For Immediate Release

Komatsu Ltd.
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URL: http://www.komatsu.com

Simplified Absorption-type Merger of Consolidated Subsidiary

Komatsu Ltd. (hereinafter the "Company) (President and CEO: Tetsuji Ohashi) announces today that the Board of Directors, at the Board meeting held on April 14, 2014, resolved the merger of Komatsu Diesel Co., Ltd. (hereinafter "Komatsu Diesel"), a consolidated subsidiary of the Company, on October 1, 2014 as follows.

As this merger is going to take place between the Company and a wholly owned subsidiary in the form of simplified absorption, certain matters and descriptions are omitted from the disclosure below.

Description

1. Purpose of the Merger

Since its establishment in 1985, Komatsu Diesel has sold and serviced the Company-made engines for use in power generators, construction equipment, industrial machinery, trains and the like. To further streamline the sales operation of engines, the Company has decided to organizationally integrate the operation through the merger.

2. Summary of the Merger

1) Schedule:

April 14, 2014: The merger agreement was decided upon by the Boards of Directors of the Company and Komatsu Diesel

April 14, 2014: The merger agreement was signed by the two companies.

October 1, 2014 (planned): Merger date (effective date)

Pursuant to Article 796, Paragraph 3 of the Corporate Act of Japan, the Company is going to execute this simplified absorption-type merger without obtaining the approval of its general shareholders' meeting of the Company, Similarly, pursuant to Article 784, Paragraph 1 of the Corporate Act of Japan, Komatsu Diesel is going to execute this simplified absorption-type merger without obtaining the approval of its general shareholders' meeting of Komatsu Diesel.

2) Merger method

In this simplified absorption-type merger, the Company will become the surviving company, and Komatsu Diesel will be dissolved upon completion of the merger.

3) Substance of merger-related allotment of shares

In this simplified absorption-type merger, there will be no allotment of shares, cash or the like.

4) Treatment of share acquisition rights and bonds with share acquisition rights of the absorbed company in relation to this merger.

Komatsu Diesel has not issued any share subscription rights or bonds with share subscription rights.

3. Outline of Parties Involved in the Merger (At September 30, 2013)

	Surviving company	Absorbed company
Corporate name	Komatsu Ltd.	Komatsu Diesel Co., Ltd.
Head office address	3-6, Akasaka 2-chome, Minato-ku, Tokyo, Japan	3-6, Akasaka 2-chome, Minato-ku, Tokyo, Japan
Representative	Tetsuji Ohashi, President & CEO	Tadao Nakamura, President
Main line of business	Manufacture and sale of construction and mining equipment, utility equipment (compact machines), forest machines, industrial machinery and others	Sale and service of Komatsu-made engines for use in power generators, construction equipment, industrial machinery, trains and the like
Capital	JPY 70,120 million	JPY 50 million
Established	May 13, 1921	January 8, 1985
Shares issued and outstanding	983,130,260 shares	1,000 shares
Fiscal year-end	March 31	March 31
Major shareholders and equity holding ratios	Japan Trustee Services Bank, Ltd. (Trust Account) 4.82% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.18% Taiyo Life Insurance Company 3.45% Nippon Life Insurance Company 3.04% State Street Bank and Trust Company (standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 2.93%	Komatsu Ltd. 100%

Financial conditions and business performance for the most recent fiscal year		
Fiscal year-end	March 31, 2013 (Consolidated)	March 31, 2013 (Non-consolidated)
Total assets	JPY 2,517,857 million	JPY 6,652 million
Total equity	JPY 1,252,695 million	JPY 2,651 million
Shareholders' equity per share	JPY 1,252.33 yen	JPY 2,651,502.23 yen
Net sales	JPY 1,884,991 million	JPY 11,791 million
Operating income	JPY 211,602 million	JPY 1,243 million
Income before income taxes	JPY 204,603 million	JPY 1,328 million
Net income	JPY 126,321 million *	JPY 686 million
Net income per share	JPY 132.64 yen *	JPY 686,416.98 yen

* Upon adoption of FASB Accounting Standards Codification 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

4. Status of the Surviving Company following the Merger

No changes will be made to the Company's name, head office location, representative titles or names, business activities, capital, or fiscal year as a result of the Merger.

5. Effects on Business Results

Since this merger is a merger with a wholly owned subsidiary of the Company, there will no impact on consolidated business results of the Company.

Reference:

Projected Consolidated Business Results for FY2013 ended March 31, 2014 (Announced on October 28, 2013) and Consolidated Business Results for the FY2012 ended March 31, 2013

Millions of yen

	Net sales	Operating income	Income before income taxes	Net income attributable to Komatsu Ltd.
Projection for FY 2013 ended March 31, 2014	1,860,000	210,000	209,000	136,000
Results for FY 2012 ended March 31, 2013	1,884,991	211,602	204,603	126,321

(end)