Environmental activities digest in fiscal 2003

We at Kubota introduce our main environmental activity results in fiscal 2003.

Topics

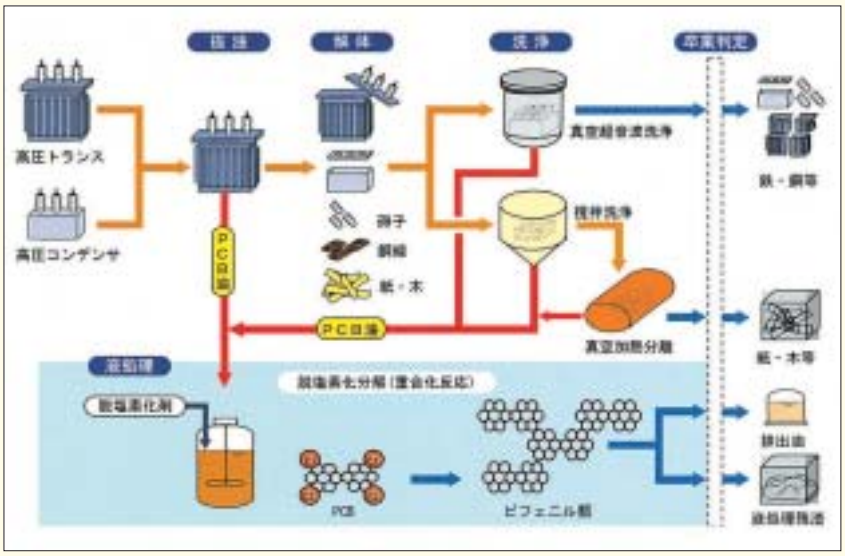
We take part in a PCB treatment business in Japanese region of Chubu.

A lot of hazardous wastes including PCB (Polychlorinated biphenyl) which was used as insulating material in the electric equipments such as transformer and condenser are kept in some companies without harmless treatment. So an appropriate treatment of them has been needed. Since waste PCB has been forced to treat inside and outside of Japan, we must hurry to establish a treatment system.

Five wide-area treatment facilities have been being constructed in Japan at present under the guidance of the government. We at Kubota and Shinko environmental solution Corporation, establishing a joint venture, received an order of a construction work of "PCB waste treatment facilities in Toyoda" (in the city of Toyoda in Aichi) from Japan Environmental Safety Corporation (former Japan Environment Corporation) in July 2003. We are going to construct the facilities which will treat PCB waste and so on, for about ten years, kept in the Chubu region (four prefectures).

We consider safety fully in a design and construction of the facilities in order to conserve the local environment. We are going to construct the facilities which can be trusted by the citizens, disclosing information about the local environment.

Imaginary illustration of the PCB waste treatment facilities in Toyoda



Flowchart of PCB waste treatment

In Roppongi Hills, Kubota s 900 air conditioners providing a comfort space were installed

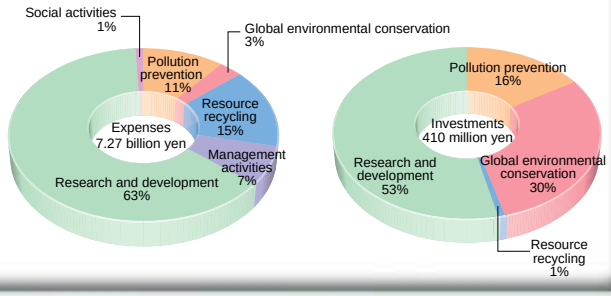
" Roppongi Hills," one of the largest projects of urban area redevelopment in Japan, opened for business in Roppongi, Tokyo in April 2003. Our 900 air conditioners were installed in the offices and other facilities like a hotel and so on in " Roppongi Hills Tower," 54-story main building, which provide a comfortable space to the people gathering in this town.

Complete view of Roppongi Hills

Small-sized air conditioner (EJ series) with features of saving space and saving installation work installed in Roppongi Hills

Environmental accounting P19

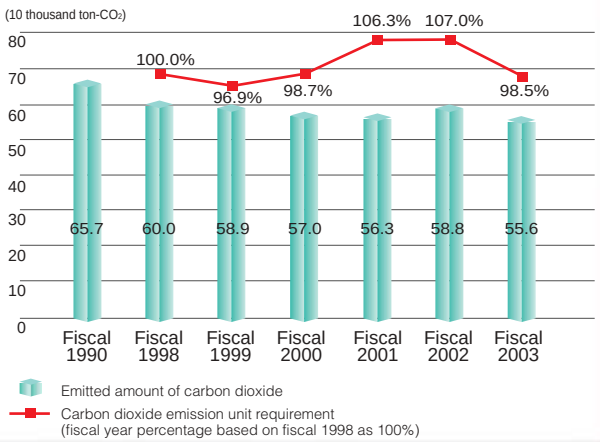
In the environmental conservation costs in fiscal 2003, expenses were 7.17 billion yen (including 4.56 billion yen for research and development cost), investments were 400 million yen on an unconsolidated basis. And on an consolidated basis, they were 7.27 billion yen and 410 million yen respectively, and economical effects of environmental conservation activities were 1.24 billion yen.



Global warming prevention (Saving energy activities) P21

We have promoted, in our domestic plants, the third saving energy activities in which our goal was 5% or more reduction of carbon dioxide emission unit requirement for five years from fiscal 1999 to fiscal 2003, compared with fiscal 1998. As a result, we have achieved the goal in our six plants among seventeen targeted plants. And we improved carbon dioxide emission unit requirement by 1.5% in the said domestic plants. And total emitted amount of carbon dioxide was 556 thousand ton-CO_2 in fiscal 2003.

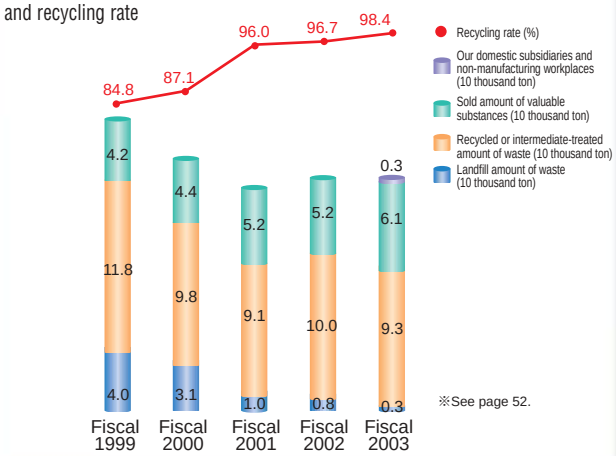
Transition of emitted amount of carbon dioxide (in our domestic plants)



Zero Emission P20

We reduced a discharged amount of waste by 24.4% in fiscal 2003 compared with fiscal 2000. Our sixteen plants have achieved zero emission. As a result, landfill amount of waste was reduced by 90% compared with fiscal 2000. And the recycling rate increased by 11.3% compared with fiscal 2000, to 98.4%.

Transition of discharged amount of waste, sold amount of valuable substances, and recycling rate



※See page 52.

Chemical substances control P25

We have already notified the government of twenty-nine substances under the PRTR system law in our targeted plants which are required notification.
Regarding Class 1 designated chemical substances in the PRTR system law, we reduced emitted amount, transferred amount and total amount of waste by 5.3%, 7.6% and 5.5% respectively, compared with the previous year. We are mainly going to promote to reduce the emitted amount of volatile organic compounds such as xylene, toluene and so on which amount to about 90% of our total amount of emission and transfer.

Transition of emitted and transferred amount of the substances in PRTR law (ton)