

# Communication with Company Stakeholders

Taking advantage of various opportunities for communication with stakeholders, Komatsu strengthens partnerships with them while also incorporating their views into business operations.



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Komatsu has adopted the basic managerial approach that corporate value is the total sum of trust given to it by society and all corporate stakeholders. Activities in which the company communicates with its stakeholders are critical for increasing the sum of this trust. In communication with the people in the local communities as well as with shareholders and investors—stakeholders with whom I share a particularly deep relationship—it is increasingly important to share information regarding a greater breadth of areas, including non-economic indicators such as environmental efforts and social contribution activities which are necessary for a company's sustainable growth.

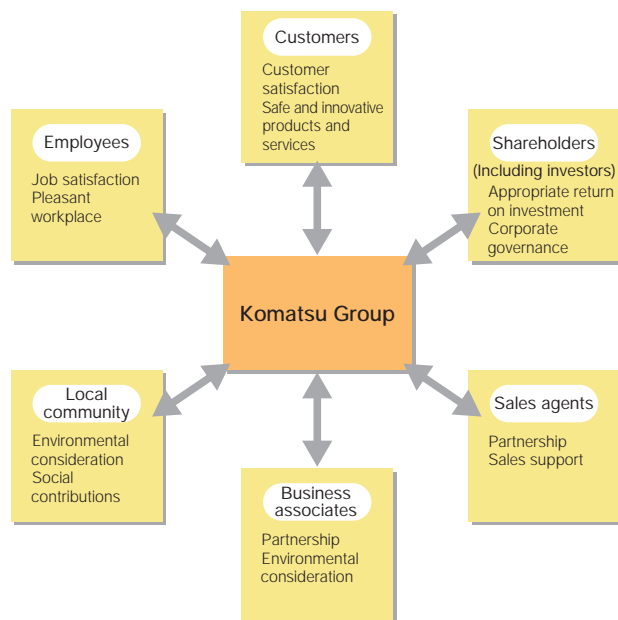
At Komatsu, a large variety of divisions have built relationships of trust with stakeholders from their unique perspectives. I believe that by having every division continually share information that is timely, accurate, and easy to understand, these partnerships will become increasingly solid.

## Interactions with Stakeholders

Komatsu recognizes its stakeholders as equal and steady partners. The company discloses accurate information to many kinds of stakeholders in an appropriate and equitable manner to build and maintain a long-term, proper, and sincere relationship of trust with them.

Furthermore, The KOMATSU Way clearly states that the top management of the Komatsu Group has the responsibility to explain in its own words to all stakeholders the state of the company, objectives to be pursued, and management strategy in ways that are concrete and easy to understand.

### Komatsu's Relationship with Stakeholders



Further information on communication with customers can be found in the section "Quality and Reliability" on page 8.

## Communication with Shareholders

Along with striving for high managerial transparency, Komatsu provides proper and timely information on business results through constructive approaches to investor relations (IR) both in and outside of Japan. On the same day that quarterly business results are announced, the company holds explanatory sessions in Japan for institutional investors and securities analysts and also releases this information as well as significant questions and responses on its website. Furthermore, for the benefit of institutional investors around the world, explanatory sessions are conducted two to three times annually, with primary focus given to the U.S., Europe, and Asia.

### Shareholders' Meetings

To furnish an opportunity to communicate with individual investors, Komatsu convenes shareholders' meetings at two different locations in Japan each year, with top management explaining the company's performance and management strategy.

Shareholders' meetings were held in December 2006 in the cities of Oyama in Tochigi Prefecture and Sendai in Miyagi Prefecture with 315 and 165 shareholders attending, respectively. A wide range of questions was answered, covering such topics as forecasts for future performance, the dividend payout ratio, and social contribution activities. Since their launch in 1997, these meetings have been convened 23 times, with over 6,900 shareholders participating to date.



Shareholders' meeting convened in Sendai on December 17, 2006

To reflect the views of shareholders and create a better relationship with them, Komatsu Ltd. enacted the following in FY2006.

### Change in the Number of Shares Constituting One Investing Unit (Tangen)

In order to make it easier for investors to purchase shares in Komatsu Ltd., since August 1, 2006 the number of shares constituting one investing unit has been reduced from 1,000 shares to 100 shares.

### Statements on Targeted and Actual Dividend Payout Ratios

Komatsu Ltd. has set a goal of a consolidated payout ratio of 20% or higher and is redoubling its efforts to provide stable dividends. Starting with the announcement of interim business results for the fiscal year ending March 2007, in order to further increase the transparency of the company's dividend policy, the company has begun announcing in publicly released documents both basic policy for dividends and actual degree of attainment.

### Information Disclosure on the Komatsu Website

Soon after their publication, Komatsu makes sales and profit gains reports, annual reports, the company fact book, financial statements, interim reports, reports on business operations, and various types of IR materials available on its website in a section titled "Investor Relations." Beyond this, Komatsu broadcasts footage of interviews with the President and CEO on a quarterly basis to explain the company's business activities in the words of top management in ways that are easy to understand. What's more, every six months the website introduces the presentation materials and a spoken explanation regarding the announcement of consolidated business results.

- Komatsu "Investor Relations" website  
<http://www.komatsu.com/CompanyInfo/ir/>

### Communication with the Local Community

A company cannot continue to operate without a good relationship with the people in the local community. Each of Komatsu's business units tries to harmonize its interests with the local community and make the company open to society as a responsible corporate citizen. In order for the community to gain a better understanding of its business activities, Komatsu's manufacturing facilities in Japan assertively seek to bring representatives from the city and prefecture to tour each plant and participate in discussions. Besides this, the company regularly holds "open house" days at each manufacturing facility and "Kids' Tours of Working Vehicles" at the Komatsu Techno Center in Izu, Shizuoka Prefecture (see P. 41, "Social Contributions," for more detailed information).



In July 2006, the prefectural governor, city mayor, local legislators, and representatives of neighborhood organizations near the plant were invited to participate in the opening of a vehicle capability testing area that was newly-built at the Awazu Plant.



### Communication with Employees

At least once every six months, the company's top management convenes a Meeting with the President at each business unit, at which top management explains the state of the company and future directions in its own words to all employees at the unit.

These meetings are held immediately after the announcements of interim and term-end business results. In a question and answer session following the explanation, top management responds directly to questions from the employees. These meetings are also broadcast on the company's Intranet in order to share the information with employees of the Komatsu Group around the world.



Meeting with the President held at the Head Office in April 2007 on the day after the announcement of term-end business results

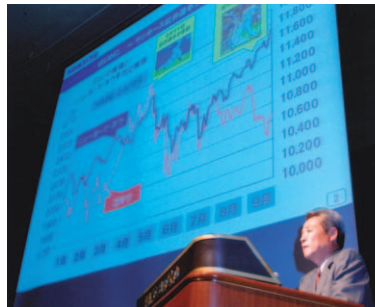
### Communication with Business Associates and Sales Agents

Partnerships with business associates (suppliers) and sales agents (responsible for sales and service) form the foundation of the Komatsu Group's business activities. Each division responsible for dealing with business partners constructively exchanges information with them in order to facilitate steady and stable relationships of trust.

#### Strengthening Partnerships with Business Associates

The Komatsu "Midori-kai" group, an association of the company's suppliers in Japan, has 145 member companies, which supply roughly 70% of Komatsu's total procurement in Japan.

Komatsu holds various events to foster communication with Midori-kai group members, convening general conferences, round-table discussions for managers, and New Year's informal business functions. These three annual meetings are attended by representatives from each Midori-kai group company as well as Komatsu's top management, making it possible for participants to interact and exchange views. Chinese and North American versions of the Midori-kai group were launched in 2007, and now some 90 companies outside Japan participate in total. As its next steps Komatsu intends to establish an association of partner companies in Europe and strengthen global partnerships with business associates.



Midori-kai group round-table discussions for managers, held in Tokyo, Japan, on October 4, 2006

### Communication with Sales Agents

To enhance Quality and Reliability in products and services (see P. 8), Komatsu and its subsidiaries in countries other than Japan must strengthen their teamwork with sales and service agents.

Every year, Komatsu convenes a distributors meeting in each country and region. Communication with these agents is deepened through the participation of Komatsu's top management, or representatives of subsidiaries in countries other than Japan.



At the Asian Distributors Meeting, held in Malaysia from June 7-9, 2006, participants visited local sales agents and exchanged information about business activities.