

For Earth, For Life



KUBOTA REPORT 2013

Business and CSR Activities



Over time, all at KUBOTA have inherited the founder's spirit

Two aspects of our founder Gonshiro Kubota's character provided the basis for the company that bears his name. The first was the pioneering spirit that led him to face the challenges involved in becoming the first to mass produce cast iron water pipes in Japan and that also made him devote his expertise and a great amount of effort into creating products that would assist in the development of society. The second was his intense passion for manufacturing that has successively been handed down over the more than 120 intervening years with the aim of Kubota making great advances to becoming a truly global company.

The founder of KUBOTA:
Gonshiro Kubota
(1870-1959)



Shipment point in Osaka for the Company's iron pipes, circa 1905
Founder Gonshiro Kubota, wearing a business suit at the center of the front row

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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.

Editorial note

Focusing on exemplary efforts made by the KUBOTA Group in addressing global issues through its business activities, this report is in the form of an easy-to-understand booklet that will keep all stakeholders informed.

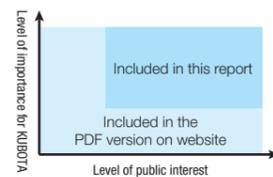
Relationship with the information provided on our website

In addition to this material, which covers issues of social concern, our official website provides a PDF version of this report to disclose more information including the detailed data not included in this report due to space limitation, as well as updated information.

Questionnaire concerning KUBOTA Report 2013

We would very much appreciate hearing your impressions and opinions and thank you in advance for your cooperation.

<http://www.kubota-global.net/csr/report/questionnaire.html>



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.

<http://www.kubota-global.net/csr/report/r2013.html>

- Economic report:** Financial data (U.S. GAAP)..... P32 ①-④
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- Environmental report:** Supplementary Information P50 ①-⑱

Boundary of the KUBOTA REPORT 2013

The KUBOTA REPORT 2013 covers the entire KUBOTA Group, in principle.

Economic Report:

The Economic Report contains data on the consolidated accounting based on U.S. accounting standards of generally accepted accounting principles in the United States (U.S. GAAP) for fiscal 2013, 157 consolidated subsidiaries and 19 affiliated companies 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 as well as 157 consolidated subsidiaries (62 domestic and 95 overseas companies).

Period covered by this report

The content of this report focuses on activities during fiscal 2013 (April 2012 to March 2013, hereinafter FY2013). The Environmental Report presents domestic data from April 2012 to March 2013 and overseas data from January 2012 to December 2012. Some portions may include information on recent events.

Referenced guidelines

Environmental Reporting Guidelines (Fiscal Year 2012 version),
Ministry of the Environment (Government of Japan)
Sustainability Reporting Guidelines Version 3.1, GRI

Designed by CSR Promotion Dept.

Edited and published by Corporate Communication Dept.

Plotting a new path to growth through social contributions unique to KUBOTA

At the beginning of FY2014, I declared that this would be a year of major change for KUBOTA in both its international and domestic operations. In FY2013, both revenues and profits grew. Why then, one might ask, is it necessary for KUBOTA to undergo these major changes? What is the end goal of all these changes? I answer these questions below while lightly touching on current conditions at KUBOTA.



Representative Director, Chairman, President & CEO Yasuo Masumoto

Results for FY2013

We are at the starting line of future growth.

In FY2013, KUBOTA returned to a growth path as revenues expanded in Japan and overseas, owing to a rebound in demand in Japan, strong growth in demand for agricultural machinery in Asia, and higher demand for tractors and construction machinery in North America. Consolidated revenues totaled ¥1,167.6 billion, slightly topping the previous peak set in FY2008 and finally recovering to a level last seen prior to the financial crisis five years ago. Marking this figure as our new starting line, we are embarking on a trek toward full-fledged growth.

In FY2014, we expect strong performance overall in both domestic and overseas operations. Nevertheless, we are not content to watch the year pass by frivolously. We will engage in business activities with the objective of creating a corporate structure able to achieve growth in excess of market expansion over the medium term.

In our pursuit of contributing to society and remaining a sustainable corporation, we aim to foster a corporate culture where our employees are able to take an optimal course of action based on a firm grasp of current business conditions without being blinded by previous success. This, I believe, is my mission.

Aiming for Constant Corporate Growth

We have set two basic business policies for FY2014: “attain major growth by developing growth driver businesses,” and “reform business operations to that of a global corporation.”

Aiming to Attain Major Growth

KUBOTA contributes to the advancement of society through its businesses in food, water and the environment. These business fields are becoming increasingly important to the human race on a global scale, and KUBOTA aims to outperform market growth in these fields. To achieve this aim, KUBOTA will enhance development of core growth themes, or growth driver businesses.

One of these growth driver businesses is **the large-scale agricultural machinery business for dry-field farming, an area in which we will ramp up operations.** KUBOTA's agricultural machinery business has grown around the rice farming market, which requires compact and lightweight machinery. However, KUBOTA believes it must enter the global market for dry-field farming, which covers an area that is seven times larger than land used for growing rice. Dry-field farming is the primary mode of agriculture in regions KUBOTA has yet to enter, such as Africa, Russia and South America. Management has determined that KUBOTA needs to enter the large-scale dry-field agricultural machinery business in order to help solve global food problems and sustain growth over the long term at KUBOTA.

Another growth driver business is **the overseas water and environment business, in which we plan to accelerate business development in mainly Asian countries.** The KUBOTA Group aims to speed up development of the water and environment business in Asia by stimulating growth at its existing subsidiaries in China that produces and sells water treatment systems and pumps, and by promoting business via Asian subsidiaries of a water treatment engineering company acquired in 2012.

Aiming to Reform Business Operations

The Company's overseas sales ratio reached 54% in FY2013 as a result of ongoing efforts to augment its overseas production bases and sales network. Expansion of our overseas operations is key to future growth because growth driver businesses are in overseas markets. Our current business operations, however, are still focused on domestic businesses, a structure that we have yet to move away from. We aim to reform business operations from a multi-angled viewpoint to find the best path forward to becoming a genuine global corporation.

To attain this goal, we are implementing several measures. Our first measure is **to strengthen marketing and R&D activities in tune with local needs.**

KUBOTA has to make inroads into existing markets overseas such as the dry-field farming market and water and environment market where there are already competitors, in order to fulfill its objectives of contributing

to society and further expanding overseas operations. KUBOTA must also introduce products and services at prices that are fair for each region and of a quality that matches local needs. To realize these goals, we aim to strengthen marketing and R&D activities in tune with local needs.

Our second measure is **to expand our overseas sales network**. In fast-growing Asian markets, we aim to expand operations faster than the pace of average market growth, and we need to expand our sales network further in order to do so. KUBOTA turned a local affiliate into a subsidiary in the Philippines in 2011, and established an agricultural machinery sales company in Indonesia in 2012. The Company plans to expand its sales network further in preparation for business growth in China, Southeast Asia and South Asia. In regions where we do not have a presence, such as Africa, Russia and South America, we plan to start developing sales channels within five or ten years from now.

Our third measure is **global promotion of our ways and capabilities of manufacturing, in other words, spreading “Made by KUBOTA” methods or technologies globally**. KUBOTA is taking steps to expand overseas production with the aim of forming a production structure able to flexibly adapt to changes in market conditions. Since each region often requires different specifications for products, the first priority of this measure is to enable product development that fulfills local requirements. At the same time, having strong cost competitiveness is considerably more important in overseas markets than in Japan. I believe a key challenge for us will be to address these needs while upholding the trustworthiness of the “Made by KUBOTA” products. We believe that the high performance, durability and finely tuned specifications of our products are valued as quality of KUBOTA’s products by our customers. We intend to improve the capability of each manufacturing plant and enhance collaboration among plants to enable addressing local needs including cost competitiveness and flexible response to fluctuating business conditions with reliable technology.

The fourth measure is **to strengthen global management and corporate governance**. In accordance with expansion of overseas operations, it is becoming increasingly important for us to execute local decision-making so that local managers, who are

knowledgeable of the local situation, can make appropriate and prompt decisions. To this end, we will strive to recruit and develop human resources through appointment to positions of management responsibility, delegating authority and updating our personnel system.

Meanwhile, it is also becoming increasingly important to strengthen corporate governance as the number of business mergers and acquisitions (M&A) increases. We will proactively tackle this issue by improving our framework and systems while leveraging IT to adopt uniform management and proper sharing of management resources.

KUBOTA will create business opportunities in Japan by enhancing its proposal capabilities and responding to changing needs.

Sales have increased for two consecutive fiscal years at the Company’s domestic operations, and this recovery in sales and profits in Japan has underpinned consolidated earnings. However, if we limit ourselves to our current business fields, there is scant hope of sustainable growth in sales and profits over the long term. KUBOTA will overhaul low-margin businesses and transform its business structure to one that focuses on developing new markets.

In the agricultural field, KUBOTA engages in business that contributes comprehensively to agriculture through proposals for improving agricultural efficiency and by introducing new ways of farming. In this context, we have already launched initiatives such as the promotion of rice farming that skips the raising of seedlings.

In the water and environment field, KUBOTA will work to further expand existing businesses in the public sector, such as equipment sales and plant construction, while aiming to create new business opportunities in the private sector by improving its readiness in the field of ongoing facility operation and maintenance, which is increasingly being subcontracted.

Contributing to Society as a Corporation

Around the world, we work hard at giving people reason to believe that KUBOTA is a promising company



Engaging in the business fields of food, water and the environment, KUBOTA is proud to be a company with considerable potential to contribute to the welfare of society. That said, I believe there is still a lot more that KUBOTA can do, because there are so many roles that KUBOTA can fulfill for society while striving for further growth through business expansion. Not satisfied with the current state of operations, we ask ourselves if there is a better way we can address the needs of society. Desiring a corporate culture wherein all of our employees around the world ask themselves this very question, we formulated the Kubota Global Identity as the Group’s corporate philosophy in October 2012. I believe our responsibility to society is to contribute to society through our business activities and always do in good faith what is expected of us by society.

Another important issue for us is how to preserve the natural beauty of the environment for the next generation, amid significant changes in the global environment caused by rapid economic growth in emerging countries. As a company with operations that relate to environmental conservation, KUBOTA is always cognizant of how its products and services help the global environment, and

strives to reduce the environmental impact of its manufacturing activities. The Company takes environmental considerations seriously, starting with initiatives to reduce CO₂ emissions and waste volume as well as manage chemical substances, and also deploying its own wastewater treatment technologies when constructing a new production base overseas, so as to not adversely impact the local environment. KUBOTA has set up its own Eco Products Certification System for evaluating the environmental friendliness of its products, and makes concerted efforts to develop products that are easy on the environment.

We intend to help protect the beauty of the global environment and enrich people’s lives. With “For Earth, For Life” as our slogan, we are moving forward in the fields of food, water and the environment as a company that contributes to society. Through business growth and social contributions, KUBOTA will endeavor to be a promising company that everyone trusts, and a company that meets the expectations of its stakeholders. We ask for your understanding and support as we strive toward these aspirations.

Following the spirit and values established by the Company's founder more than 120 years ago, KUBOTA Corporation is committed to tackling food, water and environmental issues on a global scale.

The first successful domestic production of cast iron pipes for water supply was accomplished in Japan in 1897. At that time, a significant number of lives were being lost in Japan as a result of water-borne diseases such as cholera. Founder Gonshiro Kubota established KUBOTA to protect people from such diseases and in the process contributed greatly to the modern water supply system. In that spirit, the manufacturing of iron pipes is now a cornerstone of business activity at the KUBOTA Corporation.

Amid serious food shortages after the Second World War, the Company directed its efforts toward agricultural mechanization as a means to increase food production and succeeded in commercializing cultivators in 1947. Inheriting the spirit of a company founded with a commitment to resolving social issues, KUBOTA continues to develop its business activities in step with the needs of society.

KUBOTA enacted the Kubota Global Identity as a universal corporate principles in order to promote business activities throughout the group based on the spirit and values passed down since the establishment of the Company.

The Kubota Global Identity recognizes that food, water and the environment are a singular theme, and the program's "Mission" section states clearly that the goal of the Company is to contribute to the resolution of problems in these areas on a global scale.



► **Spirits**

- Work for the development of society by drawing on all of 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.

► **Brand Statement**

For Earth, For Life
Kubota

► **Mission**

Food, water and the environment are indispensable for human beings. The KUBOTA Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.

Somewhere, today. A nearby presence throughout people's lives.

Mobilizing the collective strength of KUBOTA's business activities and contributing to solutions in the areas of food, water and the environment.



1 Tractors:
used mainly in agricultural operations, including tillage, leveling and transportation.



2 Rice transplanters:
used to transplant rice seedlings to the rice paddies. Rice transplanters make a significant labor-saving contribution.



3 Combine harvesters:
simultaneous harvesting and threshing of crops such as rice, wheat and pulses



4 Mini power tillers:
used mainly in agricultural operations, including smaller farms.



5 Riding mowers:
used for cutting lawns in parks, office areas and private residences.



6 Utility vehicles:
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.



7 Construction machinery (mini backhoes):
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.



8 Engines (installed in equipment 1-7):
used as power sources for industrial equipment, including tractors and construction machinery.



9 Iron pipes:
used in infrastructure, including water and sewage lines, as well as gas piping.



10 Earthquake resistant reservoirs:
used to ensure the supply of drinking water when water services are halted due to an earthquake or other disaster.



11 Valves:
used in water and sewerage lines to control the flow of fluids or gases.



12 Pumps:
used to pump water in water and sewerage lines, as well as in storm water drainage.



13 Plastic pipes:
used in infrastructure, including water and sewerage lines, as well as gas piping.



14 Ceramic film:
used in the purification process for sources of water, including river water, to create clean drinking water.



15 Submerged membranes:
used to purify waste water, including industrial and domestic sewage.



16 Waste water treatment tanks:
used to treat sewage in areas where there are no sewerage lines.



17 Sewage sludge incinerators:
plants used to incinerate or melt sludge produced during sewage treatment



18 Spiral welded steel pipes:
used in foundation construction, including for buildings and bridges in addition to harbor and river projects.



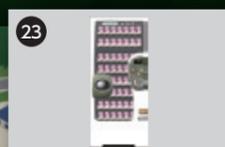
19 Rolls:
used in the rolling process, mainly at steel plants.



20 Cast steel:
used at plants in the petrochemical industry for ethylene purification and other operations.



24 TXAX (brake pad material):
used as a friction material, mainly in brake pads.



23 Vending machines:
used for the automatic sales of products, including drinks and cigarettes.



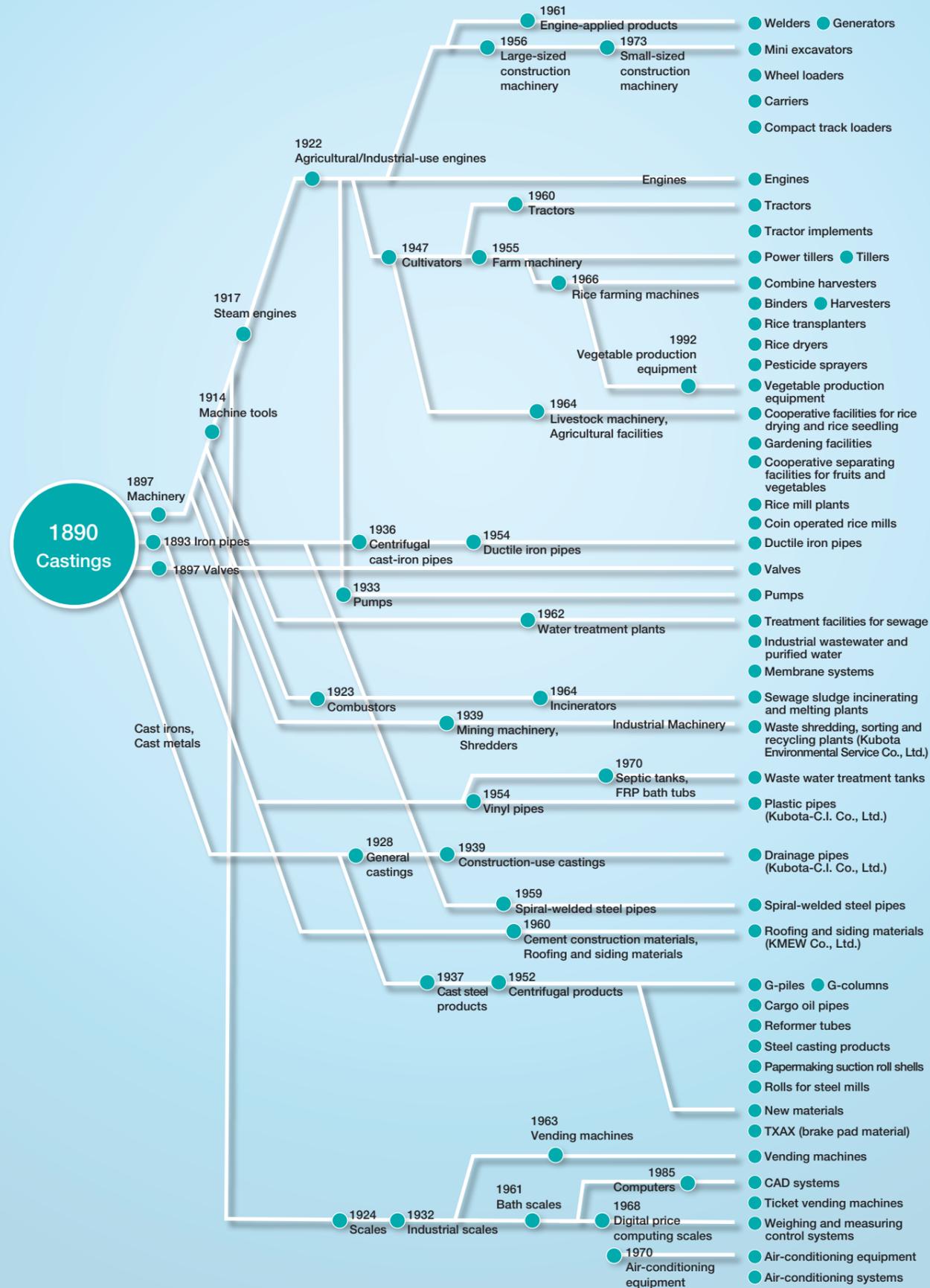
22 Air-conditioning:
used mainly in the centralized air-conditioning of office buildings and plants.



21 Truck scales:
used to measure load capacity for trucks and other equipment.

History of KUBOTA's Products

KUBOTA started with production and marketing of cast metal products. Ever since its foundation, it has provided a large variety of products that contribute to people's lives and society, including iron pipes for waterworks, engines for agricultural and industrial purposes, and machine tools. All of its business organizations and products have been developed under the basic idea that "Society keeps corporations going forward."



KUBOTA's Global Development History

Dating back to the early 1900s, KUBOTA Corporation has a long history of overseas business development. The Company has been contributing to the development of Asian countries with exports of water pipes prior to World War II and exports of pumps and farming machinery thereafter. The Company shifted its overseas business development into high gear, beginning with farming machinery from the 1970s onward and then the water and environment business in the early 2000s, and is currently accelerating the globalization of each of its businesses.

Establishment (1890)-1945 Eyeing the World across the Seas

In 1893, not long after its establishment, the Company produces the first cast iron water pipes made in Japan. Having been exported to such countries as Indonesia in 1917 and the Netherlands in the 1930s, the technology is also highly regarded across the world.

1946-1971 From the Postwar Recovery Period to Making Global Inroads

In 1960, KUBOTA exports irrigation pumps and power tillers to Burma (currently Myanmar). In Cambodia, KUBOTA becomes the first Japanese company to undertake water supply construction work. Also engaging in water supply construction work in other countries, including Laos, Afghanistan and Taiwan, KUBOTA is highly active in overseas business.

2000-2011 Sudden Acceleration in Globalization

KUBOTA commences local full-scale production of tractors and combine harvesters in North America and Thailand and builds overseas sales bases for submerged membranes, construction machinery and pumps. The Company accelerates the localization of its businesses, including the production and sale of cast steel in the Middle East, and makes significant advances in globalization.

1972-1999 Full-Scale Overseas Business Development

KUBOTA greatly expands its overseas activities, including tractor and cast steel businesses in North America, farming and construction machinery businesses in Europe, and the overseas production of vending machines. Entry into overseas markets begins in earnest, including through localization with product exports, construction work and other efforts.

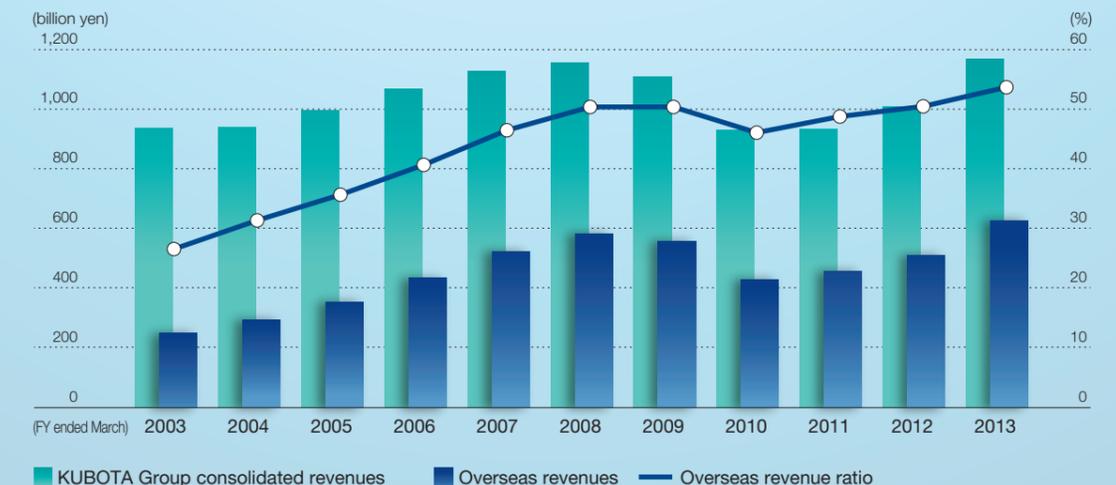
2012-Present Aiming to Become a Truly Global Company

Through M&A, KUBOTA is making full-scale entries into the world's dry-field farming markets and strengthening its water and environmental businesses in Asia. In addition, the Company is promoting the building of a global, optimized local production system by making further advances in consistent local production from the securing of castings and engine parts.

Revenues composition ratio by region



KUBOTA is fully developing its business in large dry-field farming machinery



Corporate Data (As of March 31, 2013)

Corporate Name	KUBOTA Corporation
Head Office	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan
Established	1890
Capital	¥84,070 million
Total number of shares issued	1,256,419,180
Number of shareholders	39,917
Revenues (Consolidated)	¥1,167,628 million
Number of employees (Consolidated)	31,436



Head office

Directors, Audit & Supervisory Board Members and Executive Officers (As of June 21, 2013)

Directors



(Front row, from left)

Representative Director, Chairman,
President & CEO

Yasuo Masumoto

Representative Director and
Executive Vice President

Tetsuji Tomita

(Back row, from left)

Director and Senior
Managing Executive
Officer

Toshihiro Kubo

Director and Senior
Managing Executive
Officer

Satoru Sakamoto

Outside Director

Yuzuru Mizuno*

Outside Director

Junichi Sato*

Director and Senior
Managing Executive
Officer

Masatoshi Kimata

Director and Managing
Executive Officer

Shigeru Kimura

Executive Officers

Senior Managing
Executive Officers

Nobuyuki Toshikuni

Managing Executive Officers

Kenshiro Ogawa

Satoshi Iida

Yujiro Kimura

Shinji Sasaki

Yuichi Kitao

Executive Officers

Taichi Ito

Hiroshi Matsuki

Kunio Suwa

Toshihiko Kurosawa

Hiroshi Kawakami

Satoshi Machida

Masaharu Tabata

Yoshiyuki Fujita

Kaoru Hamada

Takashi Uei

Hironobu Kubota

Junji Ogawa

Yasuo Nakata

Masato Yoshikawa

Kazuhiro Kimura

Dai Watanabe

Haruyuki Yoshida

Audit & Supervisory Board Members

Audit & Supervisory Board
Members

Hirokazu Nara

Hiroshi Shiaku

Outside Audit & Supervisory
Board Members

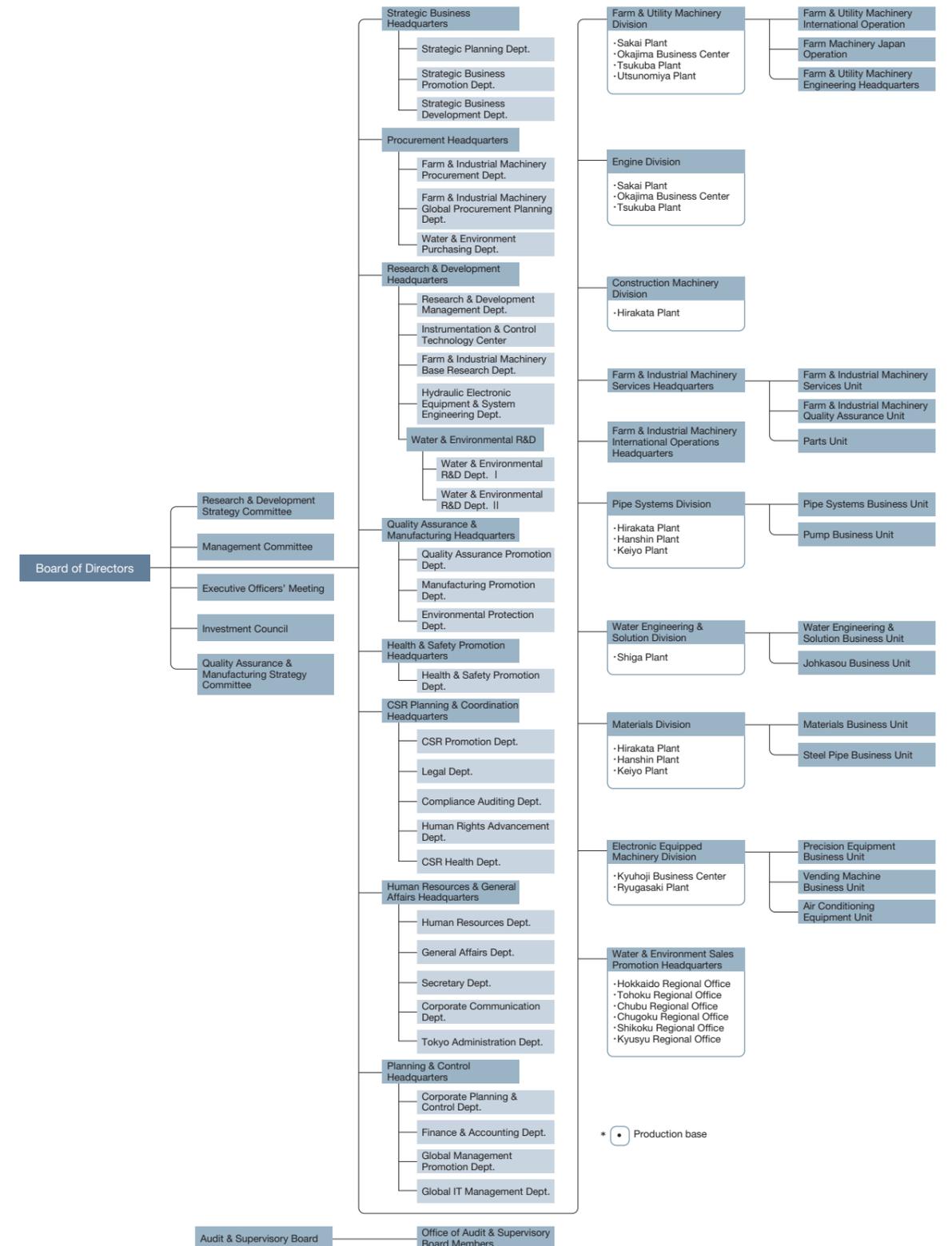
Masaharu Kawachi*

Akira Negishi*

Ryoji Sato*

Organization (As of June 21, 2013)

A drastic organizational realignment was conducted in April 2012. To facilitate management and rapid decision-making as well as to focus on a flatter, simple organizational structure, we decided to eliminate the consolidated division system in favor of a business division system after carrying out consolidation under the president's direct supervision. Corporate staff divisions (indirectly managed departments) integrated into headquarters are working to enhance the business support and Group governance functions.



Global Network

Possessing strengths in world-class quality, the KUBOTA Group is accelerating the development of its overseas business activities, including expanding its production, sales and procurement bases.



Plants, offices and main affiliates in Japan

- **Head offices**
Head Office (Osaka)
Hanshin Office (Amagasaki, Hyogo Prefecture)
Tokyo Head Office (Tokyo)
- **Regional offices & Branch offices**
Hokkaido Regional Office (Sapporo)
Tohoku Regional Office (Sendai)
Chubu Regional Office (Nagoya)
Chugoku Regional Office (Hiroshima)
Shikoku Regional Office (Takamatsu)
Kyusyu Regional Office (Fukuoka)
Yokohama Branch (Yokohama)
- **Sales Offices**
Wakayama Sales Office (Wakayama)
Kumamoto Sales Office (Kumamoto)
Okinawa Sales Office (Naha)
- **Factories, plants and business centers**
Sakai Plant (Sakai, Osaka Prefecture) Agricultural machinery and engines
Hirakata Plant (Hirakata, Osaka Prefecture) Construction machinery, valves, pumps and steel castings
Tsukuba Plant (Tsukubamirai, Ibaraki Prefecture) Agricultural machinery and engines
Ryugasaki Plant (Ryugasaki, Ibaraki Prefecture) Vending machines
Utsunomiya Plant (Utsunomiya, Tochigi Prefecture) Agricultural machinery
Keiyo Plant (Funabashi/Ichikawa, Chiba Prefecture) Ductile iron pipes and spiral welded steel pipes
Shiga Plant (Konan, Shiga Prefecture) Septic tanks
Hanshin Plant (Amagasaki, Hyogo Prefecture) Ductile iron pipes and mill rolls
Kyuhoji Business Center (Yao, Osaka Prefecture) Electronic equipped machinery
Okajima Business Center (Osaka) Engines and iron castings
- **Main affiliates**
16 domestic agricultural machinery sales companies including Hokkaido KUBOTA Corporation (As of August, 2013) Sales of agricultural machinery
Kubota Farm & Industrial Machinery Service Ltd. (Sakai, Osaka Prefecture) Integrated agricultural machinery service
Kubota Agri Japan Corporation (Osaka) Technical and sales guidance on agricultural machinery
Kubota Credit Co., Ltd. (Osaka) Retail financing of merchandise
KUBOTA Precision Machinery Co., Ltd. (Sakai, Osaka) Manufacture and sale of hydraulic equipment and other precision machinery components
KUBOTA Construction Machinery Japan Corporation (Amagasaki, Hyogo Prefecture) Sales of construction machinery
Kubota-C.I. Co., Ltd. (Osaka) Manufacturing and sales of pipes and couplings in PVC and other polymers
Nippon Plastic Industry Co., Ltd. (Komaki, Aichi Prefecture) Manufacturing and sales of vinyl pipes and various types of sheets
Kubota Environmental Service Co., Ltd (Tokyo) Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc.
KUBOTA KASUI Corporation (Tokyo) Environmental engineering related to treatment of industrial wastewater and waste gases, repair and remodeling work, maintenance management, chemical and other sales
Kubota Air Conditioner, Ltd. (Tokyo) Manufacturing and sales of various types of air-conditioning equipment
Kubota Construction Co., Ltd. (Osaka) Service water and sewage, civil engineering and construction contracting
KMEW Co., Ltd. (Osaka) Manufacturing and sales of roofing and siding materials

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

North America	Europe	Asia & Oceania
<p>1 Kubota Tractor Corporation California, U.S.A. Sales of tractors, construction machinery, mowers and UVs*</p> <p>2 Kubota Credit Corporation U.S.A. California, U.S.A. Retail financing of sales contracts</p> <p>3 Kubota Manufacturing of America Corporation Georgia, U.S.A. Development and manufacturing of small-sized tractors, mowers, UVs* and tractor implements</p> <p>4 Kubota Industrial Equipment Corporation Georgia, U.S.A. Development and manufacturing of tractors and implements</p> <p>5 Kubota Engine America Corporation Illinois, U.S.A. Sales of engines and generators</p> <p>6 Kubota Insurance Corporation California, U.S.A. Underwriting non-life insurance</p> <p>7 Kubota Tractor Acceptance Corporation California, U.S.A. Business of insurance agencies in the United States</p> <p>8 Kubota Membrane U.S.A. Corporation Washington, U.S.A. Sales of submerged membranes</p> <p>9 Kubota Canada Ltd. Ontario, CANADA Sales of tractors, construction machinery, engines, mowers and UVs*</p> <p>10 Kubota Materials Canada Corporation Ontario, CANADA Manufacturing and sales of steel casting products, TXAX (brake pad materials)</p>	<p>11 Kubota Europe S.A.S. Argenteuil, FRANCE Sales of tractors, construction machinery, engines, mowers and UVs*</p> <p>12 Kubota (Deutschland) GmbH Rodgau/Nieder-Roden, GERMANY Sales of tractors, engines, mowers and UVs*</p> <p>13 Kubota Baumaschinen GmbH Zweibrücken Rheinland-Pfalz, GERMANY Manufacturing and sales of construction machinery</p> <p>14 Kubota (U.K.) Ltd. Oxfordshire, U.K. Sales of tractors, construction machinery, engines, mowers and UVs*</p> <p>15 Kubota Membrane Europe Ltd. London, U.K. Sales of submerged membranes</p> <p>16 Kubota España S.A. Madrid, SPAIN Sales of tractors, mowers and UVs*</p> <p>17 Kverneland AS Kverneland, NORWAY Manufacturing and sales of tractor implements</p>	<p>18 Kubota Korea Co., Ltd. Seoul, KOREA Sales of tractors, combine harvesters, rice transplanters and construction machinery</p> <p>19 Kubota China Holdings Co., Ltd. Shanghai, CHINA Regional headquarters in China</p> <p>20 Kubota China Financial Leasing Ltd. Shanghai, CHINA Financial leasing business for Kubota's main products including construction and agricultural machinery</p> <p>21 Kubota Agricultural Machinery (SUZHOU) Co., Ltd. Jiangsu, CHINA Manufacturing and sales of combine harvesters and other agricultural machinery</p> <p>22 Kubota Construction Machinery (WUXI) Co., Ltd. Jiangsu, CHINA Manufacturing of construction machinery</p> <p>23 Kubota Engine (SHANGHAI) Co., Ltd. Shanghai, CHINA Sales of engines</p> <p>24 Kubota Engine (WUXI) Co., Ltd. Jiangsu, CHINA Manufacturing of vertical type diesel engines</p> <p>25 Kubota Construction Machinery (SHANGHAI) Co., Ltd. Shanghai, CHINA Sales of construction machinery</p> <p>26 Kubota Guozhen Environmental Engineering (ANHUI) Co., Ltd. Anhui, CHINA Plant engineering of membrane bioreactors, and manufacturing and sales of membrane units, for the water treatment market</p> <p>27 KUBOTA SANLIAN PUMP (ANHUI) Co., Ltd. Anhui, CHINA Manufacturing and sales of pumps</p> <p>28 Kubota Environmental Engineering (SHANGHAI) Co., Ltd. Shanghai, CHINA Plant engineering and sales of equipment for the water treatment market</p> <p>29 Jiangsu Biaoxin Kubota Industrial Co., Ltd. Jiangsu, CHINA Manufacturing and sales of steel casting products</p> <p>30 Shin Taiwan Agricultural Machinery Co., Ltd. Kaohsiung City, TAIWAN Sales of tractors, agricultural machinery, construction machinery and agriculture-related products</p> <p>31 Kubota Rice Industry (H.K.) Co., Ltd. Hong Kong, CHINA Rice sales business in Hong Kong</p> <p>32 Kubota Philippines, Inc. Quezon City, PHILIPPINES Sales of tractors, combine harvesters, rice transplanters, engines, power tillers, etc.</p> <p>33 SIAM KUBOTA Corporation Co., Ltd. Pathumthani, THAILAND Manufacturing and sales of tractors, combine harvesters, horizontal diesel engines and power tillers, and sales of construction machinery</p> <p>34 SIAM KUBOTA Metal Technology Co., Ltd Chachoengsao, THAILAND Manufacturing of casting components for engines and tractors</p> <p>35 KUBOTA Engine (Thailand) Co., Ltd. Chachoengsao, THAILAND Manufacturing of vertical type diesel engines</p> <p>36 Siam Kubota Leasing Co., Ltd. Pathumthani, THAILAND Retail financing for tractors and combine harvesters</p> <p>37 Kubota Procurement & Trading (Thailand) Co., Ltd. Chanthaburi, THAILAND Procurement and supply of parts for KUBOTA Group production bases</p> <p>38 Kubota Vietnam Co., Ltd. Binh Duong Province, VIETNAM Manufacturing and sales of tractors, combine harvesters and rice transplanters</p> <p>39 Sime Kubota Sdn. Bhd. Selangor Darul Ehsan, MALAYSIA Sales of tractors and engines</p> <p>40 P. T. Kubota Indonesia Semarang, INDONESIA Manufacturing and sales of small diesel engines</p> <p>41 PT. Kubota Machinery Indonesia Jakarta, INDONESIA Sales of tractors, combine harvesters and rice translators</p> <p>42 P. T. Metec Semarang Jawa Tengah, INDONESIA Consignment manufacturing of vending machines and vending machine parts</p> <p>43 Kubota Agricultural Machinery India Pvt., Ltd. Chennai, INDIA Sales of tractors, combine harvesters and rice transplanters</p> <p>44 Kubota Saudi Arabia Company, LLC Dammam, SAUDI ARABIA Manufacturing and sales of steel casting products</p> <p>45 Kubota Tractor Australia Pty. Ltd. Victoria, AUSTRALIA Sales of tractors, construction machinery, engines, mowers and UVs*</p>

*UVs: Utility Vehicles

KUBOTA Helps Fast-growing Asian Countries Resolve Issues Related to Food, Water and the Environment

KUBOTA's businesses are intimately related to food, water and the environment, fields that will only increase in importance as essential aspects of human existence.

Based on the Kubota Global Identity, our corporate principles, we take on the challenge of solving world problems related to the fields of food, water and the environment through the provision of over a thousand different products and services. Our lineup of offerings mainly comprises: agricultural equipment that enhances food production by improving the efficiency of agriculture; equipment, facilities and engineering technologies for the stable supply of safe water; technologies for treating and reducing the volume of wastewater and waste; and materials, equipment and construction machinery that support the modernization of urban and living environments.

Over the past few years, rapid economic development in Asian countries has led to a host of intertwining problems, including populations being concentrated in major cities, a lack of modern infrastructure in cities, environmental destruction, food shortages, growing water shortages and declining rural populations.

Leveraging its technologies and comprehensive expertise cultivated over a 120-year history, KUBOTA helps resolve problems in countries in Asia and around the world, thereby contributing to their sustained development.

■ KUBOTA excels at making contributions in these fields:

“Food”

Contributing to the abundant and stable production of food by streamlining of agriculture.

- Alleviation of agricultural labor shortages
- Mechanization of agriculture
- Localization of agricultural machinery production

“Water”

Contributing to supply and to restore reliable water by enhancing water infrastructures.

- Maintenance of water supply and sewerage systems
- Preservation of environmental hygiene
- Prevention of water pollution

“Environment”

Contributing to create a comfortable living environment and to preserve the global environment by enhancing social infrastructure.

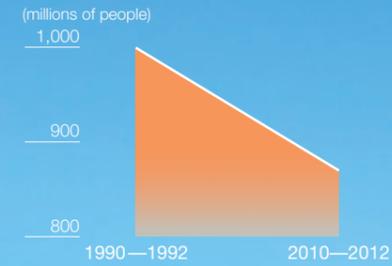
- Waste liquid and wastewater treatment systems
- Flue gas treatment systems
- Upgrading urban and living environments



Contributing to the Alleviation of Rural Labor Shortages and Mechanization of Agriculture through Localization

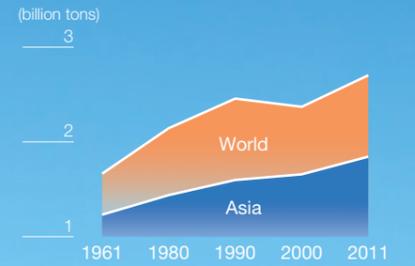
KUBOTA has played a key role in the mechanization of agriculture in Asian countries, which account for 90% of global rice production, through its rice farming machinery and technologies developed in Japan. By promoting the spread of agricultural machinery, we have contributed greatly to labor-saving and labor-reduction innovations in agriculture. With the “Made by KUBOTA” brand widely trusted for genuine quality and durability, we have responded to local needs by improving and modifying our products and backing them up with finely-tuned services. In Thailand and China, KUBOTA has deepened its roots in regional communities by advancing the local production of agricultural machinery.

Number of Undernourished Persons



Source: Food and Agriculture Organization (FAO) of the United Nations

Asian and World Cereal Supply



Source: Food and Agriculture Organization (FAO) of the United Nations

Around the world, there are still 870 million people on the brink of starvation. Every year, Asia has played an increasing role in the production of staple foods, and the region now produces half of the world's grains.



China

KUBOTA introduced its first combine harvester in 1998, its first rice transplanter in 2007, and commenced full-fledged development of the tractors business in China in 2012. We have contributed to the stable supply of food and the elimination of rural labor shortages caused by rapid economic development and urbanization in China, by promoting the spread of highly efficient Japanese-made machinery for rice farming and dry-field crop farming. In addition to the high functionality and durability of our products, we have built a responsive service structure for repairs and maintenance that has garnered the strong trust of our customers.



Thailand

In Thailand, one of the world's leading producers and exporters of rice, rural labor shortages have become a serious problem due to the development of the automobile industry and other industries. KUBOTA had been exporting power tillers from Japan to Thailand, and through a joint venture with a local company, KUBOTA began manufacturing diesel engines for agricultural machinery in Thailand. Since then, we have won broad support in Thailand for playing a role in the mechanization of agriculture with our tractors and combine harvesters. We are now setting up a local, integrated production structure for tractors, combine harvesters, engines and hydraulic equipment. Our operations in Thailand are coming to the forefront as a base for supplying products to the world.

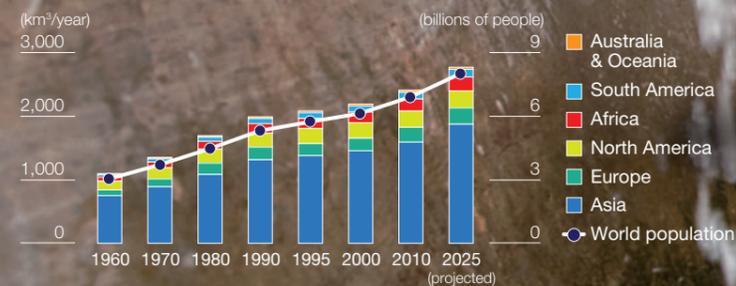


KUBOTA and Food

Helping to Improve Water Quality and Ensure Safe and Secure Sources of Drinking Water

120 years ago, KUBOTA was the first company in Japan to produce cast iron water pipes. Our water-related operations have roots that can be traced back to our foundation as a company, and we have advanced in lockstep with the history of waterworks in Japan. UNESCO projects that the quantity of water intake in Asia will account for about 60% of the world total by 2025. With this in mind, KUBOTA aims to play a central role in modernizing water infrastructure in Asia, from water intake and purification to water supply and wastewater treatment, through a combination of its products (cast iron pipes, plastic pipes, pumps, valves, submerged membranes, etc.), water treatment technologies and engineering technologies.

World population and water consumption volume



Source: Ministry of the Environment's "Environmental Whitepaper 2012"

Demand for water is expected to increase around the world. Consumption of water is growing especially strongly in Asia, raising the importance of having safe and secure water supplies.



Bangladesh Cambodia

KUBOTA is involved in projects to expand the water supply infrastructure of Bangladesh's second-largest city, Chittagong, increasing water supply coverage from 48% to 72%, in addition to modernizing and expanding the waterworks of three cities in Cambodia to improve water supply coverage from the current 30%.



Vietnam Myanmar

In Vietnam, there is strong demand for wastewater treatment tanks, including those for treating industrial wastewater. In response, KUBOTA has installed over 300 wastewater treatment tanks, many of them in hospitals. In Myanmar, often called the "last frontier of Asia," we anticipate strong demand for wastewater treatment tanks.



Thailand China

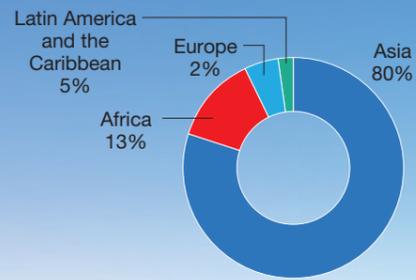
KUBOTA's submerged membranes are used in the treatment of sewage and industrial wastewater. Since delivering its first submerged membrane to the United Kingdom in 1998, KUBOTA has built up its reputation and supplied them to customers in Europe, North America and the Middle East. We now aim to accelerate business development in Asia. At our production bases recently constructed in Thailand and China, we have installed wastewater recycling systems using our own membrane filtration technologies so that operations are not affected by local environmental conditions.

KUBOTA and Water

Helping to Create Comfortable Living Environments and Preserve the Global Environment

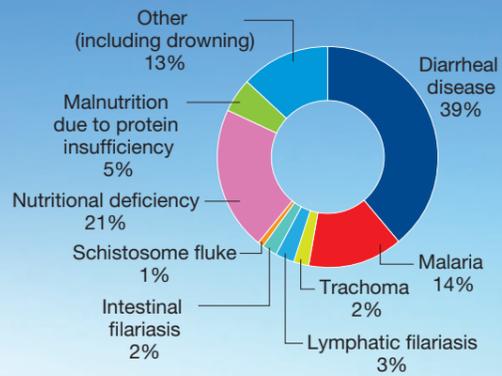
Leveraging its advanced water treatment technology, KUBOTA fully entered the environmental facility field in the mid-1960s when environmental pollution was a serious problem in Japan. In the mid-1970s, KUBOTA developed proprietary technologies for removing phosphorus and nitrogen, which inhibit eutrophication in lakes and inland seas. KUBOTA has developed recycling treatment systems that efficiently process sewage treatment sludge and livestock manure via methane fermentation equipment to create byproducts such as biogas, nitrogen, phosphorus and other resources that can be used in the treatment of waste liquids emitted during distilled liquor and palm oil production processes. KUBOTA also has operations in construction machinery, air handling units and vending machines that contribute to the creation of comfortable urban and living environments.

Proportion of population with insufficient sewage facilities (2.4 billion people)



Source: United Nation's "World Water Development Report 2003"

Diseases arising from poor water, public sanitation and cleanliness (2002)



Source: The Atlas of Water (Second Edition)

In Asia, the modernization of sewage and other water treatment systems is an important social issue going forward as population growth and urbanization accelerates. In the world today, many lives are lost due to a lack of access to clean water supplies. Environmental preservation is our mission for the future.



Malaysia

Environmental pollution has become a problem in Malaysia due to waste liquids released during the production process for palm oil, a key export. KUBOTA has received orders for its first waste liquid treatment facility and biogas recovery facility in Malaysia. Through these facilities, we will contribute to environmental preservation by helping solve the problem of environmental pollution while effectively utilizing energy.



Our six bases in Asia

In the fields of water and the environment in Asian countries, KUBOTA aims to accelerate business development and enhance its global contribution by placing its environmental engineering business, which includes industrial wastewater treatment, waste gas treatment and soil remediation operations, under the control of KUBOTA KASUI Corporation, which has bases in Taiwan, Vietnam, Indonesia and three other countries in Asia, in addition to related operations in Japan.



Japan

In Japan, KUBOTA plays a role in the creation of comfortable and convenient communities by selling industrial air handling systems used in large buildings, hotels, factories, airports, hospitals and universities, as well as vending machines with excellent environmental performance characteristics.



China

In China, demand has been growing for construction machinery against a backdrop of brisk urban development and residential development. With the number one share of the world market for small-size construction machinery, KUBOTA has been proactively responding to demand for modern urban and residential environments by localizing production of its small-size construction machinery in China.

KUBOTA and the Environment

Basic Policy for CSR* Management

All KUBOTA Group employees share the KUBOTA corporate principles of Kubota Global Identity and will contribute to our stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, they are aiming for the ongoing synergistic development of the KUBOTA Group and society.

*Corporate Social Responsibility



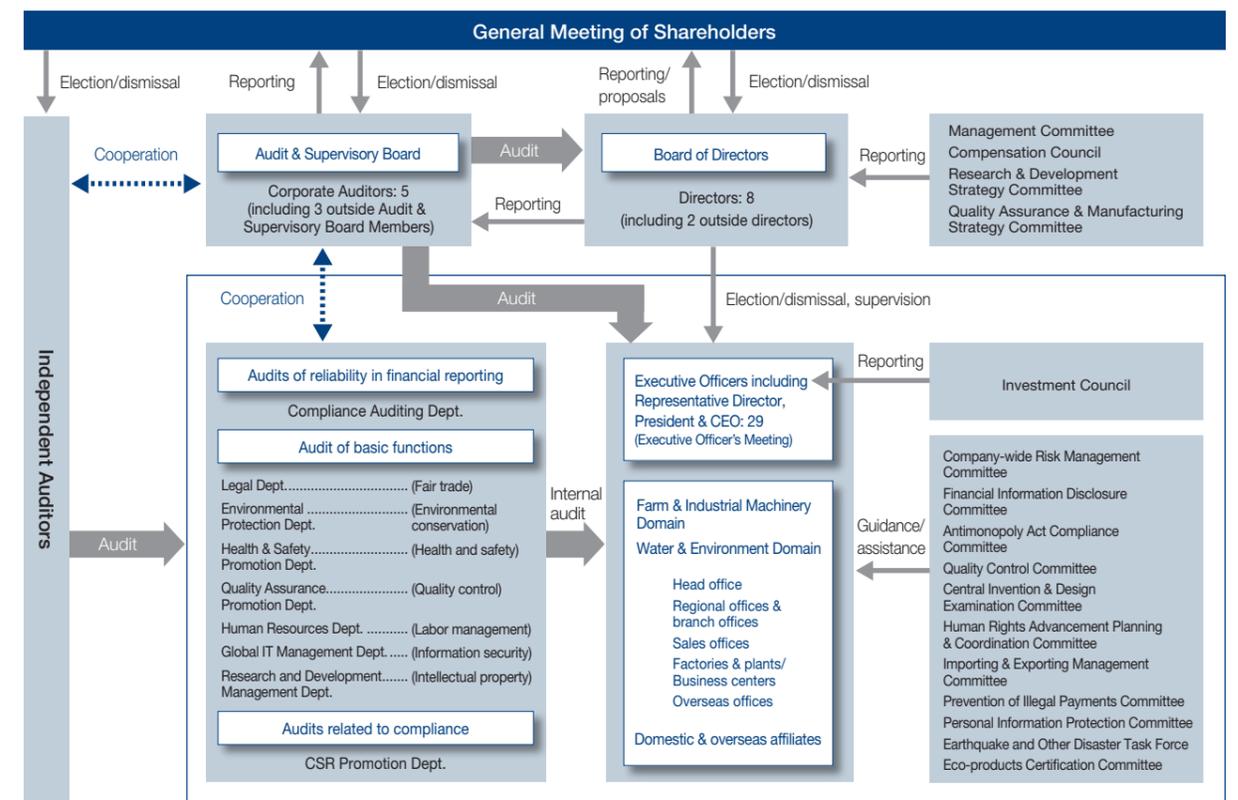
For more details on the Kubota Global Identity and the KUBOTA Group Charter for Action & Code of Conduct please visit our website. <http://www.kubota-global.net/csr/index.html>

Corporate Governance

Corporate governance structure

In order to speed up its response to management conditions and achieve enhanced transparency in management, etc., KUBOTA Corporation has adopted the following corporate governance structure.

Corporate governance structure (as of July 1, 2013)



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 Corporation 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 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 their execution of duties.

Audit & Supervisory Board

KUBOTA Corporation is a company with Audit & Supervisory Board. The Audit & Supervisory Board consists of five Corporate Auditors (of whom three are outside Audit & Supervisory Board Members). In addition to regular meetings held on a quarterly or more frequent basis, the Audit & Supervisory Board Members also meet as and when required to discuss and make decisions with regard to auditing policy, audit reports and other matters.

Management Committee and Investment Council

The Management Committee meets to deliberate important management matters such as investments and loans, and mid-term management plans before they are discussed by the Board of Directors. Two of the full-time corporate auditors participate in the committee as observers. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as on special matters. The council does not include the President, and one of the full-time corporate auditors participates in it as an observer.

Internal Control System

The KUBOTA Group's internal control system is based on the recognition that risk management forms an essential part of business activities. In naturally ensuring compliance with relevant laws and regulations, the Company works to make operational-level enhancements, such as the standardization of established practices, by making steady, ongoing improvements in its business activities so that if there are any deficiencies, they are corrected immediately.



Risk management item	Risk to be avoided	Number of audited items (total) *1		
		KUBOTA Corp.	Affiliates	
Internal control over financial reporting	Financial reporting	• Risk on reliability in financial reporting	4,012	3,161
Internal control concerning basic corporate functions	Fair trade	• Collusive bidding and price cartels • Unfair trading with sales companies, etc. • Violation of the Subcontractors Law	*2	
	Environmental conservation	• Violations of law • Environmental accidents • Past environmental debt	1,782	7,429
	Health and safety	• Serious accidents • Occupational illnesses • Administrative punishments and lawsuits	1,456	1,574
	Quality control	• Quality problems that may damage the KUBOTA brand and other matters	680	409
	Labor management	• Related to breach of obligation on attention to safety of employees • Related to improper management of working conditions • Related to improper management of employees under irregular employment, and contract and temporary workers • Related to occurrence of overseas labor problems	1,489	4,446
	Information security	• Computer virus infection • Information leaks • Information system failure	892	705
	Intellectual property	• Infringing intellectual property of other companies	422	152
Internal control concerning compliance	Compliance with equipment-related statutes	• Violations of law related to owned assets and facilities such as the Building Standard Law, Fire Defense Law and Industrial Safety and Health Act	261	120
	Earthquake and other disaster control	• Serious loss of management, such as human crises, damage to facilities and IT systems, caused by earthquake, etc.	24	78
	Compliance with the Construction Business Law	• Violation of the Construction Business Law	178	559
	Human rights promotion	• Cases of abusing human rights • Litigation due to improper handling of a case	114	210
	Safe operation control	• Violation of traffic rules, and accidents caused by such violation • Further damage due to improper handling at time of accident	53	123
	Prevention of illegal payments	• Relations with antisocial forces • Violation of the Political Fund Control Act • Inappropriate payments to foreign officials, etc.	394	176
	Confidential information management	• Leakage of confidential information such as development and marketing plans for new products	1,020	372
	Personal information protection	• Leakage and loss of personal information on customers, employees, etc. • Improper use of personal information	279	165
	Import and export control	• Violation of import and export-related laws including the Customs Act, Foreign Exchange and Foreign Trade Control Law, Basel Law and chemical-related laws	434	150
	Compliance with logistics-related laws	• Violation of the logistics-related laws including the Road Traffic Act • Violation of the drivers' hours rules including the Labor Standards Act	310	87

*1 The number of audited items (total) is the sum of the number of items audited in each of the divisions subject to audit in FY2013.
*2 Based on the actual situation of each business, particularly thorough risk management is conducted with regard to fair trade, such as the carrying out of double audits at the division and Company-wide levels.

Operation of the Internal Control System

Amid the increasing speed of global business development, we are very much aware that risk management activities based on internal control mechanisms are a management foundation for business survival and work to make improvements, including at our overseas affiliates.

* Details of activities with regard to other risks are posted in part on the Social Report pages.

Fair trade

KUBOTA holds training sessions related to the Antimonopoly Act on an ongoing basis, including at its overseas affiliates, and works to prevent any reduction in awareness of the Company's past violations. In addition, with regard to dubious acts, KUBOTA conducts a consultation with a lawyer or the Fair Trade Commission and is adamant about preventing any recurrence of illegal behavior.

With regard to the Subcontract Law, KUBOTA proactively holds basic training workshops and practical consultations in addition to expanding and upgrading its risk management system.

Information management (information security, confidential information management, protection of personal information)

Preventing information leaks and the infection of computers by viruses by the ongoing installation of overseas-standard anti-virus software, the Company enhances security by means of audits. In addition, KUBOTA reinforces its system recovery measures in readiness for any disaster by the maintenance of recovery procedures and the implementation of disaster recovery (DR) measures. The Company also works to establish rules to cover the use of new services, including social networking services (SNS), and information devices such as smartphones.

Please visit our website for information on our policy regarding the protection of personal information

<http://www.kubota-global.net/privacy.html>

The KUBOTA Hotline (Internal reporting system)

As a mechanism to support its risk control activities, the KUBOTA Group operates an internal reporting system, which also contracts with outside lawyers who serve as consultants. This system aims to prevent or quickly detect and correct any illegal and unethical acts, as well as to develop an open corporate culture.

Import/export control

In Japan, the Company checks operations of import/export control by conducting audits and provides instruction about this matter by giving specific guidance, not only at its internal sections but also at Group companies. At its overseas affiliates, the Company examines the export situation and export management system (regulations, personnel, etc.) at each company by the use of checklists and provides guidance on any improvements. The Company promotes management system upgrades, particularly at companies that have newly commenced exports.

Prevention of illegal payments

The Company verifies that the mechanisms are in place for the early prevention of illegal payments by such means as annual audits and conducts double checks to ensure that there were indeed no such payments.

In response to the increasing number of companies that have been charged with the payment of bribes to foreign officials in the course of their overseas business operations, the Company is stepping up its efforts to prevent illegal payments overseas.

Examples of strengthened measures overseas

- Naturally in respect of payments to racketeers and gangster organizations as well as the payment of bribes to foreign officials, the Company has clearly defined the prohibition in the Code of Conduct for all its employees, including those at overseas positions. The Company provides regular, detailed reminders of those standards.
- The Company replaced the Donations Auditing Committee, which was traditionally primarily responsible for preventing payments to anti-social groups, with the enhanced Prevention of Illegal Payments Committee, which also covers the payment of bribes to foreign officials.
- The Company has held training sessions for senior executives, managers and persons in charge. Additionally, the Company holds briefings and provides education for all responsible officials individually who are newly taking up posts at overseas positions.
- In the case of high-risk countries, the Company focuses on prevention by, for example, maintaining exchanges of information with people on the spot.

Flowchart of the KUBOTA Hotline



Financial Highlights (FY2013)

For the year ended March 31, 2013, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased ¥159.6 billion [15.8%], to ¥1,167.6 billion from the prior year.

In the domestic market, revenues increased ¥42.3 billion [8.5%], to ¥541.0 billion from the prior year. Domestic revenues in Farm & Industrial Machinery increased due to steady sales of farm equipment and robust growth in sales of construction machinery and engines. Revenues in Water & Environment also increased owing to sales growth of products related to public works. In addition, revenues in Other increased slightly.

In the overseas market, revenues increased ¥117.3 billion [23.0%], to ¥626.6 billion from the prior year. Overseas revenues in Farm & Industrial Machinery significantly expanded in North America, Europe and Asia outside Japan, and revenues in Water & Environment and Other rose. The ratio of overseas revenues to consolidated revenues was 53.7%, 3.2 percentage points higher than at the prior year-end.

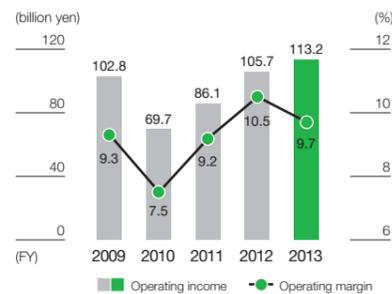
Operating income increased ¥7.5 billion [7.1%] from the prior year, to ¥113.2 billion. The increase in revenues in Farm & Industrial Machinery and Water & Environment and the declines in material costs exceeded the impact of increases in other costs, such as higher pension cost.

Income before income taxes and equity in net income of affiliated companies was ¥120.5 billion, ¥19.5 billion [19.3%] higher than in the prior year, because of gains in operating income and considerable improvement in other income, including the foreign exchange gain (loss)-net account. Income taxes were ¥40.7 billion, and equity in net income of affiliated companies was ¥1.4 billion. Accordingly, net income increased ¥15.1 billion [22.9%], to ¥81.1 billion. After deducting ¥7.5 billion of net income attributable to noncontrolling interests, net income attributable to Kubota Corporation was ¥73.7 billion, ¥12.1 billion [19.7%] higher than in the prior year.

Revenues and overseas revenue ratio



Operating income and operating margin



(FY)	2009	2010	2011	2012	2013
Year ended March 31:					
Revenue	¥1,107.5	¥930.6	¥933.7	¥1,008.0	¥1,167.6
Operating income	102.8	69.7	86.1	105.7	113.2
Income before income taxes	83.3	73.5	91.3	100.9	120.5
Net income attributable to KUBOTA Corp.	48.1	42.3	54.8	61.6	73.7
Capital investments	33.3	26.0	24.0	31.1	48.7
Depreciation	31.2	29.2	27.0	23.9	29.3
R&D expenses	26.3	25.2	25.0	27.9	31.2
Net cash provided by (used in) operating activities	(22.6)	119.1	81.9	79.9	51.0
Free cash flow ¹⁾	(55.5)	92.5	54.5	52.9	4.3
As of March 31:					
Total assets	¥1,385.8	¥1,409.0	¥1,356.9	¥1,487.7	¥1,743.7
Shareholders' equity	578.3	626.4	634.9	653.3	758.5
Interest-bearing debt	401.1	403.1	354.0	361.2	460.5
Per share data (Yen):					
Earnings per share (EPS) ²⁾	¥ 37.68	¥ 33.28	¥ 43.11	¥ 48.75	¥ 58.67
Book-value per share (BPS) ³⁾	454.60	492.51	499.24	520.14	603.95
Principal financial data (%):					
Operating margin	9.3	7.5	9.2	10.5	9.7
Return on assets (ROA) ⁴⁾	5.8	5.3	6.6	7.1	7.5
Return on equity (ROE) ⁵⁾	7.8	7.0	8.7	9.6	10.4
Shareholders' equity to total assets	41.7	44.5	46.8	43.9	43.5
Debt equity ratio (times) ⁶⁾	0.69	0.64	0.56	0.55	0.61

¹⁾ Free cash flow = Net cash provided by (used in) operating activities - Purchases of fixed assets

²⁾ Earnings per share (EPS) = Net income attributable to KUBOTA Corp. ÷ Weighted average number of common shares outstanding

³⁾ Book-value per share (BPS) = Shareholders' equity ÷ Number of common shares outstanding as of each balance sheet date

⁴⁾ Return on assets (ROA) = Income before income taxes ÷ Total assets (average of beginning and end of fiscal year)

⁵⁾ Return on equity (ROE) = Net income attributable to KUBOTA Corp. ÷ Shareholders' equity (average of beginning and end of fiscal year)

⁶⁾ Debt equity ratio = Interest-bearing debt ÷ Shareholders' equity

Operating Results by Segment (FY2013)

Reclassification of Segments

The Company realigned its organization on April 1, 2012. Following this realignment, the segments that had previously been classified as "Farm & Industrial Machinery," "Water & Environment Systems," "Social Infrastructure," and "Other" were reclassified into "Farm & Industrial Machinery," "Water & Environment," and "Other."

Farm & Industrial Machinery

72.9%

(percentage of total revenues)

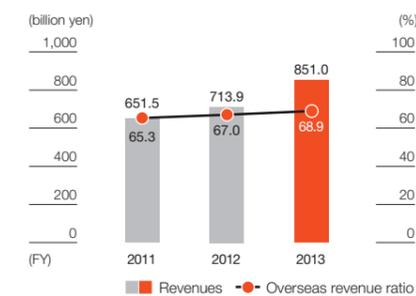
Farm & Industrial Machinery comprises farm equipment, engines, and construction machinery.

Revenues in this segment increased 19.2% from the prior year, to ¥851.0 billion, and accounted for 72.9% of consolidated revenues.

Domestic revenues increased 12.3%, to ¥264.3 billion. Domestic sales of farm equipment increased, because sales in the Tohoku area rose owing to the rebound from stagnation in the prior year, and sales in other areas also increased steadily due to higher rice prices and the government subsidies for farmers. Sales of construction machinery and engines substantially increased due to the demand for reconstruction work following the Great East Japan Earthquake.

Overseas revenues increased 22.6%, to ¥586.7 billion. In North America, sales of tractors increased substantially due to growth in demand owing to the market recovery. Sales of construction machinery increased significantly owing to the growth in replacement demand from rental companies, and sales of engines also expanded steadily. Revenues in Europe increased sharply due to the effect of the tractor implement business acquisition in the prior fiscal year and higher sales of engines, while sales of tractors and construction machinery decreased owing to the economic downturn and the negative impact of the yen appreciation. In Asia outside Japan, sales of farm equipment rose significantly, mainly in Thailand and China.

Revenues and overseas revenue ratio



Operating income and operating margin



Water & Environment

24.1%

(percentage of total revenues)

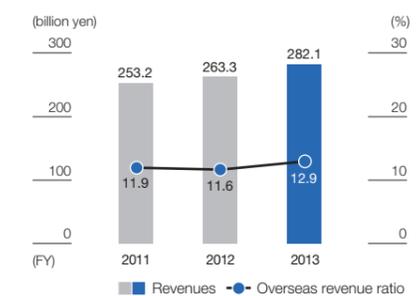
Water & Environment comprises pipe-related products (ductile iron pipes, plastic pipes, valves, pumps, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products).

Revenues in this segment increased 7.1%, to ¥282.1 billion from the prior year, and accounted for 24.1% of

consolidated revenues.

Domestic revenues increased 5.6%, to ¥245.6 billion. Revenues in environment-related products rose significantly owing to higher sales of water and sewage treatment equipment and plants. In addition, revenues in pipe-related products and social infrastructure-related products also increased. Overseas revenues rose 19.2%, to ¥36.5 billion owing to increased sales in ductile iron pipes and valves.

Revenues and overseas revenue ratio



Operating income and operating margin



Other 3.0%

(percentage of total revenues)

Other comprises construction, services, and other business.

Revenues in this segment increased 12.4%, to ¥34.6 billion from the prior year, and accounted for 3.0% of consolidated revenues. Revenues generated from construction and other business also increased.

Business Topics

Strategy for Robust Growth: Expanding Business Fields through M&A

Farm & Industrial Machinery

Kverneland AS now a 100% subsidiary

In May 2012, KUBOTA turned Kverneland AS, a manufacturer of tractor implements in Norway, into a wholly owned subsidiary. KUBOTA plans to make inroads by using Kverneland's sales network to introduce its large-size and dry field farming machinery, as its first step into the global market for dry field farming, which is said to be seven times larger than the market for rice farming.



Product synergy with Kverneland AS



Ceremony for establishment of KUBOTA KASUI Corporation

Water & Environment

Establishment of KUBOTA KASUI Corporation

KUBOTA made the water treatment engineering company Fujikasui Engineering Co., Ltd. a consolidated subsidiary and re-launched operations in December 2012 as KUBOTA KASUI Corporation. Through this measure, our aim is to expand the scope of operations in water and the environment and speed up business development in Asia.

Creating a structure able to quickly respond to demand in each region: promoting localization

Pushing forward with an integrated production system for agricultural machinery in Thailand

In October 2012, Kubota Engine (Thailand) Co., Ltd. began to mass-produce diesel engines. We aim to build a global supply structure and strengthen cost competitiveness through an integrated production system, from casting components to processing and final assembly.

KUBOTA Precision Machinery (Thailand) Co., Ltd., the production subsidiary of KUBOTA Precision Machinery Co., Ltd. that makes hydraulic equipment for agricultural machinery, has established a new factory featuring an integrated production system from processing through assembly. It is scheduled to begin mass production in January 2014.

In January 2013, KUBOTA Procurement & Trading (Thailand) Co., Ltd. was established to procure and supply parts. We aim to build a global procurement structure that will strengthen the cost competitiveness of our production bases in Thailand and around the world.



Groundbreaking ceremony for the new hydraulic equipment plant



Kubota Engine (Thailand) Co., Ltd.



Engine made in China



New tractor production plant



L3800HST TLB Type

Production of TXAX launched in Canada

Kubota Materials Canada Corporation, our manufacturing and marketing company in Canada, has begun production of TXAX, our product name for potassium titanate for friction materials used in brake pads and clutches for automobiles and other machinery. We expect demand for TXAX to expand in North America amid strengthening demand for environmentally friendly asbestos-free pads in new vehicles and as replacements in older vehicles. We plan to start mass production in 2013.



Kubota Materials Canada Corporation

Strengthening our sales network to improve customer service

Dealer meeting held to commemorate 40th anniversary of North American sales company

In October 2012, Kubota Tractor Corporation, our North American sales company held a dealer meeting to commemorate its 40th anniversary in Dallas, Texas. Around 2,000 local dealers participated in the meeting, where new products were introduced and technological information was shared. We aim to enhance our services for customers by strengthening the sales network.



North American dealer meeting



Tractor sold in Indonesia

Strengthening our agricultural machinery business in Indonesia

KUBOTA has established a sales company for agricultural machinery in Indonesia, the third-largest producer of rice in the world. We expect the market for agricultural machinery to expand going forward amid strong economic growth in Indonesia. Accordingly, we plan to expand operations and sales of core agricultural machinery for rice paddies, such as tractors, combine harvesters, and rice transplanters.

Leveraging our technologies to contribute to food, water and the environment overseas

Food: Revitalizing agriculture in Japan by exporting and promoting Japanese rice overseas

Kubota Rice Industry (H.K.) Co., Ltd. was established as a company that specializes in the import and milling of Japanese rice in Hong Kong and began full-fledged sales operations in 2012. To preserve freshness during shipments, brown rice is stored in a refrigerated warehouse and milled with our own facilities only after an order is received. By selling high-quality Japanese rice, we are fostering overseas demand for agricultural products made in Japan, which is a major issue facing the Japanese agricultural industry.



Refrigerated storage of unpolished rice

Water: Protecting water lifelines from earthquakes in the United States

KUBOTA has received an order from the Los Angeles Department of Water and Power for GENEX earthquake-resistant ductile iron pipes used in waterworks. KUBOTA's ductile iron pipes were chosen by Los Angeles for their superior quality, as evidenced by the zero damage they took in the Great Hanshin-Awaji Earthquake or the Great East Japan Earthquake. This also marks the first time Japanese-made water pipes designed to survive earthquakes will be laid in the United States.



Testing a pipe for earthquake resistance

Environment: Contributing to environmental preservation in Malaysia

In Malaysia, a global producer of palm oil, waste oil emitted from palm oil mills has become an environmental problem. KUBOTA has received orders from BBC Biogas Sdn. Bhd. in Malaysia to build a biogas recovery system (membrane methane fermentation technology) and an effluent treatment system (membrane bio reactor technology) for its palm oil mill. With this order, KUBOTA will step up efforts in the waste liquid treatment business for palm oil mills in Southeast Asia with the aim of contributing to the improvement of the environment and the promotion of renewable energy.



Signing ceremony in Malaysia

Leveraging the KUBOTA Group's Unique Position to Provide Reconstruction Assistance Following the Great East Japan Earthquake

The KUBOTA Group has provided relief and reconstruction assistance on an ongoing basis since the Great East Japan Earthquake. We have focused on reconstruction assistance that leverages our unique position, such as supporting farmers in their efforts to restore farmland and return to work, and fostering communities that reflect agrarian ideals. Through support matched to constantly changing needs, we are committed to providing ongoing reconstruction assistance. (This page introduces some of the reconstruction assistance provided by the KUBOTA Group.)



Offering aid to next generation of farmers

The KUBOTA Group held special classes on the direct sowing of iron-coated seeds, a new technique where rice seeds are sown mechanically without using seedlings, for students of Miyagi Prefectural Agricultural High School, which was severely damaged by the natural disaster. Additionally, KUBOTA collaborates with the high school to help farmers resume agricultural activities after their properties were also damaged by the natural disaster. KUBOTA and the Miyagi Prefectural Agricultural High School were recognized for their efforts on this front by being presented with the 4th Make a CHANGE Day Award*.

* An award sponsored by EXPO2005 Aichi Volunteer Center, an NPO



Students of the Miyagi Prefectural Agricultural High School assist with direct sowing and harvesting on farmlands affected by the disaster



KUBOTA products deployed as reconstruction assistance

Water and environment-related products made by the KUBOTA Group are utilized in a vast array of situations for the rehabilitation, reconstruction and rebuilding of communities affected by the natural disaster, including the restoration of water pipes, laying of pipes for temporary housing, and restoration of water resources for agricultural use.



Construction machinery
KUBOTA's construction machinery is being used for debris removal, tearing down uninhabitable houses and other work to restore disaster-stricken areas.



Drain pump vehicles
Our drain pump vehicles are being deployed as needed for emergency water drainage and to combat flooding caused by heavy rainfall and spring tides.



Steel pipes
Our steel pipes are being used as foundation piles in bridge foundations, harbors, rivers and building foundations.



Plastic pipes
KUBOTA's plastic pipes are being laid in projects to restore water supply systems and bring water to temporary housing, as well as to carry water out of flooded districts.

For further information, see: <http://www.kubota.co.jp/message/index.html> (Japanese only)

Ongoing support for volunteer activities

Many employees of the KUBOTA Group volunteered again in FY2013 to assist with reconstruction, training and education in regions affected by the earthquake. KUBOTA is in a unique position to provide assistance, such as by getting residents in temporary housing together and helping them create community gardens. New employees that volunteered were able to directly interact with people affected by the natural disaster and gain an understanding of actual conditions in disaster-stricken regions. These experiences provided them with an opportunity to learn more about themselves and grow as individuals, while providing insight on how they can contribute to reconstruction efforts.



New employees at work at Osabe Harbor in Rikuzentakata



Desalination and decontamination of farmland

Fukushima Prefecture is a region with a large rural population, like Ibaraki Prefecture and Hokkaido. The KUBOTA Group has been a reliable source of assistance to farmers protecting their hometowns and way of life by helping them repair damaged agricultural machinery and using agricultural machinery to desalinate and decontaminate farmland.



Decontamination with tractor attached implement



Creating connections with people through community gardens

Amid prolonged residencies in temporary housing, concerns have risen that residents will become isolated after living so long in unfamiliar regions and communities. The KUBOTA Group is cooperating with local governments, NPOs and other companies to plan and build community gardens for the purpose of creating a space for residents to have fun and get to know each other better.



A community garden opened in Koriyama



Summary of Social Activities - Together with Society

Summary of the Fiscal 2013 Social Report, Priority Issues for Fiscal 2014 and Medium-Term Targets

The KUBOTA Group aims to increase the satisfaction of various stakeholders and enhance its corporate value through implementing the PDCA cycle in each category.

◎ Target exceeded ○ Target reached △ Portion of target not reached × Target not reached

	Main focus of activity	Plan	Do	Check	Action	Page	Plan
		Priority issues for FY2013 (From April 2012 to March 2013)	Activities in FY2013 (From April 2012 to March 2013)	Self-evaluation	Priority issues for FY2014 (From April 2013 to March 2014)		Medium-term Targets
Customers and suppliers	Quality and Services to Improve Customer Satisfaction	<ul style="list-style-type: none"> Conducting quality audits to check activities to prevent quality problems Continuing application of quality engineering to the whole Company Inspecting the content of education and continuing to provide the education Preparing for application to overseas suppliers (conducting surveys on actual conditions for the application) Improving internal operations based on comments from customers Enhancing coordination between services and parts to improve capacity to respond to inquiries 	<ul style="list-style-type: none"> Performed quality audits inside and outside Japan Continued to promote quality engineering Company-wide Updated education curriculum Surveyed conditions along supply chain, made database of supplier information via new globally optimized procurement system Restarted customer satisfaction survey of agricultural machinery buyers Redoubled efforts to share information on services and parts, newly integrated organization for customer service 	○	<ul style="list-style-type: none"> Improving quality via quality audits Preventing quality problems by quality engineering and reinforcing checks at quality engineering and development stages Inspecting the content of education and continuing to provide education Managing supplier data (updating, etc.) Responding to conflict minerals issue Aiming to enhance customer satisfaction by working to improve activities and products while sharing issues related to customer satisfaction among relevant divisions from surveys and other means 	37 38	<ul style="list-style-type: none"> Instilling quality assurance systems Strengthening activities to prevent quality problems Further improvements in quality control and product safety education Promotion of CSR procurement by sharing guidelines with suppliers of KUBOTA Group companies Improving operations by reflecting customer opinions Enhancing responsiveness to customer needs, including inspections and maintenance
		Shareholders, etc.	Timely and Appropriate Release of Information	<ul style="list-style-type: none"> Implementation of proactive IR activities to help shareholders and investors understand KUBOTA's businesses Further improvements in general meetings of shareholders Enhancing the website for each overseas region for continuous improvement of online communication 	<ul style="list-style-type: none"> Aimed to foster understanding of business among shareholders and investors through timely and accurate information disclosure and proactive response to inquiries Conveyed results of business activities in an easy to understand format at the General Meeting of Shareholders (via displays of core products, videos projected onto large screens, etc.) Published information about business trends via new websites in France, the United Kingdom, Germany, India and Australia 	○	<ul style="list-style-type: none"> Deepening understanding of our business among shareholders and investors via improved information disclosure and building relationships of trust with them Further improvements in general meetings of shareholders (Holding easy-to-understand General Meetings of Shareholders) Strengthening communications by enriching websites for each country Building collaborative structure with main overseas bases
Employees	Creating a Safe Workplace for All Employees			<ul style="list-style-type: none"> Promoting focused measures to ensure fundamental safety of equipment on an ongoing basis Continuing measures for compliance with the rules and developing safety activities directing attention to "operations that are difficult to control" Conducting risk assessments to enhance the sense of safety among all employees and risk prediction activities on an ongoing basis 	<ul style="list-style-type: none"> Prevented contact accidents with forklifts and other equipment, promoted machinery and equipment safety Worked to lower risk of serious injuries and diseases for plant workers Serious accidents occurred in operations that are difficult to supervise 	△	<ul style="list-style-type: none"> Fostering a safety-first culture among employees Eliminating hazards that lead to serious accidents and illnesses (steadily implement PDCA) Maintaining and improving healthy working environments
		Creating a Physically and Mentally Healthy Work Environment	<ul style="list-style-type: none"> Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" in addition to information sharing and consultation in labor-management committees 	<ul style="list-style-type: none"> Shared information among labor-management committees Promoted specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" at business sites 	○	<ul style="list-style-type: none"> Sharing information among labor-management committees Promoting specific measures based on the "KUBOTA Wellness (Mental Health) Action Plan" across the KUBOTA Group Launching second phase of "Health KUBOTA 21" 	
	Respecting Human Rights and Promoting Diversity		<ul style="list-style-type: none"> Prevention of harassment, and maintenance and improvement of the capacity to resolve harassment in the KUBOTA Group in Japan Examining how to provide human rights education based on the results of a survey of the human rights situation in overseas affiliates Continuously promoting activities (K-Wing, etc.) for female employees, and examining measures to encourage male employees to participate in child rearing and to support the activities of foreign employees 	<ul style="list-style-type: none"> Implemented training to prevent and resolve harassment in Japan, including at sales companies Surveyed status of human rights advancement training and contact points for consultation Held K-Wing meeting in May, planned and joined forums in which 50 external companies and 500 people participated Focused on helping employees detail their own career plans and clarified activities that would realize these plans 	○	<ul style="list-style-type: none"> Prevention of harassment as well as maintenance and improvement of the capacity to resolve harassment in Japan Surveying the human rights situation at overseas bases and examining how to promote human rights Actively participating in external forums and providing opportunities to exchange opinions internally Supporting the activities of female managers with the increase of their positions 	41 42
		Maximizing our Human Resources with Appointments and Training to Support Global Business Development	<ul style="list-style-type: none"> Expanding and improving the measures to recruit, train and utilize the human resources that can play active roles globally Promoting the establishment and application of the "KUBOTA Global Human Resource Management Basic Policy" 	<ul style="list-style-type: none"> Augmented foreign language training and pre-departure training for overseas management positions Made and distributed materials for overseas production managers Built and launched a human resources data system for overseas managers 	○	<ul style="list-style-type: none"> Expanding and improving measures to recruit, train and utilize the human resources that are needed for the globalization of operations and construction of a global management structure 	
Communities	Contributing to International and Local Societies	<ul style="list-style-type: none"> Pursuit of continuous social contribution related to business activities Encouraging the implementation of KUBOTA e-Project overseas (Considering support in the agricultural field centering on Asia) 	<ul style="list-style-type: none"> Continued to support the revitalization of communities in agricultural fields (reviving abandoned farmland, offering experiment classrooms for elementary school students, conducting public relations about locally produced goods) Continued to help with earthquake reconstruction (supporting communities with communal gardens at temporary housing, supporting education at agricultural high schools) Considered ways to support emerging countries 	○	<ul style="list-style-type: none"> Examining ways of contributing to society that can be linked to business activities (create mutual benefits) Continuing efforts to support earthquake reconstruction Examining ideas for giving back to communities overseas 	43 44	<ul style="list-style-type: none"> Updating action plans Promotion of global development (efforts to solve issues in emerging countries, etc.)

KUBOTA's response to the asbestos issue

KUBOTA recognizes sincerely that asbestos-related diseases have occurred among local residents and employees in the vicinity of the former Kanzaki Plant. From the standpoint of fulfilling its social responsibility as a company that handled asbestos in the past, KUBOTA needs to continue tackling this problem with sincerity in the future.

- ① As of March 31, 2013 relief payments had been made to 248 individuals pursuant to the internal policy of the "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant."
- ② KUBOTA employees, including those already retired, suffering from asbestos-related diseases comprised a total of 184 persons as of March 31, 2013, of whom 163 are deceased and 21 are undergoing treatment.
- ③ KUBOTA has provided financial support for clinical and basic research projects conducted by Hyogo College of Medicine.

Our Expertise, Technologies and Services are at the Foundation of Our Customers' Trust



Positioned at the core of our business activities is the acquisition and refinement of expertise and technologies that support the quality of the Made by KUBOTA brand, backed up by a robust service structure. KUBOTA is concentrating on a variety of initiatives to enhance customer satisfaction even further.

Product recall information

- Recall of tractors: 6 models, 3,772 units in total (Recall notification number: 3050 / Recall start date: November 9, 2012)
- Recall of combines: 9 models, 6,137 units in total (Recall notification number: 3122 / Recall start date: March 27, 2013)

For further information, see: <http://www.kubota.co.jp/important/index.html>. (Japanese only)

Quality and Services to Improve Customer Satisfaction

Working to prevent quality problems

KUBOTA deploys quality engineering Company-wide as a problem-solving tool. In FY2013, we dispatched instructors to our bases to teach quality engineering in a personalized setting, and a large number of employees in technical positions learned about the concepts of quality engineering. We also worked diligently to prevent quality problems that often lurk in modifications and points of variation. As one such initiative, we began Design Review Based on Failure Modes (DRBFM), which is widely used in the automotive industry during the initial development phase.



A lecture about DRBFM

Small-group activities

At KUBOTA, approximately 500 small groups at business sites in Japan work to improve quality. Once a year, KUBOTA holds an awards ceremony to recognize small-group activities that had a significant impact on quality improvements. The small group that is judged to have had the largest impact then tours business sites in Japan and overseas, giving presentations on its results.

At the International Convention on Quality Control Circles held in Malaysia in 2012, KUBOTA was the only Japanese company to win the 3 Star Award, the highest honor.

Going forward, we will promote small-group activities to improve quality at Group companies in Japan and abroad.

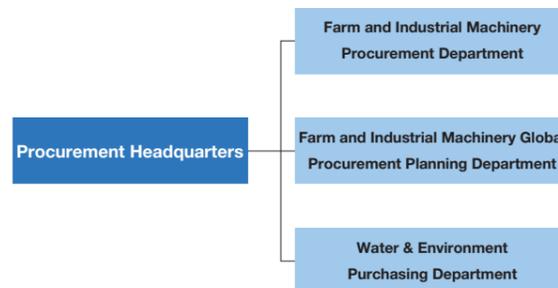


Award ceremony at International Convention on Quality Control Circles

Establishment of Procurement Headquarters

KUBOTA implemented a major reorganization in April 2013 in order to unify management of procurement across business boundaries. The Company aims to achieve the best in procurement practices by enhancing the level of quality, cost and delivery management through the integration of procurement policies and synergistic effects across businesses.

KUBOTA plans to build a global procurement network, establishing more procurement centers to globalize procurement in tandem with business development.



National Skills Competition

KUBOTA entered the lathe and machinery assembly categories of the National Skills Competition, where young technicians under 23 years of age engage in competition that puts their vocational skills to the test. The employees KUBOTA selected to participate in the competition had to fabricate specified objects within a limited time. This required intense concentration and precision down to the 0.001mm level, both of which they gained by training hard every day. Technical skills are passed down to younger employees as they pit their manufacturing skills against competitors from other companies at this best-in-class national competition.



National Skills Competition

Improving new employee (trainee) education

Under the policy of "no manufacturing without human resource development," KUBOTA is committed to the education of new employees who will engage in manufacturing at production sites. The current trainee system, which was launched in 1975, provides a residential training course for approximately one year at the two training centers in Sakai and Hirakata in Osaka Prefecture. The training curriculum is mainly composed of "technical and skill training," "practical training at production line" and "personality development training." Throughout the training period, the trainees learn the basics as members of society and as new employees. This system is highly appreciated by visitors of the training centers including high school teachers.

History of KUBOTA's education programs (for technical staff)

Since 1936	Youth school
Since 1951	Apprentice system
Since 1958	Intern system
Since 1975	Trainee system



Training center (practical lesson)

Thorough improvement based on the "5-Gen" principle

Manufacturing at KUBOTA is based on the "5-Gen" principle [Gen-ba (Actual Site), Gen-butsumo (Actual Things), Gen-jitsu (Actual Facts), Gen-ri (Principles) and Gen-soku (Basic Rules)] to promote improvement activities. In 2002, KUBOTA launched a training school called "5-Gen Dojo" to develop human resources that can practice the "5-Gen" principle. Employees in

Japan and overseas attend the classes to inherit KUBOTA's Spirit for manufacturing. In 2013, Kousei Shimamura, an employee who leads the lessons about the "5-Gen" principle at the Dojo, was awarded the national Medal of Honor with Yellow Ribbon (outstanding service) for achieving excellence in his field of work and for his meritorious deeds.



Unyielding will to create

In 1988, KUBOTA launched a new transmission production project. With the welding technology of that time not offering sufficient precision, however, the project ran into trouble producing quality components that were key to smooth transmission operations.

Setting out to solve this problem, we delved into technological development with an unyielding will, dedicating ourselves to achieving zero defective products, and went through the trial and error process countless times. We were not going to give up until we had succeeded. We ended up developing a welding method using electron beams that the world had never seen before. This development enabled the production of high-performance transmissions at lower cost, and it is still an essential welding technology for producing tractors today.

I am currently an instructor of the "5-Gen" principle at the "5-Gen Dojo." I think we are faced with a mounting challenge of training personnel at our growing number of overseas bases.



Kousei Shimamura,
Recipient of the Medal of Honor with Yellow Ribbon in spring 2013
Manufacturing Promotion Department, KUBOTA Corporation

Creating a Rewarding and Vibrant Work Environment



KUBOTA undertakes a diverse range of initiatives with the aim of creating a safe, secure, healthy and vibrant work environment that is rewarding for employees. We have also established new training programs to support our rapidly globalizing business operations.

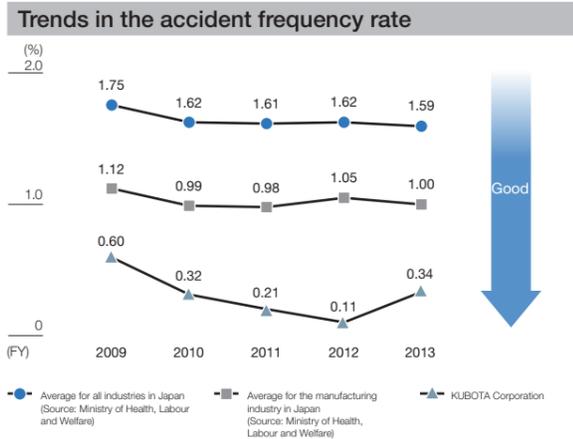
Creating a Safe Workplace for All Employees

KUBOTA's Basic Policies on Safety and Health

At KUBOTA, we consider health and safety to be the basis for performing our jobs at a high level as well as making the most of our lives. To prevent a repeat of the major accident that occurred in 2012 (including infrequent on-the-job fatalities), we went back to the drawing board to create a set of completely new safety measures that seek to eliminate such risks, especially in high-risk operations. In addition, we formulated the Fundamental Principles on Health and Safety in April 2013 to ensure that all KUBOTA Group employees make safety their highest priority in all activities.

KUBOTA's Basic Policies on Safety and Health

"In the KUBOTA Group, there is no work to be carried out without serious consideration for safety and health." To achieve this, we established the fundamental principle that all the people involved in the business shall behave based on the philosophy the 'Safety is our First Priority.'



The 9th KUBOTA Group Long-term Industrial Accident Reduction Plan

FY2014 marks the first fiscal year of the KUBOTA Group's 9th Long-Term Industrial Accident Reduction Plan, which is specified every five years. To achieve the new plan's safety objective—"eliminate accidents resulting in lost work time"—we have established such priority actions as "strengthen employee development (KUBOTA Corporation Employee Safety Training)." Based on this, we will promote the creation of a safe and secure work environment that is free of accidents.

<Safety Objective> **Eliminate accidents resulting in lost work time**

<Priority Actions>

Offices and Plants

1. Reinforcement of human resources development (Creating human resources of KUBOTA targeted safety)
2. Removal and reduction of risky and harmful sources resulting in 'Significant accidents' and 'Significant diseases' (Spiral up with steady practice of PDCA)
3. Maintenance and improvement of healthy workplace environment
4. Addressing radiation risk
5. Promotion of mental health care
6. Promotion of maintenance and improvement of health measures
7. Promotion of measures for industrial traffic accidents

Construction Departments

1. Improve safety awareness and disseminate related technology
2. Expand coordinated health and safety management
3. Promote accident prevention measures
4. Ensure strict adherence to accident prevention measures
5. Conduct thorough health management



Safety training conducted overseas

Workplace-focused health and safety activities

The KUBOTA Group promotes workplace-focused health and safety activities at its business locations both in Japan and overseas. To ensure that such activities continue to be implemented at a high level of quality, we repeatedly conduct safety training and drills for all relevant individuals, from front-line employees, workplace supervisors and managers to senior management.

Creating a Physically and Mentally Healthy Work Environment

Efforts to promote mental health

We implement various workplace mental health care measures at every KUBOTA business location. These measures include formulating the KUBOTA Wellness (Mental Health) Action Plan; making available our mental health handbook to and conducting training sessions for managers; and undertaking work stress examinations, self-care courses to detect stress and consultations by industrial health staff for all KUBOTA employees.



A training session for managers held at the Head Office (lecture conducted by Dr. Nobuaki Kagimoto, a psychiatrist employed at the Head Office on a part-time basis) Using explanations based on case studies of traditional and modern methods for treating depression, Dr. Kagimoto deepened the managers' understanding of mental health issues.

Efforts to promote work-life balance

KUBOTA Corporation has formulated various ideas based on the Act on Advancement of Measures to Support Raising Next-Generation Children to enable employees to work in a manner that is in harmony with their private lives. Its efforts along these lines were officially recognized, leading to receipt of "Kurumin" mark (Next Generation Recognition Mark) in 2009 and 2011. We are currently applying for this certification in 2013.

- Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (the two-year period between April 1, 2013 and March 31, 2015)
 - Enhance the childbirth leave program for female employees
 - Continue the campaign to encourage male employees to use the childcare leave program
- Campaign to encourage male employees to use the childcare leave program
 - Undertake educational activities that includes displaying posters, distributing pamphlets and giving presents to those who use the program

Usage status of each program (FY2013)

Program Category	Program Name	Usage Status
Childcare-related	Childcare leave usage rate (female employees)	100%
	Shorter hours working system	113 persons
	Leave to care for sick children	221.5 days in total
Nursing care-related systems	Leave to attend school events	150.5 days
	Nursing care leave	2 persons
	Short-term nursing care leave	84.5 days

Status of male employees using the childcare leave program

FY	FY2011	FY2012	FY2013
Number of employees	5 persons	3 persons	47 persons

Launching the Return to Work Program

In recent years, KUBOTA Corporation has seen a rise in the number of employees who wish to continue working while raising children, looking after family members and meeting various other private obligations. Nevertheless, there are cases of employees who have resigned due to an inability to meet both work and family obligations. For these employees,

KUBOTA Corporation has launched the Return to Work Program as a system that offers opportunities to rejoin the Company to former employees who resigned because of such personal reasons as childbirth, childrearing, nursing or a spouse's job transfer.

Voice: Fostering a corporate culture that creates family time through childcare leave

Through the Company's campaign to encourage male employees to use the childcare leave program, I took one week's worth of childcare leave. I was able to make the most of my leave time, which included playing to my heart's content with my daughter, helping my wife with household chores and going out with the family. In addition, the time off has given me a renewed appreciation for my wife and the physical demands that looking after a two-year-old child places on her every day. The leave program has also provided me with a new sense of how fathers can share parental roles. The opportunity for managers such as myself to take childcare leave fulfills my desire to contribute to the creation of a corporate climate that emphasizes diversity. I truly appreciate everyone whose cooperation helped make this possible.



Toshiyuki Beppu
Farm Equipment Business Promotion Department, KUBOTA Corporation

Respecting Human Rights and Promoting Diversity

Raising awareness of human rights

In line with the Code of Conduct of the KUBOTA Group shown below (excerpts), the Group makes efforts to raise awareness of human rights in Japan and overseas, respect international human rights guidelines, and ensure thorough compliance with relevant laws in the respective countries and regions.

- We support the Universal Declaration of Human Rights, and respect the human rights of all people.
- We do not discriminate or violate human rights on the basis of nationality, race, age, gender, or for any other reason whatsoever.
- We do not permit forced labor or child labor, and also request our business partners for compliance in this regard.

Having established the Human Rights Advancement Planning & Coordination Committee, we are implementing human rights training in Japan based on the action guidelines of the committee. As a consultation station for harassment, the KUBOTA Group operates the KUBOTA Hot Line internal reporting system, which includes outside lawyers, and a consultation system at the Group's domestic and overseas business locations. Seminars are held to improve the

counseling abilities of consultation system managers.

In addition, audits are undertaken to determine if surveys, including credit administration, are being conducted from the perspective of respecting human rights and privacy protection. The content of these surveys are reviewed on an annual basis.



Promoting human rights education

Number of employees who joined human rights training sessions during FY2013 (Unit: no. of individuals)

Target	Group training	Outside training	Total (total participants)
KUBOTA Corporation	12,525	366	12,891
Affiliates	7,842	230	8,072
Total	20,367	596	20,963

K-Wing activities

As part of its activities in FY2013, Kubota Women's Initiative Diversity Network & Group (K-Wing), an organization that supports female employees, held a nationwide conference in May 2012. In addition, K-Wing actively participates in various external activities, including organizing and convening a forum for 500 participants representing 50 companies. Through the formation of this network, female employees from both inside and outside the Company can share common challenges, including creating detailed career plans for themselves. K-Wing has focused its energies on clarifying the actions required to achieve these aims. In FY2014, K-Wing will continue leveraging its internal and external network of female employees in an effort to further enable women to demonstrate their full abilities. The number of KUBOTA female managers is increasing each year, rising nearly threefold from 17 in 2008 to 49 in 2013.

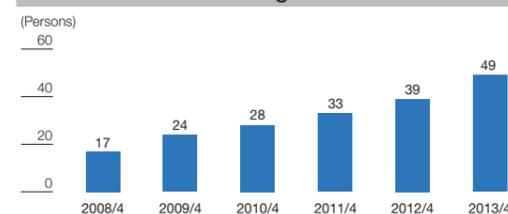
<Participating Forums>

- ① The 9th Women's Networking Forum in OSAKA 2012
- ② Young Women's Career Design Forum
- ③ The 8th Women's Networking Forum in Tokyo



A scene from the Women's Networking Forum

Number of female managers



Creating workplaces for disabled persons

KUBOTA has founded two specific subsidiaries, Kubota Works Co., Ltd. and Kubota Sun-Vegetable Farm Co., Ltd., and operates them to create jobs and a work environment for disabled persons.

Kubota Sun-Vegetable Farm Co., Ltd. engages in hydroponic cultivation of safe and reliable vegetables with the aims of seeking to promote the independence of persons with disabilities and their coexistence with local communities, as well as using abandoned fields to support the stimulation of agriculture in Japan. The vegetables produced by the company

are not only used by the cafeterias at KUBOTA business sites in Japan and sold internally, but are also marketed in supermarkets in Osaka Prefecture.



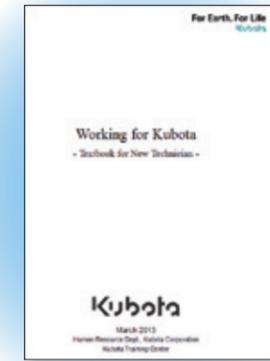
Kanan Farm of Kubota Sun-Vegetable Farm Co., Ltd.

Maximizing our Human Resources with Appointments and Training to Support Global Business Development

Strengthening the development of global human resources

KUBOTA aims to enrich its training curriculum in response to the globalization of its operations. In our training program, we have newly established classes given in English on negotiations, presentations and facilitation in order to improve their practical language ability.

Amid an increasing number of overseas production bases, the number of employees that work at production sites has increased as new members join the KUBOTA Group. With the goal of bolstering the manufacturing capabilities of the KUBOTA Group, we have created a textbook that covers basic facts about KUBOTA, our fundamental approach to manufacturing and other topics as a tool for transforming new hires into KUBOTA Group employees.

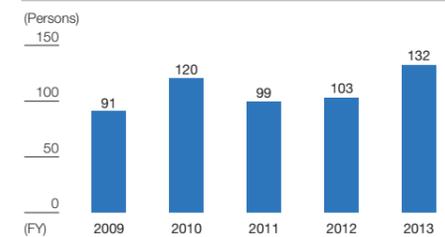


Cover of newly created textbook

Foreign language training for new hires

Since 2008, all new hires have undergone one-month-long language training (homestays) and visited local production sites overseas in order to improve the language abilities of new employees and expose them to different cultures. A cumulative total of 550 employees have participated in this training program. Starting in FY2013, KUBOTA began dispatching employees overseas who had built up their core English skills in Japan, and set up a new education program for employees with foreign language skills that have progressed beyond a certain level. We will continue to educate our employees while improving the training program.

Number of new hires participating in foreign language training (people)



Expanding the overseas trainee system

Since 1997, KUBOTA has dispatched a number of employees overseas each year for training purposes. We plan to send more employees overseas in FY2014 as a part of efforts to foster global human resources.



Growth into global human resources via the overseas trainee system

As a trainee on the engine division's gasoline engine team, I was dispatched to Chicago in the United States (Kubota Engine America Corporation) for one year. In North America, demand has been growing for gasoline engines that comply with exhaust gas regulations. At KUBOTA, these types of gasoline engines are positioned as an essential field for business growth. As a trainee, I was involved in activities that were outside my regular work responsibilities, such as gathering information on technology-related requirements for engines from the market and customers. Through this experience, I developed stronger relationships with local engineers and an appreciation of the importance of moving quickly to develop products that satisfy the needs of our customers. I hope to put to good use the knowledge and communication skills that I gained as a trainee in future global business development activities.

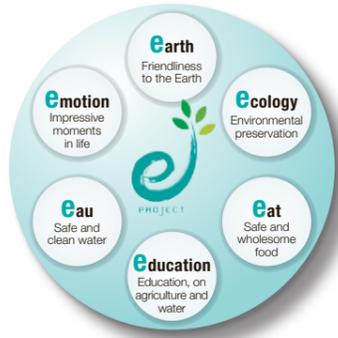


Takahiro Tokunaga
Farm & Industrial Machinery International Operations Headquarters
KUBOTA Corporation
Dispatched to Kubota Engine America Corporation

Contributing to International and Local Societies

The KUBOTA e-Project

Six e-perspectives



In an effort to contribute to society in the areas of food, water and the environment, the KUBOTA Group commenced the KUBOTA e-Project in 2008. The KUBOTA Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. Through this promise to everyone, we seek the understanding and cooperation of stakeholders as we contribute to the creation of a sustainable society.



Abandoned farmland being rejuvenated

Support for the restoration of abandoned farmland

We support efforts to restore abandoned farmland throughout Japan by offering agricultural machinery.

KUBOTA GENKI Agriculture Experience Workshop

This program aims to deepen understanding of agriculture and provide educational opportunities through rice growing agricultural experiences such as rice transplanting and harvesting as well as tasting the harvested rice.



Children watching an operation with a combine harvester

Developing regional brands and advertising farm fresh crops

We make every possible effort to expand opportunities to generate awareness of fresh and processed food products that are the pride of each region of Japan.

Introduction of the activities of visionary farmers

We introduce the activities of farmers with vision about agriculture that coexists harmoniously with the regional environment.



Local residents waiting for water to be drawn from a completed well

Improving global water environments

We make every possible effort to reduce the number of people who do not have access to safe water. To this end, we support the construction of wells in India being undertaken by the Japan Asian Association and Asian Friendship Society, both of which have been active in Asia for many years.



KUBOTA e-Day Volunteer Program

KUBOTA e-Day Volunteer Program

KUBOTA employees volunteer in community beautification and cleanup activities throughout the region.

“UCHIMIZU” solution for heat island

KUBOTA employees are creating opportunities to draw attention to global warming through “UCHIMIZU” activities around KUBOTA business locations, which involves lowering outside temperatures by sprinkling water on the pavement.



“UCHIMIZU” solution for heat island

KUBOTA “TERRA-KOYA” summer camp

We sponsor the KUBOTA “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since 2011, we have been inviting children from disaster-affected areas to this summer camp as part of our efforts to assist reconstruction efforts following the Great East Japan Earthquake.



KUBOTA “TERRA-KOYA” summer camp

Kubota Sun-Vege Farm Co., Ltd.

Kubota Sun-Vege Farm Co., Ltd. engages in hydroponic cultivation of vegetables in order to create an environment that allows people with disabilities to work actively.

Water Cycle Education Program

This program provides opportunities to raise awareness among young people about water and environmental preservation.



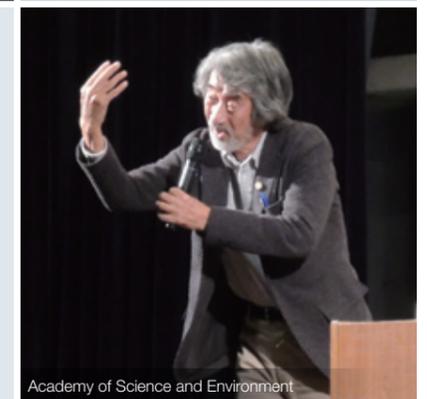
Mainichi Earth Future Prize

Academy of Science and Environment

KUBOTA sponsors the Academy of Science and Environment, a program that invites various specialist instructors to teach classes to junior and senior high school students who have an interest in science.

Mainichi Earth Future Prize

KUBOTA participates in the Mainichi Earth Future Prize, which honors individuals and organizations that work to solve problems both in Japan and overseas as well as supports grassroots activities in the areas of food, water and the environment.



Academy of Science and Environment



Players running a rugby clinic for local elementary school students

Coexisting positively with local residents through company sports activities

KUBOTA operates the corporate rugby team called Kubota Spears, which is based in Funabashi City, Chiba Prefecture. In addition to playing in Japan’s top rugby league, the Spears are working to become a beloved team throughout the area thanks to players’ involvement in exchange activities with local residents such as rugby coaching events and local cleanup activities. In the “One for All, All for One” spirit, the Spears will continue working to coexist positively with local residents.



A utility vehicle donated by KUBOTA

Providing assistance to regions affected by natural disasters

In an effort to play a useful role in areas of the United States struck by Hurricane Sandy in October 2012, the KUBOTA Group provided monetary donations and relief supplies along with donating utility vehicles to transport reconstruction materials. These efforts were coordinated via non-profit organizations providing aid to disaster victims in stricken areas of New York and New Jersey.

<Other regions where KUBOTA provided assistance>

- December 2012: The Philippines, Typhoon Bopha (monetary donations)
- April 2013: Sichuan, China, Lushan Earthquake (monetary donations)

Environmental Management at the KUBOTA Group

In line with its Brand Statement "For Earth, For Life," the KUBOTA Group contributes to the preservation of the global environment through business activities that are concerned about the environment. As the basic direction of corporate environmental management, we have established three objectives, namely to "Stop climate change," "Work towards a recycling-based society" and "Control chemical substances." To achieve these objectives, we focus on "Reducing the environmental impacts of production activities" and "Improving the environmental performance of our products."

History of Environmental Conservation Initiatives at the KUBOTA Group



Preservation of the Global Environment to Realize "For Earth, For Life"

Basic Direction of Corporate Environmental Management

Improve Environmental Performance of Products

Internal certification system for Eco-Products and list of certified products

- Super Eco-Products**
Industry-first environmentally friendly products of superior quality
- Eco-Products**
Products with high environmental-friendliness that have fulfilled KUBOTA's internal requirements

- Diesel engines with clean exhaust
- Low-noise construction machinery
- Tractors with excellent energy-saving performance
- Earthquake-resistant ductile iron pipes with longer lifetime

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.

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.

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

Sustainable Society

Environmental Communication

Reduction of Environmental Impacts from Production Activities

Waste reduction

Year	Waste discharge (kilotons)	Waste discharge per unit of sales (compared to FY2009 level)
FY2009	100	94
FY2013	90.4	90

CO₂ reduction

Year	CO ₂ emissions (kilotons CO ₂ e)	CO ₂ emissions per unit of sales (compared to FY1991 level at KUBOTA production sites)
FY1991	544	100
FY2013	356	69

Reduction in release and transfer volume of PRTR-regulated substances

Year	Release and transfer volume (tons)	Release and transfer volume per unit of sales (compared to FY2009 level)
FY2009	794	100
FY2013	559	66.8

Environmental Management Basic Policy

The KUBOTA Group Environmental Charter

- The KUBOTA Group aspires to create a society where sustainable development is possible on a global scale.
- The KUBOTA Group contributes to the conservation of global and local environments through its environmentally friendly operations, products, and technologies.

The KUBOTA Group Environmental Action Guidelines (Summary of Guidelines)

- 1 Environmental Conservation Efforts in All Business Activities
- 2 Global Environmental Conservation
- 3 Environmental Protection to Create a Symbiotic Relationship with Local Societies
- 4 Our Voluntary and Organized Efforts in Environmental Conservation

Access our website for further information about the KUBOTA Group Environmental Action Guidelines:

<http://www.kubota-global.net/environment/charter.html>

As an "Eco-First Company"

In May 2010, KUBOTA made the "Eco-First Commitment" pledge to the Japanese Environment Minister to carry out environmental preservation measures on a Group-wide basis, and was officially approved as an "Eco-First Company." The pledge was made with regard to the following four points, which are being implemented together with our "Medium-Term Environmental Conservation Plan."

- Stop climate change
- Work towards a recycling-based society
- Control chemical substances
- Conserve biodiversity



Eco-First Mark

Access our website for further information about Eco-First Company: <http://www.kubota-global.net/environment/ecofirst.html>

The environmental information in this document (KUBOTA REPORT 2013-Business and CSR Activities), in combination with that given on the website <http://www.kubota-global.net/csr/report/r2013.html>, has received the third-party assurance from KPMG AZSA Sustainability Co., Ltd. Indices covered by this assurance are indicated by the "P" symbol.

Medium-Term Environmental Conservation Plan and Targets/Results for FY2013

In accordance with the Basic Direction of Corporate Environmental Management, the KUBOTA Group has promoted the Medium-Term Environmental Conservation Plan (FY2010-FY2013). In FY2013, the final year of the plan, we were unable to achieve targets set for reducing CO₂ emissions and achieving zero waste emissions, leaving issues to address in the future.

Issues	Actions	Management Indicators ¹	Scope	Base FY	Targets FY2013	Results FY2013 ²	Self-evaluation ³	Achievement Status (reasons for success or failure)	Detail Page
Stopping climate change	Reduce CO ₂	CO ₂ emissions per unit of sales	Global	2009	-10%	-5.2%	✗	The KUBOTA Group did not achieve targets due to an increase in the number of overseas sites and an increase in the CO ₂ emission coefficient for electricity in Japan.	49
	Reduce CO ₂ during distribution	CO ₂ emissions per unit of sales	Japan	2009	-10%	-0.1%	✗		
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of sales	Global	2009	-8%	-9.6%	⊙	The Group achieved targets owing to improvements in logistics efficiency, such as higher load factors.	WEB 50-⑥
	Conserve water resources	Ratio of business sites that have achieved zero emissions	Global production	—	70%	41.0%	✗		
Controlling chemical substances	Reduce PRTR-designated substances ³	Water consumption per unit of sales	Global	2009	-4%	-16.2%	⊙	The Group achieved targets by conserving water and reusing wastewater.	49
	Reduce chemical substances in products	Release & transfer per unit of sales	Production in Japan	2009	-8%	-33.2%	⊙	The Group achieved targets by using alternatives such as non-PRTR substances.	50
		Ratio of models with reduced RoHS-designated substances	Global	—	40%	36%	✗	The Group did not achieve targets because there are still parts that contain lead which are difficult to replace	WEB 50-⑧

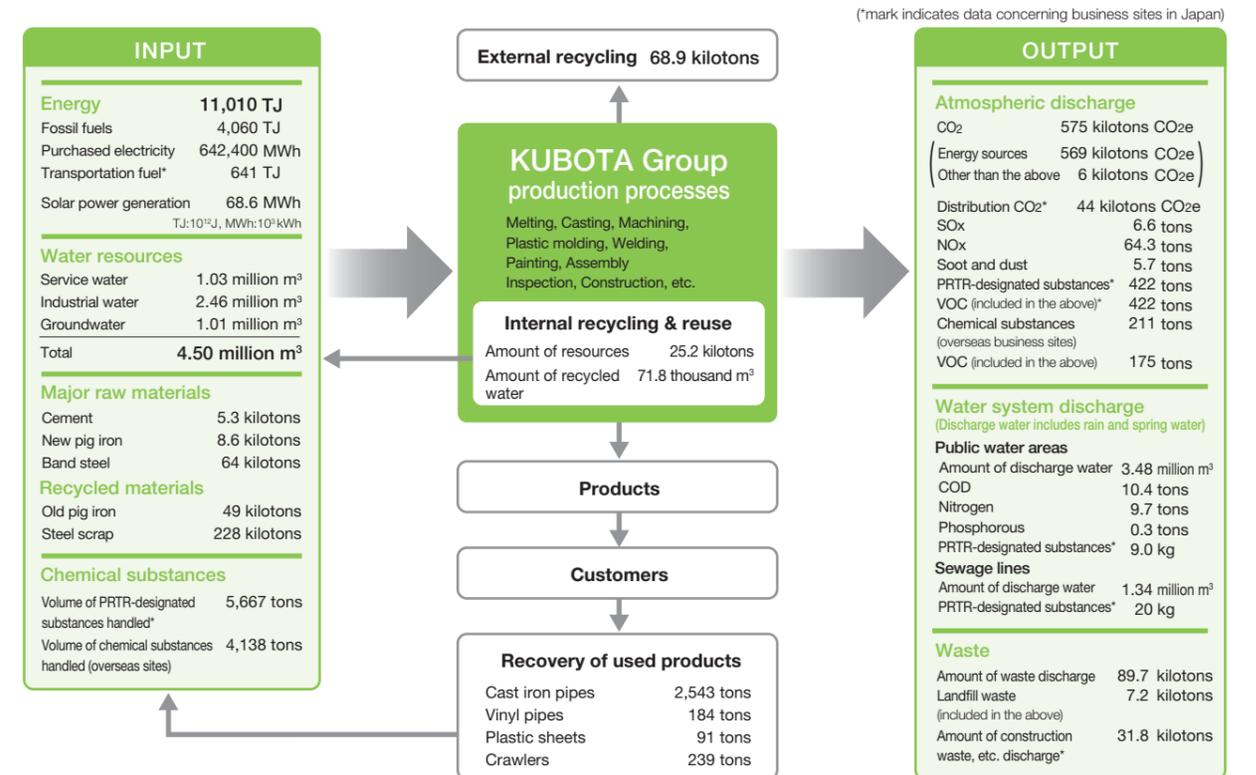
¹ The figures per unit of sales represent the intensity of environmental loads per unit of consolidated net sales.

² Self-evaluation rating symbols: ⊙ Target exceeded (by at least 20%) ○ Target reached ✗ Target not reached

³ Due to the revision of the PRTR law, the designated substances have been reviewed in 2010.

Overview of the KUBOTA Group's Environmental Loads

This is an overall summary of the KUBOTA Group's environmental loads that are associated with its diverse domestic and international business activities. (FY2013 results, global data) The KUBOTA Group has assessed and analyzed the environmental loads and is working on load reduction efforts.



The method of calculation for each indicator is posted on the website

<http://www.kubota-global.net/csr/report/pdf/2013/kankyo-web.pdf> under "Calculation Standards of Environmental Performance Indicators."

Setting Targets for FY2016 in Medium-Term Environmental Conservation Plan

The KUBOTA Group has created new medium-term targets for environmental conservation through FY2016. The Group systematically advances environmental conservation activities at the production and product development stages.

Issues	Actions	Management Indicators ²	Management Indicators	Base FY	Targets FY2016
Stopping climate change	Reduce CO ₂	CO ₂ emissions per unit of production ³		2009	-14%
	Energy conservation	Energy use per unit of production		2009	-14%
Working towards a recycling-based society	Reduce waste	Waste discharge per unit of production		2009	-14%
		Recycling ratio ⁴	Japan	—	99.5% or above
			Overseas	—	90.0% or above
	Conserve water resources	Water consumption per unit of production		2009	-21%
Controlling chemical substances	Reduction of VOCs ¹	VOC emissions per unit of production		2009	-21%
Improve environmental performance of products	Expand line of Eco-Products	Sales ratio of Eco-Products ⁵		—	40%

¹ VOCs comprise the six VOCs that are most prevalent in emissions from the KUBOTA Group, namely xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene.

² The figures per unit of production represent the intensity of the environmental load per unit of production money amount. The exchange rate of the base fiscal year is used when translating the production value of overseas sites into yen.

³ CO₂ emissions include greenhouse gases from non-energy sources. We use the emissions coefficient for electricity of the base fiscal year in our calculation of CO₂ emissions from energy sources.

⁴ Resource recycling ratio (%) = (Sales volume of valuable resources + External recycling volume) / (Sales volume of valuable resources + External recycling volume + Landfill disposal) × 100. Heat recovery is included in external recycling volume.

⁵ Sales ratio of Eco-Products (%) = Sales of Eco-Products / Sales of products (excluding construction work, services, software, parts and accessories) × 100

Stopping Climate Change

Targets for FY2013

CO₂ emissions per unit of sales: Reduce by 10% from the FY2009 level

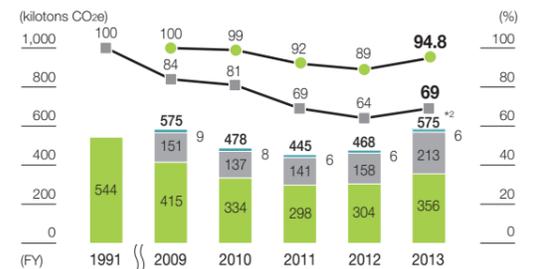
Results for FY2013

5.2% reduction in CO₂ emissions per unit of sales (compared to FY2009 level)

31% reduction in CO₂ emissions per unit of sales (compared to FY1991 level at KUBOTA production sites)

In FY2013, CO₂ emissions per unit of sales were reduced 5.2% compared to the FY2009 level. However, our target was not achieved on account of an increase in the CO₂ emissions coefficient for electricity due to the halt of operations at nuclear power plants in Japan. That said, CO₂ emissions per unit of sales at KUBOTA production sites were reduced 31% compared to the FY1991 level.

Trends in CO₂ emissions and emissions per unit of sales



■ CO₂ emissions from non-energy sources
■ CO₂ emissions (KUBOTA non-production sites, Group companies)
■ CO₂ emissions (KUBOTA production sites)
● CO₂ emissions per unit of sales (Group-wide) (compared to FY2009)¹
■ CO₂ emissions per unit of sales from KUBOTA production sites (compared to FY1991)¹
*1 Emissions per unit of sales = CO₂ emissions / sales
(—●— : Consolidated net sales, —■— : Non-consolidated net sales)
*2 CO₂ emissions (575 kilotons) include portions of CO₂ that were not released into the atmosphere but absorbed as carbon into products such as iron pipes (26 kilotons of CO₂).



Xu Bin
Production Engineering Division
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.

The company has reduced CO₂ emissions per unit of sales by 27% compared to the FY2009 level, thanks to a variety of efforts including turning off air conditioners and lighting when they are not needed, checking for air leaks from air compressors and controlling them to match conditions on production lines, and monitoring electricity usage in real time. We will continue to eliminate wasteful use of energy.

Working towards a Recycling-based Society

Targets for FY2013

Waste discharge per unit of sales: Reduce by 8% from the FY2009 level
Water consumption per unit of sales: Reduce by 4% from the FY2009 level

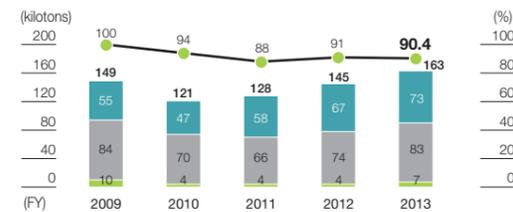
Results for FY2013

9.6% reduction in waste discharge per unit of sales (compared to FY2009 level)

16.2% reduction in water consumption per unit of sales (compared to FY2009 level)

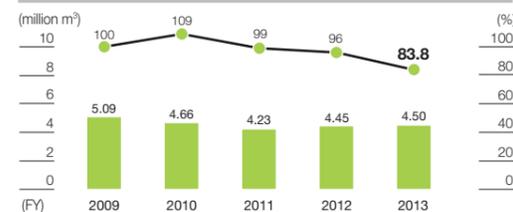
We attained our target for FY2013 by reducing waste discharge per unit of sales 9.6% compared to FY2009 level, due to the separation of waste, in-house recycling and extraction of valuable resources from waste. We also achieved our target for water consumption per unit of sales with a reduction of 16.2%, thanks to initiatives to conserve water and reuse wastewater.

Trends in waste, etc. discharge (including valuable resources) and waste discharge per unit of sales



■ Volume of valuable resources
■ Resource recycling and volume reduction ■ Landfill disposal¹
● Discharge per unit of sales (compared to FY2009)²
*1. Landfill disposal = Direct landfill disposal + Final landfill disposal following intermediate treatment
*2. Discharge per unit of sales = Waste discharge / Consolidated net sales
Waste discharge volume = Resource recycling and volume reduction + Landfill disposal
* Volume of valuable resources for FY2012 was revised to improve accuracy.

Trends in total water consumption and consumption per unit of sales



■ Total water consumption ● Water consumption per unit of sales (compared to FY2009)¹
* Water consumption per unit of sales = Water consumption / Consolidated net sales



From left:
Masanori Ono, Shuji Kitano, Kenji Oshikawa
Environmental Management Division
Sakai Plant, KUBOTA Corporation

At the Sakai Plant, waste is meticulously separated according to type at a modernized industrial waste handling facility. In 2012, we introduced a waste measurement system to visualize the type and amount of waste being discharged from each division. Our newly installed plastic compressor turns about 1.4 tonnes of transparent film into a valuable resource each month. "Team Sakai" will continue efforts to reduce waste going forward.



Plastic compressor

Controlling Chemical Substances

Targets for FY2013

Release and transfer of PRTR-designated substances per unit of sales: Reduce by 8% from the FY2009 level

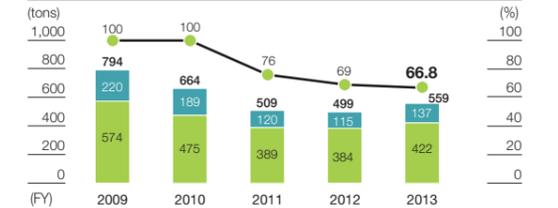
Results for FY2013

33.2% reduction in release and transfer per unit of sales of PRTR-designated substances (compared to FY2009)

We achieved our target for FY2013 with a 33.2% reduction in the release and transfer per unit of sales of PRTR-designated substances compared to the FY2009 level. Our focus going forward is to reduce the six volatile organic compounds (VOCs)* that are the most common in our handling volumes and atmospheric emissions.

*The six VOCs are: xylene; toluene; ethylbenzene; styrene; 1, 2, 4-trimethylbenzene; and 1, 3, 5-trimethylbenzene

Trends in release and transfer of PRTR-designated substances¹, release and transfer per unit of sales

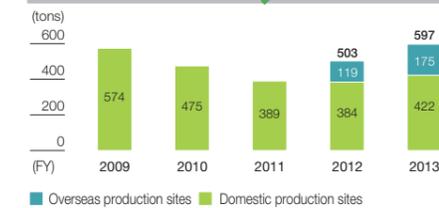


■ Transfer ■ Release ● Release and transfer per unit of sales (compared to FY2009)²

*1. Total amount of declarable substances that are handled at an annual volume of 1 ton or more (0.5 ton or more for Specific Class I designations) at each site (Group production sites in Japan)

*2. Release and transfer per unit of sales = Total release and transfer / Consolidated net sales

Trend in VOC emissions



■ Overseas production sites ■ Domestic production sites



From left:
Satayanarit Sukboon, Wisan Ubua, Patcharin Ngenbaion
Parts Production Department,
Environmental Management Division
SIAM KUBOTA Corporation

Customers in Thailand have strict requirements for coating quality, so we treat and clean products with thinner before painting. We were able to switch to non-VOC cleansers without loss of coating quality, which resulted in an annual reduction of 240 kilograms in thinner used. We will continue efforts to reduce VOCs.

Improving Environmental Performance of Products

Based on the Eco-Products Certification System, an in-house certification of the environmental friendliness of products, the Group certified six Eco-Products in FY2013. We will continue to focus on reducing environmental impacts throughout the life cycle of its products.

Internal certification system for Eco-Products

Products that have achieved outstanding environmental friendliness by being the first of their kind, receiving high external evaluations, etc.

Products with high environmental-friendliness that have fulfilled KUBOTA's internal requirements

Evaluation items

- Stop climate change**: 1. Energy saving (CO₂ reduction) Reducing energy consumption during production, construction and use, etc.
- Work towards a recycling-based society**: 2. Resources saving Reducing weight, volume and use of rare metals, etc.
- Control chemical substances**: 3. Recycling Using recycled plastics and rare metals, etc.
- Other**: 4. Reducing environmentally hazardous substances Reducing RoHS-designated substances, reducing gas emissions, etc.
- 5. Information disclosure Notes about energy-saving operations, recycling and disposal, etc.

Super Eco-Products

Energy conservation

Rice sorting equipment "Senbetsu-ou" (KG-S50X)

Improvements to the rice sorting method have led to a 41% reduction in energy consumption during usage compared with previous models in FY2008.

Energy conservation

Can and PET bottle vending machine with heat pump launched in FY2013 (30 items, R1234yf refrigerant, six other models)

The industry-first development of a heat pump circuit for low-GWP* refrigerant has led to 36-48% reductions in the annual consumption of electricity compared with previous models in FY2010. *GWP = Global Warming Potential

Reducing energy used during installation

Compact waste water treatment tanks (KZ-5, KZ-7, KZ-10)

Due to their more compact size, energy used during excavation for installation was reduced by 27% compared with previous models in FY2009. (comparison of tanks for 5 persons)

Eco-Products

Energy conservation

Riding rice transplanter Weistar Racwel EP8D

Reducing energy used during installation

"Raqmican" Joint (flat-type, step-type)

No chrome plating

Butterfly valve for water supply (BU-A, BU-B)

Example of an Eco-Product label
Eco-Products feature a label that shows their certification as Eco-Products.
Reduced fuel consumption by X% (vs. KUBOTA XX model, FY'XX)

Compliance with Environmental Laws

To ensure compliance with environmental laws, the KUBOTA Group has set and thoroughly manages its own control values at each of its bases for exhaust gas, wastewater, noise, vibration and other variables that are stricter than the relevant laws and regulations.

In 2012, however, exhaust gas and wastewater emissions at a Group company in China exceeded regulated values. The Company is implementing improvement measures to prevent a reoccurrence and to protect the surrounding environment.

Third-Party Assurance on Environmental Reports

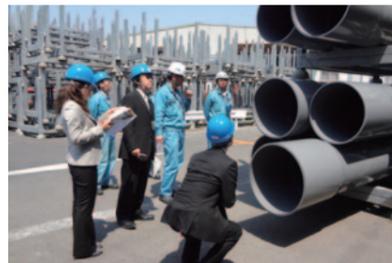
Since FY2005, the KUBOTA Group has received the third-party assurance in order to improve the reliability and comprehensiveness of its environmental data. The  symbol is used to indicate information assured by the third party. Based on the third-party assurance in this fiscal year, its environmental report was accorded the environmental report assurance and registration mark¹ of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS)². This mark indicates that the reliability of environmental data presented in the KUBOTA REPORT 2013 – Business and CSR Activities satisfies the requirements for the environmental report assurance and registration marking specified by J-SUS.

¹ The mark appears on the back cover of this report.

²  <http://www.j-sus.org/english.html>

KUBOTA REPORT 2013 is published in three languages (Japanese, English and Chinese) in both printed and online versions. The environmental information in all of the six versions has received the third-party assurance.

Factory visit



Tochigi Plant, Kubota-C.I. Co., Ltd.



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 2013 – Business & CSR Activities in the Company's website (the "website Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the environmental performance indicators and environmental accounting indicators marked with "J" (the "Indicators") for the period from April 1, 2012 to March 31, 2013 included in the website Report are prepared, in all material respects, in accordance with the Company's reporting criteria; and
- 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 a limited assurance engagement and to express our conclusion based on the work performed.

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 'Environmental Reporting Assurance and Registration Criteria' of J-SUS.

Procedures Performed
We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS.

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.
- Visit 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:

- 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
- 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.
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
September 5, 2013

Action Report

Activities with Local Communities to Conserve Biodiversity

The KUBOTA Group engages in activities with local communities to conserve biodiversity, which include the participation of families in the release of young fish in rivers and streams.



SIAM KUBOTA Corporation
Employees and their families release young fish into a river



P.T. Kubota Indonesia
Greening of surrounding areas



KUBOTA Engine (Thailand) Co., Ltd.
Greening of surrounding areas

Third-Party Comments

Comments on the KUBOTA REPORT 2013 - Business and CSR Activities

The Kubota Global Identity

In October 2012, KUBOTA declared the Kubota Global Identity as its corporate philosophy. The Top Message by President Yasuo Masumoto strongly conveys the meaning of this new corporate philosophy. I believe that for KUBOTA to fulfill its role in society, it must follow a path toward business growth while contributing to society. For this reason, I have great hopes that the infusion of the spirit of the Kubota Global Identity throughout the KUBOTA Group will lead to further growth and benefits for society globally.

Imbuing Management and CSR Strategies with the Corporate Philosophy

A new corporate philosophy warrants new management strategies. The Special Feature of this year's report discusses the Company's initiatives in the three fields of food, water and the environment within the context of helping solve problems in Asian countries. Each one of the initiatives is outstanding and I look forward to KUBOTA continuing their development. To achieve further progress on these initiatives, I think it is also important for KUBOTA to view them from the strategic standpoints of business management and CSR. In my opinion, the next stage of growth will be linked to a strategic CSR approach, whereby a comparison of business contributions and social benefits is drawn and decisions are consciously made to increase the weighting of social benefits within the realm of possibility. Around the world, initiatives that benefit the base of the pyramid (BoP) are gaining attention. I think an important issue is how companies will address solving the world's problems, from the BoP perspective and others.

Promoting Regional Revitalization and Reconstruction

This report contains a detailed explanation of KUBOTA's efforts during the fiscal year under review to help with the revitalization and reconstruction of

regions affected by the Great East Japan Earthquake. The report has given me an excellent understanding of the important contributions KUBOTA is making. I wish to express my heartfelt appreciation to KUBOTA for doing these extremely important activities. While continuing to help the region, I think it is necessary to create a system where many companies cooperate together in providing assistance, since there is only so much one company can do on its own.

Environmental Management Efforts

KUBOTA also proactively engages in environmental management. Compared with level in the base fiscal year, it has improved the level of CO₂ emissions, waste discharge volume, and the release and transfer of PRTR-designated substances, both in terms of gross volume and per unit of sales. However, KUBOTA was unable to achieve its CO₂ reduction target for stopping climate change, owing in part to an increase in the CO₂ emissions coefficient for electricity in Japan, and an increase in the number of overseas sites. The increase in the CO₂ emissions coefficient for electricity in Japan was an unanticipated event when the targets were initially set. I therefore think it would be prudent for KUBOTA to reconsider its targets in light of current conditions, such as by resetting its targets altogether, or by using the emissions coefficient at the time it originally set the targets. Furthermore, improving environmental management at overseas sites is an extremely important issue for KUBOTA as it expands globally.



Professor Katsuhiko Kokubu,
Graduate School of Business
Administration, Kobe University

In response to the above comments

Kunio Suwa, Executive Officer-General Manager of CSR Planning & Coordination Headquarters, KUBOTA Corporation



We have received comments from Professor Kokubu since 2009. KUBOTA would like to thank him for providing his opinion again this fiscal year.

The KUBOTA Group contributes to solving problems related to food, water and the environment, all of which are essential to the survival of the human race. Based on this idea that its business is in itself a part of CSR, KUBOTA will continue to strive for excellence in operations. As Professor Kokubu pointed out, the KUBOTA Group will redouble efforts to respond to the ever-changing demands and expectations of society by rethinking the nature of its businesses as it expands globally.

To this end, all employees of the KUBOTA Group around the world need to share the vision of the Kubota Global Identity. As each employee thinks about how they can contribute through their roles and responsibilities at work, the Group will strive to generate synergies with society on an ongoing basis.

Kubota

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As a leading company for environmental performance, KUBOTA has made a promise to implement environmental conservation activities to the Ministry of the Environment.



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