

**USHIO** Lighting—Edge Technologies

**The Things You Can Do with Light!**

Sometimes it feels as if technology is moving forward at the speed of light, getting smaller, faster, and more precise every day. Light is helping to solve some of the problems this dizzying pace of change causes. USHIO, the light creation company, is lighting the way to the future.

For further information, visit USHIO's website:  
<http://www.ushio.co.jp/en/>

**Environmental Management Department  
Ushio Inc.**  
6-1, Otemachi 2-chome, Chiyoda-ku,  
Tokyo 100-8150, Japan

For comments or questions regarding USHIO's *Sustainability Report 2008*,  
contact: [kankyo@ushio.co.jp](mailto:kankyo@ushio.co.jp)



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# Sustainability Report 2008

**USHIO** Lighting—Edge Technologies

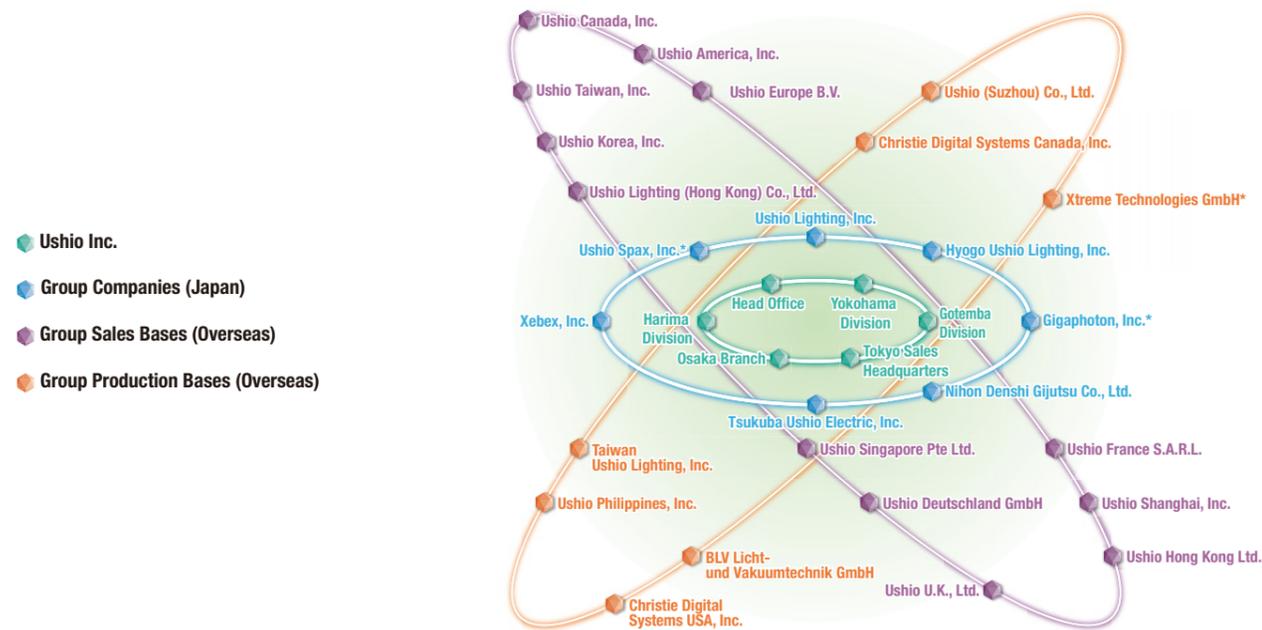


# Corporate Profile (As of June 26, 2008)

<b>Establishment</b>	March 1964	<b>Number of Employees</b> (As of March 31, 2008)	
<b>Paid-In Capital</b>	¥19,556,326,316	Ushio Inc.	1,681
<b>Board of Directors</b>		Group Companies (Japan)	528
Chairman and USHIO Group Representative	Jiro Ushio	Group Companies (Overseas)	2,472
Representative Director and Vice Chairman	Akihiro Tanaka	Total	4,681
President and Chief Executive Officer	Shiro Sugata		
Directors and Corporate Executive Vice Presidents	Manabu Goto Seiji Oshima Tadashi Taki Shiro Ushio Ryutaro Tada Hiroaki Banno		
Corporate Auditors	Tadashi Shibuichi Susumu Nakaichi Osamu Monoe	<b>Consolidated Financial Results</b> (April 2007 - March 2008; ¥ billion)	
Statutory Auditors	Shuichi Hattori Koji Aso	Net sales.....	148.1
		Operating income.....	20.0
		Operating income ratio (%).....	13.5
		Total assets.....	216.6
		Consolidated net assets.....	162.0
		Consolidated shareholders' equity ratio (%).....	74.3
		Return on equity (ROE) (%).....	9.4
		Net income.....	15.4
		Net income per share (Yen).....	112

## Major Companies in the USHIO Group Network

\* Not included in the USHIO Group's consolidated environmental management



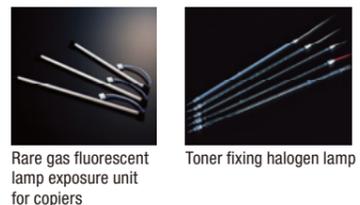
## Main Business Operations

(Photos show only a portion of our products.)

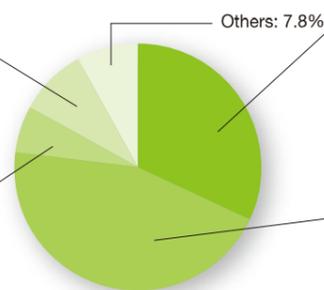
### Illumination: 9.1%



### Office Automation (OA) Equipment: 6.0%



### Composition of Net Sales for Fiscal 2007



### Electronics: 32.2%



### Visual Image Equipment: 44.9%



## About This Publication

Following on from the *Site Environmental Report* detailing environmental activities undertaken at individual Group companies in fiscal 2003, USHIO published its first *Environmental Report* covering the activities of the entire Group in fiscal 2004. A year later, in fiscal 2005, we published the *USHIO Sustainability Report* focusing on our economic and social activities as well as our environmental activities. In fiscal 2007, the scope of this report was further expanded to provide a comprehensive document covering the activities of all Group companies operating within the scope of our consolidated environmental management (see diagram at left).

We have increased the amount of photos, flow diagrams and data to make our corporate stance and details of our activities easier to understand. As in the previous year, we have compiled a digest in English for fiscal 2007. It was published with the aim of providing stakeholders with a clearer understanding of our corporate stance regarding the global environment and a closer look at our environmental activities.

We used the following guidelines in preparing this publication:

- Japan's Ministry of the Environment: *Environmental Report Guidelines* (2007 edition)
- *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2006*

### Three Different Colored Leaves Symbolizing USHIO Group Activities

Since the *USHIO Sustainability Report* in fiscal 2005, we have designed the cover using three different colored leaves. This design is based on the three primary colors of light with the young leaves embodying the environment.

The red color represents the economy, one element of the triple bottom line of sustainable management, while blue is used to represent society and green for the environment. We attempt to grow each three young leaves into sturdy trunks by making steady progress in daily activities.



We hope this report will promote communication between USHIO and our stakeholders. We welcome your opinions and feedback, which will help us to further improve our activities. Please take a moment to fill out the questionnaire included with this report and return it to us. Thank you.

For distribution to: Customers, shareholders, investors, business partners, employees, local communities, government agencies, nongovernmental and nonprofit organizations and other stakeholders

Report content: This report contains information on all Group companies in Japan and overseas as included in the scope of our consolidated environmental management approach.

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Report period: This publication covers the period from April 1, 2007 to March 31, 2008, as well as some projects and projections running through June 2008.

## What We Need to Do Now as a Good Global Citizen: Contribute to a “Cool Earth” by Pursuing Innovation through the Integration of Intellectual Power, Civic Power and Environmental Power



Jiro Ushio  
Chairman and  
USHIO Group Representative

### Globalization

Globalization refers to the mutual understanding of differences in national identity and culture toward a more open world. It is of vital importance to recognize diversity and strive to live in harmony with various peoples from around the world as a global citizen.

We are currently faced with a multitude of problems that require consideration at the global level. These problems, which include environmental issues such as climate change as well as issues related to energy, food, water resources and poverty, cannot be solved without international cooperation, for which the creation of an open, moderate and common set of values will be achieved. That is exactly what globalization is all about.

### Understanding Diversity Starts with Understanding Yourself

It is essential to know yourself before you can truly appreciate diversity.

The essence of the USHIO Group's brand value lies in high reliability born from a meticulous approach to perfection coupled with taking a *genba* (work site)-oriented approach. It is as if a tailor with a good conscience pays careful attention to details with every single stitch, even for the lining that is not always visible. That is what ensures a top-quality and ultimately long-lasting product.

Although the USHIO Group's production sites span the globe, we will never compromise on our drive for perfection or our *genba*-oriented attitude. When shifting from one era to the next, fresh concepts and new values may materialize, but I believe the quintessence of the USHIO Group in placing a priority on reliability will always remain at the fore.

### Innovation

The most powerful means to resolve problems is innovation. Infused in this idea are technological innovation, management innovation and social innovation. Innovation entails invention followed by definitive action. With action comes innovation.

The USHIO Group pursues innovation by combining “intellectual power” to bring added value, “civic power” to build relationships of trust with society and “environmental power” to reduce environmental loads and save energy.

### Making the Most of Leading-Edge Environmental Technology

I am a member of the International Organizing Committee for the Global Innovation Ecosystem (GIES) 2008 international conference. GIES aims to resolve global environmental problems by investing in science and technology, exchanging information, sharing cases of success, spreading achievements on a global scale, encouraging governmental leadership and creating an effective research network. Having learned from bitter experience in combating pollution and oil crises, Japan has become a world leader in advanced environmental and energy-saving technologies.

The USHIO Group, too, intends to contribute to a “cool Earth” through leading-edge environmental technology.

## Promoting Expansion of Recycling-Oriented Business as a Core Business Strategy under Our Medium-Term Vision

We are faced with many challenges that we need to tackle as a global citizen in order to continue our activities around the world.

Subsequent to celebrating our 40th anniversary in 2004, the USHIO Group formulated a new USHIO Group Management Philosophy and 10 Guidelines for Business Activities and also established the Environmental Policy aimed at promoting sustainable management based on the triple bottom line of the economy, society and environment the following year. As part of our efforts, we seek to contribute to the realization of a sustainable society by gaining the acceptance of society. We aim to achieve this by enhancing the capabilities of our human resources with a heightened awareness of corporate social responsibility, maintaining a solid financial structure, advocating coexistence with society and driving innovation with a focus on preservation of the global environment.

The effective period of the Kyoto Protocol to reduce greenhouse gases commenced in 2008, heralding the genuine onset of efforts to tackle environmental issues on a global scale, including climate change. Such a time demands management that further emphasizes reducing environmental loads and improving environmental performance to fulfill our responsibility as a corporate citizen.

The USHIO Group was swift in implementing environmental management, notably with environment-related initiatives in quality control. Proactive measures successfully implemented to date include the development of products and production methods with minimal environmental impact such as energy-saving performance, the creation of a product recycling system that incorporates the development of recycling process technology and green procurement for the use of low-impact raw materials and components. We also have been promoting reduced energy use and zero emissions in all business activities, starting with production facilities.

The *Sustainability Report 2008* introduces a wide range of such initiatives.

The core business strategies outlined in the Medium-Term Vision announced in April 2008 seek to expand business by taking into consideration the environment and resources. In recent times, there have been concerns over the future procurement of scarce resources such as tungsten, molybdenum and xenon gas that are indispensable in the production of lamps. This has prompted us to use these materials more efficiently. We are also promoting a recycling-oriented business in which we collect used lamps, reuse resources and ensure proper handling for treatment.

These initiatives cannot be fulfilled by the USHIO Group alone. To enhance effectiveness throughout the supply chain spanning procurement, production, sales and services, it is critical to establish strong ties with all of our business partners. Collaboration with relevant parties that transcends technological development and management is also crucial in eliminating hazardous substances and switching to alternative products.

As company president, I remain fully aware of these corporate challenges and always consider what needs to be done to help realize a sustainable society. We aim to both be kind to the environment and practice effective management by leveraging mutually beneficial relationships with business partners and other related parties as a means to further raise the corporate value of the USHIO Group.

I ask for your continued understanding and support as we forge ahead.



Shiro Sugata  
President and Chief Executive Officer  
(Chairman of the Environmental Committee  
and Group Environmental Council)



## USHIO's Stance on CSR

- We conduct our business in a responsible social manner through compliance with laws, ordinances and other general regulations as well as public order and social customs.
- We contribute to the realization of a sustainable society through efforts to protect the environment.
- We promote dialogue with customers, shareholders and other stakeholders and strive to earn the trust of society.
- We strive to earn the trust of society by ensuring proper information disclosure and highly transparent management.
- As a member of the local community, we strive to live in harmony with as well as contribute to local communities.
- We will respect the character and individuality of each employee, strive to create a workplace environment in which employees can work with ease and reassurance, and promote a balance between the prosperity of the company and a fulfilling life for each and every employee.

USHIO aims to be a company that can be trusted by not only merely complying with legal requirements but also adhering to social norms and showing general common sense.

### Main Organizational Structure and Roles

#### Compliance Committee

(Promotes action guidelines and compliance with various laws and regulations)

#### J-SOX Committee

(Proposes plans for the introduction of an internal control system as well as to realize the establishment of an internal control system by promoting documentation of various business operations along with effective assessment and remediation)

#### Personnel System Committee

(Review and reform of personnel system, human resources development methods and in-house educational training system)

#### PL Committee

(Integrated management of product information related to mitigating product liability (PL) risk and responding to PL claims)

#### Security Export Control Committee

(Manages export operations pursuant to USHIO's corporate regulations on legal compliance)

#### Environment Committee

(Promotes environmental preservation based on the Environmental Policy and Action Guidelines)

#### Group Communication Committee

(Planning and implementation of activities such as sharing and permeation of information within the Group and strengthening external transmission of information)



### Main Systems and Regulations

#### USHIO help line system

(An external point of contact has been set up so that employees of USHIO Group companies in Japan can seek advice and report directly on such matters as legal violations and breaches of corporate ethics in the workplace)

#### Risk management regulations

#### Business crisis management regulations

#### Corporate regulations on legal compliance related to the export of Ushio Inc. products

#### Regulations related to internal information management and insider trading

### Corporate Governance

USHIO has established systems and standards to enhance the transparency of corporate management and effectively govern the entire Group, along with building a foundation for the thorough implementation of these systems and standards.

### Main Information Disclosure Methods

#### Securities Report

#### Annual Report

#### PRISM (Report on settlement of accounts)

#### Light Edge (Technical information magazine)

#### Sustainability Report

#### USHIO GLOBAL HOME website

(Includes the USHIO at a Glance site and contact for inquiries for individual investors)

#### Regularly hold briefings for analysts and conduct plant tours

#### Participate in JPCA, SEMICON Japan and other exhibitions

## Medium-Term Vision

Every year, USHIO announces where it would like the Group to be after a period of three years as its Medium-Term Vision. Under the new Medium-Term Vision announced in April 2008, we are targeting net sales of ¥190.0 billion, operating income of ¥28.5 billion and ROE of 10% or more by advancing the following core business strategies.

### 1 Promote Diversified Growth of Digital Cinema Projector (DCP) Business

Christie Digital Systems (U.S.A. and Canada) group of companies, which are part of the USHIO Group, have set up DCP systems for over 4,000 screens at movie theaters mainly in North America. We will make the most of the trend toward digitalization throughout the world and promote the spread of digital cinema systems in regions other than North America as well.



"CP2000-ZX" digital cinema projector is a core product of the Visual Image Equipment Business.

### 2 Expand Business Centered on the Environment and Resources

USHIO aims to practice meaningful sustainable management from both environmental and business perspectives by collecting used lamps and reusing materials in addition to effectively utilizing resources through the development of efficient products.



Short-arc UV lamp incorporating recycling technology

### 3 Maintain High Market Share in Lamps for Data Projectors

USHIO will develop and provide new high value-added products that meet market needs as a means to maintain market share, while working to boost profitability by expanding its production and sales network in Japan and overseas along with enhancing productivity to reduce costs.

### 4 Expand LED Business

In January 2008, Epitex Inc., an infrared light-emitting diode (LED) maker, joined the USHIO Group. We expect this move to make a significant contribution to development of the Group's solid-state light source business.

### 5 Increase Range of Products Supporting Liquid Crystal, Semiconductor and High-Precision Printed Circuit Board Fields

USHIO will cultivate new markets through the development of new products that satisfy leading business market needs ahead of competitors.

### 6 Strengthen Development of Extreme Ultraviolet (EUV) Business

Xtreme Technologies GmbH, a Group company based in Germany, announced a business alliance with Philips Extreme UV GmbH of the Netherlands in 2007. In addition, Gigaphoton, Inc., another Group company (joint venture with Komatsu Ltd.) conducts research and development into EUV aimed at future mass production of EUV light sources.



EUV next-generation light source for semiconductor photolithography systems

### 7 Start Business for New Products and in New Fields, and Strengthen Existing Products

USHIO will bolster the competitiveness of its existing products through measures such as expanding its range of products that meet diversifying market needs. At the same time, we will work toward the full-fledged development of new businesses such as a dermatological treatment device using light.



Biochip blood analysis device using photodynamic diagnosis

## Consolidated Financial Statements

### Summary of Consolidated Balance Sheets

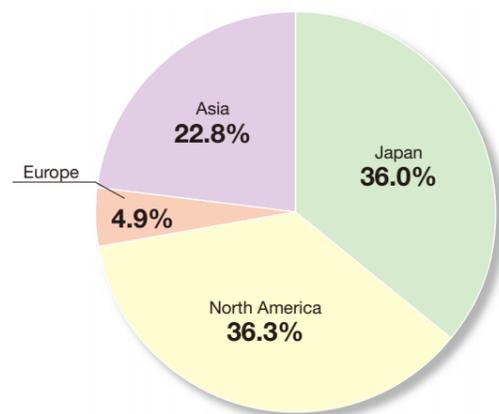
Items	Fiscal 2007 (April 1, 2007 - March 31, 2008)	Fiscal 2006 (April 1, 2006 - March 31, 2007)
<b>Assets</b>		
Current assets	111,914	118,220
Cash and bank deposits	31,412	29,195
Notes and accounts receivable	37,074	42,900
Short-term investments	2,587	6,567
Inventories	29,951	29,469
Others	10,890	10,088
Fixed assets	104,744	119,299
Property, plant and equipment	38,227	36,142
Buildings and structures	18,334	14,782
Machinery and equipment	6,253	5,983
Land	8,849	8,805
Others	4,791	6,570
Intangible assets	2,994	2,142
Investments and other assets	63,522	81,015
Investment securities	59,521	78,479
Others	4,001	2,535
<b>Total assets</b>	<b>216,659</b>	<b>237,520</b>

Items	Fiscal 2007 (April 1, 2007 - March 31, 2008)	Fiscal 2006 (April 1, 2006 - March 31, 2007)
<b>Liabilities</b>		
Current liabilities	38,159	45,076
Notes and accounts payable	15,214	21,220
Short-term bank loans	8,672	6,865
Others	14,273	16,990
Long-term liabilities	16,407	21,706
Long-term debt	2,962	—
Deferred tax liabilities	10,146	19,496
Others	3,299	2,209
<b>Total liabilities</b>	<b>54,567</b>	<b>66,782</b>
<b>Net assets</b>		
Shareholders' equity	148,122	138,084
Common stock	19,556	19,556
Additional paid-in capital	28,371	28,371
Retained earnings	105,323	93,141
Treasury stock, at cost	(5,127)	(2,984)
Valuation, translation adjustments and other	12,837	31,761
Unrealized holding gain on other securities	17,150	30,594
Gain on deferred hedges	—	42
Foreign currency translation adjustments	(4,313)	1,124
Minority interests	1,132	891
<b>Total net assets</b>	<b>162,092</b>	<b>170,738</b>
<b>Total liabilities and net assets</b>	<b>216,659</b>	<b>237,520</b>

### Summary of Consolidated Statements of Income

Items	Fiscal 2007 (April 1, 2007 - March 31, 2008)	Fiscal 2006 (April 1, 2006 - March 31, 2007)
Net sales	148,148	151,495
Cost of sales	98,020	103,848
Gross profit	50,217	47,647
Selling, general and administrative expenses	30,076	27,919
Operating income	20,050	19,727
Other income	5,835	6,510
Other expenses	2,566	1,092
Ordinary income	23,319	25,145
Extraordinary gains	0	246
Extraordinary losses	1,783	218
Income before income taxes and minority interests in earnings of affiliates	21,535	25,174
Income taxes	5,889	8,430
Minority interests in earnings of affiliates	160	190
<b>Net income</b>	<b>15,486</b>	<b>16,553</b>

### Proportion of Total Sales by Geographical Segments



\* All the amounts are rounded down.

## USHIO's Business Contributes to the Environment and Society

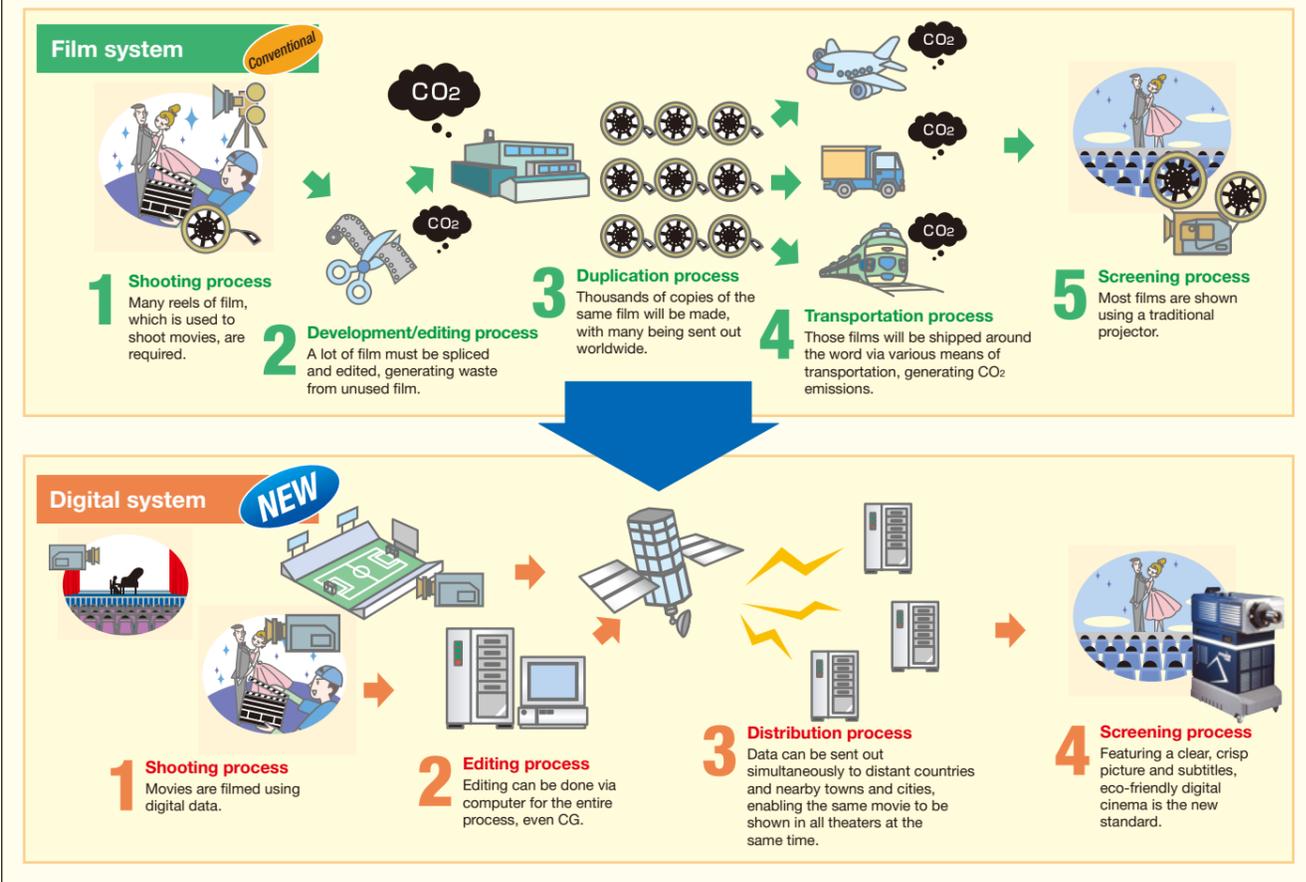
### TOPIC 1

#### Curbing Global Warming with Digital Cinema

A business model to promote the spread of digital (filmless) cinema projection systems by the Christie Digital Systems (United States and Canada) group of companies is well underway with the accumulated number of installations in fiscal 2007 exceeding 4,000 units, mainly in North America.

Using the conventional film method, cinema films have to be copied onto multiple rolls of film (each one weighs around

50 kg) and physically distributed so that the film can be shown simultaneously at different locations around the world. Now, digitized video signals can be stored on lighter, space-saving magnetic tapes or IC chips, or sent to movie theaters worldwide via telecommunications lines. This helps reduce CO<sub>2</sub> emitted in film reproduction and transportation processes, thereby lowering environmental loads.



### TOPIC 2

#### Enhancing Quality of Life (QOL) with Optical Medical Treatment

There has been a major emphasis in medical treatment in recent times on enhancing QOL by minimizing pain and side effects and maintaining bodily functions. The use of optical, radiation and heat treatments has become increasingly prevalent as a means to minimize patient discomfort, even in cases where surgery was previously the only option.

#### Development of Infrared Medical Instruments for Enhancing QOL



Irradiated area (red part) using TheraBeam VR630

Applying high-precision optical technology, this device can pinpoint the affected area and prevent exposure to unaffected areas.



TheraBeam VR630

## Aiming to be a Trusted Company that Coexists with Society

The USHIO Group works to enhance communication with society through its customers, local communities and employees, together with focusing on activities that build better relationships based on mutual trust.

## Quality Assurance

### Activity Principles and Objectives

USHIO is undertaking concerted efforts to raise quality in cooperation with overseas sites directed toward reducing quality loss by half. Quantitative management of customer satisfaction is also being widely promoted at overseas sites.

### Activity Outline and Results

The USHIO Group is working to improve quality in order to provide products and services of the highest quality from a global perspective. Some of the efforts undertaken at our Group companies to achieve this goal are introduced herein.

#### Ushio Lighting, Inc.

<Fukusaki, Hyogo>

Ushio Lighting's products, which include lighting in commercial facilities, are used by the general public. Accordingly, company activities focus on consumers and safety, whereby efforts are being made to strengthen design reviews for product safety and to develop emergency response and reporting systems.

Aiming to meet customer requirements in a broad range of fields, Ushio Lighting proactively promotes industry-specific quality management systems. In 2006, the company acquired MSJ4000 quality management system accreditation for the aerospace industry. Plans are in place to establish a system to attain Standardized Supplier Quality Assessment (SSQA) certification for the semiconductor industry in fiscal 2008.

Based on the quality-related keywords of "standards, variation and training" inherited from Ushio Lighting, TULI works to make improvements for quality assurance in all processes from material procurement to shipping.

#### Ushio (Suzhou) Co., Ltd. (USZ)

<Suzhou, P.R.C.>

At USZ, sales and quality assurance departments work together to respond quickly in terms of customer support, a function that is further bolstered by the Plant Sales Department. The company provides support to customers in eastern China not only for OA equipment but also light sources for projectors and other products. From fiscal 2008, to further improve customer support, staff will undertake such initiatives as visiting customers to provide explanations on how to use USHIO lamps in the most efficient manner.

#### Ushio America, Inc. (UAI)

<Oregon, U.S.A.>

The Oregon Operations Division conducts ongoing training on quality for all staff who deal directly with products. UAI takes pride in the effectiveness of this training in ensuring that each employee understands what needs to be done to enhance product quality and productivity.

Efforts are also made to guarantee stable quality of subassembly parts by implementing inspections via the Quality Department. A low-cost, efficient inspection method is employed in which the number of parts sampled depends on the degree of quality.

#### Ushio Singapore Pte Ltd. (USPL) Thai Office

<Bangkok, Thailand>

In conjunction with production plants (Harima Division, UPI), USPL conducts meetings in Thai on how to most effectively handle its lamps.

#### Taiwan Ushio Lighting, Inc. (TULI)

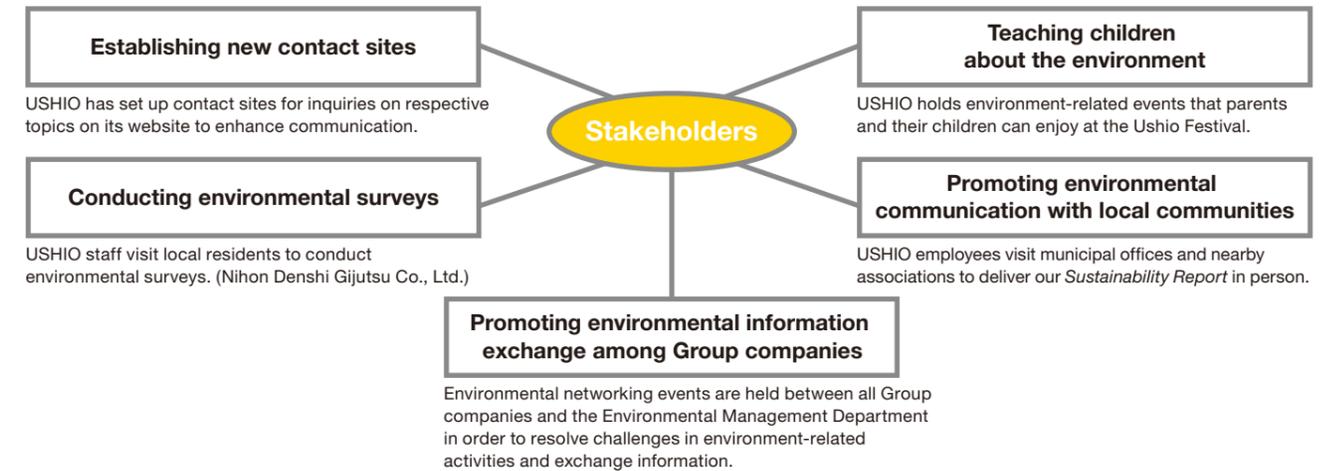
<Hsinchu Hsien, Taiwan, R.O.C.>

In addition to regular product audits through random inspections, TULI conducts patrol inspections of products during the production process with quality control staff circulating among production lines. Checks are carried out as close as possible to the product source through an audit system integrated with the production department. This shortens quality improvement lead times and helps ensure products that meet customers' quality requirements.

## Environmental Communication

### Activity Principles and Objectives

USHIO promotes two-way communication that takes into account the attributes of various stakeholders.



## Social Contribution

### Activity Principles and Objectives

Social activities undertaken by USHIO employees are introduced in our in-house magazine as a means to broaden the scope of activities. USHIO actively promotes staff participation in social activities through such means as the use of a social contribution leave system.

#### Earth Day

<Christie Digital Systems Canada, Inc. (CDSC)>

The Christie Green Team held an Earth Day Event in April 2007. As the first event of its kind, employees volunteered to clean up around company premises and nearby parks. Through such activities, the Green Team aims to increase awareness of environmental issues.



Engineers at the Irvine Factory of Ushio America, Inc. supported the building of a solar boat of local high school students participating in the world's largest solar boat race held in southern California.

#### Initiatives during Environment Month

<Ushio Inc., Harima Division>

In line with Environment Month in June 2007, employees engaged in activities to stimulate greater environmental awareness, such as showing a film on global warming in the cafeteria at lunch time and exhibiting display panels related to energy conservation.

Christie Digital Systems Canada, Inc. is sponsoring a local high school team participating in the EVCO Electrathon electric vehicle competition. Their wide variety of support included the provision of funds and necessary parts as well as useful advice.



Ushio Philippines, Inc. has been planting Indian mango trees on its premises since 1998. With plenty of fruit being produced in June, all employees get together for harvesting.

#### The Ushio Foundation Supports Activities Related to Academia, Culture and Research

Established in 1994, The Ushio Foundation aims to contribute to the development of human resources, academia and culture. It grants scholarships to students and gives aid for academic research and cultural activities. In fiscal 2007, 29 postgraduate students (including foreign students), 10 university students and eight students in special courses at vocational schools received scholarships, while research grants were given for four projects.

As part of the "Greening the Cityscape Project" in Hyogo Prefecture, Ushio Lighting, Inc. planted 150 cherry seedlings on the premises of an industrial complex in cooperation with the employees of the member companies of the Industrial Complexes Council, with a view to promoting landscaping and tree planting at industrial complexes as well as reducing CO<sub>2</sub> emissions.



# Environmental Report

## USHIO's 2010 Environmental Vision

The USHIO Group has formulated the following environmental vision toward the realization of a recycling-oriented, low-carbon society.

- Improvement of environmental productivity\* through the integration of environmental activities and management
- Expansion of performance improvement activities for environmentally conscious products
- Enhancement of environmental risk management for products and production activities

This environmental vision is broken down in Phase Two of our Environmental Action Plan, and the five committees covering separate environmental challenges promote related activities at each site.

\* Improvement of environmental productivity  
USHIO seeks to strengthen the connection between production activities (total productivity management (TPM)) and material flow cost accounting (MFCA), increase productivity from an environmental perspective and create products and services that are competitive in the marketplace through environmentally conscious processes. Specifically, we practice management that focuses on the efficient use of resources and energy in production processes and the creation of added value from an economic perspective with a focus on waste reduction and recycling.

## USHIO's Environmental Policy

### Basic Philosophy

We at USHIO recognize symbiosis with the global environment to be one of today's most important challenges for enterprises. We pledge to contribute to the creation of a sustainable society by incorporating measures for environmental protection into every aspect of our business activities.

### Action Guidelines

1. We will make every effort to achieve our own environmental protection goals in compliance with the laws, regulations and environmental rules both in Japan and abroad.
2. We will endeavor to reduce waste and the use of hazardous substances, and to recycle and save resources and energy to reduce environmental impact in all fields of business.
3. We will continue to work on the development and supply of environmentally conscious "Lighting-edge Technologies and Products."
4. We will strive to prevent environmental risks, such as contamination of natural resources by chemicals or waste.

5. We will improve our environmental management system continuously through the regular audit of environmental protection activities.
6. We will provide public information on our environmental protection activities and make every effort to enhance the quality of that information based on close communication and mutual understanding.
7. Every employee of USHIO will contribute to realize a recycling-based society through the awareness of each individual's role in protecting the environment.

March 1, 2005  
Shiro Sugata



President and Chief Executive Officer

Besides USHIO's Environmental Policy, we have formulated and implemented an environmental policy for each in-house company and Group company. USHIO's Environmental Policy is positioned as the top policy, and is reflected in the environmental policies in use around the world to ensure an appropriate level of consistency.

## Environmental Activity Promotion Structure

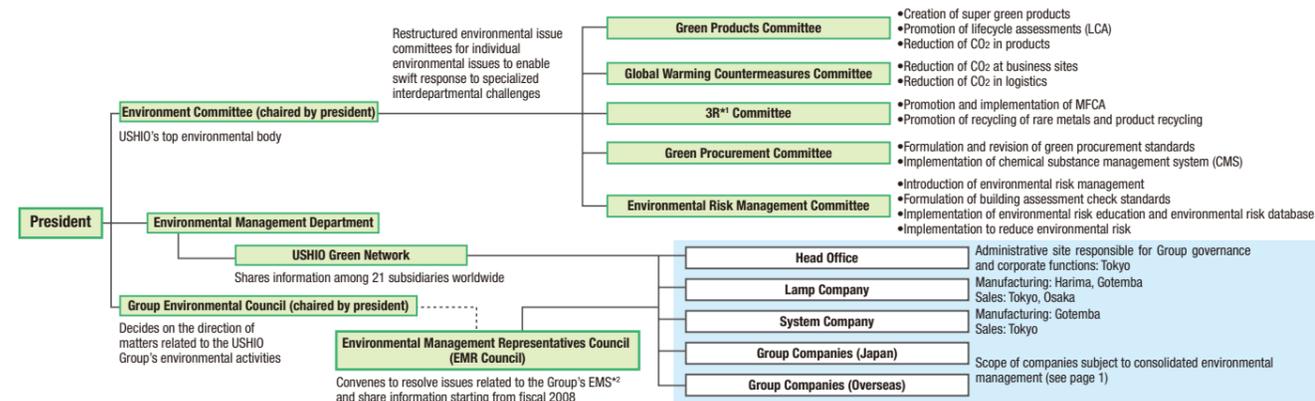
The Environment Committee and the Group Environmental Council, both chaired by the company president, are the top decision-making bodies respectively responsible for USHIO's environmental activities and the environmental policy of the entire USHIO Group.

There are five environmental issue committees under the Environment Committee.

The Environment Committee, Group Environmental Council

and environmental issue committees discuss themes related to the environment, and each decision made is relayed to each in-house company and Group company through the Environmental Management Department and the USHIO Green Network.

Each in-house company and Group company promotes environmental activities independently and strives to achieve Group-wide targets.

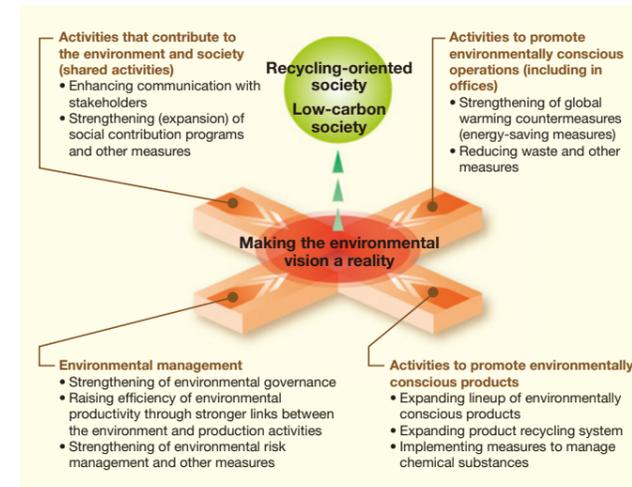


\*1 3R refers to reduce, reuse, recycle.  
\*2 Environmental Management System (EMS)

## Phase Two of USHIO's Environmental Action Plan (Fiscal 2007 to Fiscal 2009)

To realize the environmental vision, USHIO formulated Phase Two of its Environmental Action Plan based on four environmental themes and is implementing relevant environmental activities.

With regard to CO<sub>2</sub> emission reduction targets to tackle global warming, the Environment Committee resolved to shift from CO<sub>2</sub> emissions per unit of sales to CO<sub>2</sub> emissions per unit of actual sales in compliance with the standards of the four electrical and electronic associations in Japan.



## Strengthening of Structure of Environmental Issue Committees with a View to the Post-Kyoto Protocol Era

In promoting environmental activities beyond fiscal 2008, the key challenges in the post-Kyoto Protocol era include reducing CO<sub>2</sub> emissions (realizing a low-carbon society) and responding to depleted resources around the world and environmental pollution (realizing a recycling-oriented society). To achieve these goals, establishing subcommittees with specialist staff and working together to tackle challenges that cut across departments have been incorporated into the action policies of the environmental issue committees. Specifically, we are promoting the following activities in addition to the measures undertaken to date.

### • Global Warming Countermeasures Committee

This committee engages in activities aimed at the reduction of the absolute value of CO<sub>2</sub> emissions by implementing efficient operation of production equipment in an effort to improve productivity and organizing working groups to oversee efficient operation of production facilities.

### • 3R Committee

This committee forms working groups to increase environmental productivity through MFCA and to investigate matters such as the substitution of scarce resources.

### • Green Products Committee

This committee forms working groups comprised of members from

relevant departments for each environmental challenge and aims to develop super green products.

## Eight Items for Enhanced Group Environmental Governance (G8)

In tandem with leveraging each company's distinct characteristics, Group-wide environmental initiatives are exemplified by a common direction based on the Eight Items for Enhanced Group Environmental Governance (G8) formulated by the Group Environmental Council in February 2005.

From fiscal 2008, in addition to activities by the USHIO Green Network, we will convene meetings made up of environmental management representatives from each site to share information and drive mutual enlightenment aimed at furthering the integration of Group environmental activities.

## Eight Items for Enhanced Group Environmental Governance (G8)

1. Environmental activities shall be conducted by all Group companies
2. The USHIO Environmental Action Plan shall apply to all Group companies
3. Activities in Japan shall be based on ISO standards, activities overseas shall be based on ISO standards or independent EMS standards
4. Manufacturing companies shall adhere to ISO standards
5. The implementation status of environmental activities shall be verified by internal audits
6. Environmental communication shall be coordinated and conducted through the Environmental Management Department
7. Environmental performance figures, environmental accounting and other environmental data shall be disclosed
8. Group environmental production activities shall be supported

## Creation of USHIO Group's EMS

The following companies obtained ISO 14001 certification in fiscal 2007:

- Christie Digital Systems Canada, Inc.
- Ushio America, Inc. (UAI)
- Christie Digital Systems USA, Inc.
- Ushio Singapore Pte Ltd.
- Xebex Inc.
- UAI Oregon
- Ushio Hong Kong Ltd.

Six companies in Japan and eight overseas have now obtained certification. We promote activities related to the establishment of EMS at companies that have newly joined the USHIO Group.

# Environmental Report

## ■ USHIO's Phase Two Environmental Action Plan Objectives and Targets (Fiscal 2008-2009)

Environmental Themes		Division Responsible for Implementation	Objectives and Targets	Fiscal 2008	Fiscal 2009
1. Environmental management	Strengthen environmental governance	Environmental Management Department	• Establish USHIO Group Environmental Management System (EMS)	• Enhance USHIO Group EMS • Enhance USHIO's Environmental Action Guidelines (English version, etc.)	• Enhance USHIO Group EMS
	Enhance efficiency of environmental production through stronger links between the environment and production activities	Global Warming Countermeasures Committee 3R Committee	• Visualize environment-related information with direct bearing on management and enhance environmental productivity (Boost environmental productivity by 1.2 times versus fiscal 2006 levels)	• Boost environmental productivity by 1.1 times versus fiscal 2006 levels	• Boost environmental productivity by 1.2 times versus fiscal 2006 levels
	Strengthen environmental risk management	Environmental Risk Management Committee	• Reduce environmental risks through stronger countermeasures	• Introduce environmental risk management guidelines to overseas Group companies • Introduce environmental risk education platform	—
2. Activities to promote environmentally conscious product performance	Expand lineup of environmentally conscious products	Green Products Committee	• Introduce environmentally conscious product assessment standards at Group companies • Create super green products	• Create super green products • Achieve an LCA rate of 50% for main products	• Create one super green product from each business unit • Achieve a 100% LCA rate for main products
	Expand product recycling system	3R Committee	• Establish product recycling systems	• Establish product recycling systems	—
	Implement measures to manage chemical substances	Green Procurement Committee	• Reduce, replace and eliminate specified hazardous substances in response to globalization of markets	• Update green procurement standards and chemical management standards • Strengthen management system and ties between Group companies to increase environmental responsiveness	—
3. Activities to promote environmentally conscious operations (including in offices)	Strengthen global warming countermeasures (energy-saving measures)	Global Warming Countermeasures Committee	• Reduce energy use measured as CO <sub>2</sub> emissions (crude oil equivalent) per actual unit sales by 47% or more versus fiscal 1990 levels • Reduce CO <sub>2</sub> emissions by 10% or more over fiscal 2006 levels through improvements in distribution	• (Ushio Inc.) Reduce CO <sub>2</sub> emissions per actual unit sales by 45% or more below fiscal 1990 levels • (All Group companies) Reduce CO <sub>2</sub> emissions per unit sales by 2% or more below fiscal 2005 levels • Reduce CO <sub>2</sub> emissions by 8% or more below fiscal 2006 levels by improving distribution	• (Ushio Inc.) Reduce CO <sub>2</sub> emissions per actual unit sales by 47% or more below fiscal 1990 levels • (All Group companies) Reduce CO <sub>2</sub> emissions per unit sales by 3% or more below fiscal 2005 levels • Reduce CO <sub>2</sub> emissions by 10% or more below fiscal 2006 levels by improving distribution
	Reduce waste	3R Committee	• Curb generated waste and promote proactive efforts to reduce costs and environmental loads	• (Domestic Group companies) Reduce waste processing cost by 5% versus the previous fiscal year	• (Domestic Group companies) Reduce waste processing cost by 5% versus the previous fiscal year
4. Activities that contribute to the environment and society (shared activities)	Enhance communication with stakeholders	Environmental Management Department	• Actively communicate USHIO's environmental philosophy and environmental efforts to stakeholders	• Continue publishing the <i>Group Sustainability Report</i> including CSR information • Continue publishing an English digest version of the <i>Group Sustainability Report</i> including CSR information	• Continue publishing the <i>Group Sustainability Report</i> including CSR information • Continue publishing an English digest version of the <i>Group Sustainability Report</i> including CSR information
	Strengthen (expand) social contribution programs	Environmental Management Department	• Contribute to regional and global environment	• Promote widespread social contribution activities • Hold environmental events (continuation of previous events)	• Promote widespread social contribution activities • Hold environmental events (continuation of previous events)

## ■ USHIO Environmental Themes and Targets, and Achievements in Fiscal 2007

Environmental Themes		Division Responsible for Implementation	Fiscal 2007 Targets	Evaluation	Major Activities and Achievements in Fiscal 2007
1. Environmental management	Strengthen environmental governance	Environmental Management Department	• Enhance environmental management system • Implement Group-wide environmental education • Implement Group-wide mutual inspections	○	• Conducted joint internal environmental auditor's education for offices in the Kanto region • Obtained ISO 14001 certification for 11 sites at 6 subsidiaries
	Enhance efficiency of environmental production through stronger links between the environment and production activities	Environmental Management Department	• Introduce material flow cost accounting (MFCA) (Harima, Gotemba) • Introduce environmental performance and environmental accounting systems	○	• Conducted MFCA for electrode cutting process and for bulb fabrication for short-arc UV lamps at the Harima Division • Conducted MFCA for electrode cutting process and electrode assembly process for short-arc UV lamps at the Gotemba Division • Started global operation of USHIO ECO-SYS EMS
	Strengthen environmental risk management	Environmental Risk Management Committee	• Establish environmental risk management guidelines • Conduct environmental risk management education	○	• Introduced environmental risk management guidelines at Group companies (7 sites in Japan, 5 sites overseas) • Conducted environmental risk training at Group companies (1 subsidiary in Japan, 1 subsidiary overseas) • Set down environmental risk reduction activities in an environmental manual for work sites
2. Activities to promote environmentally conscious product performance	Expand lineup of environmentally conscious products	Environmentally Conscious Product Development Committee	• Introduce environmentally conscious product assessment standards to Group companies • Promote super green products (development roadmap) • Expand lifecycle assessments (LCA) • Disclose and systemize LCA for power supplies and equipment	○	• Conducted presentation of case examples for environmentally conscious product assessment at domestic Group companies • Incorporated super green products into development roadmap • Designed logo for super green products • Included LCA in environmental implementation plan for Lamp Company Technical Division • Implemented LCA for two types of power supplies
	Expand product recycling system	Recycling Committee	• Expand product recycling systems	○	• Obtained wide-area accreditation for industrial waste for short-arc UV lamps (April 10, 2007, No. 105) • Promoted proposals and contracts for recycling for semiconductor and LCD manufacturers nationwide
	Implement measures to manage chemical substances	Green Procurement Committee	• Determine and strengthen the management of specified hazardous chemical substances • Enhance handling of volatile organic compounds (VOC) and other substances	○	• Formulated and implemented customer guidelines related to green procurement • Started rebuilding green procurement database • Obtained a wide range of legislative information, including PFOS, and conducted a review of green procurement standards • Conducted a survey of PFOS and proceeded with the substitution of relevant components
3. Activities to promote environmentally conscious operations (including in offices)	Strengthen global warming countermeasures (energy-saving measures)	Global Warming Countermeasures Committee	• (Ushio Inc.) Reduce CO <sub>2</sub> emissions per actual unit sales by 43% or more below fiscal 1990 levels • (All Group companies) Reduce CO <sub>2</sub> emissions per unit sales by 1% or more below fiscal 2005 levels • Reduce CO <sub>2</sub> emissions by 5% or more below fiscal 2006 levels by improving distribution	△	• (Ushio Inc.) Reduced CO <sub>2</sub> emissions per actual unit sales by 31% below fiscal 1990 levels • (All Group companies) Reduced CO <sub>2</sub> emissions per unit sales by 10% below fiscal 2005 levels • Reduced CO <sub>2</sub> emissions by 8% below fiscal 2006 levels by improving distribution
	Reduce waste	Zero Emissions Committee	• (Domestic Group companies) Maintain zero emissions • (Ushio Inc.) Reduce waste processing cost by 5% versus the previous fiscal year	△	• Maintained zero emissions status at 3 domestic sites and achieved an effective usage rate of 98% throughout the Group • Reduced waste processing cost by 4% versus the previous fiscal year (domestic Group companies) (evaluated according to emissions volume)
4. Activities that contribute to the environment and society (shared activities)	Enhance communication with stakeholders	Environmental Management Department	• Continue publishing the <i>Group Sustainability Report</i> including CSR information • Publish English digest version of the <i>Group Sustainability Report</i> including CSR information • Expand the environmental information center (introduce e-Learning facilities)	○	• Continued publishing the <i>Group Sustainability Report</i> including CSR information • Published English digest version of the <i>Group Sustainability Report</i> including CSR information • Opened environmental general information center on Group network
	Strengthen (expand) social contribution programs	Environmental Management Department	• Establish an Eco-Club (private activities, with registration online) • Examine systems (volunteer leave, etc.) • Hold environmental events	○	• Introduced volunteer leave system • Started publishing <i>Eco Wind</i> (introduction of volunteer activities) • Held environmental events (Ushio Festival)

\* The Environment Committee resolved to shift from CO<sub>2</sub> emissions per unit of sales to CO<sub>2</sub> emissions per unit of actual sales for emissions reduction targets in compliance with the standards of the four electrical and electronic associations in Japan.

Evaluation: ○ = target achieved; △ = in progress but not complete; x = less than 60% complete

## Fiscal 2007 Environmental Topics

### USHIO Responds to Market Needs with Environmentally Conscious Products

As measures to tackle environmental issues, the USHIO Group works hard to meet market needs in a number of ways such as extending the life and improving the performance of lamps, reducing and eliminating the use of specified hazardous substances and realizing further energy savings.

From a supply chain management (SCM) perspective, we aim to integrate management and the environment through our products by making them more energy efficient and striving to reduce waste.

#### Halogen Lamps Efficiently Heat Up Wafers in the Semiconductor Fabrication Process

USHIO developed a new technology to reduce power consumption by 30% in its halogen lamps for heaters in thermal treatment equipment used in fabrication processes for semiconductors and solar cells.

Historically, a lamp contained one filament, but USHIO succeeded in employing three filaments by devising a tube-like configuration inside the lamp. The three filaments can be controlled to produce different temperatures at both ends and the center of the lamp, thereby enabling an efficient warming process. Promising applications include improving the yield ratio by preventing uneven heating of semiconductor substrates.



Multifilament Heater®

#### Mercury-Free Rare-Gas Discharge Fluorescent Lamps Using No Specified Hazardous Substances

Along with extending the life and improving the performance of lamps, demand for environmentally conscious products that use no specified hazardous substances in materials is growing. Mercury-free rare-gas discharge fluorescent lamps developed by Ushio Lighting, Inc. emit almost no ultraviolet rays and are driven by an electrode architecture, luminous tube production and xenon gas inclusion technique based on USHIO's unique optical technology. These lamps realize stable illumination and all-round high-quality lighting.



XEFL® rare-gas discharge fluorescent lamp

#### Halogen Lamp with Mirror Increases Light-Focusing Efficiency and Saves Power

Halogen lamps are used to enhance the appeal of products in displays such as in shop windows. Amid rising awareness of environmental issues, however, people demand greater efficiency, energy savings and cost performance. Ushio Lighting's new "ADVANCE" mirror-equipped dichroic halogen lamp series employs a new compact filament design that increases light-focusing efficiency, as well as a newly designed mirror that improves the efficiency in light usage. These factors combine to cut power consumption by around 25% and reduce size by approximately 10% relative to conventional USHIO halogen lamps. In addition, gradations and contours are beautifully lit.



USHIO's "ADVANCE" series of dichroic halogen lamps

#### Supporting International Conferences on Environmental Issues: 33rd ASEAN-Japan Business Meeting

The ASEAN-Japan Business Meeting (AJBM) held in November 2007 was attended by 57 persons in managerial positions from 10 ASEAN countries and 64 persons from Japan. USHIO President Shiro Sugata, who delivered a speech entitled "Recommendations for Environmental Corporate Management in the 21st Century: The Roles of Japan and ASEAN" at AJBM in 2006, this time assumed the role as a session chairperson. In this capacity, he introduced environmental initiatives undertaken around the world based on the theme "Regional Cooperation to Cope with Energy and Environmental Issues," which stimulated a lively discussion.



## Green Procurement

### Activity Principles and Objectives

USHIO gathers information on chemical substances to be used during the product development stage and seeks to create a framework for efficient information disclosure at all times.

### Activity Outline and Results

A customer's environmental requirements are viewed as quality requirements. Study sessions are held on an ongoing basis to increase understanding among persons in charge in this regard. Relevant persons from respective departments regularly hold liaison meetings and are proceeding with reconstruction of a green procurement database and improvement in the framework for dissemination of information.

#### Reconstruction of Green Procurement Database

Customers demand increasingly diversified environmental responsiveness. This includes chemical substance survey forms and a non-use guarantee certificate of prohibited substances, with customers requesting submission of RoHS analysis results as the basis of response. For that purpose, USHIO is working to rebuild its green procurement database so that every person in the company can have easy access to and make use of past surveys and other information.

#### Ordering System to Support the Management of Products Containing Chemical Substances

Ushio (Suzhou) Co., Ltd. (USZ) has a system that mandates submittal of analysis data on raw materials and components prior to purchasing. Regarding materials and components for which such data is not easily available, Ushio Inc. and USZ are working together to improve efficient operations through ongoing discussions via regular videoconferences and other measures.

## Development of Environmentally Conscious Products

### Activity Principles and Objectives

In Phase Two of our Environmental Action Plan, we formulated the following action objectives for fiscal 2007.

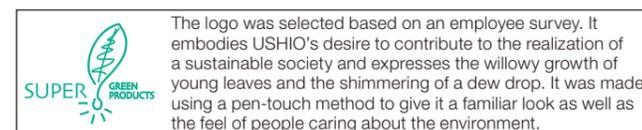
- Expand environmentally conscious product assessment standards at Group companies, including those overseas
- Promote development of super green products
- Expand lifecycle assessments (LCA)

### Activity Outline and Results

In the development roadmap of the Engineering Department, we have included objectives related to the development of super green products that employ innovative environmentally conscious technologies and distinguish them from existing products. To further raise interest in developing super green products among engineers, we designed a new logo as well as selected candidates for super green products through assessments in line with set standards.

#### Implementation of Environmentally Conscious Product Assessments

USHIO implemented environmentally conscious product assessments for approximately 200 kinds of lamps in fiscal 2007. Approximately 100 items were newly recognized as environmentally conscious products as a result of a 10% improvement in light warming-up characteristics and a 5% reduction in weight.



#### New Logo for Super Green Products

USHIO strives to increase awareness among engineers and promote the development of super green products that employ innovative environmentally conscious technologies. With the aim of increasing the appeal of these technologies to the public, we created a new logo for super green products as a "self-declared environmental label." Super green products fulfill super green product standards (formulated in March 2006) and are top-runner products with outstanding environmental consciousness in terms of energy conservation, long life, 3R design, materials used and application.

#### Super Green Products Flash Lamp Anneal Equipment

This equipment was jointly developed with a customer and employs a flash lamp anneal system for performing heat treatment in the semiconductor manufacturing process. Considered a key process to produce next-generation micro processing units (MPU), the flash lamp anneal system enables processing within a low thermal budget, as it raises the temperature of an area of only a few micrometers on the wafer surface, thereby reducing energy use by one-half to one-third compared with the conventional halogen lamp-based method. Ushio Inc. jointly received the President's Award in the "2007 Excellent Saving Energy Equipment" category, presented by the Japan Machinery Federation (JMF).



# Environmental Report

## Zero Emissions

### Activity Principles and Objectives

USHIO set the following targets for fiscal 2007 under Phase Two of its Environmental Action Plan.

- Domestic Group companies: Maintain zero emissions status
- Ushio Inc.: Reduce waste processing cost by 5% versus the previous fiscal year
- Implement a wide array of activities to enhance environmental productivity by introducing material flow cost accounting (MFCA) to reduce the environmental load and lower costs
- Expand product recycling

### Activity Outline and Results

USHIO increased the effective usage rate of resources by 1.5% year-on-year to 98% (as of the end of the fourth quarter, fiscal 2007) across the board. Three of our sites maintained zero emissions status on a quarterly basis while two sites achieved this objective intermittently. The waste processing cost was reduced by 4% versus the previous fiscal year on a volume basis.

### Toward Further Reduction of Emissions: Trial Runs for MFCA

We introduced MFCA as a trial in manufacturing processes for short-arc UV lamps at the Harima and Gotemba divisions. This has enabled us to understand the cost of material loss relative to investment by

weighting and by cost and the cost of system loss due to the wear on equipment. As a result, we made steady inroads to improve processes that generate waste.

## Environmental Risk Management

### Activity Principles and Objectives

It is important not only to implement measures against environment-related accidents and disasters but also to identify environmental issues inside and outside the Group and to respond in a precise manner through our business activities. The USHIO Group views the need to introduce and strengthen environmental risk management as a key element of its environmental management.

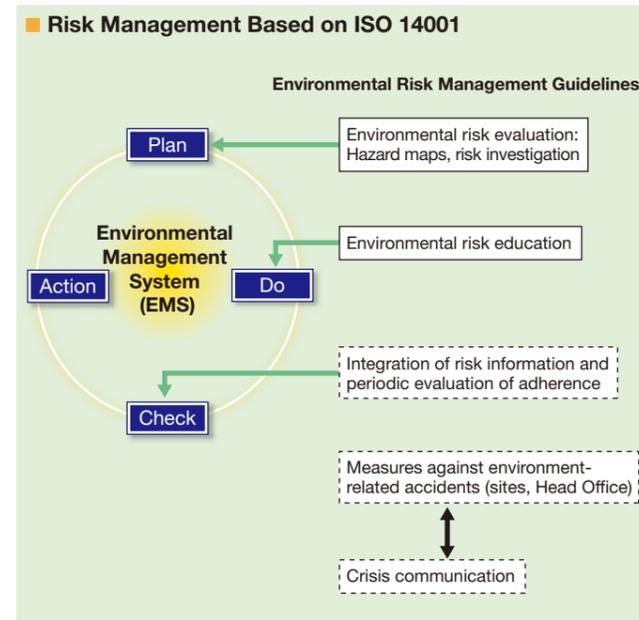
### Activity Outline and Results

### Expansion of Environmental Risk Management throughout Group Companies

USHIO continued to implement environmental risk management at Group companies in Japan and overseas, worked to standardize guidelines with local staff and conducted education programs related to environmental risk.



Environmental Risk Education  
Upper: Ushio Hong Kong Ltd.'s consignment manufacturing plant in Panyu  
Left: Ushio Lighting, Inc.'s head office in Fukusaki



## Global Warming Countermeasures

### Activity Principles and Objectives

- USHIO has set CO<sub>2</sub> emissions reduction targets for fiscal 2007 in Phase Two of its Environmental Action Plan as follows.  
Ushio Inc.: (1) Reduce energy consumption-derived CO<sub>2</sub> emissions per unit of actual sales by more than 43% versus fiscal 1990 levels.  
(2) Reduce CO<sub>2</sub> emissions in logistics operations by 5% or more versus fiscal 2006 levels.  
Consolidated basis: Reduce energy consumption-derived CO<sub>2</sub> emissions per unit of sales by 1% or more versus fiscal 2005 levels.
- In view of the post-Kyoto Protocol era, we aim to reduce CO<sub>2</sub> emissions per unit of actual sales by 60% in 2020 versus fiscal 1990 levels.

### Activity Outline and Results

USHIO has implemented core measures to curb global warming, including promoting greater visibility of actions, reviewing equipment and increasing efficiency of operations and in transportation.

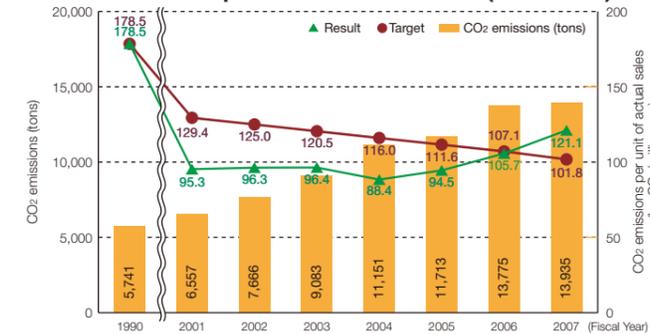
Ushio Inc. reduced energy consumption-derived CO<sub>2</sub> emissions per unit of actual sales by 31% compared with fiscal 1990 levels, which was short of our target. Although we actively implemented energy-saving activities with existing equipment, energy consumption increased overall owing to operations in new buildings at the Gotemba and Harima divisions.

Ushio Inc. reduced CO<sub>2</sub> emissions in logistics operations by 8% versus fiscal 2006 levels, thus achieving its target.  
On a consolidated basis, we reduced energy consumption-derived CO<sub>2</sub> emissions per unit of sales by 10% compared with fiscal 2005 levels.

### Improvement of Efficiency of Energy Use

The Harima Division reduced energy consumption by 1.9% following the reassessment of clean room operations. In addition, a power monitor was set up in the production wing to enable precise control of production processes and equipment, thereby improving management of the level of energy use in each section.

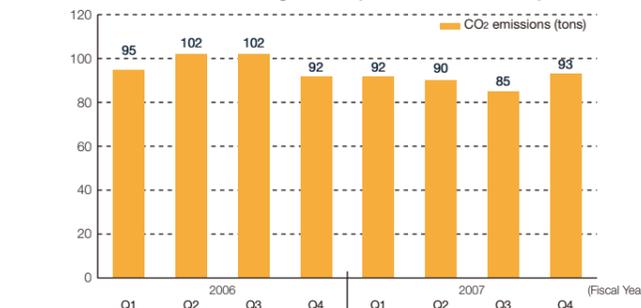
### CO<sub>2</sub> Emissions per Unit of Actual Sales (Ushio Inc.)



### Reduction of CO<sub>2</sub> Emissions in Logistics Operations at Harima Division

The Harima Division took effective measures to reduce CO<sub>2</sub> emissions in logistics operations by changing the delivery routes for more efficient delivery, promoting modal shift to railway transportation and encouraging contract delivery operators to shift to eco-driving. As a result, the division reduced CO<sub>2</sub> emissions in logistics operations by 8% versus fiscal 2006 levels, thus achieving its target.

### CO<sub>2</sub> Emissions in Logistics (Harima Division)



### Group Initiatives

Christie Digital Systems Canada, Inc. (CDSC)

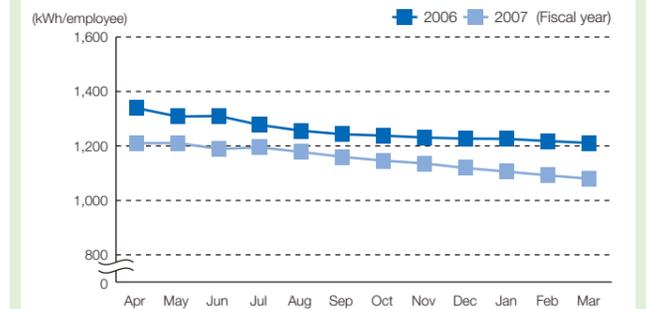
The Christie Green Team has been running the "Power Down" campaign since July 2007 with the objective of reducing power consumption per employee by 10%. Regarding lighting, CDSC optimized lighting at workplaces in line with industry standards, and reduced the number of fluorescent lights by 1,000 without compromising work environments. CDSC also shifted from conventional switches to human sensor-type lighting in rest rooms while turning off lights in offices outside of work hours.

The company also set the thermostat of all air conditioners at 24°C, a temperature based on the results of a survey conducted inside facilities. Additionally, air conditioners were turned off between 5:30 p.m. and 7:00 a.m.

Efforts are also being made to use more energy-conscious manufacturing machinery and OA equipment. Posters throughout the workplace outline the measures taken and their results.

Awareness of the need to conserve energy at work has since increased, with employees making a conscious effort to turn off unnecessary lights. In March 2008, energy consumption was cut by 9.6% compared with July 2007.

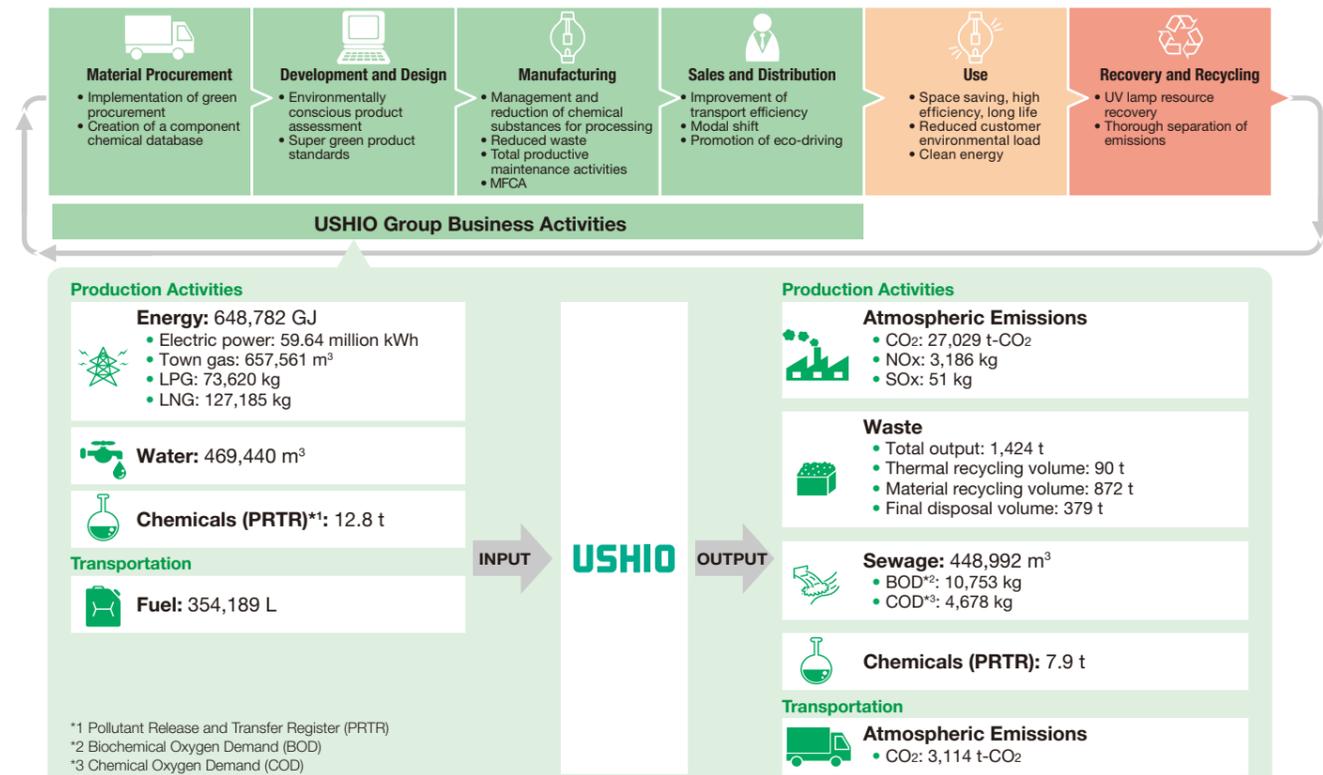
### Power Consumption per Employee



# Environmental Report

## USHIO Group's Ecological Balance

Products are assessed at each stage of their lifecycles to determine the influence of the USHIO Group's business activities on the environment.



• Period: April 1, 2007–March 31, 2008  
• Scope: Companies covered by consolidated environmental management (companies in the Group network indicated on page 1)  
Chemicals (PRTR): Volume of target chemicals emitted, total shift in amount  
\* USHIO used a CO<sub>2</sub> conversion factor for electricity of 0.555 in the 2007 edition (emission factor according to the Law Concerning the Promotion of the Measures to Cope with Global Warming). In the 2008 edition, a factor of 0.410 has been used (emission factor according to the Federation of Electric Power Companies of Japan).  
\* Fuel is used to transport products (by truck) and people using commercial vehicles (company cars) or other means.

## USHIO Group's Environmental Accounting

(Millions of yen)

Category	Major Activities	Costs	Investment in Environmental Equipment	Benefits	
				Actual	Estimated
Pollution prevention	Installation of neutralization tank and equipment maintenance costs, hydrofluoric acid treatment facilities, noise reduction equipment, etc.	46.8	36.4	1.1	46.7
Global environmental conservation	Increase highly efficient air-conditioning systems and electric power monitoring systems, installation of system to shut out outside air, etc.	68.0	21.3	33.9	0.7
Reuse of resources	Waste disposal costs, gains on the sale of recycled waste, recycle box, etc.	85.2	0.1	20.6	0.9
Upstream/downstream activities	Recycling commission fees OA equipment, etc.	8.0	0.1	0.3	0.6
Maintenance activities	Establish and maintain USHIO ECO-SYS EMS, etc.	262.0	56.8	73.3	20.1
R&D	Development costs for environmentally conscious products, development support software, etc.	72.7	3.0	5.1	0.0
Social contributions	Donations, landscaping, tree planting activities, etc.	14.4	0.0	17.7	2.3
Response to environmental degradation	—	0.0	0.0	0.0	0.0
	<b>Fiscal 2007 total</b>	<b>557.0</b>	<b>117.7</b>	<b>151.9</b>	<b>71.2</b>
	<b>Fiscal 2006 total</b>	<b>704.8</b>	<b>29.1</b>	<b>53.4</b>	<b>90.9</b>

• Period: April 1, 2007–March 31, 2008  
• Scope: Companies covered by consolidated environmental management (companies in the Group network indicated on page 1)  
• Environmental conservation costs baseline:  
(1) Costs include personnel costs and depreciation of investments.  
(2) A five-year straight-line depreciation method is used to calculate depreciation of investments.  
(3) When environmental conservation costs are incurred along with other costs, only the amount directly related to environmental conservation was used in the calculations.  
• Benefits: Actual benefits are calculated as they accrue, while estimated benefits are calculated according to estimates.

**Overall reduction in CO<sub>2</sub> emissions: 172,522 t-CO<sub>2</sub>**

\* Reduction in CO<sub>2</sub> emissions = (reduction in electricity use) × (number of units shipped in fiscal 2007) × (CO<sub>2</sub> conversion factor)  
Evaluated using amount of CO<sub>2</sub> emissions when using energy-saving products representative of the entire USHIO Group.

## Site Data

### Promoting Environmental Management as a Group

USHIO Group companies promote environmental activities through the creation of a unique EMS that ensures cohesiveness between Group companies by adhering to Eight Items for Enhanced Group Environmental Governance (G8). The following outlines major EMS activities and environmental performance at Group companies and sites.

In fiscal 2007, there were no reports of violations of environment-related laws, lawsuits, fines, penalties or accidents at any of the sites.

## Production Sites

Domestic Overseas

### USHIO INC. Harima Division



1194, Suzuchi Bessho-cho, Himeji, Hyogo 671-0224, Japan

**Primary Products:** Super-high-pressure UV lamps, NSH lamps, halogen lamps, inert gas lamps, excimer lamps  
**EMS Certification Status:** ISO 14001/Oct. 1997 (expanded certification at other sites including Gotemba Division, Tokyo Sales Headquarters and Osaka Branch in Oct. 2004)  
ISO 9001/May 1993 (expanded certification at other sites including Gotemba Division in Oct. 1995)  
**Major Environmental Activities:**  
• Distributed Sustainability Report to local government offices and the local community, and reported on activities.  
• Held an exhibition with games related to environmental issues for children at the Ushio Festival.  
• Started operation of short-arc UV lamp recovery and recycling system.  
• Set up a power monitor in the production wing and established an energy monitoring system.

### USHIO INC. Yokohama Division



6409 Moto-Ishikawa-cho, Aoba-ku, Yokohama, Kanagawa 225-0004, Japan

**Primary Products:** All types of exposure devices, spot UV irradiation devices, light measuring devices  
**EMS Certification Status:** ISO 14001/Feb. 2004, ISO 9001/Jul. 1997  
**Major Environmental Activities:**  
• Conducted efficient management through integrated management of ISO 14001 and ISO 9001.  
• Increased load efficiency, including transport to partner plants, and achieved a 20% reduction in CO<sub>2</sub> emissions per unit of sales vs. previous fiscal year in logistics.

### USHIO INC. Gotemba Division



1-90, Komakado, Gotemba, Shizuoka 412-0038, Japan

**Primary Products:** Super-high-pressure UV lamps, liquid crystal panel devices, exposure systems  
**EMS Certification Status:** ISO 14001/Oct. 2004 (during expansion of Lamp Company certification), Feb. 2004 (System Company)  
ISO 9001/Oct. 1995 (during expansion of Lamp Company certification), Jul. 1997 (System Company)  
**Major Environmental Activities:**  
• Set up a power monitor in the production wing and enabled comprehension of power consumption condition.  
• Installed a water supply monitoring system and enabled comprehension of water consumption condition.  
• Improved lamp inspection equipment and significantly reduced VOC consumption.  
• Shifted to a heat pump system for all new vending machines containing cans and PET bottles.

### USHIO LIGHTING, INC.



860-22, Saiji, Fukusaki-cho, Kanzaki-gun, Hyogo 679-2215, Japan

**Primary Products:** Halogen lamps for lighting, metal halide lamps, special heaters, optical fiber source devices  
**EMS Certification Status:** ISO 14001/Jan. 2003 (expanded certification including 5 other branches in Mar. 2006)  
ISO 9001/Dec. 2001, OHSAS 18001/Sep. 2004  
**Major Environmental Activities:**  
• Improved clean room operations and shifted to energy-saving equipment when upgrading machinery (reduced power consumption by 2% vs. previous fiscal year).  
• Developed and started selling environmentally conscious products such as mercury-free fluorescent lamps and low-power-consumption halogen lamps.  
• Promoted landscaping and tree planting in surrounding communities and at industrial complexes.  
• Conducted water conservation activities such as inspecting leaks in water pipes and proceeded with improvements to advanced treatment using septic tank system.

### TSUKUBA USHIO ELECTRIC, INC.



5-2-1, Tokodai, Tsukuba, Ibaraki 300-2635, Japan

**Primary Products:** Metal halide lamps, xenon flash lamps, water-cooled pulsed lamps  
**EMS Certification Status:** ISO 14001/Apr. 2005, ISO 9001/Mar. 2004  
**Major Environmental Activities:**  
• Renewed environmental facilities such as neutralization tank.  
• Set up scrubber facilities and improved wastewater treatment and work environment.  
• Promoted recycling of sludge after acid-alkaline neutralization treatment and waste oil from vacuum pumps.  
• Created a hazard map and conducted inspections and monitoring to prevent pollution from environment-related facilities at the plant.

### HYOGO USHIO LIGHTING, INC.



159-1, Igidani, Yamasaki-cho, Shiso, Hyogo 671-2517, Japan

**Primary Products:** Halogen lamps for store lighting, halogen lamps for stage lighting, coil mounts for stage lighting  
**EMS Certification Status:** Establishment of EMS in progress  
**Major Environmental Activities:**  
• Conducted 4S\* activities with full employee participation every week to enhance the plant environment.  
• Designed layout of compressor room to increase cooling efficiency and reduce fans in operation.

\* 4S refers to a methodology for organizing and managing a workplace involving *seiri* (sorting), *seiton* (set in order), *seisou* (systematic cleaning) and *seiketsu* (standardizing) activities.

### NIHON DENSHI GIJUTSU CO., LTD.



2-2-27, Takane, Sagamihara, Kanagawa 229-0021, Japan

**Primary Products:** Projector signal switches, PHOBOS Printed Wire Board (PWB) for projectors, PWBs for cameras used in TAB inspection devices  
**EMS Certification Status:** ISO 14001/Aug. 2004, ISO 9001/May 1999  
**Major Environmental Activities:**  
• Reduced cardboard boxes in delivery by using more returnable containers in cooperation with suppliers.  
• Distributed Sustainability Report to the local community and explained environmental activities, as well as conducted environmental survey (zero claims).  
• Promoted volunteer activities for forestation and tree planting together with residents of the prefecture.

### USHIO AMERICA, INC. (UAI)



5440 Cerritos Avenue, Cypress, CA 90630, U.S.A.

**Primary Products:** Super-high-pressure UV lamps, metal halide lamps for office equipment, halogen lamps  
**EMS Certification Status:** ISO 14001/Nov. 2007 (UAI Head Office, Irvine Factory), ISO 14001/Mar. 2008 (UAI Oregon Operations Div.), ISO 9001/Oct. 2005 (UAI Oregon Operations Div.)  
**Major Environmental Activities:**  
• Audited on ISO 14001 and attained certification.  
• Reduced power consumption by shifting to high-efficiency lighting (annual reduction: 51,000 kW).  
• Reduced copy paper and implemented recycling activities.  
• Conducted internal training by persons who underwent training for handling hazardous materials (HAZMAT).

### CHRISTIE DIGITAL SYSTEMS USA, INC. (CDSU)



10550 Camden Drive, Cypress, CA 90630, U.S.A.

**Primary Products:**  
Manufacture and sales of movie theater projection systems and light source-related equipment  
**EMS Certification Status:**  
ISO 14001/Nov. 2007  
**Major Environmental Activities:**  
• Successfully conducted activities to attain ISO 14001 certification in cooperation with CDSU and UAI.  
• Worked to reuse paper and wood pallets, and almost doubled recycling rate.  
• Donated funds for a tree-planting event.

\* Figures and activities include those of CDSU and Event Audio Visual Group (EAVG).

### CHRISTIE DIGITAL SYSTEMS CANADA, INC. (CDSC)



809 Wellington Street, North Kitchener, Ontario, N2G 4Y7, Canada

**Primary Products:**  
Development and manufacture of digital movie projection systems, monitoring control systems and other projectors  
**EMS Certification Status:**  
ISO 14001/Jun. 2007, ISO 9001/Jun. 1987  
**Major Environmental Activities:**  
• Successfully conducted activities to attain ISO 14001 certification in cooperation with CDSU and UAI.  
• Conducted energy-saving activities and stopped equipment (reduced power consumption by 6%).  
• Installed a powder separator.  
• Environmental Management Group held a monthly environmental enlightenment event for employees

### BLV LICHT- UND VAKUUMTECHNIK GmbH (BLV)



Müchner Straße 10, 85643 Steinhöring, Germany

**Primary Products:**  
Metal halide lamps, halogen lamps for lighting, halogen lamps for heaters, high-pressure UV lamps  
**EMS Certification Status:**  
Establishment of EMS in progress, ISO 9001/Dec. 1991  
**Major Environmental Activities:**  
• Made effective use of heat generated by lamp life tests for heating the warehouse and reduced fuel consumption.  
• Developed mercury-free high-pressure discharge lamp.

\* Figures and activities include those of Dipl.-Ing. Reinhold Eggers GmbH and Natrium S.A.

### USHIO (SUZHOU) CO., LTD. (USZ)



6, Yuyang Street, Suzhou New District, Suzhou, P.R.C.

**Primary Products:**  
Halogen lamps for office equipment, inert gas fluorescent lamps, projector light sources and devices  
**EMS Certification Status:**  
ISO 14001/Mar. 2005, ISO 9001/Mar. 2005, OHSAS 18001/May 2006  
**Major Environmental Activities:**  
• Conducted audit on chemical substance management system at suppliers as part of green procurement activities.

### USHIO PHILIPPINES, INC. (UPI)



First Cavite Industrial Estate, Barangay Langkaan, Dasmariñas, Cavite, Philippines

**Primary Products:**  
Halogen lamps for lighting and office equipment  
**EMS Certification Status:**  
ISO 14001/Jun. 2004, ISO 9002/Dec. 2000  
**Major Environmental Activities:**  
• Reduced CO<sub>2</sub> emissions through activities to conserve energy, such as turning off lights during breaks.  
• Introduced analysis equipment to check for RoHS compliance and improved the material receipt process.

### TAIWAN USHIO LIGHTING, INC. (TULI)



#82, Taiho Rd., Chupei, Hsinchu Hsien, Taiwan, R.O.C.

**Primary Products:**  
Halogen lamps for stage lighting, halogen lamps for general lighting, metal halide lamps  
**EMS Certification Status:**  
ISO 14001/Apr. 2004, ISO 9001/Mar. 2003 (following ISO 9002 certification in Jul. 1997 as Ushio Taiwan, Inc., standards changed after becoming a spinoff company)  
**Major Environmental Activities:**  
• Executed initiatives to conserve power at the plant and reduced power consumption by 10% in April 2008 versus the same month in 2006.  
• Conducted 4S patrol and evaluation and increased visibility of 4S.  
• Conducted thorough clean-up of the plant every weekend and cleaned up around company premises on alternate weeks.

### USHIO EUROPE B.V.



Sky Park, Breguetlaan 16-18, 1438BC Oude Meer, The Netherlands

**Primary Tasks:**  
Sale of super-high-pressure UV lamps, xenon short-arc lamps, halogen lamps and light system products  
**EMS Certification Status:**  
Establishment of EMS in progress  
**Major Environmental Activities:**  
• Turned off lights during breaks and separated waste, etc.  
• Researched environmental regulations in Europe and provided information to Group companies.

\* Figures and activities include those of Ushio France S.A.R.L., Ushio Deutschland GmbH and Ushio U.K. Ltd.

### USHIO HONG KONG LTD.



Tower 6, 31/F, Suites 3113-14, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

**Primary Tasks:**  
Sale of halogen lamps for office equipment, inert gas fluorescent lamps and units, and projector light sources  
**EMS Certification Status:**  
ISO 14001/Apr. 2008  
**Major Environmental Activities:**  
• Attained ISO 14001 certification.  
• Shifted to inverter-type energy-saving air conditioners at distribution and technology centers.

\* Figures and activities include those of Ushio Lighting (Hong Kong) Co., Ltd.

### USHIO TAIWAN, INC.



#31, 10/F, Sec.1 Chung-Shiaw E. Road, Taipei, Taiwan, R.O.C.

**Primary Tasks:**  
Sale of super-high-pressure UV lamps, halogen lamps, all types of exposure devices and optical devices  
**EMS Certification Status:**  
ISO 14001/Feb. 2006  
**Major Environmental Activities:**  
• Underwent and passed evaluation test for ISO 14001 update.  
• Reduced volume of general waste and copy paper, and turned off lights at lunchtimes.  
• Conducted training for emergency situations.

### USHIO KOREA, INC.



Dukheung Bldg., 14/F, 1328-10, Seocho-dong, Seocho-ku, Seoul, Korea

**Primary Tasks:**  
Sale of super-high-pressure UV lamps, xenon short-arc lamps, all types of exposure devices and optical devices  
**EMS Certification Status:**  
ISO 14001/Dec. 2006  
**Major Environmental Activities:**  
• Separated waste, promoted double-sided printing and cut back on tap water.  
• Held ISO 14001 workshops and environmental training.

### USHIO SINGAPORE PTE LTD.



#1, Jalan Kilang #05-01, Dynasty Industrial Bldg., Singapore 159402

**Primary Tasks:**  
Sale of super-high-pressure UV lamps, xenon short-arc lamps, halogen lamps and light system products  
**EMS Certification Status:**  
ISO 14001/Dec. 2007, ISO 9001/Dec. 2007  
**Major Environmental Activities:**  
• Attained ISO 14001 certification along with ISO 9001 certification.  
• Achieved 100% recycling by requesting logistics operators to reuse packaging materials for OA heater lamps and pallets.

### USHIO SHANGHAI, INC.



HSBC Tower, 10/F, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, 200120, P.R.C.

**Primary Tasks:**  
Sale of light sources and equipment for semiconductors and LCDs, light sources for movie screens and light sources for illumination purposes  
**EMS Certification Status:**  
Establishment of EMS in progress  
**Major Environmental Activities:**  
• Established an environment committee and promoted activities aimed at attaining ISO 14001 certification in fiscal 2008.

## Nonproduction Sites

### USHIO INC. Head Office



6-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8150, Japan

**Primary Tasks:**  
Coordination of operations for Ushio Inc. and the USHIO Group  
**EMS Certification Status:**  
ISO 14001/Dec. 2004  
**Major Environmental Activities:**  
• Reduced power consumption by 15% versus fiscal 2006.  
• Participated in educating internal environmental auditors for the Group and increased the proportion of internal environmental auditors to 17.6% of total Head Office employees.  
• Released an email newsletter regarding office environmental activities.

### USHIO INC. Tokyo Sales Headquarters



6-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8150, Japan

**Primary Tasks:**  
Sale of light sources and light source units and devices  
**EMS Certification Status:**  
ISO 14001/Oct. 2004 (during expansion of Lamp Company certification), ISO 14001/Feb. 2004 (System Company)  
**Major Environmental Activities:**  
• Promoted activities to expand customer contracts for short-arc UV lamp recycling systems.  
• Conducted analysis of power consumption, waste and copy paper usage on a monthly basis and reduced each of these factors.

### USHIO INC. Osaka Branch



5-13-9, Nishi-Nakajima, Yodogawa-ku, Osaka 532-0011, Japan

**Primary Tasks:**  
Sale of light sources and light source units and devices  
**EMS Certification Status:**  
ISO 14001/Oct. 2004 (during expansion of Lamp Company certification)  
**Major Environmental Activities:**  
• Reduced number of OA machines through disposal and integration, and introduced power-saving models.  
• Reduced paper through digitization through PDF use and double-sided and reduced printouts.  
• Reduced power by turning off fluorescent lighting 30% of the time and extra lighting at lunchtimes.  
• Used hybrid vehicles.

### XEBEX, INC.



Nishino Kinryo Bldg., 4-9-4, Hatchobori, Chuo-ku, Tokyo 104-0032, Japan

**Primary Tasks:**  
Sale of projection equipment for cinemas, xenon lamps for projection equipment and cinema audio equipment  
**EMS Certification Status:**  
ISO 14001/Jan. 2008  
**Major Environmental Activities:**  
• Attained ISO 14001 certification and expanded activities related to sales services and equipment installation services.  
• Reduced power consumption by 6.3%.  
• Conducted activities prioritizing environmentally conscious products, such as electric materials, when installing projection equipment for cinemas.  
• Conducted environmental activities concerning waste treatment in equipment installation services for customers.

## Environmental Load Data

### Production Sites

		USHIO INC.			USHIO LIGHTING, INC.	TSUKUBA USHIO ELECTRIC, INC.	HYOGO USHIO LIGHTING, INC.	NIHON DENSHI GJUTSU CO., LTD.	USHIO AMERICA, INC.	CHRISTIE DIGITAL SYSTEMS USA, INC.	CHRISTIE DIGITAL SYSTEMS CANADA, INC.	BLV LICHT- UND VAKUUMTECHNIK GmbH	USHIO (SUZHOU) CO., LTD.	USHIO PHILIPPINES, INC.	TAIWAN USHIO LIGHTING, INC.	
		Harima Division	Yokohama Division	Gotemba Division												
Input	Total energy input (GJ)	253,105	23,720	49,534	50,975	11,203	5,681	877	29,160	11,017	63,207	54,467	27,745	23,555	18,907	
	Water resources (m <sup>3</sup> )	60,152	28,982	57,065	24,865	1,498	1,041	288	24,867	3,162	4,873	3,707	16,130	226,999	3,636	
Output	Greenhouse gases (t-CO <sub>2</sub> )	10,769	981	2,091	1,966	437	393	38	1,211	457	2,438	2,097	1,314	1,041	738	
	NOx (kg)	420	12	67	72	3	43	14	78	14	775	115	1	0	42	
	SOx (kg)	0	0	45	0	0	0	0	0	0	3	1	0	0	1	
	Total effluent (m <sup>3</sup> )	48,545	27,705	57,065	24,865	1,497	1,041	276	24,867	3,167	4,873	3,707	12,753	226,999	3,636	
	BOD (kg)	10,604	-	85	61	3	-	-	-	-	-	-	-	-	-	
	COD (kg)	4,440	-	130	109	0	-	-	-	-	-	-	-	-	-	
	PRTR	Chloroform (kg) : atmospheric	5,587	-	1,075	-	-	-	-	-	-	-	-	-	-	-
		: solid waste	-	-	175	-	-	-	-	-	-	-	-	-	-	-
		Molybdenum (kg) : liquid waste	5	-	-	-	-	-	-	-	-	-	-	-	-	-
	Solid waste	: solid waste	484	-	-	114	-	-	-	-	-	-	-	-	-	-
Total output (kg)		409,219	52,776	99,862	166,790	12,908	2,969	4,865	166,854	24,977	118,959	121,441	9,846	49,951	12,052	
Final disposal volume (kg)		6,378	142	6,620	43,160	0	0	0	108,001	11,453	37,498	12,890	-	13,979	7,887	
Effective usage rate (%)	98.4	99.7	93.4	74.1	100.0	100.0	100.0	35.3	54.1	68.5	89.4	-	72.0	34.6		

### Nonproduction Sites

		USHIO INC.			XEBEX, INC.	USHIO EUROPE B.V.	USHIO HONG KONG LTD.	USHIO TAIWAN, INC.	USHIO KOREA, INC.	USHIO SINGAPORE PTE LTD.	USHIO SHANGHAI, INC.	
		Head Office	Tokyo Sales Headquarters	Osaka Branch								
Input	Total energy input (GJ)	1,850	647	230	994	2,132	4,997	3,908	4,659	675	174	
	Water resources (m <sup>3</sup> )	-	-	-	-	2,772	2,298	3,647	834	734	-	
Output	Greenhouse gases (t-CO <sub>2</sub> )	86	27	10	48	58	207	208	298	30	7	
	NOx (kg)	82	0	3	64	0	13	409	912	21	0	
	SOx (kg)	0	0	0	0	0	0	0	1	0	0	
	Total output (m <sup>3</sup> )	-	-	-	-	2,772	2,163	3,647	834	281	-	
	Solid waste	Total output (kg)	18,286	6,873	754	4,472	2,076	125,549	2,028	767	300	3,410
		Final disposal volume (kg)	393	449	0	2,670	2,076	109,534	643	213	300	-
Effective usage rate (%)	97.9	93.5	100.0	40.3	0.0	12.8	68.3	72.2	0.0	-		

The above site data includes figures from the following sites.

USHIO INC. Yokohama Division	USHIO INC. System Company Sales Division	BLV LICHT- UND VAKUUMTECHNIK GmbH	Dipl.-Ing. Reinhold Eggers GmbH <EGG>, NATRIUM S.A. <NAT>
USHIO AMERICA, INC.	USHIO CANADA, INC. <UCI>	USHIO EUROPE B.V.	USHIO FRANCE S.A.R.L. <UFS>, USHIO DEUTSCHLAND GmbH <UD>, USHIO U.K., LTD. <UUK>
CHRISTIE DIGITAL SYSTEMS GROUP	CHRISTIE DIGITAL SYSTEMS USA, INC. <CDSU>, CHRISTIE DIGITAL SYSTEMS CANADA, INC. <CDSC>, EVENT AUDIO VISUAL GROUP INC. <EAVG>	USHIO HONG KONG LTD.	USHIO LIGHTING (HONG KONG) CO., LTD. <ULHK>