

For Immediate Release



Komatsu Ltd.

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URL: <http://www.komatsu.com/>

Announcement Concerning Reorganization of Japanese Sales and Service Structure for Construction Equipment: To implement a simplified absorption-type split by positioning a wholly owned subsidiary as a Successor Company

In September 2008, Komatsu Ltd. (hereinafter “Komatsu”) (President & CEO: Kunio Noji) decided on a reorganization designed to further reinforce its sales and service capabilities for construction equipment in Japan in order to ensure sustainable growth and further business expansion. As a main part of this reorganization, Komatsu Tokyo Ltd. (hereinafter “Komatsu Tokyo”) and 11 other consolidated sales and service subsidiaries (of all 30 distributors in Japan) and Komatsu All Parts Support Ltd., a wholly owned subsidiary engaging in the sale of wear-out parts for construction equipment, will be merged, effective April 1, 2009.

In conjunction with this reorganization, Komatsu resolved at its Board of Directors’ meeting, held on January 29, 2009, that Komatsu Tokyo, a wholly owned subsidiary of Komatsu and Successor Company of the above-mentioned merger (hereinafter “Merger”), will succeed Komatsu’s sales and service business for construction equipment (excluding underground construction equipment) in Japan (hereinafter “Split-off Business”) in the form of a company split (absorption-type split) (hereinafter “Company Split”).

As this Company Split is a simplified absorption-type company split in which the wholly owned subsidiary will become the Successor Company, some disclosure items and details are omitted in this news release.

Komatsu expects that the effects of this Company Split on its consolidated business results will be minimal. In addition, as of the effective date of the Merger (planned for April 1, 2009), Komatsu Tokyo Ltd. will change its name to Komatsu Construction Equipment Sales and Service Japan Ltd. (hereinafter “Komatsu C.E. Sales & Service Japan”).

1. Purpose of Company Split

Against the background of market expansion in emerging economies and resource-rich countries in particular, the proportion of the Japanese market in the global marketplace has been becoming smaller year after year. However, the roles of Komatsu’s construction equipment business in Japan still remain very important. To work for further growth of its construction equipment business, Komatsu is determined, through this reorganization, to not only enhance its competitive strength in Japan but also further improve sales and service engineering capabilities in the Mother Market of Japan. By building on these improvements, Komatsu will also aggressively apply them overseas in order to ensure global growth.

Through this reorganization, Komatsu C.E. Sales & Service Japan will be better positioned to not only carry out strategies horizontally and accelerate the decision-making speed, but also foster the growth of high caliber personnel with strong workplace capabilities and allocate them efficiently.

Moreover, Komatsu C.E. Sales & Service Japan will work to understand market information ever more accurately and promptly than before, thereby responding to diversifying customer needs accurately and improving customer satisfaction.

Outline of Reorganization (announced in September 2008)

- 1) Merger-Applicable Subsidiaries: Twelve (12) distributors and Komatsu All Parts Support Ltd.
(1) Komatsu Hokkaido Ltd., (2) Komatsu Aomori Ltd., (3) Komatsu Miyagi Ltd.,
(4) Komatsu Niigata Ltd., (5) Komatsu Tokyo Ltd., (6) Komatsu Gifu Ltd.,
(7) Komatsu Tokai Ltd., (8) Komatsu Kinki Ltd., (9) Komatsu Chugoku Ltd.,
(10) Komatsu Shikoku Ltd., (11) Komatsu Nishi-Nihon Ltd., and (12) Komatsu Okinawa Ltd.

- 2) Outline of New Company (Planned)

Corporate name: Komatsu Construction Equipment Sales and Service Japan Ltd.*

Representative: Shinichiro Komiya, President (Currently, Executive Officer and President,
Japanese Marketing, Construction & Mining Equipment Marketing Division,
Komatsu Ltd.)

Line of business: Sales and service of construction equipment in Japan

Annual sales: Approx. 200 billion yen (projected after merger)

Capitalized: 950 million yen*

Effective date of merger: April 1, 2009

Head office: 2-5-8 Fuchinobe, Sagamihara-shi, Kanagawa Prefecture, Japan*

* Changed from the announcement of September 2008.

2. Outline of Company Split

- 1) Schedule of Company Split

January 29, 2009: Resolution of Company Split by the Board of Directors

January 29, 2009: Execution of the Company Split Agreement by the Board of Directors

April 1, 2009: Scheduled date of Company Split (effective date)(planned)

This Company Split will be conducted as prescribed in Article 784, Paragraph 3, of the Company Law of Japan, for which a resolution of the general shareholders' meeting will not be required as prescribed in Article 783, Paragraph 1, of the same law.

- 2) Split Method

Simplified absorption-type split, in which Komatsu shall be the Splitting Company and its wholly owned subsidiary, Komatsu Tokyo, shall be the Successor Company.

- 3) Split-related Allotment of Shares

This Company Split concerns a split between wholly owned subsidiaries of Komatsu, and thus the Successor Company shall not allocate any shares to the Splitting Company in relation to the Company Split.

- 4) Decrease in Capital Due to Company Split

There is nothing applicable.

5) Handling of Stock Subscription Rights and Bonds with Stock Subscription Rights of the Splitting Company

There is nothing applicable.

6) Rights and Obligations to Be Succeeded by the Successor Company

(1) Assets and Liabilities and Rights and Obligations Thereof

Based on the Absorption-Type Company Split Agreement of January 29, 2009 concluded by Komatsu and Komatsu Tokyo, Komatsu Tokyo shall succeed assets, liabilities, a position prescribed in the Agreement and all related rights and obligations of the Split-off Business from Komatsu.

(2) Rights and Obligations Related to Employment Contract

Komatsu Tokyo shall not succeed rights or obligations related to the employment contract concluded by employees engaging primarily in the Split-off Business and Komatsu.

7) Prospects of Fulfilling Obligations

Komatsu believes that there is no issue with respect to the prospect for fulfilling obligations to be borne by Komatsu and Komatsu Tokyo.

3. Outline of the Parties Concerned in the Split (At March 31, 2008)

1. Corporate name	Komatsu Ltd.		Komatsu Tokyo Ltd.*	
2. Line of business	R&D, production, sales and service of construction, mining and utility equipment as well as industrial machinery and other products		Sales and service of construction, mining and utility equipment	
3. Date of incorporation	May 13, 1921		March 3, 1967	
4. Location of head office	2-3-6 Akasaka, Minato-ku, Tokyo, Japan		2-5-8 Fuchinobe, Sagamihara-shi, Kanagawa Prefecture, Japan	
5. Representative	Kunio Noji, President & CEO		Takenori Tokunaga, President	
6. Capitalized	¥70,120 million		¥950 million	
7. Shares issued and outstanding	998,744,060		917,751	
8. Net assets	¥887,126 million (consolidated)		¥5,228 million (non-consolidated)	
9. Total assets	¥2,105,146 million (consolidated)		¥17,437 million (non-consolidated)	
10. Fiscal year-end	March 31		March 31	
11. Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (Trust Account)	6.83%	Komatsu Ltd.	100%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.56%		
	Taiyo Life Insurance Company	4.72%		
	Nippon Life Insurance Company	3.33%		
	State Street Bank and Trust Company (Standing proxy: Kabuto-cho Securities Settlement Services Division, Mizuho Corporate Bank, Ltd.)	3.24%		

* As of April 1, 2009 (scheduled), the effective date of this Merger, Komatsu Tokyo shall change its corporate name to Komatsu Construction Equipment Sales and Service Japan Ltd.

4. Outline of Split-off Business

1) Line of Business of the Split-off Business

Sales and service of construction equipment (excluding underground construction equipment) in Japan

2) Business Results of the Split-off Business (For the fiscal year ended March 31, 2008)

	Split-off Business (a)	Komatsu Ltd. (non-consolidated) (b)	Ratio (a/b)
Net sales	¥145,015 million	¥926,731 million	15.6%

3) Items and Values of Assets and Liabilities to Be Split (At September 30, 2008)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	¥26 million	Current liabilities	¥56 million
Long-term assets	¥6,178 million	Long-term liabilities	--
Total	¥6,205 million	Total	¥56 million

5. Status of the Listed Company following Company Split

1. Corporate name	Komatsu Ltd.
2. Line of business	R&D, production, sales and service of construction, mining and utility equipment as well as industrial machinery and other products
3. Location of head office	2-3-6 Akasaka, Minato-ku, Tokyo, Japan
4. Representative	Kunio Noji, President & CEO
5. Capitalized	¥70,120 million
6. Fiscal year-end	March 31
7. Prospects	Komatsu expects that the effects of this Company Split on its consolidated business results will be minimal.

(end)