

Announcing the New Mid-Range Management Plan “Global Teamwork for 15”

Komatsu Ltd. (President & CEO: Masahiro Sakane) has developed a new three-year mid-range management plan “**Global Teamwork for 15**” with the goal of completing by the target year ending March 31, 2010.

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. With the proactive involvement of each and every employee in the tasks spelled out through this management plan, we are working to further improve business performance and enhance our corporate value.

1. Basic Policy (Management Goals)

We at Komatsu define **our corporate value as the total sum of trust given to us by society and all stakeholders**. To increase this corporate value, we have consistently worked on management tasks by upholding the following two management goals.

- 1) To maintain top-level profitability and financial position in the industry and enhance our position in the global marketplace, especially in the Greater Asia region.
- 2) To continue management while keeping market value in mind, which reflects the amount of trust given to us by society and shareholders/investors.

In addition to the management goals above, we have set the new goal of putting the KOMATSU Way in place on a global, group-wide basis, which describes Komatsu’s strengths, as well as the beliefs, attitudes, patterns of behavior and the like which support those strengths.

2. Numerical Targets

Items	Targets for Fiscal Year ending March 31, 2010	Results for Fiscal Year ended March 31, 2007
Operating income ratio	15% or above	12.9%
ROE: Return on equity	Keeping 20% level	23.5%
Net debt-to-equity ratio	0.2 or below	0.33

ROE = Net income for the year / [(shareholders’ equity at the beginning + shareholders’ equity at the end of the fiscal year) / 2]

Net debt-to-equity ratio = (interest-bearing debt – cash and cash equivalents – time deposits) / shareholders’ equity

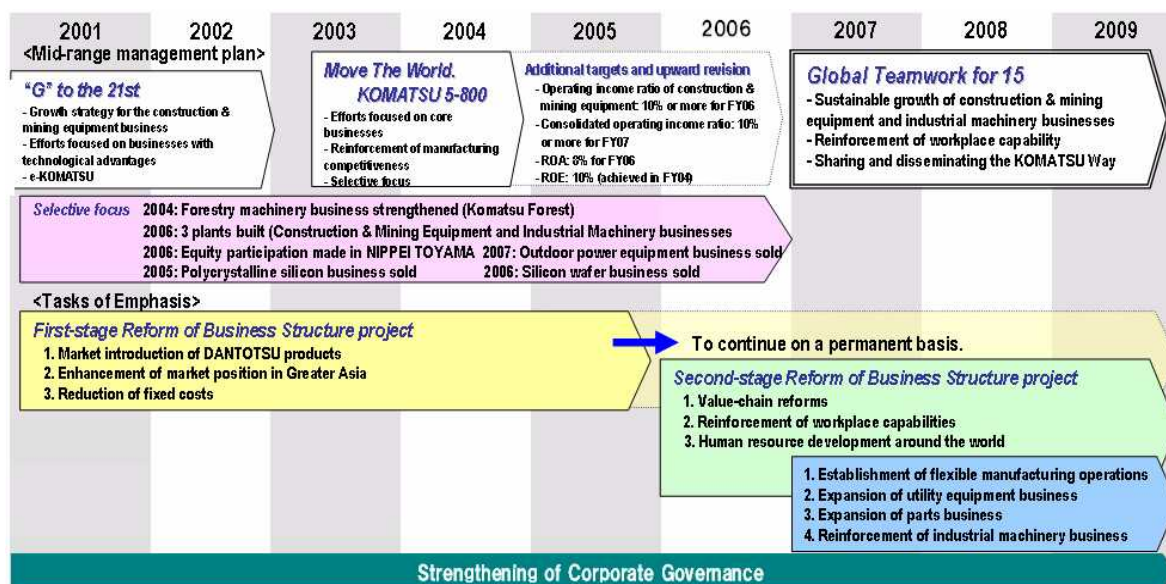
[Premises]	Items	Targets for Fiscal Year ending March 31, 2010	Results for Fiscal Year ended March 31, 2007
	Guideline on sales	¥2,400 billion ± ¥100 billion	¥1,893.3 billion
	Guidelines on exchange rate	¥110/1USD ¥145/1EUR	¥117/1USD ¥151/1EUR

3. Efforts on Focus

Komatsu had placed its efforts on the selective focus of its businesses until the previous fiscal year, including the sale of the silicon wafer and outdoor power equipment businesses, an equity alliance in the industrial machinery business, and establishment of new plants in Japan and overseas.

Under the Global Teamwork for 15 management plan, Komatsu will continue to constantly emphasize the market introduction of DANTOTSU (unrivaled) products, the further enhancement of its market position in Greater Asia, and the improvement in fixed costs of the first-stage Reform of Business Structure project (since 2001) by positioning the Construction and Mining Equipment as well as Industrial Machinery, Vehicles and Others businesses as its core operations. Komatsu will also place efforts on value-chain reform activities and human resource development on a global, group-wide basis through those reform activities which were launched last year as the major initiatives of the second-stage Reform project. Furthermore, Komatsu will work on the expansion of the utility equipment business and other new tasks of focus, and will produce specific results.

Komatsu's Reform of Business Structure Project: Past Efforts and Present Tasks



1) Market Introduction of DANTOTSU Products

Komatsu will continue to concert its efforts on the market introduction of products made to receive DANTOTSU evaluations from owners for their features based on the basic concepts of Environment, Safety and IT. In the construction and mining equipment business, we will pay special attention to improve customers' fuel expense in light of reducing their running costs and CO₂ emissions.

Komatsu is also committed to advancing product development programs for Tier 4 requirements to be effective in 2011. In the industrial machinery business, Komatsu will emphasize international sales of AC Servo presses and expansion of their line-up.

2) Further Enhancement of Market Position in Greater Asia

In Greater Asia which includes China, India, Southeast Asia, CIS and the Middle East, Komatsu's sales of the construction and mining equipment business expanded about four-fold over the last six years. Komatsu expects further market expansion in these regions, as demand for construction, mining and utility equipment should grow for infrastructure and energy developments against the backdrop of ongoing population growth and urbanization. Komatsu also anticipates that demand for industrial machinery will grow, as the automobile industry continues to expand. Komatsu will reinforce its sales and product support capabilities, develop new markets and expand local production in order to attain the DANTOTSU No. 1 position.

3) Establishment of Flexible Manufacturing Operations

The Komatsu Group will utilize global sales and production systems and global procurement programs in order to further improve the flexibility of its manufacturing operations to meet changes of demand.

The number of KOMTRAX (Komatsu Machine Tracking System)-mounted construction equipment in Japan, North America, Europe and China has passed 60,000 units.* Komatsu is well prepared to take full advantage of this scale in order to gain information concerning market changes directly and quickly. By sharing market information among distributors, plants and suppliers, the Komatsu Group will accurately incorporate such information into production, sales and inventory planning in the short term. In the medium term, the Komatsu Group will accurately incorporate useful information into capital investment planning in order to ensure appropriate production capacity.

* As of April 2007

4) Expansion of the Utility Equipment Business

Komatsu established Komatsu Utility Co., Ltd. in April 2007, which has unified the management of the forklift truck and compact-construction equipment businesses. In addition to generating synergy effects in production and development to enhance product competitiveness, Komatsu Utility will double its efforts in Greater Asia and enhance its position in the market in order to improve profits.

5) Expansion of Parts Business

Komatsu will continue its efforts to accelerate sales of ground engaging tools, such as buckets, teeth and undercarriage parts, expand the number of parts depots, support and training centers, and train more product support personnel through the Global Training Institute and other programs. In addition, the Komatsu Group will take full advantage of information available about the operational conditions of machines through real-time remote monitoring systems such as the KOMTRAX in order to optimize parts inventories and speed up parts delivery to customers. These efforts will further expand sales of parts and improve profits.

6) Reinforcement of the Industrial Machinery Business

With respect to large presses for which orders have been growing, the Komatsu Group is going to expand production volume and shorten production lead-time, while improving QCD*, by taking full advantage of the new Kanazawa Plant.

Concerning NIPPEI TOYAMA CORPORATION in which Komatsu has made equity participation, the Komatsu Group will work to generate collaborative effects with NIPPEI TOYAMA in the areas of procurement and production.

* QCD: Quality, Cost and Delivery

7) Continuous Improvements of Fixed Costs

By defining the separation of costs from growth as a basic policy, the Komatsu Group will work to improve fixed costs continuously.

8) Human Resource Development on a Global Basis

It is the capabilities and efforts of each and every employee that back up sustainable growth of a company. Thus human resource development and employees' vitality are two of Komatsu's strengths. Komatsu is determined to strengthen human resource and workplace capabilities by putting the KOMATSU Way in place on a global, group-wide basis.

The Komatsu Group is strengthening its corporate governance to ensure sound and transparent management, while working to improve management efficiency. In addition to promoting thorough compliance, Komatsu will also ensure that all employees of the Komatsu Group share the KOMATSU Way. In addition to improving its business performance, Komatsu will facilitate the development of both corporate strength and social responsibility in a well balanced manner.

Centered on the "Spirit of Manufacturers" dedication, Komatsu Group's direction remains crystal clear: "We provide the products (both hardware and software), that customers are happy to own, and we will make profits and grow." In addition to top management officers, of course, all employees of the Komatsu Group in Japan and abroad are determined to fulfill this commitment with self-confidence and a sense of mission by converging their talents and knowledge.

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views 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" 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.

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 cost 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; and, the impact of regulatory changes and accounting principles and practices.

Corporate Communications Dept., Komatsu Ltd.

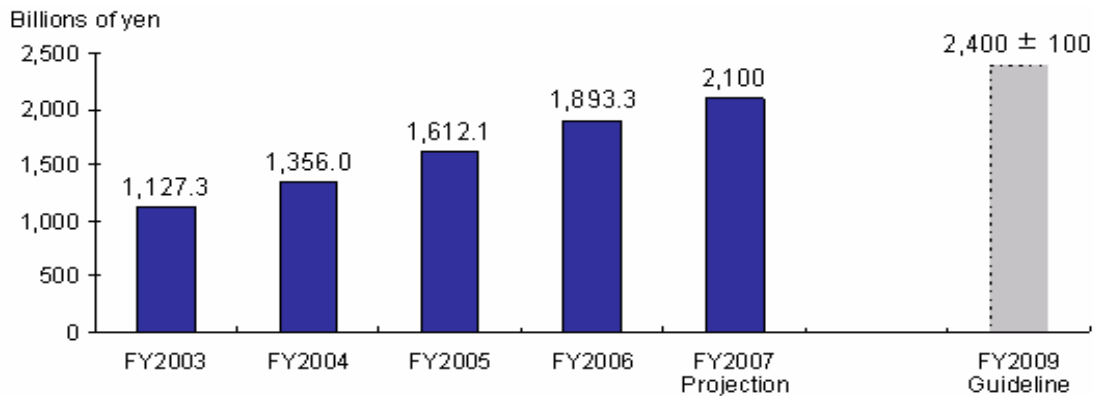
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Information contained in this news release is valid as of the date of releasing and may be changed without notice.

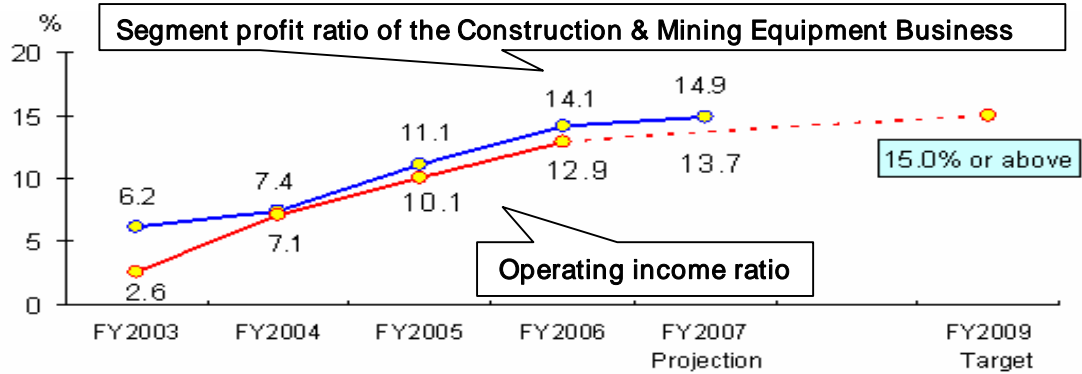
(Appendix)

Trends for consolidated financial results and targets of the Global Teamwork for 15

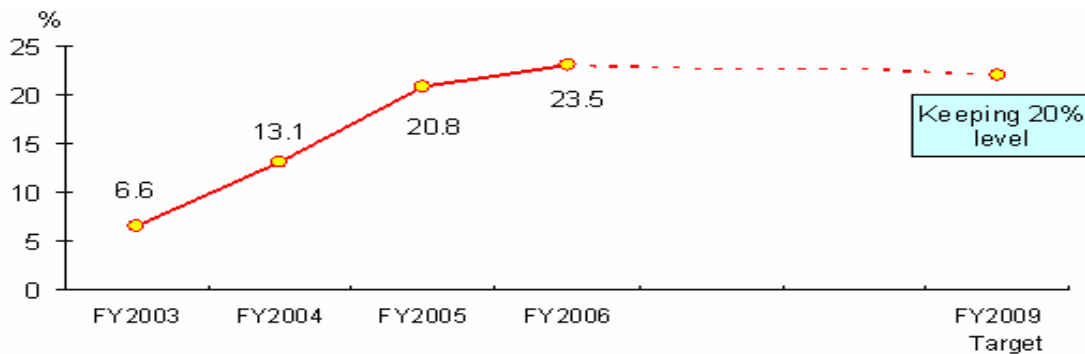
(1) Net sales



(2) Operating income ratio and segment profit ratio of the Construction & Mining Equipment Business



(3) ROE



(4) Net debt-to-equity ratio

