

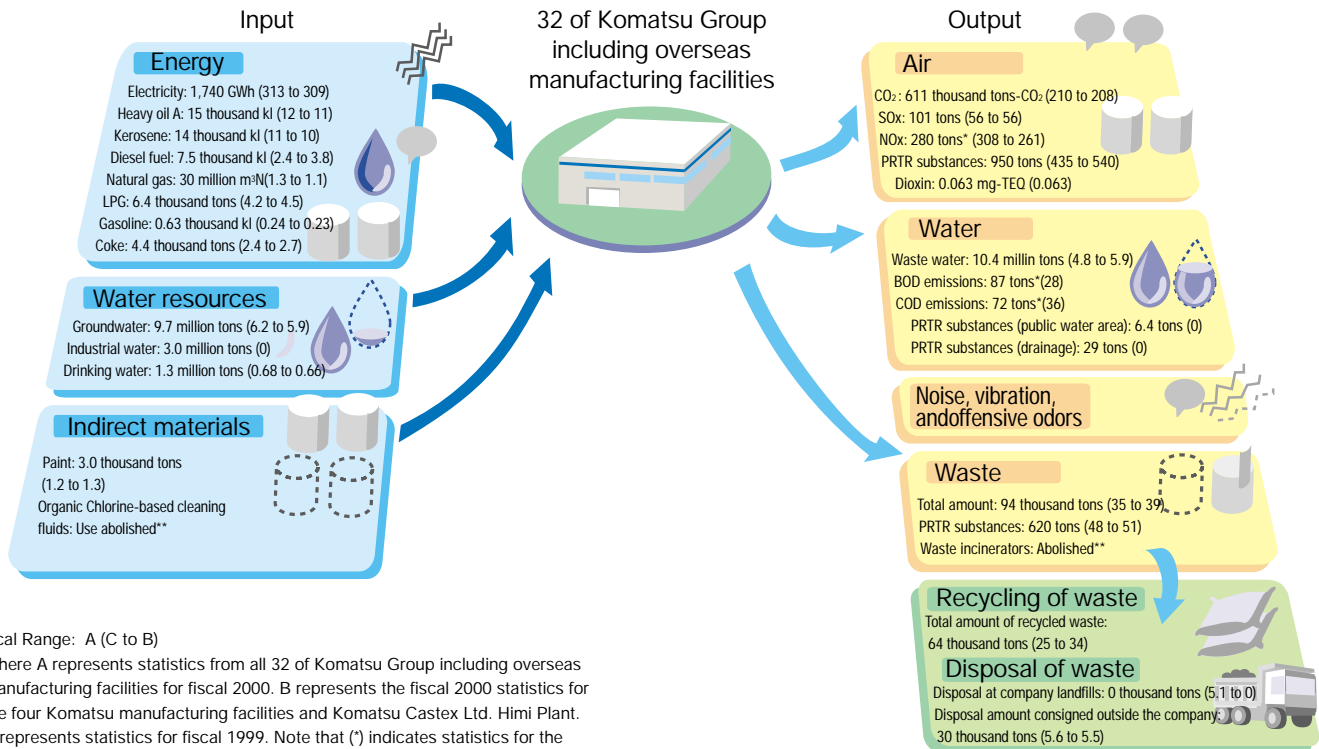
Environmental Conservation in Manufacturing

Komatsu is focusing its efforts on the following environmental conservation issues as key targets of its manufacturing operations.

1. Energy conservation
2. Zero Emissions activities designed to use resources more efficiently
3. Chemical substance management and reduction
4. Development of environment-friendly technologies

5. Compliance with regulations and pollution preventing activities
 - Protection of the ozone layer
 - Eliminating the use of organic chlorine-based chemical compounds
 - Permanent measures regarding underground tanks
 - Elimination of waste incinerators
 - Closure of company-owned waste landfills
6. Environment-conscious procurement
7. Improvement of logistics

Environmental Conservation Activities in Manufacturing (Fiscal 2000)



Statistical Range: A (C to B)

Where A represents statistics from all 32 of Komatsu Group including overseas manufacturing facilities for fiscal 2000. B represents the fiscal 2000 statistics for the four Komatsu manufacturing facilities and Komatsu Castex Ltd. Himi Plant. C represents statistics for fiscal 1999. Note that (*) indicates statistics for the 14 Komatsu Group manufacturing facilities in Japan and (**) indicates statistics for the four Komatsu manufacturing facilities.

CO₂ emissions: Figures for power and heavy oil (Energy section of Input column) are calculated using the "CO₂ coefficient" (specified in Environmental Agency calculation guidelines based on the Global Warming Measures Law).

SO_x emissions: Calculated by multiplying [S percentage] (based on element tables of suppliers) by the volumes of heavy oil, kerosene, diesel fuel and coke.

NO_x emissions: Calculated by multiplying [nitrogen oxides emissions units] (obtained at each facility Komatsu) by heavy oil, kerosene, diesel fuel, natural gas and LPG used.

Emission/transfer of substances covered by PRTR :

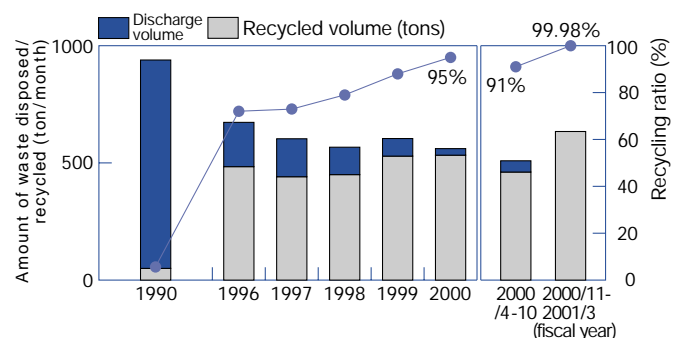
The PRTR Law is designed to mandate disclosure of the volumes of specific technical substances released into the environment in order to promote management of such substances.

In accordance with this law, volumes released are calculated by the ratio of content of such specific chemical substances contained in secondary materials multiplied by the discharge or transfer rate. Released volumes were calculated in accordance with Federation of Economic Organizations PRTR guidelines for fiscal 1999.

Zero Emissions Activities at Oyama Plant

The Oyama Plant was the first in the Komatsu Group to acquire ISO14001 certification in fiscal 1997. Since fiscal 1999, this plant has served as the model plant for the entire Komatsu Group's Zero Emissions activities. By November 2000, the Oyama Plant has reached the targets. It reduced the volume of waste diverted to landfill or incineration to the zero level (less than 1 percent).

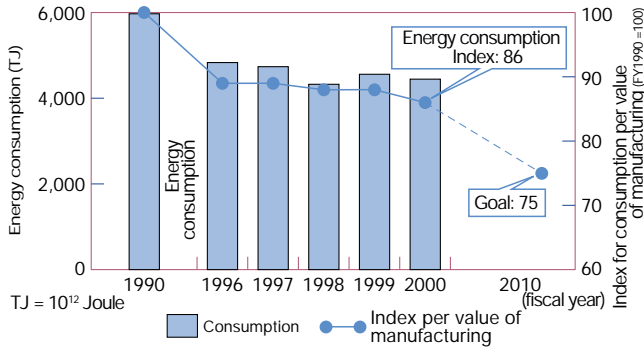
Disposed at the Oyama Plant



Energy Conservation

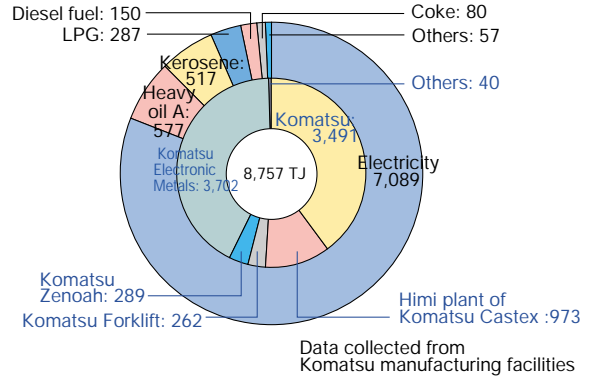
Komatsu manages the energy it consumes for production activities in the form of electric power, gas, and fuel oil using an index that converts production value to units of energy.

Energy Consumption



The original target was to reduce energy consumption by 15 percent from the fiscal 1990 level by fiscal 2010. During fiscal year 2000, Komatsu increased that target to 25 percent.

Energy Consumption by Komatsu Manufacturing Facilities during Fiscal 2000



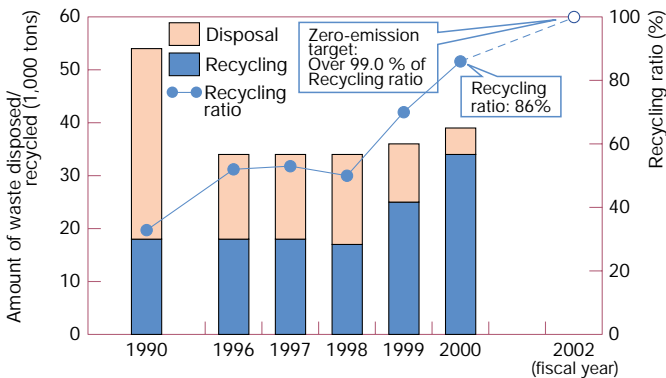
Effective Use of Resources

Komatsu is committed to implementing a thoroughgoing program to eliminate all types of waste generated by the production process and reuse it as raw material in other fields as part of its Zero Emissions activities. A testament to the Company's dedication is the fact that it has moved its original

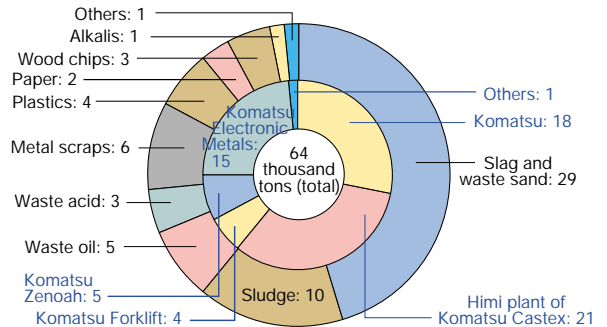
target of reducing all bury-or-burn waste*1 to zero by fiscal 2010 up to fiscal 2001. The Oyama Plant, the model plant for this initiative, achieved the coveted zero emissions level in November 2000.

*1 The recycling rate (recycle volume divided by generated waste) of 99 percent or more has been defined as the zero level.

Amount of Waste Recycled/Disposed at Komatsu



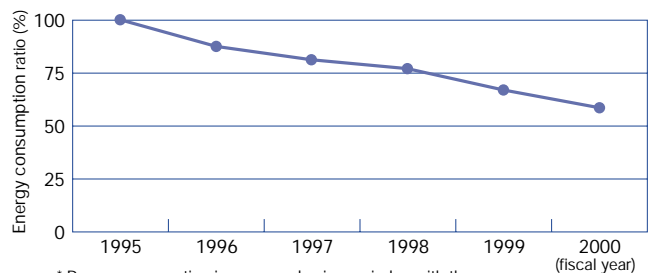
Amount of Waste Recycled/Disposed by Komatsu Group Manufacturing Facilities in Japan during Fiscal 2000



Environmental Conservation Activities at Komatsu Electronic Metals Co., Ltd.

Komatsu Electronic Metals Co., Ltd. produces high-purity silicon wafers. The company launched an initiative to incorporate environmental conservation measures in production systems to coincide with ISO 14001 certification acquired in March 1998. These measures include strengthening efforts to conserve energy, striving to achieve zero emissions and improving the recycling ratio.

Energy Consumption by Komatsu Electronic Metals



* Power consumption is measured using an index with the energy required to produce one 8-inch diameter silicon wafer in fiscal 1995 as 100.