

KOMATSU LTD
Form 20-F
June 30, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- or**
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2009
- or**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- or**
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

For the transition period from _____ to _____

COMMISSION FILE NUMBER: 1-7239

KABUSHIKI KAISHA KOMATSU SEISAKUSHO

(Exact name of Registrant as specified in its charter)

KOMATSU LTD.

(Translation of Registrant's name into English)

JAPAN

(Jurisdiction of incorporation or organization)

2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan

(Address of principal executive offices)

Yasushi Sakano or Junko Nakayama

Telephone: +81-3-5561-2628

Facsimile: +81-3-3586-0374

Address: 2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
None	N/A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Common Stock*
(Title of Class)

* 3,696,424 American Depositary Shares evidenced by American Depositary Receipts, each American Depositary Share representing 4 shares of Common Stock of Komatsu Ltd.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

967,822,292 shares (excluding 30,921,768 shares of Treasury Stock)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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In this document, KOMATSU LTD. is hereinafter referred to as the Company, and together with its consolidated subsidiaries as Komatsu.

Cautionary Statement with respect to forward-looking statements:

This annual report contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects, plans, expects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this annual report, and the Company assumes no duty to update such statements.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for Komatsu's principal products, owing to changes in the economic conditions in Komatsu's principal markets; changes in exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving Komatsu's objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of Komatsu's research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

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PART III

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Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information**A. Selected Financial Data**

The following data for each of the fiscal years ended March 31, 2005 through March 31, 2009 have been derived from the Company's audited consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). It should be read in conjunction with the Company's audited consolidated balance sheets as of March 31, 2008 and 2009, the related consolidated statements of income, shareholders' equity and cash flows for the three fiscal years ended March 31, 2009 and the notes thereto that appear elsewhere in this annual report.

Selected Financial Data

	(Millions of yen, except per share amounts)				
	2009	2008	2007	2006	2005
Income Statement Data:					
Net sales 1)	2,021,743	2,243,023	1,893,343	1,612,140	1,356,071
Operating income 1)	151,948	332,850	244,741	163,428	95,862
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies 1)	128,782	322,210	236,491	155,779	91,869
Income taxes 1)	42,293	115,794	79,745	43,970	34,285
Income from continuing operations 1)	78,797	203,826	153,264	109,141	55,868
Income from discontinued operations less applicable income taxes 1)		4,967	11,374	5,149	3,142
Net income	78,797	208,793	164,638	114,290	59,010
Per Share Data:					
Net income					
Basic	79.95	209.87	165.70	115.13	59.51
Diluted	79.89	209.59	165.40	114.93	59.47
Cash dividends					
Yen	44.00	38.00	23.00	14.00	9.00
U.S. cents 2)	44.44	38.00			
Depreciation and amortization	98,354	75,664	72,709	72,640	69,020
Capital Investment 1) 3)	162,512	145,730	129,680	113,934	76,907
Research and development expenses 1)	53,736	49,673	46,306	44,560	41,123

Table of Contents**(Millions of yen)****Balance Sheet Data:**

Total assets	1,969,059	2,105,146	1,843,982	1,652,125	1,449,068
Shareholders' equity	814,941	887,126	776,717	622,997	477,144
Number of shares issued at year-end	998,744,060	998,744,060	998,744,060	998,744,060	998,744,060
Number of shares outstanding at year-end	967,822,292	995,103,847	993,786,759	993,645,492	991,420,696

Notes:

- 1) In the fiscal year ended March 31, 2007, Komatsu disposed of its majority interest in Komatsu Electronic Metals Co., Ltd. (KEM). In the fiscal year ended March 31, 2008, Komatsu sold the outdoor power equipment (OPE) business of Komatsu Zenoah Co. and its subsidiaries. As a result, operating results and the gain recognized on the sale of KEM and its subsidiaries as well as the OPE business of Komatsu Zenoah Co. and its subsidiaries are presented as Income from discontinued operations less applicable

income taxes .

- 2) The conversion rate between the Japanese yen to the U.S. dollar for the fiscal year ended March 31, 2009 is ¥99 to U.S.\$1.00, the approximate buying rate of Japanese yen as of noon on March 31, 2009 in New York City as reported by the Federal Reserve Board.

- 3) The term Capital Investment as used in the above Selected Financial Data should be distinguished from the term Capital Expenditures as used in the consolidated statements of cash flows. The term Capital Investment as used in the above Selected Financial Data is defined to refer to costs relating to the purchase of property, plant and equipment including properties under capital leases on an accrual basis which reflects

the effect of timing differences between acquisition dates and payment dates. Komatsu's management uses this financial indicator to manage its capital investment and believes that this indicator is useful to investors in that this indicator presents accrual based capital investment in addition to the cash based capital expenditures provided in the consolidated statements of cash flows.

The following table provides the noon buying rates for Japanese yen in The City of New York as reported by the Federal Reserve Bank of New York and the Federal Reserve Board expressed in Japanese yen per U.S. dollar during the periods indicated. The average Japanese yen exchange rates represent average noon buying rates on the last business day of each month during the respective period. The most recently available exchange rate for Japanese yen into U.S. dollars was ¥96.15 = U.S.\$1.00 as of June 19, 2009.

Table of Contents**Yen Exchange Rates per U.S. dollar:**

	Average	High	Low	(Yen) Period-End
Year ended March 31				
2005	107.28	102.68	111.39	107.22
2006	113.67	104.64	119.66	117.48
2007	116.55	112.26	121.02	117.56
2008	113.61	96.88	124.09	99.85
2009	100.85	87.80	110.48	99.15
		High	Low	Period-End
2008				
December		87.84	93.71	90.79
2009				
January		87.80	94.20	89.83
February		89.09	98.55	97.74
March		93.85	99.34	99.15
April		96.49	100.71	98.76
May		94.45	99.24	95.55

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Given the business environment in which Komatsu operates, Komatsu is exposed to a variety of risks. Komatsu has identified the following risks as its primary risks based on information currently available to it. The statements set forth in this section should be considered carefully in conjunction with Item 5. Operating and Financial Review and Prospects and the Consolidated Financial Statements attached to this annual report on Form 20-F. The risks discussed below are risks that may, individually or in the aggregate, make Komatsu's actual results differ materially from its expected or past results. It should be noted, however, that it is impossible to predict or identify all risks that may be applicable to Komatsu and the below list of risks should not be considered to be a complete list of risks that could materially affect Komatsu's results of operations and/or financial condition. Komatsu's results of operations and/or financial condition may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.

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(1) Economic and market conditions

As Komatsu is engaged in business on a global scale, the economic and market conditions and competitive environment in which Komatsu operates differ from region to region. In addition, demand for Komatsu's products as well as the business environment in which Komatsu operates may change substantially as a result of changes in the economic and market conditions of each such region.

In economically-advanced regions in which Komatsu operates, Komatsu's business is generally affected by cyclical changes in the economies. Therefore, factors which are beyond Komatsu's control, such as levels of housing starts, industrial production, public investments in infrastructure development and private-sector capital outlays, may affect demand for Komatsu's products.

With respect to newly-developing markets such as China, India, Russia, the Middle East and Africa, Komatsu has derived a greater percentage of its business from these markets in recent years. Accordingly, Komatsu has been making capital investments in line with such increase in business. Economic conditions in such newly-developing markets, however, are dependent on the price of natural resources and the level of exports to economically-advanced regions, and are subject to numerous uncertainties. While Komatsu regularly monitors demand trends, demand in such newly-developing markets may be much lower than anticipated.

Furthermore, when economic and/or market conditions change more drastically than forecasted by Komatsu, Komatsu may also experience fewer orders of its products, an increase in cancellation of orders by customers, a delay in the collection of receivables, etc.

These changes in the business environment in which Komatsu operates may lead to a decline in sales, inefficient inventory levels and/or production capacities, thereby causing Komatsu to record lower profitability and incur additional expenses and losses. Accordingly, Komatsu's results of operations may be adversely affected.

(2) Foreign currency exchange rate fluctuations

Komatsu conducts its business operations on a global scale, and a substantial portion of its overseas sales is affected by foreign currency exchange rate fluctuations. In general, an appreciation of the Japanese yen against another currency would adversely affect Komatsu's results of operations, while a depreciation of the Japanese yen against another currency would have a favorable impact thereon. In addition, foreign currency exchange rate fluctuations may also affect the comparative prices between products sold by Komatsu and products sold by its foreign competitors in the same market, as well as the cost of materials used in the production of such products. Komatsu strives to alleviate the effect of such foreign currency exchange rate fluctuations by, for example, locating its production bases globally and positioning such bases closer to the respective markets in which the products manufactured by such bases are sold. Komatsu also engages in hedging activities to minimize the effects of short-term foreign currency exchange rate fluctuations. Despite Komatsu's efforts, if the foreign currency exchange rates fluctuate beyond Komatsu's projected fluctuation range, Komatsu's results of operations may be adversely affected.

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(3) Fluctuations in financial markets

While Komatsu is currently working on improving the efficiency of its assets to reduce its interest-bearing debt, its aggregate short- and long-term interest-bearing debt was approximately ¥600 billion as of March 31, 2009. Although Komatsu has strived to reduce the effect of interest rate fluctuations by procuring funds at fixed interest rates, an increase in interest rates may increase Komatsu's interest expenses with respect to its interest-bearing debt subject to floating interest rates, thereby adversely affecting Komatsu's results of operations. In addition, fluctuations in the financial markets, such as fluctuations in the fair value of marketable securities and interest rates, may also increase the unfunded obligation portion of Komatsu's pension plans or pension liabilities, which may result in an increase in pension expenses. Such an increase in interest expenses and pension expenses may adversely affect Komatsu's results of operations and financial condition.

(4) Laws and regulations of different countries

Komatsu is subject to various governmental regulations and approval procedures in the countries in which it operates. If the government of a given country were to enact new laws and regulations, such as laws and regulations relating to import/export duties, quotas, currency restrictions and taxation, which are unfavorable to Komatsu, Komatsu may be required to bear increased expenses in order to comply with such regulations. Such increased expenses may adversely affect Komatsu's results of operations.

(5) Environmental laws and regulations

Komatsu's products and business operations are required to comply with increasingly stringent environmental laws and regulations in the numerous countries in which Komatsu operates. Komatsu expends a significant share of its management resources, such as research and development expenses, to comply with regulations concerning air and wastewater emission levels of its manufacturing facilities and products. If the existing standards were amended, Komatsu may be required to bear increased costs and to make further capital investments to comply with such new standards. Incurrence of such additional environmental compliance costs may adversely affect Komatsu's results of operations.

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(6) Product liability

While Komatsu endeavors to sustain and improve the quality and reliability of its operations and products based on stringent standards established internally by Komatsu, it may face product liability claims or become exposed to other liabilities if unexpected defects in its products result in accidents. If the costs for addressing such claims or other liabilities are not covered by Komatsu's existing insurance policies, Komatsu may be required to bear such costs thereto, which may adversely affect its financial condition.

(7) Alliances and collaborative relationships

Komatsu has entered into various alliances and collaborative relationships with distributors, suppliers and other companies in its industry to reinforce its international competitiveness. Through such arrangements, Komatsu is working to improve its product development, production, sales and service capabilities. While Komatsu expects its alliances and collaborative relationships to be successful, Komatsu's failure to attain expected results or the termination of such alliances or collaborative relationships may adversely affect Komatsu's results of operations.

(8) Procurement, production and other matters

Komatsu's procurement of parts and materials for its products is exposed to the fluctuations in commodity prices, mainly in the price of steel materials. Price increases in commodities may increase the costs of materials and therefore the production cost of Komatsu's products. In addition, a shortage of product parts and materials, bankruptcies of suppliers or production discontinuation by suppliers of products used by Komatsu may make it difficult for Komatsu to engage in the timely procurement of parts and materials and manufacture of its products, thereby lowering Komatsu's production efficiency. In an effort to reduce any adverse effect to its business as a result of an increase in material costs, Komatsu plans to reduce other costs and pass on any increase in material costs to its customers through price adjustments of its products. Komatsu plans to minimize the effects of possible procurement or manufacturing issues by securing new suppliers or promoting closer collaboration among all of its related business divisions. However, if the increase in commodity prices were to exceed Komatsu's expectations or a prolonged shortage of materials and parts were to occur, Komatsu's results of operations may be adversely affected.

(9) Information security, intellectual property and other matters

Komatsu may obtain confidential information concerning its customers and individuals in the normal course of its business. Komatsu also holds confidential business and technological information. Komatsu maintains such confidential information with the utmost care. To safeguard such confidential information from unauthorized access, tampering, destruction, leakage, losses and other damages, Komatsu employs appropriate safety measures, including implementing technological safety measures and strengthening its information management capabilities. If a leak of confidential information concerning customers and individuals were to occur, Komatsu may become liable for damages, or its reputation or its customers' confidence in Komatsu may be adversely affected. In addition, if Komatsu's confidential business and technological information were leaked or misused by a third party, or Komatsu's intellectual properties were infringed upon by a third party, or a third party were to claim that Komatsu is liable for infringing on such third party's intellectual property rights, Komatsu's results of operations may be adversely affected.

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(10) Natural calamities, wars, terrorism, accidents and other matters

Komatsu conducts its business operations on a global scale and operates and maintains development, production, sales and other business facilities in many countries. If natural disasters, such as earthquakes and floods, epidemics, wars, terrorist acts, accidents, unforeseeable criticism or interference by third parties or any malfunction of information and telecommunication systems in regions in which Komatsu operates were to occur and cause extensive damage to one or more of its facilities that cannot become fully operational within a short period of time, delays or disruption in the procurement of materials and parts or the production and sales of Komatsu's products and services may result. Such delays or disruptions may adversely affect Komatsu's results of operations.

Item 4. Information on the Company

A. History and Development of the Company

The Company was incorporated in May 1921 in accordance with Japanese law under the name Kabushiki Kaisha Komatsu Seisakusho (Komatsu Ltd. in English). Its registered office is located at 2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan, and its telephone number is +81-3-5561-2628 (Finance & Treasury Department).

Shortly after its formation in 1921, the Company commenced the production and marketing of sheet-forming presses. In 1931, the Company produced Japan's first crawler-type farm tractor and in the 1940s the Company began its production of bulldozers in Japan. The Company broadened its product range by beginning production of motor graders and dump trucks in the 1950s and wheel loaders and hydraulic excavators in the 1960s.

The history and development of Komatsu's global operations can be divided into three phases: (1) export from Japan, (2) offshore production and (3) management of its global production and distribution network.

Since its first export to Argentina in 1955, Komatsu has gradually increased exports of its products. Komatsu established its first liaison office in India in 1964 and established sales companies in Europe, the United States and Asia between 1967 and 1971.

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During the 1970s and 1980s, Komatsu started establishing its production facilities offshore and enhanced its offshore production by locating manufacturing plants close to their respective markets. In 1975, Komatsu commenced offshore production with the production of bulldozers in Brazil by Komatsu do Brasil Ltda., its first manufacturing plant outside Japan. Subsequently, Komatsu increased its global presence by establishing manufacturing plants in Indonesia, the United Kingdom and the United States during the 1980s. For example, during the 1980s, Komatsu established a joint venture company in the United States with Dresser Industries Inc. named Komatsu Dresser Company (now known as Komatsu America Corp., KAC).

During the 1990s, Komatsu strengthened its overseas manufacturing capabilities and made efforts to optimize its production and distribution network on a global basis through various methods, including forming alliances and entering into joint ventures. For instance, Komatsu established Komatsu Cummins Engine Co., Ltd. and Industrial Power Alliance Ltd. in Japan and Cummins Komatsu Engine Company in the United States, with Cummins Engine Company (now known as Cummins Inc.). In addition, Komatsu entered into three joint ventures in China, and a joint venture with Mannesmann Demag of Germany to establish Demag Komatsu GmbH (now known as Komatsu Mining Germany GmbH).

The following are some of the significant transactions in the development of Komatsu's business in recent years.

In September 2006, the Company entered into an agreement with SUMCO CORPORATION (SUMCO) pursuant to which the Company agreed to accept SUMCO's tender offer for KEM. In October 2006, the Company sold 51.0% of its equity ownership in its consolidated subsidiary, KEM, to SUMCO. Prior to this disposition, the Company held a 61.9% equity interest in KEM.

In October 2006 and December 2006, the Company completed two transactions to acquire an aggregate 29.3% equity interest in NIPPEI TOYAMA CORPORATION (NIPPEI TOYAMA), one of the leading manufacturers in the field of transfer machines used in the processing of automobile engines, various grinding machines, wire saws used in the semiconductor and solar application industries, and laser cutting machines.

In January 2007, the Company signed a definitive agreement to sell the OPE business of Komatsu Zenoah Co. to a Japanese subsidiary of Husqvarna AB of Sweden. After Komatsu Zenoah Co. split its OPE business and established Zenoah Co., Komatsu Zenoah Co. was merged into Komatsu Utility Co., Ltd. in April 2007, as a result of which Komatsu Utility Co., Ltd. became Zenoah Co.'s parent company. In the same month, Komatsu Utility Co., Ltd. sold all of its shares of Zenoah Co. to HUSQVARNA JAPAN LTD. (now known as Husqvarna Zenoah Co., Ltd.), thereby completing the sale of the OPE business.

In January 2008, to generate more synergy, the Company launched a takeover bid to obtain all issued shares of NIPPEI TOYAMA, which resulted in the Company owning 93.7% of the equity interest.

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In August 2008, the Company and NIPPEI TOYAMA implemented a share exchange and NIPPEI TOYAMA became a wholly owned subsidiary of the Company. In October 2008, NIPPEI TOYAMA changed its name and is now known as Komatsu NTC Ltd.

In April 2009, Komatsu Tokyo Ltd. (Komatsu Tokyo), a wholly owned subsidiary of the Company, merged with 11 other consolidated subsidiaries of the Company, consisting of 10 sales subsidiaries and Komatsu All Parts Support Ltd., through an absorption-type merger. In the same month, the Company transferred its sales and service business for construction equipment (excluding underground construction equipment) in Japan to Komatsu Tokyo through an absorption-type company split. Upon the completion of these transactions, Komatsu Tokyo changed its name and is now known as Komatsu Construction Equipment Sales and Service Japan Ltd.

PRINCIPAL CAPITAL INVESTMENT

Komatsu invests capital each year in the development and production of new products and the improvement of the operating efficiency of its production infrastructure, primarily focusing on the Construction, Mining and Utility Equipment operating segment. Komatsu's capital investment for the fiscal years ended March 31, 2009, 2008 and 2007 were ¥162,512 million, ¥145,730 million and ¥129,680 million, respectively. Capital investment for the fiscal year ended March 31, 2009 by operating segment was as follows.

Capital Investment by Operating Segment

	Millions of Yen Fiscal Year ended March 31, 2009	Percentage Change as compared to the Fiscal Year ended March 31, 2008
Construction, Mining and Utility Equipment	¥ 152,803	8.2%
Industrial Machinery and Others	9,709	113.6%
Total	¥ 162,512	11.5%

Notes:

- 1) Amounts include certain leased machinery and equipment accounted for as capital leases in accordance with Statement of Financial Accounting Standards No. 13.
- 2) Starting with the fiscal year ended March 31, 2009, Komatsu reclassified the

forklift truck
business of
Komatsu Utility
Co., Ltd. and
the businesses
of Komatsu
Logistics Corp.
(both of which
were formerly
in the Industrial
Machinery,
Vehicles and
Others operating
segment) so that
such businesses
are part of
Komatsu's
construction and
mining
equipment
business, and
accordingly,
changed its
operating
segments by
renaming the
Construction
and Mining
Equipment
operating
segment as the
Construction,
Mining and
Utility
Equipment
operating
segment and the
Industrial
Machinery,
Vehicles and
Others operating
segment as the
Industrial
Machinery and
Others operating
segment.
Percentage
changes as
compared to the
fiscal year
ended

March 31, 2008
in the above
table were
calculated using
the financial
data for the
fiscal year
ended
March 31, 2008,
which have
been
retrospectively
reclassified
using these new
operating
segments.

- 3) The term
Capital
Investment as
used in the
above table
should be
distinguished
from the term
Capital
Expenditures as
used in the
consolidated
statements of
cash flows. The
term Capital
Investment as
used in the
above table is
defined to refer
to costs relating
to the purchase
of property,
plant and
equipment
including
properties under
capital leases on
an accrual basis
which reflects
the effect of
timing
differences
between
acquisition dates

and payment dates. Komatsu's management uses this financial indicator to manage its capital investment and believes that this indicator is useful to investors in that this indicator presents accrual based capital investment in addition to the cash based capital expenditures provided in the consolidated statements of cash flows.

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For the fiscal year ended March 31, 2009, Komatsu made investments to increase the production capacity of its construction, mining and utility equipment business with its primary focus on its mining equipment business because Komatsu believed that growth can be expected in such business. In addition, Komatsu made investments to develop and produce new construction, mining and utility equipment models and products that comply with the latest emissions regulations. Komatsu recorded increased capital investments in the Industrial Machinery and Others operating segment for the fiscal year ended March 31, 2009 due primarily to the addition of Komatsu NTC Ltd. as a consolidated subsidiary in March 2008.

The following table sets forth in further detail the principal construction projects Komatsu undertook during the fiscal year ended March 31, 2009.

Main facilities completed in the fiscal year ended March 31, 2009

Operating segment Construction, Mining and Utility Equipment	Main facilities Establishment of Komatsu Undercarriage China Corp. Products: Undercarriage for construction equipment Location: Jining, Shandong, China
Construction, Mining and Utility Equipment, Industrial Machinery and Others	Construction of the second facility of the Company's Kanazawa Plant Products: Super-large hydraulic excavators and large presses Location: Kanazawa City, Ishikawa, Japan

New constructions, expansions and overhauls of main facilities in progress during the fiscal year ended March 31, 2009

Operating segment Construction, Mining and Utility Equipment	Main facilities Construction of Komatsu Manufacturing Rus, LLC's new
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plant

Products:

Medium-sized
hydraulic
excavators and
forklift trucks

Location:

Yaroslavl,
Russia
Relocation and
expansion of
Komatsu
(Changzhou)
Construction
Machinery
Corp. s plant

Products:

Hydraulic
excavators,
wheel loaders,
dump trucks,
etc.

Location:

Changzhou,
Jiangsu, China
Expansion of
Komatsu
Castex Ltd. s
manufacturing
facilities for
key
components
(i.e., iron
castings)

Products:

Cylinder
blocks, etc.

Location:

Himi City,
Toyama, Japan

Komatsu s capital investments for the fiscal year ended March 31, 2009 were primarily financed by funds on hand and bank borrowings.

For information on expected principal capital investments, see Item 4.D. Property, Plants and Equipment.

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B. Business Overview

GENERAL

Komatsu is a global company that engages in the manufacturing, development, marketing and sale of a diversified range of industrial-use products and services. With Quality and Reliability as the cornerstone of its management policy, Komatsu is committed to providing safe and innovative products and services that satisfy its customers' needs and expectations.

Formerly, Komatsu's business consisted of the following two operating segments: (1) Construction and Mining Equipment and (2) Industrial Machinery, Vehicles and Others. Starting with the fiscal year ended March 31, 2009, Komatsu reclassified the forklift truck business of Komatsu Utility Co., Ltd. and the businesses of Komatsu Logistics Corp. (both of which were formerly in the Industrial Machinery, Vehicles and Others operating segment) so that such businesses are part of Komatsu's construction and mining equipment business, and accordingly, changed its operating segments by renaming the Construction and Mining Equipment operating segment as the Construction, Mining and Utility Equipment operating segment and the Industrial Machinery, Vehicles and Others operating segment as the Industrial Machinery and Others operating segment.

Having completed the merger of its forklift truck business with the compact construction equipment business into the newly formed Komatsu Utility Co., Ltd. during the fiscal year ended March 31, 2008 and taking into consideration the strong relationships that Komatsu Logistics Corp. (which transports products, components and parts) has with companies engaged in the construction and mining equipment business, Komatsu's management determined that it was appropriate to reclassify these businesses starting with the fiscal year ended March 31, 2009.

Accordingly, the financial data for the prior fiscal years have been retrospectively adjusted to reflect this reclassification.

The manufacturing operations of Komatsu are conducted primarily at plants located in Japan, the United States, Canada, Brazil, the United Kingdom, Germany, Sweden, Italy, Indonesia, China and Thailand. Komatsu's products are primarily sold under the Komatsu brand name and almost all of its sales and service activities are conducted through its sales subsidiaries and sales distributors who primarily sell products to retail dealers in their respective geographic area.

PRODUCTS AND SERVICES

The following table sets forth Komatsu's net sales by operating segments for the fiscal years ended March 31, 2009, 2008 and 2007, which is reproduced from the Company's audited consolidated financial statements.

Table of Contents**Net Sales by Operating Segments**

	(Millions of Yen)					
	Fiscal Year Ended March 31, 2009		Fiscal Year Ended March 31, 2008		Fiscal Year Ended March 31, 2007	
Construction, Mining and Utility Equipment	¥ 1,744,733	86.3%	¥ 2,048,711	91.3%	¥ 1,711,275	90.4%
Industrial Machinery and Others	277,010	13.7%	194,312	8.7%	182,068	9.6%
Total	¥ 2,021,743	100.0%	¥ 2,243,023	100.0%	¥ 1,893,343	100.0%