded in the meeting minutes. For example, a candidate for Director recommended by the proposer thinks it is inappropriate that a Director with no achievements in establishing new

businesses still remains an Executive Officer after resigning from the post of Director. This sort of candidate would naturally oppose such personnel arrangements.

○ Opinion of the Board of Directors about Proposition No. 7 (Supplementary)

The Board of Directors is against this proposition.

The method of electing directors that is currently applied by most listed companies in Japan, including the Company, enables the formation of a Board of Directors that effectively represents the interests of all shareholders. Each Director elected with this method performs their duties with a sense of responsibility to all shareholders, with no special relationship with, or loyalty to, a particular group of people supporting him/her.

On the other hand, if the cumulative voting system is applied, directors elected by winning a large number of approval votes from particular groups of shareholders would be likely to take actions that protect the interests of such groups only, instead of trying to maximize the interests of all shareholders of the Company. Consequently, such a system is highly likely to hamper quick decision-making and operations.

Accordingly, we oppose this proposition.

Proposition No. 8: Partial amendment to the Articles of Incorporation (Prohibition of interlocking directors)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: “Any person who has worked, within the last five years, as Director or Executive Officer at any other company at which any Directors or Executive Officers of the Company double as Director or Executive Officer, are prohibited from assuming the post of Director or Executive Officer at the Company.”

Reason for the proposal: When the president and representative executive officer of Company A doubles as a director of Company B and the president and representative executive officer of Company B doubles as a director of Company A, they are called interlocking directors. There is an experimental study that demonstrates that interlocking directors provide benefits to each other in the Board of Directors of the respective companies, preventing management monitoring functions from being exerted. Consequently, the amount of compensation for the CEO tends to be huge at companies with interlocking directors. Therefore, having interlocking directors involves a strong motivation to provide benefits to the manager at the expense of shareholder profit. Major securities exchanges in the United States have adopted independent director systems, but having independent directors as interlocking directors deviates from the original purpose of the independent director system; that is, “to have directors who are independent from top management in order to reduce the tendency for top management to be blindly supported.” The Company’s Honorary Chairman Mr. Tetsuo Suzuki became an Outside Director of Sanwa Bank, Ltd. while Mr. Naotaka Saeki, the former president of Sanwa Bank became an Outside Director of the Company. Such a measure has almost the same effect as “interlocking directors.” In Japanese companies, former managers may remain highly influential. Therefore the proposed provisions contain a condition stating “within the last five years.”

○ Opinion of the Board of Directors about Proposition No. 8 (Supplementary)

The Board of Directors is against this proposition.

The Nomination Committee of the Company lays down, as its internal rules, the standards for selection of candidates for appointment as directors. With regard to the election of Outside Directors, the standards stipulate that “those who possess no important relationship of interest with the HOYA Group and who are able to remain independent” shall be elected. As a specific example of those excluded from “those who possess no important relationship of interest,” the standards clearly mention “those who would be ‘interlocking directors’ with the HOYA Group.” The Company applies such standards appropriately and has been achieving the purpose of this proposition.

Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 9: Partial amendment to the Articles of Incorporation (Restriction on the number of positions assumed by Outside Directors at other companies)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: “The number of Director and/or auditor positions assumed by an Outside Director at listed companies shall be three or less, including the position assumed at the Company, and any person who holds Director and/or auditor positions at four or more listed companies including the Company is not permitted to be appointed as a Director of the Company.”

Reason for the proposal: Though the management team of HOYA has been stating to shareholders that maximization of shareholder value and creation of new businesses are important, it has completely failed to provide high returns to shareholders over the 10 years since 2000, and has created no new businesses in an economically rational manner. The management team is now, without a doubt, extremely problematic from the viewpoint of shareholder benefit, which is exemplified by the huge loss generated by the acquisition of PENTAX at a high price. Such a situation was brought about by the Board of Directors, and mainly the Outside Directors. The Board of Directors of the Company is comprised of “buddies” who have forgotten their original duties. Such a state, if left unchanged, as a pioneer company who introduced a “Company with Committees system” ahead of other Japanese companies, will impose immeasurable negative impact on other Japanese companies, and eventually on the Japanese economy as a whole. One of the causes of such a situation is that the Outside Directors hold positions at other companies. Considering that an Outside Director is required to dedicate 200 hours to the Company every year, positions at three companies is thought to be the upper limit, which is why the proposer submits this proposition.

○ Opinion of the Board of Directors about Proposition No. 9 (Supplementary)

The Board of Directors is against this proposition.

The Company’s “Standards for the selection of candidates for appointment as directors” stipulate a condition for being elected as an Outside Director that a candidate “must be capable of attending at least 75% of the Board of Directors meetings,” and candidates for the position are all capable of acting as Outside Directors regardless of the number of such positions they hold at other companies. Also, judgments over whether directorial candidates are suitable for the post of Director to the Company should be made by individual shareholders based on the information disclosed legitimately and appropriately in the business report and reference materials. We believe that those possessing insight and a proven track record should not be excluded as potential Directors simply because of the number of positions they hold at other companies. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 10: Partial amendment to the Articles of Incorporation (Restriction to 10 of the number of times that an Outside Director may be reappointed)

Outline of Proposition: It is proposed that an article that reads as follows be added to the Articles of Incorporation: “An Outside Director may be reappointed up to 10 consecutive times.”

Reason for the proposal: It is textbook knowledge that a director who holds the position at a company for as long as 14 years does not meet the so-called independence requirement. While temporary staff live on an annual income of only several million yen and individual investors who have invested their life savings are suffering from huge capital losses, Outside Directors receive several times more compensation than temporary staff, although they show up at the office only once a month. Such directors should seriously reflect on what they are doing. However, if the same people remain Outside Directors for more than 10 years, they will forget their fiduciary responsibility to shareholders and create a Board of Directors comprised of “buddies,” together with managers, at the expense of shareholders. The total amount of compensation Mr. Takeo Shiina has received from the Company over the past 14 years is estimated to be 140 million yen. In the Board of

Directors of the Company, such practices clearly against textbook knowledge are being made openly. I must say that the Company clearly has defects in terms of its corporate governance. Prohibiting Outside Directors from being reappointed more than 10 times can be seen as rational from the viewpoint of shareholder benefit.

- Opinion of the Board of Directors about Proposition No. 9 (Supplementary)

The Board of Directors is against this proposition.

The number of years since each candidate was first appointed as an Outside Director is disclosed legitimately and appropriately in the reference materials for the General Meeting of Shareholders. Judgments over whether such directorial candidates are suitable for posts of Outside Directors of the Company should be made by individual shareholders based on the legitimately and appropriately disclosed information. We believe that those with insight and a proven track record should not be excluded as potential Directors simply because they have a certain level of career. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 11: Partial amendment to the Articles of Incorporation (Disclosure of remuneration to directors who have resigned)

Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: “Where a Director who has resigned continues to receive remuneration from the Company, all remuneration given to the said Director for up to 10 years after his/her resignation must be disclosed.”

Reason for the proposal: According to Mr. Akira Mizobuchi – a specialist in corporate law and corporate governance and a directorial candidate who studied at Harvard Law School under Professor Lucian A. Bebchuk, a leading scholar on corporate law in the United States – the Company provides “disguised remuneration” to its Directors, in addition to formal remuneration. As a response to such a problem, the proposer has presented this proposition to have the Company disclose all remuneration it has provided to former Directors in the past.

- Opinion of the Board of Directors about the Proposition No.11 (Supplementary)

The Board of Directors is against this proposition.

The matter stated in the reason for this proposition is based on mere speculation. In addition, individual disclosure of remuneration to people who are not Directors not only lacks legal foundation but is also highly problematic from the viewpoint of privacy protection. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 12: Partial amendment to the Articles of Incorporation (Obligation to hold meetings not involving 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 hold a management meeting of Outside Directors which is not attended by any Executive Officers, at least once a year, and must report the activities of such meetings to shareholders at least once a year.”

Reason for the proposal: The Board of Directors of the Company consists of Outside Directors who were invited by the management team, who receive a large amount of remuneration despite the number of hours they dedicate, and who mostly agree with the management team as their “yes-men” based on the information provided by the Executive Officers. They function “only to allow the management team to justify its determinations on the ground of Outsider Directors’ approval” (“*Itsuwari no Beikoku-ryu’ de kussetsu suru HOYA ‘oyako-daka’ keiei*” (“The ‘Father-And-Son’ Management of HOYA: Refracting with ‘False American Style’”), January Issue of *ZAITEN*, 2010). Consequently, no significant increase in shareholder value has been seen in the last 10 years. The proposer seeks to change this situation. One method is to have

discussions by holding regular management meetings of independent Outside Directors that are not attended by Executive Officers. This measure is recommended in the principles of corporate governance of CalPERS (California Public Employees' Retirement System), for example. It is said that if a company only holds meetings attended by its Chief Executive Officer, as the Company does, it becomes difficult to dismiss the Chief Executive Officer or to point out problems. This proposition is aimed at preventing such a situation.

- Opinion of the Board of Directors about the Proposition No.12 (Supplementary)

The Board of Directors is against this proposition.

The Nomination Committee, the Compensation Committee, and the Audit Committee of the Company each consist of the five Outside Directors, and Directors who double as Executive Officers do not belong to any of the Committees. These three Committees are therefore meeting bodies consisting only of Outside Directors. We believe that monitoring of Executive Officers is undertaken adequately and appropriately through these three Committees of Outside Directors. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 13: Partial amendment to the Articles of Incorporation (Obligation to create guidelines defining Independent Directors)

Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: "The Nomination Committee must create and disclose to shareholders guidelines on independence, which provide definitions of Independent Outside Directors, every year within one month of the general shareholder meeting. However, the definitions of independence of Independent Outside Directors must include the following: (a) No Director shall be regarded as an Outside Director unless the Board of Directors positively determines that the Director does not have any important relationship directly with any listed companies as a partner or shareholder, or as a board member of an organization related to a listed company. The Company must identify which Director(s) is an Outside Director(s) and disclose the criteria for the identification. (b) In addition, the following Directors are not independent: (i) A Director who is an employee of the Company or has been an employee of the Company within the last three years, or whose relative within the first degree of relationship is an Executive Officer or Director of the Company or has taken such a position at the Company within the last three years; (ii) A Director who has received, or whose relative within the first degree of relationship has received, remuneration of 100,000 dollars or more per 12 months directly from the Company within the last three years; provided, however, that this does not apply where such remuneration is Director's Compensation, Committee Member's remuneration, or deferred money paid for any other operations provided previously (except continuously provided operations); (iii) (A) A Director who is, or whose relative within the first degree of relationship is, currently a partner of a company which is an Internal Auditor or External Auditor of the Company; (B) A Director who is an active employee of the company mentioned in (A); (C) A Director whose relative within the first degree of relationship is an active employee of the company mentioned in (A) and is engaged in auditing, insurance, or tax operations (except tax planning) at the said company; (D) A Director who has been, or whose relative within the first degree of relationship has been, a partner and an employee of the company mentioned in (A) over the last three years (not applicable when they are no longer in such positions) and was directly in charge of auditing the Company in the said period; (iv) A Director who is, or whose relative within the first degree of relationship is, employed, or has been employed within the last three years, as an operating officer by another company at which an active operating officer of the Company simultaneously belongs to, or has belonged to, the Compensation Committee, and; (v) A Director who is an active employee of a company which has paid to or received from the Company properties or services equivalent of one million dollars or more, or 2% or more of the total amount of income on a consolidated basis during the past three fiscal years, or whose relative within the first degree of relationship is an Executive Officer or a Director of the said company."

Reason for the proposal: International investors have been paying increasing attention to what is called the independence of

outside directors. Voting advisory companies and the New York Stock Exchange have created independence requirements for outside directors, but their definitions of independent director slightly differ from each other. This proposal does not consider that the independence of outside directors is sufficient for realizing shareholder profit, but believes that it is important, and some of the other propositions utilize the independence requirements that will be stipulated in the Articles of Incorporation when this proposition is approved. It is doubtful whether a person like Mr. Takeo Shiina, who used to receive consulting fees separately from his Director's remuneration, would be deemed to be an independent director, and the same applies to a person who has been reappointed an Outside Director for 15 consecutive years. Also, people from main banks like former Director Mr. Naotaka Saeki are not deemed to be independent because the interests of a creditor may conflict with the interests of shareholders. The proposer believes that the independence of Outside Directors is especially important, and that is why this proposition has been made.

○ Opinion of the Board of Directors about the Proposition No.13 (Supplementary)

The Board of Directors is against this proposition.

The Nomination Committee of the Company has laid down, as internal rules, its "Standards for the selection of candidates for appointment as directors". With regard to election of Outside Directors, the standards stipulate that "persons who do not have important relationship of interest with the HOYA Group and who are able to remain independent" shall be elected. The Company believes that appropriate application of the said standards will enable the election of Outsider Directors with independence. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 14: Partial amendment to the Articles of Incorporation (Individual disclosure of remuneration)

Outline of Proposition: It is proposed that an Article which 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 individually all of the disclosed amounts must be evaluated on yen and US-dollar bases, respectively, 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. 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. In other words, the remuneration should be evaluated on both a yen and US-dollar basis, and the aggregate total should also be shown, so that individual investors can understand the details. However, the proposer does not think that the large amount of remuneration is a problem. The real problem is that the Executive Officers and Directors are receiving an amount of remuneration that is not related or linked to their own efforts. If the share price of the Company were to rise by a factor of 10 times in the coming ten years, I would not mind even if the CEO were to receive 10 billion yen per annum.

○ Opinion of the Board of Directors about the Proposition No.14 (Supplementary)

The Board of Directors is against this proposition.

The Company has disclosed the total amount of remuneration, etc. for Directors and Executive Officers for the fiscal year on page15 of the accompanying business report for the 72nd fiscal year. Policies for determining the amount of remuneration, etc. are also described on page15 of the same report. The Company has also adopted performance-linked remuneration. In addition, due to the recent amendment to the Cabinet Office Ordinance on the Financial Instruments and Exchange Act, it has become mandatory from the current fiscal year to disclose the individual amounts of

remuneration paid to executive officers who receive a total amount of 100 million yen as remuneration, etc. The Company intends to disclose this information pursuant to laws and regulations. As a Board of Directors, we consider it important to disclose the total amount of remuneration, etc. as a management-related cost. With regard to remuneration to individual officers and directors, we believe it adequate to disclose the information within the range prescribed by laws and regulation. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 15: Partial amendment to the Articles of Incorporation (Disclosure of positions held at public-interest corporations)

Outline of Proposition: It is proposed that an Article which reads as follows be added to the Articles of Incorporation: “Candidate directors who intend to be reappointed to the position at the general shareholder meeting must disclose their positions at public-interest corporations.”

Reason for the proposal: As has already been reported, Mr. Yuzaburo Mogi, a Director of the Company, holds positions at as many as 18 public-interest corporations, in addition to being the CEO of Kikkoman Corporation, Outside Director at two companies, Outside Auditor at two companies, and a member of the Government Revitalization Unit. It is a problem for a single person to hold such a large number of posts because it would be impossible for him to devote sufficient time to all of the positions. What is problematic about holding positions at public-interest corporations is conflict of interest and duty of loyalty. For example, in the Enron scandal, there was a serious problem when it appeared as if an Outside Director of the company from Stanford University had been brought on by the company in exchange for donations to the university. Currently, positions of Outside Directors and Outside Auditors held at other companies are disclosed, but those at public interest corporations are not. This is why the proposer presents this proposition.

○ Opinion of the Board of Directors about the Proposition No.15 (Supplementary)

The Board of Directors is against this proposition.

Under the current laws and regulations, it is mandatory to disclose “important positions” held by the directorial candidates when a proposition on the election of Directors is submitted to the general shareholders meeting. Such positions include not only Directors and Auditors at other stock companies but also administrators at public-interest corporations. Therefore, such positions should be disclosed if they are important. Pursuant to laws and regulations, the Company discloses, and will continue to disclose, “important positions” held by each candidate Director at other organizations in the reference materials for the general shareholders meeting concerning the election of Directors. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 16: Partial amendment to the Articles of Incorporation (Prior notice and disclosure of sales of shares by directors 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, 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 or their spouses or relatives within the first degree of relationship should be monitored closely. For example, even if a Director is given stock options, if the Director or his/her family sells the shares at the same or higher price, there may be a case in which their benefits will increase when the share price falls. 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. Of course, it is not reasonable to prohibit the sale of shares itself because Directors 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.

- Opinion of the Board of Directors about the Proposition No.16 (Supplementary)

The Board of Directors is against this proposition.

From the viewpoint of compliance, the Company has laid down its “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. We believe that trading of the Company’s shares, etc. should be regulated for the purpose of preventing insider trading, and the introduction of further regulations should be considered carefully because it involves an issue of individual property rights. Accordingly, we believe that the proposed provision should not be added to the Articles of Incorporation.

Proposition No. 17: Partial amendment to the Articles of Incorporation (Prohibition of hedging by stock option holders)

Outline of Proposition: It is proposed that Articles 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.” and; “Employees holding stock options must be prohibited from hedging by such methods as selling the call option while retaining the put option, and internal rules to this end must be approved by the Board of Directors.”

Reason for the proposal: Issuance of stock options will not function as a discipline which motivates Directors, Executive Officers and employees granted stock options to strive to bring about long-term shareholder profits 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.

- Opinion of the Board of Directors about the Proposition No.17 (Supplementary)

The Board of Directors is against this proposition.

This proposition requests a blanket prohibition on hedging by Executive Officers, Directors, and employees of the Company concerning shares or stock options they own. However, the above-mentioned way of hedging is simply inconceivable. In addition, this proposition prohibits actions to protect property values. Such a prohibition would unduly restrict the property rights of individuals without just cause. Accordingly, we believe that the proposed provisions 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.

