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### **HOYA and PENTAX Enter into an Agreement on Management Integration**

As described below, today, HOYA CORPORATION (“HOYA”) and PENTAX Corporation (“PENTAX”) have entered into an agreement to effect their management integration (the “Management Integration”) by making PENTAX into a wholly-owned subsidiary of HOYA through a tender offer by HOYA to purchase all shares of PENTAX (the “Tender Offer”) to be followed by a share exchange or other appropriate business reorganization transaction.

As announced in the press release titled “HOYA and PENTAX Reach Basic Understanding for Management Integration” dated December 21, 2006, of HOYA and PENTAX, based on the recognition that they are “the best possible business partners”, HOYA and PENTAX entered into a Basic Agreement for Merger (the “Basic Agreement”) on that date. This shared common understanding has remained constant. Notwithstanding our announcement by press release (by PENTAX on April 10, 2007 and HOYA on April 23, 2007) of our decision to abandon the merger planned for October 1, 2007 under the Basic Agreement, we have continued discussions on alternatives to the merger in order to achieve management integration and have consequently entered into this agreement.

Details of the Tender Offer and other related matters will be announced as soon as they

become finalized.

## 1. Purpose of the Management Integration

HOYA and PENTAX aim to establish a solid management foundation by leveraging managerial resources of the two companies in a mutually complementary manner and 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 our common core technological foundation in optics, imaging and materials, HOYA and PENTAX aim 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.

Each of HOYA and PENTAX will continue to use its own brand after the management integration.

## 2. Method of the Management Integration

### (1) Terms of the Tender Offer

In order to implement the Management Integration, HOYA will conduct the Tender Offer to purchase shares of common stock, share subscription warrants and corporate bonds with share subscription warrants of PENTAX. HOYA and PENTAX have agreed that (i) PENTAX shall not take any action through its rights plan without HOYA's prior written consent, (ii) PENTAX's board of directors will resolve to cancel, subject to the completion of the Tender Offer, the share subscription warrants issued based on a resolution adopted at the shareholders' meeting of PENTAX held on June 24, 2005 relating to PENTAX's trust-type rights plan (the "1<sup>st</sup> Series Share Subscription Warrants") and (iii) PENTAX's board of directors will resolve that HOYA's acquisition or possession of PENTAX's shares, etc. with respect to the Tender Offer is not inconsistent with the maximization of PENTAX's corporate value, and PENTAX's board of directors today has resolved the abovementioned matters. The Tender Offer will be conducted subject to the satisfaction of all conditions precedent that have been agreed to by HOYA and PENTAX, including the adoption by PENTAX's board of directors of a resolution in support of the Tender Offer.

The principle terms of the Tender Offer are as follows:

a. Purchase Price

Common stock of PENTAX: 770 Yen per share.

Yen-denominated convertible bonds with share subscription warrants issued based on a resolution of PENTAX's board of directors held on October 14, 2003 (the "Convertible Bonds"): 1,425,926 Yen per face value of 1 million Yen.

1<sup>st</sup> Series Share Subscription Warrants: 1 Yen per warrant.

b. Upper limit of the number of shares to be purchased

None.

c. Lower limit of the number of shares to be purchased

134,127,000 shares.

(The ownership percentage of PENTAX shares which will be owned by HOYA following the purchases under the Tender Offer is 99.00% (for this purpose, excluding from the calculation the 1<sup>st</sup> Series Share Subscription Warrants).)

If HOYA confirms that, at the 77th ordinary shareholders' meeting of PENTAX, the dividend amount approved thereat does not exceed 7 Yen per share, HOYA will, without delay, decrease the lower limit of the number of shares to be purchased to 67,740,000 shares (the revised number of shares to be purchased). (Even if the above conditions are not fulfilled, HOYA may, in its discretion, decrease the lower limit of the number of shares to be purchased.) The revised number of shares to be purchased (67,740,000 shares) is equivalent to approximately 50.00% of the number of PENTAX shares (135,481,891 shares) obtained by deducting 127,646 shares of treasury stock from the number of the outstanding PENTAX shares as of September 30, 2006 (127,697,952 shares) and adding 7,911,585 shares which represent the maximum number of PENTAX shares that may be issued or transferred to the holders of the Convertible Bonds (the outstanding principal amount of which is 4,251 million Yen) upon the exercise of the conversion rights attached thereto.

d. Timing of commencement of the Tender Offer

Planned for early June 2007.

(2) Method of the Management Integration following the Tender Offer

If HOYA fails to acquire all shares of PENTAX's common stock by the Tender Offer, HOYA and PENTAX will effect a share exchange, in which shares of HOYA's common stock will be used as consideration, or other appropriate business reorganization transaction in order to make PENTAX a wholly owned subsidiary of HOYA, taking into account taxation and accounting effects which may pose issues in connection with the business integration of the two companies, the determination of the applicability of the ongoing disclosure requirements under the United States securities laws, the terms of the existing contracts with third parties, and other factors.

Regarding the share exchange ratio if PENTAX becomes a wholly owned subsidiary of HOYA through a share exchange, the terms relating to the consideration to be provided to PENTAX's shareholders will be agreed to between the two companies upon receipt of an evaluation to be requested of a third-party organization once again; in connection therewith, the two companies will, with respect to the value of the PENTAX shares, take into account the purchase price for such shares in the Tender Offer and, with respect to the value of the HOYA shares, take into account their market price while considering various analyses in a comprehensive manner, and give due consideration so as not to impair the interests of either companies' shareholders.

Also, HOYA and PENTAX have agreed that, in the event of the completion of the Tender Offer, PENTAX will immediately thereafter redeem the Convertible Bonds before maturity.

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