

Environmental Accounting

Compilation and analysis of the costs and benefits of environmental conservation activities to obtain an accurate assessment of our environmental management efficiency

Since the introduction in fiscal 1998 of environmental accounting, a practice that evaluates investment in environmental conservation and its effectiveness by clarifying the costs and benefits involved, the Fujitsu Group has publicly disclosed its environmental accounting results. We have gone beyond the Ministry of the Environment's "2002 Environmental Accounting Guidelines" to establish our own calculation standards for difficult-to-identify estimated benefits as part of efforts to assess our environmental conservation efforts in greater detail. Fujitsu Group sites and subsidiaries use the compiled data to identify problems to be addressed and share in achievements. We also compile the results of our Green Process activities aimed at simultaneous reduction of the environmental burden and manufacturing costs. Please refer to "Basic Environmental Accounting Elements" on our homepage.

Fiscal 2003 overview

All Fujitsu sites had achieved zero emission in fiscal 2002. In fiscal 2003, Fujitsu promoted Green Process activities and reduced waste generation, thereby contributing to enhancement of resource circulation benefits. In fiscal 2002 the company had succeeded in converting products in every product category into Green Products. In fiscal 2003 It promoted the further development of eco-friendly products. Meanwhile, the higher operation rate of environmental conservation equipment occurring due to increased affiliated company operations has raised costs and enhanced benefits. Fujitsu AMD Semiconductor was transferred to an equity method affiliate and was excluded from Fujitsu's environmental accounting collation

standards, which exerted a negative effect of about ¥1 billion on both costs and benefits for the 2003 year. Activities accelerated at other production sites, however, and real

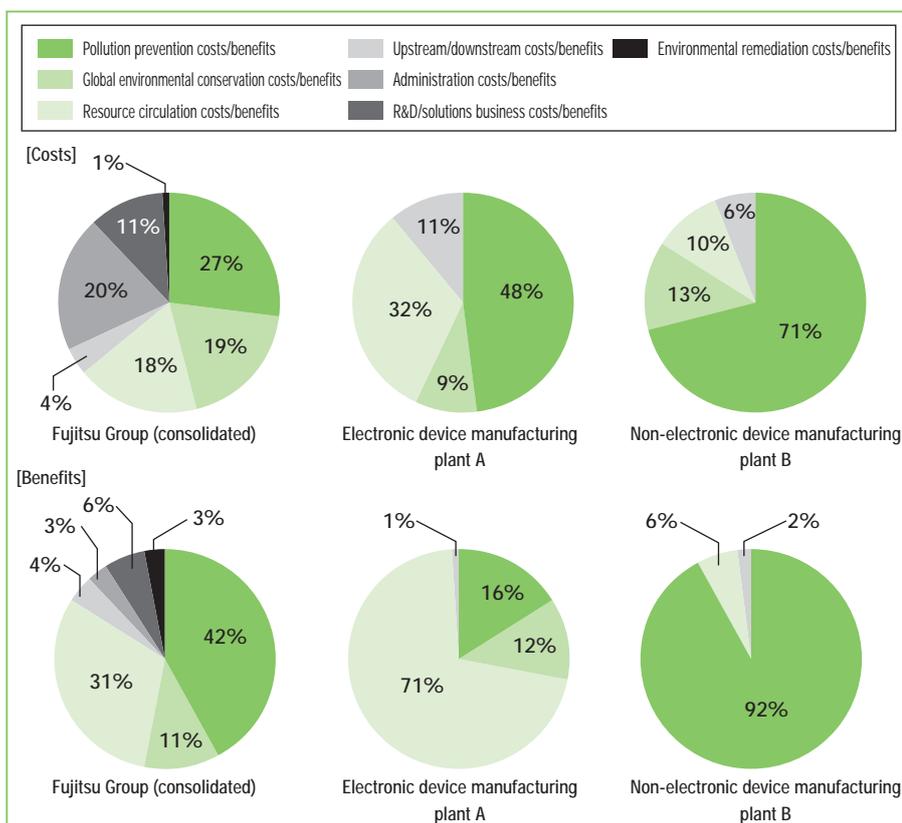
measurable benefits have consequently improved, especially in the area of resource circulation.

(Unit: 100 million yen)

| Item | | Cost | Economic benefit |
|--|--|------------|------------------|
| Business area costs/benefits | Pollution prevention costs/benefits | 55(- 6) | 101(+ 14) |
| | Global environmental conservation costs/benefits | 36(+ 8) | 27(+ 1)* |
| | Resource circulation costs/benefits | 34(- 3) | 72(+ 16)* |
| Upstream/downstream costs/benefits | | 8(- 1) | 9(- 1)* |
| Administration costs/benefits | | 37(± 0) | 8 (± 0) |
| R&D/solutions business costs/benefits | | 19(+ 5) | 16(+ 1) |
| Social activities costs | | 0(± 0) | - |
| Environmental remediation costs/benefits | | 1(- 2) | 6(- 2) |
| Total | | 190(+ 1) | 239(+ 29) |

Note: Numbers in parentheses indicate increases or decreases in comparison with the 2002 fiscal year.
 0 is employed for social activities costs of less than 100 million yen.
 * indicates substantial benefits.

Percent distribution of costs/benefits



Fiscal 2003 environmental costs for the Fujitsu Group as a whole totaled ¥19 billion, with 27% expended for pollution prevention, 19% for global environmental conservation, 18% for resource circulation, 20% for administration and 11% for R&D/solutions. The benefits amounted to ¥23.9 billion, with 42% achieved by pollution prevention, 11% by global environmental conservation and 31% by resource circulation.

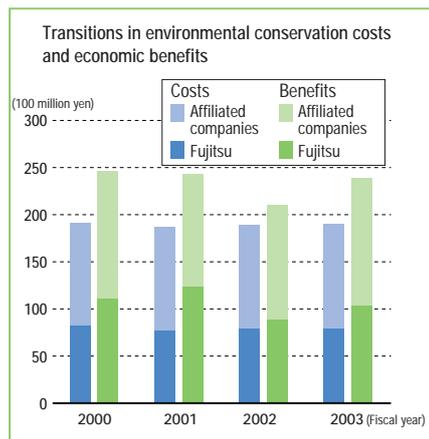
Some 40-50% of the costs incurred by Fujitsu Group electronic device manufacturing sites are typically for pollution control measures. At Plant A, an electronic device manufacturing site, pollution prevention and resource circulation costs account for 48% and 32% of expenditures, respectively. This plant emphasizes efficient resources utilization, and resource circulation benefits achieved through effective use of chemical substances and water account for 71% of the total benefits.

Non-electronic device manufacturing site Plant B employed 71% of its expenditures for pollution prevention, 13% for global environmental conservation and 10% for resource circulation. Upkeep costs for air pollution control facilities account for the great majority of the pollution prevention costs. Pollution prevention benefits, at 92%, represent the major portion of the benefits.

Environmental conservation costs

Global environmental conservation and Green Product development costs increased compared with the previous term in fiscal 2003, while pollution prevention costs decreased.

- (1) Pollution prevention costs fell ¥600 million on a consolidated basis, due primarily to the effects of the transfer of Fujitsu AMD Semiconductor to an equity method affiliate.
- (2) Global environmental conservation costs increased ¥800 million on a consolidated basis, reflecting higher operating expenses for environmental facilities due to expanded production.
- (3) R&D/solution business costs rose ¥500 million on a consolidated basis, due largely to aggressive research on Green Product materials imposing a low environmental burden.

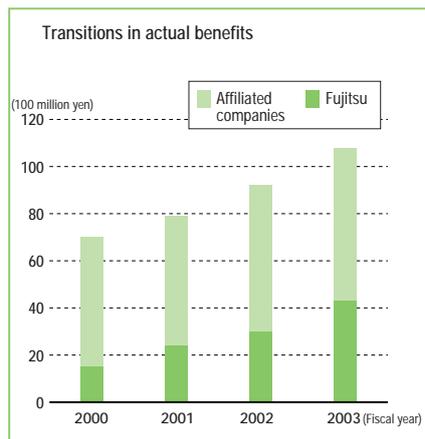


Actual benefits

The real measurable benefits increased ¥1.2 billion for Fujitsu and ¥1.6 billion on a consolidated basis, reflecting the improvement in resource circulation benefits.

Resource circulation benefits

- Benefits totaled ¥300 million for fiscal 2003, thanks to a reduction in resources input during production achieved primarily through Green Process activities implemented by Fujitsu.
- Promotion of water recycling at Fujitsu sites has resulted in benefits of ¥300 million.
- Promotion of component reuse by affiliated companies' sites has produced benefits of ¥200 million.



Estimated benefits

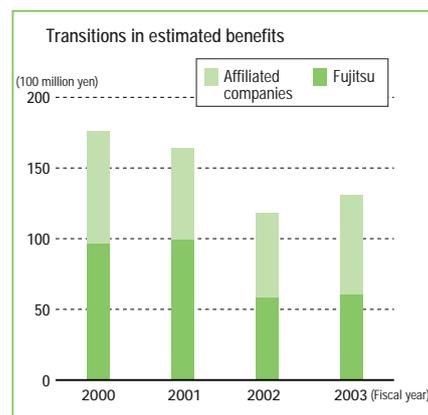
Estimated benefits increased by ¥1.1 billion for affiliated companies and ¥1.3 billion for the Group, reflecting the improvement in pollution prevention benefits.

Pollution prevention benefits

The contribution to the creation of added value by global environmental conservation activities at affiliated companies increased by ¥1.3 billion.

R&D/solutions business benefits

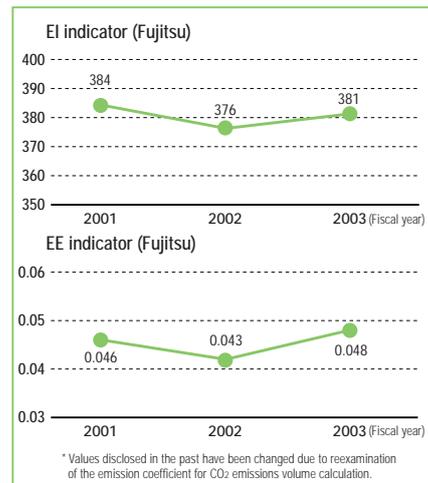
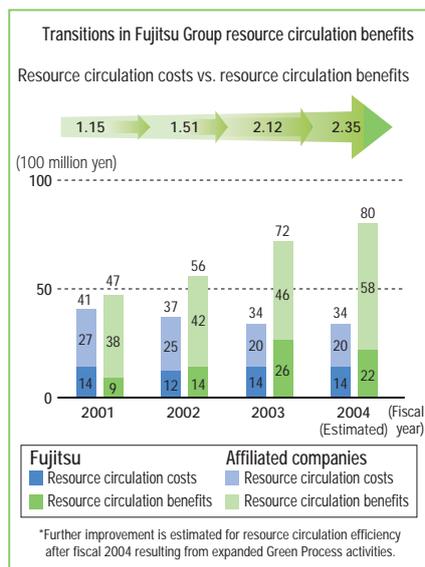
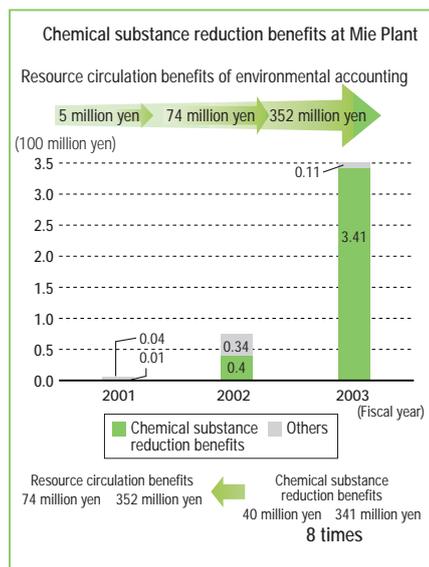
R&D/solutions business benefits increased ¥100 million for the Group. This rise is attributable both to a year-on-year increase in the number of products registered as Green Products in fiscal 2002 and to an extension of the Green Product designation to the electronic devices business.



Benefits of Green Process activities

An environmental accounting-based performance analysis of Green Process activities in the electronic devices business during fiscal 2003 reveals increased resource circulation benefits, primarily from reduced

use of chemical substances. The Fujitsu Group employs environmental accounting to clarify the achievements of Green Process activities to enable disclosure of these achievements as official data.



Environmental improvement (EI) indicator

A measure of the environmental burden reduction effect per unit cost (unit ton-CO₂ ¥100 million). The EI indicator shows the effect of monetary expenditures (here, ¥100 million) on environmental measures in terms of the consequent reduction in the environmental burden as measured by the weight of CO₂.

Environmental efficiency (EE) indicator

A measure of total sales relative to the environmental burden (unit: ¥100 million/ton-CO₂). The EE indicator shows the value added in terms of sales by reduction of the environmental burden. It permits evaluation of the environmental burden resulting directly from business activities.