

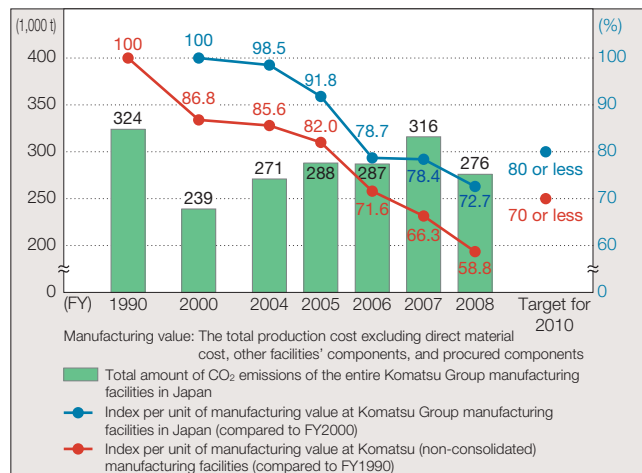
Mitigating Climate Change in Business Operations

Reducing CO₂ Emissions in Manufacturing Operations

To mitigate climate change, Komatsu has adopted as an indicator CO₂ emissions per unit of manufacturing value with regard to electricity, fuel gas, fuel oil, and any other type of energy used in its manufacturing operations. From 2007, the company has established even more stringent medium- and long-term targets, setting a target of a 20% or more reduction in CO₂ emissions by FY2010 compared to the FY2000 level.

In FY2008, Komatsu implemented improvements throughout the company, guided primarily by the All Komatsu Energy Saving Working Group. As a result, CO₂ emissions per unit of manufacturing value have decreased by 27.3% compared to the FY2000 level. Once again Komatsu achieved its medium- to long-term targets ahead of schedule.

CO₂ Emissions



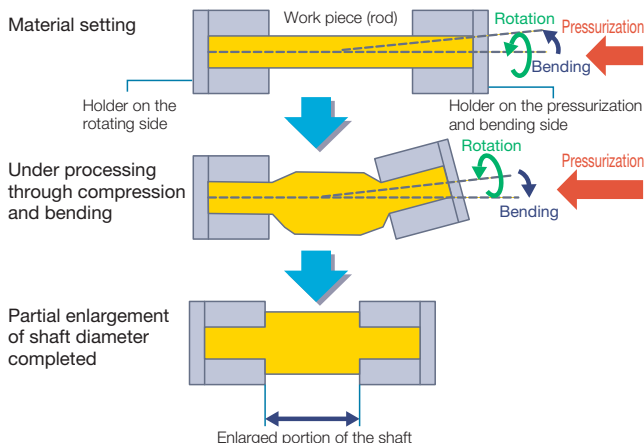
Main Initiatives in Manufacturing Division

Demand side	<ul style="list-style-type: none"> •Cutting stand-by electricity of manufacturing equipment •Upgrading to high-efficiency production lines •Upgrading from cupola furnaces to electric furnaces •Refining drying processes (using low-pressure air blowers) •Introducing inverter-controlled pumps and motors •Adopting high-efficiency lighting to a greater extent
Supply side	<ul style="list-style-type: none"> •Upgrading to high-efficiency facilities with utility features through Energy Service Company (ESCO) services •Distributing compressors •Changing the fuel for large-scale cogeneration facilities to natural gas •Dismantling monogeneration facilities not implementing heat recovery

Adopting Partial Diameter Enlargement Processing Technology (JIKUHIDAI)

In conventional methods of manufacturing gear shafts, a rod the same size as the greatest dimension of the gear section is ground down to the appropriate size, generating a large amount of wasted materials and requiring a long processing time. In a newly adopted processing technology for partially enlarging the diameter of a shaft, only the gear section of a narrow rod matched to the diameter is enlarged to the size of the gear diameter. By adopting this technology, narrower materials can be used and reductions can be achieved in grinding costs, processing times, and energy for processing.

Partial Diameter Enlargement Processing Technology (JIKUHIDAI)

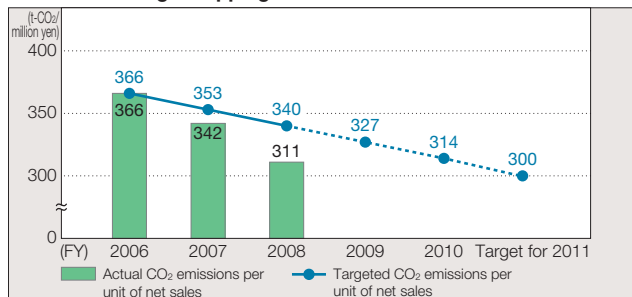


Reducing CO₂ Emissions in Logistics

Improving Product Shipping from New Plants adjacent to Ports and Promoting Modal Shifts

In 2007 Komatsu completed the construction of its Ibaraki Plant adjacent to the port of Hitachinaka in Ibaraki Prefecture, Japan and Kanazawa Plant No. 1 adjacent to the port of Kanazawa in Ishikawa Prefecture, Japan. In 2008 the company expanded the Rokko Plant and adapted more barges for inland shipping to transport products shipped from Osaka port, thereby reducing CO₂ emissions through the shortening of shipping distances within Japan and increasing the size of shipped units to large lots. As a result, the amount of CO₂ emissions per unit of net sales generated through shipping decreased by 9% in FY2008 compared to the FY2007 level, achieving a 15% reduction compared to the 2006 reduction target base year under the revised Law concerning the Rational Use of Energy of Japan.

Targeted and Actual CO₂ Emissions per Unit of Net Sales Generated through Shipping



Reducing CO₂ Emissions in Production Logistics

Komatsu has shifted types of forklift trucks for loading and unloading items during manufacturing operations at plants from conventional gasoline-powered models to either standard electric-powered or hybrid electric models. The percentage of vehicles having low environmental impact increased by 4% year over year. The company has vigorously adopted more of the hybrid electric forklift trucks that Komatsu developed first in the world, which require low amounts of energy. This helps improve work environments and the global environment.