

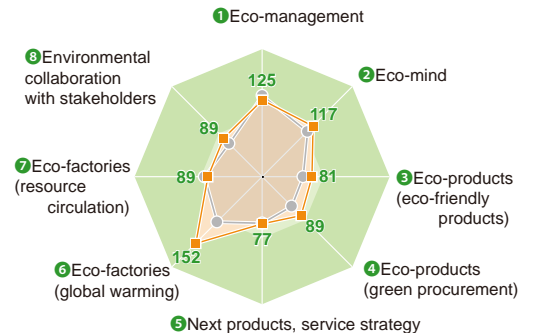
Evaluation of Environmental Activities

By setting quantitative assessment standards for environmental activities, and monitoring and analyzing such activities, we work continuously to upgrade environmental management, reduce environmental risks, and increase efficiency in environmental investment and environmental activities.

"GREEN 21" Ver. 3 Activities and Fiscal 2007 Evaluation Results

To continuously improve its environmental campaigns and upgrade its activities, the Hitachi Group uses its GREEN 21 assessment system to score the mechanism for its activities designed to achieve the targets of the Hitachi Group, as well as the contents and achievement rates of the targets set.

Although we have worked with version 2 from fiscal 2002 to fiscal 2005, since fiscal 2006 we upgraded to version 3. With our environmental activities classified into eight categories, we assess ourselves based on certain assessment criteria in an attempt to continuously improve and enhance our environmental activities. These categories are based on a scale of up to 200 GP (green points) and, for the grand total, are assessed on a scale of 1,600 GP. In contrast to the Hitachi Group's target of 1,280 GP for fiscal 2010, our company works with a target of 1,024 GP set for fiscal 2010.



GREEN 21 evaluation items

Category	Main evaluation items
1 Eco-management	Environmental action plan, environmental accounting, risk management
2 Eco-mind	Environmental education for employees
3 Eco-products (eco-friendly products)	Eco-friendly products, control of chemical substances contained in products
4 Eco-products (green procurement)	Green procurement, green purchase
5 Next products, service strategy	Business/product strategy, sustainable business model, external publicity
6 Eco-factories (global warming)	Energy-saving in places of business, environmental response in physical distribution
7 Eco-factories (resource circulation)	Waste reduction, management of chemical substances
8 Environmental collaboration with stakeholders	Information disclosure, communication activities, global citizen activities

Result Reporting

Our green points for fiscal 2007 amounted to 818 GP on average, and therefore exceeded the 720 GP targeted for fiscal 2007. The reduction effects of the transport energy unit requirement increased the score of eco-factories (as pertaining to global warming). We will continue working on the item of eco-products, which obtain low scores.

Environmental Accounting

According to the Hitachi Environmental Accounting Guidelines, we monitor the costs and effects of environmental activities quantitatively. Costs are considered to comprise plant investments in environmental activities, along with expenses for developing and

designing eco-friendly products, and expenses for the operation management of environmental conservation facilities. The effects determined involve economic effects monitored based on secure grounds.

Result Reporting

In fiscal 2007, we introduced high-efficiency, energy-saving equipment and pollution-preventing equipment, resulting in a growth in investments in environmental conservation. Integration of the environmental management system also helped to reduce management activity costs.

In terms of economic effects, high-efficiency equipment saved overhead, but the decline in material expenses stemming from resource-saving designs failed to match the level of the preceding fiscal year. The result was an overall decline in economic effects.

We will continue using environmental accounting as a tool for continuous improvement in an attempt to increase investment effects.

Costs (in millions of yen)

	FY 2005	FY 2006	FY 2007	Main contents
Costs within factory areas	180.6	163.9	248.8	Costs for maintenance and management of environmental load reduction facilities
Upstream and downstream costs	0.3	0.2	0.4	Costs for green procurement and recycling
Management activity costs	76.8	89.3	77.4	Personnel expenditures for environmental management, maintenance costs for environmental management system
Design costs	168.0	191.0	115.5	Expenses for developing and designing eco-friendly products
Social activity costs	3.0	2.1	2.0	Costs for environment improvements such as greening and landscaping, PR, and publicity
Costs related to environmental damage	0	1.2	0	Environment-related compensation, contributory money, and surcharges
Total cost	428.8	447.8	444.1	—

Investments (in millions of yen)

	FY 2005	FY 2006	FY 2007	Main contents
Investments in environmental conservation	169.2	31.0	341.3	Investments in environmental load reduction facilities such as energy conservation facilities

Economic effects (in millions of yen)

	FY 2005	FY 2006	FY 2007	Main contents
Effects on real income	4.3	9.9	13.6	Profit on sale of recycled waste, etc.
Expenditure reduction	6.2	17.5	5.5	Cost-saving effects, etc. by saving energy
Material cost reduction	4.0	61.6	10.2	Reducing materials and parts expenses, etc. by resource-saving design, etc.
Total cost	14.5	89.0	29.3	—