

July 2, 2007

Company Name: HOYA CORPORATION
Representative: Hiroshi Suzuki
President and CEO
(TSE Code: 7741)
Contact: Manager of Corporate Communications
Naoji Ito
Telephone: 03-3952-1160

Notice of Commencement of Tender Offer for the Shares of PENTAX Corporation

HOYA Corporation (the “Company” or the “Tender Offeror”) announces that it determined in accordance with a decision of the representative executive officer dated July 2, 2007 to acquire (1) the common stock of PENTAX Corporation (Code: 7750, the first section of the Tokyo Stock Exchange; the “Target” or “PENTAX”), (2) the yen-denominated Convertible Bonds with Share Subscription Warrants (*shinkabu yoyaku ken*) issued in accordance with a resolution of the Target’s board of directors’ meeting held on October 14, 2003 (the “PENTAX Bonds with Share Subscription Warrants”), and (3) PENTAX First Series Share Subscription Warrants (*shinkabu yoyaku ken*) (the “PENTAX Share Subscription Warrants”) which were issued in accordance with a resolution of the Target’s board of directors’ meeting held on May 23, 2005 and an approval of the Target’s annual general meeting of shareholders held on June 24, 2005, through the tender offer (the “Tender Offer”). If the Tender Offeror fails to acquire all shares of the Target’s common stock by the Tender Offer, the Tender Offeror contemplates causing the Target to be its wholly owned subsidiary by any appropriate transaction.

1. Purpose of the Tender Offer

(1) Background of the Tender Offer

The Tender Offeror started as an optical glass manufacturer. Since its inception, the Tender Offeror has been diversifying its business by leveraging its optical material technologies and precision processing technologies. The Tender Offeror has successfully built a global niche market through aggressive technological innovation and has established leadership in its areas of expertise, resulting in strong earnings. In the information technology area, the Tender Offeror 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 Tender Offeror has also established a leading position in the eye care area, including eyeglass lenses. The Tender Offeror continues to cultivate new business areas, in particular medical-related area as a key factor for further growth which are positioned as mid- to long term core growth drivers, and has initiated the global business development of intraocular lenses used for surgical treatment of cataracts.

The expertise of the Target stems from its long-accumulated know-how attained through the development and manufacture of cameras and lenses. The Target has successfully adopted 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, the Target 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 the optical components business, the Target has leveraged its competitive edge in advanced optical technologies, where its major products include digital camera modules and DVD/CD convertible pickup lenses and has also built a strong global brand of digital cameras in its imaging system division.

As to the adoption of optical technologies to the medical area, the Tender Offeror and the Target have been developing advanced medical products such as endoscope diagnostics, minimally invasive surgical technologies and bionic materials including new ceramics and intraocular lenses. While the market in this area is expanding globally with further growth expected, competition has also been increasing globally. In order to continue delivering growth in this market, both companies recognize that it is critical to establish advantages in technology through research and development and mergers and acquisition activities and to build a global marketing system under which activities to spread technology and methods of new diagnosis and treatment will be performed together with patients and medical experts. Large investments would be required to achieve such product development and global marketing activities. The Tender Offeror believes that it would be possible to accelerate the growth of the Tender Offeror and the Target in this area if the Tender Offeror's ample cash flow is selectively appropriated to this area and the Tender Offeror offers its know-how attained from its global development of the eye care business to the Target.

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 optical manufacturers, home appliance makers have also entered the digital camera market, further intensifying competition in this area. In order to maintain growth in this environment, it is necessary to be distinguished from competitors by reinforcing cost competitiveness by lowering production costs and by increasing added value focusing on technologies. To that end, a qualitative transformation of our business structure would be required. In optical equipment and related materials, we believe that, if the Target's optical design and processing technologies and the Tender Offeror's optical material development and precision processing technologies and mass production capability of optical lenses are vertically integrated, we could become the only optical manufacturer in the global market having the ability of creating new optical module system products.

The Tender Offeror and the Target have reached a common understanding as described above after several discussions over a long-term period since spring 2006. Both companies have recognized the need to integrate, as a best business partner, each other's respective strengths in various areas to build a firm business structure and accelerate business growth by establishing a system which would allow us to allocate management resources focusing on strategic areas. On December 21, 2006, the Tender Offeror and the Target executed the Basic Understanding Regarding Merger (the "Basic Understanding"). Since then, the Tender Offeror and the Target held discussions aiming to enter into the definitive merger agreement in early April 2007. Since the execution of the Basic Understanding through early April 2007, both companies, with participation of their respective representatives and responsible directors as well as many members of mainly the headquarter division, proceeded preparations necessary for integration and examined the organizational operation after integration. The Tender Offeror understands that the employees of both companies did not have any differences of understanding in any material respect with respect to the preparations for the integration which might impede the integration as they proceeded with the discussions. However, the Tender Offeror was informed by the Target that the Target would have to abandon the planned merger as a result of comprehensively considering both internal and external conditions including shareholders. As stated in the Tender Offeror's press release dated April 23, 2007 entitled "Regarding Continuation of Discussion on Takeover Offer to PENTAX," the Tender Offeror found that it would be practically difficult to achieve management integration through the merger scheduled on October 1, 2007 as contemplated in the Basic Understanding considering the circumstances of certain shareholders of the Target as well as the existing agreements between the Target and the third parties. Under such circumstances, the Tender Offeror officially proposed to the Target to begin discussion regarding a tender offer in which the Tender Offeror purchases all shares of the Target for cash as an alternative measure in order to achieve management integration between both companies in the manner of the tender offer, pursuant to the provisions of the Basic Understanding prescribing that, if the management

integration through the merger becomes practically difficult, both companies shall promptly and faithfully discuss any alternative for management integration based on the purpose and spirit set forth in the Basic Understanding. Both companies already examined such tender offer and continued to discuss it under the Basic Understanding. As a result, the Tender Offeror and the Target reached an agreement on May 31, 2007 as follows: (a) they confirm their understanding that the management integration of both companies would contribute to the increase of the corporate value of the Tender Offeror and the Target, as understood at the time of the execution of the Basic Understanding; (b) with respect to the manner of the integration of management, first the Tender Offeror will conduct the tender offer for all shares of the Target; and (c) thereafter, considering any effect on taxes or accounting to be considered in connection with the integration between the Tender Offeror and the Target, the determination of the applicability of the ongoing disclosure requirements under the United States Securities Act, and existing agreements with third parties, the Tender Offeror will become a wholly owning parent company of the Target through a share exchange or other appropriate business reorganization transaction following the Tender Offer so that the management of both companies will be integrated. Subsequently, on June 15, 2007, the Tender Offeror and the Target agreed to modify a part of the terms of the tender offer determined by the above-mentioned agreement, such as the timing of the commencement of the tender offer, the minimum number of shares intended to be purchased and the purchase price of the Target's common stock.

(2) Purpose of the Tender Offer

The ultimate purpose of the Tender Offeror is to completely integrate the management of the Tender Offeror and the Target through the Tender Offer. The Tender Offeror expects to enhance corporate value by utilizing the two companies' strength in optical and precision processing technologies to develop appealing products and provide them to a broader customer base.

Following the Management Integration, based on the common core technological foundation in optics, imaging and materials, both companies will be able to optimize their business portfolios, focusing on the life care, optics, information technology, eye care and imaging systems areas. Expected stable revenues from the information technology and eye care areas will support the life care area in achieving strategic growth. In addition, vertical integration in the optics field will lead to qualitative structural reform and further strengthen competitiveness.

The businesses of the new company group after the integration will be operated in accordance with the basic policies as follows:

(i) Life care area (endoscopes, medical accessories, new ceramics, and intraocular lenses):

Life care is positioned as a strategic growth area. The Tender Offeror and the Target will pursue business development in the minimally invasive medical area where future demand is expected to grow. The new company will operate in areas which range from diagnostic to treatment fields, such as minimally invasive diagnosis using endoscopes and treatment using laparoscopes and endoscopes, and will focus on globally cultivating bionic material markets including new ceramics and intraocular lenses. In addition, the Tender Offeror and the Target will selectively invest to enhance product development capabilities through research and development and M&A strategies and to strengthen sales and marketing structures in Japan and overseas. Through these measures, both companies aim to double the size of their life care business.

(ii) Optics area (optical glass and lenses, digital camera modules, micro-lenses, etc.):

The Tender Offeror and the Target will vertically integrate the design, materials, lenses, processing and module groups in the optics area, which is expected to strengthen cost competitiveness and to lead to qualitative structural reform of technology development capacity. They aim to become the only optics manufacturer in the global market which

will be able to create new optics module system products. The Tender Offeror and Target will mutually utilize their respective manufacturing sites and customer bases, in order to secure a competitive edge against structural change in the optics industry including newly emerging Asian players.

(iii) Information technology area (mask blanks and glass disk substrates):

This is a core emerging driver where the Tender Offeror has secured a leading market position globally. The new company group after the integration aims to further strengthen competitiveness and growth in this area.

(iv) Eye care area (eyeglass lenses and contact lenses):

Stable growth is expected in this business area. Positioning this business area as another core earnings driver of the new company group after the integration, the Tender Offeror and the Target will continue to further strengthen competitiveness and further grow this business area.

(v) Imaging systems area (digital cameras and binoculars, etc.)

In order to enhance the business's 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.

(vi) With respect to new areas and other areas, the Tender Offeror and the Target 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.

The Target's PENTAX brand will continue in consideration of its importance and economic value after the management integration between the Tender Offeror and the Target.

(3) Purchase Price

(i) Common Stock

In executing the Basic Understanding, the Tender Offeror and the Target, respectively, requested a third party financial institution — UBS Securities Japan Ltd. (“UBS”) for the Tender Offeror and Morgan Stanley Japan Limited (“Morgan Stanley”) for the Target — to evaluate the merger ratio in order to achieve fairness. Each third party financial institution calculated the corporate value and the equity value of the Tender Offeror and the Target, respectively, using the average market price analysis, the discounted cash flow analysis (“DCF analysis”), the comparable trading multiples analysis and other methods. The Tender Offeror considered UBS's calculation of the merger ratio and the Target also considered Morgan Stanley's calculation of the merger ratio. They then negotiated based on their respective consideration. As a result, they agreed on the merger ratio (the “Merger Ratio”) under which 0.158 shares of the Tender Offeror's common stock will be allotted for every share of the Target's common stock and executed the Basic Understanding prescribing the Merger Ratio on December 21, 2006.

However, the management of the Target reported to the Company that, given the move of the market price of common stock of the Tender Offeror and the Target after the execution of the Basic Understanding, some shareholders expressed their dissatisfaction with the Merger Ratio. Furthermore, the Company determined that it would be difficult to achieve management integration through the merger scheduled on October 1, 2007 as contemplated in the Basic Understanding considering the existing agreements between the Target and the third parties and other circumstances. Therefore, the Company proposed to the Target to achieve the management integration of both companies through a tender offer in which the Tender Offeror purchases all shares of the Target for cash.

As described below, the purchase price of 770 yen per share of the common stock under the Tender Offer (the "Purchase Price") is the price based on the Merger Ratio plus an additional premium.

The price (709.42 yen) which was obtained by multiplying the Company's closing price of 4,490 yen on the Tokyo Stock Exchange, Inc. on December 20, 2006, the day immediately preceding the day on which the Company and the Target executed the Basic Understanding by the Merger Ratio represents a premium of approximately 10.50% of the Target's closing price of 642 yen on the Tokyo Stock Exchange, Inc. Based on the average closing price on the Tokyo Stock Exchange, Inc. for the three-month period from September 21, 2006 to December 20, 2006, the Merger Ratio represents a premium of approximately 27.05% of the average closing price of 559 yen (rounded to the nearest yen) on the Tokyo Stock Exchange, Inc.

The Purchase Price represents a premium of approximately 19.94% of the Target's closing price of 642 yen on the Tokyo Stock Exchange, Inc. on December 20, 2006, the day immediately preceding the day on which the Company and the Target executed the Basic Understanding, and also represents a premium of approximately 37.75% of the average closing price of 559 yen (rounded to the nearest yen) on the Tokyo Stock Exchange, Inc. for the three-month period from September 21, 2006 to December 20, 2006.

(ii) PENTAX Bonds with Share Subscription Warrants

The purchase price for each of the PENTAX Bonds with Share Subscription Warrants under the Tender Offer is 1,433,056 yen, which is obtained by dividing the issue price of each bond (100.5% of the face value of 1,000,000 yen) by 540 yen (convertible price) and multiplying by the purchase price of 770 yen per share of the common stock under the Tender Offer (the Purchase Price). If the Tender Offer is successfully completed, any PENTAX Bonds with Share Subscription Warrants which were not tendered under the Tender Offer will be subject to early redemption at their face value of 1,000,000 yen in accordance with the early redemption clause of the PENTAX Bonds with Share Subscription Warrants. The purchase price for each of the PENTAX Bonds with Share Subscription Warrants under the Tender Offer represents a premium of approximately 43.31% of the early redemption amount of 1,000,000 yen.

(iii) PENTAX Share Subscription Warrants

Taking into consideration that (x) the Target's board of directors resolved to cancel the PENTAX Share Subscription Warrants on the day immediately following the end of the Tender Offer period on condition that the Tender Offer is successfully completed, and (y) even if the Tender Offer is successfully completed and the Tender Offeror acquires the PENTAX Share Subscription Warrants, the Tender Offeror is not able to exercise them, the purchase price for each of the PENTAX Share Subscription Warrant under the Tender Offer is determined to be one (1) yen.

The Target and the Tender Offeror agreed that until the completion of the integration of the management of both companies the Target will not, without prior written consent of the Tender Offeror, trigger its takeover defense measure (including the trust-type rights plan adopted with an approval of the Target's annual general meeting of shareholders held on June 24, 2005). The Target's board of directors resolved that in connection with the Tender Offer under which the Tender Offeror acquires or holds its shares, etc., pursuant to Condition 8.(1).i. (v) of the "Terms and Conditions of Issuance of Share Subscription Warrants" concerning the PENTAX Share Subscription Warrants which were issued in accordance with a resolution of the Target's board of directors' meeting held on May 23, 2005 and a resolution of the Target's annual general meeting of shareholders held on June 24, 2005, such Tender Offeror's acquisition or holding of its shares, etc., is not likely to be inconsistent with the maximization of the Target's corporate value. Although 200,000,000 units of PENTAX Share Subscription Warrants

are subject to the Tender Offer, the transfer of PENTAX Share Subscription Warrants is restricted and the Target agreed with the Tender Offeror that no PENTAX share purchase warrants would be tendered in the Tender Offer. There is very little possibility that the Tender Offeror will actually acquire any PENTAX Share Subscription Warrants or any common shares to be issued or transferred upon exercise of the PENTAX Share Subscription Warrants.

For the purpose of reviewing the opinion concerning the Tender Offer, the Target's board of directors acquired the evaluation report for the Target's shares, etc. from Mizuho Securities Co., Ltd. as a third party appraiser. Under such report, the discounted cash flow (DCF) method, the comparable company method, and the market share price method are used to evaluate the Target's shares. The Target's board of directors obtained advice from Mori Hamada & Matsumoto and fully discussed the Tender Offer, with reference to this information, from the viewpoint of the Target's corporate value and shareholders' interests. As a result, the board of directors determined that the terms and conditions of the Tender Offer were reasonable and all of the directors were present and unanimously resolved to support the Tender Offer.

(4) Management Integration after the Tender Offer

The Tender Offeror aims to establish a solid management foundation by leveraging managerial resources of the two companies in a mutually complementary manner. Furthermore, the Tender Offeror believes that it is necessary to fully integrate the management of both companies by causing the Target to be a wholly owned subsidiary in order to create synergies and accelerate business growth for the future. Therefore, if the Tender Offeror fails to acquire all shares of the Target's common stock by the Tender Offer, considering any effect on taxes or accounting to be considered in connection with the integration between the Tender Offeror and the Target, the determination of the applicability of the ongoing disclosure requirements under the United States Securities Act, and existing agreements with third parties, the Tender Offeror contemplates to cause the Target to be its wholly owned subsidiary by a share exchange or other appropriate business reorganization transaction in order to fully integrate the management of the Tender Offeror and the Target. In executing such transaction, both companies will, upon agreement between them, determine the terms of consideration to be delivered to the Target's shareholders, with reference to the Purchase Price for the Target's shares and to the market price for the Tender Offeror's shares, comprehensively considering various analysis with due consideration not to undermine the interests of both companies' shareholders and requesting again a third party financial institution to value the Target's shares.

After the completion of the Tender Offer, while considering methods for achieving full management integration, the Target will conduct its business as an independent legal entity and maintain its corporate name and PENTAX brand, and maintain and extend cross-divisional synergies. We plan to appoint officers from the Target to conduct its business, and the general manager of each division will be responsible for that division's operations (including employment) and earnings.

(5) Possibility of Delisting and Reason for Delisting

The number of shares to be purchased under the Tender Offer is not limited. As a result of the Tender Offer, there is a possibility that the Target's shares will be delisted in accordance with the prescribed procedures pursuant to the standards for delisting of shares established by the Tokyo Stock Exchange, Inc. If such standards do not apply but the Tender Offeror fails to acquire all of the shares, etc. of the Target by the Tender Offer, considering any effect on taxes or accounting to be considered in connection with the integration between the Tender Offeror and the Target, the determination of the applicability of the ongoing disclosure requirements under the United States Securities Act, and existing agreements with third parties, the Tender Offeror contemplates to cause the Target to become wholly owned subsidiary using a means it considers appropriate, including a share exchange and other business reorganization

transaction, in order to fully integrate the management of the Tender Offeror and the Target. In such case, the Target's shares will be delisted.

(6) Minimum Number of Shares Planned to be Purchased Converted into Number of Shares

Under the Tender Offer, the minimum number of the shares planned to be purchased converted into number of shares (the "Number of Shares Planned to be Purchased") is 67,740,000 shares. This represents approximately 50.00% of the figure (135,471,373 shares) obtained by deducting the treasury shares held by the Target (138,164 shares) from the Target's total outstanding shares as of March 31, 2007 (127,925,007 shares), and adding the maximum number of the Target's common stock (7,684,530 shares) which might be issued or transferred upon exercise of the share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants of 4,136 million yen.

2. Outline of the Tender Offer

(1) Outline of the Target

- (i) Trade Name: PENTAX Corporation
- (ii) Business: Manufacturing and sales of life care, imaging systems, and optical component products
- (iii) Month and Year of Incorporation: December 17, 1938
- (iv) Location of Head Office: 2-36-9, Maenochō, Itabashi-ku, Tokyo
- (v) Name and Title of Representative: Nobuaki Tanishima, President & CEO
- (vi) Amount of Stated Capital: 7,571 million yen (as of March 31, 2007)
- (vii) Major Shareholders and Shareholding Ratio (as of March 31, 2007):

HSBC Fund Services Sparx Asset Management Corporated (Custody: Tokyo Branch of the Hongkong and Shanghai Banking Co., Ltd.)	11.41%
Japan Trustee Services Bank, Ltd.	8.78%
The Master Trust Bank of Japan, Ltd.	6.57%
Mizuho Corporate Bank, Ltd.	4.76%
Trust & Custody Service Bank, Ltd as trustee for MIZUHO BANK, LIMITED Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	3.89%
Goldman Sachs International	3.72%
Resona Bank, Limited	2.41%
Asahi Mutual Life Insurance Company	2.41%
The Ashikaga Bank, Ltd.	2.18%
Nippon Life Insurance Company	2.15%

(Note 1) All of the shares held by Japan Trustee Services Bank Ltd. and The Master Trust Bank of Japan Ltd. are in connection with the trust business.

(Note 2) The Substantial Shareholding Reports were filed with the Kanto Local Finance Bureau as shown below. However, the Target cannot verify the status of beneficial ownership as of the end of the current fiscal year, and the

reported shareholders are not included in the above table “Major Shareholders.”

Name	Date of Occurrence of Reporting Duty	Number of Shares Owned (thousand shares)	Shares Owned as Percentage of Total Issued Shares (%)
SPARX Asset Management Co., Ltd.	March 20, 2007	30,680	23.98
Fidelity Investments Japan Limited	March 9, 2007	16,133	12.61

(Note 3) The above information (including Note 1 and Note 2) is described based on the Securities Report for the 77th period (filed on June 28, 2007).

(viii) Relationship between the Tender Offeror and the Target:

Capital relationship: The Company directly holds 1,000 shares of common stock of the Target.

Personnel relationship: Two officers/employees of the Company group were appointed as directors at the annual general meeting of shareholders of the Target held on June 27, 2007. However, the appointments shall become effective on the day on which the Company submits a large shareholding report with the Kanto Local Finance Bureau stating that the Company’s holding ratio of shares and other securities (as defined in Article 27-23, Paragraph 4 of the Securities and Exchange Law of Japan (the “Law”)) of the Target exceeds 50% before the end of September 2007.

Trade relationship: The Company and the Target engage in transactions of certain products.

Related parties: Not applicable.

(2) Period of Tender Offer

(i) Period of Tender Offer as of Filing of the Tender Offer Registration Statement

From Tuesday, July 3, 2007 to Monday, August 6, 2007 (24 business days)

(ii) Possibility of Extension upon Request of the Target

Pursuant to Article 27-10, Paragraph 3 of the Law, if an opinion report describing the intention to request an extension of the Tender Offer period is submitted by the Target, the period of tender offer will be 30 business days, and the Tender Offer period will be until Tuesday, August 14, 2007.

(3) Tender Offer Price

Common Stock: 770 yen per Share of Common Stock

Bonds with Share Subscription Warrants: 1,433,056 yen per PENTAX Bond with Share Subscription Warrants (face value of 1,000,000 yen of each bond)

Share Subscription Warrants: 1 yen per PENTAX Share Subscription Warrant

(4) Calculation Basis of Tender Offer Price:

(i) Calculation Basis

(a) Common stock

In determining the Purchase Price, the Tender Offeror has requested UBS, a third party financial institution, to evaluate the equity value of the Target as a reference for determining the Purchase Price. UBS accepted such request and evaluated the equity value of the Target using the comparable trading multiples analysis and the DCF analysis. Assuming that the Target's annual general meeting of shareholders for the 77th period approves the surplus dividends of 7 yen for the 77th period yen as proposed by the Target, the ranges of values per share of the Target's common stock, calculated according to such methods, are as follows.

Comparable trading multiples analysis: 597 to 842 yen
DCF analysis: 721 to 819 yen

UBS analyzed the effect on the Tender Offeror's current net profit per share that would be caused by the consolidation with the Target and also analyzed the premiums on the market price in the previous similar tender offers.

It would appear that the market price of the Target's shares after the execution of the Basic Understanding has been moving taking into consideration the Merger Ratio. Compared with the Target's closing price of 642 yen on the Tokyo Stock Exchange, Inc. on December 20, 2006, the business day immediately preceding the date of execution of the Basic Understanding, when the stock value of the Target was presumably evaluated without considering the Merger Ratio, the Purchase Price represents a premium of approximately 19.94% of such closing price.

The Purchase Price is equal to the Target's average closing price of 770 yen on the Tokyo Stock Exchange, Inc. for the period from June 1, 2007 to June 29, 2007 (rounded to the nearest yen) and is three (3) yen above the Target's closing price of 767 yen on the Tokyo Stock Exchange, Inc. on June 29, 2007.

(b) PENTAX Bonds with Share Subscription Warrants

As of July 2, 2007, the convertible price is 540 yen per share subject to the convertible right attached to the PENTAX Bonds with Share Subscription Warrants. The Tender Offeror determined the purchase price of one PENTAX Bond with Share Subscription Warrants to be 1,433,056 yen, which was obtained by dividing the issue price of each bond (100.5% of the face value of 1,000,000 yen) by 540 yen (convertible price) and multiplying 770 yen (the Purchase Price). If the Tender Offer is successfully completed, any PENTAX Bonds with Share Subscription Warrants which were not tendered under the Tender Offer will be subject to early redemption at their face value of 1,000,000 yen in accordance with the early redemption clause of the PENTAX Bonds with Share Subscription Warrants. The purchase price for each of the PENTAX Bond with Share Subscription Warrants under the Tender Offer represents a premium of approximately 43.31% of the early redemption amount of 1,000,000 yen.

(c) PENTAX Share Subscription Warrants

Taking into consideration that (x) the Target's board of directors resolved to cancel the PENTAX Share Subscription Warrants on the day immediately following the end of the Tender Offer period on condition that the Tender Offer is successfully completed and (y) if the Tender Offer is successfully completed and the Tender Offeror acquires the PENTAX Share Subscription Warrants, but the Tender Offeror is not able to exercise them, the purchase price for each of the PENTAX Share Subscription Warrant under the Tender Offer is determined to be one (1) yen.

(ii) Calculation Background

(a) Common stock

In executing the Basic Understanding, in or around the middle of December 2006, the Tender Offeror and the Target, respectively, requested a third party financial institution, to UBS the Tender Offeror and Morgan Stanley for the Target, to evaluate

the merger ratio in order to achieve fairness. Each third party financial institution calculated the corporate value and the equity value of the Tender Offeror and the Target, respectively, using the historical stock price method, the DCF analysis, the comparable trading multiples analysis and other methods. The Tender Offeror considered UBS's calculation of the merger ratio and the Target also considered Morgan Stanley's calculation of the merger ratio. They then negotiated based on their respective consideration. As a result, they agreed on the merger ratio (the "Merger Ratio") under which 0.158 shares of the Tender Offeror's common stock will be allotted for every share of the Target's common stock and executed the Basic Understanding prescribing the Merger Ratio on December 21, 2006.

The price (709.42 yen) which was obtained by multiplying the Company's closing price of 4,490 yen on the Tokyo Stock Exchange, Inc. on December 20, 2006, the day immediately preceding the day on which the Company and the Target executed the Basic Understanding by the Merger Ratio represents a premium of approximately 10.50% of the Target's closing price of 642 yen on the Tokyo Stock Exchange, Inc. Based on the average closing price on the Tokyo Stock Exchange, Inc. for three months from September 21, 2006 to December 20, 2006, the Merger Ratio also represents a premium of approximately 27.05% of the average closing price of 559 yen (rounded to the nearest yen) on the Tokyo Stock Exchange, Inc.

However, the management of the Target reported to the Tender Offeror that, given the move of the market price of common stock of the Tender Offeror and the Target after the execution of the Basic Understanding, some shareholders expressed their dissatisfaction with the above Merger Ratio agreed in the Basic Understanding. Furthermore, the Tender Offeror determined that it would be difficult to achieve management integration through the merger scheduled on October 1, 2007 as contemplated in the Basic Understanding considering the existing agreements between the Target and the third parties and other circumstances. Therefore, on April 7, 2007, the Tender Offeror proposed to the Target to achieve the management integration of both companies through a tender offer in which the Tender Offeror purchases all shares of the Target for cash at the purchase price of 770 yen per share, with the minimum ratio of voting rights to be acquired as being 50.0%. In order to ensure fairness, in late May 2007, the Tender Offeror requested UBS again, a third party financial institution, to evaluate the equity value of the Target, and then UBS told the Tender Offeror the result of the evaluation on May 30, 2007. UBS evaluated the equity value of the Target using the comparable trading multiples analysis and the DCF analysis. Assuming that the Target's annual general meeting of shareholders for the 77th period approves the surplus dividends of 7 yen for the 77th period yen as proposed by the Target, the ranges of values per share of the Target's common stock, calculated according to such methods, are as follows.

Comparable trading multiples analysis: 597 to 842 yen

DCF analysis: 721 to 819 yen

UBS analyzed the effect on the Tender Offeror's current net profit per share that would be caused by the consolidation with the Target and also analyzed the premiums on the market price that were given in the previous tender offers.

On May 31, 2007, both companies, through discussions, executed the Basic Agreement for Management Integration. However, there was a possibility that a motion to increase dividends in an amount of more than 7 yen proposed by the Target will be submitted and passed at such meeting. The calculation basis of 770 yen will change if the above-mentioned resolution to increase dividends is passed. Therefore, under the Amendment Agreement dated June 15, 2007, the Tender Offeror and the Target agreed that (i) in principle, the purchase price is 770 yen and (ii) if the Target's annual general meeting of shareholders for the 77th period approves the surplus dividends for the 77th period per share in an amount of more than 7 yen, the purchase

price will be determined to be the result obtained by deducting the amount equal to the surplus dividends resolved in excess of 7 yen per share from 770 yen. Since the Target's annual general meeting of shareholders for the 77th period approved the surplus dividends of 7 yen as proposed by the Target, the Tender Offeror finally determined the Purchase Price of 770 yen as described above in accordance with a decision of the representative executive officer dated July 2, 2007.

It would be appear that the market price of the Target's shares after the execution of the Basic Understanding has been moving taking into consideration the Merger Ratio. Compared with the Target's closing price of 642 yen on the Tokyo Stock Exchange, Inc. on December 20, 2006, the business day immediately preceding the date of execution of the Basic Understanding, when the stock value of the Target was presumably evaluated without considering the Merger Ratio, the Purchase Price of 770 yen represents a premium of approximately 19.94% of such closing price and also represents a premium of approximately 37.75% of the average closing price of 559 yen (rounded to the nearest yen) on the Tokyo Stock Exchange, Inc. for the three-month period from September 21, 2006 to December 20, 2006.

The Purchase Price is equal to the Target's average closing price of 770 yen on the Tokyo Stock Exchange, Inc. for the period from June 1, 2007 to June 29, 2007 (rounded to the nearest yen) and is three (3) yen above the Target's closing price of 767 yen on the Tokyo Stock Exchange, Inc. on June 29, 2007.

(b) PENTAX Bonds with Share Subscription Warrants

Under the Agreement on Management Integration dated May 31, 2007 and the Amendment Agreement dated June 15, 2007, both companies agreed that, based on the Purchase Price, the purchase price of one PENTAX Bond with Share Subscription Warrants is the amount which was obtained by dividing the issue price of each bond (100.5% of the face value of each bond) by 540 yen (convertible price) and multiplying by the purchase price per share of PENTAX's common stock. Since the Target's annual general meeting of shareholders for the 77th period approved the surplus dividends of 7 yen as proposed by the Target, the Tender Offeror determined the Purchase Price of 770 yen in accordance with a decision of the representative executive officer dated July 2, 2007 and the purchase price per face value (1,000,000 yen) of each bond of 1,433,056 yen. If the Tender Offer is successfully completed, any PENTAX Bonds with Share Subscription Warrants which were not tendered under the Tender Offer will be subject to early redemption at their face value of 1,000,000 yen in accordance with the early redemption clause of the PENTAX Bonds with Share Subscription Warrants. The purchase price for each of the PENTAX Bonds with Share Subscription Warrants under the Tender Offer represents a premium of approximately 43.31% of the early redemption amount of 1,000,000 yen.

(c) PENTAX Share Subscription Warrants

Both companies agreed that (x) the Target's board of directors resolved to cancel the PENTAX Share Subscription Warrants on the day immediately following the end of the Tender Offer period on condition that the Tender Offer is successfully completed, and (y) even if the Tender Offer is successfully completed and the Tender Offeror acquires the PENTAX Share Subscription Warrants, the Tender Offeror is not able to exercise them. Taking the above into consideration, both companies agreed that the purchase price for each of the PENTAX Share Subscription Warrant under the Tender Offer be one (1) yen. Thereafter, the Tender Offeror finally determined that the purchase price for each of the PENTAX Share Subscription Warrant under the Tender Offer be one (1) yen in accordance with a decision of the representative executive officer on July 2, 2007.

For the purpose of reviewing the opinion concerning the Tender Offer, the Target's board of directors acquired the evaluation report for the Target's shares, etc. from

Mizuho Securities Co., Ltd. as a third party appraiser. Under such report, the DCF method and the comparable trading multiples method are used to evaluate the Target's shares and the share value is comprehensively evaluated taking into account the analysis based on market share price. The Target's board of directors obtained advice from Mori Hamada & Matsumoto and fully discussed the Tender Offer, with reference to this information, from the viewpoint of the Target's corporate value and shareholders' interests. As a result, the board of directors determined that the terms and conditions of the Tender Offer were reasonable and all of the directors were present and unanimously resolved to support the Tender Offer.

(iii) Relationship with Calculation Agent

Not applicable.

(5) Number of Shares, etc. Subject to the Tender Offer

Number of Shares Planned to be Purchased Converted into Number of Shares	Planned Excess Number Converted into Number of Shares	Total of Number of Shares Planned to be Purchased and Planned Excess Number Converted into Number of Shares
67,740,000 (shares)	- (shares)	- (shares)

(Note 1) The "Number of Shares Planned to be Purchased Converted into Number of Shares" (the "Number of Shares Planned to be Purchased") (67,740,000 shares) represents approximately 50.00% of the figure (135,471,373 shares) obtained by deducting the treasury shares held by the Target (138,164 shares) from the Target's total outstanding shares as of March 31, 2007 (127,925,007 shares), and adding the maximum number of the Target's common stock (7,684,530 shares) which might be issued or transferred upon exercise of the share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants of 4,136 million yen. If the total number of shares tendered in the Tender Offer (the "Tendered Shares, etc.") is less than the Number of Shares Planned to be Purchased (67,740,000 shares), none of the Tendered Shares, etc. will be purchased. If the total number of Tendered Shares, etc. equals or exceeds the Number of Shares Planned to be Purchased (67,740,000 shares), all of the Tendered Shares, etc. will be purchased. In order to calculate the total number of the Tendered Shares, etc. as of the end of the Tender Offer period, the PENTAX Bonds with Share Subscription Warrants are converted into shares at the conversion price effective as of the end of the Tender Offer period pursuant to the terms and conditions of issuance thereof.

(Note 2) There is a possibility that any share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants could be exercised by the end of the Tender Offer period. Shares of the Target's common stock issued or transferred upon the exercise of such right are also subject to the Tender Offer.

(Note 3) Shares constituting less than one unit are also subject to the Tender Offer. However, a submission of share certificates is necessary at the time of tendering the shares (if share certificates are deposited to Japan Securities Depository Center, Inc., it is not required to submit share certificates).

(Note 4) The Tender Offeror will not purchase any of the treasury shares held by the Target through the Tender Offer.

(6) Change in the Percentage of Ownership of Shares after the Tender Offer

Number of Voting Rights to Shares, etc. Owned by the Tender Offeror before the Tender Offer.	1	(Percentage of Ownership of Shares, etc. before the Tender Offer: 0%)
Number of Voting Rights Represented by the Number of Shares Planned to be Purchased	67,740	(Percentage of Ownership of Shares, etc. after the Tender Offer: 50.00%)
Number of Voting Rights of All Shareholders of the Target	127,368	

(Note 1) “Number of Voting Rights Represented by the Number of Shares Planned to be Purchased” is the number of voting rights represented by the Number of Shares Planned to be Purchased (67,740,000 shares).

(Note 2) “Total Number of Voting Rights of All Shareholders of the Target” is based on the total number of voting rights of all shareholders as of March 31, 2007, as stated in the Securities Report for the fiscal year ended March 2007 (77th Period) filed on June 28, 2007. However, for the purposes of calculation of the “Percentage of Ownership of Shares, etc. before the Tender Offer” and “Percentage of Ownership of Shares, etc., after the Tender Offer,” the “Percentage of Ownership of Shares, etc. after the Tender Offer” is the number of voting rights (135,470), which is obtained by adding (a) 418 voting rights represented by 418,843 shares of less than one unit as stated in the Securities Report excluding the treasury shares less than one unit held by the Target and (b) 7,684 voting rights represented by the maximum number of the Target’s common stock (7,684,530 shares) which might be issued or transferred upon exercise of the share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants of 4,136 million yen. Although 200,000,000 units of PENTAX Share Subscription Warrants are subject to the Tender Offer, the transfer of PENTAX Share Subscription Warrants is restricted and the Target agreed with the Tender Offeror that no PENTAX share purchase warrants would be tendered in the Tender Offer. There is very little possibility that the Tender Offeror will actually acquire any PENTAX Share Subscription Warrants or any common shares to be issued or transferred upon exercise of the PENTAX Share Subscription Warrants. However, 200,000,000 shares of common stock of the Target to be issued or transferred upon exercise of the PENTAX Share Subscription Warrants is a very large number. If this number is added to the Number of Shares Planned to be Purchased, the resulting number would be different from the actual status of the Tender Offer and it would be difficult for shareholders and investors to understand. The number of voting rights represented by common shares to be issued or transferred upon exercise of 200,000,000 units of PENTAX Share Subscription Warrants is not added to the calculation shown above. The voting rights represented by the maximum number of common shares to be issued or transferred upon exercise of 200,000,000 units of PENTAX Share Subscription Warrants, the “Total Number of Voting Rights of All Shareholders of the Target” is 335,470.

(Note 3) “Percentage of Ownership of Shares, etc. before the Tender Offer” and “Percentage of Ownership of Shares, etc., after the Tender Offer” are rounded to two decimal points. Assuming that the voting rights represented by the maximum number of common shares to be issued or transferred upon exercise of 200,000,000 units of PENTAX Share Subscription Warrants is added to the “Total Number of Voting Rights of All Shareholders of the Target,” if the resulting number is used as the denominator, the “Percentage of Ownership of Shares, etc., after the Tender Offer” is 20.19%.

(Note 4) The “Number of Shares Planned to be Purchased Converted into Number of Shares” (the “Number of Shares Planned to be Purchased”) (67,740,000 shares) represents approximately 50.00% of the figure (135,471,373 shares) obtained by deducting the treasury shares held by the Target (138,164 shares) from the Target’s total outstanding

shares as of March 31, 2007 (127,925,007 shares), and adding the maximum number of the Target's common stock (7,684,530 shares) which might be issued or transferred upon exercise of the share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants of 4,136 million yen. If the total number of Tendered Shares, etc. is less than the Number of Shares Planned to be Purchased (67,740,000 shares), none of the Tendered Shares, etc. will be purchased. If the total number of Tendered Shares, etc. equals or exceeds the Number of Shares Planned to be Purchased (67,740,000 shares), all of the Tendered Shares, etc. will be purchased. In order to calculate the total number of the Tendered Shares, etc. as of the end of the Tender Offer period, the PENTAX Bonds with Share Warrants are converted into shares at the conversion price effective as of the end of the Tender Offer period pursuant to the terms and conditions of issuance thereof.

(Note 5) Since the Tender Offeror will purchase all the Tendered Shares, etc. if the total number of Tendered Shares, etc. equals or exceeds the Number of Shares Planned to be Purchased (67,740,000 shares), there is a possibility that "Percentage of Ownership of Shares, etc., after the Tender Offer" could be up to 100.00%. Although 200,000,000 units of PENTAX Share Subscription Warrants are subject to the Tender Offer, the transfer of PENTAX Share Subscription Warrants is restricted and the Target agreed with the Tender Offeror that no PENTAX share purchase warrants would be tendered in the Tender Offer. There is very little possibility that the Tender Offeror will actually acquire any PENTAX Share Subscription Warrants or any common shares to be issued or transferred upon exercise of the PENTAX Share Subscription Warrants.

(7) Purchase Price

52,159,800,000 yen (estimated)

(Note) The Purchase Price shows an amount required to acquire the Number of Shares Planned to be Purchased (67,740,000 shares) if all of the Tendered Shares, etc. are common stock. If the total number of the Tendered Shares, etc. equals or exceeds the Number of Shares Planned to be Purchased (67,740,000 shares), all of the Tendered Share Certificates, etc. will be purchased. The Purchase Price is 104,512,187,210 yen, if the Tender Offeror purchases the total (135,609,537 shares) of the number of issued shares (127,925,007 shares) as of March 31, 2007, as stated in the Target's Securities Report for the fiscal year ended March 2007 (77th Period) filed by the Target on June 28, 2007 and the maximum number of the Target's common stock (7,684,530 shares) potentially issued or transferred upon exercise of the share subscription warrants attached to the PENTAX Bonds with Share Subscription Warrants of 4,136 million yen, *minus* the treasury shares held by the Target (138,164 shares), common shares held by The Tender Offeror (1,000 shares), and 200,000,000 units of the PENTAX Share Subscription Warrants.

(8) Settlement Procedure

(i) Name and Location of Head Office of Securities Company, Bank, etc. to Settle the Tender Offer

Mitsubishi UFJ Securities Co., Ltd. 2-4-1, Marunouchi, Chiyoda-ku, Tokyo

(ii) Commencement Date of Settlement

Tuesday, August 14, 2007

(Note) Wednesday, August 22, 2007 if the Tender Offer period is extended pursuant to the provisions of Article 27-10, Paragraph 3 of the Law.

(iii) Settlement Procedure

A written notice regarding purchase, etc. under the Tender Offer will be mailed to the address of each Tendering Shareholder, etc. (or the standing proxy in the case of a

Foreign Shareholder, etc.) without delay after the expiration of the Tender Offer period.

Purchases shall be settled in cash. The Tender Offer Agent will remit to the place designated by each Tendering Shareholder, etc. the sales price with regard to the shares purchased in accordance with the instructions given by the Tendering Shareholders, etc. (or the standing proxy in the case of a Foreign Shareholder, etc.) without delay on or after the commencement date of settlement.

(9) Other Conditions and Procedures Relating to the Tender Offer

(i) Existence (or Non-existence) and Details of Conditions Listed in the Items of Paragraph 4 of Article 27-13 of the Law

If the total number of Tendered Shares is less than the Number of Shares Planned to be Purchased (67,740,000 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the Number of Shares Planned to be Purchased (67,740,000 shares), all the Tendered Shares will be purchased.

(ii) Existence (or Non-existence) of Conditions for Withdrawal of the Tender Offer, Details thereof, and Manner of Disclosure of Withdrawal.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1(i) through (ri) and (wo) through (so), Item 2(i), Items 3(i) through (chi), Item 4, Item 5, and Article 14, Paragraph 2, Items 3 through 6 of the Cabinet Order of the Securities and Exchange Law (the “Enforcement Order”), the Tender Offeror may withdraw the Tender Offer.

When withdrawing the Tender Offer, the Tender Offeror will give an electronic public notice and announce in *The Nihon Keizai Shimbun* newspaper that such public notice has been given; provided, however, that if it is deemed difficult to give such public notice by the last day of the Tender Offer period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance Concerning Disclosure of the Tender Offer of Shares, Etc., by Non-Issuer (the “Cabinet Office Ordinance”) shall be made, and public notice shall be given promptly thereafter.

(iii) Existence (or Non-existence) of Conditions for Reducing Tender Offer Price, Details thereof, and Manner of Disclosure of Reduction

If the Target engages in any act stipulated in Article 13, Paragraph 1 of the Enforcement Order pursuant to Article 27-6, Paragraph 1, Item 1 of the Law during the Tender Offer period, the Tender Offeror may reduce the Tender Offer price as set forth in Article 19, Paragraph 1 of the Cabinet Office Ordinance.

When reducing the Tender Offer price, the Tender Offeror will give an electronic public notice and announce in *The Nihon Keizai Shimbun* newspaper that such public notice has been given; provided, however, if it is deemed difficult to give such public notice by the last day of the Tender Offer period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance shall be made, and public notice shall be given promptly thereafter. All Tendered Shares, etc. tendered on and prior to the date of such public announcement shall also be purchased at the reduced prices.

(iv) Matters regarding Right of Tendering Shareholders, etc. to Cancel Agreement

Tendering Shareholders, etc. may, at any time during the Tender Offer period, cancel their tender under the Tender Offer. Tendering Shareholders etc, who wish to cancel their tender must deliver, or send by mail, a cancellation notice stating that such Tendering Shareholder, etc. cancels its tender under the Tender Offer (the “Cancellation Notice”) together with a receipt of tender under the Tender Offer to the head office or any Japanese branch of the Tender Offer Agent by no later than 4 p.m.

on the last day of the Tender Offer period. The cancellation of tender will take effect at the time when the Cancellation Notice is delivered to, or reaches, the Tender Offer Agent. However, if the Cancellation Notice is sent by mail, it must reach the Tender Offer Agent by no later than 4 p.m. on the last day of the Tender Offer period.

No claim for indemnification or civil penalties will be made by the Tender Offeror against Tendering Shareholders, etc. should they cancel their tenders. Further, the expenses incurred in returning the Tendered Shares, etc. will be borne by the Tender Offeror.

(v) Manner of Disclosure in case of Modification of Conditions, etc. of the Tender Offer

During the Tender Offer period, the Tender Offeror may modify the conditions, etc. of the Tender Offer except as prohibited in Article 27-6 of the Law and Article 13 of the Enforcement Order.

When modifying the conditions, etc. of the Tender Offer, the Tender Offeror will give public notice providing the details of such modifications electronically and announce in *The Nihon Keizai Shimbun* newspaper that such public notice has been given; provided, however, that if it is deemed difficult to give such public notice by the last day of the Tender Offer period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance shall be made, and public notice shall be given promptly thereafter. All Tendered Shares, etc. tendered both on and prior to the date of such public notice shall be purchased in accordance with the modified conditions, etc. of the Tender Offer.

(vi) Manner of Disclosure upon Filing of Amendment to Registration Statement

If the Tender Offeror files any Amendment to this Registration Statement with the Director General of the Kanto Local Finance Bureau, the Tender Offeror shall promptly make a public announcement regarding such amendment to the extent that it relates to any information contained in the Public Notice of the Commencement of the Tender Offer pursuant to Article 20 of the Cabinet Office Ordinance. The Tender Offeror shall immediately amend the Tender Offer Explanatory Statement and provide the amended Tender Offer Explanatory Statement to the Tendering Shareholders, etc. who have received the original Tender Offer Explanatory Statement. However, if only limited amendments are made, instead of providing an amended Tender Offer Explanatory Statement, the Tender Offeror shall prepare and provide a document stating the reasons for such amendments, the items that have been amended, and the amended information.

(vii) Manner of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be publicly announced pursuant to Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance on the date immediately following the last day of the Tender Offer period.

(viii) Other Matters

The distribution of this Tender Offer Registration Statement, the Explanation of Tender Offer and other materials relating thereto may be restricted under laws in certain jurisdictions. The Tender Offeror requests any person receiving this Tender Offer Registration Statement, the Explanation of Tender Offer and other materials relating thereto to be aware of and comply with such restrictions.

(10) Date of Public Notice of Commencement of a Tender Offer

Tuesday, July 3, 2007

- (11) Tender Offer Agent
Mitsubishi UFJ Securities Co., Ltd.

3. Other Matters

- (1) Existence and Details of Agreements between the Tender Offeror and the Target or its Directors or Officers

The Target's board of directors supports the Tender Offer.

The Company and the Target entered into the Agreement on Management Integration dated May 31, 2007 (as amended by the Amendment Agreement dated June 15, 2007; such agreement after the amendment is referred to as the "Agreement") mainly containing the following effect:

- Tender offer

The Tender Offeror will commence the Tender Offer on the condition that all of the following preceding conditions, but not limited to them, are satisfied: The Target's board of directors (i) resolved that subject to the successful completion of the Tender Offer, the Target will without consideration acquire and cancel all of the PENTAX Share Subscription Warrants on the day immediately following the end of the Tender Offer period; (ii) resolved to support the Tender Offer; and (iii) approves that all the matters of resolution agreed by both parties under the Agreement will be submitted to the Target's annual general meeting of shareholders to be held in June 2007.

The purchase price of the common stock of the Target under the Tender Offer will be 770 yen per share; however, if the Target's annual general meeting of shareholders for the 77th period approves the surplus dividends for the 77th period per share in the amount of more than 7 yen, the purchase price will be determined to be the result obtained by deducting the amount equal to the surplus dividends resolved in excess of 7 yen per share from 770 yen (in cases where the purchase price has a fractional part, the purchase price will be rounded to the nearest yen).

The purchase price for each of the PENTAX Bonds with Share Subscription Warrants will be 1,433,056 yen; however, if the Target's annual general meeting of shareholders approves the surplus dividends for the 77th period per share in the amount of more than 7 yen, the purchase price for such bonds will be determined by dividing 1,005,000 yen (issue price of each bond) by 540 yen (convertible price) and multiplying by the purchase price of common stock of the Target (in cases where the purchase price has a fractional part, the purchase price will be rounded to the nearest yen).

- Business operations

The Target will operate its business affairs within the scope of ordinary business operations.

- Integration of management

If the Tender Offer is successfully completed, considering any effect on taxes or accounting in connection with the integration between the Tender Offeror and the Target, the existence or non existence of a continuous disclosure obligation under the U.S. Securities Act, and existing agreements with third parties and so forth, the management of both companies will be integrated in an appropriate manner, including, without limitation, a share exchange to make the Tender Offeror an absolute parent company and the Target a wholly-owned subsidiary.

- Exclusive negotiation duty

The Tender Offeror and the Target shall not enter into, execute, propose or solicit the capital participation, the transfer of all or any assets, offering of shares, transfer of business, merger, corporate demerger, share exchange or stock transfer with the third party which might substantially impede the integration of management between the Target and the Tender Offeror. However, if it is reasonably determined in accordance with the due process that the conditions of any third party's proposal are obviously more favorable than those of the Tender Offeror, the Target may cancel the Agreement by payment of the termination fee of one billion yen to the Tender Offeror.

- Penalty

If the Tender Offeror or the Target (i) breaches the exclusive negotiation duty or certain duties set forth in the Agreement during the effective term of the Agreement, (ii) executes any contract or other agreement with any third party with respect to a competing transaction on or before the day on which three (3) months has expired after the termination of the Agreement (except if such party proves that the competing transaction does not arise from any act breaching the exclusive negotiation duty set forth in the Agreement) or otherwise any specific event occurs, the other party may claim for payment of certain expenses and a penalty fee of three (3) billion yen.

In addition, although the "Basic Understanding for Merger" dated December 21, 2006 between the Company and the Target (the "Basic Understanding") terminated on May 31, 2007, the following matters of the Basic Understanding remain in full force and effect as of today.

- Termination fee

If the Tender Offeror or the Target (i) breaches a certain exclusive negotiation duty or certain duties set forth in the Basic Understanding during the effective term of the Basic Understanding, (ii) executes any contract or other agreement with any third party with respect to a competing transaction on or before the day on which three (3) months expires after the termination of the Basic Understanding (except that such party proves that such competing transaction arises from any act breaching the exclusive negotiation duty exclusive negotiation duty set forth in the Basic Understanding) or otherwise any specific event occurs, the other party may claim for payment of a certain expense and termination fee of three (3) billion yen. A claim that is made under the above-mentioned agreements arising from an event which occurred as of May 31, 2007 under the Basic Understanding will remain in full force and effect on and after such date.

(2) Other Necessary Information for Investors to Determine Whether to Tender Their Shares Under the Tender Offer

Not applicable.

End of document.

This press release has been prepared only for the purpose of informing the public of the Tender Offer. This has not been prepared for soliciting sales. When offering any sales, shareholders should make appropriate judgments after reviewing the tender offer explanatory statement prepared by the Company. Neither this press release (nor any part hereof) constitutes any document to subscribe for, solicit the sales of, or solicit application for, the purchase of, securities. Neither this press release (nor any part hereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, nor should it be relied on at the time of executing any agreement.

This press release contains the business forecast of the Company based on the Company's management expectations assuming that the Company acquires the shares of PENTAX. However, the actual results may be significantly different from these prospects due to various factors.

Certain countries, regions and other jurisdictions may impose certain restrictions on the release, issue or distribution of press releases of this nature under their laws and regulations. In such cases, you are required to comply with such laws and regulations in such countries, regions and other jurisdictions in light of such restrictions. In jurisdictions where the implementation of the Tender Offer is illegal, even if you receive this press release, such receipt shall not constitute any application for the purchase or solicitation for the sale of share certifications in relation to this Tender Offer, and this press release shall be deemed as the distribution of information for reference only.