

KOMATSU LTD  
Form 6-K  
April 28, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 under  
the Securities Exchange Act of 1934  
For the month of April, 2010  
COMMISSION FILE NUMBER: 1-7239  
KOMATSU LTD.**

Translation of registrant's name into English  
3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan

Address of principal executive office

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

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.  
Yes  No

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

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INFORMATION TO BE INCLUDED IN REPORT

1. Five company announcements made on April 27, 2010.

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SIGNATURES

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

KOMATSU LTD.  
(Registrant)

Date: April 28, 2010

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

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**Table of Contents****Komatsu Ltd.**

Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

Date: April 27, 2010

URL: <http://www.komatsu.com/>**Consolidated Business Results for the Fiscal Year Ended March 31, 2010 (U.S. GAAP)****1. Results for the Fiscal Year Ended March 31, 2010**

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

(For the fiscal years ended March 31, 2010 and 2009)

Millions of yen &amp; US dollars except per share amounts

	2010		2009		Changes (Decrease)	
	Yen (A)	Dollar	Yen (B)	Yen (A)-(B)	(%)	
Net sales	1,431,564	15,393	2,021,743	(590,179)	(29.2)%	
Operating income	67,035	721	151,948	(84,913)	(55.9)%	
Income before income taxes and equity in earnings of affiliated companies	64,979	699	128,782	(63,803)	(49.5)%	
Net income attributable to Komatsu Ltd.	33,559	361	78,797	(45,238)	(57.4)%	
Net income attributable to Komatsu Ltd. per share (Yen & US cents)						
Basic	¥ 34.67	37.3¢	¥ 79.95	¥ (45.28)		
Diluted	¥ 34.65	37.3¢	¥ 79.89	¥ (45.24)		
Return on equity	4.1%		9.3%	(5.2)%		
Return on total assets	3.3%		6.3%	(3.0)%		
Return on sales	4.7%		7.5%	(2.8)%		

Notes: 1) Komatsu Ltd. and its subsidiaries adopted the FASB Accounting Standards Codification™ (ASC) 810, Consolidation. Effective April 1, 2009, net income is relabelled and attributed between noncontrolling interests and Komatsu Ltd. The caption Net income attributable to Komatsu Ltd. presented above is

comparable to the caption Net income appearing in the consolidated financial statements for fiscal years ended as of or prior to March 31, 2009.

2) The translation of Japanese yen amounts into US dollar amounts hereafter is included solely for convenience and has been made for the fiscal year ended March 31, 2010 at the rate of ¥93 to US\$1, the approximate rate of exchange at March 31, 2010.

3) Equity in earnings of affiliated companies:

2010: 1,588 millions of yen  
2009: 396 millions of yen

4) Return on equity is calculated by using net income attributable to Komatsu Ltd. and total Komatsu Ltd. shareholders' equity.

5) Return on total assets is calculated by using income before income taxes and equity in earnings of affiliated companies.

6) Return on sales is calculated by using operating income.

**Table of Contents**(2) Consolidated Financial Position  
(As of March 31, 2010 and 2009)

Millions of yen except per share amounts

	<b>2010</b>	2009
Total assets	<b>1,959,055</b>	1,969,059
Total equity	<b>876,799</b>	848,334
Komatsu Ltd. shareholders' equity	<b>833,975</b>	814,941
Komatsu Ltd. shareholders' equity ratio	<b>42.6%</b>	41.4%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ <b>861.51</b>	¥ 842.04

(3) Consolidated Cash Flows  
(For the fiscal years ended March 31, 2010 and 2009)

Millions of yen

	<b>2010</b>	2009
Net cash provided by operating activities	<b>182,161</b>	78,775
Net cash used in investing activities	<b>(72,967)</b>	(145,368)
Net cash provided by (used in) financing activities	<b>(116,363)</b>	57,219
Cash and cash equivalents, end of year	<b>82,429</b>	90,563

**2. Dividends**

(For the fiscal years ended March 31, 2010 and 2009, and ending March 31, 2011)

	<b>2010</b>	2009	2011 Projections
Cash dividends per share (Yen)			
Interim	<b>8.00</b>	22.00	14.00
Year-end	<b>8.00</b>	18.00	14.00
Total	<b>16.00</b>	40.00	28.00
Annual dividends (Millions of yen)	<b>15,497</b>	39,330	
Payout ratio (Consolidated basis) (%)	<b>46.1%</b>	50.0%	30.1%
Dividends as percentage of equity (Consolidated basis) (%)	<b>1.9%</b>	4.6%	

**Table of Contents****3. Projections for the Fiscal Year Ending March 31, 2011**

(From April 1, 2010 to March 31, 2011)

Millions of yen except per share amounts

	The first half of the year	Changes Increase	The full fiscal year	Changes Increase
Net sales	815,000	26.2%	1,660,000	16.0%
Operating income	68,000	243.7%	157,000	134.2%
Income before income taxes and equity in earnings of affiliated companies	64,000	246.8%	149,000	129.3%
Net income attributable to Komatsu Ltd.	37,000	351.3%	90,000	168.2%
Net income attributable to Komatsu Ltd. per share (basic) (Yen)	¥ 38.22		¥ 92.97	

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to Management Performance and Financial Conditions for preconditions of the projections above and other related issues.

**4. Others**

(1) Changes in important subsidiaries during the Year under Review: None

(2) Changes in accounting standards, procedures and presentations

1) Changes resulting from revisions in accounting standards, etc.: Applicable

2) Change in other matters except for 1) above: None

Note: See Basis of Consolidated Financial Statements on page 19 for more details.

(3) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) as of March 31 were as follows:

2010: 998,744,060 shares

2009: 998,744,060 shares



2) The numbers of shares of treasury as of March 31 were as follows:

2010: 30,704,084 shares

2009: 30,921,768 shares

3) The weighted average numbers of common shares outstanding were as follows:

2010: 968,013,328 shares

2009: 985,585,385 shares

Note: See **Net Income per Share** on page 22 for the number of common shares, which was used as the basis for calculating the amount of net income per share.

**Table of Contents****[Reference]****Financial Highlights of the Parent Company**

The following financial information is prepared based on the non-consolidated financial results of the parent company in accordance with generally accepted accounting principles and practices in Japan.

**1. Results for the Fiscal Year Ended March 31, 2010****(1) Non-Consolidated Financial Highlights**

(For the fiscal years ended March 31, 2010 and 2009)

Millions of yen & US dollars except per share amounts

	2010		2009	Changes (Decrease)	
	(A)	(A)		(B)	(A)-(B)
	Yen	Dollar	Yen	Yen	(%)
Net sales	<b>457,676</b>	<b>4,921</b>	787,028	(329,352)	(41.8)
Operating profit (loss)	<b>(26,829)</b>	<b>(288)</b>	26,746	(53,575)	
Ordinary profit (loss)	<b>(1,120)</b>	<b>(12)</b>	40,034	(41,154)	
Net income	<b>2,378</b>	<b>26</b>	9,317	(6,939)	(74.5)
Net income per share (Yen & US cents)					
Basic	¥ <b>2.46</b>	<b>2.6 ¢</b>	¥ 9.45	¥ (6.99)	
Diluted	¥ <b>2.45</b>	<b>2.6¢</b>	¥ 9.44	¥ (6.99)	

Note: The translation of Japanese yen amounts into US dollar amounts is included solely for convenience and has been made for the fiscal year ended March 31, 2010, at the rate of ¥93 to US\$1, the approximate rate of exchange at March 31, 2010.

**(2) Non-Consolidated Financial Position**

(As of March 31, 2010 and 2009)

Millions of yen except per share amounts

	2010	2009
Total assets	<b>959,125</b>	981,042
Net assets	<b>518,467</b>	540,991
Equity ratio (%)	<b>53.8%</b>	55.0%
Net assets per share (Yen)	¥ <b>533.19</b>	¥ 556.98

Note: Shareholders  
 equity: 2010:  
 516,440 million  
 yen 2009:  
 539,378 million  
 yen

**2. Projections for the Fiscal Year Ending March 31, 2011**

(From April 1, 2010 to March 31, 2011)

Millions of yen except per share amounts

	2011	Changes Increase
Net sales	600,000	31.1%
Operating profit	45,000	
Ordinary profit	52,000	
Net income	27,000	
Net income per share (basic) (Yen)	¥ 27.88	

**Table of Contents****Management Performance and Financial Conditions****1. Outline of Operations and Business Results**

During the fiscal year, ended March 31, 2010, i.e., from April 1, 2009 to March 31, 2010, some economies of the world generated signs of recovery, reflecting positive effects of the economic stimulus packages of their respective governments. In particular, leading other economies, the Chinese economy upturned for full-momentum growth in the first half, supported by the government's massive economic stimulus measures. The positive effects of the Chinese economic growth are reaching to surrounding Asian countries and those with natural resources, helping their economic recovery. However, the pace of economic recovery was dull, bringing about a challenging overall business environment.

Komatsu Ltd. and its subsidiaries (hereinafter "Komatsu") engaged in production adjustment around the world and achieved an appropriate level of inventories in the first half. Komatsu also reorganized production of businesses of both the Construction, Mining and Utility Equipment and the Industrial Machinery and Others, while realigning sales of construction equipment and forklift trucks in Japan. At the same time, Komatsu worked to substantially cut down fixed costs. To ensure sales and profits, Komatsu reinforced IT-deployed businesses, such as the KOMTRAX (Komatsu Machine Tracking System), strengthened operations in China and mining equipment, in which business was expanding, and worked to strengthen the parts and service business. However, as affected by global demand, which did not come back to the level of the pre-financial meltdown and the Japanese yen's appreciation against major currencies, consolidated net sales for the year declined 29.2% from the previous fiscal year, to JPY1,431.5 billion (USD15,393 million, at USD1=JPY93). With respect to profits, operating income decreased 55.9% to JPY67.0 billion (USD721 million). Income before income taxes and equity in earnings of affiliated companies amounted to JPY64.9 billion (USD699 million), down 49.5%. Net income attributable to Komatsu Ltd. declined 57.4% to JPY33.5 billion (USD361 million).

[Consolidated Financial Highlights]

Millions of yen &amp; US dollars

	<b>2010</b>	Changes (2010/2009)	<b>2010</b>
Net sales	¥ <b>1,431,564</b>	(29.2)%	US\$ <b>15,393</b>
Operating income	¥ <b>67,035</b>	(55.9)%	US\$ <b>721</b>
Income before income taxes and equity in earnings of affiliated companies	¥ <b>64,979</b>	(49.5)%	US\$ <b>699</b>
Net income attributable to Komatsu Ltd.	¥ <b>33,559</b>	(57.4)%	US\$ <b>361</b>

Note: Net income attributable to Komatsu Ltd. is equivalent to Net income for the fiscal year ended March 31, 2009 and preceding fiscal years.

Business results by operations are described below.

[Sales by Operation]

Millions of yen &amp; US dollars

	<b>2010</b>	Changes (2010/2009)	<b>2010</b>
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Construction, Mining and Utility Equipment	¥ 1,268,575	(27.3)%	US\$ 13,641
Industrial Machinery and Others	¥ 162,989	(41.2)%	US\$ 1,753
Total	¥ 1,431,564	(29.2)%	US\$ 15,393

**Table of Contents****Construction, Mining and Utility Equipment**

In addition to China, with full-scale recovery in demand, in some emerging economies, such as Indonesia, India and Brazil, demand headed for recovery. Meanwhile, demand remained slack in Japan, North America, Europe and other regions, reducing global demand to a level lower than that in the previous fiscal year. While global demand dropped, Komatsu reduced production in order to attain an appropriate level of inventories, including those of distributors, and the Japanese yen appreciated against major currencies. Adversely affected by these factors, consolidated net sales of construction, mining and utility equipment declined 27.3% from the previous fiscal year, to JPY1,268.5 billion (USD13,641 million).

In response to growing concerns over global warming and the need to reduce CO<sub>2</sub> emissions around the world, Komatsu launched hybrid hydraulic excavators in China during the year under review, following their launching in Japan two years ago, in order to reduce CO<sub>2</sub> emissions from Komatsu equipment being used by customers. Hybrid models are expected to cut down fuel consumption substantially. In Indonesia, Komatsu embarked on a new joint project with a mining equipment customer and a Komatsu distributor. This project calls for the production of biodiesel fuel from Jatropa\* and other feedstock plants grown on the customer's reclamation areas and the use of biodiesel fuel to power Komatsu dump trucks at the customer's mine.

\* Jatropa is considered to be one of the ideal feedstock plants that produces oil from its inedible seeds and grows even on dry and less fertile soil.

[Sales of Construction, Mining and Utility Equipment by Region]

Millions of yen

	2010(A) 1USD=¥93 1EUR=¥131	2009 (B) 1USD=¥101 1EUR=¥143	Changes Increase/(decrease) (A)-(B)	
Japan	228,505	309,895	(81,390)	(26.3)%
Americas	306,135	462,405	(156,270)	(33.8)%
Europe & CIS	122,018	273,259	(151,241)	(55.3)%
China	244,509	179,221	65,288	36.4%
Asia & Oceania	281,878	309,721	(27,843)	(9.0)%
Middle East & Africa	85,530	210,232	(124,702)	(59.3)%
Total	1,268,575	1,744,733	(476,158)	(27.3)%

**Japan**

While public-sector investment was firm, as supported by the effects of a supplementary budget, private-sector capital investment and residential investment remained slack. As a result, overall demand sharply receded from the previous fiscal year, and sales also declined from the previous fiscal year. During the year under review, Komatsu concerted efforts to further enhance the efficiency of production and sales operations by closing down its Mooka Plant in Tochigi Prefecture and transferring production to Ibaraki and other plants and by restructuring its distributors. Meanwhile, by anticipating future market growth for hybrid hydraulic excavators in Japan and overseas, Komatsu expanded the production capacity for electric motors and other key components for hybrid hydraulic excavators at its Shonan Plant in Kanagawa Prefecture.

**Americas**

In North America, the operating rate of construction equipment showed signs of bottoming out, but fell short of increasing market demand against the backdrop of uncertainty over prolonged economic recovery. As a result, the business environment remained challenging. In Latin America, market demand upturned for recovery in Brazil and some other countries from being affected by market deterioration caused by the financial meltdown. However, overall demand in the Americas declined from the previous fiscal year. Sales in the Americas decreased from the previous fiscal year, reflecting Komatsu's proactive efforts to reduce distributors' inventory to an appropriate level, in addition to the sluggish market conditions. In these conditions, Komatsu promoted the reorganization of its production and sales operations in North America, while reinforcing its sales and service operations in Latin America by establishing a new subsidiary in Chile and opening a service support center in Mexico.

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**Europe & CIS**

A sharp drop in demand continued during the fiscal year under review, against the backdrop of sluggish economies in Europe and CIS. Komatsu doubled sales promotion and other efforts in collaboration with its distributors in Europe, while reinforcing its product support capability for mines in CIS. However, sales declined from the previous fiscal year, reflecting its focused efforts to reduce distributors' inventory to an appropriate level and to narrow down the models of local production in Europe while demand plunged in both regions.

**China**

The Chinese government's economic stimulus measures advanced large-scale infrastructure developments, such as railways and highways and upturned year-on-year monthly demand in June last year and following months, renewing record highs by a big margin after the Chinese New Year in February this year. By capitalizing on this market recovery, Komatsu advanced sales from the previous fiscal year by strengthening production and teaming up with its distributors for aggressive sales efforts. As a result, sales in China increased to account for 19.3% of total sales of the construction, mining and utility equipment business. Furthermore, by anticipating further market expansion, Komatsu (Changzhou) Construction Machinery Corp. is relocating its head office and is building a new plant, while Komatsu (China) Ltd. is building the KC Techno Center. The latter is designed to reinforce its machine demonstration capability for customers and to train service engineers.

**Asia & Oceania**

In Indonesia and India, year-on-year monthly demand upturned for recovery in the second half of the fiscal year under review. Demand remained firm for mining-related equipment in Australia. Against this backdrop, while sales picked up quickly in Asia in and after the third quarter, sales in Asia & Oceania for the full fiscal year declined from the previous fiscal year. Komatsu worked to reinforce operations further by enhancing a global Reman capability in Indonesia and reorganizing its distributors in Thailand.

**Middle East & Africa**

Although commodity prices upturned for an increase from the drastic plunge in 2008, market demand failed short of recovery in the Middle East and Africa, as affected by recessionary economies. Affected also by efforts to reduce distributors' inventories, sales in both regions declined from the previous fiscal year. To prepare for future recovery of demand in new mines and infrastructure development, Komatsu worked to strengthen its product support capability. For example, it opened a new training center in Dakar, Senegal and a new product support center in Tanzania.

**Industrial Machinery and Others**

As the automobile and many other industries continued the restraint of making capital investment, resulting in a sharp drop in new orders received, consolidated net sales of industrial machinery and other operations for the fiscal year under review declined 41.2% from the previous fiscal year, to JPY162.9 billion (USD1,753 million).

While the business environment remained challenging, Komatsu worked to reorganize production centering on the closure of the Komatsu Plant and production transfer to the Kanazawa Plant, in addition to continuing to cut down fixed costs. In order to further streamline the press business, develop new markets and expand business in China and other emerging economies, Komatsu embarked on the integration of development, as well as sales and service operations of the large press business, into Komatsu Industries Corp. By anticipating growth of the solar cell market, Komatsu also worked to enhance the product competitiveness of wire saws made by Komatsu NTC Ltd. Komatsu also commenced sales of industrial machinery, such as small and medium-sized presses, equipped with the KOMTRAX as a standard feature. KOMTRAX is a Komatsu-original system that monitors operating conditions of construction equipment. It has been well received on the market.



**Table of Contents****2. Projections for the Fiscal Year Ending March 31, 2011**

(From April 1, 2010 to March 31, 2011)

The market for construction and mining equipment has upturned for recovery in China and countries in Asia and Latin America as well as other countries, and thus we anticipate that growth in demand in these countries will drive global demand. Komatsu embarked on the new mid-range management plan "Global Teamwork for Tomorrow" in April this year. By positioning China, Asia, Oceania, Latin America, Africa and some other regions as "Strategic Markets," Komatsu is working for further growth. As Komatsu works to steadily capitalize on market growth in the Strategic Markets and thereby expand sales while striving to improve selling prices and production costs in particular, Komatsu projects that it will record an increase in both sales and profits as follows.

Note: For a general outline of the new mid-range management plan, refer to Management Policy on pages 12 to 13 of this news release.

	Millions of yen		
	2011 Projection (A)	2010 Results (B)	Changes Increase (A)-(B)/(B)
Net sales	1,660,000	1,431,564	16.0%
Operating income	157,000	67,035	134.2%
Income before income taxes and equity in earnings of affiliated companies	149,000	64,979	129.3%
Net income attributable to Komatsu Ltd.	90,000	33,559	168.2%

Note: Foreign exchange rates are premised at ¥90 to US\$1 and ¥125 to EUR1 for the fiscal year ending March 31, 2011.

**3. Financial Conditions**

As of March 31, 2010, total assets had decreased by JPY10.0 billion from the previous fiscal year-end, to JPY1,959.0 billion (USD21,065 million), largely due to a decrease in inventories resulting from our proactive efforts to reduce them to an appropriate level. Interest-bearing debt decreased by JPY13.4 billion from the previous fiscal year-end, to JPY586.3 billion (USD6,305 million). Komatsu Ltd. shareholders' equity amounted to JPY833.9 billion (USD8,967 million), an increase of JPY19.0 billion from the previous fiscal-year end. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.2 percentage points from the previous fiscal year-end, to 42.6%. Net debt-to-equity ratio\* was 0.60, compared to 0.62 as of the previous fiscal year-end.

\* Net debt-to-equity ratio =  
(Interest-bearing debt - Cash and cash equivalents - Time deposits) / Komatsu Ltd. shareholders equity

For the fiscal year under review, net cash provided by operating activities increased by JPY103.3 billion from the previous fiscal year, to JPY182.1 billion (USD1,959 million), mainly due to a decrease in inventories. Net cash used in investing activities declined by JPY72.4 billion from the previous fiscal year, to JPY72.9 billion (USD785 million), mainly due to restrained investments in Japan and overseas. Net cash used in financing activities totaled JPY116.3 billion (USD1,251 million), an increase of JPY173.5 billion from the previous fiscal year. As a result, cash and cash equivalents, as of March 31, 2010, totaled JPY82.4 billion (USD886 million), a decline of JPY8.1 billion from the previous fiscal year.



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[Trends of Financial Conditions Indicators]  
(Fiscal years ended March 31, 2010, 2009 and 2008)

	2010	2009	2008
Komatsu Ltd. shareholders equity ratio (%)	42.6	41.4	42.1
Komatsu Ltd. shareholders equity ratio at aggregate market value (%)	96.9	52.6	130.7
Years of debt redemption	3.2	7.6	2.8
Interest coverage ratio	21.4	5.4	9.6

Komatsu Ltd. shareholders equity ratio: Komatsu Ltd. shareholders equity/Total assets

Komatsu Ltd. shareholders equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets

Years of debt redemption: Interest-bearing debt/Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/Interest expense

#### **4. Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review and Next Fiscal Year**

Komatsu is building a sound financial position and flexible and agile corporate strengths to increase its corporate value. Concerning cash dividends to shareholders, Komatsu Ltd. (hereinafter the Company) maintains the policy of redistributing profits by considering consolidated business results and continuing stable dividends. Specifically, the Company has set the goal of a consolidated payout ratio of 20% or higher. Further, it maintains the policy of not decreasing dividends, as long as the consolidated payout ratio does not surpass 40%.

After reviewing the business results for the fiscal year under review and current and future business prospects, the Company is planning to set the fiscal year-end dividend at JPY8 per share. (The Company plans to propose this amount to the 141<sup>st</sup> ordinary general meeting of shareholders scheduled for June 23, 2010.)

Annual cash dividends for the year under review, including the interim dividend of JPY8 per share, amount to JPY16 per share (a decline of JPY24 from annual cash dividends for the previous fiscal year). This amount translates into a consolidated payout ratio of 38% based on profits before the reform associated expenses (JPY12.0 billion reflected in operating income and JPY7.3 billion reflected in net income attributable to Komatsu Ltd.).

Regarding the fiscal year ending March 31, 2011, the Company plans to set the annual cash dividends per share at JPY28, an increase of JPY12, compared to JPY16 for the fiscal year ended March 31, 2010.

#### **Cautionary Statement**

The announcement set forth herein contains forward-looking statements which reflect management's current views 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 and similar terms 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. 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 the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.



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**Komatsu Group**

(As of March 31, 2010)

**Business Categories and Principal Products & Services**

**Construction, Mining and Utility Equipment**

Excavating Equipment	Hydraulic excavators, mini excavators, and backhoe loaders
Loading Equipment	Wheel loaders, mini wheel loaders, and skid steer loaders
Grading and Roadbed Preparation Equipment	Bulldozers, motor graders, and vibratory rollers
Hauling Equipment	Off-highway dump trucks, articulated dump trucks, and crawler carriers
Forestry Equipment	Harvesters, forwarders, and feller-bunchers
Tunneling Machines	Shield machines, tunnel-boring machines, and small-diameter pipe jacking machines
Recycling Equipment	Mobile debris crushers, mobile soil recyclers, and mobile tub grinders
Industrial Vehicles	Forklift trucks
Other Equipment	Railroad maintenance equipment
Engines and Components	Diesel engines, diesel generator sets, and hydraulic equipment
Casting Products	Steel castings and iron castings
Logistics	Packing and transport

**Industrial Machinery and Others**

Metal Forging and Stamping Presses	Large presses, servo presses, small and medium-sized presses, and forging presses
Sheet-Metal Machines	Laser cutting machines, fine-plasma cutting machines, press brakes, and shears
Machine Tools	Transfer machines, machining centers, crankshaft millers, grinding machines, and wire saws
Defense Systems	Ammunition and armored personnel carriers
Temperature-control equipment	Thermoelectric modules and temperature-control equipment for semiconductor manufacturing

Others

Commercial-use prefabricated structures

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**Komatsu Group (Chart)**

(As of March 31, 2010)

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**Table of Contents****Management Policy****1. Basic Management Policy**

The cornerstone of Komatsu's management is commitment to Quality and Reliability for maximization of its corporate value. This commitment is not limited to delivering safe and innovative products and services which incorporate the viewpoints of customers. Komatsu is continuing its efforts to enhance the Quality and Reliability of all organizations, businesses, employees and management of the entire Komatsu Group. It is the top management task of Komatsu to continue improving the Quality and Reliability of all these, year after year.

**2. Mid to Long-Range Management Plan and Issues Ahead**

To improve our profitability, strengthen our financial position, enhance our market position in Greater Asia and so forth, we, at the Komatsu Group, worked on the Global Teamwork for 15 mid-range management plan for three years, from April 2007 to the end of March 2010. For the fiscal year ended March 31, 2008, we attained an operating income ratio of 14.8%, virtually achieving the goal of 15%, against the backdrop of good tailwind on the market in addition to our own efforts, such as the development of DANTOTSU products. We sustained a high ratio up through the first half of the following fiscal year.

In the wake of the financial crisis triggered in the United States in September 2008, world economies went into recession, reducing the volume of global demand for construction equipment to half the size of the peak period recorded in April through June, 2008. We also weathered a similarly drastic drop in demand in our other businesses. In response to this change in our business environment, we quickly promoted structural reforms, such as the reorganization of production on a global scale and consolidation of sales operation, and cut down our inventories and fixed costs. As a result, we have sculpted our corporate structure into a leaner and stronger entity.

Today, market demand for construction and mining equipment has upturned for recovery in China and other emerging countries in Asia and Latin America. We anticipate that economic growth in these emerging countries will drive global demand upward. We are going to turn our rudder sharply for growth again as we capitalize on market recovery by taking advantage of our solid corporate strength built through previous structural reforms. To generate further growth through teamwork among all employees and with distributors and suppliers around the world, we looked ahead and started the new three-year management plan Global Teamwork for Tomorrow in April this year.

In the new management plan, we have positioned China, Asia, Oceania, Latin America, Africa and some other emerging economies as Strategic Markets. Together with this move, we are going to work on the following activities of importance in order to further refine our accumulated strengths of IT applications: development of key components, manufacturing technologies, global sales and service networks, and flexible procurement and production. We will generate positive outcomes. We are also continuing our efforts to anchor The KOMATSU Way by encouraging all employees of the Komatsu Group to acquire it through their Kaizen (improvement) activities, while emphasizing the importance of Brand Management designed to build on relationships with customers and promote mutual business growth with them. We are going to materialize these two efforts in the form of human resource development needed for global business expansion.

**Numerical Targets of the Global Teamwork for Tomorrow**

Items	Targets for Fiscal Year Ending March 31, 2013
Operating income ratio	15% or above
ROE: Return on equity	20%
Net debt-to-equity ratio	0.4 or below
Excluding debt of finance companies	0.2 or below
Consolidated payout ratio	20 - 40% (stably)
* $ROE = \frac{\text{Net income attributable to Komatsu Ltd. for the year}}{\text{Komatsu}}$	



Ltd. shareholders  
equity at the  
beginning +  
Komatsu Ltd.  
shareholders  
equity at the end  
of the fiscal  
year)/2]

\* N e t  
debt-to-equity  
r a t i o =  
(Interest-bearing  
debt - Cash and  
cash equivalents  
- Time deposits)  
/ Komatsu Ltd.  
shareholders  
equity

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[Premises]

Items	Fiscal Year Ending March 31, 2013		
Guideline on sales	JPY2,000 billion ± JPY100 billion		
Guidelines on exchange rate	USD1	EUR1	RMB1
	JPY90	JPY125	JPY13.5

**Activities of Importance in the Global Teamwork for Tomorrow**

1) Promotion of IT Applications

We have refined our IT applications mainly in the domain of construction and mining equipment as represented by KOMRAX (Komatsu Machine Tracking System) for construction equipment and Autonomous Haulage System for use in large-scale mines. We are continuing our applications of leading-edge IT to machine management, machine control and construction management to enhance our product competitiveness. We are also going to proactively promote IT applications to industrial machinery and forklift trucks. Furthermore, we are going to advance our utilization of KOMTRAX-originated information to improve customers' productivity and our sales and production planning.