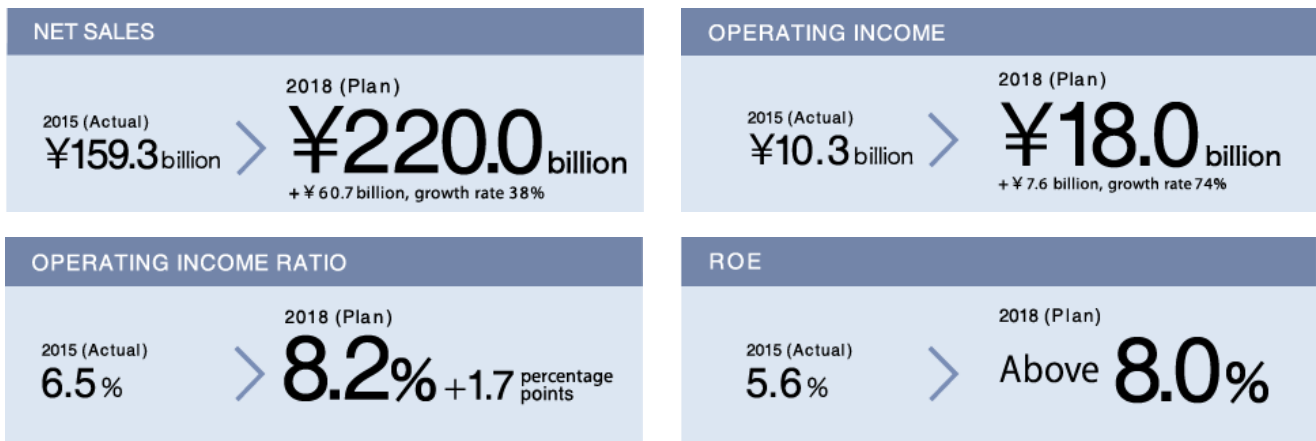


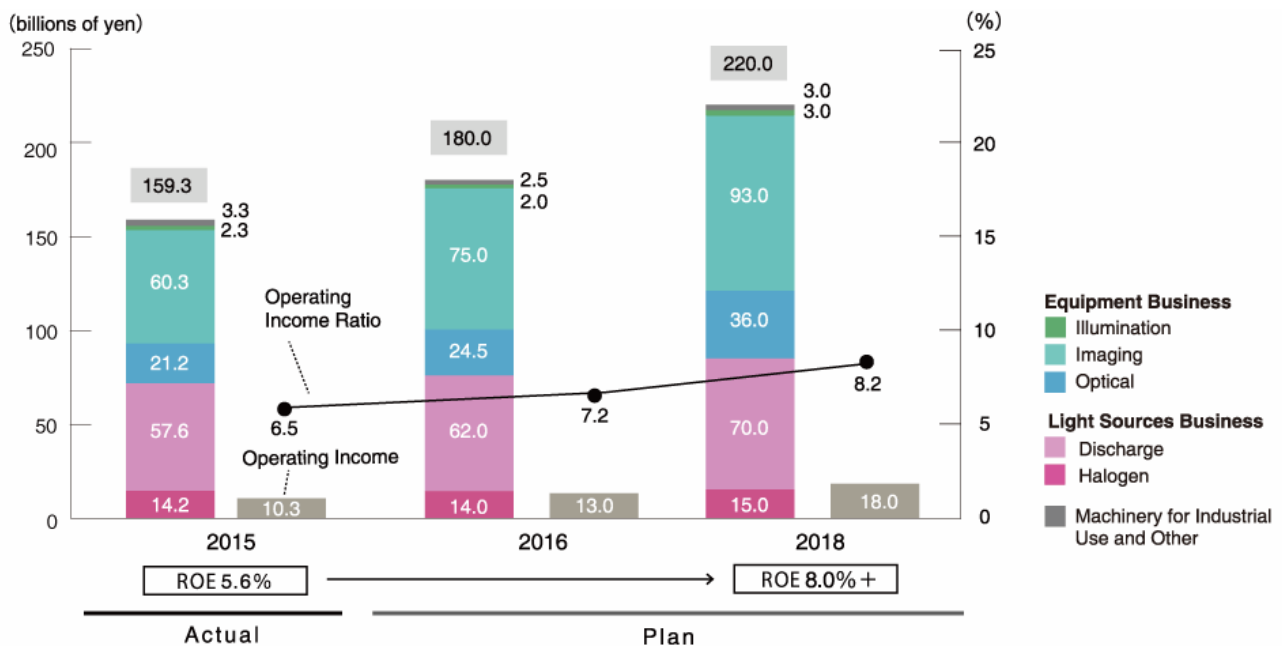
STRATEGY [Medium-Term Management Plan]



Objectives for the Year Ending March 31, 2018

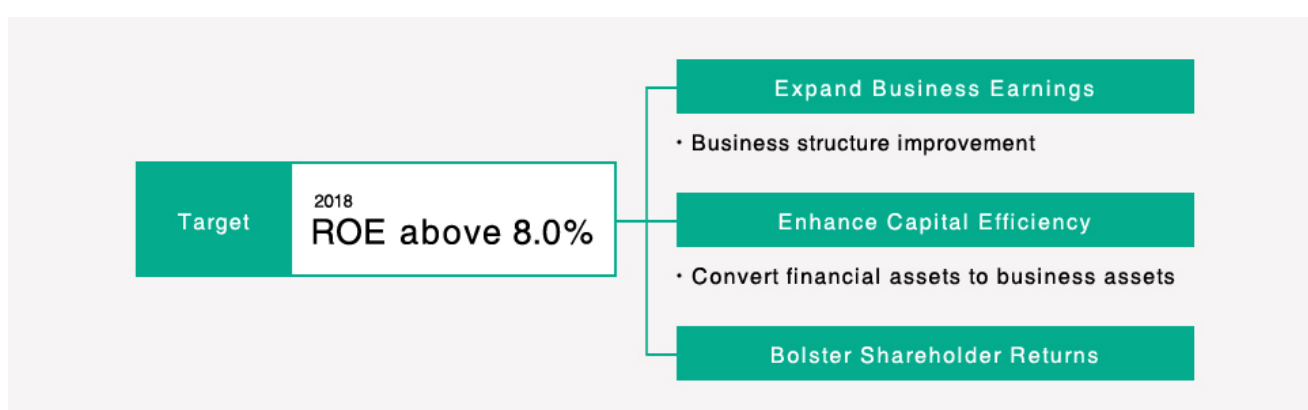


Sales (by sub-segments) and Operating Income

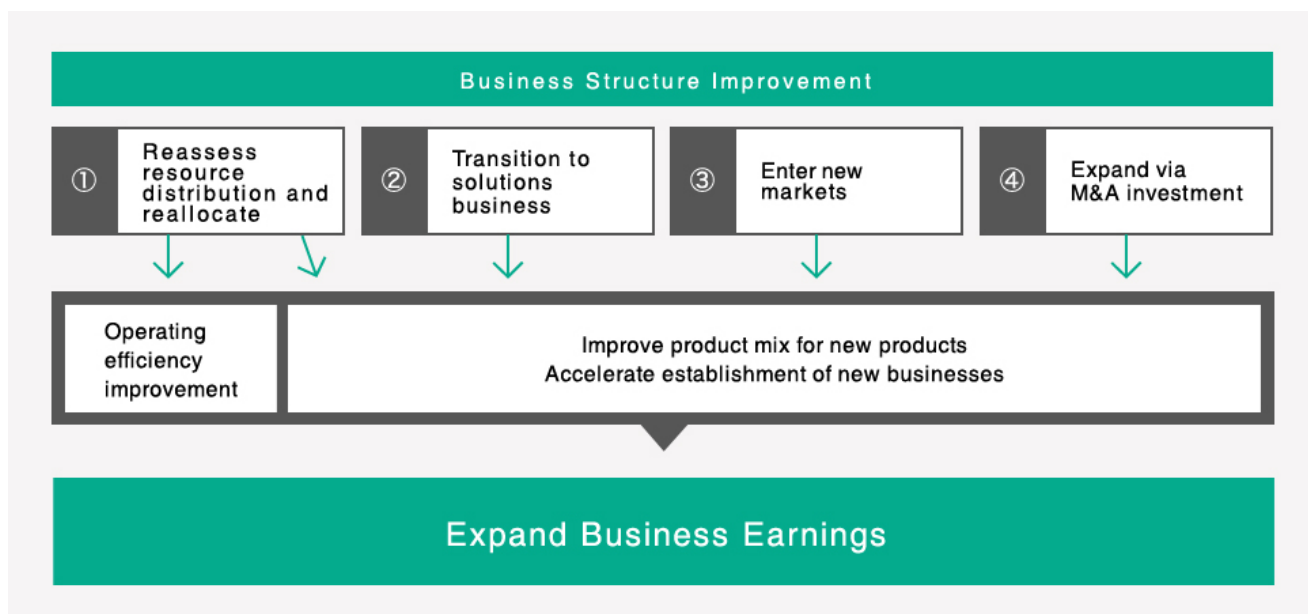


Segments	Sub-Segments	March 2018 (Plan) (Billions of Yen)	For the Next 3 Years		CAGR (%)
			Amount of Increase (Billions of Yen)	Growth Rates (%)	
Equipment Business	Imaging	93.0	+32.7	54	16
	Optical	36.0	+14.8	70	19
	Illumination and Related Facilities	3.0	+0.7	30	9
	Sub-total	132.0	+48.0	57	16
Light Sources Business	Discharge	70.0	+12.4	22	7
	Halogen	15.0	+0.8	6	2
	Sub-total	85.0	+13.1	18	6
Others	Machinery for Industrial Use and Other Business	3.0	-0.3	-9	-
Total		220.0	+60.7	38	11

Overview of the Medium-Term Management Plan



Business Structure Improvement



We will improve business structure mainly from the following four viewpoints for the expansion of business earnings. These measures will leverage existing resources to their maximum extent and control the increase of cash outflow, improving operating efficiency and speeding up the rate of new products and creation of new businesses for the future.

1) Reassess resource distribution and reallocate

On a Group-wide basis, actively allocate management resources from existing businesses to new and growth businesses.

2) Transition to solutions business

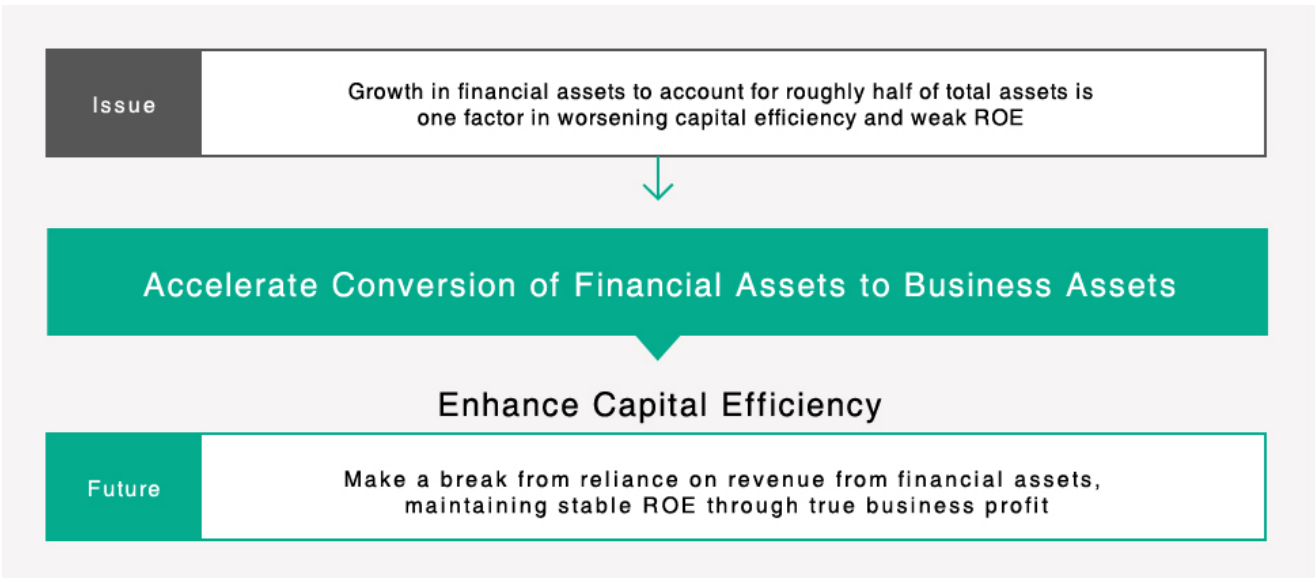
To be able to respond to increasingly diverse needs, we must develop the ability to enter new markets and domains from development through sales and move from the OEM-centered style followed until now to convert into a proposal-style solutions business.

3) Enter new markets

We will advance aggressively into new markets by creating a marketing innovations department and strengthening business strategies so that each business has a firm understanding of its roadmap.

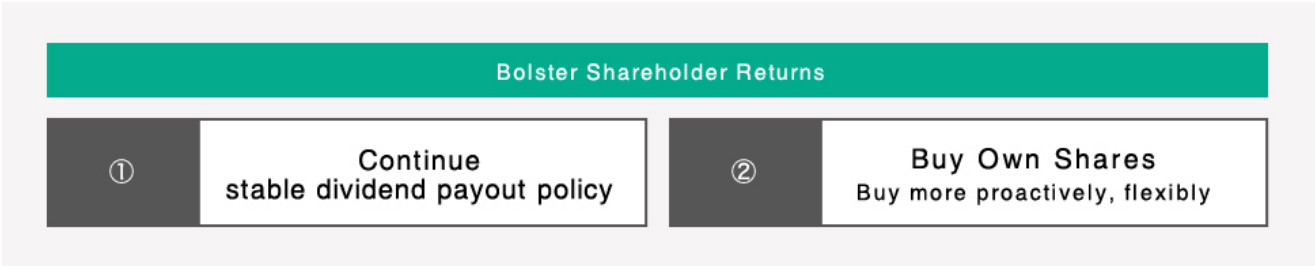
4) Expand M&A investment

Increase the amount spent on M&A, as well as the number of M&A projects, not only to acquire technologies and sales channels, but also to acquire outstanding human resources.



Currently, financial assets account for half of total assets. Going forward, accelerate conversion from financial assets to business assets and review policy shareholding. Cash obtained from selling policy shareholdings can be used for business investments such as M&A, moving away in the future from reliance on financial profits from financial assets to true business profits that will help maintain a stable ROE.

Bolster Shareholder Returns



To achieve ROE targets we must make growth investments in businesses and strengthen shareholder returns to achieve balanced capital operations. Specifically, this means a policy of greater proactivity and activity by maintaining the current policy of stable payments of dividends, and for a certain period until we have increased the certainty of achieving sustainable business growth for the future, more proactively and flexibly repurchasing shares after taking into account projected free cash flows to be gained going forward and share price trends, as well as active engagement in business growth investment.

STRATEGY [EQUIPMENT BUSINESS]



Medium-Term Management Plan for Equipment Business

(billions of yen)

	2015 (actual)	2016 (plan)	2018 (plan)
Imaging equipment	60.3	75.0	93.0
Optical equipment	21.2	24.5	36.0
Illumination and related facilities	2.3	2.0	3.0

Imaging Equipment Business Measures Expand Total Solutions

BUSINESS MEASURES

General Imaging

Objective	Annual growth of at least 10%
Measures	<p>Increase investment opportunities in growth fields</p> <p>Further global business development</p> <ul style="list-style-type: none"> • Leverage advanced imaging technology strengths nurtured up to the present and expand their deployment into growth areas such as the entertainment domain for events and theme parks • Further develop on a global scale the 3D imaging systems increasingly deployed in design reviews at manufacturing sites and research institutions • Commit to expanding “communications systems” and “imaging technologies” with the increasing spread of the Internet of Things and expand in areas such as control room systems to meet projected needs for surveillance and control • Secure continued profits through the expansion of service maintenance operations (including NOC service and system updates)

Cinema Business

Objective	Shift from maintaining profits to returning to stellar performance
Measures	Expand the solutions business Firmly secure replacement demand <ul style="list-style-type: none">• Leverage the Christie brand, work together with Dolby to develop a premium theater and Vive Audio and engage in total solutions such as lobby advertisements• Maintain profitability in digital cinema projectors but securely expand sales to meet demand in developing countries, especially in the growing Chinese and Indian markets• Firmly secure replacement demand anticipated within the coming few years by strengthening the lineup with products like laser-type projectors

Optical Equipment Business Measures Structural Reform for Constant Profit

Optical Equipment Business Measures

Objective	Structural reform for constant profit
Measures	Strengthen the relationship with wholly owned subsidiary ADTEC Engineering Co., Ltd. to maximize profits for the entire Group <ul style="list-style-type: none">• Rebuild production site standard modules (shared platforms) to reduce manufacturing costs• Maximize each sales channel and increase sales opportunities to enhance marginal profit• Secure more stable earnings by standardizing and strengthening the CS division

STRATEGY [LIGHT SOURCES BUSINESS]



Medium-Term Management Plan for Light Sources Business

(billions of yen)

	2015 (actual)	2016 (plan)	2018 (plan)
Discharge lamps (including solid-state light sources)	57.6	62.0	70.0
Halogen lamps	14.2	14.0	15.0

Light Sources Business Measures “Sustainable Growth” and “Maintaining Profitability”

Light Sources Business Measures

Objectives	<p>Increase the ratio of new light sources, centering on new markets and solid-state light sources (3-year target: About 20% to 30%; 5-year target: About 40%)</p> <p>Secure operating income ratio of at least 15%</p>
Measures	<ul style="list-style-type: none"> • Actively enter into growth markets such as life science field and automotive field • Expand the light sources lineup by developing and commercializing new light sources such as solid-state light sources • Maintain existing market share