

October 29, 2007

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Public Notice of Execution of Merger Agreement

HOYA CORPORATION (“HOYA”) and PENTAX Corporation, a consolidated subsidiary of HOYA, (“PENTAX”) announce that we have entered into a merger agreement (the “Merger Agreement”) with respect to a merger which will become effective on March 31, 2008 (as scheduled) (the “Merger”), in accordance with the resolutions adopted by the Boards of Directors of both companies at meetings held today.

1. Purpose of the Merger

(Purpose of the Merger)

On December 21, 2006, HOYA and PENTAX entered into a Basic Understanding Regarding Merger scheduled for October 1, 2007 (the “Basic Understanding”), in order to build a firm business structure by leveraging the managerial resources of the two companies in a mutually complementary manner, and to create synergies and accelerate business growth for the future. Thereafter, we held discussions aiming to enter into a merger agreement in early April 2007 but, considering various factors, we found that as a practical matter it would be difficult to achieve management integration through the merger scheduled for October 1, 2007 as contemplated in the Basic Understanding. Nevertheless, we still believed that the management integration of both companies would contribute to the increase of our corporate value, as mutually understood at the time of the execution of the Basic Understanding. As a result of our discussions, we reached an agreement on May 31, 2007 that HOYA would conduct a tender offer for all shares of PENTAX (the “Tender Offer”) and that thereafter, HOYA would make PENTAX a wholly-owned subsidiary through a share exchange or other appropriate business reorganization transaction.

Based on the above-mentioned agreement, HOYA conducted the Tender Offer during the period from July 3, 2007 to August 6, 2007. As a result, HOYA holds 90.48% of the total outstanding shares of PENTAX (90.83% in terms of the ratio of voting rights), as of September 30, 2007.

Under the circumstances as described above, the manner of the management integration of HOYA and PENTAX was changed from a merger as initially contemplated to making PENTAX

a wholly-owned subsidiary through a share exchange or other appropriate business reorganization transaction after the Tender Offer. However, we thought that it would be significant to demonstrate the mobility and flexibility of the management in order to strengthen the principle businesses of PENTAX. It is desirable for each business unit of PENTAX to be enabled to make management decisions and to take actions as promptly as the business units of HOYA do, and to appropriately allocate the management resources within the HOYA group taken as a whole, not within the small framework of a subsidiary. To that end, we reached a conclusion that the management integration through a merger as initially contemplated would be most appropriate. If PENTAX ceases to be a subsidiary of HOYA and is merged into HOYA, each business unit of PENTAX will become a part of HOYA's main body and we will be a flat organization. We believe that this will enable us to make flexible and prompt management decisions and to further growth in new areas through the appropriate allocation of resources. We will still keep the PENTAX brand after the Merger, in light of its importance and economic value.

(Reason for adopting a cash merger)

We have elected to distribute cash as consideration for the Merger rather than shares. As described above, the integration of the management of HOYA and PENTAX was conducted through HOYA's cash tender offer for all shares of PENTAX. As a result of our discussions after the Tender Offer, we concluded that it is appropriate from the perspective of the financial strategy of the company after the management integration and the fact that the Merger will be effected in a series of transactions involving the Tender Offer, aiming to integrate the management of both companies, to adopt a method for the Merger involving cash consideration (the "Merger Consideration"). By doing so, we can offer the shareholders of PENTAX who did not tender their shares in the Tender Offer an opportunity to exit their investment in PENTAX on similar terms, thereby avoiding any disadvantage due to any fluctuations in the market price of PENTAX shares.

(Delisting of PENTAX shares)

The Merger will be effected by PENTAX merging with and into HOYA, with HOYA as the surviving corporation. PENTAX shares will be assigned to the delisting post of the Tokyo Stock Exchange, Inc. (the "TSE") on October 30, 2007 and delisted on November 30, 2007, one (1) month thereafter. Once PENTAX shares are delisted, such shares will not be traded on the TSE. PENTAX shares will be still available to be traded in privately negotiated transactions until the effective date of the Merger after the delisting. However, the shareholders of PENTAX would be required to look for possible purchasers by themselves outside of the TSE, and it would be much more difficult than trading their shares at the TSE. It is expected that the tax treatment of the sale of PENTAX shares and the distribution of Merger Consideration might differ depending on whether such sale occurs before or after the delisting. PENTAX shareholders should consult their own tax advisors regarding the applicable tax treatment. The shareholders of PENTAX have the right to request PENTAX to purchase their shares pursuant to Articles 785 and 786 of the Companies Act within the period from the day twenty (20) days prior to the effective date of the Merger to the day immediately preceding the effective date. The purchase price of PENTAX shares will be determined by the requesting shareholder and PENTAX through their mutual discussion. If they fail to agree upon the purchase price and PENTAX or the requesting shareholder files an application for the determination of the purchase price with a competent court in accordance with the provisions of Article 786, Paragraph 2 of the Companies Act, the court will determine the price. Therefore, in the event that a request for purchase is made, PENTAX's purchase price for PENTAX shares might differ from the Merger Consideration. It is the responsibility of any shareholder wishing to make such a request to determine the procedures necessary for doing so.

(Measures securing fairness of merger consideration)

In connection with the determination of the amount of money to be distributed upon the Merger, it is necessary to determine the fairness and reasonableness of such amount, because HOYA holds 90.83% of the voting rights of all shareholders of PENTAX (as of September 30, 2007). We, as stated in Section 2(4) below, separately requested third party appraisers to calculate the amount of money to be distributed upon the Merger. We then negotiated based on such appraisers' analysis and opinions, and considered and determined the amount at the respective meetings of the Board of Directors.

(Measures avoiding conflict of interest)

Of the directors of PENTAX, Director Yukio Ohara and Director George Stuart Souther are a director of a subsidiary of HOYA and an employee of HOYA, respectively, and are both in a position to act on behalf of Hoya in connection with the Merger. Therefore, in order to avoid any conflict of interest, they did not participate in or observe the deliberations of the Board of Directors of PENTAX regarding the proposal for the Merger, and refrained from exercising their voting rights. The proposal to approve the Merger Agreement was adopted by all directors of PENTAX, excluding the two (2) directors as mentioned above, but including the two independent directors Hidenao Toyoshima and Yuji Nishiura. No director of HOYA currently serves as an officer of PENTAX.

2. Outline of Merger

(1) Schedule of Merger

Board of Directors meeting to approve the merger: Monday, October 29, 2007, HOYA and PENTAX

Execution of the merger agreement: Monday, October 29, 2007

Assignment of PENTAX shares to the delisting post: Tuesday, October 30, 2007 (scheduled)

Date of delisting of PENTAX shares: Friday, November 30, 2007 (scheduled)

Effective date of the merger: Monday, March 31, 2008 (scheduled)

Date of distribution of Merger Consideration: Tuesday, May 20, 2008 (scheduled)

There is a long time interval between the execution of the Merger Agreement and the effective date of the Merger. We believe this period to be necessary for the purpose of complying with the procedures under the Pharmaceutical Law (*Yakuji-ho*) in order to continue to conduct the medical products business of PENTAX at HOYA after the Merger.

Should the shareholders of HOYA representing more than one ninth (1/9) of the entire voting rights object to a summary merger, there is a possibility that an extraordinary shareholders meeting will be held in accordance with the provisions of Article 796, Paragraph 4 of the Companies Act, or an alternative scheme will be considered. Even if such event occurs, we have secured the necessary time to complete the integration procedures by March 31, 2008.

Note: Because the Merger constitutes a summary merger as prescribed in Article 796, Paragraph 3 of the Companies Act and a short form merger as prescribed in Article 784, Paragraph 1 of the Companies Act, HOYA and PENTAX do not need to obtain an approval from their respective shareholders meetings.

(2) Manner of Merger

The Merger will be effected by PENTAX merging with and into HOYA, with HOYA as the surviving corporation. PENTAX shares will be assigned to the delisting post of the TSE on October 30, 2007, and delisted from the First Section of the TSE on November 30, 2007. PENTAX will be dissolved on March 31, 2008, the effective date of the Merger.

(3) Merger Consideration

770 yen per PENTAX share

In accordance with the provisions of Article 749, Paragraph 1, Item 2 (*ho*) of the Companies Act, HOYA will distribute cash in the amount of 770 yen per PENTAX share to the shareholders of PENTAX (including beneficial shareholders, but excluding HOYA and PENTAX) specified or recorded in the latest shareholder registry (including the beneficial shareholder registry), on the day immediately preceding the effective date of the Merger pursuant to the Merger Agreement.

(4) Basis of Calculation of Merger Consideration

(i) Calculation Basis

In determining the Merger Consideration, HOYA and PENTAX have respectively appointed UBS Securities Japan Ltd. (“UBS”) and Mizuho Securities Co., Ltd. (“Mizuho Securities”) as third party calculation agents to evaluate the Merger Consideration. Based on the results of evaluation by each third party calculation agent, HOYA and PENTAX comprehensively considered various factors including; (i) the purchase price under the Tender Offer was 770 yen per share, (ii) there are no special circumstances which might have an adverse material effect on the value of PENTAX after the Tender Offer; and (iii) the protection of minority shareholders and the equality of shareholders. As a result of negotiations and discussions, both companies approved the Merger Consideration at their respective Board of Directors meetings held on October 29, 2007, and executed the Merger Agreement on the same day.

The following are the results of the evaluation by each third party calculation agent. UBS, evaluated the equity value of PENTAX, based on certain assumptions, using the comparable trading multiples analysis and DCF analysis. The ranges of values per share of PENTAX’s stock, calculated according to such methods, are as follows:

Comparable trading multiples analysis: 642 to 860 yen

DCF analysis: 721 to 814 yen

When evaluating the Merger Consideration, UBS assumed that all of the information provided by HOYA and PENTAX and the public information was accurate and complete, and has not independently appraised or verified any individual asset or liability of PENTAX nor received any evaluation concerning the results of such appraisal or verification. In calculating the Merger Consideration, UBS did not take into account any effect on HOYA or PENTAX caused by the Merger from a legal, accounting, or tax viewpoint.

In determining the Merger Consideration, PENTAX requested Mizuho Securities, a third party calculation agent, to evaluate the equity value of PENTAX and received a written report from Mizuho Securities. The report states that Mizuho Securities evaluated the equity value of PENTAX using the DCF method and the comparable trading multiples method. The ranges of values per share of PENTAX’s stock, calculated according to such methods, are as follows. Based on information including the written report, PENTAX fully discussed and examined the Merger from the viewpoint of the interests of shareholders of PENTAX, and considered that the purchase price under the Tender Offer was 770 yen per

share, and thereafter, adopted a resolution to approve the Merger at the Board of Directors meeting.

DCF method: 603 to 781 yen

Comparable trading multiples method: 518 to 619 yen

When evaluating the equity value of PENTAX, Mizuho Securities assumed that all of the information provided by PENTAX and the public information was accurate and complete, and has not independently appraised or verified any individual asset or liability. Mizuho Securities has assumed that the financial forecasts of PENTAX have been reasonably prepared and drawn up on a basis reflecting the best currently available estimates and judgments of PENTAX. In calculating the equity value, Mizuho Securities did not take into account any effect on HOYA or PENTAX caused by the Merger from a legal, accounting, or tax viewpoint.

It would appear that the market price of PENTAX's common stock after the execution of the Basic Understanding has been moving taking into consideration the merger ratio set forth in the Basic Understanding and the purchase price under the Tender Offer commenced thereafter. The Merger Consideration represents a premium of approximately 19.94% of PENTAX common stock's closing price of 642 yen on the TSE on December 20, 2006, the business day immediately preceding the date of execution of the Basic Understanding, when the stock value of PENTAX was presumably evaluated by investors without considering the merger ratio and the purchase price.

The Merger Consideration represents a premium of approximately 7.99% of PENTAX common stock's average closing price of 713 yen on the TSE for the period from September 27 to October 26, 2007 (rounded to the nearest yen), and also represents a premium of approximately 5.48% of PENTAX common stock's closing price of 730 yen on the TSE on October 26, 2007.

(ii) Background of Calculation

In executing the Merger Agreement, HOYA and PENTAX, respectively, requested third party calculation agents, UBS and Mizuho Securities to evaluate the Merger Consideration in order to achieve fairness. Each third party calculation agent calculated the equity value of PENTAX, UBS using the comparable trading multiples analysis and the DCF analysis, Mizuho Securities using the DCF method and the comparable trading multiples method. Each obtained the results of the calculations as mentioned in "(i) Calculation Basis". HOYA considered UBS's calculation of the Merger Consideration and PENTAX considered Mizuho Securities' calculation of the Merger Consideration. Based on their respective considerations, HOYA and PENTAX carefully negotiated. As a result, they agreed that 770 yen will be distributed per share of PENTAX's common stock, and executed the Merger Agreement prescribing the Merger Consideration on October 29, 2007.

The price of 770 yen is the same as that under the Tender Offer conducted by HOYA for the period from July 3, 2007 to August 6, 2007.

(iii) Relationship with Calculation Agents

UBS and Mizuho Securities are not affiliates of HOYA or PENTAX.

(5) Treatment of Share Subscription Warrants and Bonds with Share Purchase Warrants of Company Ceasing to Exist

Currently PENTAX has not issued any share subscription warrants or any bonds with share purchase warrants.

(6) Procedures Concerning PENTAX Shares After Delisting

Once PENTAX shares are delisted, such shares will not be traded at the TSE, but can be traded in privately negotiated transactions until the effective date of the Merger after the delisting. PENTAX will issue a public notice for the submission of share certificates and send individual notices to the shareholders of PENTAX, no later than the effective date of the Merger. Shareholders will be paid money in exchange for the submission of their PENTAX share certificates on or after the date of distribution of the Merger Consideration. Shareholders whose share certificates are deposited with Japan Securities Depository Center, Inc. through securities companies, etc. will be paid money on the date of distribution of the Merger Consideration, without the submission of their share certificates.

3. Outline of Parties to the Merger (as of March 31, 2007, except for “(5) Title and Name of Representative,” “(13) Major Shareholders and Shareholding Ratio,” and “(15) Relationships between Parties,” which are as of September 30, 2007)

(1) Corporate Name	HOYA CORPORATION (surviving company)	PENTAX Corporation (company ceasing to exist)
(2) Principal Business	Production and sale of optoelectronics products, vision care and health care items	Production and sale of life care products, imaging system products, optical component products
(3) Date of incorporation	August 23, 1944	December 17, 1938
(4) Location of head office	2-7-5 Naka-Ochiai, Shinjuku-ku, Tokyo	2-36-9 Maeno-cho, Itabashi-ku, Tokyo
(5) Title and Name of Representative	Hiroshi Suzuki President and CEO	Nobuaki Tanishima President
(6) Capital	6,264 million yen	7,571 million yen
(7) Total Number of Outstanding Shares	435,017,020 shares	127,925,007 shares
(8) Net Assets	367,145 million yen (on consolidated basis)	43,135 million yen (on consolidated basis)
(9) Total assets	447,644 million yen (on consolidated basis)	147,203 million yen (on consolidated basis)
(10) Account Settlement	March 31	March 31
(11) Number of Employees	28,450 (on consolidated basis)	5,723 (on consolidated basis)
(12) Customers	Dai Nippon Printing Co., Ltd. Sony Corporation	Casio Computer Co., Ltd. SANYO Electric Co., Ltd.

(13) Major Shareholders and Shareholding Ratio	The Chase Manhattan Bank N.A., London	7.56%	HOYA Corporation	90.48%	
	Japan Trustee Services Bank, Ltd. (Trust account)	5.57%	Takeshi Matsumoto	1.26%	
	Master Trust Bank of Japan, Ltd. (Trust account)	4.76%	Master Trust Bank of Japan, Ltd. (Trust account)	0.64%	
	State Street Bank & Trust Co. 505103	2.96%	Nomura Securities Co., Ltd.	0.52%	
	Daiichi Mutual Life Insurance Co.	2.65%	Mizuho Securities Co., Ltd.	0.34%	
	Deutsche Bank Trust Company Americas	2.55%	Yukiko Chigira	0.29%	
	State Street Bank & Trust Co.	2.43%	PENTAX Corporation	0.15%	
	Nippon Life Insurance Company	2.29%	Japan Trustee Services Bank, Ltd. (Trust account)	0.14%	
	Mamoru Yamanaka	2.07%	Japan Securities Finance Co., Ltd.	0.09%	
	JPMCB USA Residents Pension JASDEC Lend 385051	1.44%	Sumitomo Life Insurance Company (Variable account)	0.07%	
	(14) Main Financing Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.		Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Resona Bank, Limited	
	(15) Relationships between Parties	Capital Relationship		HOYA holds 90.48% of the total outstanding shares of PENTAX and 90.83% of the voting rights of all shareholders. PENTAX is a consolidated subsidiary of HOYA.	
		Personnel Relationship		HOYA dispatched to PENTAX two persons as officers (directors): one employee from HOYA and one director from HOYA's subsidiary.	
Business Relationship			HOYA and PENTAX engage in transactions of certain products.		
Relationship of the affiliated parties			PENTAX is the affiliated party of HOYA.		

(16) Consolidated Business Performance for the Latest Three Fiscal Years

	HOYA CORPORATION (surviving company)			PENTAX Corporation (company ceasing to exist)		
	Ended Mar. 2005	Ended Mar. 2006	Ended Mar. 2007	Ended Mar. 2005	Ended Mar. 2006	Ended Mar. 2007
Sales (million yen)	308,172	344,228	390,093	133,558	142,211	157,344
Operating income (million yen)	84,920	101,095	107,213	3,586	2,985	5,653
Current income (million yen)	89,525	103,637	102,909	3,396	3,260	5,067
Net income (million yen)	64,135	75,620	83,391	3,526	805	3,570
Net income per share (yen)	144.71	171.71	193.50	28.23	6.50	27.98
Dividend per share (yen)	37.50	60.00	65.00	4.50	6.00	7.00
Net asset per share (yen)	623.59	648.87	845.98	280.48	305.79	329.64

Note: Net income per share, dividend per share and net asset per share of HOYA for the periods ending in March 2005 and March 2006 were retrospectively adjusted,

reflecting the share split effectuated on November 15, 2005, at a ratio of four (4) shares per share of common stock of HOYA.

4. Status after Merger

(1) Trade Name

HOYA Kabushiki Kaisha (in English: HOYA CORPORATION)

(2) Contents of Business

Following the Merger, based on the common core technological foundation in optics, imaging and materials, the new company will be able to optimize its 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.

- Life care area (endoscopes, medical accessories, new ceramics, intraocular lenses, etc.)
- Optics area (optical glass and lenses, digital camera modules, micro-lenses, etc.)
- Information technology area (mask blanks, glass disk substrates, etc.)
- Eye care area (eyeglass lenses, contact lenses, etc.)
- Imaging systems area (digital cameras, binoculars, etc.)
- New areas and other areas (printers, surveying instruments, etc.)

(3) Location of Head Office

2-7-5 Naka-Ochiai, Shinjuku-ku, Tokyo (location of head office of HOYA)

(4) Title and Name of Representatives

Hiroshi Suzuki, President and CEO (currently, President and CEO of HOYA)

(5) Capital

6,264 million yen (no capital will be increased due to the Merger)

(6) Net Assets

Non-consolidated basis: 141,091 million yen

Consolidated basis: 410,280 million yen

(The amount of assets of both companies as of March 31, 2007 is aggregated in millions of yen.)

(7) Total Assets

Non-consolidated basis: 351,029 million yen

Consolidated basis: 594,847 million yen

(The amount of assets of both companies as of March 31, 2007 is aggregated in millions of yen.)

(8) Account Settlement

March 31

(9) Outline of Accounting Treatment

The Merger will be treated as an incorporation transaction under a common authority under the Accounting Standard for Business Combinations. The items regarding “goodwill,” including its amount, have yet to be determined. When consolidating PENTAX at the interim settlement for the period ending in March 2008, the accounting treatment as stated below was conducted.

(i) Amount of goodwill

46,718 million yen

(ii) Cause

Since the market value of the net assets at the time of integration of the corporations fell below the acquisition costs, the difference was recognized as goodwill.

(iii) Method of Amortization and Amortization Period

Amortized in equal amounts for ten (10) years.

(10) Forecast of Business Impact of the Merger

HOYA already holds 90.48% of the total outstanding shares, and 90.83% of the voting rights of all shareholders, and will consolidate PENTAX's balance sheet with its interim consolidated financial accounts for the period ending in March 2008. HOYA will consolidate PENTAX's profit and loss statement from the second half ending in March 2008. The figures on the profit and loss statement for the annual period ending in March 2008 will be significantly higher than the previous year, because PENTAX will have been consolidated.

HOYA has not yet published the annual business forecast for the current period (ending in March 2008). Instead, HOYA will publish the annual business forecast for the current period which consolidates PENTAX, in its outline of the financial and business results (brief note on quarterly closing accounts (*Shihanki Kessan Tanshin*)) for the third quarter ending in March 2008 (three months from October 1, 2007 to December 31, 2007), which will be announced in late January 2008.

With regards to the "business impact of the Merger," because the Merger is an absorption type merger of a consolidated subsidiary, we believe that the Merger will have minor effects on the consolidated operating results. We will seek to improve the corporate value by strengthening our mobility through the Merger.

PENTAX will be dissolved on March 31, 2008 in conjunction with the Merger. No year-end dividend for the period ending in March 2008 will be paid to PENTAX shareholders.