

2006 Highlights



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Formulating The KOMATSU Way

In July 2006, Komatsu formulated The KOMATSU Way, in which the Group defined its strengths, as well as the convictions, attitudes, and know-how that support those strengths. The KOMATSU Way is the Group's values and principles that cover topics ranging from *Monozukuri* or manufacturing competitiveness to corporate governance. Komatsu is currently spreading The KOMATSU Way internally as values that should be shared by the Group at the global level and passed on unbroken into the future.



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Developing the WA500/600-6 Wheel Loader

Komatsu released the environment- and operator-friendly WA500/600-6 wheel loader.

In addition to complying with Tier 3 emission standards in the U.S., Europe, and Japan, effective 2006, this wheel loader features improvements to the bucket shape to make digging easier and numerous kinds of technology to reduce fuel consumption. Boasting a 20% gain in work capacity per unit of fuel, this vehicle has achieved outstanding economic efficiency and productivity.



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Electric Hybrid Forklift Trucks

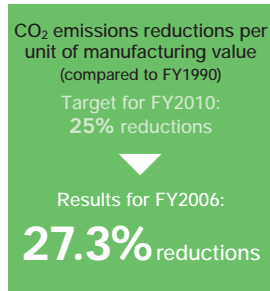
In the forklift market, advances have emerged towards converting to electric-powered vehicles that do not generate emissions. However, electric-powered vehicles have had various problems, such as long recharging times and the inability to operate the vehicle for long periods of time. By adding an electrical storage device known as a capacitor to the conventional battery, Komatsu's new models feature two systems for electrical power, thereby eliminating those problems and bringing about energy savings of up to 20%.



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Founding New Plants at Ports

In January 2007, construction was completed on both Komatsu's Ibaraki Plant, which manufactures wheeled large construction and mining equipment adjacent to the port of Hitachinaka in Ibaraki Prefecture in Japan and Kanazawa Plant, which manufactures large presses next to the port of Kanazawa in Ishikawa Prefecture in Japan. By shipping products manufactured at these plants by sea using the ports, the amount of land-based transport can be reduced. Komatsu expects a total annual reduction of 2,500 tons of CO₂ emissions for both plants.



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Komatsu's Efforts to Combat Climate Change

Komatsu has been taking steps to reduce the amount of CO₂ emitted across its products' entire lifecycles to mitigate climate change, the greatest environmental issue now facing the globe. In particular, in FY2006 its manufacturing facilities have succeeded in attaining ahead of schedule the targets established for FY2010 for the amount of CO₂ emissions per unit of manufacturing value. This is the result of patient efforts such as energy conservation activities and conversions to energy sources that have low CO₂ emissions.



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Deepening Communication with Stakeholders

Through shareholders' meetings (see photo) and other opportunities, Komatsu discloses information to a broad range of stakeholders in an appropriate and equitable manner to build and maintain a relationship of trust with them. Moreover, The KOMATSU Way explicitly states that top management should explain the company's current state, objectives, and strategy in concrete and easy to understand terms.



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Official Recognition in Japan as a Company that Supports the Fostering of the Next Generation

Komatsu has continuously formulated and implemented action plans through which employees can pursue both their careers and child raising. In Japan, the company has attained its objectives by encouraging male employees to take child-rearing leave and establishing a web page viewable within the company that supports the simultaneous pursuit of parenting and a career. These activities were recognized by the Japanese Ministry of Health, Labour and Welfare and in 2007 Komatsu acquired the Ministry's mark designating companies that assist in the growth of the next generation.



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Developing a Demining Machine for Anti-personnel Landmines

Komatsu developed a demining vehicle by applying its construction equipment technology. This vehicle will lead to the effective clearing of anti-personnel landmines, which continue to cause trouble for people even after a conflict ends. The first machine is scheduled to be delivered to a landmine clearing NGO in Afghanistan in August 2007. The development process of this demining machine for anti-personnel landmines is introduced in detail in this report's Special Story section.



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Recovery Assistance in Areas Impacted by Natural Disasters, such as the Earthquake in Central Java

Komatsu frequently makes monetary donations and donates or lends construction equipment and other items necessary for rescue and recovery activities so that areas impacted by natural disasters can recover as early as possible. In FY2006 Komatsu assisted the areas affected by the earthquake in Central Java, Indonesia in May 2006 (see photo) and the earthquake off the Noto Peninsula, Japan in March 2007.