

OFFERING CIRCULAR



KOMATSU FINANCE AMERICA INC.

(incorporated with limited liability in the State of Delaware)

U.S.\$300,000,000 0.849 per cent. Guaranteed Bonds due 2023

Issue Price 100.00 per cent.

guaranteed by

KOMATSU LTD.

(incorporated with limited liability in Japan)

The U.S.\$300,000,000 0.849 per cent. Guaranteed Bonds due 2023 (the "**Bonds**") of Komatsu Finance America Inc. (the "**Issuer**" or "**KFAI**") will mature on 9 September 2023 (the "**Maturity Date**") and may be redeemed earlier at the option of the Issuer in the event of certain changes affecting taxation in the United States of America (the "**United States**" or "**U.S.**") or Japan, or on any date falling on and after 9 August 2023 up to, but excluding, the Maturity Date, each as set out in Condition 7 (*Redemption and Purchase*) of the terms and conditions of the Bonds (the "**Conditions**" and each condition set out in the Conditions being a "**Condition**").

Interest on the Bonds will accrue at the rate of 0.849 per cent. per annum from and including 9 September 2020 and be payable semi-annually in arrear on 9 March and 9 September of each year commencing on 9 March 2021.

Payments on the Bonds will be made in United States dollars without deduction for or on account of taxes imposed or levied by the United States or Japan, unless otherwise required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted. Komatsu Ltd. (the "**Guarantor**" or "**KL**") will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds.

An investment in the Bonds involves certain risks. For a discussion of these risks, see "Risk Factors".

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the "**FCA**") for the Bonds to be admitted to the official list of the FCA (the "**Official List**") and for such Bonds to be admitted to trading on the London Stock Exchange plc's Professional Securities Market (the "**Professional Securities Market**"). The Professional Securities Market is not a "regulated market" for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). References in this Offering Circular to the Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the Professional Securities Market. This Offering Circular comprises listing particulars given in compliance with the FCA's listing rules under Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**").

The Bonds will be issued in registered form with a minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Bonds will be evidenced by a registered global bond certificate (the "**Global Bond Certificate**") which will be deposited on the issue date thereof with a common depository (the "**Common Depository**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") and registered in the name of a nominee of such Common Depository. Individual bond certificates in registered form ("**Individual Bond Certificates**") will only be available in certain limited circumstances. See "*Form of the Bonds*" herein.

It is expected that the Bonds will be assigned a credit rating of "A2" by Moody's Japan K.K. ("**Moody's**"). This credit rating will be issued by Moody's, which is not established in the European Economic Area (the "**EEA**") or registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), but will be endorsed by Moody's Investors Service Ltd. ("**Moody's Europe**"), which is an entity established in the EEA and registered under the CRA Regulation. Under the CRA Regulation, certain investors may generally only use a credit rating for regulatory purposes in the EEA if the credit rating is issued by a credit rating agency in the EEA and registered in accordance with the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Bookrunners and Joint Lead Managers

Morgan Stanley

Goldman Sachs International

The date of this Offering Circular is 3 September 2020.

IMPORTANT INFORMATION

This Offering Circular comprises listing particulars ("**Listing Particulars**") given in compliance with the requirements of the FSMA and the listing rules (the "**Listing Rules**") of the FCA made for the purposes of section 73A of the FSMA, for the purpose of giving information with regard to the Issuer, the Guarantor and the Bonds.

This Offering Circular has been approved by the FCA, as competent authority under the FSMA. The FCA only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, as required by Listing Rule 4.2.3. Such approval should not be considered as an endorsement of the Issuer or the Guarantor nor an endorsement of the quality of the Bonds. Investors should make their own assessment as to the suitability and risks of investing in the Bonds.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each of the Issuer and the Guarantor, the information contained in this Offering Circular is in accordance with the facts and this Offering Circular does not omit anything likely to affect its import.

This Offering Circular is to be read in conjunction with the Issuer's and the Guarantor's financial statements, which form a part of this Offering Circular and are incorporated herein by reference (see "*Information Incorporated by Reference*").

The Joint Lead Managers (as defined in "*Subscription and Sale*") have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with this Offering Circular or the issue of the Bonds or any act or omission of the Issuer or the Guarantor or any other person (other than the relevant Joint Lead Manager) in connection with the issue and offering of the Bonds. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Bonds. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such information.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with this Offering Circular or the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Joint Lead Managers.

Neither this Offering Circular nor any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the Bonds should purchase the Bonds. Each investor contemplating purchasing the Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Joint Lead Managers to any person to subscribe for or to purchase the Bonds.

The delivery of this Offering Circular or the offer, sale or delivery of the Bonds does not at any time imply that the information contained herein concerning either the Issuer or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of either the Issuer or the Guarantor during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF BONDS GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Bonds may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Joint Lead Managers do not represent that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or any of the Joint Lead Managers which is intended to permit a public offering of the Bonds or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and this Offering Circular or any advertisement or other offering material may not be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Joint Lead Managers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or the Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offer, sale and transfer of the Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer, sale and transfer of the Bonds in the United States, the EEA, the United Kingdom (the "UK"), Japan, Hong Kong and Singapore, and such other restrictions as may be required in connection with the offer, sale and transfer of the Bonds (see "*Subscription and Sale*").

The Bonds and the Deed of Guarantee (as defined in "*Form of the Bonds*") have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) (see "*Subscription and Sale*"). The Bonds are being offered outside the United States by the Joint Lead Managers in accordance with Regulation S.

IMPORTANT – MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) ONLY TARGET MARKET: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, the Bonds may not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

IMPORTANT – SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

In connection with the issue of the Bonds, Morgan Stanley & Co. International plc (the "Stabilising Manager") may over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules. Any loss resulting from over-allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the Stabilising Manager for its own account.

PRESENTATION OF INFORMATION

All references in this Offering Circular to "U.S. dollars" and "U.S.\$" refer to United States dollars and those to "Japanese yen", "Yen" and "¥" refer to Japanese yen.

No representation is made that the Japanese yen or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Japanese yen, as the case may be, at any particular rate or at all. Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics in this Offering Circular, including the Issuer's and the Guarantor's market share information, have been derived from various official or third-party sources, including market research, publicly available information and industry publications. Although this information is believed by the Issuer and the Guarantor to be reliable, it has not been independently verified by the Issuer, the Guarantor or any of the Joint Lead Managers or their respective directors and advisers. The accuracy and reliability of such data, forecasts and statistics cannot therefore be assured. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the terms of the offering and the Bonds, including the merits and risks involved.

FORWARD-LOOKING STATEMENTS

This Offering Circular and the documents incorporated by reference herein include "forward-looking statements". The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical facts included in this Offering Circular and the information incorporated herein, including, without limitation, those regarding the Issuer's and the Guarantor's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer and the Guarantor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's and the Guarantor's present and future business strategies and the environment in which the Issuer and the Guarantor will operate in the future. The important factors that could cause the Issuer's and the Guarantor's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under "Risk Factors". These forward-looking statements speak only as of the respective dates of this Offering Circular and the information incorporated herein. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein or in any documents incorporated by reference herein to reflect any change in the Issuer's or the Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form a part of, this Offering Circular:

1. the audited non-consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the fiscal years ended 31 March 2019 and 2020;
2. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Guarantor in respect of the fiscal years ended 31 March 2019 and 2020; and
3. the unaudited consolidated financial statements (including the notes thereto) of the Guarantor in respect of the three months ended 30 June 2019 and 2020,

each of which have been previously published or are published simultaneously with this Offering Circular and which have been approved by the FCA or filed with it.

The documents listed above shall be incorporated in and form a part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be inspected, free of charge, at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html, and may be obtained, free of charge, at the registered offices of the Issuer and the Guarantor and the office of the Fiscal Agent. Information contained in or accessible from the website in this paragraph that is not incorporated by reference in this Offering Circular as set out above does not form a part of and is not incorporated by reference into this Offering Circular.

DESCRIPTION OF THE BONDS

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular. Words and expressions defined in "Form of the Bonds" and "Terms and Conditions of the Bonds" below shall have the same meanings in this description.

Issuer:	Komatsu Finance America Inc.
Guarantor:	Komatsu Ltd.
Joint Lead Managers:	Morgan Stanley & Co. International plc Goldman Sachs International
Bonds:	U.S.\$300,000,000 0.849 per cent. Guaranteed Bonds due 2023.
Issue Price:	100.00 per cent. of the principal amount of the Bonds (the " Issue Price ").
Issue Date:	Expected to be on or about 9 September 2020.
Use of Proceeds:	The net proceeds from the issue of the Bonds will be used to refinance the U.S.\$300,000,000 2.118 per cent. guaranteed bonds due September 2020 issued by KFAI and guaranteed by KL, and for general corporate purposes. See " <i>Use of Proceeds</i> " below.
Interest:	The Bonds will bear interest from 9 September 2020 at a rate of 0.849 per cent. per annum payable semi-annually in arrear on 9 March and 9 September of each year commencing on 9 March 2021.
Status of the Bonds:	The Bonds will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding. See Condition 3 (<i>Status of the Bonds</i>) below.
Status of the Guarantee:	The Bonds will be unconditionally and irrevocably guaranteed by the Guarantor. The Guarantee (as defined in Condition 3 (<i>Status of the Bonds</i>)) will constitute direct, general and unconditional obligations of the Guarantor and will at all times rank at least <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Guarantor. See Condition 3 (<i>Status of the Bonds</i>) and " <i>Description of the Guarantee</i> " below.
Form and Denomination:	The Bonds will be issued in registered form with a minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Final Redemption:	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at its principal amount on 9 September 2023.
Tax Redemption:	Early redemption by the Issuer will be permitted for taxation reasons as described in Condition 7(b) (<i>Redemption for Tax Reasons</i>).
Redemption at the option of the Issuer:	The Bonds may be redeemed at the option of the Issuer, in whole or in part, on any date falling on or after 9 August 2023 up to, but excluding, the Maturity Date as described in Condition 7(c) (<i>Redemption at the option of the Issuer</i>).
Negative Pledge:	The terms of the Bonds will contain a negative pledge provision as described in Condition 4 (<i>Negative Pledge</i>).

Taxation:	All payments in respect of the Bonds will be made without deduction for or on account of withholding taxes imposed within the jurisdiction in which the Issuer or the Guarantor is incorporated or the jurisdiction to whose laws the Issuer or the Guarantor is subject, as provided in Condition 8 (<i>Taxation</i>), unless otherwise required by law. In the event that any such deduction is made, the Issuer or the Guarantor will, save in certain limited circumstances provided in Condition 8 (<i>Taxation</i>), be required to pay additional amounts to cover the amounts so deducted.
Cross Default:	The terms of the Bonds will contain a cross-default provision relating to indebtedness for money borrowed by the Issuer or the Guarantor having a total outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) as further described in Condition 10 (<i>Events of Default</i>).
Ratings:	<p>It is expected that the Bonds will be assigned a credit rating of "A2" by Moody's. This credit rating will be issued by Moody's, which is not established in the EEA or registered under the CRA Regulation, but will be endorsed by Moody's Europe, which is an entity established in the EEA and registered under the CRA Regulation. Under the CRA Regulation, certain investors may generally only use a credit rating for regulatory purposes in the EEA if the credit rating is issued by a credit rating agency in the EEA and registered in accordance with the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Listing and admission to trading:	Application has been made for the Bonds to be listed on the Professional Securities Market.
Governing Law:	The Bonds and the Guarantee and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Bonds in the United States, the EEA, the United Kingdom, Japan, Hong Kong and Singapore, and such other restrictions as may be required in connection with the offer, sale and transfer of the Bonds. See " <i>Subscription and Sale</i> " below.
United States Selling Restrictions:	The Bonds will be issued in compliance with Regulation S Category 2. See " <i>Subscription and Sale</i> " below.
Fiscal Agent and Paying Agent:	Citibank, N.A. (the " Fiscal Agent ").
Registrar:	Citigroup Global Markets Europe AG (the " Registrar ").
Transfer Agent:	Citibank, N.A., London Branch (the " Transfer Agent ").
Clearance and Settlement:	The Bonds will be cleared and settled through the systems operated by Euroclear and/or Clearstream, Luxembourg.
International Security Identification Number ("ISIN"):	XS2226916133.
Common Code:	222691613.

RISK FACTORS

The Issuer and the Guarantor believe that the following risks are the material risks that may affect their respective ability to fulfil their obligations under the Bonds and the Deed of Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Bonds or the Deed of Guarantee may occur for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding the Bonds are exhaustive.

1. Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds and the Guarantor's ability to fulfil its obligations under the Deed of Guarantee

The factors described below, either individually or in combination with any other factors, may adversely affect the financial position, and ultimately the solvency, of the Issuer and the Guarantor and accordingly their ability to fulfil their respective obligations under the Bonds and the Deed of Guarantee.

The risks described below may affect the principal businesses conducted by the Guarantor and its consolidated subsidiaries (hereinafter referred to as "**Komatsu**" or the "**Komatsu Group**"). Since the primary businesses of the Issuer are dependent on the financing needs of the Komatsu Group, the risks described below may also affect the financial position of the Issuer.

A. Risks related to external factors which may affect the Issuer and/or the Guarantor

Economic and Market Conditions

The business environment in which Komatsu operates and the market demand for its products may change substantially as a result of economic and market conditions, political and social circumstances, competitive conditions and other factors, which differ from region to region.

In economically developed countries in which Komatsu operates (such as the United States (with net sales to customers in such location comprising 20.9 per cent. of total consolidated net sales for the fiscal year ended 31 March 2020) and Japan (with net sales to customers in such location comprising 16.2 per cent. of total consolidated net sales for the fiscal year ended 31 March 2020)), Komatsu's business is generally affected by cyclical changes in the economies of such regions. Therefore, factors which are beyond Komatsu's control, such as levels of housing starts, industrial production, public investments in infrastructure development and private-sector capital outlays, may affect demand for Komatsu's products.

In the developing countries in which Komatsu operates (such as countries in the Middle East and Africa (with net sales to customers in such locations comprising 5.3 per cent. of total consolidated net sales for the fiscal year ended 31 March 2020)), Komatsu pays attention to the changes in demand for its products. However, these economies are impacted by a number of variable factors, such as commodity demand levels, commodity price fluctuations and sudden movements in currency values, and changes in any or all of these factors could adversely affect Komatsu's business results.

Furthermore, when economic and/or market conditions change more drastically than expected, Komatsu may also experience, among other things, fewer orders of its products, an increase in cancellation of orders by customers and a delay in the collection of receivables.

These changes in the business environment in which Komatsu operates may lead to a decline in sales, and inefficient inventory levels and/or production capacities utilisation, thereby causing Komatsu to record lower profitability and incur additional expenses and losses. As a result, Komatsu's results of operations may be adversely affected.

Foreign Currency Exchange Rate Fluctuations

A substantial portion of Komatsu's overseas sales is affected by foreign currency exchange rate fluctuations. In general, an appreciation of the Japanese yen against another currency would adversely affect Komatsu's results of operations, while a depreciation of the Japanese yen against another currency would have a favourable impact thereon. In addition, foreign currency exchange rate fluctuations may also affect the comparative prices between products sold by Komatsu and products sold by its foreign competitors in the same market, as well as the cost of materials used in the production of such products. Komatsu strives to alleviate the effect of such foreign currency exchange rate fluctuations by locating its production bases globally and engaging in production locally. Komatsu also engages in hedging activities to reduce the effects of short-term foreign currency exchange rate fluctuations. Despite Komatsu's efforts, if the foreign currency exchange rates fluctuate beyond Komatsu's expectations, Komatsu's results of operations may be adversely affected.

Fluctuations in Financial Markets

While Komatsu is currently improving the efficiency of its asset liability management, its aggregate short- and long-term interest-bearing debt on a consolidated basis was ¥1,012.3 billion (27.7 per cent. of consolidated total assets) as of 31 March 2020. Although Komatsu has strived to reduce the effect of interest rate fluctuations using various measures, including procuring funds at fixed interest rates, an increase in interest rates may increase Komatsu's interest expenses and thereby adversely affect Komatsu's results of operations. In addition, with respect to Komatsu's pension assets, although Komatsu has been evaluating its operational status and reviewing its portfolio on a regular basis, fluctuations in the financial markets, such as fluctuations in the fair value of marketable securities and interest rates, may also increase the unfunded obligation portion of Komatsu's pension plans or pension liabilities, which may result in an increase in pension expenses. Such an increase in interest expenses and pension expenses may adversely affect Komatsu's results of operations and financial condition.

Laws and Regulations of Different Countries, and Taxation Issues

Komatsu has operations around the world, and is subject to relevant laws, regulations and approval procedures in the countries in which it operates. If any new laws and regulations or amendments to existing laws and regulations relating to customs duties, tariffs, currency restrictions, and other legal requirements (such as labour laws, safety regulations or laws relating to foreign investment or repatriation of income) are implemented in the countries where Komatsu operates, Komatsu may incur expenses in order to comply with such laws and regulations or its development, production, sales and service operations may be affected adversely by them. With respect to transfer pricing between Komatsu and its affiliated companies, Komatsu is careful to comply with applicable taxation laws of Japan and the concerned foreign governments. Nevertheless, it is possible that Komatsu may be viewed by the concerned taxation authorities as having used inappropriate pricing. Furthermore, if intergovernmental negotiations were to fail, Komatsu may be charged with double or additional taxation. When facing such an unexpected situation, Komatsu may experience an unfavourable impact on its business results.

Environmental Laws and Regulations, and Approaches Related to Climate Change

Komatsu's products and business operations are required to meet increasingly stringent environmental laws and regulations in the numerous countries in which Komatsu operates. In addition, measures for reducing greenhouse gas emissions have been put in place around the world. Therefore, Komatsu is investing a significant proportion of its management resources, such as research and development expenditures, to comply with environmental and other related regulations and to respond to climate change issues. If Komatsu is required to incur additional expenses and make additional capital investments due to future revisions to environmental regulations or future impacts of climate change, or if its development, production, sales and service operations are adversely affected by such revised regulations, Komatsu may experience an unfavourable impact on its business results.

Natural Calamities, Wars, Terrorism, Accidents, Epidemics and Other Matters

As of 31 March 2020, 48.1 per cent. of Komatsu's consolidated properties, plants and equipment were located in Japan, parts of which have historically experienced major earthquakes and other natural disasters, including tsunamis, floods, typhoons and extreme weather conditions. If natural disasters, or other calamities such as epidemics, radioactive contamination, wars, terrorist acts, riots, accidents (such as

fires and explosions), unforeseeable criticism or interference by third parties were to occur in the regions in which Komatsu operates, Komatsu may incur extensive damage to one or more of its facilities that then could not become fully operational within a short period of time. Even if Komatsu's operations were not directly harmed by such events, confusion in logistic and supply networks, shortages in the supply of electric power, gas and other utilities, telecommunication problems and/or problems of supplier's production may continue for a long period of time. In preparation for the actualisation of these risks, Komatsu has taken measures such as the establishment of a business continuity plan or the implementation of training sessions, and, if material risks were to be actualised, Komatsu will set up an emergency headquarters and take appropriate steps to minimise damage.

Coronavirus ("COVID-19") Effects

The COVID-19 pandemic is a crisis broadly impacting the economy and corporate activities on a worldwide basis, and it could impact Komatsu's financial position and results of operations. How COVID-19 will continue to spread, or when it will be contained, is still uncertain. Nevertheless, based on the assumption that the COVID-19-related effects will continue for some time during the fiscal year ending 31 March 2021, Komatsu has assessed the likelihood of recovery of deferred tax assets and the impairment losses that it may need to record on long-lived assets and goodwill given that these items are relatively material among its accounting estimates. Komatsu is making its best estimates based on the information available. However, if actual future trends deviate from its assumptions, Komatsu's financial position and results of operations may be adversely affected.

B. Risks related to the business of the Issuer and/or the Guarantor

Procurement, Production and Other Matters

Komatsu's procurement of parts and materials for its products is exposed to fluctuations in commodity and energy prices. Price increases in commodities, such as steel materials, as well as energies, such as crude oil and electricity, may increase the production cost of Komatsu's products. In addition, a shortage of product parts and materials, bankruptcies of suppliers, production discontinuation by suppliers of products used by Komatsu, multilateral export/import controls or other issues may make it difficult for Komatsu to engage in the timely procurement of parts and materials and manufacture of its products, thereby lowering Komatsu's production efficiency. With respect to an increase in the cost of production as mainly affected by an increase in the cost of materials, Komatsu mainly strives to reduce costs and make price adjustments of its products. Komatsu also strives to reduce the effects of possible procurement or manufacturing issues by such means as using multiple suppliers, maintaining safety stock, and enhancing production management through collaboration among its relevant business divisions. However, if the increase in commodity and energy prices were to exceed Komatsu's expectations or a prolonged shortage of materials or parts were to occur, Komatsu's results of operations may be adversely affected.

Product and Quality Liability

Komatsu endeavours to sustain and improve the quality and reliability of the products that it offers, based on stringent standards established internally. While, upon the occurrence of an accident or any similar incident due to unexpected defects arising out of its product design or manufacturing, Komatsu takes improvement measures, such as recalling the product, Komatsu's business results may be adversely affected, among others, by claims for damages or because of loss of reputation or trust.

Alliances, Collaborations, Mergers and Acquisitions

Komatsu has entered into and implemented alliances, collaborations, mergers and acquisitions, and other relationships with various business partners to reinforce its international competitiveness. Through such arrangements, Komatsu is working to improve and expand its product development, production, sales and service capabilities as well as its solutions business. However, Komatsu's failure to attain expected results or the termination of such alliances or collaborative relationships may adversely affect Komatsu's results of operations. For example, in 2017 Komatsu acquired Komatsu Mining Corp. ("KMC") (formerly known as Joy Global Inc. ("Joy Global")), which engages in the manufacture, sales and service of mining equipment in the United States and other countries, with a view to enhance Komatsu's presence in the mining equipment industry. Decisions relating to mergers and acquisitions are entered into by Komatsu after careful consideration of facts available in order to reduce the various associated risks; however, there can be no assurance that contingent liabilities or other unforeseen risks associated with such

activities will not materialise, that there will be no impairment in the future, or that Komatsu will be able to realise the expected results from any such mergers or acquisitions, or to fully integrate the operations of acquired companies into the Komatsu Group. Any of such factors may have a material adverse effect on Komatsu's business and its results of operations.

Information Security, Intellectual Property and Other Matters

Komatsu may obtain confidential information concerning its customers and individuals in the normal course of its business. Komatsu also holds confidential business and technological information. To forestall being infected with a computer virus or suffering cyber-attacks that could result in unauthorised access, tampering, destruction, leakage and losses, Komatsu employs various safety measures, including implementing technological safety measures and strengthening its information management capabilities. However, when a leak or loss of confidential information concerning customers and individuals occurs, Komatsu may become liable for damages, or its reputation or its customers' confidence in Komatsu may be adversely affected. In addition, if Komatsu's confidential business and technological information were leaked or lost, or misused by a third party, or Komatsu's intellectual properties were infringed upon by a third party, or Komatsu were held liable for infringing on a third party's intellectual property rights, Komatsu's business results may be adversely affected. Furthermore, sophisticated cyber-attacks using methods that are beyond what are currently commonly known may impose increased costs on Komatsu to enhance its information security measures, and if such cost increases were significant, it may have a material adverse effect on Komatsu's business and its results of operations.

2. Factors which are material for the purpose of assessing the market risks associated with the Bonds

A. Risks related to the structure of the Bonds

The Bonds may be redeemed prior to maturity

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of the Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United States or Japan or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions. In such circumstances, an investor of such Bonds may not be able to reinvest the redemption proceeds at an effective yield as high as the yield on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

B. Risks related to the Bonds generally

Set out below is a brief description of certain risks relating to the Bonds generally:

The conditions of the Bonds contain provisions which may permit their modification without the consent of all investors

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. As a result, a Bondholder may be adversely impacted by actions of the Bondholders generally.

The value of the Bonds could be adversely affected by a change in English law or administrative practice

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of such Bonds affected by it.

Investors who purchase the Bonds in denominations that are not an integral multiple of U.S.\$200,000 may be adversely affected if Individual Bond Certificates are subsequently required to be issued

As the Bonds have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than U.S.\$200,000 in its account with the relevant Clearing System at the relevant time may not receive an Individual Bond Certificate in respect of such holding (should Individual Bond Certificates be issued) and would need to purchase a principal amount of Bonds such that its holding amounts to U.S.\$200,000 or more. If Individual Bond Certificates are issued, holders should be aware that Individual Bond Certificates which have a denomination that is not an integral multiple of the minimum denomination of \$200,000 may be illiquid and difficult to trade.

Foreign Account Tax Compliance Withholding

Whilst the Bonds are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA (as defined below) will affect the amount of any payment received by the Clearing Systems (see "*Taxation—United States—Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's and the Guarantor's obligations under the Bonds and the Deed of Guarantee are discharged once they have paid the Common Depository for the Clearing Systems (as registered holder of the Bonds) and the Issuer and the Guarantor have therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely solely upon the summary of certain tax laws contained in this Offering Circular but to obtain their own tax advisers' advice on their taxation position with respect to the acquisition, sale and redemption of the Bonds, as only such advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration must be read in connection with the taxation sections of this Offering Circular.

Because the Global Bond Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor

The Bonds will be represented by the Global Bond Certificate except in certain limited circumstances described therein. The Global Bond Certificate will be registered in the name of a nominee for, and deposited with, the Common Depository for, Euroclear and Clearstream, Luxembourg. Individual Bond Certificates evidencing holdings of the Bonds will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bond Certificate. While the Bonds are represented by the Global Bond Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Bonds and the Deed of Guarantee by making payments to or to the order of the Common Depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Bond Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive

payments under the Bonds. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond Certificate.

Holders of beneficial interests in the Global Bond Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Bond Certificate will not have a direct right under such Global Bond Certificate to take enforcement action against the Issuer or the Guarantor in the event of a default under the Bonds but will have to rely upon their rights under the Deed of Covenant and the Deed of Guarantee.

C. Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk, relating to the Bonds:

An active secondary market in respect of the Bonds may never be established or the Bonds may be illiquid, and this would adversely affect the value at which an investor could sell its Bonds

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, the Bonds may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Bonds which are not denominated in the investor's home currency, the investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to the Bonds could result in an investor not receiving payments on those Bonds

The Issuer and, as the case may be, the Guarantor, will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or, as the case may be, the Guarantor, to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of the Bonds may be adversely affected by movements in market interest rates

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Credit ratings assigned to the Bonds may not reflect all the risks associated with an investment in those Bonds

A credit rating is based on information furnished by the Issuer and/or the Guarantor, or obtained by the credit rating agency from its own sources and is subject to revisions, suspension or withdrawal by the credit rating agency at any time. The rating on the Bonds assigned by Moody's may not reflect the potential impact of all risks related to structure, market or additional factors discussed above, and other factors that may affect the value of the Bonds. The credit ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of the Issuer and/or the Guarantor or the economic, political or regulatory environment in which they operate. The credit rating agencies may also revise the credit ratings methodologies applicable to issuers within a particular industry, or political or economic region. A credit rating on any particular date may therefore not reflect all the risks associated with an investment in the Bonds at that time. A security rating is not a recommendation to buy,

sell or hold securities and may be subject to suspension, reduction or withdrawal by the assigning rating agency at any time.

FORM OF THE BONDS

The Bonds will be evidenced by the Global Bond Certificate, which will be deposited on or prior to the original issue date of the Bonds to a Common Depositary outside the United States for Euroclear and Clearstream, Luxembourg. Persons holding beneficial interests in the Global Bond Certificate will be entitled to receive physical delivery of Individual Bond Certificates in certain limited circumstances described below.

Payments of principal and interest (if any), or any other amount in respect of the Global Bond Certificate will, in the absence of a provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(b) (*Payments in Respect of the Individual Bond Certificate and the Global Bond Certificate*)) as the registered holder of the interest in such Global Bond Certificate. None of the Issuer, the Guarantor, the Fiscal Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Bond Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Global Bond Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Bond Certificates only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Bonds evidenced by Individual Bond Certificates. The Issuer will promptly give notice to the relevant Bondholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Bond Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer or the Guarantor may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Registrar. The Global Bond Certificate and Individual Bond Certificates will be issued pursuant to the agency agreement relating to the Bonds to be dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Agency Agreement**").

Payments of principal, interest (if any), or any other amount in respect of Individual Bond Certificates will, in the absence of a provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6 (*Payments*)) immediately preceding the due date for payment in the manner provided in such Condition 6 (*Payments*).

The Bonds may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default*). In such circumstances, where the Bonds are evidenced by the Global Bond Certificate and such Global Bond Certificate (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of such Global Bond Certificate, then holders of interests in such Global Bond Certificate credited to their accounts with the relevant Clearing System will become entitled to proceed directly against the Issuer and the Guarantor on the basis of statements of account provided by the relevant Clearing System on and subject to the terms of a deed of covenant to be dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Deed of Covenant**"), executed by the Issuer, and a deed of guarantee to be dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Deed of Guarantee**") entered into by the Guarantor.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds which will be endorsed on the Global Bond Certificate and each Individual Bond Certificate.

The U.S.\$300,000,000 0.849 per cent. Guaranteed Bonds due 2023 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of Komatsu Finance America Inc. (the "**Issuer**") are constituted by a deed of covenant dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of a deed of guarantee dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Deed of Guarantee**") entered into by Komatsu Ltd. (the "**Guarantor**") and have the benefit of an agency agreement dated 9 September 2020 (as amended, supplemented, novated or restated from time to time, the "**Agency Agreement**") made among the Issuer, the Guarantor, Citibank, N.A. as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor fiscal agent) and as paying agent (the "**Paying Agent**", which expression shall include any additional or successor paying agents), Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and Citibank, N.A., London Branch as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent) and other agents in each case named in the Agency Agreement (together with the Fiscal Agent, the Registrar, the other Paying Agents and the Transfer Agent, the "**Agents**", which expression shall include any additional or successor agents).

Certain provisions of these Terms and Conditions of the Bonds (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Bondholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Fiscal Agent, the initial Specified Offices of which are set out below.

Any reference herein to "**Bondholders**" or "**holders**" in relation to the Bonds shall mean the persons in whose name the Bonds are registered and shall, in relation to any Bonds evidenced by the Global Bond Certificate, be construed as provided below.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated.

1. **Form, Denomination and Title**

The Bonds are issued in registered form with a minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (the "**Specified Denomination**"). A bond certificate (a "**Certificate**") will be issued to each holder in respect of its registered holdings of the Bonds. Each Certificate will be numbered serially with an identifying number that will be recorded on the relevant Certificate and in the register, which the Issuer will procure to be kept by the Registrar.

Title to the Bonds will pass upon registration of transfers in the Register (as defined in Condition 6(b) (*Payments in respect of the Individual Bond Certificate and the Global Bond Certificate*)) which is kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Fiscal Agent and any Paying Agent will (except as otherwise required by law) deem and treat the registered holder of the Bonds as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of interests in the Global Bond Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as the Bonds are evidenced by the Global Bond Certificate held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A., a public limited liability company (*société anonyme*) organised and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 42, Avenue J.F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 9248 ("**Clearstream, Luxembourg**"), each person (other than (i) in the case of Euroclear, where such person is

Clearstream, Luxembourg and (ii) in the case of Clearstream, Luxembourg, where such person is Euroclear) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of the Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of the Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Fiscal Agent, the Registrar, the Transfer Agents and any other Paying Agent as the holder of such nominal amount of the Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of the Bonds, for which purpose the registered holder of the Bonds shall be treated by the Issuer, the Guarantor, the Fiscal Agent, the Registrar, any Transfer Agent and any other Agent as the holder of such nominal amount of the Bonds in accordance with the Conditions (and the expressions "**Bondholder**" and "**holder of Bonds**" and related expressions shall be construed accordingly). For so long as the Bonds are evidenced by the Global Bond Certificate, they will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

2. **Transfers of Bonds**

(a) ***Transfers of interests in the Bonds***

Transfers of beneficial interests in the Global Bond Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in the Global Bond Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Individual Bond Certificates only in the Specified Denominations and only in accordance with the rules and operating procedures for the time being of Euroclear and/or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of interests in the Global Bond Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg shall be limited to transfers of such Global Bond Certificate, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg or to a successor of Euroclear or Clearstream, Luxembourg, or such successor's nominee.

(b) ***Transfers of Individual Bond Certificates***

Subject as provided in Condition 2(d) (*Closed Periods*), upon the terms and subject to the conditions set forth in the Agency Agreement, an Individual Bond Certificate may be transferred in whole or in part in the Specified Denominations. In order to effect any such transfer (i) the holder or holders must (A) surrender the Individual Bond Certificate for registration of the transfer of the Individual Bond Certificate (or the relevant part of the Individual Bond Certificate) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or its or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 (*Register and Transfer of Bonds*) to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Individual Bond Certificate of a like aggregate nominal amount to the Individual Bond Certificate (or the relevant part of the Individual Bond Certificate) transferred. In the case of the transfer of part only of an Individual Bond Certificate, a new Individual Bond Certificate in respect of the balance of the Individual Bond Certificate not transferred will be authenticated at the specified office of the Registrar or, as the case may be, the relevant Transfer Agent and delivered to the transferor or (at the risk of the transferor) sent by uninsured mail to the transferor.

(c) **Costs of registration**

Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(d) **Closed Periods**

No Bondholder may require the transfer of a Bond to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of such Bond, and (ii) during the period of seven days ending on (and including) any Record Date (as defined below).

3. **Status of the Bonds**

The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. This guarantee (the "**Guarantee**") constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. **Negative Pledge**

Each of the Issuer and the Guarantor will not, so long as any of the Bonds remain outstanding (as defined in the Agency Agreement), create or permit to be outstanding, any mortgage, charge, pledge or other security interest upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any sum due in respect of any Relevant Securities (as defined below) or (ii) payment under any guarantee of any Relevant Securities or (iii) any payment under any indemnity or other like obligations relating to any Relevant Securities, unless in each case at the same time the Bonds are secured equally and rateably so as to rank *pari passu* with such Relevant Securities or such guarantee or indemnity or other like obligations. For the purposes of the foregoing provision, "**Relevant Securities**" means any indebtedness in the form of, or represented by, bonds, notes, debentures or other similar securities (with a stated maturity of more than one year from the creation thereof) which are:

- (a) either (i) by their terms payable, or confer a right to receive payment in any currency other than U.S. dollar or Japanese yen; or (ii) (A) denominated in U.S. dollar and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the United States by or with the authorisation of the Issuer or (as the case may be) the other person being the principal debtor in respect thereof; or (B) denominated in Japanese yen and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Japan by or with the authorisation of the Guarantor or (as the case may be) the other person being the principal debtor in respect thereof; and
- (b) for the time being, or are intended to be, quoted, listed or ordinarily dealt in or traded on any stock exchange or on an over-the-counter or other securities market.

5. **Interest**

(a) **Interest on the Bonds**

The Bonds bear interest from (and including) 9 September 2020 (the "**Interest Commencement Date**") at the rate of 0.849 per cent. per annum (the "**Rate of Interest**"). Interest will be payable semi-annually in arrear on 9 March and 9 September of each year (each, an "**Interest Payment Date**") up to (and including) the Maturity Date (as defined in Condition 7(a) (*At Maturity*)). The first Interest Payment Date will be 9 March 2021.

Interest shall be calculated in respect of any period (including an Interest Period) by applying the Rate of Interest to:

- (i) in the case of Bonds evidenced by the Global Bond Certificate, the aggregate outstanding nominal amount of the Bonds evidenced by the Global Bond Certificate; or
- (ii) in the case of Bonds evidenced by an Individual Bond Certificate, the Calculation Amount;

and, in each case, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest U.S. cent, half of one U.S. cent being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of the Bonds evidenced by an Individual Bond Certificate is a multiple of the Calculation Amount, the amount of interest payable in respect of such Bonds shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 5(a), "**Day Count Fraction**" means the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"**Calculation Amount**" means U.S.\$1,000 in principal amount of the Bonds.

"**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) ***Accrual of Interest***

The Bonds (or in the case of the redemption of part only of the Bonds, that part only of such Bonds) will cease to bear interest (if any) from the date of their redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of the Bonds have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of the Bonds has been received by the Fiscal Agent and notice to that effect has been given to the Bondholders in accordance with Condition 13 (*Notices*) or individually.

6. **Payments**

(a) ***Method of Payment***

Subject as provided below, payments will be made by credit or transfer to an account in U.S. dollars maintained by the payee with, or, at the option of the payee, by a cheque in U.S. dollars drawn on, a bank in New York City.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any laws, rules or regulations implementing an intergovernmental approach thereto.

(b) ***Payments in respect of the Individual Bond Certificate and the Global Bond Certificate***

Payments of principal in respect of each Individual Bond Certificate and the Global Bond Certificate will be made against presentation and surrender (or, in the case of part payment of any sum due, notation in the Register (as defined below)) of such Individual Bond Certificate or Global Bond Certificate at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first

named of joint holders) of the Certificates appearing in the register of holders of the Bonds maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Bonds held by a holder is less than U.S.\$250,000, payment will instead be made by a cheque in U.S. dollars drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank in New York City.

Payments of interest in respect of each Individual Bond Certificate and the Global Bond Certificate will be made by a cheque in U.S. dollars drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Bonds appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at its address shown in the Register on the Record Date and at its own risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of the Bonds, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of the Bonds on redemption will be made in the same manner as payment of the principal amount of the Bonds.

Bondholders will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of the Bonds as a result of a cheque posted in accordance with this Condition 6(b) arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holder by the Registrar in respect of any payments of principal or interest in respect of the Bonds.

Neither the Issuer nor any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Bond Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(c) ***General Provisions Applicable to Payments in respect of the Global Bond Certificate***

The holder of the Global Bond Certificate shall be the only person entitled to receive payments in respect of the Bonds evidenced by the Global Bond Certificate, and the Issuer or the Guarantor will be discharged by payment to, or to the order of, the holder of the Global Bond Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Bonds evidenced by the Global Bond Certificate must look solely to Euroclear and/or Clearstream, Luxembourg for its share of each payment so made by the Issuer or the Guarantor, as the case may be, to, or to the order of, the holder of the Global Bond Certificate.

(d) ***Payment Day***

If the date for payment of any amount in respect of the Bonds is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which, subject to Condition 9 (*Prescription*), is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York City; and
 - (ii) in the case of Bonds evidenced by Individual Bond Certificates only, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation.
- (e) ***Interpretation of Principal and Interest***

Any reference in these Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*); and
- (ii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Bonds.

Any reference in these Conditions to interest in respect of the Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

7. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, the Bonds will be redeemed by the Issuer at its principal amount on 9 September 2023 (the "**Maturity Date**").

(b) ***Redemption for Tax Reasons***

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), the Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Bonds, the Issuer or the Guarantor has or will become obliged (or if a demand has been made under the Guarantee) to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or the Guarantee, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the jurisdiction in which the Issuer or the Guarantor is incorporated or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the Bonds; and
- (ii) such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Bonds then due or (as the case may be) a demand under the Guarantee were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent (i) a certificate signed by two of its Directors, stating it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the Guarantor, as appropriate, so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Bonds redeemed pursuant to this Condition 7(b) will be redeemed at their principal amount together with interest accrued to (but excluding) the date of redemption.

(c) ***Redemption at the option of the Issuer***

The Bonds may be redeemed at the option of the Issuer, in whole or in part, on a date falling on or after 9 August 2023 up to, but excluding, the Maturity Date at a price equal to 100 per cent. of their principal amount together with interest accrued to, but excluding, the date of redemption on the Issuer's giving not less than 30 nor more than 60 days' prior notice to the Bondholders in accordance with Condition 13 (*Notices*) and to the Fiscal Agent (which notices shall be irrevocable).

If the Bonds are to be redeemed in part only on any date in accordance with this Condition 7(c), each Bond shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Bonds to be redeemed on the relevant date of redemption bears to the aggregate principal amount of outstanding Bonds on such date.

(d) ***Purchases***

The Issuer or the Guarantor may at any time purchase the Bonds at any price in the open market or otherwise. Such Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(e) ***Cancellation***

All Bonds which are redeemed will forthwith be cancelled. All Bonds so cancelled shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

8. **Taxation**

(a) ***Taxation in respect of the Issuer***

The Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest on the Bonds such additional amounts as are necessary in order that the net payment by the Issuer or any Paying Agent of the principal of and interest on a Bond to a holder who is a United States Alien (as such term is defined below), after deduction for any present or future tax, duty, assessment or governmental charge of the United States (as such term is defined below), or a political subdivision or authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided for in such Bond to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply to:

- (i) any tax, assessment or governmental charge that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder (or fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:
 - (A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
 - (B) having a current or former relationship with the United States, including a relationship as a citizen or resident or being treated as a resident thereof;
 - (C) being or having been a controlled foreign corporation, a passive foreign investment company, a corporation that has accumulated earnings to avoid United States Federal income tax or a private foundation or other tax-exempt organisation; or
 - (D) an actual or a constructive "**10 per cent. shareholder**" of the Issuer as defined in Section 871(h)(3) of the Code or a bank that is described in Section 881(c)(3)(A) of the Code;

- (ii) any holder who is a fiduciary or partnership or other than the sole beneficial owner of the Bond, but only to the extent that a beneficiary or settlor with respect to such fiduciary or member of such partnership or a beneficial owner of the Bond would not have been entitled to the payment of an additional amount had such beneficiary, settlor, member or beneficial owner been the holder of such Bond;
- (iii) any tax, duty, assessment or governmental charge that would not have been imposed or withheld but for the failure of the holder, if required, to comply with certification, identification or information reporting requirements under United States income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States of the holder or a beneficial owner of such Bond, if such compliance is required by United States income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;
- (iv) any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner of the Bonds (or any financial institution through which the holder or beneficial owner holds the Bonds or through which payment on the Bonds is made) to enter into or comply with any applicable certification, documentation, information or other reporting requirement or agreement concerning United States accounts maintained by the holder or beneficial owner (or any such financial institution), including by reason of holding the Bonds, or concerning United States ownership of the holder or beneficial owner (or any such financial institution), or any substantially similar requirement or agreement, if entering into or complying with such requirement or agreement is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (v) any tax, duty, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of such Bond for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (vi) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, duty, assessment or governmental charge;
- (vii) any tax, duty, assessment or governmental charge that is payable otherwise than by withholding by the Issuer or a Paying Agent from the payment of the principal of or interest on such Bond;
- (viii) any tax, duty, assessment or governmental charge required to be withheld by any Paying Agent from such payment of principal of or interest on any Bond, if such payment can be made without such withholding by any other Paying Agent; or
- (ix) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii);

provided, further, that no such additional amount shall be payable with respect to any Bond presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30-day period assuming that day to have been a Payment Day.

As used in this Condition 8(a), "**United States**" means the United States of America (including the States and the District of Columbia), Puerto Rico and each possession of the United States of America and place subject to its jurisdiction. The term "**U.S. Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia, other than a partnership that is not treated as a United States person under any applicable Treasury regulation, or an estate the income of which is subject to U.S. federal income tax regardless of its source of income, or a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all

substantial decisions of the trust. Notwithstanding the preceding sentence, certain trusts in existence on 20 August 1996 and treated as U.S. Persons prior to such date that elect to continue to be treated as U.S. Persons shall be considered U.S. Persons as well. The term "**United States Alien**" means a person other than a U.S. Person.

(b) ***Taxation in respect of the Guarantor***

All payments of principal and interest by the Guarantor in respect of the Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such deduction or withholding is so required, the Guarantor will pay such additional amounts as will result in the receipt by the holders of the Bonds of the amount which would otherwise have been payable in respect of the Bonds; provided that no such additional amount shall be payable with respect to any Bond:

- (i) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bonds by reason of its having some connection with Japan, otherwise than merely by holding the Bond; or
- (ii) to, or to a third party on behalf, of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the jurisdiction imposing the relevant tax; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such 30-day period assuming that day to have been a Payment Day.

(c) ***Relevant Date***

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, and notice to that effect is duly given to the Bondholders in accordance with Condition 13 (*Notices*).

(d) ***FATCA***

For the avoidance of doubt, and the purposes of Conditions 8(a) (*Taxation in respect of the Issuer*) and 8(b) (*Taxation in respect of the Guarantor*), no additional amounts will be paid by the Issuer or the Guarantor on account of any deduction or withholding from a payment on, or in respect of, the Bonds where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the Code, or any regulations or agreements thereunder, official interpretations thereof, or any laws, rules or regulations implementing an intergovernmental approach thereto, as provided in Condition 6(a) (*Method of Payment*).

9. ***Prescription***

The Bonds will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

10. Events of Default

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing:

- (i) default is made for more than seven days in the payment of principal due in respect of the Bonds when and as the same ought to be paid in accordance with these Conditions;
- (ii) default is made for more than 14 days in the payment of interest due in respect of the Bonds when and as the same ought to be paid in accordance with these Conditions;
- (iii) default is made in the performance or observance by the Issuer or the Guarantor of any other obligation under the Bonds, the Deed of Covenant or the Guarantee and such default continues for a period of 30 days after written notification requiring such default to be remedied has been given to the Issuer or the Guarantor, as the case may be, by any Bondholder;
- (iv) any bonds, debentures, note or other instruments of indebtedness or any other indebtedness by way of loan, other than the Bonds, (hereinafter individually and collectively called "**Indebtedness**") of the Issuer or the Guarantor having a total outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) shall be accelerated as a result of a default in respect of the terms thereof or the Issuer or the Guarantor defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor as originally provided (or, in the case of Indebtedness due on demand, defaults in the payment of such Indebtedness on demand or at the expiration of any applicable grace period therefor as originally provided) or any guarantee or indemnity in respect of any Indebtedness of others having a total outstanding principal amount of at least U.S.\$5,000,000 (or its equivalent in any other currency or currencies) given by the Issuer or the Guarantor shall not be honoured when due and called upon or at the expiration of any applicable grace period therefor as originally provided;
- (v) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or the Guarantor be wound up or dissolved except, in any case, for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have previously been approved by an Extraordinary Resolution of the Bondholders and except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing entity effectively assumes the entire obligations of the Issuer or the Guarantor, as the case may be, under the Bonds, the Agency Agreement, the Deed of Covenant and the Deed of Guarantee;
- (vi) possession is taken on behalf of an incumbrancer, or a receiver is appointed, of the whole or a material part of the assets or undertaking of the Issuer or the Guarantor;
- (vii) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Issuer or the Guarantor which is material in its effect upon the operations of the Issuer or the Guarantor or which is not discharged within 30 days thereof;
- (viii) the Issuer or the Guarantor stops payment (within the meaning of Japanese or other applicable bankruptcy law) or (otherwise than for the purposes of such consolidation, amalgamation, merger or reconstruction as is referred to in Condition 10(v) above) ceases or through an official action of the Board of Directors or other governing entity of the Issuer or the Guarantor threatens to cease to carry on business;
- (ix) proceedings shall have been initiated against the Issuer or the Guarantor under any applicable bankruptcy, reorganisation, composition or insolvency law and such proceedings shall not have been discharged or stayed within a period of 45 days;
- (x) the Issuer or the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation, composition or insolvency law or make a

conveyance or assignment for the benefit of, or enter into any composition with, its creditors in general; or

(xi) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Bondholder may, by written notice to the Issuer or the Guarantor, as appropriate, at the specified office of the Fiscal Agent, effective 14 days after the date of receipt thereof by the Fiscal Agent, declare the nominal amount of, and all interest then accrued on, the Bond held by the holder thereof to be forthwith due and payable, whereupon the same shall become forthwith due and payable, without presentment, demand, protest or other notice of any kind unless such Event of Default shall be cured within 14 days after such written notice is received by the Issuer or the Guarantor, as the case may be.

For the purpose of Condition 10(iv) above, any Indebtedness which is in a currency other than U.S. dollars may be translated into U.S. dollars at the spot rate for the sale of the U.S. dollars against the purchase of the relevant currency as quoted by the Fiscal Agent on the calendar day in London corresponding to the calendar day on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

If the Bonds shall become so repayable, it shall be repaid at its principal amount together, if appropriate, with accrued interest thereon.

11. **Replacement of Certificates**

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. **Fiscal Agent, Registrar, Paying Agents and Transfer Agents**

The names of the initial Fiscal Agent, the other initial Paying Agents, the initial Registrar and the initial Transfer Agent and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Fiscal Agent, Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through any of the same acts; provided that there will at all times be a Fiscal Agent and a Registrar, and so long as the Bonds are listed on a stock exchange, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or other relevant authority).

Notice of any variation, termination, appointment or change of an Agent will be given to the Bondholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Fiscal Agent, the Paying Agents, the Registrar or the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Bondholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. **Notices**

All notices to Bondholders will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the Bondholders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the third day after mailing, and (b) if and for so long as the Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in

the place or places required by those rules and will be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Until such time as any Individual Bond Certificates are issued, there may, so long as the Global Bond Certificate is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Bonds. Any such notice shall be deemed to have been given to the holders of the Bonds on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together (in the case of Bonds represented by Individual Bond Certificates) with the relative Bond or Bonds with the Registrar. Whilst any of the Bonds are evidenced by the Global Bond Certificate, such notice may be given by any Bondholder to the Fiscal Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. **Meetings of Bondholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or Bondholders holding not less than five per cent. in nominal amount of the Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the nominal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds (including modifying the date of maturity of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal, modifying the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds) or to amend the terms of the Guarantee, the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Bonds for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders shall be binding on all of the Bondholders, whether or not they are present at the meeting.

The Fiscal Agent, the Issuer and the Guarantor may agree, without the consent of the Bondholders to:

- (i) any modification (except as mentioned above) of the Bonds or the Agency Agreement which is not prejudicial to the interests of the Bondholders; or
- (ii) any modification (except as mentioned above) of the Bonds or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer or the Guarantor, as the case may be, is incorporated.

Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

15. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue further bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Bonds; provided that if any such

additional bonds are not fungible with the Bonds initially offered hereby for U.S. federal income tax purposes, such additional bonds will have one or more separate CUSIP or ISIN numbers.

16. **Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Bonds, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. **Governing Law and Submission to Jurisdiction**

(a) ***Governing Law***

The Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Bonds and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law.

(b) ***Submission to Jurisdiction***

(i) Subject to Condition 17(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds and the Guarantee, including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Bonds or the Guarantee (a "**Dispute**"), and accordingly each of the Issuer, the Guarantor and any Bondholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of Conditions 17(b)(i) and (iii), the Issuer and the Guarantor waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Bondholders may, in respect of any Dispute or Disputes, take (X) proceedings in any other court in England, the United States or Japan with jurisdiction; and (Y) concurrent proceedings in any number of the said jurisdictions.

(c) ***Appointment of Process Agent***

The Issuer and Guarantor appoint Komatsu UK Ltd. at its registered office at Durham Road, Birtley, Chester-le-Street, Co. Durham DH3 2QX, United Kingdom as their agent for service of process, and undertake that, in the event of Komatsu UK Ltd. ceasing so to act or ceasing to be registered in England, they will appoint another person in England as their agent for service of process in respect of any Disputes. Nothing in this Condition 17 shall affect the right to serve proceedings in any other manner permitted by law.

(d) ***Waiver of Trial by Jury***

WITHOUT PREJUDICE TO CONDITION 17(b), THE ISSUER AND THE GUARANTOR WAIVE ANY RIGHT THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THE BONDS. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

DESCRIPTION OF THE GUARANTEE

The following sets out a summary of the Deed of Guarantee to be executed by the Guarantor in respect of the Bonds:

Pursuant to the Deed of Guarantee, the Guarantor unconditionally and irrevocably guarantees to the holder of each Bond the due and punctual payment of all sums from time to time payable by the Issuer in respect of such Bond as and when the same become due and payable and accordingly undertakes to pay to such Bondholder, in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Bonds, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Bond and which the Issuer has failed to pay.

The Guarantor also irrevocably and unconditionally agrees as a primary obligation to indemnify each Bondholder from time to time from and against any loss incurred by such Bondholder as a result of any of the obligations of the Issuer under or pursuant to any Bond, the Deed of Covenant or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Bondholder or any other person, the amount of such loss being the amount which such Bondholder would otherwise have been entitled to recover from the Issuer. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Bonds. This indemnity constitutes a separate and independent obligation from the other obligations under the Deed of Guarantee and shall give rise to a separate and independent cause of action.

The Guarantor covenants in favour of each Bondholder that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions in respect of the Bonds.

The obligations of the Guarantor under the Deed of Guarantee shall be deemed to be undertaken as principal obligor and not merely as surety. The obligations of the Guarantor contained in the Deed of Guarantee shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Bond or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Bonds and under the Deed of Covenant have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full.

Neither the obligations of the Guarantor contained in the Deed of Guarantee nor the rights, powers and remedies conferred upon the Bondholders by the Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

- the winding up, dissolution, administration, re-organisation or moratorium of the Issuer or any change in its status, function, control or ownership;
- any of the obligations of the Issuer under or in respect of the Bonds or the Deed of Covenant being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- time or other indulgence (including, for the avoidance of doubt, any composition) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Bonds or the Deed of Covenant;
- any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of the Bonds or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of any Bond are to be applied and any extension of or any increase of the obligations of the Issuer in respect of any Bond or the addition of any new obligations for the Issuer under the Deed of Covenant; or
- any other act, event or omission which, but for this sub-paragraph, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the

Guarantor in the Deed of Guarantee or any of the rights, powers or remedies conferred upon the Bondholders or any of them by the Deed of Guarantee or by law.

Any settlement or discharge between the Guarantor and the Bondholders or any of them shall be conditional upon no payment to the Bondholders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Bondholders shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

No Bondholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by the Deed of Guarantee or by law:

- to make any demand of the Issuer, save for the presentation of the relevant Bond;
- to take any action or obtain judgment in any court against the Issuer; or
- to make or file any claim or proof in a winding up or dissolution of the Issuer,

and (save as aforesaid) the Guarantor expressly waives presentment, demand, protest and notice of dishonour in respect of each Bond.

The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Bonds or under the Deed of Covenant or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations under the Deed of Guarantee:

- to be indemnified by the Issuer;
- to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Bonds or the Deed of Covenant;
- to take the benefit (in whole or in part) of any security enjoyed in connection with the Bonds or the Deed of Covenant by any Bondholder; and/or
- to be subrogated to the rights of any Bondholder against the Issuer in respect of amounts paid by the Guarantor under the Deed of Guarantee.

The Guarantor undertakes that its obligations under the Deed of Guarantee will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor (other than subordinated obligations, if any), save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Deed of Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and construed in accordance with, English law.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be used to refinance the U.S.\$300,000,000 2.118 per cent. guaranteed bonds due September 2020 issued by KFAI and guaranteed by KL, and for general corporate purposes.

KOMATSU FINANCE AMERICA INC.

General

KFAI was incorporated under the laws of the State of Delaware on 18 March 1996 with registered number 2595497 and is a direct, wholly-owned finance subsidiary of Komatsu America Corp. ("KAC"), a Georgia corporation and a wholly-owned subsidiary of KL. KFAI has no subsidiaries. The principal office is located at 8770 W. Bryn Mawr Avenue, Suite 100, Chicago, Illinois 60631, U.S.A. (telephone number: +1-847-437-5800).

The website of KFAI is at <https://home.komatsu/en/>. Information contained in or accessible from the website in this paragraph that is not incorporated by reference in this Offering Circular does not form a part of and is not incorporated by reference into this Offering Circular.

KFAI's primary business is raising funds through the issuance of debt obligations and in turn, lending funds to finance the business operations of KAC. Accordingly, KFAI's business is dependent upon KAC and other members of the Komatsu Group.

The Legal Entity Identifier (LEI) of KFAI is 549300SRAAFEEQ8Z4D68.

Summary of Operations for the Fiscal Year ended 31 March 2020

The net income of KFAI for the fiscal year ended 31 March 2020 amounted to U.S.\$5.3 million.

Recent Events

In May 2018, KFAI established a U.S.\$1.0 billion U.S. Commercial Paper Note Program with KL as the guarantor, and began issuing commercial paper notes. To provide the necessary liquidity backstop for such commercial paper program, KFAI established a U.S.\$500 million 364-day revolving credit facility and a U.S.\$500 million 5-year revolving credit facility in May 2018, both which are guaranteed by KL as well. In May 2020, the 364-day revolving credit facility was renewed at U.S.\$462.5 million for an overall U.S. Commercial Paper Note Program size of U.S.\$962.5 million. As of 31 July 2020, U.S.\$899.8 million of U.S. commercial paper notes of KFAI are issued and outstanding under its U.S. Commercial Paper Note Program.

Other than the U.S. Commercial Paper Note Program mentioned in the preceding paragraph, there has been no material adverse change in the prospects of KFAI since 31 March 2020 (the date of KFAI's most recently published audited financial statements) and no significant change in the financial position or financial performance of KFAI since 31 March 2020 (the date of KFAI's most recently published financial information).

Material Contracts

As stated above, KFAI entered into contracts establishing a U.S.\$462.5 million 364-day revolving credit facility in May 2020 and a U.S.\$500 million 5-year revolving credit facility in May 2018 to support its U.S. Commercial Paper Program. Both credit facilities are guaranteed by KL.

Apart from these contracts, there are no contracts entered into by KFAI other than those (a) which are entered into in the ordinary course of KFAI's business or (b) which could not result in KFAI being under an obligation or entitlement which is material to KFAI's ability to meet its obligations under the Bonds.

Legal and Arbitration Proceedings

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which KFAI is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of KFAI.

Major Shareholders

For the fiscal year ended 31 March 2020, KFAI's total stockholder's equity amounted to U.S.\$194.4 million divided into 1,000 shares. Transactions between KFAI and other members of the Komatsu Group

are made on an arm's length basis and on normal commercial terms. KFAI is not aware of the existence of any arrangements which may at a future date result in a change of control of KFAI.

Relationship with Other Members of the Komatsu Group

KFAI's primary business is raising funds through issuance of debt obligations. KFAI, in turn, lends funds to KAC at market rates of interest. The earnings on these loans are the primary source of KFAI's income. KFAI is dependent upon KAC and KL for the establishment of KFAI's policies and strategies, and KFAI's sources of funding are supported by KL or other members of the Komatsu Group.

Board of Directors and Management

KFAI's Board of Directors is currently comprised of three members:

<u>Name</u>	<u>Title</u>	<u>Other functions</u>
Norio Takahashi	Director	General Manager, Komatsu Ltd.
Gary Kasbeer	Director	EVP & CFO, American Operations
Hirotoishi Akita	Director	VP Finance & Control, American Operations

KFAI's principal management members are:

<u>Name</u>	<u>Title</u>	<u>Functions</u>
Gary Kasbeer	President & Treasurer	EVP & CFO, American Operations, Treasury and Finance
Hirotoishi Akita	Vice President	VP Finance & Control, American Operations
Ed Bathelt	Secretary	Legal Department, American Operations

The business address of Norio Takahashi is 3-6, Akasaka 2-chome, Minato-ku, Tokyo 107-8414, Japan and the business address of all other persons listed above is 8770 W. Bryn Mawr Avenue, Suite 100, Chicago, Illinois 60631, U.S.A.

Independent Auditor

Set forth below are the name and address of the Independent Auditor of KFAI as of the date of this Offering Circular.

KPMG LLP
 200 E. Randolph Street, Suite 5500
 Chicago, Illinois 60601-5212
 U.S.A.

Conflicts of Interest

There are no potential conflicts of interest between the duties to KFAI of the persons listed under "—Board of Directors and Management" above, and their private interests or other duties.

KOMATSU LTD.

General

Komatsu Ltd. (the "**Company**" and, together with its consolidated subsidiaries, "**Komatsu**" or the "**Komatsu Group**") was incorporated on 13 May 1921 under the laws of Japan with registered number 0104-01-010455 to assume certain of the operations of a Japanese company founded in 1894. The Company's registered head office is at 3-6, Akasaka 2-chome, Minato-ku, Tokyo 107-8414, Japan (telephone number: +81-3-5561-2628). As of 31 March 2020, the Company had 219 consolidated subsidiaries and 42 affiliated companies accounted for by the equity method. As of 31 March 2020, Komatsu employed approximately 63,000 people.

The Legal Entity Identifier (LEI) of the Company is 5493004LQ0B4T7QPQV17.

The website of the Company is at <https://home.komatsu/en/>. Information contained in or accessible from the website in this paragraph that is not incorporated by reference in this Offering Circular does not form a part of and is not incorporated by reference into this Offering Circular.

Komatsu engages in the business activities of R&D, production, sales, marketing, services and retail financing for customers in Japan and outside of Japan, under three business segments: the "Construction, Mining and Utility Equipment" operating segment, the "Retail Finance" operating segment and the "Industrial Machinery and Others" operating segment. The consolidated net sales of Komatsu for the fiscal year ended 31 March 2020, consisted of the following: Construction, Mining and Utility Equipment: 90.2 per cent.; Retail Finance: 2.6 per cent.; Industrial Machinery and Others: 7.2 per cent. Of consolidated net sales for the fiscal year ended 31 March 2020, 83.8 per cent. were generated outside of Japan, with 38.9 per cent. in the Americas, 14.7 per cent. in Europe and the Commonwealth of Independent States ("**CIS**"), 6.4 per cent. in China, 18.5 per cent. in Asia (excluding Japan and China) and Oceania, and 5.3 per cent. in the Middle East and Africa.

Komatsu is a global leading company in both construction and mining equipment, being the second largest company in terms of sales in the fiscal year ended 31 March 2020. Komatsu's principal products and businesses in the Construction, Mining and Utility Equipment operating segment are hydraulic excavators, rope shovels, mini excavators, backhoe loaders, wheel loaders, mini wheel loaders, skid-steer loaders, bulldozers, motor graders, vibratory rollers, off-highway dump trucks, articulated dump trucks, crawler carriers, harvesters, forwarders, feller bunchers, shield machines, tunnel-boring machines, continuous miners, longwall shearers, mobile crushers, mobile soil recyclers, mobile tub grinders, forklift trucks, railroad maintenance equipment, diesel engines, diesel generator sets, hydraulic equipment, steel castings, iron castings, transportation, warehousing and packing. In the Retail Finance operating segment, Komatsu's principal product and business is the leasing and instalment of construction and mining equipment. In the Industrial Machinery and Others operating segment, Komatsu's principal products and businesses are servo presses, mechanical presses, laser cutting machines, fine-plasma cutting machines, press brakes, shears, transfer machines, machining centers, crankshaft millers, grinding machines, wire saws, ammunition, armoured personnel carriers, thermoelectric modules, temperature-control equipment for semiconductor manufacturing and excimer lasers used for lithography tools in semiconductor manufacturing.

The cornerstone of the management of Komatsu lies in its commitment to Quality and Reliability and the maximisation of its corporate value. Komatsu defines its corporate value as the total sum of trust from society and all its stakeholders. With its three-year mid-term management plan named "DANTOTSU Value - *FORWARD* Together for Sustainable Growth" which sets the fiscal year ending 31 March 2022 as the goal year, Komatsu aims for growth toward its 100th anniversary (2021) and beyond, and is pursuing three management strategies (the "**growth strategies**"): (1) value creation by means of innovation, (2) growth strategies based on business reforms, and (3) structural reforms for growth. In the current market environment, due in part to the US-China trade friction and the UK leaving the EU, as well as the impact of the COVID-19 pandemic, the outlook is opaque and uncertain in the Construction, Mining and Utility Equipment operating segment and the Industrial Machinery and Others operating segment. In this environment, Komatsu will strive for sustainable growth through a positive circle of improving earnings and solving environmental, social, and corporate governance ("**ESG**") issues without being affected by changes in market demand by making priority investment in growth areas through the assessment of cost effectiveness and strategic value based on these three pillars of growth strategies.

To promote the three pillars of the growth strategies, Komatsu aims to advance and enhance the level of DANTOTSU products, DANTOTSU services, and DANTOTSU solutions, for which Komatsu has continued to make efforts, at a faster speed, and create DANTOTSU value (a virtuous cycle generated by ESG solutions through the creation of customer value and improvement of earnings). Komatsu will work to realise a safe, highly productive, smart and clean workplace of the future for its customers in both its physical aspects (increased sophistication and automation of construction equipment) and non-physical aspects (optimisation of customers' construction operations). To attain such goal, Komatsu plans to help solve ESG issues through its core business by offering high-quality, high-performance products, services and solutions that ensure the safety of its users and reduces the environmental impact in response to climate change. Komatsu will strive for sustainable growth through linking every workplace and generate value through DANTOTSU with its global teams, customers, distributors, partners and communities.

The manufacturing operations of Komatsu are conducted primarily at plants in Japan, the United States, Brazil, the United Kingdom, Germany, Italy, Sweden, Russia, China, Indonesia, Thailand, India and South Africa. With respect to the impact of COVID-19 on the Komatsu Group's business, as of 28 August 2020, all Komatsu plants were in operation except in India where there was restricted utilisation due to the extended lockdown there. With a view to mitigating the impact of changes in market demand and foreign exchange rates, Komatsu had been working on global cross-sourcing and procurement even before the COVID-19 pandemic. Komatsu believes that this effort has helped it reduce the impact of COVID-19 on its supply chain as compared to the time when the global financial crisis occurred.

Komatsu's products are primarily sold under the "Komatsu" brand name, and sales are almost entirely executed through the Company's sales subsidiaries and sales distributors. These subsidiaries and distributors are responsible for marketing and distribution and primarily sell to retail dealers in their geographical area.

Strengths

Komatsu has a strong presence in the global construction and mining equipment market, with an extensive network of group companies in key regions of the world. This extensive network provides a full set of functions including manufacturing, sales, and parts and services. Komatsu believes that its extensive network allows it to serve important customers locally in a timely manner. Komatsu believes serving customers locally is very important because it enables its customers to have access to Komatsu's products and services as needed and reduces life-cycle costs at their jobsites.

Komatsu believes that its strengths lie in (i) its solid market position with industry-leading profitability over the demand cycle which is supported by its innovation-driven competitive advantage, (ii) a mining equipment business that has been further strengthened by the acquisition and integration of Joy Global, and (iii) its ability to generate a stable cash flow from its diversified business mix and its commitment to maintaining a sound balance sheet.

Solid market position with industry-leading profitability over the demand cycle which is supported by its innovation-driven competitive advantage

Komatsu believes that its innovative solutions attract and retain customers, giving it a competitive market position. In light of Komatsu's continuous efforts to expand its high-margin after-service business and to reduce fixed costs, Komatsu has managed to maintain its profitability even during the cyclical downturn, such that it has been able to achieve a 10-year average EBITDA margin of over 16 per cent.

The following table shows Komatsu's net sales, EBITDA and EBITDA margin for each of the fiscal years ended 31 March 2018, 2019 and 2020:

	Fiscal year ended 31 March		
	2018	2019	2020
	<i>(Billions of Yen/ per cent.)</i>		
Net Sales.....	¥2,501	¥2,725	¥2,445
EBITDA ⁽¹⁾	402	529	382
EBITDA Margin (%).....	16.1%	19.4%	15.6%

Note:

(1) EBITDA is calculated by adding depreciation and amortisation to reported operating profit.

Komatsu refers to its products, services or solutions that have an innovation-driven competitive edge as "DANTOTSU" (that is, products, services or solutions that have some unique features that cannot be matched or copied by its competitors for a few years). Products, services or solutions that are referred to as "DANTOTSU" are intended to help Komatsu's customers improve safety, productivity, and total cost of ownership at their jobsites. Examples of such products, services and solutions are as follows:

- "SMARTCONSTRUCTION", which is a solutions system that enhances safety and productivity via digitalisation of each process. "SMARTCONSTRUCTION" automatically generates daily tasks from optimised construction plans and realises optimisation of the entire process via horizontal process linkage, resulting in further dynamic improvement in safety and productivity, and minimises construction costs by achieving target terrain with minimum amounts of time, machines and workers;
- "LANDLOG", which is a platform that visualises all movement obtained from job sites via IoT equipment, then connects together and records them as more meaningful and useful data. Developed with NTT Docomo, Inc., SAP Japan Co., Ltd., and OPTiM Corporation, the LANDLOG platform promotes automation and optimisation of the entire construction process; and
- Autonomous Haulage System ("AHS"), which is a solutions system that enables unmanned dump trucks to operate at mine sites. As of July 2020, 251 units of AHS dump trucks are in operation in Australia, Canada, Chile and Brazil, with cumulative autonomous haulage of more than 3 billion tonnes of surface material since January 2008 to the end of July 2020.

In addition, in an effort to maintain its solid market position, Komatsu has focused on expanding its after-service business. With its after-service business, Komatsu aims to help customers reduce life-cycle cost of their equipment and keep machine down-time to a minimum, so that they can effectively utilise their Komatsu equipment. With its extensive service network, Komatsu is committed to providing customers with high quality parts and services in a timely manner. For Komatsu, the after-service business has been less cyclical and has supported stable earnings even when the market is in a downturn.

For the fiscal year ended 31 March 2020, Komatsu's parts sales accounted for 27 per cent. of the net sales of the Construction, Mining and Utility Equipment operating segment. The following table shows Komatsu's parts sales in construction and utility equipment and in mining equipment for the fiscal years ended 31 March 2018, 2019 and 2020, and the percentage of Komatsu's net sales derived from such parts sales for such fiscal years:

	Fiscal year ended 31 March		
	2018	2019	2020
	<i>(Billions of Yen/per cent.)</i>		
Construction and Utility Equipment.....	¥203	¥206	¥197
Mining Equipment.....	374	422	391
Total.....	¥577	¥628	¥588
Percentage of Net Sales (%).....	25%	25%	27%

A mining equipment business that has been further strengthened by the acquisition and integration of Joy Global

Since completion of the acquisition of Joy Global in April 2017, Komatsu has cumulatively achieved approximately U.S.\$90 million of synergies at the pre-tax profit level through sales expansions (equipment, parts and services) as well as reductions in procurement and back office costs. For example, Komatsu now produces some of the attachment parts used by KMC's mining machines internally, which has resulted in an increase in overall sales of attachment parts.

Komatsu's strong parts and services sales contribute to achieve higher margin and less volatility. Operating in harsher environments, mining equipment needs more intensive parts and services support compared to construction equipment. Parts and services sales are linked to mine utilisation and hence is less volatile than new equipment sales, which depend more on new mine development.

The following table shows Komatsu's mining equipment sales and ratio of parts and services sales as regards to mining equipment for the past six fiscal years:

	Fiscal year ended 31 March					
	2015	2016	2017	2018	2019	2020
	<i>(Billions of Yen/per cent.)</i>					
Mining Equipment Sales ...	\$499	\$447	\$434	\$930	\$1,054	\$955
Ratio of Parts and Services Sales	59%	69%	67%	68%	66%	69%

Although commodity prices deteriorated in early 2020 amidst the outbreak of COVID-19, recent months have shown some recovery in prices, due to factors such as the restart of economic activities. With sustained levels of commodity demand as well as replacement demand for mining equipment, Komatsu has been continuing its commitment to serve mining customers with both new equipment and parts and services offerings.

Ability to generate a stable cash flow from its diversified business mix and its commitment to maintaining a sound balance sheet

Komatsu has a well-balanced business mix, with a diversified geographic exposure that includes both developed and emerging countries. Komatsu believes that the Joy Global acquisition further diversified its business mix since construction and utility equipment, mining equipment and industrial machinery do not necessarily follow the same cyclical movement. Komatsu believes that its diversification in terms of geographic exposure and product exposure will help further stabilise its earnings stream.

The following table shows Komatsu's sales breakdown by product for the fiscal year ended 31 March 2020, as compared to the fiscal year ended 31 March 2017 (before the closing of the Joy Global acquisition):

	Fiscal year ended 31 March			
	2017		2020	
	<i>(Billions of Yen/per cent.)</i>			
Construction and Utility Equipment.....	¥1,133	63%	¥1,251	51%
Mining Equipment.....	434	24%	955	39%
Industrial Machinery and Others.....	190	11%	176	7%
Retail Finance.....	47	3%	63	3%
Total	¥1,803	100%	¥2,445	100%

The following table shows Komatsu's sales breakdown by region for the fiscal year ended 31 March 2020, as compared to the fiscal year ended 31 March 2017:

	Fiscal year ended 31 March			
	2017		2020	
	<i>(Billions of Yen / per cent.)</i>			
Japan.....	¥393	22%	¥397	16%
Americas	603	33%	951	39%
Europe and the Commonwealth of Independent States	221	12%	360	15%
China	127	7%	156	6%
Asia (ex-Japan and China) and Oceania.....	351	20%	453	19%
Middle East and Africa	108	6%	129	5%
Total	¥1,803	100%	¥2,445	100%

Komatsu continues to aim to maintain a leading financial position in the industry with a lower net debt/equity ratio as compared to its peers in order to strengthen its balance sheet. Since 31 March 2013, when Komatsu's gross debt was ¥680 billion, Komatsu worked to reduce its gross debt and lower its financial leverage. By 31 March 2017, Komatsu's gross debt had decreased to ¥409 billion. Komatsu also

lowered its net debt/equity ratio from 0.49 times as of 31 March 2013 to 0.18 times as of 31 March 2017, and lowered its net debt/EBITDA ratio from 1.95 times to 1.03 times for the same periods. This deleveraging enabled Komatsu to acquire Joy Global in pursuit of future growth. After the completion of Joy Global's acquisition, Komatsu has successfully maintained its financial leverage levels, with its gross debt as of 31 March 2018, 2019 and 2020 and as of 30 June 2020 amounting to ¥811 billion, ¥931 billion, ¥1,012 billion and ¥1,048 billion, respectively, its net debt/equity ratio amounting to 0.40, 0.43, 0.43 and 0.45, respectively, and its net debt/EBITDA ratio amounting to 1.65, 1.47, 2.00 and 2.37, respectively. Komatsu has not experienced any deterioration in its credit rating as a result of the Joy Global acquisition as both S&P and Moody's have kept the current credit rating of A and A2, respectively.

Komatsu has also maintained a diversified debt maturity profile (See "*—Operating Results for the Fiscal Year ended 31 March 2020—Debt Maturity Profile*" below).

Operating Results for the Fiscal Year ended 31 March 2020

Consolidated net sales for the fiscal year ended 31 March 2020 decreased by 10.3 per cent. to ¥2,444,870 million from ¥2,725,243 million for the fiscal year ended 31 March 2019. Net sales to external customers in Japan for the fiscal year ended 31 March 2020 decreased by 1.9 per cent. to ¥396,584 million from ¥404,160 million for the fiscal year ended 31 March 2019. Net sales to external customers outside of Japan for the fiscal year ended 31 March 2020 decreased by 11.8 per cent. to ¥2,048,286 million from ¥2,321,083 million for the fiscal year ended 31 March 2019.

For the fiscal year ended 31 March 2020, net sales of the Construction, Mining and Utility Equipment operating segment decreased by 10.8 per cent. from the fiscal year ended 31 March 2019 to ¥2,211,263 million.

With respect to "SMARTCONSTRUCTION", a solutions business for construction jobsites that Komatsu launched in Japan in February 2015, Komatsu has made steady progress, introducing this new business model to over 10,000 construction sites to date (cumulative) in Japan. In April 2020, Komatsu began the steady introduction of new devices and applications, such as retrofit kits, designed to accelerate the speed of achieving digital transformation of construction sites in Japan. Komatsu also announced a plan to make full-scale launches of SMARTCONSTRUCTION in the United States, the United Kingdom, Germany, France, and Denmark. With respect to its AHS, Komatsu achieved a steady increase in the number of dump trucks in operation.

In response to effects of actual or potential risks on its business, such as the COVID-19 pandemic, Komatsu focused its efforts on developing alternative procurement sources and implementing inventory reallocations that are designed to further strengthen its global cross-sourcing of finished products and parts through its production and procurement operations. In its sales and service operations, Komatsu reassessed its supply routes and promoted working in shifts, thereby working to ensure that a continuous supply of products, parts and services is available.

In Japan, sales remained flat from the fiscal year ended 31 March 2019 at ¥310,856 million. This was mainly due to the recovery from reduced sales, as affected by the reactionary drop in pre-buy demand in anticipation of the new emission control regulations enforced in September 2017, and the steady demand for Komatsu products in light of infrastructure development projects.

In North America, while demand remained steady, centering on construction equipment in the rental industry, sales decreased by 6.3 per cent. from the fiscal year ended 31 March 2019 to ¥573,587 million as Komatsu promoted the inventory adjustment of its distributors and weathered adverse effects of the COVID-19 pandemic. In Latin America, sales decreased by 5.0 per cent. from the fiscal year ended 31 March 2019 to ¥309,255 million. While demand for construction and mining equipment was strong in Chile, demand fell in Argentina and Mexico, where economic conditions continued to deteriorate.

In Europe, sales increased by 5.9 per cent. from the fiscal year ended 31 March 2019 to ¥219,728 million. While demand declined in the United Kingdom, a major market of the region, and against the spread of COVID-19 infections in the fourth quarter, sales advanced from the previous fiscal year, supported by steady demand, until the third quarter, in other major markets in Europe, and in particular in France and Germany. In CIS, sales decreased by 5.4 per cent. from the fiscal year ended 31 March 2019 to ¥127,410 million, as adversely affected by the reduced demand for mining equipment in the coal sector.

In China, sales decreased by 22.9 per cent. from the fiscal year ended 31 March 2019 to ¥127,064 million, as adversely affected by a sharp drop in post-Chinese New Year (February 2020) demand, resulting from the COVID-19 pandemic, and an increase in sales by domestic manufacturers.

In Asia, sales decreased by 39.3 per cent. from the fiscal year ended 31 March 2019 to ¥205,761 million, due mainly to not only reduced demand in mining equipment in Indonesia, the largest market of the region, as a result of the declining price of thermal coal, but also sluggish demand for construction equipment and adverse effects resulting from the spread of COVID-19 infections in Asia. In Oceania, sales decreased by 5.7 per cent. from the fiscal year ended 31 March 2019 to ¥203,397 million. While Komatsu steadily captured sales of parts and services revenues for mining equipment in Oceania, sales declined from the previous fiscal year mainly due to the decline in sales of construction equipment.

In the Middle East, sales increased by 1.2 per cent. from the fiscal year ended 31 March 2019 to ¥30,655 million, supported by firm demand for construction equipment, especially in the UAE. In Africa, while sales of construction equipment remained flat in Southern Africa, demand remained sluggish in other regions. As a result, sales in Africa decreased by 20.8 per cent. from the fiscal year ended 31 March 2019 to ¥98,263 million.

In the Retail Finance operating segment, revenues increased by 11.5 per cent. from the fiscal year ended 31 March 2019 to ¥70,910 million, supported by the benefits of increased assets centering on North America and Europe.

In the Industrial Machinery and Others operating segment, sales decreased by 12.6 per cent. from the fiscal year ended 31 March 2019 to ¥177,586 million, mainly affected by a decline in demand for presses and machine tools in the automobile manufacturing industry, and against the spread of COVID-19 infections, as well as decreased demand for excimer laser-related products in the semiconductor market.

During the fiscal year ended 31 March 2020, Komatsu Industries Corp. began selling the "BENDING SUPPORT" machine to ensure energy savings for its press brake customers. GIGAPHOTON Inc. began shipping the new KrF laser "G300K" for the micro ablation via the processing routine as part of its GIGANEX series in March 2020, thereby making steady headway towards full-scale market entry in micro ablation via the processing steps.

Operating income for the fiscal year ended 31 March 2020 decreased by 37.0 per cent. to ¥250,707 million as compared to ¥397,806 million for the fiscal year ended 31 March 2019.

Income before income taxes and equity in earnings of affiliated companies for the fiscal year ended 31 March 2020 decreased by 40.9 per cent. to ¥223,114 million as compared to ¥377,471 million for the fiscal year ended 31 March 2019.

Net income attributable to Komatsu Ltd. for the fiscal year ended 31 March 2020 decreased by 40.0 per cent. to ¥153,844 million as compared to ¥256,491 million for the fiscal year ended 31 March 2019. Accordingly, basic net income attributable to Komatsu Ltd. per share decreased to ¥162.93 for the fiscal year ended 31 March 2020 from ¥271.81 for the fiscal year ended 31 March 2019. Diluted net income attributable to Komatsu Ltd. per share decreased to ¥162.80 for the fiscal year ended 31 March 2020 from ¥271.51 for the fiscal year ended 31 March 2019.

Debt Maturity Profile

The following table sets out Komatsu's debt maturity profile as of 31 March 2020:

	Fiscal year ended 31 March					2026 and after 2026
	2021	2022	2023	2024	2025	
	<i>(Billions of Yen)</i>					
Bonds.....	¥83	¥—	¥54	¥—	¥20	¥—
EMTN Programme	5	59	—	—	41	—
Loan.....	515	43	167	12	13	—
Bridge Loan.....	—	—	—	—	—	—
Total	¥603	¥102	¥221	¥12	¥74	¥—

Summary of Operating Results for the Three-Month Period ended 30 June 2020

For the first three-month period (1 April – 30 June 2020) of the fiscal year ending 31 March 2021, which is the second year of the current three-year mid-term management plan, consolidated net sales totalled ¥458,731 million, down 24.8 per cent. from the corresponding period in the previous fiscal year. In the Construction, Mining and Utility Equipment operating segment, demand fell, centering on North America, Europe and Asia, as such areas were particularly affected by the COVID-19 pandemic. As a result, sales in such operating segment declined from the corresponding period in the previous fiscal year. In the Industrial Machinery and Others operating segment, demand for presses, sheet-metal machines and machine tools fell due to the COVID-19 pandemic. As a result, sales in such operating segment fell from the corresponding period in the previous fiscal year.

With respect to profits for the first three-month period under review, operating income decreased by 64.0 per cent. from the corresponding period in the previous fiscal year, to ¥26,919 million. This was mainly due to reduced sales volume, a change in the geographic composition of sales, and the effect of the Japanese yen's appreciation on the Construction, Mining and Utility Equipment operating segment. The operating income ratio (the ratio of operating income to net sales) decreased by 6.4 percentage points to 5.9 per cent. from the corresponding period in the previous fiscal year. Income before income taxes and equity in earnings of affiliated companies fell by 57.4 per cent. to ¥28,497 million from the corresponding period in the previous fiscal year. Net income attributable to Komatsu Ltd. totalled ¥16,251 million, down 65.8 per cent. from the corresponding period in the previous fiscal year.

Research and Development

With consistent commitment to providing "Quality and Reliability", Komatsu is actively promoting research and development activities for new technologies and new products in the Construction, Mining and Utility Equipment operating segment as well as the Industrial Machinery and Others operating segment.

With respect to the structure of Komatsu's research and development, the Office of Chief Technology Officer, research and development departments of the Development Centers of the Development Division of the Company, which focus on research and development activities for new technologies and new products for the Construction, Mining and Utility Equipment operating segment, and the technology departments of the Company's subsidiaries and affiliates, participate in its research and development activities.

Recent Events

No events have occurred since the date of the last audited financial statements of the Company which are material to the evaluation of Company's solvency. Except as disclosed under "—Operating Results for the Fiscal Year ended 31 March 2020" and "—Summary of Operating Results for the Three-Month Period ended 30 June 2020" above, there has been no material adverse change in the prospects of the Komatsu Group since 31 March 2020 (the date of the Company's most recently published audited consolidated financial statements) and no significant change in the financial position or financial performance of the Komatsu Group since 30 June 2020 (the date of the Company's most recently published consolidated financial information).

Material Contracts

There are no contracts entered into by Komatsu other than those (a) which are entered into in the ordinary course of Komatsu's business or (b) which could not result in any member of Komatsu being under an obligation or entitlement which is material to the Company's ability to meet its obligations under the Deed of Guarantee.

Legal and Arbitration Proceedings

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Company and its subsidiaries taken as a whole.

Major Shareholders

To the best knowledge of the Company, the Company is not, directly or indirectly, controlled by another corporation or another entity, by the Government of Japan or by any foreign government, nor does any person own more than 10 per cent. of the Company's common stock.

As far as is known to the Company, there are no arrangements which may at a future date result in a change of control of the Company.

Relationship with Other Members of the Komatsu Group

The Company is the parent company of the Komatsu Group and conducts its own business activities, in addition to holding shares in its direct subsidiaries. While a part of the Company's business relates to transactions with other members of the Komatsu Group, it is not dependent on the other members of the Komatsu Group.

Administrative, Management and Supervisory Bodies

Set forth below are the names, positions and functions of the Directors and Audit & Supervisory Board Members of the Company as of the date of this Offering Circular.

<u>Name</u>	<u>Position</u>	<u>Function</u>	<u>Principal functions outside Komatsu</u>
Board of Directors			
Tetsuji Ohashi	Chairperson of the Board and Representative Director		
Hiroyuki Ogawa*	President and Representative Director and CEO		
Masayuki Moriyama*	Director	President of Mining Business Division	
Kiyoshi Mizuhara*	Director	President of Construction Equipment Marketing Division	
Kuniko Urano*	Director	Supervising Safety & Health Care, Corporate Communications and CSR	
Makoto Kigawa	Director		Special adviser, Yamato Holdings Co., Ltd.
Takeshi Kunibe	Director		Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.
Arthur M. Mitchell	Director		Foreign Lawyer, White & Case LLP
Audit & Supervisory Board Members			
Hironobu Matsuo	Standing Audit & Supervisory Board Member		
Terumi Sasaki	Standing Audit & Supervisory Board Member		
Hirohide Yamaguchi	Audit & Supervisory Board Member		Chairman of the Advisory Board, Nikko Research Center, Inc.
Eiko Shinotsuka	Audit & Supervisory Board Member		Professor Emeritus, Ochanomizu University

Name	Position	Function	Principal functions outside Komatsu
Kotaro Ohno	Audit & Supervisory Board Member		Attorney at law, Special Counsel of Mori Hamada & Matsumoto

Notes:

- 1 Directors Makoto Kigawa, Takeshi Kunibe and Arthur M. Mitchell are Outside Directors.
- 2 Audit & Supervisory Board Members Hirohide Yamaguchi, Eiko Shinotsuka and Kotaro Ohno are Outside Audit & Supervisory Board Members.
- 3 The Company introduced an executive officer system in June 1999. As of 29 June 2020, the Company has 48 officers including 4 persons simultaneously holding the position of director. Such persons have been marked with an asterisk above their names in the table.

The business address of each of the above Directors and Audit & Supervisory Board Members is 3-6, Akasaka 2-chome, Minato-ku, Tokyo 107-8414, Japan.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Company of the persons listed under "—Administrative, Management and Supervisory Bodies" above, and their private interests or other duties.

TAXATION

The tax laws of the investor's state, of the Issuer's and the Guarantor's state of incorporation might have an impact on the income received from the securities. Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries.

The statements below are general in nature, and are based on certain aspects of current tax laws in Japan, the United States and the European Union. None of these statements or any other statements in this Offering Circular is to be regarded as advice on the tax position of any Bondholder or any person purchasing, selling or otherwise dealing in the Bonds or any tax implication arising from the purchase, sale or other dealings in respect of the Bonds. Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Prospective Bondholders who are in doubt about their tax position or any such tax implication or who may be subject to tax in a jurisdiction other than Japan, the United States or the European Union should consult their own professional advisers.

Japan

The payment of principal and interest in respect of the Bonds and the Deed of Guarantee to an individual non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income tax or corporation tax (including, where applicable, special taxes for reconstruction), unless the receipt of the relevant payment is the income of such individual non-resident or non-Japanese corporation from sources in Japan.

Gains derived from the sale outside Japan of the Bonds, by a holder that is an individual non-resident of Japan or a non-Japanese corporation, having no permanent establishment in Japan will, in general, not be subject to Japanese income or corporation tax (including, where applicable, special taxes for reconstruction). Japanese inheritance and gift taxes at progressive rates may be payable by an individual who has acquired the Bonds as a legatee, heir or donee, even if the individual is not a Japanese resident. No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Bondholders in connection with the issue of the Bonds.

United States

The following summary is a discussion of certain United States Federal income tax consequences to United States Aliens of the ownership of the Bonds and is based upon the Code and applicable Treasury Department regulations.

Under United States Federal income and estate tax law as now in effect and subject to the discussion below under "Backup Withholding Tax" and "Foreign Account Tax Compliance Act", (a) payments of principal of, premium, if any, and interest (including, for purposes of this discussion, original issue discount) on the Bonds by the Issuer or any of its paying agents to any United States Alien (as defined in Condition 8(a) (*Taxation in respect of the Issuer*)) holder will not be subject to United States Federal withholding tax provided that (i) such United States Alien holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (ii) such United States Alien holder is not a controlled foreign corporation as to the United States that is related to the Issuer through stock ownership, (iii) such United States Alien holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, and (iv) the United States Alien holder provides an IRS Form W-8BEN or IRS Form W-8BEN-E (or other appropriate type of IRS Form W-8 or other documentation as permitted by official IRS guidance), (b) any gain or income realised by any United States Alien holder upon the sale, exchange or redemption of the Bonds will not be subject to United States Federal income or withholding tax unless (i) such United States Alien holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied or (ii) such gain is effectively connected with the conduct of a trade or business of such holder in the United States and (c) a Bond held by an individual who at time of death is not a citizen or resident of the United States (as specifically defined for United States Federal estate tax purposes) will not be subject to United States Federal estate tax as a result of such individual's death, provided such individual is not at the time of death a 10 per cent. shareholder of the Issuer as described above and provided further that

interest paid to such individual on such Bond would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding Tax

Backup withholding tax at the applicable rate and information reporting requirements apply to certain payments of principal of, and premium, if any, and interest on, an obligation, and payments of the proceeds of the sale of an obligation before maturity, to certain non-corporate United States Aliens. Under current United States Treasury Department regulations, backup withholding and information reporting will not apply to payments of principal, premium, if any, and interest on the Bonds made outside the United States (other than payments made to an address in the United States or by transfer to an account maintained by the holder with a bank in the United States) by the Issuer or any paying agent (acting solely in its capacity as such) to a holder thereof so long as neither the Issuer nor such paying agent has actual knowledge or reason to know that the holder or beneficial owner, as the case may be, is a U.S. Person (as defined above in Condition 8(a) (*Taxation in respect of the Issuer*)). If any such payments of principal, premium, if any, or interest with respect to the Bonds are made to the beneficial owner thereof by the foreign office of a foreign custodian, foreign nominee or other foreign agent of such beneficial owner, or the foreign office of a foreign "broker" (as defined in applicable Treasury Department regulations) pays the proceeds of the sale of such a Bond to the seller thereof, backup withholding and information reporting will not apply (provided that such nominee, custodian, agent or broker derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, is not a "controlled foreign corporation" within the meaning of Section 957(a) of the Code, and is not a foreign partnership (i) one or more of the partners of which, at any time during its tax year, are United States persons who, in the aggregate hold more than 50 per cent. of the income or capital interests in the partnership or (ii) which at any time during its tax year is engaged in the conduct of a trade or business in the United States). Such payments of principal, premium, if any, or interest with respect to the Bonds so made by the foreign offices of other custodians, nominees or agents, or the payment by the foreign offices of other brokers of the proceeds of the sale of such the Bonds, will not be subject to backup withholding, but may be subject to information reporting unless the custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a U.S. Person and certain conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of principal, premium, if any, or interest with respect to the Bonds made by the United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of a sale of the Bonds, will be subject to both backup withholding and information reporting unless the beneficial owner certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA, (ii) any investor receiving payments from or through an FFI (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such FFI (a "**Recalcitrant Holder**") and (iii) any non-financial foreign entity unless such non-financial foreign entity provides the withholding agent with certain certifications or information relating to its U.S. ownership.

This withholding regime applies to payments of interest income on debt obligations issued by United States persons (as defined for U.S. federal income tax purposes), and will apply to "foreign passthru payments" (a term not yet defined) made by an FFI no earlier than two years following the date of publication of final regulations defining the term "foreign passthru payment". In addition, obligations issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed (the "**Grandfathering Date**") generally would be grandfathered and exempt from withholding unless the obligations are materially modified after the Grandfathering Date. This withholding would potentially apply to payments in respect of the Bonds, and (ii) with respect to foreign passthru payments, the Bonds if they are materially modified for U.S. Federal tax purposes on or after the Grandfathering Date.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into IGAs with the United Kingdom and Japan and other jurisdictions, and is in the process of negotiating IGAs with many other countries. These IGAs and the expected local country implementing legislation will modify withholding and reporting requirements in each such jurisdiction, although, it is not yet certain how the United States and other jurisdictions will address foreign passthru payments.

Accordingly, the Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on the Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA, (ii) an investor is a Recalcitrant Holder or (iii) the investor is a non-financial foreign entity which does not provide certain certifications or information relating to its U.S. ownership.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Bonds, neither the Issuer, the Guarantor nor any paying agent nor any other person would, pursuant to the Conditions of the Bonds, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors are encouraged to consult their tax advisors with respect to questions they may have regarding their particular circumstances.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc and Goldman Sachs International (together, the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 3 September 2020 (the "**Subscription Agreement**"), agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, severally but not jointly, to purchase the aggregate principal amount of the Bonds as indicated in the table below:

Joint Lead Managers	Aggregate Principal Amount of the Bonds
Morgan Stanley & Co. International plc	U.S.\$ 210,000,000
Goldman Sachs International	90,000,000
Total.....	U.S.\$ 300,000,000

The Issuer, failing which the Guarantor, have agreed to reimburse the Joint Lead Managers for certain expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Selling Restrictions

United States

The Bonds and the Deed of Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered any Bonds, and will not offer, sell or deliver any Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the closing date of the Bonds, except in accordance with Rule 903 of Regulation S. Each Joint Lead Manager also has agreed that, at or prior to confirmation of sale of the Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the distribution compliance period a confirmation or notice in substantially the following form:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the closing date of the Bonds, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each Joint Lead Manager has also represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Terms used in the above paragraphs have the meanings given to them by Regulation S.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act. Each Joint Lead Manager has represented and agreed that it will not directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold, and will not offer or sell in Hong Kong, by means of any document, any Bonds (except for Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued, or had in its possession for the purpose of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made

the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Bonds or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and none of the Issuer, the Guarantor or any other Joint Lead Manager shall have any responsibility therefor.

Without prejudice to the foregoing paragraph, none of the Issuer, the Guarantor or any of the Joint Lead Managers represent that the Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of the Bonds has been duly authorised by a resolution of the Board of Directors of the Issuer dated 28 August 2020. The giving of the Deed of Guarantee for the Bonds has been authorised by a resolution of the Board of Directors of the Guarantor dated 12 June 2020.

Listing of the Bonds

The admission of the Bonds to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that the listing of the Bonds on the Official List and to trading on the Professional Securities Market will be granted on or before 10 September 2020.

Documents Available for Inspection

So long as any Bonds are outstanding, copies of the following documents will be available for inspection from the registered head offices of the Issuer (for inspection by non-U.S. persons only) and the Guarantor and from the specified office of the Fiscal Agent:

- (i) the constitutional documents of the Issuer and the Guarantor (with accurate English translations thereof, in the case of the Guarantor);
- (ii) the audited annual financial statements of the Issuer and the audited annual consolidated financial statements of the Guarantor, in each case in English and together with the audit reports prepared in connection therewith, for each of the fiscal years ended 31 March 2019 and 2020;
- (iii) the most recently available audited annual financial statements of the Issuer and the audited annual consolidated financial statements of the Guarantor, in each case in English and together with the audit reports prepared in connection therewith;
- (iv) the most recently available unaudited interim financial statements of the Issuer and the unaudited interim consolidated financial statements of the Guarantor, in each case in English, (if any); and
- (v) the Agency Agreement, the Deed of Covenant and the Deed of Guarantee.

In addition, this Offering Circular will be published on the website of the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN is XS2226916133 and the common code is 222691613.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Yield

The yield on the Bonds is 0.849 per cent. per annum. The yield is calculated at the issue date of the Bonds on the basis of the Issue Price. It is not an indication of future yield.

Independent Auditors

The financial statements of KFAI as of 31 March 2019 and 2020 and for the years then ended, incorporated by reference in this Offering Circular, have been audited by KPMG LLP, independent auditors, in accordance with generally accepted auditing standards in the United States and as stated in their report referenced therein.

KPMG AZSA LLC, independent certified public accountants, have audited in accordance with generally accepted auditing standards in Japan, the Guarantor's consolidated financial statements as at and for the fiscal years ended 31 March 2019 and 2020.

Post-issuance Information

Neither the Issuer nor the Guarantor intends to provide any post-issuance information in relation to the Bonds.

Joint Lead Managers transacting with the Issuer and/or the Guarantor

In connection with the Bonds, certain Joint Lead Managers or certain of their respective affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. Further, certain Joint Lead Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Guarantor. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer and the Guarantor consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Guarantor's securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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KOMATSU