

Sustainability Report 2010

Year ended March 31, 2010

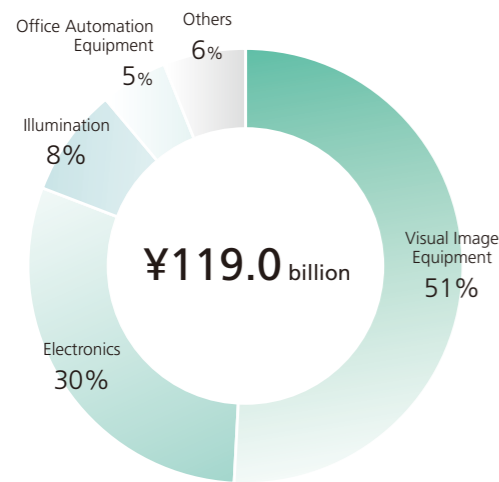


USHIO Group At a Glance

USHIO INC. began operations as a manufacturer of industrial light sources in 1964. The Company has since evolved into a "light creator" that provides light units, equipment, and systems as well as "light solutions" through developing new light sources and developing and applying proprietary optical technology.

USHIO's light technology is not only for "illumination" but also is widely employed in cutting-edge industrial segments and the science and technology arena as an energy source. In addition to producing countless products that have captured the top global share, we are currently cultivating new business fields in such areas as biotechnology, medical science, microelectronic mechanical systems (MEMS), and visual imaging.

Net Sales



Corporate Profile

Company Name	USHIO INC.
Head Office	6-1 Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan
Established	March 1964
Paid-In Capital	¥19,556,326,316
Number of Employees	4,732 (Group-wide)

Visual Image Equipment



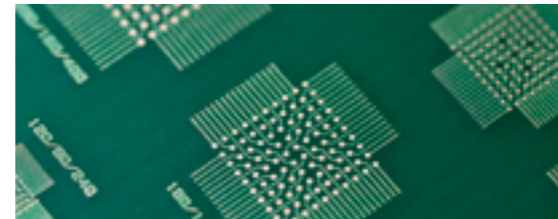
Main Products

Digital cinema projectors
Film cinema projectors
Lamps for cinema projectors
Lamps for data projectors

Main Group Companies

- CHRISTIE DIGITAL SYSTEMS U.S.A., INC.
- CHRISTIE DIGITAL SYSTEMS CANADA, INC.
- XEBEX INC.
- CHRISTIE DIGITAL SYSTEMS U.S.A., INC. Japan Branch

Electronics



Lamps/lasers/EUVs for photolithography
Exposure systems for various electronic circuit substrates
LCD panel bonding systems
LCD panel optical cleansing systems
UV systems
Photoheating systems

- GIGAPHOTON INC.
- XTREME technologies GmbH

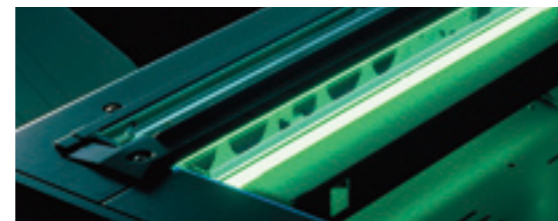
Illumination



Halogen lamps
Metal halide lamps
Xenon short arc lamps
LED
Various spotlights

- USHIO LIGHTING, INC.
- USHIO SPAX INC.

Office Automation Equipment



Light sources for scanners
Light sources for toner fixation

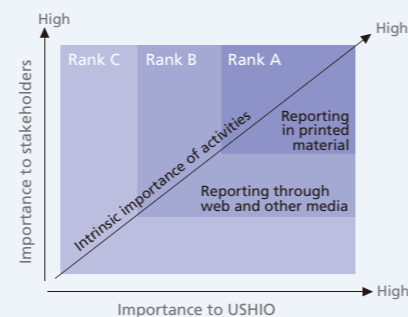
- USHIO HONG KONG LTD.
- USHIO (SUZHOU) CO., LTD.

Information Provided by This Sustainability Report

In choosing the material for this Sustainability Report, we focused in particular on identifying what readers would be most interested in and what the most critical matters for reporting would be. These matters were selected as indicated in the diagram on the right. In this report, we adhered to the "triple bottom line" format of economic, social and environmental reporting used in previous reports. At the same time, this year's report was prepared with an emphasis on the themes of People, the Environment and CSR Activities in order to increase understanding and interest in the USHIO Group's activities among as many stakeholders as possible.

This report was written in our own format based on: Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, Generation 3 (GRI G3); Environmental Report Guidelines (2007 edition) from the Japanese Ministry of the Environment.

Approach to Materiality at the USHIO Group



Use of Website

In addition to preparing the Sustainability Report 2010 based on the approaches outlined on the left, we provide more comprehensive and detailed reporting on our website. Please refer to the USHIO corporate website for details on matters with the label shown below.

[Web http://www.ushio.co.jp/en/csr/index.html](http://www.ushio.co.jp/en/csr/index.html)

Scope of Report

Time Period: This report basically covers FY2009 (April 1, 2009 to March 31, 2010), but also includes some continuing activities from before FY2009, and some activities in FY2010.

Organizations: All USHIO business sites and Group companies worldwide

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Top Message

Striving for a 21st Century Model of Management



It has now been ten years since the start of the 21st century. We face many challenges as a society, including environmental problems—specifically, global warming and loss of biodiversity—and the loosening of social ties due to material wealth.

Takada Koin, who was abbot of Yakushi-ji Temple, sounded the warning bell with the phrase, “Prosper materially, perish spiritually.” People may be starting to notice that important things were lost during Japan’s extended period of rapid economic growth and may be striving to regain them. I suspect that this movement is reflected in current consumption trends.

Companies today need to establish a model of management suitable for the 21st century. The first difference between conventional management and 21st century management is the initiative to address environmental issues. This takes the form of corporate activities that do not destroy nature and do not waste finite natural resources as well as making products and services that meet the environmental needs of customers. The second difference is further response to globalization. Japan must revitalize regional economies in step with expansion in Asia and develop opportunities to catalyze its own growth. It is essential that we understand each other’s national and cultural differences and embrace the fact that we live together with the rest of the world’s inhabitants.

The third difference is human resources. It is important that each and every employee consider how to balance their work life and private life. Having a purpose in life, a sense of mission and aspirations, feeling that you are useful to and needed by others, and having friends and family to share in life’s joys and sorrows are all extremely important factors. We must build a society in which each individual has autonomy and demonstrates their individuality and imagination. Volunteer activities rooted in compassion will play an important role in the 21st century society. That is to say, excellent companies need excellent employees with an excellent outlook on life.

The mission of the USHIO Group remains unchanged since its founding. It is to deliver high-quality light and high-quality lighting products to the market and to solve the problems customers face. Believing in the potential of light, we will convert light into a force for solving problems and use light to create markets yet to be seen. This is the social responsibility of the USHIO Group.

Jiro Ushio
Chairman and USHIO Group Representative

Providing Satisfaction and Hope to All Stakeholders



Business Development in Step with Social and Environmental Change

The major recession that enveloped the globe starting in the second half of 2008 vastly changed the social and environmental demands placed on companies. On the environmental side, requests for greater energy savings and higher efficiency have mounted, and on the societal side, the social responsibilities of companies, including employment, have been strongly called into question. The USHIO Group has included eco-conscious business development in its Medium-term Vision. We will incorporate further environmental considerations into existing products and actively engage in new areas of business, such as solid-state light sources with exceptional environmental performance, in order to meet the needs of society.

Environmental Initiatives Rooted in Our Core Business

The USHIO Group’s environmental initiatives have entered their third phase based on achievements from and critical reflection on the past six years.

USHIO has identified challenges for 2012 that must be tackled in order to realize the goals for 2020 laid out in our Environmental Vision. We have set an absolute target for CO₂ reduction in order to help prevent global warming and have incorporated new initiatives for preserving biodiversity into our goals. We led the industry in recycling super high-pressure UV lamps used in semiconductor manufacturing equipment and xenon lamps for movie theaters. This new initiative meets the needs of customers while simultaneously helping to protect the environment.

Guided by the USHIO Group Management Philosophy, which states, “Contribute to society through superior products and innovative research and development,” we will actively work to help the environment through our products. We regard this as an important responsibility of the USHIO Group. In particular, customers recently have come to have an extremely high awareness of environmental issues. We will redouble efforts to develop and provide products that are beneficial to the environment even after they are delivered to customers.

CSR in the Broad Sense

Corporate social responsibility means legal compliance, environmental considerations and social contribution in the narrow sense, but in the broad sense it means contributing to society by providing better products and services, ensuring stable profits, and returning profits at appropriate levels.

In order to steadily execute these duties and achieve sustainable growth and development, we will sketch a clear vision for the Company, conduct the necessary business development and enhance programs and systems. In the process, we aim to provide satisfaction and hope to all stakeholders—employees, customers, suppliers, local communities, and shareholders.

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

Feature My Job Is CSR

In this feature, we spotlight how individual employees think about and approach the five aspects of CSR we emphasize—people, quality, the environment, society, and compliance.

People



Nobuo Inoue
Quality Control Department, USHIO INC.

I wanted to use my many years of experience to help in some way even in retirement, so I chose to take part in the Senior Expert Program. I have been involved in making lamps for a long time, but there are still many, many discoveries to be made and everyday there is something to spark my interest. In an environment where I can think together with my worksite colleagues, I plan to continue working to create even better xenon lamps.

A company provides a stage for people with differing personalities and values to come together and work toward common goals while fully demonstrating their respective skills and abilities. Communicating aspirations and experiences developed over many years even after reaching retirement age serves to pass those aspirations and experiences down to the next generation. For further details, see page 12, "Working Together With Employees."

For details → **P12**



Masahito Kadota
Production Department, USHIO INC.

We are delighted yet daunted by the challenge of increasing production to meet growing demand for lamps used in digital cinema projectors. While the production line is extremely busy as a result, our first priority is to ensure safety as we work to improve operational efficiency, and maintain and improve quality.

As our customers have entered overseas markets, USHIO Group products manufactured at overseas production sites have increased. To ensure that overseas manufacturing plants provide the same quality and customer support as Japan, we are focused on training local human resources through such initiatives as personnel exchanges between Japan and overseas sites.



Brenda Esoy
Production Department, USHIO PHILIPPINES, INC.

I had the opportunity to work at the Harima Division for half a year from 2007 to 2008 in order to learn about the manufacturing process for lamps. For the first two months I studied the language, and starting in 2008 training was conducted on the manufacturing floor. Training on the manufacturing floor was difficult because of the language barrier and the winter weather, but I was able to learn the manufacturing technology used in the sealing process, which has a major impact on quality. The things I learned in Japan have proven extremely useful back at the Philippines plant. A tangible result is the confidence we have gained in creating products.

USHIO INC. has earned Kurumin certification under Japan's Act for Measures to Support the Development of the Next Generation for two consecutive years, illustrating our commitment to balancing work and raising children through various work-life balance programs. For further details, see page 12, "Working Together With Employees."

For details → **P12**



Sachiyo Kitada
Production Department, USHIO INC.

I know many people who are working while raising their children, so I didn't feel too anxious about taking childcare leave. Since returning to work, the days of focusing solely on my children now seem like a dream, and every day is quite hectic. To employees thinking about taking childcare leave, I say not to worry and take full advantage of it. When you return, those hectic days will start again!

Quality & Customer Satisfaction



Lü Ying
Quality Engineering Section,
USHIO (SUZHOU) CO., LTD

I am responsible for technology used in office automation equipment. Design work has started to be transferred from Japan, giving me the opportunity to think about many new things. I am gradually coming to understand the thought that goes into designing the lamps produced in Suzhou. In the past when trouble occurred in the process, I would consult with the technology team in Japan and would ask them to make changes in the technical drawings or specifications, but I now intend to do my best to handle such problems in-house.



Ruut Schouten
Sales Department, USHIO EUROPE B.V.

I promote sales of USHIO Group products (excluding equipment) and develop OEM customers in Benelux, Scandinavia, the three Baltic states, and the Turkish region. In order to comply with a law on sterilizing ballast water used by cargo vessels, etc. that is slated to go into effect in 2012, we proposed not only lamps for sterilization equipment manufacturers but lamps packaged with power supplies developed and designed by USHIO EUROPE in an effort to meet user needs in a highly detailed manner. Going forward, we intend to continue maximizing USHIO's strengths to work to resolve customer concerns and provide products that benefit society.



Yumiko Nakata
Sales Department, USHIO INC.

We conduct a recycling program for xenon lamps used by movie theaters. The program was started in response to customers telling us that they didn't know how to dispose of the xenon lamps and that they were piling up, which was a headache for them. We created a collection and recycling system, previously thought to be exceedingly difficult to achieve. More than anything, I am thrilled to see the faces of our happy customers. The program also benefits the environment by reducing waste.

We put customer satisfaction first and will continue to engage in socially significant businesses that help create a happy, enriching society through exceptional products and new research and development. The xenon lamp recycling program is a product of these efforts. For further details, see P26, "Conserving Resources."

For details → **P26**

The USHIO Group believes that the fundamental task of a company is creating and providing exceptional products, new products and better services. This year, USHIO is integrating its policies on quality and conducting initiatives from the customer's viewpoint, which include creating "Hikari no Torisetsu," a reference guide to lighting options. For further details, see P14, "Working Together with Customers."

For details → **P14**



Xia Gao
Management Department, USHIO SHANGHAI, INC.

USHIO SHANGHAI and USHIO (SUZHOU) CO., LTD. have published the USI & UZI internal newsletter *China Window* since July of last year. The newsletter features monthly messages from top management and information on company activities, and has the goal of enhancing communication within the Company. It is also useful as a tool for building relationships with distributors, which play an important role in promoting sales of USHIO products in the Chinese market. Recently, the newsletter has begun to run a series of articles on the day-to-day work of employees and events in their lives outside of work. We intend to continue *China Window* in order to create an even better company.



Mitsuaki Kai
Public Relations Office, USHIO LIGHTING, INC.

Fulfilling corporate social responsibilities involves "bridging the gap." This means not only creating a bridge between the Company and its stakeholders but also working to provide information to fill the gap between stakeholder perceptions and the reality of USHIO and constantly convey our true colors. We are currently working to raise the satisfaction of stakeholders by promptly and accurately identifying the information desired by the market and customers, and providing such information on a "just-in-time" basis.

Environment & Social Contributions



Kazuaki Imamichi
Technology & Engineering Department, NIHON DENSHI GIJUTSU CO., LTD.

NIHON DENSHI GIJUTSU (NDG) participates in volunteer activities every year. This year we participated in clearing underbrush from the "21st Century Forest" in the city of Minamiashigara. Cutting away brush allows light to reach seedlings that have been planted and prevents nutrients from being taken by weeds, helping the seedlings to grow. Working in the hot, summer sun really made us sweat, but the aroma of the freshly cut grass and learning about the insects and plants that emerge as you cut the grass were fresh, new discoveries not normally encountered in daily life. Working together with others outdoors also provides a great opportunity to communicate with co-workers on a level not possible at the office.

The USHIO Group is engaged in a variety of social contribution and environmental communication initiatives. At USHIO AMERICA, people referred to as "USHIO Angels" conduct support activities for people fighting cancer. For further details on the USHIO Group's social contribution initiatives, see page 16, "Working Together with Local Communities," and page 27, "Environmental Communication."

For details → **P16 P27**



Christie Dubal
Production Operator, USHIO AMERICA, INC.

Cancer shakes up our lives in many ways. It brings heartache when a friend or loved one dies from it and jolts us when we are diagnosed with it. I cheer on the American Cancer Society's Relay for Life while thinking of friends who have lost the battle to cancer and others who have overcome it. And, for myself, and for everyone currently fighting the disease, I plan to continue supporting the American Cancer Society.

The USHIO Group conducts environmental initiatives on a unified group basis. The USHIO Group's Third Environmental Action Plan calls for strengthening coordination across the Group. For further details on the USHIO Group's environmental initiatives, see "Working for the Environment," which starts on page 18.

For details → **P18**



Pam Lothman
EMS Division Manager, CHRISTIE DIGITAL SYSTEMS U.S.A., INC.

As the manager of the EMS Division at CHRISTIE DIGITAL SYSTEMS U.S.A., INC., I am involved in continuous efforts to strengthen environmental management system (EMS) compliance and eco-sys programs. I promote various initiatives, including recycling projects for employees, events related to electric/electronic device waste, ride-sharing in minivans for commuting to work and community events. I am proud to work for a company that places top priority on environmental matters, issues and actively promotes environmental responsibility and awareness.

The USHIO Group is focused not only on reducing the power we consume but also on initiatives that help the environment after products are delivered to customers by making them more energy efficient. For further details, see page 25, "Green Products."

For details → **P25**



Kazumasa Yoshioka
Technology & Engineering Department, USHIO INC.

I am involved in designing LED modules as a new light source for scanners. Office copy machines primarily use rare gas fluorescent lamps. Using the LED modules currently being developed will improve efficiency (power consumption and light for illuminating the paper) by 70% compared to rare gas lamps. We are working to make the modules commercially viable and conscious of the fact that reduced environmental impact is an important element that determines a product's value.

Compliance & Society



Junko Yabuuchi
IT Solutions Department, Administration Division, USHIO INC.

The IT Solutions Group (Tokyo Office) provides support for EDI operations in sales activities. (Electronic Data Interchange (EDI) is a system for sending and receiving data, such as order and estimate information, between companies via the Internet.) EDI involves handling information that is important to companies, but we sometimes need to know user IDs for operational purposes, so we exercise caution when handling such information. We also work to raise awareness of this issue among users as well.

We regard compliance as including observance of societal rules and conventions, not just laws and regulations. The USHIO Group is committed to open and fair corporate activities that abide by the law and societal conventions. For further details, see page 8.

For details → **P8**



Kay Matsuda
Director of Internal Audit/J-SOX, CHRISTIE DIGITAL SYSTEMS, INC.

I am responsible for corporate internal audits and J-SOX for Christie group companies. The scope of corporate internal audits includes checking for compliance with regulations, company policies and procedures, and accounting rules. Discrepancies in each area are identified and followed up on for proper compliance. For J-SOX, the risks and controls are identified and documented, and the design and operation of internal controls are tested for effectiveness. In order to perform effective audits, I try to understand the company system and process flows. These are challenging and rewarding tasks.



Kumiko Sakioka
Sales Management Section, Sales Administration Department, USHIO INC.

I am currently responsible for receivables and credit management, centered on internal control, for sales divisions. Internal control compliance, which is mandatory for companies listed on the first sections of stock exchanges, is based on proper daily administration on an ongoing basis. I strive to develop systems that ensure everyone in the sales division carries out their work with such an awareness. I also provide instruction and training to facilitate understanding of the significance of the process and impart the knowledge that is needed to question bad practices.

We believe that companies should be transparent and open to society. Properly and proactively disclosing management policies, technologies, products and other information on our business activities earns the trust of the public and gives us a positive reputation in society. We actively disclose information while also respecting the value and rights associated with third-party information.



Koichi Yamada
IR & Public Relations, USHIO INC.

Raising corporate value is one factor behind USHIO's emphasis on CSR. I am involved in ensuring USHIO's initiatives are properly understood in building even better relationships with stakeholders. Communication activities are one means of accomplishing this, and the IR & Public Relations team is adept in this area. We will continue to promote proactive, interactive communications through the Web, trade shows, PR newsletters and company newsletters.



Tomoko Nakao
Intellectual Property Department, USHIO INC.

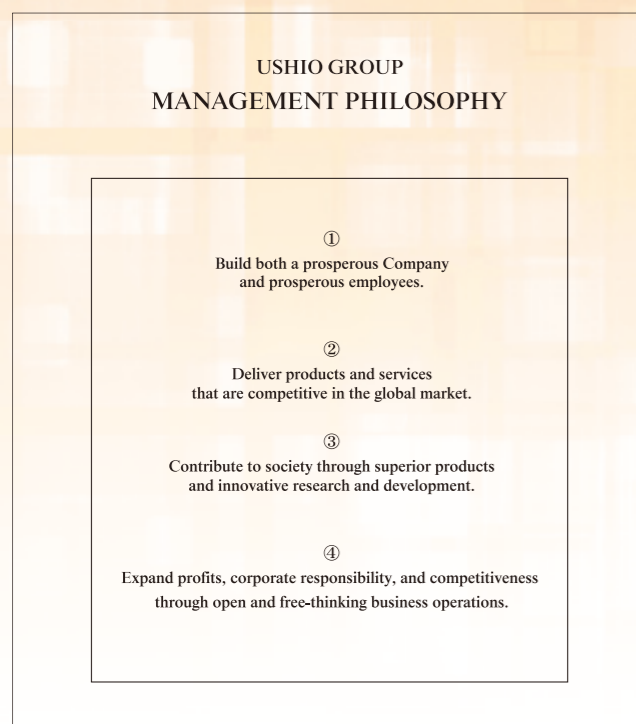
As a member of the Intellectual Property Dept., I am involved in applying for and administering patents and other intellectual property rights. Intellectual property rights are a company asset. I make sure that information does not leak out before a patent is filed or the information is made public. I constantly work to ensure rights are properly maintained and managed after they have been registered.

Naturally, it is equally important to respect the rights of other companies like our own. In the event of a patent conflict, we will address the issue as a top priority, while working to avoid related risks.

Conducting activities while respecting property rights is one of a corporation's important social responsibilities. We constantly strive to ensure that property and assets possessed by us and others are respected and not infringed upon.

USHIO Group Management Philosophy and CSR Management

Four key emphases have constituted the management philosophy underpinning all activities of USHIO and USHIO Group members since the Company's foundation. These emphases were created based on the desire to make USHIO an indispensable company for everyone by drawing on the wisdom of employees to grow. While the wording of the four key emphases has undergone two revisions over the years to reflect the changing times, this management philosophy remains a beacon for the USHIO Group.



Basic Policy

The basic policy of the USHIO Group is to ensure the transparency and efficiency of the Group's management, and increase corporate value to meet the expectations of all of the Group's stakeholders. To this end, we place the establishment and maintenance of systems of internal control, incorporating compliance with laws, regulations, social norms, corporate ethics, and J-SOX regulations, as a top management priority and make every effort to promote these systems.

Corporate Governance Framework

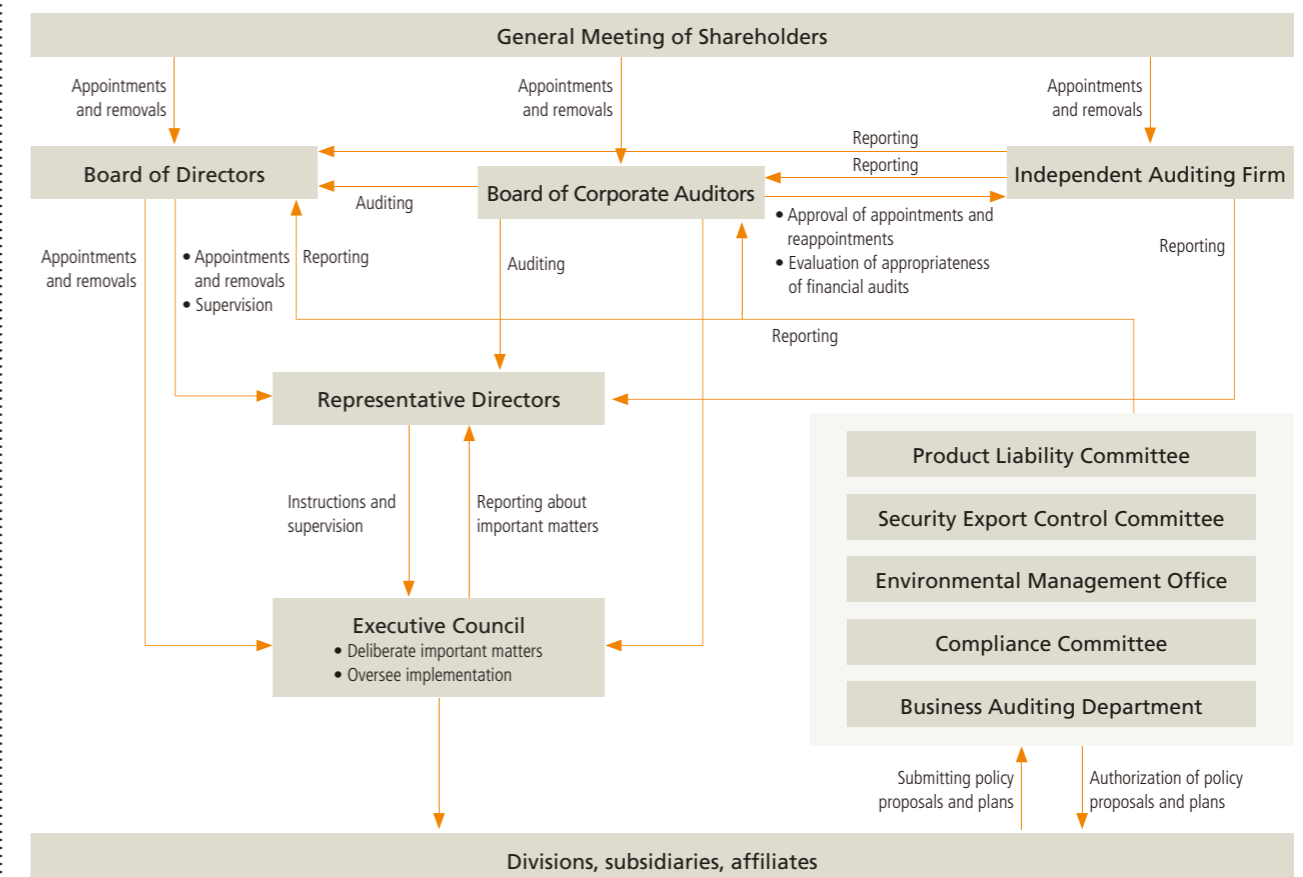
Within the management control structures of USHIO, we have established the Board of Directors, which determines management policies and makes decisions about other matters of the highest importance. The directors also oversee the management of business operations. Meanwhile, the representative directors are responsible for conducting business operations. The Board of Directors has a regular meeting once a month, and unscheduled meetings are held when necessary. We also have a Board of Corporate Auditors as an auditing body with five members including three outside corporate auditors. Each corporate auditor conducts audits within their specialized field of auditing. Furthermore, to assist the Board of Directors in reaching decisions, we established the Executive Council and the Group Coordination Council. These advisory units examine and discuss management strategies and medium- and long-term management policies with respect to USHIO and the entire Group. In addition, the USHIO Group has a business unit structure and an executive officer system for the purposes of strengthening and speeding up the execution of business operations by the representative directors.

Approach to Internal Control

In the USHIO Group, we have established action guidelines in order to define standards for conduct that require everyone at the Group to comply with laws, regulations, the Articles of Incorporation and ethical standards. To ensure strict compliance, we have established a department responsible for compliance. The Internal Auditing Office works together with the department responsible for compliance to audit the design and operation status of the compliance system, and reports its results to the Board of Directors and the Board of Corporate Auditors when appropriate.

The USHIO Group must deal with risks associated with compliance, the environment, product quality, finances, legal matters, natural and other disasters, information management, export controls and other aspects of business operations. The respective supervising departments prepare rules and guidelines, conduct training, prepare and distribute manuals and carry out other activities.

USHIO's Internal Control Framework



Strengthening Business Audits

The importance of internal audits has increased along with the enactment of the Companies Act and Financial Instruments and Exchange Act of Japan, in order to prevent corporate impropriety. Besides compliance audits of laws and regulations, and assessments of the design and operation of internal controls, internal audits must now also offer proposals for improvement, serving as a consulting function.

At USHIO, we conduct various audits, including compliance audits and audits of export controls. Moving forward, we will look closely at business processes and workplaces, going beyond laws and regulations, in accordance with internal audit regulations. Based on these wider audits, we will make proposals that streamline management, improve business processes, protect assets, minimize management risks and lead to improved operations. Moreover, audits will be conducted with deeper cooperation from other divisions and the corporate auditors.

Compliance With Export Control Regulations

When exporting products, the USHIO Group must comply with a host of laws and regulations, including the Foreign Exchange and Foreign Trade Act, and Export Administration Regulations. If the USHIO Group fails to comply with any of these laws and regulations, it may be unable to transact with customers. Accordingly, at USHIO, compliance with laws and regulations for exports is based on the Internal Rules for Compliance with Export Controls and the Security Export Control Committee is responsible for putting the required measures in place.

In fiscal 2009, we established a fundamental policy and code of behavior for export controls. Through the Joint Council of Security Export Controls Committees we shared and standardized information in all USHIO business and sales sites and divisions. At the same time, we held regularly scheduled meetings of the Export Controls Group Liaison Conference to centralize oversight of export controls for all Group companies, and established a system for visualizing export controls. We also started using a search system for parties requiring special attention, thereby reinforcing customer management activities. Looking ahead, we will continue efforts to share and standardize information throughout the USHIO Group and strengthen the PDCA cycle framework for enhancing education, awareness and auditing of export controls.

The USHIO Hotline

The USHIO Hotline has been in operation in the USHIO Group since October 2006. All Group employees in Japan can use this hotline for direct communications with individuals outside the Group to consult or report on workplace violations of laws and regulations, internal rules, ethics and other standards of behavior. The hotline allows for quick discovery and correction of improper behavior and provides access to consultations while protecting individuals who use the hotline from any negative consequences.



The USHIO Hotline

Information Security

The use of IT is essential for business activities. On the other hand, there has been an endless stream of security issues related to IT in society. Among various others, these include leakage of confidential and personal information, infection from computer viruses, unauthorized system access, and work stoppages due to system malfunctions.

USHIO acquires and holds a variety of information in the course of conducting its business operations. We are well aware of the importance of safeguarding important information about customers and suppliers. We have established rules for the proper handling of this information and have imposed stringent requirements concerning the protection of confidential information. Another priority is compliance with Japan's Personal Information Protection Law. To reinforce everyone's understanding of the need to comply with this law and ensure its effective enforcement, all USHIO departments use a cycle of self-assessments to determine the status of compliance and carry out continuous improvements based on these assessments. In terms of physical access, IC cards are one way that the USHIO Group protects information. We use these cards to keep track of when employees enter and leave particular rooms and record their working hours. Using servers for the centralized oversight of computer software assets and computer virus protection is another measure that protects information while reducing the burden of system management.

Working with Society

10 Action Guidelines

- Chapter 1
We shall aim to be a company that accepts diverse individual qualities and values and where people work together and pursue self-learning and self-improvement.
- Chapter 2
We shall strive for the company's sustainable growth through our innovative, proactive and prompt management.
- Chapter 3
We shall respect the basic human rights of all individuals and endeavor to create bright, safe and pleasant working environment.
- Chapter 4
We shall provide high-quality, safe products and services at appropriate prices and carry out fair and equitable business transactions.
- Chapter 5
We shall work to earn the understanding and trust of society.
- Chapter 6
We shall comply with laws and regulations and carry out fair business activities in accordance with socially accepted practices.
- Chapter 7
We shall fulfill our duties to the best of our abilities in conformity with internal regulations and standards.
- Chapter 8
We shall promote environmental protection and the efficient use of resources.
- Chapter 9
We shall carry out proactive public relations activities while respecting the value of information and intellectual property rights of third parties.
- Chapter 10
We shall contribute to the development of respective regions where we conduct business as a member of the international community.

Working Together with Employees

Based on a management philosophy that calls on us to "Build both a prosperous Company and prosperous employees," we are engaged in developing and utilizing a diverse group of human resources and creating workplaces that motivate employees.

Respecting Human Rights

The USHIO Group respects the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our 10 Action Guidelines for Business Activities commit us to working to eliminate discrimination on the basis of race, sex, religion and nationality and for any other reason unrelated to ability or job performance, and to forming and maintaining good labor-management relations through dialogue based on good faith and mutual trust.

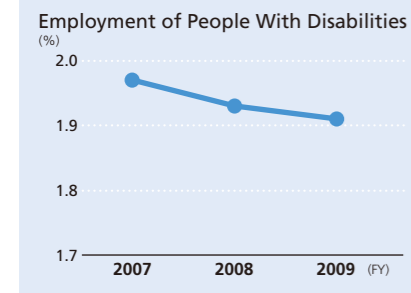
Utilizing Global Human Resources

Overseas sales account for over 50% of the USHIO Group's total. We are therefore working to develop and utilize global human resources by conducting international study programs, hiring international students, sending personnel from Group companies overseas to the parent company in Japan, and providing opportunities for interaction between Group companies.

Employment of People With Disabilities

USHIO INC. employs 26 people with disabilities as of March 31, 2010. Employees with disabilities make up 1.91% of the Company's workforce, which is above the legal requirement of 1.8%. Various initiatives are also conducted to promote employment of people with disabilities. They include holding workplace tours, participating in group presentations and actively recruiting at local schools. Workplace considerations include putting sliding doors on restrooms, installing handrails on stairways and other measures to make our business sites barrier-free. We intend to

continue promoting employment of people with disabilities and working to make the workplace readily conducive to them.



Re-Employment System

USHIO INC. actively supports employment for seniors. We have established extended employment programs (Senior Partner Program and Senior Expert Program) that are conducted through our re-employment system. These popular programs allow employees to work up to the age of 65.

Support for Working Women

USHIO INC. strives to help employees balance their work responsibilities with having and raising children, which is said to be the major reason women quit their jobs, and to create conditions that make it easier for women to perform at the Company. As a result, the percentage of women employees in sales and technical positions has been increasing.

Work-Life Balance Support Programs

We are committed to developing a working environment that enables both men and women to balance their jobs and home life without excess worry. We offer childcare leave and other support programs that go beyond legal mandates. In March 2009 we created the Work-Life Balance Handbook, which contains information on programs for balancing work. It also contains information on child-raising and maternal welfare, how managers should respond, and other tips for employees who would use the programs and for their managers.

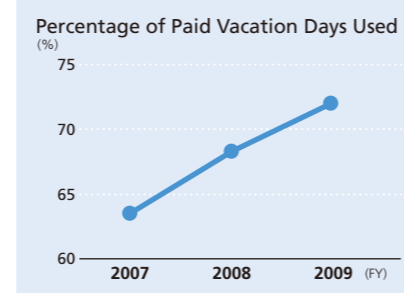
In June 2009 we earned Kurumin certification under the Act for Measures to Support the Development of the Next Generation for the second time. There are only 67 companies nationwide that have earned the certification twice (as of June 2009 and announced by the Ministry of Health, Labour and Welfare).

Employees Using Childcare Leave

	FY2007	FY2008	FY2009
Men	2	0	0
Women	25	23	26
Total	27	23	26

Work-Life Balance, Paid Vacation and No-Overtime Days

Based on a commitment to work-life balance, we designate certain days as no-overtime days and prearrange paid vacation days to give employees time to spend with their friends and family or on their own pursuits and to help create a more dynamic working environment. We believe that performance improves when employees maintain their physical and mental health by taking time off to relax and rejuvenate.



Occupational Health and Safety

USHIO INC. engages in occupational health and safety initiatives to maintain a workplace that provides total peace of mind to employees. Various systems have been established to help employees maintain their health. Health-related counseling is provided to employees with health or weight issues identified by health exams, and industrial physicians consult with employees working long hours.

Preventing Work-Related Accidents

Safety patrols are conducted at each office and worksite with the goal of completely eliminating work-related accidents. We are also switching to alternatives for organic solvents that have been implicated in health problems.

Education and Training for Human Resources Development

Various training programs have been established to facilitate the development of personnel capable of acting autonomously and to make it possible to align the Company's prosperity with enriching the lives of individual employees.

Globalization Training

- International study program: This program is designed to provide employees with specialized knowledge and technical skills and give them an international outlook through exposure to culture and knowledge in Japan and overseas.

Support for Self-Development

- Correspondence courses: This fiscal year we have a lineup of roughly 295 courses on subjects ranging from management to computer skills, in addition to basic classes on foreign languages and technical topics and certification courses. When employees finish a course, they are paid a bonus. The courses accommodate the desire of employees to keep learning. In fiscal 2009, a total of 456 courses were taken.
- TOEIC testing: TOEIC tests are given to employees who want to gauge their English ability and further improve it. The Company pays a portion of the testing fees. A total of 230 employees took the test in fiscal 2009.

Technical Training "Dojo"

The Discharge Lamp Division of the Harima Division has a technical training "dojo" (martial arts training hall) where veteran workers with many years of experience impart their skills and know-how to younger employees.

Lamp manufacturing is an extremely delicate process, so passing on skills and know-how is very important from the standpoint of maintaining quality. At the technical training dojo, trainees from all over the USHIO Group's global network, including overseas manufacturing sites, work hard to acquire these skills.

Employees who impart their skills and know-how at the technical training dojo are certified as "Meisters" by the Company. Employees who are passionate about passing down skills and training successors and who possess the teaching ability to do so are certified by the Company as accomplished technicians in special, high-precision processes and as having exceptional ability.



A meister with trainees from overseas manufacturing sites

USHIO Learning Center

USHIO AMERICA, INC. (UAI) values the importance of continued education in improving employees' required skills and knowledge, in an effort to attain the Company's long-term vision and to enhance the competitive edge of the Company. During FY2008, UAI established the USHIO Learning Center*1 as a forum for continued learning. UAI employees are allowed to spend up to 5% of their working hours on improving their skills and engaging in other educational programs.

The USHIO Learning Center uses Web-based seminars (Webinars), which allows anyone to take classes regardless of their location, as long as they have access to a PC and the internet, and provided they have approval from their department manager.

The Lighting Specialist I course, which started in June 2008 and lasted for almost one year, was taken by nine employees who work in customer service and sales departments. Through the course they acquired NAILD certification, an applaudable accomplishment. The center intends to offer additional programs and plans to help even more employees improve their skills.



USHIO Learning Center

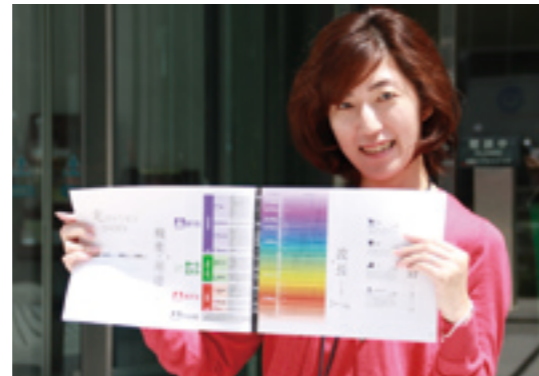
* A new educational program on lighting fundamentals and application knowledge created and publicized by the National Association of Independent Lighting Distributors (NAILD). The program is intended for people not directly involved in the design of lighting solutions.

Working Together with Customers

We strive to think from the perspective of our customers and provide products and services with appealing quality that goes above and beyond run-of-the-mill quality.

"Hikari no Torisetsu"

USHIO INC.'s product catalogs generally introduce the products we sell and manufacture, but up until now they have not been designed to allow customers to browse through products based on their particular objectives. We have therefore created a catalog called "Hikari no Torisetsu," which straightforwardly explains the functions of light to customers without extensive background in the field and makes it easy for customers to consult with us on any additional concerns they may have. At the same time, the USHIO Techno-Lab was established at the Harima Division for joint research in order to help customers solve some of the bottleneck-type issues they face. Customers can request a copy of "Hikari no Torisetsu" on our website, and it will be sent out within several days.



Hikari no Torisetsu

Quality Policy

In April 2010 USHIO INC. unified policies on quality that had been established separately by the Harima Division and Gotemba Division in an effort to raise quality even further into the future.

Basic Philosophy

USHIO regards product quality as an overriding priority and will promptly provide global markets with high quality, safe products and services that are highly reliable and economical in order to fulfill the requirements of customers.

Action Guidelines

1. We will act rigorously in putting the customer first and putting quality first, and will develop appealing products with cutting-edge technology to fulfill the requirements of customers and earn their trust.
2. We will strive to further improve quality by developing entity-level quality management systems and continually working to improve their effectiveness in order to meet the needs of customers.
3. We will work to share information with customers, make cost improvements, develop new products, pioneer new markets, and promptly provide global markets with high quality, safe products that are highly reliable and economical.

April 1, 2010
Shiro Sugata
President and
Chief Executive Officer
USHIO INC.

Reinforcing Process Patrols (Harima Division)

In fiscal 2009 the Harima Division reinforced patrols of manufacturing processes as a part of efforts to improve quality. Previously, improvement activities had been conducted by forming working groups, and improvement initiatives on the production floor were centered on small-group activities. The process patrols, which always include personnel from other departments, are conducted by identifying particular areas of focus. The division expects to benefit from observations made from an outside perspective.

Creation of a Quality Management Database (Gotemba Division)

Many of the products manufactured at the Gotemba Division have over 1,000 individual components. There is therefore an enormous number of items for which quality control must be conducted. To help in the process we created a database of past instances of non-conformance, created a TO DO list of controlled items, and made it possible to post and share non-conformance information in technical manuals.

Working groups are also formed for processes and utilized to help share information and improve quality.

Working Together with Business Partners

We are committed to thinking and acting together with our business partners in connection with achieving harmony and mutual prosperity while respecting each other's position and rights.

Fair and Impartial Procurement

USHIO INC. regards free and fair competition between companies as the source of dynamic development for society. In our relationships with business partners, we always respect the position and rights of suppliers, comply with Japan's Subcontract Act and other legal requirements, observe social norms and engage in sound business practices.

Procurement activities are the responsibility of purchasing staff in procurement divisions who have received special training and instruction. For new transactions, quality, cost, delivery dates, environmental performance and other factors are determined on the basis of objective criteria and fair, impartial transactions are conducted.

Initiatives at the Gotemba Division

At the Gotemba Division, all employees involved in procurement take a seminar on the Subcontract Act in order to deepen their understanding of it.

In addition, the division emphasizes thinking and acting together with suppliers, and when an issue occurs related to quality or a missed delivery deadline, it investigates the cause with the supplier and takes steps to address the problem.

As a result of these efforts, initiatives to improve on-time delivery by suppliers and reduce non-conformance rates achieved their targets for fiscal 2009.

Initiatives at the Harima Division

As overseas transactions have increased, the Harima Division has consolidated trade operations into its materials division, including procurement of parts and materials from overseas and supply to overseas manufacturing sites. The division works to acquire specialized knowledge of laws and regulations pertaining to overseas transactions, which are growing increasingly diverse and include national security guarantee regulations and Export Administration Regulations, and accommodate them in an appropriate manner.

It also runs an educational program for personnel involved in procurement that covers such topics as Japan's Subcontract Act, environmental regulations and the Foreign Exchange and Foreign Trade Act. The program helps ensure that we remain in strict compliance with laws and regulations.

To help us respond quickly and appropriately to requests and inquiries from customers at overseas sites regarding the environment, joint teams have been established by the Harima Division and overseas sites and measures are being taken to raise the level of our environmental responsiveness.

Support for Acquiring Eco-Action 21 Certification

We have held Eco-Action 21 (EA21) seminars since fiscal 2006 in order to help develop harmonious relations with business partners based on mutual prosperity. In fiscal 2009, we expanded and enhanced the EA21 seminar and held a course on acquiring EA21 certification, an initiative that began in fiscal 2008. As a result, in fiscal 2009, the percentage of certified suppliers of the Gotemba Division acquiring environmental management system (EMS) certification stood at 57.1%, above our target of 50%. Activities are underway in fiscal 2010 to achieve our goal of having at least 60% of certified suppliers acquire EMS certification.

At the Harima Division, of the 11 companies that participated in the EA21 certification course and progressed to the screening stage in fiscal 2008, ten acquired EA21 certification. In fiscal 2009, suppliers participated in an environmental program put on by the city of Himeji, and one company is currently preparing to acquire certification.

Green Procurement Standards

At USHIO, we have established Green Procurement Standards to guide material purchasing, and these standards are posted on our website. While complying with the RoHS directive and other laws and regulations specific to each country, we stipulate our own list of chemical substances with an environmental impact, and comply with both internal and external requirements relating to chemical substances contained in products. In March 2010, we issued a revised list in order to comply with the latest laws and regulations, such as REACH. Under the Green Procurement Standards, we issue forms for self-assessment of standard compliance systems, and request that our business partners put in place an Environmental Management System (EMS).

[Web http://www.ushio.co.jp/en/eco/approach/green.html](http://www.ushio.co.jp/en/eco/approach/green.html)

Supplier Seminars

The Harima Division held a briefing for suppliers in March 2010 to explain recent revisions to the USHIO Group's Green Procurement Standards. Seventy-five companies participated in the briefing, which included explanations of revisions made to the standards, the latest trends in REACH and other environmental regulations, and USHIO INC.'s environmental and CSR initiatives.

We worked to further strengthen relations with suppliers by promoting greater understanding of USHIO INC.'s current status and activities.



Supplier briefing in progress

Working Together with Local Communities

We shall contribute to the development of respective regions where we conduct business as a member of the international community.

Factory Tours Held for High School Students

USHIO INC.'s business sites give factory tours to local high school students as a way to communicate with the local community. In July 2009, high school students from Himeji, the location of the Harima Division, visited the plant and received a tour of manufacturing lines and other facilities. A similar tour was given in September to high school students from Gotemba, the location of the Gotemba Division. At the Harima Division, group work on the topic of learning was conducted by the high school students together with employee alumni of the school. At the Gotemba Division, the students toured UV lamp production lines and manufacturing processes for equipment embedded within the lamps. These experiences served as good opportunities to deepen interest and understanding of USHIO INC. as a specialized lighting company.



Gotemba Division tour

Participating in Himeji Akari Fantasy World

The non-profit Akari no Machi Himeji, which is supported by USHIO LIGHTING INC., takes part in the Himeji Castle Festival as a part of activities related to light education, promotion of culture and the arts, and promotion of healthy youth development.

Himeji Akari Fantasy World 2009, one of the events at the Himeji Castle Festival, was held on August 1, 2009, and Akari no Machi Himeji made the event a truly exciting spectacle.

"Star Night Domes," monuments of light three to six meters in diameter created by middle school and high school students using bamboo, transported festival-goers into a fantasy world. USHIO LIGHTING helped out by supplying halogen lamps for the domes.

We also take part in Star Night Zoo, an event that involves illuminating the local zoo at night, and provide multifaceted support for a number of other light-themed events.



Star Night Domes

Participation in the United Way

CHRISTIE DIGITAL SYSTEMS CANADA, INC. has been an ongoing participant in the United Way Campaign run by United Way, a large non-profit organization which gathers and distributes contributions to fund volunteer and NPO activities. The fiscal 2009 campaign, titled "Christie's Got Talent," borrowed its name from the popular UK talent TV series. Through a wide variety of fun events, including silent auctions, bake sales, mini ice hockey tournaments, the campaign collected 65,330 Canadian dollars (about ¥5,730,000) in contributions, up 90% from fiscal 2006. All contributions to The United Way are distributed to local facilities for families and children facing difficult circumstances.

USHIO Angels

Employees of USHIO America-Oregon Operation Division, located in the town of Newberg, are called "USHIO Angels" by some members of the community. The nickname was given by people aware of the charitable spirit and activities of the employees of the Oregon Operation Division, which started when a co-worker succumbed to cancer. It is now the name of the team formed by USHIO employees for the Relay for Life, an event held in cities and towns around the country every year by the American Cancer Society. The Relay for Life involves continuous walking for 24 hours, on the grounds of local schools, through parks and on sidewalks, with teams taking part in a relay format. Walking for 24 hours without resting is meant as a way of signifying support for people battling cancer, which is a 24 hour-a-day fight that takes a toll on the body. The USHIO America-Oregon Operation Division raises money by selling homemade cakes and cookies and auctioning off handmade gift baskets and other items no longer used at home. At the Relay for Life in June 2009, the team donated over \$1,000.



Members of the USHIO Angels

[Web http://www.ushio.co.jp/en/csr/society/community.html](http://www.ushio.co.jp/en/csr/society/community.html)

Joint Ecopac Movement Initiative

USHIO INC. is involved in a campaign to collect bottle caps from plastic bottles, recycle them and use the proceeds to send vaccines to children in developing countries. This year, the Company was joined in the campaign by USHIO LIGHTING INC. and XEBEX INC. The first round of the initiative resulted in collection of some 20,000 bottle caps weighing a total of 51.6 kilograms, enough to fund polio vaccines for 25.8 people.

Volunteer Cleanup Around Fuchinobe Station

NIHON DENSHI GIJUTSU CO., LTD. participated in a cleanup campaign on May 9 for the area around Fuchinobe Station on the JR Yokohama Line, the closest station to the Company. While enjoying the wonderful weather, employees worked together with community members for about two hours from 9:00 in the morning, pulling weeds from roads and picking up litter. Some employees were a little hesitant about hanging around the station picking up trash while wearing white work gloves, but looking around, they noticed there was a lot to be done. Everyone pulled weeds near bus stops and picked up garbage while walking between taxicabs. While cleaning up the rotary in front of the station in particular, the volunteers had fun surveying the scene from angles not normally experienced.

Donating Relief Funds for Typhoon No. 8

USHIO TAIWAN, INC. donated NTD150,000 through the Taiwanese Ministry of the Interior to victims of Typhoon No. 8 (Morakot), which occurred in August 2009. The typhoon, said to be the worst disaster in fifty years, caused devastating damage in southern Taiwan in particular. Agricultural and fishing industries were hit especially hard, with total losses estimated at some NTD30.0 billion. The Company's donation was intended to assist the people and local areas affected by the disaster and help Taiwan recover as quickly as possible.

Solar Decathlon Contests

USHIO AMERICA, INC. donated Synergie LED MR-16 Lamps to the University of Louisiana-Lafayette. The LEDs were placed in a residence designed and built by the university to compete in the Solar Decathlon sponsored by the Department of Energy, an event that takes place once every two years. The Solar Decathlon challenges collegiate teams to design, build and operate solar-powered houses that are cost-effective, energy-efficient and attractive. Though participating in this event for the first time, the University of Louisiana-Lafayette took first place in the market viability and people's choice categories.



Housing designed by the University of Louisiana-Lafayette

USHIO Foundation

The Group's USHIO Foundation was established in 1994 to commemorate the 30th anniversary of the founding of USHIO. Its purpose is to contribute to the development of human resources, learning and culture. Its projects include scholarships for students, and financial support for academic research and cultural activities. In 2009, the foundation provided scholarships to 52 graduate students (including foreign students) and 11 students in specialized courses at colleges of technology.

Establishment of Scholarship Fund at Suzhou University in China

USHIO (SUZHOU) CO., LTD. signed an agreement in January 2009 with China's Suzhou University to establish the Suzhou University USHIO Scholarship Fund. This is the university's first scholarship sponsored by a foreign-owned company with operations in the Suzhou province. Establishing the scholarship is the first project of Jiangsu USHIO Scholarship Fund for Gifted Students, a non-profit foundation established in 2008 to make contributions to education in that country. In October, a scholarship ceremony was held at Suzhou University, with certificates presented to the 35 Suzhou University students making up the first class of USHIO Scholarship Fund recipients.



The first class of USHIO Scholarship Fund recipients pose for a group photograph

Environmental Measures

USHIO's Environmental Policy

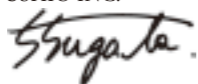
Basic Philosophy

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 the 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
President and Chief Executive Officer
(Chairman of the Environmental Committee)
USHIO INC.



Highlights of Phase Two of USHIO's Environmental Action Plan

During the three-year period from 2007 to 2009, the USHIO Group worked to achieve the targets of Phase Two of its Environmental Action Plan. Key achievements of our activities under Phase Two of the Environmental Action Plan are outlined below. Despite this progress, we did not achieve satisfactory results in terms of environmental productivity, CO₂ reduction targets at the parent company, introducing environmentally conscious product assessment standards at Group companies, and developing super green products. Heeding the lessons learned during Phase Two of the Environmental Action Plan, the USHIO Group launched Phase Three of the Environmental Action Plan in fiscal 2010.

* Please visit our corporate website for further details on Phase Two of the Environmental Action Plan and achievements.

23,953 tons-CO₂

In fiscal 2009, the amount of CO₂ emissions was 23,953 tons in absolute terms. On a non-consolidated basis, the Company reduced CO₂ emissions per actual unit sales by 17.4% from the fiscal 1990 level. CO₂ emissions per actual unit sales were reduced by 6% from the fiscal 2005 level.

Reduction of 45%

USHIO's flash lamp annealing device, which was approved as a super green product, reduces power consumption per wafer by 45% compared with conventional annealing devices based on halogen lamps.

Reduction of 50.5%

CO₂ emissions from distribution were reduced by 50.5% from the fiscal 2006 level.

Reduction of 26%

Group-wide waste volume in Japan was reduced by 26% from the fiscal 2006 level.

Reduction of 18%

The waste ratio for fused quartz was reduced by 18 percentage points as a result of Material Flow Cost Accounting (MFCA) measures.

Four business sites

USHIO now has four business sites that have achieved "zero emissions" status.

2020 Environmental Vision

The USHIO Group has formulated a 2020 Environmental Vision looking beyond its 2010 Environmental Vision. While continuing to work toward a low-carbon, recycling-oriented society, we will identify the specific contributions the USHIO Group can make to achieve a society that supports biological diversity in Phase Three of our Environmental Action Plan (3-year plan) starting in fiscal 2010.

USHIO's 2020 Environmental Vision

Through Lighting-edge technologies, we will contribute to:

- Creation of a low-carbon society
- Conservation of resources
- Preservation of biodiversity

<http://www.ushio.co.jp/en/csr/eco/manage/vision.html>

Phase Three of the Environmental Action Plan

When formulating Phase Three of the Environmental Action Plan, we started with our vision for the environment and society for 2020, and extrapolated back in time to break down our vision into a set of specific goals (Back Casting). We also frequently exchanged opinions with each USHIO Group site in order to establish Action Plan targets and objectives taking into account conditions specific to each region.

<http://www.ushio.co.jp/en/csr/eco/manage/plan.html>

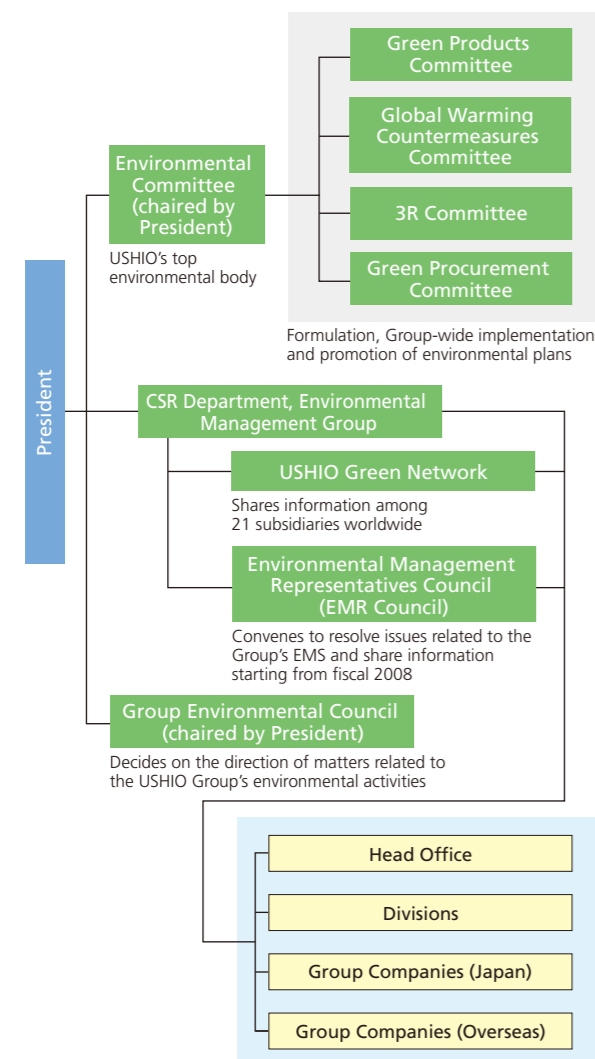
Environmental Themes		Measures		Fiscal 2010 Targets	Fiscal 2011 Targets	Fiscal 2012 Targets	
Environmental management	Strengthen environmental governance	Enhance USHIO Group EMS	Enhance cooperation with Group companies to implement the Environmental Action Plan	Identify issues at the Environmental Management Representatives Council (EMR Council) and share best practices across the Group (domestic production sites)	Identify issues at the Environmental Management Representatives Council (EMR Council) and share best practices across the Group (all domestic sites)	Identify issues at the Environmental Management Representatives Council (EMR Council) and share best practices across the Group (all sites worldwide)	
	Carbon management	Disclose carbon accounting		Establish guidelines	Test implementation within the Group	Disclose carbon accounting	
Activities to promote environmentally conscious product performance	Expand lineup of environmentally conscious products	Expand lineup of environmentally conscious products	Enhance super green products	Develop super green products Group-wide Group-wide: 5 products cumulatively	Develop super green products Group-wide Group-wide: 10 products cumulatively	Develop super green products Group-wide Group-wide: 15 products cumulatively	
		Reduce CO ₂ emissions from products	Enhance eco-efficiency Basis: Fiscal 2000	Enhance the eco-efficiency of core products by 15%	Enhance the eco-efficiency of core products by 20%	Enhance the eco-efficiency of core products by 25%	
		Materials 3R (Reduce, reuse and recycle)	Improve the recycling rate for certain materials Scope: Tungsten	Establish materials collection systems Establish designs that make products more easily reusable Monitor materials collection results and consider numerical targets for 2011 and beyond	Improve the recycling ratio	Improve the recycling ratio	
Activities to promote environmentally conscious operations (enhance environmental productivity)	Strengthen global warming countermeasures (energy-saving measures)	Reduce CO ₂ emissions from energy usage (energy-saving measures) Base level: Average annual emissions from fiscal 2006 to fiscal 2008 Scope: All Group companies		Reduce by 1% from base level	Reduce by 2% from base level	Reduce by 4% from base level	
		Reduce CO ₂ emissions from distribution Base level: Average annual emissions from fiscal 2006 to fiscal 2008 Scope: Domestic Group companies and production sites in Asia		Reduce by 2% from base level	Reduce by 5% from base level	Reduce by 10% from base level	
	Conserving resources	Improving resource productivity	Reduce waste emissions	Promote zero emissions	Promote zero emissions	Continue zero emissions	
			Improve the ratio of waste volume to the total input of core materials Basis year: Fiscal 2009 Scope: Lamp production sites in Japan	Improve the ratio of waste volume to the total input of core materials by 2 percentage points	Improve the ratio of waste volume to the total input of core materials by 5 percentage points	Improve the ratio of waste volume to the total input of core materials by 10 percentage points	
	Chemical substance management system (CMS)	Respond to global regulations	Increase cooperation on Group-wide CMS		Establish CMS for Group production sites and operate CMS at domestic production sites	Operate CMS at overseas Group production sites	Establish CMS-related collaboration and shared framework within the Group
			Enhance cooperation among supply chains		Establish guidelines for environmental impact assessments of materials in use	Implement and conduct trials related to supply-chain communications on environmental impact assessments of materials in use	Establish information management systems for the environmental impact of materials in use
Management of hazardous chemical substances		Eliminate the usage of hazardous chemical substances Input basis: Average annual input from fiscal 2006 to fiscal 2008	Selection of key chemical substances	Reduce key chemical substances by 5% from the input basis	Reduce key chemical substances by 10% from the input basis		
Environmental and social contribution activities	Communication with stakeholders	Disclose environmental information		Continue publishing the <i>Group Sustainability Report</i>	Continue publishing the <i>Group Sustainability Report</i> Prepare for the disclosure of environmental information for each Group company	Continue publishing the <i>Group Sustainability Report</i> Disclose environmental information for each Group company	
		Stakeholder dialogue		Conduct environmental PR activities at exhibitions	Conduct environmental PR activities at exhibitions Conduct a stakeholder dialogue	Conduct environmental PR activities at exhibitions	
	Social contribution activities	Participate and conduct environmental and social contribution activities		Expand participation in community environmental activities	Actively participate community environmental activities Hold events related to environmental and social contribution activities	Participate and conduct environmental and social contribution activities	
	Preserve biodiversity	Evaluate and reduce the impact of business activities on biodiversity		Establish guidelines for activities to preserve biodiversity	Conduct impact assessments	Generate feedback based on assessments	

Environmental Management System

System for Promoting Environmental Management

The Environment Committee, chaired by the company president, is the top decision-making body for environmental activities at USHIO. The Group Environmental Council, which is also chaired by the company president, determines the environmental policy of the entire USHIO Group. Meetings of the Group Environmental Council are held once a year and are attended by the CEOs of each Group company. Under the Environment Committee are four environmental issue committees that promote activities at the worksite level. Each decision made is relayed to each in-house company and Group company through the CSR Department and the USHIO Green Network. Each division and Group company promotes environmental activities independently and strives to achieve Group-wide targets.

Group Organization Chart for Environmental Management



Web <http://www.ushio.co.jp/en/csr/eco/manage/system.html>

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. Since fiscal 2008, in addition to activities by the USHIO Green Network (UGN), we have been convening meetings made up of environmental management representatives from each site to share information and raise mutual awareness aimed at furthering the integration of Group environmental activities. Looking ahead to the formulation of Phase Three of the Environmental Action Plan, in fiscal 2009, we held more than 20 meetings with various groups where we discussed proposals for the Environmental Action Plan and cooperation on achieving the plan's targets.

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 (implement mutual 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

Joint Training Session to Develop Internal Environmental Auditors—Kanto Region

On August 27, 2009, a joint training session to develop internal environmental auditors in the Kanto region was held at the USHIO head office. A total of 11 individuals attended the event, including participants from Group companies such as XEBEX INC. and USHIO LIGHTING, INC. The training session was previously held over a two-day period. Starting in fiscal 2009, e-learning was introduced for the first time, and on-site instruction was reduced to only one day. Compared with previous years, time spent on exercises was increased to ensure effective training activities.



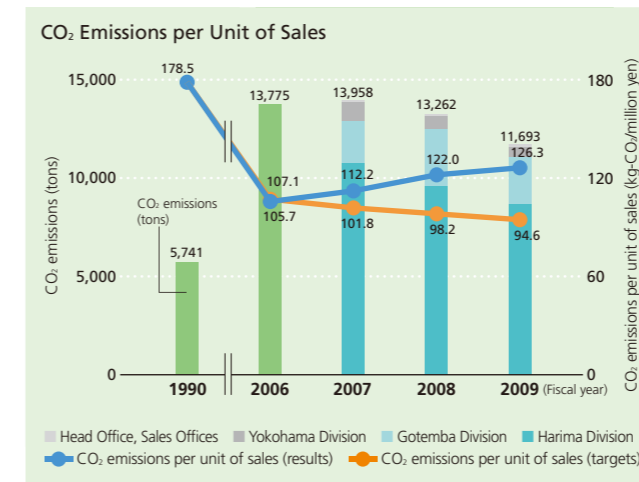
Joint training held for internal environmental auditors

Global Warming Countermeasures

We have set goals for 2012 of reducing baseline CO₂ emissions from energy consumption by 4% and from logistical operations by 10%.

Reducing CO₂ Emissions from Energy Consumption

We were not successful in achieving the target for USHIO INC. of reducing emissions per actual unit of sales by 17% compared to fiscal 1990 levels. However, the USHIO Group did achieve its target of a 6% reduction per unit of sales compared to fiscal 2005. Deteriorating economic conditions were a factor in our failure to achieve the non-consolidated target. At the same time, promoting greater energy efficiency, an effort led by the Energy-Saving Working Group, resulted in the Harima Division improving by 1.8% on a per unit basis compared to fiscal 2008.



Initiatives at Harima Division

Carbon dioxide emissions by the Harima Division account for roughly 35% of the USHIO Group's total emissions. The Harima Plant is therefore working to reduce emissions, primarily in production divisions, through efficient operation of production facilities, and has been successful in making improvements on a per unit basis. Specifically, the division has conducted the following initiatives.

1. Energy consumption was divided into energy used in production and energy used in administration. Initiatives were conducted primarily by manufacturing departments for the former and by three working groups for the latter (Ventilation/Air Conditioning/Lighting Working Group, Energy Standardization Working Group, and Life Test/Aging Working Group).
2. In fiscal 2009, the Life Test/Aging Working Group led the following efforts: CO₂ reduction at the development stage was discussed with technology departments, which use large amounts of electricity for life tests, life test times, quantities; grounds for power settings and judgment criteria were established for each product; and absolute targets were set.
3. Manufacturing departments began process patrols conducted by members of the TPM Group and representatives from the manufacturing departments in order to identify items for energy-saving initiatives. The Production Engineering Department, Administration Section and Environmental Management Group joined the patrols as of the second half of fiscal 2009 in order to incorporate different perspectives.
4. The Energy-Saving Promotion Council held monthly meetings to discuss the activities of working groups and production departments.
5. In December 2009, employees were called on to submit ideas for improvements related to energy conservation, and employees responded by making 509 proposals.

Initiatives at Gotemba Division

The CO₂ emissions of the Gotemba Division account for around 10% of the USHIO Group's total. The division established the Energy-Saving Committee in 2008, and the following year the committee was made an advisory unit for the Facilities Department, which manages energy use for the division. The committee promotes the following energy conservation initiatives.

1. Installation of power monitoring systems
2. Lunchtime workplace patrols by committee members (to check that lights and computer monitors have been turned off, etc.)
3. Staggered fluorescent lighting at offices
4. Establishment of night overtime area (limited office floors allowed to keep lights on at night and restricted overtime work to those offices)
5. Air conditioner temperature settings and displays (28°C in summer, 20°C in winter)
6. Automated control of compressors

Global Warming Countermeasures

Initiatives at BLV Licht-und Vakuumtechnik GmbH

BLV Licht-und Vakuumtechnik GmbH uses heat given off by life tests on heat lamps to help heat its warehouses.

It is also establishing new standards for life test facilities predicated on using the heat given off by lamps for 2 kW stadium lighting.

Initiatives at USHIO AMERICA, INC.

USHIO America-Oregon Operation Division reviewed the lighting facilities currently installed at its plant. Reducing power consumption has the largest impact on CO₂ emissions reduction and it also helps lower costs. The plant therefore converted its current four-foot fluorescent lights to energy efficient light bulbs handled by USHIO AMERICA. The plant expects the new light bulbs to both conserve energy and produce cost savings. At the Cypress Office, it was decided to sign up a new online electricity consumption monitoring program, which was made available by the local power company. Using the program the office will monitor and analyze usage patterns in order to identify any items that consume vast amounts of power and to see if the power consumption level can be linear throughout the day, not exceeding 200kW at any time. If we have three days or more per year of power consumption exceeding 200 kW, the electric company places us in a higher pricing bracket.

Initiatives at CHRISTIE DIGITAL SYSTEMS

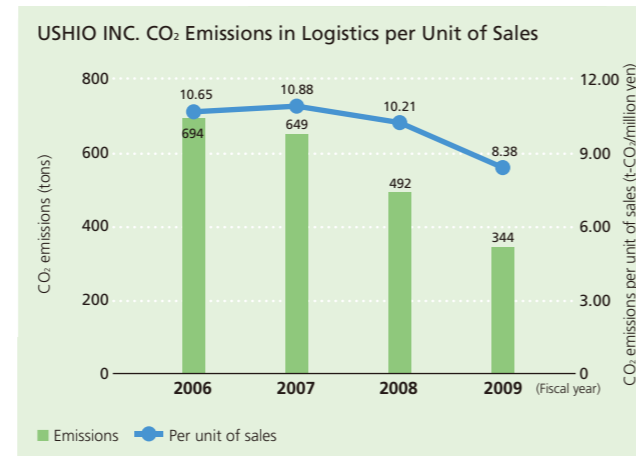
CHRISTIE DIGITAL SYSTEMS is currently dealing with substantial production increases associated with rapid expansion in digital cinema projectors. In fiscal 2009, the Company conducted the following programs to reduce power consumption per unit of production by roughly 60% compared to the previous fiscal year.

- Shortened electrical testing times for products
- Reduced use of natural gas through better insulation on factory roofs, greater opacity for windows and higher thermal efficiency at facilities
- Heat given off during thermal load tests for projector products reused as heating energy during the winter

Reducing CO₂ Emissions in Logistics Operations

USHIO INC. set a target of at least a 10% reduction in CO₂ emissions from logistics operations and ended up achieving a reduction of 50%. This was the result of the Harima Division reducing emissions by 32%, and the Gotemba Division by 70%.

Specifically, both divisions conducted joint transport, shortening domestic transport distances, and reducing deliveries by consolidating loads.



Initiatives Going Forward

1. USHIO INC. will extend successful initiatives between business sites. We will add domestic Group companies to this framework at an early stage and work towards joint development.
2. We will create lists of successful energy-saving initiatives and lists of focus points for energy conservation in order to boost the capacity of Group companies, including overseas affiliates, to save energy.
3. We will encourage visual monitoring of energy usage at Group companies.
4. We will reduce CO₂ emissions from logistics operations by revising loading ratios for charter deliveries, upping delivery efficiency, and reviewing logistics in Asia.

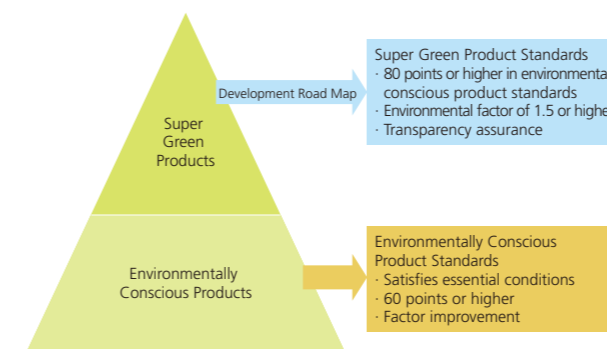
Green Products

We will strive to ensure that our activities benefit customers who use our products, while aiming to develop Super Green (SG) products and to achieve a 25% improvement in the eco-efficiency of products by 2012.

Development of Environmentally Conscious Products

At USHIO, we incorporate our Environmentally Conscious Product Assessment Manual into our Design Standards so we can pre-evaluate the environmental impact of our products starting in the design stage. When the environmental performance of a product has been improved based on this evaluation, it is certified as an Environmentally Conscious Product. If a product is outstanding even among environmentally conscious products, and uses innovative environmental technology on a completely different level from existing products, it is certified as an SG product.

USHIO's System of Environmentally Conscious Products



Development of Super Green Products

Products eligible for certification as an SG product must be the best in their class, while offering superior environmental performance in terms of energy efficiency, extended lifetime, 3R design, materials used, applications and so forth. In addition, the product must satisfy our new environmental factor* requirement, which was established to clarify our standards following a fiscal 2009 review of certification requirements in light of recent trends in society. SG products that have passed a strict screening process are qualified to carry USHIO's "Super Green Products" label.

* Environmental factor
 = (Power output ratio x lifetime ratio) √((Input ratio)² + (3R volume ratio)² + (Chemical substance content ratio)²)



Super Green Products Label

Implementing LCA

No matter how much CO₂ emissions are reduced at factories, these activities are not meaningful if CO₂ emissions increase when the manufactured products are actually used by customers. Meanwhile, products can provide both cost and environmental benefits for customers if they use energy-efficient products. Therefore, we must now quantitatively measure the environmental impact of products and services over the entire lifecycle, from the cradle to the grave. That is why USHIO formulated LCA guidelines in 2006 and has implemented LCAs ever since. In fiscal 2009, LCAs were implemented for all major USHIO lamp products. Going forward, we will expand LCA activities to various devices in order to satisfy the needs of customers.

Initiatives Ahead

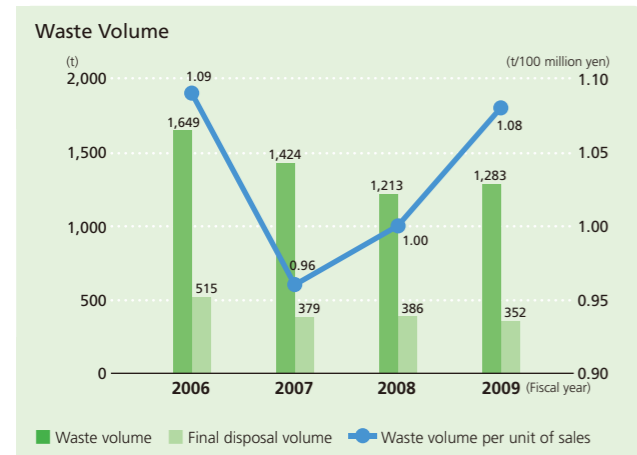
During Phase Three of the Environmental Action Plan, we will extend environmentally conscious products to Group companies, expand the range of SG products, and implement LCAs of various devices, which have yet to be accomplished. Furthermore, we will strive to ensure that these activities do not end within the Company. We will step up initiatives that include development and sales operations to increase our customers' understanding of our environmental activities.

Conserving Resources

We regard it as a given that corporations have a responsibility to society to protect the environment and preserve biodiversity. We therefore intend to improve our ratio of waste volume to material input by 10% by 2012 by linking environmental initiatives with business performance. This will be accomplished by eliminating inefficiencies through material flow cost initiatives, improving recycling rates for specific materials and other measures.

Reducing Waste

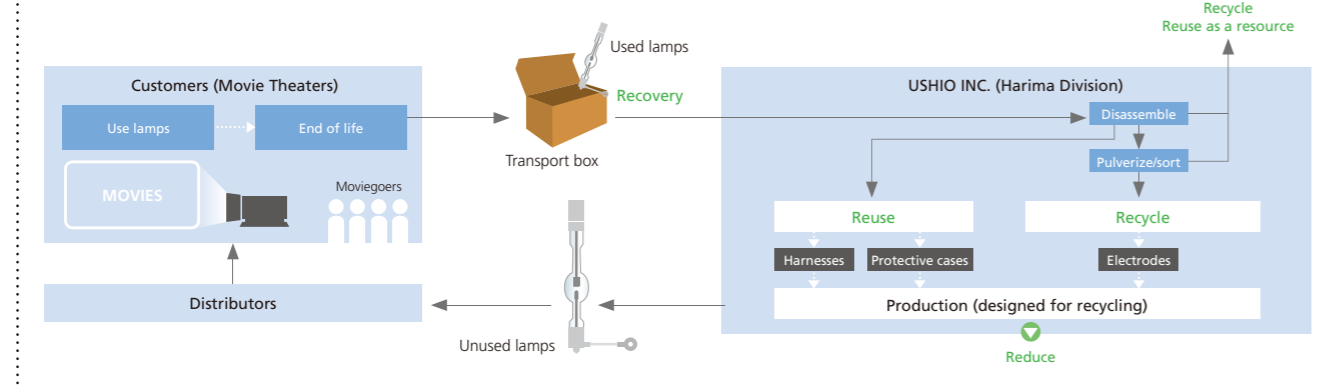
We reduced waste processing costs of domestic Group companies by 29.8% versus fiscal 2008, as we successfully achieved our final target. At the Harima Division, we worked to turn waste into a valuable resource, reduced processing costs and utilized material flow cost accounting to improve the waste ratio for quartz glass material by 18%.



Lamp Recycling

A recycling program was started in 2007 for super-high-pressure UV lamps for semiconductor and LCD exposure operations. We have since also launched a recycling initiative for xenon lamps for projection equipment. Xenon lamps contain valuable xenon gas and tungsten, a rare metal. Lamps collected by the program are turned into products or returned to society through 3R activities.

Xenon Lamp Recycling Flowchart (In Japan)



Web <http://www.ushio.co.jp/en/csr/eco/resource.html>

Environmental Communication

USHIO believes that it is important for individuals to take action on their own initiative, rather than relying on others to step forward. This belief drives us to build a company that gives back to society.

California Coastal Cleanup Day

CHRISTIE DIGITAL SYSTEMS U.S.A., Inc. and USHIO AMERICA, INC. jointly participated in the California Beach Cleanup Day, which celebrated its 25th anniversary. (Cleanup events are held on the third Saturday of September every year.) From the EMS team, 20 members participated in coastline and riverbed cleanup activities sponsored by The Save Our Beach Organization. The participants worked hard to clean a beach, riverbed and marina at three sites. On the beach, some unusual items were found, including a single shoe, an old doll's head and a pair of crutches.

On this day, approximately 70,000 volunteers across the state of California collected 412 tons of trash, including approximately 41 tons of recyclable resources.

Forest Volunteer Activities

USHIO INC. Harima Division employees participate every month in local woodland maintenance at Benzaiten Mountain in Kakogawa City as part of volunteer activities organized by the non-profit organization, the Hyogo-moriclub. Participation by employees' family members is welcomed by members of the Hyogo-moriclub, and energizes the site of volunteer activities. We strive to raise awareness so that the importance and enjoyment of volunteer woodland maintenance activities are conveyed to as many employees as possible. For example, monthly activity reports are distributed in USHIO's in-house environmental email newsletter "Eco no Kaze (Eco Wind)." Our extensive photo gallery has also proven to be popular. The gallery features photos of hillside maintenance activities that have opened new pathways for breezes, and photos of plants, insects and other aspects of nature at Benzaiten Mountain. Despite these low-key recruitment efforts, a total of 34 volunteers participated in activities in fiscal 2009. In addition, USHIO employees who are also members of the Hyogo-moriclub participate as instructors in the "Forest Building for Companies" program supported by Hyogo-moriclub as well as a workshop for forest management volunteers organized by Hyogo Prefecture.



Working together with Hyogo-moriclub

Web <http://www.ushio.co.jp/en/csr/eco/communication.html>

Light-Down Campaign

USHIO participated in the "Carbon Dioxide (CO₂) Reduction/Light-Down Campaign 2010" organized by the Ministry of the Environment. As part of the campaign, USHIO turned off the lighting for its main outdoor signage and advertising displays during designated periods. Held from June 20 to July 7, the campaign was highlighted by the "Black Illumination 2010" event on the June 21 summer solstice and the "Tanabata Light-Down" event to mark the traditional Japanese Tanabata festival on July 7. On both days, the campaign called on people to simultaneously turn off lighting at facilities illuminated at night and households from 20:00 to 22:00. In other developments, we are promoting the importance of environmental activities both within and outside the company through a "CoolBiz" program (air-conditioner settings maintained at 28°C), and other initiatives.

Earth Day Event

On Earth Day (April 22), the "Green Team" of CHRISTIE DIGITAL SYSTEMS CANADA, INC. held an exhibition to raise awareness of environmental activities and present its activities to employees. On display at the exhibition were electrical vehicles (battery-powered cars) made by local high school students with the support of CHRISTIE DIGITAL SYSTEMS CANADA. These vehicles will participate in a driving distance competition. With the team of students in attendance, a discussion session was also held in which opinions on various topics were exchanged. Examples of other activities included adding an organic refuse bin for "food residue" to the trash sorting and recycling bins in the Company's offices and holding a presentation on their use, as well as a picture contest for depicting the growth of tree saplings distributed at last year's Earth Day event.



CHRISTIE DIGITAL SYSTEMS CANADA Earth Day event

21st Century Forest

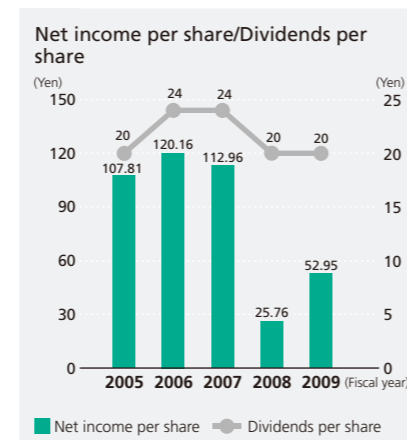
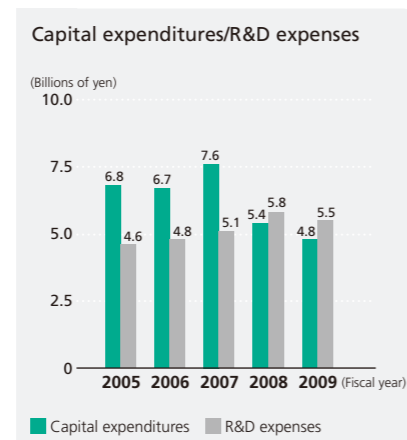
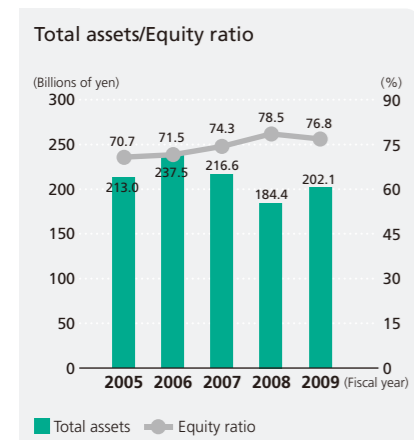
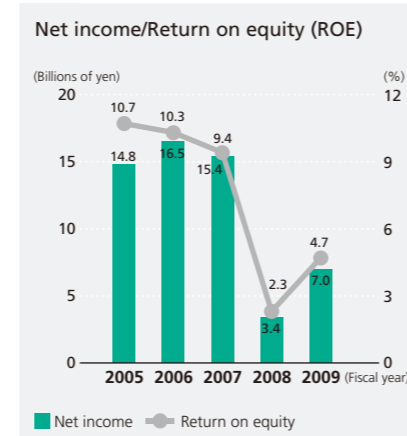
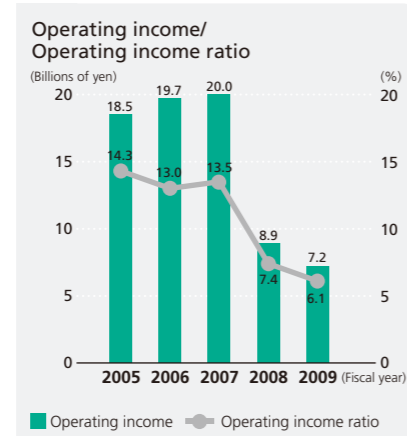
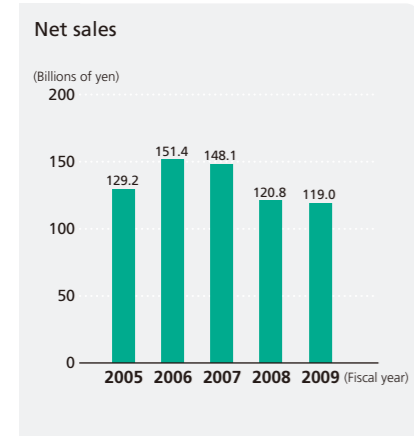
A total of six employees from NIHON DENSHI GIJUTSU CO., LTD. participated in undergrowth cutting at 21st Century, an event organized by the Kanagawa Trust Midori Foundation. Undergrowth is cut with a sickle, but first-time participants need not worry because an instructor is on hand to carefully guide them through the process. The event was held in August under a strong summer sun in sweltering heat, but the planned undergrowth-cutting work was safely completed without any injuries.



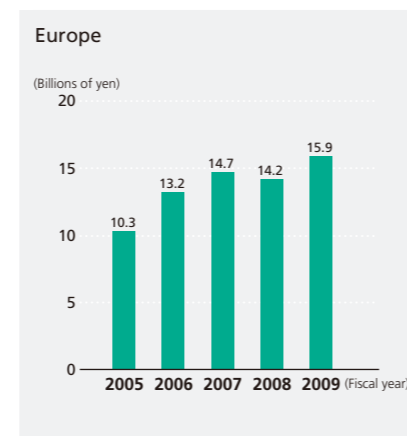
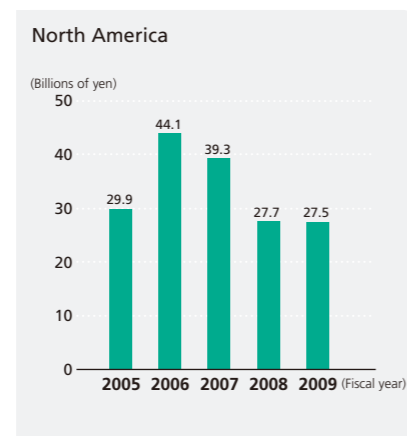
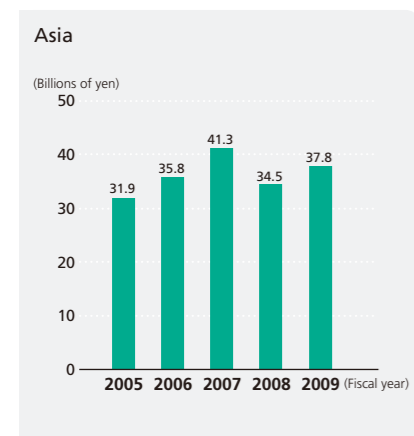
Participation in undergrowth cutting at 21st Century

Financial Reporting

Key Performance Indicators



Overseas Sales



Third-Party Opinion

Sustainability Report 2010



Masaatsu Doi

Associate Professor
Faculty of Regional Policy
Takasaki City University
of Economics

USHIO's Sustainability Report 2010 is highlighted by a structure emphasizing the importance of people, the environment, and CSR activities, while retaining the "triple-bottom line" approach to economic, environmental and social performance considered in previous reports. In particular, the feature section of the report adopts a format whereby input was gathered from individual employees at the Company's business sites. This format is in accordance with the USHIO tradition, since employees are the first consideration in the Company's management philosophy. The corporate message that USHIO is committed to fulfilling CSR management goals at the Company-wide level comes across well.

On the environmental front, from the current fiscal year the Company has formulated the USHIO Group's Third Environmental Action Plan, incorporating both its past successes and reflections on earlier environmental action plans, including unmet targets in several areas. From this standpoint, the Company's environmental initiatives can be said to be growing stronger with every passing year.

Response to Third-Party Opinion

We appreciate the frank and valuable feedback received from Dr. Masaatsu Doi, Associate Professor of the Faculty of Regional Policy, Takasaki City University of Economics on our Sustainability Report 2010. A new Environmental Vision was established in the current fiscal year. Based on the USHIO Group's Third Environmental Action Plan, we will redouble our efforts to make a unique contribution to the environment.

This year, we reported on our approach of having every employee bear social responsibilities in the course of their daily duties in order to fulfill the USHIO Group's CSR management philosophy. The commendation we received for reporting on this approach is a source of encouragement for all of us.

The current discussion in CSR concerns not only whether a company's business activities contribute to society in their own right or how profit should be returned to society, but also the nature of core businesses themselves and how they are operated. In other words, the real question is "What kinds of business processes are implemented to generate profit?" In that sense, in this report it is somewhat difficult to see how CSR is incorporated into USHIO's business processes. The same is true of the Company's expressed commitment to returning profits to society. For example, with the social contribution activities mentioned on pages 16 and 27, reader understanding would be further enhanced by an explanation of the basic policies that guide efforts to contribute to communities.

In order to achieve these improvements, I believe that USHIO must clearly present a basic CSR policy and core principles for CSR activities, establish annual targets and strategies for social categories, similar to those found in the Third Environmental Action Plan, and ensure that these priorities are implemented by each relevant department. I would also like to see communication with stakeholders and social contribution activities reframed as a discussion covering the breadth of CSR, rather than limiting the discussion to the environment, as on page 20. These processes cannot be achieved overnight. Nevertheless, as USHIO takes full advantage of dialogue with stakeholders and other objectives for fiscal 2011 as outlined in the Third Environmental Action Plan, I hope to see core CSR discussions deepen at the Company-wide level.

In the current fiscal year, we will conduct surveys to gauge employee awareness and identify priority issues that we should address as part of active efforts to conduct CSR activities that are fully integrated with our core business. Going forward, we intend to build a solid track record in this area by further developing this framework, and by conducting repeated PDCA cycles in accordance with a clear vision and plan.

For next fiscal year, Dr. Doi has suggested that we need to report more clearly on such activities for incorporating CSR into our business processes. We will certainly strive to produce the report in line with this helpful advice.

Seiji Oshima

Director,
Corporate Executive Vice President,
Chief Financial Officer
Officer in Charge of CSR

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The Things You Can Do with Light!

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Light is helping to solve some of the problems this dizzying pace of change causes.

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Environmental Consciousness of this Publication

This publication is printed on paper approved by the Forest Stewardship Council at a green printing certified plant using waterless printing, which is highly effective in reducing volatile organic compounds (VOC). In addition, the computer-to-plate (CTP) method of printing is used to eliminate the intermediary materials required for the plate-making process.



Environmental Management Group Corporate Social Responsibility Department Administration Division

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

E-mail:kankyo@ushio.co.jp