

Mid-Range Management Plan

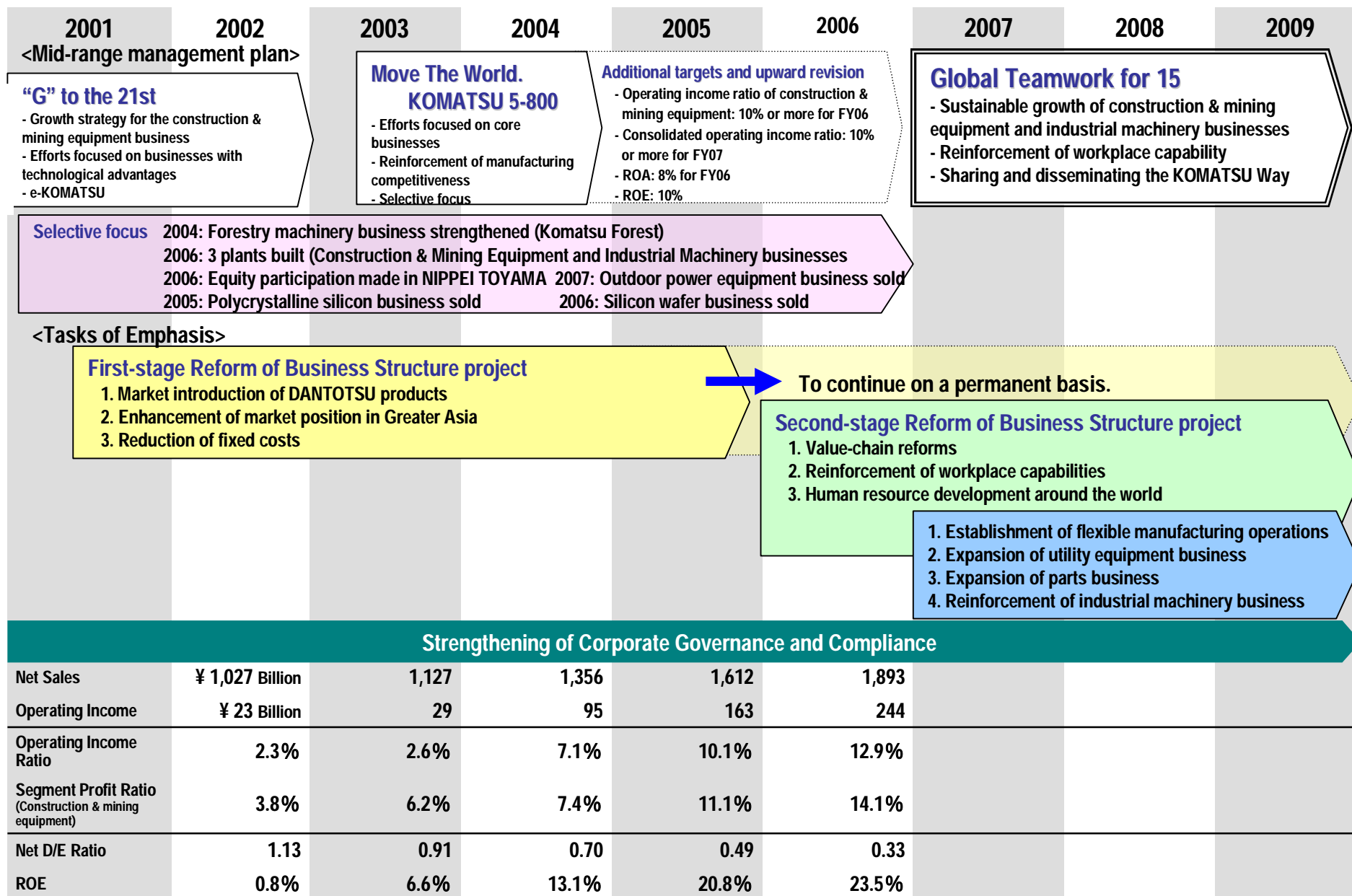
“Global Teamwork for 15”

The “Global Teamwork for 15” mid-range management plan demonstrates our solid determination to achieve an operating income ratio of **15%** or above for the fiscal year ending March 31, 2010.

We will capitalize on the **global teamwork** among Komatsu Group employees, distributors, suppliers and other business partners around the world to provide the products (hardware and software), that customers are happy to own. We also will facilitate the sustainable growth of the industrial-use machinery business, centering on construction and mining equipment.

April 26, 2007
Komatsu Ltd.

Our Efforts in the Reform of Business Structure Project



Basic Policies of Mid-Range Management Plan



Targets for FY2009

To maintain top-level profitability and financial position in the industry.

	Targets for FY2009	Results in FY2006
Operating income ratio	15% or above	12.9 %
ROE *1	20% or above	23.5 %
Net debt-to-equity ratio *2	0.2 or below	0.33
Payout ratio	20% or above (to continue current policy)	20% or above

*1 ROE = Net income for the year / ((shareholders' equity at the beginning + shareholders' equity at the end of the fiscal year) / 2)

*2 Net debt-to-equity ratio = (interest – beginning debt – cash and cash equivalents – time deposits) / shareholders' equity

[Projection of sales and foreign exchange ratio]

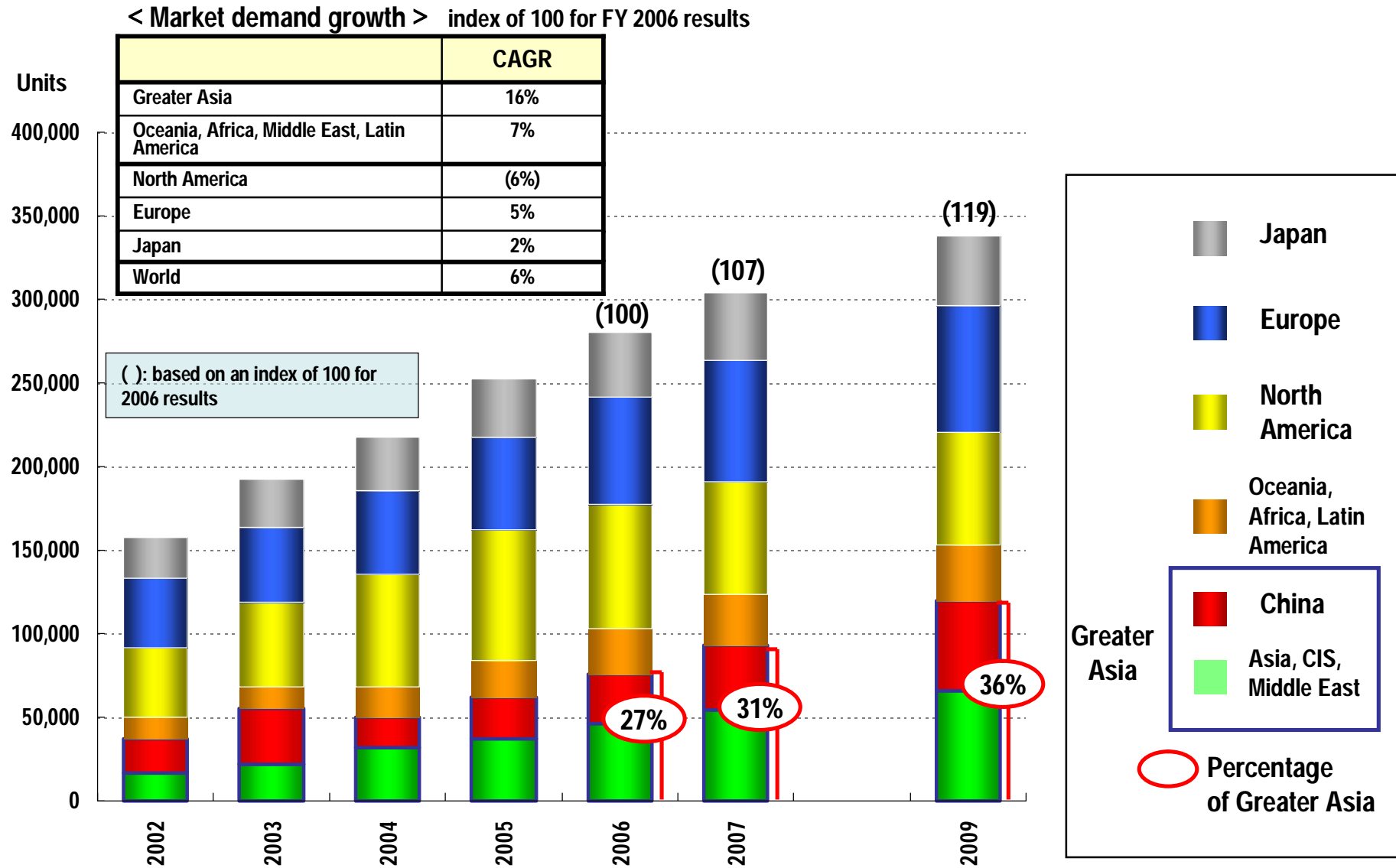
	(FY2009)	(FY2006)
Sales	¥ 2,400 billion (+/- ¥100 billion)	¥ 1,893 billion
Foreign exchange ratio	US\$ = ¥ 110 Euro = ¥ 145	US\$ = ¥ 117 Euro = ¥ 151

Projected market growth : +6% / year

+

1. Enhancement of market position in Greater Asia
2. Introduction of DANTOTSU products
3. Expansion of parts business
4. Expansion of utility business and industrial machinery business and others

Market Demand Projection: Construction & Mining Equipment

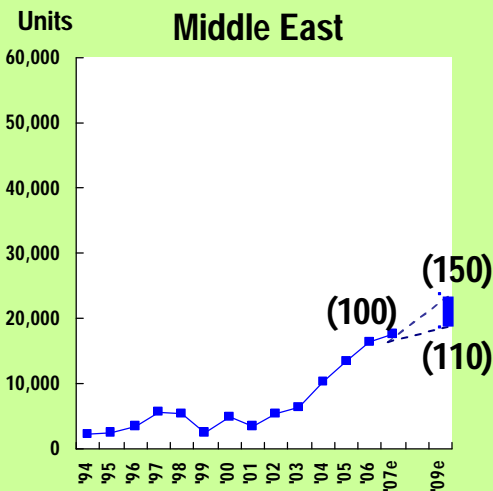
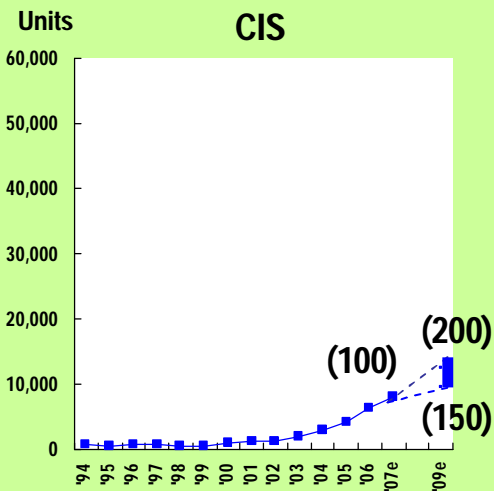
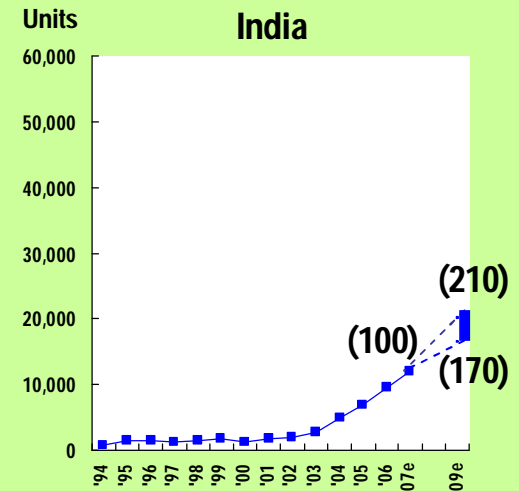
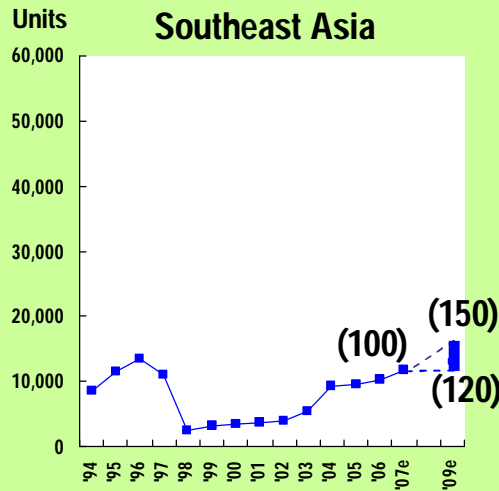
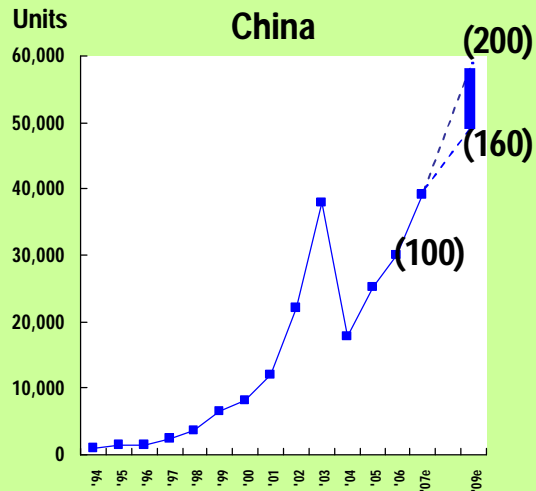


Figures are for 7 major products (excluding mini-equipment), estimated by Komatsu

1.Crawler excavator, 2.Wheel excavator, 3.Crawler tractor, 4. Wheel loader, 5.Dump truck, 6.Articulated dump truck, 7.Motor grader

Precondition for Demand: Demand Projection in Greater Asia

Demand for 7 major products in Greater Asia where Komatsu keeps No.1 position



< Situation of each market >

China : 11th 5-year plan (2006-10), urbanizing projects, increasing infrastructure development, increasing coal production

Southeast Asia : Increasing coal production, increasing private construction investments

India : 11th 5-year plan (2007-11), increasing infrastructure development, increasing demands from mining sector

CIS : infrastructure development and private construction investments in Russia, increasing mining development and pipeline construction

Middle East : increasing road construction, quarry and other projects

*numbers in () show indices when regarding 06 figures as 100

Main Activities

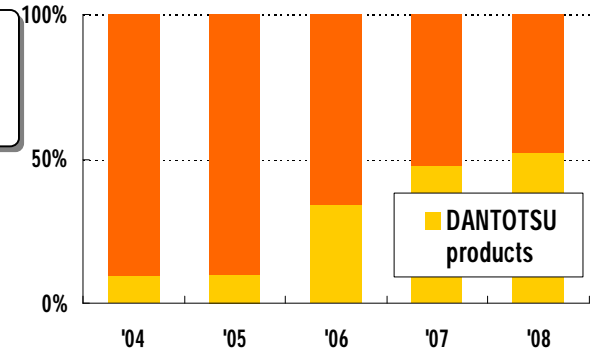
Basic Strategies		<ol style="list-style-type: none"> 1. Market introduction of DANTOTSU products 2. Further enhancement of market position in Greater Asia
Construction & Mining Equipment	Product Strategies	<ol style="list-style-type: none"> 1. Steady development of technology for Tier4 emission regulation 2. Product development corresponding with regional characteristics 3. Expansion of parts business
	Area Strategy	<p>Unshakable No.1 market position in Greater Asia</p> <ol style="list-style-type: none"> 1) China : Product development and expansion of product range 2) India : Expansion of product range and reinforcement of mining equipment business 3) Russia : Expansion of excavator sales and reinforcement of distributors
	Manufacturing Strategies	<ol style="list-style-type: none"> 1. Establishment of flexible manufacturing operation on global basis 2. Optimal investment corresponding to market demand fluctuations
Utility Equipment (Mini construction equipment and forklift trucks)		<ol style="list-style-type: none"> 1. Synergy effects in production and development between mini construction equipment and forklift truck businesses 2. Expansion of market in Greater Asia
Industrial Machinery		<ol style="list-style-type: none"> 1. Enhancement of sales and profit by full-scale operation of the new plant 2. Generation of collaborative effects with NIPPEI TOYAMA Corporation
Continuous improvements of fixed costs (separation of costs from growth)		
Human resource development on a global basis (promoting the KOMATSU Way) - To aim for sustainable growth by developing workplace capability of each and every employee		

Construction & Mining Equipment: Introduction of DANTOTSU Products

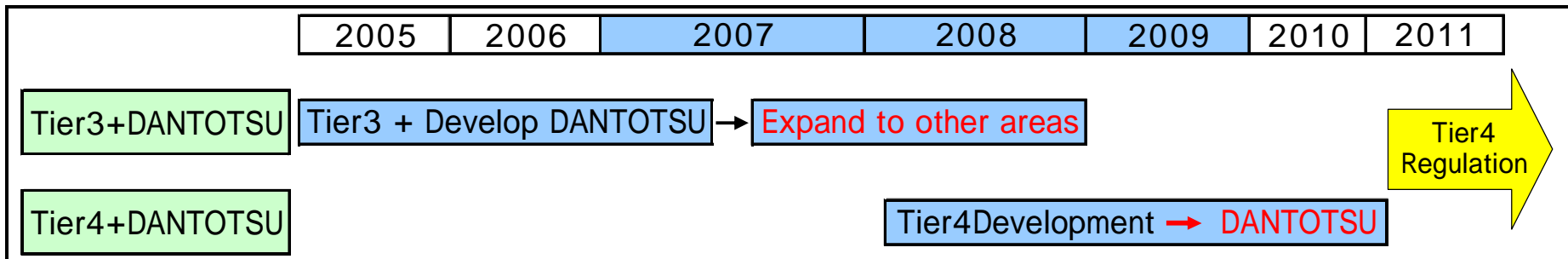
1. DANTOTSU by further improvement of fuel consumption
2. Preparation for Tier4 emission regulation

Percentage of DANTOTSU products

* Percentage in amount of new equipment sales



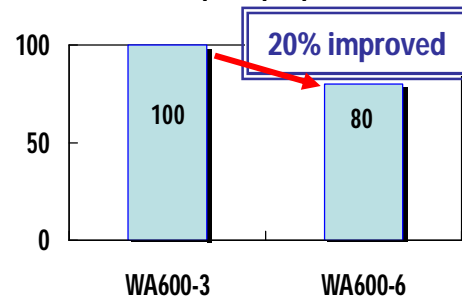
DANTOTSU products and preparation for Tier4 regulation



Fuel consumption comparison with current model



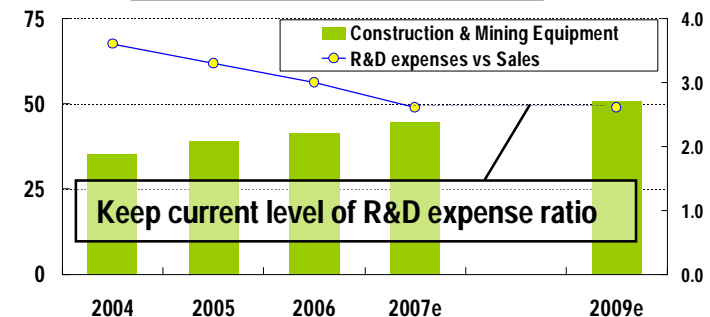
Fuel consumption per production



R & D expenses (including indirect factory costs)

Billions of yen

%

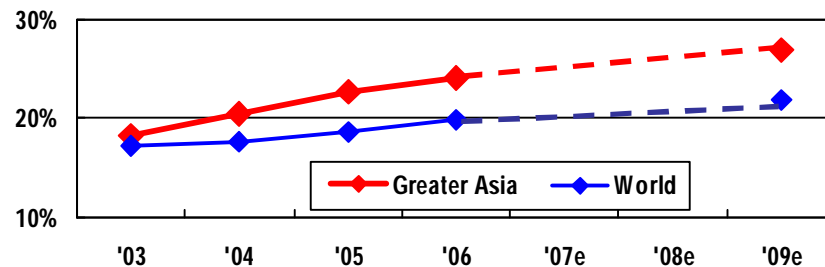


Construction & Mining Equipment: Unshakable No.1 Position in Greater Asia

1. Product development corresponding with regional characteristics
2. Expansion of local production
3. Enhancement of product support operations

China	Product development and expansion of product range	<ul style="list-style-type: none"> - Market expansion by product development corresponding with market characteristics (establishment of China development center) - Expansion of locally produced production range
India	Expansion of product range and reinforcement of mining equipment business	<ul style="list-style-type: none"> - Expansion of local production through full-scale operation of the new plant - Market expansion
Russia	Expansion of excavator sales and reinforcement of distributors	<ul style="list-style-type: none"> - Expansion of excavator model range - Reinforcement of distributors
Southeast Asia	Expansion of local production and reformation of value chain	<ul style="list-style-type: none"> - Value chain reforms corresponding with demand fluctuation (Indonesia) - Expansion of production capacity and sales areas of Bangkok Komatsu Co., Ltd. (Thailand)
Middle East	Enhancement of product support operation	<ul style="list-style-type: none"> - Quicker parts delivery by establishing more parts depots

Market share of construction and mining equipment
(estimated by Komatsu)



Komatsu India started manufacturing of dump trucks

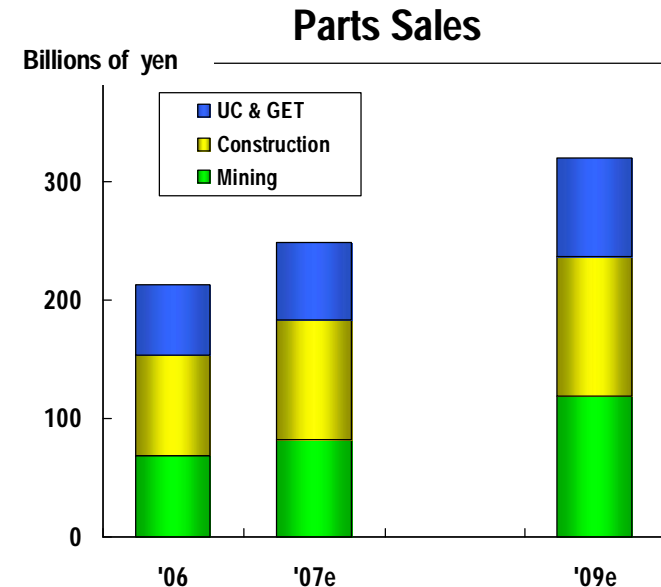
Construction & Mining Equipment: Expansion of Parts Business

1. Expansion of REMAN (re-manufacturing) business for mining customers

- 1) Expansion of R&M (repair & maintenance) programs
- 2) Capacity expansion and productivity improvement of REMAN factories



PT Komatsu Remanufacturing Asia



2. Continuous expansion of wear parts business

- 1) Expansion of global production capacity and improvement of productivity for GET (Ground Engaging Tools)
- 2) Expansion of production capacity and improvement of productivity of undercarriage (UC) factory in Asia



GET
(bucket & teeth)



Undercarriage

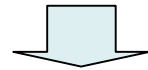
Reform of supply chain among production, sales and inventory

1. Taking full advantage of global production capacity

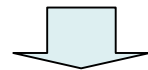
- 1) Establishment of optimum production operation through global cross sourcing (efficient investment in production)
- 2) Reinforcement of plants in Asia to enhance supply structure to all over the world

2. Highly accurate demand projection

- 1) Direct link between factories and distributors
- 2) Prompt information gathering and sharing by using KOMTRAX



Reinforcement of production capacity of each plant in response to increase of sales in the world



Investment plan for production facilities

120 billion yen for 3 years (FY2007 - FY2009)

Bangkok Komatsu Co., Ltd. supplies hydraulic excavators to various countries in the world.



Construction & Mining Equipment: Expansion of Utility Business

1. Synergy effects of mini-construction equipment and forklift trucks

- 1) Manufacturing : Manufacturing operation reforms
- 2) Development : Development of further competitive forklifts by utilizing Komatsu components

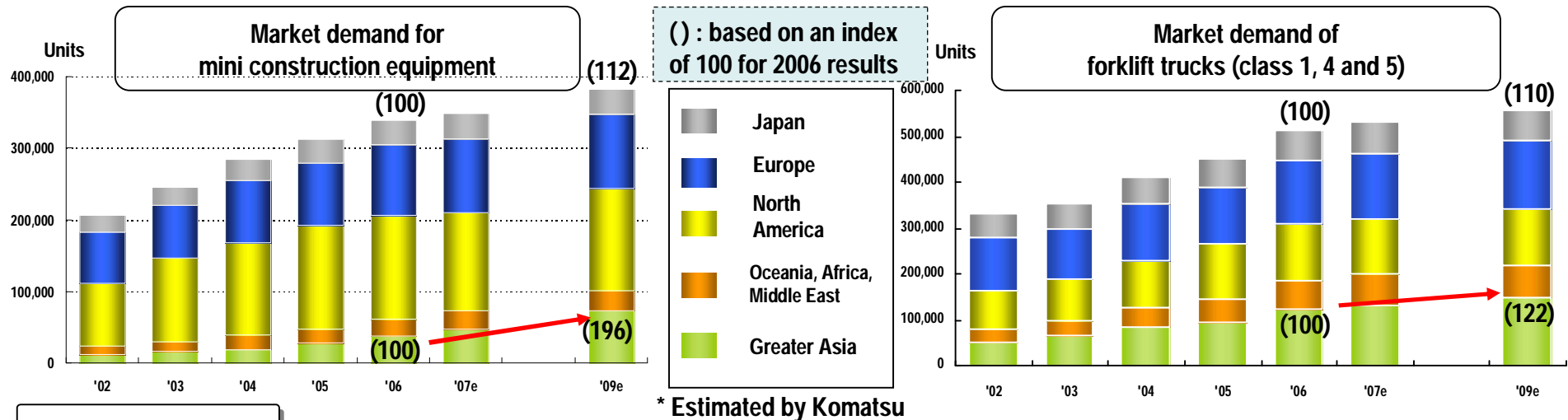
2. Reinforcement of operations in overseas markets, especially in Greater Asia

3. Introduction of DANTOTSU products and expansion of markets

(e.g. Battery hybrid forklift trucks)

4. Establishment of global ERP (e.g. unification of bill of material)

Improvement of profitability and market position



Utility Equipment

Mini excavator



Backhoe loader



Skid steer loader



Mini wheel loader



Forklift truck (engine)



Forklift truck (battery)

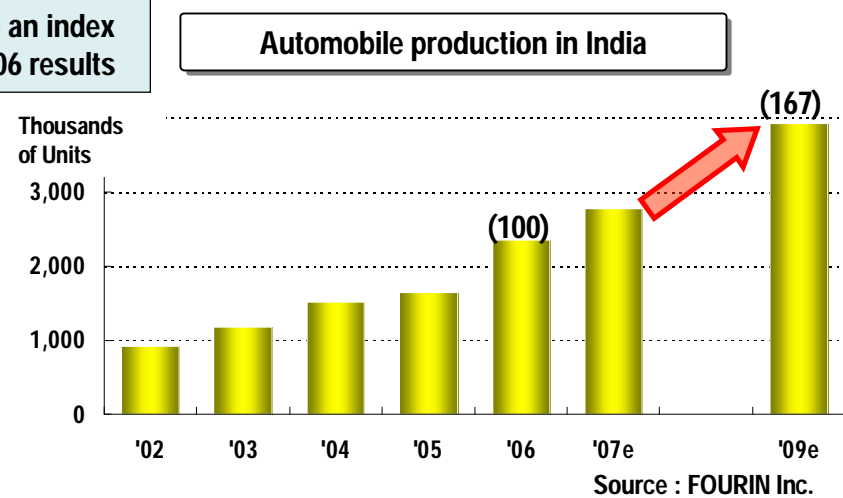
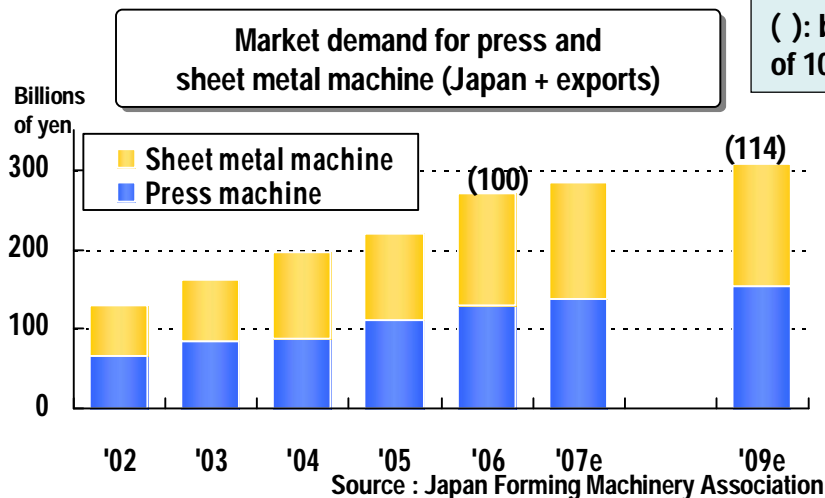


Reinforcement of Industrial Machinery Business

1. Enhancement of sales and profits by full-scale operation of the new plant
2. Generation of collaborative effects with NIPPEI TOYAMA in press and sheet metal machine business
3. Steady growth and profitability improvement of each business
 - 1) Press machines : Global expansion of AC servo press machine business aiming for No.1 in the world
 - 2) Sheet metal machines : Expansion of overseas sales especially in USA, China and Korea
 - 3) Machine tools : Reinforcement of component business for LCD panel manufacturing systems
4. Introduction of DANTOTSU products and establishment of global service operation
5. Reinforcement of operation in Greater Asia (especially in India)



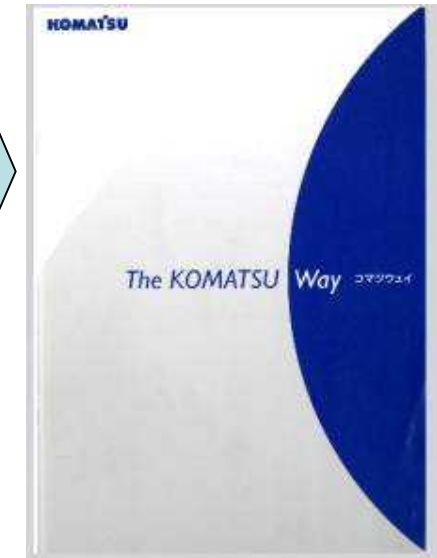
Large size AC servo press system



Komatsu's strengths, beliefs, basic attitudes and patterns of behavior

In writing

Sharing

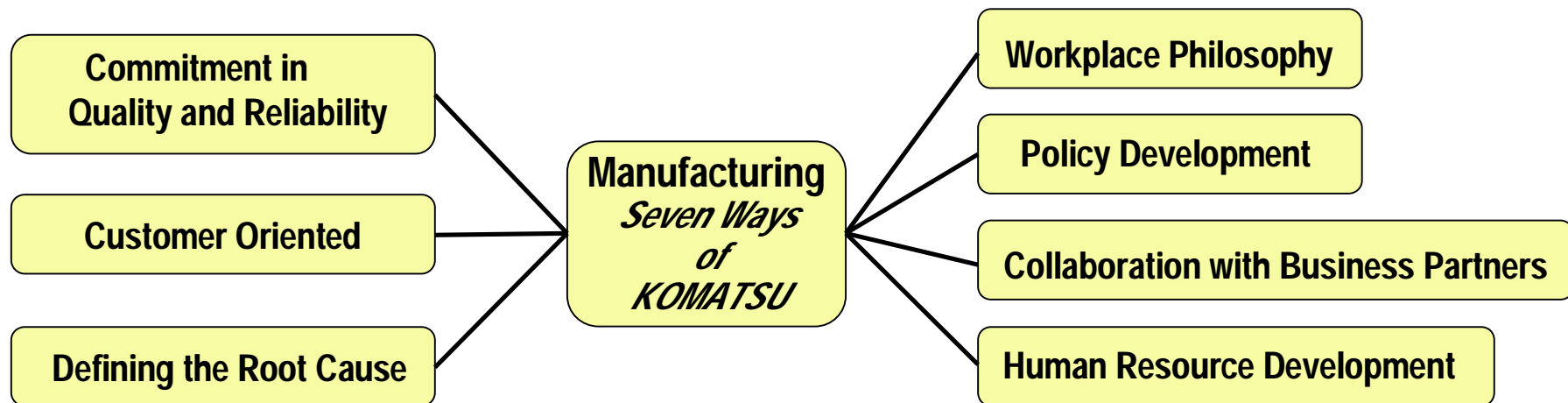


1) Strengthening corporate governance

Activation of the Board of Directors

Quality and Reliability of management

2) Reinforcing manufacturing competitiveness



To aim for sustainable growth by developing workplace capability of each and every employee in the world.

Cautionary Statement

This presentation sheets contain forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects," "plans," "expects," and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this presentation sheets, and Komatsu assumes no duty to update such statements.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

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