

Supplementary Volume for Data related to the 2006 Environmental & Social Report



Contents of the "Supplementary Volume for Data Related to the 2006 Environmental and Social Report"

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Financial Data	Most recent five year trends in FHI 's sales, ordinary income, sales volume, paid-in capital, number of employees, capital investment and Research and Development costs
Environmental Management Report	FHI's system for promoting environmental conservation activities, voluntary environmental plans, environmental accounting (for FHI, its Japanese and overseas affiliated companies [ reference value for trial ]), number of employees who have acquired official certifications, number of company-owned cars, etc.
Product Data	Data on the products released by FHI in fiscal 2005
Plant Site data (Japanese only - please refer to our Japanese Website)	Environmental and social activities and compliance with environmental related laws and regulations, etc. at Gunma Manufacturing Division, Industrial Products Company, Utsunomiya Manufacturing Division and Tokyo Office
Affiliated Companies Site Data (Japanese only - please refer to our Japanese Website)	Fuji Robin Industries Ltd., Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd. And Subaru Logistics Co., Ltd.

**Corporate overview (As of March 31, 2006)**

<b>Name</b>	Fuji Heavy Industries Ltd.
<b>Established</b>	July 15, 1953
<b>Paid-in capital</b>	153.7 billion yen (as of March 31, 2006)
<b>Employees</b>	(Consolidated) 26,115 (as of March 31, 2006) (Non-consolidated) 13,111 (as of March 31, 2006)
<b>Head Office</b>	Subaru building, 7-2 Nishi-shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8316 Japan TEL: 03-3347 for every division (dial information 03-3347-2111)
<b>Sales</b>	(Consolidated) 1476.4 billion yen / (Non-consolidated) 976.1 billion yen <for the fiscal year ended March 31, 2006>
<b>Ordinary Income</b>	(Consolidated) 46.8 billion yen / (Non-consolidated) 41.4 billion yen <for the fiscal year ended March 31, 2006>
<b>Number of Consolidated Subsidiary</b>	(Domestic) 49, (Overseas) 19
<b>Number of Affiliated Company</b>	(Domestic) 10, (Overseas) 1

**Fuji Heavy Industries Ltd. (Main manufacturing facilities)**

Subaru Automotive Business < Gunma Manufacturing Division (Gunma prefecture), Tokyo Office (Mitaka city) >  
 Aerospace Company < Utsunomiya Manufacturing Division\* (Utsunomiya City, Tochigi prefecture, Handa city, Aichi prefecture) >  
 Industrial Products Company < Saitama Manufacturing Division \* (Kitamoto city, Saitama Prefecture) >  
 Eco Technologies Company < Utsunomiya Manufacturing Division (Utsunomiya City, Tochigi prefecture) >

\*For the sake of convenience, in this report, the production sites of the Aerospace Company and Eco Technologies Company are referred to as the Utsunomiya Manufacturing Division and the Industrial Products Company as the Saitama Manufacturing Division.

**Locations** Note: Locations of major facilities of Fuji Heavy Industries Ltd. and affiliated companies mentioned in this report are shown below.

**Japan**



Company name	Location	Business
Fuji Robin Industries Ltd.	Numazu city, Shizuoka Prefecture	Manufacture, service and sales of agricultural/forestry equipment, engines, and fire pumps
Yusoki Kogyo K.K.	Handa City, Aichi Prefecture	Manufacture and sales of aerospace-related machinery components and crane trucks, etc.
Fuji Machinery Co., Ltd.	Maebashi City, Gunma Prefecture	Manufacture and sales of forged parts for automobiles and industrial machinery
Ichitan Co., Ltd.	Ota City, Gunma Prefecture	Manufacture and sales of car parts, industrial machinery, and agricultural transmissions
Kiryu Industrial Co., Ltd.	Kiryu City, Gunma Prefecture	Manufacture of specially equipped Subaru automobiles and logistics control of Subaru automobile parts
Subaru Logistics Co., Ltd.	Ota City, Gunma Prefecture	Logistics and logistics-related operation of Subaru automobiles, parts, and supplies

**North America**



Company name	Location	Business
① SIA * 1	Lafayette, Indiana	Production base for Subaru in the U.S.A.
② SOA * 2	Cherry Hill, New Jersey	Distribution base for Subaru in the U.S.A.
③ SCI * 3	Mississauga, Ontario	Distribution base for Subaru in Canada
④ SRD * 4	Ann Arbor, Michigan	Research and development base for automobiles in the U.S.A.
⑤ RMI * 5	Hudson, Wisconsin	Production base for general-purpose engines in the U.S.A.

\* 1 SIA: Subaru of Indiana Automotive, Inc. \* 2 SOA: Subaru of America, Inc. \* 3 SCI: Subaru Canada, Inc.  
 \* 4 SRD: Subaru Research & Development, Inc. \* 5 RMI: Robin Manufacturing U.S.A., Inc.

Supplementary Volume for Data Related to the 2006 Environmental and Social Report - History

Chronology of FHI's Environmental Efforts

	Management Division	Automotive business unit	Other companies
Aug. 1973		Established standards for making resin ingredients (automobile industry guidelines were determined in 1991)	
Oct. 1985			Developed the electric refuse collection vehicle EV405
Feb. 1987		Introduced the Subaru ECTV, the first electro-continuously variable transmission in the world	
Aug. 1990	Established an Environmental Issues Improvement Measures Project	Began setting up facilities at Subaru dealers for collection and reuse of CFCs used in air conditioners	
Apr. 1991	Established the Safety, Emission, Fuel Economy (SEF) Committee		
Oct.	Established the Recycling Committee (in 1997, the name was changed to the Recycling Engineering Development Committee and, in 1999, to the Recycling Promotion Committee)	Announced a Flexible Fuel engine at the Tokyo Motor Show	
Apr. 1992	Established the Environmental and Safety Technology Department		Announced three types of generators installed with OHV engines (2kW, 2.8kW, 4.1kW)
May		Became the first in the automobile industry to recycle painted bumpers for use in interior and exterior parts	
Nov.		Completed installation of fluorocarbon collection and reuse equipment for car air conditioners at Subaru dealers	
Jan. 1993		Began collecting scrapped bumpers in the Tokyo and Kanagawa areas in cooperation with a distribution company	
Mar.	<ul style="list-style-type: none"> <li>Established the Voluntary Environmental Protection Plan</li> <li>Set up the Corporate Environment Committee</li> <li>Set up the Engineering Environment Committee and the Plant Environment Committee developed from the SEF Committee</li> </ul>		
Apr. 1994		Completed replacement of air conditioner refrigerants from CFC12 to HFC134a	
Jan. 1995			1995 Began manufacturing multipurpose engines that met the California Air Resources Board (CARB) emission regulations
Apr.		Began sales of the electric vehicle, Sambar EV	
Jun.		Developed a new environment-friendly protective coating film and applied to Legacy and Impreza	
Aug.			Began delivering a low-pollution CNG refuse collection vehicle
Sep.			Delivered Japan's first container for refuse transportation by railroad freight car and a container transport vehicle for transportation to Kawasaki City
Oct.		Displayed a direct gasoline injection engine and a hybrid electric vehicle at the Tokyo Motor Show	
Feb. 1996		Developed and implemented the Roller Press method, a new technique for removing the coating film, and began bumper-to-bumper recycling	
Apr.	Established the Environment Plan for 2000		
Oct.			Developed and began sales of the container collection and measurement system for refuse collected for a fee
Jul. 1997	Set up the Environmental Affairs Promotion Office		Developed a solid waste ash melting furnace
Sep.			Delivered the first Fuswton, high-rise building waste management system
Feb. 1998	Established the Recycling Initiative for End-of-Life Vehicle Voluntary Action Plan for Automobile Recycling		
Apr.	Established Environmental Policy		
Jun.	Published the environmental pamphlet "For Harmony between People, Society, and the Earth"		
Oct.		Completed nationwide extension of JAMA's CFC-12 collection and destruction system	Announced the four-stroke OHV engine (EH09D) used in rammers, an alternative to the two-cycle engine
Nov.	SIA in the U.S.A. acquired ISO 14001 certification		
Mar. 1999	Gunma Manufacturing Division acquired ISO 14001 certification		
May	Saitama Manufacturing Division acquired ISO 14001 certification		
Jun.		Began recycling PET bottles for use in interior parts	
Jul.	Transportation and Ecology Systems Division in the Utsunomiya Manufacturing Division acquired ISO 14001 certification		
Oct.	Started the General Managers' Meeting on the Environment at the Gunma Manufacturing Division		
Jan. 2000		Began reuse of painted bumper scrap from production process for the Pleo's mass-produced bumpers	
Mar.	Eliminated the incinerator at the Tokyo Office	Expanded the scrap bumper collection system to the Tohoku area and built a nationwide system in Japan	Fuswton won the Resource Recycling Technology System Award for fiscal 1999 from the Ministry of International Trade and Industry's Environment and Industrial Location Bureau
Aug.		Began sales of the new Impreza, and all models met authorized low emission standards	
Sep.	Published the 2000 Environmental Report, aggregating results of all environmental activities for fiscal 1999		
Oct.		Began recycling of auto window glass recovered from ELVs as glass wool soundproofing material	
Nov.			<ul style="list-style-type: none"> <li>Unveiled the Subaru Small Wing Turbine Generator System</li> <li>Began sales of the new LP0 low-noise refuse collection vehicle</li> </ul>
Dec.	Eliminated the incinerator at the Gunma Manufacturing Division, Yajima Plant		
Mar. 2001	Achieved zero emissions at the Gunma Manufacturing Division		
May			Began sales of the multipurpose Robin EX series engine in order to lower exhaust emissions, lower the level of noise, and lower the level of vibration
Jun.	Published the 2001 Environmental Report, aggregating results of all environmental activities for fiscal 2000		
Sep.	Eliminated the incinerators at the Utsunomiya Manufacturing Division and the Saitama Manufacturing Division		

(Note) For information about railway cars and buses, please refer to pp. 58-59 of the '2003 Environmental Report'.

**Supplementary Volume for Data Related to the 2006 Environmental and Social Report - History**

**Chronology of FHI's Environmental Efforts**

	Management Division	Automotive business unit	Other companies
Oct.		Exhibited the next generation hybrid minicar, the HM-01, at the Tokyo Motor Show	
Jan. 2002			The Subaru Small Wind-Power Generation System won the New Energy Grand Prize for fiscal 2001 from the Agency for Natural Resources and Energy
Feb.		Began sales of the new Forester. All models met the fiscal 2010 fuel economy standards and were accepted as good low emissions vehicles (G-LEV)	
Mar.	Utsunomiya Manufacturing Division and Saitama Manufacturing Division achieved zero emissions		
May	Established the Environmental Conservation Program (fiscal 2002 through fiscal 2006)	The company for the development of automobile batteries was jointly established by NEC Corp. and FHI	
Jun.	Published the 2002 Environmental Report		
Jul.		Consigned matters involving the collection and destruction of CFCs to the Japan Automobile Recycling Promotion Center	
Oct.		Limited marketing of the Legacy B4, CNG (Compressed Natural Gas) Vehicle	
Nov.			Switching to Pollution-Free Paint Remover for Regular Servicing of Airplanes won an award from Defense Procurement and Infrastructure Association
Apr. 2003	Saitama Manufacturing Division received a regular assessment for ISO 14001		Developed ASR Pre-Processing Separating System
May		<ul style="list-style-type: none"> <li>Full model change of Legacy to launch the New Legacy</li> <li>All models met the fiscal 2010 fuel economy standards except for 2.0 GT spec.B</li> <li>2.0i SOHC engine equipped cars, which achieved a 75% reduction in emissions compared to 2000 standards</li> </ul>	Developed a Pollution-Free Paint Remover for Regular Servicing of Airplanes, which won a special award from the Japan Aeronautical Engineer's Association
Jun.	<ul style="list-style-type: none"> <li>Published 2003 Environmental Report</li> <li>Utsunomiya Manufacturing Division received a regular assessment for ISO 14001</li> </ul>		
Jul.	<ul style="list-style-type: none"> <li>Set up the six star mitsuraboshi corporate symbol</li> <li>Established Subaru Visitor Center at Gunma Manufacturing Division, Yajima Plant</li> </ul>		Solid waste ash melting furnace developed jointly with Ogihara Co., Ltd. acquired technology authorization from the Japan Waste Research Foundation
Aug.		<ul style="list-style-type: none"> <li>Legacy B4 CNG challenged to complete a full circuit of Japan</li> <li>Conducted the presentation of Subaru Mobility techniques</li> </ul>	
Sep.	Achieved zero emissions at the Tokyo Office		
Oct.	The Gunma Manufacturing Division won the fiscal 2003 3Rs Promotion Association Chairman's Award	<ul style="list-style-type: none"> <li>Disclosed the system of sequential hybrid series</li> <li>Set up the Subaru brand message "Think. Feel. Drive."</li> </ul>	
Nov.		The Legacy won the 2003-2004 Japan Car of the Year Award	
Dec.		<ul style="list-style-type: none"> <li>Developed a new processing technology for automotive parts, the "hard broaching method"</li> <li>Launched a new minicar, the Subaru R2. Achieved fuel economy of 24.0 km/l(10-15 mode) (R) and a 75% reduction in emissions compared to 2000 standards. (R and i)</li> </ul>	
Jan. 2004	The Head Office and the Tokyo Office acquired ISO 14001		
May			The Industrial Products Company (V model two cylinder engine) received the "Supplier of the Year" award from Cummins
Jun.	Published the 2004 Environmental & Social Report		
Sep.		Subaru won the WRC championship "Rally Japan 2004" held in Japan for the first time	
Nov.	Received public recognition of office excellence for the hiring of disabled persons	<ul style="list-style-type: none"> <li>Gunma factory paint sludge recycling plant received the "Resource Recycling Technology System Commendation"</li> <li>Subaru's R2 won RJC's annual "Car of the Year" special award for best minicar of 2005</li> </ul>	
Dec.		The R1 and the Impreza were newly adapted to Subaru Transcare series for the Disabled. New functions were added to the R2 and the Sambar	
Jan. 2005	Opened "Subaru Academy" in Hachioji, Tokyo	In response to the Law on Recycling End-of-Life Vehicles, the Subaru car recycling system was implemented	
Feb.			The Natural Gas Engine Cogeneration system started operations at the Utsunomiya Manufacturing Division
Mar.	<ul style="list-style-type: none"> <li>The Subaru Parts Distribution Center (Ota City) acquired ISO 14001 certification (extending the scope of Gunma Manufacturing Division's certification)</li> <li>The Subaru Parts &amp; Accessories Division (Saitama City) acquired ISO 14001 certification (extending the scope of head office's certification)</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated sales units of Subaru in domestic market achieved 10 million</li> <li>Hit the three million mark for worldwide Legacy production</li> </ul>	
May	Views on corporate social responsibility were clarified in "CSR Policy"		Began sales for the new model refuse collection vehicle, the "Fuji Mighty LP71 model series"
Jun.	FHI Group unveiled its "Environmental Logo"		
Jul.	Published the 2005 Environmental & Social Report		
Jul.	FHI joined the "Team minus 6%"		
Oct.		Subaru R1 received "Good Design Award 2006" from Japan Industrial Design Promotion Organization	
Nov.		Released partially-improved Subaru R2 (Refi) and R1 (S), with NA engines of 75% reduction beyond 2005 emission standards	
Dec.			Eco Technologies Company erected the prototype "SUBARU 80/2.0", a 2,000-kW class large-scale wind turbine and began demonstration testing in Kamisu, Ibaraki
Feb. 2006	Environmental Affairs Promotion Office renamed to CSR & Environmental Affairs Promotion Office		
Mar.		Subaru Environmental Exchange Circle (Eco Class Delivery Service) received the 15th Energy Publicity Activities and Facilities Award	
Jun.		The prototype of SUBARU "R1e", a next generation electric vehicle jointly developed with TEPCO, was completed and delivered for business use at TEPCO	

(Note) For information about railway cars and buses, please refer to pp. 58-59 of the '2003 Environmental Report'.

## Fuji Heavy Industries Ltd. Financial Data

## Trends in sales and ordinary income (consolidated)

	Unit: 100 million yen					
	2000	2001	2002	2003	2004	2005
Domestic sales	6,882	6,312	5,993	6,279	6,271	6,041
Overseas sales	6,236	7,312	7,730	8,115	8,194	8,722
Total sales (consolidated)	13,118	13,624	13,723	14,394	14,465	14,764
Ordinary income	715	782	585	566	436	468

## Trends in sales and ordinary income (non-consolidated)

	Unit: 100 million yen					
	2000	2001	2002	2003	2004	2005
Domestic sales	5,282	4,727	4,326	4,649	4,524	4,376
Overseas sales	3,949	4,490	4,796	4,720	4,971	5,386
Total sales (non-consolidated)	9,231	9,217	9,122	9,369	9,495	9,761
Ordinary income	544	650	464	284	313	414

## Trends in sales volume

	Unit: 1000 units					
	2000	2001	2002	2003	2004	2005
Domestic sales volume	290	264	246	246	254	230
Overseas sales volume	270	279	295	306	328	341
Total sales volume (consolidated)	560	543	541	552	582	571

## Net sales breakdown by divisions (non-consolidated)

	Unit: 100 million yen					
	2000	2001	2002	2003	2004	2005
Subaru Automotive Business	798,131	797,181	792,057	835,541	844,678	843,369
Aerospace Company	65,569	66,298	63,029	56,788	59,434	81,787
Industrial Products Company	37,273	31,340	33,543	34,210	38,899	43,751
Eco Technologies Company			7,970	7,854	6,490	7,236
Bus Manufacturing and House Prefabricating Division	13,246	13,668				
Transportation and Ecology Systems Division	8,916	13,149				
Others			15,626	2,516		
Total sales (non-consolidated)	923,138	921,709	912,228	936,911	949,511	976,143

## Trends in paid-in capital

	Unit: 100 million yen					
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Paid-in capital	1,444	1,444	1,444	1,537	1,537	1,537

## Trends in the number of employees

	Unit: employees					
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Number of employees (consolidated)		26,601	27,478	27,296	26,989	26,115
Number of employees (non-consolidated)	14,849	14,601	14,359	14,189	13,983	13,111

## Trends in capital investment and test/research cost (non-consolidated)

	Unit: 100 million yen					
	2000	2001	2002	2003	2004	2005
Capital investment (consolidated)	436	706	646	745	853	562
Depreciation (consolidated)	453	450	488	532	511	575
Capital investment (non-consolidated)	260	428	346	327	256	239
Test/research cost	461	545	598	573	528	467



**Social Report**
**Trends in number of employees in all FHI (consolidated)**

Unit: employees

	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Number of regular employees (consolidated)		26,601	27,478	27,296	26,989	26,115

**Trends in the number of employees in all FHI (non-consolidated)**

Unit: employees

	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Number of regular employees	14,849	14,601	14,359	14,189	13,983	13,111
Male	13,859	13,626	13,403	13,242	13,060	12,303
Female	990	975	956	947	923	897
Average age (years old)	37.6	37.9	37.8	38.4	38.6	37.9
Average length of service (year)	17.2	17.4	17.3	17.9	18.1	17.5
Trends in the number of employees hired by periodic recruitment	352	338	280	321	349	219
Number of female	51	46	33	45	45	23
Trends in the number of mid-career recruitment*1	73	34	25	74	36	21
Number of female	6	1	3	8	3	3

**Trends in the male/female composition ratio of regular employees in all FHI (non-consolidated)**

Unit: %

	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Male	93.3	93.3	93.3	93.3	93.4	93.8
Female	6.7	6.7	6.7	6.7	6.6	6.8

**Trends Trends in the proportion of employees with disabilities in all FHI (non-consolidated)**

Unit: %

	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Proportion of employees with disabilities (Number of employees with disabilities)	1.41	1.60	1.87	2.00	1.89	1.80

**Number of occupational accidents in all FHI (non-consolidated)**

Unit: %

	2000	2001	2002	2003	2004	2005
Number of occupational accidents	80	77	64	48	45	34

**Number of occupational accidents in Automotive business unit**

Unit: %

	2000	2001	2002	2003	2004	2005
Frequency rate (FHI Automotive business unit)	1.17	0.77	0.81	0.59	0.37	0.55
Frequency rate (Average of manufacturers)	1.02	0.97	0.98	0.98	0.99	1.01

**Trends in the number of labor union members**

Unit: employees

	Aug. 1, 2001	July 1, 2002	July 1, 2003	June 1, 2004	March 31, 2004	April 1, 2005
Number of labor union members	14,010	13,776	13,493	13,250	12,247	12,676

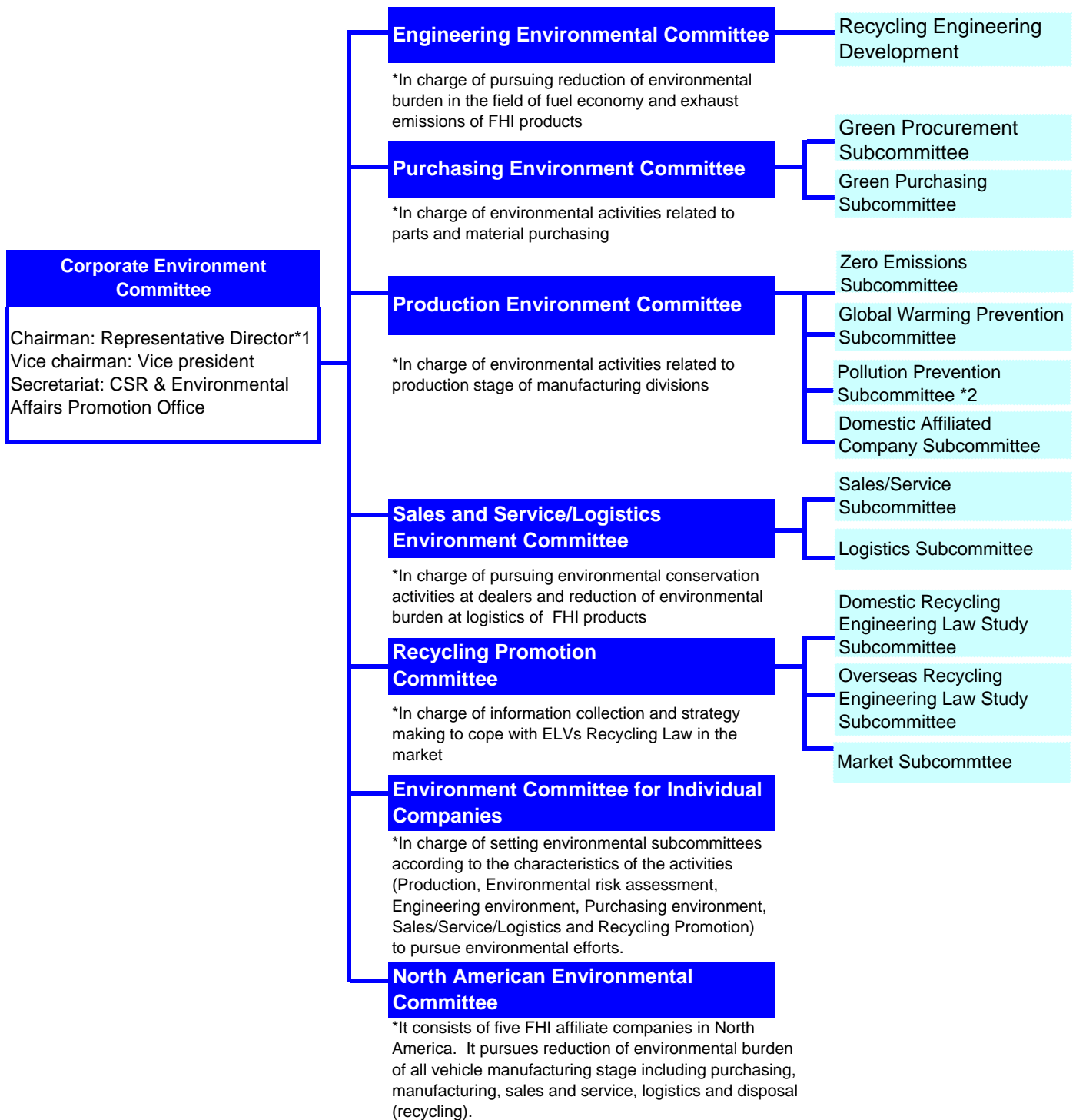
\*1: The number of mid carrier employment is a sum of regular employment and employment on a short-time contract

**Environmental Management Report**

**Organization**

FHI Corporate Environment Committee consists of representative director as chairman and representative managers from all companies and divisions. Setting it as the hub of FHI's environmental conservation efforts, we are actively pursuing various activities to reduce environmental burdens by making whole-company strategies and plans and by collecting the achievements.

**Organization of the Corporate Environment Committee (As of August 2006)**



\*1 As of August 2006: Chairman: Shunsuke Takagi, Corporate Executive Vice President, Vice chairman: Mitsuru Takahashi, Corporate Vice President, Secretariat: Tatsuya Suzuki, Head of CSR & Environmental Affairs Promotion Office

\*2 Environmental Risk Assessment Committee has been incorporated into Pollution Prevention Subcommittee of Production Environment Committee in December 2005.

(Reference) New Voluntary Plan for Environment

FHI Environmental Conservation Program (Fiscal 2002 through Fiscal 2006)

Items	Goals and actions
Clean plants	<p>Promoting energy conservation, and curbing global warming</p> <p>Aim to reduce energy consumption per production by 28% compared to the fiscal 1990 level by fiscal 2006                      Aim to reduce CO2 emissions by 6% from production plants compared to the fiscal 1990 level by fiscal 2006</p>
	<p>Control and reduction of substances with environmental impact at production plants</p> <p>Establish stricter standards than the current voluntary standards for newly established and remodeled environmental facilities in order to reduce the environmental burden on the air and water                      Reduce emissions of chemical substances listed in the Pollutant Release and Transfer Register (PRTR) into the environment                      Reduce Volatile Organic Compound (VOC) emissions in car production lines to the level of 45g/m2 or less on average by the end of fiscal 2006</p>
	<p>Reducing wastes generated at production plants</p> <p>Aim at further advances in zero emissions and zero levels of waste landfilled both directly and indirectly                      Promote recycling of waste materials and using them as parts of products, as well as curbing their generation</p>
	<p>Saving water resources</p> <p>Reduce the amount of water used in the production plants</p>
	<p>Green procurement activities</p> <p>Request a research report from suppliers on the contents of substances with environmental impact, and establishment of an environmental management system. The following are the target dates for establishing the environmental management system:                      Automotive Business Unit: 95% or more of the suppliers, including overseas ones, should have established a system by March 2005                      Industrial Products Company: by the end of March 2004                      Promote green procurement activities in other departments, including the Aerospace Company                      Develop green procurement activities with overseas suppliers (Automotive Business Unit)                      Research started in fiscal 2002 on the status of introducing the EMS and the contents of substances with environmental impact</p>
Clean products	<p>Improving fuel economy</p> <p>[Automobiles]                      Continue to improve fuel economy for every full model change and annual model change                      Achieve fiscal 2010 fuel economy standards for all weight ranks by fiscal 2006                      [General-purpose engines]                      Aim to improve the average fuel economy of general-purpose engines by 15% (compared with the 1995 level) by 2005</p> <p>Cleaner exhaust emissions</p> <p>[Automobiles]                      Produce excellent low emission vehicles (E-LEV) or good low emission vehicles (G-LEV) for all models, except for a few, by autumn 2002                      The goal is to have the exhaust emissions of 80% of the cars sold be either 50% or 75% reduced beyond 2005 standards (out of this 80% figure, half should be vehicles with emissions reduced 75% beyond 2005 standards) by 2006                      [General-purpose engines]                      Aim to reduce the average emissions of HC and NOx from general-purpose engines by 30% (compared with the 1995 levels) by 2005</p> <p>Developing products using clean energy</p> <p>[Automobiles]                      Hybrid vehicles: Continue development for market launch, and aim at limited introduction to the market in fiscal 2007                      Natural gas vehicles: Continue market expansion of NGVs based on the new Legacy                      Fuel cell vehicles: Continue development toward next-generation FCVs                      [General-purpose engines]                      Introduced general-purpose engines compatible with CNG and LPG fuel during fiscal 2002</p> <p>Improving recyclability</p> <p>Improve recyclable design for new models, and contribute to a recycling rate of 95% in 2015                      Improve ease of disassembly in the recycling market by considering re-use and other methods                      Use easy-to-recycle plastic materials more extensively</p>



(Reference) New Voluntary Plan for Environment

FHI Environmental Conservation Program (Fiscal 2002 through Fiscal 2006)

Items		Goals and actions
Clean products	Reducing substances with environmental impact	<p>[Automobiles]                      Promote development of technologies which replace substances with environmental impact, aiming at faster application to developing vehicles                      Further reduce the amount of lead to 1/10 or less compared with 1996 levels from January 2006                      Stop using mercury from January 2005 except in the following parts:                      Liquid crystal displays, combination lamps, discharge head lamps, and room fluorescent lighting                      Stop using cadmium from January 2007                      Stop using hexavalent chromium from January 2008</p> <p>[General-purpose engines]                      Promote reducing the amounts of substances with environmental impact, such as lead and hexavalent chromium, used for general-purpose engines</p>
	Reducing exterior noise	Promote development of technology to reduce noise that is compatible with both fuel economy improvement and exhaust emissions reduction
	Curbing global warming regarding air conditioning refrigerants	Promote further reduction in the amount of refrigerant (HFC134a) per vehicle
	Research on traffic environments	Work further on Intelligent Transport Systems (ITS) that realize a safe and comfortable motorized society
Clean logistics	Reducing the environmental burden caused by logistics	Improve logistics efficiency and work on reducing the amount of packing materials
Clean dealers	Promoting environmental conservation activities at dealers	Support environmental conservation activities by dealers Promote recycling and proper disposal during the distribution and disposal stages Collect and destroy specific chlorofluorocarbons (CFC12), collect CFC12's substitute (HFC134a), collect and dispose of airbags, and collect warning flares Continue to collect used bumpers (ongoing) Work to comply with the Law on Recycling End-of Life Vehicles
Management extension	Implementing actions contributing to society	Continue to participate in environmental events, communicate with local residents at plants, and deal with visitors to plants (ongoing) Continue to participate in cleaning and tree-planting activities in the area around each plant (ongoing) Offer support and cooperation to environmental activity groups
	Disclosing environment-related information	Continue to publish environmental reports, and release environmental information through publicity channels from time to time Improve and upgrade the contents of environmental reports (e.g., compliance with guidelines, and reports including group businesses)
	Implementing environmental education and educational campaigns	Incorporate environmental education into the company education system and put it into practice. Implement educational campaigns through company newsletters and various media Continue to implement lectures and presentations of worksite improvement case studies (ongoing)
	Establishing an environmental management system	Establish an environmental management system at business sites that presently lack such systems, and continuously improve the environmental management system at ISO14001-acquired sites Implement internal environmental audits and environmental facility risk assessments Strengthen the liaison with related companies, and establish consolidated environmental management systems
Others	Promoting environment-related projects	Promote environment-related businesses, such as turbine generator systems and environmental equipment and devices

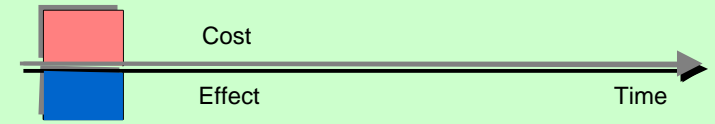

**Fiscal year 2005 FHI Environmental Accounting - Outline of the calculation method 1**

**Concept and calculation method of Environmental Cost and Economic Effect**

With reference to the guidelines of the Ministry of the Environment, FHI formulated its own guidelines according to its environmental conservation activity organization, based on which the environmental cost and economic effects are calculated.

For environmental cost, we categorize and summarize them 1) cost for reducing the environmental burden 2) Investment cost 3) Other cost. Please refer to the chart 1 for the definition and categorization of environmental costs.

**Chart 1 Definition and Categorization of Environmental Costs**

1) Costs for reducing the environmental burden	Costs for reducing the environmental burden during the production process	
2) Investment cost	Costs for obtaining environmental conservation effects that continue for several terms	
3) Other costs	Not included in environmental cost and indicated separately	
* Investments in environment-related facilities	Cost not belonging to the above categories [ Depreciation cost of facility investment are excluded from the environmental cost from the viewpoint of placing value on the cashflow ]	

**Change of the calculation method and basis for recording costs**

From this time, we have reviewed FHI environmental accounting guideline and modified some part of calculation method and basis for recording of environmental cost, investment for environmental facilities and economical effect. The changes from the conventional method and basis are summarized in the Table 1 below. The comparison of the FY2003 and FY2004 results of FHI (non-consolidated) and six domestic affiliates calculated by new/old calculation method are summarized in Table 4 and Table 5.

**Table 1 Environmental Accounting Outline of the Change of the Calculation Method and the Basis for Recording**

Items	New calculation method/basis for recording	The conventional calculation method/basis for recording
Recording of investment on environment-related facilities and environmental cost	Facility investment amount $\geq$ 25 million yen Both cost for facility investment and environmental cost are recorded after multiplied by environmental impact factor. Facility investment amount < 25 million yen When investment made mainly for environmental purpose, both facility investment and environmental cost to be recorded	All environment-related facilities Both cost for facility investment and environmental cost are recorded after multiplied by environmental impact factor.
Investment on environment-related facilities, depreciation cost, fixed asset tax and insurance fee	All investments on environment-related facilities are recorded as investment in the 1st year of facility operation. Depreciation cost are not recorded in the environmental cost from the viewpoint of placing value on the cashflow. Consequently, fixed asset tax and insurance fee are not recorded, either.	All investments on environment-related facilities are recorded as investment in the 1st year of facility operation. Depreciation cost, fixed asset tax and insurance fee of the environment-related facilities are recorded as environmental cost.
Period of recording environmental cost and economic effect related to environment-related facilities	Both environmental cost and economic effect are recorded only for 3 years from the 2nd year of the facility operation.	Both environmental cost and economic effect are recorded throughout the depreciation period of the facility.
Recording of the labor cost	Only environmental related works that can be clearly distinguished from routine work are recorded. Followings are recorded as labor cost: Labor cost of full-time environmental/EMS work staffs Workload of receiving environmental education course outside of the company Workload of coping with environmental discrepancies Workload for environmental related works in R&D Dept.	All labor costs of full-time environmental/EMS staffs are recorded. Labor cost of environmental affairs dept./EMS staffs Workload of receiving external environmental education course Workload of coping with environmental issues Workload for environmental related works in R&D Dept. Workload for participating environment-related meeting Workload for environmental facility planning/study/maintenance Workload for ISO related activities, etc.

Fiscal year 2005 FHI Environmental Accounting - Outline of the calculation method 2

Calculation method of environmental cost and facility investment

[Environmental cost and investment on environment-related facilities ]

Environmental cost and investment on environment-related facilities are calculated according to the size of the investment amount of each facilities. The amount of investment on environment-related facilities are excluded from the environmental cost and indicated separately.

(1) Environment-related facilities whose investment amount is more than 25 million yen

Investment amount of environment-related facilities that cover environmental and other scope (investment amount > 25 million yen) and cost related to these facilities (operation and maintenance, etc.) are calculated by multiplying a factor.

For example, investment amount and environmental cost for energy-saving of a manufacturing facilities is calculated as follows;

Investment amount of environment-related facilities = K x (investment amount of the subject manufacturing facilities)

Environmental cost = K x (operational cost<maintenance and administration fee, etc.> of the subject manufacturing facilities)

Above K is an environmental impact factor that is calculated by the following scheme:

$K = (\text{Total investment of the manufacturing facilities} - \text{Investment excluding energy-saving facilities}) / \text{Total investment amount}$

(2) Relatively small environmental related facilities whose investment amount is less than 25 million yen

Judging from its introduction purpose, all the cost related to facility investment and its maintenance and administration cost are recorded as environmental facility investment if they are purchased mainly for environmental purpose.

[Depreciation cost, Fixed asset tax, insurance fee ]

From this time, depreciation cost of environmental related facilities is not included in the environmental cost from the viewpoint of placing value on the cashflow. Consequently, fixed asset tax and insurance fee of environment-related facilities are not included in the calculation, either.

[Environmental cost related to environment-related facilities, recording period of the economic effect]

All investments on a new environment-related facility are recorded as investment in the 1st year of its operation. Both environmental cost and economic effect of a new facility are recorded exclusively for 3 years from the 2nd year of its operation.

**Table 2 Recording period for environmental cost and economic effect of environment-related facilities and environmental facilities**

	the 1st year	the 2nd year	the 3rd year	the 4th year	the 5th year	
Facility operation	Start operation ●				continue operation ▶	
Recording of facility investment	All investments are recorded in the 1st year of the operation					
Recording of cost and effect		Recorded only 3 years from the 2nd year of the operation ●				(Basically they are excluded from the data collection summary list)
Depreciation, etc.			(not recorded)			

Fiscal year 2005 FHI Environmental Accounting - Outline of the calculation method 3

[Recording of labor cost]

Environment-related works that can be clearly distinguished from routine work are recorded as labor cost. For the details of workload and labor cost related to environmental conservation, please refer to the Table 3 shown below.

Table 3 Basis and idea of recording workload and labor cost

Workload/Labor cost	Viewpoint	Recorded in Environmental cost?	Reason
Labor cost of staffs/managers of environmental affairs dept. Labor cost of staffs fully engaged in environmental conservation who work in other than environment-related departments Labor cost of staffs fully engaged in ISO secretariat, etc.	Environmental specialists	Yes	Recorded because labor cost of full-time environmental staffs is Environmental cost itself (proportional division)
Workload of lecturers/students of environmental education according to the level of work responsibility Workload of receiving environmental education course out of the company Workload of staffs other than environment-related dept. required for adjusting environmental problem	Non-routine operation	Yes	Non-routine environmental work should be regarded as environmental cost
Workload for environment-related works in R&D Dept. (Proportional division according to the contents of the work)	Same as environmental specialist (big impact)	Yes	Recorded because R&D workload has a big impact on data collection result of environmental accounting.
Workload for environmental facility planning and study Workload for environmental facility maintenance Workload for holding environmental related meeting Workload for environmental education at each dept. Workload for work efficiency improvement	Part of routine operation	No	Excluded because they are considered as part of routine work.
Workload for ISO audit attendance Workload for internal audit Workload for education and training for ISO audit Workload for internal auditor training	Part of routine operation	No	Excluded because EMS related work should be regarded as routine work. The EMS certifier requires FHI's EMS activities executed in its primary work.

[Labor cost calculated by proportional division]

As for the labor cost of environmental specialists who fully engage in environment-related work, it is calculated by multiplying the percentage of the environment-related work compared to the total work.

(Calculation example)

When some environment specialists engage in plural environment-related works (waste, EMS, etc.), their labor costs are calculated by proportional division considering each work item.

example) If the workload of an environmental specialist consists of 20% of waste related work, 50% of EMS related work and 30% of other work, the labor cost is calculated as follows:

20% of the workload is recorded in the cost of waste and 50% of the workload in ISO cost. 30% of his workload for other work is not recorded in the environmental cost.

## Fiscal year 2005 FHI Environmental Accounting

**Table 4 FHI (non-consolidated) Environmental Accounting - comparison of new/old calculation method**

From this FY2005 environmental accounting, we have reviewed and changed some part of calculation method and basis for recording.

In order to show the trend of our result, we have recalculated the FY2003 and FY2004 results using the new calculation method and the basis for recording. The recalculated results show different values from that we had published before.

For your reference, a comparison table of FY2003 and FY2004 FHI (non-consolidated) environmental accounting data collection results calculated and recorded in both new and old method/basis, is shown below.

For the outline of the change of the calculation method and the basis for recording, please refer to the Table 1.

**Table 4a FY2003 FHI (non-consolidated) Environmental Accounting - comparison of the results calculated by new/old calculation method**

Range of the data collection: FHI (non-consolidated) Data collection period: April 2003-March 2004 (unit: million yen)

	Environmental cost			Facility investment			Economic effect				
	Cost categories	new method	old	gap	new method	old	gap	Cost categories and economic effect	new method	old	gap
A) Costs for reducing environmental burden and effect (at manufacturing stage)	Waste treatment and recycling, waste reduction	517	701	-184	45	45	0	Waste	1,199	1,199	0
	Energy conservation and CO <sub>2</sub> emissions reduction	37	376	-339	265	336	-71	Energy conservation	326	465	-139
	Reduction of CFC alternative discharge	0	6	-6	0	0	0	CFC alternative	1	3	-2
	Pollution control such as wastewater and exhaust gas treatment	513	1,034	-521	346	430	-84	Pollution control	0	9	-9
	Reduction of VOC discharge	9	70	-61	0	144	-144	VOC	0	282	-282
	<b>Total of A) cost</b>	<b>1,077</b>	<b>2,187</b>	<b>-1,111</b>	<b>656</b>	<b>955</b>	<b>-299</b>	<b>Total of A) effect</b>	<b>1,525</b>	<b>1,958</b>	<b>-433</b>
B) Investment costs and effect	Education and ISO14001 related matters	105	476	-370	-	-	-	-	-	-	-
	Product research and development	18,613	20,088	-1,474	1,973	1,973	0	-	-	-	-
	<b>Total of B) cost</b>	<b>18,719</b>	<b>20,563</b>	<b>-1,845</b>	<b>1,973</b>	<b>1,973</b>	<b>0</b>	<b>Total of B) effect</b>	<b>0</b>	<b>0</b>	<b>0</b>
C) Other costs and effect	Measures for end-of-life products	259	259	0	68	68	0	Use of recycled materials	22	22	0
	Social contribution and other environmental measures	1,760	2,034	-274	7	7	0	Change of raw materials	0	0	0
	<b>Total of C) cost</b>	<b>2,019</b>	<b>2,292</b>	<b>-274</b>	<b>75</b>	<b>75</b>	<b>0</b>	<b>Total of C) effect</b>	<b>22</b>	<b>22</b>	<b>0</b>
<b>Grand Total</b>		<b>21,814</b>	<b>25,043</b>	<b>-3,229</b>	<b>2,705</b>	<b>3,003</b>	<b>-299</b>		<b>1,547</b>	<b>1,980</b>	<b>-433</b>

**Table 4b FY2004 FHI (non-consolidated) Environmental Accounting - comparison of the results calculated by new/old calculation method**

Range of the data collection: FHI (non-consolidated) Data collection period: April 2003-March 2004 (unit: million yen)

	Environmental cost			Facility investment			Economic effect				
	Cost categories	new method	old	gap	new method	old	gap	Cost categories and economic effect	new method	old	gap
A) Costs for reducing environmental burden and effect (at manufacturing stage)	Waste treatment and recycling, waste reduction	410	629	-219	17	19	-2	Waste	1,370	1,370	0
	Energy conservation and CO <sub>2</sub> emissions reduction	38	383	-345	487	494	-6	Energy conservation	305	524	-219
	Reduction of CFC alternative discharge	0	5	-5	0	0	0	CFC alternative	0	3	-3
	Pollution control such as wastewater and exhaust gas treatment	476	991	-515	368	473	-105	Pollution control	0	8	-8
	Reduction of VOC discharge	2	71	-68	82	74	8	VOC	83	374	-291
	<b>Total of A) cost</b>	<b>927</b>	<b>2,079</b>	<b>-1,152</b>	<b>954</b>	<b>1,059</b>	<b>-105</b>	<b>Total of A) effect</b>	<b>1,758</b>	<b>2,278</b>	<b>-520</b>
B) Investment costs and effect	Education and ISO14001 related matters	122	429	-306	-	-	-	-	-	-	-
	Product research and development	15,514	16,892	-1,378	973	973	0	-	-	-	-
	<b>Total of B) cost</b>	<b>15,637</b>	<b>17,321</b>	<b>-1,684</b>	<b>973</b>	<b>973</b>	<b>0</b>	<b>Total of B) effect</b>	<b>0</b>	<b>0</b>	<b>0</b>
C) Other costs and effect	Measures for end-of-life products	550	579	-28	694	694	0	Use of recycled materials	20	20	0
	Social contribution and other environmental measures	903	1,067	-164	0	0	0	Change of raw materials	0	0	0
	<b>Total of C) cost</b>	<b>1,453</b>	<b>1,645</b>	<b>-192</b>	<b>694</b>	<b>694</b>	<b>0</b>	<b>Total of C) effect</b>	<b>20</b>	<b>20</b>	<b>0</b>
<b>Grand Total</b>		<b>18,017</b>	<b>21,045</b>	<b>-3,028</b>	<b>2,621</b>	<b>2,725</b>	<b>-105</b>		<b>1,778</b>	<b>2,298</b>	<b>-520</b>

In the past environmental accounting, long-term prepaid expenses of 68 million yen (FY2003) and 168 million yen (FY2004), a part of the cost for developing a common system in automobile industry to cope with ELVs Recycling Law, that had to be recorded as "Measures for end-of-life products" in the conventional data collection method, were not recorded. This was because how to treat this cost had not been determined at that time.

Now our accounting policy decided to treat this long-term prepaid expenses in 60 months as miscellaneous fee. In order to compare the amount correctly, in this table we have included the long-term prepaid expenses in facility investment.

Because of this change, this investment amount is different from the value shown in the FY2003 and FY2004 environmental accounting.



## Fiscal year 2005 FHI Environmental Accounting

**Table 5 Domestic Affiliated Company Subcommittee<sup>1</sup> Environmental Accounting - Comparison of new/old calculation method**

\* Domestic Affiliate Companies Subcommittee: A subcommittee of Production Environment Committee in the FHI Corporate Environment Committee  
Six member companies: Fuji Robin Industries Ltd., Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

From this FY2005 environmental accounting, we have reviewed and changed some part of calculation method and basis for recording. In order to show the trend of our result, we have recalculated the FY2003 and FY2004 results using the new calculation method and the basis for recording. The recalculated results show different values from that we had announced before.

For your reference, a comparison table of FY2003 and FY2004 FHI (non-consolidated) environmental accounting data collection results calculated and recorded in both new and old method/basis is shown below.

For the outline of the change of the calculation method and the basis for recording, please refer to the Table 1.

**Table 5a FY2003 Domestic Affiliated Companies Subcommittee Environmental Accounting comparison of the results calculated by new/old calculation method**

Range of the data collection: Six members of Domestic Affiliated Companies Subcommittee Data collection period: April 2003-March 2004

	Environmental cost				Economic effect			
	Cost categories	Amount of the cost (million yen)			Details	Amount of the cost (million yen)		
		new method	old	gap		new method	old	gap
A) Costs for reducing environmental burden (at manufacturing stage)	Waste treatment and recycling, waste reduction	115	129	-14	Waste	129	132	-3
	Energy conservation and CO <sub>2</sub> emissions reduction	22	33	-11	Energy conservation	9	9	0
	Pollution control such as wastewater and exhaust gas treatment	32	85	-53	Pollution control	0	0	0
	Total of A) cost	170	247	-77	Total of A) effect	138	141	-3
B) Investment costs	Education and ISO14001 related matters, environmental research	38	61	-23	-	-	-	-
	Product research and development	110	<sup>2</sup> 110	0	-	-	-	-
	Total of B) cost	148	171	-23	Total of B effect (out of scope)	0	0	0
C) Other costs	Change of raw materials, measures for end-of-life products, social contribution and other environmental measures	18	18	0	-	-	-	-
	Total of C) cost	18	18	0	Total of C) effect	0	0	0
		336	436	-100		138	141	-3

**Table 5b FY2004 Domestic Affiliated Companies Subcommittee Environmental Accounting comparison of the results calculated by new/old calculation method**

Range of the data collection: Six members of Domestic Affiliated Companies Subcommittee Data collection period: April 2004-March 2005

	Environmental cost				Economic effect			
	Cost categories	Amount of the cost (million yen)			Details	Amount of the cost (million yen)		
		new method	old	gap		new method	old	gap
A) Costs for reducing environmental burden (at manufacturing stage)	Waste treatment and recycling, waste reduction	136	150	-13	Waste	158	132	26
	Energy conservation and CO <sub>2</sub> emissions reduction	17	29	-12	Energy conservation	8	9	-1
	Pollution control such as wastewater and exhaust gas treatment	44	99	-55	Pollution control	0	0	0
	Total of A) cost	198	278	-80	Total of A) effect	166	141	25
B) Investment costs	Education and ISO14001 related matters, environmental research	36	67	-31	-	-	-	-
	Product research and development	90	<sup>2</sup> 93	-3	-	-	-	-
	Total of B) cost	125	160	-34	Total of B effect (out of scope)	0	0	0
C) Other costs	Change of raw materials, measures for end-of-life products, social contribution and other environmental measures	17	17	0	-	-	-	-
	Total of C) cost	17	17	0	Total of C) effect	0	0	0
		339	454	-115		166	190	-24

\*2 There was an error in calculating Environmental Accounting in Domestic Affiliated Company Subcommittee in the Fiscal 2005 Environmental and Social Report. FY2004 Product research and development fee was indicated as 89 million yen but it was actually 93 million yen. We apologize for the error and this is the correct value.

◆Concept and calculation method of Environmental cost and economic effect

With reference to the guidelines of the Ministry of the Environment, FHI formulated its own guidelines according to its environmental conservation activity organization, based on which the environmental cost and economic effects are calculated.

Definition and categorization of Environmental

1) Costs for reducing environmental burden	2) Costs for reducing environmental burden during the production process	Cost	Effect
2) Investment cost	Costs for obtaining environmental conservation effects that continue for several terms	Cost	Effect
3) Other costs	Cost not belonging to the above categories		
* Investments in environment-related facilities	Not included in environmental cost and indicated separately [ Depreciation cost of facility investment are excluded from the environmental cost from the viewpoint of placing value on the cashflow ]		

◆Environmental Accounting: change of the calculation method

From this time, we have reviewed FHI environmental accounting guideline and modified some part of calculation method and basis for recording. Major changes are following 4 points:

- 1) Depreciation cost of environment-related facilities: stopped recording  
By introducing the viewpoint of placing value on the cashflow, depreciation cost of environment-related facilities are not recorded in the environmental cost.
- 2) Fixed asset tax and insurance fee: stopped recording  
With the stop of recording depreciation cost, fixed asset tax and insurance fee of environment-related facilities are not recorded, either.
- 3) Environmental cost and effect of environment-related facilities : Change of the recording period  
Investment on environment-related facilities will be recorded in the 1st year of the operation as before, but environmental cost and economic effect will be recorded only for 3 years from the 2nd year of the operation.
- 4) Labor cost: changed the basis for recording  
Only environment-related works that can be clearly distinguished from routine work are recorded as labor cost.

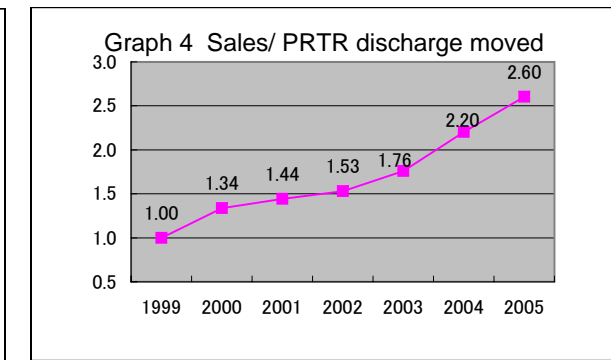
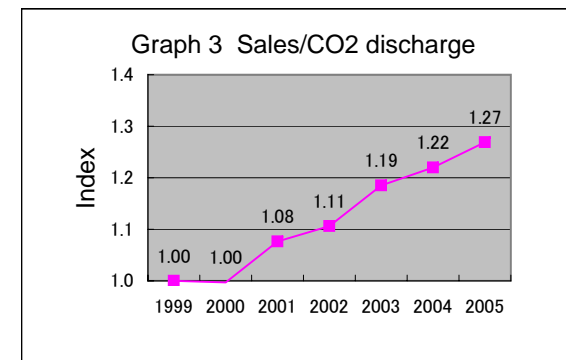
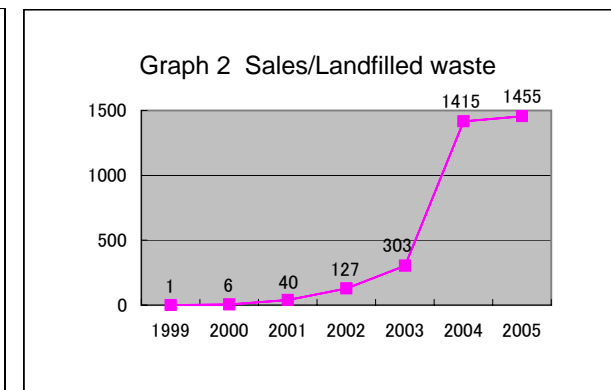
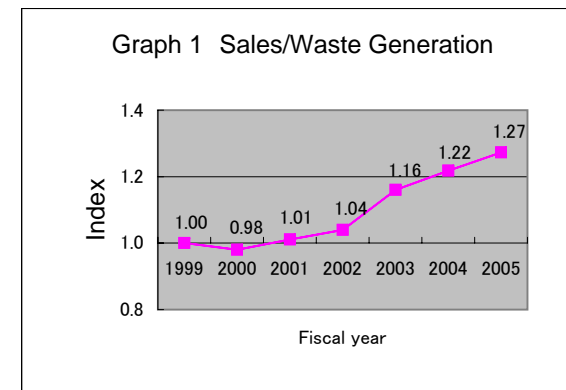
The FY2003 and FY2004 values shown in the table below are recalculated by the new calculation method and the basis for recording. Therefore these values differs from the one published in the past reports. For the details of the new calculation method and the comparison of the FY2003 and FY2004 results calculated and recorded by new/old methods, please refer to the page 9 to 13 of this Supplementary Volume for Data Related to the 2006 Environmental and Social Report data.

◆FY2005 calculation result

Environmental cost was 15.6 billion yen, which was a reduction of 2.4 billion (-13.5%). Cost reduction by enhanced efficiency of product R&D cost contributed to this result. Economic effect was 1.8 billion yen, which was almost the same level of FY2004. This was mainly because valued materials sold, the reduced usage of painting and solvent, and decreased energy costs. Also we could maintain zero level of landfilled waste (both direct and indirect) at all manufacturing plants and the amount of energy consumption was further reduced. With fewer costs than the previous year, company-wide environmental burden was reduced further.

◆Environmental Management Indexes

Environmental efficiency of business activities, which is one of the environmental management indexes, was regarded as [ sales ÷ environmental burden]. They are calculated with the environmental burden in the production process by regarding the fiscal 1999 levels as the standard. The results are indicated in the following graphs. Environmental efficiency has improved well for each item. Particularly, we have maintained a zero level of landfilled waste, resulting to a continued high level of our environmental efficiency.



Results of the Aggregated Environmental Costs and Effects in Fiscal 2005

Note: As figures are rounded, some totals are not precise.

Cost categories in [ ] at the right bottom is based on the Guideline by the Ministry of Environment	Environmental costs			Main activities ☆ : New measures in fiscal 2005 (cost increase factor)	Facility investment (million yen)			Economic effects			Environmental performance (quantitative effects)													
	FY2005	FY2004	FY2003		FY2005	FY2004	FY2003	Description	Effects (million yen)			Category	unit	FY2005 result	gap vs. FY2004	FY2004 result	FY2003 result							
A) Costs for reducing environmental burden (at manufacturing stage)	Waste treatment and recycling, waste reduction [①-3]	434	410	517	☆ Introduction of paint sludge collection system Operation of the recycling center	11	17	45	Reduced costs through waste control and treatment method changes Profit from the sales of valued materials obtained through recycling	1,293	1,370	1,199	Amount of waste materials	ton	69,969	-1,181	71,150	73,673						
	Energy conservation and CO <sub>2</sub> emissions reduction [①-2]	37	38	37	☆ Construction work for introducing natural gas (duct work, through flow boiler installed, plant heating) ☆ Air conditioner of the manufacturing facility renewed	254	487	265	Reduced energy costs Effect of introducing co-generation systems	362	305	326	Energy consumption (crude oil equivalent) Energy consumption per production	1,000KL KL/¥100 million	134.0 13.8	-0.8 -0.5	134.8 14.3	135.4 14.5						
	Reduction of CFC alternative [①-2]	0.7	0.5	0.5	☆ A facility to fill/collect fluorocarbon installed	1.2	0	0		0	0	1	CO <sub>2</sub> discharge	10,000 ton-CO <sub>2</sub>	23.0	-0.3	23.3	23.7						
	Pollution control such as wastewater and exhaust gas treatment [①-1]	427	476	513	☆ Measures to cope with odor from a paint booth ☆ A tank for waste liquid in the paint booth of waste liquid solution facility installed.	558	368	346	Collected a steam drain washer	3	0	0	PRTR chemicals *2 Amount handled Amount released and handled	ton	4,002 882	-283 -131	4,285 1,013	3,874 1,252						
	Reduction of VOC discharge [①-1]	3.5	2.5	9.0	☆ PTFE spray gun cup	0.1	82	0	Reduced paint and solvent usage	96	83	0	VOC discharged (Automobiles only)	g/m2	46.2	-0.2	46.4	47.2						
Total of A) cost											902	927	1,077		825	954	656	Total savings from the effects of reducing the environmental burden	1,754	1,758	1,525			
B) Investment costs	Education and ISO14001 related matters [③]	120	122	105	Environmental education, maintenance of ISO Maintaining ISO14001 (application fee, labor cost of full-time EMS staffs)	-	-	-		-	-	-												
	Product research and development [④]	13,898	15,514	18,613	Improved fuel economy, cleaner emissions, and better recycling efficiency Development of eco products	647	973	1,973																
Total of B) cost											14,017	15,637	18,719		647	973	1,973	(Total investment effects) N/A for the time being	0	0	0			
C) Other costs	Measures for end-of-life products [②]	318	550	259	Collection of used bumpers and recycling of other parts Measures to cope with the ELVs recycling law	116	694	68	Reduced virgin material purchasing costs by using recycle materials	23	20	22												
	Social contribution and other environmental measures [③⑤⑥⑦]	346	903	1,760	Preparation of Environmental & Social Report, cleaning around the plants Environment-related projects by JAMA Planting trees, measures for environmental discrepancies	0	0	7.4		0	0	0												
	Total of C) cost											664	1,453	2,019		116	694	75	Total of other effects	23	20	22		
Grand Total											15,584	18,017	21,814		1,587	2,621	2,705		1,777	1,778	1,547			

\*2 Totaling chemicals, of which annual amounts handled are one ton or more (0.5 tons or more for class 1 designated chemical substances).

Rates of Environmental Conservation Activities in FHI Business Activities

	FY2005	FY2004	FY2003
Proportion of the R&D cost for environmental conservation to the test and research costs	30%	29%	32%
Test and research cost (non-consolidated: \100 million*3)	467	528	573
Proportion of the investment for environmental conservation to facility investment	7%	10%	8%
Facility investment amount (non-consolidated: \100million) *3	239	256	327

\*3 Test and research cost and facility investment amount are referred to FHI financial statement (non-consolidated) in each fiscal year. As these are figures of financial accounting, the calculation method and basis for recording are different from that of environmental accounting. Please understand these are for reference purpose only.

\*1 Cost categories based on the Guidelines by the Ministry of Environment: ① Costs in the business area; ①-1 Pollution prevention costs; ①-2 Global environment conservation costs; ①-3 Resource circulation costs; ② Upstream and downstream costs; ③ Management activity costs; ④ R&D costs; ⑤ Social activity costs; ⑥ Environmental damage costs; ⑦ Other costs

**Domestic Affiliated Company Subcommittee<sup>\*1</sup> - Fiscal 2005 results**

\*1 Six member companies: Fuji Robin Industries Ltd., Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

**Change of calculation method and the basis for recording**

From this FY2005 environmental accounting, we have reviewed and changed some part of calculation method and basis for recording for six member companies of Domestic Affiliated Company Subcommittee. For the details of the calculation method/the basis for recording and a comparison of FY2003 and FY2004 FHI (non-consolidated) data calculated in old/new methods, please refer to the page 9 to 13 of this Supplementary Volume for Data Related to the 2006 Environmental & Social Report.

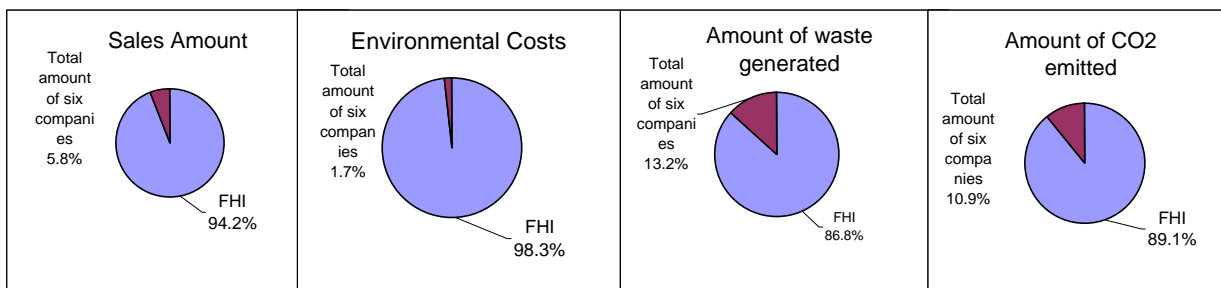
**Achievements in Environmental Accounting and Environmental Performance**

Regarding the environmental burden reduction activities in the manufacturing stage, environmental costs decreased by 20% to 270 million yen 13% and economic effects increased by 10% to 180 million yen, compared with the previous year. Generally the actual results of the environmental performance (excluding energy consumption on a production value basis) were reduced. Especially amount of landfilled waste was reduced to a level equivalent to the 30% of the fiscal 2004 and 18% of the fiscal 2003. The total amount of six domestic affiliated company reached to the zero emission level (the amount of the landfilled waste is less than 1% of the total waste generated). They are continuing effort to reach zero emissions at each company. Although total amount of energy consumption and CO<sub>2</sub> emissions decreased, energy consumption on a production value basis increased due to the decrease of production value in some companies. We aim at further reductions of energy consumption and CO<sub>2</sub> emissions by pursuing more efficient use of the energy. As for PRTR chemical substances, both the amount handled and the amount released and transferred have been reduced and currently, only Fuji Robin Industries Ltd. is subject to PRTR control.

Environmental cost				Economic effect			Environmental performance						
Cost categories in [ ] at the right bottom is based on the Guideline by the Ministry of Environment	Costs (million yen)			Description	Effects (million yen)			Category	Unit	FY2005 result	FY2004 result	FY2003 result	
	FY2005	FY2004	FY2003		FY2005	FY2004	FY2003						
A) Costs for reducing environmental burden (at manufacturing stage)	Waste treatment and recycling, waste reduction [①-3]	94	136	115	Reduced costs through waste control and treatment method changes, profit from the sales of valued materials obtained through recycling	155	158	129	Amount of waste materials Amount of landfilled waste (directly and indirectly)	ton ton	10,656 59	13,009 194	12,654 335
	Energy conservation and CO <sub>2</sub> emissions reduction [①-2]	13	17	22	Reduced energy cost	27	8	9	Energy consumption (crude oil equivalent) Energy consumption per production CO <sub>2</sub> discharge	1,000KL KL/¥100 million 10,000 ton-CO <sub>2</sub>	16,663 37.08 28,170	18,401 35.13 31,208	17,857 36.91 30,224
	Pollution control such as wastewater and exhaust gas treatment [①-1]	17	44	32		0	0	0	PRTR chemicals *2 Amount handled Amount released and handled	ton ton	40 5	116 72	150 89
	<b>Total of A) cost</b>	<b>124</b>	<b>198</b>	<b>170</b>	<b>Total savings from the effects of reducing the environmental burden</b>	<b>182</b>	<b>166</b>	<b>138</b>					
B) Investment costs	Education and ISO14001 related matters	30	36	38		-	-	-					
	Product research and development [④]	106	90	110		-	-	-					
<b>Total of B) cost</b>	<b>136</b>	<b>125</b>	<b>148</b>	<b>Total investment effects) N/A for the time being</b>	<b>0</b>	<b>0</b>	<b>0</b>						
C) Other costs	Change of raw materials, measures for end-of-life products, social contribution and other environmental measures [②⑤⑥⑦]	12	17	18		0	0	0.219					
	<b>Total of C) cost</b>	<b>12</b>	<b>17</b>	<b>18</b>	<b>Total of other effects</b>	<b>0</b>	<b>0</b>	<b>0</b>					

\*1 Cost categories based on the Guidelines by the Ministry of Environment:  
 ① Costs in the business area  
 ①-1 Pollution prevention costs  
 ①-2 Global environment conservation  
 ①-3 Resource circulation costs  
 ② Upstream and downstream costs  
 ③ Management activity costs  
 ④ R&D costs  
 ⑤ Social activity costs  
 ⑥ Environmental damage costs  
 ⑦ Other costs

\* The fiscal 2005 (April 2005- March 2006) achievements are calculated based on "the new calculation method/basis for recording" of the FHI's Environmental Accounting Guideline which was been reviewed and changed from this year. Also The FY2003 and FY2004 values shown in this table below are recalculated by the new calculation method and the basis for recording for calculation purpose. Therefore these values differs from the one published in the past reports. For the details of the new calculation method and the comparison of the FY2003 and FY2004 results calculated and recorded by new/old methods, please refer to the page 13 of this Supplementary Volume for Data Related to the 2006 Environmental and Social Report data.



Total: 1,036.2billion yen

Total: 15.9 billion yen

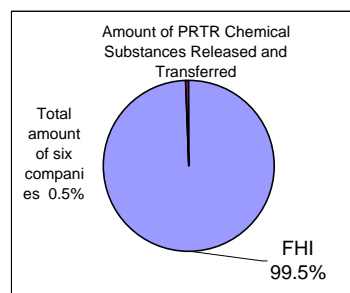
Total: 80,625 ton

Total: 258,000ton-CO<sub>2</sub>

**PRTR (Fuji Robin Manufacturing Co. Ltd.)**

Substances marked with the \* are specific Class 1 Designated chemical Substances (Unit: Tons per year)

Code	CAS No.	Chemical Substance Name	FY2005		
			Amount handled	Amount released	Amount transferred
40	100-41-4	Ethyl benzene	1.55	0.01	0.02
63	1330-20-7	Xylene	8.45	0.13	0.08
68	none	Trivalent chromium compounds	5.16	0.26	0
69	none	Hexavalent chromium compounds	7.14	0	0
227	108-88-3	Toluene	15.34	3.31	0.15
283	none	Hydrogen Fluoride and its water soluble salts	1.42	0.17	0.00
<b>Total</b>			<b>39.06</b>	<b>3.88</b>	<b>0.25</b>



Total:887 ton

\*2 Totalling chemicals, of which annual amounts handled are one ton or more (0.5 tons or more for class I designated chemical substances) at each business site subject to PRTR control.

### Environmental Accounting of North American affiliate companies - results (reference value for trial)

We have prepared environmental accounting trial value for two North American affiliates, SIA, a vehicle manufacturing company, and SOA, a vehicle sales and marketing company in fiscal 2005 (from January to December 2005).

The results shown below are the first trial calculation and only for referential purpose.

The achievements of these North American affiliates were calculated and recorded by the conventional method/basis in FHI's former Environmental Accounting Guideline, because the data collection period for fiscal 2005 result had been earlier than that of Japan.

Therefore, for SIA and SOA results, we did not apply the new calculation method and basis for recording that we have applied for FHI (non-consolidated) and six domestic affiliate companies from this year.

### Trial value of Fiscal 2005 Environmental Costs and Economic Effects

Companies subject to data collection: SIA, SOA      Data collection period: From January to December 2005

(Unit: Million yen)

Environmental costs		SIA	SOA
1) Costs for reducing the environmental burden	Costs for reducing the environmental burden during the manufacturing stage Costs required for waste treatment, energy conservation and pollution control	313	15.7
2) Investment cost	Costs for obtaining environmental conservation effects that continue for several terms R&D cost, education cost and cost for maintaining and administrating ISO14001 certification, etc.	13.5	37.0
3) Other costs	Cost not belonging to the above 1) and 2) Cost for social contribution activities of environmental purpose, etc.	46	17.5
Total costs for environmental conservation	Total of above 1), 2) and 3)	372	70.2

(Unit: Million yen)

Economic effect		SIA	SOA
4) Effect of reduction of waste materials	Reduced costs through waste treatment, recycling effect (including profit from the sales of valued materials)	487	0.6
5) Effect of energy conservation	Effects by reducing energy consumption Effects by improved facilities and management efficiency	0.9	0
6) Other effect	Financial effects not belonging to the above 4) and 5)	0	0
Total Economic Effects	Total of above 4), 5) and 6)	488	0.6

\*As the above data collection result is reference value for trial, it is out of scope of the 3rd party verification by the registrar.

**FHI (non-consolidated) Environmental Performance**
**Qualified personnel in Environment-related certifications**
**Number of personnel holding qualifications (as of March 31, 2005)**

Qualification type		Total number of qualified	
Pollution control managers	Chief managers	7	
	Air-related	Type 1	6
		Type 2	7
		Type 3	47
		Type 4	15
	Water-related	Type 1	10
		Type 2	24
		Type 3	13
	Dioxin-related	20	
	Noise-related	49	
	Vibration-related	40	
	Tokyo Pollution Control Managers	3	
	Managers Responsible for Tokyo Water Quality	4	
Energy management experts	Heat management	23	
	Electronic management	15	
Soil contamination risk management experts		1	
Working environment measurement experts		2	
Management representatives for industrial waste subject to special control		13	
Internal environmental auditors (internal qualifications)		37	

**Number of environmental auditors**

(in Fiscal 2005)

Qualification type	Division/Company name	Number of internal auditors
Internal environmental auditors (internal qualifications)	Gunma Manufacturing Division	277
	Aerospace / Eco Technologies Companies	104
	Industrial Products Company	24
	Tokyo Office	44
	Headoffice area	30
	Overall FHI total	

**Number of company-owned cars**

(Basically as of March 31, 2006 and some data before this period)

Division/Company name	Number of company-owned cars	Number of low-emission vehicles introduced*
Gunma Manufacturing Division	490	40
Aerospace / Eco Technologies Companies	81	25
Industrial Products Company	10	0
Eco Technologies Companies	11	0
Tokyo Office	119	44
Headoffice area	99	19

\*Total number of 50% reduction beyond 2005 emissions standards and 70% reduction beyond 2005 emissions standards

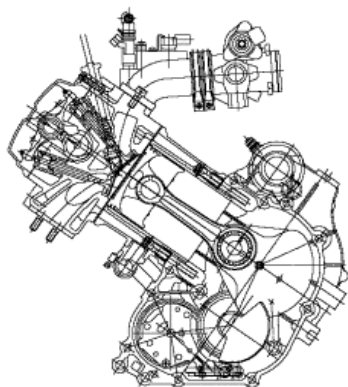


Product data

Industrial Product Company (Engine)

Item		Category	ATV Engine
Engine Model			EH50PL
Engine Form			Water-cooled four cycle single cylinder SOHC gasoline engine
Maximum Output Capacity	[ kW(HP)/rpm ]		26.8(36) /6500
Total displacement (l)			0.498
Dry Mass (kg)			35
Exhaust Emissions	Conformity to CARB/EPA 2007 Regulation		Conforms
CARB	CO [ g/HP-hr ]		188.4
Approved value	HC + NOx [ g/HP-hr ]		5.917
EPA	CO [ g/kW-hr ]		252.5
Approved value	HC + NOx [ g/kW-hr ]		7.929

Exhaust emissions regulations	Regulations	Category	Regulation value	
	CARB Regulations 2007	Recreational vehicle (ATV)	CO (g/HP-hr)	300
HC+NOx (g/HP-hr)			10.0	
EPA Regulations 2007	Recreational vehicle (ATV)	CO (g/kW-hr)	400	
		HC+NOx (g/kW-hr)	13.4	



EH50PL MPI System Engine

