

Message from Top Management

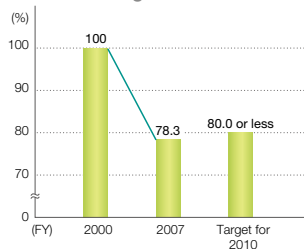


The Basic Stance of Management at the Komatsu Group is to enhance Quality and Reliability and thereby maximize corporate value. We consider corporate value to be the total sum of trust given to us by society and all stakeholders, and we pursue business operations firmly grounded in that philosophy.

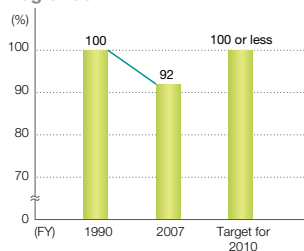
Komatsu places the environment among our highest management priorities. We are reducing environmental impact in all aspects of business operations, from product development to procurement, manufacturing, logistics, sales, and after-sales service.

In the area of product development, we have continued to introduce “DANTOTSU products” (unique and unrivaled products) to the market. We have given particular attention to reducing fuel consumption—and therefore carbon dioxide (CO₂) emissions—during product operation, a stage in the product lifecycle responsible for a large portion of total CO₂ emissions. Among our recent innovations is the PC200 hybrid hydraulic excavator, the world’s first hybrid construction equipment vehicle, which was announced in May 2008 and which reduces CO₂ emissions by 25%. We are also pleased to have released a 2-ton model of our hybrid electric forklift truck. First developed in FY2007, the Komatsu hybrid emits 20% less CO₂ than standard electric forklift trucks. We will maintain our commitment to delivering products with lower environmental impact.

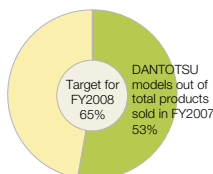
CO₂ Emission Reductions in Manufacturing



CO₂ Emission Reductions in Logistics



Product Development



Manufacturing operations realized a significant achievement in FY2007 when our plants in Japan surpassed earlier than scheduled our FY2010 target of reducing CO₂ emissions by 20% per unit of manufacturing value from the level of achievement in FY2000. In addition, we are striving to bring CO₂ emissions in logistics to their FY1990 levels by FY2010. In January 2007 in Japan, construction was completed on the Ibaraki Plant, adjacent to the port of Hitachinaka, and on the Kanazawa Plant, next to the port of Kanazawa. Since then we have begun building a new plant neighboring the Kanazawa Plant to manufacture super-large construction equipment. These new plants will allow us to further reduce CO₂ emissions during overland product transportation by shortening shipping distances.

Our endeavors to mitigate environmental impact go beyond CO₂ emission reductions, extending to providing on-site recycling options, remanufacturing used components (parts) in our “Reman” business at the global level, recycling used rubber crawler shoes, reducing waste generation and recycling as part of our zero emissions activities at manufacturing facilities, and meeting the requirements of REACH, a new EU regulation on chemical management that has come into force. We are also working to quantify and visualize the effects of our environmental initiatives through environmental accounting, as a means of maximizing environmental performance while minimizing economic costs. Our subsidiaries outside Japan, sales agencies, rental companies, and business associates are cooperating with Komatsu as we advance our environmental activities based on still higher objectives.

The entire Komatsu Group remains firmly devoted to strengthening its corporate governance. We are redoubling our efforts in disclosing corporate information to earn the trust of society and our stakeholders and in contributing to society.

The important obligation of fulfilling corporate social responsibility requires us to formulate a corporate structure to promote it. Moreover, all our employees around the world must consider necessary steps to address various issues individually through global teamwork in conjunction with our partners. By realizing just such a company, Komatsu intends to contribute to the realization of a sustainable society.

Kunio Noji
President and CEO