

## The relationship with employees

### “Fairness, Transparency”, “Challenge, Creativity” regarding the basic personnel policy

We at Kubota promote to make an active corporate tendency to take challenge and creativity seriously, establishing and operating a fair and transparent personnel system in connection with the social environmental change, the corporate management trend and the accomplishment of the management task at any time, based on the concept “It is always personnel”, our important assets, who reforms the corporation for the sustainable development of economy and society, complying with the requirement of the times.

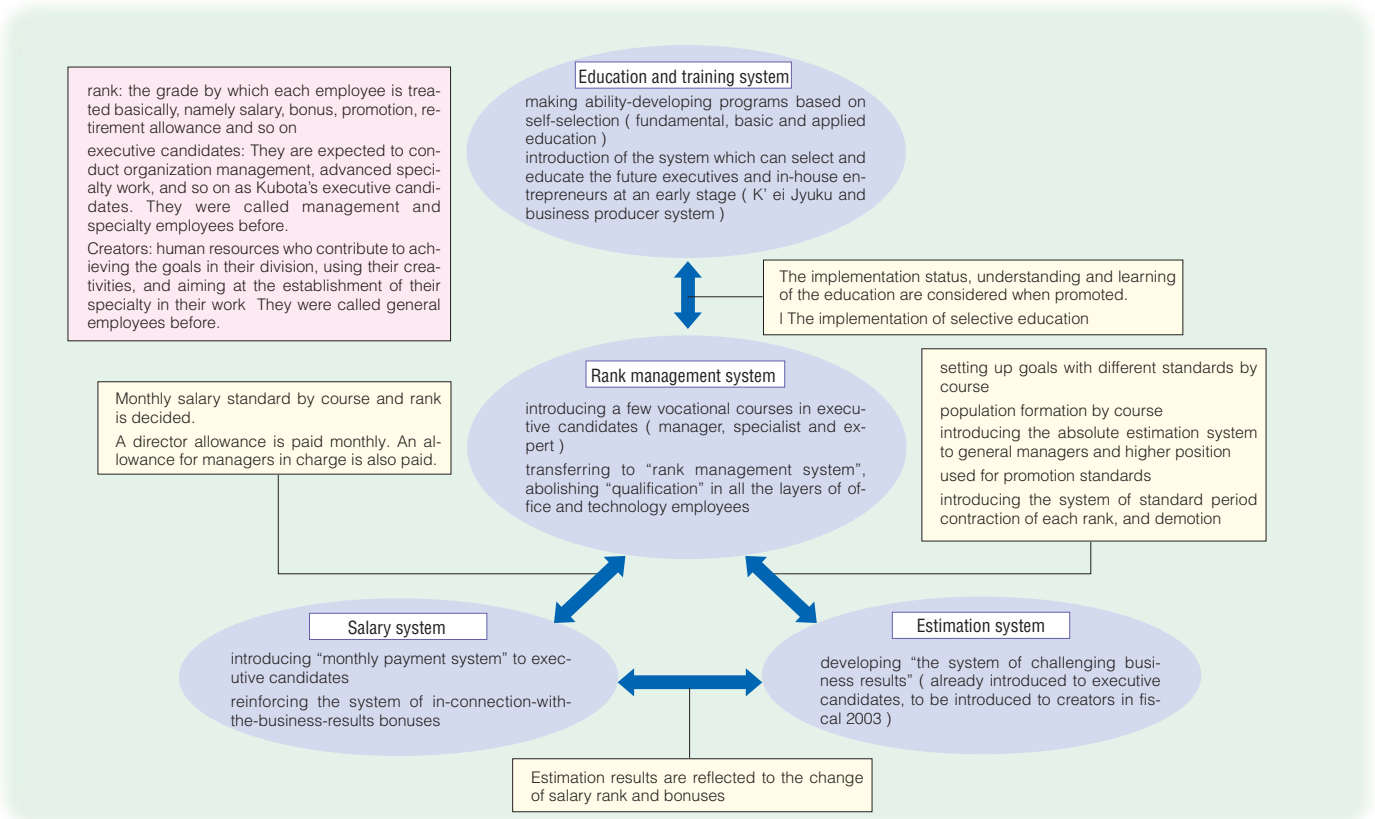
#### Toward the establishment of personnel system based on the principle of results

##### Regarding personnel system

We at Kubota are tackling the education and reinforcement of human resources, the origin of corporate competition power, by promoting “the reforms of the personnel systems” based on the middle-term corporate management plan started in fiscal 2001. We introduced the concept of “the principle of results” in all the systems to reform the personnel system, based on ① minimizing the element of the system of

seniority, ② eliminating bad influence of lifetime employment, and ③ eliminating bad equality. We have been revising the personnel systems step by step since April 2002, in order to fairly estimate the results accomplished by each employee and in order to reflect them to their promotion, realizing the right man for the right job, and considering the personality and ability of each employee.

#### Main points of revising personnel system



#### 1. Personnel management system for executive candidates by course

We introduced the method of double-track-type personnel management based on the role classification to the executive candidates ( managers layer ) in October 2002, in order to match the various kinds of individual aptitude and ability to the business results expected by the company. There are 1,379 managers who control and operate the organization, 582 specialists who create added value by their high specialty, and 234 experts who contribute the company by their rich experience and know how, in order to promote our corporate management. ( as of April 1, 2003 )

#### 2. Challenging business results system

The personnel estimate system is applied to the executive candidates and creators ( general employee layer ) based on the concept of MBO, aiming at effects of ① matching the goals of employees to those of the company, ② pursuing business results, and making a challenging corporate tendency, ③ increasing estimation transparency, and promoting development of ability. This is the core system of our personnel systems, used as a basic function for all the treatments.

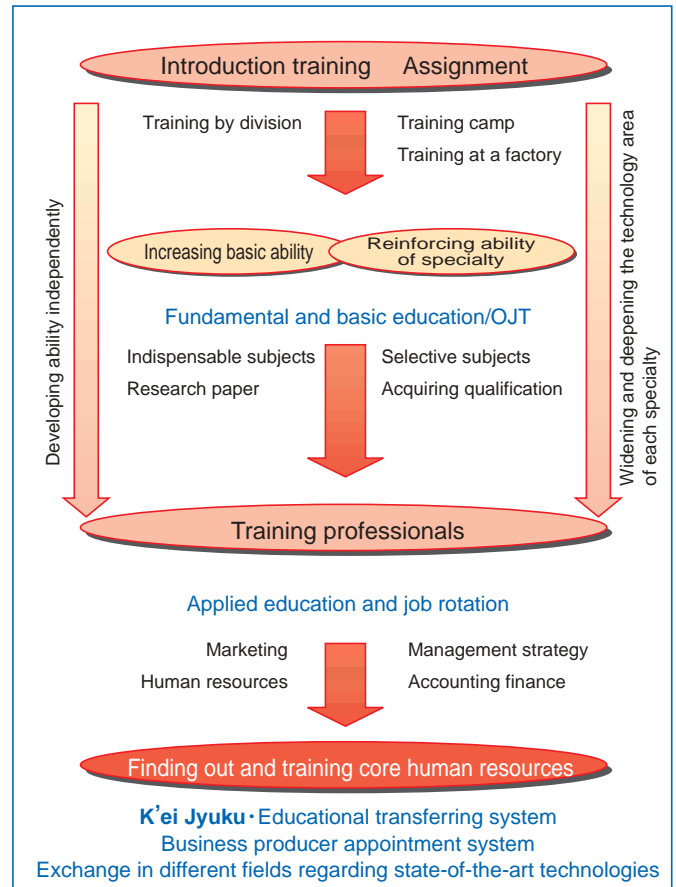
**Creating independent and creator-type human resources**  
**Regarding education and training system**

Under the spirit of “developing people before making products”, we at Kubota have been willingly concentrating on the education of our employees. Especially the education system of the office and technology employees ( executive candidates and creators ) was revised drastically in April 2002 in close connection with a new personnel system. This is an educational system supporting the development of individual career by the combination of indispensable training to form the fundamentals of businessman and selective training to cultivate their ability of specialty. Moreover, we systematized the selective education to discover quickly and educate “the human resources who can create new added value” to support our company in the future. We promote to improve independence of our employees, reflecting the results learned in the training to the promotion judgment. There were 635 employees who participated in the course in fiscal 2002.

And the company-wide education by rank was promoted regarding factory workers, including “trainee system” for first one year since employed. We promote improving and handing over the techniques which support “making products”, the origin of manufacturer, reinforcing our manufacturing sites by the items of

- ① consciousness reform of the foremen and education of the workshop leaders effective for training workers in their workshops,
- ② conducting the education of foreman candidates ( key person ) continuously.

There were 353 employees who participated in the course in fiscal 2002.



**Using aptitude and ability of employees fully**  
**Regarding the employment system**

We at Kubota conduct the employment management, thinking of the diversity of the individual career plan, aptitude and ability under the concept of “A corporation is responsible for society in keeping its employees.”

**1. Employment**

Our image of human resources is “Creator-type human resources who can create new added value with a mind of independence.” We employed 59 office and technology employees in fiscal 2002. And additional five employees were employed in the middle of the year, expecting them to work at once without education and training. We are going to employ 107 office and technology employees and 43 factory workers, which amounts to 150 employees, in fiscal 2003. ( including additional employees in the middle of the year )

The number of employees ( as of April 1, 2003 ) Unit: employee

Office and technology employees		Factory workers	Part-time employees	Total
Executive candidates ( managers )	General employees ( creators and so on )			
2,195	3,500	6,265	147	12,107

**2. Re-employment system of retiree of sixty years old or more ( Haturatsu plan )**

We at Kubota introduced the re-employment system “Haturatsu plan” in April 2001, in order to both use their abilities in our company and stabilize their living after retirement in connection with the gradual delay of the age when a welfare pension starts to be paid. The system was applied to 325 retirees since then. ( as of April 1, 2003 )

### Aiming at the physically-handicapped people being able to work vividly

#### Regarding the employment of physically-handicapped people

“A corporation is a citizen.” We think that it is necessary for us to form society where physically-handicapped people can live safely with us. So we think the employment of physically-handicapped people is our mission for society.

We at Kubota established a special subsidiary “Kubota Works Corporation” in July 2002, in order to supply the field of working and showing their ability. We started the businesses of cleaning, printing and so on in April, 2003, employing eleven physically-handicapped people. And the whole employment rate of physically-handicapped people including above company to the whole employees is 1.88%. ( as of April 1, 2003 )

### Fair personnel policy

#### Regarding equal opportunity in employment

We at Kubota fairly employ people regardless of sex under the spirit of laws of Labor Standards and Equal Employment Opportunity for Men and Women. Especially we newly established the rules of maternal health care management, and revised the system of child-rearing and nursing leaves in order to improve the working environment in which our female employees can work safely since the laws were amended in 1998 and 1999. We are also improving various kinds of working conditions, complying with lifting the female protection rules.

### Making comfortable working environment

#### Regarding preventing sexual harassment

We at Kubota are making a comfortable working environment in which one-and-all employee respects the mutual human rights to prevent them from doing sexual harassment, a serious violation of human rights, based on the Equal Employment Opportunity Law for Men and Women amended in April 1999. So far, lots of measures such as the revision of office regulations, reporting an awareness article in our in-house magazine, organization of in-house measures committee by labor and management, and placing consultants and various kinds of training in each plant were taken.



### Diversifying and complicated demands of employees Regarding fringe benefits

Our basic concept of fringe benefits is “We supply the system and environment in which our employees can show business results, promoting their working mind and increasing ability by giving them a sense of security and stability.”

We have been improving our fringe benefits, answering the demands of employees anytime, such as supplying a dormitory and a company house, supporting assets formation through loaning money for house, supplying the facilities for health and friendship for employees, various kinds of recreational activities, food subsidies and so on.

We also intend to introduce a cafeteria plan as a new fringe benefit to meet the demands of employees. We aim at the operation of the system suitable for the age of “self responsibility”, answering the diversifying and complicated demands of our employees from now on.

### A wealthy life after retirement

#### Regarding supporting a life design

We at Kubota hold “Life design seminar” whose main themes are “fulfillment in their life”, “health” and “economy ( revenue and expenditure )”, to support our retirees as well as our elder employees to live rich, full and meaningful life. In this seminar, there are two courses of part I ( at fifty years old ) and part II ( at fifty-five years old ), following up part I . We provide our elder employees the opportunity of thinking of their own life in the future themselves as well as looking back on their life in the past, at the each age, in order to support them for designing their own life again. About 1,200 employees attended the seminar in fiscal 2002.

### As a partner to resolve the problems

#### Regarding labor-management relations

Our labor-management relations have been being well maintained for a long period of time, based on owning management information jointly and prior consultations. Both labor and management commonly recognize to try to develop our company in the future, confirming each business environment with each other, and understanding each other, though the framework of the Japanese-style-employment-and-wage system is collapsing. Specifically, we established various kinds of committees in order to consult with each other regarding the labor-management issues such as employment, working hours, human resources education, working conditions and so on, from the point of view of the corporate development and respecting humans.