

3. Environmental Accounting

a. Cost/Benefit Trends

	FY 2004		FY 2005		FY 2006		(Billion Yen) FY 2007 (Forecast)	
	Costs	Benefits	Costs	Benefits	Costs	Benefits	Costs	Benefits
Fujitsu Limited	7.9	9.7	9.0	10.9	7.4	9.9	8.4	11.4
Affiliated companies	10.0	12.9	8.9	13.6	9.3	17.7	11.4	19.7
Total	17.9	22.6	17.9	24.5	16.7	27.5	19.8	31.1

b. Itemization of Fiscal 2006 Results*

Costs	Item	(Billion Yen)		
		Fujitsu Limited	Affiliated companies	Total
Business area costs				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	3.1	2.1	5.3
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	1.0	1.0	2.0
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.2	2.2	3.4
Upstream/downstream costs	Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling /reuse of waste products and packaging, Green Procurement, etc.)	0.1	1.0	1.1
Administration costs	Environmental protection costs related to administrative activity, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	1.7	1.2	2.9
R&D costs	Environmental protection costs for R&D activities (Super Green Products, Green Products/ /environmental technology design and development costs)	0.2	1.8	2.0
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.0	0.0	0.0
Environmental remediation costs	Costs of environmental restoration operations (remediating soil and groundwater contamination, environmental compensation, etc.)	0.0	0.0	0.0
Total		7.4	9.3	16.7

(Billion Yen)

Benefits	Item	Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Contribution of environmental protection activities to value added** in manufacturing.	3.3	2.9	6.2
	Savings from avoidance of operating losses*** stemming from failure to observe environmental laws and regulations.	0.2	1.8	2.0
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption****	1.8	0.7	2.5
Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization*****	3.0	10.6	13.6
Upstream/downstream benefits	Sales value of recycled and reused products****	0.0	0.7	0.7
Administration benefits	Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.2	0.4	0.6
R&D benefits	Contribution to sales made by Super Green Products, Green Products, other eco-friendly products	1.4	0.6	1.9
Environmental remediation benefits	Savings of compensation payments to residents through policies preventing groundwater and soil contamination*****	0.0	0.0	0.0
Total		<u>9.9</u>	<u>17.7</u>	<u>27.5</u>

c. Comment

In fiscal 2006, as a result of efforts to promote the use of reusable products, resource circulation costs and benefits increased. With the rise in the market price of metals, there was an increase in gains on sales of unnecessary resources with material value, and the Fujitsu Group as a whole recorded total benefits of 27.5 billion yen. In fiscal 2007, because of enhanced countermeasures against global warming and soil remediation measures, we anticipate consolidated costs of 19.8 billion yen and consolidated benefits of 31.1 billion yen.

Notes:

- * Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.
- ** Contribution of environmental protection activities in relation to value added: value added x (maintenance and management costs for environmental facilities/total generated costs)
- *** Avoidance of operating losses: (value added/days of operation) x days lost
- **** Actual benefit
- ***** Estimate of risk avoidance assuming such events arise