

10 Action Guidelines

as a Member of Society

Ushio Business Guide

USHIO

Our Aims

USHIO Group Management Philosophy

①

Build both a prosperous Company and prosperous employees.

②

**Deliver products and services
that are competitive in the global market.**

③

**Contribute to society through superior products and innovative
research and development.**

④

**Expand profits, corporate responsibility and competitiveness
through open and free-thinking business operations.**

Today, society and the environment surrounding companies are evolving dramatically. At the same time, society is placing increased expectations on companies while scrutinizing corporate behavior even more stringently. Moreover, in a world characterized by globalization and borderless societies, both Japanese-style and Ushio's ways of thinking, acting and making decisions are no longer acceptable. Instead, it is now crucial to think, act and make decisions in all areas based on global standards. As these trends unfold, we at Ushio must therefore work to ensure that we can continually maintain globally accepted high corporate ethics and carry out fair business activities.

The Ushio Business Guide contains the management philosophy and vision aspired to by all Ushio employees as well as the action guidelines to which we will adhere in our daily activities. We now live in an age where any wrongdoing by even one employee can shake the foundation of a company. We hope that everyone can acquire a solid understanding of the contents of the Ushio Business Guide, which is compiled in 10 chapters with 30 sections, and that the actions of all employees based on this understanding will be instrumental in creating an Ushio that has a bright future.

10 Action Guidelines

as a Member of Society

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 all the internationally recognized basic human rights relating to our business activities, and endeavor to create bright, safe and pleasant working environments.

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.

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.

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[1-1]

Aim to be a company that accepts diverse individual qualities and values and where people work together harmoniously.

We believe that our Company is a place where people with a wide variety of individual qualities and values can fully utilize their respective capabilities while working together to attain the Company's targets.

The Company engages in a broad range of business activities in Japan and overseas that are supported by our numerous employees who possess diverse capabilities and individual qualities.

We believe that it is highly desirable that the Company possesses a large diversity of human resources, which in turn nurtures various ways of thinking and values.

In such an environment, we mutually recognize each other's individual qualities and values and strive for mutual cooperation, while at the same time seek to broaden our own capabilities by undertaking our work with a self-awareness that we play a leading role.

[1-2]

Approach tasks with abundant sensibilities and new ideas and pursue self-education.

To keep pace with the breathtaking advances of our times, we will continually strive to undertake our work even more speedily, with abundant sensibilities and innovative ideas, while taking a broad perspective as we gear up for the advent of a new international society.

With this in mind, we will constantly seek new knowledge and perspectives, approach matters with a scientific and rational ethos and press forward with alternate proposals, as we tackle problems backed by our fortitude, resourcefulness and strong execution capabilities.

We will undertake our own job assignments in a professional manner by continually pursuing self-education and self-improvement.

Chapter 2

We shall strive for the company's sustainable growth through our innovative, proactive and prompt management.

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[2-1]

Engage in socially meaningful businesses.

We will engage in socially meaningful businesses that contribute to the realization of an enriched and happy society through superior products and cutting-edge research and development.

We will consider the significance and true value of our own existence not only for our shareholders, customers, business partners, employees and members of local communities but also for people throughout the world. We will also strive to become a company that earns their trust and acclaim.

[2-2]

Work to achieve sustainable growth through fair business activities.

We will strive to secure appropriate and stable profits by carrying out fair business activities while taking a long-term perspective in working to attain sustainable growth and raise our corporate value.

[2-3]

Strive for the company's sustainable growth through our innovative, proactive and prompt management and meet the expectations of our shareholders.

To meet the expectations of our shareholders, we will strive for the company's long-term, sustainable growth through our innovative, proactive and prompt management as well as maintain an appropriate level of cash dividends.

Additionally, we will work to ensure that shareholders and investors acquire a sufficient understanding of our management policies and business conditions.

We will always take a fair and equitable stance in dealing with shareholders and will not act in violation of any laws, such as allocating profits to only a select portion of our shareholders.

Chapter 3

We shall respect all the internationally recognized basic human rights relating to our business activities, and endeavor to create bright, safe and pleasant working environments.

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[3-1]

Nurture and practice a spirit of respect for people, respect the dignity of individuals and eliminate discrimination.

All of our business activities are always supported by relationships with many people inside and outside of the Company.

For all individuals, we will propagate the essential spirit of respecting the fundamental human rights expressed in the International Bill of Human Rights, and contribute to the realization of a free, equitable and bright society.

We will strictly respect the dignity of individuals and will not infringe upon people's honor, privacy or other matters.

Regarding the hiring and treatment of our employees, we will not inappropriately discriminate based on such factors as race, gender, religion, creed, nationality, origin, physical features, or sexual orientation, which have no bearing on employees' capabilities and their execution of work duties. We will respect all manner of diversity and freedom of thought.

[3-2]

Each individual employee is key to developing the Company.

We adhere to the fundamental idea that a company is developed by having each individual play a central role.

One of our ideal is that employment for each employee provide meaningful work, ultimately leading to a more comfortable and enriched lifestyle. Consequently, we aim for operations whereby the prosperity of the Company is consistent with a fulfilling life for each employee.

[3-3]

Enhance the capabilities of employees.

We will strive to provide an array of opportunities, both at workplaces and externally, to enhance the capabilities of each employee in performing their work duties.

* We already provide numerous opportunities that include an employee overseas study program, a young executives group, corporate officer training and English and other foreign language seminar

[3-4]

Create bright, safe and pleasant working environments.

We consider workplaces as important living spaces for employees.

Our ideal is to create open working environments that are bright and filled with vitality, thus enabling each employee to work with a sense of assurance.

We believe that the Company's occupational system (job grade and position classifications) is a means for promoting organized and efficient operations and helps clearly express roles, authority and responsibilities. We endeavor to create bright and pleasant workplaces that eliminate any pompous attitudes, arrogance and servile devotion that often arise from employees being in higher positions or in exercising their power and authority.

We abstain from any language and behavior that directly or indirectly causes a sense of discomfort to or disturbs others (sexually oriented language, behavior, conversations and solicitations as well as jokes that are defaming and malicious).

We make strenuous efforts to prevent occupational accidents, assure safety and hygiene and monitor employee health).

[3-5]

Build good labor-management relations.

We regard the Company and its labor union as partners in corporate management.

Accordingly, we work to form and maintain good labor-management relations through dialogue underpinned by continual good faith and mutual trust.

One Point Corner

Main instruments of internationally recognized human rights

- The Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Ten Principles of the UN Global Compact (Human rights, and Labor)
- ILO Declaration on Fundamental Principles and Rights at Work

Activities forbidden in workplaces

- Solicitation and advertising activities for specific political and religious groups
- Distribution and sale of goods not authorized by the Company
- Audio and video recordings not authorized by the Company
- Consumption, use, distribution, sale or possession of illegal substances and other regulated substances
- Unruly eating and drinking

Note: These types of activities are not only prohibited at workplaces but also at dormitories, company housing and other facilities used for business outside the workplace.

Chapter 4

We shall provide high-quality, safe products and services at appropriate prices and carry out fair and equitable business transactions.

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[4-1]

Provide high-quality, safe products and services.

In keeping with our basic policy of placing top priority on quality, we believe that our most fundamental mission as a manufacturer is to provide high-quality, safe products and services at appropriate prices in markets worldwide.

We give full consideration to the safety and reliability of our products and services from the development and design stages to manufacturing and shipment, while undertaking our business with utmost attention to prevent any problems and inconvenience for our customers.

[4-2]

Carry out fair and equitable business transactions.

We will continually respect the rights and point of view of counterparties when carrying out business transactions and will always take a fair and equitable approach.

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One Point Corner

Ensuring fair and equitable business activities

We will deal with all business partners and other related parties fairly and honestly and will not carry out any business activities or transactions that violate ethics, laws, ordinances, contracts and internal regulations.

- We will carry out business transactions adhering to ethics, laws, ordinances, contracts and internal regulations.
- We will carry out business transactions upon clarifying the division of work and areas of responsibility with our business partners and other related parties.
- We will strive for honest and clear communications and will not use words or take actions that could lead to misunderstandings.
- We will not make ambiguous promises with business partners and other related parties.

We will formulate fair contracts.

We will ensure that there is sufficient mutual consideration and agreement.

All details agreed upon will be recorded in writing and stored reliably.

- We will thoroughly investigate creditworthiness and other important matters when commencing business transactions.
- Changes in prices, payment conditions and service conditions will be always made upon consulting with superiors.
- Information of our business partners and other related parties will be handled in the same manner as we handle our own company information.
- Information of business partners and other related parties will not be obtained or used fraudulently or disclosed to other persons.

We will not obtain information of business partners and other related parties through illegal acts or fraudulent methods.

We will not use the information of business partners and other related parties for purposes other than business and will not disclose this information to employees who have no need for this information in performing their work.

Confidential information provided by business partners and other related parties based on confidentiality agreements shall not be used for purposes other than the intended purpose.

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Chapter 5

We shall work to earn the understanding and trust of society.

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[5-1]

Aim for co-existence, co-prosperity and harmony with society.

We believe that a sustainable continuity of our business activities is the primary duty of the Company. At the same time, however, to ensure our ongoing existence it is also essential that we earn the understanding and trust of society by carrying out social-oriented activities.

We recognize our roles and responsibilities as members of society. As such, we strive to contribute to the economic and social development of local communities by creating and maintaining employment and promoting local procurement in line with our commitment to realizing co-existence and co-prosperity with society.

We not only contribute to the development of society through our business activities, but also make efforts to participate in a variety of social activities such as cultural and educational activities in line with our efforts to be of use to society.

We work to ensure a correct recognition and understanding of our business activities by utilizing various opportunities such as promoting exchange and dialogue with members of local communities.

We are fully aware that while being employees of Ushio we are also members of society. Accordingly, we will strive to avoid any actions or statements that violate generally accepted ideas and practices within society—whether this be our behavior while commuting to and from work or in our private lives—and we will behave prudently as members of society.

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One Point Corner

USHIO Foundation

On the occasion of the 30th anniversary of our establishment, the USHIO Foundation (main ministry in charge: Ministry of Education) was established for the purpose of nurturing academic research and cultural activities, contributing to the development of human resources and promoting and fostering the development of academic research and cultural activities. The Foundation was established with a personal donation from Chairman Jiro Ushio. The Company also makes donations to the Foundation in accordance with its annual business results.

At present, the Foundation's main activity is providing scholarships to college and graduate school students. In the near future, however, plans call for expanding the scope of activities to include assistance for optics-related research and support for artistic and cultural activities that utilize light.

To date, an extremely diverse range of students have benefited from the scholarships, including those studying in the fields of engineering, culture and arts as well as foreign students.

A number of students supported by the Foundation have graduated and have now begun to play roles in society. We take great pride in contributing directly or indirectly to society in this manner.

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Chapter 6

We shall comply with laws and regulations and carry out fair business activities in accordance with socially accepted practices.

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[6-1]

Engage in free and fair competition.

We believe that free and fair competition among companies serves as the wellspring of a dynamic society.

In carrying out business activities, we follow the principle of exercising fairness and prudence and adhere to all laws and regulations, while always acting in accordance with socially accepted practices.

We take great interest in legal-related problems and adhere to and firmly understand the essence of the three primary principles contained in the Anti-Monopoly Law, namely, the prohibition of private monopolies, prohibition of improper restraint of trade and prohibition of unfair business methods.

We understand the details of, and adhere to, the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors (Subcontracting Act) and will not use an advantageous position to impose unjust conditions on any other company.

[6-2]

Carry out prudent advertising and promotional activities.

We will carry out proactive advertising and promotional activities focused on our products and the details of our businesses to earn the understanding and trust of customers and consumers.

In carrying out advertising and promotions, we will strive to provide correct information about our products and the details of our businesses and shall not engage in false advertising and make exaggerated promotions, thereby ensuring that customers and consumers are not misinformed.

We will not carry out advertising and promotions utilizing methods or expressions that deviate from socially accepted beliefs and practices and that would cause displeasure to consumers.

[6-3]

Adhere to proper protocol for prudent gift-giving and business entertainment.

For gift-giving and business entertainment, we will adhere to all relevant laws and regulations while ensuring that contents, frequency and amounts are within the proper bounds in accordance with socially accepted practices.

We will politely decline any customary and courtesy gifts received in the course of performing our work duties. In principle, we will also decline any offers of meals or business entertainment. However, if such offers cannot be declined for business reasons, we will ensure that contents, frequency and amounts are within the proper bounds in accordance with socially accepted practices.

[6-4]

Make donations in an appropriate manner.

Taking into consideration the state of the Company's business operations, we will make donations upon giving sufficient thought to the social and public nature and necessity of the donation while always ensuring the amounts of donations are within proper limits.

[6-5]

Use fair and open methods in transactions with government and public offices.

We will adhere to all relevant laws and regulations and use fair and open methods in carrying out transactions with government and public offices.

We shall maintain fair relationships with employees of government, public and other related offices and will not engage in any behavior that would cause misconceptions by third parties.

[6-6]

Use fair and open methods when engaging in political activities or making political donations.

As a company, there are instances when we ask government and public administrations to improve or eliminate certain systems or public policies related to industry and the economy. In such instances, we will always use fair and open methods.

When making political donations, we will adhere to relevant laws and regulations and shall not expect any specific paybacks or favors in return.

[6-7]

Maintain no ties with anti-social organizations.

We will not maintain ties with any anti-social organizations, groups or persons that exert an adverse influence on public order and safety.

[6-8]

Avoid engaging in illegal import and export transactions.

When exporting and importing products and technologies, we will adhere to all related laws and regulations, including foreign exchange laws, and will not engage in any illegal transactions.

When exporting and importing products and technologies as well as when bringing technology-related materials out of the country, we will adhere to laws and the Company's internal regulations and consult with the export monitoring manager and the export secretariat.

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One Point Corner

Measures for ensuring fair transactions

- We will not request or try to request special treatment from specific parties when evaluating and selecting suppliers.
 - We will not engage in any activities such as price fixing and bid rigging with competing companies that have or could possibly have a negative impact on fair competition.
 - We will not make any statements or insinuations that cause misconception or deception concerning competing companies and their products and services.
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One Point Corner

What is The Subcontracting Act?

The Act of Japan applies to corporations with more than ¥300 million in capital that consign work to corporations or individuals with ¥300 million or less in capital. This also applies to corporations with more than ¥10 million but not more than ¥300 million in capital that consign work to corporations or individuals with ¥10 million or less in capital. This Act was amended and enforced in April 2004.

- Payment shall be made within 120 days (within four months) after closing.
 - A lump-sum payment shall be made. (Payment shall not be made on a specified date.)
 - Delivered products shall be inspected promptly.
 - Product returns shall be made after inspection.
 - Orders shall be made in written form.
 - Price and delivery date shall be determined based on agreement by both parties.
 - Notification of matters such as conditions for one annual payment shall be made in writing. (This shall be done even when no changes are made.)
 - Fractional payment amounts shall be rounded up.
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Chapter 7

We shall fulfill our duties to the best of our abilities in conformity with internal regulations and standards.

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[7-1]

Execute work duties to the best of our abilities and refrain from engaging in any improper activities.

We will execute our work duties to the best of our abilities in accordance with internal regulations and criteria and will not violate any laws or regulations or use any improper methods that are counter to socially accepted practices.

[7-2]

Avoid causing damage to the Company or pursuing personal profit.

We will strive to prevent damage to the Company's property, assets, credibility and social standing.

We will always differentiate between official and private matters and will not seek personal profit from our occupational rank or business duties. We will not use company property or assets for purposes other than company work. This includes soliciting work or business unrelated to the Company from within the Company's facilities.

[7-3]

Use corporate information only when necessary for executing work duties.

We will use corporate information (technological information, personal information, management information and company information) only when necessary for executing work duties. Such information shall not be used for any other purposes.

We will not either intentionally or unintentionally leak corporate information to outsiders and will pay utmost attention to prevent damage to the Company's property, assets, credibility and social standing.

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One Point Corner

Protecting the Company's property and assets

We have an obligation to protect the Company's property and assets.

- We pay close attention to prevent actions that could lead to the improper use, loss or theft of company property and assets.
- We pay close attention to ensure that the Company's production, research and communication facilities as well as software and data are not damaged or altered either through carelessness or intentionally.
- When a theft, breakdown or abnormality related to any of these facilities or property is discovered, the matter shall be reported quickly to the immediate supervisor.
- The ownership rights for intellectual property created during an employee's service with the Company will continue to belong to the Company after the employee retires.

Note: Company property and assets include not only machinery, communications facilities and software but also internal information created as the result of employee projects, plans, research, investigations, collection, analysis and other work. (Internal information covers technological information, scientific information, financial information, earnings data, plans and forecasts related to business and sales, personnel and organizational information, business partner information, new product and development information, and employees' personal information.)

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One Point Corner

Close attention to preventing information leakages

- Internal information will not be disclosed without permission to persons outside the Company, including securities analysts, persons from the news media, industry members and business partners.
- Company materials and documents of business partners and related parties are not to be read carelessly in public and other places nor shall this information be a topic of discussion in public places.
 - (Examples)
 - Inside trains, buses, aircraft, stations and other places
 - Telephones (when talking on public telephones, cordless phones, mobile phones and other phones)
 - Inside elevators and public restrooms
 - Such venues as trade shows
 - Venues for social receptions and banquets, eating and drinking establishments
- Close attention shall also be given to fragmentary information.
 - (Piecing together several bits of fragmentary information can lead to an understanding of an entire situation.)
- The confidentiality of internal information shall be protected not only when an employee currently works for the Company but also after retirement.

Note: It is necessary to pay adequate attention to preventing erroneous facsimile or e-mail transmissions (misdialing a number).

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Chapter 8

We shall promote environmental protection and the efficient use of resources.

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[8-1]

Aim to carry out business activities that are in harmony with the environment.

The Company strictly adheres to environment-related laws while considering environmental protection and striving to carry out business activities that are in harmony with the environment.

Each individual employee will assume responsibility for environmental protection. When engaging in business activities, whether in Japan or overseas, we will pay utmost attention to always adhering to environmental standards prescribed by that country and ensuring that our activities do not degrade the local environment.

Additionally, we will make voluntary efforts to conserve resources and energy and reduce waste materials in all stages of our business activities.

Chapter 9

We shall carry out proactive public relations activities while respecting the value of information and intellectual property rights of third parties.

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[9-1]

Carry out proactive public relations activities.

We believe that a company should adopt a transparent and open stance toward society.

We also believe that making efforts to accurately and proactively disclose details of our management policies, technologies, products and other business activities will foster a better understanding of our business activities among customers and the general public as well as enable us to earn a high level of trust from society.

At the same time, we will make efforts to ensure the accurate and quick transmission of information, while always listening to the opinions of our customers and consumers and reflecting these opinions in our business activities.

[9-2]

Promote timely and appropriate disclosure of company information.

We will continue to correctly monitor company information (insider information) and make timely and appropriate disclosures in accordance with related laws and regulations.

On both a company and individual basis, we shall pay utmost attention to the handling of undisclosed company information that could have an impact on securities markets and make efforts to ensure there are no violations of relevant laws and regulations.

[9-3]

Respect the value of information and intellectual property rights of third parties.

We will not infringe upon or improperly use intellectual property rights or information that has value for third parties.

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One Point Corner

Inquiries from outside the Company will be handled in the following manner.

- When responding to inquiries from outside the Company, quickly refer the inquiring party to the relevant department in accordance with the nature of the inquiry upon consulting with the immediate supervisor.
 - Suspicious inquiries, such as those asking about details of financial results, business result forecasts, personnel transfers, personal information, technological information and unannounced product information, will be handled in the following manner. If a suspicious inquiry is received: 1) do not respond to each individual inquiry, 2) confirm the inquiring party's name, contact information and the details of the inquiry and thereafter 3) immediately report the matter to the department in charge.
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One Point Corner

Measures for preventing insider trading

(Procedures to be followed when buying and selling the Company's own stock)

- To prevent violations of the law when employees trade the Company's own stock, the Company has prescribed the "Regulations Concerning Internal Information Management and Restrictions on Insider Trading."
- When trading the Company's own stock, as prescribed by internal regulations, transactions shall be carried out after receiving prior authorization from the Company using the "Application Form for Trading the Company's Own Stock."

Note: All employees must be aware that trading of another company's stock by employees who have internal information about that company obtained through knowledge about details of a contract or through the performance of business duties is also considered insider trading.

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Chapter 10

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

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[10-1]

Undertake business in overseas countries following this same Action Guidelines.

To realize the Company's sustainable growth and development, we pursue business opportunities overseas in a wide range of areas as we actively work to expand our business globally. Along with the globalization of our businesses, we are utilizing bases of operations in regions worldwide. Therefore, opportunities for working abroad are also increasing dramatically.

When undertaking these business activities overseas, all of the aforementioned matters are also applicable. Our basic approach is thus to undertake business activities in both Japan and overseas in accordance with the same action guidelines.

[10-2]

Contribute to the development of each region as a member of the international community.

We regard all our overseas subsidiaries as members of the countries and regions where they conduct business. Thus, these subsidiaries should strive to contribute to the development of these communities and countries. We also believe that the operations of these overseas subsidiaries should be carried out with respect for the unique religions, cultures, customs, languages and values of each country and region.

To achieve sustainable growth and development of the businesses of our overseas subsidiaries, we will provide as much support as possible, including assistance for enhancing technologies and skills.

If dispatched overseas, we (including our families) will embrace various opportunities as well as work to promote exchanges with people in the country and region where we are posted. At the same time, we will actively fulfill the role expected of us as a member of that society.

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