

AGREEMENT TO ESTABLISH A EUROPEAN FORUMBETWEEN

The limited liability company according to the laws of Belgium KOMATSU EUROPE INTERNATIONAL NV, with registered office at 1800 Vifvoorde, Mechelsesteenweg 586, registered with the Trade Registry of Brussels under number 351.324 (hereinafter "KEISA") the management of which is appointed by Komatsu Limited a corporation organised and existing under the laws of Japan and having its registered office at nr. 3-6 Akasaka 2-Chome, Minato-Ku, Tokyo, Japan, as the Representative of the Central Management for the purpose of establishing the European Forum represented by Mr. K. Aoyagi, Managing Director.

AND

The representatives of all the employees of the Komatsu group as defined in Annex 1 to this Agreement which may be amended from time to time in mutual understanding.

jointly referred to as "the parties"

IS EXPOSED AS FOLLOWS :

Whereas the purpose of this European Forum is to establish a social dialogue between representatives of employees and of employers on a European level;

Whereas the European Forum is aimed at exchanging information and opinions on the basis of a solid co-operation between employers and employees belonging to those undertakings of the Komatsu-group which are located in the European Economic Area,

Whereas the European Forum is intended to complete but not substitute the various national representative bodies (such as discussion groups and works' councils);

Whereas it is therefore clearly understood between the parties that all the rights and obligations connected to mandates in the various national representative bodies shall remain unchanged.

AND IS AGREED AS FOLLOWS :

1. Establishment, composition and term of office

1.1 The parties hereby agree to establish a European Forum. The European Forum shall consist of a maximum of 30 members. The present Agreement covers the entire workforce of the Komatsu group in all its units (subsidiaries, branches, establishments, agencies etc.) whatever their size in all the countries of the European Economic Area including the United Kingdom. The current structure of the workforce of the Komatsu group is shown in the table listed as Annex 2 to this Agreement.

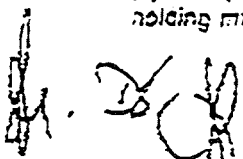
1.2 The European Forum shall be composed both of members representing the employees and of members representing the employers. The members in the European Forum shall be designated as follows :

1.2.1 *Designation of members in the European Forum by the employees :-*

- In general, each Member State of the European Economic Area in which there is a Komatsu undertaking which has at least one employee (1) shall have the right to be represented in the European Forum by at least one (employee designated) member.
- Each Komatsu undertaking which employs at least 100 employees in the European Economic Area shall have the right to be represented in the European Forum by one (employee designated) member;
- Each Komatsu undertaking which employs at least 400 employees in the European Economic Area shall have the right to be represented in the European Forum by one additional (employee designated) member;
- The (employee designated) members in the European Forum shall be elected in accordance with the appropriate national statutory, collectively agreed or internal regulations (2).
- In order to be eligible as an (employee designated) member in the European Forum, the person must be a salaried employee of a Komatsu undertaking located in the European Economic Area and possesses preferably a basic knowledge of the English language enabling him to take part in the meetings (see also 3.4). If the employment contract of the member is terminated for whatever reason, his mandate as a member shall end immediately. In Komatsu undertakings where there are national representative bodies, the (employee designated) members of the European Forum shall be elected from the national representatives who hold a national mandate for at least six months. In Komatsu undertakings where there are no national representative bodies, the (employee designated) members of the European Forum shall be elected from salaried employees who have been employed by the Komatsu undertaking for at least three years.

(1) Komatsu undertaking means a subsidiary, branch or establishment in which Komatsu holds at least the majority of the shares.

(2) The (employee designated) members shall be elected or appointed to the extent possible from the persons holding mandates in the national representative bodies (such as workers' councils).



no



- The (employee designated) member shall have a mandate for 3 years. The mandate is in principle renewable (3).
- In general, one substitute (4) member representing the employees shall be dispatched from each Member State in the European Economic Area in which there is a Komatsu undertaking which employs at least 100 employees. Substitute members shall only be entitled to attend the meetings of the European Forum in case the effective members are unable to attend due to sickness or unavailability approved by their respective management.

1.2.2 Designation of members in the European Forum by the employers :

The management of the Komatsu undertakings in the European Economic Area or KEISA as Representative of the Central Management shall have the right to designate a number of members in the European Forum which is equal to the number of its (employee designated) members in order to make sure that a real dialogue between employees and employers becomes possible.

1.3 The current composition of the European Forum is shown on the table listed in Annex 3 to this Agreement. In case of significant changes in the European structure of the Komatsu group, the parties shall discuss in good faith a new composition for the European Forum for instance by including members representing workforce and management from new Komatsu-group undertakings.

1.4 The (employee designated) members shall have the right to appoint the Chairman of the European Forum by majority of the votes for a mandate of 3 years. The Representative of the Central Management shall appoint the Secretary of the European Forum.

1.5 The Chairman and the Representative of the Central Management shall in mutual agreement be entitled to invite experts and/or advisers to the meetings of the European Forum.

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(3) The mandate is in principle renewable provided that the member also has a mandate in the national representative body, or is re-elected by the employees in case of absence of such a body.
(4) In order to be eligible as substitute members, the candidates shall fulfil the same requirements as ordinary members.

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2. Meetings - Minutes - Information given to the employees

2.1 The meetings of the European Forum shall be organised as follows :

- The European Forum will in principle meet once per year in the course of the month of June. An extraordinary meeting may be called by the Chairman in exceptional circumstances provided only that the prior approval of the Representative of the Central Management is obtained.
- The (employee designated) members of the European Forum shall be entitled to prepare separately for the normal (annual or extraordinary) meetings of the European Forum. Such preparatory meeting shall only take place within the 24 hours preceding the normal meetings of the European Forum.
- The Chairman shall prepare a written invitation and an agenda for the meeting and shall have both the invitation and the agenda reviewed with and approved in advance by the Representative of the Central Management. The invitation shall be sent to the members by registered mail which shall be postmarked at least 15 days prior to the meeting.
- The meetings will in principle take place in the offices of KEISA (as Representative of the Central Management) located in 1800 Wilvoorde, Mechelsesteenweg 555 or in such other place as indicated in the written invitation.

2.2 The management shall give the (employee designated) members the possibility to attend the preparatory and normal (annual or extraordinary) meetings of the European Forum and to exercise their mandate in the European Forum. The management shall guarantee the freedom of expression of all the members provided they act within the scope of the European Forum. In no event shall a member of the European Forum be disadvantaged or hindered in the proper exercise of his mandate as a member of the European Forum. However, the meetings of the European Forum shall not be used in order to organise or support any disruption to the normal business practices.

2.3 Minutes of the meeting shall be drawn up in English by the Secretary. Each member shall be entitled to request that his or her observations are noted in the minutes. The minutes shall be communicated to the members at the latest within a delay of one week from the meeting of the European Forum.

2.4 Subject to the respect of the confidentiality obligation contained in Article 4 of this Agreement, the employees of the Komatsu undertakings shall be informed via the normal representative bodies (such as works' councils at the occasion of the next normally scheduled meeting) elected or appointed in accordance with the national rules applicable within such undertaking or - in the absence of such representative bodies - by special proxy-holders or by agreement between management and workforce of such undertaking.

3. Issues to be discussed - Working language - Guidelines

3.1 Since the European Forum is a forum for discussion at the level of the European Economic Area, it is not competent to discuss:

- individual issues relating to one particular employee;
- purely local / national issues;
- personnel issues related to one Komatsu undertaking;
- issues relating to compensations, salaries and extra-legal benefits.

3.2 The European Forum is a forum for information, reflection and exchanges between the management and the representatives of the employees about the general situation, and the strategic decisions in the main areas of importance for the Komatsu group. In this spirit, the European Forum can receive general information and discuss the possible impact within the European Economic Area of:

- the operational structures within the Komatsu group;
- the social, economic and financial situation of the Komatsu group and possible developments;
- the general investment program of the Komatsu group;
- the strategic changes in: (i) organisation, (ii) working methods and (iii) production processes;
- the employment situation and any significant changes in the organisation of the Komatsu group in the European Economic Area;
- other employee issues which could have consequences for Komatsu undertakings in one or more Member States in the European Economic Area.

3.3 The Chairman acting together with the Representative of the Central Management shall propose a set of internal working rules for the meetings of the European Forum. These working rules shall be incorporated into Annex 4 to this Agreement.

3.4 The official working language for the European Forum shall be English. All documents shall be established in English.

Translations of such documents can only be prepared at the initiative and expense and in accordance with the internal procedure of each Komatsu undertaking represented in the European Forum.

If requested by the (employee designated) members and in mutual agreement with the Representative of the Central Management at least one month prior to a planned meeting of the European Forum, translation services can be provided for such meeting. If agreed, such translation services shall be treated as an organisational expense. However, it is understood that, in principle, in order to reduce costs and increase the efficiency of the meetings - translation services shall be limited to a maximum of two additional languages.

3.5 At the end of each meeting the members may vote - with the majority of the votes - certain guidelines which shall, however, not bind the management.

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registered notice: the (employee designated) members can only give notice if more than 50% of the (employee designated) members in the European Forum representing at least two different Member States are in favour of giving such notice.

5.3 In case notice of termination is given, the parties herewith undertake to immediately start good faith negotiations in order to enter into a new agreement in relation to the same subject matter. Such negotiations shall continue - unless a new agreement with respect to the European Forum is concluded - for a period of at least 24 months starting on the date notice of termination is given.

5.4 The signatories to this Agreement hereby undertake to negotiate in good faith on any modifications to this Agreement which may be needed in order to implement it effectively.

(2) The Representative of the Central Management shall re-assign the organisational expenses in relation to the European Forum to the Komatsu undertakings represented in the European Forum in proportion to the average number of employees in such undertaking.

4. Confidentiality obligation

Every member shall keep the business and industrial secrets acquired in the course of the meetings of the European Forum strictly confidential. In case the Chairman or the Representative of the Central Management specifically designates certain information as confidential, such information shall be kept confidential by the members of the European Forum. These confidentiality obligations shall remain in force even after the member has ceased being a member of the European Forum. These confidentiality obligations shall also be imposed upon experts and / or advisers invited into the meetings of the European Forum.

5. Working costs of the European Forum

The costs for the meetings of the European Forum shall be paid as follows:

- The members will receive their normal salaries from their respective employers for the time spent at the preparatory and the normal meetings of the European Forum;
- In addition, reasonable hotel and travel expenses and approved training expenses shall be borne by each Komatsu undertaking in accordance with the normal procedures applicable within such undertaking.
- The Representative of the Central Management shall approve and bear the organisational expenses for European Forum (5)

6. Entry into force - Duration of the Agreement - Modifications to the Agreement

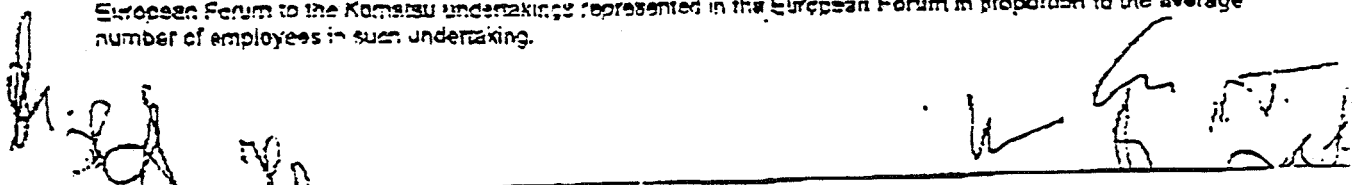
6.1 The present Agreement enters into force on the date of its execution.

6.2 This Agreement shall have an indefinite duration. However, either party can terminate this Agreement by giving at least 12 months prior notice of termination by registered mail. The (employee designated) members can only give notice if more than 50% of the (employee designated) members in the European Forum representing at least two different Member States are in favour of giving such notice.

6.3 In case notice of termination is given, the parties herewith undertake to immediately start good faith negotiations in order to enter into a new agreement in relation to the same subject matter. Such negotiations shall continue - unless a new agreement with respect to the European Forum is concluded - for a period of at least 24 months starting on the date notice of termination is given.

6.4 The signatories to this Agreement hereby undertake to negotiate in good faith on any modifications to this Agreement which may be needed in order to implement it effectively.

(5) The Representative of the Central Management shall re-allocate the organisational expenses in relation to the European Forum to the Komatsu undertakings represented in the European Forum in proportion to the average number of employees in such undertaking.



7. Applicable laws - depot


7.1 This Agreement shall be governed by the laws of Belgium, being the country where the Representative of the Central Management is located.

7.2 A copy of this Agreement shall be sent to the Commission of the European Communities.

8. The EC Directive of 22 September 1994

The parties to the present Agreement formally acknowledge that the present Agreement which concerns the transnational information and consultation of the Komatsu group employees and covers its entire workforce is an Agreement drafted in accordance with Article 13 of the European Directive of 22 September 1994.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement in Vilvoorde, Belgium on 19 September 1996

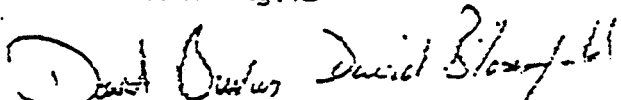

Mr. K. Aoyagi
as Representative of the Central Management
and on behalf of Komatsu Europe International NV
and on behalf of Komatsu Silicon Europe NV

The representatives of the whole workforce:


Mr. J. Seidai
Komatsu-Hanomag AG


Messrs K. Osterwald and G. Stenzel
Komatsu-Hanomag AG


Mr. K. Tipping
Komatsu UK Ltd.
Komatsu Overseas Finance PLC


Messrs D. Burns and D. Bloomfield
Komatsu UK Ltd.
Komatsu Overseas Finance PLC


Mr. R. Arai
Komatsu Baumaschinen GmbH
Komatsu Industries Europe GmbH


Mrs. M. Harb
Komatsu Baumaschinen GmbH
Komatsu Industries Europe GmbH


Mrs. L. Delcart
Komatsu Europe International NV
Komatsu Europe Coordination Center NV


Mrs. L. Delcart
Komatsu Europe International NV
Komatsu Europe Coordination Center NV
Komatsu Silicon Europe NV

ANNEX 1 TO THE AGREEMENT ESTABLISHING A EUROPEAN FORUM

<i>Member State of the European Economic Area</i>	<i>Komatsu undertaking</i>	<i>Representatives of all the employees</i>
Germany	Komatsu-Hanomag AG Komatsu Baumaschinen GmbH and Komatsu Industries Europe GmbH	Mr. Klaus Osterwald Mr. Gerd Stenzel Mrs. Maïke Herdt
Belgium	Komatsu Europe International NV and Komatsu Europe Coordination Center NV and Komatsu Silicon Europe NV	Mrs. Lydie Delcan
United Kingdom	Komatsu UK Ltd. and Komatsu Overseas Finance PLC	Mr. David Bloomfield Mr. David Burns

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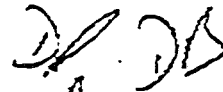

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ANNEX 2 TO THE AGREEMENT ESTABLISHING A EUROPEAN FORUM

<i>Member State of the European Economic Area</i>	<i>Komatsu undertaking</i>	<i>Indication of the number of employees (avg. 1995)</i>
Germany	Komatsu-Hanomag AG	1.071
	Komatsu Baumaschinen GmbH	117
	Komatsu Industrias GmbH	8
Belgium	Komatsu Europa International NV	149
	Komatsu Europe Coordination Center NV	13
	Komatsu Silicon Europe NV (ex Komatsu Electronic Metals liaison office)	2
United Kingdom	Komatsu UK Ltd.	420
	Komatsu Overseas Finance PLC	5

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ANNEX 3 TO THE AGREEMENT ESTABLISHING A EUROPEAN FORUM

<i>Komatsu undertaking</i>	<i>Number of (employee designated; member</i>	<i>Number of (employer designated; members</i>
Komatsu-Hanomag AG	2	
Komatsu Baumaschinen GmbH and Komatsu Industries Europe GmbH	1	
Komatsu Europe International NV and Komatsu Europe Coordination Center NV and Komatsu Silicon Europe NV		
Komatsu UK Ltd. And Komatsu Overseas Finance PLC	2	
<i>Total</i>	6	6

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