

August 1, 2006

To whom it may concern

HOYA CORPORATION
Hiroshi Suzuki, CEO
Stock Code: 7741

Announcement of the transfer of the contact lens production sector to a subsidiary through company reorganization

HOYA Corporation hereby announces that, by decision of the company's chief executive officer on July 28, 2006, it will reorganize its contact lens production sector and will transfer it to HOYA Healthcare Corporation, a wholly owned subsidiary, on October 1, 2006.

1. Purpose of the company reorganization

HOYA Healthcare Corporation is involved in developing contact lens retail sales operations and the purpose is to reflect market needs more rapidly and effectively in production and development by transferring the contact lens production sector and developing a more effective business management structure for the HOYA Group.

2. Major points of the company reorganization

(1) Schedule

Conclusion and approval of the assimilative-divisive reorganization agreement:

July 28, 2006 (decision of the chief executive officer)

Signing of the assimilative-divisive reorganization agreement: July 28, 2006

Date of the assimilative-divisive reorganization (effective date): October 1, 2006 (scheduled)

Assimilative-divisive reorganization registration date: October 2, 2006 (scheduled)

Since this split-off satisfies the requirements for informal organizational restructuring as provided for in Article 784, Paragraph 3, of the Company Law, it will be implemented without obtaining approval for the assimilative-divisive reorganization agreement at the General Meeting of Shareholders. In addition, since HOYA Corporation adopted a company-with-committees system, the decision for this reorganization was entrusted by the Board of Directors to the chief executive officer pursuant to Article 416, Paragraph 4, of the Company Law.

(2) Reorganization method

i) Reorganization method

The reorganization will take the form of a split-off type assimilative-divisive reorganization (split-off) with HOYA Corporation as Divisively Reorganizing Company and HOYA Healthcare Corporation, an existing wholly-owned subsidiary, as Successor Company.

ii) Reason for adopting this reorganization method

This reorganization method was adopted in order to further enhance the efficiency of business

management of the HOYA Group overall through the comprehensive transferal of functions involved in HOYA Corporation’s contact lens production and reinforce efforts to promote contact lens production geared to market needs through the acceleration of the decision-making process.

(3) Allocation of shares

The Successor Company in this reorganization is a wholly-owned subsidiary of HOYA Corporation and no new shares will be issued as a result.

(4) Treatment of HOYA Corporation subscription rights for new shares

Subscription rights for new shares of the Successor Company will not be provided to holders of subscription rights for new shares as substitute for such subscription rights.

(5) Summary of accounting treatment

Since business is classified as “transactions under common control” in standards relating to accounting for business combinations, HOYA Corporation does not recognize transferred assets and liabilities in this reorganization as transferred profit/loss and the Successor Company will post them at appropriate book value prior to the transfer.

(6) Rights and obligations taken over by the Successor Company

i) Assets and liabilities and incidental rights and obligations

The Successor Company will succeed to assets and liabilities and incidental rights and obligations relative to the contact lens production sector.

ii) Employment contract

The Successor Company shall succeed to the employment contract concluded with employees primarily engaged in the contact lens production sector, etc.

(7) Outlook for the settlement of obligations

It has been judged that both HOYA Corporation and the successor company are able to settle obligations borne by each without fail.

3. Summary of the parties of reorganization

(1)	Company name	HOYA Corporation (unconsolidated) (to transfer)	HOYA Healthcare Corporation (to succeed)
(2)	Line of business	Manufacture and sales of Electro-optics, the related products, and eye-care related products such as eye- glasses.	Retail sales of contact lenses and accessories.
(3)	Incorporation	August 23, 1944	April 1, 1991
(4)	Principal office	2-7-5 Naka-Ochiai, Shinjuku-ku, Tokyo	1-29-9 Takadanobaba, Shinjuku-ku, Tokyo
(5)	Representative	Hiroshi Suzuki, President & CEO	Matsuo Horie, President
(6)	Capital	6,264 million yen	810 million yen
(7)	Total issued stock	435,017,020 shares	27,000 shares

(8)	Shareholder's equity	95,598 million yen	4,923 million yen
(9)	Total assets	219,063 million yen	12,244 million yen
(10)	Fiscal year end	March 31	March 31
(11)	Employees	3,220	461
(12)	Main suppliers and customers	(Supplier) Toshiba Ceramics Co., Ltd. (Customer) IBM Japan Ltd., Canon Inc.	(Supplier) HOYA Corporation, Johnson & Johnson (Customer) Retail sale through directly managed stores 'Eye-city'
(13)	Main shareholders and shareholdings	Japan Trustee Services Bank Ltd. 6.5% State Street Bank and Trust Company 5.7% The Master Trust Bank of Japan, Ltd. 5.3% The Chase Manhattan Bank, N.A. London 5.0% State Street Bank and Trust Company 505103 3.5%	HOYA Corporation 100.0%
(14)	Main dealing banks	Tokyo Branch of The Bank of Tokyo Mitsubishi UFJ, Ltd.	Tokyo Branch of The Bank of Tokyo Mitsubishi UFJ, Ltd.

(15) Relation of the parties

Capital relationship: HOYA Healthcare Corporation is a wholly owned subsidiary of HOYA Corporation.

Human relationship: There are directors, employees, and ex-employees of HOYA Corporation in the directors of HOYA Healthcare Corporation.

Business connection: HOYA Corporation supplies contact lenses and accessories to HOYA Healthcare Corporation.

(16) Financial results over the past three years

Fiscal year ended March 31	HOYA Corporation (unconsolidated) (to transfer)			HOYA Healthcare Corporation (to succeed)		
	2004	2005	2006	2004	2005	2006
Sales (million yen)	183,771	224,608	248,195	28,384	28,219	28,043
Operating Income (million yen)	28,341	35,131	29,746	6,253	6,003	4,937
Ordinary Income (million yen)	33,610	46,536	44,788	6,285	6,027	4,970
Net Income (million yen)	15,558	24,967	22,062	3,361	3,511	2,850
Net Income Per share (yen)	34.56	56.38	50.14	123,483	129,047	105,582
Dividend	25.00	37.50	60.00	186,926	150,778	82,000

Per share (yen)						
Shareholder's equity per share (yen)	322.68	357.59	222.01	369,919	305,140	205,438

Note: HOYA Corporation implemented four for one stock split effective from November 15, 2005 according to the decision of the Board of Directors held on July 20, 2005. Per share data shown above is retroactively adjusted reflecting the split.

4. Content of the business sector to be reorganized

(1) Scope of the transfer

Production, etc., of contact lenses and accessories

(2) Business performance of the relevant sector in fiscal year ended March 2006

	Sector to be transferred	HOYA CORPORATION	Proportion
Sales (million)	3,001	248,195	1.2%

(3) Assets and liabilities to be transferred (as of March 31, 2006)

Assets		Liabilities	
	Book value (million yen)		Book value (million yen)
Current assets	1,169	Current liabilities	800
Non-current assets	582	Non-current liabilities	—
Total	1,751	Total	800

5. Conditions of HOYA Corporation subsequent to the reorganization

(1) Trade name, content of business operations, location of the company's home office, representative, capital or account settlement term : The reorganization will not result in any changes.

(2) Gross assets

Though the non-consolidated gross assets of HOYA Corporation will be reduced as a result of the transfer of liabilities to the Successor Company, there will be no change in consolidated gross assets.

(3) Effect on business performance

Though non-consolidated sales volume, etc., of HOYA Corporation will be reduced, the amount will be minuscule. In addition, since the Successor Company is a wholly-owned subsidiary of the HOYA Corporation, there will be no effect on consolidated performance in terms of scale. HOYA Corporation implements its business operations on a consolidated basis and intends to promote a further reinforcement of its infrastructure enabling a more rapid and precise response to customer needs while pursuing improvements in business efficiency.