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KOMATSU LTD
Form 6-K
June 06, 2001

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

REPORT OF FOREIGN ISSUER

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

For the month of June, 2001

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

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INFORMATION TO BE INCLUDED IN REPORT

1. Information Distributed to Security Holders

The registrant, KOMATSU LTD., distributed to its security holders the following documents, which are attached hereto and constitute a part hereof:

Notice of Convocation of the 132nd Ordinary General Meeting of Shareholders attaching Referential Materials and Instruction Card Concerning the Exercise of Voting Rights (including the 132nd Business Report (From April 1, 2000 to March 31, 2001), which contained the financial statements which are prepared in accordance with accounting principles generally accepted in Japan and are on non-consolidated basis.)

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SIGNATURES

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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 6, 2001

By: /S/ Masaru Fukase

Masaru Fukase
Senior Executive Officer

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(Translation)

May 30, 2001

NOTICE OF CONVOCATION OF THE

ONE HUNDRED AND THIRTY SECOND ORDINARY

GENERAL MEETING OF SHAREHOLDERS

OF KOMATSU LTD.

TO: THE SHAREHOLDERS

Please be advised that the 132nd Ordinary General Meeting of Shareholders of the Company will be held in accordance with the particulars indicated in the attachment hereto. Your attendance at the meeting is cordially requested. If you are unable to attend the 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: Satoru Anzaki
President and
Representative Director

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PARTICULARS OF MEETING

1. Date and Time: June 27, 2001 (Wed.) at 10:00 a.m.
2. Place: 2nd Floor, Komatsu Building
3-6, Akasaka 2-chome
Minato-ku, Tokyo
3. Purpose of Meeting:

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Items to be Reported Matters concerning the Balance Sheet as of March 31, 2001 and the Business Report, Statement of Income for the 132nd business term (April 1, 2000- March 31, 2001) and redemption of shares by distribution of net profit.

Items to be Resolved:

1st Item of Business: Matters concerning the approval of the Proposed Appropriation of Profit for the 132nd business term (April 1, 2000 - March 31, 2001).

2nd Item of Business: Matters concerning the election of six Directors.

3rd Item of Business: Matters concerning the election of one Statutory auditor.

4th Item of Business: Matters concerning the acquisition of Treasury shares for transfer to the directors and employees. Details of this item are provided in the Referential Documents Regarding the Exercise of Voting Rights (Proxy Statement).

5th Item of Business Matters concerning the payment of retirement allowance to retiring director and statutory auditor.

* * *

(If you attend the meeting, please present the enclosed instruction card to the receptionist.)

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ATTACHED DOCUMENTS

EXHIBIT I

Business Report (April 1, 2000 - March 31, 2001)

(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.

I. Outline of Business

(1) Development and Results of Business Operations

The very cornerstone of Komatsu's management lies in its commitment to Quality and Reliability and enhance the corporate value. This policy does not only concern the supply of safe and innovative products and services from the viewpoint of customers but also extends to constant improvement of Quality and Reliability of the Komatsu Group's entire organizations, businesses, employees and management. In pursuit of this policy, the top management task will continue to improve this Quality and Reliability year after year. We will devote our best efforts to realize this goal.

During the fiscal 2000, from April 1, 2000 to March 31, 2001, the

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Japanese economy accommodated some signs of moderate autonomous recovery centering on private-sector corporations in the first half period. In the last half period, however, signs of slowing capital investment coupled with reduced exports and industrial production made the Japanese economic mindset less positive. Overseas, the United States economy, which had maintained the record-high length of buoyancy, began to slow down. European economies remained strong in general, albeit with uncertainty of the depreciation of the euro. The recovery pace of overall Asian economies slowed down, leaving their uncertainty intact.

Under such an environment, the Company positioned the fiscal 2000 as a year of further strides under the "G" to the 21st mid-range management strategy and worked to improve performance.

For its construction and mining equipment business, Komatsu completed the restructuring program for Japanese production facilities initiated in 1998 with the closings of Tachikawa and Saitama plants of Komatsu Zenoah Co. for consolidation of production at the

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Kawagoe Plant (formerly Kawagoe Plant of the Company). The Company also worked to expand its business domain by adding IT utilization to its competitive advantages of global sales, service and production networks, "Quality and Reliability"-backed brand power and in-house production of key components.

Back on a recovery track, Komatsu's electronics business continued to facilitate differentiation of products and technologies. Komatsu also worked to promote operations designed to make effective and timely responses to drastic changes in the business environment.

Furthermore, Komatsu worked to reinforce its businesses where it can demonstrate its technological superiority, including sale of shares held in Komatsu Construction Co., Ltd., establishment of a joint venture with USHIO INC. in the area of Excimer laser business, and acquisition of Hensley Industries, Inc., a U.S. manufacturer of parts and components for construction and mining equipment.

As a result, the consolidated sales for this period was JPY 1096.3 billion, up 3.9% from the previous period, and consolidated net income was JPY 6.9 billion, down 48.4% from the previous period. On a non-consolidated basis, sales resulted in JPY 430.2 billion, down 2.5% from the previous period, and ordinary profit was JPY 11.2 billion, up 13.5% from the previous period, and net income for the period JPY 7.2 billion, down 46.9% from the previous period.

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

Construction and Mining Equipment -----

Consolidated sales of construction and mining equipment totaled JPY718.1 billion, down 3.9% from the previous period, and the non-consolidated sales of the Company totaled JPY 360.9 billion, down 3.9% from the previous period.

In Japan, consolidated sales totaled JPY 305.5 billion, up 4.7% from the previous period, and the non-consolidated sales totaled JPY 221.7 billion, up 0.1% from the previous period.

In fiscal 2000, Japanese demand for construction equipment declined slightly, and Komatsu teamed up with its distributors and affiliated rental

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companies across the country and worked to expand earnings by effectively utilizing information networks for sales, rental and service. The Company concerted its efforts to step up sales of major products such as minimal rear-swing radius hydraulic excavators, large machines and equipment for environmental conservation, such as the mobile crusher/recycler "Galapagos" series. The Company also

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focused on delivering value to customers by holding the Komatsu Management Strategy Seminar and through the E-KOMATSU Net for information and service provision on the Internet.

In the area of Information Technology (IT) utilization, the Company continued to introduce the "KOMTRAX," a construction equipment operation management system designed to improve reducing overall business cost of the rental business, to affiliated rental companies. The Company also developed new business models in fiscal 2000. Such initiatives include joint operation of a new service for construction equipment customers on the Internet with RICOH Co., Ltd. and a web site (www.anahori.com) dedicated to sales of mini excavators, the first one by the Japanese construction equipment manufacturing industry.

Consolidated sales outside of Japan totaled JPY 412.5 billion, down 9.5% from the previous period, and non-consolidated sales of exports totaled JPY 139.1 billion, down 9.5% from the previous period.

In North America, the major market, while new construction investment expanded in 2000, new housing starts of the private sector declined from 1999. As a result, demand for construction equipment dropped for the second consecutive year. Komatsu shortened production lead-time considerably, restructured its distributor network and reinforced sales capability. However, North American sales decreased from the previous year.

In Europe, while demand for construction equipment continued to grow, Komatsu Group carried out aggressive marketing and promoted further reorganization and reinforcement of their distributors. As a result, major European companies in the Group registered improved sales on a local currencies basis. In response to the depreciated euro, Komatsu worked to secure earnings through further reduction of costs by expanding local procurement of parts and components and implementing rationalization measures, while expanding the product range for local production.

In Southeast Asia, while demand for construction and mining equipment began to recover, centering on the mining and forestry industries, recovery of overall demand remained delayed. As a result, sales of construction and mining equipment were about the same level from the previous year. Meanwhile, Komatsu made steady gains in sales in the infrastructure investment-driven Chinese market. In February 2001, the Company established Komatsu (China) Ltd. in Shanghai as regional headquarters to coordinate operations in China. With this regional headquarters, Komatsu is now better positioned to more effectively utilize the functions of its production, sales and service foundations built over the years and respond to the Chinese market with great potential for growth.

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Utility equipment, small construction equipment, business continued to expand sales from steady growth in North American and European demand. Sales growth was supported by brisk sales of backhoe loaders in North America where Komatsu launched full-scale sales of backhoe loaders two years ago. Komatsu has

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begun construction of a new plant for utility equipment in South Carolina, U.S.A. With an initial plan to launch production in 2002, Komatsu is well prepared to accelerate sales in this promising market.

Mining equipment business saw some signs of recovery in demand for off-highway dump trucks against the backdrop of improved price for copper. However, this stopped short of full recovery for demand, leaving the difficult management environment in place.

In the area of parts business for construction and mining equipment, Komatsu acquired Hensley Industries, Inc., a leading manufacturer of buckets, teeth and adapters for construction and mining equipment, in December 2000. With Hensley Industries in the Komatsu Group, Komatsu is positioned to expand a line-up of parts and supply their competitive products mainly in the North American market.

Electronics

Consolidated sales from the electronics business improved 30.3% over the previous fiscal year, to JPY 117.7 billion. Non-consolidated sales decreased 23.7% from the previous fiscal year to JPY 8.5 billion.

Komatsu Electronic Metals Co., Ltd. experienced a dramatic increase in demand for 200mm silicon wafers in the first half period of fiscal 2000 and falling demand in the second half period. Under such an environment, the company worked to improve quality of and technology development for 200mm silicon wafers in both Japan and Taiwan, while undertaking aggressive sales in Japan and overseas. The company also facilitated restructuring including reinforcement of the discrete wafer business and expanded efforts to reduce total costs and expand sales in order to improve profits. Formosa Komatsu Silicon Corporation, the company's joint-venture entity with a local partner, expanded its production facilities and accelerated sales to major customers, thereby establishing its solid presence in the Taiwanese market.

Advanced Silicon Materials LLC. expanded sales over the previous year by focusing on sales of monosilane gas and monosilane gas-based, unique polycrystalline silicon against the backdrop of market growth. However, the company continued to face difficult conditions for earnings, including increased depreciation of the Butte Plant (Montana, USA) as accompanied by its full-scale production.

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Meanwhile, Komatsu Electronics, Inc. made a significant gain in sales over the previous period by taking advantage of expanded demand for micro modules for use in fiber optic communication networks. To meet further growth in demand more flexibly, the company expanded production capacity with new facilities and reached an alliance agreement with Ferrotec Corporation, a competitive manufacturer of thermoelectric modules. The agreement centers on the production of micro modules by a Chinese subsidiary of Ferrotec.

In the Excimer laser business, the Company established GIGAPHOTON INC., a 50-50 joint venture with USHIO INC. The joint venture engages in overall Excimer laser business, from research and development, production, and sales to service. Against the backdrop of an improved market supported by aggressive investment by semiconductor manufacturers, the company delivered the number of units at a rate higher than market growth and accomplished larger sales than initially planned.

In the non-consolidated electronics business of the Company, sales for

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FA panels and network information terminals grew but due to the transfer of the excimer laser business, the sales dropped below the previous period.

Others

Consolidated sales of the industrial machinery, logistics and other businesses for fiscal 2000 increased 19.7% to JPY 260.4 billion. Non-consolidated sales was JPY 60.7 billion, up 10.9% from the previous period.

With respect to the large press business, the Company expanded sales with good sales of the WS-3TR series, standard-type transfer press for manufacturers of automotive body components, and sales to overseas automobile manufacturers for retrofitting their equipment. In the defense equipment business where the Company integrated development and production for improved efficiency, sales to the Defense Agency remained strong. In the environmental business, the Company delivered three full-scale comprehensive recycling plants for construction wastes and other wastes in Japan, developing a new business domain.

Komatsu Forklift Co., Ltd., a consolidated subsidiary since this fiscal year, introduced renewed models of the "LEO Plus" engine-powered forklift and reach-type forklift trucks "AR" series in Japan. The company also promoted the "Proposal for Total Logistics" campaign to customers. The company expanded both sales and market share in the United States where it had reinforced its sales network. As a result, the company's sales and ordinary profits for the fiscal year improved over the previous fiscal year. Also during the fiscal year, the company built a cooperative global relationship with Linde AG of Germany in production and sales of

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forklift trucks. Under this arrangement, Komatsu Forklift began sales of Linde-made forklift trucks in Japan and Linde's subsidiary launched production of Komatsu Forklift-brand forklift trucks in Europe.

Komatsu Industries Corporation, in charge of sheet metal forming machinery and small and medium-sized presses, posted profits for fiscal 2000 according to the restructuring plan undertaken since 1999. Also during the fiscal year, the company further reinforced the sales alliance with TRUMPF GmbH + Co. KG of Germany, expanded sales of TRUMPF-made products in Japan and embarked on supply of its "PAS" series AC servomotor-driven press brake models to TRUMPF by targeting U.S. and European markets.

(2) Capital Expenditure

In construction and mining business, Komatsu made IT-related investments and investments for production efficiency aggressively. In electronics business, it invested to improve production efficiency and to expand production capacity for silicon wafers and also made to improve production capacity to accommodate increased demand of micro modules for fiber optic communication.

As a result, total investments amounted to JPY 79.3 billion on a consolidated basis, up JPY 21.5 billion from the previous period, and JPY 20.4 billion on a non-consolidated basis, up JPY 2.0 billion from the previous period.

(3) Fund Raising

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Komatsu continues to strengthen its financial position and during the current period, it consolidated the bank commitment lines, the credit line that allows borrowings to a certain amount when necessary, that were formerly established separately in Japan and USA. The consolidated global commitment line allows Komatsu to flexibly procure funds either in yen or dollar from Japanese, US or European banks. And this would enable the Komatsu Group in Japan and USA to decrease debts and interest expenses. In the meantime, the Company raised short-term funds through commercial papers during the period.

(4) Future Challenges

Under the "G" to the 21st century mid-range management strategy, we specified the course of growth as a true global company in the 21st century. By making the best use of Komatsu's consolidated network and a technological edge on a global scale, the Company is determined to become a company that can be trusted as a partner who may provide the best

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solutions to various problems which the customers may face. The four basic strategies of "G" to the 21st century are as follows:

- (i) Pursuit of new development strategies for construction and mining equipment business;
- (ii) To reduce the stress on the environment and to expand environment-related business;
- (iii) To focus on business areas where we can maintain a technological edge on a global scale;
- (iv) To achieve a strong competitive position by utilizing IT=e-KOMATSU.

Komatsu will further pursue development of business on a global scale and with a new view of IT's dramatically fast progress and protection of global environment, the Company aims to improve its sales and profit, of all others, centralizing on strategies to develop the construction and mining equipment business.

In dealing with global environment, the Company worked on the issue of reducing damage on the environment in the process of production activities. To provide solutions for environmental problems of the customers through Komatsu's technology and systems would also lead to large business opportunities. Komatsu will aggressively expand its environment business in the following three fields based on the foundation that it has built up.

- (i) Environment-friendly products: Development of environment technology reduction of exhaust emission, noise and vibration, water emulsion fuel engine system, etc.), remanufacturing (recycling of parts and components)
- (ii) Construction equipment for environmental conservation (On-site resource recycling machines such as Galapagos)
- (iii) Resources recycling plant

Making use of IT would not only improve efficiency of business and allow sharing of information but this completely changes the fundamentals of business. Komatsu has an advantage in terms of its organization and network of personnel. Komatsu will enhance capabilities that are concerned with research and

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development, marketing and product support, and improve creative and fast-action team work of the employees around the world by making use of Komatsu's unique IT and it will respond to diverse expectations of the customers.

This year, the Company has celebrated its 80th anniversary of its foundation. The founder, Mr. Meitaro Takeuchi, directed to the then employees that Komatsu's tasks are to "innovation of industrial technology", cultivation of human resources who will support this

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technology innovation and "leading the company out into the world". This founder's spirit was succeeded by the employees throughout the world and became the dynamics for Komatsu to develop further in the era of technology innovation and globalization. Komatsu will continue to cherish this spirit and continue to self-improve the management and technology and aim for a further development.

(5) Comparison of Financial Data

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

(i) Consolidated Results

(Unit:

	Fiscal 1997 (April 1997 - March 1998)	Fiscal 1998 (April 1998 - March 1999)	Fiscal 1999 (April 1999 - March 2000)
Net Sales	1,104.0	1,061.5	1,055.6
Income (Loss) Before Taxes	40.2	(9.6)	19.3
Net Income (Loss)	19.2	(12.3)	13.3
Total Assets	1,561.6	1,524.6	1,375.2

(ii) Non-consolidated Results

(Unit: in billion yen (*except earnings per c

	129th Period (April 1997 - March 1998)	130th Period (April 1998 - March 1999)	131st Period (April 1999 - March 2000)
Net Sales	533.0	475.7	441.4
Operating Profit	20.1	11.6	12.9
Ordinary Profit	19.7	8.5	9.9
Net Income	11.3	2.1	13.6
Earnings per Common Share *	11.69	2.24	14.05

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Total Assets	781.3	771.7	746.8

Net Assets (Shareholders' Equity)	448.5	450.4	469.1

(Shareholders' Equity Ratio (%))	(57.4%)	(58.4%)	(62.8%)

(Note) The earnings per common share for the relevant period are based on the total number of shares issued and outstanding at the end of such period.

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The 129th period experienced harsh environment in which the real GDP became negative growth in Japan. On the other hand, at overseas, the U.S. economy maintained favorable growth and the European economy showed signs of modest recovery while the Asian economy fell sharply into a depression and the discrepancies between regions became ever more apparent. While the Company focused its efforts on the mining equipment division, utilities division, and in the electronics division, the reorganization of business and organization including the sale of the synthetics division and the conversion of the forging division into a subsidiary were conducted. However, sales and profits decreased compared to the previous period.

In the 130th period, the domestic economy continued to suffer from the long depression where the real GDP ended in a negative growth for two consecutive periods. The Company mobilized the efforts of all Komatsu companies inside and outside of Japan to provide customers with safe and creative products and services by closely watching the needs of the customers based on the motto of "Quality and Reliability", and aimed to improve sales and profit. At the same time, we wrestled with reorganization of production system for dealing with decrease of demands in construction equipment in Japan and to strengthen the competitive ability and to make certain the earning base. However, the effects in the current term was very limited and both sales and profit resulted in a decrease from the previous period. On a consolidated basis, the construction and mining equipment achieved performance above that of the previous period, however, due to the significant degradation in the results of the electronics division, the sales declined from the previous period and net income for the period was regrettably a loss.

For the 131st period, domestic economy did not realize autonomous recovery despite the fact that the comprehensive economic measures and emergency economic package implemented by the government started to present effects. At overseas, the US economy continued to grow and Europe showed signs of modest recovery and Asian economy headed for the direction of recovery although not on a full scale. The top priority of the Company was to recover the performance above all, and for this purpose, the Company 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. These efforts respectively presented results and the consolidated sales for this period was almost the same level for the previous period but the net income for this period improved significantly. On a non-consolidated basis, sales decreased slightly from the previous period but the profit for the period improved considerably.

The outline of business for the current 132nd 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, 2001)

(1) Major Lines of Business

Division	Principal Products and Business	
Construction & Mining Equipment	Excavating Equipment	hydraulic excavators, mini excavators, and backhoe loaders*
	Loading Equipment	wheel loaders, mini wheel loaders, and skid -
	Grading and Roadbed Preparation Equipment	bulldozers, motor graders, and vibratory roll
	Hauling Equipment	dump trucks, and crawler carriers
	Tunneling machines	shield machines, tunnel-boring machines, and small-diameter pipe jacking machines (Iro
	Recycling Equipment	mobile debris crushers (Galapagos), mobil (Littera), and mobile lumber crusher (Refole)
	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 peripheral equipment, LAN peripheral equipment, FA computers, and vehicles controller
	Temperature Control Equipment	Thermoelectric modules*, and temperature cont equipment for semiconductor wet process*
Others	Metal Forging and Stamping Presses	Large sized presses, middle and small sized p presses*, and Therbo presses*
	Sheet-metal Machines and Machines Tools	press brakes*, shears*, gatling press centers machines*, fine plasma cutting machines*, and millers*
	Industrial vehicles, Logistics	Lift trucks* , packing, and logistics*
	Defense	Ammunition, and armored personnel carriers
	Others	Commercial-use-prefabricated structures for b construction waste recycling plant

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(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 Outstanding: 958,921,701 shares

Stated capital: JPY70,120,637,607

Number of Shareholders: 61,403

(Note) From the cancellation of treasury shares acquired for profit, the total number of shares authorized to be issued and the total number of shares issued and outstanding respectively decreased by 10,000,000 shares compared to the end of the previous period.

(ii) Major Shareholders (Top 10)

Name of Shareholders	Status of Investment by the Shareholder in the Company		Status of Investment by the Shareholder in the Company
	Number of Shares held (thousand shares)	Ratio of Shareholding (%)	Number of Shares held (thousand shares)
NATS CUMCO	55,735	5.8	-
The Taiyo Mutual Life Insurance Co.	55,224	5.8	-
Nippon Life Insurance Company	31,863	3.3	-
Komatsu Ltd. Employees Stockholding Association	28,695	3.0	-
The Chase Manhattan Bank N.A. London	27,794	2.9	-
Japan Trustee Services Co., Ltd. (held by trust units)	27,398	2.9	-
The Sumitomo Bank, Ltd.	24,144	2.5	15,176
State Street Bank and Trust Company	22,595	2.4	-

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The Mitsubishi Trust and Banking Corporation (held by Trust units)	21,110	2.2	-
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Boston Safe Deposit BSDT Treaty Clients Omniba	19,803	2.1	-
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(Notes)

1. NATS CUMCO is the share nominee of CITIBANK, N.A. which is a trustee of the Company's ADR (American Depository Receipts).
2. The Company's holding of the shares in The Sumitomo Bank, Ltd. is computed by excluding the non-voting preferred shares issued by the same bank.
3. The Sumitomo Bank, Ltd. merged with The Sakura Bank, Ltd. effective April 1, 2001 and they became Sumitomo Mitsui Banking Corporation. As of March 31, 2001, The Sakura Bank, Ltd. held 1,507,000 shares of the Company (0.2% holding) but the Company does not hold any shares in this bank.

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

- (a) The below is the status of acquisition and cancellation for profit of the treasury shares of the Company pursuant to the resolution of the Board of Directors Meeting held on May 2, 2000:

(1) Treasury shares acquired during this period:

Type and Number: Ordinary shares with par value 10,000,000 shares
Acquisition Price: Total: JPY 6,340,500,000

(2) Treasury shares canceled during this period:

Type and Number: Ordinary shares with par value 10,000,000 shares
Disposal Price: Total: JPY 6,340,500,000

- (b) The below is the status of acquisition, cancellation and holding of treasury shares to be transferred to the Company's Directors and Employees.

(1) Treasury shares acquired during this period:

Type and Number: Ordinary shares with par value 1,200,000 shares
Acquisition Price: Total: JPY 691,544,770

(2) Treasury shares disposed during this period:

Type and Number: Ordinary shares with par value 10,000 shares
Disposal Price: Total: JPY 7,000,000

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

Type and Number: Ordinary shares with par value 3,370,000 shares

(3) Employees

Number of Employees	Increase (Decrease) Over Previous Period	Average Age	Average Serv Years
11,112	(376)	44.4	22.7

The number of employees on a consolidated base is 32,002.

(4) Affiliates

(i) Results of Consolidation

	Fiscal 1999 (From April 1, 1999 to March 31, 2000)	Fiscal 2000 (From April 1, 2000 to March 31, 2001)	Increase/ the Previ
Consolidated Net Sales (in billion yen)	1,055.6	1,096.3	Incre
Consolidated Net Income (in billion yen)	13.3	6.9	De JPY
Consolidated ROE (Ratio of Net Income to Shareholders' Equity)	2.7%	1.4%	
Consolidated ROA (Ratio of Pretax Income to Total Assets)	1.3%	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

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Name	Capital (in JPY million)	Ownership (%)	Main Business
Komatsu Electronic Metals Co., Ltd.	11,636	59.9	Manufacture and sales of silicon semiconductors
Komatsu Forklift Co., Ltd.	11,411	51.5	Manufacture and sales of industrial and logistics-related machinery
Komatsu Zenoah Co.	5,099	54.3	Manufacture and sales of agricultural, forestry equipment, construction machinery
Komatsu Castex Ltd.	4,979	100.0	Manufacture and sales of steel and iron castings
Komatsu House Co., Ltd.	1,436	86.7	Manufacture, sales and lease of commercial-use-prefabricated buildings
Komatsu Logistics Corp.	1,080	96.1	Packing, baling, Transportation, Warehousing and port-and-harbor services
Komatsu Industries Corporation	990	100.0	Manufacture and sale of middle-presses and forging presses
Komatsu Machinery Tool Corporation	600	100.0	Manufacture and sales of machine tools, semiconductor material processing equipment
Komatsu Electronics, Inc.	390	100.0	Manufacture and sale of thermal and temperature control equipment, semiconductor wet process equipment
Komatsu Tokyo Ltd.	287	100.0	Sales of construction Equipment and service
Komatsu Hokkaido Ltd.	287	100.0	Sales of construction Equipment and service
Komatsu America Corp.	US \$635 mil	100.0	Holding company in the U.S.
Komatsu America International Company	--	100.0	Manufacture and sales of Construction equipment
Komatsu Mining Systems, Inc.	US \$65 mil	100.0	Manufacture and sales of Mining equipment
Komatsu do Brasil Ltda.	CR \$55 mil	100.0	Manufacture and sales of Construction equipment, and steel and iron castings
Advanced Silicon Materials LLC.	--	100.0	Manufacture and sales of Polycrystalline silicon and silicon wafers

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Komatsu Europe International N.V.	EUR 45mil	100.0	Supervision of European subs operations and sales of cons
Komatsu UK Ltd.	Stg. (pound)23 mil	100.0	Manufacture and sales of Con
Komatsu Hanomag AG	DM 37 mil	98.4	Manufacture and sales of Con
Komatsu Mining Germany GmbH	DM 10 mil	100.0	Manufacture and sales of Min
Komatsu Utility Europe S.p.A.	12,000 mil lira	100.0	Manufacture and sale of cons
Komatsu Asia & Pacific Pte. Ltd.	12 mil Singapore \$	100.0	Supervision of Asian Pacific operations, sales of constru and industrial machines
P T Komatsu Indonesia Tbk	192,780 mil Rupiahs	55.1	Manufacture and sales of Construction equipment and s castings
Bangkok Komatsu Co., Ltd.	620 mil Bahts	74.8	Manufacture and sales of con
Komatsu (China) Ltd.	US\$ 30 mil	100.0	Supervision of business in C
Komatsu (Changzhou) Construction Machinery Corp.	US\$ 21 mil	85.0	Manufacture and sales of Con

(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\$3 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, Inc. is a limited liability company established under the laws of Delaware, U.S.A. The Company holds an equity interest in this company indirectly through its subsidiary. This company's net asset which is equivalent to its capital is US\$147 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.

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(iii) Principal Affiliated Companies

Name	Capital (in JPY million)	Ownership (%)	Main Business
GIGAPHOTON INC.	2,000	50.0	Manufacture and sale of for semiconductor expos
Komatsu Cummins Engine Co., Ltd.	1,400	50.0	Manufacture of diesel e
Cummins Komatsu Engine Company	-	50.0	Manufacture of diesel e
Komatsu Soft Ltd.	1,234	35.0	Subcontracts for comput development and sales
Komatsu Shantui Construction Machinery Co., Ltd.	US\$ 21 mil	40.0	Manufacture and sales o equipment

(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.

(iv) Report on Business Consolidation

- 1) In April, 2000, the Company sold 65.0% of the issued and outstanding shares of Komatsu Soft Ltd. to Toyo Information Systems Co., Ltd. (currently TIS Co., Ltd.) As a result, Komatsu Soft Ltd. became a subsidiary of Toyo Information Systems Co., Ltd. and became an affiliate of the Company pursuant to the equity method under the Securities and Exchange Law.
- 2) In June 2000, the Company acquired the majority of the issued and outstanding shares of Komatsu Forklift Co., Ltd. and this company became a subsidiary of the Company.
- 3) In August 2000, the Company incorporated GIGAPHOTON INC. through joint investment with Ushio Inc. (50-50 joint venture).
- 4) In October 2000, the Company, the subsidiaries and affiliated of the Company sold an equivalent of 69.2% of the issued and outstanding shares of Komatsu Construction Ltd. to Takamatsu Corp. As a result, Komatsu Construction Ltd. became a subsidiary of Takamatsu Corp.

(5) Major Borrowing

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Name of Lenders -----	Balance of Loans ----- (in JPY billions)	Number of Shares of th by such Lenders (Ratio of Share ----- (in thousand s
The Taiyo Mutual Life Insurance Co.	3.8	55,224 (5.
Daihyaku Mutual Life Insurance Company	2.7	1 (0.
Japan Bank for International Cooperation	1.9	- (-)
Hokkoku Bank, Ltd.	1.4	9,486 (1.0
Nippon Life Insurance Company	1.2	31,863 (3.

(Note) Daihyaku Mutual Life Insurance Company assigned its loan claims towards the Company to Manulife Century Life Insurance Co., Ltd. on April 2, 2001.

The major lenders on a consolidated basis are The Fuji Bank. Ltd. (JPY 26.6 billion), The Bank of Tokyo-Mitsubishi, Ltd. (JPY 20.9 billion), and The Sumitomo Bank, Limited (JPY 17.8 billion). (The amounts are the balance of borrowing)

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(6) Principal Business Offices

	Name ----	Locat -----
Head Office	Head Office	Minato-ku, Tokyo
Research Division	Research Center	Hiratsuka-shi, Kan
Plants	The Company	Awazu Plant
		Osaka Plant
		Mohka Plant
		Oyama Plant
		Komatsu-shi, Ishik
		Hirakata-shi, Osak
		Mohka-shi, Tochigi
		Oyama-shi, Tochigi

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Subsidiaries		
	Komatsu Electronic Metals Co., Ltd.	Ohmura-shi, Nagasa Kiyotake-cho, Miya
	Komatsu Forklift Co., Ltd.	Oyama-shi, Tochigi
	Komatsu Zenoah Co.	Kawagoe-shi, Saita
	Komatsu Castex Ltd.	Himi-shi, Toyama P
	Komatsu Electronics, Inc.	Hiratsuka-shi, Kan
	Komatsu America International Company	Chatanooga, Tennes
	Komatsu Mining Systems, Inc.	Peorea, Illinois,
	Advanced Silicon Materials, Inc.	MosesLake, ashingt
	Komatsu do Brasil Ltda.	Suzano, San Paulo,
	Komatsu UK Ltd.	Birtley, UK
	Komatsu Hanomag AG	Hannover, Germany
	Komatsu Mining Germany GmbH	Dusseldorf, German
	Komatsu Utility Europe S.p.A.	Este, Italy
	P T Komatsu Indonesia Tbk	Jakarta, Indonesia
	Bangkok Komatsu Co., Ltd.	Chonburi, Thai
	Komatsu (Changzhou) Construction Machinery Corp.	City of Chag Province, China

- (Notes) 1. The above also includes the major plants of the subsidiaries.
2. In October 2000, the Company abolished the branch office system.

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(7) Directors and Auditors

Position	Name	Responsibility in the Com Or Principal Occupati
Chairman and Director	Tetsuya Katada	
President and Representative Director	*Satoru Anzaki	
Executive Vice President and	*Masahiro Sakane	General Manager of Corporate Pla

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Representative Director	Division	
Executive Vice President and Representative Director	*Toshitaka Hagiwara	Supervision of Corporate Administration External Corporate Affairs
Executive Managing Director	*Koji Ogaki	General Manager of Research Division
Executive Managing Director	*Norimichi Kitagawa	General Manager of e-Komatsu Product Division
Director	Arlie G. Tucker	
Director	Toshio Morikawa	Counsel of The Sumitomo Bank, Ltd.
Standing Statutory Auditor	Toshiro Nakaya	
Standing Statutory Auditor	Hiroyuki Watanabe	
Statutory Auditor	Masahiro Yoshiike	President and Representative Director of 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.
3. The Sumitomo Bank, Ltd. merged with The Sakura Bank, Ltd. effective April 1, 2001 and they became Sumitomo Mitsui Banking Corporation. Mr. Toshio Morikawa became counsel to Sumitomo Mitsui Banking Corporation effective on the same date.

There were no Directors or Statutory Auditors who resigned from their positions during this term.

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(Reference)

In June 1999, the Company introduced 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 of the Executive Officers and the Global Officers as of March 31st, 2001.

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

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Position	Name	Responsibility in the Company or Principal Occupation
President and Representative Director (Executive Officer)	*Satoru Anzaki	
Executive Vice President and Representative Director (Executive Officer)	*Masahiro Sakane	General Manager of Corporate Planning
Executive Vice President and Representative Director (Executive Officer)	*Toshitaka Hagiwara	Supervision of Corporate Administration External Corporate Affairs
Executive Managing Director (Executive Officer)	*Koji Ogaki	General Manager of Research Division
Executive Managing Director (Executive Officer)	*Norimichi Kitagawa	General Manager of e-KOMATSU Promotion Division
Senior Executive Officer	Kazuhiro Aoyagi	General Manager of International Division
Senior Executive Officer	Naomi Anesaki	Deputy General Manager of Corporate Planning Dept.
Senior Executive Officer	Kunihiko Komiyama	General Manager of Engines and Powertrain Division
Senior Executive Officer	Hisashi Wada	General Manager of Domestic Sales
Senior Executive Officer	Masaru Fukase	Accounting, Finance and Audit
Senior Executive Officer	Teruo Nakahara	General Manager of Development Division
Senior Executive Officer	Kunio Noji	General Manager of Production Division
Executive Officer	Kiyokazu Baba	General Manager of Industrial Machinery

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Executive Officer	Shuji Sugi	Deputy General Manager of Development Division
Executive Officer	Susumu Isoda	General Manager of Osaka Plant, Production Division
Executive Officer	Yoshitaka Ohmura	Deputy General Manager of Corporate Dept.
Executive Officer	Teruo Nagayasu	General Manager of Mohka Plant, Production Division
Executive Officer	Kanetake Nakatani	General Manager of Awazu Plant, Production Division
Executive Officer	Yuzo Tsumura	Deputy General Manager of Production and General Manager of Purchasing
Executive Officer	Masahiro Yoneyama	Manager of Human Resources Dept.
Executive Officer	Shigeki Fujimori	General Manager of Defense system
Executive Officer	Munenori Nakao	General Manager of Environmental System Development Business Division
Executive Officer	Yuji Watanabe	General Manager of Electronics Division
Executive Officer	Kenji Kinoshita	General Manager of Finance Department
Global Officer	James E. Boyle	Chairman and CEO of Komatsu American International Company
Global Officer	Dave W. Grzelak	Director, Chairman and CEO of Komatsu Systems, Inc.
Global Officer	Kota Hoshino	Director, President and COO of Komatsu Systems, Inc.
Global Officer	Junro Kawanabe	Director and President of Komatsu Ltd.
Global Officer	Michael W. Kerschen	President and COO of Advanced Silica Materials, Inc.
Global Officer	Yoichi Kobayashi	Director and President of Komatsu

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III. Acquisition and Disposition of the Company's Share by Appropriation to Profit

(1) Pursuant to the provisions of Article 7-2 of the Articles of Incorporation of the Company, it was resolved at the Board of Directors Meeting of the Company held on May 2, 2000 to acquire and cancel by appropriating to profit treasury shares with a maximum of 10 million ordinary shares with par value at a total acquisition price of JPY7.0 billion by the closing of the Ordinary General Meeting of shareholders to be held in June 2000 because this was determined to be especially necessary in light of the economic conditions, the Company's performance and its condition of assets and other factors.

(2) In accordance with this resolution, the Company acquired 10 million ordinary shares with par value at a total acquisition price of JPY 6,340,500,000 and completed procedures for cancellation of these shares on May 17, 2000.

(Note) Article 7-2 of the Articles of Incorporation of the Company provides that "The Company may acquire and cancel for profit a maximum of 90,000,000 ordinary shares of the Company by resolution of the Board of Directors" which provision was newly added to the Articles of Incorporation by resolution of the shareholders at the 128th Ordinary General Meeting of Shareholders held on June 27, 1997. When aggregating the past and the current purchases and cancellations, 25,000,000 treasury shares of the Company were acquired and canceled pursuant to this provision.

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EXHIBIT II

BALANCE SHEET

(As of March 31, 2001)

(JPY million)

ASSETS	

CURRENT ASSETS:	336,159

Cash on hand and in banks	20,085

Notes receivable-trade	12,573

Accounts receivable-trade	174,362

Finished products	27,237

Materials and supplies	2,167

Work in process	21,630

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Prepaid expenses	1,144
Deferred taxes asset-current	11,150
Short-term loans receivable	57,968
Other current assets	12,833
Allowance for doubtful receivables	(4,996)
FIXED ASSETS:	429,287
TANGIBLE FIXED ASSETS:	146,202
Buildings	48,208
Structures	8,905
Machinery and equipment	31,522
Vehicles and delivery equipment	252
Tools, furniture and fixtures	9,416
Land	46,982
Construction in progress	914
INTANGIBLE FIXED ASSETS:	10,279
Utility rights	185
Software	10,023
Other intangible fixed assets	69
INVESTMENTS AND MISCELLANEOUS ASSETS:	272,806
Investment securities	63,943
Capital stock of subsidiaries, Contributions	215,647
Long-term loans receivable	4,443
Non-current prepaid expenses	621
Deferred taxes asset-current	4,632
Treasury stock	1,751
Other investments	4,906
Allowance for doubtful receivables	(444)

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Allowance for investments valuation	(22,697)

TOTAL ASSETS	765,446

LIABILITIES	

CURRENT LIABILITIES:	178,279

Notes payable trade	3,980

Accounts payable trade	81,338

Short-term loans payable	6,136

Commercial paper	20,000

Accounts payable	33,758

Accrued corporation taxes, etc.	8,180

Advances received	942

Deferred profit on installment sales	9,771

Accrued bonuses	4,701

Warranty reserve	3,696

Other current liabilities	5,772

LONG-TERM LIABILITIES:	113,372

Bonds	62,447

Long-term loans payable	12,867

Liabilities for retirement benefits	36,191

Liabilities for retirement allowance for directors statutory auditors	1,079

Other long-term liabilities	786

TOTAL LIABILITIES	291,652

SHAREHOLDERS' EQUITY	

CAPITAL:	70,120

Common stock	70,120

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LEGAL RESERVES:	127,366
Capital surplus	109,337
Legal earned surplus	18,029
RETAINED EARNINGS:	266,722
Reserve for special depreciation	192
Reserve for losses on overseas investment	1
Reserve for advanced depreciation deduction	11,977
Reserve for special advanced depreciation account	10,745
General reserve	205,359
Unappropriated retained earnings for this period	38,445
(including net income for this period)	(7,222)
Valuation differences	9,585
Valuation differences	9,585
TOTAL SHAREHOLDERS' EQUITY	473,794
TOTAL LIABILITIES &	765,446
SHAREHOLDERS' EQUITY	

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EXHIBIT III

STATEMENT OF INCOME

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

(JPY million)

ORDINARY PROFITS AND LOSSES

Operating Profits and Losses:

Operating income:		
Net sales		430,270
Operating expenses:		
Cost of sales	314,534	
Adjustment to deferred profit on installment sales	(526)	
Selling, general and		
Administrative expenses	102,080	416,088

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(Notes)

1. Accounting Principles

(1) Method and basis of valuation of securities

Bonds held until maturity: At cost of amortization

Shares of subsidiaries and affiliates: At cost by moving average method

Other securities:

With market value: At market value of the market price as of the date of settlement (The valuation differences are all disposed by direct investment method and cost of sales are computed by moving average method.)

Without market value: At cost by moving average method

With respect to financial products, the Accounting Principles for Financial Products ("Opinion Concerning the Establishment of Accounting Principles for Financial Products" of January 22, 1999 of the Corporate Accounting Examination Committee) has been applied from this period. The effects of this change are minor.

Also, the purposes for holdings in the securities that are held as of the beginning of the period are reviewed and bonds held until maturity and other securities are indicated as investment securities. As a result of this accounting, the Securities declined by JPY 25,574 million and Investment Securities increased by JPY 25,574 million.

(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) or market

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

Real estate held for sale: Cost (specific identification basis)

Materials and supplies: Lower of cost (periodic average) or market

(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 retirement benefits, in order to appropriate the necessary amount for employees, the amount accrued as of the end of this period is accounted pursuant to the retirement benefits payment obligations and pension assets accrued as of the end of this period.

The Accounting Principles Concerning Retirement Allowance ("Opinion Concerning the Establishment of Accounting Principles for Severance Payments" of June 16, 1998 by the Corporate Accounting Examination Committee) was applied from this period.

Due to this change, when compared to the figures computed pursuant to the same accounting principles applied last period, the retirement allowance payment expenses increased by JPY 554 million, ordinary profit decreased by JPY 545 million, and income before income taxes increased by JPY 2,669 million.

In addition, the variance changing in accounting was temporarily disposed as special income.

(5) 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 are deferred.

(6) 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.

(7) Accounting for consumption tax

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

(8) Application of the Accounting Principles for Transactions Denominated in Foreign Currency

The Amended Accounting Principles for Transactions Denominated in Foreign Currency ("Opinion Concerning the Amendment of the Accounting Principles for Transactions Denominated in Foreign Currency of October 22, 1999 by the Corporate Accounting Examination Committee) was applied from this period. The effects on the profit and loss due to this change are minor.

2. Matters concerning the Balance Sheet

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

(2) Short-term receivables from subsidiaries: JPY 167,620 million

Short-term debts payable to subsidiaries: JPY 30,813 million

Long-term receivables from subsidiaries: JPY 924 million

(3) Other amounts under the Current Assets include JPY 1 million for the treasury shares.

(4) Accumulated depreciation of tangible fixed assets: JPY296,357 million

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

(6) Important assets and liabilities denominated in foreign currencies

Accounts receivable denominated in foreign currencies: JPY 16,808 million

Denominated in:

US dollars: US\$ 110 million

Euro: EUR 24 million

Deutsche Mark: DM 9 million

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

(7) The details of the reserve for retirement allowance payments and the pension assets under the trust of the retirement allowance payments offset by the same amount of the reserve for retirement allowance payments

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(excluding the unrecognized calculation differences) are as follows:

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	Temporary Retirement Amount	Qualified Retirement Pension	
Reserve for retirement allowance payments (before deduction of the pension assets under the trust of the severance payments)	JPY 47,295 million	JPY 145 million	JPY
Pension assets under the trust of the retirement allowance payments (excluding the unrecognized calculation differences)	JPY 11,249 million	-	JPY
Reserve for retirement allowance payments (after deduction of the pension assets under the trust of the retirement allowance payments)	JPY 36,045 million	JPY 145 million	JPY

- (8) The reserve for the retirement allowance for the officers are the reserves pursuant to Article 287-2 of the Commercial Code.
- (9) Guarantee liability: JPY 52,593 million
Balance under letters of awareness, etc.: JPY 128,358 million
- (10) The notes maturing as of the end of the period are settled and disposed on the date of the exchanging of the notes. As the day of the end of the period was a holiday for the financial institutions, the notes maturing as of the end of the period are included in the balance as of the end of the period as follows:
- Notes receivable: JPY 2,224 million
Notes payable: JPY 1,312 million
- (11) Total amount of treasury shares pursuant to Article 290, Paragraph 1, Item 5 of the Commercial Code: JPY 1,751 million
- Net assets pursuant to Article 290, Paragraph 1, Item 6 of the Commercial Code: JPY 9,585 million
- (12) Earnings per common share (calculated based on the number of outstanding shares as of March 31, 2001): JPY 7.53
3. Matters concerning the Statement of Income
- (1) Fractions of one million yen have been discarded.
- (2) Tradings with subsidiaries
- Sales: JPY228,303 million
- Purchases: JPY113,478 million

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Trading other than operating transactions: JPY14,240 million

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EXHIBIT IV

PROPOSAL FOR APPROPRIATION OF PROFIT

(For the period ending in March 2001)

	(Japanese Yen)
Unappropriated retained earnings at the end of the period	38,445,100
Reversal of reserve for special Depreciation	45,700
Reversal of reserve for loss on overseas investments	300
Reversal of reserve for advanced depreciation deduction	1,145,900
Reversal of reserve for special advanced depreciation account	10,745,300
TOTAL	50,382,600

The foregoing amount is proposed to be appropriated as follows:

Cash dividends (Per share)	2,866,600 (JPY)
Bonus to directors (including JPY8,000,000 for statutory auditors)	63,000
Reserve for special depreciation	21,100
Reserve for advanced depreciation deduction	4,236,700
General reserve	25,000,000
Unappropriated retained earnings carried forward to the next period	18,195,000

- Notes:
1. The total dividends applicable to this fiscal period would amount to JPY 5,736,170,121 (including the interim dividends of JPY 3.00 per share, totaling JPY 2,869,521,708 paid on December 8, 2000).
 2. The amounts entered respectively for reversals of "Reserve for loss on overseas investments" and "Reserve for special advanced depreciation account" and reversals and provisions of "Reserve for special depreciation" and "Reserve for advanced depreciation deduction" 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 1, 2001

To: KOMATSU LTD.

Mr. Satoru Anzaki
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 132nd fiscal period beginning on April 1, 2000 and ending on March 31, 2001. 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) 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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(3) The above-mentioned Proposal for Appropriation of Profit is in conformity with applicable laws and regulations and the Company's Articles of Incorporation.

(4) 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.

We 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.

Auditing Corporation, Asahi & Co.

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Partner & Accountant:
Kozo Uno (seal)
Certified Public Accountant

Partner & Accountant
Tadao Kuwano (seal)
Certified Public Accountant

Partner & Accountant:
Teruo Suzuki (seal)
Certified Public Accountant

Accountant:
Fumio Koike (seal)
Certified Public Accountant

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EXHIBIT VI

BOARD OF STATUTORY AUDITORS' REPORT

AUDIT REPORT

May 7, 2001

To: KOMATSU LTD.
Mr. Satoru Anzaki
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 132nd fiscal year (beginning on April 1, 2000 and ending on March 31, 2001), 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 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 own stocks, and investigated such transactions in detail.

2. Results of Examination

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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;

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(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.

Toshiro Nakaya (seal)
Standing Statutory Auditor

Hiroyuki Watanabe (seal)
Standing Statutory Auditor

Masahiro Yoshiike (seal)
Statutory Auditor

Takaharu Dohi (seal)
Statutory Auditor

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

(PROXY STATEMENT)

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1. Total Number of shares held by shareholders with voting rights:

945,365,000 shares

2. Explanations of items of business:

1st Item of Business: Matters concerning the approval of the proposed Appropriation of Profit for the 132nd business term (April 1, 2000 - March 31, 2001)

The proposal for appropriation of profit is as described in EXHIBIT IV (see page 34).

Based on our comprehensive consideration of our current fiscal year's performance and dividend pay out ratio, we decided for the amount of cash dividend per share as of the end of this period be JPY3.00 per share which is the same amount as the interim dividend for the current fiscal year and the dividend of the previous fiscal year.

2nd Item of Business: Matters concerning the election of six directors

The terms of office of six directors, Messrs. Tetsuya Katada, Masahiro Sakane, Koji Ogaki, Norimichi Kitagawa, Arlie G. Tucker, and Toshio Morikawa will terminate as of the close of this General Shareholders' Meeting (hereinafter, the "Meeting"). In 1999, we effected reforms to the board by decreasing the number of directors and inviting outside directors, and we also introduced the "Executive Officer" system and the "Global Officer" system. We hope to achieve a further strengthened corporate governance with the board of directors comprised of small number of members.

Thus, an election of six directors is requested and the following candidates are nominated for the positions.

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DIRECTOR CANDIDATES

Name ----- (Date of Birth) -----	Brief Personal History ----- (Representative position in other companies) -----	Number ----- Shares ----- Compa -----
Tetsuya Katada (October 15, 1931)	4/1953 3/1978 3/1983 3/ 1987 6/1988 6/1989 Joined the Company Director Managing Director Executive Managing Director Executive Vice President and Representative Director President and	77,

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	6/1995	Representative Director Chairman and	
	6/1999	Representative Director Chairman and Director (current position)	
		(Representative position in other companies) President and Representative Director of Komatsu Building Co., Ltd.	

Masahiro Sakane (January 7, 1941)	4/1963	Joined the Company	36,
	6/1989	Director	
	6/1994	Managing Director	
	6/1997	General Manager of Corporate Planning Division (current position)	
	6/1997	Executive Managing Director	
	6/1999	Executive Vice President and Representative Director (current position)	

Koji Ogaki (March 24, 1942)	4/1964	Joined the Company	31,
	6/1991	Director	
	6/1995	General Manager of Research Division (current position)	
	6/1996	Managing Director	
	6/1999	Executive Managing Director (current position)	

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Toshio Morikawa (March 3, 1933)	4/1955	Joined The Sumitomo Bank, Ltd	
	6/1980	Director of the above Bank	
	2/1984	Managing Director of the above Bank	
	10/1985	Executive Managing Director and Representative Director of the above Bank	
	10/1990	Executive Vice President and Representative Director of the above Bank	
	6/1993	President and Representative Director of the above Bank	
	6/1997	Chairman and Representative Director of the above Bank	
	6/1999	Director of the Company (current position)	
	3/2001	Counsel of The Sumitomo Bank, Ltd.	
	4/2001	Counsel of Sumitomo Mitsui Banking Corporation (current position)	

Kazuhiro Aoyagi (April 14, 1943)	4/1967	Joined the Company	28,
	6/1993	Director	
	1/1995	President and Director of Komatsu Europe Co., Ltd. (currently Komatsu Europe International N.V.)	
	6/1998	Managing Director of the Company	
	6/1999	General Manager of International Business	

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(current position)

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4th item of Business: Matters concerning the acquisition of treasury shares for transfer to the directors and employees

The resolution of the shareholders is requested for the Company to acquire 1.1 million ordinary shares of the Company's treasury shares with par value at a maximum total acquisition price of JPY1 billion during the period from the closing of this Meeting until the end of the next Ordinary Meeting of shareholders, for transfer to the Company's directors and employees in the following manner in accordance with the provisions set forth in Article 210-2 of the Commercial Code for the purpose of providing an incentive to and lifting the morale of the directors and employees towards the improvement of the Company's business performance.

If the total number of the above shares cannot be acquired at the maximum acquisition price stipulated above, the above total number of shares to be acquired and the number of shares to be transferred to the grantees of the rights will be decreased accordingly by a resolution of the Board of Directors.

(Outline of the Transfer)

(1) Manner of Transfer of the Shares

To be conducted as provided in Article 210-2, Paragraph 2, Item 3 of the Commercial Code, "Agreement to grant rights to acquire the shares of the Company from the Company at the price set forth in advance" (hereinafter referred to as the "Agreement"). Such Agreement shall be concluded between the Company and each of the persons who are granted with such rights in accordance with the resolutions to be passed at this Meeting and the future Board of Directors Meeting.

(2) Type of Shares Subject to Transfer

The Company's ordinary shares with par value

(3) Persons to be Granted the Rights, and the Number of Shares to be Granted

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(a) The following directors remaining in office as of the closing of this Meeting (7 persons)

Name	Number of shares	Name	Number of shares
----	-----	----	-----
Satoru Anzaki	80,000	Masahiro Sakane	80,000
Toshitaka Hagiwara	70,000	Koji Ogaki	60,000
Kazuhiro Aoyagi	60,000	Kunio Noji	40,000
Tetsuya Katada	20,000		

(b) The following executive officers pursuant to the Company's Executive

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Officer system, global financial officers, the counsels (riji), chief technician, chief technical supervisors, and global officers who are employees (40 persons)

Name	Number of shares	Name	Number of shares
Naomi Anesaki	60,000	Kunihiko Komiyama	40,000
Hisashi Wada	40,000	Teruo Nakahara	40,000
Shuji Sugi	20,000	Susumu Isoda	20,000
Teruo Nagayasu	20,000	Kanetake Nakatani	20,000
Yuzo Tsumura	20,000	Masahiro Yoneyama	20,000
Shigeki Fujimori	20,000	Munenori Nakao	20,000
Yuji Watanabe	20,000	Kenji Kinoshita	20,000
Makoto Nakamura	20,000	Hiroshi Suzuki	20,000
Mamoru Hironaka	20,000	Masaaki Fuchigami	20,000
Keith Sheldon	20,000	Junro Kawanabe	10,000
Yoshinori Komamura	10,000	Kenichi Nakamura	10,000
Teruaki Noda	10,000	Yoshitaka Ohmura	10,000
Toshiji Onuma	10,000	Yoshio Funabiki	10,000
Kanichi Kadotani	10,000	Akifumi Katsushima	10,000
Toshiyuki Kawaguchi	10,000	Yasuo Kimura	10,000
Yoshito Maeyama	10,000	Masatsugu Nagatomo	10,000
Tetsuya Nakayama	10,000	Takeyuki Sakata	10,000
Masayuki Sato	10,000	Yasuo Suzuki	10,000
Yuzo Suzuki	10,000	Tashiro Takeda	10,000
Tetsuo Takiguchi	10,000	Kanenobu Yoshida	10,000

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(4) Purchase Price

The purchase price of the subject shares shall be in the amount of the average of the closing price of the Company's ordinary shares with par value (ordinary trades) of each day (excluding days on which there are no trades of the shares) of the month immediately preceding the month in which the date of the grant 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 purchase price shall not be less than the closing price of such shares on the date of the grant.

If the shares are subject to a stock split or if the new shares are issued at a price below the market value (excluding those issuable upon conversion of convertible bonds or exercise of warrants), the purchase price shall be adjusted in accordance with the formula below, with fractions less than one yen being rounded up to a whole yen.

		Number of currently Issued shares	+	Number of newly issued shares	x	Amount paid per Share
Purchase price	Purchase					Stock price before stock split
After adjustment	= Price	X				or new issuance

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Number of currently issued shares + Increased number of
 Before due to stock split or issuance of new shares
 Adjustment

(5) Period for Exercising the Rights

From August 1, 2002 to July 31, 2007. Notwithstanding the foregoing, if any of the persons who are granted the above 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.

(6) Conditions for Exercising the Rights

- (a) Any of the persons who have been granted the above rights may exercise his or her rights pursuant to the Agreement even after the person is no longer a director or an employee of the Company. If any of the persons granted the rights dies, his or her heir may exercise the rights pursuant to the Agreement.
- (b) The granted rights may not be transferred or pledged.
- (c) The other conditions to the exercise of rights shall be provided in the Agreement.

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5th item of Business: Matters concerning the payment of retirement allowance to retiring director and statutory auditor

As of the close of this meeting, Mr. Norimichi Kitagawa will retire from the office of the director and Mr. Toshiro Nakaya 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 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 auditors for the auditor, respectively. Their brief personal histories are as follows:

Name -----	Brief Personal History -----
Norimichi Kitagawa 6/1993 6/1997 6/1999	Director Managing Director Executive Managing Director (current position)
Toshiro Nakaya 6/1996	Standing Statutory Auditor (current position)

END

(Translation)

INSTRUCTION CARD

CONCERNING THE EXERCISE OF VOTING RIGHTS

To: KOMATSU LTD.

Number of Voting Shares: _____ shares

The undersigned hereby exercises its voting rights as indicated below in respect of the items of business proposed in the 132nd Ordinary General Meeting of Shareholders of KOMATSU LTD. to be held on June 27, 2001.

This Instruction Card will also be effective in the event of an adjournment or continuation of the meeting.

Re:	1st Item of Business:		
	Matters as proposed are	.....	approved disapproved
	2nd Item of Business:		
	Matters as proposed are	.....	approved (excluding _____) disapproved
	3rd Item of Business:		
	Matters as proposed are	.....	approved disapproved
	4th Item of Business:		
	Matters as proposed are	.....	approved disapproved
	5th Item of Business:		
	Matters as proposed are	.....	approved disapproved

_____, 2001

Name of Shareholder (Seal)

* * *

(Note) Please be advised that if no instruction is indicated for any item of business above, the voting rights attached to your shares shall be voted in favor of the approval of such item.

Komatsu Ltd.