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KOMATSU LTD
Form 6-K
June 05, 2002

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of June 2002

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 offices

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

Form 20-F Form 40-F

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

INFORMATION TO BE INCLUDED IN REPORT

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1.

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, 2002

By: /s/ Kenji Kinoshita

Kenji Kinoshita
Executive Officer

(Translation)

June 3, 2002

NOTICE OF CONVOCATION OF THE

ONE HUNDRED AND THIRTY THIRD ORDINARY

GENERAL MEETING OF SHAREHOLDERS

OF KOMATSU LTD.

TO: THE SHAREHOLDERS

Please be advised that the 133rd Ordinary General Meeting of Shareholders of Komatsu Ltd. ("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 meeting, we would appreciate your reviewing the attached documents, affixing your seal or signature on the enclosed instruction card concerning the exercise of voting rights, and returning it to the Company after indicating thereon your approval or disapproval of the items of business enumerated in the attached documents.

Sincerely yours,
KOMATSU LTD.
3-6, Akasaka 2-chome, Minato-ku, Tokyo

By: Masahiro Sakane
President and Representative Director

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this document and Japanese original, the original shall prevail.

PARTICULARS OF MEETING

1. Date and Time: June 26, 2002 (Wed.) at 10:00 a.m.

2. Place: 2nd Floor, Komatsu Building
3-6, Akasaka 2-chome, Minato-ku, Tokyo

3. Purpose of Meeting:

Items to be Reported Matters concerning the Balance Sheet as of March 31, 2002 and the Business Report, Statement of Income for the 133rd business term (April 1, 2001-March 31, 2002).

Items to be Resolved:

1st Item of Business: Matters concerning the approval of the proposed Appropriation of Profit for the 133rd business term (April 1, 2001 - March 31, 2002).

2nd Item of Business: Matters concerning the Company's acquisition of its treasury shares. The details of this item are set forth in the "Referential Documents Regarding the Exercise of Voting Rights".

3rd Item of Business: Matters concerning partial amendment of the Articles of Incorporation. The details of this item are set forth in the "Referential Documents Regarding the Exercise of Voting Rights".

4th Item of Business: Matters concerning the election of three Directors.

5th Item of Business: Matters concerning the election of two Statutory Auditors.

6th Item of Business: Matters concerning the issuance of share acquisition rights to Directors and employees at no cost to the recipients. The details of this item are set forth in the "Referential Documents Regarding the Exercise of Voting Rights".

7th Item of Business Matters concerning the payment of retirement allowance to retiring Director and Statutory Auditor.

ATTACHED DOCUMENTS

EXHIBIT I

Business Report
(April 1, 2001 - March 31, 2002)

(Note: As Komatsu's management is basically oriented towards global consolidated management, this Business Report is prepared in an aim to also cover the information on a consolidated basis as much as possible.)

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I. Outline of Business

(1) Development and Results of Business Operations

During the period under review, it is projected that the Japanese economy will register real negative growth, due to drastic decrease in capital investment and industrial production as well as record high unemployment rate, caused by the sluggish IT related markets and deflationary trend of the economy. The United States began to generate steady momentum for recovery later in the year. Nevertheless, it was on a declining trend when viewed for the whole year. European economies also weakened for the year. All combined, world economies slowed down simultaneously.

The business environment for construction and mining equipment business was seriously affected by decline of demand over 20% in Japan from the previous period. At the overseas markets, the Chinese market continued to expand during the year, however, demand declined in our major markets of North America and Europe reflecting economic slowdown in these regions. Overseas demand was slack for the year under review.

In the electronics business, Komatsu witnessed a record-breaking drop of the international semiconductor market for the year 2001, resulting in a drastic fall for silicon wafers and their raw materials, and polycrystalline silicon. Demand for thermo-modules (thermoelectric elements) for use in fiber optic communication network also dropped sharply for this period, which is seen as a reaction to surging growth in demand during the previous year.

Under these difficult conditions, in order to transform its corporate structure into a new one capable of expanding profits, Komatsu has embarked on the Reform of Business Structure which underscores cutback of capacity costs, substantial reduction of production costs, and new growth for its mainstay business of construction and mining equipment.

In cutting down costs, Komatsu consolidated some operations, restructured its

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organizations, improved operational efficiency and reduced costs. Particularly in Japan, the Company solicited voluntary retirees and transferred employees to affiliated companies in order to reduce personnel expenses.

In its construction and mining equipment business, Komatsu made aggressive launchings of the new "GALEO" series machines equipped with IT and other latest technological features in Japan, leading other markets of the world. On the other hand, Komatsu also strengthened its business in the downstream fields such as rental, used equipments, components and after-sales services. At overseas, Komatsu carried out various measures designed for each region and product to improve profits.

In the electronics business, in order to improve deteriorated profits, Komatsu made thorough reassessment of the business structure and recorded impairment losses on fixed assets of two U.S. subsidiaries.

While Komatsu is determined to bring about positive results from these measures, the Company recorded an extra loss by including expenses associated with voluntary retirement, transfers to affiliates and impairment losses of fixed assets for the electronics business for the year under review.

As a result, the consolidated sales for this period was JPY 1035.8 billion (5.5% decrease from the previous period) and to our regret, a net loss of JPY

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80.6 billion (consolidated net income of JPY 6.9 billion for the previous period) was recorded on a consolidated base.

On a non-consolidated basis, sales resulted in JPY 382.9 billion, down 11.0% from the previous period and ordinary profit was JPY 3.7 billion, down 66.4% from the previous period. However, due to extraordinary loss resulting from the Reform of Business Structure, a loss of JPY 41.8 billion was recorded for this period (net income of JPY 7.2 billion for the previous period).

The following is an outline of business result of each division of Komatsu.

Construction and Mining Equipment

The consolidated sales for construction and mining equipment totaled JPY 731.3 billion yen, up 1.8 % from the previous period, and non-consolidated sales of Komatsu totaled JPY 322.9 billion (down 10.5% from the previous period).

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In Japan, consolidated sales totaled JPY 260.3 billion (down 14.8% from the previous period), and the non-consolidated sales totaled JPY 182.9 billion (down 17.5 % from the previous period). Demand for construction equipment fell sharply from the previous year, as customers' desire for investment was critically influenced by cutback in public investments by the government as part of its urgent measures to accelerate structural reforms and reduced private-sector construction investment under the sluggish economy. In addition, customers' reluctant attitudes for investment were compounded by uncertainty caused by bankruptcies of major construction company. The decline of demand grew larger in the second half of the period and the domestic shipped value for construction equipments (main body) drastically decreased to less than half of the last peak in fiscal 1996.

Komatsu worked to expand sales by teaming up with its distributors nationwide for aggressive sales promotion timely with the market launchings of over 20 new models under the GALEO series, including a renewed model of its flagship PC200 hydraulic excavator. In addition, Komatsu strengthened its business in the downstream fields after sales of new equipments. However, all of these efforts fell short of making up for the sizable fall in demand, and Japanese sales declined sharply from the previous year.

Consolidated sales outside of Japan totaled JPY 470.9 billion, up 14.2% from the previous period and non-consolidated sales from exports totaled JPY 140.0 billion, up 0.6% from the previous period, which is attributable to increase in sales in regions besides Europe and North America.

In North America, although construction investment and housing starts remained steady, the demand for construction equipment declined for three successive years from the peak year of 1998. Komatsu took various detailed measures for the respective products and distributors and aggressively promoted the sales for GALEO series and other machines. Efforts were made to reduce inventories at the distributors and orders from the distributors showed signs of recovery in the later half of the period. For the mining equipment business, demand for coal hit the bottom, reflecting increased price and other factors, and Komatsu expanded sales of super-large, electric-drive dump trucks to copper mines. In utilities business (small-sized construction equipment), the Company embarked on production of backhoe loaders at the new plant in Newbury, South Carolina, U.S.A during the second half of the period. In addition, Komatsu began marketing skid-steer loaders newly developed by Komatsu Utility Europe S.p.A., to capture the anticipated recovery of demand in North America, the

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largest market for the business.

In Europe, while demands remained strong in U.K. and Italy, demands in Germany, the largest market in Europe, France and Spain began to turn downwards and the market for

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construction equipment, including utilities, which continued to expand over the recent few years, slowed down. Despite such environment, Komatsu secured sales at the same level as the previous year by capitalizing on increased demands in east Europe as well as introducing the new model skid-steer loaders and wheel loaders.

Demand continued to expand in China and sales increased especially for hydraulic excavators manufactured by Komatsu Shantui Construction Machinery Corp., a joint venture established with a local partner. In further expanding business in China, Komatsu (China) Ltd. played a major role to strengthen its distributors.

In other regions, Komatsu delivered super-large dump trucks "930E" for coal mines and increased sales in the Pacific regions. In Southeast Asia, while demand for logging machines declined, sales of equipment to coal mines in Indonesia increased. In the Near & Middle East, sales of large bulldozers for use in agricultural land development increased. The sales in Africa, mainly in mining equipment, showed a steady growth.

Electronics

The consolidated sales from the electronics business was JPY 76.7 billion, down 34.8% from the previous period, and non-consolidated sales also decreased to JPY 3.7 billion, down 56.1% from the previous period. The electronics business on a non-consolidated basis was adversely affected by the slump in the IT market, which caused a drop in sales for FA equipment and LAN equipment, resulting in lower sales compared with the previous period.

Komatsu concentrated on production of silicon wafers in Japan and Taiwan since 1999 to strengthen its presence in these markets. Komatsu Electronic Metals Co., Ltd. placed all-out efforts on reinforcement of corporate strength by enhancing product competitiveness mainly for 200mm wafers and production efficiency and reducing capacity costs. As a result, the company sustained ordinary profit, when it registered a drastic decline in sales as adversely affected by sluggish demand. Formosa Komatsu Silicon Corporation, a joint-venture entity with a local partner, experienced a sharp fall of demand at the time of its full-scale production start-up and recorded the results in need for great improvement. Concerning Komatsu Silicon America, Inc. which had ceased manufacturing operation, Komatsu decided not to use it as a manufacturing plant for silicon wafers and changed its policy to sell or dispose of the fixed assets of the company. Accordingly, its fixed assets were reevaluated and the impairment loss amounted to JPY 24.9 billion.

Result of Advance Silicon Materials LLC (hereinafter "ASM")'s performance fell considerably below the previous period, due to drop in sales for polycrystalline silicon and

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special loss arising from the impairment loss of its fixed assets. It was

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decided that it would be difficult for its Butte Plant (Montana, U.S.A.) to sufficiently maintain its operating rate for its manufacturing facilities for a while and accounted an impairment loss of JPY 13.4 billion. It was also decided for its Moses Lake Plant (Washington, U.S.A.) to suspend production. ASM accounted JPY 15.9 billion as impairment loss for the fixed assets of Moses Lake Plant at the end of this period, and with a view to converting the Moses Lake Plant into a manufacturing center for polycrystalline silicon for solar batteries, ASM reached a basic agreement with Renewable Energy Corporation AS of Norway to establish a joint venture and began negotiations on the details.

The performance of Komatsu Electronics, Inc. dropped largely below the previous year, affected by the reduced capital investment in thermo-regulators for production of semiconductors as well as sharp decline in demand for thermo-modules for fiber optic communication.

Others

Consolidated sales of other businesses for this period increased 12.6% to JPY 227.7 billion. Non-consolidated sales was JPY 56.1 billion, down 7.6% from the previous year.

Komatsu expanded sales of large-sized presses supported by increase in overseas investment by Japanese car manufacturers. Sales to Japan's Self Defense Agency remained strong, although it fell slightly below the previous year due to partial completion of the research project consigned by the Agency. Sales of the environmental business, including recycling plant business, dropped largely below the previous year.

Komatsu Forklift Co., Ltd. ("Komatsu Forklift") engaged in active sales promotion such as for "Arion Plus", the renewed battery-powered type forklift. Komatsu Forklift strengthened its cooperative relationship with Linde AG ("Linde") of Germany by supplying OEM to Linde's local subsidiary in the U.S. through the production subsidiary of Komatsu Forklift and it also launched production of Komatsu Forklift-brand products at the Chinese subsidiary of Linde. Despite of these activities, sales of Komatsu Forklift declined sharply from the previous year due to decrease in demand for industrial vehicles in domestic and foreign markets.

Despite of the harsh market environment, Komatsu Industries Corporation, a manufacturer of sheet metal forging press machinery, increased both its sales and profit

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consecutively to the previous period which turned into a surplus, by carrying out customer- tailored, proposal- oriented sales and services mainly based on superior products such as "E2W series" transfer presses, Twister Fine Plasma cutting machines and laser cutting machines manufactured by TRUMPF GmbH of Germany, which has a cooperative relationship with Komatsu Industries.

In the agricultural and forestry equipment business of Komatsu Zenoah Co., sales for "EZ Start brushcutters" which feature significantly improved ignition and self-propelled brush cutters "Hammer Knife Mower" showed a steady growth in Japan. In addition, orders increased for "Blowers", which was developed for the U.S. market. As a result, the sales of the business achieved the same level as the previous period.

(2) Capital Expenditure

During the period under review, most of the investments were concentrated

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in the construction and mining equipment business, where investments were made in developing and manufacturing new products and in achieving production efficiency. In the electronics business, investments were made to improve the precision of silicon wafers, to develop next-generation technologies and to improve production efficiency.

As a result, total capital expenditure in facilities amounted to JPY 74.4 billion on a consolidated basis, down JPY 4.8 billion from the previous period, and JPY 11.3 billion on a non-consolidated basis, down JPY 9 billion from the previous period.

(3) Fund Raising

During the period under review, Komatsu focused on stabilizing its operating capital, and replaced short-term capital procurement through commercial papers with long-term borrowings from banks and life insurance companies. In addition, Komatsu effected further securitization of trade receivables to diversify its capital resources.

(4) Future Challenges

For the period under review, Komatsu accounted a substantial loss due to worsening business environment and implementation of measures against such adverse condition. In order to improve profitability and achieve successful recovery, Komatsu will address the following four challenges:

- (1) To promote faster growth strategy in construction and mining equipment business;

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- (2) To solidify the basis for competitiveness by reducing capacity costs in all business areas;

- (3) To make the electronics businesses stand independent and revitalized businesses;

- (4) To promote "skillsmanship" reform;

- (1) To promote faster growth strategy in construction and mining equipment business

In order to expand the construction and mining equipment business, Komatsu will address the following two challenges.

First, Komatsu will focus on businesses in the downstream fields, after sales of new products, such as rental, used equipments, components and after-sales services. In order to achieve certain results in these fields, it would be necessary to change current business methods and to establish new business models. Based on such innovative products as the GALEO series, Komatsu will build solution businesses and strengthen used equipment business, thereby differentiating its products and services from those of competitors.

Secondly, Komatsu will improve its presence, mainly based on the new products, in the overseas markets. In the long run, demand in the overseas market is on the rise. Recently, Komatsu reorganized the divisions in charge of construction and mining equipment marketing and appointed directors who shall be responsible respectively for the four regions of North and South America, Europe, Southeast Asia & Oceania and China. By strengthening close cooperation among these regions and taking advantage of the globally developed businesses,

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Komatsu will expand its businesses, with a central focus on GALEO series, as well as improving competitiveness in terms of cost at its production fronts, thereby improving its position and profitability in these areas.

- (2) To solidify basis for competitiveness by reducing capacity costs in all business areas

Komatsu is executing its cost reduction plan ahead of schedule and this is anticipated to produce further satisfactory results in the future. In the construction and mining equipment business, Komatsu will consolidate the types of equipment as well as to effect large reduction in manufacturing costs from the early stages of development.

Furthermore, Komatsu will actively establish alliances with other companies to reduce

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costs and to efficiently utilize managerial resources. At present, Komatsu is considering to establish cooperative relations with Volvo Construction Equipment ("Volvo CE") and Hitachi Construction Machinery Co., Ltd. in the areas of production, development and purchase of components for construction equipment, while maintaining competition in sales and services. As a starter of these initiatives, Komatsu has decided to consign the production of cab for Komatsu's wheel loaders in Europe to Volvo CE.

- (3) To make the electronics businesses stand independent and revitalized businesses

Komatsu shall aim to make its electronics businesses stand independent and revitalize itself in each area of business. The silicon wafer business and polycrystalline silicon business reduced their future risk over this period and will aim to further differentiate their technologies from those of their competitors as well as to focus on improving productivity and reducing costs, thereby improving its competitiveness. The areas of thermo-modules and excimer lasers will seek to expand their businesses in alliance with other companies based on its technological advantages.

- (4) To promote "skillmanship" reform

In order for Komatsu to improve its competitiveness as a manufacturer, it is highly important to improve its "skillmanship". The concept of a skillmanship is "to provide such products (hardware and software) to the satisfactory of the customers and earn profits" and we believe that this is a power to challenge in continuously creating even better products with everyone engaged in product research, development, purchase, production, sales and services feeling united towards this challenge. "Skillmanship" is Komatsu's competitive edge. By reinforcing this skillmanship unique to Komatsu, Komatsu will aim to develop products, services and systems which would have unique features which will prevail over its competitors and each of the production bases throughout the world will aim to win the competition in their respective fields of products.

Komatsu's basic management policy is to pursue "quality and reliability" and to maximize its corporate value. This policy will not change. The top priority at present is to recover profit from business and to up-turn the performance. Not only the management but all the employees of the Komatsu Group, whether in Japan or overseas, will bring together their wisdom to address the above challenges quickly and to soon realize the recovery of performance of the group.

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(5) Comparison of Financial Data

The financial position for this period and the recent 3 years are as follows:

(i) Consolidated Results

(Unit: in billion yen)

	1998 (April 1998 - March 1999)	1999 (April 1999 - March 2000)	2000 (April 2000 - March 2001)	2001 (April 2001 March 2002)
Net Sales	1,061.5	1,055.6	1,096.3	1,035.8
Income before Taxes	(9.6)	19.3	20	(106.7)
Net Income	(12.3)	13.3	6.9	(80.6)
Total Assets	1,524.6	1,375.2	1,403.1	1,340.2

(ii) Non-consolidated Results

(Unit: in billion yen except per share data)

	130/th/ Period (April 1998 - March 1999)	131/st/ Period (April 1999 - March 2000)	132/nd/ Period (April 2000 - March 2001)	133/rd/ Perio (April 2001 March 2002)
Net Sales	475.7	441.4	430.2	382.9
Operating Profit	11.6	12.9	14.1	8.7
Ordinary Profit	8.5	9.9	11.2	3.7
Net Income	2.1	13.6	7.2	(41.8)
Earnings per Common Share (Unit: in yen)	2.24	14.05	7.53	(43.81)
Total Assets	771.7	746.8	765.4	685.9
Net Assets (Shareholders' Equity)	450.4	469.1	473.7	418.8
Shareholders' Equity Ratio (%)	58.4	62.8	61.9	61.1

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(Note) Effective from 133rd Period, Treasury Shares is provided as an item to be deducted from the capital. Accordingly, Earnings per Common Share, which were calculated on the basis of the number of shares issued and outstanding at the end of the period until 132nd Period, is now calculated on the basis of the average number of shares issued and outstanding for the period deducting there from the average number of treasury shares for the same period.

In the 130/th/ Period, the Japanese economy continued to suffer from the long-prevailing recession. Komatsu pooled the efforts of all its group companies inside and outside of Japan aiming at improvement of sales and profits. At the same time, Komatsu assumed measures

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towards the declining demand in construction equipment in Japan and reorganized the production system. However, on a non-consolidated basis, sales and profits both resulted in a decrease from the previous period. On a consolidated basis, the construction equipment achieved performance above that of the previous period, however, due to significant drop in the results of the electronics division, the sales dropped from the previous period and net income for the period was regrettably a loss.

For the 131/st/ Period, the Japanese economy did not realize autonomous recovery in spite that the economic measures were implemented by the government. At overseas, the U.S. economy continued to grow and Europe showed signs of mild recovery and Asian economy faced into the direction of recovery. For the purpose of recovering the performance, Komatsu engaged in three major tasks, to significantly strengthen corporate governance centering around reorganization of the Board of Directors, to recover the profits for the domestic construction equipment business, and to effect structural reforms in the group's electronics business. As the result, the consolidated sales for this period was the level with the previous period but the net income for this period improved significantly. On a non-consolidated basis, sales decreased slightly from the previous year but the profit for the period improved significantly.

For the 132/nd/ Period, the Japanese economy accommodated some signs of moderate autonomous recovery in the first half of the period. In the latter half of the period, however, the Japanese economic mindset returned less positive. At overseas, while U.S. economy began to slow down, European economies remained strong in general. The recovery pace of Asian economies slowed down. For its construction and mining equipment business, Komatsu completed the restructuring program for Japanese production and worked to expand its business domain by utilization of IT. Komatsu's electronics business continued to facilitate differentiation of products and technologies. Komatsu also worked to reinforce its businesses where it can demonstrate its technological superiority by carrying out business restructuring and establishing business alliances. As a result, on a consolidated basis, sales increased but the net income decreased from the previous period. On a non-consolidated basis, both sales and net income dropped from the previous period.

The outline of business for the current 133/rd/ Period is as set forth in above (1) "Development and Results of Business Operations".

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II. Outline of the Company (as of March 31, 2002)

(1) Major Lines of Business

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Division	Principal Products and Business	
Construction & Mining Equipment	Excavating Equipment	hydraulic excavators, mini excavators and backhoe load
	Loading Equipment	wheel loaders, mini wheel loaders, and skid-steer load
	Grading and Roadbed Preparation Equipment	Bulldozers, motor graders, and vibratory rollers
	Hauling Equipment	dump trucks and crawler carriers
	Tunneling machines	shield machines, tunnel-boring machines (TBM), and small-diameter pipe jacking machines (Iron Moles)
	Recycling Equipment	mobile debris crushers (Galapagos), automatic soil improver (Literra), and automatic lumber crusher (Refo
	Other Equipment	rough-terrain cranes, reach tower cranes, and railroad maintenance equipment
	Engine and Equipment	diesel engines, diesel generator sets, and hydraulic equipment
	Castings	steel castings and iron castings*
Electronics	Electronic Materials	silicon wafers* and polycrystalline silicon*
	Communication Equipment, Control and Information Equipment	Network related products, LAN peripheral equipment, terminal for location based services, and vehicles controller
	Temperature Control Equipment	Thermoelectric modules*, temperature control equipment for semiconductor wet process*
Others	Metal Forging and Stamping Presses	Large sized presses, middle and small sized presses*, forging presses* and therbo presses*
	Sheet-metal Machines and Machines Tools	press brakes*, shears*, gatling press centers*, laser cutting machines*, fine plasma cutting machines*, and crankshaft millers*
	Industrial vehicles, Logistics	Lifttrucks*, packing and logistics*
	Defense	Ammunition and armored personnel carriers
	Others	Commercial-use-prefabricated structures for businesses construction waste recycling plant

(Note : The products and businesses listed above include those of the subsidiaries. Those with * mark are the principal products and major lines of businesses of the subsidiaries.)

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(2) Shares of the Company

(i) Number of Shares and Number of Shareholders

Number of Shares Authorized to be Issued:	3,955,000,000 shares
Total Number of Shares Issued and Capital stock:	958,921,701 shares JPY70,120,637,607
Number of Shareholders:	65,105

(ii) Major Shareholders (Top 10)

Name of Shareholders	Status of Investment by the Shareholder in the Company		Status of Company
	Number of Shares held (thousand shares)	Ratio of shareholding (%)	Number of Shares held (thousand sha
The Taiyo Mutual Life Insurance Company	55,224	5.8	-
NATS CUMCO	55,056	5.7	-
Nippon Life Insurance Co.	34,863	3.6	-
The Chase Manhattan Bank N.A. London	30,312	3.2	-
Komatsu Ltd. Employees Stockholding Association	30,080	3.1	-
State Street Bank and Trust Company	29,852	3.1	-
Japan Trustee Services Co., Ltd. (held by trust units)	28,225	2.9	-
Sumitomo Mitsui Banking Corporation	21,840	2.3	15,176
UFJ Trust Bank Ltd. (held by Trust Account A)	20,886	2.2	-
The Mitsubishi Trust and Banking Corporation (held by trust units)	20,507	2.1	-

(Notes)

1. NATS CUMCO is the share nominee of CITIBANK, N.A. which is a trustee of the Company's ADR (American Depositary Receipts).
2. The Company's holding in the Sumitomo Mitsui Banking Corporation is computed by excluding the preferential shares with no voting rights issued by the same bank.
3. The Company holds 189 shares (shareholding ratio: 0.0%) of UFJ Holdings Inc. which is the parent company of UFJ Trust Bank Ltd.

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(iii) The Status of Acquisition, Disposal, etc. and Holding of the Treasury Shares

(1) The status of acquisition of the treasury shares of the Company during this period:

(a) Acquisition for transfer to the directors and employees:

Type and Number: Ordinary shares 1,100,000 shares
 Total Acquisition Price: JPY621,776,771

(b) Acquisition through purchase of shares less than one unit (tangen) of shares (including shares less than one unit (tan-i)):

Type and Number: Ordinary shares 104,742 shares
 Total Acquisition Price: JPY52,096,775

(2) Treasury shares disposed during this period:

Type and Number: Ordinary shares 57,000 shares
 Total Disposal Price: JPY31,909,000

(3) Treasury shares canceled during this period:
 No treasury shares were canceled during this period.

(4) Treasury shares held at the end of this period:

Type and Number: Ordinary shares 4,519,972 shares

(3) Employees

Number of ----- Employees -----	Increase (Decrease) ----- Over Previous Period -----	Average Age -----	Average Service Years -----
8,206	(2,906)	43.1	20.8

(Note) There has been a large decrease in the number of employees compared to the end of the previous period as a result of call for early retirement and transfer to affiliated companies that were conducted as a part of management structural reforms.

The number of employees on a consolidated base is 30,760.

(4) Status of Consolidation

(i) Results of Consolidation

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Fiscal 2000
(From April 1, 2000 to
March 31, 2001)

Consolidated Net Sales (in billion yen)	1,096.3
Consolidated Net Income (in billion yen)	6.9
Consolidated ROE (Ratio of Net Income to Shareholders' Equity)	1.4%
Consolidated ROA (Ratio of Pretax Income to Total Assets)	1.4%

(Note) The Company's consolidated financial statements are based on the accounting principles generally accepted in the United States of America.

(ii) Principal Subsidiaries

Name	Capital (in JPY million)	Ownership (%)	Main Business
Komatsu Electronic Metals Co., Ltd.	11,636	61.9	Manufacture and sales of silicon
Komatsu Forklift Co., Ltd.	11,411	51.5	Manufacture and sales of in- logistics-related machinery
Komatsu Zenoah Co.	5,099	54.3	Manufacture and sales of ag- equipment, construction equ
Komatsu Castex Ltd.	4,979	100.0	Manufacture and sales of st
Komatsu House Co., Ltd.	1,436	86.7	Manufacture, sales and leas prefabricated structures fo

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Komatsu Logistics Corp.	1,080	96.3	Packing, baling, transporta port-and-harbor services
Komatsu Industries	990	100.0	Manufacture and sale of mid

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Corporation			forging presses
Komatsu Tokyo Ltd.	837	100.0	Sales, repair and service o
Komatsu Machinery Corporation	600	100.0	Manufacture of machine tool processing equipment
Komatsu Hokkaido Ltd.	487	100.0	Sales, repair and service o
Komatsu Electronics, Inc.	390	100.0	Manufacture and sale of the temperature control equipme process
Komatsu America Corp.	US\$655mil	100.0	Holding company in the U.S.
Komatsu America International Company	--	100.0	Manufacture and sales of co equipment
Komatsu Mining Systems, Inc.	US\$ 65 mil	100.0	Manufacture and sales of mi
Komatsu do Brasil Ltda.	CR\$ 55 mil	100.0	Manufacture and sales of co castings
Advanced Silicon Materials LLC	--	100.0	Manufacture and sales of po and silane gas
Komatsu Europe International N.V.	EUR 45 mil	100.0	Supervision of European sub sales of construction equip
Komatsu UK Ltd.	Stg. (Pounds)23 mil	100.0	Manufacture and sales of co
Komatsu Hanomag AG	EUR 19 mil	98.4	Manufacture and sales of co

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Komatsu Mining Germany GmbH	DM 10 mil	100.0	Manufacture and sales of mi
Komatsu Utility Europe S.p.A.	EUR 6 mil	100.0	Manufacture and sale of con
Komatsu Asia & Pacific Pte. Ltd.	12 mil Singapore \$	100.0	Supervision of Asian Pacifi sales of construction equip
P.T. Komatsu Indonesia	192,780 mil Rupiahs	55.1	Manufacture and sales of co steel and iron castings
Bangkok Komatsu Co., Ltd.	620 mil Bahts	74.8	Manufacture and sales of co
Komatsu (China) Ltd.	US\$ 34 mil	100.0	Supervision of business in

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Komatsu Changzhou Construction Machinery Corp.	US\$ 21 mil	85.0	Manufacture and sales of co
--	-------------	------	-----------------------------

- (Note) 1. Komatsu America International Company is a general partnership established under the laws of Delaware, U.S.A. The Company holds an equity interest in this company indirectly through its subsidiary. The Company's accrued investment in this company amount to US\$23 million (after deducting the profit dividend from this company from the paid-in capital).
2. Komatsu Mining Systems, Inc. and Komatsu do Brasil Ltda. are indirectly owned by the Company through subsidiaries.
3. Advanced Silicon Materials LLC is a limited liability company established under the laws if Delaware, U.S.A. The Company holds an equity interest in this company indirectly through its subsidiary. The accrued investment amount which is equivalent to its capital is US\$ 215 million.
4. The shareholding percentages in Komatsu U.K. Ltd., Komatsu Hanomag AG, Komatsu Utility Europe S.p.A. and Bangkok Komatsu Co., Ltd. and the equity holdings in Komatsu Changzhou Construction Machinery Corp. include the shares and the equity holdings held by the Company's subsidiaries.
- 5 In April 2002, Komatsu Mining Systems, Inc. was merged into Komatsu America International Company.

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(iii) Principal Affiliated Companies

Name -----	Capital ----- (in JPY million) -----	Ownership (%) -----	Main B -----
Gigaphoton Inc.	2,000	50.0	Manufacture and sale of ex exposures
Komatsu Cummins Engine Co., Ltd.	1,400	50.0	Manufacture of diesel engi
Cummins Komatsu Engine Company	-	50.0	Manufacture of diesel engi
Komatsu Soft Ltd.	1,234	35.0	Subcontracts for computer
Komatsu Shantui Construction Machinery Co., Ltd.	US\$ 21 mil	40.0	Manufacture and sales of c

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- (Notes) 1. Cummins Komatsu Engine Company is a general partnership established under the laws of Indiana, U.S.A. The Company holds an equity interest in this company indirectly through its subsidiary, which investments amount to US\$2 million.
2. The ownership in Komatsu Shantui Construction Machinery Co., Ltd. includes the ownership held by the subsidiaries.

(5) Major Borrowing

Name of Lenders -----	Balance of Loans ----- (in JPY billions)	Number of Shares of the ----- Company held by such ----- Lenders ----- (in thousand shares)
The Taiyo Mutual Life Insurance Co.	6.1	55,224
The Hokkoku Bank, Ltd.	5.4	9,486
The Dai-ichi Mutual Life Insurance Company	4.0	14,350
Meiji-life Insurance Company	2.9	7,544
Mitsui Mutual Life Insurance, Co.	2.5	4,035

The major lenders on a consolidated basis are The Sumitomo Mitsui Banking Corporation (JPY 36.1 billion), The Bank of Tokyo-Mitsubishi, Ltd. (JPY 31.6 billion), and the Japan Bank for International Cooperation (JPY 28.7 billion). (The amounts are the balance of borrowing.)

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(6) Principal Business Offices

Name ----	Location -----
Head Office	Head Office Minato-ku, Tokyo
Research Division	Research Center Hiratsuka City, Kanagawa Pref.
Plant	The Company
	Awazu Plant Osaka Plant

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	Mohka Plant	Mohka City, Tochigi Pref.
	Oyama Plant	Oyama City, Tochigi Pref.
Subsidiaries	Komatsu Electronic Metals Co., Ltd.	Ohmura City, Nagasaki Pref., Kiyotake-cho, Miyazaki Pref.
	Komatsu Forklift Co., Ltd.	Oyama City, Tochigi Pref.
	Komatsu Zenoah Co.	Kawagoe City, Saitama Pref.
	Komatsu Castex Ltd.	Himi City, Toyama Pref.
	Komatsu Electronics, Inc.	Hiratsuka City, Kanagawa Pref.
	Komatsu America International Company	Chatanooga, Tennessee, USA
	Komatsu Mining Systems, Inc.	Piorea, Illinois, USA
	Advanced Silicon Materials, Inc.	Butte, Montana, USA
	Komatsu do Brasil Ltda.	Suzano, San Paulo, Brazil
	Komatsu UK Ltd.	Bartley, UK
	Komatsu Hanomag AG	Hannover, Germany
	Komatsu Mining Germany GmbH	Dusseldorf, Germany
	Komatsu Utility Europe S.p.A.	Este, Italy
	P.T. Komatsu Indonesia	Jakarta, Indonesia
	Bangkok Komatsu Co., Ltd.	Chonburi, Thai
	Komatsu Changlin Construction Machinery Corp.	City of Changzhou, Jiangsu Province, China

(Note) The above also includes the major plants of the subsidiaries.

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(7) Directors and Auditors

Position	Name	Responsibility in the Company, or Principal Occupation
Chairman and Director	Satoru Anzaki	
President and Representative Director	*Masahiro Sakane	

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Executive Vice President and Representative Director	*Toshitaka Hagiwara	Advisor to President, Supervision of Administration, the overall business public relations
Executive Managing Director	*Koji Ogaki	General Manager of Research Division
Executive Managing Director	*Kazuhiro Aoyagi	General Manager of Corporate Planning Dept.
Managing Director	*Kunio Noji	General Manager of Production Division and General Manager of e-Komatsu Promotion Division
Director and Counselor	Tetsuya Katada	
Director	Toshio Morikawa	Counselor of The Sumitomo Mitsui Banki Corporation
Standing Statutory Auditor	Norimichi Kitagawa	
Standing Statutory Auditor	Hiroyuki Watanabe	
Statutory Auditor	Masahiro Yoshiike	President and Representative Director The Taiyo Mutual Life Insurance Co.
Statutory Auditor	Takaharu Dohi	Lawyer

- (Notes)
1. Messrs. Hiroyuki Watanabe, Masahiro Yoshiike and Takaharu Dohi, each of them being a Statutory Auditor, satisfy the requirements for outside auditors provided in Article 18, Paragraph 1 of the "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha"
 2. Each Director with the mark * concurrently holds the post of an Executive Officer.

The Directors and Statutory Auditors who resigned from their positions during this term:

Position at the time of resignation	Name	Date of resignation
Executive Managing Director	Norimichi Kitagawa	June 27, 2001
Director	Arlie G. Tucker	June 27, 2001
Standing Statutory Auditor	Toshiro Nakaya	June 27, 2001

(Reference)

The Company introduces the "Executive Officer" system and the "Global Officer" system in which the latter is comprised of the management class personnel of the major foreign local subsidiaries. The below is the list

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of the Executive Officers and the Global Officers as of March 31, 2002.

The five persons with * mark holds both of the post as a Director and an Executive Officer.

Position -----	Name -----	Responsibility in the Company, or Principa ----- Occupation -----
President and Representative Director (Executive Officer)	*Masahiro Sakane	
Executive Vice President and Representative Director (Executive Officer)	*Toshitaka Hagiwara	Advisor to President, Supervision of Administration, the overall business and publ relations
Executive Managing DirectorExecutive Vice President and Representative Director (Executive Officer)	*Koji Ogaki	General Manager of Research Division
Executive Managing Director (Executive Officer)	*Kazuhiro Aoyagi	General Manager of Corporate Planning Dept.
Managing Director (Executive Officer)	*Kunio Noji	General Manager of Production Division and Ge Manager of e-Komatsu Promotion Division
Senior Executive Officer	Naomi Anesaki	Compliance, Administration-and Defense System
Senior Executive Officer	Kunihiko Komiyama	General Manager of Engines and Hydraulics Division
Senior Executive Officer	Hisashi Wada	General Manager of Domestic Sales Division
Senior Executive Officer	Teruo Nakahara	General Manager of Development Division
Executive Officer	Shuji Sugi	Deputy General Manager of Development Divisio
Executive Officer	Susumu Isoda	Deputy General Manager of Production Division General Manager of Osaka Plant
Executive Officer	Teruo Nagayasu	General Manager of Product Support Division

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Executive Officer	Kanetake Nakatani	General Manager of Awazu Plant, Production Division
Executive Officer	Yuzo Tsumura	General Manager of Purchasing Division
Executive Officer	Masahiro Yoneyama	Deputy General Manager of e-Komatsu Promotion Division, and Deputy General Manager of Corporate Planning Division
Executive Officer	Shigeki Fujimori	General Manager of Defense Systems Business Division
Executive Officer	Munenori Nakao	General Manager of Environmental Control and System Development Business Division
Executive Officer	Yuji Watanabe	Deputy General Manager of Corporate Planning Division
Executive Officer	Kenji Kinoshita	CFO (Chief Financial Officer)
Executive Officer	Makoto Nakamura	General Manager of International Division
Executive Officer	Hiroshi Suzuki	Deputy General Manager of Domestic Sales Division
Executive Officer	Mamoru Hironaka	Deputy General Manager of Development Division
Executive Officer	Masao Fuchigami	Deputy General Manager of Research Division
Global Officer	James E. Boyle	Chairman and CEO of Komatsu America International Company
Global Officer	David W. Grzelak	Chairman and CEO of Komatsu Mining Systems, Inc.
Global Officer	Kota Hoshino	President and COO of Komatsu Mining Systems, Inc.
Global Officer	Peter J. Howe	President of Komatsu UK Ltd.
Global Officer	Junro Kawanabe	President of Komatsu do Brasil Ltda.
Global Officer	Michael W. Kerschen	President and COO of Advanced Silicon Materials
Global Officer	Yoichi Kobayashi	President of Komatsu Latin America Corp.
Global Officer	Yoshinori Komamura	President of Komatsu Europe International N.V.
Global Officer	Gerhard Lehnen	President of Komatsu Hanomag AG
Global Officer	John H. Matlock	President and CEO of Komatsu Silicon America, Inc.

Global Officer	Edson R. McCord	General Manager, USA Research & Development Center, Komatsu America Corp.
Global Officer	Kenichi Nakamura	President and COO of Komatsu America

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International Company

Global Officer	Teruaki Noda	President and COO of Komatsu America Corp.
Global Officer	Ian Olivieri	President of Komatsu Australia Pty.Ltd
Global Officer	Yoshitaka Ohmura	President of Komatsu Asia & Pacific Pte. Ltd.
Global Officer	Toshiji Onuma	President of Komatsu Mexicana S.A. de C.V.
Global Officer	Frank Planke	President of Komatsu Europe Coordination Cent N.V.
Global Officer	Enrico Tonetti	President of Komatsu Utility Europe S.p.A.
Global Officer	Hideo Ueda	Chairman and CEO of Advanced Silicone Materia
Global Officer	Norbert H.H. Walther	President of Komatsu Mining Germany GmbH

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EXHIBIT II

BALANCE SHEET

(As of March 31, 2002)

(in million yen)

ASSETS	
CURRENT ASSETS:	
Cash on hand and in banks	319,287
Notes receivable trade	25,957
Accounts receivable trade	6,643
Finished products	150,890
Materials and supplies	25,114
Work in process	2,327
Prepaid expenses	22,912
Deferred taxes	558
Short-term loans receivable	21,488
Other current assets	57,660
Allowance for doubtful receivables	12,181
	(6,446)
FIXED ASSETS:	
TANGIBLE FIXED ASSETS:	366,635
Buildings	134,231
Structures	44,785
Machinery and equipment	8,484
Vehicles and delivery equipment	28,266
Tools, furniture and fixtures	246
Land	7,380
Construction in progress	44,570
	497
INTANGIBLE FIXED ASSETS:	11,045
Utility rights	180

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Software	10,803
Other intangible fixed assets	60
INVESTMENTS AND MISCELLANEOUS	221,358
ASSETS:	
Investment securities	43,536
Capital stock of subsidiaries and contributions	183,509
Long-term loans receivable	4,764
Non-current prepaid expenses	750
Deferred taxes	30,214
Other investments	5,853
Allowance for doubtful receivables	(2,067)
Allowance for investments valuation	(45,203)
TOTAL ASSETS	685,922

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LIABILITIES

CURRENT LIABILITIES:	166,412
Notes payable trade	3,663
Accounts payable trade	70,513
Short-term loans payable	11,145
Commercial paper	4,000
Accounts payable	59,460
Accrued corporation taxes, etc.	104
Advances received	974
Deferred profit on installment sales	4,122
Accrued bonuses	3,718
Warranty reserve	4,111
Other current liabilities	4,597
LONG-TERM LIABILITIES:	100,691
Bonds	62,447
Long-term loans payable	25,681
Liabilities for severance payments	10,723
Allowance for retirement payments to directors and auditors	1,092
Other long-term liabilities	746
TOTAL LIABILITIES	267,103

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SHAREHOLDERS' EQUITY

CAPITAL:	70,120
Capital stock	70,120
LEGAL RESERVES:	127,366
Capital surplus	109,337
Legal earned surplus	18,029

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RETAINED EARNINGS:	219,100
Reserve for special depreciation	168
Reserve for losses on overseas investment	1
Reserve for advanced depreciation deduction	15,068
General reserve	230,359
Undisposed loss for this period	26,496
(including net loss for this period, JPY 41,828 million)	
VARIANCE OF THE ESTIMATE	4,624
Variance of the estimate	4,624
TREASURY SHARES	(2,394)
Treasury Shares	(2,394)
TOTAL SHAREHOLDERS' EQUITY	418,818

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	685,922

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EXHIBIT III

STATEMENT OF INCOME

From April 1, 20021 to March 31, 20002)

(in million yen)

ORDINARY PROFITS AND LOSSES		

Operating Profit And Loss		
Operating income:		
Net sales		382,908
Operating expenses:		
Cost of sales	285,866	
Adjustment to deferred profit on installment Sales	(5,648)	
Selling, general and administrative expenses	93,982	374,200

Operating profit:		8,708
Non-operating Profit and Loss:		
Non-operating income:		
Interest and dividend Income	7,108	
Other non-operating income	2,318	9,427

Non-operating expenses:		
Interest expenses	1,922	
Other non-operating Expenses	12,418	14,341

Ordinary Profit:		3,794

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SPECIAL PROFITS AND LOSSES

Special Income:

Proceeds from sale of land	11,967	
Proceeds from sale of investment securities	1,249	
Gains from sale of shares	74	13,290

Special Losses:

Valuation loss in securities invested	7,547	
Deferred allowance of securities investment	38,022	
Valuation loss of the shares of the subsidiaries	24,376	
Cost of reorganization	21,540	
Loss from sale of land	57	91,544

Loss before income taxes		74,460
Corporation, resident and enterprise taxes		44
Foreign tax returns		327
Adjustments to corporation tax, etc.		(32,349)
Net loss for the period		41,828
Unappropriated retained earnings brought forward		18,195
Interim cash dividend paid		2,863
Undisposed loss at the end of the period		26,496

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(Notes)

1. Accounting Principles

(1) Method and basis of valuation of securities

Bonds held until maturity: Amortized at cost

Subsidiary shares and shares of affiliates: At cost at moving average

Other securities:

Quoted securities: At market value based on the market quotation on the settlement date (the valuation difference shall be disposed by directly accounting all this amount to capital, and the sale price shall be computed through moving average)

Unquoted securities: At cost (moving average)

(2) Method and basis of valuation of inventories

Finished products (excluding spare parts and real estate held for sale) and work in process: Lower of cost (specific identification basis)

Spare parts: Lower of cost (last-in, first-out)

Real estate held for sale: At cost (specific identification basis)

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Materials and supplies: Lower of cost (periodic average)

(3) Depreciation of tangible fixed assets and intangible fixed assets is computed according to the declining-balance method and the straight-line method respectively.

(4) As for the provision of severance payments to officers and/or employees, the amount that actually arose as of the end of the period is accounted pursuant to liabilities for severance payments and pension assets. (With respect to the corporate pension system, as the pension assets exceed the liabilities for severance payments, the prepaid pension expense is accounted.)

(5) Accounting method of lease transactions

General accounting methods employed for ordinary lease transactions are used for accounting finance lease transactions, excluding such transactions in which it is recognized that the ownership of the leased article is being transferred to the borrower.

(6) Accounting for consumption tax

Accounting procedures in regard to consumption taxes follow the tax-exempt method.

(7) Change in accounting principles

Formerly, for long-term installment sales in which the installment period is in excess of two years, the profits to be collected after the next period were deferred, however, from this period the installment basis was changed to sales basis and the amount of profit is not deferred. Due to this change, when compared based on the previous

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period's accounting method, the operating profit and ordinary profit are increased JPY6,236 million respectively and loss before income taxes is accounted JPY6,236 million less.

2. Matters concerning the Balance Sheet

(1) Fractions of one million yen have been discarded.

(2) Short-term receivables from subsidiaries: JPY163,905 million

Short-term debts payable to subsidiaries: JPY24,377 million

Long-term receivables from subsidiaries: JPY622 million

(3) Accumulated depreciation of tangible fixed assets: JPY296,444 million

(4) In addition to the fixed assets shown in the balance sheet, there are computers and peripherals leased and used as important fixed assets.

(5) Important assets and liabilities denominated in foreign currencies

Accounts receivable denominated in foreign currencies:

JPY9,752 million

Denominated in:

US dollars: US\$58 million

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Euro: EUR 17 million

The above does not include accounts subject to forward foreign exchange contracts.

- (6) The allowance for severance payments and pension assets in the severance payment trust that is offset with the former allowance as of the end of the period (excluding differences due to unrecognized computation of figures) are as follows:

	Lump sum payment of severance payment
Allowance for severance payments (before deduction of pension assets in severance payment trust)	JPY21,911 million
Pension assets in severance payment trust (excluding differences due to unrecognized computation of figures)	JPY11,187 million

Allowance for severance payments (after deduction of the pension assets in the severance payment trust)	JPY10,723 million

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	Qualified Pension
Prepaid pension expense	JPY1,247 million
(7) The allowance for directors' retirement payments is an allowance accounted pursuant to Article 287-2 of the Commercial Code.	
(8) Guaranteed liability:	JPY55,480 million
Balance under letters of awareness, etc. :	JPY119,450 million
Maximum repurchase amount for the transferred claims for installment sales receivables:	JPY1,172 million
(9) The accounting for the notes that matured at the end of the period are disposed as having been settled on the date of note exchange. As the last day of the subject period fell on a holiday for the financial institutions, the notes that matured at the end of the period are included in the balance for the period as follows:	
Notes receivable:	JPY1,138 million
Notes payable:	JPY1,058 million
(10) With respect to the treasury shares, as the former "Rules Concerning the Balance sheet, Profit and Loss Statement, Business Report and supplemental Schedules for a Kabushiki Kaisha" was amended, this is indicated at the end of the "Total Shareholders' Equity" as an item to be deducted from the capital effective from the end of the subject period.	
(11) The amount of net assets prescribed in Article 290, Paragraph 1, Item 6 of the Commercial Code:	JPY4,624 million
(12) Loss per common share (calculated based on the number of average	

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outstanding shares (excluding treasury shares)): JPY43.81

3. Matters concerning the Statement of Income

(1) Fractions of one million yen have been discarded.

(2) Tradings with subsidiaries

Sales: JPY208,327 million

Purchases: JPY93,586 million

Trading other than operating transactions: JPY9,272 million

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EXHIBIT IV

PROPOSAL FOR APPROPRIATION OF PROFIT

(For the period ending in March 2002)

	(in yen)
Unappropriated loss at the end of the period	26,496,476,028
Reversal of reserve for special Depreciation	44,458,426
Reversal of reserve for loss on overseas investments	244,300
Reversal of reserve for advanced depreciation deduction	1,229,225,138
Reversal of general reserve	50,000,000,000
TOTAL	24,777,451,836

The foregoing amount is proposed to be appropriated as follows:

Cash dividends (Per share)	2,863,205,187 (JPY 3)
Reserve for advanced depreciation deduction	1,272,384,256
Reserve for special advanced depreciation account	4,288,551,616
Unappropriated retained earnings carried forward to the next period	16,353,310,777

Notes: 1. The total dividends applicable to this fiscal period would amount to JPY5,726,557,380 (including the interim dividends of JPY3 per share, totaling JPY2,863,352,193 paid on December 7, 2001).

2. The amounts entered respectively for reversals and provisions of "Reserve for special depreciation", "Reserve for loss on overseas investments", "Reversal" and "Reserve" for "Advanced depreciation deduction" and "Reserve for special advanced depreciation account" are recorded in accordance with the Special Taxation Measures Law.

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EXHIBIT V

AUDIT REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT

May 7, 2002

To: KOMATSU LTD.

Mr. Masahiro Sakane
President and Representative Director

We have made an examination, under the provision of Article 2 of "The Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha", of the Balance Sheet, Statement of Income, Business Report (as to accounting information only), Proposal for Appropriation of Profit, and Supplemental Schedules (as to accounting information only) of Komatsu Ltd. (the "Company"), with respect to its 133rd fiscal period beginning on April 1, 2001 and ending on March 31, 2002. Our examination with respect to the Business Report and Supplemental Schedules was limited to the information therein derived from the Company's books of account.

In performing the above examination, we have followed the auditing standards generally recognized as fair and appropriate and applied such auditing procedures as are normally required. This auditing procedures also include the audits conducted on the subsidiaries which we considered as necessary.

Our opinions, based on such examination, are as follows:

(1) The above-mentioned Balance Sheet and Statement of Income properly present the conditions concerning assets of the Company and its profit and loss in compliance with applicable laws and regulations and the Company's Articles of Incorporation.

(2) As indicated in the "Notes to the Balance Sheet and Statement of Income, 1. Accounting Principles, (7) Changes in accounting principles", with respect to the long-term installment sales in which the installment period is in excess of two years, the installment basis was changed to sales basis and the amount of profit therefrom is not deferred from this period.

This change, introduced as a result of a review conducted on the risk involved in collecting the payments under long-term installment sales which period extends over two years and the actual circumstances of the collection of payments, where it was found that in the recent years, the rate of sales indirectly made through directly owned sales companies of the Company increased and as the counterparties of the claims are changing to directly

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owned sales companies of the Company, it was recognized that the risk of collecting the payments have decreased and that the collection costs have become minimal and the same situation is anticipated to continue hereafterwards, is appropriate.

(3) The above-mentioned Business Report (as to the accounting information only) properly presents the conditions of the Company in compliance with applicable laws and regulations and the Company's Articles of Incorporation.

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(4) The above-mentioned Proposal for Appropriation of Profit is in conformity with applicable laws and regulations and the Company's Articles of Incorporation.

(5) There are no matters that the auditors are required to mention with respect to the above-mentioned Supplemental Schedules (as to accounting information only) in accordance with applicable provisions of the Commercial Code.

Our firm and engagement partners do not have any interest in or relationship with the Company as to which disclosure is required under the applicable provision of the Certified Public Accountants Law.

Independent Certified Public Accountants
Asahi & Co.

Representative Partner, Engagement Partner,
Certified Public Accountant:
Tadao Kuwano (seal)

Engagement Partner,
Certified Public Accountant:
Tetsuzo Hamajima (seal)

Engagement Partner,
Certified Public Accountant:
Fumio Koike (seal)

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EXHIBIT VI

BOARD OF STATUTORY AUDITORS' REPORT

AUDIT REPORT

May 10, 2002

To: KOMATSU LTD.

Mr. Masahiro Sakane
President and Representative Director

Having been reported by each Statutory Auditor on the method and results of the audit in regard to the performance of duties by the directors of Komatsu Ltd. (the "Company") for the 133rd fiscal year (beginning on April 1, 2001 and ending on March 31, 2002), the Board of Statutory Auditors of the Company prepares this Audit Report on deliberation and reports as follows:

1. Outline of Method of Examination

In accordance with the policy of audit and the assignment prescribed by the Board of Statutory Auditors, each Statutory Auditor participated in meetings of the Board of Directors and other important meetings of the Company, received reports from the directors, etc. on matters relating to the business operations of the Company, read important approval documents, etc., investigated at the head office and the major places of business of the Company into matters

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relating to the management of business and the status of property thereof, and requested subsidiaries to report on business as considered necessary. We also received reports and explanations from the independent certified public accountants and examined the contents of the Company's financial documents and supplemental schedules.

We requested reports from directors, etc. as necessary, in addition to the above method of audit, for matters such as those concerning the directors' involvement in transactions competitive with the Company's business and in transactions which may conflict with the Company's interests, the Company's bestowing benefits, the Company's unusual transactions with subsidiaries and shareholders and the Company's acquisition or disposal of its treasury shares, and investigated such transactions in detail.

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2. Results of Examination

We are of the view:

(1) that the method and results of the audit conducted by Asahi & Co., the Company's independent certified public accountants, are appropriate;

(2) that the contents of the Business Report (other than accounting information) present fairly the conditions of the Company as required by related laws and regulations and the Articles of Incorporation of the Company;

(3) that there are no matters which we are required to mention in the Proposal for Appropriation of Profit in the light of the financial conditions of the Company and other circumstances;

(4) that the Supplemental Schedules (other than accounting information) properly contain information required to be contained therein and that there are no matters which we are required to mention; and

(5) that in connection with performance of duties by the directors including their duties relating to subsidiaries, we did not find any unlawful act or any material fact which constitutes violation of laws and regulations or the Articles of Incorporation of the Company. Further, with respect to matters such as the directors' involvement in transactions competitive with the Company's business and in transactions which may conflict with the Company's interests, the Company's bestowing of benefits and the Company's unusual transactions with subsidiaries and shareholders, and the Company's acquisition or disposal of its own stocks, we are of the opinion that there was no breach of obligation of directors.

Standing Statutory Auditor Norimichi Kitagawa (seal)

Standing Statutory Auditor Hiroyuki Watanabe (seal)

Statutory Auditor Masahiro Yoshiike (seal)

Statutory Auditor Takaharu Dohi (seal)

Note: Mr. Hiroyuki Watanabe of Standing Statutory Auditor and Messrs. Masahiro Yoshiike and Takaharu Dohi of Statutory Auditors are outside auditors provided in Article 18, Paragraph 1 of the "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-

Kaisha".

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REFERENTIAL DOCUMENTS REGARDING

THE EXERCISE OF VOTING RIGHTS

1. Total number of voting rights held by all the shareholders:
945,979 voting rights

2. Explanations of items of business:

1st Item of Business: Matters concerning the approval of the proposed
Appropriation of Profit for the 133rd business term
(April 1, 2001 - March 31, 2002)

The proposal for appropriation of profit is as described in EXHIBIT IV.

Regretfully, the results for the period ended in a net loss of JPY 41.8 billion, however, we reversed part of our reserve and we decided for the amount of cash dividend per share as of the end of the period be JPY 3.00 per share which amount is based on our prospects that our efforts in our management reforms will be rewarding and will contribute to the recovery of profit from the next period onwards.

As a note, we did not account for the bonuses for directors and statutory auditors.

2nd Item of Business: Matters concerning the Company's acquisition of its treasury shares

For the purposes of realizing a flexible management that can cope with the changing corporate environment, the Company seeks approval from the shareholders for the Company to purchase the Company's ordinary shares up to a maximum of ten million shares at the total acquisition price of JPY 5 billion during the period from the close of this General Meeting of Shareholders ("Meeting") until the close of the following ordinary general meeting of shareholders.

3rd Item of Business: Matters concerning partial amendment of the Articles of Incorporation

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1. Reason for amendments:

- (1) Business objectives shall be added to Article 2 in order to prepare for future business diversification.
- (2) Pursuant to the resolution of the Board of Directors Meeting held on May 2, 2000, the Company acquired for profit 10 million treasury shares and the canceled all of these on May 17, 2000, therefore, "Number of Shares Authorized to be Issued" in Article 5 shall be decreased accordingly.
- (3) The "Law Concerning Amendments to the Commercial Code" (Law No. 79 of 2001) was enacted on October 1, 2001 and the par value shares were integrated into non-par value shares, the provisions in relation to the number of

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shares in one unit (tangen) were created, and the Law Concerning Exceptions to Cancellation of Shares was abolished. In accordance with these amendments, the Company will delete the provisions concerning the par value shares (Article 6) and cancellation of shares (Article 7-2) and will add new provisions concerning non-issuance of share certificate for the shares less than one unit (tangen) share (proposed new Article 7), amend the word "unit (tan-i)" to "unit (tangen)" (in all of the proposed new provisions, Article 6, Article 8 and Article 9), and amend the provision concerning the quorum for the election of directors and statutory auditors (in both of the proposed new Article 19 and Article 29).

- (4) In aim of the management to promptly deal with the changing managerial environment and to flexibly establish the best management structure, the term of directors provided in Article 21 shall be shortened to one year.
- (5) In view of the enactment of the "Law Concerning Amendments to the Commercial Code and the Law for Special Exceptions to the Commercial Code Concerning Audit, Etc. of Kabushiki Kaisha" (Law No. 149 of 2001) on May 1, 2002, in order to allow directors and statutory auditors to fully exercise their expected roles, and pursuant to Article 266, Paragraph 12 of the Commercial Code and Article 280, Paragraph 1 of the same, in order to mitigate the responsibilities of directors and statutory auditors by resolution of the Board of Directors within the statutory maximum amount, it is proposed that new Article 27 and Article 36 be added. For information, the proposal to newly add the provisions concerning mitigation of the director's responsibilities to be presented to the current Shareholders' Meeting was unanimously approved by the Board of the Statutory Auditors.
- (6) Other minor amendments shall be made accompanying the creation of new provisions and deletions of former provisions such as to renumber the provisions.

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2. Details of the amendments:

The amendments to be made are as follows:

(amendments are shown in underlines)

----- Current Articles of Incorporation -----	----- Proposed amendments -----
CHAPTER I. GENERAL PROVISIONS Article 2. Objectives and Purposes The objectives and purposes of the Company shall be to engage in the following businesses: 1. Manufacture, repair, sale and purchase of construction machinery, agricultural machinery, industrial machinery, automobiles, internal combustion engines and various other machinery and equipment and parts	CHAPTER I. GENERAL PROVISIONS Article 2. Objectives and Purposes The objectives and purposes of the Company shall be to engage in the following businesses: 1. (No change)

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thereof.

- | | |
|--|----------------|
| 2. Manufacture, sale and purchase of various iron and steel goods. | 2. (No change) |
| 3. Tempering, processing, sale and purchase of various types of iron and steel, pig-iron, ferroalloys and other special metals. | 3. (No change) |
| 4. Manufacture, sale and purchase of various types of electric materials and equipment. | 4. (No change) |
| 5. Manufacture, sale and purchase of various synthetic resin products. | 5. (No change) |
| 6. Manufacture, repair, sale and purchase of various arms and parts thereof. | 6. (No change) |
| 7. Mining industry, and sale and purchase of minerals. | 7. (No change) |
| 8. Designing, executing, supervising and contracting various types of civil engineering and construction work for plants, dwelling houses, and other structures. | 8. (No change) |
| 9. Sale and purchase of lumber processed lumber products and various types of civil engineering and construction materials, machinery and equipment. | 9. (No change) |

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- | | |
|--|--|
| 10. Sale, purchase and lease of real property. | 10. (No change) |
| (New) | 11. Manufacture, sale and repair of

industrial waste and general waste

treatment device.
----- |
| (New) | 12. Collection, transportation, treatment,

and recycling of industrial wastes and

general wastes, sale of the recycled

products, and consulting on these

matters.
----- |

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- | | |
|---|---|
| (New) | 13. Development, creation, sales and

consulting on the computer software

and computer systems.
----- |
| (New) | 14. Electronic commerce using networks

such as the internet.
----- |
| (New) | 15. Information processing and information

providing service.
----- |
| 11. All business incidental to each and

every one of the preceding item. | 16. All business incidental to each and

every one of the preceding item. |
| 12. Investing in other companies or

promoting organization of other
companies. | 17. Investing in other companies or

promoting organization of other
companies. |

CHAPTER II. SHARES

Article 5. Number of Shares Authorized
to be Issued

The total number of shares authorized to
be issued by the Company shall be three

billion nine hundred sixty five million

(3,965,000,000) shares.

Provided, however, this number shall be
decreased accordingly if the shares are

CHAPTER II. SHARES

Article 5. Number of Shares Authorized to
be Issued

The total number of shares authorized to be
issued by the Company shall be three billion

nine hundred fifty five million (3,955,000,000)

shares.

Provided, however, this number shall be
decreased accordingly if the shares are

canceled.

canceled.

Article 6. Par Value of Shares

The amount of each share having a par
value issued by the Company shall be
fifty yen ((Yen)50).

(Deleted)

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Article 7. One Unit (tan-i) of

Shares

The number of one unit (tan-i) of shares

of the Company shall be one thousand
(1000) shares.

(New)

Article 6. One Unit (tangen)

Shares

The number of one unit (tange

of the Company shall be one t
(1,000) shares.

Article 7. Non-issuance of s

shares less than

shares

The Company shall not issue s

certificates for the shares l

one unit (tangen) of shares,

otherwise described in the sh

rules.

Article 7-2. Acquisition of the Company's

Shares by a Resolution of the

Board of Directors

The Company can acquire for cancellation

by appropriation of retained earnings

the Company's shares up to the maximum

number of ninety million (90,000,000)

shares pursuant to a resolution of the

Board of Directors.

(Deleted)

Article 8. Transfer Agent

The Company shall appoint a transfer
agent relating to the shares.

The transfer agent and the place for
providing shareholder service shall be
designated by a resolution of the Board
of Directors and published by the
Company.

The Register of Shareholders and the

Article 8. Transfer Agent

The Company shall appoint a t
agent relating to the shares.

The transfer agent and the pl
providing shareholder service
designated by a resolution of
of Directors and published by
Company.

The Register of Shareholders

Register of Beneficial Owners of the Company shall be kept at the place for shareholders service of the transfer agent. The Company shall have such transfer agent handle registration of change of holders, registration of pledge of shares, indication of shares held in trust, re-issuance of share certificates, receiving of various notifications, preparation of the Register of Beneficial Owners, receiving of beneficial owners' notification, purchase of shares less than one unit (tan-i) of shares, and any other -----
 services concerning shares. The Company shall not handle these services.

Register of Beneficial Owners of the Company shall be kept at the place for shareholders service of the transfer agent. The Company shall have such transfer agent handle registration of change of holders, registration of pledge of shares, indication of shares held in trust, re-issuance of share certificates, receiving of various notifications, preparation of the Register of Beneficial Owners, receiving of beneficial owners' notification, purchase of shares less than one unit (tangen) of shares, and any other -----
 services concerning shares. The Company shall not handle these services.

Article 9. Share Handling Regulations

Types of shares, and the handling of registration of change of holders, registration of pledge of shares, indication of shares held in trust, re-issuance of share certificates, preparation of the register of Beneficial Owners, receiving of beneficial owners' notification, purchase of shares less than one unit -----
 (tan-i) of shares, and any other -----
 handling concerning shares shall be governed by the Share Handling Regulations established by resolution of the Board of Directors.

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Types of shares, and the handling of registration of change of holders, registration of pledge of shares, indication of shares held in trust, re-issuance of share certificates, preparation of the register of Beneficial Owners, receiving of beneficial owners' notification, purchase of shares less than one unit (tangen) of shares, -----
 handling concerning shares shall be governed by the Share Handling Regulations established by resolution of the Board of Directors.

CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS

Article 19. Election of Directors

Directors shall be elected at a general meeting of shareholders of the Company.
 For a resolution of the election of directors, the presence of shareholders representing at least one third (1/3) or more of the shares having voting -----
 rights among the total number of shares

CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS

Article 19. Election of Directors

Directors shall be elected at a general meeting of shareholders of the Company.
 For a resolution of the election of directors, the presence of shareholders representing at least one third (1/3) or more of the votes -----
 held by all the shareholders

issued and outstanding is required.

Cumulative voting shall not be used in electing directors.

Cumulative voting shall not be used in electing directors.

Article 21. Term of Office of Directors

The term of office of a director shall expire at the close of the ordinary general meeting of shareholders pertaining to the last settlement of accounts occurring within two (2) years after his/her assumption of office.

The term of office of a director elected to fill a vacancy shall be concurrent with the term of office of his/her predecessor.

Article 21. Term of Office of Directors

The term of office of a director shall expire at the close of the ordinary general meeting of shareholders pertaining to the last settlement of accounts occurring within one (1) year after his/her assumption of office.

The term of office of a director elected to fill a vacancy shall be concurrent with the term of office of his/her predecessor.

Article 27. Indemnification of Directors

The Company may exempt the directors from the director's liability concerning the director's conducts pursuant to Article 266, Paragraph 1, Item 5 of the Commercial Code, by a resolution of the Board of Directors to the extent of the maximum amount in accordance with the provisions of Article 266, Paragraph 1 of the Commercial Code.

(New)

CHAPTER V. STATUTORY AUDITORS AND THE BOARD OF STATUTORY AUDITORS

Article 27. Number of Statutory Auditors

CHAPTER V. STATUTORY AUDITORS AND THE BOARD OF STATUTORY AUDITORS

Article 28. Number of Statutory Auditors

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The Company shall have no more than five (5) statutory auditors (Kansayaku).

(Only the numbering of the provisions changed but no changes are made to the provisions.)

Article 28. Election of Statutory Auditors

Article 29. Election of Statutory Auditors

The statutory auditors shall be elected at a general meeting of shareholders of the Company.

The statutory auditors shall be elected at a general meeting of shareholders of the Company.

For a resolution of the election of statutory auditors, the presence of shareholders representing at least one third (1/3) or more of the shares

For a resolution of the election of statutory auditors, the presence of shareholders representing at least one third (1/3) or more of the votes

having voting rights among the total number of shares issued and outstanding is

held by all the shareholders

required.

Article 29. through Article 34.

Article 30. through Article 35.

(Indication of the contents of the provisions is omitted.)

(Only the numberings of the provisions changed but no changes are made to the provisions.)

Article 36. Indemnification of Statutory Auditors

Statutory Auditors

The Company shall exempt the statutory auditor from its liabilities to the extent of the resolution of the Board of Directors up to the statutory maximum amount provided with the provisions of Article 36, Paragraph 1 of the Commercial Code.

(New)

CHAPTER VI. ACCOUNTING

CHAPTER VI. ACCOUNTING

Article 35. through Article 39.

Article 37. through Article 41.

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(Indication of the contents of the provisions is omitted.)

(Only the numberings of the p changed but no changes are ma provisions.)

CHAPTER VII.
SUPPLEMENTARY PROVISIONS

CHAPTER VII.
SUPPLEMENTARY PROVISIONS

Article 40.

Article 42.

(Indication of the contents of the provision is omitted.)

(Only the numbering of the pr changed but no changes are ma provision.)

(New)

Article 43. Notwithstanding

provisions of Article 21, the

directors elected at the Gene

of Shareholders held on June

shall be until the close of t

Meeting of Shareholders to be

2003.

This supplementary provision

deleted after the lapse of th

the preceding paragraph.

4th Item of Business: Election of three Directors

The terms of office of two Directors, Messrs. Satoru Anzaki and Toshitaka Hagiwara, will terminate as of the close of this General Shareholders' Meeting (the "Meeting"). Also, Mr. Koji Ogaki will resign as a Director as of the close of the Meeting.

The Company is aiming to strengthen corporate governance and one of such measures being taken is to decrease the number of Directors and inviting outside Directors. The Board, through its decreased members, intends to further strengthen corporate governance this year.

Thus, an election of three Directors is requested and the following candidates are nominated for the position.

DIRECTOR CANDIDATES

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Name ----- (Date of Birth) -----	Brief Personal History ----- (Representative positions in other companies)		Number of ----- Shares of the ----- Company Held -----
Satoru Anzaki (March 3, 1937)	4/1961	Joined the Company	133,488
	3/1985	Director	
	11/1988	Managing Director	
	6/1991	Executive Managing Director	
	6/1995	President and Representative Director	
	6/2001	Chairman of the Board (current position)	

Toshitaka Hagiwara (June 15, 1940)	12/1969	Joined the Company	46,559
	6/1990	Director	
	6/1995	Managing Director	
	6/1997	Executive Managing Director	
	6/1999	Executive Vice President and Representative Director (current position)	

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(Representative positions in other companies)
President and Representative Director of Komatsu
General Service, Inc.

Kunihiko Komiyama (May 5, 1945)	4/1968	Joined the Company	28,000
	6/1996	Director	
	6/1999	General Manager of Engine and Hydraulics Division	
	6/1999	Senior Executive officer (current position)	
	4/2002	General Manager of Corporate Planning Division (current position)	

(Representative positions in other companies)
President and Representative Director of
Industrial Power Alliance Ltd.

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5th Item of Business: Matters concerning the election of two Statutory Auditors

The term of office of the Statutory Auditor, Mr. Takaharu Dohi, will expire at the close of the Meeting. Also, Mr. Hiroyuki Watanabe will resign as Statutory Auditor as of the close of the Meeting.

Accordingly, it is proposed that two Statutory Auditors be elected and the following candidates are nominated for the position.

For information, this item for resolution was reviewed and approved by the Board of Statutory Auditors.

STATUTORY AUDITOR CANDIDATES

Name ----- (Date of Birth)	Brief Personal History ----- (Representative positions in other companies)	Number of ----- shares of the ----- Company Held -----
Takaharu Dohi (July 12, 1933)	4/1958 Prosecutor 5/1992 Vice-chief Prosecutor 7/1993 Chief Prosecutor of the Osaka High Public Prosecutors Office 7/1995 Chief Prosecutor of the Tokyo High Public Prosecutors Office 1/1996 Prosecutor General 6/1998 Retired from the above positions	0
	7/1998 Registered as attorney-at-law (bengoshi) (current position) 6/1999 Statutory Auditor of the Company (current position)	
Masafumi Kanemoto (May 11, 1947)	4/1970 Joined the Company 12/1994 Senior Manager of Accounting Division, Control Department 9/1996 Director of Komatsu Asia & Pacific Pte. Ltd. 3/1999 General Manager of Internal Audit Dept. of the Company (current position)	12,100

(Note) Mr. Takaharu Dohi, a candidate for the Statutory Auditor, satisfies the conditions of outside auditors provided in Article 18-1 of the "Law for Special Exceptions to the Commercial Code Concerning Audit, Etc. of Kabushiki Kaisha".

6th Item of Business: Matters concerning the issuance of share acquisition rights to Directors and employees at no cost.

Pursuant to the provisions of Article 280-20 and Article 280-21 of the

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Commercial Code, the Company shall issue stock acquisition rights at no cost to its Directors and employees for the reasons stated below and in the following manner and hereby requests for approval from the shareholders.

1. Reason for issuing share acquisition rights to non-shareholders at no cost:

For the purposes of raising the motivation and lifting the morale of the Directors and employees which shall contribute to the improvement of the performance of the Company, the Company wishes to issue rights to acquire new shares at no cost to the Directors and employees in the form of stock options ("share acquisition rights"). As described below, the amount to be paid upon exercise of the share acquisition rights shall be based on the market price of the share at the time of issuance of the share acquisition rights.

2. Manner of issuing share acquisition rights:

(1) Persons who will receive share acquisition rights:

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Directors and employees of the Company

(2) Class and number of shares subject to the stock option:

A maximum of 950,000 ordinary shares of the Company. Provided, however, if the number of shares to be issued due to exercise of share acquisition rights should be adjusted due to below (3) (including transfer of treasury shares instead of issuance of new shares; hereinafter the same), the above maximum of the total number of shares shall also be adjusted in accordance with such increase or decrease in the total number of shares.

(3) Total number of share acquisition rights to be issued:

A maximum of 950 rights shall be issued.

The number of shares subject to one right of share acquisition rights shall be 1,000 shares. Provided, however, if the Company effects stock splits or stock consolidations, the number of shares subject to the share acquisition rights that have not been exercised at such time shall be adjusted in accordance with the following formula and fractions of less than one share shall be discarded.

Number of shares after adjustment = number of shares before adjustment x ratio of stock split (or stock consolidation)

(4) Issue price of the share acquisition rights:

Share acquisition rights shall be issued at no cost.

(5) Amount to be paid to exercise the share acquisition rights:

The amount to be paid at the exercise of the share acquisition rights shall be the amount obtained by multiplying the amount of one share to be issued at the exercise of each share acquisition right (the "paid-in amount") by the number of shares that are the subject of one right of share acquisition rights.

The paid-in amount shall be the amount calculated as the average of the closing price of the Company's ordinary shares of each day (excluding days on which there are no trades of the shares) of the

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month immediately preceding the month in which the date of issue of

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the share acquisition rights falls, at the Tokyo Stock Exchange, multiplied by 1.05, with fractions less than one yen being rounded up to a whole yen. However, the paid-in amount shall not be less than the closing price of the Company's ordinary shares on the issue date of such share acquisition rights.

If the Company effects stock splits or stock consolidation after issuing the share acquisition rights, the paid-in amount shall be adjusted as follows with fractions less than one yen being rounded up to a whole yen.

$$\begin{array}{l} \text{Paid-in amount} \\ \text{after adjustment} \end{array} = \text{Paid-in amount before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consol}}}$$

If the new shares are to be issued at a price below the market price (excluding when converting the convertible bonds provided in the Commercial Code before the amendment of April 1, 2002 or when exercising the rights under the stock option provided in the Commercial Code before the amendment of April 1, 2002, the paid-in amount shall be adjusted in accordance with the below formula with fractions less than one yen being rounded up to a whole yen.

$$\begin{array}{l} \text{Paid-in amount} \\ \text{After adjustment} \end{array} = \text{Paid-in amount before adjustment} \times \frac{\begin{array}{l} \text{Number of newly} \\ \text{issued shares} \end{array} \times \begin{array}{l} \text{Amount pa} \\ \text{per shar} \end{array}}{\begin{array}{l} \text{Number of} \\ \text{currently issued} \\ \text{shares} \end{array} + \begin{array}{l} \text{Market price per share} \\ \text{Number of currently issued shares} \\ \text{+ Number of new shares issued} \end{array}}$$

(6) Period for exercising the rights:

From August 1, 2003 to July 31, 2008. Notwithstanding the foregoing, if any of the persons who are granted the above share acquisition rights dies before the end of the exercising period, his or her heir may exercise the rights within 24 months of the dated of the death of the person.

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(7) Conditions for exercising the rights:

(i) Any of the persons granted the share acquisition rights may exercise his or her rights pursuant to the Agreement Concerning Issuance of Share acquisition rights (the

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"Agreement") based on the resolution of this Meeting and the resolution of the Board of Directors Meeting even after the person is no longer a director or an employee of the Company.

(ii) If any of the persons granted the share acquisition rights dies, his or her heir may exercise the rights pursuant to the Agreement.

- (8) Events and conditions for cancellation of the share acquisition rights:

The share acquisition rights may be canceled at no cost in the following events:

(i) Pursuant to the Agreement, if the person granted the share acquisition rights loses his/her share acquisition rights or if it becomes definitive that the share acquisition rights will not be exercised.

(ii) If the Company executes a merger agreement pursuant to which the Company will become the dissolving company.

- (9) Restrictions on transfer:

The transfer of share acquisition rights shall be subject to the approval of the Board of Directors.

- (10) Handlings in the event of share exchange or mandatory share transfer:

If the Company effects a share exchange or a mandatory share transfer for purpose of the Company becoming a wholly-owned subsidiary of another company, the Company's obligations with respect to the share acquisition rights shall be succeeded by the company which shall become the 100% holding parent company as a result of such share exchange or mandatory share transfer.

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- (11) Other matters:

Other matters concerning the issue of share acquisition rights shall be referred to the Agreement.

7th Item of Business: Matters concerning the payment of retirement allowance to retiring Director and Statutory Auditor.

As of the close of this meeting, Mr. Koji Ogaki will retire from the office of the Director and Mr. Hiroyuki Watanabe from the office of the Statutory Auditor. To reward them for the services they have rendered, the Board of Directors proposes to pay retirement allowance in reasonable amounts in accordance with the rules prescribed by the Company. It is also proposed that the details of the allowance for the retiring Director and the retiring Statutory Auditor in terms of individual amount, time and method of payment, be determined by the Board of Directors for the Director and by consultation between the Statutory Auditors for the Statutory Auditor, respectively. Their brief personal histories are as follows:

Name	Brief Personal History
-----	-----

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Koji Ogaki	6/1991	Director
	6/1996	Managing Director
	6/1999	Executive Managing Director (current position)
Hiroyuki Watanabe	6/1997	Standing Statutory Auditor (current position)

END

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NOTICE

1. Komatsu Forklift Co., Ltd. ("Komatsu Forklift") and Komatsu Zenoah Co. ("Komatsu Zenoah") to become Wholly Owned Subsidiaries of Komatsu Ltd. ("Company") through Share Exchange

The Company, at its Board of Directors Meeting held on May 10, 2002, resolved to effect a share exchange respectively with the Company's listed subsidiaries, Komatsu Forklift and Komatsu Zenoah, to acquire these companies to become the Company's wholly-owned subsidiaries.

Komatsu Forklift and Komatsu Zenoah also resolved at their respective Board of Directors Meeting held on May 10, 2002 to effect a share exchange with the Company and for each to become a wholly-owned subsidiary of the Company.

Pursuant to the above resolutions, the Company executed a share exchange agreement respectively with Komatsu Forklift and Komatsu Zenoah on May 10, 2002.

In executing these share exchanges, the Company is not required to obtain approval at its general meeting of shareholders prescribed under Article 358 of the Commercial Code, however, Komatsu Forklift and Komatsu Zenoah will obtain approval to the subject share exchange from their respective shareholders at their respective ordinary general meeting of shareholders scheduled to be held on June 26, 2002.

Each of the above share exchanges is scheduled to close on October 1, 2002.

2. Convert Komatsu Forklift into a Joint Venture

The Company, at the Board of Directors Meeting held on May 10, 2002, resolved to execute a basic agreement with Linde AG ("Linde") of Germany, a company with which the Company and Komatsu Forklift have a global tie-up with in the forklift business, to make Komatsu Forklift a joint venture with Linde, and on that same day, the Company executed the basic agreement with Linde.

After Komatsu Forklift becomes a wholly-owned subsidiary of the Company through the share exchange mentioned above, the Company will execute a joint venture agreement with Linde by the end of November 2002, and on condition of obtaining approval under the Anti-Monopoly Law of the applicable jurisdictions, procedures shall be taken to transform Komatsu Forklift into a joint venture.

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Linde is scheduled to acquire 35% of the shares of The Company Forklift by the middle of 2003 and thereafter, plans to raise its holding ratio up to 48%.