



January 22, 2007

Financial Highlights for the Nine Months (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

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(The yen amounts shown therein are rounded down to the nearest million.)

1.Performance for the nine months ended Dec. 31, 2006 and 2005

	Millions of Yen		variance (%)
	Nine months ended Dec. 31.		
(1)Results of Operations	2006	2005	
Net sales	290,626	254,024	(14.4)
Operating income	82,582	77,052	(7.2)
Ordinary income	75,987	81,601	(-6.9)
Net income	64,362	59,105	(8.9)
Net income per share(Yen)	149.40	133.64	15.76

Notes : No changes have been made in accounting policy.

	Millions of Yen		
	As of Dec. 31.	As of March 31.	As of Dec. 31.
(2)Financial Position	2006	2006	2005
Total assets	423,478	361,537	356,966
Net assets	343,290	279,480	259,926
Owner's equity ratio	80.6%	77.3%	72.8%
Net assets per share (Yen)	791.55	648.87	604.09

	Millions of Yen	
	Nine months ended Dec. 31.	
(3)Conditions of Cash Flow	2006	2005
Net cash provided by operating activities	69,033	64,585
Net cash used in investing activities	-33,364	-40,116
Net cash provided by (used in) financing activities	-18,568	-66,482
Cash and cash equivalents at end of period	105,748	74,458

	Millions of Yen		variance (%)
	Year ending/ended March 31.		
2. Projected Results for the Year ending March 31, 2007	2007	2006	
Net sales	384,500	344,228	(11.7)
Operating income	107,000	101,095	(5.8)
Ordinary income	101,400	103,637	(-2.2)
Net income	83,000	75,620	(9.8)
Net income per share (Yen)	192.66	171.71	20.95

(Notes)

Hoya Corporation does not guarantee the accuracy or completeness of the information herein. Unless otherwise stated estimates or forecasts are solely those of our company and subject to change without notice. Hoya Corporation accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

(1) Business Overview

1. Results of Operations

1) General Overview

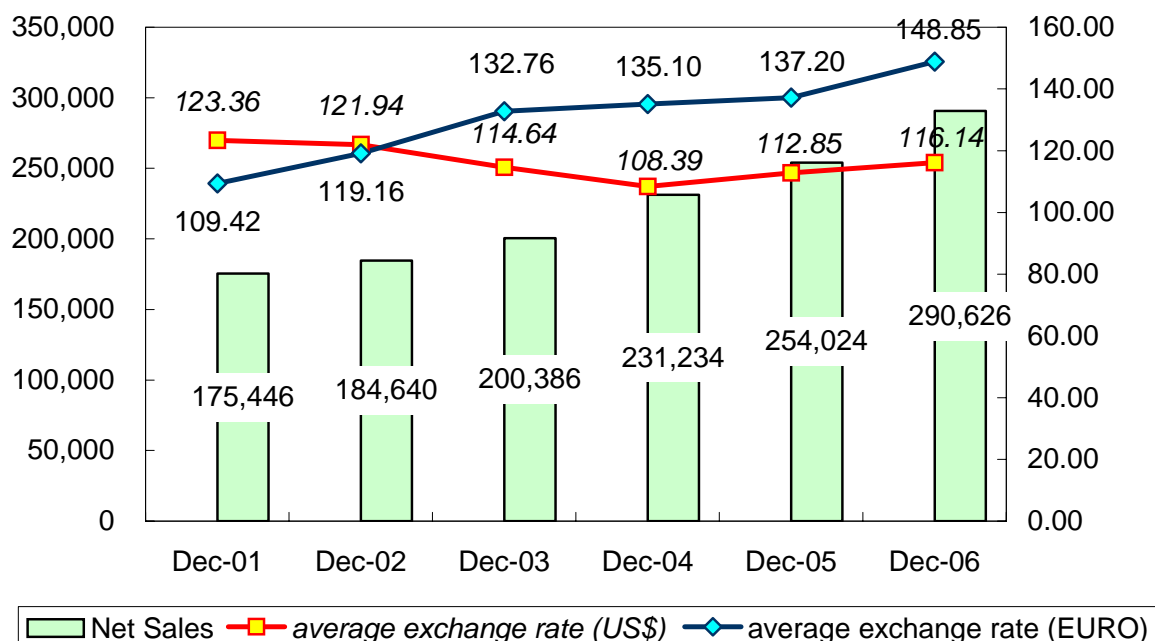
<u>Results of Operations</u>	<u>Millions of Yen</u>	
	<u>Nine months ended Dec. 31, 2006</u>	<u>Variance(%)</u> year-on-year
Net sales	290,626	(14.4)
Operating income	82,582	(7.2)
Ordinary income	75,987	(-6.9)
Net income	64,362	(8.9)
Net income per share(Yen)	149.40	15.76

Economic conditions during the term under review were marked by a continuing tone of expansion in the business climate with the increase in capital investment spreading from large companies and manufacturing industries to SMEs and non-manufacturing industries. It was also positive factor in the currency market during the term under review, that the major currencies were appreciated all against the yen, on a year-on-year basis. Improvements in corporate performance led to increased employment, improvement in household income and increased expenses, reinforcing the virtuous cycle of further upward growth in corporate capital investment.

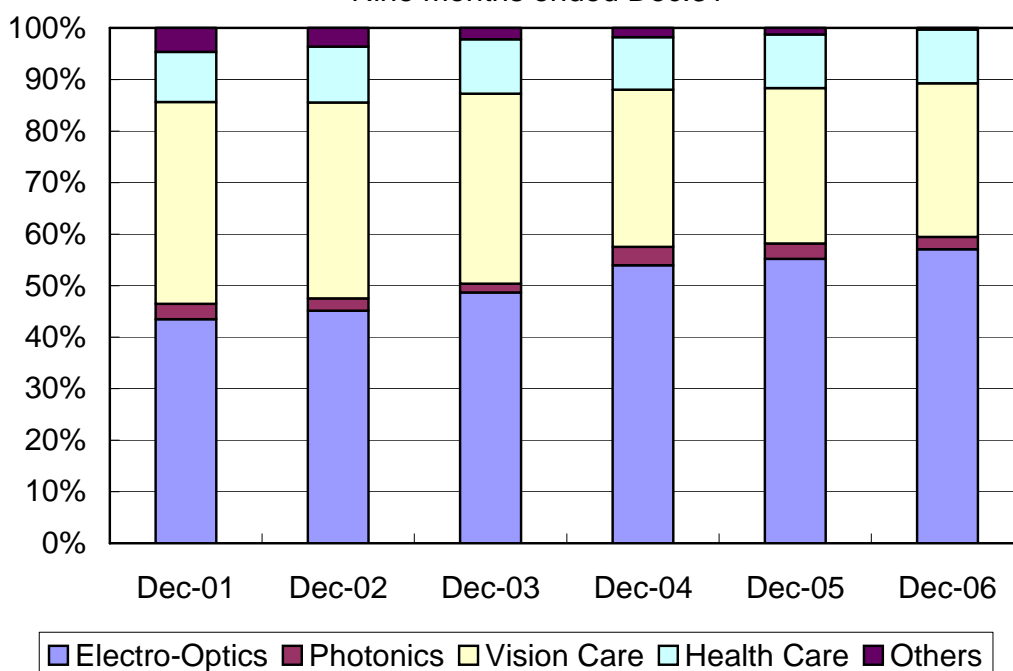
Meanwhile, for the HOYA Group overall, in the Electro-Optics sector, the general proactive reinforcement of production capacity by clients and the development of new products were vigorous, promoting robust demand overall and leading to increased revenues. In Vision-Care division, the market overseas for eyeglass lenses showed an expansion while the Healthcare division also performed well, showing an increase in revenues.

As a result, consolidated net sales, operating profits and net income during the term under review increased year-on-year basis and posted historical records on nine-month basis.

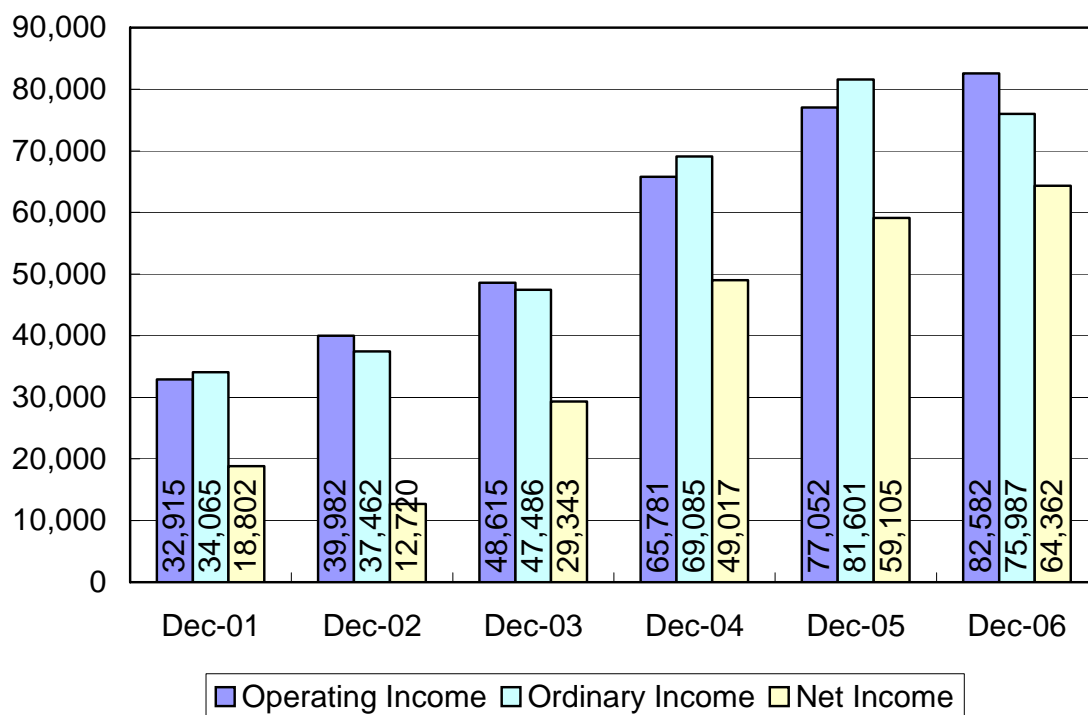
Net Sales (Million Yen) and Average Exchange Rate (Yen)
for the nine months ended Dec.31



Ratio of Net Sales by Business Segment
- Nine months ended Dec.31



Profits (Million Yen) - Nine Months ended Dec.31

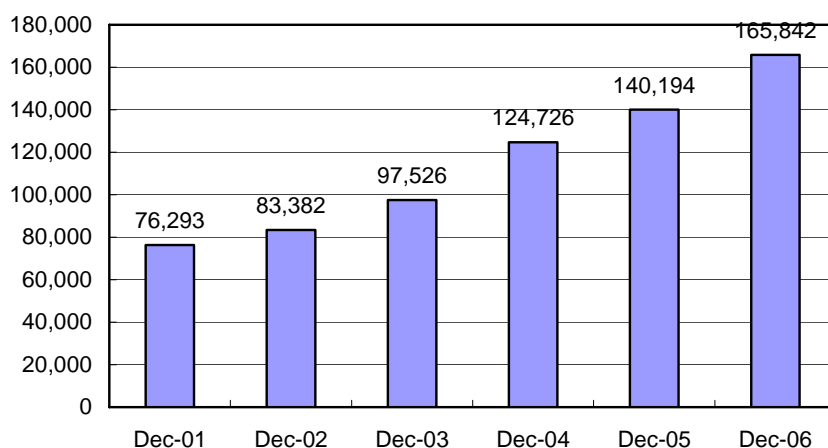


2) Segment Overview

1. Information Technology

Electro-Optics

Net sales of Electro-Optics (Million Yen) for nine months ended Dec.31



In terms of mask blanks for manufacturing semiconductors, HOYA received a decent volume of orders for such high-precision products as blanks for phase-shift masks, etc., and sales increased on a year-on-year basis.

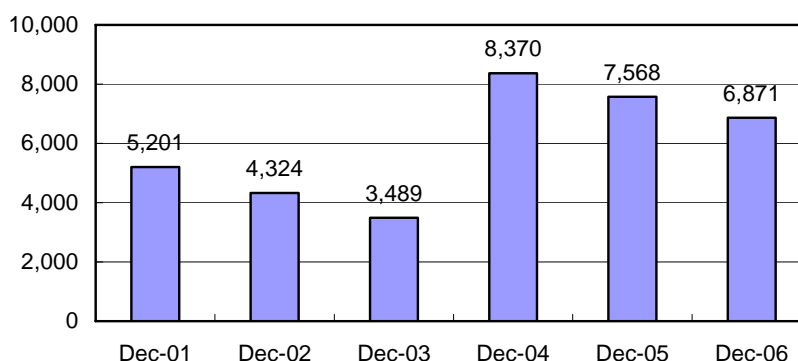
There was also an increase in orders for photomasks for semiconductor production, high precision products and next-generation developed products, leading to higher sales volume year-on-year. Competition among mask producers for orders in the area of large-size masks for LCD use also intensified due to the broad reduction in panel prices by LCD panel producers. The sales volume declined year-on-year due in part to the especially strong demand for the new production lines of panel producers in the previous year.

In terms of glass disks for hard disk drives (HDDs), the demand remained strong and, thanks to a commencing of shipment from new factory in Vietnam, the sales increased substantially on a year-on-year basis.

In optical lenses, in addition to the reemergence of a trend toward increase in lens shipments for digital cameras, the demand for lenses for mobile telephones equipped with cameras increased broadly, resulting in higher sales year-on-year.

Photonics

Net sales of Photonics (Million Yen) for nine months ended Dec.31

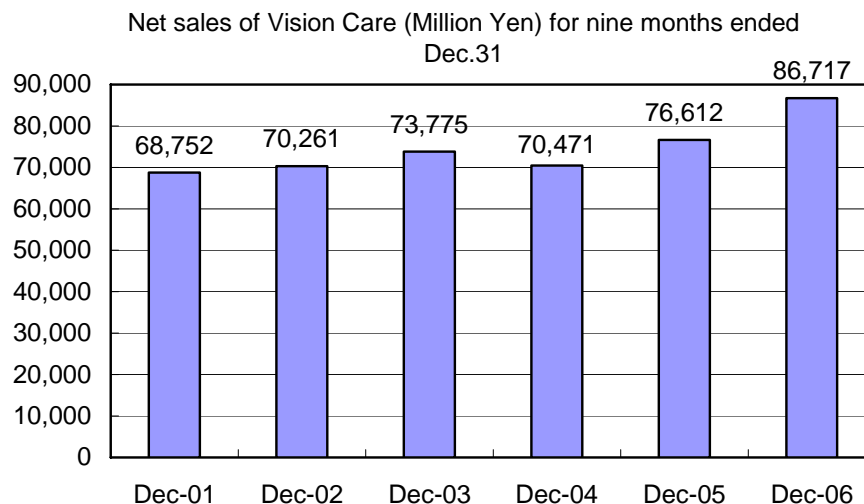


This segment covers laser-related equipment for industrial, dental and medical applications.

With laser-equipped industrial and medical equipment as major products, clients in the industrial area include producers of semiconductors, LCD panels, optical devices and so forth. The market has been fraught with intense competition as well as industry restructuring, leading to a decline in sales against the previous year.

2. Eye Care

Vision Care

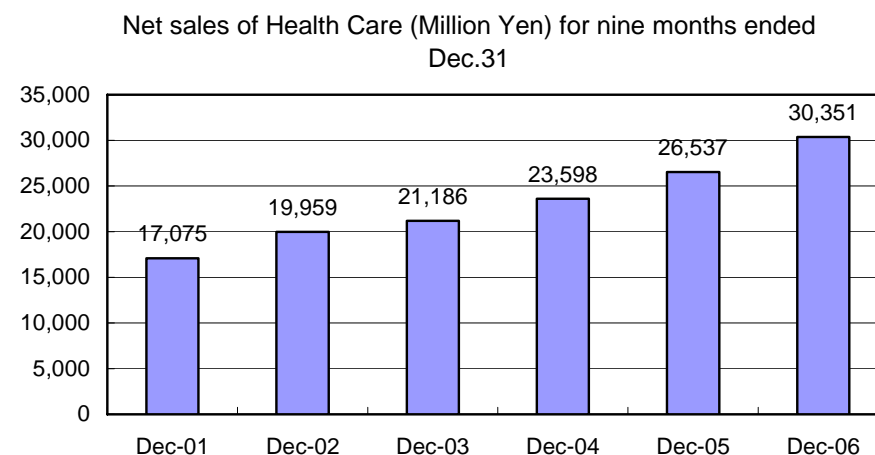


The slump in the domestic market for eyeglass lenses continued as before but HOYA realized growth in the high price bracket through the value-added enhancement of products centered in high-function coatings and newly-designed progressive lenses. In the low price bracket, however, overall sales in the domestic market were at essentially the level as in the previous year due to stiff price competition.

In eyeglass lenses in markets overseas, the expansion continued to advance in sales for newly designed progressive lenses, high refraction lenses and other high value added products in Asia-Oceania, Europe and North America and the markets remained firm. There was an overall increase in the sales volume year-on-year in spite of tough competition due to a price offensive in low-end lenses. In Europe, a recovery in the market became especially apparent centered in Germany, the largest market, and sustained expansion was realized.

As a result, an increase was realized in the sector overall year-on-year.

Health Care



In contact lenses, it will continue to pursue differentiation from competitors through expanded sales in bifocal lenses and other high value added products through the continued establishment of new directly-owned stores and consulting sales taking advantage of specialized knowledge.

In intraocular lenses, flexible (soft) intraocular lenses, especially yellow-lenses, have been demonstrating robust performance in the domestic market, recording an increase in sales volume year-on-year.

3. Other businesses

	<u>Millions of Yen</u>
	<u>Nine months ended Dec. 31, 2006</u>
Quarterly net sales	843

In crystal, the crystal operations were reduced in scale through restructuring and, in services, the spin-off of the temporary staff outplacement service effective March 1, 2006, resulting in a reduction in sales year-on-year in both sectors.

2. Financial Position

	<u>Millions of Yen</u>
	<u>As of Dec. 31, 2006</u>
Total assets	423,478
Net assets	343,290
Owner's equity ratio	80.6%

At the end of the term under review, the current assets increased Yen 44,730 million mainly since cash and deposit increased Yen 22,174 million. Fixed assets increased Yen 17,322 million and total assets increased Yen 61,941 million. Liabilities decreased Yen 950 million. Net assets came to Yen 343,290 million through increase of earned surplus. Owner's equity, which is total figures of Shareholders' equity and Valuation and translation adjustments, came to Yen 341,387 million and Owner's equity ratio came to 80.6%.

3. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Nine months ended Dec. 31, 2006</u>
Net cash provided by operating activities	69,033
Net cash used in investing activities	-33,364
Net cash provided by (used in) financing activities	-18,568
Cash and cash equivalents at end of period	105,748

In terms of cash flows from operating activities, on the basis of Yen 82,260 million in income before income taxes and Yen 25,593 million in depreciation, net cash provided by operating activities amounted to 69,033 million. Net cash used in investment activities amounted to Yen 33,364 million in cash payments that were mainly used for investment in order to handle next-generation products. Freecash flow came to Yen 35,669 million and used Yen 25,853 million for payment of dividends. As a result, the term-end balance of cash and cash equivalents increased by Yen 22,174 million in comparison with that of the end of the previous fiscal year.

4. Projected Results for the Year ending March 31, 2007

	<u>Millions of Yen</u>		variance (%)
	<u>Years ending/ended March 31,</u>		
	2007	2006	
Net sales	384,500	344,228	(11.7)
Operating income	107,000	101,095	(5.8)
Ordinary income	101,400	103,637	(-2.2)
Net income	83,000	75,620	(9.8)
Net income per share (Yen)	192.66	171.71	20.95 Yen

Ref : Projected results for the 4th quarter

	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended March 31,</u>		
	2007	2006	
Net sales	93,874	90,204	(4.1)
Operating income	24,418	24,043	(1.6)
Ordinary income	25,413	22,036	(15.3)
Net income	18,637	16,514	(12.9)
Net income per share (Yen)	43.22	38.21	5.01 Yen

These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or fluctuation of currency exchange rates.

(2) Consolidated Financial Statements (unaudited)**1. Consolidated Balance Sheets**

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Dec. 31,2006	Mar. 31, 2006	Variance(%)	Dec. 31,2005
ASSETS				
Current assets				
Cash and deposits	105,748	83,574		74,458
Notes and accounts receivable - trade	93,673	78,380		83,759
Inventories	47,861	41,178		41,700
Deferred tax assets	4,781	7,407		6,249
Other current assets	6,151	3,246		5,534
Allowance for doubtful receivables	-1,213	-1,512		-1,467
Total current assets	257,003	212,273	21.1	210,235
Fixed assets				
Tangible fixed assets				
Buildings and structures	31,716	29,548		28,895
Machinery and carriers	74,759	58,493		58,181
Tools, equipment and fixtures	12,451	10,716		10,645
Lands	9,066	8,648		8,948
Construction in progress	10,916	13,196		9,714
Total tangible fixed assets	138,908	120,603	15.2	116,385
Intangible fixed assets				
Total intangible fixed assets	5,952	7,424	-19.8	7,266
Investments and other assets				
Investment securities	14,085	14,060		14,813
Deferred tax assets	2,896	2,757		3,293
Other assets	4,947	4,601		5,203
Allowance for doubtful receivables	-316	-295		-306
Total investment and other assets	21,613	21,123	2.3	23,005
Total fixed assets	166,474	149,152	11.6	146,657
Deferred charges				
Total deferred charges	—	111	-	74
TOTAL ASSETS	423,478	361,537	17.1	356,966

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
LIABILITIES AND NET ASSETS	Dec.31,2006	Mar.31,2006	Variance(%)	Dec.31,2005
LIABILITIES				
Current liabilities				
Notes and accounts payable - trade	28,612	28,070		28,174
Commercial paper	5,997	—		20,000
Income tax payable	8,623	14,342		10,256
Accrued bonuses to employees	2,248	4,207		2,085
Other current liabilities	32,756	32,685		33,317
Total current liabilities	78,238	79,305	-1.3	93,834
Long-term liabilities				
Allowance for special repairs	778	619		757
Other long-term liabilities	1,170	1,211		1,493
Total long-term liabilities	1,949	1,831	6.4	2,250
Total Liabilities	80,187	81,137	-1.2	96,085
NET ASSETS				
Shareholders' equity				
Paid-in capital	6,264	—		—
Capital surplus	15,898	—		—
Earned surplus	304,051	—		—
Treasury stock	-13,998	—		—
Advances on subscription to treasury stock	45	—		—
Total shareholders' equity	312,261	—	—	—
Valuation and translation adjustments				
Valuation difference on available-for-sale securities	-36	—		—
Translation adjustments	29,162	—		—
Total valuation and translation adjustments	29,126	—	—	—
New share subscription rights	66	—		—
Minority interest	1,836	—		—
Total Net Assets	343,290	—	—	—
TOTAL LIABILITIES AND NET ASSETS	423,478	—	—	—
MINORITY INTEREST	—	919	—	954
SHAREHOLDERS' EQUITY				
Common stock	—	6,264	—	6,264
Capital surplus	—	15,898	—	15,898
Retained earnings	—	266,345	—	303,597
Net unrealized gain (loss) on available-for-sale securities	—	110	—	82
Foreign currency translation adjustments	—	7,142	—	4,812
Treasury stock - at cost	—	-16,279	—	-70,727
Total Shareholders' Equity	—	279,480	—	259,926
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	—	361,537	—	356,966
Notes:				
	Millions of Yen			
1. Accumulated depreciation	213,543	181,818		176,548
2. Guarantees of borrowings and lease obligations for customers and Group's employees	2,739	2,210		2,209
3. Number of shares of treasury stock (unit : shares)	3,784,297	4,401,607		19,123,407

2. Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			
	Nine months ended Dec. 31,			Year ended
	2006	2005	Variance(%)	Mar.31, 2006
Net sales	290,626	254,024	14.4	344,228
Cost of sales	146,372	125,193	16.9	172,033
Gross profit	144,254	128,830	12.0	172,194
Selling, general and administrative expenses	61,671	51,777	19.1	71,098
Operating income	82,582	77,052	7.2	101,095
Non-operating income	3,622	6,050	-40.1	4,869
Interest income	1,786	1,456		1,788
Foreign exchange gains	—	1,478		242
Equity in earnings of affiliates	55	1,886		1,285
Others	1,780	1,229		1,552
Non-operating expenses	10,217	1,501	580.7	2,327
Interest expense	42	101		142
Sales discount	584	512		706
Foreign exchange losses	7,445	—		—
Others	2,145	887		1,478
Ordinary income	75,987	81,601	-6.9	103,637
Extra-ordinary gains	10,448	1,803	479.5	2,389
Gain on sales of property, plant and equipment	9,623	57		109
Others	824	1,746		2,280
Extra-ordinary losses	4,175	6,996	-40.3	8,660
Loss on disposal of property, plant and equipment	2,836	394		625
Maintenance of environment	750	3,585		3,725
Additional retirement benefits paid to employees	218	1,526		1,688
Loss on impairment of long-lived assets	86	447		1,232
Others	283	1,043		1,388
Income before income taxes and other items	82,260	76,408	7.7	97,367
Income taxes - Current	15,528	16,937	-8.3	22,249
Income taxes - Deferred	2,258	266	748.9	-511
Minority interests in net income	111	98	13.3	9
Net income	64,362	59,105	8.9	75,620
Net income per share(Yen)	149.40	133.64	15.76	171.71
Diluted net income per share(Yen)	148.80	133.24	15.56	171.08

Notes:

1. Effect of Exchange Rate Change on Net Sales and Incomes ("2006 A" is the actual value of this period. "2006 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2006 A	2006 B	influences
Net sales	290,626	285,814	4,812
Operating income	82,582	78,166	4,416
Ordinary income	75,987	71,629	4,358
Net income	64,362	60,472	3,890

2. Average rates of major foreign currencies:		Nine months ended Dec. 31,			Year ended
		2006	2005	Variance(%)	Mar.31, 2006
US\$	Yen	116.14	112.85	-2.9%	113.93
Euro	Yen	148.85	137.20	-8.5%	138.13
Thai Baht	Yen	3.12	2.75	-13.5%	2.81

3. Material facts occurring after the closing of accounts

HOYA CORPORATION and PENTAX Corporation announced on December 21, 2006 that they reached a basic understanding aimed at a management integration of the two companies, expected to be completed on October 1, 2007. For details, please refer to the press release attached in the end of this report.

3.Consolidated Statements of Shareholders' Equity

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen					
	Shareholders' Equity					
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Advances on subscription to treasury stock	Total Shareholders' Equity
BALANCE MARCH 31, 2006	6,264	15,898	266,345	-16,279	-	272,228
Net income			64,362			64,362
Appropriations						
Cash dividends			-25,843			-25,843
Bonus to directors			-64			-64
Loss on disposal of treasury stock						
Repurchase of treasury stocks				-9		-9
Disposal of treasury stocks			-1,040	2,291		1,250
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries			290			290
Others					45	45
Net increase / decrease during the term under review except in Shareholders' Equity			37,705	2,281	45	40,032
Total increase / decrease during the term under review	-	-	37,705	2,281	45	40,032
BALANCE DECEMBER 31, 2006	6,264	15,898	304,051	-13,998	45	312,261

	Millions of Yen					
	Valuation and Translation Adjustments					
	Valuation difference on available-for- sale securities	Translation Adjustments	Total Valuation and Translation Adjustments	New Share Subscription Rights	Minority Interest	Total Net Assets
BALANCE MARCH 31, 2006	110	7,142	7,252	-	919	280,400
Net income						64,362
Appropriations						
Cash dividends						-25,843
Bonus to directors						-64
Loss on disposal of treasury stock						
Repurchase of treasury stocks						-9
Disposal of treasury stocks						1,250
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries						290
Others						45
Net increase / decrease during the term under review except in Shareholders' Equity	-146	22,020	21,874	66	916	22,857
Total increase / decrease during the term under review	-146	22,020	21,874	66	916	62,890
BALANCE DECEMBER 31, 2006	-36	29,162	29,126	66	1,836	343,290

Notes:

1. Condition of issued stocks	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		435,017,020	—	—	435,017,020	
2. Condition of treasury stock	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		4,401,607	2,137	619,447	3,784,297	

The breakdown of increase/decrease of treasury stock (by reason) is as follows :

Increase due to repurchase of treasury stock less than one unit	2,137	shares
Decrease due to sale of treasury stock less than one unit	247	shares
Decrease due to exercise of stock option	619,200	shares

4. Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen		
	Nine months ended Dec.31,		
	2006	2005	variance
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	82,260	76,408	5,852
Depreciation and amortization	25,593	18,430	7,163
Loss on impairment of long-lived assets	86	447	-361
Provision for (reversal of) accrued allowances for doubtful receivables	-345	209	-554
Provision for (reversal of) accrued bonuses to employees	-1,950	-1,842	-108
Provision for (Reversal of) reserve for periodic repairs	156	214	-58
Interest income and dividend receivable	-1,818	-1,461	-357
Interest expense payable	42	101	-59
Foreign exchange loss (gain)	3,882	-671	4,553
Equity in earnings of affiliates	-55	-1,886	1,831
Gain on sales of property, plant and equipment and investment securities	-9,623	-57	-9,566
Loss on disposal of property, plant and equipment and investment securities	2,836	394	2,442
Loss on write-down of investment securities	7	—	7
Bonus to directors	-64	-65	1
Other	1,689	-2,161	3,850
(Increase) decrease in notes and accounts receivable	-13,099	-9,457	-3,642
(Increase) decrease in inventories	-3,901	-3,762	-139
(Increase) decrease in other current assets	849	-1,617	2,466
Increase (decrease) in notes and accounts payable	-1,111	3,993	-5,104
Increase (decrease) in income taxes payable	-568	916	-1,484
Increase (decrease) in other current liabilities	2,124	1,971	153
Sub total	86,989	80,103	6,886
Interest and dividend receivable	1,645	1,526	119
Interest payable	-30	-70	40
Income taxes - paid	-19,571	-16,973	-2,598
Net cash provided by operating activities	69,033	64,585	4,448
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-40,563	-37,131	-3,432
Proceeds from sales of property, plant and equipment	10,201	221	9,980
Purchases of investment securities	-204	-1,532	1,328
Proceeds from sales of investment securities	30	—	30
Expenditure for acquisition of subsidiary's stocks for consolidation	-908	—	-908
Expenditure for loans	-83	-2	-81
Income from collection of loans	69	93	-24
Expenditure for other investments	-2,376	-3,247	871
Income from other investments	471	1,483	-1,012
Net cash used in investing activities	-33,364	-40,116	6,752
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	5,997	19,792	-13,795
Increase in treasury stock	-9	-64,028	64,019
Decrease in treasury stock	1,299	1,156	143
Dividends paid	-25,853	-23,402	-2,451
Dividends paid for minority shareholders	-2	-1	-1
Net cash used in financing activities	-18,568	-66,482	47,914
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,072	3,597	1,475
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,174	-38,415	60,589
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	83,574	112,874	-29,300
CASH AND CASH EQUIVALENTS, END OF PERIOD	105,748	74,458	31,290

5. Preparation of the Consolidated Financial Statements

Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 63 companies
(Major consolidated subsidiaries :
<overseas> HOYA HOLDINGS, INC., HOYA HOLDINGS N.V., HOYA HOLDINGS ASIA PACIFIC PTE LTD.
<domestic> HOYA CANDEO OPTRONICS CORPORATION, HOYA HEALTHCARE CORPORATION
2. Number of unconsolidated subsidiaries : None
3. Number of affiliates : 4 companies
(Number of affiliates accounted for by the equity method : 1 company, NH TECHNO GLASS CORPORATION)

Notes: Changes in Accounting Policies and Others

1. Changes in scope of consolidation and application of the equity method:
 - 1) Scope of consolidation
 - a) In comparison to the end of the same period of last year (Dec. 31, 2005) : no change in the number of subsidiaries.
 - 1 company increased due to the establishment: HOYA LENS INDIA PRIVATE LIMITED (India)
 - 2 companies increased due to the acquisition: QSTREAMS NETWORKS, INC. (USA)
HOYA HILL OPTICS SA (PTY) LTD. (South Africa)
 - 1 company decreased due to the merger into the parent company : HOYA ADVANCED SEMICONDUCTOR TECHNOLOGIES CO.,LTD. (Japan)
 - 1 company decreased due to the closing : HOYA LENS MEXICO, SA.DE.CV. (Mexico)
 - 1 company decreased due to the merger into the other subsidiary : HOYA CRYSTAL, INC. (USA)
* merged into HOYA CORPORATION USA (USA)
 - b) In comparison to the end of previous fiscal year (Mar. 31, 2006) : 1 company increased in total.
 - 1 company increased due to the establishment: HOYA LENS INDIA PRIVATE LIMITED (India)
 - 1 company increased due to the acquisition: HOYA HILL OPTICS SA (PTY) LTD. (South Africa)
 - 1 company decreased due to the merger into the other subsidiary : HOYA CRYSTAL, INC. (USA)
* merged into HOYA CORPORATION USA (USA)
 - 2) Application of the equity method
 - a) In comparison to the end of the same period of last year (Dec. 31, 2005) :
No change
 - b) In comparison to the end the previous fiscal year (March 31, 2006) :
No change

	as of Dec.31, 2006	as of Dec.31, 2005	variance	as of Mar.31, 2006
Consolidated subsidiaries	63 (do 5, os58)	63 (do 6, os57)	- (do-1, os+1)	62 (do 5, os57)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do -, os -)	- (do -, os -)
Affiliates	4 (do 4, os -)	6 (do 5, os 1)	-2 (do-1, os-1)	5 (do 5, os -)
(accounted for by the equity method)	(1) (do 1, os -)	(1) (do 1, os -)	(-) (do-, os-)	(1) (do 1, os -)
Hoya Group Total	67	69	-2	67
(accounted for by the equity method)	(1)	(1)	(-)	(1)

(do : domestic, os : overseas)

2. Changes in accounting policy :
From this fiscal year, the company has changed its classification of industry segment.

Notes Relating to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents at the End of the Period

	<u>Millions of Yen</u>		
	As of		
	<u>Dec.31,2006</u>	<u>Dec.31,2005</u>	<u>Mar.31,2006</u>
Cash and deposits	105,748	74,458	83,574
Total	<u>105,748</u>	<u>74,458</u>	<u>83,574</u>

2. Details of Important Non-financial Trading

Nine months ended Dec.31, 2006 Millions of Yen

None

Nine months ended Dec.31, 2005

None

Year ended Mar. 31, 2006

Cancellation of treasury stock 53,180
 (14,379,000 shares were cancelled
 with effect on Feb 1, 2006 and the
 number of issued shares decreased to
 435,017,020.)

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

	As of								
	Dec.31, 2006			Mar.31, 2006			Dec.31, 2005		
Available-for-sale	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale :									
Marketable Equity securities	1,692	1,629	-63	1,692	1,874	181	1,692	1,870	177
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	1,692	1,629	-63	1,692	1,874	181	1,692	1,870	177

2. Investment securities without market values:

(Millions of Yen)

	As of		
	Dec.31, 2006	Mar.31, 2006	Dec.31, 2005
Non-marketable stock of subsidiaries	11,287	11,104	11,650
Total	11,287	11,104	11,650
Non-marketable equity securities	902	802	1,016
Others	265	279	276
Total	1,168	1,081	1,292

3. Derivatives

Significant hedge accounting methods

(1) Hedge accounting methods

Deferral hedging is applied. Appropriation is adopted for hedging exchange risks when the criteria for appropriation are met.

(2) Hedging methods, items covered by hedging and hedging strategy

Exchange risks are hedged based mainly on the company's "Internal Management Regulations", and the company has adopted a policy of not conducting any speculative derivative trading.

Hedging method: forward exchange contracts

Items hedged: Foreign currency denominated debt

Notes Relating to Income Taxes

1. Breakdown of major factors giving rise to deferred tax assets and liabilities:

	Millions of Yen		
	As of		
	<u>Dec.31. 2006</u>	<u>Mar.31. 2006</u>	<u>Dec.31. 2005</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Inventories - intercompany unrealized profits	2,441	1,692	2,049
Accrued bonuses to employees	851	1,601	801
Accrued enterprise taxes	435	727	418
Maintenance of environment	3	1,474	1,414
Loss on close of factory	—	510	—
Other	1,048	1,400	1,564
Total amount of deferred tax assets - current	<u>4,781</u>	<u>7,407</u>	<u>6,249</u>
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciation	1,614	1,962	1,938
Loss on impairment not deductible	621	1,376	877
Loss on disposal of fixed assets not deductible	518	—	—
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	111	105	109
Other	732	258	1,275
Total amount of deferred tax assets - fixed	<u>3,598</u>	<u>3,702</u>	<u>4,201</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-315	-406	-415
Special depreciation reserve	-220	-298	-293
Net unrealized gain on available-for-sale securities	—	-74	-33
Other	-165	-165	-165
Total amount of deferred tax liabilities - fixed	<u>-702</u>	<u>-945</u>	<u>-907</u>
Net amount of deferred tax assets - fixed	<u>2,896</u>	<u>2,757</u>	<u>3,293</u>

2. The effective income tax rates of the companies differed from the statutory tax rate for the following reasons:

	Nine months ended Dec. 31.		Year ended
	<u>2006</u>	<u>2005</u>	<u>Mar.31.2006</u>
Statutory tax rate of the Company	40.4 %	40.4 %	40.4 %
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-17.5	-17.4	-18.2
Expenses not permanently deductible for income tax purposes	0.4	0.3	0.4
Per capita portion	0.1	0.1	0.1
Non-taxable dividend income	-1.9	-2.3	-1.8
Intercompany cash dividend and transactions	1.9	2.3	1.8
Equity in earnings (losses) of affiliates	0.0	-1.0	-0.5
Tax credit on experiment and research expenses	-0.3	-0.5	-0.5
Other adjustment - net	-1.5	0.6	0.6
Effective income tax rate	<u>21.6</u>	<u>22.5</u>	<u>22.3</u>

Notes Relating to Employees' Retirement Benefits

1. Systems of employees' retirement benefits the Company adopts

The Company had systems to support lump sum severance pay and an employees' pension fund (Kosei Nenkin Kikin). During the third quarter of the fiscal year ended in March 2003, the system of lump sum severance pay was abolished. The employees' pension fund was dissolved with approval for its dissolution sanctioned by the Minister of Health, Labor and Welfare on January 29, 2003 and this has been in the process of completion. On May 26, 2004, the Company obtained approval from the Minister of Health, Labor and Welfare for the completion of the liquidation thereof.

2. Details of liabilities for employees' retirement benefits

(1) Breakdown of liabilities for employees' retirement benefits

None

Millions of Yen

	<u>Nine months ended Dec.31,</u>		<u>Year ended</u>
	<u>2006</u>	<u>2005</u>	<u>Mar.31,2006</u>
(2) Breakdown of expenses for employees' retirement benefits			
Additional retirement benefits paid to employees	<u>218</u>	<u>1,526</u>	<u>1,688</u>
Expenses for employees' retirement benefits	<u>218</u>	<u>1,526</u>	<u>1,688</u>

(3) Calculation basis of liabilities for employees' retirement benefits

None

Notes Relating to Impairment of Fixed Assets

The company, which groups its assets in terms of its business units, accounted for impairment for the following groups of assets during the terms under review.

(1) Tokyo Studio, etc. in the Crystal Division

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

In the Crystal Division, which experienced a substantial decline in demand for personal consumption and for corporate gifts amid the sluggish market, and book value of the asset group relating to this division was decreased to its recoverable amount, and the decrease was posted as impairment loss under extraordinary losses.

	<u>Millions of Yen</u>		
	<u>Nine months ended</u>		<u>Year ended</u>
	<u>Dec.31, 2006</u>	<u>Dec.31, 2005</u>	<u>Mar.31, 2006</u>
Machinery and others	<u>86</u>	<u>447</u>	<u>864</u>
Total	<u>86</u>	<u>447</u>	<u>864</u>

The recoverable amount of the asset group was measured in terms of its value in use while its future cash flows were computed by discounting them by 5%.

(2) Leased assets of head office

Location	Machida-shi, Tokyo
Use	Leasing
Asset Class	Land

The book value of the leased assets located in Machida City, Tokyo was reduced to the amount of potential recovery because of a decline in market price. The amount of reduction is recorded under extraordinary losses as asset impairment losses.

	<u>Millions of Yen</u>		
	<u>Nine months ended</u>		<u>Year ended</u>
	<u>Dec.31, 2006</u>	<u>Dec.31, 2005</u>	<u>Mar.31, 2006</u>
Land	<u>-</u>	<u>-</u>	<u>368</u>
Total	<u>-</u>	<u>-</u>	<u>368</u>

The recoverable amount for this group of assets is measured based on the posted price.

(3) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

For the nine months ended December 31, 2006

	Millions of Yen						Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Others	Total		
Net sales:								
To outside customers	165,842	6,871	86,717	30,351	843	290,626	—	290,626
Intersegment	310	190	-2	-0	2,067	2,565	-2,565	—
Total	166,153	7,061	86,714	30,351	2,910	293,192	-2,565	290,626
Operating expenses	103,502	6,620	71,290	23,721	3,216	208,351	-307	208,043
Operating income	62,650	441	15,424	6,629	-305	84,840	-2,258	82,582
Operating income ratio	37.7%	6.3%	17.8%	21.8%	-10.5%	28.9%	—	28.4%
Assets	267,415	7,683	110,728	21,368	2,448	409,643	13,834	423,478
Depreciation	19,456	89	5,091	826	33	25,497	96	25,593
Loss on impairment	—	—	—	—	86	86	—	86
Capital Expenditures	28,304	119	9,247	1,641	89	39,402	482	39,884
R&D Expenses	7,659	824	1,168	1,049	85	10,786	—	10,786
Number of employees (p)	19,927	204	7,400	881	205	28,617	63	28,680

For the nine months ended December 31, 2005

	Millions of Yen						Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Others	Total		
Net sales:								
To outside customers	140,194	7,568	76,612	26,537	3,111	254,024	—	254,024
Intersegment	677	199	1	-0	3,415	4,295	-4,295	—
Total	140,871	7,768	76,614	26,536	6,528	258,319	-4,295	254,024
Operating expenses	84,555	7,076	61,441	20,358	6,005	179,438	-2,466	176,971
Operating income	56,316	692	15,172	6,178	521	78,880	-1,828	77,052
Operating income ratio	40.0%	8.9%	19.8%	23.3%	8.0%	30.5%	—	30.3%
Assets	205,710	7,502	98,581	18,417	4,432	334,643	22,323	356,966
Depreciation	13,035	74	4,638	601	40	18,391	39	18,430
Loss on impairment	—	—	—	—	447	447	—	447
Capital Expenditures	28,878	139	5,943	1,433	443	36,838	27	36,865
R&D Expenses	6,415	781	1,870	702	20	9,790	—	9,790
Number of employees (p)	15,949	188	6,847	713	305	24,002	50	24,052

Ref : Differences between the nine months of this year and the same period last year

	Millions of Yen						Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Others	Total		
Net sales:								
To outside customers	25,648	-697	10,105	3,814	-2,268	36,602	-	36,602
Variance(%)	18.3%	-9.2%	13.2%	14.4%	-72.9%	14.4%	-	14.4%
Intersegment	-367	-9	-3	0	-1,348	-1,730	1,730	-
Total	25,282	-707	10,100	3,815	-3,618	34,873	1,730	36,602
Operating expenses	18,947	-456	9,849	3,363	-2,789	28,913	2,159	31,072
Operating income	6,334	-251	252	451	-826	5,960	-430	5,530
Variance(%)	11.2%	-36.3%	1.7%	7.3%	-	7.6%	-	7.2%
Assets	61,705	181	12,147	2,951	-1,984	75,000	-8,489	66,512
Depreciation	6,421	15	453	225	-7	7,106	57	7,163
Loss on impairment	-	-	-	-	-361	-361	-	-361
Capital Expenditures	-574	-20	3,304	208	-354	2,564	455	3,019
R&D Expenses	1,244	43	-702	347	65	996	-	996
Number of employees (p)	3,978	16	553	168	-100	4,615	13	4,628

*Elimi. or corp. : Eliminations or corporate

Notes:

1. Products and Services of each Business Division:

(1) From this fiscal year, the company has changed its segmentation of industry as follows, because the necessity of classified disclosure for both Crystal and Service has decreased due to the decline of sales and profits by the Company's re-organization :

Business Category	Division	Products and Services
Information Technologies	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and 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	Lazer 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 and accessories, intraocular lenses, etc.
Others		Crystal glass products; Design of information systems, etc.

(2) Formerly the company's business segment classification was as follows:

Business Category	Division	Products and Services
Information Technologies	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and 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	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, ophthalmic equipments, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Others	Crystal	Crystal glass products
	Service	Design of information systems, placement of temporary staff, etc.

(3) The business results for the nine months ended Dec. 31, 2005 according to the former business segment are as follows:

	Millions of Yen							Elimin. or corp.*	Consoli -dated
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	140,194	7,568	76,612	26,537	1,683	1,428	254,024	—	254,024
Intersegment	677	199	1	-0	27	3,388	4,295	-4,295	-
Total	140,871	7,768	76,614	26,536	1,711	4,817	258,319	-4,295	254,024
Operating expenses	84,555	7,076	61,441	20,358	1,695	4,310	179,438	-2,466	176,971
Operating income	56,316	692	15,172	6,178	15	506	78,880	-1,828	77,052
Operating income ratio	40.0%	8.9%	19.8%	23.3%	0.9%	10.5%	30.5%	—	30.3%
Assets	205,710	7,502	98,581	18,417	1,169	3,262	334,643	22,323	356,966
Depreciation	13,035	74	4,638	601	0	40	18,391	39	18,430
Loss on impairment	—	—	—	—	447	—	447	—	447
Capital Expenditures	28,878	139	5,943	1,433	421	22	36,838	27	36,865
R&D Expenses	6,415	781	1,870	702	20	—	9,790	—	9,790
Number of employees (p)	15,949	188	6,847	713	93	212	24,002	50	24,052

*Elimi. or corp. : Eliminations or corporate

2. Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate".

Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional headquarters, which are not allocated to each industry segment.

Corporate operating expenses for the nine months ended Dec. 31, 2006 and 2005 are as follows:

2006 2,460 million Yen 2005 1,865 million Yen

3. Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional headquarters. Corporate assets as of Dec. 31, 2006 and 2005 are as follows:

2006 33,181 million Yen 2005 28,776 million Yen

2. Geographical Segments

For the nine months ended December 31, 2006

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	203,505	27,393	36,137	23,590	290,626	—	290,626
Intersegment	20,398	220	674	119,792	141,084	-141,084	—
Total	223,903	27,614	36,811	143,382	431,711	-141,084	290,626
Operating expenses	193,939	26,744	31,901	100,090	352,676	-144,632	208,043
Operating income	29,963	869	4,909	43,292	79,035	3,547	82,582
Operating income ratio	13.4%	3.2%	13.3%	30.2%	18.3%	—	28.4%
Assets	175,142	13,879	81,580	211,728	482,330	-58,851	423,478

For the nine months ended December 31, 2005

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	183,633	25,881	28,506	16,002	254,024	—	254,024
Intersegment	17,751	190	419	88,690	107,052	-107,052	—
Total	201,384	26,071	28,926	104,693	361,076	-107,052	254,024
Operating expenses	170,157	24,863	24,264	68,956	288,242	-111,270	176,971
Operating income	31,226	1,208	4,662	35,736	72,834	4,218	77,052
Operating income ratio	15.5%	4.6%	16.1%	34.1%	20.2%	—	30.3%
Assets	172,257	21,002	51,118	148,290	392,669	-35,703	356,966

Ref:

Differences between the nine months of this year and the same period last year

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	19,872	1,512	7,631	7,588	36,602	-	36,602
Variance(%)	10.8%	5.8%	26.8%	47.4%	14.4%	-	14.4%
Intersegment	2,647	30	255	31,102	34,032	-34,032	-
Total	22,519	1,543	7,885	38,689	70,635	-34,032	36,602
Operating expenses	23,782	1,881	7,637	31,134	64,434	-33,362	31,072
Operating income	-1,263	-339	247	7,556	6,201	-671	5,530
Variance(%)	-4.0%	-28.1%	5.3%	21.1%	8.5%	-	7.2%
Assets	2,885	-7,123	30,462	63,438	89,661	-23,148	66,512

Notes:

- The Company and subsidiaries are summarized in four segments by geographic area based on the countries where the Group offices are located. The segments consisted of the following countries:

North America: United States of America, Canada, etc.

Europe: Netherlands, Germany, United Kingdom, etc., including South Africa

Asia: Singapore, Thailand, China, Republic of Korea, Taiwan, etc., including Australia

- Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate". Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional headquarters, which are not allocated to each industry segment.

Corporate operating expenses for the nine months ended Dec. 31, 2006 and 2005 are as follows:

<u>2006</u>	2,179 million Yen	<u>2005</u>	1,643 million Yen
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- Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional headquarters. Corporate assets as of Dec. 31, 2006 and 2005 are as follows:

<u>2006</u>	30,956 million Yen	<u>2005</u>	69,332 million Yen
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3. Sales to Foreign Customers

For the nine months ended December 31, 2006

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	33,502	37,766	86,002	6	157,277
Total Consolidated Net Sales (B)					290,626
Overseas Sales ratio (A/B)	11.5%	13.0%	29.6%	0.0%	54.1%
Regional Sales ratio	21.3%	24.0%	54.7%	0.0%	100.0%

For the nine months ended December 31, 2005

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	30,287	30,006	62,323	8	122,625
Total Consolidated Net Sales (B)					254,024
Overseas Sales ratio (A/B)	11.9%	11.8%	24.6%	0.0%	48.3%
Regional Sales ratio	24.7%	24.5%	50.8%	0.0%	100.0%

Ref: Differences between the nine months of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	3,215	7,760	23,679	-2	34,652
Total Consolidated Net Sales (B)					36,602
Overseas Sales ratio (A/B)	10.6%	25.9%	38.0%	-25.0%	28.3%

Note: The Company and subsidiaries are summarized in four segments by geographic area based on the countries where the Customers are located. The segments consisted of the following countries:

North America: United States of America, Canada, etc.

Europe: Netherlands, Germany, United Kingdom, etc., including South Africa

Asia: Singapore, Thailand, Republic of Korea, Taiwan, etc., including Australia

Other: Saudi Arabia, Brazil, etc.

(4) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

Business Category	Millions of yen , (%) , [%]					
	Nine months ended Dec. 31,		Variance		Year ended March 31	
	2006	2005	Amount	%	2006	
Electro-Optics						
Domestic	72,600 (43.8)	71,466 (51.0)	1,134	1.6	94,448 (49.6)	
Overseas	93,242 (56.2)	68,727 (49.0)	24,515	35.7	96,103 (50.4)	
total	165,842 [57.1]	140,194 [55.2]	25,648	18.3	190,551 [55.4]	
Photonics						
Domestic	3,882 (56.5)	4,143 (54.7)	-261	-6.3	5,519 (54.7)	
Overseas	2,988 (43.5)	3,425 (45.3)	-437	-12.8	4,573 (45.3)	
total	6,871 [2.4]	7,568 [3.0]	-697	-9.2	10,092 [2.9]	
Information Technology						
Domestic	76,483 (44.3)	75,609 (51.2)	874	1.2	99,967 (49.8)	
Overseas	96,230 (55.7)	72,153 (48.8)	24,077	33.4	100,677 (50.2)	
total	172,714 [59.5]	147,763 [58.2]	24,951	16.9	200,644 [58.3]	
Vision Care						
Domestic	26,827 (30.9)	27,383 (35.7)	-556	-2.0	36,089 (34.5)	
Overseas	59,889 (69.1)	49,228 (64.3)	10,661	21.7	68,367 (65.5)	
total	86,717 [29.8]	76,612 [30.2]	10,105	13.2	104,456 [30.4]	
Health Care						
Domestic	29,277 (96.5)	25,657 (96.7)	3,620	14.1	34,228 (96.5)	
Overseas	1,074 (3.5)	879 (3.3)	195	22.2	1,254 (3.5)	
total	30,351 [10.4]	26,537 [10.4]	3,814	14.4	35,483 [10.3]	
Eye Care						
Domestic	56,105 (47.9)	53,041 (51.4)	3,064	5.8	70,317 (50.2)	
Overseas	60,963 (52.1)	50,107 (48.6)	10,856	21.7	69,622 (49.8)	
total	117,068 [40.2]	103,149 [40.6]	13,919	13.5	139,940 [40.7]	
Others						
Domestic	760 (90.2)	2,747 (88.3)	-1,987	-72.3	3,220 (88.4)	
Overseas	83 (9.8)	364 (11.7)	-281	-77.2	421 (11.6)	
total	843 [0.3]	3,111 [1.2]	-2,268	-72.9	3,642 [1.0]	
Total Net Sales						
Domestic	133,348 (45.9)	131,398 (51.7)	1,950	1.5	173,506 (50.4)	
Overseas	157,277 (54.1)	122,625 (48.3)	34,652	28.3	170,722 (49.6)	
Total	290,626 [100.0]	254,024 [100.0]	36,602	14.4	344,228 [100.0]	

Notes: 1. Figures of less than a million yen are omitted.

2. Figures in () are percentages of business category sales.

3. Figures in [] are percentages of total net sales.

(5) HOYA and PENTAX Reach Basic Understanding for Management Integration

TRANSLATION OF JAPANESE ORIGINAL

HOYA CORPORATION
Hiroshi Suzuki, President and CEO
(TSE code: 7741)

PENTAX Corporation
Fumio Urano, President & CEO
(TSE code: 7750)

HOYA and PENTAX Reach Basic Understanding for Management Integration

[TOKYO December 21, 2006] HOYA CORPORATION (“HOYA”) and PENTAX Corporation (“PENTAX”) announced today that they have reached a basic understanding aimed at a management integration of the two companies, expected to be completed on October 1, 2007. The new company’s name will be HOYA PENTAX HD Corporation. Under a corporate center with strategic planning functions, the new company will realign the business areas of HOYA and PENTAX. HOYA and PENTAX have recognized that they are the best possible business partners to establish a solid business structure that draws on their respective strengths. Through this management integration, the planned new structure will allow the new company to swiftly allocate significant management resources to develop strategic business areas, aiming at accelerating future growth.

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1. Purpose of Management Integration

In an integration of equals, HOYA and PENTAX aim to enhance customer and shareholder value. The parties aim to achieve this through the establishment of a solid management foundation that will draw on the complementary managerial resources of the two companies to create synergies and accelerate business growth.

The common core technological platform for HOYA and PENTAX is grounded in optics, imaging and materials. Using this core platform, the two companies aim to optimize their business portfolios, focusing on the life care, optics, information technology, eye care and imaging systems areas. Expected stable revenue from the information technology and eye care areas will support the life care area to achieve strategic growth. In addition, vertical integration of the optics areas will lead to qualitative structural reform and further strengthen competitiveness.

The divisions of the new company are expected to be as follows:

- **Life care area:** (Major products include: endoscopes, medical accessories, new ceramics, and intraocular lenses) Life care is positioned as a strategic growth area. HOYA and PENTAX will pursue business development in the minimally invasive medical area where future demand is expected to grow. The newly integrated company will operate in areas which range from diagnostic to treatment fields, such as minimally invasive diagnosis using endoscopes and treatment using endoscopes and ancillary surgical devices, and will focus on globally cultivating bionic material markets including new ceramics and intraocular lenses. In addition, HOYA and PENTAX will enhance product development capabilities through aggressive research and development and mergers and acquisitions strategies and will strengthen sales and marketing structures in Japan and overseas. Through these measures, HOYA and PENTAX aim to double the size of their life care business.
- **Optics area:** (Major products include: optical glass and lenses, digital camera modules, micro-lenses, etc.) HOYA and PENTAX will vertically integrate the design, materials, lenses, processing and module groups in the optics area, which is expected to lead to qualitative structural reform and further strengthen competitiveness. HOYA and PENTAX will mutually utilize their respective manufacturing sites and customer bases, in order to secure a competitive edge against newly emerging Asian players and strongly position themselves for sustainable growth in the face of structural change in the optics industry.
- **Information technology area:** (Major products include: mask blanks, glass disk substrates, etc.) This is a core earnings driver where HOYA has secured a leading market position globally. The integrated company aims to further strengthen competitiveness and growth in this area.
- **Eye care area:** (Major products include: eyeglass lenses, contact lenses) Stable earnings growth is expected in this business. Positioning this business as another core earnings driver, the new company will continue to further strengthen competitiveness and further grow this business area.
- **Imaging systems area:** (Major products include: digital cameras, binoculars, etc.) In order to enhance business value, the new company will differentiate its offerings by specializing in high-value added products with unique technology and will focus on areas where it has a competitive edge. This area will be positioned as a foundation for development of new optical-related equipment and is expected to diversify into the life care and security business areas.

- **New areas, other areas:** (Major products include: business systems equipment, survey equipment, etc.) HOYA and PENTAX seek to invest aggressively in areas where they see future earnings growth opportunities. At the same time, they will focus on selected business areas to improve efficiency and to achieve optimal usage of managerial resources.

2. Background to the Management Integration Plan

HOYA started as an optical glass manufacturer. Since its inception, the company has been diversifying its business by leveraging its optical materials technologies and precision processing technologies. HOYA has successfully built global niche market positions through its aggressive technological innovation and has established leadership in its areas of expertise, resulting in strong earnings. In the information technology area, HOYA has maintained a leading position globally for its semiconductor-related mask blanks and glass disk substrates for hard disk drives, and it is positioned as one of the leading manufacturers in optical glass and lenses. The company has also established a leading position in the eye care area, including in eyeglass lenses. HOYA continues to cultivate new business areas, in particular medical-related areas which are positioned as mid- to long-term core growth drivers, and has initiated global business development of intraocular lenses used for the surgical treatment of cataracts.

PENTAX's expertise stems from its long-accumulated know-how attained through the development and manufacturing of cameras and lenses. The company has successfully adapted its optical design and image processing technology for use in a variety of product areas and has developed businesses based on this optical technology. In the life care business, PENTAX has made early progress in developing a leading global position in the production of endoscopes, and it is also marketing globally various other products such as medical accessories and new ceramics for bone grafts. In its optical components business, PENTAX has leveraged its competitive edge in advanced optical technologies, where its major products include digital camera modules and DVD/CD convertible pickup lenses. PENTAX has also built a strong global brand in its imaging systems division, and the company has positioned the life care area as the focus for its mid- to long-term growth strategy. PENTAX has been working to ensure earnings improvement and company-wide growth through mergers and acquisitions, alliances and aggressive research and development activities.

While the market for advanced medical products has been growing globally with further growth expected, competition has also been intensifying. HOYA and PENTAX have been developing advanced medical products including endoscope diagnostics, minimally invasive surgical technologies, and bionic materials including new ceramics and intraocular lenses. In order to continue delivering growth in this market, it is critical that HOYA and PENTAX leverage their respective competitive advantages and make aggressive investments through mergers and acquisitions and research and development, as well as establish global sales and marketing networks at the earliest possible stage.

Significant structural changes have occurred in optical equipment and related materials since the emergence of digital cameras. Competitors in Asia have grown rapidly and are expected to continue gaining market share through low price campaigns and increasing the added value of their products. Along with existing camera manufacturers, home appliance makers have also entered the digital camera market, further intensifying competition in this segment. In order to maintain growth capabilities, cost competitiveness must be strengthened by lowering production costs and focusing on unique, high-end products. Measured structural change is necessary to ensure differentiation in this environment.

Based on the recognition that HOYA and PENTAX are the best possible business partners to establish a solid business structure that draws on their respective strengths, the two companies have reached a basic understanding aimed at management integration. Through this management integration, the planned new structure will allow the integrated company to swiftly allocate significant management resources to develop strategic business areas, aiming at future growth.

3. Method of Management Integration

Under the terms of the basic understanding announced today HOYA will be the surviving company.

4. Management Integration Timing

The merger of the two companies is planned to become effective as of October 1, 2007.

5. New Company Name

After the management integration, the new company will be named HOYA PENTAX HD Corporation.

6. New Company Structure

(1) Corporate Governance

The integrated firm will be managed through a committee system under Japanese Company Law to ensure strong corporate governance. The board will consist of 10 directors, five of whom will be non-executive directors, further reinforcing management transparency. Three of the executive directors will be appointed from HOYA and the others from PENTAX.

Fumio Urano (current PENTAX President & CEO) will become Chairman of the Board and Hiroshi Suzuki (current HOYA President and CEO) will become President & CEO.

(2) Organizational Structure

The structure of the integrated firm will be based on the concept of a small headquarters with empowered business divisions. Allowing for an appropriate transition period, the new company is expected to have a corporate center with strategic planning functions and the business divisions outlined below. Moreover, the newly integrated company will continue to make the best possible use of the respective brands of both HOYA and PENTAX.

- **Life care area:** Combining HOYA's medical division and PENTAX's life care division
- **Optics area:** Combining HOYA's optics division and PENTAX's optical components division
- **Information technology area:** The remaining business after separating HOYA's optics division from the electro-optics area
- **Eye care area:** The remaining business after separating HOYA's medical division from the eye care division
- **Imaging systems area:** Continuing PENTAX's imaging systems division
- **New areas, other areas:** Continuing other existing divisions
- **Research and development:** Integrating HOYA's research and development center and PENTAX's research and development division

7. Merger Ratio

Each shareholder of PENTAX common stock will be allotted 0.158 shares of HOYA common stock per PENTAX share.

In order to achieve fairness, the parties received advice from third party advisers in respect of the determination of the merger ratio. HOYA was advised by UBS Securities Japan Ltd. ("UBS Investment Bank"), and PENTAX was advised by Morgan Stanley Japan Securities Co., Ltd., ("Morgan Stanley") for the basis of the merger ratio calculation. Both companies have discussed the results presented by the financial advisors, and settled at the ratio announced today.

Both financial advisors used a combination of average market price analysis, discounted cash flow analysis, comparable trading multiples analysis and other methods, respectively, to calculate the merger ratio.

Based on these analyses, HOYA obtained a fairness opinion from UBS Investment Bank, and PENTAX from Morgan Stanley, regarding the merger ratio from a financial point of view.

Neither UBS Investment Bank nor Morgan Stanley are related parties of HOYA and PENTAX.

This ratio is subject to change if there is a material change in the conditions which were used as fundamentals in the calculation.

8. Schedule

HOYA and PENTAX intend to continue discussions to conclude a definitive agreement on the management integration in early April 2007. The expected schedule is outlined below. However, as discussions proceed, if exceptional circumstances arise, the two companies may decide to change the schedule or the method of integration in their effort to achieve management integration.

- (1) Early April 2007: Signing of definitive agreement
- (2) Middle of June 2007: HOYA will hold an Annual General Meeting of Shareholders where it will seek approval for proposed changes in the company articles of incorporation and the board of directors
- (3) End of June 2007: PENTAX will hold an Annual General Meeting of Shareholders where shareholders will be asked to approve the merger agreement
- (4) October 1, 2007: Effective merger date
- (5) TBA: Delivery to PENTAX shareholders of shares in the new company

Under Article 796, Clause 3, of the Japanese Company Law, HOYA is not required to receive shareholders' approval for the merger.

9. Structure for Proceeding with the Management Integration

HOYA and PENTAX will form an integration committee, co-chaired by Fumio Urano, President & CEO of PENTAX, and Hiroshi Suzuki, President and CEO of HOYA, to ensure swift and smooth integration of the management and operations of the newly integrated company. The integration committee will review the administrative systems of each company, aiming at creating a best-practice administrative system for the newly integrated company.

10. Accounting Policies

Accounting treatment associated with the merger will be disclosed when definitively determined. The exact amount of goodwill, the probability of accrual, and the amortization period have yet to be determined, and will be disclosed in due course.

11. Expected Impact on Earnings Forecasts as a Result of Merger

The newly integrated company aims to strengthen the competitiveness of each business area and to maintain the rate of growth of corporate value.

12. Other

The newly integrated company will continue the listing status of HOYA on the First Section of the Tokyo Stock Exchange. Information regarding the new company headquarters, total assets, paid-in capital, the number of shares newly issued upon the merger, and treatment of warrants and convertible bonds issued by PENTAX, will be provided when such matters are determined.

13. Overview of the Integrating Companies (as of September 30, 2006, non consolidated basis)

(1)	Company Name	HOYA CORPORATION (merging company)	PENTAX Corporation (company to be merged)
(2)	Areas of Business	Manufacturing and sales of electro-optics, eye care, and health care products	Manufacturing and sales of life care, imaging systems, and optical component products
(3)	Established	August 23, 1944	December 17, 1938
(4)	Headquarters	2-7-5 Naka-Ochiai, Shinjuku-ku, Tokyo	2-36-9 Maeno-cho, Itabashi-ku, Tokyo
(5)	Representative	Hiroshi Suzuki, President & CEO	Fumio Urano, President & CEO
(6)	Paid-in Capital	6,264 million yen	7,510 million yen
(7)	Shares Outstanding	435,017,020	127,697,952
(8)	Shareholders' Equity	102,330 million yen	40,088 million yen
(9)	Total Assets	236,504 million yen	119,570 million yen
(10)	Fiscal Year End:	March 31	March 31
(11)	Number of Employees	3,338 (27,974 on a consolidated basis)	1,336 (5,651 on a consolidated basis)
(12)	Major Business Partners	DAI NIPPON PRINTING CO., LTD. Sony Corporation Others	CASIO COMPUTER CO., LTD SANYO Electric Co., Ltd. Others
(13)	Major Shareholders and Shareholding Ratio	Japan Trustee Services Bank, Ltd. (in trust): 7.23% The Master Trust Bank of Japan, Ltd. (in trust): 5.35% The Chase Manhattan Bank N.A., London: 3.54% State Street Bank and Trust Company: 3.36% State Street Bank and Trust Company 505103: 3.17% The Dai-Ichi Mutual Life Insurance Company: 2.65% Nippon Life Insurance Company: 2.29% Mamoru Yamanaka: 2.07% The Chase Manhattan Bank 385036: 1.96% The Chase Manhattan Bank N.A., London SL Omnibus account 1.78%	HSBC Fund Services Sparx Asset Management Corporated: 11.44% Japan Trustee Services Bank, Ltd. (in trust): 8.66% The Master Trust Bank of Japan, Ltd. (in trust): 5.15% Mizuho Corporate Bank, Ltd.: 4.77% Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.: 3.91% State Street Bank and Trust Company: 3.76% Resona Bank, Ltd.: 2.42% Asahi Mutual Life Insurance Co.: 2.42% The Ashikaga Bank, Ltd.: 2.19% Nippon Life Insurance Company: 2.16%
(14)	Main Bank	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.	Mizuho Corporate Bank, Ltd. Resona Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15)	Relationships between Integrating Companies	Capital relationships	N/A
		Personal relationships	N/A
		Business relationships	The two companies have business in some product areas.
		Relationships between people concerned	N/A

(16) Results for the past three years (non consolidated basis)

Fiscal Year Ending:	HOYA CORPORATION (merging company)			PENTAX Corporation (company to be merged)		
	March 2004	March 2005	March 2006	March 2004	March 2005	March 2006
Sales (million yen)	183,771	224,608	248,195	104,665	98,057	108,312
Operating Income (million yen)	28,341	35,131	29,746	5,728	2,647	2,001
Ordinary Income (million yen)	33,610	46,536	44,788	4,632	2,736	3,976
Net Income (million yen)	15,558	24,967	22,062	2,012	2,499	830
Net Income per Share (million yen)	34.56	56.38	50.14	15.59	19.84	6.71
Dividend per Share (yen)	25.00	37.50	60.00	3.00	4.50	6.00
Shareholders' Equity per Share (yen)	322.68	357.59	222.01	285.40	302.02	320.24

(17) Results for the past three years (consolidated basis)

Fiscal Year Ending:	HOYA CORPORATION (merging company)			PENTAX Corporation (company to be merged)		
	March 2004	March 2005	March 2006	March 2004	March 2005	March 2006
Sales (million yen)	271,443	308,172	344,228	134,493	133,558	142,211
Operating Income (million yen)	68,166	84,920	101,095	6,937	3,586	2,985
Ordinary Income (million yen)	66,554	89,525	103,637	5,375	3,396	3,260
Net Income (million yen)	39,548	64,135	75,620	3,089	3,526	805
Net Income per Share (million yen)	87.74	144.71	171.71	24.37	28.23	6.50
Shareholders' Equity per Share (yen)	491.90	623.59	648.87	254.97	280.48	305.79

Note: For HOYA, the net income per share, dividend per share and shareholders' equity per share have been revised to reflect a 4 for 1 split of the company's common stock that took effect from November 15, 2005.

ENDS

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