(Translation)
Notes: 1. This document has been translated from the Japanese original for the convenience of foreign shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.
2. Regarding nonresident shareholders, if you wish to exercise your voting rights, please instruct your custodians, nominees or brokers accordingly in advance of the date of the Ordinary General Meeting of Shareholders.

May 27, 2014

Dear Shareholders:

Notice of Convocation of the 145th Ordinary General Meeting of Shareholders of Komatsu Ltd.

Komatsu Ltd.

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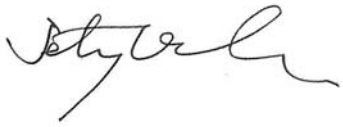
* Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements have been posted separately on our website (http://www.komatsu.co.jp/).
Information in English has been posted on our English website (http://www.komatsu.com).

To All Our Shareholders

President



I would like to extend our sincere appreciation to our valued shareholders for your understanding and support of the Komatsu Group. I hereby give notice of convocation of the 145th Ordinary General Meeting of Shareholders, which will be held on June 18, 2014. Your attendance at the meeting is cordially requested. If you are unable to attend the Meeting in person, it would be very appreciated if you could exercise your voting rights by conventional postal delivery or via the Internet.

In April 2013, the Komatsu Group began implementing its three-year mid-range management plan "Together We Innovate GEMBA Worldwide." Under the plan, we are focusing on three key areas: "(1) growth strategies based on innovation," "(2) growth strategies of existing businesses," and "(3) structural reforms designed to reinforce the business foundation." However, in this fiscal year ended March 31, 2014, we faced challenges in responding to changes in our operating environment, such as a sharp decline in demand for mining equipment and a slow recovery in demand for wire saws.

The Komatsu Group's market environment remains challenging and the market conditions are becoming more complex. As a result, it is now very difficult to accurately forecast demands in all our business fields. However, by rapidly implementing the three key policies in our mid-range management plan, I believe we will achieve results as we continue to build a stronger operating framework that responds more flexibly to changes in the operating environment.

In addition, we consider our CSR (Corporate Social Responsibility) activities as "responding to the demands of society through our core business." Going forward, we will continue to work towards our CSR goal of enhancing quality of life for people worldwide by supplying customers with our products and services that are at the highest global standards in quality, safety, and environmental considerations.

Please see this report for more detailed information on some of the Komatsu Group's initiatives.

We are also taking steps to improve information disclosure for shareholders, such as upgrading our website to distribute information more quickly.

Finally, I would like to take the opportunity to humbly ask our shareholders for their continued understanding and support.

NOTICE OF CONVOCATION OF THE
ONE HUNDRED AND FORTY-FIFTH (145TH)
ORDINARY GENERAL MEETING OF SHAREHOLDERS
OF KOMATSU LTD.

Securities Code: 6301
May 27, 2014

Dear Shareholders:

Please be advised that the 145th Ordinary General Meeting of Shareholders of Komatsu Ltd. (hereinafter "the Company") will be held in accordance with the particulars indicated in the attachment hereto. Your attendance at the meeting is cordially requested.

If you are unable to attend the above Meeting in person, it would be very appreciated if you could exercise voting rights by conventional postal delivery or via the Internet. Please exercise your voting rights after reviewing the attached "Reference Materials for the General Meeting of Shareholders" (pages 46 to 59) and referring to "Guidance on Methods for Exercise of Voting Rights" (page 3).

Sincerely,

Tetsuji Ohashi
President
Komatsu Ltd.
3-6, Akasaka 2-chome, Minato-ku, Tokyo

Details

1. Date and Time: Wednesday, June 18, 2014 at 10:00 a.m. (Japan Time)

2. Place: West Hall 1, West Exhibition Hall, Tokyo Big Sight
11-1, Ariake 3-chome, Koto-ku, Tokyo

3. Purpose:

Items to Be Reported

(1) The Business Report and the Consolidated Financial Statements for the 145th fiscal year (April 1, 2013 – March 31, 2014), as well as the Accounting Auditors' Report and the Audit & Supervisory Board's Report on the Result of the Audited Consolidated Financial Statements.

(2) The Non-Consolidated Financial Statements for the 145th fiscal year (April 1, 2013 – March 31, 2014).

Items to Be Resolved

Item 1: Appropriation of Surplus

Item 2: Election of Ten (10) Directors

Item 3: Election of One (1) Audit & Supervisory Board Member

Item 4: Payment of Bonuses for Directors

Item 5: Giving the Board of Directors the Authority to Issue Stock Acquisition Rights as Stock-Based Remuneration to Employees of the Company and Directors of Major Subsidiaries of the Company

4. Matters Related to the Exercise of Voting Rights

(1) Handling of duplicated voting

If you exercise your voting rights twice, both by conventional postal delivery and via the Internet, the voting via the Internet shall prevail regardless of the arrival date of the mailed vote. In the case of multiple voting via the Internet, the last voting shall prevail.

(2) Diverse exercise of voting rights

If you diversely exercise your voting rights, you are required to notify the Company the details and the reasons for this in writing.

Guidance on Methods for Exercise of Voting Rights

Attendance at the General Meeting of Shareholders	
Please take the enclosed Card for Exercising Voting Rights and submit it at the reception. The reception desk is scheduled to open at 9:00 a.m. on the day of the meeting.	Date and time of General Meeting of Shareholders Wednesday, June 18, 2014 at 10:00 a.m. (Japan Time)

By conventional postal delivery	
Please indicate "for" or "against" for each agenda item shown on the enclosed Card for Exercising Voting Rights, and return it via the conventional postal delivery system.	Deadline for exercising voting rights To arrive at the Company by 5:45 p.m. on Tuesday, June 17, 2014 (Japan Time)

Via the Internet*	
Please indicate "for" or "against" for each agenda item at the website (http://www.evote.jp/) designated by the Company.	Deadline for exercising voting rights To be performed by 5:45 p.m. on Tuesday, June 17, 2014 (Japan Time)

- Institutional investors can utilize the electronic platform for exercising voting rights, which is operated by ICJ, Inc.

**Voting via the Internet other than through the ICJ platform is only available for registered shareholders in Japan with Japanese language only. The ICJ platform is an electronic voting platform for institutional investors available via the ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s).*

For Internet Disclosure: the Company's website (http://www.komatsu.co.jp/)

**Information in English has been posted on our English website (http://www.komatsu.com).*

- Information regarding the items listed below is not contained within this document, entitled "Notice of Convocation of the 145th Ordinary General Meeting of Shareholders of Komatsu Ltd." In accordance with relevant laws and regulations and with Article 16 of the Articles of Incorporation, such information in Japanese has been posted separately on our website.
  1) Notes to Consolidated Financial Statements
  2) Notes to Non-Consolidated Financial Statements
- The Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Accounting Auditors and the Audit & Supervisory Board include, in addition to each statement contained within this document, entitled "Notice of Convocation of the 145th Ordinary General Meeting of Shareholders of Komatsu Ltd.," the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements in Japanese that have been posted on our website.
  **Information in English has been posted on our English website (http://www.komatsu.com).*
- Please note that any changes in the matters described in Reference Materials for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements in Japanese will be posted on our website .
  **Information in English will be posted on our English website (http://www.komatsu.com).*

Guidance on Holding of Exhibition

- Aiming to showcase the leading-edge technologies and the CSR activities of the Komatsu Group, we plan to set up an exhibition space that shareholders can visit after the General Meeting of Shareholders. Please refer to page 62 of this document for details.

Attached Documents

Business Report

(April 1, 2013 - March 31, 2014)

1. Current Conditions of Komatsu

(1) Outline of Operations and Business Results

Komatsu Ltd. ("Company") and its consolidated subsidiaries (together "Komatsu") embarked on the "Together We Innovate GEMBA Worldwide" three-year mid-range management plan in April 2013. Under this plan, Komatsu is making focused efforts on 1) growth strategies based on innovation, 2) growth strategies of existing businesses, and 3) structural reforms designed to reinforce the business foundation.

For the fiscal year under review (April 1, 2013 – March 31, 2014), which represents the first year of the mid-range management plan, in the construction, mining and utility equipment business, while demand for mining equipment remained slack, that for construction equipment increased in Japan, China and some other regions. In addition, reflecting the Japanese yen's depreciation, sales increased from the previous fiscal year. With respect to the industrial machinery and others business, while sales of sheet-metal and press machines were firm mainly in the automobile manufacturing industry, total sales declined from the previous fiscal year, largely affected by further decline in sales of wire saws. As a result, consolidated net sales for the year increased by 3.6% from the previous fiscal year, to JPY1,953.6 billion. Concerning profits, while the loss of the inventories of wire saws was realized, operating income improved by 13.7% from the previous fiscal year, to JPY240.4 billion, supported by the Japanese yen's depreciation and continued focus on improving selling prices and production costs as well as curtailing fixed costs. Operating income ratio was 12.3%, up 1.1 percentage points. Income before income taxes and equity in earnings of affiliated companies improved by 18.3% to JPY242.0 billion. Net income attributable to Komatsu Ltd. advanced by 26.3% to JPY159.5 billion.

[Consolidated Results for the Fiscal Year Under Review]

	145th Fiscal Year (April 2013 – March 2014)	Changes From 144th Fiscal Year
Net sales	JPY 1,953.6 billion	3.6%
Operating income	JPY 240.4 billion	13.7%
Income before income taxes and equity in earnings of affiliated companies	JPY 242.0 billion	18.3%
Net income attributable to Komatsu Ltd.	JPY 159.5 billion	26.3%

Note: The Consolidated Financial Statements of the Company is prepared in accordance with Article 120-2 Paragraph 1 of the Corporate Accounting Regulations of Japan and the method of preparation conforms to the accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP") in terms of terminology and format.

Komatsu's operations by region are described below.

Consolidated Sales by Operation

Segment	145th Fiscal Year	Changes From 144th Fiscal Year
Construction, Mining and Utility Equipment	JPY 1,752.2 billion	4.3%
Industrial Machinery and Others	JPY 209.1 billion	(3.3)%
Elimination	JPY (7.7) billion	-
Total	JPY 1,953.6 billion	3.6%

Note: Consolidated sales by operation shown in the following text are based on the amounts before elimination of transactions between operations.

1) Construction, Mining and Utility Equipment

While demand for mining equipment remained slack in coal and iron ore mines, demand for construction equipment increased steadily in Japan, where it was brisk mainly due to thriving construction investment, and in China, where it upturned for recover during the fiscal year under review. In addition, as the Japanese yen depreciated against the U.S. dollar, euro and renminbi, sales of construction, mining and utility equipment increased by 4.3% from the previous fiscal year, to JPY1,752.2 billion. Segment profit improved by 15.9% to JPY242.1 billion.

During the fiscal year under review, Komatsu launched the medium-sized D61PXi-23 intelligent Machine Control (iMC) dozers in North America, Europe and Japan. This model features the world's first automatic blade control as a next-generation product to lead Komatsu's strategies based on innovation. Komatsu also widened its model range. Also during the fiscal year, the machine population of KOMTRAX (Komatsu Machine Tracking System)-installed units surpassed 330,000 worldwide. By taking advantage of KOMTRAX information concerning machine operations, Komatsu worked to strengthen the aftermarket business, which includes the provision of services and sales expansion of strategic parts. With respect to models certified for new emission regulations which have become effective in the United States, Europe and Japan since 2011, Komatsu continued aggressive market introduction together with KOMATSU CARE, a service program designed to reduce the total lifecycle costs of these models and prolong machine life.

To strengthen research and development of operations related to manufacturing engineering, Komatsu began operation of a new manufacturing engineering development center in October 2013, designed to play an important role of reforming production and improving product performance. Komatsu also facilitated activities to cut down electric power consumption to half at all plants in Japan, including the on-going construction of a new factory which will feature dynamic energy-saving and productivity by means of cutting-edge technologies, at the Awazu Plant in Ishikawa Prefecture.

<Japan>

Demand for construction equipment advanced, reflecting an increase in sales as more customers anticipated stringer emission regulations for the near future, in addition to full-scale start-ups of reconstruction projects in the regions destroyed by the Great East Japan Earthquake and tsunami. In particular, demand in rental companies was strong. As a result, sales increased from the previous fiscal year.

Concerning the products which are compliant with new emission regulations which have been steadily in effect since 2011, Komatsu has already launched over 40 models in total, including the HB205-2 hybrid hydraulic excavator of which Komatsu began sales in October 2013. Komatsu worked to expand sales of these new models. Since last year Komatsu Rental Ltd. and Komatsu Group rental companies began introducing D61PXi-23 and D37PXi-23 iMC dozers. Having been deployed at over 20 workplaces, these models have gained great responses from customers.

<Americas>
In North America, while renewal demand since FY2012 in the rental industry ran its course and demand declined for equipment for use especially in coal mines, demand grew in the housing sector and infrastructure development, such as highway construction. Sales remained about flat from the previous fiscal year. In June 2013, Komatsu launched the medium-sized D61EXi/PXi-23 iMC dozer in the United States, the first in the world, and has steadily increased their sales volume. To meet the promising, growing trend of renting by customers, Komatsu reinforced its rental-to-used equipment business, by increasing the amount of equipment at distributors.

In Latin America, while demand for equipment declined for use in copper mines in Chile and Peru, sales increased from the previous fiscal year, reflecting the Japanese yen's depreciation. In Brazil, Komatsu has built an integrated Komatsu group-wide support operation for mining customers, as Komatsu Brasil International Ltda. commenced sales and service of mining equipment in April 2013.

<Europe & CIS>
While demand remained slack against the backdrop of the Eurozone crisis in Germany and France, among the major European markets, sales increased from the previous fiscal year, reflecting the Japanese yen's depreciation. In northern Europe, Komatsu worked to expand sales of hybrid hydraulic excavators to customers who are keenly interested in environmental preservation.

In CIS, sales declined from the previous fiscal year, adversely impacted by the downturn of demand for equipment for use in gold mines and the energy sector.

<China>
Demand, which had been sluggish since FY2011, upturned for recovery in April 2013 and increased for the fiscal year, albeit some slowdown after the Chinese New Year in January 2014. Komatsu worked to expand sales of the 20-ton class PC200-8M0 hydraulic excavator with improved performance of fuel economy, which was launched in February 2013. As a result, sales improved from the previous fiscal year.

To further strengthen production in China, Komatsu continuously worked to improve production costs and human resource development. In October 2013, Komatsu Shantui Construction Machinery Co., Ltd., a manufacturing subsidiary of medium-sized hydraulic excavators in Shandong Province, received the Deming Prize for 2013, for its active engagement in TQM (total quality management). Komatsu Shantui became the first award-winning company of overseas Komatsu Group companies.

<Asia & Oceania>
In Indonesia, the largest market of Southeast Asia, demand for mining and construction equipment dropped, mainly affected by the sluggish international price of thermal coal and the accelerating depreciation of the Indonesian rupiah since August 2013. As a result, sales in Asia declined from the previous fiscal year. In FY2013, Komatsu started launching the 20-ton class PC200-8M0 which features improved performance of fuel economy in Asia, following China.

In Oceania, as demand for mining equipment in iron ore mines and that for construction equipment remained slack, sales declined from the previous fiscal year. In October 2013, Komatsu introduced the 30-ton class HB335-1 hybrid hydraulic excavator in Australia by leading other regions of the world. It is Komatsu's second hybrid hydraulic excavator after 20-ton class models.

<Middle East & Africa>
In the Middle East, demand grew steadily in some countries of Gulf nations, and sales advanced from the previous fiscal year. In Saudi Arabia, Komatsu steadfastly reinforced sales and product support operations with a leading local company with whom Komatsu signed the distributorship agreement at the end of 2012.

In Africa, Komatsu promoted proactive sales and service activities by effectively utilizing information obtained from the KOMTRAX Plus, Komatsu's mining equipment management system, and made good sales in mines in Namibia in addition to South Africa. As a result, sales advanced from the previous fiscal year.

2) Industrial Machinery and Others

While sales of sheet-metal and press machines remained firm, mainly to the automobile manufacturing industry, sales of wire saws further declined in particular. As a result, sales of the industrial machinery and others business declined by 3.3% from the previous fiscal year, to JPY209.1 billion. Segment profit decreased by 67.2% to JPY2.0 billion. During the year under review, Komatsu realized a loss of JPY 10.8 billion for wire saws inventories.

In the business of machine tools as well as sheet metal and press machines, Komatsu worked to expand sales of strategic products, such as the NTG-4SP grinder, the H1F-2 small AC Servo press and the new KFL Series fiber laser cutting machine, all designed to enhance customers' productivity, safety and environmental performance.

(2) Capital Investment

Capital investment increased by JPY 42.1 billion from the previous fiscal year, to JPY 179.0 billion.

1) Breakdown by Segment

Segment	Invested Amounts
Construction, Mining and Utility Equipment	JPY 174.3 billion
Industrial Machinery and Others	JPY 4.7 billion
Total	JPY 179.0 billion

2) Main Facilities Completed in the Fiscal Year Under Review

No items to report.

3) New Constructions, Expansions and Overhauls of Main Facilities in Progress in the Fiscal Year Under Review

Segment	Main Facilities
Construction, Mining and Utility Equipment	Awazu Plant: Building a new assembly plant – Products: Hydraulic excavators, wheel loaders, motor graders, bulldozers – Location: Komatsu City, Ishikawa, Japan

(3) Financing

In the fiscal year under review, to appropriate funds for working capital and capital investment, the Company procured funds mainly by issuance of commercial papers and long-term borrowings from financial institutions.

There was an increase in the Japanese yen equivalent amount of borrowings denominated against the U.S. dollar, euro and renminbi in line with Japanese yen depreciation, while on the other hand, the amount of inventory has reduced because of our continuous efforts. As a result, the balance of interest-bearing debt at the fiscal year-end decreased by JPY 74.6 billion from the previous fiscal year-end to JPY 605.0 billion, and the net debt-to-equity ratio* improved from 0.49 at the previous fiscal year-end to 0.37.

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

(4) Tasks Ahead

In April 2013, Komatsu embarked on the "Together We Innovate GEMBA Worldwide" mid-range management plan scheduled for completion in the fiscal year ending March 31, 2016. Since then, the Komatsu Group has followed it and generated some results, including the market launch of medium-sized iMC dozers equipped with the world's first automatic blade control. At the same time, FY2013 tested Komatsu's ability to respond to changes in the market, such as a drastic drop in demand for mining equipment and belated recovery of demand for wire saws.

Komatsu anticipates that demand for construction and mining equipment will grow in the mid to long range, reflecting an increase in global population and urbanization rates. Meanwhile, by considering economic slowdowns in some emerging countries and demand being at a standstill for the immediate future in Strategic Markets due to the lower prices of natural resources, Komatsu is stepping up efforts in the business model which looks into comprehensive merits for customers, such as reduction in their machines' lifecycle costs.

While the external business environment of Komatsu is dynamically changing, Komatsu is determined to speed up its implementation of three focused efforts defined in the mid-range management plan, continue to strengthen its operations capable of flexibly meeting demand changes, and steadily generate results.

[Markets as Positioned by the Komatsu]

Traditional Markets	Japan, North America and Europe
Strategic Markets	China, Latin America, Asia, Oceania, Africa, Middle East and CIS

Target figures of the "Together We Innovate GEMBA Worldwide" mid-range management plan

Items	Targets for Fiscal Year Ending March 31, 2016
Operating income ratio	18% – 20%
ROE[*1]	18% – 20%
Net debt-to-equity ratio[*2]	0.3 or below
Consolidated payout ratio	30% – 50% (stably)

*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

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

[Premises]

Items	Fiscal Year Ending March 31, 2016
Guideline on sales	JPY 2,300 billion ± JPY 200 billion
Guidelines on exchange rates	JPY 90 – 95 / USD 1 JPY 120 – 125 / EUR 1 JPY 15.0 – 15.3 / RMB 1

Focused activities of the "Together We Innovate GEMBA Worldwide" mid-range management plan

1. Growth strategies based on innovation

We are going to actively make innovation, which will create totally new value at our customers' GEMBA (workplaces), in our core businesses of construction, mining and utility equipment as well as in industrial machinery. To this end, mainly through the Office of Chief Technology Officer (CTO), we are going to develop mid- to long-range technology strategies and research policies, while we will promote academic-industrial as well as private-sector collaborations for technologies we cannot obtain within the Komatsu Group.

In the construction, mining and utility equipment business, we introduced iMC dozers, equipped with the world's first automatic blade control, to the North American, European and Japanese markets last year. The iMC dozers represent our ICT (Information and Communication Technology)-intensive construction equipment designed to enable machine automation and efficient, centralized management of jobsite information. Starting in 2014, we are going to launch the medium-sized iMC hydraulic excavator in these same markets. With respect to the Autonomous Haulage System (AHS), we will steadfastly advance the large-lot deployment project with Rio Tinto in Australia. In April 2014, we established a joint-venture company with General Electric Company. Through this new company, we are going to develop next-generation equipment for underground mining, in which we have no experience. We will do this by emphasizing the importance of productivity and safety as we have done with mining equipment for use in open-pit mines. In the business of 2- to 3-ton class, small forklift trucks, in May 2014 we launched the new FE25-1 electric model capable of outdoor work comparable to internal-combustion models in performance as well as long hours of use, thanks mainly to high-speed charging technology. We will expand our product lines in the future.

In the industrial machinery and others business, we are working on in-house development and the manufacturing of key components and promoting the market introduction of new products, such as innovative Servo presses and machine tools.

2. Growth strategies of existing businesses

In response to new emission regulations (e.g., Tier4 Final in the United States), which require further reduction of NOx (nitrogen oxides) and PM (particulate matter), to be effective in the United States, Europe and Japan this year, we are focusing efforts on product development by capitalizing on our advantages of in-house development and the manufacturing of engines, hydraulic equipment, control

systems and the like and incorporating cutting-edge technologies. In FY2014, we are going to launch new models, such as the medium-sized PC490LC-11 hydraulic excavator and D155AX-8 large dozer first in the United States.

In the aftermarket business, while expanding the product mix of strategic parts, such as buckets, teeth and track shoes, as well as attachments, like the Xcentric™ Ripper, we will continue to reinforce our supply operation of Reman (Remanufacturing).

Through KOMTRAX which was mounted on over 330,000 units as of March 31, 2014, together with KOMTRAX Plus, and KOMTRAX Parts which provides information concerning the conditions and replacement records of parts, we are going to make a variety of information "visible." As we the Komatsu Group, including distributors, are set to maximize KOMTRAX applications, we are going to implement the prompt delivery of parts and service activities and expand the value chain, including the rental-to-used equipment and retail finance businesses, thereby further improving customer satisfaction.

3. Structural reforms designed to reinforce the business foundation

While we as the Komatsu Group have about doubled sales for the last 10 years, we have controlled fixed costs at about a constant level. By separating costs from growth, we will continue to reduce production costs and maintain an appropriate level of fixed costs.

At our plants in Japan, we have been promoting programs to cut down electric power consumption to half and production costs substantially by implementing production reforms and consolidating or renewing factory buildings. After completing the construction of a new assembly factory at the Awazu Plant in May this year, we are going to follow the same initiatives at the Oyama and Tochigi plants. We will also enhance the level of sales, production and inventory planning of new equipment centering on the Global HANSEI (sales and production) Operation Center at the Osaka Plant, and work to reduce our inventory of spare parts by linking our plants with the marketplace.

Based on the belief that "its corporate value is the total sum of trust given to Komatsu by society and all its stakeholders," Komatsu is further strengthening its corporate governance to ensure sound and transparent management, while improving management efficiency. Komatsu will also ensure all employees share "The KOMATSU Way" and continue to constantly address the fundamentals of safety, environmental conservation, compliance and quality assurance. In addition to improving its business performance, Komatsu will facilitate both the development of corporate strength and the achievement of social responsibility in a well-balanced manner.

(5) Financial Position and Profit/Loss Trends

	142nd Fiscal Year (April 2010 - March 2011)	143rd Fiscal Year (April 2011 - March 2012)	144th Fiscal Year (April 2012 - March 2013)	145th Fiscal Year (April 2013 - March 2014)
Net sales (JPY billion)	1,843.1	1,981.7	1,884.9	1,953.6
Operating income (JPY billion)	222.9	256.3	211.6	240.4
Income before income taxes and equity in earnings of affiliated companies (JPY billion)	219.8	249.6	204.6	242.0
Net income attributable to Komatsu Ltd. (JPY billion)	150.7	167.0	126.3	159.5
Net income attributable to Komatsu Ltd. per share (JPY)	155.77	173.47	132.64	167.36
ROE[*1] (%)	17.2%	17.3%	11.5%	12.4%
ROA[*2] (%)	10.7%	11.2%	8.5%	9.4%
Total assets (JPY billion)	2,149.1	2,320.5	2,517.8	2,651.5
Komatsu Ltd. shareholders' equity (JPY billion)	923.8	1,009.6	1,193.1	1,376.3

*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

*2 ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning + total assets at the end of the fiscal year/2]

Note: Net income attributable to Komatsu Ltd. per share is calculated based on the number of shares deducting the average total number of treasury stock during the term from the average total number of shares outstanding during the term.

(6) Acquisition or Disposal of Other Companies' Shares, Other Equity Stakes or Stock Acquisition Rights

No items to report.

(7) Status of Principal Subsidiaries

1) Principal Subsidiaries (As of March 31, 2014)

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Komatsu Castex Ltd.	Head Office /Plant (Himi City, Toyama)	JPY 6,979 mil	100.0	Manufacture and sale of casting products
Komatsu Construction Equipment Sales and Service Japan Ltd.	Head Office (Kawasaki City, Kanagawa)	JPY 950 mil	100.0	Sale and servicing of construction equipment
Komatsu Used Equipment Corp.	Head Office (Yokohama City, Kanagawa)	JPY 290 mil	*100.0	Sale of used construction equipment
Komatsu Rental Ltd.	Head Office (Yokohama City, Kanagawa)	JPY 100 mil	100.0	Rental of construction equipment, etc.
Komatsu Forklift Japan Ltd.	Head Office (Shinagawa-ku, Tokyo)	JPY 500 mil	100.0	Sale and servicing of industrial vehicles
Komatsu Logistics Corp.	Head Office (Yokohama City, Kanagawa)	JPY 1,080 mil	100.0	Transportation, warehousing, packing and other services
Komatsu Industries Corporation	Head Office (Kanazawa City, Ishikawa)	JPY 990 mil	100.0	Manufacture, sale and servicing of metal forging and stamping presses and sheet metal machines
Komatsu NTC Ltd.	Head Office/ Plant (Nanto City, Toyama)	JPY 6,014 mil	100.0	Manufacture, sale and servicing of machine tools, etc.
Komatsu Business Support Ltd.	Head Office (Minato-ku, Tokyo)	JPY 1,770 mil	100.0	Retail financing of construction equipment
Gigaphoton Inc.	Head Office /Plant (Oyama City, Tochigi)	JPY 5,000 mil	100.0	Development, manufacturing, sale and servicing of excimer laser and Extreme Ultra-Violet light sources used for lithography tools in semiconductor manufacturing
Komatsu America Corp.	Head Office /Plant (USA)	USD 1,071 mil	100.0	Manufacture and sale of construction and mining equipment and supervision in the Americas
Komatsu do Brasil Ltda.	Head Office /Plant (Brazil)	BRL 73 mil	*100.0	Manufacture of construction equipment and casting products
Komatsu Brasil International Ltda.	Head Office (Brazil)	BRL 27 mil	*100.0	Sale of construction equipment
Komatsu Holding South America Ltda.	Head Office (Chile)	USD 100 thou	*100.0	Sale and servicing of construction and mining equipment
Komatsu Cummins Chile Ltda.	Head Office (Chile)	USD 34 mil	*81.8	Sale and servicing of construction and mining equipment

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Komatsu Cummins Chile Arrienda S.A.	Head Office (Chile)	USD 43 mil	*81.8	Retail financing, etc. of construction and mining equipment
Komatsu Financial Limited Partnership	Head Office (USA)	-	*100.0	Retail financing, etc. of construction and mining equipment
Komatsu Europe International N.V.	Head Office (Belgium)	EUR 50 mil	100.0	Sale of construction and mining equipment and supervision in Europe
Komatsu UK Ltd.	Head Office /Plant (UK)	GBP 23 mil	*100.0	Manufacture of construction equipment
Komatsu Hanomag GmbH	Head Office /Plant (Germany)	EUR 19 mil	*100.0	Manufacture of construction equipment
Komatsu Mining Germany GmbH	Head Office /Plant (Germany)	EUR 5 mil	*100.0	Manufacture and sale of mining equipment
Komatsu Italia Manufacturing S.p.A.	Head Office /Plant (Italy)	EUR 6 mil	*100.0	Manufacture of construction equipment
Komatsu Forest AB	Head Office /Plant (Sweden)	SEK 397 mil	100.0	Manufacture, sale and servicing of forestry equipment
Komatsu CIS LLC	Head Office (Russia)	RUB 5,301 mil	100.0	Sale of construction and mining equipment
Komatsu Financial Europe N.V.	Head Office (Belgium)	EUR 40 mil	*100.0	Retail financing of construction and mining equipment
Komatsu Southern Africa (Pty) Ltd.	Head Office (South Africa)	ZAR 1 thou	80.0	Sale and servicing of construction and mining equipment
PT Komatsu Indonesia	Head Office /Plant (Indonesia)	IDR 192,780 mil	94.9	Manufacture and sale of construction and mining equipment, and casting products
PT Komatsu Marketing & Support Indonesia	Head Office (Indonesia)	USD 5 mil	*94.9	Sale and servicing of construction and mining equipment
Bangkok Komatsu Co., Ltd.	Head Office /Plant (Thailand)	THB 620 mil	*74.8	Manufacture and sale of construction equipment and casting products
Komatsu Marketing Support Australia Pty Ltd	Head Office (Australia)	AUD 21 mil	*60.0	Sale of construction and mining equipment
Komatsu Australia Pty Ltd	Head Office (Australia)	AUD 30 mil	*60.0	Sale and servicing of construction and mining equipment
Komatsu Australia Corporate Finance Pty. Ltd.	Head Office (Australia)	AUD 49 mil	*60.0	Retail financing of construction and mining equipment
Komatsu (China) Ltd.	Head Office (China)	USD 135 mil	100.0	Sale of construction and mining equipment and supervision in China
Komatsu (Changzhou) Construction Machinery Corp.	Head Office /Plant (China)	USD 41 mil	*85.0	Manufacture of construction equipment

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Komatsu Shantui Construction Machinery Co., Ltd.	Head Office /Plant (China)	USD 21 mil	*60.0	Manufacture of construction equipment
Komatsu Financial Leasing China Ltd.	Head Office (China)	RMB 1,630 mil	*100.0	Retail financing of construction equipment

Notes:

1. Figures with an asterisk (*) are the ratio of investment through subsidiaries of the Company and the ratio includes the stakes held by them.
2. Komatsu Financial Limited Partnership is a limited partnership based on the state law of Delaware, the U.S., and the Company invests in it through a subsidiary. Its net asset which is equivalent to the capital amounts to USD 426 million.
3. The number of consolidated subsidiaries of the Company, including those listed above, is 143, and the number of affiliated companies accounted for by the equity method is 36.
4. Komatsu Italia Manufacturing S.p.A. changed its name from Komatsu Utility Europe S.p.A. in January 2014. Also, Komatsu Financial Limited Partnership changed its Japanese name in February 2014 but its English name remains unchanged.

2) Others (update on important combination)

In April 2014, the Company decided to merge with Komatsu Diesel Co., Ltd. by absorption-type merger in October 2014.

(8) Major Lines of Business (As of March 31, 2014)

Segment	Principal Products and Businesses	
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 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	Transportation, warehousing and packing
Industrial Machinery and Others	Metal Forging and Stamping Presses	Servo presses and mechanical presses
	Sheet Metal Machines	Laser cutting machines, 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, excimer laser used for lithography tools in semiconductor manufacturing

(9) Principal Offices and Plants (As of March 31, 2014)

1) The Company

Offices	Head Office (Minato-ku, Tokyo), Research Division (Hiratsuka City, Kanagawa)
Plants	Awazu Plant (Komatsu City, Ishikawa), Kanazawa Plant (Kanazawa City, Ishikawa), Osaka Plant (Hirakata City, Osaka), Rokko Plant (Kobe City, Hyogo), Ibaraki Plant (Hitachinaka City, Ibaraki), Shonan Plant (Hiratsuka City, Kanagawa), Oyama Plant (Oyama City, Tochigi), Tochigi Plant (Oyama City, Tochigi), Koriyama Plant (Koriyama City, Fukushima)

2) Principal Subsidiaries

Shown in "(7) Status of Principal Subsidiaries" (pages 12 to 14).

(10) Employees (As of March 31, 2014)

Segment	Number of Employees
Construction, Mining and Utility Equipment	42,194
Industrial Machinery and Others	4,313
Others*	701
Total	47,208

* "Others" above includes the number of administrative employees that cannot be classified into the above two (2) business segments.

Note: Number of employees increased by 478 from the end of the previous fiscal year.

(11) Main Lenders (As of March 31, 2014)

Name of Lenders	Balance of Loans (JPY billion)
Sumitomo Mitsui Banking Corporation	82.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	82.2
Mizuho Bank, Ltd.	44.9
The Norinchukin Bank	14.7
The Hokkoku Bank, Ltd.	14.0

2. Shares of the Company (As of March 31, 2014)

(1) Number of shares authorized to be issued: 3,955,000,000 shares

(2) Total number of shares issued and outstanding: 953,752,875 shares
(excluding 29,377,385 shares of treasury stock)

(3) Number of shareholders: 232,666

(4) Major shareholders (top ten)

Name of Shareholders	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	38,014	3.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,118	3.7
Taiyo Life Insurance Company	34,000	3.5
Nippon Life Insurance Company	29,954	3.1
State Street Bank and Trust Company (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	18,519	1.9
Sumitomo Mitsui Banking Corporation	17,835	1.8
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (standing proxy: Sumitomo Mitsui Banking Corporation)	16,112	1.6
JPMorgan Chase Bank 380072 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,797	1.3
The Bank of New York Mellon SA/NV 10 (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	12,429	1.3
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,142	1.2

Notes:
1. Shareholding ratio is calculated by subtracting treasury stock.
2. Although the Company holds 29,377 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

3. Matters Regarding Stock Acquisition Rights of the Company etc.

(1) Status of Stock Acquisition Rights (As of March 31, 2014)

Name (Issue Date)	Number of Stock Acquisition Rights	Number of Shares Subject to Stock Acquisition Rights (Number of Shares per one (1) Stock Acquisition Right)	Paid-in Amount per one (1) Share	Exercise Price per one (1) Share	Period for Exercise of Stock Acquisition Rights
No. 5 Stock Acquisition Rights (August 1, 2006)	187	187,000 shares (1,000 shares)	JPY 801	JPY 2,325	From August 1, 2007 to July 31, 2014
No. 6 Stock Acquisition Rights (August 1, 2006)	283	283,000 shares (1,000 shares)	Without consideration	JPY 2,325	From August 1, 2007 to July 31, 2014
No. 7 Stock Acquisition Rights (September 3, 2007)	181	181,000 shares (1,000 shares)	JPY 1,266	JPY 3,661	From September 3, 2008 to August 31, 2015
No. 8 Stock Acquisition Rights (September 3, 2007)	253	253,000 shares (1,000 shares)	Without consideration	JPY 3,661	From September 1, 2008 to August 31, 2015
No. 9 Stock Acquisition Rights (September 1, 2008)	144	144,000 shares (1,000 shares)	JPY 813	JPY 2,499	From September 1, 2009 to August 31, 2016
No. 10 Stock Acquisition Rights (September 1, 2008)	206	206,000 shares (1,000 shares)	Without consideration	JPY 2,499	From September 1, 2009 to August 31, 2016
No. 11 Stock Acquisition Rights (September 1, 2009)	124	124,000 shares (1,000 shares)	JPY 643	JPY 1,729	From September 1, 2010 to August 31, 2017
No. 12 Stock Acquisition Rights (September 1, 2009)	246	246,000 shares (1,000 shares)	Without consideration	JPY 1,729	From September 1, 2010 to August 31, 2017
No. 13 Stock Acquisition Rights (August 2, 2010)	64	6,400 shares (100 shares)	JPY 1,785	JPY 1	From August 2, 2013 to July 31, 2018

Name (Issue Date)	Number of Stock Acquisition Rights	Number of Shares Subject to Stock Acquisition Rights (Number of Shares per one (1) Stock Acquisition Right)	Paid-in Amount per one (1) Share	Exercise Price per one (1) Share	Period for Exercise of Stock Acquisition Rights
No. 14 Stock Acquisition Rights (August 2, 2010)	374	37,400 shares (100 shares)	Without consideration	JPY 1	From August 2, 2013 to July 31, 2018
No. 15 Stock Acquisition Rights (August 1, 2011)	872	87,200 shares (100 shares)	JPY 2,268	JPY 1	From August 1, 2014 to July 31, 2019
No. 16 Stock Acquisition Rights (August 1, 2011)	2,529	252,900 shares (100 shares)	Without consideration	JPY 1	From August 1, 2014 to July 31, 2019
No. 17 Stock Acquisition Rights (August 1, 2012)	843	84,300 shares (100 shares)	JPY 1,470	JPY 1	From August 1, 2015 to July 31, 2020
No. 18 Stock Acquisition Rights (August 1, 2012)	2,555	255,500 shares (100 shares)	Without consideration	JPY 1	From August 1, 2015 to July 31, 2020
No. 19 Stock Acquisition Rights (August 1, 2013)	561	56,100 shares (100 shares)	JPY 1,932	JPY 1	From August 1, 2016 to July 31, 2021
No. 20 Stock Acquisition Rights (August 1, 2013)	2,358	235,800 shares (100 shares)	Without consideration	JPY 1	From August 1, 2016 to July 31, 2021
Total	11,780	2,639,600 shares			

Notes:

1. The type of shares subject to Stock Acquisition Rights shall be common stock of the Company.
2. “Exercise price” above means the “amount of assets to be paid upon exercise of Stock Acquisition Rights.”

(2) Stock Acquisition Rights Held by Directors and Audit & Supervisory Board Members of the Company (As of March 31, 2014)

1) Stock Acquisition Rights Held by Directors (excluding Outside Directors)

Name	Number of Holders of Stock Acquisition Rights	Number of Stock Acquisition Rights Owned	Number of Shares Subject to Stock Acquisition Rights
No. 5 Stock Acquisition Rights	1	37	37,000 shares
No. 6 Stock Acquisition Rights*	3	25	25,000 shares
No. 7 Stock Acquisition Rights	1	44	44,000 shares
No. 8 Stock Acquisition Rights*	5	35	35,000 shares
No. 9 Stock Acquisition Rights	1	34	34,000 shares
No. 10 Stock Acquisition Rights*	5	28	28,000 shares
No. 11 Stock Acquisition Rights	1	44	44,000 shares
No. 12 Stock Acquisition Rights*	2	14	14,000 shares
No. 14 Stock Acquisition Rights*	2	26	2,600 shares
No. 15 Stock Acquisition Rights	4	434	43,400 shares
No. 16 Stock Acquisition Rights*	3	124	12,400 shares
No. 17 Stock Acquisition Rights	4	427	42,700 shares
No. 18 Stock Acquisition Rights*	3	123	12,300 shares
No. 19 Stock Acquisition Rights	7	537	53,700 shares

Note: An asterisk (*) indicates Stock Acquisition Rights issued at the time when incumbent Directors, as of March 31, 2014, were employees of the Company (prior to being elected as Directors).

2) Stock Acquisition Rights Held by Outside Directors

Name	Number of Holders of Stock Acquisition Rights	Number of Stock Acquisition Rights Owned	Number of Shares Subject to Stock Acquisition Rights
No. 9 Stock Acquisition Rights	2	16	16,000 shares
No. 11 Stock Acquisition Rights	1	11	11,000 shares
No. 13 Stock Acquisition Rights	3	21	2,100 shares
No. 15 Stock Acquisition Rights	3	21	2,100 shares
No. 17 Stock Acquisition Rights	3	21	2,100 shares
No. 19 Stock Acquisition Rights	3	24	2,400 shares

3) Stock Acquisition Rights Held by Audit & Supervisory Board Members

Name	Number of Holders of Stock Acquisition Rights	Number of Stock Acquisition Rights Owned	Number of Shares Subject to Stock Acquisition Rights
No. 6 Stock Acquisition Rights	1	10	10,000 shares
No. 8 Stock Acquisition Rights	2	10	10,000 shares
No. 10 Stock Acquisition Rights	1	5	5,000 shares
No. 12 Stock Acquisition Rights	1	7	7,000 shares
No. 14 Stock Acquisition Rights	1	13	1,300 shares
No. 16 Stock Acquisition Rights	1	50	5,000 shares
No. 18 Stock Acquisition Rights	1	45	4,500 shares

Note: Above indicates Stock Acquisition Rights issued at the time when incumbent Audit & Supervisory Board Members, as of March 31, 2014, were employees of the Company (prior to being elected as Audit & Supervisory Board Members).

(3) Stock Acquisition Rights Issued During the Fiscal Year Under Review to Employees of the Company and Directors of the Subsidiaries of the Company

Name	Grantees	Number of Grantees	Number of Stock Acquisition Rights Issued	Number of Shares Subject to Stock Acquisition Rights
No. 20 Stock Acquisition Rights	Employees of the Company	71	1,897	189,700 shares
	Directors of the subsidiaries of the Company	15	461	46,100 shares

4. Directors and Audit & Supervisory Board Members of the Company

(1) Names etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2014)

Position	Name	In Charge at the Company and Important Concurrent Positions Held in Other Organizations
Chairman of the Board and Representative Director	Kunio Noji	Outside Director of Ricoh Company, Ltd.* Outside Director of NEC Corporation*
President and Representative Director	Tetsuji Ohashi	CEO
Director and Senior Executive Officer	Mikio Fujitsuka	CFO Supervising Investor Relations
Director and Senior Executive Officer	Fujitoshi Takamura	President of Development Division Supervising Research
Director and Senior Executive Officer	Hisashi Shinozuka	President of Construction Equipment Marketing Division
Director and Senior Executive Officer	Kazunori Kuromoto	President of Global Mining Business Division President of ICT Business Division
Director and Senior Executive Officer	Masanao Mori	General Manager of Human Resources Department Supervising Education and Safety & Health Care
Director	Kensuke Hotta	Chairman and Representative Director of Greenhill & Co. Japan Ltd.* Chairman and Representative Director of Hotta Partners Inc.* Outside Audit & Supervisory Board Member of SEIREN CO., LTD.* Outside Director of HIROSE ELECTRIC CO., LTD.*
Director	Noriaki Kano	Professor Emeritus at Tokyo University of Science
Director	Kouichi Ikeda	Corporate Advisor of Asahi Group Holdings, Ltd. Outside Audit & Supervisory Board Member of Sumitomo Chemical Company, Limited* Outside Director of Watabe Wedding Corporation*
Standing Audit & Supervisory Board Member	Makoto Morimoto	–

Position	Name	In Charge at the Company and Important Concurrent Positions Held in Other Organizations
Standing Audit & Supervisory Board Member	Koji Yamada	–
Audit & Supervisory Board Member	Makoto Okitsu	Advisor of Teijin Limited
Audit & Supervisory Board Member	Hiroyuki Kamano	Partner (Attorney at law) of Kamano Sogo Law Offices Outside Director of SUMITOMO LIFE INSURANCE COMPANY* Outside Director of NGK INSULATORS, LTD.*
Audit & Supervisory Board Member	Kunihiro Matsuo	Attorney at law Outside Director of Japan Exchange Group, Inc.* Outside Audit & Supervisory Board Member of Toyota Motor Corporation* Outside Audit & Supervisory Board Member of MITSUI & CO., LTD.* Outside Audit & Supervisory Board Member of BROTHER INDUSTRIES, LTD.* Outside Audit & Supervisory Board Member of TV TOKYO Holdings Corporation* Outside Audit & Supervisory Board Member of Seven Bank, Ltd.*

Notes:

1. Directors Kensuke Hotta, Noriaki Kano and Kouichi Ikeda are Outside Directors.
2. Audit & Supervisory Board Members Makoto Okitsu, Hiroyuki Kamano and Kunihiro Matsuo are Outside Audit & Supervisory Board Members.
3. The Company designated Directors Kensuke Hotta, Noriaki Kano and Kouichi Ikeda as Independent Directors and Audit & Supervisory Board Members Makoto Okitsu, Hiroyuki Kamano and Kunihiro Matsuo as Independent Audit & Supervisory Board Members and submitted the notification to the Tokyo Stock Exchange in accordance with its regulations and related rules.
4. An asterisk (*) indicates important concurrent positions held in other organizations.
5. Regarding important concurrent positions held by Outside Directors and Outside Audit & Supervisory Board Members in other organizations, relations between the Company and those organizations are as follows.
   (i) SUMITOMO LIFE INSURANCE COMPANY, for which Outside Audit & Supervisory Board Member Hiroyuki Kamano serves as Outside Director, is one of the group life insurance providers of the Company.
   (ii) The Company and its consolidated subsidiaries sell industrial machinery to Toyota Motor Corporation, for which Outside Audit & Supervisory Board Member Kunihiro Matsuo serves as Outside Audit & Supervisory Board Member. The share of the Company's consolidated net sales for the fiscal year under review that consists of sales to Toyota Motor Corporation is less than 1%.
   (iii) MITSUI & CO., LTD., for which Outside Audit & Supervisory Board Member Kunihiro Matsuo serves as Outside Audit & Supervisory Board Member, contributes capital and provides other financial assistance to some consolidated subsidiaries and distributors, etc. of the Company for the overseas sale and servicing of construction and mining equipment.
   (iv) There are no particular trading relationships, etc. between the Company and other organizations at which Outside Directors and Outside Audit & Supervisory Board Members hold concurrent positions other than those set forth in (i) to (iii) above.
6. Standing Audit & Supervisory Board Member Makoto Morimoto has long engaged in accounting-related duties at the Company, and have considerably profound knowledge concerning financial affairs and accounting.
7. The Company employs the Executive Officer System.

(2) Remuneration for Directors and Audit & Supervisory Board Members

1) Policy regarding the determination of remuneration

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee, which consists of four (4) external members (two (2) Outside Audit & Supervisory Board Members, one (1) Outside Director and one (1) outside expert) and one (1) internal member. Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

With regards to remuneration levels, comparison of other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations.

The remuneration for Directors is comprised of fixed remuneration (paid monthly) and performance-based remuneration linked to Komatsu's consolidated performance. The total amount paid of performance-based remuneration shall be calculated each year by evaluating the basic indicators of ROE[*1] and ROA[*2] at the ratio described in the below table and making adjustments for growth (growth rate of consolidated sales) and profitability (profit margin of segment).

	Indicator	Ratio
Basic Indicators	Consolidated ROE[*1]	70%
	Consolidated ROA[*2]	30%
Adjustment Indicators	Adjustment according to growth rate of consolidated sales and profit margin of segment	

*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

*2 ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning + total assets at the end of the fiscal year/2]

Two thirds (2/3) of the total amount of performance-based remuneration shall be paid in the form of cash as Directors' bonuses, and the remaining one third (1/3) shall be paid by granting Stock Acquisition Rights as stock-based remuneration for the purpose of fostering the same perspective on corporate value with the shareholders and consequently clarifying their incentive to enhance the long-term corporate value of the Company.

Regarding the amount levels of performance-based remuneration, the maximum amount thereof shall be roughly 60% of the total amount of annual remuneration of Directors (which is made up of fixed remuneration (paid monthly) and performance-based remuneration), and the minimum shall be zero (0) (in which case, only fixed remuneration will be paid to the Directors).

The remuneration for Audit & Supervisory Board Members only consists of fixed remuneration (paid monthly) designed to support their independent position with authority to audit the execution of duties by Directors without getting fettered by the movements of corporate performance of the Company.

The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

2) Remuneration for Directors and Audit & Supervisory Board Members for the Fiscal Year Under Review

Classification	Number of Persons Paid	Amount of Remuneration Paid				
		Monetary Remuneration			Non-monetary Remuneration	
		Basic Remuneration	Bonus (Note 3)	Total	Stock-Based Remuneration (Note 4)	
Director	13	JPY 458 mil	JPY 261 mil	JPY 719 mil	JPY 108 mil	JPY 827 mil
(Outside Director included above)	3	JPY 40 mil	JPY 9 mil	JPY 49 mil	JPY 5 mil	JPY 53 mil
Audit & Supervisory Board Member	6	JPY 122 mil	–	JPY 122 mil	–	JPY 122 mil
(Outside Audit & Supervisory Board Member included above)	3	JPY 45 mil	–	JPY 45 mil	–	JPY 45 mil
Total	19	JPY 580 mil	JPY 261 mil	JPY 841 mil	JPY 108 mil	JPY 949 mil
(Outside Director and Outside Audit & Supervisory Board Member included above)	6	JPY 85 mil	JPY 9 mil	JPY 94 mil	JPY 5 mil	JPY 98 mil

Notes:

1. As of the end of the fiscal year under review, there are ten (10) Directors (three (3) of whom are Outside Directors) and five (5) Audit & Supervisory Board Members (three (3) of whom are Outside Audit & Supervisory Board Members). However, the numbers and amounts in the table above include that for three (3) Directors and one (1) Audit & Supervisory Board Member who have retired as of the close of the 144th Ordinary General Meeting of Shareholders in June, 2013.
2. It was resolved at the 135th Ordinary General Meeting of Shareholders, held in June 2004, that the maximum amount of remuneration to be paid to Directors in total per month (excluding bonuses and stock-based remuneration) shall not exceed JPY 60 million (however, not including salaries as employees) and it was resolved at the 143rd Ordinary General Meeting of Shareholders, held in June 2012, that the maximum amount of remuneration to be paid to Audit & Supervisory Board Members in total per month shall not exceed JPY 13.5 million. It was also resolved at the 141st Ordinary General Meeting of Shareholders, held in June 2010, that the maximum amount of remuneration to be paid to Directors in the form of Stock Acquisition Rights to be granted as stock-based remuneration shall not exceed JPY 360 million in total per year (however, not including salaries as employees) and the maximum amount of remuneration to be paid to Outside Directors in total per year shall not exceed JPY 50 million out of those JPY 360 million.
3. Amount of Bonuses for Directors are the total amount to be paid to Directors, which is planned to be resolved in Item 4 (Payment of Bonuses for Directors) at the 145th Ordinary General Meeting of Shareholders.
4. Stock-based remuneration represents the amount of expense allocated as remuneration for Directors, which are not monetary, in accounting for the fiscal year under review.
5. The portions of salaries as employees for Directors concurrently serving as employees are not paid.
6. Amounts of less than JPY one (1) million are rounded to the nearest million yen.

(3) Outside Directors and Outside Audit & Supervisory Board Members

1) Major Activities in the Fiscal Year Under Review

i) Outside Directors

Name	Attendance to the Meetings of the Board of Directors	Details of Major Activities
Kensuke Hotta	Attended 15 meetings of the 15 meetings held (100%)	Mr. Kensuke Hotta has served as Representative Director of The Sumitomo Bank, Ltd. (name at the time) and as Representative Director of Morgan Stanley Japan Securities Co., Ltd. (name at the time). During the fiscal year under review, based on his rich experience in the business world, he provided comments at the meetings of the Board of Directors concerning such issues as investment based on the mid-range management plan, various risks in emerging countries, and competitive conditions in the forklift truck business. In addition, he was a member of the Company's Compensation Advisory Committee.
Noriaki Kano	Attended 13 meetings of the 15 meetings held (86%)	Dr. Noriaki Kano has served as President of the Japanese Society for Quality Control. During the fiscal year under review, based on his standpoint as a specialist in quality control, he provided comments at the meetings of the Board of Directors concerning such issues as the Group-wide health and safety system, the value chain expansion system, and the internal auditing system. In addition, he visited some of the factories in Japan and overseas and exchanged opinions on quality control.
Kouichi Ikeda	Attended 14 meetings of the 15 meetings held (93%)	Mr. Kouichi Ikeda has served as Representative Director of Asahi Breweries, Ltd. (name at the time). During the fiscal year under review, based on his rich experience in the business world, he provided comments at the meetings of the Board of Directors concerning such issues as the strategy for parts sales, an efficient used equipment sales system, and capital investment in response to production adjustments.

ii) Outside Audit & Supervisory Board Members

Name	Attendance to Meetings		Details of Major Activities
	Board of Directors	Audit & Supervisory Board	
Makoto Okitsu	Attended 15 meetings of the 15 meetings held (100%)	Attended 15 meetings of the 15 meetings held (100%)	Mr. Makoto Okitsu has served as Representative Director of Teijin Limited and as Representative Director of Nabtesco Corporation. During the fiscal year under review, based on his rich experience in the business world, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as independent auditing systems at each office, measures to handle customers with unique business practices, compliance related to accounting, and the need for foreign language training. In addition, he was a member of the Company's Compensation Advisory Committee.
Hiroyuki Kamano	Attended 14 meetings of the 15 meetings held (93%)	Attended 14 meetings of the 15 meetings held (93%)	Mr. Hiroyuki Kamano possesses rich experience as an international attorney at law. During the fiscal year under review, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as internal control, accounting issues related to foreign exchange fluctuations, and the auditing system at overseas subsidiaries. In addition, he was a chairman of the Company's Compensation Advisory Committee.
Kunihiro Matsuo	Attended 15 meetings of the 15 meetings held (100%)	Attended 15 meetings of the 15 meetings held (100%)	Mr. Kunihiro Matsuo possesses rich experience in the legal profession. During the fiscal year under review, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as the global auditing system, the system for supervising distributors in emerging countries, and the response to transfer pricing tax systems. In addition, he was an observer of the Company's Compliance Committee.

2) Outline of Contents of Limited Liability Agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members that limit their liability for damages caused by their dereliction of duty under Article 423, Paragraph 1 of the same. The maximum liability amount specified in these agreements shall be equivalent to those amount stipulated in the Companies Act of Japan.

5. Status of Accounting Auditors

(1) Name of Accounting Auditors

KPMG AZSA LLC

(2) Amount of Remuneration for Accounting Auditors

1) Remuneration for the Accounting Auditor of the Company in the Fiscal Year Under Review:	JPY 392 million
2) Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor:	JPY 718 million

Notes:

1. The amount of remuneration given in the above-mentioned 1) and 2) include the sum of the amount of remuneration for auditing services in accordance with the Companies Act of Japan and the amount of remuneration for auditing work in accordance with the Financial Instruments and Exchange Law of Japan, because the two kinds of remunerations are not clearly separated each other in the audit contract concluded between the Company and the Accounting Auditor, and they cannot be recorded separately.
2. Among principal subsidiaries of the Company, twenty-six (26) companies including Komatsu America Corp. are audited by Certified Public Accountants or Audit Corporations other than the Accounting Auditor of the Company.

(3) Details of Non-Auditing Services

The Company pays remuneration to the Accounting Auditor principally for services regarding issuance of bonds and advice on publishing statements of accounting standards other than services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

(4) Policy on Decision to Discharge or Not to Reappoint Accounting Auditors

When Accounting Auditors fall under any of the items in Article 340, Paragraph 1 of the Companies Act of Japan, the Audit & Supervisory Board shall discharge the Accounting Auditors based on the consent of all Audit & Supervisory Board Members.

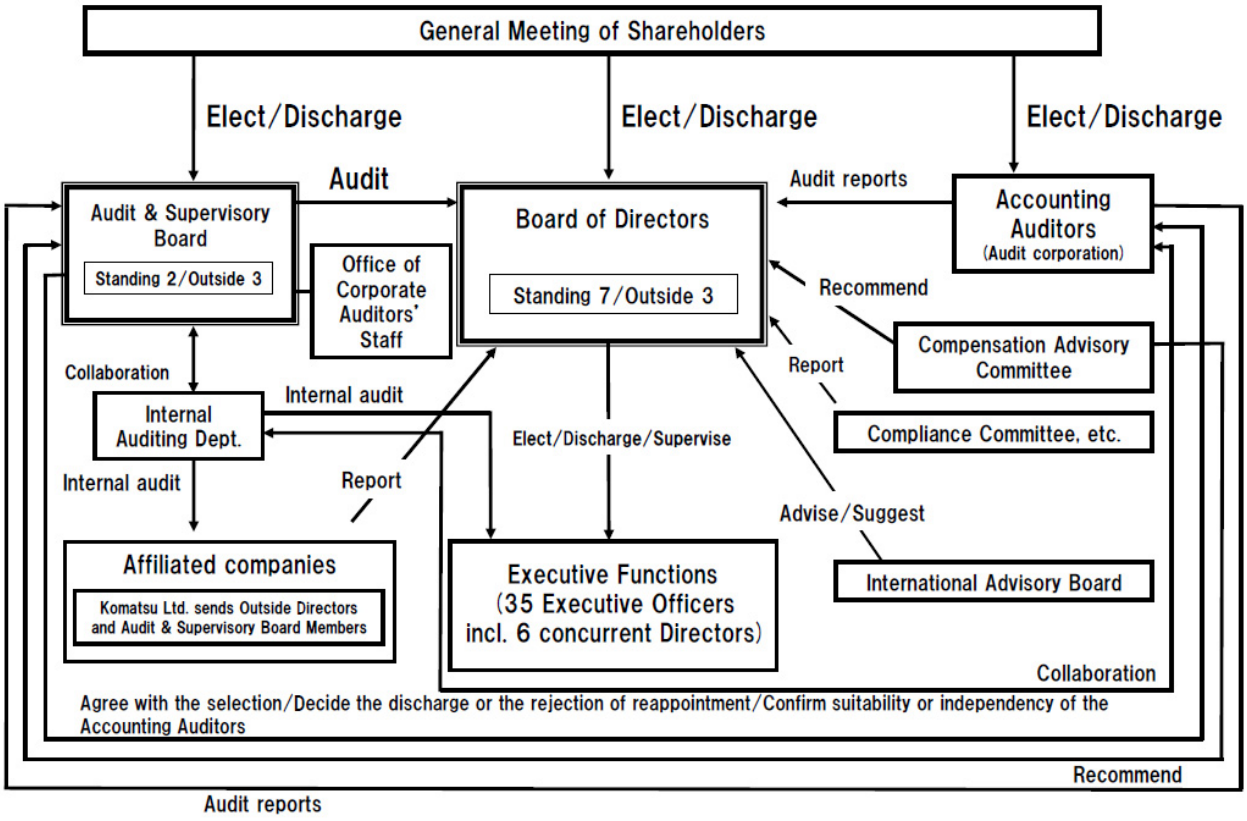
When Accounting Auditors lack qualifications and qualities required as Accounting Auditors of the Company, including cases that fall under disqualification reasons specified in Article 337, Paragraph 3 of the Companies Act of Japan, Directors shall submit to a General Meeting of Shareholders a proposal for discharging or not reappointing the Accounting Auditors after obtaining the consent of the Audit & Supervisory Board or at the request of the Audit & Supervisory Board.

6. Corporate Governance

Having introduced the Executive Officer System in 1999, the Company has worked to separate management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations. The Company also limits the Board of Directors to a small number of members and appoints Outside Directors and Outside Audit & Supervisory Board Members. To improve the effectiveness of discussions at meetings of the Board of Directors, the Company has 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.

In addition, the Company has established "Systems for Ensuring the Properness of Operations" (pages 29 to 31) as its internal control systems, and continually works to enhance its corporate governance.

Corporate Governance of the Company (As of March 31, 2014)



7. Systems for Ensuring the Properness of Operations

With regards to systems for ensuring that the execution of duties by Directors complies with laws and regulations, and the Company's Articles of Incorporation, and other systems for ensuring the properness of operations, the details of the resolution of the Board of Directors are as follows:

(1) Basic Policy on Internal Control

The Company defines its corporate value as the total sum of trust given to us by society and all stakeholders.

To increase this corporate value, the Company recognizes the importance of strengthening corporate governance. The Company strives to maintain transparency and soundness of management by appointing Outside Directors and Outside Audit & Supervisory Board Members, while limiting the members of the Board of Directors small so that discussions at the Board of Directors are more substantial. The Company also does its utmost to improve the operation of the Board of Directors, aiming at more effective governance by the Board, ample discussions and quick decision making.

(2) Systems for Retention and Management of Information Related to Directors' Execution of Duties

The Company shall adequately retain and manage important information related to Directors' execution of duties, including the record of Board meetings and other consensus-based, approved documents, as stipulated by laws and regulations, and the Company's regulations and rules.

(3) Rules and Other Systems for Risk Management

While continuing to make efforts to raise its corporate value, the Company recognizes the problems related to compliance, environment, product quality, accidents and information security in particular, and other matters, as major risks for continuous growth and is thus implementing the following countermeasures.

i) The Company shall establish Risk Management Rules to correctly recognize and manage risks. In accordance with the rules, the Company has appointed personnel in charge of individual risks, further promoting the build-up of a solid foundation for risk management.

ii) The Company shall establish Risk Management Committee to devise risk management policies of Komatsu, evaluate risk measures in place, and take control of risks when they surface. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.

iii) The Company shall establish an emergency headquarters when serious risks surface, and work to minimize damage(s) and implement appropriate measures.

(4) Systems for Ensuring Efficient Execution of Duties by Directors

To ensure the efficient execution of duties by Directors, the Company shall implement the following:

i) The Board of Directors shall meet in principle at least once every month and more often as needed. It shall strive to maintain transparency and soundness of management through the participation of Outside Directors. It shall also establish the Regulations of the Board of Directors and the Standards for Agenda of Board Meetings, thereby clarifying the matters on which the Board of Directors should make decisions.

ii) Together with the introduction of the Executive Officer System, the Company shall define the separation of duties for Directors, Executive Officers and senior managers, and set up internal rules including the Regulations of Decision-Making Authority, to ensure appropriate and effective execution of duties by Directors, Executive Officers and other senior managers.

iii) To promote efficient management of the Board of Directors, the Company shall establish a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

(5) Systems for Ensuring That the Execution of Duties by Directors and Employees Complies With Laws and Regulations, and the Company's Articles of Incorporation

The Board of Directors makes decisions on important management matters in accordance with laws and regulations and the Regulations of the Board of Directors. Based on the decisions made by the Board of Directors, each Director not only executes his or her own duties but also supervises employees for the execution of their duties, and reports the conditions thereof to the Board of Directors.

The Company shall establish the Compliance Committee as Komatsu to oversee compliance, and the Committee regularly reports its reviews and activities to the Board of Directors. The Company shall also establish 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, we work to supervise, educate and train Directors, Audit & Supervisory Board Members and employees.

In addition, the Company shall establish 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.

(6) Systems for Ensuring the Proper Operation of Komatsu Comprising the Company and Its Subsidiaries

i) The Company shall establish the Affiliated Company Regulations and relevant rules to contribute to proper and efficient operation of Group management while respecting the independence of the management of affiliated companies. It shall also position the Komatsu Code of Worldwide Business Conduct, as the code to be applied by all companies affiliated with Komatsu. Each department or division of the Company in charge of affiliated companies shall manage and support each relevant company, and each company in Komatsu shall stipulate various regulations for the proper promotion of duties.

ii) The Company shall assign and dispatch Directors and Audit & Supervisory Board Members from the Company to major affiliated companies as needed, in order to strengthen corporate governance on a group-wide basis and monitor their management.

iii) Important committees of the Company, including the Compliance Committee, Risk Management Committee and Export Control Committee, shall take actions with the entire Group in view, and allow representatives of affiliated companies to take part in their meetings on occasion.

iv) The Company shall make particularly important affiliated companies regularly report to the Board of Directors of the Company on the status of business, including risks and compliance.

v) The Internal Auditing Department of the Company shall audit each division of the Company, and implement or supervise auditing of major affiliated companies that belong to Komatsu. It shall also monitor and instruct each affiliated company on its internal control and operation built in conformity with the Company. The Internal Auditing Department regularly reports the internal control and auditing conditions to the Board of Directors, and also reports to the Audit & Supervisory Board as needed.

(7) Employees Assisting Audit & Supervisory Board Members for Execution of Their Duties, When They Ask for Such Employees

The Company shall set up the Office of Corporate Auditors' Staff, which shall assist Audit & Supervisory Board Members in their duties, and allocate employees who work as assistants to Audit & Supervisory Board Members either exclusively or concurrently in another position within the Company.

(8) Matters Regarding the Independence of the Assistants to Audit & Supervisory Board Members From Directors

i) Handling of personnel affairs (employment, appointment and personnel changes) of the employees who belong to the Office of Corporate Auditors' Staff shall be premised on approval of the Standing Audit & Supervisory Board Members.

ii) The employees who exclusively assist the Office of Corporate Auditors' Staff are independent of control and command of the Directors, and their performance shall be rated by the Standing Audit & Supervisory Board Members.

(9) Systems for Directors and Employees Reporting to Audit & Supervisory Board Members; Systems Relating to Other Reports to Audit & Supervisory Board Members and Ensuring Effective Audits by Audit & Supervisory Board Members

i) In accordance with laws and regulations, Audit & Supervisory Board Members receive reports by Directors, Executive Officers and other senior managers concerning the conditions of execution of their respective duties.

ii) In the event that Directors find a serious violation of laws and regulations or other important facts regarding compliance at the Company or affiliated companies of Komatsu, they shall report to the Audit & Supervisory Board Members immediately.

iii) The Audit & Supervisory Board Members shall attend various committees and principle meetings concerning internal control as observers, and also read circulars per management approval sent around to obtain the sanction of executives, which are important decision-making documents of the Company, and essential prior settlement documents.

iv) Audit & Supervisory Board Members may appoint legal counsels and other advisors needed for the execution of their duties.

(10) Basic Policy Pertaining to the Elimination of Antisocial Forces

It shall be the basic policy of the Company to prohibit Komatsu from having any relation whatsoever with antisocial movements or groups that threaten the order and security of civil society from the perspectives of social justice and corporate social responsibility.

i) The above policy shall be provided in Komatsu Code of Worldwide Business Conduct and diffused throughout the Company as well as each company in Komatsu.

ii) The general affairs divisions of the Head Office of the Company as well as the general affairs divisions of its main offices and Group companies will work with police and other specialized external organizations to prevent the involvement of antisocial movements or groups in its management and quell any harmful effects they may bring about in accordance with the basic policy.

iii) The Company will do its utmost to collect information and receive education training from the above external organizations and use above information communally both within the Company and among related Group divisions.

8. Matters Regarding Initiatives to Promote Greater Career Development of Women

The Company aims to provide a working environment in which employees are able to sufficiently realize and utilize their abilities regardless of gender, age or other such factors. To this end, the Company is promoting the utilization of women, elderly people, and people with disabilities, and working to spread a work-life balance across the organization. Because the Company considers the low number of female managers in comparison to male managers to be an issue in particular need of further improvement, the Company is vigorously pushing ahead with various measures in this area. These include making concerted efforts to employ and train more women, and providing a working environment in which female employees can continue developing their careers after giving birth.

The number of the Company's individual female managers as of April 1, 2014, was 57 persons (the ratio of female managers was 3.6%, and the number had increased by 36 persons over five fiscal years). The Company will take action to achieve its target of bringing the ratio of female managers to more than 5% by April 2016 and will work to implement these activities across the Komatsu Group.

End

Consolidated Balance Sheet

(As of March 31, 2014)

	(JPY million)
Assets	
Current assets:	
Cash and cash equivalents	90,872
Time deposits	277
Trade notes and accounts receivable, net	617,334
Inventories	625,077
Deferred income taxes and other current assets	159,872
Total current assets	1,493,432
Long-term trade receivables, net	260,904
Investments:	
Investments in and advances to affiliated companies	23,192
Investment securities	67,175
Other	2,020
Total investments	92,387
Property, plant and equipment-less accumulated depreciation and amortization	667,347
Goodwill	36,020
Other intangible assets-less accumulated amortization	58,532
Deferred income taxes and other assets	42,934
Total assets	2,651,556

	(JPY million)
Liabilities	
Current liabilities:	
Short-term debt	176,515
Current maturities of long-term debt	117,485
Trade notes, bills and accounts payable	234,231
Income taxes payable	42,211
Deferred income taxes and other current liabilities	221,789
Total current liabilities	792,231
Long-term liabilities:	
Long-term debt	311,067
Liability for pension and retirement benefits	49,428
Deferred income taxes and other liabilities	57,719
Total long-term liabilities	418,214
Total liabilities	1,210,445
Equity	
Komatsu Ltd. Shareholders' equity	
Common stock	67,870
Capital surplus	138,984
Retained earnings:	
Appropriated for legal reserve	39,962
Unappropriated	1,141,751
Accumulated other comprehensive income (loss)	30,035
Treasury stock at cost	(42,211)
Total Komatsu Ltd. shareholders' equity	1,376,391
Noncontrolling interests	64,720
Total equity	1,441,111
Total liabilities and equity	2,651,556

Consolidated Statement of Income

(From April 1, 2013 to March 31, 2014)

	(JPY million)
Net sales	1,953,657
Cost of sales	1,393,048
Selling, general and administrative expenses	318,404
Other operating income (expenses), net	(1,710)
Operating income	240,495
Other income (expenses), net:	
Interest and dividend income	3,898
Interest expense	(8,831)
Other, net	6,494
Total	1,561
Income before income taxes and equity in earnings of affiliated companies	242,056
Income taxes:	
Current	73,936
Deferred	2,007
Total	75,943
Income before equity in earnings of affiliated companies	166,113
Equity in earnings of affiliated companies	3,491
Net income	169,604
Less: Net income attributable to noncontrolling interests	10,086
Net income attributable to Komatsu Ltd.	159,518

Consolidated Statement of Equity

(From April 1, 2013 to March 31, 2014)

(JPY million)

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)
			Appropriated for legal reserve	Unappropriated	
Balance at the beginning of current period	67,870	138,818	38,230	1,034,504	(43,440)
Cash dividends				(50,539)	
Transfer to retained earnings appropriated for legal reserve			1,732	(1,732)	
Other changes		(491)			34
Comprehensive income (loss):					
Net income				159,518	
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments					60,787
Net unrealized holding gains (losses) on securities available for sale					6,782
Pension liability adjustments					4,596
Net unrealized holding gains (losses) on derivative instruments					1,276
Comprehensive income (loss)					
Issuance and exercise of stock acquisition rights		313			
Purchase of treasury stock					
Sales of treasury stock		344			
Balance at the end of current period	67,870	138,984	39,962	1,141,751	30,035

	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
Balance at the beginning of current period	(42,788)	1,193,194	59,501	1,252,695
Cash dividends		(50,539)	(6,406)	(56,945)
Transfer to retained earnings appropriated for legal reserve		—		—
Other changes		(457)	(1,182)	(1,639)
Comprehensive income (loss):				
Net income		159,518	10,086	169,604
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments		60,787	2,539	63,326
Net unrealized holding gains (losses) on securities available for sale		6,782	—	6,782
Pension liability adjustments		4,596	78	4,674
Net unrealized holding gains (losses) on derivative instruments		1,276	104	1,380
Comprehensive income (loss)		232,959	12,807	245,766
Issuance and exercise of stock acquisition rights		313		313
Purchase of treasury stock	(47)	(47)		(47)
Sales of treasury stock	624	968		968
Balance at the end of current period	(42,211)	1,376,391	64,720	1,441,111

Non-Consolidated Financial Statements are based on Japanese accounting standards.

Non-Consolidated Balance Sheet

(As of March 31, 2014)

(JPY million)

Assets	
Current assets:	
Cash and deposits	107,953
Notes receivable-trade	336
Accounts receivable-trade	190,057
Merchandise and finished goods	37,643
Work in process	37,825
Raw materials and supplies	3,111
Prepaid expenses	3,404
Deferred tax assets	11,079
Short-term loans receivable	66,303
Accounts receivable-other	11,229
Other current assets	1,021
Allowance for doubtful accounts	(375)
Total current assets	469,591
Non-current assets:	
Property, plant and equipment:	
Buildings	72,219
Structures	13,023
Machinery and equipment	52,851
Vehicles	652
Tools, furniture and fixtures	8,439
Rental equipment	64,302
Land	50,856
Construction in progress	9,237
Total property, plant and equipment	271,583
Intangible assets:	
Software	8,685
Other intangible assets	1,547
Total intangible assets	10,233
Investments and other assets:	
Investment securities	53,661
Stocks of subsidiaries and affiliates	286,825
Investments in capital of subsidiaries and affiliates	40,950
Long-term loans receivable	25,263
Long-term prepaid expenses	796
Other investments	8,965
Allowance for doubtful accounts	(1,600)
Allowance for investment loss	(10,210)
Total investments and other assets	404,652
Total non-current assets	686,469
Total assets	1,156,060

(JPY million)

Liabilities	
Current liabilities:	
Notes payable-trade	8
Accounts payable-trade	97,701
Short-term loans payable	29,000
Commercial papers	48,000
Current portion of bonds	30,000
Accounts payable-other	9,990
Accrued expenses	19,466
Income taxes payable	21,169
Advances received	961
Deposits received	48,998
Provision for bonuses	8,624
Provision for directors' bonuses	218
Provision for product warranties	4,840
Other current liabilities	2,894
Total current liabilities	321,872
Non-current liabilities:	
Bonds payable	60,000
Long-term loans payable	51,000
Deferred tax liabilities	5,475
Provision for product warranties	208
Provision for retirement benefits	30,542
Other long-term liabilities	3,778
Total non-current liabilities	151,004
Total liabilities	472,877
Net Assets	
Shareholders' equity:	
Capital stock	70,120
Capital surplus:	140,483
Legal capital surplus	140,140
Other capital surplus	343
Retained earnings:	
Legal retained earnings	18,036
Other retained earnings:	466,604
Reserve for special depreciation	448
Reserve for advanced depreciation of non-current assets	14,626
General reserve	210,359
Retained earnings brought forward	241,170
Total retained earnings	484,641
Treasury stock	(41,821)
Total shareholders' equity	653,423
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	26,302
Deferred gains or losses on hedges	95
Total valuation and translation adjustments	26,397
Stock acquisition rights:	
Stock acquisition rights	3,361
Total stock acquisition rights	3,361
Total net assets	683,183
Total liabilities and net assets	1,156,060

Non-Consolidated Statement of Income

(From April 1, 2013 to March 31, 2014)

	(JPY million)
Net sales	757,766
Cost of sales	545,282
Gross profit	212,484
Selling, general and administrative expenses	118,010
Operating income	94,474
Non-operating income:	
Interest and dividends income	70,082
Other non-operating income	4,121
Non-operating expenses:	
Interest expenses	1,388
Other non-operating expenses	6,401
Ordinary income	160,887
Extraordinary income:	
Gain on sales of land	1,342
Gain on sales of investment securities	1,892
Gain on sales of subsidiaries and affiliates' stocks	97
Extraordinary loss:	
Loss on sales of land	56
Impairment loss	160
Loss on valuation of stocks of subsidiaries and affiliates	125
Income before income taxes	163,877
Income taxes:	
Income taxes-current	27,255
Income taxes-deferred	2,744
Net income	133,876

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014)

(JPY million)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	70,120	140,140	–	140,140	18,036	34	16,337	11	210,359
Changes of items during the period									
Provision of reserve for special depreciation						430			
Reversal of reserve for special depreciation						(16)			
Provision of reserve for advanced depreciation of non-current assets							53		
Reversal of reserve for advanced depreciation of non-current assets							(1,765)		
Provision of reserve for special account for advanced depreciation of non-current assets								39	
Reversal of reserve for special account for advanced depreciation of non-current assets								(51)	
Dividends from surplus									
Net income									
Purchase of treasury stock									
Disposal of treasury stock			343	343					
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	343	343	–	414	(1,711)	(11)	–
Balance at the end of current period	70,120	140,140	343	140,483	18,036	448	14,626	–	210,359

(JPY million)

	Shareholders' equity				Valuation and translation adjustments			Stock Acquisition Rights	Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Other retained earnings	Total retained earnings							
	Retained earnings brought forward								
Balance at the beginning of current period	156,523	401,302	(42,414)	569,148	20,879	(561)	20,317	3,268	592,734
Changes of items during the period									
Provision of reserve for special depreciation	(430)	–		–					–
Reversal of reserve for special depreciation	16	–		–					–
Provision of reserve for advanced depreciation of non-current assets	(53)	–		–					–
Reversal of reserve for advanced depreciation of non-current assets	1,765	–		–					–
Provision of reserve for special account for advanced depreciation of non-current assets	(39)	–		–					–
Reversal of reserve for special account for advanced depreciation of non-current assets	51	–		–					–
Dividends from surplus	(50,538)	(50,538)		(50,538)					(50,538)
Net income	133,876	133,876		133,876					133,876
Purchase of treasury stock			(31)	(31)					(31)
Disposal of treasury stock			624	967					967
Net changes of items other than shareholders' equity					5,423	657	6,080	92	6,173
Total changes of items during the period	84,647	83,338	593	84,275	5,423	657	6,080	92	90,448
Balance at the end of current period	241,170	484,641	(41,821)	653,423	26,302	95	26,397	3,361	683,183

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 9, 2014

The Board of Directors
Komatsu Ltd.

KPMG AZSA LLC
Tsutomu Takahashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kensuke Sodekawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shin Suzuki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of equity and the related notes of Komatsu Ltd. and its subsidiaries as of March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 in accordance with Article 444, Paragraph 4 of the Companies Act of Japan.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provision of the second sentence of Article 120-2, Paragraph 1 of the Corporate Accounting Regulations of Japan, which permits the omission of certain disclosure items required under the accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP"), and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statements audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above, which omit some disclosure items required under U.S. GAAP in accordance with the provision of second sentence of Article 120-2, Paragraph 1 of the Corporate Accounting Regulations of Japan, present fairly, in all material respects, the financial position and the results of operations of Komatsu Ltd. and its consolidated subsidiaries as of the date and for the period for which the consolidated financial statements were prepared.

Emphasis of Matter
As described in Note 2. Significant Accounting Policies under (4) in the Notes to Consolidated Financial Statements, the Company and some of its consolidated subsidiaries have changed the method for depreciation of property, plant and equipment from declining-balance method to the straight-line method from April 1, 2013. This matter does not have any impact on our opinion.

Other Matter
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan.

END

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 7, 2014

The Board of Directors
Komatsu Ltd.

KPMG AZSA LLC
Tsutomu Takahashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kensuke Sodekawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shin Suzuki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Komatsu Ltd. as of March 31, 2014 and for the 145th fiscal year from April 1, 2013 to March 31, 2014, in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act of Japan.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statements audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Komatsu Ltd. as of the date and for the period for which the financial statements and the supplementary schedules were prepared in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As described in Notes to Changes in Accounting Policies under Notes to Non-Consolidated Financial Statements, the Company has changed the method for depreciation of property, plant and equipment from declining-balance method to the straight-line method from April 1, 2013.

This matter does not have any impact on our opinion.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan.

END

[English Translation of the Audit & Supervisory Board's Report Originally Issued in the Japanese Language]

Audit & Supervisory Board's Report

Regarding the execution of duties by the Directors for the 145th Fiscal Year from April 1, 2013 to March 31, 2014, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows:

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Details of Such Methods

   We established auditing policies, allocation of duties and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Accounting Auditor regarding execution of their duties, and sought explanations as necessary.

   Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with such as the Directors, the Internal Auditing Department and other employees, and made efforts to establish the environment for collecting department information and auditing, and participated in the meetings of the Board of Directors and other important meetings, received reports from such as the Directors and employees regarding execution of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and status of assets at the head office and principal offices. In addition, concerning the content of the resolution of the Board of Directors concerning the maintenance of the systems necessary to ensure that the execution of duties by the Directors as described in the Business Report complies with laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a Stock Company stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for Enforcement of the Companies Act of Japan; and concerning the systems that are maintained based on such resolutions (Internal Control Systems): reports were regularly received from Directors and employees and others regarding the status of establishment and operation, and when necessary, explanation was sought and opinions were expressed. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and received reports with respect to their business from subsidiaries as necessary. Based on the above methods, we examined the Business Report and supplementary schedules thereof for this fiscal year.

   Furthermore, we monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the execution of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "the System for ensuring that duties are executed properly" (matters set forth in each item of Article 131 of the Corporate Accounting Regulations of Japan) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the above methods, we examined the non-consolidated financial statements ("non-consolidated balance sheet," "non-consolidated statement of income," "non-consolidated statement of changes in net assets," and "notes to non-consolidated financial statements") and supplementary schedules thereof, and consolidated financial statements ("consolidated balance sheet," "consolidated statement of income," "consolidated statement of equity," and "notes to consolidated financial statements") for this fiscal year.

2. Result of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) We confirm that the Business Report and supplementary schedules thereof fairly represent the Company's condition in accordance with the related laws and regulations and the Articles of Incorporation.
2) We have found no significant evidence of wrongful acts or violations of either related laws and regulations, or the Articles of Incorporation with regard to the execution of duties by the Directors.
3) We confirm that the content of the resolution of the Board of Directors regarding Internal Control Systems is appropriate. In addition, we have found no matters to remark on in regard to the description of the Internal Control System in the Business Report and the execution of duties by the Directors regarding the Internal Control Systems.

(2) Result of Audit of non-consolidated financial statements and supplementary schedules thereof

We confirm that the methods and results of the audit employed by the Accounting Auditor, KPMG AZSA LLC, are proper.

(3) Result of Audit of consolidated financial statements

We confirm that the methods and results of the audit employed by the Accounting Auditor, KPMG AZSA LLC, are proper.

May 14, 2014

The Audit & Supervisory Board

Makoto Morimoto (Seal)
Standing Audit & Supervisory Board Member

Koji Yamada (Seal)
Standing Audit & Supervisory Board Member

Makoto Okitsu (Seal)
Audit & Supervisory Board Member

Hiroyuki Kamano (Seal)
Audit & Supervisory Board Member

Kunihiro Matsuo (Seal)
Audit & Supervisory Board Member

(Note) Audit & Supervisory Board Members Makoto Okitsu, Hiroyuki Kamano and Kunihiro Matsuo are Outside Audit & Supervisory Board Members as stipulated in the Companies Act of Japan.

END

Reference Materials for the General Meeting of Shareholders

Proposed Items to Be Resolved and Reference Information:

Item 1: Appropriation of Surplus

The Company is building a sound financial position and flexible and agile corporate strength to increase its corporate value. Concerning cash dividends to shareholders, the Company continues to maintain the policy of redistributing profits by considering consolidated business results to strive to continue stable dividends.

For the 145th fiscal year, the Company has set the goal of a consolidated payout ratio of 30% or higher, and following the policy of not decreasing dividends as long as a consolidated payout ratio does not surpass 50%, as well as in consideration of the Company's business performance for the fiscal year and future business development, the Company proposes to pay a year-end dividend of surplus as follows.

(1) Type of the dividend assets
Cash

(2) Matters concerning allotment and total amount of the dividend assets
JPY 29 per one (1) common share of the Company (an increase of JPY 5 per one (1) common share of the Company over the previous fiscal year)
Total amount of the dividend assets: JPY 27,658,833,375

(3) Effective date of dividends of surplus
Thursday, June 19, 2014

Accordingly, combined with the interim dividend of JPY 29 per one (1) common share of the Company, the annual dividend will be JPY 58 per one (1) common share of the Company for this fiscal year, an increase of JPY 10 per one (1) common share of the Company over the previous fiscal year. The consolidated payout ratio is 35%.

Item 2: Election of Ten (10) Directors

The terms of office of all of the ten (10) Directors will expire as of the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that ten (10) Directors (including three (3) Outside Directors) be elected.

The candidates for the positions are as follows:

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
1	Internal Director Reelection **Kunio Noji** (November 17, 1946) **Number of Years in Office:** 15 years **Attendance to the Meetings of the Board of Directors:** 15/15 (100%) **Number of Shares of the Company Held:** 113,400 shares	4/1969 Joined the Company Field Testing Department, Technical Division 6/1993 General Manager of Production Control Department, Technical Division in Construction Equipment Division 2/1995 Plant Manager of Chattanooga Manufacturing Operation, Komatsu Dresser Company (now Komatsu America Corp.) (until 2/1997) 3/1997 President of Information Systems Division 6/1997 Took office as Director 6/1999 Resigned as Director, took office as Executive Officer 4/2000 President of Production Division 6/2000 Took office as Senior Executive Officer 6/2001 Took office as Managing Director and Senior Executive Officer 4/2003 Took office as Director and Senior Executive Officer President of Construction & Mining Equipment Marketing Division 6/2007 Took office as President and Representative Director, and CEO[*1] 4/2013 Took office as Chairman of the Board and Representative Director (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] Outside Director of Ricoh Company, Ltd. Outside Director of NEC Corporation
2	Internal Director Reelection **Tetsuji Ohashi** (March 23, 1954) **Number of Years in Office:** 5 years **Attendance to the Meetings of the Board of Directors:** 15/15 (100%) **Number of Shares of the Company Held:** 42,800 shares	4/1977 Joined the Company Product Control Section, Planning & Coordination Department of Awazu Plant 6/1982 Graduate School, Stanford University, USA (until 6/1984) 10/1998 General Manager of Planning & Cooperation Department of Awazu Plant, Production Division 10/2001 Plant Manager of Moka Plant, Production Division 1/2004 President and COO[*2] of Komatsu America Corp. (until 3/2007) 4/2007 Took office as Executive Officer President of Production Division 4/2008 Took office as Senior Executive Officer 6/2009 Took office as Director and Senior Executive Officer 4/2012 Took office as Director and Senior Executive Officer 4/2013 Took office as President and Representative Director (current) CEO[*1] (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] CEO[*1]

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
3	Internal Director Reelection **Mikio Fujitsuka** (March 13, 1955) **Number of Years in Office:** 3 years **Attendance to the Meetings of the Board of Directors:** 15/15 (100%) **Number of Shares of the Company Held:** 21,900 shares	4/1977 Joined the Company Accounting Section, Administration Department of Awazu Plant 7/1988 Komatsu Australia Pty., Ltd. (until 2/1994) 6/2001 General Manager of Corporate Controlling Department 4/2005 Took office as Executive Officer 4/2008 President of Global Retail Finance Business Division and President and Representative Director of Komatsu Business Support Ltd. 2/2009 General Manager of Corporate Planning Division and President of Global Retail Finance Business Division 4/2010 Took office as Senior Executive Officer 4/2011 CFO[*3] (current) 6/2011 Took office as Director and Senior Executive Officer 4/2013 Took office as Director and Senior Executive Officer (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] CFO[*3] Supervising Accounting & Finance and Investor Relations
4	Internal Director Reelection **Fujitoshi Takamura** (December 21, 1954) **Number of Years in Office:** 3 years **Attendance to the Meetings of the Board of Directors:** 15/15 (100%) **Number of Shares of the Company Held:** 17,800 shares	4/1977 Joined the Company Construction Equipment Technical Center of Osaka Plant 6/1982 Brown University, USA (until 6/1984) 4/2004 General Manager of Construction Equipment Technical Center 1, Development Division 4/2006 Took office as Executive Officer 4/2010 Took office as Senior Executive Officer President of Development Division 6/2011 Took office as Director and Senior Executive Officer 4/2013 Took office as Director and Senior Executive Officer (current) 4/2014 CTO[*4](current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] CTO[*4] Supervising Research & Development

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
5	Internal Director Reelection **Hisashi Shinozuka** (July 16, 1954) **Number of Years in Office:** 1 year **Attendance to the Meetings of the Board of Directors:** 11/11 (100%) **Number of Shares of the Company Held:** 14,800 shares	4/1978 Joined the Company Product Control Section, Planning & Coordination Department of Oyama Plant 6/1981 National Autonomous University of Mexico, Mexico (until 5/1982) 10/1991 General Manager of Istanbul Office, International Division (until 10/1995) 7/1997 Vice President of Komatsu Latin-America Corp. (until 10/2002) 5/2005 General Manager of The Americas & European Business, Construction & Mining Equipment Marketing Division 4/2007 President and COO[*2] of Komatsu America Corp. 4/2011 Took office with status equivalent to a Senior Executive Officer 4/2012 Took office as Senior Executive Officer President of Construction Equipment Marketing Division 6/2013 Took office as Director and Senior Executive Officer (current) 4/2014 President of Construction & Mining Equipment Marketing Division (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] President of Construction & Mining Equipment Marketing Division
6	Internal Director Reelection **Kazunori Kuromoto** (May 23, 1955) **Number of Years in Office:** 1 year **Attendance to the Meetings of the Board of Directors:** 11/11 (100%) **Number of Shares of the Company Held:** 11,300 shares	4/1980 Joined the Company Technical Center of Awazu Plant 6/1985 Graduate School, University of California, Los Angeles, USA (until 6/1987) 4/2006 General Manager of Construction Equipment Electronics, Development Division 4/2007 Took office as Executive Officer 4/2008 President of AHS Business, Construction & Mining Equipment Marketing Division 4/2009 President of IT Construction Business, Construction & Mining Equipment Marketing Division 4/2012 Took office as Senior Executive Officer President of ICT Business Division 4/2013 President of Global Mining Business Division and President of ICT Business Division 6/2013 Took office as Director and Senior Executive Officer (current) 4/2014 President of ICT Solution Division (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] President of ICT Solution Division

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
7	Internal Director Reelection **Masanao Mori** (February 8, 1958) **Number of Years in Office:** 1 year **Attendance to the Meetings of the Board of Directors:** 11/11 (100%) **Number of Shares of the Company Held:** 11,200 shares	4/1981 Joined the Company Labor Section, Human Resources Department 4/2004 General Manager of General Affairs Department, Engines & Hydraulics Business Division 4/2008 General Manager of Human Resources Department 4/2009 Took office as Executive Officer 4/2013 Took office as Senior Executive Officer 6/2013 Took office as Director and Senior Executive Officer (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] Supervising Human Resources & Education and Safety & Health Care
8	Outside Director Reelection Independent Director **Kouichi Ikeda** (April 21, 1940) **Number of Years in Office:** 4 years **Attendance to the Meetings of the Board of Directors:** 14/15 (93%) **Number of Shares of the Company Held:** 0 shares	4/1963 Joined Asahi Breweries, Ltd. (now Asahi Group Holdings, Ltd.) 3/1996 Took office as Director of Asahi Breweries, Ltd. 3/1997 Took office as Managing Director of Asahi Breweries, Ltd. 3/1999 Took office as Senior Managing Director of Asahi Breweries, Ltd. 3/2000 Took office as Senior Managing Executive Officer of Asahi Breweries, Ltd. 3/2001 Took office as Senior Managing Director and Senior Managing Executive Officer of Asahi Breweries, Ltd. 1/2002 Took office as President and COO[*2] of Asahi Breweries, Ltd. 3/2006 Took office as Chairman of the Board and CEO[*1] of Asahi Breweries, Ltd. 3/2010 Took office as Corporate Advisor of Asahi Breweries, Ltd. 6/2010 Took office as Director of the Company (current) 7/2011 Took office as Corporate Advisor of Asahi Group Holdings, Ltd. (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] Outside Audit & Supervisory Board Member of Sumitomo Chemical Company, Limited Outside Director of Watabe Wedding Corporation
	Reason for nomination as candidate for Outside Director	Having served as Representative Director of Asahi Breweries, Ltd. (name at the time), Mr. Kouichi Ikeda has considerable insight and rich experience in the business world. Using this insight and experience, his proposals concerning the overall management of the Company are expected to help to sustain and improve transparency and soundness of management and enhance corporate governance. Therefore, the Company nominates him as a candidate for Outside Director.
	Matters regarding independence	Mr. Kouichi Ikeda is unlikely to have a conflict of interest with general investors and is considered as an Independent Director.

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
9	New Candidate for Outside Director Independent Director **Masayuki Oku** (December 2, 1944) **Number of Shares of the Company Held:** 0 shares	4/1968 Joined The Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corporation, hereinafter the "Bank") 6/1994 Took office as Director of the Bank 11/1998 Took office as Managing Director of the Bank 1/2001 Took office as Representative Director and Senior Managing Director of the Bank 4/2001 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Banking Corporation 12/2002 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG") 6/2003 Took office as Representative Director and Deputy President of Sumitomo Mitsui Banking Corporation 6/2005 Took office as Representative Director and Chairman of the Board of SMFG Took office as Representative Director and President of Sumitomo Mitsui Banking Corporation 4/2011 Retired from Sumitomo Mitsui Banking Corporation Took office as Chairman of the Board of SMFG (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Director of Panasonic Corporation Outside Audit & Supervisory Board Member of Nankai Electric Railway Co., Ltd. Outside Director of Kao Corporation
	Facts that fall under Article 74, Paragraph 4, Item 6 of the Ordinance for Enforcement of the Companies Act of Japan	Mr. Masayuki Oku had previously served as one of executive officers at Sumitomo Mitsui Banking Corporation, which is a business concern with specified relations with the Company (a business partner), in the past five (5) years.
	Reason for nomination as candidate for Outside Director	Having served as Representative Director of Sumitomo Mitsui Banking Corporation, Mr. Masayuki Oku has been active internationally in the financial field and has considerable insight and rich experience in the business world. Using this insight and experience, his proposals concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management and enhancing corporate governance. Therefore, the Company nominates him as a candidate for Outside Director.
	Matters regarding independence	Mr. Masayuki Oku held the positions of Representative Director and Senior Managing Director, Representative Director and Deputy President, and Representative Director and President of Sumitomo Mitsui Banking Corporation (including the former The Sumitomo Bank, Ltd.), which is one of the lenders of the Company and its consolidated subsidiaries, from January 2001 to April 2011. Because the Company and its consolidated subsidiaries have several lenders and the said bank is only one lender among the several lenders of the Company and its consolidated subsidiaries, it is not a business partner which has a significant impact on the Company's decision making. As of the end of the most recent fiscal year, the balance of loans from the said bank was JPY 82.9 billion, which was 13.7% of the total amount of loans. (page 16) Furthermore, more than three (3) years have passed since his retirement from Sumitomo Mitsui Banking Corporation, and he currently has no involvement with the execution of business at the said bank. Accordingly, Mr. Masayuki Oku is unlikely to have a conflict of interest with general investors. For this reason, the Company considers him as an Independent Director.

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
	Facts in violation of laws and regulations or the Articles of Incorporation or facts of any other unreasonable execution of business at the other corporations	Nikko Cordial Securities Inc. (now SMBC Nikko Securities Inc.), where Mr. Masayuki Oku served as a Member of the Board until March 2011, received a Business Improvement Order from the Financial Services Agency (FSA) in April 2011 in connection with an incident where one of the said company's employees defrauded certain customers of their money through means not connected to their accounts at the said company. The said company also received a Business Improvement Order from the FSA in April 2012 following the discovery of inadequate controls over undisclosed corporate information and inappropriate solicitation. Furthermore, the said company received a Business Improvement Order from the FSA in August 2012 in connection with business practices related to undisclosed corporate information that insufficiently addressed the necessary and adequate measures to prevent fraudulent trading.
		Panasonic Corporation, where Mr. Masayuki Oku has served as Outside Director since June 2008, entered into plea agreements with the United States Department of Justice in September 2010 and the Competition Bureau Canada in October 2010, respectively, to pay fines to resolve claims that its household refrigerator compressor business unit engaged in certain anticompetitive activities. In addition, the European Commission notified the said company that it had decided to impose a fine on the said company in December 2011. However, at the time of the relevant anticompetitive activities Mr. Oku was not serving as Outside Director at the said company. In addition, Panasonic Corporation entered into plea agreements with the United States Department of Justice in July 2013 and the Competition Bureau Canada in February 2014, respectively, to pay fines to resolve claims that part of its automotive parts business unit for specific customers engaged in certain anticompetitive activities. While Mr. Oku was not aware of the aforesaid violations until they came to light, he continuously fulfilled his duties through Panasonic Corporation's Board of Directors and other relevant systems from the standpoint of compliance with laws and regulations, and strove to ensure that the said company did not execute business in violation of laws and regulations. Also, after these facts came to light, he checked the contents of the said company's activities for preventing a recurrence.

No. of Candi-date	Name (Date of Birth)	Career Summary and Position (In Charge at the Company and Important Concurrent Positions Held in Other Organizations)
10	New Candidate for Outside Director Independent Director **Mitoji Yabunaka** (January 23, 1948) **Number of Shares of the Company Held:** 0 shares	4/1969 Joined the Ministry of Foreign Affairs (hereinafter "MOFA") 1/2008 Took office as Vice-Minister for Foreign Affairs 8/2010 Took office as Adviser to MOFA (current) [In Charge at the Company and Important Concurrent Positions Held in Other Organizations] Outside Director of Kawasaki Kisen Kaisha, Ltd. Outside Director of Mitsubishi Electric Corporation
	Reason for nomination as candidate for Outside Director	Having served as Vice-Minister for Foreign Affairs, Mr. Mitoji Yabunaka has been active in such fields as international policy coordination and overseas consular work, and has considerable insight and rich experience in international relations. Using this insight and experience, his proposals concerning the overall management of the Company are expected to contribute to the mitigation and avoidance of risk in the Company's global business operations, and to the enhancement of the Company's medium- and long-term corporate value. Therefore, the Company nominates him as a candidate for Outside Director. The Company judged that although Mr. Yabunaka has no experience in participating in the management of other companies directly, he would be able to execute the duties of Outside Director adequately because of the above reasons.
	Matters regarding independence	Mr. Mitoji Yabunaka is unlikely to have a conflict of interest with general investors. For this reason, the Company considers him as an Independent Director.
	Facts in violation of laws and regulations or the Articles of Incorporation or facts of any other unreasonable execution of business at the other corporations	Mr. Mitoji Yabunaka has served as Outside Director at Kawasaki Kisen Kaisha, Ltd. ("K" Line), since June 2011 until present. In March 2014, "K" Line received notification of Cease and Desist orders and Administrative Surcharge orders for violating the Anti-Monopoly Act of Japan with respect to the freight transport of automobiles etc. While Mr. Yabunaka was not aware of the aforesaid violation until it came to light, he continuously fulfilled his duties such as through "K" Line's Board of Directors and other relevant systems from the standpoint of compliance with laws and regulations, and strove to ensure that the execution of business in violation of laws and regulations. Also, after the fact came to light, he conducted investigation into the aforesaid fact, provided instructions on recurrence prevention and similar activities through the Board of Directors' meetings, etc.

*1 CEO: Chief Executive Officer
*2 COO: Chief Operating Officer
*3 CFO: Chief Financial Officer
*4 CTO: Chief Technology Officer

Notes:
1. "Number of Years in Office" shown with the candidates for reelection above indicates the period from the day of the General Meeting of Shareholders when such Director was elected for the first time to the day of this Ordinary General Meeting of Shareholders.
2. Mr. Kunio Noji once retired as Director in June 1999 in accordance with the introduction of the Executive Officer System in the same month.
3. The names of divisions and other bodies in the Company in "Career Summary and Position" above show those that were applicable at each relevant time period.

4. Meeting attendance above shows attendance to the meetings of the Board of Directors held during the fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014). As Mr. Hisashi Shinozuka, Mr. Kazunori Kuromoto, and Mr. Masanao Mori were elected at the 144th Ordinary General Meeting of Shareholders held in June, 2013, the maximum number of meetings of attendance is different from the other Directors.
5. There are no special interests between the candidates and the Company.
6. Mr. Kouichi Ikeda, Mr. Masayuki Oku and Mr. Mitoji Yabunaka are candidates for Outside Directors. The Company designated Mr. Kouichi Ikeda as Independent Director and submitted the notification to the Tokyo Stock Exchange in accordance with its regulations and related rules. In addition, the Company intends to designate Mr. Masayuki Oku and Mr. Mitoji Yabunaka as Independent Directors and submit the notifications to the Tokyo Stock Exchange in accordance with its regulations and related rules, provided that this item is approved and adopted at this Ordinary General Meeting of Shareholders.
7. The Company has entered into an agreement with Mr. Kouichi Ikeda that limits his liability for damages caused by his dereliction of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same. If his reelection is approved, the Company intends to continue the aforesaid agreement. The maximum liability amount specified in this agreement shall be equivalent to the amount stipulated in the Companies Act of Japan. In addition, the Company intends to enter into the same agreements that limit liability for damages caused by dereliction of duty with Mr. Masayuki Oku and Mr. Mitoji Yabunaka, in accordance with Article 427, Paragraph 1 of the Companies Act of Japan, provided that this item is approved and adopted at this Ordinary General Meeting of Shareholders.

Item 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Mr. Makoto Okitsu as Audit & Supervisory Board Member will expire as of the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that one (1) Audit & Supervisory Board Member (including one (1) Outside Audit & Supervisory Board Member) be elected. If this election is approved, the Company's Audit & Supervisory Board Members will be five (5) members (including three (3) Outside Audit & Supervisory Board Members).

This item for resolution was reviewed and approved by the Audit & Supervisory Board.

The candidate for the position is as follows:

Name (Date of Birth)	Career Summary and Position (Important Concurrent Positions Held in Other Organizations)
New Candidate for Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member **Hirohide Yamaguchi** (March 6, 1951) **Number of Shares of the Company Held:** 0 shares	4/1974 Joined the Bank of Japan (hereinafter "BOJ") 10/2008 Took office as Deputy Governor of BOJ 3/2013 Retired from BOJ [Important Concurrent Positions Held in Other Organizations] Chairman of the Advisory Board of Nikko Financial Intelligence, Inc. Outside Audit & Supervisory Board Member of Mitsui Fudosan Residential Co., Ltd.
Reason for nomination as candidate for Outside Audit & Supervisory Board Member	Having served as Deputy Governor of the Bank of Japan, Mr. Hirohide Yamaguchi has been active internationally in the financial field and has considerable insight and rich experience in the finance world. Using this insight and experience, the Company expects him to execute his duties as Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company nominates him as a candidate for Outside Audit & Supervisory Board Member. The Company judged that although Mr. Yamaguchi has no experience in participating in the management of other companies directly, he would be able to execute the duties of Outside Audit & Supervisory Board Member adequately because of the above reason.
Matters regarding independence	Mr. Hirohide Yamaguchi is unlikely to have a conflict of interest with general investors. For this reason, the Company considers him as an Independent Audit & Supervisory Board Member.

Notes:

1. There are no special interests between the candidate and the Company.
2. Mr. Hirohide Yamaguchi is a candidate for Outside Audit & Supervisory Board Member. The Company intends to designate Mr. Hirohide Yamaguchi as Independent Audit & Supervisory Board Member and submit the notification to the Tokyo Stock Exchange in accordance with its regulations and related rules, provided that this item is approved and adopted at this Ordinary General Meeting of Shareholders.
3. The Company intends to enter into an agreement with Mr. Hirohide Yamaguchi that limits his liability for damages caused by his dereliction of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same, provided that this item is approved and adopted at this Ordinary General Meeting of Shareholders. The maximum liability amount specified in this agreement will be equivalent to the amount stipulated in the Companies Act of Japan.

<Reference> Independence of the Company's Audit & Supervisory Board

If Item 3 is approved and adopted, the Company's Audit & Supervisory Board will consist of five (5) members, of which the majority of three (3) members will be Outside Audit & Supervisory Board Members, which are Independent Audit & Supervisory Board Members. The Company's approach to the independence of Outside Audit & Supervisory Board Members is as follows:

Name (Month and year of taking office)	Matters regarding independence
Hiroyuki Kamano (6/2007)	SUMITOMO LIFE INSURANCE COMPANY, where Mr. Hiroyuki Kamano serves as Outside Director, is one of the group life insurance providers of the Company. However, since this fact is not likely to cause a conflict of interest with general investors, Mr. Kamano is considered as an Independent Audit & Supervisory Board Member.
Kunihiro Matsuo (6/2009)	Mr. Kunihiro Matsuo was a party to a legal consultant agreement with the Audit & Supervisory Board of the Company from October 2007 until June 23, 2009, which was the day before his appointment as Outside Audit & Supervisory Board Member of the Company. Mr. Matsuo's legal consultant duties for the Audit & Supervisory Board were only undertaken to help strengthen the functions of Audit & Supervisory Board Members and Audit & Supervisory Board, which have a function of auditing the Board of Directors from an independent standpoint and did not give rise to any interests between Mr. Matsuo and the Board of Directors or in terms of the execution of business. Since taking office as Audit & Supervisory Board Member of the Company, Mr. Matsuo has received only the remuneration for Audit & Supervisory Board Member from the Company. In addition, the Company and its consolidated subsidiaries sell industrial machinery to Toyota Motor Corporation, where Mr. Matsuo serves as Outside Audit & Supervisory Board Member. However, the share of sales to the Toyota Motor Corporation is less than 1% of the Company's consolidated net sales in the fiscal year under review. Furthermore, MITSUI & CO., LTD., where Mr. Matsuo serves as Outside Audit & Supervisory Board Member, contributes capital and provides other financial assistance to some consolidated subsidiaries and distributors, etc. of the Company for the overseas sale and servicing of construction and mining equipment. Since none of these facts is likely to cause a conflict of interest with general investors, Mr. Matsuo is considered as an Independent Audit & Supervisory Board Member.
Hirohide Yamaguchi (New candidate)	As mentioned in "Matters regarding independence" of Item 3 on page 55.

Item 4: Payment of Bonuses for Directors

Under the Company's remuneration system for Directors*, the Company proposes to pay bonuses within the range of JPY 261 million in total to the ten (10) Directors who were in office as of the end of the 145th fiscal year (of which, JPY 9 million in total to the three (3) Outside Directors).

The Company requests that the details such as the individual amount and timing of payment to each Director shall be left to the decision of the Board of Directors.

*As for the remuneration system for Directors, please refer to "Policy regarding the determination of remuneration" (page 23).

Item 5: Giving the Board of Directors the Authority to Issue Stock Acquisition Rights as Stock-Based Remuneration to Employees of the Company and Directors of Major Subsidiaries of the Company

The Company asks for the shareholders' approval to give the Company's Board of Directors the authority to issue Stock Acquisition Rights as "stock-based remuneration" to employees of the Company and Directors of Major Subsidiaries of the Company in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act of Japan.

1. Reasons for Issuing the Stock Acquisition Rights on Preferential Terms and Conditions

   The Company would like to grant Stock Acquisition Rights to employees of the Company and to the Directors of major subsidiaries of the Company without consideration not only for the purposes of raising their morale and their motivation to contribute to the improvement of the consolidated performance of the Company, but also for the purpose of clarifying their incentive to enhance the long-term corporate value of the Company by fostering the same perspective on corporate value with the shareholders. The number of Stock Acquisition Rights to be granted without consideration shall be determined based on the Company's consolidated performance with the same payment criteria of the "stock-based remuneration" as the Directors of the Company.

2. The Features and the Maximum Number of the Stock Acquisition Rights that the Board of Directors Can Decide to Issue under the Authority Granted by a Resolution at this Ordinary General Meeting of Shareholders

(1) The maximum number of the Stock Acquisition Rights for which the terms and conditions of the issuance can be determined based on the authority granted by this Ordinary General Meeting of Shareholders

The maximum number of Stock Acquisition Rights to be issued under the conditions described in '2. (3)' below shall be 2,178 units.

The maximum number of common stock to be issued upon the exercise of the Stock Acquisition Rights shall be 217,800 shares, and if the Number of Shares Granted (defined below) subject to Stock Acquisition Rights is adjusted as provided for in '2.(3)' below, the maximum number of common stock to be issued shall be the number obtained by multiplying the above mentioned maximum number of the Stock Acquisition Rights by the adjusted number of shares in connection with the Stock Acquisition Rights.

(2) The Company may issue Stock Acquisition Rights in question without consideration.

(3) The features of the Stock Acquisition Rights to be issued on the basis of the authority granted by this Ordinary General Meeting of Shareholders

1) Type and number of shares to be issued upon the exercise of Stock Acquisition Rights

The shares to be issued for the Stock Acquisition Rights shall be common stock, and the number of shares subject to one (1) Stock Acquisition Right (hereinafter "Number of Shares Granted") shall be 100 shares. However, after the resolution date of this Item (hereinafter "Resolution Date"), if the Company effects stock split of its common stock (including allotment of common stock to shareholders without consideration; the same applies hereinafter) or effects a stock consolidation, the Number of Shares Granted subject to one (1) Stock Acquisition Right shall be adjusted proportionately, in accordance with the ratio of the stock split or the stock consolidation in question. Also, if it is necessary to adjust the Number of Shares Granted after the Resolution Date for reasons other than the aforementioned reasons, the Company shall adjust the Number of Shares Granted in connection with the aforementioned Stock Acquisition Rights to the extent reasonable.

Fractions of less than one (1) share resulting from the foregoing adjustment shall be rounded down.

2) Amount of assets to be paid upon exercise of the Stock Acquisition Rights

The amount of assets to be paid upon exercise of the Stock Acquisition Rights shall be JPY one (1) per each one (1) share to be transferred upon exercise of the Stock Acquisition Rights, multiplied by the Number of Shares Granted.

3) Exercise period for the Stock Acquisition Rights
From August 1, 2017 to July 31, 2022

4) Matters concerning the increase in paid-in capital and capital surplus in the event of issuance of shares upon the exercise of the Stock Acquisition Rights

i. The amount of paid-in capital increase in the event of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be one half of the maximum amount of capital increase, calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations of Japan. Fractions less than one (1) yen resulting from the calculation shall be rounded up.

ii. An increase in the capital surplus in the event of the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of the paid-in capital increase from the maximum amount of the capital increase, as set forth in '4) i' above.

5) Restriction on Acquisition of the Stock Acquisition Rights by Transfer
Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the resolution of the Board of Directors of the Company.

6) Provisions pertaining to acquisition of the Stock Acquisition Rights by the Company
The Stock Acquisition Rights do not contain the provisions pertaining to the acquisition by the Company.

7) Conditions for exercising the Stock Acquisition Rights
If a holder of Stock Acquisition Rights who is a Director, Audit & Supervisory Board Member or employee of the Company, or a Director, Audit & Supervisory Board Member or employee of an affiliate of the Company, loses his or her all respective status set above, that person is able to exercise the Stock Acquisition Rights only within three (3) year period from the date they lost such position; provided, however, that the period shall not exceed the original exercise period for the Stock Acquisition Rights described at '3)' above, and the other terms and conditions concerning the exercise of Stock Acquisition Rights shall be decided by the Board of Directors of the Company.

8) In the event where the Company engages in any merger (limited to a case where the Company ceases to exist as the result of the merger), a corporate split in which a division of the Company is merged into an existing company, a corporate split in which a division of the Company is spun off to establish a new company (for both, limited to cases where the Company is split up), or an exchange or transfer of shares (for both, limited to cases where the Company becomes a fully-owned subsidiary) (hereinafter collectively "Restructuring Actions"), each person holding the remaining Stock Acquisition Rights at the time the Restructuring Actions take effect (hereinafter "Remaining Stock Acquisition Rights") shall be granted the Stock Acquisition Rights of the relevant stock companies prescribed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act of Japan (hereinafter "Reorganized Company"), in accordance with the conditions set forth below. In this event, the Remaining Stock Acquisition Rights shall become null and void and new Stock Acquisition Rights in the Reorganized Company shall be issued. However, the new Stock Acquisition Rights shall be granted only if provisions for granting them in accordance with the following conditions (i–viii) are included as conditions in a merger agreement (in which the Company is merged into a Reorganized Company or a Reorganized Company is established as the result of the merger), a corporate split agreement (in which a division of the Company is merged into a Reorganized Company), a plan for a corporate split (in which a division of the Company is spun off to establish a Reorganized Company), and a share exchange agreement or a plan for transfer of shares (in both of which the Company becomes a fully-owned subsidiary of a Reorganized Company).

i. Number of the Stock Acquisition Rights of a Reorganized Company to be granted
At the time the Restructuring Actions take effect, each holder of the Remaining Stock Acquisition Rights shall be granted the Stock Acquisition Rights of which the number is equivalent to the number of such Rights held at the Reorganized Company.
ii. Type of shares of the Reorganized Company to be issued for the Stock Acquisition Rights
Type of shares subject to the Stock Acquisition Rights shall be common stock of the Reorganized

Company.

iii. Number of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights
The number of shares shall be determined in accordance with '1)' above, after taking into consideration the conditions or other factors concerning the Restructuring Actions.

iv. Amount of assets to be paid upon the exercise of the Stock Acquisition Rights
The amount of assets to be paid upon the exercise of newly granted Stock Acquisition Rights shall be the amount obtained by multiplying JPY one (1) per each one (1) share, by the number of shares to be issued for each acquisition right as determined in '8) iii' above.

v. Exercise period for the Stock Acquisition Rights
The exercise period shall begin on either the first date of the exercise period for the Stock Acquisition Rights stipulated in '3)' above, or on the date that the Restructuring Actions take effect, whichever comes later, and shall continue to the final date of the exercise period for the Stock Acquisition Rights stipulated in '3)' above.

vi. Increase in paid-in capital and capital surplus in the event of the issuance of shares upon exercise of the Stock Acquisition Rights
Such increases shall be determined based on '4)' above.

vii. Restriction on Acquisition of the Stock Acquisition Rights by Transfer
Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the Reorganized Company.

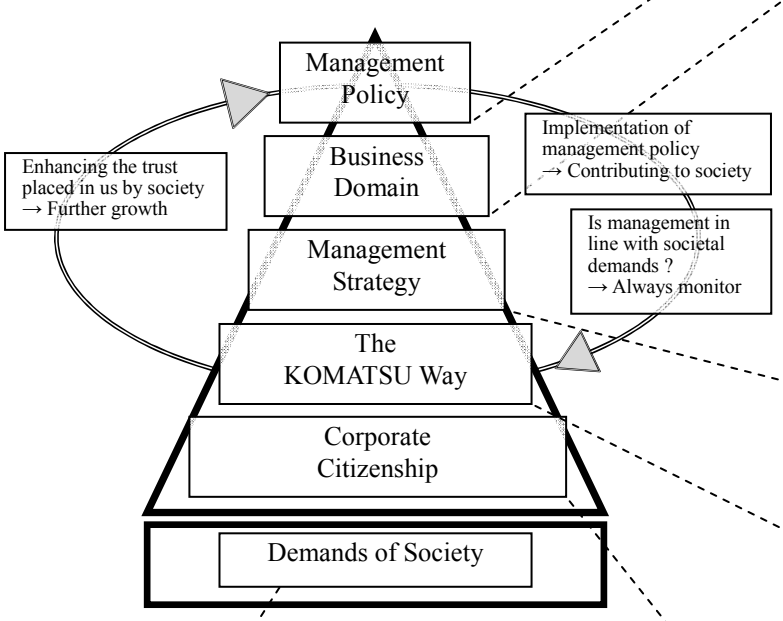
viii. Provisions pertaining to acquisition of the Stock Acquisition Rights
The Stock Acquisition Rights do not contain the provisions pertaining to the acquisition of the Stock Acquisition Rights.

9) In case where the number of shares to be issued or transferred to the holders of the Stock Acquisition Rights includes any fraction less than one (1) share, such fraction shall be rounded down.

(4) Delegation of authority to make decisions regarding the issuance of the Stock Acquisition Rights and related matters
In addition to the above provisions, decisions regarding the issuance of the Stock Acquisition Rights and all the relevant details shall be decided by the Board of Directors of the Company which shall be held separately.

End

Komatsu's Approach to CSR



Committed to "Quality and Reliability," Komatsu strives to maximize its corporate value by providing products that customers are happy to own.
"Corporate value is the sum of trust given to us by all our stakeholders"

By focusing on construction and mining equipment, and industrial machinery, we will work for sustainable growth that minimizes negative environmental and social impacts.

Mid-range management plan "Together We Innovate GEMBA Worldwide"
(1) Growth strategies based on innovation
(2) Growth strategies of existing businesses
(3) Structural reforms designed to reinforce the business foundation

Values, basic attitudes and patterns of behavior to be passed on to future generations.

1. To further cultivate the forward-looking corporate climate and the corporate culture of continuously taking on challenges, we will thoroughly ensure group-wide practice of five Gen principles, i.e., GEMBA (workplaces), GENBUTSU (actual things), GENJITSU (reality), GENTEN (the origin) and KENZAIKA (making evident).
2. To anchor The KOMATSU Way, we will strengthen our GEMBA capability through Kaizen activities in our routine work.
3. We will focus our efforts on brand management activities designed for us to thoroughly understand customers' GEMBA and become indispensable for customers. (Supporting customers to achieve their ideal conditions)

Code of Worldwide Business Conduct
- Rules that Komatsu and its management and employees must abide by as a member of the business society
- Statement to society as a "responsible corporate citizen"

<Policies, Standards, Principles>
- 5 Principles of Compliance
- Declaration of Biodiversity
- Occupational Safety and Health Policies
- Principles Governing Quality Assurance
- Regional Policies, Standards by Countries, etc
- Earth Environmental Charter
- Global Policy of Human Resources
- Standards for Product Safety
- Basic Principles for Social Contributions

< Global Principles>
- The UN Global Compact ●ISO26000 ●GRI
- Keidanren Charter of Corporate Behavior

Komatsu's CSR Themes
1. Enhancing Quality of Life - Providing products required by society -
2. Developing People ►Feature Article
3. Growing with Society

►Feature Article**:** Developing People

Developing Human Resources in Local Areas Where Komatsu has Business Operations

Komatsu participates in activities that contribute to society. In addition to working for society through Core Businesses, Komatsu uses original methods that utilize Komatsu technology to work on societal issues such as revitalizing local communities. As part of its activities, Komatsu strives to develop human resources in the various local areas in which it has operations, in accordance with the needs of the residents of these areas. Some of these efforts are introduced below.

Utilizing Komatsu's expertise in training service personnel

To ensure construction and mining equipment are operated stably, Komatsu, in partnership with Komatsu Group companies and distributors, trains excellent service personnel in various areas of the world where it operates. Using the expertise it has acquired in this process, Komatsu provides support to universities and technical training schools.

In Senegal, Africa, where a significant shortage of experienced technicians is a cause for concern, Komatsu provides support for the operation of the heavy machinery maintenance department (construction machinery class) at a technical training center run by JICA (Japan International Cooperation Agency). The support provided by Komatsu in this initiative includes training participants selected by JICA at its distributors in Senegal.

Training of participants selected by JICA (Senegal)

Training human resources to support manufacturing

Komatsu provides manufacturing education programs and facilities for universities, high schools and technical colleges.

Komatsu donated the most advanced industrial robots and facilities for welding training to a high school in Umeå City in northern Sweden, where it is considered an issue of paramount importance to improve competitiveness in the fields of technology and industry. Komatsu also provides an educational environment based on the technologies of Komatsu in other ways as well, such as by establishing a course at the school to teach the KOMATSU Way of manufacturing, and inviting well-disciplined students to Japan.

Highly advanced facilities donated to a high school in Umeå City (Sweden)

Education for employment and training the next generation

Komatsu is engaged in education of a more fundamental nature.

In the Republic of South Africa, Komatsu operates its own educational institution in partnership with customers to provide basic education, which should lead to employment, to young people who didn't have opportunities to receive such education because of the past policies of racial segregation.

In Chile, Komatsu runs a reintegration program for young people who committed crimes due to poverty and served time in prison. In the program, Komatsu invites to its offices young people who have served prison time for committing a crime due to poverty, and supports them in all sections in the offices in getting back to the society through training in daily work duties.

In addition to the above, Komatsu carries out activities including school visit sessions and science classes to children mainly in Japan and areas of Europe and North America, and teaches children about the enjoyment of working and manufacturing through these activities.

Young people accepted into the company for rehabilitation program (Chile)

◆ ◆ ◆

Komatsu intends to continue "developing people," which is one of Komatsu's strengths, while also paying attention to requests from local areas. In this way, Komatsu will continue to be a company that is an essential part of society.

Children studying at science class of "Komatsu Green Park" (Komatsu City, Ishikawa Prefecture, Japan)

Reconstruction Assistance for the Great East Japan Earthquake

Komatsu continues to provide reconstruction assistance to the areas stricken by the Great East Japan Earthquake by providing free loan of construction machinery, forklifts and unit houses; by donating prefab housing, and by subsidizing half the cost of technical class tuition fees. As of March 31, 2014, total assistance provided amounted to 2.38 billion yen (excluding the provision of scholarships).

In terms of future assistance, Komatsu is willing to continue its contribution to reconstruction of the disaster-stricken areas. In addition to proposing the adoption of original technology for tasks such as decontamination work that involves the utilization of iMC dozers, Komatsu also will strengthen service systems by collecting support from all over Japan to respond to large reconstruction projects that are implemented.

Shareholders are Invited to an Exhibition Following the General Meeting of Shareholders

The Komatsu Group creates world-leading, cutting-edge technology and products under the keyword of "innovation." We are also conducting activities to proactively contribute to society as a member of society.

After this General Meeting of Shareholders, an exhibition shall be held to provide shareholders with a better idea of these aspects of the Komatsu Group. We would be grateful if you would visit this exhibition.

Last year's exhibition

Intelligent Machine Control construction equipment D37PXi (bulldozer)

Main Exhibits

1. Showcase of Technology, Products and Others Based on Innovation

- Intelligent Machine Control solutions
  * Komatsu is focusing on activities to significantly improve customers' business efficiency by using information and communications technology.
- Intelligent Machine Control (iMC) construction equipment (hydraulic excavators, bulldozers)
  * Utilizing GPS and IT networks to automatically control the construction machinery and significantly improve the efficiency of operation.
- New battery-powered forklift trucks
- Engines compliant with new emission regulations and dump trucks equipped with these engines
- Industrial machinery KOMTRAX
- Desktop grinding machines
- New assembly plants offering significant production improvements

and more

2. Showcase of Activities to Contribute to Society

- Human resource development in local communities
- Anti-personnel landmine removal projects
- Komatsu Women's Judo Team's activities to contribute to society (A presentation of judo techniques is planned)

and more

- Entry to the exhibition will be limited to shareholders who attend the 145th Ordinary General Meeting of Shareholders in person.
- There is a possibility that the actual exhibits on the day may be different from the exhibits described above.