KOMATSU REPORT 2015

For the year ended March 31, 2015

SMART CONSTRUCTION
WITH A FUTURE

CONTENTS

To All Our Stakeholders

Kunio Noji, Chairman of the Board (left) and Tetsuji Ohashi, President (right)

Performance

For the fiscal year under review (April 1, 2014 – March 31, 2015), consolidated net sales totaled JPY 1,978.6 billion, up 1.3% from the previous fiscal year. Operating income increased by 0.7% to JPY 242.0 billion. In the construction, mining and utility equipment business, sales remained about flat from the previous fiscal year, as demand for construction equipment remained steady in advanced countries, in North America and Europe, and the Japanese yen further depreciated against the U.S. dollar, euro and renminbi. This compensated for a decline in volume of sales resulting from a slack demand for construction equipment in emerging countries and for mining equipment. In the industrial machinery and others business, sales increased from the previous fiscal year, supported by good sales of presses and other forging machines, centering on capital investment, especially in the automobile manufacturing industry.

Consolidated Financial Results for Fiscal 2014 <U.S. GAAP>

Fiscal year ended March 31, 2015 (FY2014)

Billions of JPY (except for operating income ratio)	Results for the year	Change (FY2014/FY2013)
Net sales	¥1,978.6	+1.3%
Operating income	242.0	+0.7%
Operating income ratio	12.2%	-0.1pt
Income before income taxes and equity in earnings of affiliated companies	236.0	-2.5%
Net income attributable to Komatsu Ltd.	154.0	-3.5%

Note: Figures are rounded down to the hundred-million JPY.

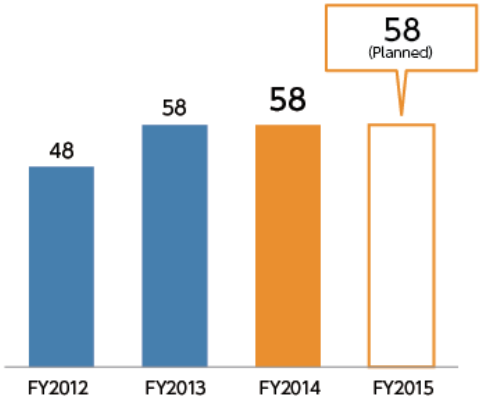
Projections for Fiscal 2015 (Announced on April 27, 2015)

Fiscal year ending March 31, 2016 (FY2015)

Billions of JPY (except for operating income ratio)	FY2015	Change (FY2015/FY2014)
Net sales	¥1,880.0	-5.0%
Operating income	221.0	-8.7%
Operating income ratio	11.8%	-0.4pts
Income before income taxes and equity in earnings of affiliated companies	214.0	-9.4%
Net income attributable to Komatsu Ltd.	138.0	-10.4%

Note: Figures are rounded down to the hundred-million JPY.

Annual dividends per share (JPY)



<Dividend Policy>

- Concerning cash dividends to our shareholders, we continue to maintain the policy of redistributing profits by considering consolidated business results to strive to continue stable dividends.
- We have set the goal of a consolidated payout ratio of 30% or higher, and maintain the policy of not decreasing dividends as long as a consolidated payout ratio does not surpass 50%.

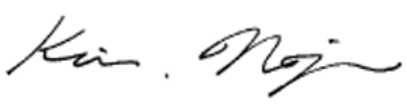
Outlook

In next fiscal year (April 1, 2015 - March 31, 2016), we expect to meet a market environment which is more challenging than FY2014. Such a market environment is attributable to a drastic decline of demand in China and other emerging countries, coupled with a further drop in demand for mining equipment resulting from the conservative mindset of mining customers for capital investment, against the backdrop of sluggish commodity prices. However, our belief remains unchanged in that demand for construction and mining equipment will grow in the long range against the background of an increase in the global population and urbanization rate. We are determined to continue to not only promote the business model, which looks into comprehensive merits for customers, but also to strengthen our operations capable of flexibly meeting changes in the business environment.

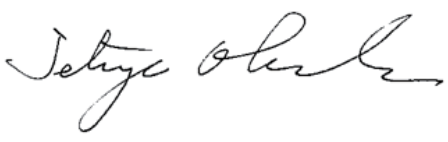
While further strengthening our corporate governance, we will also ensure all employees share The KOMATSU Way and continue to constantly address the fundamentals of safety, environmental conservation and compliance. We will also facilitate both the development of corporate strength and the achievement of social responsibility in a well-balanced manner.

On behalf of the members of the Board, we would like to extend our sincere appreciation to our stakeholders around the world for their support

July 2015



Kunio Noji,
Chairman of the Board

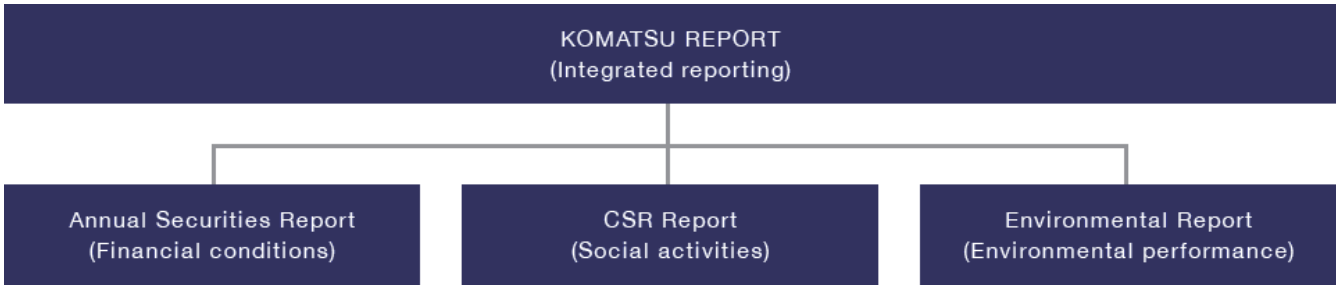


Tetsuji Ohashi,
President

About KOMATSU Report

We at Komatsu Ltd. prepare KOMATSU REPORT annually by focusing our attention on the most important information and expressing it in a concise manner. Concerning financial conditions, environmental conservation and corporate social responsibility, we separately prepare the respective reports in more detail and disclose information therein.

Organization of Komatsu's Annual Reports



Note: KOMATSU REPORT, Annual Securities Report, CSR Report and Environmental Report, in both Japanese and English, are uploaded on Komatsu's website.

Reporting Period : April 1, 2014 – March 31, 2015

Unless otherwise indicated, all figures in this REPORT represent those for FY2014 ended March 31, 2015, namely from April 1, 2014 to March 31, 2015.

Cautionary Statement

This 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 financial position, operating results and business strategies. These statements can be identified by the use of terms, such as "will," "believes," "should," "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 Report, and Komatsu 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 foreign 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.

KOMATSU INNOVATION FOR THE FUTURE

Growth Strategies Based on Innovation

Tetsuji Ohashi,
President

Sustainable Growth and Innovation

We have placed the "Growth Strategies Based on Innovation" first among our focused efforts in the "Together We Innovate GEMBA Worldwide" mid-range management plan scheduled to be completed in March, 2016.

We define innovation as to create and offer new value designed to streamline our customers' business in the domain of solutions by getting deeply involved in their jobsite operations in collaboration with our distributors and suppliers, in addition to the domains of products and service. Through innovation, we are working to expand our business domains for further growth.

Our Growth Strategies

KOMATSU INNOVATION FOR THE FUTURE

DANTOTSU (Unrivaled) Products

As a manufacturer of construction and mining equipment, Komatsu has been committed to providing products with features in safety, environmental friendliness, ICT and fuel economy (work efficiency), with which no competitors can catch up in a few years. By taking the technological advantage of in-house development and production of key components and through seamless teamwork among our development, production and suppliers, we have produced and introduced DANTOTSU products with "built-in" quality, such as our industry's first hybrid hydraulic excavators, to the global market.

DANTOTSU Service

By utilizing data concerning the operating conditions of our products, we have been promoting "visualization" of our machines in use, thereby strengthening business designed to reduce their lifecycle costs in the value chains of after-sales service, parts, and rental and used equipment.

In 2001, we mounted KOMTRAX on all construction equipment as a standard feature, which enables remote monitoring of the locations and operating conditions of Komatsu equipment used by customers. In addition to 375,000 KOMTRAX-mounted units working around the world as of March 31, 2015, we gather and analyze data from KOMTRAX Plus-mounted mining equipment and utilize it in our maintenance service, designed for more efficient use of machines, make proposals for fuel-economy operation, and reinforce the rental and used equipment businesses.

DANTOTSU Solutions

DANTOTSU solutions are a business model in which we take full advantage of leading-edge ICT, gather and analyze data concerning jobsite operations of our construction and mining customers for "visualization" so that we should be able to offer solutions to their jobsite problems.

In 2008, we led the world by commercializing our Autonomous Haulage System (AHS) with unmanned mining trucks. While offering new value of safety to customers by virtue of being driverless trucks, AHS not only helps customers cut down running costs, such as fuel and maintenance expenses, but also enables us to take up some of the work of our customers, thereby expanding our business domain.

Concerning construction equipment, we launched intelligent Machine Control dozers in 2013 and hydraulic excavators in 2014, both featuring automatic control of blades and buckets, respectively. With these machines, operators, regardless of experience, can perform work at a high precision on par with that of veterans. They also considerably reduce the staking[*1] and inspection[*2] of survey processes, thereby greatly helping customers shorten their construction period.

In February 2015, we embarked on SMARTCONSTRUCTION, in which we provide solutions by using this equipment genre.

*1 Wooden sticks designed to guide machine operators for cutting and filling earth. Placed at equal distances, each stake consists of smaller sticks in horizontal and angled positions for guidance.

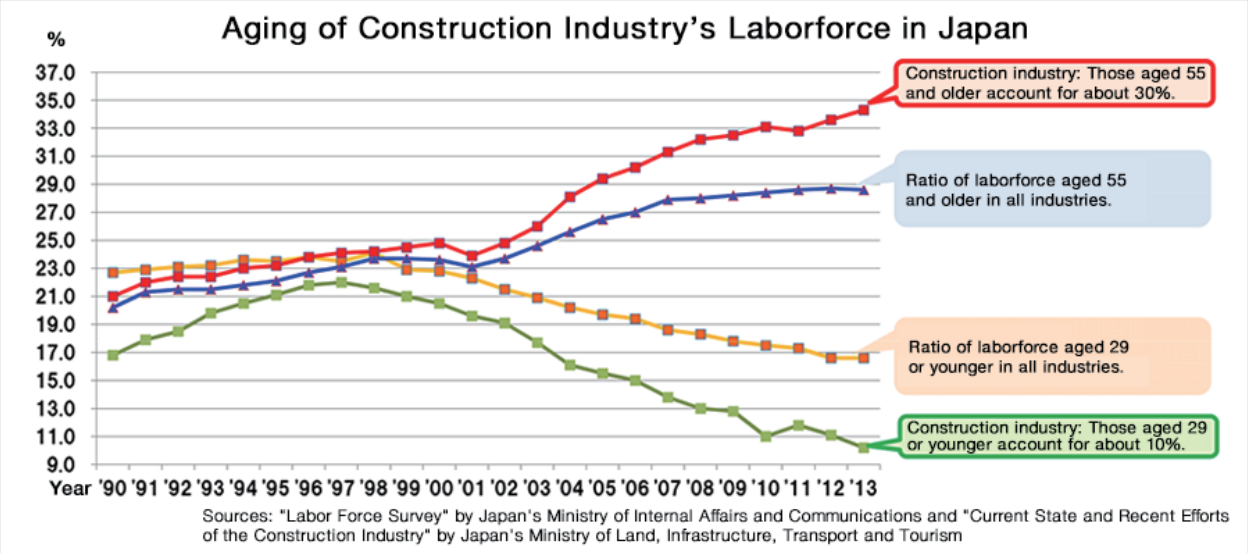
*2 Inspection conducted by the client of construction work to check survey results.

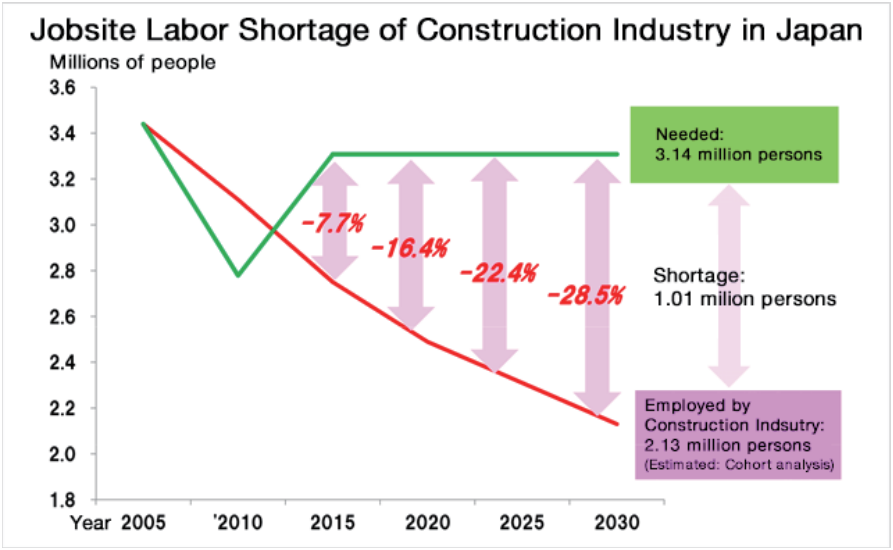
Solutions to Social Problems and Sustainable Growth

Today, the Japanese civil engineering/construction industry is facing a critical problem of labor shortage at jobsites; the number of new graduates entering the industry is declining and veteran machine operators are diminishing. This is happening against the backdrop of Japan's aging population combined with a declining birth rate.

While responding to this structural problem of Japanese society, we are striving to offer excellence in jobsite safety, productivity, and reliability to our customers at lower costs.

We are committed to this jobsite of the future. To create such a smart jobsite of the future together with customers and ensure our sustainable growth with them and society, we have begun SMARTCONSTRUCTION first in Japan.





KOMATSU INNOVATION FOR THE FUTURE

To Achieve Innovation

As we define innovation as the provision of new value for our customers in the business domains of products, service and solutions by getting deeply involved in their jobsite operations in collaboration with our distributors and suppliers, we are continuing to take on the challenge of achieving innovation.

The first driving force of our innovation is to thoroughly understand our customers' jobsite operations. We must actively get involved in their jobsite operations and learn jobsite-specific construction know-how and technology from managers and workers. We can facilitate the progress of our technologies and service by incorporating these know-how and technology and quickly apply them to customers' jobsite operations. As we turn this cycle of continuous improvements, we are convinced that we can create value for which our customers truly search.

The second driving force is to capture promising technologies for the future, particularly in the field of ICT, at their early stages. In this regard, it is important for us to open our R&D and solicit a wide range of expertise from universities, research institutes, ventures and the like. To reinforce this capability, we created the Office of Chief Technical Officer in April, 2014. As part of strengthening collaborations with academia and industries, in 2015 we made equity participation in ZMP Inc., Japan's leading company in image processing, sensing and control of the Advanced Driver Assistance System. With respect to collaborations with academia, we reached an agreement with the Tokyo Institute of Technology in a multiple range of fields, such as materials, telecommunication and measurement.

All in all, what is most important is that we speed up our own evolution in order to create new value, create smart jobsites of the future and make innovation happen together with our customers.

KOMATSU INNOVATION FOR THE FUTURE

Introduction to SMARTCONSTRUCTION

Chikashi Shike
President
Smart Construction Promotion Division

Since June, 2013, when we launched the D61PXi-23 intelligent Machine Control bulldozers, we have discussed what kind of new value we can provide to customers with our intelligent Machine Control models. They can not only achieve high-precision construction but also shorten the period of construction by streamlining works before and after the construction phase. SMARTCONSTRUCTION packages these benefits with rental equipment. We embarked on this new business initially in Japan in February 2015.

D61PXi-23 intelligent Machine Control bulldozer launched in June, 2013

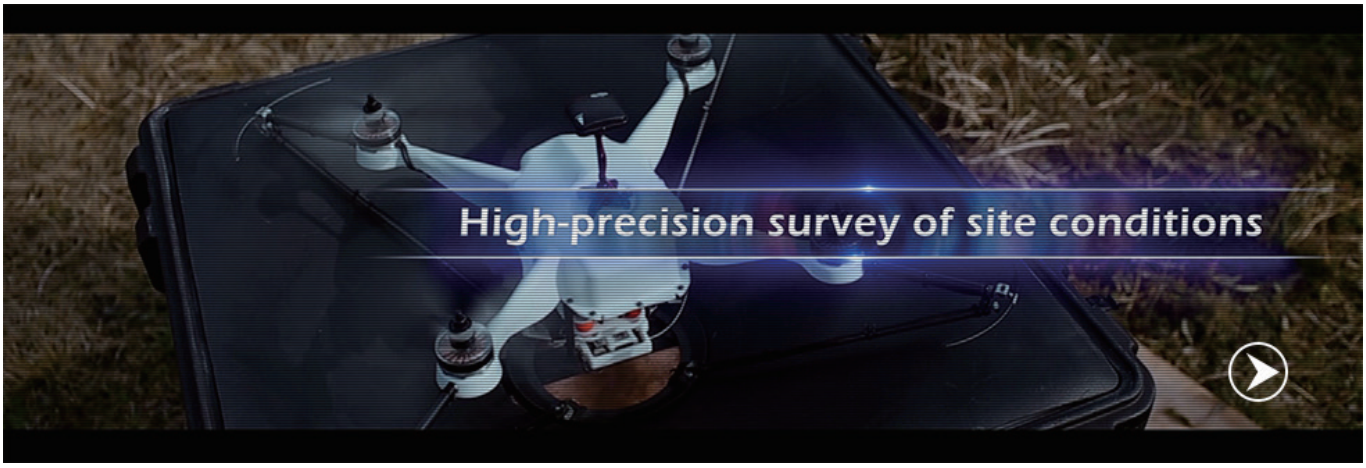
PC210LCi-10 intelligent Machine Control hydraulic excavator (overseas specs) launched in October, 2014

"KomConnect": Connecting everything on the jobsites

Through ICT, SMARTCONSTRUCTION connects all jobsite information concerning not only construction equipment but also people, machines and the ground, that are involved in construction in all phases from pre-construction to completion. Our "KomConnect" is a cloud-based software service, a platform connecting all the information. By storing a massive amount of information concerning construction activities, we engage in analyses, simulations and proposals. This information can be accessed by all concerned people via the Internet, anywhere, at anytime.

Now, please enjoy our video presentation of SMARTCONSTRUCTION.

High-precision survey and development of construction plans



When our customers of construction and civil engineering receive a contract for construction and obtain completion drawings from their clients, they survey the jobsites before construction, compare that survey data with the completion drawings to determine what needs to be done and then develop construction plans.

Typically, surveying takes two surveyors who can survey a few hundred points a day. As those points are located a few meters away from each other, the surveyors repeat the same task as they move on the jobsite. In some cases, construction companies compare 2-D survey drawings with completion drawings and then estimate their work, which can often result in big mistakes in actual work volume.

We believe we can propose a new way of surveying by using leading-edge ICT, for example, the use of survey-specific drones made by Skycatch. Under ideal conditions, drones can automatically fly over the jobsites for about 15 minutes at each flight, surveying a few million points a few centimeters away from each other. If needed, we can also laser scan the sites for high-precision 3-D surveys.

While surveying the sites, we receive the contract from customers to convert their 2-D completion drawings into 3-D drawings. The differences between these 3-D drawings and 3-D survey data represent the areas where their work is needed.

"KomConnect" enables customers to have an accurate understanding of the areas, shape and volume of earth to work on, prior to construction work. Then, we transfer these data to intelligent Machine Control machines, set up the machines at job sites, and enable customers to engage in high-precision earthmoving work without stakes*.

*Stakes: Wooden sticks designed to guide machine operators for cutting and filling earth. Placed at equal distances, each stake consists of smaller sticks in horizontal and angled positions for guidance.

What we have learned from SMARTCONSTRUCTION jobsites

KOMATSU INNOVATION FOR THE FUTURE

We have already deployed some 350 units of intelligent Machine Control equipment at about 800 construction sites in Japan. As you will watch in a video later in this section, our customers confirm that our intelligent Machine Control models eliminate the need for staking and enable operators with limited experience to perform difficult tasks.

We have learned something new after introducing SMARTCONSTRUCTION. By analyzing data concerning machine positions and operations, we have discovered a difference between veteran and new operators in the amount of time the two groups spent operating intelligent Machine Control models. The difference is attributable to veterans' jobsite know-how accumulated over the years, for example, where and in which direction to start work on jobsites. We would like to accumulate such veterans' expertise in KomConnect and provide it to all operators.

From veteran operators, we have also received a number of better ways of operating our intelligent Machine Control models. In addition to accumulating and sharing veterans' jobsite expertise, KomConnect offers a platform to turn the subsequent Kaizen cycle on construction jobsites.

We also need to listen to customers' ideas and opinions at jobsites where they are progressing with Kaizen, and respond to their needs. At the SMARTCONSTRUCTION Support Center, established in February 2015, we have been increasing the number of members with experience of construction and civil engineering, and making its operation even more responsive to customers' needs by working closely with them at jobsites.

Heading for "Jobsites of the Future"

After completion of construction work, customers will have maintenance work at many sites for a long period of time onward. As all data of construction undertaken by intelligent Machine Control equipment are stored in KomConnect, we are considering a service to make that data available, as needed, to concerned customers and other people. When their completed jobsites are damaged by natural disaster, we can survey the sites by using drones, compare the survey data with the completion data before the damage, and quickly confirm the areas needed for reconstruction. We believe that we should be able to start reconstruction soon after a disaster by remotely controlling unmanned intelligent Machine Control equipment not too far into the future.

All around the world today, people are looking for new value by connecting machines through the Internet. This is the so-called Internet of Things (IoT). With this tailwind of IoT, we are striving to evolve SMARTCONSTRUCTION to an extent that customers, and the world, will call it Innovation.

SMARTCONSTRUCTION WITH A FUTURE

Jobsite Report 1: Young workers being responsible for ICT-intensive construction

- **Nakano Construction Co., Ltd. (Asakura City, Fukuoka Prefecture)**
- **Jobsite location: Kama City, Fukuoka Prefecture**
- **Time: May 2015**

The jobsite of preparing the ground by leveling it for solar panels of Shikasyo Solar Power Generation Co., Ltd. is situated in the mountains about one and half hours away by car, south east of Fukuoka Airport. The first phase of the construction project is underway, which calls for the installation of solar panels on a wide open space of about 300,000 m^2 on the former golf course.

D61PXi

PC200i

Nakano Construction Co., Ltd. (President: Mr. Takayuki Nakano), headquartered in Asakura City, has contracted the ground preparation work of the site after trees and bushes were cleared. The job calls for leveling and graveling the site. We saw that two intelligent Machine Control units, D61PXi and PC200i, and a HB205 hybrid hydraulic excavator were in operation. There was a roller to finish the work.

Mr. Nakano told us that he saw some wild pigs and deer, when they started work there.

After observing the site, Mr. Nakano suggested that the contractor design a change to make the finished surface declined at an angle of one to two degrees towards the valley and to ensure good drainage. The conventional method would have required staking at a distance of 10 meters coupled with string leveling. Then, bulldozers would need to be operated according to the instructions shown on stakes and strings. "Even so, it would be impossible with conventional dozers, because we cannot see an angle of one to two degrees. But I was confident that we could do it with the intelligent Machine Control dozer," says Mr. Nakano. He also predicts that they should be able to shorten the construction period by one month.

Digitalization of the completion drawings was undertaken by the Kurume Branch of Komatsu Rental Ltd. Their service group input all data of the slope, which surrounds the site, into the PC200i. The service leader often visits the site and directly answers the operators' questions.

[Interview]
Mr. Takayuki Nakano,
Nakano Construction Co., Ltd.
President

SMARTCONSTRUCTION WITH A FUTURE

He grew up in a family of the construction business, so construction equipment was always around and he has been operating bulldozers for quite a while. In fact, he is the only one veteran operator of bulldozers in the company. However, he lets young operators operate both the intelligent Machine Control dozer and hydraulic excavator. At the jobsite, he was comfortably looking at the intelligent Machine Control dozer being operated by a young employee.

We asked him if he would like to operate the machine and show his veteran skills to young employees. His reply was simply, "No." To our question of why not, he explained, "it's because when I see the movements of the dozer, I feel as if I were operating it."

While the amount of construction is growing, labor shortage is also a serious problem in Kyushu. As civil engineering is perceived as demanding, dirty and dangerous work, young people are attracted to smart jobs in metropolitan areas. Even if someone decides to work in the industry, it takes a long time before he is recognized as a full-fledged operator.

Even Mr. Nakano, who entrusts young people with the work, has a big hope for SMARTCONSTRUCTION to change this typical perception concerning the industry. It might be not too far ahead before we see female operators on jobsites, according to him.

SMARTCONSTRUCTION WITH A FUTURE

Jobsite Report 2: Together with veteran operators

- **Goto Construction Co., Ltd. (Minamisoma City, Fukushima Prefecture)**
- **Jobsite location: Minamisoma City, Fukushima Prefecture**
- **Time: May 2015**

Recovery from the Great East Japan Earthquake and subsequent tsunami (March 11, 2011) was continuing in May 2015 when we visited Minamisoma City, as evidenced by the busy traffic of dump trucks on the main streets.

Mano River (class B) was critically damaged by the catastrophic disaster. Mr. Masahiro Takahashi, General Manager of the Civil Engineering Department, Goto Construction, says, "In some places, the river embankment dropped by 70 cm," pointing at the drawing. "We are responsible for rebuilding the embankment on two sides of the river by filling earth where it was damaged."

The area of construction spans 3 km upstream from the river mouth. While this work normally requires three to four years of construction, they only have about one year and half. As a means to shorten the period of construction, the Soma Branch of Komatsu Rental Co., Ltd. proposed the use of intelligent Machine Control equipment. Goto Construction first deployed a D61PXi intelligent Machine Control dozer, then a PC200i intelligent Machine Control hydraulic excavator in January, followed by another one in April this year.

[Interviews]
Mr. Masahiro Takahashi,
General Manager of the Civil Engineering Department,
Goto Construction Co., Ltd.

Mr. Hidehiro Goto,
Manager of the Sales Department,
Goto Construction Co., Ltd.

SMARTCONSTRUCTION has eliminated the need for staking, worries over damaging the stakes while operating machines, and the need for re-surveying when the stakes are moved by rain- or snow-fall. Mr. Takahashi adds, "There will be a larger merit of shortening the period of construction, if inspection surveys and modification work become less."

There are a number of veteran operators at the jobsite. According to him, there is no significant difference between intelligent Machine Control hydraulic excavators and conventional ones, with respect to the speed of work. When cutting benches or sloping, the veteran operators might sometimes cut earth all the way to the design surface or cut just a little by little by considering the type of soil and capitalizing on the wealth of their experience. All in all, they know the optimal way of using their machines. They can easily perform a difficult task of pressing earth by using the backside of the bucket. Mr. Takahashi points out, "I understand that operators are free of worries, because the PC200i will not cut further into the design surface. However, it should be improved more in some aspects in order to satisfy the veterans."

Along the sea coast, not far from the river embankment, the site preparation work is in full swing for planting

SMARTCONSTRUCTION WITH A FUTURE

pine trees to reduce the wind and tide forces. They are bringing in soil and building mounds where the trees will be planted. To reinforce its capacity against high tides and strong winds, the width of a new forest will be twice as big as the old one before the disaster. Goto Construction is also responsible for this construction. One completed mound measures 10,000 m^2 in top surface area and some two meters in height. In the conventional method, staking alone would require about one week. By deploying intelligent Machine Control equipment, they became free of staking. As a result, pre-earthmoving work was reduced to only one day.

To strengthen embankments and dikes, their slopes are first cut like steps of the staircase, which is called bench cutting. Then, earth is placed on the steps and pressed hard before sloping. While intelligent Machine Control excavators can offer high-precision automatic controls of the position of bucket teeth, "troweling" of the surface requires operators' skills by using the flat bottom of buckets.

Mr. Hachiro Oouchi (65), operating a PC200i hydraulic excavator, is a veteran of 32 years of experience. Although he felt, in the beginning, he would be able to work faster with a conventional excavator, he tested the intelligent Machine Control excavator by trying many different tasks in order to learn its capabilities. It took about three months for him to fully appreciate them.

Mr. Oouchi praises the precision of intelligent Machine Control equipment.

"You know our vision is not reliable," he says from experience. According to him, however veteran you become, you just cannot make a perfect straight line horizontally. Similarly, when it comes to making a very slight angle by bulldozers, it's just impossible, even for veterans. He added, "While I want Komatsu to further refine intelligent Machine Control models, we also need to get used to them. Once we are able to take full advantage of what they can do, we'll be able do some work for which we cannot rely on our vision. That's truly wonderful."

SMARTCONSTRUCTION WITH A FUTURE

Jobsite Report 3: Looking forward to the future of intelligent Machine Control equipment

- **Kamitake Construction Co., Ltd. (Ikoma City, Nara Prefecture)**
- **Jobsite location: Gamou District, Shiga Prefecture**
- **Time: June 2015**

The ground preparation of Ryuo Industrial Park is in full swing near the Ryuo Interchange of Meishin Expressway in Gamou District, Shiga Prefecture. With a total area of 52.6 hectares, it is one of the largest-scale ongoing civil engineering projects in Japan.

Kamitake Construction Co., Ltd., headquartered in Ikoma City, Nara Prefecture, was about to finish the first ground preparation phase of 15 hectares. Two dozers, D61PXi and D65PXi, are deployed on the site. The D65PXi was in operation.

Mr. Toshio Uenishi, with six years of experience in operating bulldozers, says that thanks to no stakes, the intelligent Machine Control dozer has dramatically alleviated his fatigue, thereby improving his work efficiency. Mr. Shigeaki Kadota, site supervisor, adds that he feels more secure about construction management because he can check real-time progress at any time as needed. To further enhance the efficiency of jobsite operations, he hopes to modify design data directly in his touch panel terminal according to real-time progress. He has fed back his request to Komatsu Rental.

Kamitake Construction has already begun the second phase of ground preparation (15 hectares). Upon completion of the development, it's easy to imagine that this large-scale industrial park will play the role of stimulating local economic growth in the near future.

D65PXi

Mr. Satoshi Tsuchimoto,
Kamitake Construction Co., Ltd.
Senior Managing Director and President of Civil Engineering Division

SMARTCONSTRUCTION WITH A FUTURE

To make a flat surface of industrial parks, typically, you cut the earth at elevated locations and fill in earth at lower locations. However, it's difficult to accurately determine where to cut and fill in on 2-dimensional drawings. You might have to incur extra costs, such as for additional filling earth, disposal of earth, and consequent use of dump trucks.

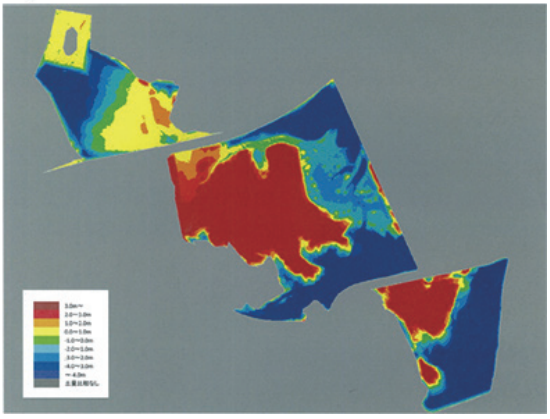
In cooperation with the prime contractor, Komatsu Rental flew Skycatch's survey drone on a trial basis. The drone surveyed the first stage preparation site, including the circumference area (approx. 180,000 m^2), at over 3.4 million points. Komatsu Rental developed an accurate 3-demensional drawing (Fig. 1) based on the surveyed data.

After feeding this drawing data into KomConnect, Komatsu Rental overlapped two 3-dimensional drawings, i.e., the surveyed drawing and the completion drawing, and produced a drawing (Fig. 2) with an accurate volume of earthwork, showing where to cut and fill in using different colors. When the drawing becomes all green, the job is done. As everything is digitalized, it is easy to simulate earth cutting and filling work and develop optimal construction plans according to contractors' needs. "Once we start the full-scale service by offering these drawings, in a short time our customers should be able to enjoy big benefits by shortening construction periods and cutting down costs," says a Komatsu Rental service person. It's just around the corner.

SMARTCONSTRUCTION uses Skycatch-made drone to survey the sites.

Figure 1

Figure 2



3-demensional drawings based on the surveyed data by Skycatch-made drone

MANAGEMENT

Interview with the President

Tetsuji Ohashi,
President

Focused Efforts in FY2015

Q1: Please tell us about the market conditions in FY2015 and Komatsu's focused efforts into the future.

A1: First, with respect to the market conditions in FY2014, sluggish demand in emerging markets and for mining equipment continued longer than we had anticipated. In the second half period, demand in China and for mining equipment further deteriorated. This trend has continued into FY2015, creating a big disparity from our assumptions, at the time we made them, for the ongoing mid-range management plan to be completed at the end of the current fiscal year, that is, March 31, 2016.

However, we haven't changed our belief that demand for construction and mining equipment will grow in the long range, supported by an increase in global population and the urbanization rate. The Komatsu Group is not only promoting a business model, which advocates comprehensive merits for customers, such as the reduction of lifecycle costs of their products, but also steadfastly engaging in three focused efforts of the ongoing mid-range management plan. In this manner, we are continuing to reinforce our operations so that we will be able to flexibly meet changes of our business environment.

« Focused efforts »

- Growth strategies based on innovation
- Growth strategies of existing businesses
- Structural reforms designed to reinforce the business foundation

We are working to improve profitability by continuing our efforts to cut down fixed and production costs and improve selling prices and so forth. At the same time, we are going to make special and speedy efforts in long-term growth projects so that we will be able to enjoy steady results.

Q2: We have already learned about SMARTCONSTRUCTION in detail in the opening section. How about other efforts in which you are looking into new value for customers in the domains of products and service?

A2: Concerning the domain of products, in addition to developing the PC200i intelligent Machine Control hydraulic excavator and some other products, we have been striving to enhance the product competitiveness of our forklift trucks by incorporating technological synergy with construction equipment. In May 2014, we introduced the FE25 electric forklift truck, which enables use by customers outdoors and even in the rain, albeit electrically powered. We are expanding the range of our electric models.

New FE25 electric forklift truck

In the industrial machinery and others business, we are facilitating in-house development and production of key components for innovative products, while working to expand sales of small AC Servo presses and fiber laser cutting machines, which we launched in 2014.

In the domain of service, we expanded collaboration with General Electric of the United States in April 2015 in order to further facilitate the "visualization" of mining equipment in operation. Specifically, jointly with GE, we are going to collect and analyze big data of mining operations, and help mining customers reduce their operating costs.

Q3: Please explain the current situation concerning the growth strategies of existing businesses.

A3: We have developed 18 models of hydraulic excavators, articulated dump trucks and other products, which are compliant with the latest emission regulations. In FY2015, we are aggressively planning new products designed specifically for emerging markets and working to expand sales there.

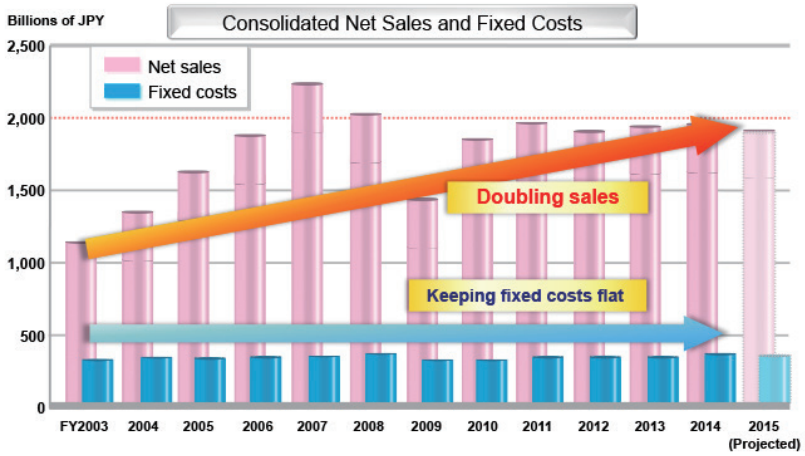
PC200-8M0 hydraulic excavator specifically for emerging markets (the photo taken in Indonesia)

We are also applying ICT as a powerful driver of the growth of existing businesses. By analyzing KOMTRAX and KOMTRAX Plus data from operating machines and proposing to customers that we can help them reduce lifecycle costs of their machines, we are strengthening the value chain business, such as parts.

Our machine population of construction and mining equipment has grown especially over the last few years, and we have expanded the spare parts business. We generated record-high sales of parts in FY2014. To steadily capture a growth in demand for parts, we are not only broadening our product mix of buckets, teeth and other strategic parts, as well as attachments, but also continuing to reinforce our supply operation of Reman components. We are also stepping up our efforts to strengthen our distribution network and distributors' human resource development in order to enhance the competitive edge of our distributors who handle sales and service of our products.

Q4: How about structural reforms?

A4: Our consolidated sales have about doubled since the early 2000s, but we have practically kept fixed costs constant. We will continue to separate costs from growth and sustain an appropriate level of fixed costs. At the same time, we are stepping up our efforts to reduce fixed costs in the regions where demand has continued to drop.



We are also making group-wide efforts to cut down production costs.

With respect to the on-going project to reduce electric power consumption to half at our plants in Japan, we built a new assembly factory at the Awazu Plant in 2014, which features excellent energy-savings and per-floor space productivity. In 2015, we began the operation of a biomass-fired boiler system for power generation at the Plant. As a result, purchase power consumption for the new assembly factory has dropped by about 90%, thanks to increased energy savings, improved per-floor space productivity and solar and biomass power generation.

In FY2015 we are starting a new mid-range improvement plan for production costs. As part of this plan, we are adding the concept of connectivity, that is, connecting a wide range of "visualized" information through IoT, to our conventional production reforms, in order to dynamically improve safety and productivity. More specifically, we are going to "visualize" the operating conditions of production equipment, such as machine tools and robots, as well as assembly lines through IoT and integrate that information in a shared database. Based on the integrated information, we will develop plans to improve production processes and productivity per shop floor, as well as to downsize manpower, and shorten production lead-time. We are also working to develop a new production system in which our plants will actively get involved in solving problems of end-customers by directly linking market information with the plants.

With respect to the spare parts business, we opened the new Kanto Spare Parts Distribution Center at the Oyama Plant in August 2014, which is equipped with a new warehouse management system and leading-edge ICT equipment. Through this center, we are accelerating a direct linkage of overseas subsidiaries and Japanese plants in order to reduce and optimize overseas subsidiaries' inventories of spare parts.

New Kanto Spare Parts Distribution Center

SUSTAINABLE GROWTH WITH THE WORLD

Corporate Governance

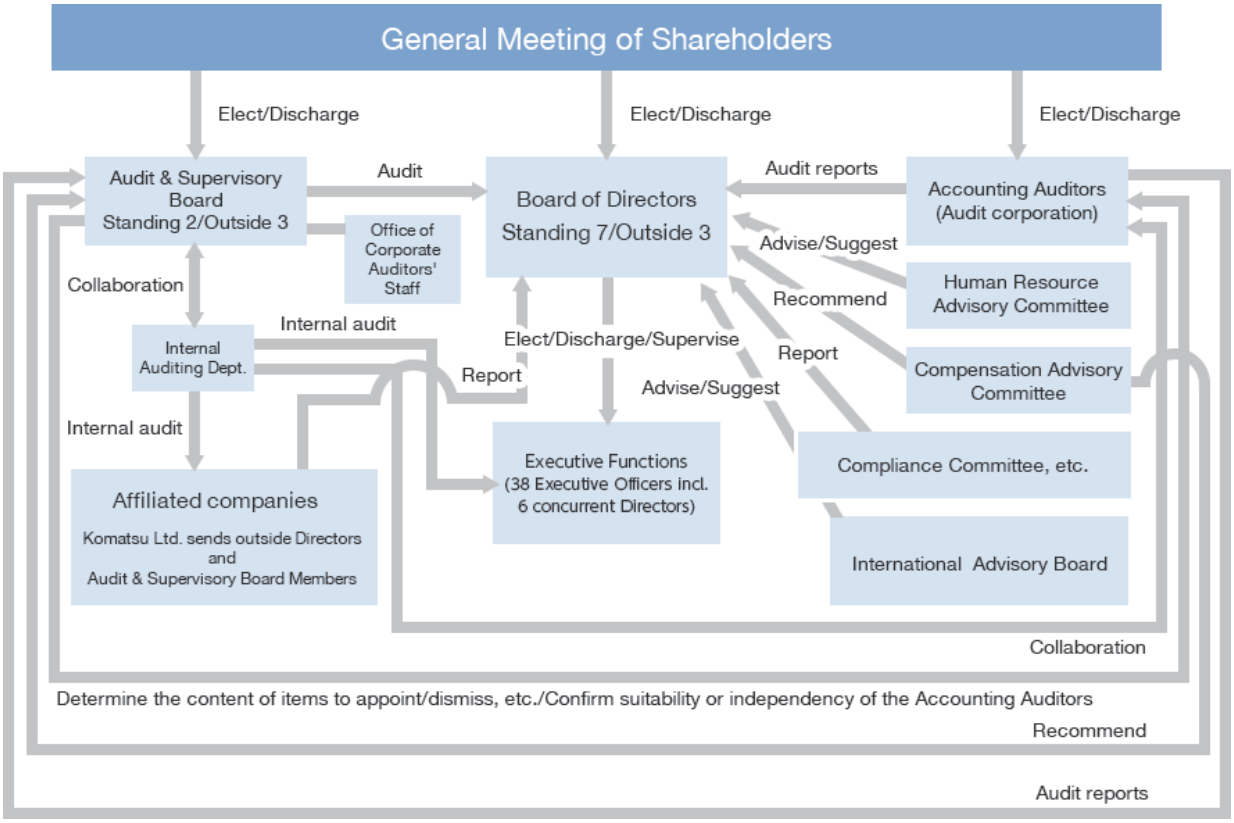
Basic Stance

We, at Komatsu Ltd., believe our corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, we are working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis. To further improve the transparency of management for our shareholders and investors, we disclose information in a fair and timely manner and actively engage in investor relations' activities by holding meetings with shareholders and investors.

Establishment and Improvement of Corporate Governance

In 1999 Komatsu Ltd. introduced the Executive Officer System and has been working to separate management decisionmaking and supervisory functions from executive functions to the extent permitted by laws and regulations. At the same time, we also limit the Board of Directors to a small number of members and appoint Outside Directors and Outside Audit & Supervisory Board Members. To improve the effectiveness of discussions at meetings of the Board of Directors, we have worked to reform their operational aspect, primarily by putting in place a system to ensure thorough discussions of important management matters and prompt decision making. We have also established the International Advisory Board (IAB) as a means to supplement executive functions.

Organizations and Functions



Note: Against the background of enforcement of the Law Concerning Partial Revisions to the Companies Act (2014 Law No. 90), enforcement of the revised listing rules of the Tokyo Stock Exchange and start of application of the Corporate Governance Code, the Board of Directors resolved a partial revision to the corporate governance structure of Komatsu Ltd. in its meeting held in May 2015. The above diagram shows the revised structure.

Organizational Profile

Board of Directors

Komatsu Ltd. holds Board of Directors' meetings periodically once or twice every month as a general rule. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of Komatsu, and rigorously controls and supervises the execution of duties by all members of the executive management team, including Representative Directors. Of the 10 Directors on the Board, three are Outside Directors to ensure transparent and objective management.

Audit & Supervisory Board

The Audit & Supervisory Board determines such matters as audit policies and the division of duties among Audit & Supervisory Board Members. Each Audit & Supervisory Board Member attends meetings of the Board of Directors and other important meetings, and audits the execution of duties by Directors. Meetings of the Audit & Supervisory Board are in principle held periodically once or twice every month as a general rule, and the Board performs appropriate audits by such means as hearing reports from members of the executive management team on their execution of duties. The Company has also established the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties. At least half of the five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members.

Directors/Officers

Compliance

Komatsu Ltd. has established the Compliance Committee as the group to oversee compliance, and it regularly reports its reviews and activities to the Board of Directors. The Company has also established a system to ensure Directors and employees thorough compliance to business rules as well as laws and regulations through a variety of measures, including the provision of Komatsu Code of Worldwide Business Conduct, appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, the Company works to supervise, educate and train Directors, Audit & Supervisory Board Members and employees. In addition, the Company has established the internal reporting system where those who are discretely reporting questionable actions in light of laws and regulations and business rules will not be penalized.

SUSTAINABLE GROWTH WITH THE WORLD

Risk Management

Komatsu recognizes as major risks those risk factors that could threaten the company's sustained growth, particularly compliance issues, environmental issues, product quality concerns, accidents, and information security problems. The company has adopted the following measures to counter these risks.

Basic Principles and System for Risk Management

In addition to the basic policy for risk management to ensure the business continuity and stable development, Komatsu has established Risk Management Rules to correctly recognize and manage risks.

Komatsu has established a Risk Management Committee to devise relevant policies for the entire Komatsu Group, to review the risk management system, and evaluate and improve upon response measures in place for each risk, and take control of risks when they arise. The Risk Management Committee regularly reports on its deliberations and activities to the Board of Directors. When serious risks surface, Komatsu will establish an emergency headquarters and implement appropriate measures to minimize damage.

Promoting a Business Continuity Plan

In order to quickly confirm the safety of employees and their families in the event of an accident or disaster, and to be able to continue or quickly restart important business operations, Komatsu has formulated a Business Continuity Plan (BCP). In addition, at our head office buildings and at all production plants, we assume the possible occurrence of major-scale earthquakes and conduct regular training so that in the event of an actual disaster everyone one will be able to act quickly and appropriately. Furthermore, at our production plants, we are working on seismic strengthening for buildings and equipment, as well as reinforcement against damage from torrential rains, according to the production plant's plans. Also, when an epidemic of contagious diseases is evident, we will establish a special committee and take appropriate measures. For our employees we will compile a manual with information regarding preventative measures and what action to take in case of infection, and also have training sessions to promote thorough understanding.

Strengthening Information Security

Komatsu is developing an information security structure for the entire Group, placing the Information Security Committee at its center. As one sphere of this structure, the Company distributes an Information Security Guidebook to all employees. In conjunction with this, it provides education and awareness-raising activities based on the Guidebook, with the belief that it is essential to raise individual employee consciousness of information security. In addition, the company is developing a structure to protect information from being falsified, leaked, or lost, even against cases of negligence or outside intrusion. The company is also conducting information security audits, to ensure that these measures are working effectively, and to detect and address any problems.

For more details, follow this link.

Business and Other Risks as well as Countermeasures

Komatsu has identified the following risks as its primary risks based on information currently available to it.

1. Economic and Market Conditions

The business environment in which Komatsu operates and the market demand for its products may change substantially as a result of economic and market conditions, which differ from region to region. Changes in the business environment in which Komatsu operates may lead to a decline in sales, and inefficient inventory levels and/or production capacities, thereby causing Komatsu to record lower profitability and incur additional expenses. As a result, Komatsu's results of operations may be adversely affected.

2. Foreign Currency Exchange Rate Fluctuations

A substantial portion of Komatsu's 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.

3. Fluctuations in Financial Markets

While Komatsu is currently improving the efficiency of its assets to reduce its interest-bearing debt and minimizing the adverse effect of interest rate fluctuations by mixing long-term, fixed-interest funds, an increase in interest rates may increase Komatsu's interest expenses and thereby adversely affect 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 governmental regulations and approval procedures in the countries in which it operates. If the government of a given country were to introduce new laws and regulations or revise existing laws and regulations relating to customs duties, import and export controls, currency restrictions and other legal requirements, Komatsu may incur expenses in order to comply with such laws and regulations, or its development, production, sales and service operations may be affected adversely by them. With respect to transfer pricing between Komatsu and its affiliated companies, Komatsu is careful to comply with applicable taxation laws of Japan and the concerned foreign governments. Nevertheless, it is possible that Komatsu may be viewed by the concerned tax authorities as having used inappropriate pricing. Furthermore, if intergovernmental negotiations were to fail, Komatsu may be charged with double or additional taxation. When facing such an unexpected situation, Komatsu may experience an unfavorable impact on its business results.

5. Environmental Laws and Regulations

Komatsu's products and business operations are required to meet increasingly stringent environmental laws and regulations in many countries in which Komatsu operates. To comply with the environmental laws and other related regulations of concerned governments, Komatsu expends a significant share of its management resources, such as research and development expenses. If Komatsu is required to incur additional expenses and make additional capital investments due to revised environmental regulations adopted in the future, or if its development, production, sales and service operations are adversely affected by such revised regulations, Komatsu may experience an unfavorable impact on its business results.

6. Product and Quality Liability

While Komatsu endeavors to sustain and improve the Quality and Reliability of its operations and products based on stringent standards established internally, Komatsu may face product and quality liability claims

or become exposed to other liabilities, if unexpected defects in its products result in recalls or accidents. If the costs for addressing such claims or other liabilities are not covered by Komatsu's existing insurance policies or other protective means, such claims may adversely affect its profits.

7. Alliances and Collaborative Relationships

Komatsu has entered into various alliances and collaborative relationships with distributors, suppliers and other companies to reinforce its international competitiveness. Through such arrangements, Komatsu is working to improve its product development, production, sales and service capabilities. However, 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 fluctuations in commodity and energy prices. Price increases in commodities, such as steel materials, as well as energies, such as crude oil and electricity, may increase 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. With respect to an increase in the cost of production as mainly affected by an increase in the cost of materials, Komatsu mainly strives to reduce other costs and make price adjustments of its products. Komatsu also strives to minimize the effects of possible procurement or manufacturing issues by promoting closer collaboration among its related business divisions. However, if the increase in commodity and energy 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 safeguards such confidential information with the utmost care. To forestall unauthorized access by means of cyber-attacks, tampering, destruction, leakage and losses, Komatsu employs appropriate safety measures, including implementing technological safety measures and strengthening its information management capabilities. However, when its network and information systems crash and/or have problems, such as a leak of confidential information concerning customers and individuals, 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 Komatsu were held liable for infringing on a third party's intellectual property rights, Komatsu's business results may be adversely affected.

10. Natural Calamities, Wars, Terrorism, Accidents and Other Matters

If natural disasters, such as earthquakes, tsunamis and floods, epidemics, radioactive contamination, wars, terrorist acts, riots, accidents, such as fires and explosions, unforeseeable criticism or interference by third parties or computer virus infections were to occur in the regions in which Komatsu operates, Komatsu may incur extensive damage to one or more of its facilities that they could not become fully operational within a short period of time. Even if Komatsu's operations were not directly harmed by such events, confusion in logistic and supply networks, shortages in the supply of electric power, gas and other utilities, telecommunication problems and/or problems of supplier's production may continue for a long period of time. Accordingly, if delays or disruption in the procurement of materials and parts, or the production and sales of Komatsu's products and services, or deterioration of the funding environment resulting from confusion on capital markets were to take place as a result of such events, Komatsu's business results may be adversely affected.

SUSTAINABLE GROWTH WITH THE WORLD

Environmental Conservation Efforts

Komatsu's Relationship with Nature

In recognition of the fact that our business activities affect the environment on a regional and global level, we, at Komatsu, have placed the focus on the following four key areas:

1) Climate Change
2) Establishment of a Sound Material-Cycle Society
3) Conservation of Air, Water and Other environments as well as Management of Chemical Substances
4) Biodiversity

In line with the Komatsu Earth Environment Charter revised in 2010, the Komatsu Group embarks on global initiatives across business areas guided by the fundamental principles of

1) Contributions to Realization of Sustainable Society,
2) Simultaneous Realization of Environmental and Economic Performance, and
3) Observance of Corporate Social Responsibility

Komatsu Earth Environment Charter (June 2010 revision)

Corporate Principles

1. Contributions to Realization of Sustainable Society
Mankind must not only promote the further growth of a rich and comfortable society but also pass down this indispensable environment of our planet earth to future generations in a sound and healthy condition.

We, at the Komatsu Group, define environmental conservation efforts as one of the highest priority management tasks, and endeavor to contribute to the sustainable growth of society by integrating advanced technologies into environmental conservation efforts in all our business activities. This is represented by our hybrid construction equipment which features a substantial reduction of CO_2 emissions while in operation and by our superior manufacturing.

2. Simultaneous Realization of Environmental and Economic Performance
We are committed to improving both environmental performance and economic efficiency, as a group of companies working toward superior manufacturing for customer satisfaction. To this end, we constantly take up the challenge of advancing technologies to develop creative products that improve both environmental performance throughout the product's life cycle and the product's economic performance at the same time.

3. Observance of Corporate Social Responsibility
Each company of the Komatsu Group promotes environmental conservation by not only complying with the applicable laws and regulations of the concerned host community, region and country but also by establishing its voluntary standards which consider global and local environmental concerns. Each company of the Group also strives to fulfill its corporate social responsibility by actively participating in local environmental conservation programs and thereby promoting close-knit communication with local communities, while striving to become a company trusted by all Komatsu stakeholders.

Guidelines for Corporate Activity

1. Basic Stances on Earth Environmental Problems
We, at the Komatsu Group, work for sustainable society and earth environment through our global business operations by addressing the following four environmental problems with the stances discussed below.

1) Climate change
2) Establishment of a sound material-cycle society
3) Conservation of Air, water and other environments as well as management of chemical substances
4) Biodiversity

2. Framework of Our Global, Group-wide Environmental Management System

To reduce our group-wide environmental impact, the Komatsu Head Office as well as the manufacturing facilities and main companies of the Komatsu Group, already with ISO certifications, will continue working to maintain and improve their environmental management system, while other manufacturing facilities and suppliers will also work to establish their environmental management systems.

The Komatsu Environmental Committee develops environmental action plans and common guidelines for the Komatsu Group. Based on these group-wide plans and guidelines, each division or company sets up its own mid- to long-range targets, develops and implements specific action plans, reviews them regularly and works to continuously improve them.

3. Environmental Education and Communication

We believe that it is important to enhance the environmental awareness of each and every employee and thereby actively promote such education programs for all employees.

We will gather environment-related information concerning not only our manufacturing facilities but also other related entities, such as major affiliated companies and suppliers, and strive to disclose such information, thereby facilitating proactive communication with all our stakeholders, such as customers, employees, local communities and suppliers, and further expanding the content of environmental communication.

Topics: New assembly factory at the Awazu Plant

We plan to reduce annual purchase electricity for a new assembly factory by about 90% by taking advantage of reduced shop floor space as a result of consolidating two old factories, saving energy for air conditioning and lighting, and creating energy with a biomass-fired steam boiler system and solar panels. At the same time, we have doubled productivity per shop floor space of the new assembly factory.

New assembly factory

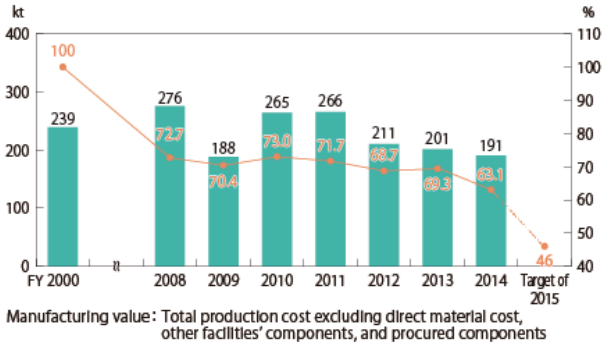
Concerning biomass power generation, we are using wood chips (7,000 tons per year), supplied by the Kaga Forestry Association, to operate boilers to make steam, which is used for a compressor and generators. Waste heat of the steam is utilized by an absorption-type refrigerating machine. All together, we are expecting to save about 1,400MWh of electricity and about 800K liters of fuel oil annually.

Biomass power generation facility

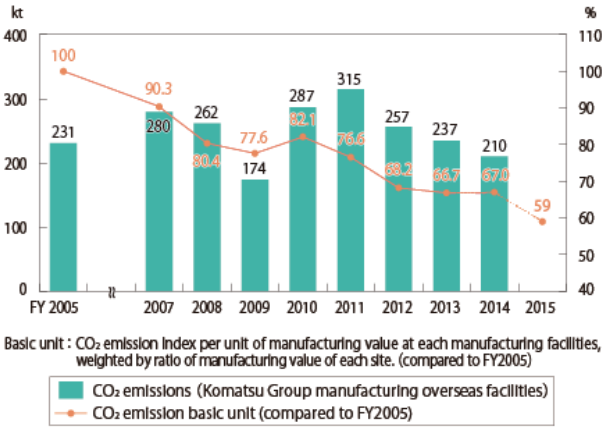
Environmental Indexes

▪ Reducing CO_2 Emissions in Manufacturing Operations

CO_2 Emissions (Japan)

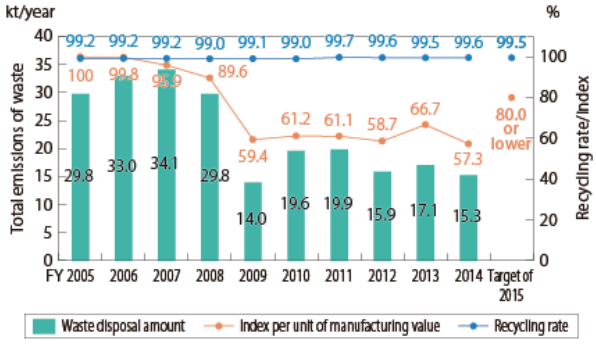


CO_2 Emissions (Overseas)

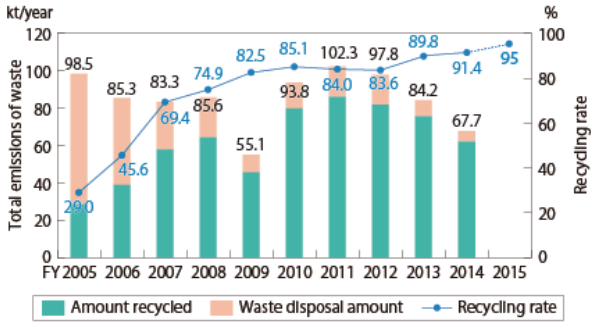


▪ Amount of Waste Generated

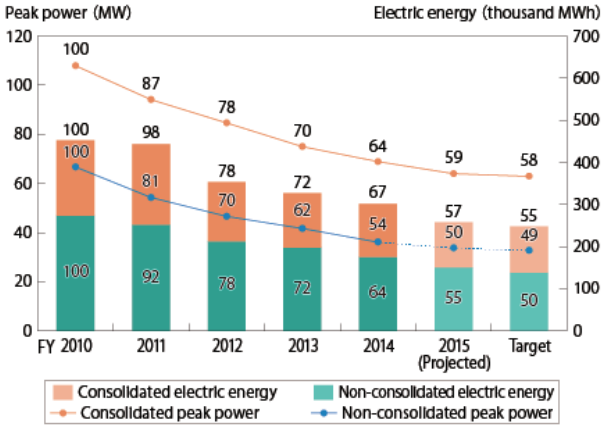
Waste Generated in Japan



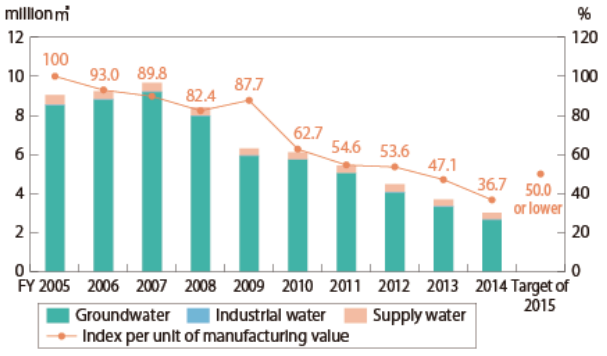
Waste Generated Overseas



▪ Electric Power Consumption



▪ Water Used and Index Per Units of Manufacturing Value in Japan (Reflects results of the reviews of the data on KCX for the year of 2009 and earlier)



SUSTAINABLE GROWTH WITH THE WORLD

Corporate Social Responsibility Efforts

Social Contribution Activities

We acknowledge that a company, as a good corporate citizen, should live up to the expectations of the society, not only by conducting its business properly, but also by promoting harmonious relations with, and contributing to the benefit of, the community in which it operates. Accordingly, we are making efforts which are uniquely associated with Komatsu, as we turn our attention to local community issues and think how we can utilize our corporate strengths.

Basic Stance on Social Contribution Activities

Objective

Komatsu Group and all its employees shall recognize their social roles as members of local communities and work to contribute to society.

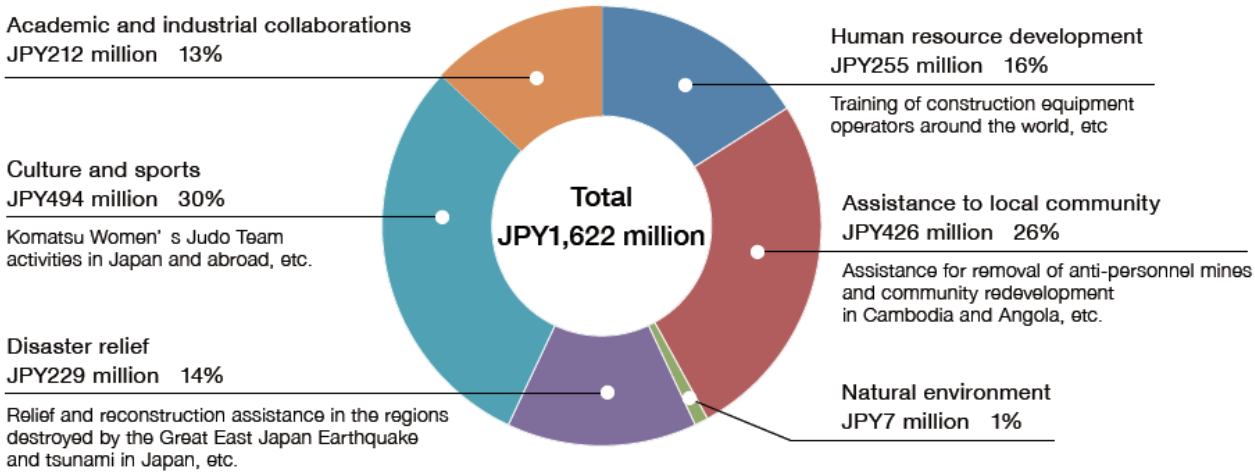
Five social contribution principles

Social contribution activities should:

- have continuity;
- have public interest;
- be chosen voluntarily;
- be acceptable to employees: and
- not be designed to advertise our products or services.

Social Contribution Activities Engaged in FY2014 (on a consolidated basis)

We have engaged in social contribution activities in the following six areas.



Topics: Assistance to Training of Construction Equipment Operators in Liberia

The Republic of Liberia in west Africa is attracting keen attention for its economic development. It is an urgent task of the Liberian government to train construction equipment operators in order to develop the infrastructure needed for economic development. Prior to the tragic spread of Ebola, a training center for construction equipment operators opened in June 2014, as a joint project by the Japanese government and the United Nations Industrial Development Organization (UNIDO). Komatsu has been supporting this center.

In May, four instructors came to Japan and learned the basics of operating and repairing construction equipment at Komatsu. After returning to their country, they assisted the construction of sanitation facilities by demonstrating their skills in the capital city of Monrovia until the Ebola epidemic began to weaken. Even during this waiting period, Komatsu continued to offer assistance, such as responding to their technical questions through email.

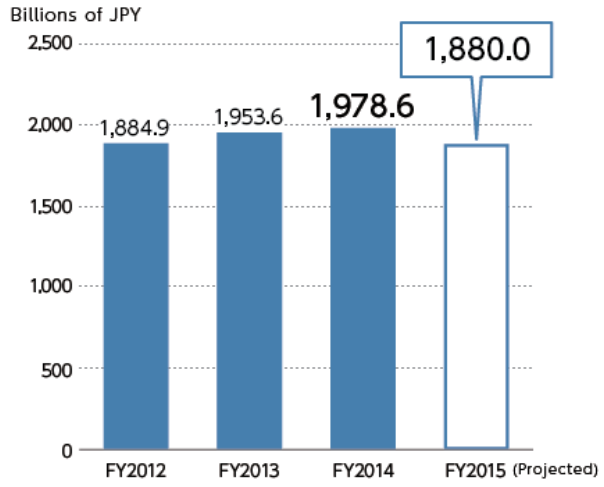
In April 2015, the center received the first unit of construction equipment donated by Komatsu. Komatsu will continue its assistance efforts, such as the provision of training programs, in collaboration with its local distributor, until the full-scale operation of this training center iss achieved.

FY2014 PERFORMANCE

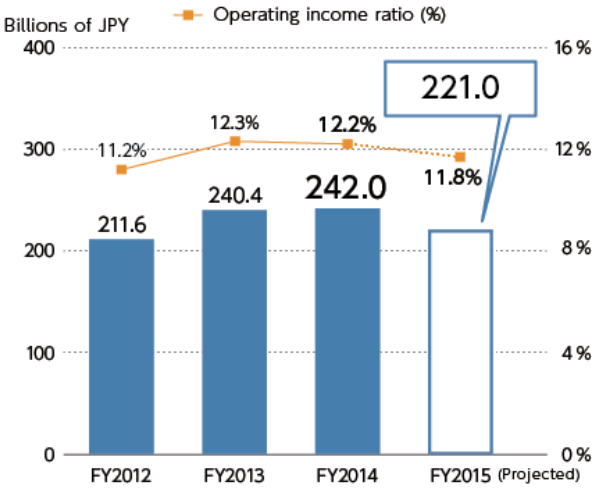
Consolidated Results / Five-Year Summary

Consolidated Results

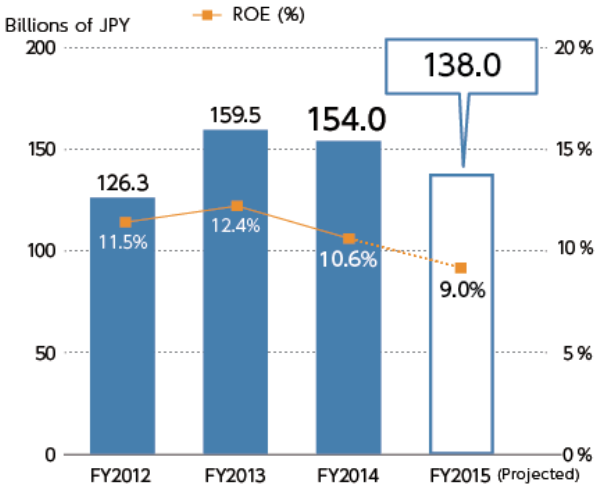
Net Sales



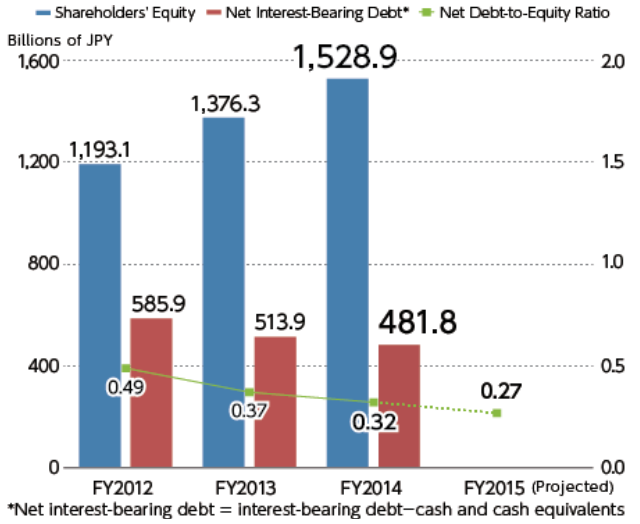
Operating Income and Ratio



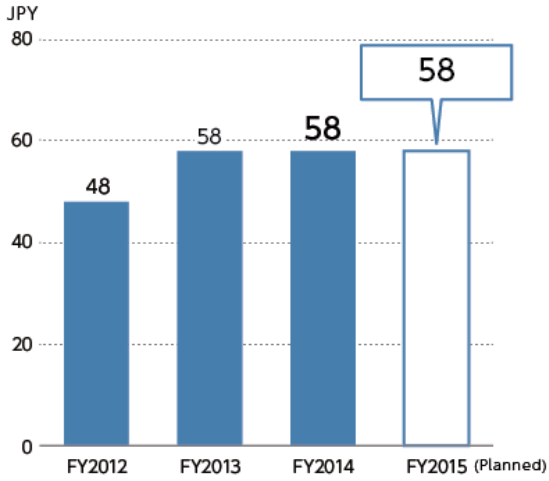
Net income attributable to Komatsu Ltd. and ROE



Shareholders' Equity, Net Interest-Bearing Debt* and Net Debt-to-Equity Ratio



Cash Dividend



Note: All projected figures for FY2015 reflect those announced on April 27, 2015.

Five-Year Summary

Komatsu Ltd. and Consolidated Subsidiaries — Millions of yen (except per share amounts)

	FY2014	FY2013	FY2012	FY2011	FY2010
For the fiscal period					
Net sales	**¥1,978,676**	¥1,953,657	¥1,884,991	¥1,981,763	¥1,843,127
Cost of sales	**1,401,193**	1,393,048	1,377,459	1,440,765	1,343,464
Operating income	**242,062**	240,495	211,602	256,343	222,929
Operating income ratio	**12.2%**	12.3%	11.2%	12.9%	12.1%
Income before income taxes and equity in earnings of affiliated companies	**236,074**	242,056	204,603	249,609	219,809
Net income attributable to Komatsu Ltd.	**154,009**	159,518	126,321	167,041	150,752
Capital investment	**192,724**	179,070	136,962	122,038	97,738
At fiscal period-end					
Total assets	**¥2,798,407**	¥2,651,556	¥2,517,857	¥2,320,529	¥2,149,137
Working capital	**716,524**	701,201	664,480	536,662	444,384
Property, plant and equipment	**743,919**	667,347	585,220	529,656	508,387
Long-term debt-less current maturities	**279,270**	311,067	343,814	312,519	291,152
Komatsu Ltd. shareholders' equity	**1,528,966**	1,376,391	1,193,194	1,009,696	923,843
As percentage of total assets	**54.6%**	51.9%	47.4%	43.5%	43.0%
Per share data					
Net income attributable to Komatsu Ltd. per share: Basic	**¥ 162.07**	¥ 167.36	¥ 132.64	¥ 173.47	¥ 155.77
: Diluted	**161.86**	167.18	132.51	173.32	155.66
Cash dividends per share*	**58.00**	53.00	45.00	41.00	26.00
Komatsu Ltd. shareholders' equity per share	**1,622.48**	1,443.97	1,252.33	1,060.31	954.48

*Cash dividends per share provided above are based on dividends paid each fiscal year.

FY2014 PERFORMANCE

Construction, Mining and Utility Equipment

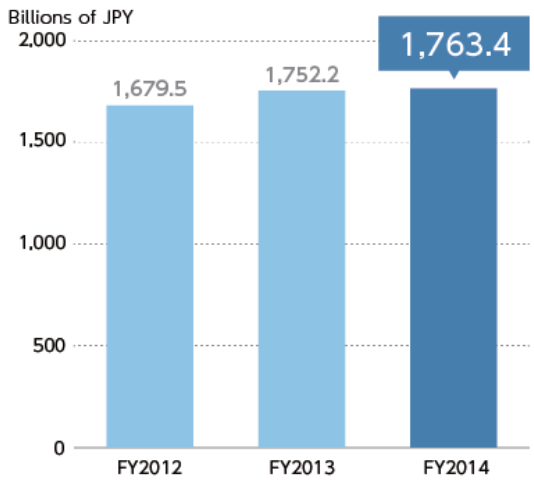
Sales of the construction, mining and utility equipment business amounted to JPY1,763.4 billion, up 0.6% from the previous fiscal year. Segment profit declined by 6.1% to JPY227.2 billion.

Komatsu enjoyed great customer evaluations for and steadfastly increased shipment of intelligent Machine Control dozers and hydraulic excavators in Japan, North America and Europe, which it has launched as next-generation products to drive its growth strategies based on innovation. Starting in Japan in February 2015, Komatsu embarked on "SMARTCONSTRUCTION", a new solution business by connecting all information of construction jobsites through ICT (information and communication technology) in order to help customers realize safe and high-productivity jobsites of the future. With respect to products designed to comply with new emission standards (such as Tier 4 Final in the United States), which have been introduced steadily in North America, Europe and Japan since the start of 2014, Komatsu has developed a total of 18 models and worked to expand their sales.

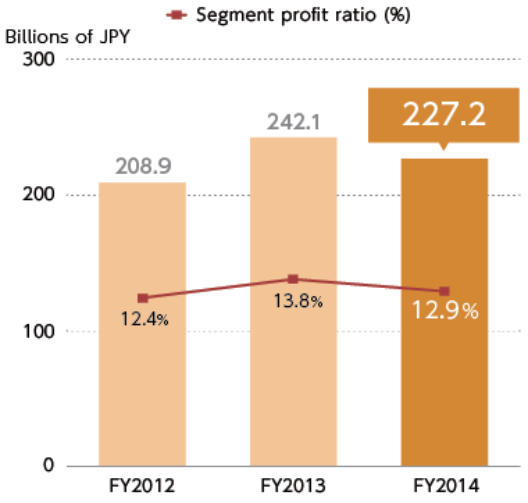
At its production plants in Japan, Komatsu has been making efforts to cut down their electric power consumption to half. In May 2014, Komatsu opened a new assembly factory at the Awazu Plant in Ishikawa Prefecture, Japan. The new factory features an outstanding efficiency of manufacturing, and Komatsu expects to reduce purchase power volume by over 90% for this factory.

While demand declined for new construction and mining equipment, Komatsu made record-high sales of parts by steadfastly capturing aftermarket demand.

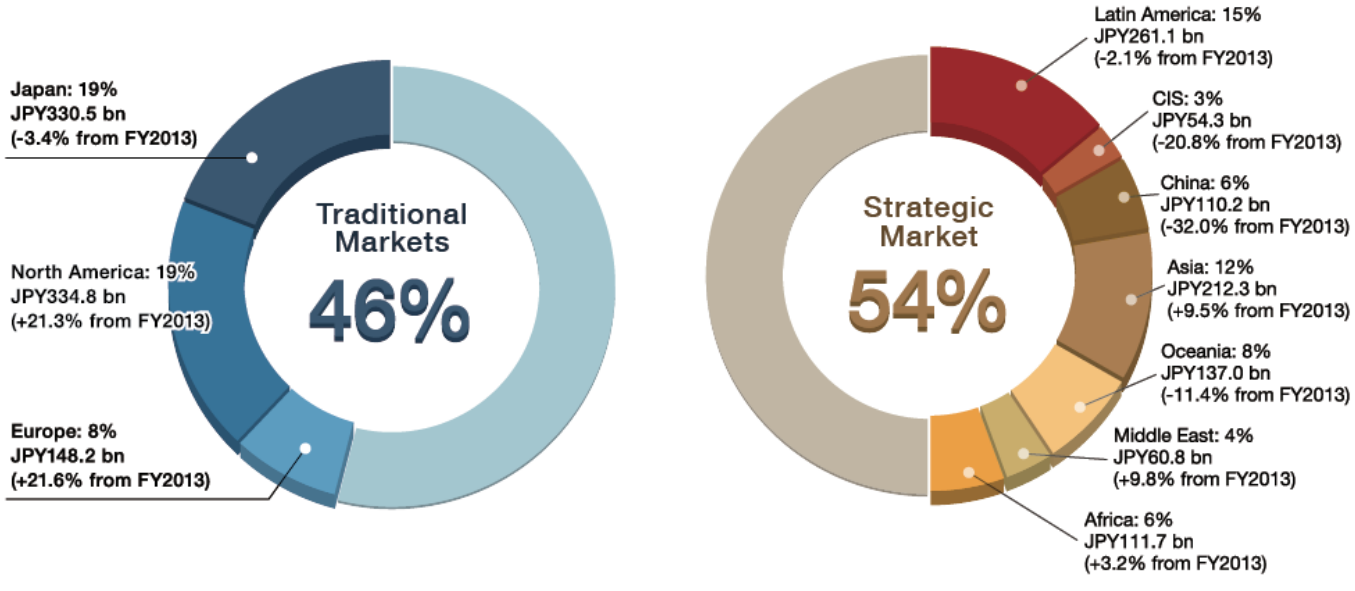
Sales



Segment Profit and Ratio



Sales by Region for the Fiscal Year ended March 31, 2015 (To Outside Customers)



FY2014 PERFORMANCE

Traditional Markets

Japan

While steadily capturing demand in construction investment and reconstruction in the regions which were destroyed by the Great East Japan Earthquake, Komatsu faced adverse effects of demand for construction equipment having run its course in rental companies. As a result, sales declined from the previous fiscal year.

North America

Demand for equipment remained slack in the mining industry and the energy sector, which was adversely affected by the plunge of crude prices. Demand for construction equipment advanced in the residential construction and infrastructure development sectors, including highway construction. As a result, sales increased from the previous fiscal year.

Europe

Sales increased from the previous fiscal year, reflecting an increase of demand in the United Kingdom, a major market.

Strategic Markets

Latin America

Demand for construction equipment declined, while slack demand for mining equipment prolonged. Sales decreased from the previous fiscal year.

CIS

Sales declined, as affected by the drastic depreciation and discount rate hike of the Russian ruble as well as prolonging sluggish demand for equipment in gold mines and the energy sector.

China

While having continued to stimulus measures, such as eased regulations on housing loans and decreased interest rate, the Chinese government has announced a shift of its economic policy from rapid economic expansion to a "new normal" of slower but more sustainable economic growth. Sales declined drastically from the previous fiscal year, particularly against the backdrop of a sharp drop of demand after Chinese New Year in February 2015.

Asia

While demand remained sluggish, including Indonesia, the largest market of the region, and Thailand, Komatsu captured expanding demand in the Philippines, India and some other countries. As a result, sales in Asia improved from the previous fiscal year.

Oceania

Sales declined, as demand for mining equipment remained sluggish in mines.

Middle East

Demand in Turkey, the major market of the region, was slack. While crude prices dropped sharply, demand in other areas advanced steadily, centering on some Gulf nations, such as Saudi Arabia, Qatar and United Arab Emirates. Sales increased from the previous fiscal year.

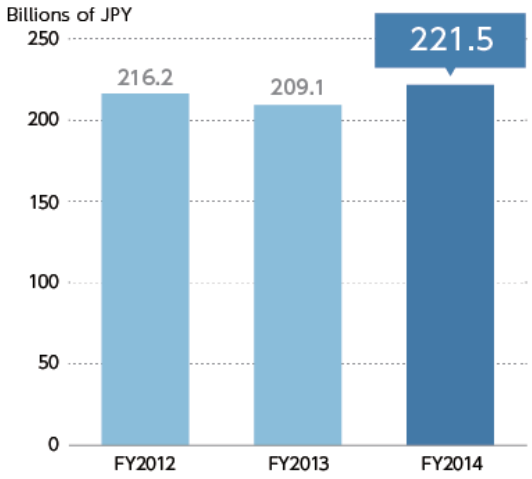
Africa

Sales improved from the previous fiscal year, mainly supported by the steady progress on the delivery of mining equipment in South Africa.

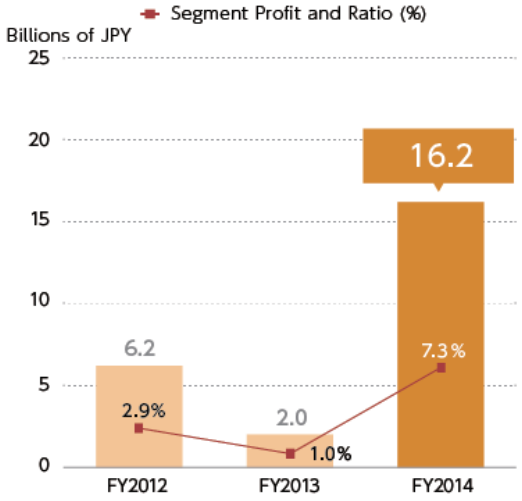
FY2014 PERFORMANCE

Industrial Machinery and Others

Sales



Segment Profit and Ratio



Sales of presses and other forging machines remained steady, supported by capital investment mainly in the automobile manufacturing industry. In addition, GIGAPHOTON INC. expanded sales supported by high-rate machine utilization of the semiconductor manufacturing industry. Sales of the industrial machinery and others business totaled JPY221.5 billion, up 5.9% from the previous fiscal year. Segment profit reached JPY16.2 billion, an increase of JPY14.2 billion, mainly because the loss of wire saw inventories in the amount of JPY10.8 billion was realized for the previous fiscal year.

During the fiscal year, Komatsu launched a new model of the small AC Servo press series and the fiber laser cutting machine, both of which achieve high productivity and an outstanding reduction of running costs. Komatsu worked to expand their sales.

INFORMATION

Corporate Information (As of March 31, 2015)

Outline

Name	Komatsu Ltd.
Head Office	2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan
Date of Establishment	May 13, 1921
Common Stock Outstanding	Consolidated: ¥67,870 million based on U.S. GAAP Non-consolidated: ¥70,120 million
Number of Employees	Consolidated: 47,417 (Komatsu Ltd. and 138 consolidated subsidiaries) Non-consolidated: 10,416

Shareholder Information

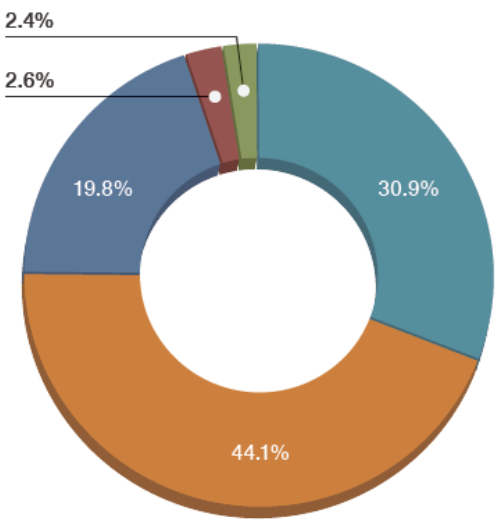
Shares of Common Stock Issued and Outstanding	942,926,902 shares (excluding 29,040,758 shares of treasury stock)
Number of Shareholders	201,188
Number of Shares per Trading Unit	100
Securities Code	6301 (Japan)
Stock Listings	Tokyo
Transfer Agent for Common Stock/Management Institution for Special Account	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Depositaries (ADRs)	The Bank of New York Mellon 101 Barclay Street, New York, NY 10286, U.S.A. Tel: +1-(201)-680-6825 U.S. Callers: 888-269-2377 (888-BNY-ADRS) URL: http://www.adrbnymellon.com Ticker Symbol: KMTUY

Major Shareholders

Name of Shareholders	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	36,727	3.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,615	3.88
Taiyo Life Insurance Company	34,000	3.60
Nippon Life Insurance Company	26,626	2.82
State Street Bank and Trust Company 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25,796	2.73
Sumitomo Mitsui Banking Corporation	17,835	1.89
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (standing proxy: Sumitomo Mitsui Banking Corporation)	17,322	1.83
The Bank of New York Mellon SA/NV 10 (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	16,055	1.70
State Street Bank West Client – Treaty 505234 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,150	1.28
State Street Bank and Trust Company 505225 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	11,705	1.24

Notes: 1) Shareholding ratio is calculated by subtracting treasury stock.

2) Although Komatsu Ltd. holds 29,040 thousand shares of treasury stock, it is excluded from the major shareholders listed above.



Financial	30.9%	204 shareholders	300,643,459 shares
Foreign	44.1%	888 shareholders	428,862,095 shares
Individual and other	19.8%	198,482 shareholders	192,959,172 shares
Corporate	2.6%	1,441 shareholders	25,302,653 shares
Securities	2.4%	173 shareholders	24,200,281 shares

Note: Percentage Figures are shown after dropping the last two places of decimals.

Stock Prices on the Tokyo Stock Exchange

Stock Prices on the Tokyo Stock Exchange (Real-time)

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