Effective Utilization of Resources in Business Operations

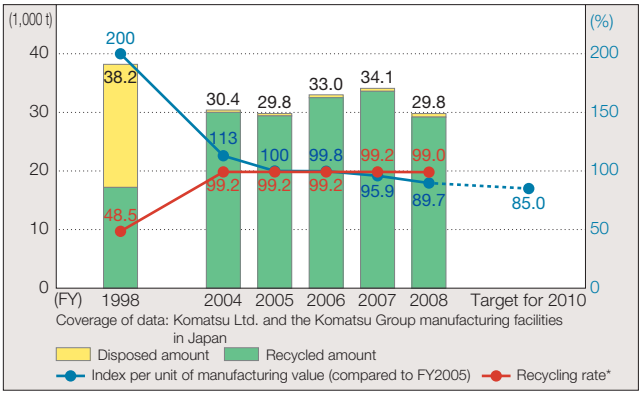
Effective Utilization of Resources in Manufacturing Operations

Waste

In tandem with reducing the amount of waste generated during manufacturing operations, Komatsu conducts zero emissions*1 activities to use waste materials as resources. The company continued to achieve zero emissions in FY2008 through strict waste separation and utilization of waste materials as valuables*2, boasting a recycling rate of 99.0%. Komatsu reduced by 10.3% the amount of waste generated per unit of manufacturing value compared with FY2005 (a 6.5% reduction compared with the previous fiscal year), attaining its single-year target. In FY2009 Komatsu will encourage its Group companies to redouble their waste separation efforts, with an aim to achieving the company's medium-term target of reducing by FY2010 the amount of waste generated per unit of manufacturing value by more than 15% from the 2005 level.

*1 Komatsu defines "zero emissions" as a waste material recycling rate of 99% or more.
*2 "Valuables" in this report refers to materials that can be sold to external companies.

Amount of Waste Generated by Komatsu and the Komatsu Group Manufacturing Facilities in Japan

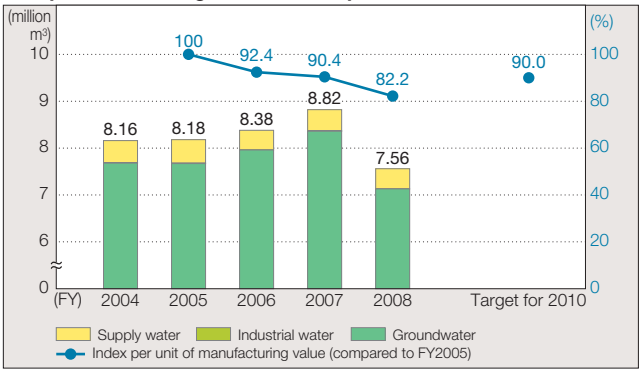


*Recycling rate is calculated by dividing the amount recycled (including valuables) by the amount generated (including valuables).

Conserving Water Resources

Since FY2006 Komatsu has taken up a new medium-term target of achieving a 10% or more reduction by FY2010 in the amount of water used per unit of manufacturing value compared with the FY2005 level. The company has attained its medium-term target by reducing the amount of water used per unit of manufacturing value by 17.8% compared with FY2005 through the reuse of water during processing and the elimination of wasteful day-to-day practices. In particular, the Oyama Plant introduced equipment to circulate cold water for engine testing, reducing its usage amount by 54% per unit of manufacturing value in FY2008 compared with the previous fiscal year. In the years to come Komatsu will make further attempts to reduce the amount of water resources used.

Amount of Water Resources Used by Komatsu and the Komatsu Group Manufacturing Facilities in Japan



Effective Utilization of Resources in Logistics

Improving Packaging

In FY2008 Komatsu kept up its efforts in returning and reusing general-purpose containers, along with the shift to specialized shipping containers that has been underway for years. In addition to conventional returnable containers, a greater number of returnable, reusable containers were used for replacement parts instead of disposable cardboard containers. Returned recyclable cardboard was also employed as protective and cushioning material for parts, significantly lowering the amount of newly procured cardboard containers and cushioning material.

General-purpose containers destined for plants outside of Japan have been introduced in a size tailored to the dimensions of the container modules and consequently increased the packaging return ratio.

The packaging return ratio of both specialized and general-purpose shipping containers has jumped by 15.5%. In FY2009 Komatsu will continue to enhance its return and reuse practices and expand the range of items to be packed with returned recyclable cardboard. The company will at the same time increase the packaging return ratio of general-purpose containers destined for plants outside of Japan.

A returnable, reusable container

Topic

Commencing Construction of Kanazawa Plant No. 2

At the Kanazawa Plants adjacent to the port of Kanazawa in Ishikawa Prefecture, Japan, construction was launched on Plant No. 2 in 2008 next to Plant No. 1, which began its operations in January 2007. Manufacturing operations at Plant No. 2 are expected to begin in August 2009. The Kanazawa Plants will assemble medium-sized and large presses and manufacture the largest super-large hydraulic excavators that Komatsu makes in Japan.

Manufacturing these machines on a site adjacent to the port will reduce overland shipping costs and CO_2 emissions during transport substantially.