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

Komatsu Ltd. (hereinafter "Company") hereby announces that at the meeting of the Board of Directors held on April 27, 2015, the Company resolved to propose an agendum to the 146th Ordinary General Meeting of Shareholders which will be held on June 24, 2015, 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 Representative Directors of Major Subsidiaries of the Company in accordance with the provisions of Articles 236, 238, and 239 of the Companies Act of Japan. See below for details.

[Description]

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 Representative 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 1,930 units.
The maximum number of common stock to be issued upon the exercise of the Stock Acquisition Rights shall be 193,000 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 agendum at the 146th Ordinary General Meeting of Shareholders (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 3, 2018 to July 31, 2023

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.

(Reference)

At the 141st Ordinary General Meeting of Shareholders, held on June 23, 2010, the remuneration in the form of Stock Acquisition Rights to be granted to the Directors of the Company as the "stock-based remuneration" was approved on the condition that the total amount of such remuneration for each fiscal year shall be no more than JPY 360 million (of which, up to JPY50 million shall be allocated for Outside Directors) and the number of Stock Acquisition Rights so issued to the Directors of the Company as such remuneration in the one year period following the date of each Ordinary General Meeting of Shareholders shall be no more than 2,390 units (of which, up to 330 units shall be allocated for Outside Directors).

During this fiscal year, the Company plans to issue and allocate to its Directors as the "stock-based remuneration", in July or thereafter, the Stock Acquisition Rights of the same terms and conditions as those described above in this news release, at a fair subscription price, within the above limits of JPY amount and number of Stock Acquisition Rights.

(end)