Security Code: 7741
Attached documents for the Notice of the 71st Ordinary General Meeting of Shareholders

The 71st Business Report

For the period from April 1, 2008 to March 31, 2009

HOYA CORPORATION

Contents

(Attached documents)

BUSINESS REPORT

For the period from April 1, 2008
to March 31, 2009

I. Matters Relating to the Present State of the HOYA Group:

1. Business Development and Results:

(1) General overview:

As of March 31, 2009, the HOYA Group consisted of the HOYA CORPORATION, 102 consolidated subsidiaries (six subsidiaries in Japan and 96 overseas) and ten affiliates (five affiliates in Japan and five overseas). Of the ten affiliates, four companies (two affiliates in Japan and two overseas) are accounted for by the equity method.

The HOYA Group is operated and managed through global consolidated group management. The Global Headquarters of the HOYA CORPORATION develops management strategies for the HOYA Group, and the independent management teams of business segments, including Information Technology, Eye Care and PENTAX, are responsible for executing these strategies.

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

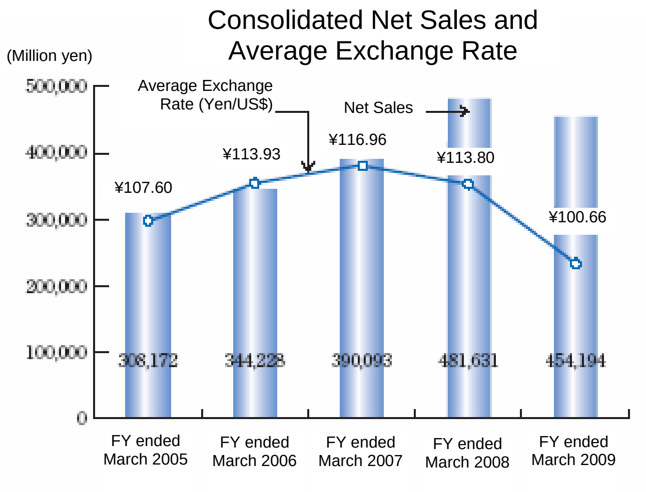
Net Sales:

During the consolidated fiscal year under review, the Japanese economy suffered a slowdown amid the U.S.-provoked financial unrest. The yen appreciated sharply, stock prices fell and corporate earnings declined steeply. Capital spending was curtailed, employment uncertainties increased and consumer spending slowed. Thus, uncertainty in the economic outlook deepened further.

In the foreign exchange market, on average, the yen appreciated 11.6%, 11.7% and 19.5% against the U.S. dollar, the euro and the Thai baht, respectively, during the consolidated fiscal year under review, compared with the previous term.

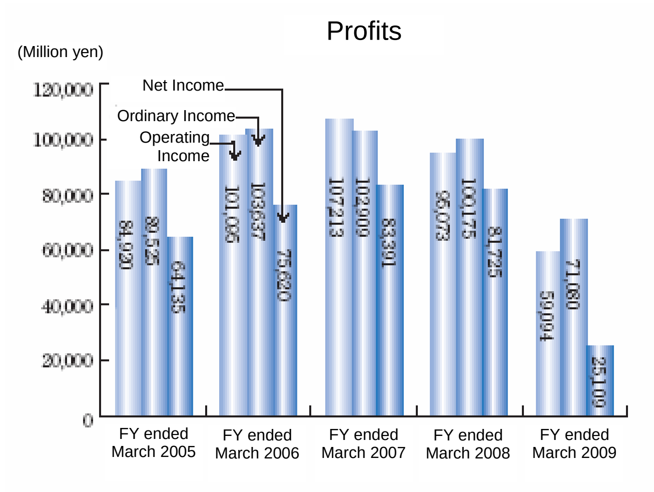
In this environment, the HOYA Group experienced declining revenues in major divisions such as the Electro-Optics (EO) Division and Vision Care Division, in the wake of the foreign exchange effect and economic slowdown. This resulted in a decline in the entire HOYA Group’s revenue despite the addition of revenues of the PENTAX Corporation and its subsidiaries for the full year, which were included in the scope of consolidation in the previous consolidated fiscal year, and whose revenues were first included in the group revenues in the second half of the same fiscal year.

As a result, net sales decreased 5.7% year-on-year to 454,194 million yen, despite the effects of integration with PENTAX.



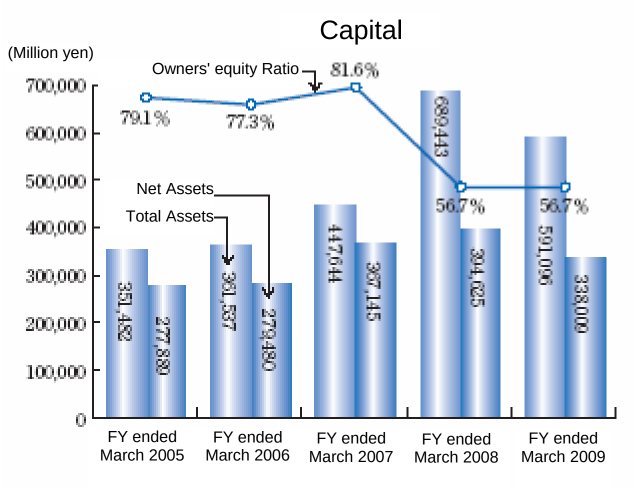
Profits:

Operating income for the consolidated fiscal year under review was 59, 094 million yen, down 37.8% from the previous year due to a decline in revenues of major divisions and the operating loss of the PENTAX Division. Ordinary income for the consolidated fiscal year under review decreased 29.0% year-on-year, to 71, 080 million yen. As extraordinary income, gains on the sale of investment securities were recorded due to the transfer of a part of the equity of AvanStrate Inc. (formerly NH TECHNO GLASS CORPORATION), an equity method affiliate, and fees for past years were received due to the revision of licensing agreements in the first quarter. Meanwhile, extraordinary loss rose sharply from the previous year due to the additional retirement benefit expense required by the restructuring of business segments and the valuation losses of investment securities, which were caused by a decline in the stock market, as well as asset impairment accounting applied to fixed assets in each business of the PENTAX Division. As a result, net income declined to 25,109 million yen, down 69.3% from the previous consolidated fiscal year. Net income per share was 58.01 yen, down 131.00 yen from the previous consolidated fiscal year.



Capital:

Cash and deposits at the end of the consolidated fiscal year under review increased 33,073 million yen from the end of the previous consolidated fiscal year. However, notes and trade account receivables decreased 37,647 million yen, and inventories declined 11,565 million yen. Current assets resultantly decreased 25,807 million yen. Fixed assets declined 72,540 million yen due mainly to a decrease in the fixed assets of the PENTAX Division of the HOYA CORPORATION, a result of the application of asset impairment accounting, a decline in the tangible fixed assets of overseas subsidiaries stemming from the effects of yen appreciation and a decline in investment securities caused by the transfer of a part of the equity of AvanStrate Inc. (formerly NH TECHNO GLASS CORPORATION), an equity method affiliate. Total assets decreased 98,347 million yen from the end of the previous consolidated fiscal year, to 591,096 million yen. For liabilities, commercial paper increased 35,787 million yen. However, note and trade account payables decreased 25,982 million yen, accrued income taxes declined 23,520 million yen and other current liabilities decreased 9,218 million yen. Therefore, total liabilities declined 41,732 million yen to 253,086 million yen. Net assets amounted to 338,009 million yen due to a decline in retained earnings of 5,779 million yen and the foreign currency translation adjustment account of 50,520 million yen. Owners’ equity, obtained by deducting stock acquisition rights and minority interests from net assets, amounted to 335,313 million yen. The owners' equity ratio was 56.7%. A breakdown of retained earnings can be found in "Consolidated Statements of Changes in Net Assets" on page 24.

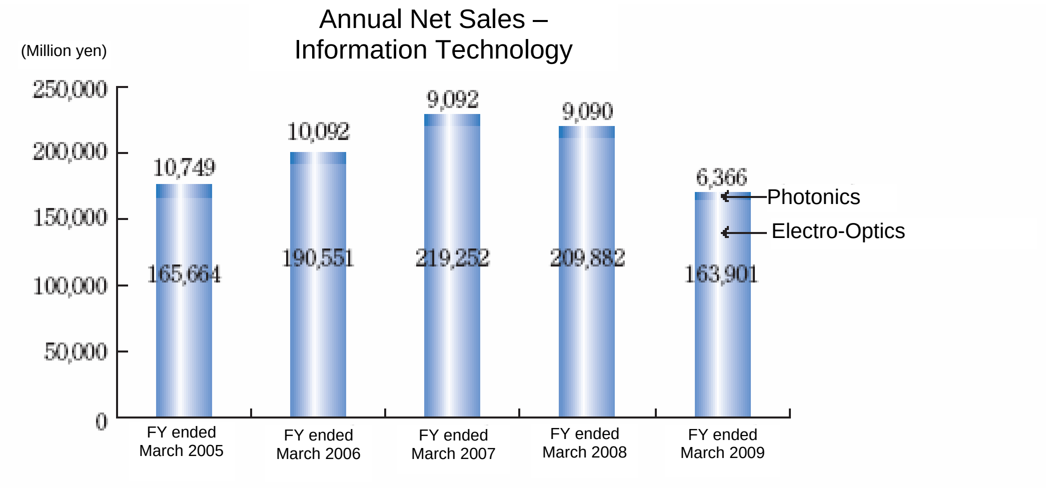


* Following the previous practice, owners’ equity and owners’ equity ratio are stated in place of shareholders' equity and the shareholders' equity ratio for fiscal years that ended on March 31, 2006 and earlier.

(2) Outline of consolidated results by business segment

Information Technology

Consolidated net sales: 170,268 million yen (decreased 22.2% YOY)



Electro-Optics Division
Consolidated net sales: 163,901 million yen (decreased 21.9% YOY)
Consolidated operating income: 39,712 million yen (decreased 41.1% YOY)

Orders and revenue both declined from the previous consolidated fiscal year in the businesses of mask blanks for semiconductor production and photo masks, due to the effects from deteriorated business in the semiconductor industry, which was attributable to the economic slowdown.

Revenue from large masks for liquid crystal panel production declined year-on-year because prices continued to sharply decline and the volume of received orders sharply decreased in and after September.

For glass disks for hard disk drives (HDDs), inventories in the HDD market were greatly adjusted in the fourth quarter, and prices sharply fell due to yen appreciation and the falling price of HDDs. Revenue therefore declined from the previous consolidated fiscal year.

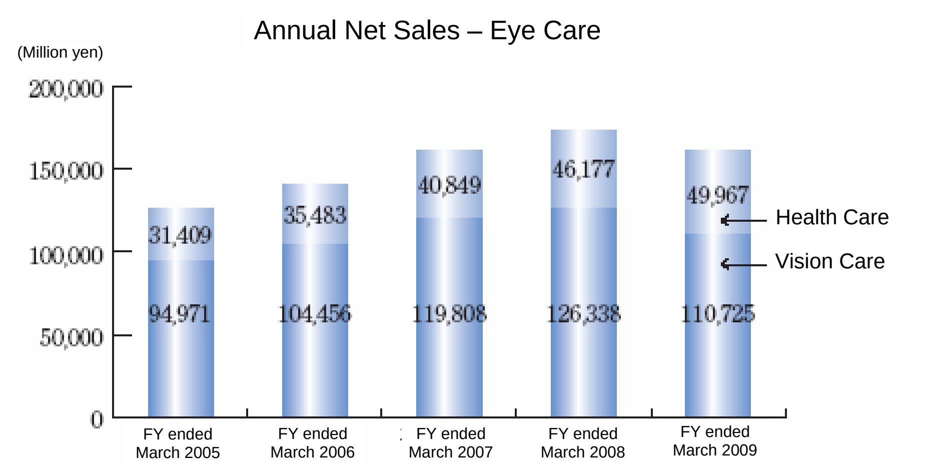
Sales of optical lenses used for compact digital cameras decreased, and revenue from optical lenses declined year-on-year.

Operating income declined from the previous consolidated fiscal year due to a continued decline in the prices of products that was partly attributable to yen appreciation amid the decrease in received orders owing to increased fears of worldwide economic slowdown.

Photonics Division:
Consolidated net sales: 6,366 million yen (decreased 30.0% YOY)
Consolidated operating income: 297 million yen (decreased 64.0% YOY)

In the Photonics Division, revenue declined from the previous consolidated fiscal year due to a decrease in orders received for major products using lasers. Operating income also decreased year-on-year due to a rise in the cost of equipment and materials, which was caused by a worldwide increase in the prices of raw materials.

Eye Care:
Consolidated net sales: 160,693 million yen (decreased 6.9% YOY)



Vision Care Division:
Consolidated net sales: 110,725 million yen (decreased 12.4% YOY)
Consolidated operating income: 21,807 million yen (increased 5.6% YOY)

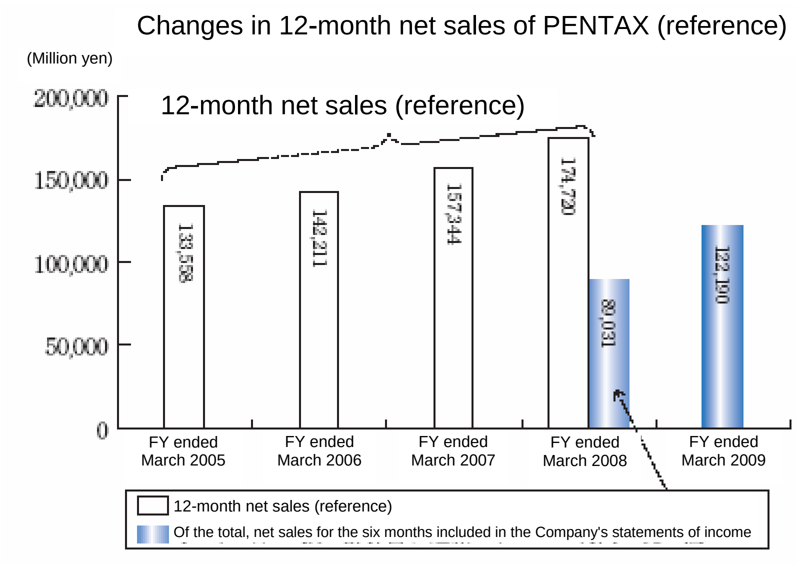
The domestic eyeglass lens market still remained sluggish due to the effect of a fall in prices. In the overseas market, pressure for price reduction was strong for low-priced lenses. The revenue of this division declined from the previous consolidated fiscal year due to the effects of economic slowdown and yen appreciation. However, operating income rose thanks to a decline in production costs that was attributable to efficiency improvement of production of special order items and yen appreciation.

Health Care Division:
Consolidated net sales: 49,967 million yen (increased 8.2% YOY)
Consolidated operating income: 11,544 million yen (increased 13.6% YOY)

Revenue from contact lenses rose from the previous consolidated fiscal year thanks to an increase in customers attracted to consulting sales in directly managed stores and an increase in the sales of high added-value products. Revenue from intraocular lenses also increased year-on-year as soft IOL performed well. The operating income increased accordingly.

<u>PENTAX:</u>
<u>Consolidated net sales: 122,190 million yen</u>
<u>Consolidated operating loss: 11,571 million yen</u>

Reference
Net sales for the 12 months of the previous consolidated fiscal year: 174,720 million yen
(Changes in real net sales for PENTAX in the consolidated fiscal year under review compared with the reference figure stated above: 30.1% decrease)



The Company acquired a majority of the total number of outstanding PENTAX shares through a tender offer made during the consolidated interim period of the previous consolidated fiscal year. For this reason, PENTAX is included in the scope of consolidation starting in the concerned consolidated interim period. However, statements of income are consolidated from the third quarter of the previous consolidated fiscal year (the three-month period from October 1, 2007 to December 31, 2007). Consequently, the statements for the previous consolidated fiscal year include net sales for PENTAX for six months only.

In this section, “(2) Outline of consolidated results by business segment,” the reference graph presented above is produced for year-on-year comparison of annual results and descriptive purposes by adding results that the PENTAX segment achieved in the second half of the previous consolidated fiscal year to PENTAX results for the first half when it was not in the scope of consolidation. An overview by product is also stated by comparing results for the previous consolidated fiscal year with results for the consolidated fiscal year under review.

For medical endoscopes, the sales of endoscope systems compatible with megapixel images remained brisk. However, revenue from medical endoscopes declined from the previous consolidated fiscal year due to overseas sales, which suffered from yen appreciation.

Revenue from digital camera decreased due to a fall in the sales of compact cameras and fierce price competition for single-lens reflex cameras.

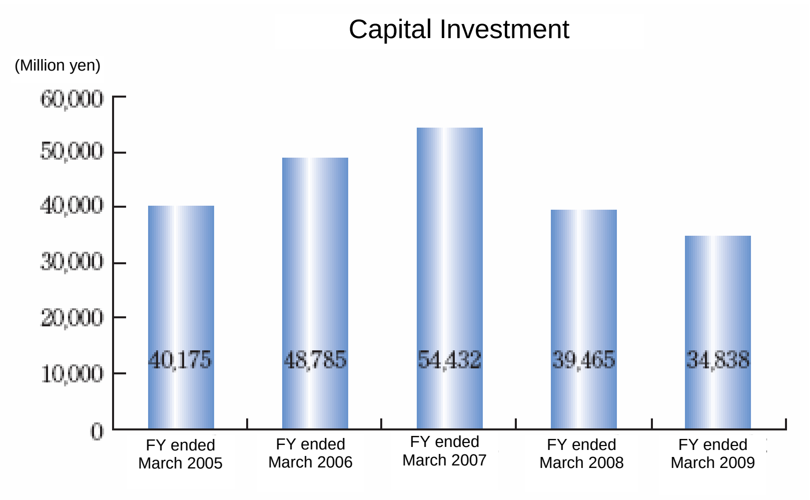
This division promoted reform of organizations in anticipation of future growth, revised business strategies, changed organizations and revalued assets. As a result, it recorded operating loss due partly to the amortization of goodwill at the time of integration.

Other businesses:
Consolidated net sales: 1,042 million yen (decreased 6.2% YOY)
Consolidated operating income: 234 million yen (operating loss of 354 million yen in the previous consolidated fiscal year)

Other businesses consist of the Crystal Segment and Services Segment (covering businesses including system construction and outsourcing within the Group).
The results of the Crystal Segment are expected to further deteriorate due to consumer spending cooling attributable to the ongoing worldwide economic crisis. Therefore, the business of the Crystal Segment was discontinued on March 31, 2009 as a part of efforts to strengthen the business structure of the entire HOYA Group and improve profitability.

2. Overview of Capital Investment

The total capital investment of the HOYA Group amounted to 34,838 million yen during the consolidated fiscal year under review, a decrease of 4,627 million yen on a year-on-year basis.
Investment in the Electro-Optics Division with a view to the next generation, focusing on facility expansion for miniaturizing semiconductors-related products and glass disks for HDDs, which experienced sharp memory size expansion, accounted for approximately 60% of the total investment by the Group.
The necessary funding for these investments was covered by internal funds.



3. Financing

Certain funds, including those required for the settlement of accounts, were raised through the issue of commercial paper.

4. Overview of Acquisition or Disposition of Stocks, Other Interest or Stock Acquisition Rights in Other Companies

The HOYA CORPORATION sold 21.5% of its shareholdings out of 50% in its equity method affiliate: AvanStrate Inc. (formerly NH TECHNO GLASS CORPORATION) to the Carlyle Group on June 6, 2008 after entering into a share transfer agreement on May 9, 2008. The HOYA CORPORATION owns 47.4% of AvanStrate Inc. shares as a result of developments, including changes in capital composition and reorganization of AvanStrate Inc.
The HOYA CORPORATION acquired all shares of East Cheer Investment Limited (Hong Kong, China) and changed it into a consolidated subsidiary to strengthen the competitiveness of the HDD glass disk business and respond to future market growth on November 4, 2008. Accordingly, Shenzhen KTM Glass Substrate Co., Ltd. (Shenzhen, China) and KTM Glass Substrate Hong Kong Co., Ltd. (Hong Kong, China), subsidiaries of East Cheer Investment Limited, became subsidiaries of the HOYA CORPORATION.

5. Management Issues Requiring Actions

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

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

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

(2) Creation of New Business and Technologies

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

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

(3) Business expansion in medical area

With the aging of society, the reduction of burden and shortening of time for medical treatment are the demands of both physicians and patients during medical treatment, and minimally invasive treatment has spread rapidly. The HOYA Group will position the medical area, where knowledge and experience in optics are applied (products in the current Eye Care area and medical endoscopes of PENTAX will become mainstays), as a strategic growth area, and place priority on investing management resources in it and expanding the business.

(4) Security of stable earnings in Information Technology area

The market matured in the Information Technology area. However, as a business area where stable earnings are expected, we will accelerate technological development, promotion of differentiation of products and new product development by strengthening cooperation with customers. At the same time, we will focus on the shift to foreign countries, integration and abolition of production bases and cost reduction through the innovation of production technologies. We will invest earnings thereby generated in the medical area, which is a future area of growth.

We will thus minimize the range of fluctuation in the earnings of the HOYA Group according to market conditions and financial conditions of customers and build up a business structure that is less likely to be affected by the economy by maintaining a balance between the medical and Information Technology areas.

(5) Improvement of earnings of the digital camera division

The digital camera division of PENTAX showed the most serious conditions in terms of earnings. However, it will endeavor to improve profitability through the shift of production bases overseas, promotion of business restructuring such as proper placement of personnel, differentiation of products, timely introduction of new products into the market, and strengthening of customer-oriented marketing.

6. Changes in the State of Assets, Profits and Losses:

Overview of Assets, Profits and Losses of the HOYA Group

Term / Classification		68th fiscal year (ended March 31, 2006)	69th fiscal year (ended March 31, 2007)	70th fiscal year (ended March 31, 2008)	71st fiscal year (consolidated fiscal year under review) (ended March 31, 2009)
Net sales	(million yen)	344,228	390,093	481,631	454,194
Net income	(million yen)	75,620	83,391	81,725	25,109
Net income per share	(yen)	171.71	193.50	189.01	58.01
Total assets	(million yen)	361,537	447,644	689,443	591,096
Net assets	(million yen)	279,480	367,145	394,625	338,009
Net assets per share	(yen)	648.87	845.98	903.49	774.65

(Notes) 1. Net income per share is calculated based on the average total number of shares issued during each fiscal year. Net assets per share are calculated based on the total number of shares issued at the end of each fiscal year. Total numbers of issued shares exclude treasury stocks.

2. The overview for the 71st fiscal year (consolidated fiscal year under review) is as stated in "1. Business Development and Results," as above.
3. Assets and net sales jumped in the 70th fiscal year, reflecting the inclusion of PENTAX in the scope of consolidation starting in the consolidated interim period of the concerned fiscal year, following the acquisition of a majority of the total number of outstanding PENTAX shares through a tender offer made to PENTAX. However, profits or losses for PENTAX recorded in the statements of income for the 70th consolidated fiscal year are limited to the results for six months, as the consolidation of PENTAX results began in the third quarter of the concerned fiscal year (the three-month period from October 1, 2007 to December 31, 2007).
4. Starting in the 69th fiscal year, the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Corporate Accounting Standard No. 5, December 9, 2005) and Implementation Guideline on the Accounting Standard for Net Assets in the Balance Sheet, etc. (Implementation Guideline on Corporate Accounting Standards No8, December 9, 2005 are applied.
Additionally, the Accounting Standard Concerning Net Income per Share (Amended Corporate Accounting Standard No. 2, January 31, 2006) and the Implementation Guideline on Accounting Standards Concerning Net Income per Share (Amended Application Guidance for Accounting Standards No.4, January 31, 2006) are applied to calculation of net income per share and net assets per share.
5. The Company conducted a 4-for-1 stock split of its common shares on November 15, 2005 during the 68th fiscal year.
Retroactive adjustment is made for net income per share and net assets per share for the 68th fiscal years in the table above on the assumption that the stock split was conducted at the beginning of concerned fiscal year.

7. Important Subsidiaries (as of March 31, 2009)

Company name	Capital stock	Voting rights owned by the Company	Main business
HOYA HOLDINGS, INC. (U.S.A.)	5,488 thousand U.S. dollars	100.0%	Regional headquarters in North America
HOYA HOLDINGS N.V. (Netherlands)	9,929 thousand Euros	100.0%	Holding company in Europe, controlling manufacture and sales of Vision Care products
HOYA HOLDINGS (ASIA) B.V. (Netherlands)	18 thousand Euros	100.0%	Holding company in Asia
HOYA HOLDINGS ASIA PACIFIC PTE LTD. (Singapore)	80,793 thousand Singaporean dollars	100.0% (100.0%)	Regional headquarters in Asia and Oceania
HOYA HEALTHCARE CORPORATION	810 million yen	100.0%	Sales and manufacturing of medical equipment including contact lenses

(Notes) 1. "Voting rights owned by the Company" (appearing in the table) are those owned indirectly.
2. The above table shows headquarters and holding companies for overseas regions and a consolidated subsidiary in Japan set out in Item A, Subparagraph 6, Paragraph 1, Article 2 of the Corporation Law.

8. Major Businesses (as of March 31, 2009)

The businesses of the HOYA Group can be categorized into the Information Technology segment handling IT-related production goods, including semiconductors and liquid crystals, the Eye Care segment handling consumer goods, including eyeglass lenses, contact lenses and intraocular lenses, and the PENTAX segment handling medical equipment such as endoscopes and other products, including digital cameras and lens units. The major products and services handled by each division are shown below.

Business Category	Division	Products and services
Information Technology	Electro-Optics	Photomasks and mask blanks for semiconductors, masks for devices for liquid-crystal displays (LCDs), glass disks for hard disk drives (HDDs), optical lenses, optical glasses, electronic glasses, optical communication related devices, etc.
	Photonics	Laser equipments for industrial, dental, and medical purposes, light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.
	Health Care	Contact lenses, intraocular lenses, etc.
PENTAX		Endoscopes, medical accessories, bone regenerating agents, filling agents, digital cameras, interchangeable lenses, camera accessories, digital camera modules, micro lenses, CCTV lenses, etc.
Others		Crystal glass products, design of information systems, outsourcing, etc.

9. Head Office, Principal Places of Business, and Plants (as of March 31, 2009)

(1)HOYA CORPORATION

Division	Name	Location
Headquarters	Global Headquarters	Shinjuku-ku, Tokyo
	Netherlands Branch	The Netherlands
Electro-Optics	Blanks Division and other Sales Departments Yokohama Marketing Center Kansai Marketing Center Nagasaka Office Hachioji Factory Kumamoto Factory Akishima Factory	Shinjuku-ku, Tokyo, etc. Yokohama-shi, Kanagawa Kyoto-shi, Kyoto Hokuto-shi, Yamanashi Hachioji-shi, Tokyo Ozu-machi, Kumamoto Akishima-shi, Tokyo
Vision Care	Vision Care Company, Japan HQ	Shinjuku-ku, Tokyo
Health Care	Medical Division	Shinjuku-ku, Tokyo
PENTAX	PENTAX Itabashi Office PENTAX Mashiko Office	Itabashi-ku, Tokyo Mashiko-machi, Tochigi
Others	Crystal Company	Akishima-shi, Tokyo

(2) Subsidiaries

Division	Name	Location
Electro-Optics	HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD. HOYA GLASS DISK THAILAND LTD. HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD.	USA Singapore Thailand China
Photonics	HOYA PHOTONICS, INC. HOYA CANDEO OPTRONICS CORPORATION	USA Toda-shi, Saitama
Vision Care	HOYA CORPORATION VISION CARE COMPANY Global Headquarters HOYA LENS DEUTSCHLAND GMBH HOYA LENS U.K.LTD. HOYA LENS OF AMERICA, INC. HOYA LENS THAILAND LTD.	The Netherlands Germany UK USA Thailand
Health Care	HOYA MEDICAL SINGAPORE PTE, LTD. HOYA HEALTHCARE CORPORATION	Singapore Shinjuku-ku, Tokyo
PENTAX	PENTAX OF AMERICA, INC. PENTAX EUROPE GMBH PENTAX CEBU PHILIPPINES CORPORATION PENTAX VN CO., LTD.	USA Germany The Philippines Vietnam
Others	HOYA SERVICE CORPORATION	Shinjuku-ku, Tokyo
Corporate	HOYA HOLDINGS, INC. HOYA HOLDINGS N.V. HOYA HOLDINGS (ASIA) B.V. HOYA HOLDINGS ASIA PACIFIC PTE LTD.	USA The Netherlands The Netherlands Singapore

10. Employees (as of March 31, 2009)

Employees of the HOYA Group

(1) By Division

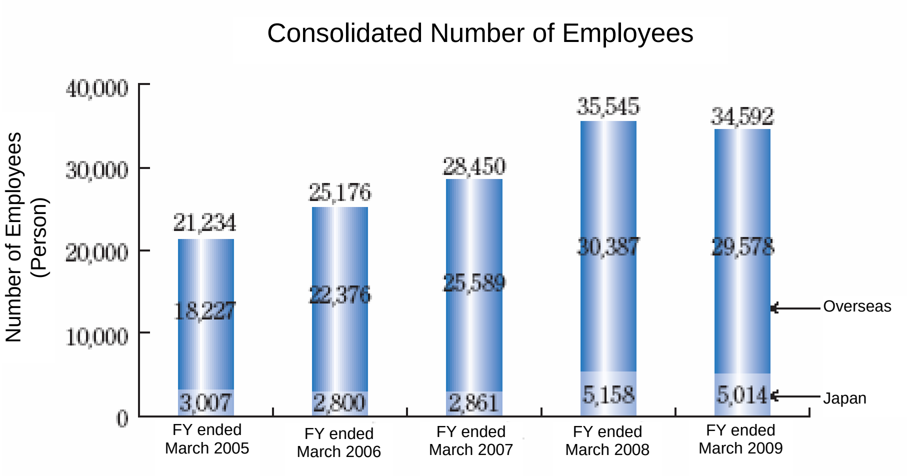
Division	Number of employees	Year-on-year comparison
Electro-Optics	19,875	Down 807
Photonics	173	Down 12
Vision Care	8,182	Up 635
Health Care	1,023	Up 53
PENTAX	5,003	Down 882
Others	261	Up 46
Corporate	75	Up 14
Total	34,592	Down 953

(Notes) 1. The numbers of employees shown above refers to the number of working personnel. These numbers include official employees only. Part-time employees and employees on short-term contracts are not included.
2. Corporate refers to the number of employees in the Global Headquarters and regional headquarters overseas.
3. Employees at HOYA CORPORATION numbered 4,821 (down 384 year-on-year). Their ages and service periods averaged 42.6 and 16.5, respectively.

(2) By Region

Region	Number of employees	Year-on-year comparison
Japan	5,014	Down 144
North America	1,797	Down 213
Europe	2,660	Down 202
Asia	25,121	Down 394
Total	34,592	Down 953

(3) Changes in the number of employees



11. Major Lenders (as of March 31, 2009)

Lenders	Loans payable
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,687 million yen
Mizuho Corporate Bank, Ltd.	1,107 million yen
Syndicated loans	7,235 million yen

(Note) Syndicated loans resulted from joint financing by seven financial institutions arranged by Mizuho Corporate Bank, Ltd., joint financing by seven financial institutions arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd. and joint financing by ten financial institutions arranged by Resona Bank, Limited.

12. Other Important Matters Relating to the Present State of the HOYA Group

Microline PENTAX, Inc. (Massachusetts, USA), a subsidiary of the HOYA CORPORATION, acquired all shares of Starion Instruments Corporation, a U.S. medical equipment company, which became a subsidiary of the HOYA

CORPORATION on April 17, 2009.

HOYA LENS DEUTSCHLAND GMBH (Germany), a subsidiary of the HOYA CORPORATION, received a statement of objections to glass lens transactions from the Federal Cartel office of the Federal Republic of Germany in December 2008. The HOYA CORPORATION and HOYA LENS DEUTSCHLAND GMBH are currently investigating the facts of this matter, and will properly deal with it hereafter. There is a possibility that losses will be incurred in the future due to this. However, it is difficult to reasonably estimate its effect, and the impact on the results is unclear as of now.

II. Current State of the Company

1. State of Shares (as of March 31, 2009):

(1) Total number of shares the Company can issue:
Common stock: 1,250,519,400 shares

(2) Total number of issued shares:
Common stock: 435,017,020 shares

(3) Number of shareholders: 83,770 persons
(An increase of 1,387 persons from the end of the previous fiscal year)

(4) Number of shares constituting one unit: 100 shares

(5) Principal shareholders:

Rank	Name	Investment in the Company	
		Number of shares	Percentage of investment
		(Hundred shares)	%
1	JPMorgan Chase Bank 380055	391,641	9.05
2	Japan Trustee Services Bank, Limited (Trust Account)	300,296	6.94
3	Japan Trustee Services Bank, Limited (Trust Account 4G)	234,984	5.43
4	The Master Trust Bank of Japan, Limited (Trust Account)	184,662	4.27
5	State Street Bank and Trust Company	139,032	3.21
6	The Chase Manhattan Bank N.A., London S.L. Omnibus Account	104,809	2.42
7	State Street Bank and Trust Company 505225	96,500	2.23
8	Mamoru Yamanaka	90,197	2.08
9	Deutsche Bank Trust Company Americas	85,597	1.98
10	Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	77,928	1.80

(Notes) 1. None of the shareholders in the list of shareholders owns one-tenth or more of the aggregate number of outstanding shares. The Company, however, received a substantial shareholding report (its copy) dated February 27, 2009 (date on which the reporting obligation arose: February 24, 2009) from the Capital Research and Management Company. According to the report, the Capital Research and Management Company owns a combined total of 45,210,600 shares (10.4% of capital contribution). The Company, however, listed the top ten shareholders in the list of shareholders in this Report, as verifying them with shareholders in the list shareholders was impossible in practical terms.
2. In consideration of the number of voting rights, the numbers of shares are stated in units of one hundred shares and the shares that do not constitute one trading unit are rounded down.
3. The percentage of investment is calculated by deducting treasury stocks (2,160,060 stocks).

2. State of Stock Acquisition Rights, Etc.

(1) Stock acquisition rights owned by Directors of the Company that have been issued as compensation for their execution of duties (as of March 31, 2009)

(i) First issue of stock acquisition rights resolved at the meeting of the Board of Directors held on October 21, 2002
The first issue of stock acquisition rights ceased to exist, as the period for their exercise had elapsed.

(ii) Second issue of stock acquisition rights resolved at the meeting of the Board of Directors held on May 23, 2003
No stock acquisition right was granted to Directors of the Company in the second issue of stock acquisition rights.

(iii) Third issue of stock acquisition rights resolved at the meeting of the Board of Directors held on November 27, 2003
The third issue of stock acquisition rights ceased to exist, as the period for their exercise had elapsed.

(iv) Fourth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on November 25, 2004

・Number of stock acquisition rights:
213 rights
・Class and number of shares to be issued on exercise of stock acquisition rights:
85,200 shares of common stock
・Exercise price of stock acquisition rights:
2,713 yen per share
・Period during which stock acquisition rights can be exercised:
From October 1, 2005 to September 30, 2009
・Terms and conditions for the exercise of stock acquisition rights:
1. Exercise of a part of one stock acquisition right shall not be allowed.
2. Exercise of stock acquisition rights by a successor of stock acquisition rights shall not be allowed.
3. When one of the following applies to a holder of stock acquisition rights, that party may not exercise stock acquisition rights.

1) When a holder of stock acquisition rights resigns before expiration of the term of office or retires before mandatory retirement age from the post of director or employee of the Company or an affiliated company (denoting "affiliated company" which is defined in Paragraph 8 of Article 8 of the "regulation concerning the terms, form and preparation method of financial statements, etc." and hereinafter referred to as "the Company's Affiliate")

2) When a holder of stock acquisition rights became an officer, employee or outsourced party of one of the following parties after retiring from the post of director or employee of the Company or the Company's Affiliate due to the expiration of the term of office or mandatory retirement age

i) A third party engaged in the manufacturing, sale or research and development of a product that competes in markets with products manufactured or sold by the Company or the Company's Affiliate

ii) A third party engaged in the offering or research and development of a service that competes in markets with services offered by the Company or the Company's Affiliate

3) When a holder of stock acquisition rights brings a lawsuit against the Company or the Company's Affiliate

4) When a holder of stock acquisition rights is subject to disciplinary punishment decided by the Board of Directors of the Company or disciplinary dismissal from the Company or the Company's Affiliate due to the violation of internal regulations and rules (including working rules, hereinafter "the Internal Regulations") of the Company or the Company's Affiliate

・State of ownership by Directors of the Company:

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of owners of stock acquisition rights
Directors (excluding Outside Directors and including those serving concurrently as Executive Officers)	180 rights	72,000 shares	3 persons
Outside Directors	33 rights	13,200 shares	4 persons

(v) Fifth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on December 22, 2005

・Number of stock acquisition rights:
193 rights

・Class and number of shares to be issued on exercise of stock acquisition rights:
77,200 shares of common stock

・Exercise price of stock acquisition rights:
4,150 yen per share

・Period during which stock acquisition rights can be exercised:
From October 1, 2006 to September 30, 2015

・Terms and conditions for the exercise of stock acquisition rights:

1. Any grantee of stock acquisition rights shall remain in office as Director, Executive Officer or employee of the Company or its subsidiaries when the grantee exercises the rights, unless the grantee leaves office on expiration of the term of office, because he/she has reached mandatory retirement age or for any other legitimate reason.
2. No stock acquisition right so granted can be inherited.
3. In a Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising of the stock acquisition rights, in each year (from January 1 to December 31) during the period in which the stock acquisition rights can be exercised.
4. Based on a resolution for the issuing of stock acquisition rights adopted by the Board of Directors, other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.

・State of ownership by Directors of the Company:

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of owners of stock acquisition rights
Directors (excluding Outside Directors and including those serving concurrently as Executive Officers)	105 rights	42,000 shares	3 persons
Outside Directors	88 rights	35,200 shares	5 persons

(vi) Sixth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on October 19, 2006

・Number of stock acquisition rights:
202 rights

・Class and number of shares to be issued on exercise of stock acquisition rights:

80,800 shares of common stock
・Exercise price of stock acquisition rights:
4,750 yen per share
・Period during which stock acquisition rights can be exercised:
From October 1, 2007 to September 30, 2016
・Terms and conditions for the exercise of stock acquisition rights:
1. Any grantee of stock acquisition rights shall remain in office as Director, Executive Officer or employee of the Company, or shall remain in office as Director or employee of affiliates of the Company when the grantee exercises the rights, unless the grantee leaves office on expiration of the term of office, because he/she has reached mandatory retirement age or for any other legitimate reason.
2. No heir, assignee, pledgee or other successor to stock acquisition rights may exercise the rights under the provisions of a Stock Acquisition Right Allocation Contract.
3. In the Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising the stock acquisition rights, in each year (from January 1 to December 31) during the period in which the stock acquisition rights can be exercised.
4. Based on a resolution adopted by the Board of Directors, other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.

・State of ownership by Directors of the Company:

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of owners of stock acquisition rights
Directors (excluding Outside Directors and including those serving concurrently as Executive Officers)	152 rights	60,800 shares	3 persons
Outside Directors	50 rights	20,000 shares	5 persons

(vii) Seventh issue of stock acquisition rights resolved at the meeting of the Board of Directors held on October 29, 2007
・Number of stock acquisition rights:
194 rights
・Class and number of shares to be issued on exercise of stock acquisition rights:
77,600 shares of common stock
・Exercise price of stock acquisition rights:
4,230 yen per share
・Period during which stock acquisition rights can be exercised:
From October 1, 2008 to September 30, 2017
・Terms and conditions for the exercise of stock acquisition rights:
1. Any grantee of stock acquisition rights shall remain in office as Director, Executive Officer or employee of the Company, or as Director or employee of its affiliates when the grantee exercises the rights. Provided, however, grantees may, with certain exceptions, exercise the number of granted rights exercisable at the time of their departure from office on the expiration of the term of office or at the time of their retirement at the mandatory age limit (hereinafter referred to as the maximum number of stock acquisition rights that can be exercised) when the grantee leaves office for such reasons. Grantees may not exercise rights in excess of the maximum number of stock acquisition rights that can be exercised at their departure from office on expiration of the term of office or at their retirement under the mandatory age limit.
2. No heir, assignee, pledgee or other successor to stock acquisition rights may exercise the rights under the provisions of a Stock Acquisition Right Allocation Contract.
3. In the Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising the stock acquisition rights, in each year (from October 1 each year to September 30 of the following year) during the period in which the stock acquisition rights can be exercised.
4. Based on a resolution adopted by the Board of Directors, other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.
5. No stock acquisition right can be exercised partially.

・State of ownership by Directors of the Company:

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of owners of stock acquisition rights
Directors (excluding Outside Directors and including those serving concurrently as Executive Officers)	144 rights	57,600 shares	3 persons
Outside Directors	50 rights	20,000 shares	5 persons

(viii) Eighth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on November 10, 2008

・Number of stock acquisition rights:
557 rights
・Class and number of shares to be issued on exercise of stock acquisition rights:
222,800 shares of common stock
・Exercise price of stock acquisition rights:
1,556 yen per share
・Period during which stock acquisition rights can be exercised:
From October 1, 2009 to September 30, 2018
・Terms and conditions for the exercise of stock acquisition rights:

1. Any grantee of stock acquisition rights shall remain in office as Director, Executive Officer or employee of the Company, or as Director or employee of its affiliates when the grantee exercises the rights. Provided, however, grantees may, with certain exceptions, exercise the number of granted rights exercisable at the time of their departure from office on the expiration of the term of office or at the time of their retirement at the mandatory age limit (hereinafter referred to as the maximum number of stock acquisition rights that can be exercised) when the grantee leaves office for such reasons. Grantees may not exercise rights in excess of the maximum number of stock acquisition rights that can be exercised at their departure from office on expiration of the term of office or at their retirement under the mandatory age limit.
2. No heir, assignee, pledgee or other successor to stock acquisition rights may exercise the rights under the provisions of a Stock Acquisition Right Allocation Contract.
3. In the Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising the stock acquisition rights, in each year (from October 1 each year to September 30 of the following year) during the period in which the stock acquisition rights can be exercised.
4. Based on a resolution adopted by the Board of Directors, other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.
5. No stock acquisition right can be exercised partially.

・State of ownership by Directors of the Company:

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of owners of stock acquisition rights
Directors (excluding Outside Directors and including those serving concurrently as Executive Officers)	507 rights	202,800 shares	4 persons
Outside Directors	50 rights	20,000 shares	5 persons

(ix) Ninth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on February 5, 2009
No stock acquisition right was granted to Directors of the Company in the ninth issue of stock acquisition rights.

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

(i) Eighth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on November 10, 2008

・Number of stock acquisition rights:
2,033 rights
・Class and number of shares to be issued on exercise of stock acquisition rights:
813,200 shares of common stock
・Exercise price of stock acquisition rights:
1,556 yen per share
・Period during which stock acquisition rights can be exercised:
From October 1, 2009 to September 30, 2018
・Terms and conditions for the exercise of stock acquisition rights:

1. A party allocated stock acquisition rights shall be required to hold the post of employee of the Company or director or employee of an affiliated company of the Company (when a holder of stock acquisition rights becomes a director, executive officer or employee of the Company or a director, executive officer or employee of an affiliated company of the Company ["affiliated company" as defined in Paragraph 8 of Article 8 of the "regulation concerning the terms, form and preparation method of financial statements, etc."] simultaneously upon loss of a post that was held by the holder of stock acquisition rights as of the date of entering into this Agreement, it shall be a post after change) at the time of the exercise of rights. However, in the event of retirement due to the expiration of the term of office or mandatory retirement age, a holder of stock acquisition rights may exercise his/her allocated stock acquisition rights subject to the upper limit of the number of shares for which rights may be exercised at the time of retirement due to the expiration of the term of office or mandatory retirement age as indicated in the Stock Acquisition Right Allocation Contract (hereinafter "the Upper Limit of the Number of Exercisable Shares"). Stock acquisition rights for those exceeding the Upper Limit of the Number of Exercisable Shares that may be exercised after retirement due to the expiration of the term of office or mandatory retirement age shall not be exercised.

2. No heir, assignee, pledgee or other successor to stock acquisition rights may exercise the rights under the provisions of a Stock Acquisition Right Allocation Contract.
3. In the Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising the stock acquisition rights, in each year (from October 1 each year to September 30 of the following year) during the period in which the stock acquisition rights can be exercised.
4. Other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.
5. No stock acquisition right can be exercised partially.

・Conditions of grants to employees, etc. of the Company

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of persons granted stock acquisition rights
Employees of the Company	1,360 rights	544,000 shares	86 persons
Officers and employees of subsidiaries	673 rights	269,200 shares	38 persons

(ii) Ninth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on February 5, 2009

・Number of stock acquisition rights:
150 rights

・Class and number of shares to be issued on exercise of stock acquisition rights:
60,000 shares of common stock

・Exercise price of stock acquisition rights:
1,704 yen per share

・Period during which stock acquisition rights can be exercised:
From October 1, 2009 to September 30, 2018

・Terms and conditions for the exercise of stock acquisition rights:

1. A party allocated stock acquisition rights shall be required to hold the post of director, executive officer or employee of the Company or director or employee of an affiliated company of the Company (when a holder of stock acquisition rights becomes a director, executive officer or employee of the Company or a director, executive officer or employee of an affiliated company of the Company [“affiliated company” as defined in Paragraph 8 of Article 8 of the “regulation concerning the terms, form and preparation method of financial statements, etc.”] simultaneously upon loss of a post that was held by the holder of stock acquisition rights as of the date of entering into this Agreement, it shall be a post after change) at the time of the exercise of rights. However, in the event of retirement due to the expiration of the term of office or mandatory retirement age, a holder of stock acquisition rights may exercise his/her allocated stock acquisition rights subject to the upper limit of the number of shares for which rights may be exercised at the time of retirement due to the expiration of the term of office or mandatory retirement age as indicated in the Stock Acquisition Right Allocation Contract (hereinafter “the Upper Limit of the Number of Exercisable Shares”). Stock acquisition rights for those exceeding the Upper Limit of the Number of Exercisable Shares that may be exercised after retirement due to the expiration of the term of office or mandatory retirement age shall not be exercised.
2. No heir, assignee, pledgee or other successor to stock acquisition rights may exercise the rights under the provisions of a Stock Acquisition Right Allocation Contract.
3. In the Stock Acquisition Right Allocation Contract, the Company shall have the right to fix the maximum number of stock acquisition rights that can be exercised, or the maximum aggregate issue price of shares to be issued on exercising the stock acquisition rights, in each year (from October 1 each year to September 30 of the following year) during the period in which the stock acquisition rights can be exercised.
4. Other terms and conditions for the exercise of stock acquisition rights shall be as provided in the Stock Acquisition Right Allocation Contract.
5. No stock acquisition right can be exercised partially.

・Conditions of grants to employees, etc. of the Company

Classification	Number of stock acquisition rights	Number of shares to be issued on exercise of stock acquisition rights	Number of persons granted stock acquisition rights
Employees of the Company	-	-	-
Officers and employees of subsidiaries	150 rights	60,000 shares	1 person

(Notes) 1. All stock acquisition rights were issued free of charge for the purpose of granting stock options.
2. The Company conducted a 4-for-1 stock split of its common shares on November 15, 2005. The number of shares issued at the time of exercise of one stock acquisition right was initially 100 for the first to fourth stock acquisition rights, but became 400 after adjustment.

3. Directors of the Company

(1) Directors and Executive Officers (as of March 31, 2009)

Name	Position and role at the Company	Representation at other corporations, etc.
Takeo Shiina	Director Chairman, Nomination Committee Audit Committee member Remuneration Committee member	Advisor of IBM Japan, Ltd.
Yuzaburo Mogi	Director Chairman, Remuneration Committee Nomination Committee member Audit Committee member	Representative Director, Chairman and CEO of Kikkoman Corporation
Yoshikazu Hanawa	Director Nomination Committee member Audit Committee member Remuneration Committee member	Former Honorary Chairman of Nissan Motor Co., Ltd.
Eiko Kono	Director Nomination Committee member Audit Committee member Remuneration Committee member	Former Special Advisor, RECRUIT Co., Ltd.
Yukiharu Kodama	Director Chairman, Audit Committee Nomination Committee member Remuneration Committee member	Chairman of the Mechanical Social Systems Foundation
Hiroshi Suzuki	Director President & CEO	
Hiroshi Hamada	Director Executive Officer Chief Operating Officer	
Kenji Ema	Director Executive Officer Chief Financial Officer	
Hiroaki Tanji	Director Executive Officer Chief Technology Officer	

(Notes) 1. Five directors, namely, Mr. Takeo Shiina, Mr. Yuzaburo Mogi, Mr. Yoshikazu Hanawa, Ms. Eiko Kono and Mr. Yukiharu Kodama are the outside directors indicated in Item 15 of Article 2 of the Companies Act.

2. Each member of the Audit Committee of the Company has engaged in corporate management or has monitored the business community at government offices for many years. At the same time, they have served financial institutions as Outside Directors or advisors. They have reasonable levels of knowledge concerning finance and accounting. Mr. Yuzaburo Mogi, in particular, has direct, on-site finance and accounting experience as an accounting section member and as a director and chief controller.

3. Based on the decision of the Nomination Committee, the Company appointed Mr. Hiroshi Hamada as its chief operating officer (COO) and executive officer at the Board of Directors meeting held on March 28, 2008. Mr. Hamada assumed the positions on April 10, 2008. Mr. Hamada was elected and appointed director at the 70th ordinary general meeting of shareholders, held on June 18, 2008, and assumed office as director.

4. Based on the decision of the Nomination Committee, the Company appointed Mr. Taro Hagiwara as its officer in charge of technology and executive officer at the Board of Directors meeting held on April 30, 2009. Mr. Hagiwara assumed the positions on the same day. The duty assigned to Mr. Hiroaki Tanji was changed from CTO to Executive Officer, Planning, at the meeting of the Board of Directors held the same day.

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

(i) Basic policy

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

(ii) Policy concerning remuneration for Directors

The remuneration consists of a fixed salary as a Director and remuneration as a member or as a chairman of a committee, and is determined at an appropriate level in consideration of factors such as the management environment of the Company and the level of such remuneration among other companies.

(iii) Policy concerning remuneration for Executive Officers

The remuneration is composed of a fixed salary as an Executive Officer and performance-based remuneration.

The fixed salary is set at an appropriate level according to the office and responsibility of each Executive Officer in consideration of the management environment and the results of the Company as well as the level of such remuneration at other companies, etc.

Performance-based remuneration is determined by performance (evaluated using such indices as net income) and achievement of the management measures set at the beginning of the fiscal year, and is set at an appropriate level in consideration of factors such as the management environment of the Company and the level of such remuneration among other companies.

Benefits for Executive Officers stationed overseas (such as housing and company-owned cars) are set at an appropriate level in consideration of such factors as the management environment of the Company and the level of such benefits among other companies.

(iv) Stock options

Deliberations on the granting of stock options to Directors and Executive Officers are held by the Remuneration Committee considering performance and individual evaluations, and decisions are made by the Board of Directors.

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

Classification	Number of payees	Amount of payments
Directors (of which, Outside Directors)	9 persons (5)	81 million yen (51)
Executive Officers	4	197
Total	9	279

(Notes) 1. At the end of the fiscal year under review, there were nine Directors and four Executive Officers. All four Executive Officers served as Directors concurrently.

2. The amount of remuneration and others includes 12 million yen paid as remuneration in the form of stock options (aggregate amount of 1 million yen paid to five Outside Directors, and 11 million yen to four Executive Officers).

(4) Outside Directors

(i) Status of Outside Directors' concurrent service as executive officers and outside directors of other companies (as of March 31, 2009)

Name	Companies, corporations, etc. under concurrent service	Contents of concurrent service
Takeo Shiina	Mercian Corporation	Outside Director
Yuzaburo Mogi	Kikkoman Corporation Meiji Yasuda Life Insurance Company TOBU RAILWAY CO., LTD. Fuji Media Holdings, Inc. Fuji Television Network, Inc.	Representative Director, Chairman and CEO Outside Director Outside Auditor Outside Auditor Outside Auditor
Eiko Kono	Mitsui Sumitomo Insurance Group Holdings, Inc. Mitsui Sumitomo Insurance Co., Ltd. DIC Corporation	Outside Director Outside Director Outside Director
Yukiharu Kodama	Asahi Kasei Corporation TOKYO DOME CORPORATION YOMIURI LAND. CO., LTD.	Outside Director Outside Auditor Outside Auditor

(Note) Director Yuzaburo Mogi occupies the positions of chairman and chief executive officer (CEO) at Kikkoman Corporation. However, the Company has no important business relationship with Kikkoman.

(ii) Major Activities during the Fiscal Year under Review

Name	Major Activities
Takeo Shiina	Mr. Shiina attended nine of the ten meetings of the Board of Directors and seven of the nine meetings of the Audit Committee held during the fiscal year under review, and made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As for other committees, Mr. Shiina attended five of the six meetings of the Remuneration Committee and all meetings of the Nomination Committee. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in management supervision. As for specific services, Mr. Shiina led discussion toward Committee decisions on agenda items including the selection of candidates for Director posts and the appointment of candidates for Executive Officers as Chairman of the Nomination Committee.
Yuzaburo Mogi	Mr. Mogi attended nine of the ten meetings of the Board of Directors and six of the nine meetings of the Audit Committee held during the fiscal year under review, and made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As for other committees, Mr. Mogi attended five of the six meetings of the Remuneration Committee and all meetings of the Nomination Committee. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in management supervision. As for specific services, Mr. Mogi led discussion of agenda items toward Committee decisions by constructing a remuneration system that gives greater incentives to Directors and Executive Officers and by conducting fair and adequate performance evaluations as the Chairman of the Remuneration Committee.
Yoshikazu Hanawa	Mr. Hanawa attended all meetings of the Board of Directors and eight of the nine meetings of the Audit Committee held during the fiscal year under review, and made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As for other committees, Mr. Hanawa attended all meetings of the Remuneration Committee and all meetings of the Nomination Committee. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in management supervision.
Eiko Kono	Ms. Kono attended nine of the ten meetings of the Board of Directors and all meetings of the Audit Committee held during the fiscal year under review, and made useful contributions to the discussion of items on the agenda, based on her substantial management experience and expertise. As for other committees, Ms. Kono attended all meetings of the Remuneration Committee and all meetings of the Nomination Committee. As an Outside Director, she made remarks from a fair and impartial position as the occasion required, and fulfilled her role in management supervision.
Yukiharu Kodama	Mr. Kodama attended all meetings of the Board of Directors and eight of the nine meetings of the Audit Committee held during the fiscal year under review, and made useful contributions to the discussion of items on the agenda based on his experience as the minister's aide and an impartial observer of the business community at the Ministry of International Trade and Industry (the predecessor of the Ministry of Economy, Trade and Industry), and based on substantial experience and expertise he has gained at financial institutions. As for other committees, Mr. Kodama attended four of the six meetings of the Remuneration Committee and two of the four meetings of the Nomination Committee. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in management supervision. As for specific services, Mr. Kodama led discussion toward Committee decisions of agenda items including verification of financial statements, monitoring of the internal control systems and audits of operations and assets as the Chairman of the Audit Committee.

(iii) Overview of Liability Limitation Contract

The Company and its Outside Directors have concluded an agreement that limits possible future liabilities of the latter prescribed in Paragraph 1, Article 423 of the Corporation Law to the higher of a prefixed amount exceeding 10 million yen or the amount prescribed by law.

4. Accounting Auditors

(1) Name: Deloitte Touche Tohmatsu

(2) Amount of remuneration, etc.

	Amount of payment
Amount of remuneration, etc. paid to accounting auditors during the fiscal year under review	225 million yen
Aggregate amount of monetary and other asset gains the Company and its subsidiaries owe to accounting auditors	79 million yen

(Notes) 1. The audit agreement between the Company and its accounting auditors makes no clear distinction between the amount of audit fees based on the Corporation Law and the audit remuneration, etc. based on the Financial Instruments Exchange Law. For this reason, the total amount of remuneration, etc. for the accounting auditors is stated as the amount of remuneration, etc. for the fiscal year under review.

2. Deloitte Touche Tohmatsu (Japan Group) audits major subsidiaries of the Company located in Japan. Deloitte Touche Tohmatsu provides an audit service to the Company's major subsidiaries overseas.

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

When a condition that corresponds to any of the reasons for dismissal prescribed in the items of Paragraph 1, Article 340 of the Corporation Law exists, and dismissal is deemed to be reasonable, the Audit Committee shall dismiss the accounting auditors with the agreement of all Audit Committee members. In this case, an Audit Committee member appointed by the Audit Committee shall report the dismissal of the accounting auditors and the reason for the dismissal at the first General Meeting of Shareholders following the dismissal.

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

III. Frameworks and Policies of the Company

1. Frameworks and Policies Concerning Internal Control Systems

1) System for Ensuring Adequacy of Operations:

Contents of the resolutions the Board of Directors of the Company made with regard to internal control systems set out in items B and E., Subparagraph 1, Paragraph 1, Article 416 of the Corporation Law and Article 112 of the Enforcement Regulation of the Corporation Law are as follows:

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

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

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

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

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

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

・As the Board of Directors Regulations were amended to require reporting of all important matters at meetings of the Board of Directors, with Outside Directors comprising the majority of Board members, reports to the Board of Directors began to cover all important matters. For this reason, no provision is adopted for matters that should be reported to the Audit Committee.

(iv) Other systems for ensuring the effectiveness of audits by the Audit Committee

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

・Each internal organ shall immediately report information it stores and manages at the request of the Audit Committee or the Internal Audit Division.

(2) Matters required for ensuring the adequacy of operations

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

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

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

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

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

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

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

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

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

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

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

2) Basic Policy for Eliminating Antisocial Forces

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces.

We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

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

The Company has not adopted a policy on this matter. The Company's basic view regarding this point is as follows.

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

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

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

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

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

The Company will appropriate internal reserves on a preferential basis for investment in markets to establish the brand, particularly for consumables, centering on those in the medical area. In addition, the Company plans to invest in timely mergers and acquisitions for future business development by aggressively pursuing possibilities, in addition to funding research and development, to improve its competitiveness. The Company will also continue capital investment to secure proper production capacity and develop next-generation technologies and new products to generate stable earnings in the future.

The results for the fiscal year under review were extremely severe, as stated above. However, the Company set the year-end dividend for the consolidated fiscal year under review at 35 yen per share to meet the expectations of shareholders, taking into consideration a balance with internal reserves in preparation for future growth. Coupled with the interim dividend of 30 yen per share which was already paid, the annual dividend will become 65 yen per share.

[Notes]

1. Stated amounts and numbers of shares are shown after discarding figures less than the indicated unit. Ratios, etc. are shown after rounding-up fractions less than the indicated digit.
2. Net sales and other amounts do not include consumption tax or local consumption tax.

Consolidated Balance Sheets

As of March 31, 2009

Item	Amount	Item	Amount
(Assets)	Million yen	**(Liabilities)**	Million yen
Current assets	**384,465**	**Current liabilities**	**130,989**
Cash and deposits	214,540	Notes and accounts payable – trade	29,557
Notes and accounts receivable – trade	82,874	Short-term debt	2,144
Merchandise and finished goods	35,366	Long-term loans scheduled for repayment within one year	4,402
Work in process	11,434		
Raw materials and supplies	24,456	Commercial papers	41,978
Deferred tax assets	6,368	Accrued income taxes	7,273
Other current assets	12,106	Accrued expenses	17,884
Allowance for doubtful receivables	-2,683	Accrued bonus to employees	4,754
		Accrued warranty cost	793
Fixed assets	**206,630**	Other current liabilities	22,201
Tangible fixed assets	**129,317**		
Buildings and structures	37,097	**Long-term liabilities**	**122,097**
Machinery and vehicles	47,075	Corporate bonds	99,972
Tools, equipment and fixtures	16,429	Long-term loans payable	9,688
Land	15,755	Allowance for retirement benefits for employees	8,488
Construction in progress	12,959		
		Reserve for periodic repairs	998
Intangible fixed assets	**22,150**	Other long-term liabilities	2,948
Investments and other assets	**55,163**	**Total liabilities**	**253,086**
Investment securities	11,328	**(Net assets)**	
Deferred tax assets	36,643	**Shareholders' equity**	**382,286**
Other assets	7,740	Common stock	6,264
Allowance for doubtful receivables	-548	Capital surplus	15,898
		Retained earnings	368,108
		Treasury stock – at cost	-7,984
		Valuation and translation adjustments	**-46,973**
		Net unrealized gain (loss) on other marketable securities	-304
		Foreign currency translation adjustments	-46,669
		Stock acquisition rights	**938**
		Minority interests	**1,758**
		Total net assets	**338,009**
Total assets	**591,096**	**Total liabilities and net assets**	**591,096**

Consolidated Statements of Income

From April 1, 2008
to March 31, 2009

Item	Amount	
		Million yen
Net sales		**454,194**
Cost of sales		**264,289**
Gross profit		**189,905**
Selling, general and administrative expenses		**130,810**
Operating income		**59,094**
Non-operating income		
Interest income	4,017	
Foreign exchange gains	7,151	
Others	5,765	**16,934**
Non-operating expenses		
Interest expense	2,347	
Loss on equity method investment	314	
Others	2,286	**4,948**
Ordinary income		**71,080**
Extraordinary income		
Gain on sale of investment securities	9,704	
Fees received for previous years	3,200	
Gain on transfer of business	886	
Gain on sale of property, plant and equipment	365	
Others	1,145	**15,301**
Extraordinary losses		
Asset impairment loss	30,458	
Additional retirement benefits paid to employees	6,743	
Write-down of investment securities	2,327	
Loss on disposal of fixed assets	1,147	
Others	1,646	**42,323**
Income before income taxes and other items		**44,058**
Income taxes – Current	9,845	
Income taxes – Deferred	9,407	19,253
Minority interests in net loss		**304**
Net income		**25,109**

Consolidated Statements of Changes in Net Assets

From April 1, 2008
to March 31, 2009

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock – at cost	Total shareholders' equity
Balance as of March, 31, 2008	6,264	15,898	373,887	-7,984	388,066
Increase or decrease due to a change in the accounting treatment of overseas subsidiaries			-2,750		-2,750
Changes during the consolidated current fiscal year under review					
Dividends from retained earnings			-28,135		-28,135
Net income			25,109		25,109
Acquisition of treasury stocks				-6	-6
Disposition of treasury stocks			-2	5	2
Changes (net amounts) in items other than shareholders' equity during the current consolidated fiscal year under review					
Total changes during the current consolidated fiscal year under review	-	-	-3,029	-0	-3,030
Balance as of March 31, 2009	6,264	15,898	368,108	-7,984	382,286

	Valuation and translation adjustments			Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain (loss) on other marketable securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of March, 31, 2008	-834	3,851	3,016	632	2,909	394,625
Increase or decrease due to a change in the accounting treatment of overseas subsidiaries						-2,750
Changes during the consolidated current fiscal year under review						
Dividends from retained earnings						-28,135
Net income						25,109
Acquisition of treasury stocks						-6
Disposition of treasury stocks						2
Changes (net amounts) in items other than shareholders' equity during the current consolidated fiscal year under review	530	-50,521	-49,990	305	-1,150	-50,835
Total changes during the current consolidated fiscal year under review	530	-50,521	-49,990	305	-1,150	-50,865
Balance as of March 31, 2009	-304	-46,669	-46,973	938	1,758	338,009

(Reference) Consolidated Statements of Cash Flows

From April 1, 2008
to March 31, 2009

Item	Amount
Operating activities	Million yen
Income before income taxes and other items	44,058
Depreciation and amortization	50,030
Impairment loss	30,458
Increase or decrease in allowance for doubtful receivables (“-” indicates decrease)	586
Increase or decrease in accrued bonus to employees (“-” indicates decrease)	-2,716
Increase or decrease in reserve for periodic repairs (“-” indicates decrease)	-18
Increase or decrease in retirement benefit reserve (“-” indicates decrease)	-1,721
Interest and dividend received	-4,080
Interest paid	2,347
Foreign exchange loss or gain (-)	-8,032
Gain or loss on equity method investment (“-” indicates gain)	314
Gain on sale of property, plant and equipment	-365
Loss on disposal of property, plant and equipment	1,147
Gain or loss on sale of investment securities (“-” indicates gain)	-9,675
Valuation gain or loss on investment securities (“-” indicates gain)	2,327
Fees received for previous years	-3,200
Gain or loss on transfer of business (“-” indicates gain)	-886
Additional retirement allowance	6,743
Environment preservation cost	64
Others	-420
Increase or decrease in notes and accounts receivables (“-” indicates increase)	30,543
Increase or decrease in inventories (“-” indicates increase)	6,240
Increase or decrease in other current assets (“-” indicates increase)	-2,284
Increase or decrease in notes and accounts payables (“-” indicates decrease)	-23,465
Increase or decrease in unpaid consumption tax, etc. (“-” indicates decrease)	-60
Increase or decrease in other current liabilities (“-” indicates decrease)	-958
Sub-total	116,976
Interest and dividend received	3,475
Interest paid	-1,897
Fees received for previous years	3,200
Additional retirement allowance paid	-3,111
Environment preservation costs paid	-64
Tax paid	-34,990
Corporation tax refund received	7,387
Net cash provided by operating activities	**90,975**
Investing activities	
Expenditure for lodgment of time deposit	-7,108
Income from withdrawal of time deposit	590
Purchases of property, plant and equipment	-34,173
Proceeds from sales of property, plant and equipment	1,170
Expenditure for acquisition of investment securities	-747
Proceeds from sales of investment securities	17,875
Acquisition of shares in subsidiaries that accompanied the change in the scope of consolidation	-1,153
Expenditure for funds provided to minority shareholders as a result of merger	-9,397
Expenditure for loans	-157
Proceeds from collection of loans	236
Expenditure for other investments	-3,641
Proceeds from other investments	859
Proceeds from transfer of business	1,320
Net cash used in investing activities	**-34,328**
Financing activities	
Net increase in short-term bank loans ("-" indicates decrease)	-4,320
Net increase in commercial paper ("-" indicates decrease)	35,786
Proceeds from long-term borrowings and issuance of corproate bond	135
Expenditure for long−term loan repayment	-8,978
Payments for acquisition of treasury stock	-6
Proceeds from sale of treasury stock	2
Dividends paid by the parent company	-28,115
Dividends paid to minority interests	-304
Net cash used in financing activities	**-5,800**
Effect of exchange rate changes on cash and cash equivalents	**-24,253**
Net increase in cash and cash equivalents	**26,592**
Cash and cash equivalents at the beginning of the period	**181,335**
Cash and cash equivalents at the end of the period	**207,928**

(Note) Cash flow figures bearing – denote outflows of cash and cash equivalents.

Notes to Consolidated Financial Statements

Basic Important Matters for the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

Number of consolidated subsidiaries: 102 companies

Major consolidated subsidiaries: HOYA HOLDINGS, INC.,
HOYA HOLDINGS N.V., HOYA HOLDINGS (ASIA) B.V.
HOYA HOLDINGS ASIA PACIFIC PTE LTD.,
PENTAX OF AMERICA, INC., PENTAX EUROPE GMBH,
HOYA HEALTHCARE CORPORATION

2. Application of the equity method

(1) Affiliates accounted for by the equity method

Number of Affiliates subject to application of the equity method: 4 companies

Name of major affiliates: AvanStrate Inc.,
PrimeOptics., Co., Ltd.

(2) Affiliates not accounted for by the equity method

Major affiliate: Two Coins Co., Ltd.

The company not accounted for by the equity method is a small company and has been excluded from application of the equity method because both the gain/loss in equity method and retained earnings have little impact on the consolidated financial statements.

3. Changes in the scope of consolidation

The number of consolidated subsidiaries increased by ten companies in total during the consolidated fiscal year under review, including four acquisitions and six new companies. Meanwhile, the number of consolidated subsidiaries decreased by eight, including the loss of one company due to a merger of consolidated subsidiaries, the disappearance of one consolidated subsidiary that was merged into one affiliate company accounted for by the equity method, and the liquidation of six companies.

4. Fiscal years of consolidated subsidiaries

The fiscal years of the 11 consolidated subsidiaries located in the People's Republic of China, one consolidated subsidiary located in the United States and one consolidated subsidiary located in the Republic of the Philippines end on December 31.

All 102 consolidated subsidiaries report quarterly results. Financial documents based on the results current as of the 4th quarter (March 31) are used for the abovementioned consolidated subsidiaries when preparing the consolidated financial documents.

5. Significant Accounting Policies

(1) Standards and methods for evaluation of marketable securities

Other marketable securities

Those quoted on exchanges:

The market value method based on the market price, etc. at the end of the consolidated fiscal year

(All valuation gains and losses are processed through the method of direct entry in capital, and sale cost is calculated based on the moving average method)

Those not quoted on exchanges:

Cost determined by the moving-average method.

(2) Standards and methods for evaluation of derivatives

Market value method

(3) Standards and methods for evaluation of inventories

Inventories are recorded at cost chiefly using the weighted average costing method. (The amounts shown on the balance sheet are based on the method to reduce book value due to a decline in profitability.)

(Changes in accounting policies)

The “accounting standards for the valuation of inventory” (No. 9 Corporate Accounting Standards announced on July 5, 2006) were applied from the consolidated fiscal year under review.

This had a negligible effect on operating income, ordinary income and income before adjustment of income taxes and other items for the consolidated fiscal year under review.

(4) Methods of depreciation of fixed assets

Tangible fixed assets (excluding leased assets):

The Company and its consolidated subsidiaries based in Japan adopt the straight-line method for buildings (excluding building annexes) that have been acquired on April 1, 1998 and thereafter, and the declining-balance method for other tangible fixed assets. Some consolidated subsidiaries adopt the straight-line method. The useful life of buildings is 10 to 50 years and that of machinery and equipment is 3 to 12 years.

(Additional information)

Taking the opportunity of the 2008 amendment to the Corporation Tax Law regarding the useful life of depreciable assets, the Company and its domestic consolidated subsidiaries reviewed the use of tangible fixed assets. As a result, from the consolidated fiscal year under review, we applied the depreciation method based on the amended Corporation Tax Law to part of the tangible fixed assets.

This had a negligible effect on operating income, ordinary income and income before adjustment of income taxes and other items for the consolidated fiscal year under review.

Intangible fixed assets (excluding leased assets):

The straight-line method is applied. The period of depreciation is 8 years for patent rights, 10 years for technological assets and 5 years for software (period of possible use within the Company).

Goodwill is amortized in a straight line in 20 or less years by estimating the period in which investment in respective subsidiaries shows effects. Insignificant assets are depreciated in a lump sum.

Leased assets:

With respect to leased assets for finance lease transactions based on which the right of ownership is not transferred, the period of lease is used as useful life, and the straight-line method is applied assuming that the remaining value is zero.

(Changes in accounting policies)

Previously, accounting treatment similar to the method for lease transactions was applied to finance lease transactions based on which the right of ownership is not transferred. However, the Accounting Standard for Lease Transactions (ASB Standard No. 13) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16) were applied from the consolidated fiscal year under review, and the finance lease transactions were based on accounting treatment similar to the method for ordinary sales transactions.

With respect to finance lease transactions based on which the right of ownership is not transferred, accounting treatment similar to the method for ordinary lease transactions continues to be applied if the start date of the lease transaction is before the initial year of the start of the application.

This had a negligible effect on operating income, ordinary income and income before adjustment of income taxes and other items for the consolidated fiscal year under review.

(5) Methods of providing important allowances

(i) Allowance for doubtful receivables:

To prepare against credit losses, an allowance for doubtful receivables is provided. For ordinary credits, an allowance is provided based on the historical loss ratios. For credits threatened with bankruptcy and for credits to borrowers under bankruptcy and reorganization, etc., allowance is provided based on an evaluation of the financial position of the borrowers.

(ii) Accrued bonus:

To prepare for bonus payments to employees, an accrued bonus is provided in accordance with the estimated amounts payable.

(iii) Allowance for product warranties, etc.:

To prepare for after-sales service expenses for sold products that are anticipated to arise within their warranty periods, an allowance is provided on the basis of results for past fiscal years and forecasts for future warranty expenses. Some of the overseas subsidiaries primarily record estimates based on their net sales and the like.

(iv) Allowance for retirement benefits:

To prepare for the payment of retirement benefits to employees, allowances for retirement benefits were recorded for parts of business divisions and overseas consolidated subsidiaries based on the estimated amount of retirement benefit liability and pension assets as of the end of the consolidated fiscal year under review.

With respect to past service liabilities, an amount proportionally distributed using the straight-line method based on fixed years (10 years) within the average remaining employment period of employees at the point of their accrual is accounted for.

With regard to actuarial differences, an amount proportionally distributed in the straight-line method based on fixed years (10 years) within the average remaining employment period of employees at the point of their accrual in each consolidated fiscal year is accounted for, starting in the following consolidated fiscal year.

(Changes in accounting policies)

The Partial Amendment to Accounting Standard for Retirement Benefits (Part 3) (ASB Standard No. 19 announced on July 31, 2008) may be applied to consolidated financial statements for consolidated fiscal years commencing before March 31, 2009. The above accounting standards were therefore applied from the consolidated fiscal year under review.

This had no effect on operating income, ordinary income and income before adjustment of income taxes and other items for the consolidated fiscal year under review, because its impact, including actuarial differences that accrued during the consolidated fiscal year under review, will be treated as costs in and after the following consolidated fiscal year.

(v) Reserve for periodic repairs:

To prepare for expenses for large-scale repairs to continuous smelters after a fixed period of time, an amount estimated based on the expenses of the previous large-scale repairs is provided.

(6) Standards for the conversion of significant foreign-denominated assets and liabilities into Japanese currency

Foreign-denominated credits and liabilities are converted into yen currency based on the spot exchange rate on the last day of the current consolidated fiscal year under review, and the exchange difference is treated as a gain or loss. Assets and liabilities of consolidated subsidiaries located overseas are converted into yen currency based on the spot exchange rate on the last day of the consolidated fiscal year under review, their revenue and expenses are converted into yen currency based on the average exchange rate for the consolidated fiscal year under review, and the exchange differences are included in foreign currency translation adjustments and minority interests in the Net Assets section.

(7) Treatment of national and local consumption taxes

The tax excluded method is applied.

6. Method for evaluating the assets and liabilities of consolidated subsidiaries

The method used for evaluating the assets and liabilities of consolidated subsidiaries is the market value method.

7. Change of important matters fundamental to the preparation of consolidated financial statements

Application of the “tentative handling of accounting treatment for overseas subsidiaries in the preparation of consolidated financial statements”:

The Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements (PITF No. 18 dated May 17, 2006) was applied from the consolidated fiscal year under review, and the revisions necessary for the settlement of consolidated accounts were made.

As a result, retained earnings as of the beginning of the consolidated fiscal year under review decreased by 2,750 million yen, but there was a negligible effect on operating income, ordinary income and income before adjustment of income taxes and other items for the consolidated fiscal year under review.

8. Change of the method for indication

With respect to “merchandise and finished goods,” “work in process” and “raw materials and supplies,” these had been shown collectively as “inventory” during and prior to the previous consolidated fiscal year, but were shown individually in the consolidated fiscal year under review.

“Goodwill” had been shown individually during and prior to the previous consolidated fiscal year, but was shown collectively as “intangible fixed assets” because of the lack of importance in terms of the amount in the consolidated fiscal year under review.

Notes to the Consolidated Balance Sheets

1. The amounts shown are rounded down to the nearest million yen.
2. Accumulated depreciation of tangible fixed assets: 262,199 million yen
3. Contingent liability

(1) Liabilities for guarantee: 1,722 million yen

The Company guarantees transactions with its business customers and transactions employees of the Group have with financial institutions.

(2) Contingent liability (related to lawsuit)

HOYA LENS DEUTSCHLAND GMBH (Germany), which is a subsidiary of HOYA CORPORATION, received a statement of objections from the Federal Cartel office of the Federal Republic of Germany in December 2008. HOYA CORPORATION and HOYA LENS DEUTSCHLAND GMBH are currently investigating the facts of this matter, and will deal with it appropriately.

There is a possibility that losses will be incurred in the future as a result. However, it is difficult to reasonably estimate the impact as of now, and the impact on the consolidated financial statements is unclear.

4. Discounts on notes receivable 180 million yen

Notes to the Consolidated Statements of Income

1. The amounts shown are rounded down to the nearest million yen.
2. Impairment losses

The HOYA Group classified its assets based on business units. Assets to be sold or retired and idle assets were classified by individual property. Asset impairment accounting was applied to the following asset groups during the consolidated fiscal year under review.

(1) Goodwill and other fixed assets of each asset class of the PENTAX Division (the Company)

Location	Use	Asset Class
Itabashi-ku, Tokyo, etc.	Assets for life care business	Goodwill
Itabashi-ku, Tokyo, etc.	Assets for imaging system business	Goodwill, etc.
Itabashi-ku, Tokyo, etc.	Assets for opt-device business and digital camera module business	Goodwill, etc.
Itabashi-ku, Tokyo, etc.	Jointly-owned assets	Software, etc.

There were signs of asset impairment including a sharp decline in the profitability of each asset class of the PENTAX Division, which is attributable to rapid deterioration in the economic environment against the backdrop of the financial unrest provoked in the United States and the reduction of earnings caused by the appreciation of the yen. In contemplation of the future business outlook and the possibility of collection, the asset impairment loss on goodwill and part of other fixed assets was recorded as an extraordinary loss. The details are as follows.

Goodwill	20,858	million yen
Patent rights (intangible fixed asset)	2,224	
Software (intangible fixed asset)	1,260	
Others	3,093	
Total	27,436	

The recoverable value of each asset group was measured on the basis of its utility value. The recoverable value was calculated by reducing future cash flow at the rate of 10%.

(2) Trademark rights of the PENTAX Division (subsidiary in the United States)

Location	Use	Asset Class
Boston (the United States)	Trademark for PENTAX products	Intangible fixed assets

With respect to trademark rights, which were recorded as intangible fixed assets in the consolidated fiscal year under review, the book value of the assets concerned was reduced to the recoverable value, and the amount of reduction as impairment loss was recorded as an extraordinary loss. The details are as follows.

Trademark rights (intangible fixed asset)	213	million yen
Total	213	

The recoverable value of the asset group was measured on the basis of its utility value. The recoverable value was calculated by reducing future cash flow at the rate of 16%.

(3) Tokyo Studio in the Crystal Division (located in Akishima Factory)

Location	Use	Asset Class
Akishima-shi, Tokyo	Facilities for manufacturing crystal, etc.	Machinery and vehicles, etc.

The continuation of the business of the Crystal Division was suspended because consumer and corporate sector demand for gifts declined sharply due to the sluggish market. Business is expected to deteriorate due to a slowdown in consumption, attributable to the global economic crisis. The book value of the asset group of the Crystal Division was therefore reduced to the recoverable value, and the amount of reduction as impairment loss was recorded as an extraordinary loss. The details are as follows.

Machinery and vehicles	44	million yen
Others	22	
Total	67	

The recoverable value of the asset group was measured in terms of its value in use, which is deemed to be zero.

(4) Assets to be sold or retired and idle assets, etc.

Location	Use	Asset Class
Itabashi-ku, Tokyo	Assets to be sold, etc.	Buildings and structures, etc.
Mashiko-machi, Tochigi	Idle assets, etc.	Buildings and structures, etc.
Takamori-machi, Nagano	Idle assets etc.	Buildings and structures, etc.

With respect to assets to be sold or retired in the future whose market value has declined, and idle assets, etc. whose use is not expected in future due to business restructuring, their book value was reduced to the recoverable value, and the amount of reduction as impairment loss was recorded as an extraordinary loss. The details are as follows.

Buildings and structures	1,724	million yen
Machinery and vehicles	572	
Others	445	

Total	2,742

The recoverable value of the assets was measured on the basis of their net sale price.

Notes to the Consolidated Statements of Changes in Net Assets

1. The amounts shown are rounded down to the nearest million yen.
2. Matters relating to the aggregate number of shares that are already issued

Share class	Number of shares at the end of the previous consolidated fiscal year	Number of shares increased during the current consolidated fiscal year under review	Number of shares decreased during the current consolidated fiscal year under review	Number of shares at the end of the current consolidated fiscal year under review
Common stock	435,017,020 shares	—	—	435,017,020 shares

3. Matters relating to the number of treasury stocks

Share class	Number of shares at the end of the previous consolidated fiscal year	Number of shares increased during the current consolidated fiscal year under review	Number of shares decreased during the current consolidated fiscal year under review	Number of shares at the end of the current consolidated fiscal year under review
Common stock	2,158,291 shares	3,141 shares	1,372 shares	2,160,060 shares

(Notes) Details (causes) of the increase and decrease in the numbers of treasury stocks are as follows:

Increase due to repurchase of treasury stock less than one unit:	3,141 shares
Decrease due to sale of treasury stock less than one unit:	972 shares
Decrease due to the exercise of stock options:	400 shares

4. Matters relating to dividends

(1) Amounts of dividend payment and others

(i) Matters concerning dividends based on the resolution at the meeting of the Board of Directors held on May 22, 2008:

- Total amount of dividends: 15,150 million yen
- Dividends per share: 35 yen
- Record date: March 31, 2008
- Effective date: June 2, 2008

(ii) Matters concerning dividends based on the resolution at the meeting of the Board of Directors held on November 10, 2008:

- Total amount of dividends: 12,985 million yen
- Dividends per share: 30 yen
- Record date: September 30, 2008
- Effective date: November 25, 2008

(2) Dividends whose record dates fall within the current consolidated fiscal year under review and effective dates fall within the following consolidated fiscal year

Matters concerning dividends by resolution in the meeting of the Board of Directors to be held on May 28, 2009:

- Total amount of dividends: 15,149 million yen
- Dividend resource: Retained earnings
- Dividends per share: 35 yen
- Record date: March 31, 2009
- Effective date: June 1, 2009

5. Class and number of shares to be issued based on stock acquisition rights at the end of the current consolidated fiscal year under review (excluding shares yet to reach the first day of the exercise period for the rights)

Common stock: 2,251,200 shares

Notes to per-share information

(1) Net assets per share: 774.65 yen
(2) Net income per share: 58.01 yen

Independent Auditors' Audit Report Concerning Consolidated Financial Statements

Independent Auditors' Audit Report

May 13, 2009

To the Board of Directors of HOYA CORPORATION

Deloitte Touche Tohmatsu

Designated Employee
Managing Partner Certified Public Accountant
Hitoshi Matsumoto (seal)

Designated Employee
Managing Partner Certified Public Accountant
Yoshiaki Hatori (seal)

Designated Employee
Managing Partner Certified Public Accountant
Ichiro Sakamoto (seal)

We, Deloitte Touche Tohmatsu, conducted an audit of HOYA CORPORATION on its consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements) for the 71st fiscal year from April 1, 2008 to March 31, 2009, based on the provision of Clause 4 of Article 444 of the Company Law. The management is responsible for the preparation of these consolidated financial statements, and we are responsible for expressing opinions on the consolidated financial statements from an independent position.

We conducted this audit based on the generally-accepted accounting standards in Japan. The audit criteria require us to obtain reasonable assurance as to whether the consolidated financial statements contain any important misstatements. The audit is performed on the basis of testing audit and consists of reviewing the representation of the consolidated financial statements as a whole including evaluation of the accounting policy adopted by the management, its application method, and the estimate conducted by the management. We consider ourselves to be provided with a reasonable basis for our opinions as a result of the audit.

We recognize that the above-mentioned consolidated financial statements represent the situation of assets and profit and loss in the period concerning the consolidated financial statements of the industrial group including HOYA CORPORATION and its consolidated subsidiaries appropriately in all important points, based on the generally-accepted accounting standards in Japan.

There are no interests between HOYA CORPORATION and Deloitte Touche Tohmatsu or the managing partners which must be documented according to the provisions of the Certified Public Accountant Law.

For the 71st Fiscal Year of HOYA CORPORATION

Balance Sheets (non-consolidated)

As of March 31, 2009

Item	Amount	Item	Amount
(ASSETS)	Million yen	(LIABILITIES)	Million yen
Current assets	**170,793**	**Current liabilities**	**163,597**
Cash and deposits	45,910	Notes payable – trade	1,471
Notes receivable – trade	6,629	Accounts payable – trade	21,406
Accounts receivable – trade	62,256	Short-term debt from affiliates	46,676
Merchandise	2,355	Long-term loans scheduled for repayment within one year	4,289
Finished goods	14,656		
Semi-finished goods	2,312	Commercial papers	41,978
Raw materials	1,892	Accounts payable – others	15,276
Work in process	8,449	Accrued expenses arising from outside manufacturing	2,579
Supplies	2,884		
Accounts receivable - others	14,620	Accrued income taxes	3,241
Short-term loans to affiliates	1,303	Accrued expenses	8,260
Deferred tax assets	5,838	Deposits received	10,577
Others	2,928	Bonus reserve	3,223
Allowance for doubtful receivables	-1,246	Accrued warranty cost	469
		Accrued equipment expenses	3,692
Fixed assets	**171,664**	Others	456
Tangible fixed assets	**50,887**		
Buildings	9,798	**Long-term liabilities**	**117,611**
Structures	811	Corporate bonds	99,972
Smelters	668	Long-term loans payable	8,545
Machinery and equipment	13,321	Allowance for retirement benefits for employees	7,353
Vehicles	21		
Implements, tools and furniture	9,008	Reserve for periodic repairs	998
Land	12,779	Other long-term liabilities	740
Construction in progress	4,478		
		TOTAL LIABILITIES	**281,209**
Intangible fixed assets	**15,719**	(NET ASSETS)	
Patent rights	8,159	**Shareholders' equity**	**60,593**
Technological assets	4,158	**Common stock**	**6,264**
Other intangible fixed assets	3,401		
		Capital surplus	**15,898**
Investments and other assets	**105,037**	Capital reserve	15,898
Investment securities	3,399		
Shares of affiliates	58,746	**Retained earnings**	**46,415**
Investment in affiliates	2,250	Earned reserve	1,566
Long-term loans to affiliates	4,603	Other retained earnings	44,849
Long-term prepaid expenses	145	Special depreciation reserve	226
Bankruptcy, reorganization and other claims	431	Reserve for deferred income taxes on fixed assets	253
Deferred tax assets	35,190	Retained earnings brought forward	44,369
Other assets	635		
Allowance for doubtful receivables	-364	**Treasury stock – at cost**	**-7,984**
		Valuation and translation adjustments	**-302**
		Net unrealized gain (loss) on other marketable securities	-302
		Stock acquisition rights	**938**
		TOTAL NET ASSETS	**61,228**
TOTAL ASSETS	**342,438**	**TOTAL LIABILITIES AND NET ASSETS**	**342,438**

For the 71st Fiscal Year of HOYA CORPORATION

Statements of Income (non-consolidated)

(From April 1, 2008 to March 31, 2009)

Item	Amount	
		Million yen
Net sales		**279,618**
Cost of sales		**225,223**
Gross profit on sales		**54,394**
Selling, general and administrative expenses		**60,129**
Operating loss		**5,734**
Non-operating income		
Interest income	346	
Dividend income	5,059	
Fees and commissions received	11,190	
Gain on foreign exchange	1,644	
Others	1,284	**19,524**
Non-operating expenses		
Interest expenses	2,657	
Bond interest	1,654	
Others	506	**4,818**
Ordinary income		**8,971**
Extraordinary income		
Gain on sale of affiliated companies' shares	16,840	
Fees received for previous years	3,200	
Gain on transfer of business	1,942	
Others	355	**22,337**
Extraordinary losses		
Impairment loss	29,858	
Additional retirement benefits paid to employees	5,059	
Write-down of marketable securities	2,156	
Loss on disposal of property, plant and equipment	572	
Valuation loss on affiliated companies' shares	340	
Others	965	**38,951**
Loss before adjustment of income taxes		**7,642**
Income taxes – current	246	
Income taxes - refunded	-371	
Income taxes – deferred	9,436	9,311
Net loss		**16,953**

For the 71st Fiscal Year of HOYA CORPORATION

Statements of Changes in Net Assets (non-consolidated)

(From April 1, 2008 to March 31, 2009)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Common stock	Capital reserve	Total capital surplus	Earned reserve	Special depreciation reserve	Reserve for deferred income taxes on fixed assets	Retained earnings brought forward	Total retained earnings
Balance as of March, 31, 2008	6,264	15,898	15,898	1,566	299	414	89,227	91,507
Changes during the current fiscal year under review								
Reversal of special depreciation reserve					-113		113	-
Setting-up of special depreciation reserve					40		-40	-
Reversal of reserve for deferred income taxes on fixed assets						-161	161	-
Dividends from retained earnings							-28,135	-28,135
Net loss							-16,953	-16,953
Acquisition of treasury stocks								
Disposition of treasury stocks							-2	-2
Changes (net amounts) in items other than shareholders' equity during the current fiscal year under review								
Total changes during the current fiscal year under review	-	-	-	-	-73	-161	-44,857	-45,091
Balance as of March 31, 2009	6,264	15,898	15,898	1,566	226	253	44,369	46,415

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock – at cost	Total shareholders' equity	Net unrealized gain (loss) on other marketable securities	Total valuation and translation adjustments		
Balance as of March, 31, 2008	-7,984	105,685	-836	-836	632	105,482
Changes during the current fiscal year under review						
Reversal of special depreciation reserve		-				-
Setting-up of special depreciation reserve		-				-
Reversal of reserve for deferred income taxes on fixed assets		-				-
Dividends from retained		-28,135				-28,135
Net loss		-16,953				-16,953
Acquisition of treasury stocks	-6	-6				-6
Disposition of treasury stocks	5	2				2
Changes (net amounts) in items other than shareholders' equity during the current fiscal year under review		-	533	533	305	838
Total changes during the current fiscal year under review	-0	-45,092	533	533	305	-44,253
Balance as of March 31, 2009	-7,984	60,593	-302	-302	938	61,228

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and methods for evaluation of marketable securities

Investments in subsidiaries and affiliates:	Cost determined by the moving-average method
Other marketable securities:	
Those quoted on exchanges:	The market value method based on the market price, etc. at the end of the current fiscal year (All valuation gains and losses are processed through the method of direct entry in capital, and sale cost is calculated based on the moving average method)
Those not quoted on exchanges:	Cost determined by the moving-average method

2. Standards and methods for evaluation of derivatives: Market value method

3. Standards and methods for evaluation of inventories: Primarily the cost determined by the periodic average method (The amounts shown on the balance sheet are based on the method to reduce book value due to a decline in profitability.)

(Changes in accounting policies) The Accounting Standard for Measurement of Inventories (ASB Standard No. 9 announced on July 5, 2006) were applied from the fiscal year under review.
This had a negligible effect on operating loss, ordinary income and loss before adjustment of income taxes and other items for the fiscal year under review.

4. Methods of depreciation of fixed assets:

Tangible fixed assets (excluding leased assets)
The straight-line method is applied for buildings (except for building annexes) that have been acquired on April 1, 1998 and thereafter, and the declining-balance method is applied for other tangible fixed assets.
The useful life is ten to 50 years for buildings, four to 12 years for machinery and equipment, two to 20 years for implement, tools and furniture.

(Additional information)
Taking the opportunity of the 2008 amendment of the Corporation Tax Law regarding the useful life of depreciable assets, the Company reviewed the use of tangible fixed assets. As a result, from the fiscal year under review, we applied the depreciation method based on the Corporation Tax Law after amendment to part of the tangible fixed assets.
This had a negligible effect on operating loss, ordinary income and loss before adjustment of income taxes and other items for the fiscal year under review.

Intangible fixed assets (excluding leased assets)
The straight-line method is applied. The period of depreciation is 8 years for patent rights, 10 years for technological assets and 5 years for software (period of possible use within the Company).
Goodwill is amortized in a straight line in 20 or less years by estimating the period in which investment in respective subsidiaries shows effects. Insignificant assets are depreciated in a lump sum.

Leased assets
With respect to leased assets for finance lease transactions based on which the right of ownership is not transferred, the useful life is used as the lease period, and the straight-line method is applied assuming that the remaining value is zero.

(Changes in accounting policies)
Application of “accounting standards for lease transactions”
Previously, accounting treatment similar to the method for lease transactions was applied to finance lease transactions based on which the right of ownership is not transferred. However, the Accounting Standard for Lease Transactions (ASB Standard No. 13) and the Guideline on Accounting Standard for Lease Transactions (ASB Guidance No. 16) were applied beginning the fiscal year under review, and the finance lease transactions were based on accounting treatment similar to the method for ordinary sales transactions.
With respect to finance lease transactions based on which the right of ownership is not transferred, accounting treatment similar to the method for ordinary lease transactions continued to be adopted if the start date of the lease transaction was before the year of the start of the application.
This had a negligible effect on operating loss, ordinary income and loss before adjustment of income taxes and other items for the fiscal year under review.

5. Methods of providing important allowances

(i) Allowance for doubtful receivables
To prepare against credit losses, an allowance for doubtful receivables is provided. For ordinary credits, an allowance is provided based on the historical loss ratios. For credits threatened with bankruptcy and for credits to borrowers under bankruptcy and reorganization, etc., allowance is provided based on an evaluation of the financial position of the borrowers.

(ii) Accrued bonus
To prepare for bonus payments to employees, an accrued bonus is provided in accordance with the estimated amounts payable.

(iii) Reserve for periodic repairs
To prepare for expenses for large-scale repairs to continuous smelters after a fixed period of time, an amount estimated based on the expenses of the previous large-scale repairs is provided.

(iv) Accrued warranty cost
To prepare for after-sale service expenses anticipated to result within the Company’s warranty period, an amount estimated on the basis of results in past fiscal years and warranty cost forecasts is provided.

(v) Allowance for retirement benefits for employees
To prepare for retirement benefits payment to employees, an allowance is provided at some of the divisions based on estimated retirement benefit obligations and pension assets at the end of the fiscal year under review.
Past service liabilities are accounted for using an amount calculated by proportionally dividing them in a straight line in fixed years (10 years) within the average remaining period of employment of employees at the point of their accrual.
Actuarial differences are accounted for in fiscal years following the fiscal years of their accrual using an amount calculated by proportionally dividing them in a straight line in fixed years (10 years) within the average remaining employment period of employees at the point of their accrual in each fiscal year.

(Changes in accounting policies)	The partial amendment to Accounting Standards for Retirement Benefits (Part 3) (ASB Standards No. 19 announced on July 31, 2008) may be applied to financial statements for fiscal years that commence before March 31, 2009. The above accounting standards were therefore applied from the fiscal year under review. This had no effect on operating loss, ordinary income and loss before adjustment of income taxes and other items for the fiscal year under review, because the effect, including actuarial differences that accrued during the fiscal year under review, will be treated as costs in and after the following fiscal year.

6. Standards for the conversion of foreign-denominated assets and liabilities into Japanese currency

Foreign-denominated credits and liabilities are converted into yen currency based on the spot exchange rate on the last day of the current fiscal year under review, and exchange difference is treated as a gain or loss.

7. Treatment of national and local consumption taxes

The tax excluded method is applied.

8. Change of the method for indication

(Balance sheet)

“Patent rights” were included in “others” of intangible fixed assets during and prior to the previous fiscal year, but were shown separately in the fiscal year under review due to a rise in their importance.

Due to the measurement of asset impairment losses of the assets of the PENTAX Division, “technological assets,” which were included in “goodwill” during and before the previous fiscal year, are shown separately.

Notes to Balance Sheets (non-consolidated)

1. The amounts shown are rounded down to the nearest million yen.
2. Accumulated depreciation of tangible fixed assets 112,958 million yen
3. Liabilities for guarantee 2,197 million yen

The Company guarantees debts and lease payments owed to financial institutions by other companies in the HOYA Group.

PENTAX EUROPE GMBH	1,635 million yen
PENTAX UK LTD.	559 million yen
Total	2,195 million yen

The Company guarantees transactions employees of the Company have with financial institutions. 1 million yen

4. Pecuniary claims to and from affiliates (excluding classified items)
   (1) Short-term receivables from (pecuniary claims to) affiliates 37,444 million yen
   (2) Short-term payables to (pecuniary claims from) affiliates 28,673 million yen
5. Discount for notes receivable 180 million yen

Notes to Statements of Income (non-consolidated)

1. The amounts shown are rounded down to the nearest million yen.
2. Transactions with affiliates

(1) Sales	56,038 million yen
(2) Purchases	106,423 million yen
(3) Payments of outside manufacturing fees and commissions, etc.	15,305 million yen
(4) Transactions other than operating transactions	15,133 million yen

3. Impairment losses

The Company classified assets based on business units. Assets to be sold or retired and idle assets were classified by individual property. Asset impairment accounting was applied to the following asset groups in the fiscal year under review.

(1) Goodwill and other fixed assets of each asset class of the PENTAX Division

Location	Use	Asset Class
Itabashi-ku, Tokyo, etc.	Assets for life care business	Goodwill
Itabashi-ku, Tokyo, etc.	Assets for imaging system business	Goodwill, etc.
Itabashi-ku, Tokyo, etc.	Assets for opt-device business and digital camera module business	Goodwill, etc.
Itabashi-ku, Tokyo, etc.	Jointly-owned assets	Software, etc.

There were signs of asset impairment, including a sharp decline in the profitability of each asset class of the PENTAX Division, which is attributable to the rapid deterioration in the economic environment against the backdrop of the financial unrest provoked in the United States and the reduction of earnings caused by the appreciation of the yen. In contemplation of the future business outlook and the possibility of collection, the asset impairment loss on goodwill and part of other fixed assets was recorded as an extraordinary loss. The details are as follows.

Goodwill	20,858	million yen
Patent rights (intangible fixed asset)	2,224	
Software (intangible fixed asset)	1,260	
Others	3,093	
Total	27,436	

The recoverable value of each asset group was measured on the basis of its utility value. The recoverable value was calculated by reducing future cash flow at the rate of 10%.

(2) Tokyo Studio in the Crystal Division (located in Akishima Factory)

Location	Use	Asset Class
Akishima-shi, Tokyo	Facilities for manufacturing crystal, etc.	Melting furnace, etc.

The continuation of the business of the Crystal Division was suspended because consumer and corporate sector demand for gifts declined sharply in a sluggish market. Business is expected to weaken with a slowdown in consumption, attributable to the global economic crisis. The book value of the asset group of the Crystal Division was therefore reduced to the recoverable value, and the amount of reduction as impairment loss was recorded as an extraordinary loss. The details are as follows.

Melting furnace	44	million yen
Others	22	
Total	67	

The recoverable value of the asset group was measured in terms of its value in use, which is deemed to be zero.

(3) Assets to be sold or retired and idle assets, etc.

Location	Use	Asset Class
Itabashi-ku, Tokyo	Assets to be sold, etc.	Buildings, etc.
Mashiko-machi, Tochigi	Idle assets, etc.	Buildings, etc.
Takamori-machi, Nagano	Idle assets etc.	Buildings, etc.

With respect to assets to be sold or retired in the future whose market value has declined, and idle assets, etc. whose use is not expected in future due to business restructuring, their book value was reduced to the recoverable value, and the amount of reduction as impairment loss was recorded as an extraordinary loss. The details are as follows.

Buildings	1,694	million yen
Lands	392	
Others	268	
Total	2,355	

The recoverable value of the assets was measured on the basis of their net sale price.

Notes to the Statements of Changes in Net Assets

1. The amounts shown are rounded down to the nearest million yen.
2. Matters relating to the number of treasury stocks

Share class	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year under review	Number of shares decreased during the current fiscal year under review	Number of shares at the end of the current fiscal year under review
Common stock	2,158,291 shares	3,141 shares	1,372 shares	2,160,060 shares

(Notes) Details (causes) of the increase and decrease in the number of treasury stocks are as follows:

Increase due to repurchase of treasury stock less than one unit:	3,141 shares
Decrease due to sale of treasury stock less than one unit:	972 shares
Decrease due to the exercise of stock options:	400 shares

Notes Relating to Tax Effect Accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual (as of March 31, 2009)

(1) Current deferred tax assets and liabilities

Deferred tax assets		
Amount of inventory write-down denied	2,479	million yen
Special additional retirement allowance	1,310	
Amount of denial of bonus reserve	1,302	
Amount exceeding the limit of tax-deductible bad debt reserve	103	
Other deferred tax assets	988	
Deferred tax assets – sub total	6,184	
Valuation reserve	-345	
Total amount of deferred tax assets – current	5,838	

(2) Non-current deferred tax assets and liabilities

Deferred tax assets		
Loss carried forward	16,210	million yen
Asset adjustment account	13,699	
Non-tax deductible amount of asset impairment loss	3,707	
Amount of denial of valuation loss on investment in affiliated companies	1,559	
Amount of denial of valuation loss on affiliated companies' shares	1,395	
Amount exceeding the limit of tax-deductible depreciation expenses	760	
Amount of denial of valuation loss on investment securities	630	
Amount exceeding the limit of tax-deductible bad debt reserve	469	
Other deferred tax assets	1,589	
Deferred tax assets – sub total	40,020	
Valuation reserve	-4,505	
Total amount of deferred tax assets – current	35,515	
Deferred tax liabilities		
Reserve for deferred income taxes on fixed assets	-171	
Special depreciation reserve	-153	
Total amount of deferred tax liabilities – non-current	-325	
Net amount of deferred tax assets – non-current	35,190	

Notes relating to fixed assets used under lease

Asset class	Contents and volumes of assets, etc.
Machinery	Part of Vision Care products manufacturing facilities Part of PENTAX products manufacturing facilities
Tools, equipment and fixtures	Part of computers and their peripherals Other office equipment, etc.

Notes concerning related parties

(Unit: million yen)

Attribute	Name of the company, etc.	Address	Capital stock or investments	Business contents or trade	Rate of voting rights ownerships (%)	Contents of relationships		Contents of transactions	Transaction amount	Item	Term-end balance
						Concurrent services by Directors, etc.	Business relationships				
Subsidiaries	HOYA HOLDINGS N.V.	Uithoorn, NETHERLANDS	9,929 thousand Euro	Overseeing of manufacture and sale of products of local head office in Europe and Vision Care	100.0	-	Funds deposit	Cash pooling	1,592	Deposited money	1,307
							Borrowing of funds	Borrowing of working capital (Note 1)	-	Short-term loans to affiliates	46,676
								Payment of interest	2,351	Accrued interest	780
	HOYA MAGNETICS SINGAPORE PTE LTD.	Tuas Link, SINGAPORE	34,000 thousand Singaporean dollars	Manufacture of glass disks of the Company	100.0	-	Supplier	Processing (Note 2)	23,127	Unpaid processing expenses arising from outside manufacturers	627
								Receipt of development commission (Note 3)	2,001	-	-
	HOYA LENS THAILAND LTD.	Patumthani, THAILAND	1,110,000 thousand Thai Baht	Manufacture of Vision Care products of the Company	100.0	-	Supplier	Receipt of technical support fees (Note 4)	2,505	-	-
	HOYA OPTICS(THAILAND)LTD.	Lamphun, THAILAND	357,000 thousand Thai Baht	Manufacture of Optics products of the Company	100.0	-	Supplier	Processing (Note 2)	16,426	Trade accounts payable	1,358
										Unpaid processing expenses arising from outside manufacturers	824
	HOYA HEALTHCARE CORPORATION	Shinjuku,ku, Tokyo	810 million yen	Manufacture and sale of Health Care products	100.0	1 Director	Deposit of funds	Cash pooling	4,509	Deposits received	7,834
	PENTAX OF AMERICA, INC.	New Jersey, U.S.A.	37,001 thousand US dollars	Sale of life care products, etc. of the Company	100.0	-	Customer	Sale of products (Note 5)	9,098	Accounts receivable – trade	5,013
	PENTAX EUROPE GMBH	Hamburg, GERMANY	10,000 thousand Euro	Sale of life care products, etc. of the Company	100.0	-	Customer	Sale of products (Note 5)	24,929	Accounts receivable – trade	13,079
										Accounts payable	3,920
								Debt guarantee (Note 6)	1,635	-	-

Terms and conditions of transactions and the policy for determining them, etc.

Notes 1. Interest rates on borrowed funds are determined reasonably in consideration of market interest rates.

2. Terms and conditions of processing are determined in consideration of market prices in the same way as those for general transactions.

3. Receipt of development commission is determined reasonably by periodical negotiation based on the contract detail.

4. Receipt of technical support fees is determined reasonably by periodical negotiation based on the contract detail.

5. The sale of products is outsourced. Retail prices for the Company are contractually determined in light of the cost to the Company and market prices.

6. The Company guarantees debts PENTAX EUROPE GMBH owes to banks.

(Additional information)

The Accounting Standard for Disclosure of Transaction with Related Parties (ASB Standard No. 11 dated October 17, 2006) and Guidance on Accounting Standard for Disclosure of Transaction with Related Parties (ASB Guidance No. 13 dated October 17, 2006) were applied from the fiscal year under review.

Notes to per-share information

(1) Net assets per share: 139.28 yen

(2) Net loss per share: 39.17 yen

Notes concerning stock options

Amounts of expenses appropriated for stock options in the current fiscal year under review and their titles

(1) Cost of sales: 63 million yen

(2) Selling, general and administrative expenses: 242 million yen

Independent Auditors' Audit Report Concerning Financial Statements

Independent Auditors' Audit Report

May 13, 2009

To the Board of Directors of HOYA CORPORATION

Deloitte Touche Tohmatsu

Designated Employee
Managing Partner Certified Public Accountant
Hitoshi Matsumoto (seal)

Designated Employee
Managing Partner Certified Public Accountant
Yoshiaki Hatori (seal)

Designated Employee
Managing Partner Certified Public Accountant
Ichiro Sakamoto (seal)

We, Deloitte Touche Tohmatsu, conducted an audit of HOYA CORPORATION on its financial statements (balance sheets, statements of income, statements of changes in net assets, notes to financial statements and their supplementary schedules) for the fiscal year from April 1, 2008 to March 31, 2009, based on the provision of (1) of Clause 2 of Article 436 of the Company Law. The management is responsible for the preparation of these financial statements and their supplementary schedules, and we are responsible for expressing opinions on the financial statements and their supplementary schedules from an independent position.

We conducted this audit based on the generally-accepted accounting standards in Japan. The audit criteria require us to obtain reasonable assurance as to whether the financial statements and their supplementary schedules contain any important misstatements. The audit is performed on the basis of testing audit and consists of reviewing the representation of the financial statements and their supplementary schedules as a whole including evaluation of the accounting policy adopted by the management, its application method, and the estimate conducted by the management. We consider ourselves to be provided with a reasonable basis for our opinions as a result of the audit.

We recognize that the above-mentioned financial statements and their supplementary schedules represent the situation of assets and profit and loss in the period concerning the financial statements and their supplementary schedules appropriately in all important points, based on the generally-accepted accounting standards in Japan.

There are no interests between HOYA CORPORATION and Deloitte Touche Tohmatsu or the managing partners which must be documented according to the provisions of the Certified Public Accountant Law.

Audit Committee's Audit Report

AUDIT REPORT

The members of the Audit Committee of the Company audited the performance of the Directors and Executive Officers of their duties during the 71st fiscal year from April 1, 2008 to March 31, 2009. We hereby report the method and results thereof:

1. AUDIT METHOD AND ITS CONTENTS

We monitored and verified the resolutions of the Board of Directors concerning matters provided in items 2 and 5, Paragraph 1, Article 416 of the Companies Act and the state of the system (internal control system) established on the basis thereof. At the same time, in accordance with the audit policy, assignment of duties, etc. determined by the Audit Committee and in collaboration with the audit section of the Company, we attended important meetings, received reports or heard from Directors, Executive Officers, etc. on matters concerning the performance of their duties, requested explanations whenever necessary, inspected important documents of settlement, etc. and investigated the state of activities and assets at the head office and principal business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors and auditors thereof, and received business reports from the subsidiaries whenever necessary. We also monitored and verified whether or not the Company's Independent Auditors maintained a position of independence and conducted an adequate audit, received reports on the state of duty execution from the Independent Auditors, and asked them for explanations whenever necessary. Additionally, we received from the Independent Auditors a notice that they were making preparations for the System for Ensuring Adequate Execution of Duties (a matter set out in the items of the Corporate Calculation Standard No. 131) in accordance with the Standards for Quality Control of Audit (Business Accounting Council, October 28, 2005), and asked the Independent Auditors for explanations whenever necessary.

Based on the method described above, we examined the business report, financial statements (balance sheets, statements of income, statements of changes in net assets, and notes to financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements) for the current fiscal year under review.

2. AUDIT RESULTS

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

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

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

C. We are of the opinion that the resolution of the Board of Directors concerning the internal control system was reasonable. We are also of the opinion that, in connection with the performance by the Directors or Executive Officers of their duties concerning said internal control system, no matter that needs to be pointed out exists.
With respect to internal control over financial reporting, we have been advised by the Executive Officers and Deloitte Touche Tomatsu that no significant defects were noted at the time of preparation of this audit report.

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

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

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

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

May 26, 2009

Audit Committee
HOYA CORPORATION

Yukiharu Kodama	Member of the Audit Committee
Takeo Shiina	Member of the Audit Committee
Yuzaburo Mogi	Member of the Audit Committee
Yoshikazu Hanawa	Member of the Audit Committee
Eiko Kono	Member of the Audit Committee

Notes: The Members of the Audit Committee, Yukiharu Kodama, Takeo Shiina, Yuzaburo Mogi, Yoshikazu Hanawa and Eiko Kono, are outside directors as provided in Item 15, Article 2 and Paragraph 3, Article 400 of the Company Law.

Notice on HOYA Report 2009

The HOYA Report 2009 will be issued to clarify the business activities of the HOYA Group. Those wishing to receive a copy of the HOYA Report 2009 may request via the Company's website (http://www.hoya.co.jp/english/) after the middle of July 2009.

Shareholders’ Memo

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

HOYA CORPORATION
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2-7-5 Naka-Ochiai, Shinjuku-ku, Tokyo 161-8525 Japan
Telephone: 03-3952-1151 (Switchboard)