

KOMATSU LTD
Form 6-K
June 05, 2008
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FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934
For the month of June, 2008
COMMISSION FILE NUMBER: 1-7239

KOMATSU LTD.

Translation of registrant's name into English

3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan

Address of principal executive office

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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INFORMATION TO BE INCLUDED IN REPORT

1. Notice of Convocation of the 139th Ordinary General Meeting of Shareholders.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KOMATSU LTD.
(Registrant)

Date: June 5, 2008

By: /s/ Kenji Kinoshita
Kenji Kinoshita
Director and Senior Executive Officer

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(Translation)

- Notes: 1. This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.
2. Regarding nonresident shareholders, if you wish to exercise your voting rights, please instruct your custodians, nominees or brokers accordingly in advance of the date of the Ordinary General Meeting of Shareholders.

NOTICE OF CONVOCATION OF THE

ONE HUNDRED AND THIRTY-NINTH (139TH)

ORDINARY GENERAL MEETING OF SHAREHOLDERS

OF KOMATSU LTD.

Securities Code: 6301
June 2, 2008

Dear Shareholder:

Please be advised that the 139th Ordinary General Meeting of Shareholders of Komatsu Ltd. (hereinafter the Company) will be held in accordance with the particulars indicated in the attachment hereto. Your attendance at the meeting is cordially requested.

If you are unable to attend the above Meeting in person, it will be very appreciated if you Exercise voting rights by conventional postal delivery or Exercise voting rights via the Internet. Please check the Reference Materials for the General Meeting of Shareholders (pages 54 to 66) and exercise your voting rights by 5:45 p.m. on Monday, June 23, 2008 (Japan Time).

(Exercising voting rights by conventional postal delivery)

Please indicate for or against for each agenda item shown on the enclosed Card for Exercising Voting Rights, and return it via the conventional postal delivery system. The mail must be delivered to the Company by the above time for exercising voting rights.

(Exercising voting rights via the Internet)

Please carefully access the website (<http://www.evotep.jp/>) designated by the Company, follow the directions on the screen, and indicate for or against for each agenda item. Voting must be performed by the above time for exercising voting rights.

Institutional investors can utilize the electronic platform for exercising voting rights, which is operated by ICJ, Inc.

Sincerely,

Kunio Noji
President and Representative Director
Komatsu Ltd.
3-6, Akasaka 2-chome, Minato-ku, Tokyo

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- 1. Date and Time:** Tuesday, June 24, 2008 at 10:00 a.m. (Japan Time)
- 2. Place:** PROMINENCE, ANA Intercontinental Hotel Tokyo
12-33, Akasaka 1-chome, Minato-ku, Tokyo
- 3. Purpose:**

Items to Be Reported

- (1) The Business Report and the Consolidated Statutory Report for the 139th business year (April 1, 2007 – March 31, 2008), as well as the Accounting Auditors' Report and Board of Corporate Auditors' Report on the Result of the Audited Consolidated Statutory Report.
- (2) The Non-Consolidated Statutory Report for the 139th business year (April 1, 2007 – March 31, 2008).

Items to Be Resolved

- Item 1:** Appropriation of Surplus
- Item 2:** Election of Ten (10) Directors
- Item 3:** Election of One (1) Corporate Auditor
- Item 4:** Payment of Bonuses for Directors
- Item 5:** Giving the Board of Directors the Authority to Issue Stock Acquisition Rights as Stock Options to Employees of the Company and Directors of Major Subsidiaries of the Company

4. Matters Related to the Exercise of Voting Rights

- (1) Handling of duplicated voting

If you exercise your voting rights twice, both by mail and via the Internet, the voting via the Internet shall prevail regardless of the arrival date of the mailed vote. In the case of multiple voting via the Internet, the last voting shall prevail.

- (2) Diverse exercise of voting rights

If you exercise your diverse exercise of voting rights, you are required to notify the Company the details and the reasons for this in writing.

Notes:

1. In the event that you attend in person, please submit the enclosed Card for Exercising Voting Rights at the reception desk.
2. Please note that any changes in the matters described in Reference Materials for the General Meeting of Shareholders, Business Report, Non-Consolidated Statutory Report, and Consolidated Statutory Report will be posted on our website on the Internet (<http://>

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www.komatsu.co.jp/).

3. This document, entitled Notice of Convocation of the 139th Ordinary General Meeting of Shareholders of Komatsu Ltd. is also available on our website (<http://www.komatsu.co.jp/>).
4. Following the Ordinary General Meeting of Shareholders, all are invited to attend a reception that will be held in a nearby banquet hall. Please acknowledge that, due to conditions at the banquet hall, you may have to wait after the conclusion of the General Meeting of Shareholders before the start of the reception. We appreciate your patience.

In an effort to enhance the convenience of institutional investors, the Company participates in the electronic voting platform operated by ICJ. For details on the platform, please contact your custodians, nominees or brokers.

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ATTACHED DOCUMENTS

Business Report

(April 1, 2007 - March 31, 2008)

1. Current Conditions of the Komatsu Group**(1) Operations and Business Results**

For the business year ended March 31, 2008, the Komatsu Group (hereinafter "Komatsu") renewed record-high sales and profits, marking the sixth consecutive business year of growth in both sales and profits.

Consolidated Results for the Year

	139th Business Year		Changes (2008/2007)
	(April 2007	March 2008)	
Net sales	JPY	2,243.0 billion	+18.5%
Operating income	JPY	332.8 billion	+36.0%
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies* ¹	JPY	322.2 billion	+36.2%
Income from discontinued operations* ²	JPY	4.9 billion	-56.3%
Net income	JPY	208.7 billion	+26.8%

* The Consolidated Statutory Report of Komatsu is prepared in accordance with the stipulations of Article 148, Paragraph 1 of the Corporate Accounting Regulations and the method of preparation conforms to the standard of U.S. GAAP.

Notes:

- In April 2007, Komatsu Zenoah Co. (hereinafter "Komatsu Zenoah") had its subsidiary Zenoah Co. take over its OPE business through the absorption-type company split. In the same month, Komatsu Utility Co., Ltd. (hereinafter "Komatsu Utility"), merged with Komatsu Zenoah and transferred all shares of Zenoah Co. to HUSQVARNA JAPAN LTD. (currently Husqvarna Zenoah Co., Ltd.). In accordance with the Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the entire operation of Komatsu, except for the OPE business, remains as a continuing operation, and income from this continuing operation before income taxes is presented as one line, "income from continuing operations," in the consolidated statement of income.
- In accordance with the above-mentioned Standards No. 144, income and expenses from the sale of the OPE business of Komatsu Zenoah are presented as one line, "income from discontinued operation," in the consolidated statement of income. Consolidated net sales reached JPY2,243 billion. In the construction and mining equipment segment, Komatsu boosted sales by steadily capitalizing on expanded demand against the backdrop of thriving resource development around the world and infrastructure development particularly in emerging powers. Komatsu also expanded sales of forklift trucks and industrial machinery, reflecting buoyant capital investments in Japan and overseas.

Operating income for the year increased to JPY332.8 billion, and operating income ratio improved 1.9 percentage points over the previous business year, to 14.8%. Operating income improved 36.0% due not only to expanded sales, centering on construction and mining equipment, but also to the successful realization of prices for construction and mining equipment in Japan and overseas. Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies reached JPY322.2 billion. Net income for the year, the sum of income from continuing and discontinued operations, advanced to JPY208.7 billion.

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Results by operation are summarized below.

Sales by Operation

Division	139th Business Year		Changes (2008/2007)
Construction and Mining Equipment	JPY	1,897.6 billion	+21.0%
Industrial Machinery, Vehicles and Others*	JPY	345.4 billion	+6.1%
Total	JPY	2,243.0 billion	+18.5%

Note: While Komatsu had disclosed the three segments of Construction and Mining Equipment, Industrial Machinery, Vehicles and Others, and Electronics through the previous business year, Komatsu has included Electronics in the Industrial Machinery, Vehicles and Others segment in line with a structural change of its operations, starting in the business year ended March 31, 2008. As a result, Komatsu discloses the two segments of Construction and Mining Equipment and Industrial Machinery, Vehicles and Others.

1) Construction and Mining Equipment

Consolidated net sales of construction and mining equipment for the business year under review increased by 21.0% over the previous year, to JPY1,897.6 billion. As demand for our equipment continued to expand, we not only introduced and stepped up sales of DANTOTSU models, which feature unrivaled performance in fuel consumption and other areas, but also worked to realize higher prices and strengthened our product support capability. In response to thriving demand for our equipment, we further expanded our production capacities, including new facilities for key components in Japan and assembly plants in various areas, particularly in Asia, in concert with supplier partners.

In preparation for further growth in demand, we began construction of new plants: one to produce super-large hydraulic excavators adjacent to the Port of Kanazawa in Ishikawa Prefecture, Japan; one for medium-sized hydraulic excavators, forklift trucks and other equipment in Yaroslavl, northeast of Moscow, Russia; and one for crawlers for construction equipment in Jining, Shandong, China.

<Japan>

While public-sector investments remained slack, demand for equipment renewal supported the Japanese market, reflecting strong exports of used equipment from Japan. However, demand for new equipment declined around the middle of the business year resulting from a drop in housing starts as Building Standard Law of Japan was amended. We worked to expand sales of new equipments, centering on DANTOTSU models, realize higher prices, and reinforce the rental and used equipment business. As a result, sales increased by 2.1% from the previous year. As a measure to further build up the rental and used equipment business, we decided to merger the business of Komatsu Rental Japan Ltd. and that of BIGRENTAL Co., Ltd. (hereinafter BIGRENTAL) in December, 2007.

<The Americas>

North American demand, which had begun declining since the second half period of 2006, reflecting a drop in U.S. housing starts, remained slack as affected by the economic slowdown which was triggered by the subprime mortgage problem. Meanwhile, Latin American demand continued to increase, particularly on mining equipment. In this environment, we continued our efforts to normalize our distributors' inventories in North America. In both regions, we worked to reinforce our sales and product support capabilities for the mining industry. We also worked to expand sales of DANTOTSU models such as the D51 medium-sized model bulldozer, which offers unrivaled front visibility for operators, and to strengthen our competitiveness through such measures as price realization. As a result, sales in the Americas remained flat (up 0.2%) from the previous business year.

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<Europe & CIS>

European demand expanded, reflecting good market conditions in Germany, the largest market in Europe, and Central and Eastern Europe. In addition to shortening our production lead-time, we focused efforts to accelerate sales of DANTOTSU models and realize higher prices through our distributors who are getting better in number and stronger. In CIS, demand sharply expanded for use in infrastructure development in urban areas in addition to use in natural resource and energy developments. Under the leadership of Komatsu CIS LLC, our regional headquarters, we worked to increase the number of distributors and strengthen their capabilities and reinforce our sales and product support capabilities for the mining industry. As a result, sales in Europe & CIS increased by 32.9% over the previous business year.

<China>

In addition to expanded demand for use in infrastructure development nationwide, demand continued to climb supported mainly by exploration of new mines and progress in mechanization. While launching the PC200 renewed model, which offers better fuel economy, we concerted efforts to sharpen our competitiveness by expanding sales of new equipment based on IT-capitalized information concerning business negotiations and equipment operations, improving operational efficiency of sales and production and reinforcing our capability to manage customers' equipment. As a result, sales in China advanced by 62.3% over the previous business year.

<Asia & Oceania>

In Indonesia, the largest market of Southeast Asia, demand continued to expand in civil engineering, agricultural and forestry sectors, in addition to surging demand for mining equipment. In India, demand for equipment advanced steadily for uses in infrastructure development and mining, driven by its powerful economic growth. In Oceania, demand was strong, particularly on mining equipment. In this environment, we focused our efforts on expanding production capacity and sales and product support capabilities for the mining industry. As a result, sales in Asia & Oceania increased by 37.8% over the previous business year.

<Middle East & Africa>

Against the backdrop of skyrocketing prices of crude oil and other commodities, demand remained strong in infrastructure development in the Middle East and resource and infrastructure developments in Africa. In this environment, we concerted efforts to strengthen our aggressive sales and product support capabilities by teaming up with our distributors. As a result, sales in the Middle East & Africa increased by 42.6% over the previous business year.

2) Industrial Machinery, Vehicles and Others

Consolidated net sales of industrial machinery, vehicles and other operations increased by 6.1% over the previous business year, to JPY345.4 billion for the business year under review. Reflecting strong capital investments in Japan and overseas, the forklift truck business of Komatsu Utility and the industrial machinery business continued to improve sales.

In the forklift truck business, Komatsu Utility worked to expand sales of new models and strengthen its sales and service capabilities, mainly in Greater Asia market, which includes that of Asia, CIS and the Middle East. Komatsu Utility also concerted efforts to step up sales of electric forklift trucks in Japan, including the market introduction of the industry's first hybrid electric forklift truck.

Our industrial machinery business effectively took advantage of capital investments particularly on the automobile industry in Japan and overseas, enjoying good sales of large presses, sheet metal and press machines of Komatsu Industries Corporation, and machine tools of Komatsu Machinery Corporation.

To further reinforce the industrial machinery sector, the Company had acquired 29.3% of the shares of NIPPEI TOYAMA Corporation (hereinafter "NIPPEI TOYAMA") back in December, 2006. In January, 2008, to generate more synergy, the Company launched the takeover bid to obtain all issued shares of NIPPEI TOYAMA, resulting in an equity-holding ratio of 93.7%. The Company plans to make NIPPEI TOYAMA a wholly-owned subsidiary through share exchange in August, 2008.

Table of Contents**[Operations and Business Results of the Company]**

On a non-consolidated basis, export sales of construction and mining equipment continued to grow and sales of large presses expanded, marking the fifth consecutive business year of growth in both sales and profits and record-high sales and profits. Non-consolidated results are as follows.

	139th Business Year	Changes (2008/2007)
Net sales	JPY 926.7 billion	+22.2%
Ordinary profit	JPY 135.5 billion	+38.1%
Net income	JPY 96.8 billion	+16.9%
Sales by Operation		

Division	139th Business Year	Changes (2008/2007)
Construction and Mining Equipment	JPY 850.5 billion	+22.4%
Industrial Machinery, Vehicles and Others	JPY 76.1 billion	+19.4%
Total	JPY 926.7 billion	+22.2%

(2) Capital Investment

Total capital investment during the business year under review, on a consolidated basis, amounted to JPY 145.7 billion, an increase of JPY 16.0 billion compared with the previous business year.

1) Breakdown by Division

Division	139th Business Year
Construction and Mining Equipment	JPY 133.3 billion
Industrial Machinery, Vehicles and Others*	JPY 12.3 billion
Total	JPY 145.7 billion

Note: While Komatsu had disclosed the three segments of Construction and Mining Equipment, Industrial Machinery, Vehicles and Others, and Electronics through the previous business year, Komatsu has included Electronics in the Industrial Machinery, Vehicles and Others segment in line with a structural change of its operations, starting in the business year ended March 31, 2008. As a result, Komatsu discloses the two segments of Construction and Mining Equipment and Industrial Machinery, Vehicles and Others.

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2) Main Facilities Completed in the Business Year Under Review

Division	Main facilities
Construction and Mining Equipment	<p>Additional establishment of a plant for major component manufacturing facilities at Awazu Plant of the Company</p> <ul style="list-style-type: none"> - Products: Transmission components and others - Location: Komatsu City, Ishikawa Prefecture <p>Additional establishment of a plant for major component manufacturing facilities at Oyama Plant of the Company</p> <ul style="list-style-type: none"> - Products: Engines, hydraulic equipment - Location: Oyama City, Tochigi Prefecture

3) New Constructions, Expansions and Overhauls of Main Facilities in Progress in the Business Year Under Review

Division	Main facilities
Construction and Mining Equipment	<p>New establishment of Kanazawa Plant No.2 of the Company</p> <ul style="list-style-type: none"> - Products: Super-large hydraulic excavators - Location: Kanazawa City, Ishikawa Prefecture <p>Additional establishment of a plant for major component manufacturing facilities of Komatsu Castex Ltd.</p> <ul style="list-style-type: none"> - Products: Cylinder block and others - Location: Himi City, Toyama Prefecture <p>Incorporation of Komatsu Undercarriage China Corp.</p> <ul style="list-style-type: none"> - Products: Crawler components of construction equipment - Location: Jining City, Shandong Province, China <p>Incorporation of Komatsu Manufacturing Rus LLC</p> <ul style="list-style-type: none"> - Products: Medium-sized hydraulic excavators and others - Location: Yaroslavl, Russia

(3) Fund Procurement

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To appropriate funds to redeem a bond, the Company issued its fourth unsecured bond for JPY20 billion. To appropriate working capital as well as funds for investment and loans, Komatsu also issued Euro Medium-Term Notes and obtained long-term loans. Furthermore, Komatsu increased borrowings, reflecting new additions to its consolidated accounting, including NIPPEI TOYAMA. As a result, the balance of debt totaled JPY452.0 billion (increase of JPY103.0 billion from the previous business year-end) and net debt-to-equity ratio* was 0.39 at the end of this business year.

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

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(4) Tasks Facing Komatsu

In the construction and mining equipment business, there are some factors of concern such as an increase in prices of raw materials in addition to slack demand for construction equipment in the United States. However, we anticipate that thriving demand for construction and mining equipment should remain at a high note, particularly in emerging powers. In the industrial machinery, vehicles and others business, we also anticipate that demand should continue to expand against the backdrop of buoyant capital investments, especially in emerging powers.

We, 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 set the following two management goals:

- To maintain our top-level profitability and financial position in the industry and enhance our position in the global marketplace, especially in Greater Asia.

- To continue management, while keeping market value in mind, which reflects the amount of trust given to us by society and shareholders. To achieve these goals above, we will promote the following three matters as Komatsu's permanent ongoing tasks: (i) thorough measures for compliance, safety and environmental conservation, (ii) dissemination of the KOMATSU Way and global human resource development, and (iii) brand management activities (brand equity enhancement), which we are introducing for the first time starting in the current business year.

Furthermore, we are continuing our efforts on the following seven activities of importance for Global Teamwork for 15, our mid-range management plan, the goal of which is set for the year ending March 31, 2010. We are determined to produce achievements as follows:

(i) Development of DANTOTSU Products

We are promoting the development of DANTOTSU products by taking advantage of the Komatsu group-wide strengths, such as in-house capabilities to develop and produce key components including engines and hydraulic units which enable a substantial reduction of fuel consumption, IT applications as represented by KOMTRAX (Komatsu Machine Tracking System), and an autonomous haulage system for super-large dump trucks.

(ii) Further Enhancement of Market Position in Greater Asia

We are going to further enhance Komatsu's market position in Greater Asia especially by leading our competitors in product launchings, expanding local production, and further reinforcing sales and product support capabilities.

(iii) Business Expansion in the Entire Value Chain*

In addition to expanding our parts business, we are working to expand businesses in the entire value chain. Specifically, we are also going to expand peripheral businesses in relation to construction and mining equipment, such as the businesses regarding (a) services and Reman (component remanufacturing), (b) retail finance, (c) rental and used equipment, (d) working gears (attachments) and forest machines by capitalizing on the Komatsu group-wide areas of original technological edge and facilitating collaboration among different business operations.

* Values generated by business activities of Komatsu with its partners, i.e., distributors and suppliers, and customers.

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(iv) Establishment of Flexible Manufacturing Operations

By taking effective advantage of global sales, production, procurement and other operations, we are going to further enhance production flexibility in tune with demand changes and foreign exchange fluctuations. We are also going to share market information among distributors, plants and suppliers. In the short term, we are going to accurately incorporate such information into production, sales and inventory planning. In the medium term, we will accurately incorporate useful information into capital investment planning in order to ensure appropriate production capacity.

(v) Expansion of the Utility Equipment Business

We are working further to generate synergy in production and development of forklift trucks and compact-construction equipment in order to enhance product competitiveness. We are also working to improve our position in the utility equipment industry and improve earnings by doubling our efforts in Greater Asia.

(vi) Reinforcement of Industrial Machinery Business

We are working to further expand our industrial machinery business by generating more synergy with NIPPEI TOYAMA as a new member of Komatsu and by strengthening business, particularly in Greater Asia.

(vii) Reduction of Fixed Costs

We have been working to reduce fixed costs since the commencement of the first-stage Reform of Business Structure project. We are working to further cut down our fixed costs by applying IT to improve operations.

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

Centered on the **Spirit of Manufacturers** dedication, direction of Komatsu 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 Komatsu in Japan and abroad are determined to fulfill this commitment with self confidence and a sense of mission by converging their talents and knowledge.

Table of Contents**(5) Financial Position and Profit/Loss Trends**

1) Financial Position and Profit/Loss Trends of Komatsu

	(JPY billion)			
	136th Business Year (April 2004 - March 2005)	137th Business Year (April 2005 - March 2006)	138th Business Year (April 2006 - March 2007)	139th Business Year (April 2007 - March 2008)
Net sales	1,356.0	1,612.1	1,893.3	2,243.0
Operating income	95.8	163.4	244.7	332.8
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	91.8	155.7	236.4	322.2
Net income	59.0	114.2	164.6	208.7
Net income per share (JPY)	59.51	115.13	165.70	209.87
ROE	13.1%	20.8%	23.5%	25.1%
ROA (income from continuing operations on total assets)	6.6%	10.0%	13.5%	16.3%
Total assets	1,449.0	1,652.1	1,843.9	2,105.1
Shareholders' equity	477.1	622.9	776.7	887.1

Note: In accordance with the SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the figures for net sales, operating income, income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies and ROA are reclassified, and presented concerning businesses that were discontinued.

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2) Financial Position and Profit/Loss Trends of the Company

	136th Business Year (April 2004 - March 2005)	137th Business Year (April 2005 - March 2006)	138th Business Year (April 2006 - March 2007)	(JPY billion) 139th Business Year (April 2007 - March 2008)
Net sales	523.5	627.3	758.5	926.7
Operating income	30.0	56.8	90.4	127.1
Ordinary profit	33.4	60.6	98.1	135.5
Net income	17.0	32.6	82.8	96.8
Net income per share (JPY)	16.91	32.53	83.34	97.28
Total assets	777.2	859.9	974.8	1,047.0
Net assets	473.6	511.2	576.1	622.3

Note: Net income per share in 1) Financial Position and Profit/Loss Trends of Komatsu and 2) Financial Position and Profit/Loss Trends of the Company above are calculated on the basis of the average number of shares issued for the business year deducting therefrom the average number of treasury shares.

(6) Acquisition or Disposal of Other Companies Shares, Other Equity Stakes or Stock Acquisition Rights

Issuing Company	Month/Year	Details
Fuji Technica Inc.	December 2007	643,000 ordinary shares
NIPPEI TOYAMA Corporation	March 2008	32,594,000 ordinary shares

(7) Status of Principal Subsidiaries

1) Principal Subsidiaries (As of March 31, 2008)

Name	Capital	Equity Ratio (%)	Main Businesses
Komatsu Utility Co., Ltd.	JPY 13,033 mil	100.0	Manufacture and sale of industrial vehicles and construction equipment
Komatsu Castex Ltd.	JPY 4,979 mil	100.0	Manufacture and sale of steel castings and iron castings
Komatsu Tokyo Ltd.	JPY 950 mil	100.0	Sale and repair of construction equipment
Komatsu Kinki Ltd.	JPY 1,700 mil	100.0	Sale and repair of construction equipment
Komatsu Nishinohon Ltd.	JPY 200 mil	100.0	Sale and repair of construction equipment
Komatsu Used Equipment Corp.	JPY 290 mil	*100.0	Sale of used construction equipment
Komatsu Rental Japan Ltd.	JPY 1,034 mil	100.0	Rental of construction equipment
BIGRENTAL Co., Ltd.	JPY 1,000 mil	57.9	Rental of construction equipment
Komatsu Industries Corporation	JPY 990 mil	100.0	Manufacture and sale of presses and sheet metal machines
Komatsu Machinery Corporation	JPY 600 mil	100.0	Manufacture and sale of machine tools and semiconductor material processing equipment
NIPPEI TOYAMA Corporation	JPY 6,014 mil	93.7	Manufacture and sale of machine tools and industrial machinery
Komatsu Logistics Corp.	JPY 1,080 mil	100.0	Packing, baling, transportation, warehousing and port-and-harbor services

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Name	Capital	Equity Ratio (%)	Main Businesses
Komatsu America Corp.	USD 1,027 mil	100.0	Manufacture and sale of construction and mining equipment and supervision of operations in the Americas
Komatsu Latin-America Corp.	USD 18 mil	*100.0	Sale of construction and mining equipment
Komatsu do Brasil Ltda.	BRL 55 mil	*100.0	Manufacture and sale of steel castings and iron castings
Komatsu Cummins Chile Ltda.	USD 13 mil	*81.8	Sale of construction and mining equipment
Komatsu Financial Limited Partnership		*100.0	Retail financing of construction and mining equipment
Komatsu Europe International N.V.	EUR 45 mil	100.0	Sale of construction and mining equipment and supervision of operations in Europe
Komatsu UK Ltd.	GBP 23 mil	*100.0	Manufacture of construction equipment
Komatsu Hanomag GmbH	EUR 19 mil	*100.0	Manufacture and sale of construction equipment
Komatsu Mining Germany GmbH	EUR 5 mil	100.0	Manufacture and sale of mining equipment
Komatsu Deutschland GmbH	EUR 6 mil	*100.0	Sale of construction equipment
Komatsu France S.A.	EUR 5 mil	*100.0	Sale of construction equipment
Komatsu Utility Europe S.p.A.	EUR 6 mil	*100.0	Manufacture and sale of construction equipment
Komatsu Italia S.p.A.	EUR 4 mil	*100.0	Sale of construction equipment
Komatsu Forest, AB	SEK 397 mil	100.0	Manufacture and sale of forestry equipment
Komatsu CIS LLC	RUB 114 mil	100.0	Sale of construction and mining equipment
Komatsu Financial Europe N.V.	EUR 40 mil	*100.0	Retail financing of construction and mining equipment
Komatsu Southern Africa (Pty) Ltd.	ZAR 1,000	80.0	Sale of construction and mining equipment
Komatsu Asia & Pacific Pte Ltd.	SGD 28 mil	100.0	Sale of construction/mining equipment and industrial machines and supervision of operations in Asian Pacific
P.T. Komatsu Indonesia	IDR 192,780 mil	94.9	Manufacture and sale of construction /mining equipment, steel castings and iron castings
Bangkok Komatsu Co., Ltd.	THB 620 mil	*74.8	Manufacture and sale of construction equipment
Komatsu Australia Pty. Ltd.	AUD 21 mil	*60.0	Sale of construction and mining equipment
Komatsu (China) Ltd.	USD 34 mil	100.0	Sale of construction and mining equipment and supervision of operations in China
Komatsu (Changzhou) Construction Machinery Corp.	USD 21 mil	*85.0	Manufacture of construction equipment
Komatsu Shantui	USD 21 mil	*60.0	Manufacture of construction equipment

Construction Machinery Co., Ltd.

Notes:

1. Figures with an asterisk (*) are the ratio of investment through subsidiaries of the Company and the ratio includes the stakes held by them.
2. Komatsu Utility Co., Ltd. is the company that changed its name from Komatsu Forklift Co., Ltd., the surviving company of a merger with Komatsu Zenoah Co. in April, 2007.
3. Komatsu Financial Limited Partnership is a limited partnership based on the state law of Delaware, the U.S., and the Company invests in it through a subsidiary. Its net asset which is equivalent to the capital, amounts to USD 369 million.
4. The number of consolidated subsidiaries of the Company, including those listed above, is 165, and the number of affiliated companies accounted for by the equity method is 43.

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2) Others (update on important combination)

- i) In April 2007, Komatsu Zenoah had its subsidiary Zenoah Co. take over its OPE business through the absorption-type company split. In the same month, Komatsu Utility, merged with Komatsu Zenoah and transferred all shares of Zenoah Co. to HUSQVARNA JAPAN LTD. (currently Husqvarna Zenoah Co., Ltd.).
- ii) The Company accepted in a simple absorption-type company split the hydraulic equipment business of Komatsu Zenoah in April 2007.
- iii) The Company acquired 57.9% of shares issued and outstanding of BIGRENTAL in February 2008, resulting in making that company the subsidiary of the Company. Furthermore, Komatsu Rental Japan Ltd. made BIGRENTAL a wholly-owned subsidiary through share exchange in April 2008.
- iv) The Company launched the takeover bid to obtain the ordinary shares of NIPPEI TOYAMA stock from January to March 2008, and acquired 93.7% of NIPPEI TOYAMA's total number of shares issued. As a result, NIPPEI TOYAMA newly became a subsidiary of the Company. Subsequently, the Company concluded a share exchange agreement with NIPPEI TOYAMA in April 2008. In accordance with the agreement, the share exchange will be implemented in August 2008 and NIPPEI TOYAMA eventually will be a wholly-owned subsidiary of the Company.

Table of Contents**(8) Major Lines of Business** (As of March 31, 2008)

Division	Principal Products and Businesses	
Construction and Mining Equipment	Excavating Equipment Loading Equipment Grading and Roadbed Preparation Equipment Hauling Equipment Forestry Equipment Tunneling Machines	Hydraulic excavators, mini excavators and backhoe loaders Wheel loaders, mini wheel loaders and skid-steer loaders Bulldozers, motor graders, and vibratory rollers
	Recycling Equipment	Off-highway dump trucks, articulated dump trucks and crawler carriers Harvesters, forwarders and feller bunchers Shield machines, tunnel-boring machines, and small-diameter pipe jacking machines (<i>Iron Moles</i>) Mobile debris crushers (<i>Garapagos</i>), mobile soil recyclers (<i>Reterra</i>) and mobile tub grinders (<i>Refore</i>)
	Other Equipment Engines and Components Casting Products	Railroad maintenance equipment Diesel engines, diesel generator sets and hydraulic equipment Steel castings and iron castings
Industrial Machinery, Vehicles and Others	Metal Forging and Stamping Presses Sheet-Metal Machines Machine Tools Industrial Vehicles and Logistics Defense Systems Temperature-Control Equipment Others	Large presses, servo presses, small and medium-sized presses and forging presses Laser cutting machines, fine plasma cutting machines, press brakes and shears Transfer machines, machining centers, crank shaft millers and grinding machines Forklift trucks, packing and transport Ammunition and armored personnel carriers Thermoelectric modules and temperature-control equipment for semiconductor manufacturing Commercial-use prefabricated structures

(9) Principal Offices and Plants (As of March 31, 2008)

1) The Company

Offices	Head Office (Minato-ku, Tokyo), Research Division (Hiratsuka City, Kanagawa Pref.)
Plants	Awazu Plant (Komatsu City, Ishikawa Pref.), Osaka Plant (Hirakata City, Osaka), Rokko Plant (Kobe City, Hyogo Pref.), Mooka Plant (Mooka City, Tochigi Pref.), Ibaraki Plant (Hitachinaka City, Ibaraki Pref.), Oyama Plant (Oyama City, Tochigi Pref.), Koriyama Plant (Koriyama City, Fukushima Pref.), Komatsu Plant (Komatsu City, Ishikawa Pref.), Kanazawa Plant (Kanazawa City, Ishikawa Pref.)

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2) Principal Subsidiaries

Name	Office/Plant
Komatsu Utility Co., Ltd.	Head Office (Minato-ku, Tokyo), Plants (Oyama City, Tochigi Pref.; Kawagoe City, Saitama Pref.)
Komatsu Castex Ltd.	Head Office /Plant (Himi City, Toyama Pref.)
Komatsu Tokyo Ltd.	Head Office (Sagamihara City, Kanagawa Pref.)
Komatsu Kinki Ltd.	Head Office (Toyonaka City, Osaka)
Komatsu Nishinohon Ltd.	Head Office (Kurume City, Fukuoka Pref.)
Komatsu Used Equipment Corp.	Head Office (Yokohama City, Kanagawa Pref.)
Komatsu Rental Japan Ltd.	Head Office (Yokohama City, Kanagawa Pref.)
BIGRENTAL Co., Ltd.	Head Office (Koriyama City, Fukushima Pref.)
Komatsu Industries Corporation	Head Office (Komatsu City, Ishikawa Pref.)
Komatsu Machinery Corporation	Head Office /Plant (Komatsu City, Ishikawa Pref.)
NIPPEI TOYAMA Corporation	Head Office (Shinagawa-ku, Tokyo), Plants (Nanto City, Toyama Pref.)
Komatsu Logistics Corp.	Head Office (Kawasaki City, Kanagawa Pref.)
Komatsu America Corp.	Head Office (Rolling Meadows, Illinois, USA), Plants (Chattanooga, Tennessee, Peoria, Illinois, New Berry, South Carolina, USA, Candiac, Quebec, Canada)
Komatsu Latin-America Corp.	Head Office (Miami, Florida, USA)
Komatsu do Brasil Ltda.	Head Office /Plant (Suzano, São Paulo, Brazil)
Komatsu Cummins Chile Ltda.	Head Office (San Tiago, Chile)
Komatsu Financial Partnership	Head Office (Rolling Meadows, Illinois, USA)
Komatsu Europe International N.V.	Head Office (Vilvoorde, Belgium)
Komatsu UK Ltd.	Head Office /Plant (Birtley, UK)
Komatsu Hanomag GmbH	Head Office /Plant (Hannover, Germany)
Komatsu Mining Germany GmbH	Head Office /Plant (Dusseldorf, Germany)
Komatsu Deutschland GmbH	Head Office (Hannover, Germany)
Komatsu France S.A.	Head Office (Aubergenville, France)
Komatsu Utility Europe S.p.A.	Head Office /Plant (Este, Italy)
Komatsu Italia S.p.A.	Head Office (Noventa, Italy)
Komatsu Forest, AB	Head Office /Plant (Umeå, Sweden)
Komatsu CIS LLC	Head Office (Moscow, Russia)
Komatsu Financial Europe N.V.	Head Office (Vilvoorde, Belgium)
Komatsu Southern Africa (Pty) Ltd.	Head Office (Isando, South Africa)
Komatsu Asia & Pacific Pte Ltd.	Head Office (Singapore)
P.T. Komatsu Indonesia	Head Office /Plant (Jakarta, Indonesia)
Bangkok Komatsu Co., Ltd.	Head Office /Plant (Chonburi, Thailand)
Komatsu Australia Pty. Ltd.	Head Office (North Ride, New South Wales, Australia)
Komatsu (China) Ltd.	Head Office (Shanghai, China)
Komatsu (Changzhou) Construction Machinery Corp.	Head Office /Plant (Changzhou, Jiangsu, China)
Komatsu Shantui Construction Machinery Co., Ltd.	Head Office /Plant (Jining, Shandong, China)

Table of Contents**(10) Employees** (As of March 31, 2008)

1) Employees of Komatsu

Division	Number of Employees
Construction and Mining Equipment	30,171
Industrial Machinery, Vehicles and Others	8,629
Others	467
Total	39,267

Notes:

- Number of employees increased by 5,404 from the end of the previous business year. The principal reasons for the increase in the business year under review are consolidations of NIPPEI TOYAMA and its subsidiaries, BIGRENTAL and other companies as the Company's subsidiaries, and workforce enhancements domestically and overseas corresponding to increases in production and sales.
 - Others includes the number of administrative employees that cannot be classified into the above two (2) business divisions.
- 2) Employees of the Company

Number of Employees	Increase (Decrease) Over Previous Business Year-End	Average Age	Average Years of Services
6,873	642	39.9	17.7

Notes:

- Number of employees of the Company is included in the number of employees of Komatsu in 1) above.
- The principal reason for the increase of employees in the business year under review is workforce enhancements corresponding to increases in production.

(11) Major Borrowing (As of March 31, 2008)

Name of Lenders	Balance of Loans (JPY billion)
Sumitomo Mitsui Banking Corporation	49.4
Mizuho Corporate Bank, Ltd.	24.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23.5
The Hokkoku Bank, Ltd.	16.8
Taiyo Life Insurance Company	12.7

Table of Contents**2. Shares of the Company** (As of March 31, 2008)

- (1) Number of shares authorized to be issued: 3,955,000,000 shares
- (2) Total number of shares issued and outstanding: 995,638,879 shares (excluding 3,105,181 treasury shares)
- (3) Number of shareholders: 206,985
- (4) Major shareholders (top ten)

Name of Shareholders	Status of Investment by the Shareholder in the Company	
	Number of Shares held (thousand shares)	Equity Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	68,240	6.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	65,591	6.5
Taiyo Life Insurance Company	47,164	4.7
Nippon Life Insurance Company	33,283	3.3
State Street Bank and Trust Company	32,423	3.2
NATS CUMCO	18,172	1.8
Sumitomo Mitsui Banking Corporation	17,835	1.7
State Street Bank and Trust Company 505103	16,503	1.6
NIPPONKOA Insurance Co., Ltd.	13,962	1.4
Trust & Custody Services Bank, Ltd. (Trust Account Y)	11,875	1.1

Note: Equity ratio is calculated by subtracting treasury shares.

Table of Contents**3. Matters Regarding Stock Acquisition Rights of the Company etc.****(1) Outline of Contents of Stock Acquisition Rights Held by Directors of the Company, Which Were Granted as Remuneration for Their Execution of Duties**

(As of March 31, 2008)

1) Type of shares subject to Stock Acquisition Rights

Ordinary shares

2) Total of holdings by classification

Classification	Issue date (Period for exercise of Stock Acquisition Rights)	Number of Stock Acquisition Rights owned	Number of shares subject to Stock Acquisition Rights (Number of shares per Stock Acquisition Rights)	Paid-in amount per Stock Acquisition Rights	Exercise price per Stock Acquisition Rights	Number of holders of Stock Acquisition Rights
Director	August 1, 2006					
(excluding Outside Director)	(From August 1, 2007 to July 31, 2014) September 3, 2007	182	182,000 shares (1,000 shares)	JPY 801,000	JPY 2,325,000	5
Outside Director	(From September 3, 2008 to August 31, 2015) August 1, 2006	206	206,000 shares (1,000 shares)	JPY 1,266,000	JPY 3,661,000	7
	(From August 1, 2007 to July 31, 2014) September 3, 2007	48	48,000 shares (1,000 shares)	JPY 801,000	JPY 2,325,000	3
	(From September 3, 2008 to August 31, 2015)	33	33,000 shares (1,000 shares)	JPY 1,266,000	JPY 3,661,000	3

Note: Exercise price means the amount of assets to be paid upon exercise of Stock Acquisition Rights.

3) Major conditions for exercise of Stock Acquisition Rights

i) Major conditions for exercise of Stock Acquisition Rights issued on August 1, 2006

- Any person granted Stock Acquisition Rights may exercise his or her rights pursuant to the Agreement Concerning Issuance of Stock Acquisition Rights (hereinafter the Agreement) even after the person loses his or her status as of the allocation of the Stock Acquisition Rights (Director of the Company).

- When a grantee is deceased, his or her heir may exercise the rights in accordance with the terms and conditions of the Agreement.

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ii) Major conditions for exercise of Stock Acquisition Rights issued on September 3, 2007

If a holder of Stock Acquisition Rights, who is a Director, Corporate Auditor or employee of the Company, or a Director, Corporate Auditor or employee of an affiliate of the Company, loses his or her all respective status set above, that person is able to exercise the Stock Acquisition Rights only within a period of three years from the day they lose their status, and other terms and conditions concerning the exercise of Stock Acquisition Rights shall be decided at the contracts regarding issuance of Stock Acquisition Rights to be executed by and between the Company and the Grantees of the Stock Acquisition Rights.

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(2) Outline of Contents of Stock Acquisition Rights Issued During the Business Year to Employees of the Company and Directors of the Subsidiaries of the Company as Remuneration for Their Execution of Duties

Issue date	September 3, 2007
Period for exercise of Stock Acquisition Rights	From September 1, 2008 to August 31, 2015
Number of grantees	54 in total
	Of the total, 39 are employees of the Company (excluding those who concurrently serve as Director of the Company) and 15 are Representative Directors of the subsidiaries of the Company (excluding those who concurrently serve as Directors or employees of the Company).
Number of Stock Acquisition Rights issued	323 in total
	Of the total, 255 are granted to employees of the Company (excluding those who concurrently serve as Director of the Company) and 68 are granted to Representative Directors of the subsidiaries of the Company (excluding those who concurrently serve as Directors or employees of the Company).
Type of shares subject to Stock Acquisition Rights	Ordinary shares
Number of shares subject to Stock Acquisition Rights	323,000 shares (1,000 shares per Stock Acquisition Right)
Paid-in amount per Stock Acquisition Right	Stock Acquisition Rights are issued gratis.
Exercise price per Stock Acquisition Right	JPY 3,661,000
Major conditions for exercise of Stock Acquisition Rights	If a holder of Stock Acquisition Rights, who is a Director, Corporate Auditor or employee of the Company, or a Director, Corporate Auditor, or employee of an affiliate of the Company, loses his or her all respective status set above, that person is able to exercise the Stock Acquisition Rights only within a period of three years from the day they lose their status, and other terms and conditions concerning the exercise of Stock Acquisition Rights shall be decided at the contracts regarding issuance of Stock Acquisition Rights to be executed by and between the Company and the Grantees of the Stock Acquisition Rights

Note: Exercise price means the amount of assets to be paid upon exercise of Stock Acquisition Rights.

Table of Contents**(3) Other Significant Matters Regarding Stock Acquisition Rights etc.** (As of March 31, 2008)

	Type of shares subject to Stock Acquisition Rights	Number of Stock Acquisition Rights owned	Number of shares subject to Stock Acquisition Rights
1) Stock options through Stock Acquisition Rights under the former Commercial Code	Ordinary shares	1,595	1,595,000 shares
2) Stock options through Stock Acquisition Rights under the Corporation Act	Ordinary shares	1,249	1,249,000 shares

Note: 2) Stock options through Stock Acquisition Rights under the Corporation Act include Stock Acquisition Rights in the (1) Outline of Contents of Stock Acquisition Rights Held by Directors of the Company, Which Were Granted as Remuneration for Their Execution of Duties and (2) Outline of Contents of Stock Acquisition Rights Issued During the Business Year to Employees of the Company and Directors of the Subsidiaries as Remuneration for Their Execution of Duties.

Table of Contents**4. Directors and Corporate Auditors of the Company****(1) Names etc. of Directors and Corporate Auditors**

(As of March 31, 2008)

Position	Name	In charge at the Company	Representative Positions in other companies
Chairman of the Board and Representative Director	Masahiro Sakane		
President and Representative Director, and Chief Executive Officer	Kunio Noji		
Director and Senior Executive Officer	Yoshinori Komamura	President of Construction & Mining Equipment Marketing Division	
Director and Senior Executive Officer	Yasuo Suzuki	General Manager of Corporate Planning Division	
		Supervising Structural Reorganization, External Corporate Affairs, Environment, Compliance, Legal Affairs, CSR, Human Resources and Industrial Machinery Business	
Director and Senior Executive Officer	Masahiro Yoneyama	In charge of Ishikawa Prefecture Area Representative of All China Operations	Chairman of Komatsu (China) Ltd.
Director and Senior Executive Officer	Susumu Isoda		President and Representative Director of Komatsu Utility Co., Ltd.
Director and Senior Executive Officer	Kenji Kinoshita	Chief Financial Officer	
		Supervising Audit, Corporate Communications and Investor Relations	
Director	Toshio Morikawa		Advisor of Sumitomo Mitsui Banking Corporation
Director	Hajime Sasaki		Chairman of the Board (Representative Director) of NEC Corporation
			Chairman of the Japanese Standards Association
Director	Morio Ikeda		Advisor of Shiseido Company, Limited
			Chairman of the Board of Trustees of Toyo Eiwa Jogakuin
Standing Corporate Auditor	Makoto Nakamura		
Standing Corporate Auditor	Masafumi Kanemoto		
Corporate Auditor	Takaharu Dohi		Attorney at law
Corporate Auditor	Makoto Okitsu		

Corporate Auditor Hiroyuki Kamano

Chairman and Director of Teijin
Limited
Partner (Attorney at law) of
Kamano Sogo Law Offices

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Notes:

1. Directors Toshio Morikawa, Hajime Sasaki and Morio Ikeda are Outside Directors.
2. Corporate Auditors Takaharu Dohi, Makoto Okitsu and Hiroyuki Kamano are Outside Corporate Auditors.
3. Standing Corporate Auditor Masafumi Kanemoto has long engaged in accounting-related duties at the Company, and has considerably profound knowledge concerning financial affairs and accounting.
4. Important positions concurrently held by Outside Directors and Outside Corporate Auditors, other than those mentioned above, are listed in (3) Outside Directors and Outside Corporate Auditors on page 22.
5. The Company has introduced the Executive Officer system.

(2) Remuneration for Directors and Corporate Auditors

Classification	Number of persons paid	Amount of remuneration paid	Reference
Director	10	JPY 1,041 million	Including bonuses and stock options
Corporate Auditor	5	JPY 92 million	
Total	15	JPY 1,133 million	

Notes:

1. Of the above-mentioned Amount of remuneration paid to Directors and Corporate Auditors, the amounts of remuneration paid to Outside Directors and Outside Corporate Auditors are as follows.

Classification	Number of persons paid	Amount of remuneration paid	Reference
Outside Director	3	JPY 91 million	Including bonuses and stock options
Outside Corporate Auditor	3	JPY 27 million	
Total	6	JPY 118 million	

2. It was resolved at the 135th Ordinary General Meeting of Shareholders, held in June 2004, that the maximum amount of remuneration to be paid to Directors in total per month (excluding bonuses and stock options) shall not exceed JPY 60 million (however, not including salaries as employees) and the maximum amount of remuneration to be paid to Corporate Auditors in total per month shall not exceed JPY 10 million. It was also resolved at the 138th Ordinary General Meeting of Shareholders, held in June 2007, that the maximum amount of remuneration concerning stock options as remuneration to Directors shall not exceed JPY 360 million in total per year (however, not including salaries as employees) and the maximum amount of remuneration or other payment to be paid to Outside Directors in total per year shall not exceed JPY 50 million out of those JPY 360 million.
3. The above-mentioned Amount of remuneration paid to Directors and Corporate Auditors includes the following:
 - 1) Bonuses for Directors (Total amount to be paid, which is planned to be resolved in Agenda Item 4 Payment of Bonuses to Directors at the 139th Ordinary General Meeting of Shareholders)
 - Ten (10) Directors: JPY 371 million (of which, JPY 9 million is for three (3) Outside Directors)
 - 2) Stock options (amount posted as remuneration in the business year)
 - Ten (10) Directors: JPY 303 million (of which, JPY 42 million is for three (3) Outside Directors)
4. The Company does not grant bonuses and stock options to Corporate Auditors.

5. The portions of salaries of employees for Directors concurrently serving as employees are not paid.

Table of Contents**(3) Outside Directors and Outside Corporate Auditors** (As of March 31, 2008)

1) Executive Directorship and Other Positions Held in Other Companies

Classification	Name	Name of company		Relationship
		where positions are held concurrently	Positions held concurrently	
Outside Director	Toshio Morikawa	NEC Corporation	Chairman of the Board (Representative Director)	
	Hajime Sasaki			
Outside Corporate Auditor	Morio Ikeda			
	Takaharu Dohi			
	Makoto Okitsu			
	Hiroyuki Kamano			

2) Positions of Outside Directors Concurrently Held in Other Companies

Classification	Name	Name of company		Positions held concurrently
		where positions are held concurrently	Positions held concurrently	
Outside Director	Toshio Morikawa	NEC Corporation	Outside Director	
		The Royal Hotel, Limited.	Outside Director	
Outside Corporate Auditor	Hajime Sasaki	Taisho Pharmaceutical Co., Ltd.	Outside Director	
		Teijin Limited	Outside Director	
		Morio Ikeda		
	Takaharu Dohi	Sekisui House, Ltd.	Outside Corporate Auditor	
		Hankyu Hanshin Holdings, Inc.	Outside Corporate Auditor	
		The Kansai Electric Power Co., Inc.	Outside Corporate Auditor	
		Urban Corporation	Outside Director	
Makoto Okitsu				
Hiroyuki Kamano				

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3) Major Activities in the Business Year

i) Outside Directors

Attendance to the meetings of

Name	the Board of Directors	Details of major activities
Toshio Morikawa	Attended 14 meetings of the 15 meetings held	Having served as Representative Director of The Sumitomo Bank Ltd., (now Sumitomo Mitsui Banking Corporation) and as Outside Director of various other companies, Toshio Morikawa speaks at need about proposals and deliberations at the Board of Directors based on his rich experience in the business world.
Hajime Sasaki	Attended 12 meetings of the 15 meetings held	Serving as Representative Director of NEC Corporation, Hajime Sasaki speaks at need about proposals and deliberations at the Board of Directors based on his rich experience in the business world.
Morio Ikeda	Attended 15 meetings of the 15 meetings held	Having served as Representative Director of Shiseido Company Limited, Morio Ikeda speaks at need about proposals and deliberations at the Board of Directors based on his rich experience in the business world.

ii) Outside Corporate Auditors

**Attendance to meetings
Board of**

Name	Board of Directors	Corporate Auditors	Details of major activities
Takaharu Dohi	Attended 12 meetings of the 15 meetings held	Attended 12 meetings of the 15 meetings held	From his professional standpoint based on his rich experience in the legal profession Takaharu Dohi speaks at need about the risk management and the compliance system of Komatsu and other issues at the Board of Corporate Auditors and the Board of Directors.
Makoto Okitsu	Attended 13 meetings of the 15 meetings held	Attended 13 meetings of the 15 meetings held	Having served as Representative Director of Teijin Limited, Makoto Okitsu speaks at need about the corporate governance and other issues at the Board of Corporate Auditors and the Board of Directors based on his rich experience in the business world.
Hiroyuki Kamano	Attended 11 meetings of the 11 meetings held	Attended 11 meetings of the 11 meetings held	From his professional standpoint based on his rich experience as an international lawyer, Hiroyuki Kamano speaks at need about the global businesses and other issues at the Board of Corporate Auditors and the Board of Directors.

Note: The numbers of meetings of the Board of Directors and the Board of Corporate Auditors to which Outside Corporate Auditor Hiroyuki Kamano attended differ from those of other Outside Corporate Auditors, since he was appointed at the 138th Ordinary General Meeting of Shareholders held in June 2007.

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5. Status of Accounting Auditors

(1) Name of Accounting Auditor

KPMG AZSA & Co.

(2) Amount of Remuneration for Accounting Auditors

1) Remuneration for the Accounting Auditor of the Company in the Business Year:	JPY 376 million
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2) Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor:	JPY 641 million
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Notes:

1. The amount of remuneration given in the above-mentioned 1) and 2) includes the sum of the amount of remuneration for auditing services in accordance with the Corporation Act and the amount of remuneration for auditing work in accordance with the Financial Instruments and Exchange Law, because the two kinds of remunerations are not clearly separated each other in the audit contract concluded between the Company and the Accounting Auditor, and they cannot be recorded separately.
2. Among principal subsidiaries of the Company, twenty-five (25) companies including Komatsu America Corp. are audited by Certified Public Accountants or Audit Corporations other than the Accounting Auditor of the Company.

(3) Details of Non-Auditing Services

The Company pays the remuneration to the Accounting Auditor for services principally regarding issuance of bonds other than services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

(4) Policy on Decision to Discharge or Not to Reappoint Accounting Auditors

When Accounting Auditors fall under any of the items in Article 340, Paragraph 1 of the Corporation Act, the Board of Corporate Auditors shall discharge the Accounting Auditors based on the consent of all Corporate Auditors.

When Accounting Auditors lack qualifications and qualities required as Accounting Auditors of the Company, including cases that fall under disqualification reasons specified in Article 337, Paragraph 3 of the Corporation Act, Directors shall submit to a general meeting of shareholders a proposal for discharging or not reappointing the Accounting Auditors after obtaining the consent of the Board of Corporate Auditors or at the request of the Board of Corporate Auditors.

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6. Systems for Ensuring That the Execution of Duties by Directors Complies With Laws and Regulations, and the Company's Articles of Incorporation, and Other Systems for Ensuring the Properness of Operation

The Company resolved in April 2008 to add the basic policy pertaining to the elimination of antisocial forces to the development of systems for ensuring that the execution of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems necessary for ensuring the properness of operations of a Stock Company (basic policies on Internal Control Systems), which were resolved at the meeting of the Board of Directors in May 2006.

(1) Basic Policy on Internal Control

The Company defines its corporate value as the total sum of trust given to us by society and all stakeholders.

To increase this corporate value, the Company recognizes the importance of strengthening corporate governance. The Company strives to maintain transparency and soundness of management by appointing Outside Directors and Outside Corporate Auditors, while limiting the number of the Board members small so that discussions at the Board of Directors are more substantial. The Company also does its utmost to improve the operation of the Board of Directors, aiming at more effective governance by the Board, ample discussions and quick decision making.

(2) Systems for Retention and Management of Information Related to Directors' Execution of Duties

The Company shall safeguard and manage important information related to Directors' execution of duties, including the record of Board meetings and other consensus-based, approved documents, as stipulated by laws and regulations, and Company's regulations and rules.

(3) Rules and Other Systems for Risk