

Environmental Accounting (Data for Business Sites in Japan)

Environmental accounting is employed in order to reflect back into our business activities as much as possible the quantitative comprehension and analysis of the costs of environmental conservation and the effects that are obtained from those activities, and to promote a wider understanding of KUBOTA's participation in environmental conservation activities by disclosing information to internal and external stakeholders.

Environmental conservation costs

Investment in environmental conservation amounted to 1,100 million yen, which is almost unchanged from the previous year. Environmental costs decreased by 1,100 million yen from the previous year to 8,040 million yen. Research and development cost totaled 5,010 million yen, which accounts for about 62% of all the expenditures for the year.

(¥ millions)

| Classifications | Main activities | FY2009 | | FY2010 | |
|--|---|--------------|--------------|--------------|--------------|
| | | Investment | Expenses | Investment | Expenses |
| Within the business area | | 557 | 1,997 | 724 | 1,514 |
| Local environmental conservation | Prevention of air and water pollution, soil contamination, noise, vibration, etc. | 370 | 591 | 517 | 379 |
| Global environmental conservation | Prevention of climate change | 166 | 280 | 122 | 244 |
| Resource recycling | Minimizing waste production, reducing quantity of waste, and recycling | 22 | 1,126 | 85 | 891 |
| Upstream and downstream costs | Collection of used products and commercialization of recycled products | 0 | 28 | 0 | 23 |
| Management activities | Environmental management personnel, ISO maintenance and implementation, environmental information dissemination | 0 | 1,252 | 0 | 1,235 |
| R&D | R&D for reducing of product environmental load and developing environment conservation equipment | 544 | 5,646 | 373 | 5,005 |
| Social activities | Local cleanup activities and membership fees and contributions to environmental groups, etc. | 0 | 7 | 0 | 1 |
| Environmental remediation | Contributions and assessments, etc. | 0 | 212 | 0 | 260 |
| Total | | 1,101 | 9,141 | 1,096 | 8,038 |
| Total capital investment (including land) for the corresponding period (consolidated data) | | | | 26,000 | |
| Total R&D costs for the corresponding period | | | | 25,241 | |

Environmental accounting principles

- The period covered spans from April 1, 2009 to March 31, 2010.
- The data of business sites in Japan are considered in the calculation.
- Data was calculated in accordance with the Environmental Accounting Guidelines 2005, published by Japan's Ministry of the Environment.
- "Expenses" includes depreciation costs.
Depreciation cost was calculated based on the standards applied to KUBOTA's financial accounting, and assets acquired in and after 1998 were considered in the calculation.
"Management activities" and "R&D" costs include personnel expenses.
"Resource recycling" costs do not include costs incurred during disposal of construction waste at construction sites.
The cost of "R&D" represents that which was spent on environmental purposes, calculated on a pro-rate basis.
- "Economic effects" are obtained only by adding up tangible results and do not include estimated effects.

Environmental conservation effects

Declines in production led to across-the-board reduction in both consumption and emissions. Especially, waste disposal at landfill sites showed marked reduction because we contracted with new steel slag recycling companies.

| Effects | Items | FY2009 | FY2010 | Increase/Decrease | Ratio to the previous FY (%) |
|--|---|--------|--------|-------------------|------------------------------|
| Environmental effect related to resources input into business activities | Energy consumption [units of heat; in petajoules (PJ)] | 8.60 | 7.25 | -1.35 | 84 |
| | Water consumption (million m ³) | 4.61 | 4.26 | -0.35 | 92 |
| Environmental effect related to waste or environmental impact originating from business activities | CO ₂ emissions (kiloton-CO ₂) | 493 | 406 | -87 | 82 |
| | SO _x emissions (tons) | 3.8 | 3.8 | 0 | 100 |
| | NO _x emissions (tons) | 69.0 | 49.5 | -19.5 | 72 |
| | Soot and dust emissions (tons) | 4.0 | 3.8 | -0.2 | 95 |
| | Releases and transfers of PRTT-designated substances (tons) | 794 | 664 | -130 | 84 |
| | Waste discharge (kilotons) | 90 | 64 | -26 | 71 |
| | Waste to landfills (kilotons) | 8.2 | 1 | -7.2 | 12 |

Economic effects

Our environmental conservation activities resulted in economic effects worth 1,400 million yen.

(¥ millions)

| Classifications | Details | Annual effects |
|------------------------------|--|----------------|
| Energy conservation measures | Efficient operation of compressors and the introduction of highly effective equipment at the time of installing and updating equipment, etc. | 442 |
| | Improvements in load efficiency and a reduction of transportation distances in physical distribution | 5 |
| Zero-emissions measures | Reducing the quantity of, and resource recycling of industrial waste | 380 |
| | Sales of valuable resources | 573 |
| Total | | 1,400 |

Effects of cost reduction through zero-emission (Data for business sites in Japan)

The reduction, reuse and resource recycling associated with waste contributed to lowered outsourcing fees for waste processing and generated an effect of 380 million yen in cost reductions for the year.

