For Earth, For Life

We Kubota promise the above as a business group that challenges global problems of food, water, and the environment.

Providing products, technologies and services that nurture the global environment and fulfill mankind’s basic needs, the KUBOTA Group is engaged in a business of high social significance.

Taking as our watchwords “food,” “water” and the “environment,” those essentials for human existence, the KUBOTA Group is committed to contributing to the development of society and the conservation of the global environment. We are also committed to serving and nurturing human beings.

We are a corporate group that has a vision.

We are a corporate group that empowers young people to take up new challenges on an ongoing basis.

That is the kind of corporate group we want to be. The kind of corporate group we want to continue to be.

Yasuo Masumoto
Representative Director, Chairman, President & CEO
Based on management principles that have remained the same since it was founded, KUBOTA continues to contribute to the development of society and the conservation of the global environment.
Being a company that helps address issues in the areas of food, water and the environment, KUBOTA pursues CSR management.

Making CSR our management policy

Aiming to be a company worthy of society’s respect

KUBOTA takes CSR even further, ensuring that, as a corporate citizen, its actions live up to society’s expectations at all times.

In order to practice our corporate principle of “social contribution through corporate activities,” the KUBOTA Group pursues CSR management. In other words, our management is based on a commitment to ensure that as a corporate citizen, KUBOTA’s actions live up to society’s expectations at all times. Besides helping to solve global problems in the areas of food, water and the environment through our business, we engage in management initiatives aimed at delivering satisfaction to the diverse parties with whom the KUBOTA Group interacts, earning the respect of society, and being a company that inspires high expectations.

The KUBOTA e-Project: the actions of a responsible corporate citizen

KUBOTA, together with its stakeholders, is engaged in ongoing social contribution projects aimed at solving problems in the areas of food, water and the environment.

Being seen to enjoy the support of its various stakeholders can help a company to sustain its corporate activities. What is more, engaging in social contribution initiatives aimed at “creating a sustainable society” while enjoying the understanding and cooperation of its stakeholders, is also a very important corporate activity. The KUBOTA Group is engaged, along with its stakeholders, in a social contribution initiative named “the KUBOTA e-Project,” aimed at solving problems in the areas of food, water and the environment, all of which are essential to human life.

The KUBOTA e-Project focuses on what we call the Six “e”s.

The photograph on the left shows the first well completed in Bijapur district, Karnataka, India in late July 2010 with KUBOTA’s support, under the Plan for Construction of Wells in India (implemented under the overseas water resources infrastructure improvement project forming part of the e-Project). In FY2011, KUBOTA supported the installation of three wells.

For more detailed information, please refer to “Contributing to Local Societies” on p.39.
Expanding our business globally

Through the skilled manufacturing of high-quality products that underpin the social infrastructure, KUBOTA is helping to create better living conditions worldwide.

KUBOTA’s business makes a global contribution

Ranging from agricultural machinery to water and environment systems products, along with social infrastructure products, KUBOTA products support daily life all over the world in all sorts of fields.

KUBOTA products support daily life all over the world. Our tractors and other agricultural machinery are used in food production. We make ductile iron pipes, pumps and other equipment and systems used in providing stable water supplies. Our environmental facilities recycle sewage and waste. Our plant equipment underpins the steelmaking, petrochemical and many other industries. We make construction machinery, as well as steel pipe piles and other groundpiles used to underpin urban infrastructure. We make air-conditioning equipment for large-scale facilities, which contributes towards the quality of people’s lives.

Skilled manufacturing of world-class quality

By sustaining the same spirit of skilled manufacturing ever since our company was established, and by providing high-quality products that have earned the world’s trust and appreciation, we are speeding up our overseas business expansion.

Overseas revenues now make up almost 50% of KUBOTA’s consolidated revenues. This is undoubtedly because we have sustained the same spirit of skilled manufacturing ever since our company was founded. Outstanding quality is something that the whole world appreciates, and the fact that our products underpin the social infrastructure brings added responsibility. Through skilled manufacturing of high-quality products that the world trusts and appreciates, the KUBOTA Group is going to take its overseas expansion even farther, making an extensive contribution to global society.

For more detailed information, please refer to "Economic Report" on p.17.

Revenues by region

Japan ¥477.9 bil.
North America ¥169.9 bil.
Europe ¥75.8 bil.
Asia outside Japan ¥160.5 bil.
Other areas ¥933.7 bil.
In the future, as in the past, KUBOTA will contribute to society in general through our corporate activities.

Yasuo Masumoto
Representative Director, Chairman, President & CEO
On March 11 this year, Eastern Japan was struck by an earthquake of unprecedented size. We would like to offer our condolences to the bereaved, and our deepest sympathies to all victims of the disaster.

Ever since our foundation, KUBOTA has been supported by people in all parts of Japan, and we believe in looking after our supporters. So, when the disaster occurred, we promptly launched initiatives aimed at relief and reconstruction. Besides praying for the swiftest possible reconstruction of the stricken area, the whole of the KUBOTA Group is continuing to muster its collective power and undertaking various practical endeavors.

I would now like to report the result of operation for the year ended March 31, 2011.

**Review of operations**

In the midst of adversity, we succeeded in raising our revenue and our profits by increasing our overseas revenues and cutting costs on a group-wide basis.

The conditions that surrounded us were changing with a steadily increasing harshness. The yen had undergone a sharp surge in strength: having traded at more than 90 yen to the dollar for the last year or so, it suddenly rocketed up to a historical high of almost 80 yen to the dollar. In addition to this, the KUBOTA Group had to contend with the rising prices of raw materials. Then, in the run-up to the end of the fiscal year, the whole of the Japanese economy was plunged into adversity in the form of the Great East Japan Earthquake.

Consequently, revenues increased ¥3.0 billion (0.3%), to ¥933.7 billion from the prior year. Operating income increased ¥16.4 billion (23.5%), to ¥86.1 billion from the prior year due to an increase in overseas revenues in Farm & Industrial Machinery segment and company-wide cost reduction. Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion (24.2%), to ¥91.3 billion due to an increase in operating income and other income. Net income attributable to KUBOTA Corporation was ¥54.8 billion, ¥12.5 billion (29.5%) higher than the prior year.

In fact, looking at our domestic figures alone, besides the downward trend in sales of agricultural machinery and of products serving demand from the public sector, there was also a decrease in revenues due to the earthquake, and our revenues were lower than the previous fiscal year. Nevertheless, as the economic recovery continued to gain ground in North America and Europe, our revenues showed solid growth. Also, despite the leveling-off in the speed of growth in sales of agricultural machinery due to, among other things, the effect of the unseasonable weather in Asia outside Japan, we continued to record a year-on-year upward trend in our revenues.

Consequently, revenues increased ¥3.0 billion (0.3%), to ¥933.7 billion from the prior year. Operating income increased ¥16.4 billion (23.5%), to ¥86.1 billion from the prior year due to an increase in overseas revenues in Farm & Industrial Machinery segment and company-wide cost reduction. Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion (24.2%), to ¥91.3 billion due to an increase in operating income and other income. Net income attributable to KUBOTA Corporation was ¥54.8 billion, ¥12.5 billion (29.5%) higher than the prior year.

**Initiatives to be tackled by the KUBOTA Group**

We will adhere to our basic management policies, and consolidate our strengths in research and development (R&D) and manufacturing.

Going forward, the KUBOTA Group will continue to adhere to the basic management policies it has followed to date. One of these is “management emphasizing the front-line of business with focus on technology and manufacturing capabilities.” Strengths in R&D and manufacturing are the core strengths of the manufacturing business, and as we forge ahead with globalization, it is essential that we consolidate these two strengths in order to overcome strong competition and achieve growth in the medium to long term.

Besides focusing its R&D efforts even more tightly on the important themes from a medium- to long-term stand point, KUBOTA has started forging ahead with strategic planning aimed at strengthening our manufacturing with a global perspective. Going forward, we will work harder than ever to identify the fields of technological development we need to focus on, and to acquire advanced technologies. By enhancing the organizational structures that enable us to further improve our product quality and production engineering, we will strive to accumulate manufacturing techniques and proficiency that will keep us ahead of our competitors.
Further enhancement of the CSR management that underpins our operational expansion and development.

Another basic management policy I would like to mention here is “enhancement of CSR management.” To ensure that KUBOTA continues to grow and develop, we need to make every effort to ensure that our management is profoundly considerate of the development of society and conservation of the global environment: in other words, we need to enhance our CSR management further. Here is what CSR management means to me: instead of taking CSR as a starting point, we start out by striving to be company that serves people, and we aim to develop that company’s business within a sustainable cycle. Doing this consistently will ensure that we grow as a company, and lead us toward performing our social responsibility.

CSR management, whether it be in Japan or overseas, is the fundamental mind-set essential to the expansion and development of any business. This mind-set must permeate every area of management.

Until now, KUBOTA has developed its CSR management with a focus on contributing to the conservation of the earth’s environment, promoting diversity management and strengthening our internal control system. In the future, as well as continuing these themes, we are also going to tackle the new challenge of providing relief for the victims of the Great East Japan Earthquake and assisting recovery in the stricken areas.

Aiming for globalization as befits a company whose business activities are indispensable to all mankind.

Upholding the basic policies outlined above, the KUBOTA Group will forge ahead with further globalization. Overseas revenues now make up roughly half our total revenues, and if KUBOTA is to achieve further growth, we cannot avoid this hurdle. We aim to promote globalization not just in sales, but in production, R&D, allocation of management resources, business management systems and all other aspects of our business, thus transforming ourselves from an export-oriented company to a global one.

Kubota is a company engaged in operations indispensable to all human beings on our planet: food, water and the environment. If we look at it this way, then there can never be a bad time for our business, because there will always be some level of need for these things on planet earth. However, in order to expand our business on to a global scale, it will, of course, become increasingly important that we enlist the cooperation of people in many different locations. Bearing this firmly in mind, we are going to start by adapting our working style to suit each location. Then, accurately identifying the new markets and new business potential revealed to us through this process of adaptation, we will plan our global roll-out in a way that is quintessentially KUBOTA.

2011 is going to be “year zero” in KUBOTA’s reincarnation as a genuinely global company.

To be precise, we are going to speed up the expansion of our overseas production, the overseas localization of our R&D, promotion of locally-hired persons, and other processes. At the same time, we will press ahead with the creation of an organizational framework for globalizing management resources – people, goods or facilities, and capital – and for investing the collective management resources of our whole group in our operations in each country and region, in a timely manner.

Rather than localizing all aspects of our operations, we will focus on product quality, which is the mainstay of our management. Enlarging our production engineering divisions in Japan, and our other manufacturing-related organizational structures, we will seek to introduce globally-unified superlative manufacturing methods, and then roll these methods out on a global basis. That way, no matter where in the world they are produced, our products will be trusted because they bear the KUBOTA name. The “Made by KUBOTA” label will have real value.

Although our overseas revenues ratio has increased dramatically, KUBOTA is still inclined to transplant its Japanese systems overseas and attempt to apply them, as-is, to its local operations. If we are aiming to achieve truly global management, we must
cease to accord Japan special status, and start seeing it as one of our principal markets. We are now going to look carefully at which systems should only be used in Japan, and which should be implemented overseas. Having resolved to bring about a radical transformation in KUBOTA’s management, we are going to forge ahead with reforms. This will bring us solid results: later, when we look back on 2011, we will see it as the “year zero of KUBOTA’s globalization.”

**Our efforts towards building new businesses that will support the next-generation KUBOTA are also making steady progress.**

“The enhancement of activities for future business expansion” has also become an important management task. In the past, KUBOTA’s overseas business expansion relied on horizontal roll-outs, whereby we adapted existing businesses and products to new overseas markets. Going forward, however, we will be required to plan new, innovative business roll-outs, mainly in the fields of food, water and the environment.

In our farm and industrial machinery related business, for example, in addition to our existing rice-farming agricultural machinery, KUBOTA plans to create a broader range of agricultural machinery, aiming to contribute to food production on a global scale as a comprehensive manufacturer of agricultural machinery.

In our water and environment related business, too, KUBOTA is ramping up the scale of our roll-outs in Asia outside Japan, where markets are promising. To give a couple of examples, in 2010 we set up a Chinese subsidiary of our pump business, and Water & Environment Innovative Research Laboratory to meet needs in emerging nations and elsewhere. In 2011, we also established two Chinese subsidiaries in our water treatment business.

Our efforts will continue in the future. Making use of business experience in Japan, we will be devoting efforts to local marketing and business development, and nurturing new growing businesses that will support KUBOTA in the medium to long term.

**Directing our energies towards dealing with the aftermath of the Great East Japan Earthquake will be an important task in terms of implementing CSR management.**

Furthermore, mounting an appropriate response to the unparalleled damage wrought by the Great East Japan Earthquake will be one of our most important management tasks this fiscal year.

Immediately after the earthquake, KUBOTA launched its own Countermeasures Headquarters for Reconstruction Assistance and went ahead with providing support to victims of the disaster. Our initiatives were many and various, ranging from monetary donations, donation of 20 items of small-sized construction machinery, to using rice and vegetables from Fukushima at the canteens of our business sites, hiring high school graduates from among the people affected by the disaster, helping to restore lifeline services using our ductile iron pipes, pumps and valves, and providing support for rice-planting. Going forward, we will be rolling out these measures on a continuing basis. At the same time, we will sustain our production capacity in order to supply the products that are necessary for the reconstruction of the disaster areas.

Although the world economy is heading towards recovery, various uncertainties remain, and the situation continues to be unstable. Moreover, the Great East Japan Earthquake has imparted a severe shock to the Japanese economy, and had a major impact on companies’ production and sales activities.

The recovery of the Japanese economy is likely to face all sorts of obstacles in the future, and the business conditions surrounding KUBOTA will continue to be unpredictable and harsh. In such circumstances, by steadfastly pursuing the endeavors listed above, KUBOTA aims to achieve long-term growth and development, and to increase its corporate value. We hope to continue receiving your valued support.
Environmental pollution, social and environmental values. This is achieved through earning the satisfaction of the parties with whom KUBOTA is involved, raising corporate value while maintaining a balance between economic, social and environmental values.

Fundamental ideas on CSR management

The KUBOTA Group believes that CSR management is the result of putting into practice our Management Principles to “contribute to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.” This is achieved through earning the satisfaction of the parties with whom KUBOTA is involved, raising corporate value while maintaining a balance between economic, social and environmental values.

Principal points regarding CSR management implementation

1. Top management should clearly indicate their stance in regard to CSR management.

“Enhancement of CSR management” (from our management policies)
1. Implementation of our Medium-Term Environmental Conservation Plan
2. Promoting diversity management
3. Entrenchment of internal control system

2. A “system” used to implement CSR management should be integrated into the company’s management.

1. Ensuring thorough “compliance”
2. Establishing “corporate governance”
3. Introducing and strengthening an “internal control system”

Principal domains of the KUBOTA Group’s CSR

Helping to solve global problems concerning food, water and the environment through skilled manufacturing, technology and services

The KUBOTA Group’s Corporate Principles and Guidelines for Action

Corporate Mission Statement

- Work for the development of society by drawing on all our capabilities and know-how to offer superior products and technologies
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees
- Challenge the unknown with creativity and courage

Management Principles

The KUBOTA Group contributes to the development of society and the preservation of the earth’s environment through its products, technologies, and services that provide the foundation for society and for affluent lifestyles.

Charter for Action *headings only

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Creating a Safe and Vibrant Work Environment
5. Preserving the Natural Environment
6. Achieving Symbiosis with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

Note: The Social Report section of this document (pages 29 to 40) is summarized under the Charter for Action.

Details of the Charter for Action and the Code of Conduct are given on our website. 
http://www.kubota-global.net/c-data/conduct.html
CSR management percolation activities
The promotion of our CSR management is driven by our employees. We are rolling out activities aimed at raising individual employees’ awareness of CSR.

We implemented a CSR Management Study Workshop where KUBOTA employees could mingle with experts from outside the group.

On March 22, 2011, a CSR Management Study Workshop was held at KUBOTA head office. The 24 participants, mainly department heads and key staff members from departments involved in preparing the CSR Report, received valuable advice from Mr. Takashi Fukushima, President of Sustainability Accounting Co., Ltd. (SusA), on future trends in CSR management and CSR reports.

We implemented a program to encourage employees throughout KUBOTA to read our CSR report.

Over a period of roughly three months from July through September 2010, CSR Report Reading Workshops were held at various business sites and workplaces, attended by a collective total of 9,100 participants. On average, five workshops were held at each workplace. Participants gained an up-to-date understanding of KUBOTA’s CSR management, and compared notes regarding best practice for the future.

We held a Group Discussion Training Session on Thinking About CSR Management

From November 10 through December 17, 2010, we held a follow-up training sessions for employees who had taken CSR classes in the past under our program of education by employee level. A collective total of 331 employees participated in these sessions. Discussions roughly one hour long were held at tables seating a mixture of employees from various job categories and levels. The themes were “what can KUBOTA do to help solve global problems relating to food, water and the environment?” and “what can KUBOTA do to become a company with a vision that encourages personal development and a culture of endeavor?”. Lively debates ensued.

CSR awards and accolades
KUBOTA’s CSR initiatives have also received recognition from local communities in the form of CSR awards. Furthermore, KUBOTA is included in the major SRI (socially responsible investment) indexes.

KUBOTA was elected by local communities to receive the Semi-Grand Prix at the CANPAN CSR Awards 2010

In November 2010, KUBOTA was awarded the Semi-Grand Prix at the CANPAN CSR Awards organized by the Nippon Foundation. Each year, a shortlist of candidate companies is drawn up by judges from the Nippon Foundation, and the award-winners are then elected by members of local communities, who cast their votes online. Winning this award therefore reflected the appreciation of local communities for KUBOTA’s commitment to help solve global problems relating to food, water and the environment, and our related initiatives.

KUBOTA is included in the major SRI (socially responsible investment) indexes.

Dow Jones & Company Morningstar Japan K.K.

Dow Jones Sustainability Indexes MS-SRI (as of April 8, 2011)

The awards ceremony at the CANPAN CSR Awards 2010, where prizewinners are elected by local communities
**CSR Promotion System**

**Corporate governance structure**

In order to speed up our response to management conditions and achieve enhanced transparency in management, etc., we have adopted the following corporate governance structure.

**Corporate governance structure (as of June 24, 2011)**

---

**Board of Directors**

The Board of Directors makes strategic decisions and oversees the execution of duties by Directors and Executive Officers. It is made up of eight Directors (two of whom are Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

**Executive Officers’ Meeting**

KUBOTA has adopted the executive officer system. The Executive Officers’ Meeting consists of the Representative Director, President & CEO (referred to below as “the President”) and the Executive Officers. In addition to its regular monthly board meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of execution of duties.

**Board of Corporate Auditors**

KUBOTA is a company with auditors. The Board of Corporate Auditors consists of five Corporate Auditors (of whom three are outside auditors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions regarding auditing policy and other matters. As an independent body with the mandate of the shareholders, the Corporate Auditors audit the execution of duties by Directors.

**Independent Auditors**

KUBOTA has appointed Deloitte Touche Tohmatsu LLC as independent auditors.
Thorough compliance

Having established a CSR Planning & Coordination Headquarters and appointed an Executive Officer for that body, KUBOTA is pursuing thorough compliance. To ensure thorough compliance with the Antimonopoly Act, we have set up an Antimonopoly Act Compliance Committee in our operational divisions, and established education and auditing systems in each division. To minimize compliance risks, “education and enlightenment,” “prior consultation” and “auditing activities” are undertaken within the internal control system, mainly in committees and relevant departments in charge of risk management throughout our group. Additionally, we have set up an internal reporting system (the KUBOTA Hotline), and are making efforts towards early detection and inhibition of violations and unethical behavior.

Internal control system

The KUBOTA Group’s internal control system consists of “business management” (running the business on the basis of rules) and “risk management” (managing the principal risks involved in management). In our internal control system, the principal risks involved in the management of KUBOTA are classified into the following three categories.

(1) Risks relating to the reliability of financial reporting
(2) Risks relating to basic corporate functions such as fair trade, environmental conservation, health and safety, etc.
(3) Risks relating to compliance, such as observance of equipment-related statutes and import and export control, etc.

In order to avoid these risks, in addition to ongoing education, training and information distribution carried out by the relevant departments, audits are carried out on our operational divisions, and the results, along with measures scheduled for the following fiscal year, are reported to the President and the Board of Directors. In this way, KUBOTA carries out a risk management PDCA cycle.
Economic Report

KUBOTA Group Profile

Ever since our foundation, the KUBOTA Group has continued to expand our business operations and to provide products, technology and services that can underpin prosperous lifestyles and social infrastructure.

With the starting point for our business lying in the manufacture and sale of castings, KUBOTA has constantly engaged in technical innovation and the exploitation of new business in order to provide the market with products that are able to contribute to people’s lives and to the betterment of society. Our current business structure and product range have expanded on the basis of the idea that “society keeps corporations going forward.”

Farm & Industrial Machinery segment

Making machinery for agriculture, construction, and daily lives that are friendly to people and the earth.

Water & Environment Systems segment

Delivering safe and quality water to people all over the world as well as contributing to the preservation of the global environment.

Social Infrastructure segment

Supporting the foundations indispensable for social development and contributing to the creation of pleasant living environments.

Other segment

Consolidating safe and secure social infrastructure and providing a variety of services that underpin business operations.
Performance Report of KUBOTA Group

Results of operations for the year ended March 31, 2011

For the year ended March 31, 2011, revenues of the Kubota Group increased ¥3.0 billion (0.3%), to ¥933.7 billion from the prior year. In the domestic market, revenues in Farm & Industrial Machinery, Water & Environment Systems and Social Infrastructure decreased due to weak demand for farm equipment and public works related products as well as the effects of the Great East Japan Earthquake. As a result domestic revenues decreased ¥23.8 billion (4.7%), to ¥477.9 billion from the prior year. In overseas markets, revenues increased ¥26.8 billion (6.2%), to ¥455.8 billion from the prior year. While revenues in Water & Environment Systems, Social Infrastructure and Other decreased, revenues in Farm & Industrial Machinery steadily increased due to increases in revenues in North America and Europe supported by sustained economic recovery. The ratio of overseas revenues to consolidated revenues was 48.8%, 2.7 percentage points higher than the prior year.

Operating income increased ¥16.4 billion (23.5%), to ¥86.1 billion from the prior year. While operating income in Water & Environment Systems, Social Infrastructure and Other decreased, operating income in Farm & Industrial Machinery increased. Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion (24.2%), to ¥91.3 billion due to an increase in operating income and other income. Income taxes were ¥30.7 billion (representing an effective tax rate of 33.6%), and equity in net income attributable to KUBOTA Corporation was ¥54.8 billion, ¥12.5 billion (29.5%) higher than the prior year.

Although the KUBOTA Group sustained damage to several plants and sales facilities located in the Kanto region and northward due to the Great East Japan Earthquake, the damaged sites were promptly repaired and resumed business activities. The KUBOTA Group started various activities to render assistance to the victims and to reconstruct the affected areas right after the occurrence of the earthquake.

Driving Globalization: Creating a structure for the management of regional business operations

We are working on creating a structure for managing our business operations on a regional basis in order to proceed further along the path of globalization. The KUBOTA Group has hitherto operated a product-specific divisional system as the basis for our business operations. However, with the gradual expansion of our global business operations, there is a growing need for region-specific coordination functions that allow for an immediate response to changes in the market. In the future we intend to establish organizations with authority and responsibility in each region and to manage our operations with the product-specific divisional system located on the vertical axis and the region-specific coordination system located on the horizontal axis. We hope to make it possible for the group as a whole to share all the experience and expertise accumulated in the past by individual divisions and to ensure that business can be conducted in a speedy manner. It was with this aim in mind that we set up a regional headquarters in China in May 2011.
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<tbody>
<tr>
<td>Revenues</td>
<td>Billion ¥</td>
<td>1,154.6</td>
<td>1,107.5</td>
<td>930.6</td>
<td>933.7</td>
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<tr>
<td>Operating income</td>
<td>Billion ¥</td>
<td>136.9</td>
<td>102.8</td>
<td>69.7</td>
<td>86.1</td>
</tr>
<tr>
<td>Operating margin</td>
<td>%</td>
<td>11.9%</td>
<td>9.3%</td>
<td>7.5%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Income before income taxes*1</td>
<td>Billion ¥</td>
<td>122.6</td>
<td>83.3</td>
<td>73.5</td>
<td>91.3</td>
</tr>
<tr>
<td>Net income attributable to KUBOTA Corp.</td>
<td>Billion ¥</td>
<td>68.0</td>
<td>48.1</td>
<td>42.3</td>
<td>54.8</td>
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<tr>
<td>Total assets</td>
<td>Billion ¥</td>
<td>1,464.3</td>
<td>1,385.8</td>
<td>1,409.0</td>
<td>1,356.9</td>
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<td>Shareholders’ equity</td>
<td>Billion ¥</td>
<td>648.1</td>
<td>578.3</td>
<td>626.4</td>
<td>634.9</td>
</tr>
<tr>
<td>Shareholders’ equity to total assets</td>
<td>%</td>
<td>44.3%</td>
<td>41.7%</td>
<td>44.5%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>Billion ¥</td>
<td>363.0</td>
<td>401.1</td>
<td>403.1</td>
<td>354.0</td>
</tr>
<tr>
<td>Debt equity ratio*2</td>
<td>-</td>
<td>0.56</td>
<td>0.69</td>
<td>0.64</td>
<td>0.56</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>Billion ¥</td>
<td>90.1</td>
<td>-22.6</td>
<td>119.1</td>
<td>81.9</td>
</tr>
<tr>
<td>Free cash flow*3</td>
<td>Billion ¥</td>
<td>54.4</td>
<td>-55.5</td>
<td>92.5</td>
<td>54.5</td>
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<tr>
<td>EPS*4</td>
<td>¥</td>
<td>52.80</td>
<td>37.68</td>
<td>33.28</td>
<td>43.11</td>
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<tr>
<td>BPS*5</td>
<td>¥</td>
<td>506.09</td>
<td>454.60</td>
<td>492.51</td>
<td>499.24</td>
</tr>
<tr>
<td>ROA*6</td>
<td>%</td>
<td>4.6%</td>
<td>3.4%</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>ROE*7</td>
<td>%</td>
<td>10.4%</td>
<td>7.8%</td>
<td>7.0%</td>
<td>8.7%</td>
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<td>Capital investments</td>
<td>Billion ¥</td>
<td>35.2</td>
<td>33.3</td>
<td>26.0</td>
<td>24.0</td>
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<td>Depreciation</td>
<td>Billion ¥</td>
<td>30.1</td>
<td>30.5</td>
<td>28.9</td>
<td>26.5</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>Billion ¥</td>
<td>24.8</td>
<td>26.3</td>
<td>25.2</td>
<td>25.0</td>
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</tbody>
</table>

*1 Income before income taxes = Income before income taxes and equity in net income of affiliated companies
*2 Debt equity ratio = Interest-bearing debt / Shareholders’ equity
*3 Free cash flow = Net cash provided by (used in) operating activities – Purchases of fixed assets
*4 EPS = Net Income attributable to KUBOTA Corp. / Weighted average number of common shares outstanding
*5 BPS = Shareholders’ equity / Number of common shares outstanding as of each balance sheet date
*6 ROA = Net income attributable to KUBOTA Corp. / Total assets (average of beginning and end of fiscal year)
*7 ROE = Net income attributable to KUBOTA Corp. / Shareholders’ equity (average of beginning and end of fiscal year)
Farm & Industrial Machinery

Review of operations for the year ended March 31, 2011

Farm & Industrial Machinery comprises farm equipment, engines and construction machinery. Revenues in this segment increased 5.6%, to ¥651.5 billion from the prior year, comprising 69.8% of consolidated revenues.

Domestic revenues decreased 1.4%, to ¥226.4 billion. In the domestic market, demand for farm equipment was sluggish due to weakening motivation for buying farm equipment affected by the price slump of rice and an absence of governmental subsidies for leasing agricultural machinery which was implemented in the prior year. Moreover, the Great East Japan Earthquake had a negative impact on demand for farm equipment. Accordingly, sales of farm equipment remained at a lower level. On the other hand, sales of construction machinery and engines increased largely due to an upturn in demand.

Overseas revenues increased 9.8%, to ¥425.1 billion. In North America, sales of tractors and construction machinery increased as a result of aggressive sales promotion activities. Sales of engines also increased largely supported by favorable demand. In Europe, sales of construction machinery and engines increased substantially due to a rapid recovery in demand, while sales of tractors decreased. In Asia outside Japan, although the growth rate of sales of farm equipment slowed down mainly affected by unseasonable weather, sales of construction machinery largely increased.

Operating income in this segment increased 43.0%, to ¥86.5 billion due to increased overseas revenues and cost reductions.
Agriculture: A worldwide growth industry

Rapid population increase and climate change are likely to render the problem of food shortage ever more acute in the future. Agriculture has become an area of major worldwide growth because of the demand for significantly higher levels of food production. On the basis of this awareness the KUBOTA Group is engaged in the manufacture of agricultural machinery with a view to long-term growth. Our previous business activities along these lines have been concerned primarily with agricultural machinery for rice farming, but we now intend to contribute to increased worldwide food production by making our mark as a manufacturer of agricultural machinery of all kinds. We are making inroads into many different types of crops and are getting actively involved in emerging markets. Our business operations are aimed at establishing the name KUBOTA as that of a manufacturer of agricultural machinery used for cultivation and harvesting worldwide.

Expansion of overseas production

The KUBOTA Group is rapidly expanding its local production especially in Asia outside Japan in order to promote further globalization. Following on from the tractor plant that entered into operation in 2009, a combine harvester plant and a plant for the production of casting components for tractors and engines went into full-fledged operation in 2011 in Thailand. We are also building in Thailand a plant for production of vertical type diesel engines. Once these plants become fully operative, Thailand will become our second largest production base after Japan. We expect to see these plants emerge as important centers not only for our business operations within Thailand but also in the context of our market strategy for Southeast Asia as a whole. Production of rice transplanters and combine harvesters is expanding rapidly in China too, and we are moving ahead with building a plant there with a view to starting production of construction machinery, which is another category currently undergoing dramatic growth, at the start of 2012.

By encouraging the localization of our business operations through expansion of local production, we hope to be able to reduce foreign exchange risk and to bolster our cost competitiveness with the aim of winning through amidst global competition.

Emerging as a major presence in the new area of haulage equipment

The development of new product categories is an important part of the KUBOTA Group’s growth strategy. We have previously been active in the field of construction machinery, with our business focusing especially on mini-excavators. Within this field we are now making inroads into the area of small haulage machines and have launched our crawler-type compact track loader (CTL) on the North American market. In North America loading and haulage machines as typified by the small 4-wheel track skid steer loader (SSL) have become increasingly popular and now constitute a major market in their own right. Although there was a sharp fall in demand for haulage equipment in the aftermath of the Lehman shock, we can expect to see solid recovery in demand in the future. CTLs of the crawler type have grown more and more popular in recent years because of their safety, mobility and lifting capacity over irregular and sloping terrain in comparison with four-wheel SSLs. The launch of CTLs will enable KUBOTA to open up new areas of business and to strengthen yet further our identity as a comprehensive manufacturer of small construction machinery in the global market.
**Water & Environment Systems**

Review of operations for the year ended March 31, 2011

Water & Environment Systems comprises pipe-related products (ductile iron pipes, plastic pipes, valves, and other products) and environment-related products (environmental plants, pumps and other products).

Revenues in this segment decreased 13.5%, to ¥192.8 billion from the prior year, comprising 20.6% of consolidated revenues.

Domestic revenues decreased 9.8%, to ¥178.7 billion. Sales of pipe-related products such as ductile iron pipes and plastic pipes decreased substantially due to sluggish demand. Sales of environment-related products also decreased mainly due to a decrease in sales of products related to water and sewage treatment, and waste treatment. Overseas revenues decreased 43.3%, to ¥14.1 billion, due to substantial sales declines of ductile iron pipes and pumps.

Operating income in this segment decreased 33.5%, to ¥13.1 billion due to decreased revenues and price hike of raw materials.
**Operations of water and environment related business in Asia outside Japan**

Asian countries outside Japan are likely to see a rapid increase in population and in the concentration of populations in urban areas in the future. The KUBOTA Group intends to make use of its extensive experience gained through the building of social infrastructure in Japan to develop its water and environmental operations in Asia outside Japan in the medium to long terms.

With the main target in Asia outside Japan set on the water and environment related market in China, we established a subsidiary in 2010 which manufactures and distributes pumps, and in 2011 we set up two further subsidiaries to work in the field of water treatment engineering. Water shortages caused by increased water consumption and water pollution due to unregulated emissions of everyday and industrial effluents have become serious problems in China recently as the unwanted byproducts of population increase and economic development. Effective use of water resources and improvements in the quality of final effluents are pillars of the environmental measures that form part of China’s 12th Five-Year Plan due to get under way this year. Through its new subsidiaries the KUBOTA Group intends to develop operations closely linked to local conditions in order to contribute to the solution of China’s water problems.

**Foundation of the Water & Environment Innovative Research Laboratory**

The KUBOTA Group set up a Water & Environment Innovative Research Laboratory in 2010 as part of an organizational structure intended to respond to the needs of the water and environment related market, which is expanding especially in Asia outside Japan. The Laboratory is engaged in research and development on software related to processes and systems. Together with the Environmental Equipment R&D Center, which is responsible for the design and development of equipment and hardware, the Laboratory will underpin production and business in the operational departments.

In the water and environment related business, the Laboratory is focusing on technical issues rooted in local overseas needs while constantly looking for innovatory technical ideas that will stand at the forefront of long-term social trends and engaging in forward-looking research activities. By applying the results of these activities to business operation in collaboration with the operational departments, the idea is to expand business overseas and to give rise to new business. Such activities will also serve to strengthen the core technology possessed by the operational departments.

**New products for the Japanese domestic market:**

**Development of GENEX, new earthquake-resistant pipes with a 100-year lifespan**

The KUBOTA Group has developed and launched new earthquake-resistant pipes named “GENEX” with a 100-year lifespan for the Japanese domestic market.

The total length of water pipes in Japan is approximately 610,000 kilometers. The lifespan of ductile iron pipes for waterworks has traditionally been considered to be 40 years, but the rate at which water pipes are being replaced is around 1% a year due to the financial difficulties being experienced by local government authorities. This means that in many cases pipes are being used for durations in excess of their legally prescribed lifespan. This particular product is expected to remain in service for more than a hundred years in 95% of Japanese environments outside mountainous areas. This is made possible by the special paint made from zinc alloy which covers the surface of the pipe and prevents corrosion once the pipe has been buried. Theoretically these pipes can continue to be used safely even if the current replacement level of 1% a year is maintained.

As well as raising earthquake resistance above previous levels, improvements in workability resulting from altering the shape of the pipe joint sections have made it possible to reduce the total cost involved in laying pipe conduits.
Social Infrastructure

Review of operations for the year ended March 31, 2011

Social Infrastructure comprises industrial castings, spiral welded steel pipes, vending machines, electronic equipped machinery, and air-conditioning equipment.

Revenues in this segment decreased 4.5%, to ¥60.4 billion from the prior year, comprising 6.5% of consolidated revenues.

Domestic revenues decreased 5.8%, to ¥44.3 billion. Although sales of electronic equipped machinery and air-conditioning equipment increased, sales of spiral welded steel pipes largely decreased and sales of industrial castings and vending machines also decreased from the prior year. Overseas revenues decreased 0.7%, to ¥16.2 billion due to the sales decline of industrial castings.

Operating income in this segment decreased 8.7%, to ¥2.5 billion due to decreased revenues.

Other

Review of operations for the year ended March 31, 2011

Other comprises construction, services and other business.

Revenues in this segment increased 4.6%, to ¥29.0 billion from the prior year, comprising 3.1% of consolidated revenues, due to an increase in sales of construction and other business.

Operating income in this segment decreased 20.3%, to ¥2.1 billion.

Economic Report

Revenues by segment

Social Infrastructure ¥60.4 bil. (8.5%)

Other ¥29.0 bil. (3.1%)

FY ended March 2011 ¥933.7 bil.
Global business development in the field of reformer tubes

In the field of steel casting operations, Kubota Saudi Arabia Company, LLC (KSC), a company engaged in the production and marketing of steel castings products that was set up as a joint venture in 2009 with a local Saudi Arabian company, began producing reformer tubes for the petrochemical industry in 2011. We expect that production in Saudi Arabia will be linked not only to business expansion in the Saudi Arabian market, which accounts for around 40% of the demand for reformer tubes in the Middle East, but also to strengthening business in the geographically close regions of Europe and North Africa. Reformer tubes for petrochemical use are cast steel products used in production processes for chemical compounds such as ethylene and propylene that serve as raw materials for plastic products playing an indispensable role in our everyday lives. KUBOTA’s reformer tubes have consistently met with high praise from all over the world, and a global system of production has been built in Japan, Canada and China. The addition of the plant in Saudi Arabia to this lineup means that we have now put together a product supply structure that is more efficient and competitive.

Air conditioning operations supporting the Japanese urban environment

Air conditioning operations are concerned with providing an atmospheric environment at comfortable temperature and humidity levels. With the ongoing advance of urbanization, air conditioning is an important part of the social infrastructure along with food and water. As one of Japan’s leading manufacturers of central air conditioning systems, the KUBOTA Group supplies air conditioning products that satisfy requirements as regards safety, security and cleanliness and that at the same time are considerate to the environment in terms of energy-saving and reduction of CO₂ emissions. We have supplied comfortable air conditioning systems for installation in high-rise buildings and commercial redevelopments such as Roppongi Hills, Tokyo Midtown and Nihonbashi Mitsui Tower, to international airports such as Haneda, Narita and Kansai, to dome-shaped baseball grounds in Tokyo, Osaka and Fukuoka, and to hotels and other public facilities. KUBOTA’s air conditioning systems are being used to create comfortable air-conditioned environments at Osaka Station City, the zone centering on Osaka Station that opened in May 2011. We will also be supplying systems to Tokyo Sky Tree, which is scheduled to open in spring 2012.

Completion of the Project for Flood Protection and Drainage Improvement in Phnom Penh (Phase II) in the Kingdom of Cambodia

Kubota Construction Co., Ltd. has been working on flood protection and drainage measures in Phnom Penh in Cambodia. The work has involved improvement of revetments along the Tonlé Sap River, the construction of new pumping stations and underground reservoirs, and improvement of drainage systems. This project was brought to completion in 2010. Kubota Construction Co.’s involvement in Cambodia’s waterworks operations dates back around 50 years to 1959, when the company received an order on expanding the service waterworks system in Phnom Penh. Since then we have contributed on a long-term basis to improvements in the water environment in Cambodia in forms such as primary urban flood protection and drainage improvements works, together with the works completed on this occasion.
Backed up by outstanding quality on an international level, the KUBOTA Group is stepping up its pace of business operations overseas through expansion of production bases and other such activities. We intend in the future to further consolidate our global management structure and to continue expanding as a corporate group deemed indispensable by people all over the world.

The KUBOTA Group's overseas business sites and main overseas affiliates

**Europe**
- Kubota Europe S.A.S., Argenteuil, FRANCE
- Kubota Deutschland GmbH, Rodgau/Herne-Roden, GERMANY
- Kubota Baumaschinen GmbH, Zehdenick/Rahnsdorf, GERMANY
- Kubota (U.K.) Ltd., Oxfordshire, U.K.
- Kubota Membrane Europe Ltd., London, U.K.
- Kubota España S.A., Madrid, SPAIN

**Asia & Oceania**
- Kubota Korea Co., Ltd., Seoul, KOREA
- Kubota China Holdings Co., Ltd., Shanghai, CHINA
- Kubota Agricultural Machinery (SÜDHOLZ) Co., Ltd., Jiaxing, CHINA
- Kubota Construction Machinery (WUXI) Co., Ltd., Jiaxing, CHINA
- Kubota Engine (SHANGHAI) Co., Ltd., Shanghai, CHINA
- Kubota Construction Machinery (SHANGHAI) Co., Ltd., Shanghai, CHINA
- Kubota Suzuhan Environmental Engineering (Anhui) Co., Ltd., Anhui, CHINA
- Anhui Kubota Sanlian Pump Co., Ltd., Anhui, CHINA
- Shanghai KUBOTA Engineering Co., Ltd., Shanghai, CHINA
- Shanghai KUBOTA Engineering Co., Ltd., Shanghai, CHINA
- SIAM KUBOTA Corporation Co., Ltd., Pathumthani, THAILAND
- SIAM KUBOTA Metal Technology Co., Ltd., Chachoengsao, THAILAND
- KUBOTA Engine (Thailand) Co., Ltd., Chachoengsao, THAILAND
- KUBOTA Leasing Co., Ltd., Pathumthani, THAILAND

**North America**
- Kubota Tractor Corporation, California, U.S.A.
- Kubota Credit Corporation U.S.A., California, U.S.A.
- Kubota Construction Machinery (WUXI) Co., Ltd., Shanghai, CHINA
- Kubota Engine (SHANGHAI) Co., Ltd., Shanghai, CHINA
- Kubota Manufacturing of America Corporation, Georgia, U.S.A.
- Kubota Industrial Equipment Corporation, Georgia, U.S.A.
- Kubota Tractor Acceptance Corporation, California, U.S.A.
- Kubota Tractor Corporation, California, U.S.A.
- Kubota Construction Machinery (WUXI) Co., Ltd., Shanghai, CHINA
- Kubota Manufacturing of America Corporation, Georgia, U.S.A.
- Kubota Industrial Equipment Corporation, Georgia, U.S.A.
- Kubota Construction Machinery (WUXI) Co., Ltd., Shanghai, CHINA
- Kubota Tractor Acceptance Corporation, California, U.S.A.
- Kubota Tractor Corporation, California, U.S.A.
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- Kubota Manufacturing of America Corporation, Georgia, U.S.A.
- Kubota Industrial Equipment Corporation, Georgia, U.S.A.
- Kubota Construction Machinery (WUXI) Co., Ltd., Shanghai, CHINA
- Kubota Tractor Acceptance Corporation, California, U.S.A.

**Main affiliates**
- Kubo-fun & Industrial Machinery (Shanghai) Co., Ltd.
- Integrated agriculture machinery service
- Kubota Agri West Japan Corporation
- Technical and sales guidance on agricultural machinery
- Kubota Construction Machinery Japan Corporation
- Manufacturing and sales of various types of conditioning equipment
- Kubota Construction Co., Ltd., Singapore
- Tokyo Tractor Acceptance Corporation
- Manufacturing and sales of various types of construction machinery
- Kubota Canada Ltd., Ontario, CANADA
- Manufacturing and sales of steel casting products
- Kubota Tractor Corporation, California, U.S.A.
- Manufacturing and sales of tractors, construction machinery, engines, mowers and UVs*
As of March 31, 2011, relief payments had been made to 212 individuals. Of these, asbestos-related diseases comprised a total of 176 persons as of March 31, 2011, of whom 152 are already deceased and 24 are undergoing treatment. KUBOTA recognizes sincerely that asbestos-related diseases have occurred among local residents and employees in the vicinity of the former Kankai Plant. From the standpoint of taking full responsibility as a company that has handled asbestos in the past, we need to continue tackling this problem with sincerity in the future.

<table>
<thead>
<tr>
<th>Prize area</th>
<th>Significant topics</th>
<th>Main focus of activity</th>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Action</th>
<th>Plan</th>
<th>Medium-term goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Winning Customer Satisfaction</td>
<td>Customer Information &amp; Service</td>
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<tr>
<td>Product safety and quality improvement</td>
<td>Increasing the coverage of ongoing quality audits among KUBOTA-affiliated suppliers and promoting education on quality control and product safety</td>
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<td>Preparations advanced for on-site audit to be held in FY2012 on the basis of asbestos-related issues observed in overseas activities</td>
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<td>CSR procurement</td>
<td>Production of KUBOTA Group CSR Procurement Guidelines</td>
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<td></td>
<td>Developing from green procurement to CSR procurement</td>
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<td>2</td>
<td>Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles</td>
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<td>Compliance with the Antimonopoly Act</td>
<td>Building and developing a prior consultation system relating to demand in the private sector</td>
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<td></td>
<td>Promoting sharing of information at training sessions, etc. in the materials procurement division and provided education in the Act against Oligopoly in the business environment of the overseas affiliates, etc. to Subcontractors also in related divisions such as production control</td>
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<td>Product export control</td>
<td>With one more company being involved, eleven overseas firms started the trial operation of the checklists and manual, though some affiliates are yet to complete them</td>
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<td>Compliance with the Construction Business Law</td>
<td>Ensuring that KUBOTA and domestic affiliates are in full compliance with the Construction Business Law</td>
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<td>Control of intellectual property</td>
<td>Guidance on intellectual property risk management by overseas affiliates engaged in development operations</td>
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<td></td>
<td>Checking and guiding in connection with the state of intellectual property risk management by overseas affiliates</td>
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<td>Information security</td>
<td>Promoting information security measures for overseas operations</td>
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<td></td>
<td>Assignment of IT managers to overseas affiliates and standardization of related software</td>
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<td>3</td>
<td>Respecting Human Rights</td>
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<td>Promotion of human rights awareness-raising</td>
<td>Expecting group-wide human rights awareness-raising</td>
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<td>Employees were encouraged to take part at least once in a year in training on human rights awareness and became familiar with the company's human rights education and consultation system across the KUBOTA Group.</td>
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<td>Creation of a vibration work environment</td>
<td>Support for the career development of female employees</td>
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<td>Working groups consisting of senior officers are being formed, meetings are being held with human resource managers, and collective training of mid-management is being conducted with female employees</td>
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<td>Health and safety</td>
<td>Reducing the number of various occupational accidents to zero</td>
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<td></td>
<td>Reducing accident prevention activities in the overseas regions of KUBOTA Group</td>
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<td></td>
<td>Promoting activities aimed at improving health and safety awareness and promoting further advising efforts</td>
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<td>Health management</td>
<td>Promoting the enhancement of physical health and implementing measures to maintain mental health</td>
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<td></td>
<td>Health promotion activities were implemented focusing on Health KUBOTA* 12</td>
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<td>Achievement of a vibrant work environment</td>
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<td>As a result of the 14th KUBOTA Global Health and Safety Congress</td>
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<td>4</td>
<td>Fulfilling Responsibilities for Improving Management Transparency and Accountability</td>
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<td></td>
<td>Establishing the Corporate Communication Dept.</td>
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<td>Improvement to global communication by leveraging the corporate website for p.41</td>
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<td>5</td>
<td>Achieving Synergy with International and Local Societies</td>
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<td>Promoting activities to contribute to society on the KUBOTA Group, including overseas employment by the company in the areas of natural resources and the environment</td>
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<td>Promoting pilot activities and promotion of measures such as organizational safety check and risk management, and the needs for the future were studied and the foundations were laid for the further promotion</td>
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<td></td>
<td>Projecting CT Scan for prevention of accidents</td>
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<td>Promotion of IR activities reflecting business trends and changes in the business environment</td>
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<td>Promotion of IR activities relating to the social effects of the earthquake disaster, etc.</td>
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<td></td>
<td>Promoting changes in general meetings of shareholders</td>
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<td></td>
<td>Promoting global PR (Freedom of Information)</td>
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<td>Promoting activities aimed at achieving an appropriate share price that reflects the real state of the company</td>
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<td>Expanding the range of stable shareholders by means of appropriate release of information</td>
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* For the Charter for Action 5 “Preserving the Natural Environment,” see the Environmental Report section from p.41.
Winning Customer Satisfaction

The KUBOTA Group seeks to win customer satisfaction and confidence by working to ensure product safety and offering products, technologies, and services that meet customer needs.

**Efforts to spread awareness among as many customers as possible**

The KUBOTA Group strives to solve problems experienced by our customers and highly values the opportunity for communication to provide them with satisfaction.

For example, we invited about 70 customers and dealers from Thailand to Japan with the aim of deepening their understanding of agricultural machinery with Japanese agriculture as the model. They were offered the opportunity to learn about our tractors and rice transplanters through demonstrations and test-riding. By gaining knowledge about these products, as well as some models that are new to the Thai market, they could grasp the whole picture of the Japanese agricultural system, which will help them bring new agricultural innovations to Thailand.

We will remain committed to creating new demand through such communications with our customers.

**Efforts with the customer at the forefront**

- Improving liaison with customers for product categories and individual divisions
- Nationwide PR caravan campaign to promote the new earthquake-resistant pipes “GENEX”

**Efforts to polish service capability on the highest international level**

The KUBOTA Group is aiming toward the global standardization of service skills in order to create a flawless system and management structure which will ensure that customers can use our products with complete peace of mind.

At our production site for agricultural machinery, Kubota Agricultural Machinery (SUZHOU) Co., Ltd., in Jiangsu Province in China we held a large-scale competition on the theme of “pursuing standardization of service operations and aiming to enhance the brand through teamwork” with the aim of raising the service capacity of our dealerships. We hope to raise the overall level of service skills by expanding the range of participants to other countries in the future.

**Main product displays held in FY2011**

- (in Japan)
  - “N-EXPO 2010” (May 2010) - Weighing devices, Shredders
  - “Sewage Works Exhibition 2010 in Nagoya” (July 2010) - Ductile iron pipes, Water treatment systems, Pumps, Plastic pipes, etc.

- (overseas)
  - “Power China 2010” (April 2010) - Engines, Generators
  - “China International Green Industry Expo 2010” (November 2010) - Water-related products
  - “CONEXPO-CON/AGG 2011” (USA, March 2011) - Mini excavators, Compact track loaders, Tractors, Utility vehicles (RTV), Engines

**Voice**

Gao Linhua  
Competition Secretariat  
Business Dept. Service Dept.  
Spare Parts Business Dept.  
Acting Minister  
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.

Aiming at further improvements in after-sales service capability

One of the ways in which we have been attempting to improve the service skills of our dealerships is by organizing a “KUBOTA Agricultural Machinery Skills and Service Competition” for two years in succession. Next year’s competition will include a wider range of machine types and defects in order to place more importance on actual service effectiveness. Objective assessment standards will be adopted in conditions that come as near as possible to real-life situations. We hope to raise yet higher the standards of after-sales service by encouraging the widest participation among dealerships.
CSR procurement* Collaboration with business partners (Procurement of materials)

The KUBOTA Group is striving to address social issues affecting the supply chain* as a whole in order to be able to supply products and services of the required quality stably and safely. To this end, we drew up our “KUBOTA Group CSR Procurement Guidelines” in December 2010 and requested our business partners in Japan for their cooperation in this regard. We intend to expand the application of these guidelines to business partners of the KUBOTA Group from FY2012.

The KUBOTA Group will be collaborating with our business partners on promoting efforts to respond to CSR.

Global customer support system (Quality control)

The Farm & Industrial Machinery Consolidated Division is engaged in business on a global scale including North America, Europe and Asia. It has created a global quality information system and has put together a flawless structure to enable customers to use its products with complete reassurance. By acquiring and transmitting quality information from all over the world on-line and in real time, responding to complaints from the market with the utmost speed, and issuing reports, making judgments and taking measures in a prompt manner, the aim is to ensure that any potential problems can be prevented before they have the chance to occur.

Status of acquisition of ISO9001 certification (Quality assurance)

Beginning with KUBOTA’s Hirakata Plant in 1993, our business sites and affiliates have been obtaining certification under the international quality assurance standard ISO9001 and are now acting in accordance with this standard. Application of the quality management system in ISO9001 enables us to respond to the trust placed in us by our customers and to provide them with products that will offer them full satisfaction.

Efforts to improve product quality (Propagating skills)

The KUBOTA Group is always striving to improve our manufacturing skills and to ensure that the skills we have acquired are handed down inside the group. In 2010 Kubota Manufacturing of America Corp., a production site located in the state of Georgia, and Kubota Industrial Equipment Corp. jointly sponsored the first technical skills competition ever held in the United States. Such competitions will help toward the acquisition of the basic skills required for manufacturing as well as fostering the spirit of guidance on a global level.

Fostering young technicians (Education)

We are putting special efforts into teaching young technicians the skills of mechanical draftsmanship on the basis of the idea that lowering manufacturing costs is determined by design drawings. We have introduced three-dimensional CAD, which makes it possible to verify the precise workings of actual assembly processes and finished products, and are educating the next generation of technicians through practical training that will enable them to respond immediately to any task.

Glossary

CSR (Corporate Social Responsibility) procurement:
CSR activity that requires a company’s suppliers to also make efforts to address CSR.

Supply chain:
The series of processes extending until products reach the customer, including product development, procurement of parts, manufacture, shipping and marketing.
Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

The KUBOTA Group conducts its corporate activities while observing the letter and spirit of legal regulations applicable to its business operations, in accordance with social ethical principles and good conscience.

Compliance with the Antimonopoly Act

The following measures taken in FY2011 to create a highly effective risk management system on the basis of enforcement of the revised Antimonopoly Act.

- Divisions doing business with the public sector
  In order to forestall any unreasonable restraint of trade* we have carried out audits on an ongoing basis at three levels—the division level, consolidated division level, and company-wide level.

- Divisions doing business with the private sector
  We have introduced a prior consultation system in order to respond to the strengthening of regulation over unfair trade practices* to the background of enforcement of the revised Antimonopoly Act.

- Divisions involved in materials procurement
  In order to ensure compliance with the Subcontractors Law and to prevent any abuse of dominant bargaining position,* risk communication has been strengthened by means of training sessions and follow-up audits.

- Overseas divisions
  Efforts have been made to deal with individual cases in forms such as prior consultations in connection with overseas competition law.

Import/Export control

We have assessed the performance of export control not only for KUBOTA but for domestic affiliates through audits. We gave appropriate guidance to them during the audits, and held additional in-house training seminars. After examining the export situation at overseas affiliates, we implemented proper export checklists and export compliance manuals at each company.

Activities related to intellectual property rights

As well as performing audits in FY2011 to ensure that the intellectual property rights of other companies were not being violated, we offered training and instruction in intellectual property to the sales and service divisions from an aggressive standpoint in the context of our attempts to deal with copy products modeled on KUBOTA products which are increasing in pace with the globalization of business operations.

Activities to prevent improper payments

We have adopted a thorough policy with regard to breaking off relations with antisocial forces such as sokaiya and gangster organizations and refusing to enter any of their illegitimate demands. Meetings of the Donations Auditing Committee and related audits were performed in FY2011 too, and we checked on whether any inappropriate dealings and payments had taken place. We also take measures to prevent the payment of bribes to foreign officials.

Compliance with the Construction Business Law

Bearing in mind that we have previously been disciplined for infringing the Construction Business Law, we continued in FY2011 to strengthen our system of compliance through audits and educational activities in an effort to prevent any recurrence.

Information management

As well as continuing to examine the state of information management in FY2011, we also took the following measures.

- Information security measures
  We took various measures to ensure the security of information and thus prevent any damage occurring in forms such as information leakage and succumbing to infection from computer viruses. In FY2011, as well as appointing officers responsible for implementing such measures at our overseas bases, we consolidated the rules applicable to overseas bases and ordered the strengthening of security measures.

- Management of confidential information
  We attempted to raise our management levels in FY2011 in response to revisions made to the Unfair Competition Prevention Act. Learning our lesson from the increase in the number of cases of confidential information leakage throughout society as a whole, we intend to strive harder than ever to ensure that confidential information is properly managed.

- Protection of personal information
  As well as performing audits concerning the protection of customers’ information and other examples of personal information, we are including educational materials that summarize past cases of information leakage throughout society as a whole and checkpoints in relation to routine work on our Intranet. We are also encouraging educational activities on the part of individual divisions.

With regard to our policy on protection of personal information, see http://www.kubota-global.net/privacy.html

Glossary

Unreasonable restraint of trade:
Acts or attempts by two or more companies to avoid competition by determining sales prices in advance. This practice is also called “cartel behavior.”

Unfair trade practices:
Tie-in sales and acts that involved a manufacturer restricting the retail prices set by distributors.

An abuse of dominant bargaining position:
An act that involves a company in a dominant bargaining position unjustly disadvantaged a business partner.

WEB
http://www.kubota-global.net/privacy.html
Respecting Human Rights

The KUBOTA Group bases its activities on the Universal Declaration of Human Rights,* respects human rights, and does not violate human rights. Moreover, the Group respects the privacy of individuals and works to protect personal information.

Instilling awareness of human rights

It states clearly in the Code of Conduct of the KUBOTA Group that “We do not discriminate or make violations of human rights on the basis of nationality, age, gender, or for any other reason whatsoever, and do not permit forced labor or child labor” (excerpt). Every year we determine our “Policy for Risk Management” to provide education in human rights and implement a “plan-do-check-action” (PDCA) cycle for promotion, audits and reports. Within Japan we appoint human rights education advancement officers to each of our business sites and engage in organized educational activities throughout the group. In other countries we give guidance in improvements and follow up on how progress is being made on the basis of practical surveys. In March 2011 we were commended by the Osaka Council for Promotion of Corporate Human Rights for our achievements in promoting awareness of human rights.

Deepening understanding through training

With the aim of providing human rights training at least once a year to each individual, training is planned depending on rank and base and extends from executives to new company recruits. During FY2011, a total of 19,272 employees participated in this training program within the KUBOTA Group. Incorporation of group discussions into the training program gives each participant the opportunity to think about human rights and to discuss related questions with other participants. The knowledge gained thereby can then be made use of in the context of work activities. Human rights education advancement officers at each base are backed up by human rights leaders who take part in on-site fieldwork training, while officers who engage directly in consultations receive training aimed at enhancing their counseling skills.

Voice

Kazuo Takagi
Human rights leader
Labor Affairs Section
Hanshin Plant, KUBOTA Corporation

Toward the creation of a vibrant workplace

Joint training is difficult at factories with varied working conditions, and efforts are therefore made to raise the attendance rate by drawing up schedules tailored to specific workplaces. Everything is done to ensure that awareness of human rights acquired through a variety of activities and training is conveyed widely and correctly. We intend in the future to continue tackling increasingly diversified questions of human rights with a view to creating safe and secure workplaces in which everyone works together in a spirit of mutual respect.

Efforts to create environments that encourage people to seek advice

The “KUBOTA Hotline” offers a point of access for anyone in the company who wishes to discuss a particular matter. Applications are received by telephone, in writing, by email or from a dedicated screen on the portal site. Opportunities are also provided for contacting lawyers outside the company. A Consultation Office has been set up at each base within Japan in an effort to create the conditions for encouraging people to raise specific problems and to ensure that problems can be nipped in the bud before they have the chance to surface.

Activities during Human Rights Week

Educational events are held at all our bases of operations in Japan during Human Rights Week with the intention of stimulating awareness of human rights.

Ideas for human rights slogans are solicited through the KUBOTA Group and the best ideas are subject to commendation. Slogans are also submitted to the Corporate Report Association of Human Rights Issue in Osaka.

Entries for “My Human Rights Message” contest sponsored by the Human Rights Education Promotion Council of Sakai City, Osaka Prefecture

Human rights panel exhibition (head office district)

Participation in regional human rights exhibitions and open-air educational activities (individual bases)

The “Universal Declaration of Human Rights”: It was proclaimed as a “common standard of achievement for all peoples and all nations” to respect and assure human rights and freedoms. It was adopted by the 3rd General Assembly of the United Nations in 1948.

Small-scale vocational training center: An institution that aims to offer opportunities to people who have difficulty in finding jobs or acquiring skills due to disabilities or for other reasons to work and develop vocational skills.
Creating a Safe and Vibrant Work Environment

The KUBOTA Group maintains a safe and healthy working environment and works to improve workplace conditions. In addition, the Group respects the diversity and creativity of its employees and promotes a vibrant work environment.

Recruitment and training of human resources worldwide

Overseas sales account for almost a half of the KUBOTA Group’s revenue. We are concentrating especially on the recruitment and training of human resources worldwide in order to develop our global business operations. As well as actively engaging in recruitment in Japan, North America and Asia, we provide foreign language education to new recruits. We expect that the abilities that they acquire during their period of one month’s study at language schools in North America and Asia will prove useful to them for their work. We are strengthening our organizational structure from the standpoint of human resources in order to win out in global competition.

Promoting diversity management*

In order to respond to further globalization of business operations and to labor shortages caused by the falling birthrate and the ageing of the Japanese population, we believe that it is important to create work environments that are able to maximize the abilities of each worker and to make the most of diversity on the levels of gender, nationality and disability. The immediate issue we are tackling right now is promoting activities by female employees. As well as actively recruiting women on an ongoing basis, we have set up a “K-Wing”* as a venue for personal exchange in order to enhance women’s abilities and enthusiasm and thereby to provide female employees with career support. The main activities of “K-Wing” in FY2011 included study sessions for career formation and the holding of report meetings aimed at managerial personnel in connection with the policies needed to allow female employees to contribute to and play a fully active role in business activities.

Talk with the President

Informal discussion meetings with the President began in FY2010. Aimed at employees recently promoted to managerial ranking, participants are organized into small groups of around ten people to discuss matters with the President and gain a shared vision. Follow-up meetings involving those who had been present at the previous year’s meetings were held in parallel in FY2011 with a total of 270 people participating. The matters raised at these discussions proved to be the starting point for various fresh developments such as visits by members to factories inside and outside the company.

Diversity management:
Human resource management that aims to increase corporate competitiveness by taking advantage of the diversity of employees (differences in sex, age, and nationality, etc.), striving to develop a highly creative organization, which eventually enhances corporate value.

K-Wing:
An acronym for KUBOTA Women’s Initiative Diversity Network & Group.

Voice

Chen Fang

Participation in language training
Materials Section, Pump Manufacturing Department
Hirakata Plant, KUBOTA Corporation

Learning about the local culture and people and gaining confidence in the local language

I had the chance to visit the United States for a month for language study in 2010. With the warm support provided by the host family with whom I stayed, I was able to experience the local culture and acquire a spirit of mutual respect through communication with other language school students of both sexes and of varied nationalities and ages. I acquired confidence in speaking in front of other people in a foreign language, an experience that will now stand me in good stead for dealing directly with business partners in other countries in connection with overseas procurement activities.

K-Wing report meeting for managerial personnel
Creating a Safe and Vibrant Work Environment

Social Report

Stimulating greater awareness through use of a handbook

A document entitled “Support Book for Balancing Work and Life” has been published and distributed to employees in order to change employees’ attitudes and to effect a culture change in respect to crucial events in their private lives such as child-rearing and nursing.

Supporting work-life balance

Achieving harmony between work and private life is indispensable if employees are to be able to demonstrate their autonomy and creativity to the full, to take pride in their work and feel that they are doing a really worthwhile job. KUBOTA has formulated various ideas based on the Act on Advancement of Measures to Support Raising Next-Generation Children* so as to enable employees to work in a manner in harmony with their private lives. Our efforts along these lines were officially recognized, leading to receipt of “Kurumin” mark (Next Generation Recognition Mark) in 2009 and 2011.

Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

- Encouraging acquisition of childcare leave program by male employees.
- Adoption of a system under which employees who are raising children can take time off to attend school events, etc.
- Introduction of a system that allows employees to take leave in half-day units to care for sick children.

Term of plan: April 1, 2011 to March 31, 2013 (two years)

Creating workplaces for disabled persons

We founded Kubota Sun-Vege Farm Co., Ltd. in February 2010 to engage in hydroponic business operations. Our aims in this connection included providing assistance to disabled persons in supporting themselves and in coexisting with their local communities and encouraging the revitalization of Japanese agriculture through the use of previously cultivated land that is no longer under cultivation. The new company’s Kanan Farm was completed in December. Twelve company employees are now working hard on the smooth production of lettuces, mizuna, komatsuna and other vegetables. The produce from the farm is being supplied to local supermarkets as well as to the canteens of companies in the KUBOTA Group, where it is being sold to employees and is proving very popular.

Voice

Osamu Kondo

Use of the shorter hours working system
Middle & Large Scale Johkasou* Group
Shiga Plant, KUBOTA Corporation

* Johkasou: Waste water treatment tanks

It’s given me the chance to think about the importance of housework sharing.

I made use of the shorter hours working system for child-rearing for four months thanks to the generous support I received from my superior officers and colleagues. Seeing my wife every morning putting our two daughters on her bicycle and taking the older one to and from kindergarten made me want to decrease the burden she had to face every day, even if it meant little more than me taking our daughter to kindergarten during the cold winter months. When I did start taking advantage of this system, my wife was absolutely delighted and I became aware of how important it is to share housework. I’m really glad now that I did make use of this system.

Act on Advancement of Measures to Support Raising Next-Generation Children:

The law aims to develop a work environment more friendly to employees who are about to give birth or who are engaged on raising the children in whose hands the future lies. On the basis of this law, owners of businesses are obliged to draw up a plan of action in connection with creating the employment conditions needed to allow their employees to combine work with child-rearing and with diversifying working conditions in such a way that people will think again about how they actually work.
Creating a Safe and Vibrant Work Environment

Thorough approach to management of health and safety

Planned efforts are being made by the KUBOTA Group to prevent accidents and disasters and to create pleasant workplace environments on the basis of the “Long-Term Occupational Accident Prevention Program” which is updated every five years, and health and safety guidelines that are updated annually.

Trends in the accident frequency rate at plants

<table>
<thead>
<tr>
<th>Year</th>
<th>Control classification 1</th>
<th>Control classification 2</th>
<th>Control classification 3</th>
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<td>2007</td>
<td>229</td>
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</tr>
<tr>
<td>2008</td>
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<td>0</td>
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</tr>
<tr>
<td>2011</td>
<td>8</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

Not applicable for Control Category 3 workplaces in FY2011.

Implementation of health and safety audits

Efforts being made to improve health and safety at individual bases are followed up by health and safety audits centered on the workplace in an attempt to raise health and safety management levels throughout the KUBOTA Group both inside Japan and overseas.

Keeping fit to enjoy every day

The KUBOTA Group is implementing a plan entitled “Health KUBOTA 21” which focuses on five health-related issues, namely obesity, lack of exercise, dental health, mental health, and smoking. Activists at each company base are carrying out planned events in accordance with lifestyle and working customs on the basis of regular health check-ups. In FY2011 efforts along these lines resulted in better tooth-brushing habits and a reduction in the number of smokers.

In terms of mental health care, there is a system of stress diagnosis using computers and a telephone consultation system. Better support will be provided in the future for employees who return to work.

Highly distinctive activities are under way at our overseas bases too: In the United States, for example, health fairs are held every year at lunchtime to facilitate general participation.

Voice

Hiroyuki Abe
“Health KUBOTA 21” activist
General Manager,
General Affairs Dept., KPS Co., Ltd.

Taking responsibility for one’s own health

The basis for a dynamic workplace is the physical and mental health of employees. In the conviction that prevention is more effective than treatment, we are creating the opportunity to acquire better routine habits. Especially popular in FY2011 was our “Stretch Seminar.” Amidst anguished cries of “It hurts!” and “I can’t do that!”, participants engaged happily in the seminars. We intend to keep coming up with new ideas in the future about how to keep our employees fit and healthy.

* For the Charter for Action 5 “Preserving the Natural Environment,” see the Environmental Report section from p.41.
Achieving Symbiosis with International and Local Societies

The KUBOTA Group respects the culture and customs of all countries and regions and seeks to build relationships of trust through communication with local societies, while also working to be a good corporate citizen.

Disaster relief

Support for victims of the Great East Japan Earthquake

Immediately after the Great East Japan Earthquake, the KUBOTA Group set up the “Countermeasure Headquarters for Reconstruction Assistance” which is now engaged in providing support and assisting with rehabilitation by directing all the Group’s available resources towards recovery from this unprecedented disaster.

- Our support activities have included donations of money and 20 units of construction machinery with an equivalent value of ¥500 million.

We have donated construction machinery to local governments in Fukushima and Iwate prefectures to help the disaster-affected area to recover as rapidly as possible. The transfer ceremonies held at various locations were attended by people from the organizations receiving the donations, who were given explanations about how to operate the equipment. Construction machines including special attachments capable of responding to detailed movements are proving to be useful in getting rid of the vast amount of debris generated in the disaster area and in demolishing partially wrecked homes.

- Restoring agricultural land in the disaster area

The earthquake rendered many farmers unable to grow seedlings ready in time for planting. We supported these farmers with a unique technique involving the sewing of rice husks dusted with iron powder directly into the paddy fields. We also take part in field-testing of the measures against salt damage in agricultural land.

- Recruitment of new high school graduates in the disaster-affected region (from April 2012)
- Agricultural produce gathered in the affected region is being supplied to canteens of company offices throughout Japan
- Provision of products and services and personal support, etc. through our lifeline-related operations

Other support activities

The following support has also been provided to assist with the rehabilitation in disaster-affected areas.

- April 2010: Earthquake in Qinghai Province in China
  Support in the form of financial donations.
- May 2010: Outbreak of foot-and-mouth disease in Miyazaki Prefecture
  Support in the form of financial donations.
- August 2010: Floods in Pakistan, landslides in Gansu Province in China
  Support in the form of financial donations.
- February 2011: Floods in Australia
  Support in the forms of financial donations and donations of tractors.
- March 2011: Earthquake in New Zealand
  Support in the forms of financial donations and donation of generators and wheel loaders.
Achieving Symbiosis with International and Local Societies

Contributing to local societies

Pursuing the KUBOTA e-Project on a group-wide basis

At the KUBOTA Group, we believe that we will continue our corporate activities perpetually, precisely because we are supported and appreciated by our stakeholders. With a view to solving social problems linked to the KUBOTA business domains of “food,” “water” and “the environment,” we are pursuing social contribution activities in line with the principles represented by the Six “e”s.

Activities

- Support for the restoration of abandoned farmland
- KUBOTA GENKI Agriculture Experience Workshop
- Support for the production of bio-fuel crops
- Developing regional brands, advertising farm fresh crops
- Introduction of the activities of farmers with vision
- Improving global water environments
- Water Cycle Education Program
- “UCHIMIZU” solution for heat island
- KUBOTA e-Day Volunteer Program
- Kubota Sun-Vege Farm Co., Ltd.
- KUBOTA TERRA-KOYA (educational camp)
- Academy of Science and Environment

- Support for the restoration of abandoned farmland

With a view to reclaiming abandoned farmland all over Japan, the KUBOTA Group is providing support in the form of practical assistance with some aspects of farm restoration work (including grass-cutting and tilling) and crop cultivation work (including sowing, interim management and harvesting) involving agricultural machinery. During FY2011, this support was provided in 28 locations around Japan.

- Carrying out clean-ups and environmental beautification activities: The KUBOTA e-Day Volunteer Program

Because we regard it as very important to achieve symbiosis with local societies, the KUBOTA Group carries out clean-ups, grass-cutting and other social contribution activities on an annual basis. In FY2011, these activities were held in some 400 locations all over Japan, with the participation of 8,800 people affiliated to the KUBOTA Group.

- Helping to educate tomorrow’s leaders: The KUBOTA “TERRA-KOYA” educational camp

We sponsor the KUBOTA “TERRA-KOYA” educational camp (hosted by the BeGood Café, a non-profit organization) which enables children to learn about the rich blessings of nature and the importance of a recycling-based society. In FY2011, applications were invited from the general public in the Tokyo metropolitan area, and the camp consisted of about 20 elementary-school children aged from about 9 to 12 years old. They spent three nights and four days taking part in whatever camp activities took their fancy, including observing wildlife in forests, rivers and rice-fields, harvesting vegetables and cooking meals.
Helping to educate children through the Water Cycle Education Program

In order to contribute to the education of children – tomorrow’s citizens – KUBOTA holds events in collaboration with a range of organizations. In FY2011, we exhibited the KUBOTA Water Cycle Education Program at the 15th Nippon Jamboree held by the Scout Association of Japan. To bring home to the children the importance of tackling environmental and water-supply problems in a familiar context, we conducted a practical experiment in which miso soup was purified: this had the children all agog with curiosity.

Interacting with local residents through corporate sports

Through the medium of rugby – a sport known for its “one for all, and all for one” spirit – KUBOTA conducts activities on a widespread basis, spearheaded by our corporate sports team, the Spears.
In FY2011, besides taking part in the annual Funabashi Rugby Festival, KUBOTA held its first-ever social event for fans in Western Japan. We also provided coaching for very young aspiring rugby-players, and engaged in local contribution activities through clean-ups and other initiatives.

Praying for a bumper harvest for Thai agriculture

To help raise the morale of Thailand’s agricultural industry, which suffered severe damage in last year’s drought, KUBOTA launched a “One Million Fish Release Campaign” at our production site, SIAM KUBOTA Corporation Co., Ltd. in Thailand, marking our prayers for a stable agricultural water supply and a bumper harvest. At the first event in this campaign, held at Pasak Jolasit Dam in Saraburi Province, attended by some 850 people, including KUBOTA employees and their families, along with dealers and others, roughly 200,000 fish were released. We plan to release a total of one million fish over a three-year period.

Sponsoring an Australian campaign to eradicate prostate cancer

By sponsoring “Movember,” a campaign to eradicate prostate cancer, Kubota Tractor Australia Pty Ltd and its national dealer network have helped to raise public awareness of this type of cancer. The name “Movember” is a combination of “mo,” which is slang for “moustache,” and “November.” In November each year, participants in this unique initiative grow their moustaches as a way of publicizing the campaign and raising public awareness of prostate cancer. Playing on the “mo”/“mower” punning potential, the KUBOTA sites held a mower sales promotion campaign which raised a total of A$75,000 in donations to the Movember Foundation.
Environmental Report

The KUBOTA Group has made global environmental conservation a high priority goal of its CSR management, and is pursuing activities aimed at raising the level of its environmental management.

Basic Policy

<table>
<thead>
<tr>
<th>KUBOTA Group Environment Charter</th>
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<tbody>
<tr>
<td>The KUBOTA Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>KUBOTA Group Environmental Action Guidelines</th>
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</thead>
<tbody>
<tr>
<td>1. The KUBOTA Group takes initiatives for the protection of the natural environment in all its activities.</td>
</tr>
<tr>
<td>(1) By setting specific goals on its own initiative while remaining in compliance with all laws and regulations</td>
</tr>
<tr>
<td>(2) By promoting initiatives at all levels of its operations, from product development to production, sales, distribution, and services</td>
</tr>
<tr>
<td>(3) By taking a proactive stance toward securing the understanding of the importance of protecting the environment among its suppliers and actively obtaining their cooperation</td>
</tr>
<tr>
<td>(4) By promoting activities friendly to the natural environment and biodiversity</td>
</tr>
<tr>
<td>2. The KUBOTA Group works to protect the environment and create a symbiotic relationship with the community.</td>
</tr>
<tr>
<td>(1) By participating in community beautification and environmental enlightenment activities in its role as a good corporate citizen</td>
</tr>
<tr>
<td>(2) By engaging in business activities that take full account of environmental protection in the community, including pollution prevention</td>
</tr>
<tr>
<td>3. The KUBOTA Group undertakes systematic initiatives to protect the environment.</td>
</tr>
<tr>
<td>(1) By conducting environmental impact assessments, working to reduce environmental risk, and preventing environmental pollution</td>
</tr>
<tr>
<td>(2) By working to solve environmental issues, including prevention of global warming, creation of a recycling society, and reduction of the release of harmful substances</td>
</tr>
<tr>
<td>4. The KUBOTA Group implements a thorough program of environmental management.</td>
</tr>
<tr>
<td>(1) By introducing environmental management systems and promoting initiatives in everyday operations</td>
</tr>
<tr>
<td>(2) By proactively monitoring whether the “Plan, Do, Check, Action (PDCA)” cycle is functioning in environmental management activities</td>
</tr>
<tr>
<td>(3) By promoting enlightenment and educational activities related to the environment and working to heighten awareness of the environment</td>
</tr>
<tr>
<td>5. The KUBOTA Group is proactive in communicating its environmental perspective.</td>
</tr>
<tr>
<td>(1) By issuing timely and easily understandable environmental information</td>
</tr>
<tr>
<td>(2) By gathering environmental information from a broad range of stakeholders and reviewing as well as upgrading its environmental protection activities</td>
</tr>
</tbody>
</table>

Basic direction of corporate environmental management

The KUBOTA Group has established “Stop Climate Change,” “Work Towards a Recycling-based Society,” and “Control Chemical Substances” as the three basic goals of our corporate environmental management, for building a society capable of sustainable development on a global scale. We are also focusing on the enhancement of the “Environmental Management System” and “Environmental Communication” as the foundation of our efforts toward these goals.

Approval as an “Eco-First Company”

In May 2010, having made the “Eco-First Commitment” to the Japanese Environment Minister, pledging to carry out environmental preservation measures, KUBOTA was officially approved as an “Eco-First Company.” Making a commitment to undertake the four measures listed below, the KUBOTA Group has incorporated them into its Medium-Term Environmental Conservation Plan, and is tackling them proactively.

- Stopping climate change
- Working towards a recycling-based society
- Controlling chemical substances
- Conserving biodiversity

Environmental Management System

- Work Towards a Recycling-based Society
  - Zero emissions
  - Reduction in industrial waste
  - Diversification of recyclable product items
  - Improvement in usage ratio of recycled materials, etc.

Control Chemical Substances

- Reducing in use of chemical substances
- Development and usage of substitute materials
- Promotion of detoxification
- Conservation of the global environment (pollution prevention), etc.

Stop Climate Change

- Energy conservation
- Conversion from usage of fossil fuels
- Expanded usage of natural energy
- Reduction in product weight
- Reduction in product energy consumption during use, etc.

Sustainable Society

- Reduction in use of chemical substances
- Development and usage of substitute materials
- Promotion of detoxification
- Conservation of the global environment (pollution prevention), etc.

Environmental Communication

- “Eco-First” mark
The Medium-Term Environmental Conservation Plan

The KUBOTA Group adopted and has been promoting the Medium-Term Environmental Conservation Plan in order to put into practice the basic policy of our corporate environmental management. Since FY2010, we have been tackling this undertaking on a group-wide basis, including our overseas business sites. The implementation of our Medium-Term Environmental Conservation Plan was also designated as “Enhancement of CSR management” in our management policy for FY2012.

Medium-Term Environmental Conservation Plan and Targets/Results for FY2011 Global Data

<table>
<thead>
<tr>
<th>Issues</th>
<th>Actions</th>
<th>Management Indicators</th>
<th>Base FY</th>
<th>Plan Targets FY2011</th>
<th>Do Results FY2011</th>
<th>Check Self-evaluation*1</th>
<th>Action Achievements, Future Tasks and Actions to be Taken (reasons for failing to achieve targets for FY2011)</th>
<th>Plan Targets FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stopping climate change</td>
<td>Reduce CO₂ emissions per unit of sales</td>
<td>2009 <em>(−4%) (−8.3%)</em></td>
<td>(2005) <em>(−3.2%) (−7.5%)</em></td>
<td>*(1991 (KUBOTA production plants)) <em>(−19.2%) (−31.2%)</em></td>
<td></td>
<td>By means of energy-saving actions at our business sites, we reached our target.</td>
<td><em>(−7%) (−10%)</em></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Stopping climate change</td>
<td>Volume of CO₂ emissions</td>
<td>2009 <em>(−4%) (−22.7%)</em></td>
<td>(2005) <em>(−7.8%) (−13.2%)</em></td>
<td>*(1991 (KUBOTA production plants)) <em>(−26.7%) (−44.1%)</em></td>
<td></td>
<td>To accommodate the power shortages following the Great East Japan Earthquake, we organized a Rotating Operation System, and are implementing power-saving measures, at the 21 KUBOTA Group business sites in the Kanto and Kansai areas. These measures, which include appropriate management of heating and air-conditioning temperatures, mainly at our offices, are implemented methodically, and the Cool Biz dress code period is extended for the six-month period from May 1 to October 31, which is longer than in a normal year.</td>
<td><em>(−21.7%) (−24.2%)</em></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Working towards a recycling-based society</td>
<td>Reduce CO₂ during distribution</td>
<td>2009 <em>(−2%) (+0.2%)</em></td>
<td>(2007) <em>(−7.7%) (−5.7%)</em></td>
<td></td>
<td></td>
<td>Reason for failure: Although our emissions fell by 16.6% from the FY2009 level, our sales decreased, so we did not reach our target.</td>
<td><em>(−3%) (−4%)</em></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Working towards a recycling-based society</td>
<td>Waste discharge per unit of sales</td>
<td>2009 <em>(−4%) (−11.7%)</em></td>
<td>(2005) <em>(−11.7%) (−18.8%)</em></td>
<td></td>
<td></td>
<td>By reducing our waste discharge and increasing the thoroughness of our waste sorting, we reached our target.</td>
<td><em>(−6%) (−8%)</em></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Working towards a recycling-based society</td>
<td>Water consumption per unit of sales</td>
<td>2009 <em>(−2%) (−1.5%)</em></td>
<td>(2005) <em>(−21.8%) (−20.7%)</em></td>
<td></td>
<td></td>
<td><em>Target exceeded (by at least 20%)</em> By finding new recycling contractors and other measures, we reached our target.</td>
<td><em>(−13.5%) (−15.4%)</em></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Controlling chemical substances</td>
<td>Reduce PRTR-designated substances*3</td>
<td>2009 <em>(−4%) (−23.9%)</em></td>
<td>(2005) <em>(−31.5%) (−44.1%)</em></td>
<td></td>
<td></td>
<td>Through finding alternatives and other reduction activities, combined with the effect of revised legislation and other factors, we reached our target.</td>
<td><em>(−22.6%) (−23.4%)</em></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Controlling chemical substances</td>
<td>Reduce chemical substances in products</td>
<td>2009 <em>(30%) (22.2%)</em></td>
<td></td>
<td></td>
<td></td>
<td>Reason for failure: Due to remaining difficulties in substitution for principal components for machinery, we did not reach our target. Going forward, we will continue to encourage our suppliers towards finding alternatives, and to develop technology with this end in view.</td>
<td><em>(35%) (40%)</em></td>
<td></td>
</tr>
</tbody>
</table>

*1: Due to the revision of the PRTR Law, the designated substances have been reviewed.

*2: Key to self-evaluation rating symbols: Target exceeded (by at least 20%) Target reached Target not reached

Our performance regarding the FY2011 targets in our Medium-Term Environmental Conservation Plan is as follows. As for “reducing CO₂,” the reduction measures implemented with increased intensity since FY2010 have started to bear fruit, and this, along with other factors, has enabled us to reach this target. In FY2012 and onwards, we will continue to devote effort to reducing emissions, and to pursue activities aimed at reaching our final targets for FY2013.

As for “reducing CO₂ during distribution” and “conserving water resources,” however, we were unable to reach our FY2011 targets. The principal reason is that our sales were lower than in the Base Year, so the figures per unit of sales were worse than the Base Year. As for “reducing chemical substances in products,” we are still facing difficulties in finding alternatives for lead in some components, especially those for agricultural machinery and environmental equipment, so we did not reach our target. However, by developing alternative technology, we succeeded in reducing use of hexavalent chromium. In FY2012 and onwards, we plan to step up our pursuit of measures aimed at reaching our targets by tackling these issues.
As a manufacturer, the KUBOTA Group has placed special emphasis on its production process in implementing measures to prevent climate change. To add momentum to our group-wide activities to reduce CO₂ emissions from FY2010, we have set new medium-term goals and are concentrating our efforts on their achievement.

### Reducing CO₂ emissions

Our CO₂ emissions were 445 kilotons, which was 22.7% lower than the FY2009 level, and our CO₂ emissions per unit of sales were 8.3% lower than the FY2009 level. By means of CO₂-reduction activities, including cutting the standby power used by our production equipment, switching to town gas as fuel for the kerosene burners used in our casting process, and reducing the amount of coke we use by improving the combustion efficiency of our cupola furnaces, we succeeded in reaching our target.

In FY2012, besides robustly implementing power-saving measures throughout the KUBOTA Group in order to accommodate the power shortage caused by the Great East Japan Earthquake, we are also pursuing climate-change prevention measures.

### Trends in CO₂ emissions and CO₂ emissions per unit of sales

- **Trends in CO₂ emissions**
  - 1991: 1,000 kiloton CO₂e
  - 2005: 425 kiloton CO₂e
  - 2011: 575 kiloton CO₂e

- **CO₂ emissions per unit of sales**
  - 1991: 82 (%)
  - 2005: 82 (%)
  - 2011: 55 (%)

### Activity themes in our Medium-Term Environmental Conservation Plan

- **CO₂ emissions per unit of sales**
  - FY2011 targets: 4% decrease from the FY2009 level
  - FY2011 results: 8.3% decrease from the FY2009 level

- **CO₂ emissions**
  - FY2011 targets: 4% decrease from the FY2009 level
  - FY2011 results: 22.7% decrease from the FY2009 level

### Energy-saving activities involving the ladle-drying equipment at the Keiyo Plant (Funabashi)

At our Keiyo Plant (Funabashi), ductile iron pipes are cast for use in pipelines for water, sewage, gas, etc.

The photo on the right shows the equipment used for drying and preheating the ladles. These ladles – the vessels from which the molten metal used to make the pipes is poured into the molds – need to be heat-resistant. At the Keiyo Plant (Funabashi), the following energy-saving activities have been implemented in the equipment used to dry the ladles.

- Using town gas instead of kerosene as the burner fuel
- Optimizing the gas combustion pattern
- Increasing thermal efficiency by reviewing the position and angle of the ladle, and its distance from the shield board
- Removing the need for a soot collector by fuel conversion

By means of these activities, we were able to achieve a 30% reduction in the amount of fuel used by the burners relative to the FY2011 level, and the reduction in CO₂ came to 1,100 tons.

Going forward, we will continue to undertake improvement activities aimed at manufacturing iron pipes underpinning lifeline services for the general public, using even less energy.
Reducing CO2 during distribution

As consignors, we shipped 300 million ton-km of freight traffic within Japan, generating 39 kilotons of CO2 emissions. Our CO2 emissions during distribution per unit of sales rose by 0.2% over the FY2009 level, and we did not reach our target. This was because the decrease in our sales was greater than the decrease in our CO2 emissions (of 16.6%) achieved by sharing combined-load transportation to optimize distribution, and the improvement in the modal shift rate for transportation between our Hanshin and Keiyo Plants, among other factors.

In the future, we will continue pursuing the following measures aimed at decreasing CO2 emissions during distribution:

- Improving load efficiency by changing packing, shipment leveling, vehicle aggregation and other means
- Shortening transportation distances by changing production sites, increased use of direct shipment and other means
- Reducing fuel consumption by idle reduction
- Promoting a modal shift away from road transportation and towards transportation by water and rail

Combined-load transportation of several products

KBS KUBOTA is implementing ongoing improvements jointly with the consignor, KUBOTA, in order to optimize distribution across the KUBOTA Group.

The photos on the right show examples of combined loading of plastic pipes and waste water treatment tanks (upper photo) and plastic pipes and iron pipes (lower photo). Although expertise is needed to perform combined loading of products requiring different types of freight-handling, this approach allows empty space to be utilized effectively, and helps to save energy.

Making use of the accomplishments and expertise we have amassed so far, we will continue to come up with new solutions to the challenges of distribution, and to take our energy-saving activities even farther.

Voice

Takanobu Morimoto
KBS KUBOTA Corporation
Izuka Distribution Center

Combined loading of plastic pipes and waste water treatment tanks

Combined loading of plastic pipes and iron pipes
Working towards a Recycling-based Society

The KUBOTA Group encourages recycling and reduction of waste to achieve zero emissions and contribute toward the formation of a recycling-based society.

Promoting the 3Rs (Reduce, Reuse, Recycle)

<table>
<thead>
<tr>
<th>Targets and results in FY2011</th>
<th>Activity themes in our Medium-Term Environmental Conservation Plan</th>
<th>FY2011 targets</th>
<th>FY2011 results</th>
<th>Self-evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste discharge per unit of sales</td>
<td>- Waste discharge per unit of sales</td>
<td>A 4% decrease from the FY2009 level</td>
<td>An 11.7% decrease from the FY2009 level</td>
<td></td>
</tr>
<tr>
<td>Ratio of business sites that have achieved zero emissions goal</td>
<td>(Zero emissions: a landfill ratio of 0.5% or less)</td>
<td>50%</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

Waste discharge per unit of sales

Waste discharge per unit of sales in FY2011 declined by 11.7% from the FY2009 level; thus, the target for the year was achieved. Total waste discharge amounted to about 70.0 kilotons, down 25.6% from the FY2009 level. By converting waste oil into fuel, recovering rubber crawlers from construction machinery, recovering iron from waste chips and grinding sludge, and so on, we are pursuing internal recycling. Through even more meticulous management in the future, we plan to reduce our waste discharge.

Zero emissions

The zero emissions achievement ratios in FY2011 are: 67% for production sites in Japan, 11% for overseas production sites, and 50% in total. Thus, the target for FY2011 was achieved. Going forward, we will intensify recycling initiatives at our overseas business sites.

Voice

Kenji Matsuura
KUBOTA Corporation
Kyuhoji Business Center
General Affairs Section

At the Kyuhoji Business Center, a waste measurement system has been installed in order to “Reduce” (in other words, reduce waste), which is one of the “3Rs.” This system is used to measure and manage the weight of waste generated by each workplace. It is now possible to find out how much waste has decreased (or increased) at each workplace, and waste reduction activities have been made “visible.” Going forward, we will continue to devote effort to reducing our environmental impact by ongoing activities that “reduce waste by measuring it.”
Chemical Substance Controls

The KUBOTA Group has continued concerted efforts to provide appropriate control over chemical substances and achieve the target for reducing them.

Reducing PRTR-designated substances

<table>
<thead>
<tr>
<th>Targets and results in FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity theme in our Medium-Term Environmental Conservation Plan</td>
</tr>
<tr>
<td>FY2011 targets</td>
</tr>
<tr>
<td>Release and transfer of PRTR-designated substances* per unit of sales</td>
</tr>
</tbody>
</table>

*Since FY2011, following the revision of the PRTR Law, 8 substances have been newly designated as Class I Chemical Substances, and 3 substances have been removed. Three designated chemical substances derived from recycled resources have also been excluded from the totals.

Measures taken to reduce PRTR-designated substances

We are working for the reduction of PRTR-designated substances by: replacing conventional products with alternative ones that do not contain these substances, introducing waste thinner recycling units, and improving the production process. In FY2011, we achieved a 35.9% reduction in the amount of PRTR-designated substances released and transferred from the FY2009 level.

Trends in the amounts of PRTR-designated substances released and transferred (Data on business sites in Japan)

<table>
<thead>
<tr>
<th>(ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,600</td>
</tr>
<tr>
<td>1,400</td>
</tr>
<tr>
<td>1,200</td>
</tr>
<tr>
<td>1,000</td>
</tr>
<tr>
<td>800</td>
</tr>
<tr>
<td>600</td>
</tr>
<tr>
<td>400</td>
</tr>
<tr>
<td>200</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2011</td>
</tr>
</tbody>
</table>

*1: The data shows the total amount of the substances for which the annual handling quantity equalled one ton or more (0.5 tons or more for Specific Class I designations) at each business site and for which reporting is required under the PRTR Law (business sites in Japan only).

*2: Release and transfer per unit of sales (FY2005=100) = total release and transfer/consolidated net sales

Reduction of chemical substances in products

<table>
<thead>
<tr>
<th>Targets and results in FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity theme in our Medium-Term Environmental Conservation Plan</td>
</tr>
<tr>
<td>FY2011 targets</td>
</tr>
<tr>
<td>Ratio of models with reduced RoHS-designated substances*</td>
</tr>
</tbody>
</table>

* The ratio of the value of shipped products that contain RoHS-designated substances (lead, hexavalent chromium, mercury, cadmium, PBB, and PBDE) in an amount equal to or less than the threshold limits (except those products that use RoHS-designated substances for the applications falling under the exemptions specified in the RoHS and ELV Directives) against the total value of shipped products (excluding plants, facilities, work, services, and software development) in FY2011.

Initiatives aimed at reducing RoHS-designated substances

The EU’s RoHS and ELV directives and similar regulations of other countries and regions are intended for electrical/electronic equipment and automobiles, and are not applied to most of the industrial machinery offered by the KUBOTA Group. However, we have been taking voluntary measures to reduce the six RoHS-designated substances (lead, mercury, cadmium, hexavalent chromium, PBB, and PBDE) in a well-planned manner. The ratio of KUBOTA models with reduced RoHS-designated substances is 22.2% in FY2011, against the target of 30%.

Building a management system

The EU’s REACH regulation ("REACH" stands for Registration, Evaluation, Authorisation and restriction of Chemicals) requires that chemical substances are registered and information is provided regarding Substances of Very High Concern contained in products. In FY2011, we drafted new internal rules for the identification and appropriate management of chemical substances contained in KUBOTA Group products. We also established a list of "Substances to be Restricted" of which we are going to use less, and for which we are going to find alternatives. We have incorporated these rules into our Green Procurement Guidelines, and, while forging even closer links with our materials suppliers, we are moving ahead with our compliance with REACH and other relevant legislation.
The numerical data and an overview of the environmental load resulting from the KUBOTA Group’s corporate activities both in Japan and abroad are shown below. We are ascertaining and analyzing our environmental load, and endeavoring to reduce it, and to improve our eco-efficiency.

### INPUT

#### Energy
- **Fossil fuels**: 3.36 PJ
- **Purchased power**: 529.90 GWh
- **Solar power**: 37 MWh

#### Water
- **Service water**: 0.86 million m³
- **Industrial water**: 2.36 million m³
- **Groundwater**: 1.01 million m³
- **Total**: 4.23 million m³

#### Main raw materials
- **Cement**: 8 kilotons
- **New pig iron**: 7 kilotons
- **Flat bars**: 64 kilotons
- **Polyvinyl chloride resin**: 121 kilotons

#### Chemical substances (PRTR-designated substances)
- **Data for business sites in Japan**: 5,277 tons
- **Data for overseas business sites** (uncovered by third-party assurance): 2,667 tons

#### Chemical substances (uncovered by third-party assurance)
- **Used iron**: 46 kilotons
- **Steel scrap**: 211 kilotons

### OUTPUT

#### Release into the atmosphere
- **CO₂**: 445 kiloton CO₂e
- **Energy related**: 439 kiloton CO₂e
- **From other sources**: 39 kiloton CO₂e
- **SOx**: 5.2 tons
- **NOx**: 66.1 tons
- **Soot and dust**: 5.5 tons
- **PRTR-designated substances***: 389 tons
- **Chemical substances**: 81 kg

#### Release into water systems
- **Public water area**: 3.78 million m³
- **COD**: 10.8 tons
- **Nitrogen**: 9.5 tons
- **Phosphorus**: 0.35 tons
- **PRTR-designated substances***: 35 kg

#### Sewage
- **Wastewater discharge**: 0.94 million m³
- **PRTR-designated substances***: 21 kg

#### Waste
- **Amount of waste discharge**: 70.0 kilotons
- **Amount of landfill waste**: 4.3 kilotons

### Eco-efficiency indicator

<table>
<thead>
<tr>
<th>Eco-efficiency indicator</th>
<th>2005</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ emissions</strong></td>
<td>1.94</td>
<td>2.04</td>
<td>2.16</td>
<td>1.92</td>
<td>1.95</td>
<td>2.10</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>1.00</td>
<td>1.15</td>
<td>1.20</td>
<td>1.04</td>
<td>1.16</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Chemical substances</strong></td>
<td>1.92</td>
<td>2.04</td>
<td>2.16</td>
<td>1.92</td>
<td>1.95</td>
<td>2.10</td>
</tr>
</tbody>
</table>

Across all three indicators, our eco-efficiency has risen relative to the previous fiscal year due to a reduction in environmental load.

- **CO₂ emissions indicator**: the amount of CO₂ emissions (ton CO₂e) / Consolidated net sales (million yen)
- **Waste indicator**: the amount of landfill waste (ton) / Consolidated net sales (million yen)
- **Chemical substances indicator**: the amount of PRTR-designated substances (ton) / Consolidated net sales (million yen)

Because each indicator has improved, our sales per unit of environmental load such as CO₂ and others have increased and our eco-efficiency is likely to have increased.
Environmental Management

At the KUBOTA Group, we are working to enhance our environmental management system to promote environmentally-friendly corporate management. We are also working to enhance the standards of our environmental activities by checking our compliance with the rules for environmental conservation activities and by providing educational programs to increase environmental awareness among our employees.

Note: By “environmental management” we mean pursuing environmental conservation initiatives, setting our own environmental policies and targets, and taking steps towards reaching those targets.

Promoting environmental management

Environmental management promotion system

The Environmental Protection Department, which drives the KUBOTA Group’s environmental conservation activities, is located at our head office. We have also established departments in charge of environmental management at our business sites and affiliates: integrated with the Environmental Protection Department, these departments tackle environmental protection on a global and regional basis.

Compliance with environmental laws

To ensure good compliance with environmental laws, the KUBOTA Group is setting independent control values for gas emissions, waste water, noise, vibration and other parameters, at its business sites. These values are even stricter than the regulation values imposed by laws and ordinances.

If an independent control value is exceeded, even if the value is within, for example, the legal limit, a rigorous investigation is conducted to determine the cause, and corrective measures are implemented to prevent re-occurrence.

In FY2011, there was not a single critical violation of environmental laws throughout the KUBOTA Group.

Environmental education

When it comes to environmental issues, it is important to start with awareness. Through education by employee-level, we are working on a regular basis to raise awareness of environmental issues.

To ensure that we deal with such issues in a well-judged way, we are systematically providing specialist education including courses for internal environmental auditors. As well as raising skill levels, this is helping more employees gain environmental qualifications, and leading to better implementation of environmental conservation. In FY2012, by establishing new courses on energy-saving activities at our production sites, among other measures, we will be continuing to upgrade our environmental education.

Environmental auditing

We conduct annual “KUBOTA Group Environmental Audits,” pursuant to the “Environmental Risk Management Policy” established for each fiscal year, based on the “Environmental Risk Management Regulations and Environmental Preservation Rules and Guidelines” that were formulated by the internal control system of the KUBOTA Group.

In FY2011, our focus was on checking the viability of the internal auditing function exercised by each business site and upper level managerial division, in addition to the checking of existing audit details performed principally by the head office Environmental Protection Department.

On-site guidance and auditing is conducted at our overseas production sites, just as at our sites in Japan. Auditing is also conducted at our maintenance and servicing sites, offices, and construction departments. If any shortcoming is found, rigorous corrective measures are implemented.

Environmental Report
KUBOTA Group Business Activities and Environmental Loads/Environmental Management

Kubota Engine America Corporation’s Green Initiative

The KUBOTA Group has been promoting the slogan “For Earth, For Life” and Kubota Engine America (KEA) has been taking it very seriously by taking steps to protect and sustain the environment, including initiatives to reduce electricity use. KEA has replaced all light switches with automatic sensors. After 10 – 15 minutes, if no activity in a room is detected, lights will automatically switch off. We have also changed all of the warehouse light fixtures. The new fixtures provide highly efficient lighting which enhances the brightness of the work environment while using less energy.

In an effort to reduce waste, KEA has started a company wide recycling program for paper, cardboard, aluminum cans, and metal scrap. All of these items are collected weekly and sent to a recycling center.

Most importantly, KEA has invested in beautifying the landscape by adding more flowers, shrubs, and trees. The addition of over 50 trees provides cleaner air and reduces ozone levels. We have also added bird feeders to attract more exotic birds. These changes are KEA’s way of participating and promoting the new company slogan, “For Earth, For Life.”

Audit conducted at an overseas production site

Voice

Nora DeForest
HR Manager
Kubota Engine America Corporation

Trees planted at entranceway

High-efficiency lighting installed in warehouse

Bird feeder
Environmentally-Friendly Products

One of the ways we are making our products more environmentally-friendly is by working to reduce the environmental load throughout the product life-cycle.

KUBOTA’s internal Eco-Products Certification System

In FY2012, the KUBOTA Group began running its own Eco-Products Certification System to certify environmentally friendly products. Products which have fulfilled our internal requirements, which include “energy saving,” “resources saving and recycling,” and “reducing environmentally hazardous substances,” are certified as “Eco-Products,” and display our proprietary Eco-Products label. By means of this system, we are improving our range of environmentally-friendly products, and further intensifying our efforts to preserve the global environment as an environmentally leading company.

Example of Eco-Products label

Evaluation items

<table>
<thead>
<tr>
<th>Stop climate change</th>
<th>Work towards a recycling-based society</th>
<th>Control chemical substances</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy saving (CO₂ reduction) Reducing energy consumption during production, construction and use, etc.</td>
<td>2. Resources saving Reducing weight, volume, use of rare metals, etc.</td>
<td>3. Recycling Using recycled nonsuchure metals, etc.</td>
<td>4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.</td>
</tr>
</tbody>
</table>

Endeavors in development of environmentally-friendly products up to FY2011 (case studies)

Tractor Kingwell R-PC

- Energy saving
- Reducing gas emissions

To the Kingwell R-PC series of medium-sized Power Krawler Tractors (24 to 34 PS) for the Japanese market, we added an “e-Guide” function and a fuel consumption graph display, enabling energy-saving operation. This series is also equipped with engines that meet the Ministry of Land, Infrastructure and Transport and Tourism’s exhaust gas emissions regulations for special vehicles.

KUBOTA Membrane Bioreactor

- Effluent purification, conserving water bodies
- Resources saving
- Energy saving

The KUBOTA Membrane Bioreactor is an advanced processing system for sewage, whereby eutrophication can be prevented and processed water can be re-used. It can be applied at medium to large-scale sewage treatment plants without securing extra land, and contributes to the resources saving by effective use of existing civil engineering structures. This system also uses large-scale unit siphon filtration and other energy-saving technologies.

Digital Platform Scale KL-100NX Kubo-Eco Series

- Energy saving
- Reducing environmentally hazardous substances

At the time of the Digital Platform Scale KL-100NX series model change, we implemented power-saving designs, and realized a battery life of 2,000 hours using alkaline batteries. We also minimized the use of RoHS-designated substances lead, cadmium, mercury and hexavalent chromium. Consequently, the environmental load generated during use and at disposal, is now greatly reduced.
Conservation of Biodiversity

One of the targets included in the KUBOTA Group’s Eco-First Commitment is to “conservation of biodiversity.” In our business activities and our social contribution initiatives, we are endeavoring to ensure that care is taken to conserve biodiversity and protect the natural environment.

Understanding KUBOTA Group’s relationship with biodiversity

In December 2009, in order to conserve biodiversity and ensure that natural resources are used in a sustainable way, the KUBOTA Group incorporated a principle on biodiversity into its Environmental Action Guidelines. To impose order on KUBOTA’s relationship with biodiversity, we also drafted the list shown below. KUBOTA defines its business domains as “food,” “water” and “the environment.” All our business activities use the bounty of nature in some form, while simultaneously having a major impact on animal and plant life. Besides the biotope installation and tree-planting initiatives we have been carrying out for some years, we are managing the environmental load of our business activities in an appropriate way. We are also engaging in biodiversity protection activities in the KUBOTA e-Project, one of our social contribution initiatives (see P. 39 for details).

The KUBOTA Group’s relationship with biodiversity

At each stage of our business activities, we need to reduce our environmental load and consider our impact on biodiversity.

Initiatives designed to manage and reduce the environmental load of our business activities

- Resources: “INPUT”
  - Raw materials, subsidiary materials, water, energy
- Use of land
  - Building business sites, etc.
- Business activities/
  - Product life cycle
  - Design, procurement, production, distribution, use, maintenance, disposal
- Environmental load:
  - “OUTPUT”
  - CO2, waste water, waste, noise, etc.
- Impact on biodiversity
  - Items to be considered
  - Excessive consumption of resources, elimination of habitat through climate change or pollution, movement of alien species

Controlling pollution of the atmosphere, water bodies, and soil

Reduction of impact of business (products and services), contribution to conservation

- Environmental load generated by using products, etc.
  - CO2, exhaust gases, waste, noise, vibration, etc.
- Water processing business (conservation of water bodies), agricultural machinery business (conserving ecosystems by rice transplanter with a pesticide-reduction function and low-emission engines; improving agricultural crop yields)

Contribution to the conservation of ecosystems

Achieving symbiosis with the natural environment through social contribution initiatives

- As a corporate citizen, we need to devote effort to protecting the natural environment.
  - e-Projects (supporting reclamation of abandoned farmland)
  - e-Day (environmental beautification volunteers)
  - Planting trees and installing biotopes in the grounds of business sites, etc.

Report from the Front

Rooftop garden opened at KUBOTA head office

In May 2011, a rooftop garden was opened at KUBOTA head office as a part of “communication space” for employees. By setting up vegetable beds and a meadow, along with various tree species, care was taken to allow the garden to become a habitat and stopover for insects, birds and other living things. Organic vegetables and rice grown in the vegetable beds are used in meals served at the employee lounge built adjoining the rooftop garden. Resource recycling initiatives are also in place: these include using KUBOTA membrane processing technology to recycle waste water from the lounge’s kitchen for use in irrigation, and using fallen leaves for composting.
Third-Party Assurance on Environmental Reports

Since FY2005, the KUBOTA Group has received third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The “◎” symbol is used to indicate the sections of this pamphlet and our website that have received third-party assurance. Following the third-party assurance this fiscal year, our environmental report was accorded the environmental report assurance and registration symbol*1 of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)*2. This indicates that the reliability of the environmental data given in the KUBOTA REPORT 2011 – Business and CSR Activities meets the requirements for this mark.

*1: The mark appears on the back cover of this report.
*2: http://www.j-sus.org/

Independent Assurance Report

To the Representative Director, Chairman, President and CEO of Kubota Corporation

Purpose and Scope
We were engaged by Kubota Corporation (the “Company”) to provide limited assurance on its KUBOTA Report 2011 – Business & CSR Activities on KUBOTA’s website (the “website Report”) on the website for the fiscal year ended March 31, 2011. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:
1) the environmental performance indicators and environmental accounting indicators marked with “◎” for the period from April 1, 2010 to March 31, 2011 included in the website Report (the “Indicators”) are prepared, in all material respects, in accordance with the Company’s reporting criteria; and,
2) all the material environmental information defined by the Japanese Association of Assurance Organizations for Sustainability Information (“J-SUS”) is included in the website Report.

The content of the website Report is the responsibility of the Company’s management. Our responsibility is to carry out limited assurance procedures and to express our conclusion.

Criteria
The Company applies its own reporting criteria as described in the website Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan’s Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material environmental information, we used the ‘Criteria for Granting an Environmental Report Assurance and Registration Symbol’ of J-SUS.

Procedures Performed

The limited assurance engagement on the website Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the website Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:
- Interviews with the Company’s responsible personnel to obtain an understanding of its policy for the preparation of the website Report.
- Reviews of the Company’s reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and also a recalculation of the Indicators.
- Visits to the Company’s domestic factory, selected on the basis of a risk analysis.
- Assessment of whether or not all the material environmental information defined by J-SUS is included in the website Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:
1) the Indicators in the website Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the website Report; and
2) all the material environmental information defined by J-SUS is not included in the website Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
July 14th, 2011
Integrating business and CSR reports
The most striking feature of KUBOTA’s report for this fiscal year is that the business and CSR reports have been integrated and issued as the “KUBOTA REPORT 2011 – Business and CSR Activities.” The practice of issuing an integrated annual report and CSR report is gaining ground in Europe and the USA, and in my view, it is also a commendable policy from the perspective of global trends. As a result of this integration, more extensive economic data is made available. I think it would be a good thing if KUBOTA also considered disclosing economic data from a CSR perspective – including, for example, how things stand regarding distribution of added value, and regarding corporate expenditure on social contribution activities.

KUBOTA’s aspirational vision of society
Active in the business domains of food, water and the environment, which are closely connected with the sustainability of society, KUBOTA is committed to making a social contribution through its business activities. This ethos is also emphasized in the Top Message in this report. In fact, KUBOTA is conducting numerous activities relating to social development in Asian countries and elsewhere, and its corporate attitude has earned high acclaim. The KUBOTA e-Project is a particularly noteworthy initiative, even from an international perspective. In this connection, if KUBOTA goes on to clarify its aspirational vision of the society, and emphasizes newly-created social value, I am sure that the company will be able to pursue activities that are even more effective.

Introducing KPIs (Key Performance Indicators) for CSR activities
Using a PDCA (Plan-Do-Check-Action) cycle, KUBOTA assesses the degree to which its CSR activities have reached their targets. At present, most of the company’s non-environmental CSR targets are still defined in qualitative terms; however, there is a worldwide trend towards disclosing KPIs for CSR. In my view, when a company's business and CSR reports are integrated, the next stage is for stakeholders to expect KPIs to be disclosed. I would therefore recommend that KUBOTA start considering introducing KPIs for its CSR targets.

High hopes for Eco-Products
One of the noteworthy trends at KUBOTA on the environmental front is the launch of the company’s own internal certification system for its Eco-Products. Reducing environmental load during the product’s service life is just as important as reducing it during the manufacturing process, so for that reason, Eco-Products are a very important initiative. They are an experiment in unifying business activities with environmental conservation. I anticipate that KUBOTA, as one of the front runners in its industry, will lead that industry in terms of environmentally-friendly products as well as in other ways.

In response to the above comments
Determined to make solid progress in CSR activities year by year, the KUBOTA Group has, for the last three years, asked Professor Kokubu to contribute his comments. This year, once again, I would like to express KUBOTA’s profound gratitude for his valuable input. KUBOTA sincerely takes to heart Professor Kokubu’s view regarding the need to clarify our aspirational vision of society, and his other suggestions, and will continue developing our activities.

In this year’s report named “KUBOTA REPORT,” to give the reader an even better understanding of KUBOTA’s activities, we have included more economic data than in previous years, and achieved a better balance with social and environmental information. Here at the KUBOTA Group, in the future as in the past, we shall not only be providing support for the reconstruction following the Great East Japan Earthquake, but also endeavoring to continue being a company able to contribute to “the development of society and the preservation of the earth’s environment” through our activities in the business domains of food, water and the environment, which are of critical importance to society.
Corporate Information

Corporate Data

Corporate name: KUBOTA Corporation
Head office: 2-47, Shiktsuhigashi 1-chome, Nariwa-ku, Osaka 556-8601 Japan
Representatives: Representative Director, Chairman, President & CEO - Yasuo Masumoto
Representative Director and Executive Vice President - Tetsuji Tomita
Established: 1890
Capital: ¥84,070 million (as of March 31, 2011)
Total number of shares issued: 1,285,919,180 (as of March 31, 2011)
Number of shareholders: 45,121 (as of March 31, 2011)
Consolidated revenues: ¥933,685 million (Fiscal Year ended March 31, 2011)
Number of employees (consolidated basis): 25,409 (as of March 31, 2011)

List of information available on KUBOTA’s website


Information on the activities of the KUBOTA Group is given both in this report and on the official website. For more detailed information not shown in this report, please visit our website.

Website page | Supplementary information shown on the website
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Board of Directors

As of June 24, 2011

Directors: Representative Director, Chairman, President & CEO - Yasuo Masumoto
Representative Director and Executive Vice President - Tetsuji Tomita
Director and Senior Managing Executive Officer - Satoru Sakamoto
Director and Managing Executive Officer - Takeshi Torigoe
Director and Managing Executive Officer - Masayoshi Kitaoka
Director - Toshihiko Kubo
Director - Yuzuru Mizuno
Director - Junichi Sato

Executive Officers: Senior Managing Executive Officer - Eisaku Shinohara
Senior Managing Executive Officer - Masatoshi Kimata
Managing Executive Officer - Nobuyuki Yoshikuni
Managing Executive Officer - Hideki Iwabu
Managing Executive Officer - Katsuyuki Iwama
Managing Executive Officer - Kenshiro Ogawa
Managing Executive Officer - Tetsu Fukui
Managing Executive Officer - Satoshi Iida
Managing Executive Officer - Shigeru Kimura
Executive Officer - Masakazu Tanaka
Executive Officer - Taichi Ito
Executive Officer - Yuiro Kimura
Executive Officer - Shinti Sasaki
Executive Officer - Hiroshi Matsuki
Executive Officer - Yuichi Kitao
Executive Officer - Kunio Suwa
Executive Officer - Toshiki Kurosawa
Executive Officer - Hiroshi Kawakami
Executive Officer - Satoshi Machida
Executive Officer - Masaharu Tabata
Executive Officer - Yoshiyuki Fujita
Executive Officer - Kaoru Harada
Executive Officer - Takashi Uei

Corporate Auditors: Corporate Auditor - Hirokazu Nara
Corporate Auditor - Hiroshi Shiiaku
Corporate Auditor - Masao Morishita
Corporate Auditor - Akira Negishi
Corporate Auditor - Ryoji Sato

WEB http://www.kubota-global.net/csr/report/anke-to.html

You can respond to the questionnaire concerning the KUBOTA REPORT 2011 – Business and CSR Activities on our official website.
http://www.kubota-global.net/csr/report/anke-to.html
## Scope of the KUBOTA REPORT 2011 Business and CSR Activities
The KUBOTA REPORT 2011 Business and CSR Activities covers the entire KUBOTA Group, in principle.

### Economic Report
The Economic Report contains data on the consolidated accounting that was performed based on U.S. accounting standards. Fiscal year 2011: 104 consolidated subsidiary companies and 19 affiliates accounted for under the equity-method.

### Social Report
The Social Report covers social activities carried out by KUBOTA Corporation and some of its affiliates.

### Environmental Report
The Environmental Report contains the results of environmental activities carried out by KUBOTA Corporation itself as well as 68 domestic and 36 overseas consolidated subsidiary companies.

### Editorial note:
From FY2012, Kubota will publish "KUBOTA REPORT" through which you can understand its development of CSR management and global business activities through increasing descriptions and reports of its business and economic activities along with its existing social and environmental reports.

### Period covered by this report
The content of this report focuses on activities during fiscal 2011 (April 2010 to March 2011). Some portions may include information on recent events. Data in the Environmental Report are aggregate totals of domestic (April 2010 to March 2011) and overseas activities (January 2010 to December 2010).

### Cautionary Statements with Respect to Forward-Looking Statements
This document may contain forward-looking statements that are based on management’s expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation; general economic conditions in the Company’s markets, particularly government agricultural policies; levels of capital expenditures, both in public and private sectors; foreign currency exchange rates; the occurrence of natural disasters; continued competitive pricing pressures in the marketplace; as well as the Company’s ability to continue to gain acceptance of its products.

### Referenced guidelines
- Environmental Report Guidelines (Fiscal Year 2007 version), Ministry of the Environment (Government of Japan)
- Sustainability Reporting Guidelines Version 3.0, GRI (Global Reporting Initiative)
Natural energy was used to generate the electricity required for printing this report (500 kWh). It was printed on FSC-certified paper, meaning that the paper comes from forests managed in a socially and environmentally responsible way. The ink used was a vegetable-based ink, which places less of a load on the environment. This report was printed using a waterless process with no release of harmful effluents.