(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 31, 2016

Dear Shareholders:

Notice of Convocation of the 147th Ordinary General Meeting of Shareholders of Komatsu Ltd.

Komatsu Ltd.

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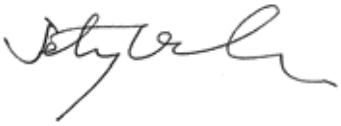
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* Parts of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements have been posted separately on our website (http://www.komatsu.co.jp/).
Information in English has been posted on our English website (http://www.komatsu.com).

To All Our Shareholders



President



I would like to extend our sincere appreciation to our valued shareholders for your understanding and support for the Komatsu Group. I hereby give notice of convocation of the 147th Ordinary General Meeting of Shareholders, which will be held on June 22, 2016. Your attendance at the meeting is cordially requested. If you are unable to attend the meeting in person, it would be appreciated if you could exercise your voting rights by conventional postal delivery or via the Internet.

Komatsu launched a new three-year mid-range management plan in April 2016. To welcome our 100th anniversary in 2021 and sustainable growth beyond 2021, the new mid-range management plan continues to center on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation. In this framework, we will strive to accelerate growth by not only working to sow the seeds for future growth, but also taking further advantage of our group-wide strength of IoT (Internet of Things) to create opportunities for sales growth, even while demand for construction and mining equipment will remain sluggish. With respect to "SMARTCONSTRUCTION" launched in Japan in February 2015, we have achieved good grasp of all areas of the jobsites in 3D data, and steadily increased deployment of SMARTCONSTRUCTION to more construction sites. With our IoT commitment including SMARTCONSTRUCTION, we will work to connect customers' and distributors' workplaces as well as our production workplaces, including suppliers. In this manner, we will strive to improve safety and productivity of all workplaces and become an indispensable partner of our customers with a greater degree of their dependence on us more than ever before. Please also refer to "Issues Ahead" in the Business Report for details of the latest mid-range management plan.

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 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.

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

NOTICE OF CONVOCATION OF THE ONE HUNDRED AND FORTY-SEVENTH (147TH) ORDINARY GENERAL MEETING OF SHAREHOLDERS OF KOMATSU LTD.

Securities Code: 6301
May 31, 2016

Dear Shareholders:

Please be advised that the 147th 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 44 to 62).

Sincerely,

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

Details

1. Date and Time: Wednesday, June 22, 2016 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 147th fiscal year (April 1, 2015 – March 31, 2016), 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 147th fiscal year (April 1, 2015 – March 31, 2016).

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 Representative Directors of Major Subsidiaries of the Company

4. Matters Related to the Exercise of Voting Rights

(1) 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, etc., the last voting shall prevail.

(2) 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
Date and time: Wednesday, June 22, 2016 at 10:00 a.m. (Japan Time)
The reception desk is scheduled to open at 9:00 a.m.
Please take the enclosed Card for Exercising Voting Rights and submit it at the reception.

By conventional postal delivery
Deadline for exercising voting rights: To arrive at the Company by 5:45 p.m. on Tuesday, June 21, 2016 (Japan Time)
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.

Via the Internet*
Deadline for exercising voting rights: To be performed by 5:45 p.m. on Tuesday, June 21, 2016 (Japan Time)
Website designated by the Company: http://www.evote.jp/
Please indicate "for" or "against" for each agenda item.

- 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 147th Ordinary General Meeting of Shareholders of Komatsu Ltd." In accordance with relevant laws and regulations and with Article 16 of the Company's Articles of Incorporation, such information in Japanese has been posted separately on our website.

1	Business Report	Financial Position and Profit/Loss Trends Major Lines of Business Principal Offices and Plants Matters Regarding Stock Acquisition Rights of the Company etc.
2	Consolidated Financial Statements	Consolidated Statement of Equity Notes to Consolidated Financial Statements
3	Non-Consolidated Financial Statements	Non-Consolidated Statement of Changes in Net Assets Notes to Non-Consolidated Financial Statements

The Business Report that the Audit & Supervisory Board Members audited and the Consolidated Financial Statements and Non-Consolidated Financial Statements that the Accounting Auditor and the Audit & Supervisory Board Members audited comprise each document printed in this "Notice of Convocation of the 147th Ordinary General Meeting of Shareholders of Komatsu Ltd." and matters mentioned in the table above that are posted on the Company's website on the Internet.
**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 65 of this document for details.

Attached Documents

Business Report

(April 1, 2015 - March 31, 2016)

1. Current Conditions of Komatsu

(1) Outline of Operations and Business Results

Since starting the three-year mid-range management plan "Together We Innovate GEMBA Worldwide" from April 2013, Komatsu Ltd. ("Company") and its consolidated subsidiaries (together "Komatsu") are focusing 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 ended March 31, 2016 (April 1, 2015 – March 31, 2016), consolidated net sales for the year decreased by 6.3% from the previous fiscal year, to JPY 1,854.9 billion. Concerning profits, operating income decreased by 13.8% from the previous fiscal year, to JPY 208.5 billion. Operating income ratio was 11.2%, down 1.0 percentage points. Income before income taxes and equity in earnings of affiliated companies decreased by 13.2% to JPY 204.8 billion. Net income attributable to Komatsu Ltd. declined by 10.8% to JPY 137.4 billion.

	146th Fiscal Year (April 2014 – March 2015)	Changes From 146th Fiscal Year	147th Fiscal Year (April 2015 – March 2016)
Net sales	JPY1,978.6 billion	(6.3)%	JPY1,854.9 billion
Operating income	JPY 242.0 billion	(13.8)%	JPY 208.5 billion
Income before income taxes and equity in earnings of affiliated companies	JPY 236.0 billion	(13.2)%	JPY 204.8 billion
Net income attributable to Komatsu Ltd.	JPY 154.0 billion	(10.8)%	JPY 137.4 billion

Note: The Consolidated Financial Statements of the Company are prepared in accordance with Article 120-3 Paragraph 1 of the Ordinance on Company Accounting 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.

[Construction, Mining and Utility Equipment]

	147th Fiscal Year (April 2015 – March 2016)	Changes From 146th Fiscal Year
Sales	JPY 1,641.0 billion	(6.9)%
Segment profit	JPY 184.1 billion	(19.0)%

Note: The amounts stated in the table above are based on the amounts before elimination of transactions between segments.

With respect to "SMARTCONSTRUCTION," a solutions business for providing solutions to construction jobsites, which Komatsu launched in Japan in February 2015, we have achieved good grasp of all areas of the jobsites in 3D data by using "KomConnect," a cloud platform, which began service in September 2015, and by installing "stereo cameras" on intelligent Machine Control (iMC) construction equipment. Moreover, our iMC bulldozers and iMC hydraulic excavators have been selected by The Japan Society of Mechanical Engineers (JSME) and received the FY2015 JSME Medal for New Technology.

KomConnect:
KomConnect is a cloud platform that connects information relating to people, machines, and soil in all phases from pre-construction to completion through ICT. All people involved on jobsites can use this information via the Internet, anywhere, at anytime.

(Reference: Related websites)

Visit the special SMARTCONSTRUCTION website:
⇒ http://smartconstruction.komatsu.co.jp/
** This website is currently available only in Japanese.*

For those who are interested in SMARTCONSTRUCTION,
details are available in KOMATSU REPORT 2015
⇒ *http://www.komatsu.com/CompanyInfo/ir/annual/html/2015/strategies/smart_construction/*

Sales of Construction, Mining and Utility Equipment by Region (to External Customers)

Region		147th Fiscal Year (April 2015 – March 2016)	Changes From 146th Fiscal Year
Japan		JPY 309.9 billion	(6.3)%
Overseas		JPY 1,328.5 billion	(7.2)%
	Americas	JPY 619.8 billion	4.0%
	Europe & CIS	JPY 189.4 billion	(6.5)%
	China	JPY 74.6 billion	(32.3)%
	Asia*& Oceania	JPY 303.4 billion	(13.2)%
	Middle East & Africa	JPY 141.1 billion	(18.2)%
Total		JPY 1,638.4 billion	(7.0)%

* Excludes Japan and China.

[Industrial Machinery and Others]

	147th Fiscal Year (April 2015 – March 2016)	Changes From 146th Fiscal Year
Sales	JPY 220.1 billion	(0.6)%
Segment profit	JPY 19.3 billion	19.2%

Note: The amounts stated in the table above are based on the amounts before elimination of transactions between segments.

In the Industrial Machinery and Others segment, GIGAPHOTON INC. extended its sales, supported by stable capacity utilization in the semiconductor industry. GIGAPHOTON supplied new programs to support operation cost reductions at its customers' semiconductor manufacturing plants and respond to the worldwide shortage of neon gas, and worked to expand its sales even further.

(Reference)
GIGAPHOTON INC. Product Introduction (GT64A Series):
The GT64A series is an ArF excimer laser used as the light source for the latest semiconductor manufacturing equipment (lithography machines). The latest model, the GT64A4, comes standardly equipped with eGRYCOS technology that reduces power consumption by 15% and eTGM technology that reduces neon gas usage by up to 50%. Overall, the unit has realized a 35% reduction in annual utility cost (compared with conventional GIGAPHOTON models).

(Reference: The Company's disclosure materials)

Consolidated Business Results for the 147th Fiscal Year (released April 27, 2016)
Securities Report (*Yuka Shoken Hokokusho*) for the 147th Fiscal Year (scheduled for release on June 21, 2016)
Investor Relations – IR Library: http://www.komatsu.com/CompanyInfo/ir/

(2) Capital Investment

Capital investment decreased by JPY 32.6 billion from the previous fiscal year, to JPY 160.0 billion.

1) Breakdown by Segment

Segment	Invested Amounts
Construction, Mining and Utility Equipment	JPY 153.0 billion
Industrial Machinery and Others	JPY 7.0 billion
Total	JPY 160.0 billion

2) Main Facilities Completed in the Fiscal Year Ended March 31, 2016

Segment	Main Facilities
Construction, Mining and Utility Equipment	Komatsu India Pvt. Ltd.: Building a new hydraulic excavator plant – Facility overview: Production facility for hydraulic excavators
	Oyama Plant: Building Oyama Technical Center – Facility overview: Facility that integrates development capability for components such as engines, axles, hydraulic equipment, and for bodies of vehicles of forklift trucks and mini construction equipment, as well as administrative operations of the Oyama Plant
	Komatsu Green Park (Komatsu City, Ishikawa, Japan): Building a new Model Training Center – Facility overview: Training facility to foster the growth of service engineers of distributors

3) New Constructions, Expansions and Overhauls of Main Facilities in Progress in the Fiscal Year Ended March 31, 2016

Segment	Main Facilities
Construction, Mining and Utility Equipment	Oyama Plant: Overhauling the existing engine plant and hydraulics plant – Facility overview: Production facility for engines and hydraulic equipment

(3) Financing

In the fiscal year ended March 31, 2016, in order to appropriate funds for working capital and capital investment, the Company procured funds mainly by the issuance of commercial papers, and long-term borrowings from financial institutions.

The balance of interest-bearing debt at the fiscal year-end decreased by JPY 131.5 billion from the previous fiscal year-end to JPY 457.5 billion. This was mainly the result of a year-on-year decrease in the Japanese yen equivalent amount of borrowings denominated in foreign currencies in line with Japanese yen appreciation against the U.S. dollar, euro and renminbi, as well as the effective utilization of intra-Group financing.

In addition, the net debt-to-equity ratio* improved from 0.32 at the previous fiscal year-end to 0.23.

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

(4) Issues Ahead

For three years from April 2013 to March 2016, Komatsu Group worked on the "Together We Innovate GEMBA Worldwide" mid-range management plan designed to drive its own growth by innovating customers' Gemba (workplace). In this period, demand for construction and mining equipment continued to drop drastically since FY2014, as adversely affected by slowing growth of emerging countries and sluggish prices of commodities, such as crude oil. In particular, demand for mining equipment has dropped to about one third from FY2012. The focused activities related to "sowing the seeds for future growth," which is the core of the mid-range management plan, were steadily carried out without change. Demand significantly deviated downward compared to our projection of a slight increase in three years, when we developed the plan, and amidst environmental changes, Komatsu Group was able to produce certain positive results as a result of efforts such as accelerating structural reform.

We project that demand for construction and mining equipment will remain standing still for a while, as it has stayed in an adjustment phase, centering on Strategic Markets. However, we understand that it will grow in the long term, reflecting the growth of the global population and urbanization rate. Concerning demand for industrial machinery, we expect that it will grow firmly in a few years, albeit with small changes, as we can look forward to an increase of facilities investment in the automobile and semiconductor manufacturing industries, our main clients. To welcome our 100th anniversary in 2021 and continue to grow beyond 2021, Komatsu Group launched the new three-year (FY2016 – FY2018) mid-range management plan, "Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond" in April this year.

The new mid-range management plan continues to center on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation. In this framework, we will strive to accelerate growth by not only working to sow the seeds for future growth, but also taking further advantage of our group-wide strength of IoT (Internet of Things), even while demand for construction and mining equipment will remain sluggish. With our IoT commitment, including the KOMTRAX (Komatsu Machine Tracking System), SMARTCONSTRUCTION, Autonomous Haulage System (AHS) and KOM-MICS (Komatsu Manufacturing Innovation Cloud System), we will work to connect customers' and distributors' workplaces as well as our production workplaces, including suppliers. In this manner, we will strive to improve safety and productivity of all workplaces and become an indispensable partner of our customers with a greater degree of their dependence on us more than ever before.

We are going to separate the retail finance business as a new independent operating segment in order to increase the transparency of the financial position of the retail finance business. We will further develop the retail finance business which originally applies information about machine operations and locations via KOMTRAX to the credit management.

In the final three years, we reduced the debt of all our operations, except for the retail finance business, as planned. Concerning the future use of funds, we will further consider the redistribution of profits to shareholders, including stock buybacks, while keeping investment for growth in the center. Specifically, we have set the policy of a consolidated payout ratio of 40% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 60%.

(Reference: Markets as Positioned by Komatsu)

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

Targets

We have newly added Growth to the previous targets of Profitability, Efficiency, Redistribution of Profits to Shareholders and Financial position. Retail finance business as an independent operating segment, has set its own targets in light of management efficiency and financial position.

Growth	Aim at a growth rate above the industry's average.
Profitability	Aim at an Industry's top-level operating income ratio.
Efficiency	Aim at 10%-level ROE.[*1]
Shareholder return	1. Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on investment. 2. Set the goal of a consolidated payout ratio of 40% or higher, and maintain the policy of not decreasing dividends as long as the ratio does not surpass 60%.
Financial position	Aim at industry's top-level financial position.

Retail finance business	1. ROA[*2]: 2.0% or above 2. 5.0 or under for net debt-to-equity ratio[*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]

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

Three management strategies and focused activities

1. Growth Strategies Based on Innovation	● Development of next-generation construction and mining equipment as well as next-generation components ● Deployment of SMARTCONSTRUCTION and development of next-generation KOMTRAX ● Deployment of AHS and reinforcement of platform for mining solutions ● Development of DANTOTSU industrial machinery by promoting in-house production of key components ● Gigaphoton's development of EUV* and new products
2. Growth Strategies of Existing Businesses	● Contributions to expanding sales by developing new products, incl. DANTOTSU products ● Expansion of earnings in the value chain ● Expansion of the mining equipment business ● Expansion of the construction equipment business (establish DANTOTSU No. 1 position in Asia, enhancement of global presence in quarrying and cement production companies, expansion of application – specific models, etc.) ● Expansion of the industrial machinery business ● Expansion of the forest machinery business ● M&A
3. Structural Reforms Designed to Reinforce the Business Foundation	● Production reforms through "connected" plants ● Continuous reduction of costs (production and fixed costs) ● Reforms of spare parts operation ● Lean and powerful development (aim to reduce development time and cost by 30% compared to conventional amounts) ● Development of human resources with global perspective and framework to promote diversity for sustainable growth

* EUV stands for Extreme Ultraviolet, and EUV light source is one of the next-generation semiconductor manufacturing technologies.

The cornerstone of Komatsu's management lies in commitment to Quality and Reliability and maximization of its corporate value. We at Komatsu define our corporate value as the total sum of trust given to us by society and all stakeholders. In this new mid-range management plan as well, all of us at the Komatsu Group will work to improve business performance, further strengthen our corporate foundation and achieve our social mission in a well-balanced manner, as we make teamwork efforts above focused activities by sharing The KOMATSU Way and paying more attention to ESG (Environmental, Social and Corporate Governance).

Mid-range management plan is available on the Komatsu corporate website.
Investor Relations – Management Policy: http://www.komatsu.com/CompanyInfo/ir/

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

No items to report.

(6) Status of Principal Subsidiaries

1) Principal Subsidiaries (As of March 31, 2016)

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, etc.
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 Business Support Ltd.	Head Office (Minato-ku, Tokyo)	JPY 1,770 mil	100.0	Retail financing of construction equipment
Komatsu Industries Corporation	Head Office (Kanazawa City, Ishikawa)	JPY 990 mil	100.0	Development, sale and servicing of metal forging and stamping presses and sheet-metal machines, etc.
Komatsu NTC Ltd.	Head Office/ Plant (Nanto City, Toyama)	JPY 6,014 mil	100.0	Manufacture, sale and servicing of machine tools, etc.
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
Hensley Industries, Inc.	Head Office /Plant (USA)	USD 2 thou	*100.0	Manufacture and sale of construction and mining equipment parts
Komatsu Financial Limited Partnership	Head Office (USA)	-	*100.0	Retail financing, etc. of construction and mining equipment

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Komatsu do Brasil Ltda.	Head Office /Plant (Brazil)	BRL 83 mil	*100.0	Manufacture of construction equipment and casting products
Komatsu Brasil International Ltda.	Head Office (Brazil)	BRL 117 mil	*100.0	Sale of construction equipment
Komatsu Holding South America Ltda.	Head Office (Chile)	USD 141 mil	*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
Komatsu Cummins Chile Arrienda S.A.	Head Office (Chile)	USD 43 mil	*81.8	Rental and 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 Financial Europe N.V.	Head Office (Belgium)	EUR 50 mil	*100.0	Retail financing of construction and mining equipment
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 South Africa (Pty) Ltd.	Head Office (South Africa)	ZAR 186 mil	*59.9	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 India Pvt. Ltd.	Head Office /Plant (India)	INR 6,690 mil	*100.0	Manufacture and sale of construction and mining equipment
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

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
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 165 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
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 subsidiaries. Its net asset which is equivalent to the capital amounts to USD 477 million.
3. The number of consolidated subsidiaries of the Company, including those listed above, is 141, and the number of affiliated companies accounted for by the equity method is 38.

2) Others (update on important combination)

The Company transferred 85% of the total issued shares of Komatsu House Ltd. (currently System House R & C Co., Ltd.) to Nissei Build Kogyo Co., Ltd. in April 2016.

(7) Employees (As of March 31, 2016)

Segment	Number of Employees
Construction, Mining and Utility Equipment	42,182
Industrial Machinery and Others	4,253
Others (Note 2)	582
Total	47,017

Notes:
1. The total number of employees decreased by 400 from the end of the previous fiscal year.
2. “Others” above includes the number of administrative employees that cannot be classified into the above two (2) segments.

(8) Main Lenders (As of March 31, 2016)

Name of Lenders	Balance of Loans (JPY billion)
Sumitomo Mitsui Banking Corporation	88.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	75.6
Mizuho Bank, Ltd.	53.1

Pursuant to laws and regulations and Article 16 of the Company's Articles of Incorporation, "Main Businesses" and "Principal Offices and Plants" are now available on the Komatsu corporate website.

⇒ http://www.komatsu.com/

2. Matters Regarding the Shares and Stock Acquisition Rights of the Company etc. (As of March 31, 2016)

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

(2) Total number of shares issued and outstanding: 943,224,753 shares
(excluding 28,742,907 shares of treasury stock)

(3) Number of shareholders: 198,287

(4) Major shareholders (top ten)

Name of Shareholders	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	47,724	5.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,252	4.79
State Street Bank and Trust Company 505223 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	38,809	4.11
Taiyo Life Insurance Company	34,000	3.60
Nippon Life Insurance Company	26,626	2.82
Sumitomo Mitsui Banking Corporation	17,835	1.89
The Bank of New York Mellon SA/NV 10 (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	16,574	1.75
State Street Bank West Client - Treaty 505234 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	13,729	1.45
Japan Trustee Services Bank, Ltd. (Trust Account 7)	13,128	1.39
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (standing proxy: Sumitomo Mitsui Banking Corporation)	12,230	1.29

Notes:
1. Shareholding ratio is calculated by subtracting treasury stock.
2. Although the Company holds 28,742 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

(5) Status of Stock Acquisition Rights

Number of Stock Acquisition Rights (total)	Number of Shares Subject to Stock Acquisition Rights	(Reference) Total Number of Shares Issued and Outstanding
11,942	1,593,800 shares	943,224,753 shares (excluding treasury stock)

Pursuant to laws and regulations and Article 16 of the Company's Articles of Incorporation, details of "Matters Regarding Stock Acquisition Rights of the Company etc." are now available on the Komatsu corporate website.

⇒ http://www.komatsu.com/

3. Corporate Governance, Directors and Audit & Supervisory Board Members, etc.

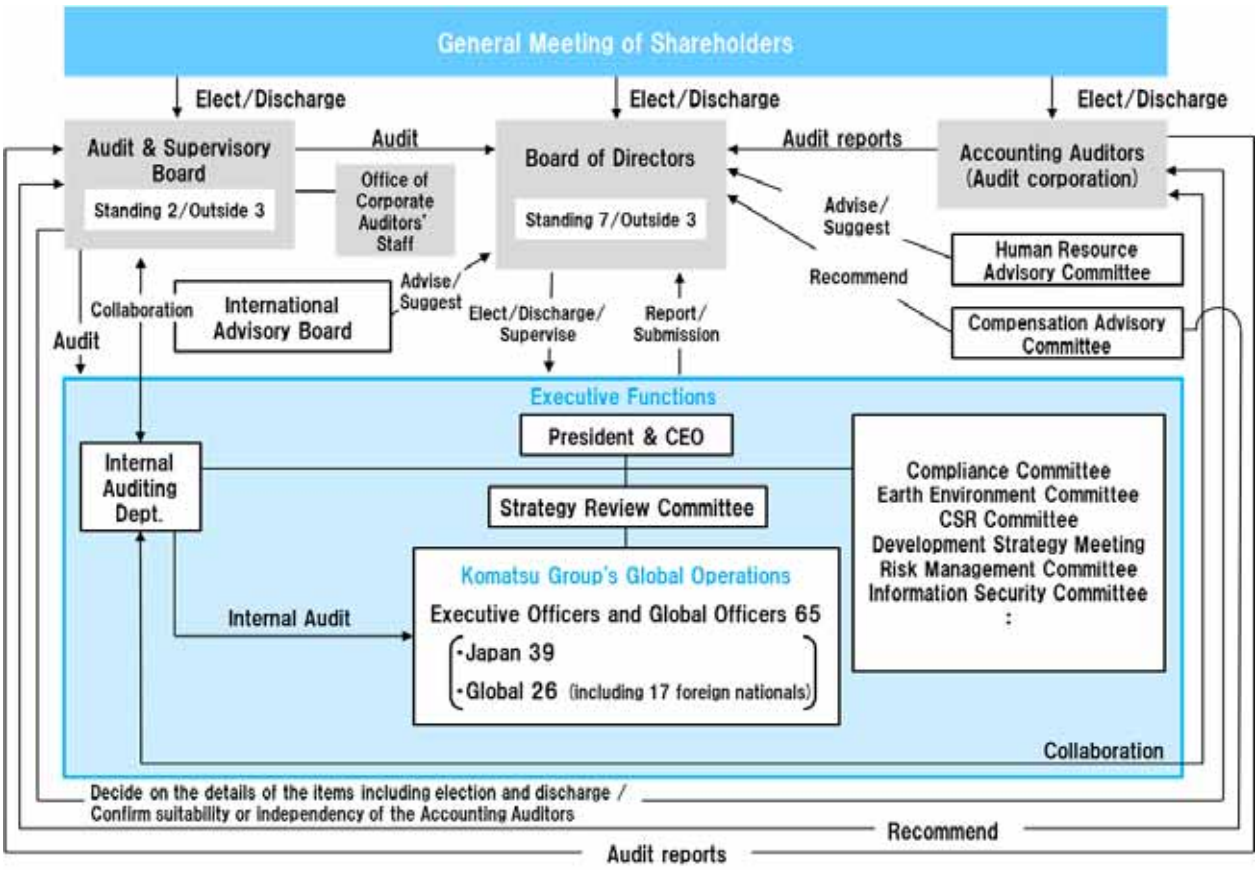
(1) Basic Views on Corporate Governance

The Company considers that corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, we are working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

(2) Corporate Governance System of the Company

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. Furthermore, the Company evaluates and analyzes the effectiveness of the Board of Directors each year, and will use the evaluation and analysis results to make improvements.

In addition, the Company has established “Systems for Ensuring the Properness of Operations” (pages 19 to 23) as its internal control systems, and continually works to enhance its corporate governance.



Note: The above diagram is as of April 1, 2016.

(3) Systems for Ensuring the Properness of Operations and Outline of Management of such Systems

1) 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 approval documents *(ringisho)*, as stipulated by laws and regulations, and the Company's internal 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 has been 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 Matters to be Referred to a Meeting of the Board of Directors, 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 and Executive Officers.

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. In accordance with 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 given any disadvantageous treatment.

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. It shall also position the Komatsu Code of Worldwide Business Conduct, as the code to be applied by all companies affiliated with Komatsu. Under these regulations and standards, each department or division of the Company in charge of affiliated companies shall manage and support each relevant company under its supervision, and each company in Komatsu shall stipulate various regulations for the proper promotion of duties.

ii) The Company shall assign and dispatch persons for Directors and Audit & Supervisory Board Members of 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 regarding internal control systems built by them in accordance with Company requirements and the appropriate operation. The Internal Auditing Department shall also regularly report to the Board of Directors and the Audit & Supervisory Board about the building, management of systems and results of internal control systems across the Group.

6-1 Systems for Ensuring Items Related to the Implementation of Duties by Directors and Other Employees at Subsidiaries are Reported to the Company

Each division/department of the Company that has affiliated companies under its supervision shall make each affiliated company report on the management status, financial status, and other important matters of management in accordance with the Affiliated Company Regulations and relevant rules.

6-2 Rules and Other Systems for Risk Management at Subsidiaries

The Company comprehensively manages risk across the Group applying the risk management system explained in 3 Rules and Other Systems for Risk Management to the Komatsu Group as a whole.

6-3 Systems for Ensuring Efficient Execution of Duties by Directors and Other Employees at Subsidiaries

In the case where a subsidiary executes a matter that has a significant impact on the consolidated business operations of the Company, it is necessary either that the Company provides approval beforehand or that the Company receives notification of the matter beforehand in accordance with the Affiliated Company Regulations and relevant rules. In addition, to ensure the Company carries out the efficient operation of the entire Group based on a continual grasp of the status of the affiliated company's status of business execution, the Company receives reports on the affiliated company's standards for matters to be referred to a meeting of the board of directors, the frequency of board of directors meetings, the status of attendance, and agenda proposals.

6-4 Systems for Ensuring that the Execution of Duties by Directors and Employees at Subsidiaries Complies with Laws and Regulations, and the Company's Articles of Incorporation

The internal control systems and compliance systems described in (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 are implemented across the Komatsu Group, ensuring that Directors and employees of each company in Komatsu carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation.

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 and the Effectiveness of Instructions Issued to the Assistants

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.

iii) The Company's Standing Audit & Supervisory Board Members shall hold regular meetings with employees of the Office of Corporate Auditors' Staff to confirm the execution of duties by the office.

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 shall 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 Group, they shall report to the Audit & Supervisory Board Members immediately.

iii) The Audit & Supervisory Board Members shall attend various committees and principal meetings concerning internal control as observers, and also read approval documents (*ringisho*), which are important decision-making documents of the Company, and essential prior settlement documents.

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

9-1 Systems to Ensure Reports from Directors, Audit & Supervisory Board Members and Employees of Subsidiaries are Passed, Directly or via a Person Receiving such Reports, to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend as observers meetings of committees, including the Strategy Review Committee discussing important management matters of the Company and Group companies, Compliance Committee and Risk Management Committee and Export Control Committee, respectively discussing compliance matters and risk management matters.

In accordance with the Affiliated Company Regulations and relevant rules, reports provided from affiliated companies regarding business operations, financial position and other important management matters are provided also to Audit & Supervisory Board Members.

The Company's Risk Management Rules and Internal Auditing Rules are applicable to affiliated companies and any important matter is reported to Audit & Supervisory Board Members.

9-2 Systems to Ensure Individuals who Provide Reports to Audit & Supervisory Board Members are not Given any Disadvantageous Treatment for the Provision Thereof

It is clearly stated in general rules on compliance regulated by the Company and each Group company that no disadvantageous treatment will arise from the act of reporting or informing, and the Company and each Group company shall operate in accordance with the aforesaid general rules.

10 Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Policy Related to Expenses or Debts Incurred by Executing Duties

The Audit & Supervisory Board, after discussion with the operating department, shall secure the necessary budget to implement audit plans approved by the Audit & Supervisory Board.

On receiving claims from Audit & Supervisory Board Members for expenses to be incurred related to the execution of their duties, the Company shall promptly pay expenses in all cases except where there is no clear connection with the execution of duties of the Audit & Supervisory Board Members.

Audit & Supervisory Board Members and employees assigned to the Office of Corporate Auditors' Staff shall be responsible for managing and implementing costs related to the execution of duties by Audit & Supervisory Board Members.

11 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, and the Company works on below.

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 Company's General Affairs Department of the Head Office shall serve as a supervising division, working with the police and other specialized external organizations, in accordance with the above policy, to take a firm and organized stand against unwarranted claims by antisocial movements and to prevent any business relationship with those movements.

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.

2) Outline of Management of Systems Ensuring the Properness of Operations in fiscal year ended March 31, 2016

Overall Internal Control System	Outline
	During the fiscal year ended March 31, 2016, the Company partially revised its Basic Policy on Internal Control in line with revisions to the Companies Act of Japan. The Company focused on upgrading its internal control systems, on a group worldwide basis including at subsidiaries.
	Relevant "Systems for Ensuring the Properness of Operations"
	1 Basic Policy on Internal Control
Directors' Execution of Duties	**Outline**
	1) The Board of Directors met 15 times a year. The Board made decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors, and reported on business execution. Business execution reports cover virtually 100% of businesses on a consolidated net sales basis. Even extremely small-scale businesses are reported at the Board of Directors, mainly with respect to safety, compliance, and risk. Sufficient time is secured to ensure full discussions at the Board of Directors and the Company has adopted a process of raising important matters for discussion and decision-making on predetermined days over two meetings of the Board of Directors. 2) The Board of Directors also receives a monthly report from the President regarding recent important matters and topics, such as safety, compliance, and risk. The CFO also reports each month on the status of sales, profits and losses, orders received, and borrowings. 3) The records of the Board meetings and other approval documents (*ringisho*) are retained and managed appropriately in accordance with internal regulations on document management.
	Relevant "Systems for Ensuring the Properness of Operations"
	2 Systems for Retention and Management of Information Related to Directors' Execution of Duties 4 Systems for Ensuring Efficient Execution of Duties by Directors

Risk Management	Outline
	The Risk Management Committee met twice a year. The Committee evaluated status of implementation of risk measures and worked to prevent risks from surfacing. It also reported on its reviews and activities to the Board of Directors. The Committee also worked to improve the risk management systems on a group worldwide basis including at subsidiaries.
	Relevant "Systems for Ensuring the Properness of Operations"
	3 Rules and Other Systems for Risk Management 6-2 Rules and Other Systems for Risk Management at Subsidiaries
Compliance	Outline
	The Compliance Committee met twice a year. The Committee conducted various activities, such as periodically reviewing the Komatsu Code of Worldwide Business Conduct, providing various education and disseminating information, and upgrading internal reporting system. It also reported on its reviews and activities to the Board of Directors. The Committee also conducted a "visualization survey" of latent risks. Monthly publication of the Company bulletin "Compliance for Everyone" continued into its 11th year. The Committee also conducts periodic audits with regard to major compliance risks and strives to prevent them from surfacing.
	Relevant "Systems for Ensuring the Properness of Operations"
	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 6-4 Systems for Ensuring that the Execution of Duties by Directors and Employees at Subsidiaries Complies with Laws and Regulations, and the Company's Articles of Incorporation
Management of Subsidiaries	Outline
	1) To strengthen the Group's corporate governance, the Company dispatches its executive officers and regional headquarters companies' board members, etc. to serve as Directors and Audit & Supervisory Board Members at its 50 main subsidiaries (16 in Japan, 34 overseas) to monitor their managements. The divisions of the Company in charge of each subsidiary also maintain constant checks on the status of the subsidiaries' Board of Directors meetings. 2) During the fiscal year ended March 31, 2016, the boards of directors at the Company's 50 main subsidiaries resolved to implement the Basic Policy on Internal Control to further increase the internal control for the entire Group. The status of the policy's implementation is confirmed by the Company's Board of Directors, and the Company is working to improve it. Other subsidiaries also plan to establish internal control systems same as systems implemented by the Company's 50 main subsidiaries. 3) In accordance with the Affiliated Company Regulations and relevant rules, the Company provided approval beforehand or received notification beforehand when subsidiaries executed matters that had a significant impact on consolidated business operations.
	Relevant "Systems for Ensuring the Properness of Operations"
	6 Systems for Ensuring the Proper Operation of Komatsu Comprising the Company and Its Subsidiaries 6-1 Systems for Ensuring Items Related to the Implementation of Duties by Directors and Other Employees at Subsidiaries are Reported to the Company 6-3 Systems for Ensuring Efficient Execution of Duties by Directors and Other Employees at Subsidiaries

Audit & Supervisory Board Members	Outline
	Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, Strategy Review Committee, Compliance Committee, and Risk Management Committee, visit and inspect offices and plants of the Company and its subsidiaries in Japan and overseas, exchange opinions with the representative directors, other Directors and Audit & Supervisory Board Members, and management of the Company and its main subsidiaries, and hold liaison meetings and individual interviews with the standing Audit & Supervisory Board Members of subsidiaries in Japan and overseas. Through these activities, they monitor the upgrading and implementation status of the internal control system. They also periodically exchange opinions with the Internal Auditing Department and the Accounting Auditors and maintain close contact to enhance the effectiveness of audits. The Company has allocated the required employees to the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties, and has allocated a budget to cover the anticipated expenses necessary for execution of the Audit & Supervisory Board Members' duties based on the audit plan.
	Relevant "Systems for Ensuring the Properness of Operations"
	7 Employees Assisting Audit & Supervisory Board Members for Execution of Their Duties, When They Ask for Such Employees 8 Matters Regarding the Independence of the Assistants to Audit & Supervisory Board Members from Directors and the Effectiveness of Instructions Issued to the Assistants 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 9-1 Systems to Ensure Reports from Directors, Audit & Supervisory Board Members and Employees of Subsidiaries are Passed, Directly or via a Person Receiving such Reports, to Audit & Supervisory Board Members of the Company 9-2 Systems to Ensure Individuals who Provide Reports to Audit & Supervisory Board Members are not Given any Disadvantageous Treatment for the Provision Thereof 10 Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Policy Related to Expenses or Debts Incurred by Executing Duties
Elimination of Antisocial Forces	Outline
	The Company and its subsidiaries in Japan have clauses in their business contracts that exclude antisocial forces and perform checks on their business partners. The Company has also started to establish this system at overseas subsidiaries.
	Relevant "Systems for Ensuring the Properness of Operations"
	11 Basic Policy Pertaining to the Elimination of Antisocial Forces

(4) Directors and Audit & Supervisory Board Members of the Company

1) Names etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2016)

Position	Name	In Charge at the Company and/or Important Concurrent Positions Held in Other Organizations
Chairperson 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	Chief Executive Officer (CEO)
Director and Senior Executive Officer	Mikio Fujitsuka	Chief Financial Officer (CFO) Supervising Accounting & Finance and Investor Relations
Director and Senior Executive Officer	Fujitoshi Takamura	Chief Technology Officer (CTO) Supervising Research & Development
Director and Senior Executive Officer	Hisashi Shinozuka	President of Construction & Mining Equipment Marketing Division
Director and Senior Executive Officer	Kazunori Kuromoto	President of ICT Solution Division (In charge of ICT-intensive construction, KOMTRAX, AHS and Mining Innovation)
Director and Senior Executive Officer	Masanao Mori	Supervising Human Resources & Education and Safety & Health Care
Director	Kouichi Ikeda	Corporate Advisor of Asahi Group Holdings, Ltd. Outside Director of Sumitomo Chemical Company, Limited* Outside Director of TOSHIBA CORPORATION*
Director	Masayuki Oku	Chairperson of the Board of Sumitomo Mitsui Financial Group, Inc.* Outside Director of Panasonic Corporation* Outside Director of Kao Corporation* Outside Director of Chugai Pharmaceutical Co. Ltd.* Non-executive Director of The Bank of East Asia, Limited* Outside Audit & Supervisory Board Member of Nankai Electric Railway Co., Ltd.*
Director	Mitoji Yabunaka	Adviser to Ministry of Foreign Affairs Outside Director of Kawasaki Kisen Kaisha, Ltd.* Outside Director of Mitsubishi Electric Corporation* Outside Director of Takasago Thermal Engineering Co., Ltd.*
Standing Audit & Supervisory Board Member	Koji Yamada	–
Standing Audit & Supervisory Board Member	Makoto Morimoto	–
Audit & Supervisory Board Member	Kunihiro Matsuo	Attorney at law Outside Audit & Supervisory Board Member of TV TOKYO Holdings Corporation* Outside Audit & Supervisory Board Member of Seven Bank, Ltd.*
Audit & Supervisory Board Member	Hirohide Yamaguchi	Chairperson of the Advisory Board of Nikko Research Center, Inc.* Outside Audit & Supervisory Board Member of Mitsui Fudosan Residential Co., Ltd.*

Position	Name	In Charge at the Company and/or Important Concurrent Positions Held in Other Organizations
Audit & Supervisory Board Member	Eiko Shinotsuka	Professor emeritus at Ochanomizu University Adviser of National Personnel Authority Outside Director of Japan Securities Finance Co., Ltd.*

Notes:
1. Directors Kouichi Ikeda, Masayuki Oku and Mitoji Yabunaka are Outside Directors.
2. Audit & Supervisory Board Members Kunihiro Matsuo, Hirohide Yamaguchi and Eiko Shinotsuka are Outside Audit & Supervisory Board Members.
3. An asterisk (*) indicates important concurrent positions held in other organizations.
4. Outside Director Mitoji Yabunaka retired as Adviser to Ministry of Foreign Affairs on March 31, 2016.
5. Outside Audit & Supervisory Board Member Kunihiro Matsuo was concurrently serving as Outside Director at Japan Exchange Group, Inc., Outside Audit & Supervisory Board Member at Toyota Motor Corporation, Outside Audit & Supervisory Board Member at MITSUI & CO., LTD. and Outside Audit & Supervisory Board Member at BROTHER INDUSTRIES, LTD., but he retired from all of these positions in June 2015.
6. 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 Mitsui Financial Group, Inc., for which Outside Director Masayuki Oku serves as Chairperson of the Board of Directors, is a bank holding company. Although it has no direct transactions with the Company, the aforesaid company's subsidiary Sumitomo Mitsui Banking Corporation is one of the Company's main lenders.
   (ii) 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 that set forth in (i) above.
7. Standing Audit & Supervisory Board Member Makoto Morimoto has long engaged in accounting-related duties at the Company, and has considerably profound knowledge concerning financial affairs and accounting.
8. The Company employs the Executive Officer System.

2) Outline of Contents of Limited Liability Agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into agreements with Outside Directors and Audit & Supervisory Board Members that limit their liability for damages caused by their negligence 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 by laws and regulations.

3) Remuneration for Directors and Audit & Supervisory Board Members

i) 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), profitability (profit margin of segment) and financial soundness (achievement rating of net debt-to-equity ratio[*3]).

	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	
	Adjusted by achievement rating of the net debt-to-equity ratio[*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]

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

With regards to the performance-based remuneration levels, the upper limit shall be twice the annual fixed remuneration (12 × monthly remuneration) of the Director, and the lower limit shall be zero (0) payment (remuneration in this case will comprise only the fixed remuneration).

Two thirds (2/3) of the total amount of performance-based remuneration shall be paid in the form of cash as Directors' bonuses (provided, however, the upper limit is 12 × monthly remuneration), and the amount remaining after deducting the Directors' bonuses shall be paid by granting Stock Acquisition Rights as stock-based remuneration for the purpose of fostering the same perspective on profitability with the shareholders and consequently clarifying their incentive to enhance the long-term corporate value of the Company. However, the total amount of performance-based remuneration to Outside Directors shall have the upper limit of one third (1/3) of the annual fixed remuneration in consideration of their role and standing.

Furthermore, 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.

ii) Remuneration for Directors and Audit & Supervisory Board Members for the Fiscal Year ended March 31, 2016

Classification	Number of Persons Paid	Total Amount of Remuneration Paid				
		Monetary Remuneration			Non-monetary Remuneration	
		Fixed Remuneration	Bonus (Note 3)	Total	Stock-Based Remuneration (Note 4)	
Director	10	JPY 437 mil	JPY 192 mil	JPY 629 mil	JPY 99 mil	JPY 728 mil
(Outside Director included above)	3	JPY 40 mil	JPY 9 mil	JPY 49 mil	JPY 4 mil	JPY 52 mil
Audit & Supervisory Board Member	6	JPY 129 mil	–	JPY 129 mil	–	JPY 129 mil
(Outside Audit & Supervisory Board Member included above)	4	JPY 45 mil	–	JPY 45 mil	–	JPY 45 mil
Total	16	JPY 566 mil	JPY 192 mil	JPY 758 mil	JPY 99 mil	JPY 857 mil
(Outside Director and Outside Audit & Supervisory Board Member included above)	7	JPY 85 mil	JPY 9 mil	JPY 94 mil	JPY 4 mil	JPY 97 mil

Notes:

1. As of the end of the fiscal year ended March 31, 2016, 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 those for one (1) Audit & Supervisory Board Member who has retired as of the close of the 146th Ordinary General Meeting of Shareholders in June, 2015.
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 147th 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 ended March 31, 2016.
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.

4) Major Activities of Outside Directors and Outside Audit & Supervisory Board Members in the Fiscal Year ended March 31, 2016, etc.

The status of major activities of Outside Directors and Outside Audit & Supervisory Board Members in the fiscal year ended March 31, 2016 and the matters concerning their independence are presented below.

The Company designated the Outside Directors and Outside Audit & Supervisory Board Members whose names in the name row are marked by <Independent Director> or <Independent Audit & Supervisory Board Member> as Independent Directors or Independent Audit & Supervisory Board Members, respectively, and submitted the notification to the Tokyo Stock Exchange in accordance with its regulations and related rules.

i) Outside Directors

Name	Kouichi Ikeda <Independent Director>
Attendance to the Meetings	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Kouichi Ikeda previously served as Representative Director of Asahi Breweries, Ltd. (name at the time). During the fiscal year ended March 31, 2016, based on his rich experience in the business world, he provided comments at the meetings of the Board of Directors concerning such issues as marketing strategies in the rental and after-market field and sales organization structures in the mining field. In addition, he was a member of the Company's Human Resource Advisory Committee.

Name	Masayuki Oku <Independent Director>
Attendance to the Meetings	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Masayuki Oku previously served as Representative Director of Sumitomo Mitsui Banking Corporation. During the fiscal year ended March 31, 2016, 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 economic and financial situations of various countries, the impact of fluctuations in exchange on company performance, and cash management between Group companies. In addition, he was a member of the Company's Human Resource Advisory Committee and Compensation Advisory Committee.

Name	Mitoji Yabunaka <Independent Director>
Attendance to the Meetings	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Mitoji Yabunaka previously served as Vice-Minister for Foreign Affairs. During the fiscal year ended March 31, 2016, based on his standpoint as a specialist in international affairs, he provided comments at the meetings of the Board of Directors concerning such issues as strategies regarding distributors in Asia, development of emerging markets, and employment at local subsidiaries and distributors. In addition, he was a member of the Company's Human Resource Advisory Committee.

ii) Outside Audit & Supervisory Board Members

Name	Kunihiro Matsuo <Independent Audit & Supervisory Board Member>
Attendance to the Meetings	Meeting of the Board of Directors 93% (14 meetings out of the 15 meetings held) Meeting of the Audit & Supervisory Board 93% (14 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Kunihiro Matsuo possesses rich experience in the legal profession. During the fiscal year ended March 31, 2016, 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 ideal status of the entire Group's governance and risk management systems following progress in globalization. In addition, he was an observer of the Company's Compliance Committee.

Name	Hirohide Yamaguchi <Independent Audit & Supervisory Board Member>
Attendance to the Meetings	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held) Meeting of the Audit & Supervisory Board 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Hirohide Yamaguchi previously served as Deputy Governor of the Bank of Japan. During the fiscal year ended March 31, 2016, 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 quantification of business risks, response to antimonopoly laws overseas, and implementation of internal control systems at local subsidiaries. In addition, he was a member of the Company's Compensation Advisory Committee.

Name	Eiko Shinotsuka <Independent Audit & Supervisory Board Member>
Attendance to the Meetings	Meeting of the Board of Directors 100% (11 meetings out of the 11 meetings held) Meeting of the Audit & Supervisory Board 100% (11 meetings out of the 11 meetings held)
Details of Major Activities	Ms. Eiko Shinotsuka possesses wide-ranging knowledge and experience in fields such as economics, labor relations and law. During the fiscal year ended March 31, 2016, based on her professional standpoint, she provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as securing global human resources, industry-academia cooperation, and approaches for determining performance-linked remuneration. In addition, she was a member of the Company's Compensation Advisory Committee.

Note: As the Outside Audit & Supervisory Board Member Ms. Eiko Shinotsuka was elected at the 146th Ordinary General Meeting of Shareholders held in June 2015, the maximum number of meetings of attendance for the meeting of the Board of Directors and the meeting of the Audit & Supervisory Board is different from that of the other Outside Audit & Supervisory Board Members.

(5) Status of Accounting Auditors

1) Name of Accounting Auditors

KPMG AZSA LLC

2) Amount of Remuneration for Accounting Auditors

Remuneration for the Accounting Auditor of the Company in the Fiscal Year ended March 31, 2016:	JPY 365 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor:	JPY 663 million

Notes:

1. The Audit & Supervisory Board, based upon the Practical Guidelines for Cooperation with Financial Auditors released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from related departments and the Accounting Auditor, conducts confirmation of the auditing plans of the Accounting Auditor, the status of execution of duties, the trends in actual remuneration amount, the grounds for calculation of remuneration estimates and other matters, and having investigated appropriateness of remuneration, etc. for the Accounting Auditor, gives consent in accordance with Article 399, paragraph 1 of the Companies Act.
2. The amount of remuneration given in the above 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.
3. Among principal subsidiaries of the Company, twenty-eight (28) 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, etc. 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.

If a problem arises concerning the independence or reliability, etc. of the Accounting Auditors, which clearly makes it difficult for the duties to be appropriately executed, the Audit & Supervisory Board shall determine details of the proposal related to the discharge or non-reappointment of the Accounting Auditors to be submitted to a General Meeting of Shareholders.

4. Global Operations of Komatsu Group

The Company has worked to localize management in line with the global expansion of its businesses. However, to make a further step forward in development as a global company, the Company now considers it vital to provide opportunities for all employees around the world to participate in various scenarios around the world, across national borders, regardless of their nationality, gender, and so forth.

Based on this belief, on April 1, 2016 the Company designated 26 of its top personnel at main overseas subsidiaries who are responsible for key business execution functions in the overseas business field as "Global Officers."

Furthermore, 14 of these Global Officers (including five foreign nationals) were appointed as executive officers of the Company. The employees who were appointed as executive officers will expand their participation in management even further through participation in several global meetings in addition to their roles as regional heads.

5. 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 female managers as of April 1, 2016, was 80 persons (the ratio of female managers was 4.6%, and the number had increased by 43 persons over five fiscal years). In the three-year mid-range management plan "Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond" started in April 2016, the Company will take action to achieve its target of bringing the ratio of female managers to 7% by April 2018 and 10% by April 2021, and will work to implement these activities across the Komatsu Group.

End

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2016)

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Assets		
Current assets:		
Cash and cash equivalents	106,259	105,905
Time deposits	2,212	1,407
Trade notes and accounts receivable, net	583,390	620,076
Inventories	539,611	622,876
Assets held for sale	13,388	–
Deferred income taxes and other current assets	141,593	171,171
Total current assets	1,386,453	1,521,435
Long-term trade receivables, net	291,923	280,138
Investments:		
Investments in and advances to affiliated companies	28,123	28,358
Investment securities	51,590	73,420
Other	2,640	1,731
Total investments	82,353	103,509
Property, plant and equipment-less accumulated depreciation and amortization	697,742	743,919
Goodwill	40,005	36,266
Other intangible assets-less accumulated amortization	63,056	58,715
Deferred income taxes and other assets	53,122	54,425
Total assets	2,614,654	2,798,407

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Liabilities		
Current liabilities:		
Short-term debt	144,552	191,937
Current maturities of long-term debt	100,364	117,922
Trade notes, bills and accounts payable	205,411	225,093
Income taxes payable	29,310	39,396
Liabilities held for sale	7,057	–
Deferred income taxes and other current liabilities	214,200	230,563
Total current liabilities	700,894	804,911
Long-term liabilities:		
Long-term debt	212,636	279,270
Liability for pension and retirement benefits	67,972	55,396
Deferred income taxes and other liabilities	45,392	60,330
Total long-term liabilities	326,000	394,996
Total liabilities	1,026,894	1,199,907
Equity		
Komatsu Ltd. Shareholders' equity		
Common stock	67,870	67,870
Capital surplus	138,243	138,696
Retained earnings:		
Appropriated for legal reserve	44,018	40,980
Unappropriated	1,300,030	1,220,338
Accumulated other comprehensive income (loss)	18,667	113,018
Treasury stock at cost	(51,414)	(51,936)
Total Komatsu Ltd. shareholders' equity	1,517,414	1,528,966
Noncontrolling interests	70,346	69,534
Total equity	1,587,760	1,598,500
Total liabilities and equity	2,614,654	2,798,407

Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Net sales	1,854,964	1,978,676
Cost of sales	1,315,773	1,401,193
Selling, general and administrative expenses	337,133	336,506
Other operating income, net	6,519	1,085
Operating income	208,577	242,062
Other income (expenses), net:		
Interest and dividend income	3,689	3,266
Interest expense	(8,771)	(9,328)
Other, net	1,386	74
Total	(3,696)	(5,988)
Income before income taxes and equity in earnings of affiliated companies	204,881	236,074
Income taxes:		
Current	62,301	77,509
Deferred	1,416	986
Total	63,717	78,495
Income before equity in earnings of affiliated companies	141,164	157,579
Equity in earnings of affiliated companies	1,973	3,869
Net income	143,137	161,448
Less: Net income attributable to noncontrolling interests	5,711	7,439
Net income attributable to Komatsu Ltd.	137,426	154,009

Non-Consolidated Financial Statements

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

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Assets		
Current assets:		
Cash and deposits	160,447	149,846
Notes receivable-trade	868	951
Accounts receivable-trade	142,764	189,677
Merchandise and finished goods	40,506	49,988
Work in process	27,888	34,716
Raw materials and supplies	2,842	2,734
Prepaid expenses	2,572	2,891
Deferred tax assets	8,409	10,993
Short-term loans receivable	69,404	68,514
Accounts receivable-other	12,906	11,364
Other current assets	1,200	917
Allowance for doubtful accounts	(379)	(382)
Total current assets	469,431	522,212
Non-current assets:		
Property, plant and equipment:		
Buildings	85,102	81,051
Structures	14,748	14,373
Machinery and equipment	46,323	50,321
Vehicles	862	694
Tools, furniture and fixtures	10,060	9,426
Rental equipment	67,954	67,033
Land	42,872	50,285
Construction in progress	3,800	5,306
Total property, plant and equipment	271,725	278,493
Intangible assets:		
Software	11,232	9,720
Other intangible assets	909	1,213
Total intangible assets	12,142	10,934
Investments and other assets:		
Investment securities	40,482	60,602
Stocks of subsidiaries and affiliates	289,896	282,512
Investments in capital of subsidiaries and affiliates	33,965	41,481
Long-term loans receivable	14,866	13,977
Long-term prepaid expenses	978	1,172
Other investments	8,196	7,684
Allowance for doubtful accounts	(1,527)	(1,531)
Allowance for investment loss	(2,187)	(4,138)
Total investments and other assets	384,672	401,760
Total non-current assets	668,539	691,188
Total assets	1,137,971	1,213,401

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Liabilities		
Current liabilities:		
Notes payable-trade	10	1
Accounts payable-trade	94,441	102,696
Short-term loans payable	40,857	45,000
Commercial papers	22,000	64,000
Current portion of bonds	30,000	–
Accounts payable-other	8,840	7,779
Accrued expenses	20,573	19,678
Income taxes payable	6,339	15,870
Advances received	848	586
Deposits received	20,176	50,445
Provision for bonuses	9,191	9,300
Provision for directors' bonuses	202	251
Provision for product warranties	6,051	4,822
Other current liabilities	2,958	3,235
Total current liabilities	262,491	323,666
Non-current liabilities:		
Bonds payable	50,000	80,000
Long-term loans payable	36,500	26,000
Deferred tax liabilities	882	7,106
Provision for product warranties	2,271	276
Provision for retirement benefits	35,704	33,982
Other long-term liabilities	5,598	6,251
Total non-current liabilities	130,956	153,616
Total liabilities	393,447	477,283
Net Assets		
Shareholders' equity:		
Capital stock	70,120	70,120
Capital surplus:	140,168	140,140
Legal capital surplus	140,140	140,140
Other capital surplus	28	–
Retained earnings:		
Legal retained earnings	18,036	18,036
Other retained earnings:	544,882	523,822
Reserve for special depreciation	466	557
Reserve for advanced depreciation of non-current assets	12,487	15,254
General reserve	210,359	210,359
Retained earnings brought forward	321,569	297,651
Total retained earnings	562,919	541,859
Treasury stock	(51,008)	(51,533)
Total shareholders' equity	722,200	700,586
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	19,538	32,479
Deferred gains or losses on hedges	244	71
Total valuation and translation adjustments	19,783	32,550
Stock acquisition rights:		
Stock acquisition rights	2,540	2,981
Total stock acquisition rights	2,540	2,981
Total net assets	744,523	736,118
Total liabilities and net assets	1,137,971	1,213,401

Non-Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(JPY million)

	147th Fiscal Year	(Reference) 146th Fiscal Year
Net sales	692,482	789,867
Cost of sales	517,760	572,538
Gross profit	174,722	217,328
Selling, general and administrative expenses	124,779	126,468
Operating income	49,943	90,860
Non-operating income:		
Interest and dividends income	33,160	67,815
Other non-operating income	2,368	10,571
Non-operating expenses:		
Interest expenses	1,352	983
Other non-operating expenses	5,490	3,817
Ordinary income	78,629	164,446
Extraordinary income:		
Gain on sales of land	5,041	1,947
Gain on extinguishment of tie-in shares	–	2,816
Gain on sales of investment securities	2,787	786
Reversal of allowance for investment loss	1,329	–
Gain on sales of patent right	3,202	–
Extraordinary loss:		
Loss on sales of land	–	12
Impairment loss	3	6
Loss on valuation of investment securities	–	34
Loss on valuation of stocks of subsidiaries and affiliates	–	3,408
Income before income taxes	90,987	166,535
Income taxes:		
Income taxes-current	13,177	29,895
Income taxes-deferred	2,053	2,205
Net income	75,756	134,434

Auditors' Report

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

Independent Auditor's Report

May 12, 2016

The Board of Directors
Komatsu Ltd.

KPMG AZSA LLC
Hiroshi Miura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Tanabu (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, 2016 and for the year from April 1, 2015 to March 31, 2016 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, Paragraph 1 of the Ordinance on Company Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations, 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, Paragraph 1 of the Ordinance on Company Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations, 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.

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 10, 2016

The Board of Directors
Komatsu Ltd.

KPMG AZSA LLC
Hiroshi Miura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Tanabu (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, 2016 and for the 147th fiscal year from April 1, 2015 to March 31, 2016, 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.

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 147th Fiscal Year from April 1, 2015 to March 31, 2016, 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

(1) 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.

(2) 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 conducted audits by the following methods.

1) Audit & Supervisory Board Members 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. 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.

2) 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 complies with laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a Stock Company and its subsidiaries 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.

3) 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 Ordinance on Company Accounting 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 Business Report and supplementary schedules thereof, 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 17, 2016

The Audit & Supervisory Board

Koji Yamada (Seal)
Standing Audit & Supervisory Board Member

Makoto Morimoto (Seal)
Standing Audit & Supervisory Board Member

Kunihiro Matsuo (Seal)
Audit & Supervisory Board Member

Hirohide Yamaguchi (Seal)
Audit & Supervisory Board Member

Eiko Shinotsuka (Seal)
Audit & Supervisory Board Member

(Note) Audit & Supervisory Board Members Kunihiro Matsuo, Hirohide Yamaguchi and Eiko Shinotsuka 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 147th 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 this fiscal year and future business development, the Company proposes to pay a year-end dividends 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 (the same amount as the previous fiscal year) Total amount of the dividend assets: JPY 27,353,517,837
(3) Effective date of dividends of surplus	Thursday, June 23, 2016

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, the same amount as the previous fiscal year. The consolidated payout ratio is 39.8%.

<Reference> Policy of dividends for the 148th fiscal year and beyond

Following the three (3) year new mid-range management plan, "Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond," which starts from April 2016 to March 2019, the Company sets the policy of dividends for the 148th fiscal year and beyond as follows.

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. Specifically, the Company has set the goal of a consolidated payout ratio of 40% or higher, and maintains the policy of not decreasing dividends as long as a consolidated payout ratio does not surpass 60%.

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	(Reference) Position and In Charge at the Company (As of May 17, 2016)	
		Position	In Charge at the Company
1	Reelection **Kunio Noji**	Chairperson of the Board and Director	–
2	Reelection **Tetsuji Ohashi**	President and Representative Director	Chief Executive Officer (CEO)
3	Reelection **Mikio Fujitsuka**	Executive Vice President and Representative Director	Chief Financial Officer (CFO) Supervising Accounting & Finance and Investor Relations
4	Reelection **Fujitoshi Takamura**	Director and Senior Executive Officer	Chief Technology Officer (CTO) Supervising Research & Development
5	Reelection **Hisashi Shinozuka**	Director and Senior Executive Officer	President of Construction & Mining Equipment Marketing Division
6	Reelection **Kazunori Kuromoto**	Director and Senior Executive Officer	President of ICT Solution Division (In charge of ICT-intensive construction, KOMTRAX, AHS and Mining Innovation)
7	Reelection **Masanao Mori**	Director and Senior Executive Officer	Supervising Human Resources & Education and Safety & Health Care
8	Reelection Outside Director Independent **Masayuki Oku**	Director	–
9	Reelection Outside Director Independent **Mitoji Yabunaka**	Director	–
10	New Candidate for Outside Director Independent **Makoto Kigawa**	–	–

Outside Director: Candidate for Outside Director

Independent: Candidate for Director who meet the Company's independence standards (pages 58 to 59) and for whom the Company has submitted, or plans to submit, an Independent Directors Notification to the Tokyo Stock Exchange *(the domestic stock exchanges on which the Company is listed)*.

<Reference>

The policy of the Board of Directors of the Company is to elect multiple members with abundant experience, sophisticated knowledge and expertise from inside and outside the Company to carry out appropriate decision-making and management supervision. Moreover, in order to increase the objectivity and transparency of its judgment in deciding on its selection of candidates as Directors and Audit & Supervisory Board Members, the Board of Directors has received advice and proposals from the Human Resource Advisory Committee, which has a majority of Outside Directors as members.

The knowledge and expertise cultivated by the internal Directors and internal Audit & Supervisory Board Members over their individual careers, and their accumulated experience are taken into consideration when judging whether or not to accept the proposal for their selection. As such, short summaries of their careers are detailed.

The Company emphasizes independence when selecting Outside Directors and Outside Audit & Supervisory Board Members, and has therefore established its own "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members." Details are given on pages 58 to 59.

Reelection **1. Kunio Noji** (November 17, 1946)	► Number of Years in Office:	17 years
	► Attendance to the Meetings of the Board of Directors:	15/15 (100%)
	► Number of Shares of the Company Held:	159,800 shares
	► Important Concurrent Positions Held in Other Organizations:	Outside Director of Ricoh Company, Ltd. Outside Director of NEC Corporation
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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
4/2013	Took office as Chairperson of the Board and Representative Director
4/2016	Took office as Chairperson of the Board and Director (current)

Note: Mr. Kunio Noji once retired as Director in June 1999 in accordance with the introduction of the Executive Officer System in the same month.

Reelection **2. Tetsuji Ohashi** (March 23, 1954)	► Number of Years in Office: 7 years
	► Attendance to the Meetings of the Board of Directors: 15/15 (100%)
	► Number of Shares of the Company Held: 61,000 shares
	► In Charge at the Company: Chief Executive Officer (CEO)
	► Important Concurrent Positions Held in Other Organizations: None
	► Special Interests Between the Candidate and the Company: None

Career summary and position	
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 Chief Operating Officer (COO) 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 (current)

Reelection **3. Mikio Fujitsuka** (March 13, 1955)	► 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:	35,100 shares
	► In Charge at the Company:	Chief Financial Officer (CFO) Supervising Accounting & Finance and Investor Relations
	► Important Concurrent Positions Held in Other Organizations:	None
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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 (current)
6/2011	Took office as Director and Senior Executive Officer
4/2013	Took office as Director and Senior Executive Officer
4/2016	Took office as Executive Vice President and Representative Director (current)

Reelection **4. Fujitoshi Takamura** (December 21, 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:	42,000 shares
	► In Charge at the Company:	Chief Technology Officer (CTO) Supervising Research & Development
	► Important Concurrent Positions Held in Other Organizations:	None
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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 (current)

Reelection **5. Hisashi Shinozuka** (July 16, 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:	29,100 shares
	► In Charge at the Company:	President of Construction & Mining Equipment Marketing Division
	► Important Concurrent Positions Held in Other Organizations:	None
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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 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
4/2014	President of Construction & Mining Equipment Marketing Division (current)
4/2016	Took office as Director and Senior Executive Officer (current)

Reelection **6. Kazunori Kuromoto** (May 23, 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:	23,800 shares
	► In Charge at the Company:	President of ICT Solution Division (In charge of ICT-intensive construction, KOMTRAX, AHS and Mining Innovation)
	► Important Concurrent Positions Held in Other Organizations:	None
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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
4/2014	President of ICT Solution Division (current)
4/2016	Took office as Director and Senior Executive Officer (current)

Reelection **7. Masanao Mori** (February 8, 1958)	► 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:	19,300 shares
	► In Charge at the Company:	Supervising Human Resources & Education and Safety & Health Care
	► Important Concurrent Positions Held in Other Organizations:	None
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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)

Reelection **8. Masayuki Oku** (December 2, 1944)	► Number of Years in Office:	2 years
	► Attendance to the Meetings of the Board of Directors:	15/15 (100%)
Outside Director Independent 	► Number of Shares of the Company Held:	0 shares
	► Important Concurrent Positions Held in Other Organizations:	Chairperson of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Director of Panasonic Corporation Outside Director of Kao Corporation Outside Director of Chugai Pharmaceutical Co., Ltd. Non-executive Director of The Bank of East Asia, Limited Outside Audit & Supervisory Board Member of Nankai Electric Railway Co., Ltd.
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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 Chairperson 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 Chairperson of the Board of SMFG (current)
6/2014	Took office as Director of the Company (current)

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 knowledge and rich experience in the business world.

Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management as well as enhancing corporate governance. Therefore, the Company nominates him as a candidate for Outside Director.

Matters regarding independence

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 and submitted the relevant notification to the Tokyo Stock Exchange.

Mr. Oku serves as Chairperson of the Board of Sumitomo Mitsui Financial Group, Inc. and 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.) from January 2001 to April 2011. However, more than five (5) 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. 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, the said bank 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 88.9 billion, which was 19.4% of the total amount of loans (page 14).

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
Panasonic Corporation, where Mr. Masayuki Oku has served as Outside Director since June 2008, was notified by the European Commission that it had decided to impose a fine on the said company to resolve claims that its household refrigerator compressor business unit engaged in certain anticompetitive activities in December 2011. However, it was before Mr. Oku took office as Outside Director of Panasonic Corporation at the time of the aforesaid violation. In addition, Panasonic Corporation entered into 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 has checked the contents of the said company's activities for preventing a recurrence.

Reelection **9. Mitoji Yabunaka** (January 23, 1948)	► Number of Years in Office:	2 years
	► Attendance to the Meetings of the Board of Directors:	15/15 (100%)
Outside Director Independent 	► Number of Shares of the Company Held:	0 shares
	► Important Concurrent Positions Held in Other Organizations:	Outside Director of Kawasaki Kisen Kaisha, Ltd. Outside Director of Mitsubishi Electric Corporation Outside Director of Takasago Thermal Engineering Co., Ltd.
	► Special Interests Between the Candidate and the Company:	None

Career summary and position	
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
6/2014	Took office as Director of the Company (current)

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 knowledge and rich experience in international relations. Utilizing this knowledge and experience, his recommendations 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. Although Mr. Yabunaka has no experience in participating in the management of other companies directly, the Company judged that he would be able to execute the duties of Outside Director adequately because of the reasons above.

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 and submitted the relevant notification to the Tokyo Stock Exchange.

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
Kawasaki Kisen Kaisha, Ltd. (“K” Line), where Mr. Mitoji Yabunaka has served as Outside Director since June 2011 to the present, was subjected to investigation by the Japan Fair Trade Commission as well as the competition authorities overseas, in relation to alleged anti-competitive behavior relating to the transportation of automobiles and other exports. Consequently, “K” Line received notification of Cease and Desist orders and Administrative Surcharge orders from the Japan Fair Trade Commission in March 2014, and entered into an agreement with the United States Department of Justice in September 2014, in which it agreed to pay fines, and in December 2015, “K” Line was ordered to pay a penalty from China’s National Development and Reform Commission. While Mr. Yabunaka was not aware of the aforesaid violation until it came to light, he continuously fulfilled his duties 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 said company did not execute business in violation of laws and regulations. Also, after the fact came to light, he has conducted investigation into the aforesaid fact, provided instructions on recurrence prevention and similar activities through the Board of Directors’ meetings, etc.
In November 2012, Mitsubishi Electric Corporation (“Mitsubishi Electric”), where Mr. Mitoji Yabunaka has served as Outside Director since June 2012 to the present, received notification of Cease and Desist orders and Administrative Surcharge orders from the Japan Fair Trade Commission for violating the Anti-Monopoly Act of Japan with respect to some transactions of automobile parts. In September 2013, Mitsubishi Electric entered into an agreement with the U.S. Department of Justice to pay fines, and from August 2014, Mitsubishi Electric was ordered from China’s National Development and Reform Commission and the European Commission, etc. for payment of a surcharge. However, it was before Mr. Yabunaka took office as Outside Director of Mitsubishi Electric at the time of the aforesaid violation. After assuming his office, he has checked on the progress and expressed his opinions concerning the status of the facts-related investigation and measures for further strengthening the compliance system for recurrence prevention, and similar activities, through the Board of Directors’ meetings, etc.
In November 2014, Takasago Thermal Engineering Co., Ltd. (“TTE”), where Mr. Mitoji Yabunaka has served as Outside Director since June 2014 to the present, received a ruling which required TTE to pay a fine and a former employee of TTE received a prison sentence (suspended sentence) from the Tokyo District Court for a violation of the Anti-Monopoly Act of Japan concerning bidding for facility construction for the Hokuriku Shinkansen, and both decisions were final. Moreover, in relation to the aforesaid violation, in January 2015, TTE received a suspension of business order from the Ministry of Land, Infrastructure, Transport and Tourism. However, it was before Mr. Yabunaka took office as Outside Director of TTE at the time of the aforesaid violation. After assuming his office, in addition to providing instructions and expressing his opinions from the standpoint of compliance with laws and regulations, he has also carried out confirmation of the facts, performed thorough investigation into the cause and provided recommendations for recurrence prevention, and similar activities, through the Board of Directors’ meetings, etc.

New Candidate for Outside Director **10. Makoto Kigawa** (December 31, 1949)	
Outside Director Independent 	► Number of Shares of the Company Held: 0 shares ► Important Concurrent Positions Held in Other Organizations: Representative Director and Chairman of Yamato Holdings Co., Ltd. ► Special Interests Between the Candidate and the Company: None

Career summary and position	
4/1973	Joined the Fuji Bank, Limited (now Mizuho Bank, Ltd.)
4/2004	Took office as Managing Director, Chief Risk Officer / Head of Risk Management Group, and Chief Human Resources Officer / Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
3/2005	Retired from Mizuho Corporate Bank, Ltd.
4/2005	Joined Yamato Transport Co., Ltd. (now Yamato Holdings Co., Ltd.)
6/2005	Took office as Managing Director
11/2005	Took office as Representative Managing Director of Yamato Holdings Co., Ltd.
4/2006	Took office as Representative Director and Managing Executive Officer
6/2006	Took office as Representative Director and Senior Managing Executive Officer
3/2007	Took office as Representative Director and Executive Officer Took office as Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
4/2011	Took office as Representative Director, President and Executive Officer of Yamato Holdings Co., Ltd.
4/2015	Took office as Representative Director and Chairman (current)

Reason for nomination as candidate for Outside Director

Having served as Representative Director of Yamato Holdings, Co., Ltd. and Yamato Transport Co., Ltd., Mr. Makoto Kigawa has considerable knowledge and rich experience in the business world, including use of ICT, business model innovation and so forth, and engaging in strategic and advanced corporate management, among others.

Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to appropriate monitoring of the management strategies of the Company, 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.

Matters regarding independence

Mr. Makoto Kigawa is unlikely to have a conflict of interest with general investors. For this reason, the Company considers him as an Independent Director and will submit the relevant notification to the Tokyo Stock Exchange.

Mr. Kigawa serves as Representative Director and Chairman of Yamato Holdings Co., Ltd. The Company and its consolidated subsidiaries have transactions with Yamato Holdings Co., Ltd.'s subsidiaries, including Yamato Transport Co., Ltd. for payment of transportation expenses, etc. However, the amount of the payment is less than 0.1% of the consolidated total of cost of sales and selling, general and administrative expenses of the Company and its consolidated subsidiaries for the most recent fiscal year.

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 the Director was elected for the first time to the conclusion of this Ordinary General Meeting of Shareholders.
2. The names of divisions and other bodies in the Company in "Career summary and position" above show those that were applicable at each time.
3. Meeting attendance above shows attendance to the meetings of the Board of Directors held during the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016).
4. The Company has entered into an agreement with Mr. Masayuki Oku and Mr. Mitoji Yabunaka that limits their liability for damages caused by their negligence of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same and the Articles of Incorporation. If their re-elections are approved, the Company intends to continue the aforesaid agreement.

The maximum liability amount specified in this agreement shall be equivalent to the amount stipulated by laws and regulations. In addition, the Company intends to enter into the same agreement that limits liability for damages caused by negligence of duty with Mr. Makoto Kigawa, 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 Morimoto 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 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:

New Candidate for Audit & Supervisory Board Member **Kosuke Yamane** (June 19, 1958)	
	► Number of Shares of the Company Held: 10,000 shares
	► Important Concurrent Positions Held in Other Organizations: None
	► Special Interests Between the Candidate and the Company: None

Career summary and position	
4/1981	Joined the Company Accounting Section, Administration Department of Awazu Plant
8/1991	Touche Ross & Co, UK (until 7/1992)
3/1999	Financial Officer of Komatsu Asia & Pacific Pte Ltd. (until 3/2003)
4/2003	General Manager of Corporate Communications & Investor Relations Department of the Company
4/2004	General Manager of Corporate Communications Department
1/2006	General Manager of Finance & Treasury Department
4/2008	General Manager of e-KOMATSU Technical Center
4/2011	Took office as Executive Officer President of Information Strategy Division
4/2016	Advisor to President (current)

Notes:

1. 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.
2. Mr. Kosuke Yamane possess experiences of accounting- and finance-related duties acquired over many years and has considerable knowledge and rich experience in financial and accounting fields.
3. The Company intends to enter into an agreement with Mr. Kosuke Yamane that limits his liability for damages caused by his negligence of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same and the Articles of Incorporation, 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 by laws and regulations.

<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, the majority of which (i.e., three (3) members) will be Outside Audit & Supervisory Board Members, who are also Independent Audit & Supervisory Board Members. The Company's approach to the independence of Outside Audit & Supervisory Board Members is as follows. As for the independence standards, please refer to pages 58 to 59.

Name (Month and year of taking office)	Matters regarding independence
Kunihiro Matsuo (6/2009)	Mr. Kunihiro Matsuo is unlikely to have a conflict of interest with general investors and is considered as an Independent Audit & Supervisory Board Member, and therefore the Company submitted the relevant notification to the Tokyo Stock Exchange. Mr. 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 the day Mr. Matsuo took office as Audit & Supervisory Board Member of the Company, he has received only remuneration as an Audit & Supervisory Board Member from the Company.
Hirohide Yamaguchi (6/2014)	Mr. Hirohide Yamaguchi is unlikely to have a conflict of interest with general investors and is considered as an Independent Audit & Supervisory Board Member, and therefore the Company submitted the relevant notification to the Tokyo Stock Exchange.
Eiko Shinotsuka (6/2015)	Ms. Eiko Shinotsuka is unlikely to have a conflict of interest with general investors and is considered as an Independent Audit & Supervisory Board Member, and therefore the Company submitted the relevant notification to the Tokyo Stock Exchange.

* The important concurrent positions held in other organizations are mentioned in pages 26 to 27, and there are no special interests between concurrent positions of any of the candidates and the Company.

<Reference> The Company's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Board of Directors of the Company has determined the independence standards for Outside Directors and Outside Audit & Supervisory Board Members (collectively, "Outside Board Members") as follows.
(Reference URL)
http://www.komatsu.co.jp/CompanyInfo/ir/corporate_governance/independence_criterion.html
**Information in English has been posted on our English website*
(http://www.komatsu.com/CompanyInfo/ir/corporate_governance/independence_criterion.html)

1. Basic stance:

Independent Board Members are defined as Outside Board Members who have no potential conflict of interest with ordinary shareholders of the Company.

In the event that they are critically controlled by the top management of the Company or they can critically control the top management of the Company, they are deemed to have a conflict of interest with ordinary shareholders of the Company. Therefore, the Board of Directors determines that they have no independence from the Company.

2. Independence standards:

Based on '1. Basic stance' above, the Board of Directors determines an Outside Board Member who is listed below has no independence from the Company.

1) Person engaged in transactions or execution of business with the Company or its subsidiary as his/her major business partner

This is applicable to a business partner or a person engaged in business execution with the Company or its subsidiary, and the Company or its subsidiary can give significant influence on decision making of the concerned partner or person.

Through its departments engaged in business transactions with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), the Company reviews the business relationship of these companies by making direct inquiries to the concerned companies and implementing other means, thereby evaluating their independence from the Company.

2) Main business partner of the Company or person engaged in business execution thereof
This is applicable to a business partner or a person engaged in business execution with the Company, and the concerned business partner or person engaged in business execution thereof can give significant influence on the Company's decision making. Specifically, in the event that the Company generates sales, revenues, etc. from its business with the concerned business partner, which account for a considerable portion of total sales, revenues, etc. of the Company, the Board of Directors of the Company determines the concerned business partner or person has no independence from the Company.

The Company discusses with its departments engaging in business with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), and evaluates their independence from the Company.

3) Consultant(s), certified public accountant(s), lawyer(s) or other professional(s) obtaining large amounts of money or other financial benefits, other than remunerations of Outside Board Members of the Company (when such financial benefits are obtained by an incorporated entity, this matter applies to a person belonging to such organization)
With respect to large amounts of money or other financial benefits, the Company determines independence in accordance with "large amounts of money or other financial benefits" stipulated in Article 74, Paragraph 4, Item 6, (d) or Article 76, Paragraph 4, Item 6, (d) of the Ordinance for Enforcement of the Companies Act of Japan.

In the case that the concerned professional who obtains large amounts of money or other financial benefits belongs to an incorporated entity and that such organization depends heavily on fees paid by the Company, the Board of Directors determines the concerned professional has no independence from the Company.

4) Person who is applicable to any of 1) through 3) above for last one year

5) Spouse or relative in second degree of an important person among the following persons
a. Person to whom 1) through 4) above are applicable
b. Person engaged in business execution of subsidiaries of the Company
c. Director engaged in non-business execution of subsidiaries of the Company (limited to determining Outside Audit & Supervisory Board Members)
d. Person to whom b or c above is applicable for the past one year
e. Person who engaged in business execution of the Company for the past one year
f. Director of the Company engaged in non-business execution for the past one year (limited to determining Outside Audit & Supervisory Board Members)

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 192 million in total to the ten (10) Directors who were in office as of the end of the 147th 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" (pages 27 to 28).

Item 5: 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

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 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.

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 1,996 units.

The maximum number of common stock to be issued upon the exercise of the Stock Acquisition Rights shall be 199,600 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, 2019 to July 31, 2024

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 Ordinance on Company Accounting 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
Each holder of the Remaining Stock Acquisition Rights shall be granted the Stock Acquisition Rights of a Reorganized Company of which the number is equivalent to the number of such Rights held by such holder at the time the Restructuring Actions take effect.

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

Komatsu Group defines its CSR (Corporate Social Responsibility) activities as "working for society through core business." Komatsu has formulated priority areas to be addressed on a global level, and is forging ahead with its CSR activities. Furthermore, Komatsu implements the CSR-management cycle, while making sure that these activities are aligned with the demands of the times and of society.

►Feature Article: Response to Local Issues

Development of Support Activities for Solving Issues among Local Communities in Areas around the World

While Komatsu conducts CSR activities through its core business, it also makes an effort in social contribution activities. Support activities are mainly taken by local Group companies for solving local issues in each area.

1) Support for agriculture industry by making use of Monozukuri (manufacturing competitiveness) know-how (Japan)

In the Japanese agriculture industry, decline in the workforce has been a serious problem due to the aging population and a decrease in the number of new workers. In addition, the industry is facing competition against low-priced imported agricultural produce, requiring the industry to further reduce costs and offer higher-value added produce. To solve these issues, Komatsu has worked with Ishikawa Prefecture and Komatsu City to provide support for the agricultural industry by leveraging Komatsu's Monozukuri know-how.



Improvement of Agricultural Land and Promotion of Direct Seeding of Rice Using Multi-Functional Intelligent Machine Control Bulldozer

As leveled surface of rice fields results in more stable growth of rice as well as improved yield and quality, Komatsu, in collaboration with the Ishikawa Prefectural government, is striving to make the surface of rice fields highly precisely leveled using intelligent machine control bulldozers. Rice planting process becomes no longer necessary by, in addition to the technology of making highly precisely leveled surface of rice fields, shifting to direct seeding with the multi-functional intelligent machine control bulldozer.



Creating the "Sixth Industry" Model for Local Agricultural Produce

Komatsu has worked with JA Komatsu City to create the sixth industry by processing barley, tomatoes and other produce produced in Komatsu City into puree to be used in various processed foods and for sale. We have also applied our production technology and know-how to review the puree processing equipment and replaced it with low-cost, commercially available equipment to reduce the puree production cost in half.

2) Supporting Improved Living Standards for Local People (Indonesia)

The district of Kelurahan Sukapura, Jakarta, is a village located about 700 meters away from the factory of PT Komatsu Indonesia (KI). The village has a high unemployment rate and the majority of households' incomes are below the average for Jakarta. Around 70% of the residents have not graduated from high school. KI has been conducting support activities for this district since 1991. Since 2006, a social contribution fund that is jointly funded by local subsidiaries in Indonesia has been leading the support activities.



Support for Development of Children and Youth
In addition to providing scholarships to enable children to receive education from primary school to high school, Komatsu's other initiatives include educational programs about nutrition for mothers and children.



Providing Job Training
To enable people to acquire the necessary skills to find work, Komatsu supports young high school graduates with tuition and travel costs for vocational training school.

3) Employee Volunteers Help Young People Develop Perspectives on Work (the U.S.)

Junior Achievement (JA) is an international NPO that supports education, headquartered in the United States. JA provides programs that help children to acquire the knowledge and experience they need as members of society, from school child age. Komatsu America Corp. (KAC) agrees with the philosophy of this initiative and has been providing support for its activities in the form of employee participation.



KAC provides 62 education programs for students ranging from preschoolers to sixth-year elementary school students. The number of elementary school students who have attended for two or more years is at least 1,300. The programs help the employees develop their own skills. As a result, KAC considers participation in JA as a component of employee education. Seventy-four employee volunteers have received training so far.



At a lesson for third-year elementary school students, employees gave a lesson about topics such as the significance of saving money and the function of consumption tax. A survey result showed that young people who have participated in JA programs score higher on tests that measure economic and business knowledge compared with students who don't.

◆ ◆ ◆

In addition, Komatsu conducts activities suited to the various conditions in each region all over the world. We will continue to listen to issues among local communities, and conduct activities closely tied to each region.

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." Besides, we have conducted activities to proactively contribute to society as its member.

After this General Meeting of Shareholders, we hold an exhibition in order to let shareholders be introduced our activities of these aspects. We are looking forward to seeing you at this exhibition.



Last year's exhibition



Wheel loader WA320-8
(Specification for North America)

Main Exhibits

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

- SMARTCONSTRUCTION
  * These are solutions that create the Future GEMBA (workplace), i.e. construction sites with high levels of safety and productivity that use ICT to organically interlink the entire site.
- Intelligent Machine Control (iMC) construction equipment (hydraulic excavators)
- "Connectivity" through IoT, KOM-MICS
  * Initiatives to connect the respective sites of design, procurement, production, sales, and services by network, to visualize all information and to promote value chain reform.
- Vehicles meeting latest emissions regulations (wheel loader and motor grader)
- New electric forklift trucks
- Complete Turn-key Crankshaft Line
- Excimer laser used for lithography tools in semiconductor manufacturing
- Large-scale press line

and more

2. Showcase of Activities to Contribute to Society

- Support activities to solve issues 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 147th Ordinary General Meeting of Shareholders.
- There is a possibility that the actual exhibits on the day may be different from the exhibits described above.

(Translation)
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.

May 31, 2016

Dear Shareholders:

Items Disclosed on Internet Concerning Notice of Convocation of the 147th Ordinary General Meeting of Shareholders of Komatsu Ltd.

Komatsu Ltd. (hereinafter "the Company") has posted information regarding the items listed below on the Company's website (http://www.komatsu.co.jp/); in Japanese language as part of its provision of notice of convocation of the 147th Ordinary General Meeting of Shareholders of Komatsu Ltd. in accordance with relevant laws and regulations and with Article 16 of the Articles of Incorporation of the Company.

I Business Report
1. Financial Position and Profit/Loss Trends
2. Major Lines of Business
3. Principal Offices and Plants
4. Matters Regarding Stock Acquisition Rights of the Company etc.

II Consolidated Financial Statements
1. Consolidated Statement of Equity
2. Notes to Consolidated Financial Statements

III Non-Consolidated Financial Statements
1. Non-Consolidated Statement of Changes in Net Assets
2. Notes to Non-Consolidated Financial Statements

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

Komatsu Ltd.

Items Disclosed on Internet

I Business Report: "Financial Position and Profit/Loss Trends," "Major Lines of Business," "Principal Offices and Plants" and "Matters Regarding Stock Acquisition Rights of the Company etc."

1. Financial Position and Profit/Loss Trends

	144th Fiscal Year (April 2012 - March 2013)	145th Fiscal Year (April 2013 - March 2014)	146th Fiscal Year (April 2014 - March 2015)	147th Fiscal Year (April 2015 - March 2016)
Net sales (JPY billion)	1,884.9	1,953.6	1,978.6	1,854.9
Operating income (JPY billion)	211.6	240.4	242.0	208.5
Income before income taxes and equity in earnings of affiliated companies (JPY billion)	204.6	242.0	236.0	204.8
Net income attributable to Komatsu Ltd. (JPY billion)	126.3	159.5	154.0	137.4
Net income attributable to Komatsu Ltd. per share (JPY)	132.64	167.36	162.07	145.80
ROE[*1] (%)	11.5	12.4	10.6	9.0
ROA[*2] (%)	8.5	9.4	8.7	7.6
Total assets (JPY billion)	2,517.8	2,651.5	2,798.4	2,614.6
Komatsu Ltd. shareholders' equity (JPY billion)	1,193.1	1,376.3	1,528.9	1,517.4

*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.

2. Major Lines of Business (As of March 31, 2016)

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, fine-plasma cutting machines, press brakes and shears
	Machine Tools	Transfer machines, machining centers, crankshaft millers, grinding machines and wire saws
	Defense Systems	Ammunition and armored personnel carriers
	Temperature-Control Equipment	Thermoelectric modules and temperature-control equipment for semiconductor manufacturing
	Others	Commercial-use prefabricated structures, excimer laser used for lithography tools in semiconductor manufacturing

3. Principal Offices and Plants (As of March 31, 2016)

(1) The Company

Offices	Head Office (Minato-ku, Tokyo), Development Division Manda District (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)

Note: The bases belonging to the Development Division that are annexed to plants are included in respective plants.

(2) Principal Subsidiaries

Name	Location of Offices and Plants
Komatsu Castex Ltd.	Head Office / Plant (Himi City, Toyama)
Komatsu Construction Equipment Sales and Service Japan Ltd.	Head Office (Kawasaki City, Kanagawa)
Komatsu Used Equipment Corp.	Head Office (Yokohama City, Kanagawa)
Komatsu Rental Ltd.	Head Office (Yokohama City, Kanagawa)
Komatsu Forklift Japan Ltd.	Head Office (Shinagawa-ku, Tokyo)
Komatsu Logistics Corp.	Head Office (Yokohama City, Kanagawa)
Komatsu Business Support Ltd.	Head Office (Minato-ku, Tokyo)
Komatsu Industries Corporation	Head Office (Kanazawa City, Ishikawa)
Komatsu NTC Ltd.	Head Office / Plant (Nanto City, Toyama)
Gigaphoton Inc.	Head Office / Plant (Oyama City, Tochigi)
Komatsu America Corp.	Head Office / Plant (USA)
Hensley Industries, Inc.	Head Office / Plant (USA)
Komatsu Financial Limited Partnership	Head Office (USA)
Komatsu do Brasil Ltda.	Head Office / Plant (Brazil)
Komatsu Brasil International Ltda.	Head Office (Brazil)
Komatsu Holding South America Ltda.	Head Office (Chile)
Komatsu Cummins Chile Ltda.	Head Office (Chile)
Komatsu Cummins Chile Arrienda S.A.	Head Office (Chile)
Komatsu Europe International N.V.	Head Office (Belgium)
Komatsu Financial Europe N.V.	Head Office (Belgium)
Komatsu UK Ltd.	Head Office / Plant (UK)
Komatsu Hanomag GmbH	Head Office / Plant (Germany)
Komatsu Mining Germany GmbH	Head Office / Plant (Germany)
Komatsu Italia Manufacturing S.p.A.	Head Office / Plant (Italy)
Komatsu Forest AB	Head Office / Plant (Sweden)
Komatsu CIS LLC	Head Office (Russia)
Komatsu South Africa (Pty) Ltd.	Head Office (South Africa)
PT Komatsu Indonesia	Head Office / Plant (Indonesia)
PT Komatsu Marketing & Support Indonesia	Head Office (Indonesia)
Bangkok Komatsu Co., Ltd.	Head Office / Plant (Thailand)
Komatsu India Pvt. Ltd.	Head Office / Plant (India)

Name	Location of Offices and Plants
Komatsu Marketing Support Australia Pty Ltd	Head Office (Australia)
Komatsu Australia Pty Ltd	Head Office (Australia)
Komatsu Australia Corporate Finance Pty. Ltd.	Head Office (Australia)
Komatsu (China) Ltd.	Head Office (China)
Komatsu (Changzhou) Construction Machinery Corp.	Head Office / Plant (China)
Komatsu Shantui Construction Machinery Co., Ltd.	Head Office / Plant (China)
Komatsu Financial Leasing China Ltd.	Head Office (China)

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

(1) Status of Stock Acquisition Rights (As of March 31, 2016)

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. 9 Stock Acquisition Rights (September 1, 2008)	104	104,000 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)	140	140,000 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)	99	99,000 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)	101	101,000 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)	57	5,700 shares (100 shares)	JPY 1,785	JPY 1	From August 2, 2013 to July 31, 2018
No. 14 Stock Acquisition Rights (August 2, 2010)	167	16,700 shares (100 shares)	Without consideration	JPY 1	From August 2, 2013 to July 31, 2018
No. 15 Stock Acquisition Rights (August 1, 2011)	211	21,100 shares (100 shares)	JPY 2,268	JPY 1	From August 1, 2014 to July 31, 2019
No. 16 Stock Acquisition Rights (August 1, 2011)	1,123	112,300 shares (100 shares)	Without consideration	JPY 1	From August 1, 2014 to July 31, 2019
No. 17 Stock Acquisition Rights (August 1, 2012)	201	20,100 shares (100 shares)	JPY 1,470	JPY 1	From August 1, 2015 to July 31, 2020

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. 18 Stock Acquisition Rights (August 1, 2012)	1,633	163,300 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
No. 21 Stock Acquisition Rights (August 1, 2014)	589	58,900 shares (100 shares)	JPY 2,010	JPY 1	From August 1, 2017 to July 31, 2022
No. 22 Stock Acquisition Rights (August 1, 2014)	2,169	216,900 shares (100 shares)	Without consideration	JPY 1	From August 1, 2017 to July 31, 2022
No. 23 Stock Acquisition Rights (August 3, 2015)	499	49,900 shares (100 shares)	JPY 1,989	JPY 1	From August 3, 2018 to July 31, 2023
No. 24 Stock Acquisition Rights (August 3, 2015)	1,930	193,000 shares (100 shares)	Without consideration	JPY 1	From August 3, 2018 to July 31, 2023
Total	11,942	1,593,800 shares	[Reference: Total number of issued shares: 943,224,753 shares (excluding treasury stock)]		

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, 2016)

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. 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. 19 Stock Acquisition Rights	7	537	53,700 shares
No. 21 Stock Acquisition Rights	7	568	56,800 shares
No. 23 Stock Acquisition Rights	7	481	48,100 shares

Note: An asterisk (*) indicates Stock Acquisition Rights issued at the time when incumbent Directors, as of March 31, 2016, 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. 19 Stock Acquisition Rights	1	8	800 shares
No. 21 Stock Acquisition Rights	3	21	2,100 shares
No. 23 Stock Acquisition Rights	3	18	1,800 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. 10 Stock Acquisition Rights	1	5	5,000 shares

Note: Above indicates Stock Acquisition Rights issued at the time when incumbent Audit & Supervisory Board Member, as of March 31, 2016, was an employee of the Company (prior to being elected as Audit & Supervisory Board Member).

(3) Stock Acquisition Rights Issued During the Fiscal Year Ended March 31, 2016 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. 24 Stock Acquisition Rights	Employees of the Company	73	1,671	167,100 shares
	Representative Directors of the subsidiaries of the Company	11	259	25,900 shares

II Consolidated Financial Statements

1. Consolidated Statement of Equity

(From April 1, 2015 to March 31, 2016)

(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	138,696	40,980	1,220,338	113,018
Cash dividends				(54,696)	
Transfer to retained earnings appropriated for legal reserve			3,038	(3,038)	
Other changes		(512)			393
Comprehensive income (loss):					
Net income				137,426	
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments					(76,082)
Net unrealized holding gains (losses) on securities available for sale					(13,595)
Pension liability adjustments					(5,716)
Net unrealized holding gains (losses) on derivative instruments					649
Comprehensive income (loss)					
Issuance and exercise of stock acquisition rights		(5)			
Purchase of treasury stock					
Sales of treasury stock		64			
Balance at the end of current period	67,870	138,243	44,018	1,300,030	18,667

	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
Balance at the beginning of current period	(51,936)	1,528,966	69,534	1,598,500
Cash dividends		(54,696)	(3,429)	(58,125)
Transfer to retained earnings appropriated for legal reserve		–		–
Other changes		(119)	4,353	4,234
Comprehensive income (loss):				
Net income		137,426	5,711	143,137
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments		(76,082)	(6,045)	(82,127)
Net unrealized holding gains (losses) on securities available for sale		(13,595)	–	(13,595)
Pension liability adjustments		(5,716)	81	(5,635)
Net unrealized holding gains (losses) on derivative instruments		649	141	790
Comprehensive income (loss)		42,682	(112)	42,570
Issuance and exercise of stock acquisition rights		(5)		(5)
Purchase of treasury stock	(36)	(36)		(36)
Sales of treasury stock	558	622		622
Balance at the end of current period	(51,414)	1,517,414	70,346	1,587,760

2. Notes to Consolidated Financial Statements

Basis of Preparation of Consolidated Financial Statements

1. The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

(1) Number of consolidated subsidiaries: 141 companies

(2) Number of affiliated companies accounted for by the equity method: 38 companies

2. Significant Accounting Policies

(1) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements of Komatsu Ltd. and its subsidiaries (hereinafter "Komatsu") are prepared in accordance with Article 120-3, Paragraph 1 of the Ordinance on Company Accounting 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. However, some description and notes under the mandatory requirements of U.S. GAAP are omitted within the scope of stipulations in the provision of the second sentence of Article 120, Paragraph 1, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations.

(2) Method and basis of valuation of inventories

Inventories are stated at the lower of cost or market. The cost of finished products and work in process is valued by the specific identification method and the cost of raw materials and supplies is stated at periodic average cost. The cost of finished parts is mainly stated using the first-in first-out method.

(3) Method and basis of valuation of investment securities

Komatsu has applied the Financial Accounting Standards Board (FASB) Accounting Standards Codification™ (hereinafter "Codification") Topic 320, "Investments–Debt and Equity Securities."

Available-for-sale securities:

Stated at fair market value based on market prices at the balance sheet date (Unrealized gains and losses are reported, net of applicable income taxes, as a separate component of equity, and the cost of securities sold is determined using the moving-average method).

(4) Depreciation and amortization of fixed assets

Depreciation of property, plant and equipment:

Depreciated using the straight-line method.

Amortization of intangible assets:

Amortized using the straight-line method.

In accordance with Codification Topic 350, "Intangibles–Goodwill and Other," goodwill and other intangible assets whose useful lives cannot be determined are reviewed for impairment at least annually.

(5) Allowances

Allowance for doubtful receivables:

To cover possible credit losses on accounts receivables or loans, an allowance for doubtful receivables is provided in the amount deemed uncollectible, which is calculated on the basis of historical default rates for normal claims, or on the basis of individual assessments for specific claims on obligors threatened with bankruptcy.

Liability for pension and retirement benefits:
In accordance with Codification Topic 715, "Compensation–Retirement Benefits," to prepare for the payment of pension and retirement benefits to employees, a provision is made in the amount deemed necessary as of the balance sheet date based on projected benefit obligations and fair value of the plan assets. Komatsu recognized the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax.
Prior service cost is amortized on a straight-line basis over the average remaining service period of employees at the time of occurrence of such cost.
Regarding net actuarial loss, an excessive amount of the "corridor" (10% of projected benefit obligations, or fair value of plan assets, whichever is the larger) is amortized on a straight-line basis over the average remaining service period of employees at the time of occurrence.

(6) Accounting for consumption taxes, etc.
Consumption taxes, etc. are separately accounted for by excluding them from each transaction amount.

Notes to Consolidated Balance Sheet

(1) Allowance for doubtful trade notes and accounts receivable and long-term trade receivables: JPY 17,589 million

(2) Accumulated depreciation of property, plant and equipment: JPY 802,390 million

(3) Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, net unrealized holding gains (losses) on securities available for sale, pension liability adjustments and net unrealized holding gains (losses) on derivative instruments.

(4) Assets pledged as collateral:

Other current assets	JPY	548 million
Total	JPY	548 million

(5) Guarantee obligations

Guarantee obligations for borrowings made by employees, affiliated companies, customers and others: JPY 21,526 million

Notes Concerning Per Share Information

(1)	Komatsu Ltd. shareholders' equity per share	JPY	1,609.69
(2)	Basic net income attributable to Komatsu Ltd. per share	JPY	145.80
(3)	Diluted net income attributable to Komatsu Ltd. per share	JPY	145.61

Notes Concerning Financial Instruments

(1) Status of financial instruments

The basic financial policy of Komatsu is to secure funds necessary for future business activities and maintain proper liquidity. In accordance with this policy, Komatsu principally uses cash flows from operating activities, and also makes bank borrowings and issues commercial papers as necessary, to meet short-term fund demands. In order to flexibly meet medium to long-term fund demands, Komatsu has established an authorized limit of bond issues and a euro medium term note program.

Concerning trade notes and accounts receivable and long-term trade receivables, Komatsu conducts business activities with customers, dealers and associated companies on a global scale and disperses these accounts receivable to prevent the concentration of credit risk. A portion of foreign currency denominated accounts receivable and debts are vulnerable to the risk of foreign exchange fluctuation. To alleviate these risks, Komatsu enters into foreign exchange contracts and currency swap contracts based on foreign currency cash flow projections. Investment securities are equity securities with market value and fair values thereof are determined each quarter. Komatsu enters into interest rate swap contracts and interest rate cap contracts to manage the risk of interest rates on short-term and long-term debt. Derivatives carry a risk of credit loss by nonperformance of contract by the other party in the transaction. However, Komatsu does not assume such possibility due to the high credit rating of the other parties in such transactions. Komatsu does not enter into derivative contracts for the purpose of trading or speculative gain.

(2) Matters concerning fair values of financial instruments

Consolidated balance sheet amounts and fair values of financial instruments, and their variances are as follows:

(JPY million)

	Consolidated balance sheet amount*	Fair value*	Changes
(1) Cash and cash equivalents	106,259	106,259	–
(2) Time deposits	2,212	2,212	–
(3) Trade notes and accounts receivable, net	583,390	583,390	–
(4) Long-term trade receivables, net	291,923	291,923	–
(5) Investment securities, marketable equity securities	43,817	43,817	–
(6) Short-term debt	(144,552)	(144,552)	–
(7) Trade notes, bills and accounts payable	(205,411)	(205,411)	–
(8) Long-term debt, including current portion	(313,000)	(311,288)	1,712
(9) Derivatives, net	(2,578)	(2,578)	–

* The figures in parentheses indicate those posted in liabilities.

Notes:

1. Method of measurement of fair values of financial instruments and matters concerning securities and derivatives

(1) Cash and cash equivalents, (2) Time deposits, and (3) Trade notes and accounts receivable, net

Since these accounts are settled in a short period of time, their consolidated balance sheet amounts approximate their fair values.

(4) Long-term trade receivables, net

Fair values of long-term trade receivables are measured by discounting future cash flows at presently expected discount rates. As a result, their consolidated balance sheet amounts approximate their fair values.

(5) Investment securities, marketable equity securities

Fair values of marketable equity securities whose fair values are estimable are measured based on their market values and the results are reflected as consolidated balance sheet amounts.

(6) Short-term debt and (7) Trade notes, bills and accounts payable

Since these accounts are settled in a short period of time, their consolidated balance sheet amounts approximate their fair values.

(8) Long-term debt, including current portion

Fair values of long-term debt are measured either based on prices on the exchange market or based on the present value of future cash flow for each borrowing calculated by discounting at the borrowing rate at the end of the fiscal year that should be applied to borrowings with similar maturities.

(9) Derivatives, net

Fair values of derivatives mainly consisting of forward foreign exchange contracts and interest rate swap contracts are measured based on quotes obtained from brokers and the results are reflected as consolidated balance sheet amounts.

2. Unlisted investment securities (consolidated balance sheet amount: JPY 7,773 million) are primarily non-marketable equity securities, and therefore are not included in "Investment securities, marketable equity securities."

Notes Concerning Investment and Rental Property

The total amount of land and buildings held by Komatsu as rental property is immaterial.

Significant Subsequent Events

No items to report.

Other Notes

Amounts less than JPY 1 million in the Consolidated Financial Statements and its Notes are rounded to the nearest million yen.

III Non-Consolidated Financial Statements

1. Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(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	General reserve
Balance at the beginning of current period	70,120	140,140	–	140,140	18,036	557	15,254	210,359
Changes of items during the period								
Reversal of reserve for special depreciation						(90)		
Reversal of reserve for advanced depreciation of non-current assets							(2,767)	
Dividends from surplus								
Net income								
Purchase of treasury stock								
Disposal of treasury stock			28	28				
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	28	28	–	(90)	(2,767)	–
Balance at the end of current period	70,120	140,140	28	140,168	18,036	466	12,487	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	297,651	541,859	(51,533)	700,586	32,479	71	32,550	2,981	736,118
Changes of items during the period									
Reversal of reserve for special depreciation	90	–		–					–
Reversal of reserve for advanced depreciation of non-current assets	2,767	–		–					–
Dividends from surplus	(54,695)	(54,695)		(54,695)					(54,695)
Net income	75,756	75,756		75,756					75,756
Purchase of treasury stock			(20)	(20)					(20)
Disposal of treasury stock			545	574					574
Net changes of items other than shareholders' equity					(12,940)	173	(12,767)	(440)	(13,207)
Total changes of items during the period	23,918	21,060	524	21,613	(12,940)	173	(12,767)	(440)	8,405
Balance at the end of current period	321,569	562,919	(51,008)	722,200	19,538	244	19,783	2,540	744,523

2. Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Method and basis of valuation of securities

Investments in subsidiaries and affiliated companies:

Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities whose market value is readily determinable:

Stated at fair market value, based on market quotation at the balance sheet date. (Unrealized gains and losses are reported, net of applicable income taxes, as a separate component of net assets. The cost of securities sold is determined based on the moving-average method.)

Securities whose market value is not readily determinable:

Stated at cost determined by the moving-average method.

(2) Method and basis of valuation of inventories

Merchandise and finished goods, work in process:

Stated at cost (specific identification method).

Raw materials and supplies:

Stated at cost (periodic average method).

The value stated in the balance sheet is computed according to write-downs based on the decreased profitability.

(3) Depreciation of non-current assets

Property, plant and equipment (excluding lease assets):

Straight-line method

Intangible assets (excluding lease assets):

Straight-line method

Lease assets

Lease assets pertaining to finance leases that do not transfer ownership of leased property to the lessee:

Straight-line method over the lease period as the useful life

Finance leases that do not transfer ownership of leased property to the lessee whose transaction commenced on or before March 31, 2008, are accounted for in the same manner as that applicable to operating lease transactions.

(4) Allowances and provisions

1) Allowance for doubtful accounts

To cover possible credit losses on accounts receivables or loans, an allowance for doubtful accounts is provided in the amount deemed uncollectible, which is calculated on the basis of historical default rates for normal claims, or on the basis of individual assessments for specific claims on obligors threatened with bankruptcy.

2) Allowance for investment loss

In order to prepare for losses from investing in domestic and overseas unlisted companies, allowance for investment loss is accounted for by taking into consideration the financial position of the issuer and fluctuation of the foreign exchange of the country of the issuer.

3) Provision for bonuses

Provision for bonuses is provided for payment prospect of bonuses to employees at an amount considered to be recorded for the fiscal year.

4) Provision for directors' bonuses
Provision for directors' bonuses is provided for payment prospect of bonuses to Directors at an amount considered to be recorded for the fiscal year.

5) Provision for product warranties
Provision for product warranties is provided for product after-sales service expenses based on the historical performance, etc.

6) Provision for retirement benefits
In order to provide for employee retirement benefits, the Company accrues liabilities for severance payments and pension at the amount calculated based on the projected benefit obligations and plan assets at the balance sheet date.
When calculating the projected benefit obligations, the benefit formula basis is used to attribute expected benefits to the period through to the end of the fiscal year. Prior service cost is charged to income when incurred. Actuarial loss is amortized in an amount proportionally appropriated on a straight-line basis over a 10-year period, which is shorter than the average remaining service period of employees, beginning with the following term when the difference is recognized.

(5) Accounting for income and expenses
In principle, the total amount of the sale price is accounted at the time of delivery to the customer for domestic sales, and at the time of lading for exports. For large machinery and other items necessitating installation work, the sale is accounted when the installation is completed.

(6) Other significant information for preparation of financial statements

1) Accounting for consumption taxes, etc.
Consumption taxes, etc. are separately accounted for by excluding them from each transaction amount.

2) Application of consolidated taxation system in Japan
Effective from the fiscal year ended March 31, 2016, the Company applied a consolidated tax payment system of the National Tax Agency with its subsidiaries in Japan.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: JPY 416,331 million

(2) Contingency liability
Balance of guarantees for debt for borrowings from financial institutions by subsidiaries and affiliates and cooperation companies: JPY 42,855 million
Balance of guarantees for debt for borrowings from financial institutions by employees (home loans): JPY 1,167 million
Balance of keep-well agreements for the bonds of subsidiaries and affiliates: JPY 62,307 million

(3) Receivables from, and debts payable to subsidiaries and affiliates
Short-term receivables from subsidiaries and affiliates: JPY 185,381 million
Short-term debts payable to subsidiaries and affiliates: JPY 75,312 million
Long-term receivables from subsidiaries and affiliates: JPY 15,622 million

Notes to Non-Consolidated Statement of Income

(1) Trading with subsidiaries and affiliates

Sales:	JPY 535,601 million
Purchases:	JPY 115,635 million
Trading other than operating transactions:	JPY 42,182 million

(2) Gain on sales of patent right

Gain on sales of patent right was recorded as a result of the transfer of patents and know-how to the Company's subsidiary GIGAPHOTON INC.

(3) Impairment loss

As for the Company's asset groups, dormant assets and rental assets are grouped individually while operating assets are grouped as per management accounting items.

After examining non-current assets based on this grouping for decreases in value, the book value of assets whose fair market value is lower than the book value was lowered to the recoverable amount and the resulting difference was recorded as an impairment loss. The recoverable amount was measured using the net selling price.

In the fiscal year, the Company recorded an impairment loss under extraordinary loss for the following asset group.

Application	Type	Region	Impairment Loss (JPY million)
Dormant assets	Land	Chubu area	3

Notes to Non-Consolidated Statement of Changes in Net Assets

(1) Type and number of shares issued

Type	Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
Common stock	971,967,660	–	–	971,967,660

(2) Type and number of treasury stock

Type	Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
Common stock[*1,2]	29,040,758	9,695	307,546	28,742,907

Notes:

1. The 9,695-share increase in the number of treasury stock of common stock is due to the purchase of shares constituting less than one unit of shares.
2. The 307,546-share decrease in the number of treasury stock of common stock consists of the following.
   1) 307,400 shares by the exercise of stock options
   2) 146 shares by the sales of shares constituting less than one unit of shares

(3) Dividends

1) Payment amount of dividends

Resolution	Type of Shares	Total Dividends (JPY million)	Dividend per Share (JPY)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 24, 2015	Common stock	27,344	29	March 31, 2015	June 25, 2015
Meeting of the Board of Directors held on October 28, 2015	Common stock	27,350	29	September 30, 2015	December 1, 2015

2) Dividends of which record date is in the fiscal year and effective date is in the next fiscal year

Planned Resolution	Type of Shares	Resource of Dividends	Total Dividends (JPY million)	Dividend per Share (JPY)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 22, 2016	Common stock	Retained earnings	27,353	29	March 31, 2016	June 23, 2016

(4) Matters concerning Stock Acquisition Rights

Breakdown of Stock Acquisition Rights	Type of Shares Allocated for Stock Acquisition Rights	Number of Shares Allocated for Stock Acquisition Rights			
		Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
2007 Stock Acquisition Rights No. 1 *1, 2	Common stock	113,000	–	113,000	–
2007 Stock Acquisition Rights No. 2 *1, 2	Common stock	222,000	–	222,000	–
2008 Stock Acquisition Rights No. 1 *1	Common stock	104,000	–	–	104,000
2008 Stock Acquisition Rights No. 2 *1, 2	Common stock	153,000	–	13,000	140,000
2009 Stock Acquisition Rights No. 1 *1, 3	Common stock	124,000	–	25,000	99,000
2009 Stock Acquisition Rights No. 2 *1, 3	Common stock	125,000	–	24,000	101,000
2010 Stock Acquisition Rights No. 1 *1, 3	Common stock	6,400	–	700	5,700
2010 Stock Acquisition Rights No. 2 *1, 3	Common stock	23,800	–	7,100	16,700
2011 Stock Acquisition Rights No. 1 *1, 3	Common stock	69,600	–	48,500	21,100
2011 Stock Acquisition Rights No. 2 *1, 3	Common stock	158,000	–	45,700	112,300
2012 Stock Acquisition Rights No. 1 *1, 3	Common stock	84,300	–	64,200	20,100
2012 Stock Acquisition Rights No. 2 *1, 3	Common stock	255,500	–	92,200	163,300
2013 Stock Acquisition Rights No. 1 *1, 4	Common stock	56,100	–	–	56,100
2013 Stock Acquisition Rights No. 2 *1, 4	Common stock	235,800	–	–	235,800

Breakdown of Stock Acquisition Rights	Type of Shares Allocated for Stock Acquisition Rights	Number of Shares Allocated for Stock Acquisition Rights			
		Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
2014 Stock Acquisition Rights No. 1 *1, 4	Common stock	58,900	–	–	58,900
2014 Stock Acquisition Rights No. 2 *1, 4	Common stock	216,900	–	–	216,900
2015 Stock Acquisition Rights No. 1 *1, 4, 5	Common stock	–	49,900	–	49,900
2015 Stock Acquisition Rights No. 2 *1, 4, 5	Common stock	–	193,000	–	193,000

Notes:

1. Stock Acquisition Rights No. 1 were issued as remuneration for Directors of the Company as per the Companies Act of Japan. Stock Acquisition Rights No. 2 were issued without consideration to employees of the Company or others as per the Companies Act of Japan.
2. The decrease in shares recorded during the fiscal year for the Stock Acquisition Rights is due to exercise of Stock Acquisition Rights and to the expiry of the exercise period for Stock Acquisition Rights.
3. The decrease in shares recorded during the fiscal year for the Stock Acquisition Rights is due to exercise of Stock Acquisition Rights.
4. As of March 31, 2016, the period during which Stock Acquisition Rights may be exercised has not arrived.
5. The increase in shares recorded during the fiscal year for the Stock Acquisition Rights is due to new issue of Stock Acquisition Rights.

Notes Concerning Tax Effect Accounting

Major reasons for the accrual of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Provision for product warranties	JPY	2,554	million
Inventories	JPY	567	million
Accrued enterprise tax	JPY	184	million
Provision for bonuses	JPY	2,825	million
Provision for retirement benefits	JPY	9,410	million
Allowance for investment loss	JPY	667	million
Impairment loss	JPY	1,534	million
Investment securities and stocks of subsidiaries and affiliates	JPY	6,155	million
Excess over depreciation limit	JPY	1,815	million
Excess allowance for doubtful accounts	JPY	582	million
Others	JPY	5,419	million
Subtotal deferred tax assets	JPY	31,718	million
Less valuation allowance	JPY	(8,689)	million
Total deferred tax assets	JPY	23,028	million

(Deferred tax liabilities)

Reserve for advanced depreciation of non-current assets	JPY	(5,590)	million
Valuation difference on available-for-sale securities	JPY	(8,235)	million
Others	JPY	(1,675)	million
Total deferred tax liabilities	JPY	(15,501)	million
Net deferred tax assets	JPY	7,527	million

Note:

Changes in the amounts of deferred tax assets and deferred tax liabilities due to changes in the rates of income taxes

"Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted at the Diet on March 29, 2016 and, effective from the fiscal year beginning on or after April 1, 2016, the income tax rates will be reduced. Accordingly, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be changed from the previous rate of 32.12% to 30.74% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016 and the fiscal year beginning on April 1, 2017, and to 30.50% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2018.

As a result of these tax rate changes, deferred tax assets (the amount after deferred tax liabilities are deducted) decreased by JPY 316 million, income taxes-deferred increased by JPY 717 million, valuation difference on available-for-sale securities increased by JPY 396 million, and deferred gains or losses on hedges increased by JPY 4 million respectively.

Notes Concerning Related Party Transactions

Subsidiaries and other affiliated companies

(JPY million)

Attribute	Company Name	Holding Voting Rights	Relationship with Related Party	Transaction	Transaction Amount	Category	Outstanding Balance
Subsidiary	Komatsu Construction Equipment Sales and Service Japan Ltd.	Holding directly 100%	Sale of the Company's products Dispatched Director	Sale of products, etc.*1	141,331	Accounts receivable-trade	38,290
				Cash Management System lending*2	10,875	Short-term loans receivable	14,400
				Cash Management System borrowing*2	4,865	Deposits received	459
	Komatsu America Corp.	Holding directly 100%	Manufacture and sale of the Company's products Dispatched Director	Sale of products, etc.*1	128,196	Accounts receivable-trade	10,320
	Komatsu Industries Corporation	Holding directly 100%	Sale of the Company's products	Sale of products, etc.*1	34,630	Accounts receivable-trade	15,424
				Cash Management System borrowing*2	4,257	Deposits received	4,640
	Komatsu Business Support Ltd.	Holding directly 100%	Retail financing of the Company's products	Cash Management System lending*2	24,335	Short-term loans receivable	10,495
						Long-term loans receivable	14,866
	Komatsu Rental Ltd.	Holding directly 100%	Rental of the Company's products	Cash Management System lending*2	19,960	Short-term loans receivable	19,462
	Komatsu (China) Ltd.	Holding directly 100%	Sale of the Company's products Dispatched Director	Fund borrowing*3	37,857	Short-term loans payable	37,857
	Komatsu India Pvt. Ltd.	Holding directly 30.6% indirectly 69.4%	Manufacture and sale of the Company's products	Guarantee obligation*4	14,320	–	–
Affiliated Company	Komatsu-Mitsui Maquinarias Peru S.A.	Holding indirectly 40%	Sale of the Company's products	Guarantee obligation*4	11,758	–	–

In the above amounts, consumption taxes, etc. are not included in the transaction amounts.

Notes concerning transaction conditions and policies, etc. for their determination

1. Product selling prices and other sales conditions are decided by negotiation, taking into account market conditions.
2. The interest rates on Cash Management System borrowing and lending are reasonably decided taking market interest rates into consideration. Transaction amount shows the average balance during the fiscal year because the transactions are repetitive.
3. The interest rates on fund borrowing are reasonably decided taking market interest rates into consideration.
4. The guarantee obligation applies to borrowings from financial institutions.

Notes Concerning Per Share Information

(1)	Net assets per share	JPY	786.65
(2)	Net income per share	JPY	80.33

Other Notes

Amounts less than JPY 1 million in the Non-Consolidated Financial Statements and its Notes are rounded down.