

Water, Soil, Air... For All of Us

As a part of society's latent potential,
KUBOTA continues its support for an affluent way of life for all.



Basic Concept

On April 1, 2006, the KUBOTA Group established our “Corporate Mission Statement”, “Management Principles”, “Charter for Action”, and “Code of Conduct” as a new system on corporate principles and codes of conduct.

By protecting the “DNA” that has been handed down to us since we were first established, by providing products and services that support the very foundations of human life, and by contributing to improving the quality of life, the KUBOTA Group’s social mission of contributing to the advancement of society and the conservation of the global environment clearly shows through in these new principles.

Furthermore, indicators of the basic ideas and the actions that directors and employees should be conscious of in their specific capacities in order to realize those corporate principles are included in the Charter for Action.

Corporate Mission Statement

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

Management Principles

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

Charter for Action

1. Winning Customer Satisfaction

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

2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles

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

3. Respecting Human Rights

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

4. Creating a Safe and Vibrant Work Environment

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

5. Preserving the Natural Environment

The Kubota Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

6. Achieving Symbiosis with International and Local Societies

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

7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities.

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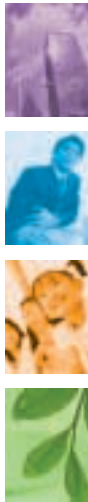
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In Editing the CSR Report 2007

- This report was compiled in order to report with sincerity and clarity on Kubota's CSR activities.
- The report for this fiscal year touches on 3 perspectives of corporate activity, i.e., economic, social and environmental, and is composed in line with our Charter for Action.
- Comments on the CSR Report 2007 have been given by Akira Kajiwara of KPMG AZSA Sustainability Co., Ltd.
- The Environmental Report portion of the CSR Report 2007 underwent independent review by KPMG AZSA Sustainability Co., Ltd. in order to secure the reliability of the quantitative information in that report.
- Scope of the CSR Report 2007
 - Economic Report
The Economic Report contains data on the consolidated accounting that was performed based on U.S. accounting standards.
Fiscal year 2007: 118 consolidated subsidiary companies and 24 affiliated companies accounted for under the equity-method.
 - Social Report
The Social Report contains the results of social activities carried out by KUBOTA Corporation itself as well as a portion of our subsidiary companies.
 - Environmental Report
The Environmental Report contains the results of environmental activities carried out by KUBOTA Corporation itself as well as 55 domestic and 8 overseas subsidiary companies.
- Period covered by this report
 - The content of this report focuses on activities during fiscal 2007 (April 2006 to March 2007). Some portions may include information on recent events.
 - Data in the Environmental Report are aggregate totals of domestic (April 2006 to March 2007) and overseas activities (January 2006 to December 2006).
- Referenced guidelines
Ministry of the Environment: Environmental Report Guidelines (Fiscal Year 2003 version), Ministry of the Environment (Government of Japan)
GRI (Global Reporting Initiative): Sustainability Reporting Guidelines third edition.
- Publication dates
This issue September 2007
Next scheduled issue September 2008
Previous issue September 2006: "CSR Report 2006"

NOTES: The laws and government and municipal offices and organs, etc., mentioned in this CSR Report indicate Japanese laws and agencies, etc., unless otherwise indicated. The term "domestic" as used in this CSR Report refers to the areas comprising the country of Japan, while "overseas" indicates countries and regions outside of Japan.



We Look Forward to Contributing to the Advancement of Society and the Conservation of the Global Environment Through Our Business Activities.

Please tell us about the state of CSR management during fiscal 2007.

Towards the implementation of CSR management and in order to more clearly indicate the direction of our company, new corporate principles and codes of conduct that better fit this day and age were enacted in April 2006. Through this, we are stating that contributing to the advancement of society and the conservation of the global environment through our business activities is our basic policy for management.

In order to achieve the permeation of these new corporate principles throughout the company, we are distributing pamphlets and guidebooks to all directors and employees, and have developed conscious-raising activities to promote greater understanding by all.

Furthermore, in order to implement these new corporate principles and codes of conduct and to aim at thorough compliance, the bedrock of CSR management, we completely reviewed all in-house rules and have restructured our internal control system.

That restructuring complies with the new Corporation Law and SOX Act* that came into force in fiscal 2005 and secures financial reliability. In addition to that internal control system, we also feel that it's

necessary to strengthen our other systems in regard to such corporate risks as legal violations, industrial disasters, environmental pollution, and issues related to product and technology quality, to aim at the prevention of corporate scandals, and to further establish ourselves as an enterprise that is thoroughly trusted by our stakeholders.

Unfortunately, however, KUBOTA has still especially experienced problems since last year in regard to the observance of compliance. Though I have said during the year that for directors and employees to develop business activities every chance they get in a dignified manner and as positive members of society is an obligation and fundamental role that our company must fulfill, the fact that we could not prevent these compliance violations, such as the bid-rigging case related to an order for a night soil treatment facility and pumping equipment, or the suspicions of affiliate companies violating the Anti-Monopoly Act, is very disappointing and I also deeply regret that our measures towards compliance was as yet insufficient. I would like to solemnly accept that fact and, by constructing and promoting internal controls that incorporate thorough compliance within our corporate management system, I hope to recover the confidence of all of our stakeholders.

What are KUBOTA's thoughts on CSR?

I have always said that it is society that allows a business to live. And the history of our business is embodied in those words.

We should behave, without forgetting for even a moment, that a "company can only exist as a member of society by contributing to that society through its business activities".

We must always be conscious of the real reason we exist, without being overwhelmed by the business at hand and without losing sight of our obligations.

It is important that we keep this fundamental starting point in mind in order to coexist with society as a fair and open company.

What are the important issues for CSR management in 2008?

That would be a renewed thoroughness in compliance, the basis of CSR. In regard to businesses that involve a compliance risk during the advancement of their business, we have decided to aim at the conversion and recommencement of those business models.

I will like to have everyone understand that the observance of compliance is a major premise of our business activities, and to foster an in-house climate where matters of course are accomplished naturally by establishing the mechanism for any internal control system.

What are your thoughts on the issue of asbestos?

We are aware that this is a long-term issue and will not be solved in one or two years. I feel that, by accepting the truth that stands before us and maintaining good relations with the local community and governments, we can fulfill our corporate social responsibility by developing close ties to the community and sincerely responding, one by one, to those things that are within our power to accomplish.

*SOX Act

The Sarbanes-Oxley Act in the U.S. is also known as the SOX Act. This refers to the Corporate Reform Law that the U.S. government enacted and approved in July 2002 in response to the accounting scandals in U.S. corporations that emerged one after another, including the Enron case. Similar legislation was introduced in Japan and, through the enactment of the revised Commercial Code of April 2003, along with the obligations of corporate governance and the disclosure of internal control issues, the voluntary appending of representative confirmation documents became a requirement.

President and Representative Director
KUBOTA Corporation

Daisuke Hatakake



Views on CSR Management

Through CSR Management, the KUBOTA Group is continually carrying out management activities aimed at maintaining the trust and satisfaction of our stakeholders and at increasing our corporate value.

Fundamental Ideas on CSR Management

Fundamental ideas on CSR Management

In the KUBOTA Group, we think of CSR Management as “aiming towards the satisfaction of those stakeholders that exist around the company, and performing management activities that heighten the overall value of the company while balancing the company’s economic value, social value and environmental value, i.e., the triple bottom line”.

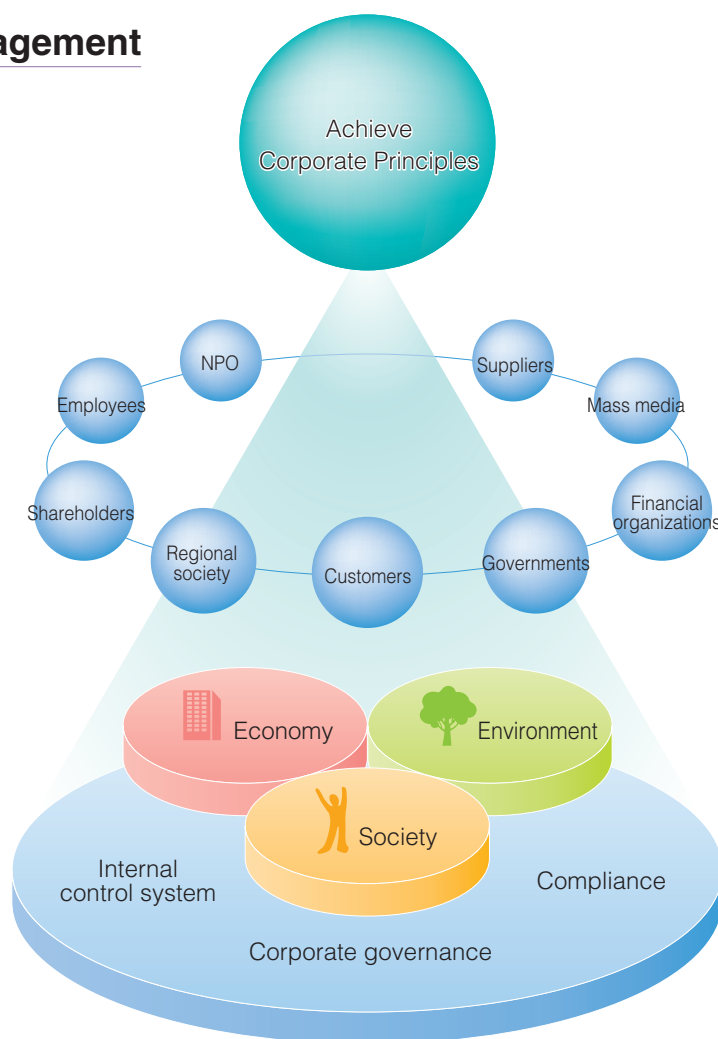
We see the most important points required in order to implement CSR Management as follows.

The first is for top management to clearly indicate their stance in regard to CSR Management. This is necessary in order to aim at consistent and unified consciousness and action in business activities throughout the KUBOTA Group and a concentration of all corresponding vectors. To this end, the KUBOTA Group revised the direction of company activities and our codes of conduct on April 1, 2006, and we are aiming at the permeation of those ideas throughout the group.

The second point is the functional integration of measures to promote and develop CSR Management within our management system.

These measures are important management functions and include,

- (1) establishing “corporate governance”, which objectively evaluates and checks the process and contents of decision-making in regard to top management policies and management issues,
- (2) thorough “compliance” in regard to the observance of laws and corporate rules that are the basis for company activities, and
- (3) constructing an “internal control system”, which checks the content of and whether or not top management policies are implemented appropriately and efficiently.



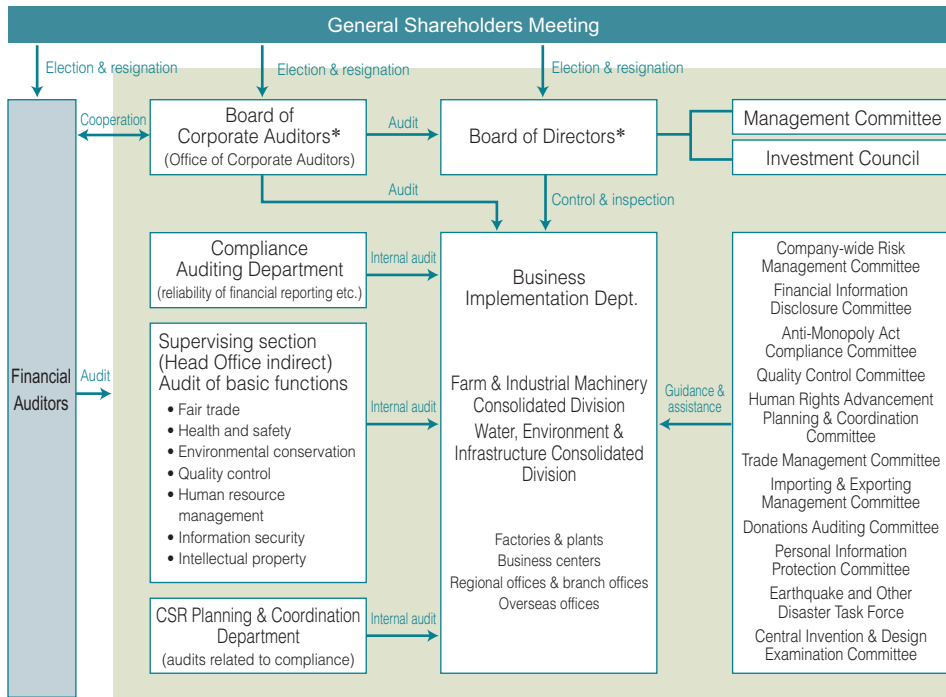
Corporate Governance

The concept and system of corporate governance

KUBOTA has adopted an audit system, and is carrying out audits on its Directors’ execution of business through the Board of Directors and the Board of Corporate Auditors. We do not employ a system of outside Directors or Executive Officers.

We have set up a system of consolidated divisions for each business domain with differing markets and technology, and have a number of group businesses in existence as well. We have also constructed proprietary systems of management and of corporate governance based on autonomous and consolidated management organizations.

■ Corporate governance structure (as of April 1, 2007)



* System of management:

The Board of Directors is composed of 21 directors and, in addition to the regular Board of Directors meeting that is held once a month, it is convened at any time necessary in order to discuss and make determinations on important management-related issues such as business plans, capitalization plans, investment, and business reorganization. The Directors' term of office is 1 year, in order to aim at the clarification of their business responsibilities each and every fiscal year, and they may be reelected at the annual General Shareholders Meeting. The Board of Corporate Auditors is composed of 5 auditors (3 of which are outside auditors) who, in addition to implementing audits by attending important meetings, listening to reports from Directors, etc., inspecting important approval documents, and inspecting subsidiary companies, etc., receive reports in regard to periodic audits from the Financial Auditors.



Compliance

Thorough compliance

The reinitiation of thorough compliance activities due to the unfortunate violations of the Anti-Monopoly Act is an important management issue in the KUBOTA Group. We must recognize anew that compliance is a major premise in our daily business activities, and persists in the observance of compliance. As measures to prevent reoccurrence, we aim to carry out

enlightenment and education activities and implement thorough compliance in the management of our business activities as an internal control system, while working towards converting the business model for those businesses with a large compliance risk and towards strengthening audits by each supervising section in regard to the management system and the laws related to daily business.

About the violations of the Anti-Monopoly Act

(1) Violation related to “pump equipment & construction work contracted for by the Tokyo Metropolitan Government Bureau of Sewerage”

In regard to new and additional construction, as well as renovation work, on a main pump etc., contracted for by the Bureau of Sewerage and offered by the Tokyo Metropolitan Government through a competitive tender after April 1, 1999 at the latest, it was alleged that, by determining the scheduled recipient and ensuring that the scheduled recipient would receive the order, KUBOTA substantially limited competition for dealings in that project in violation of the Anti-Monopoly Act. Though we continued to insist in court are non-acceptance of an exclusion recommendation, we finally submitted consenting documents. That document was submitted to the Fair Trade Commission on September 8, 2006, and a decision was received on October 2nd of the same year based on the regulations in Article 53 of the unrevised Anti-Monopoly Act.

(2) Violation related to “night soil treatment facilities”

In regard to new construction work on and updating of night soil treatment facilities that cities, towns, and villages, etc., offered through a competitive tender, it was alleged that, around the beginning of December 2004, the applicants agreed through discussion to determine the scheduled recipient company and did submit their tender at a price ensuring that the scheduled recipient company would receive the order, and thus substantially limited competition for dealings in that project, and KUBOTA was prosecuted in June 2006 under suspicion of violating the Anti-Monopoly Act, with a penalty of 220 million yen assessed against the company in April 2007.

Internal Control System

KUBOTA's internal control system was restructured in an attempt to prevent the risks and scandals that might be generated in conjunction with company activities, and in an aim at strengthening management and becoming a company that is trusted by stakeholders.

Details and organization of the restructuring of the internal control system

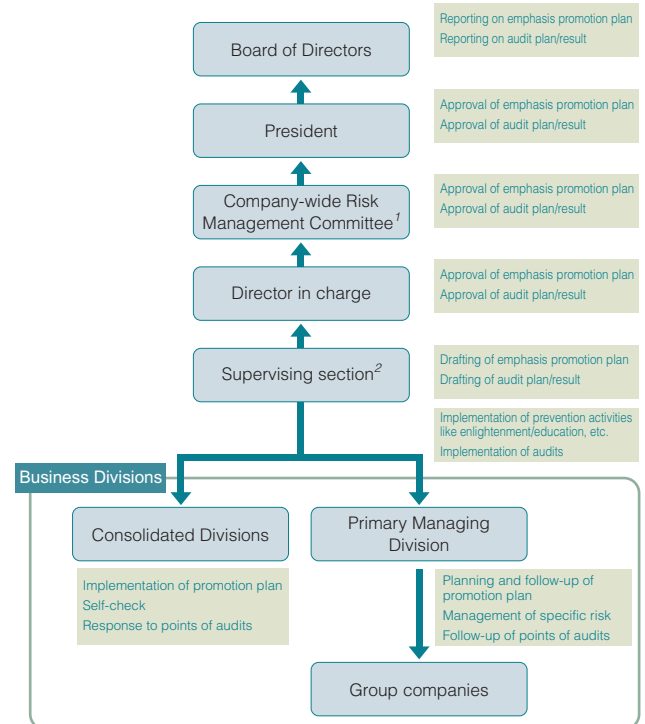
Social trust in our company is fluctuating widely due to scandals such compliance violations and industrial disasters, as well as improper company activities that have occurred since last year.

In reflection of the fact that a company cannot continue to operate without the trust of its stakeholders, the foundation of corporate activities, the aim of "constructing and enriching internal controls towards appropriate corporate activities" was raised as an important issue for this year's management policy, and an internal control system for practicing correct company activities through self-cleansing functions was constructed.

In April 2006, we established an "Company-wide Internal Control Promotion Committee" and, as a result of a year's worth of examination, we have created a business mechanism for including activities towards legal compliance and the prevention of accidents, etc., an audit mechanism that evaluates whether or not the initial mechanism is functioning properly, and we have unified and turned that into a mechanism in which the PDCA the "Plan, Do, Check, Action" PDCA cycle is in force, i.e., a system of continual creation, management, evaluation and review.

This internal control system was put into force in April 2007.

Internal control system flowchart



¹: Company-Wide Risk Management Committee
This committee aims at the creation and maintenance of a system of risk management in order to appropriately manage the important risks that occur during operation of the KUBOTA Group and to ensure proper growth based on corporate principles.

²: Supervising section
The indirect section that controls management risk.

Internal control system at KUBOTA

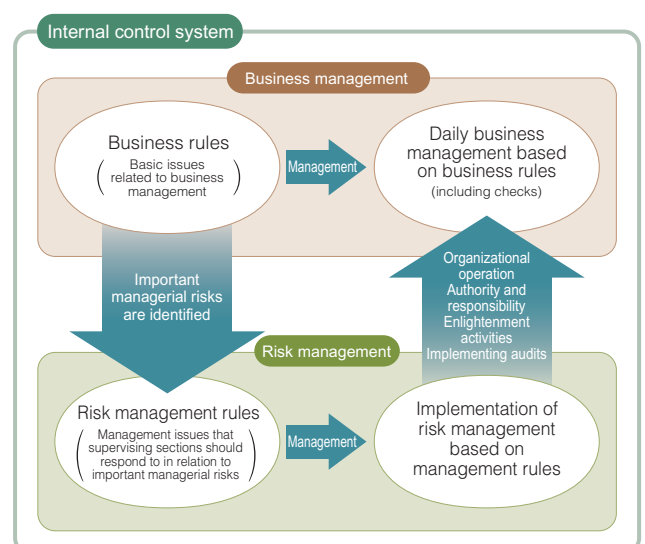
KUBOTA's internal control system is a mechanism for clearly providing the rules that should be obeyed during the performance of business and for checking whether or not business has been managed according to those rules.

This system is composed of "business management", which oversees business activities based on the rules, and "risk management", which audits the progress of that management.

"Business management" provides the "business rules" that relate to the basic issues needed to implement business activities, and each department carries out their daily work activities based on those rules.

"Risk management" provides the "risk management regulations" that relate to the basic issues on how the supervising department should respond to important managerial risks, and, through this, the necessary matters for controlling risks.

Internal control system flowchart



Review of rules and regulations

In order to properly implement our business, a system of rules and regulations on a foundation of in-house rules was newly established.

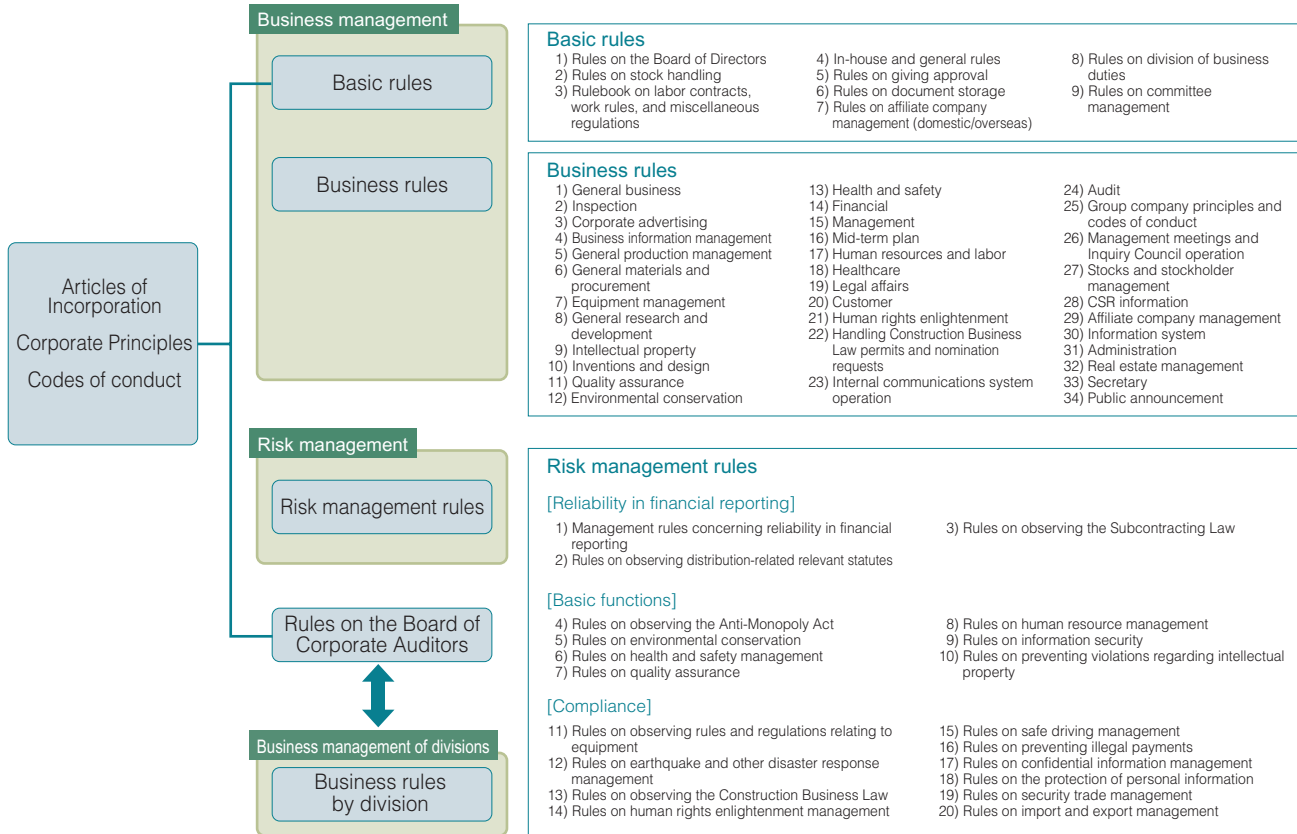
These in-house rules were based on our Articles of Incorporation, Corporate Principles, and codes of conduct, and were classified as business management rules related to “business activities” and risk management

rules related to “risk management”.

There are 9 basic “business rules” for common business activities and 34 function-based “business rules” provided according to the specific function.

“Risk management rules” are composed of 20 rules of management.

Systematic flowchart for new rules and regulations



Risk management

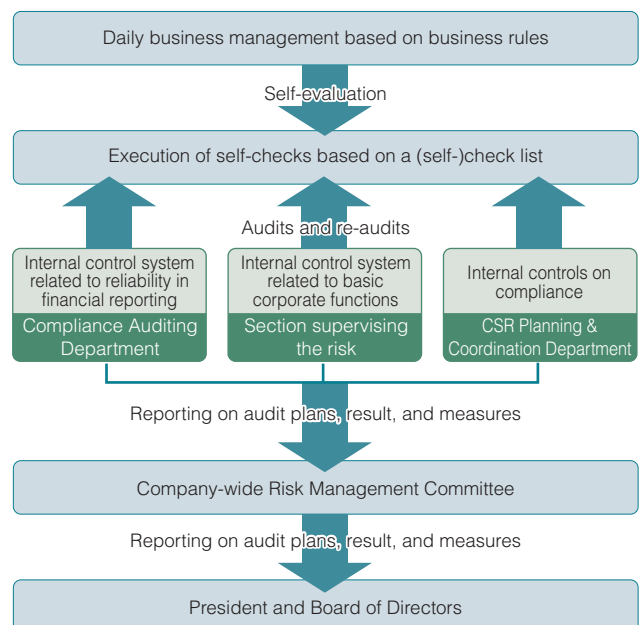
Within our internal control system, KUBOTA has constructed a system of identifying, managing, and checking important managerial risks.

These risks were classified into the following 3 separate targets.

1. Internal control related to reliability in financial reporting
2. Internal control related to basic functions in corporate management, such as fair trade, environmental conservation, and health and safety
3. Internal control related to main compliance issues in corporate management, such as observance of rules and regulations relating to equipment

In order to avoid these risks, the supervising section in charge clarifies the rules for authority and responsibility in the organizational structure and management, and audits whether or not each division is properly managing their business activities.

Overall flow of audits



Economic Report

As a company that has supported an abundant lifestyle for all since our founding, the KUBOTA Group is advancing global business development in 4 specific areas.

KUBOTA Group Profile (as of April 1, 2007)

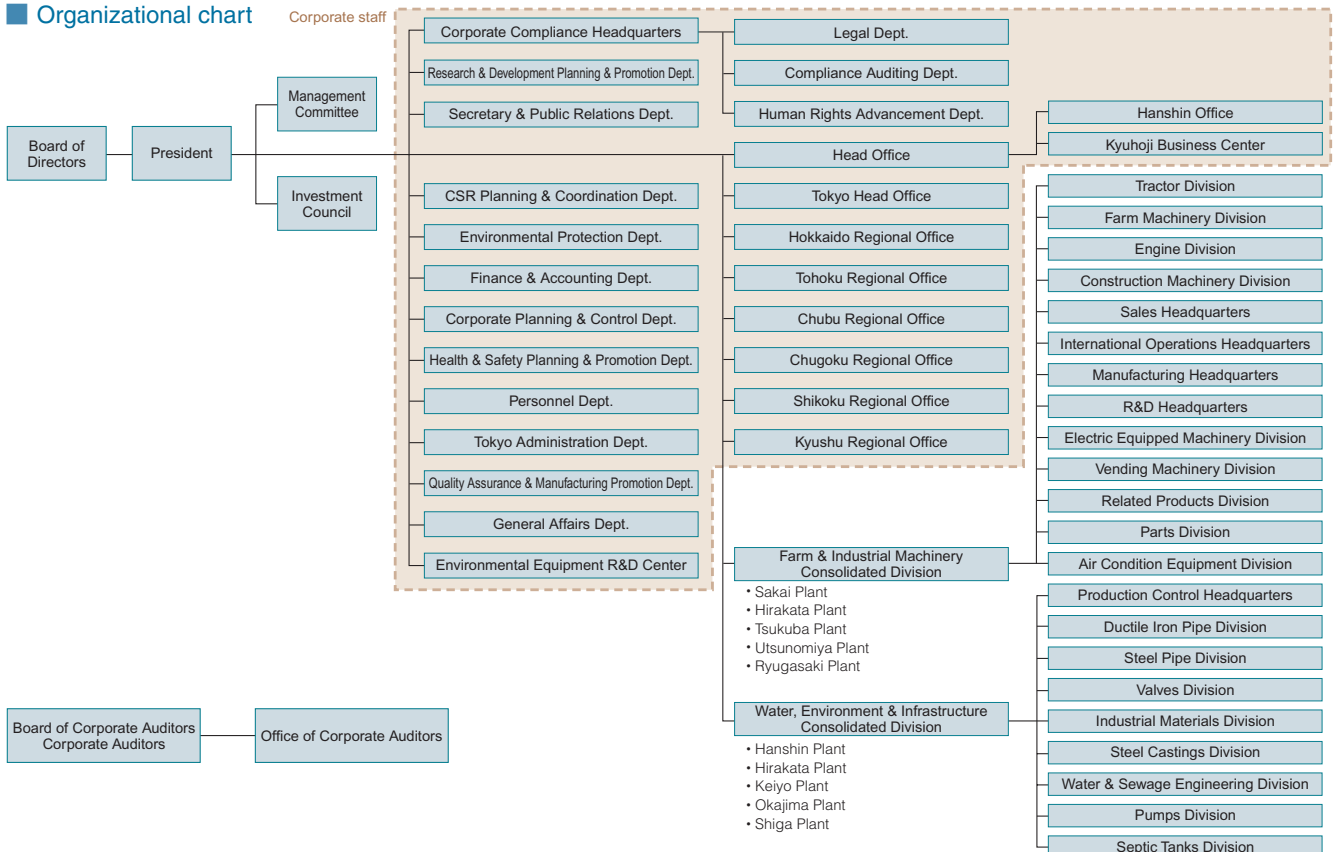
Outline of KUBOTA Corporation

Corporate information

Corporate name	KUBOTA CORPORATION	Head Office	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka 556-8601 JAPAN Telephone: +81-6-6648-2111 Facsimile: +81-6-6648-3862
Founded	February 1890	Tokyo Head Office	3-1-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-8310 JAPAN Telephone: +81-3-3245-3111 Facsimile: +81-3-3245-3822
Established	December 1930	Website	http://www.kubota.co.jp/english/index.html
Capital	¥84,070,280,304		
Total number of shares issued	1,291,919,180		
* Number of shareholders	45,363		
* Number of employees	8,674 (full-time)		
* Total number of employees in the KUBOTA Group	23,727		

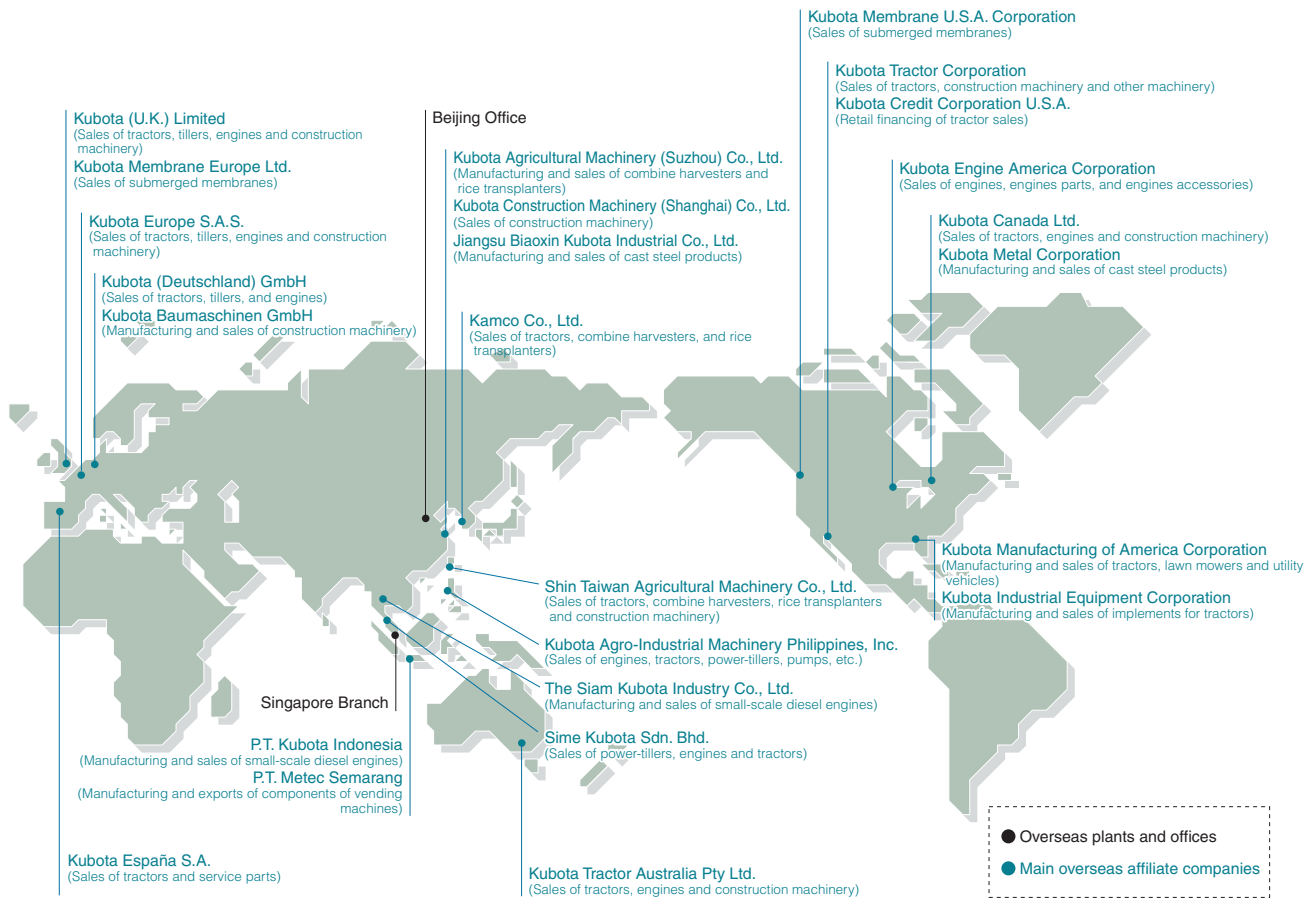
* as of March 31, 2007

Organizational chart

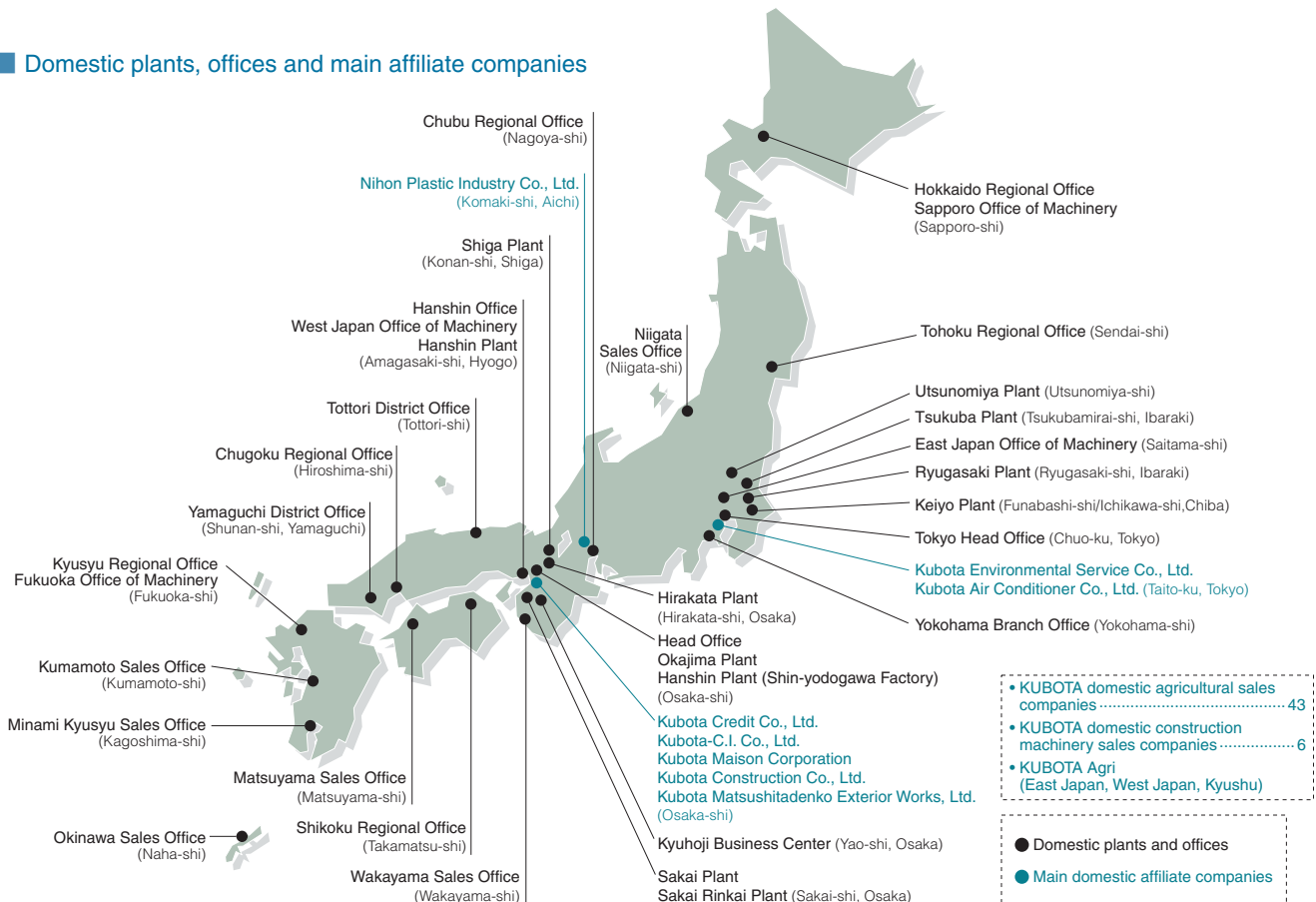


Main plants and offices

Overseas plants, offices and main affiliate companies

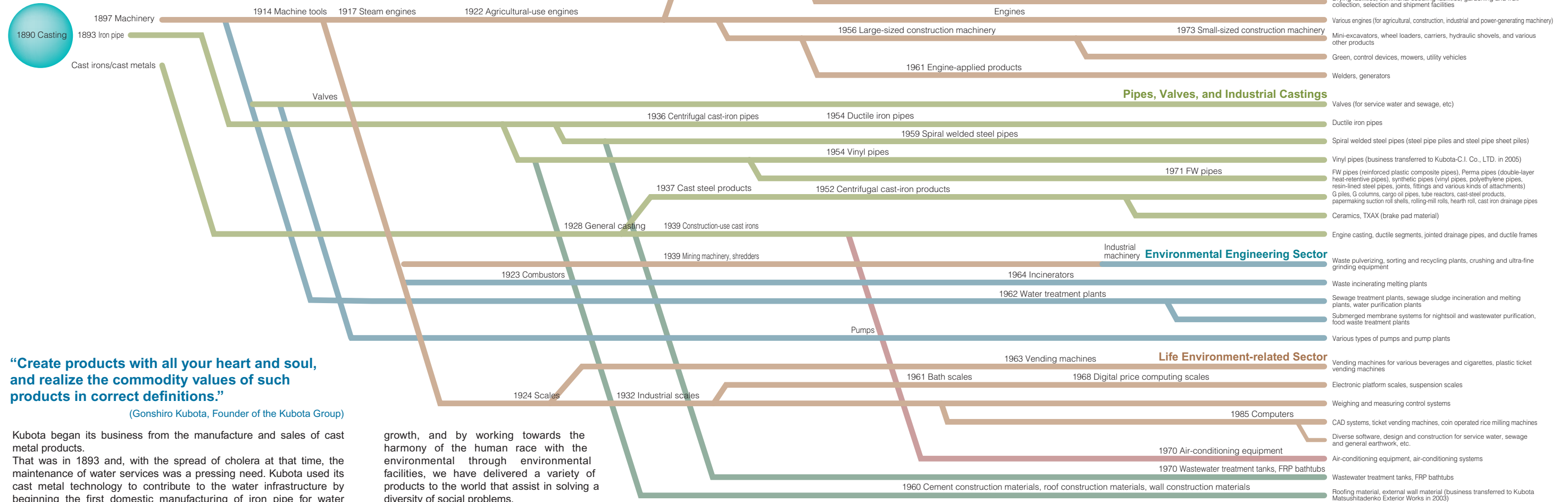


Domestic plants, offices and main affiliate companies



History of Business in the KUBOTA Group

Since our founding, KUBOTA has continually been concerned with social issues and has contributed to society through our business activities.



“Create products with all your heart and soul, and realize the commodity values of such products in correct definitions.”

(Gonshiro Kubota, Founder of the Kubota Group)

Kubota began its business from the manufacture and sales of cast metal products.

That was in 1893 and, with the spread of cholera at that time, the maintenance of water services was a pressing need. Kubota used its cast metal technology to contribute to the water infrastructure by beginning the first domestic manufacturing of iron pipe for water services in Japan. Since then, through the production of agricultural oil-based engines that farmers longed for as motive power for threshing and pumping, by increasing food production and saving labor through the use of agricultural machinery, by producing construction and housing machinery and materials in response to the demand for infrastructure maintenance during Japan's period of high

growth, and by working towards the harmony of the human race with the environmental through environmental facilities, we have delivered a variety of products to the world that assist in solving a diversity of social problems. The history of KUBOTA has been that of a manufacturer involved in the formation of the modern nation of Japan, the revival of the country after the war, the development of a new country, and the creation of an abundant human environment through the pursuit of constant technical innovation and products.

HISTORY

<p>1890 Established as a foundry. Started production of castings for weighing equipment and daily commodities.</p>	<p>1922 Started production of oil-based engines for agro-industrial purposes, settanki (fuel economizer: energy-saving equipment utilizing waste gas), and heat-resistant cast iron.</p>	<p>1947 Developed the cultivator and initiated production and sales.</p>	<p>1955 Created a corporate slogan, "From country building to rice making".</p>	<p>1962 Full-scale entry into the environmental improvement business. Started production of paddy field tractors.</p>	<p>1972 Full-scale entry into the field of incinerators. Established Kubota Tractor Corporation in the US to fully enter the US tractor market.</p>	<p>1989 Participated in desert greening projects, the Sahil Greenbelt Plan and the Green Earth Plan.</p>	<p>1993 Announced business guidelines "Vision for Our Second Century of Business" toward the 21st Century.</p>	<p>2002 Total production exceeded 20 million units for our industrial engine.</p>
<p>1893 Began production of cast iron pipes for water supply. Opened the Amagasaki Plant in 1917 and relocated manufacturing.</p>	<p>1930 The Ministry of Commerce and Industry selected the Kubota Oil Engine as an "Excellent Domestic Product".</p>	<p>1953 Changed corporate name from K.K. Kubota Tekko-jo to Kubota Tekko K.K. Established Kubota Kenki K.K. and entered the construction equipment industry.</p>	<p>1957 Advanced into the arena of housing-related materials. Started production of "Colorbest" housing material.</p>	<p>1963 Began production of vending machines.</p>	<p>1980 Received an order for an irrigation system from the state of Sharkia, Egypt, and worked on desert greening.</p>	<p>1990 Celebrated our 100th year in business. Altered the corporate name to Kubota Corporation. Introduced the new corporate symbol and visual identity system.</p>	<p>1995 Started the Environmental Audit System for environmental protection in accordance with standards stricter than existing laws and regulations and towards continuous environmental improvement.</p>	<p>2005 Our Teshima Illegal Waste Dump Raw Material Recovery System won the Minister of Economy, Trade and Industry Prize at the Excellent Environmental Equipment Awards. Total production exceeded 3 million units for our tractors.</p>
<p>1897 Changed the corporate name from Olde Chuzo-jo (Olde Foundry) to Kubota Tekko-jo (Kubota Iron Works). Initiated production of waterworks equipment such as fire hydrants and gate valves.</p>	<p>1939 Initial public offering. A technical vocational institute was set up in each plant.</p>	<p>1960 Developed and commercialized first Japanese farm tractor. Received and completed an order for an overseas water supply project (Phnom Penh) for the first time in Japan.</p>	<p>1969 Launched a new corporate slogan, "Create an environment affluent to human beings". Started production of combines. Completed an integrated system for agricultural mechanization.</p>	<p>1964 Initiated production of municipal incineration plants.</p>	<p>1984 Received an environmental award from the Environmental Agency for our night soil treatment system, "U-tube nitro system".</p>	<p>1992 Launched a new slogan, "Let's make our habitat more beautiful". Initiated the research and development of incineration plants with high-efficiency waste-generated power facility. International Environmental Planning Center was established in the Faculty of Engineering, the University of Tokyo, supported by a donation from Kubota Corporation.</p>	<p>1999 Our Underwater Dioxin Decomposition Unit won the Nikkei Outstanding Product/Service Prize and the Nikkei Shimbun Prize of Excellence.</p>	<p>2006 Formulated "Corporate Mission Statement", "Management Principles", "Charter for Action", and "Code of Conduct" of Kubota Group.</p>
<p>1897 Machinery 1893 Iron pipe Cast irons/cast metals</p>	<p>1914 Machine tools 1917 Steam engines Valves</p>	<p>1922 Agricultural-use engines 1923 Combustors 1924 Scales</p>	<p>1928 General casting 1932 Industrial scales 1937 Cast steel products 1939 Construction-use cast irons 1939 Mining machinery, shredders</p>	<p>1947 Cultivators 1952 Centrifugal cast-iron products 1956 Large-sized construction machinery 1961 Engine-applied products</p>	<p>1955 Operating machines 1960 Tractors 1964 Livestock machinery, Agricultural facilities 1966 Rice cultivation machines 1973 Small-sized construction machinery</p>	<p>1963 Vending machines 1968 Digital price computing scales 1985 Computers 1970 Air-conditioning equipment 1970 Wastewater treatment tanks, FRP bathtubs</p>	<p>1992 Vegetable-related equipment 1995 Environmental Engineering Sector 1999 Life Environment-related Sector 2001</p>	<p>Internal Combustion Engine and Machinery Agricultural tractors, tractor implements, attachments Power tillers, mini-tillers, tillers, mowing machines Combine harvesters, binders, harvesters, rice transplanters, rice dryers, pest control machines, arm housings, rice milling machines, storage refrigerators, electric carts, rice-shaping robots, other agriculture-related equipment Vegetable transplanters, vegetable harvesters Drying facilities, communal seedling facilities, gardening and fruit collection, selection and shipment facilities Various engines (for agricultural, construction, industrial and power-generating machinery) Mini-excavators, wheel loaders, carriers, hydraulic shovels, and various other products Green, control devices, mowers, utility vehicles Welders, generators Pipes, Valves, and Industrial Castings Valves (for service water and sewage, etc) Ductile iron pipes Spiral welded steel pipes (steel pipe piles and steel pipe sheet piles) Vinyl pipes (business transferred to Kubota-C.I. Co., LTD. in 2005) FW pipes (reinforced plastic composite pipes), Perma pipes (double-layer heat-retentive pipes), synthetic pipes (vinyl pipes, polyethylene pipes, resin-lined steel pipes, joints, fittings and various kinds of attachments) G pipes, G columns, cargo oil pipes, tube reactors, cast-steel products, papermaking suction roll shells, rolling-mill rolls, hearth roll, cast iron drainage pipes Ceramics, TXAX (brake pad material) Engine casting, ductile segments, jointed drainage pipes, and ductile frames Environmental Engineering Sector Waste pulverizing, sorting and recycling plants, crushing and ultra-fine grinding equipment Waste incinerating melting plants Sewage treatment plants, sewage sludge incineration and melting plants, water purification plants Submerged membrane systems for nightsoil and wastewater purification, food waste treatment plants Various types of pumps and pump plants Life Environment-related Sector Vending machines for various beverages and cigarettes, plastic ticket vending machines Electronic platform scales, suspension scales Weighing and measuring control systems CAD systems, ticket vending machines, coin operated rice milling machines Diverse software, design and construction for service water, sewage and general earthwork, etc. Air-conditioning equipment, air-conditioning systems Wastewater treatment tanks, FRP bathtubs Roofing material, external wall material (business transferred to Kubota Matsushitadenko Exterior Works in 2003)</p>

Water, Soil, Air... For All of Us

It is through the blessings of water, soil, and air that human beings are able to live in health and with a smile. And that applies to KUBOTA's business fields as well as we work toward contributing to society through our products, technology, and services in the 4 business fields below that are closely connected to people's lives just as water, food, and the environment are.

• Machinery-related field

KUBOTA is involved in producing earth-friendly machines, such as agricultural machinery that is thoroughly designed according to the size of the farm—from large-scale to small, with lifestyle-related products, engines that respond to environmental control, and construction machineries that persists/thorough safety.

• Industrial infrastructure field

Since beginning to manufacture cast iron pipe for water services in 1893, KUBOTA has offered infrastructure maintenance work that supports people's life and in business, from the fields of agriculture, industry and construction, to electricity and gas, communications, and even traffic, all on a foundation of our original casting technology.

• Environmental engineering field

From environmental plants, including sewage disposal and waste management, to individual engineering projects, KUBOTA makes good use of state-of-the-art environmental conservation technology in an aim at constructing a recycling-based society and to contribute to the harmony of humans with the global environment.

• Lifestyle-related field

Through water purification tanks and air-conditioning systems that create sanitary and comfortable living spaces, as well as vending machines and weighing devices, KUBOTA carefully applies the technology that we have cultivated to needs of daily life in order to assist in building a comfortable life environment.

All of our current business systems and product groups have grown out of the basic philosophy "Companies live together with society". From here on, KUBOTA will continue to turn our ears towards the voices of our customers and the community, we will develop new areas of business, and we will aim at making greater social contributions.

Supporting abundant lifestyles as a fundamental member of society and continuing to serve as a source of society's power... That's KUBOTA's goal.



KUBOTA Group Fiscal 2007 Results Report

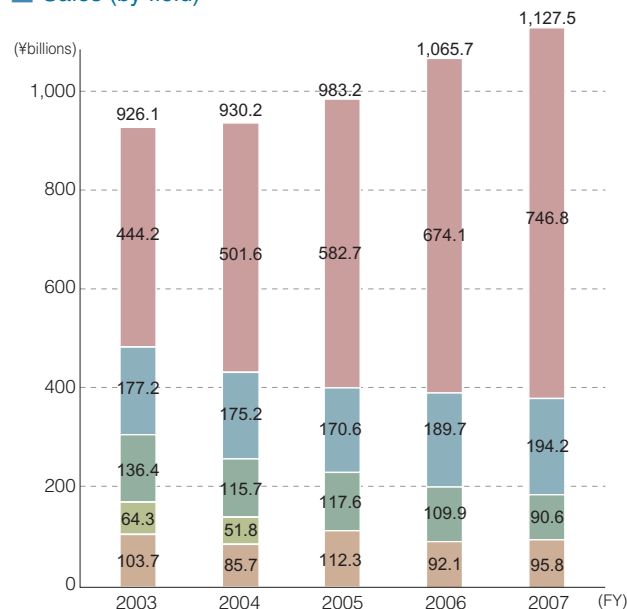
Fiscal 2007 Business Report

The achievement of the KUBOTA Group this fiscal year was fueled by high expansion in foreign operations, a positive and continuing trend, with total sales for this period reaching 1 trillion 127 billion 500 million yen. Though domestic sales decreased slightly, earnings were secured even in an environment of sluggish demand through continuous reduction in costs and improvements in productivity, etc.

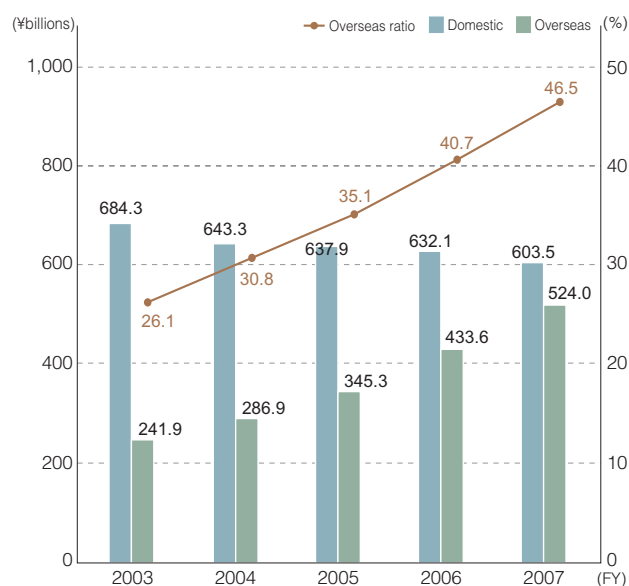
Overseas sales continued its high growth through the introduction of new products that effectively meet customer needs, centering on tractors, engines, and construction machinery, and with the positive development of the Asian market, and this has succeeded in supporting the growth of the group as a whole. Various management efforts both inside and outside Japan have brought growth to KUBOTA this year both in terms of sales and profit. Operating profit especially indicates our earning power at 130.3 billion yen, continuing to maintain the high level of the previous term, when we exceeded 100 billion yen for the first time ever. We have now achieved our highest profits ever for three consecutive terms.

■ Internal Combustion Engine and Machinery Sector
 ■ Pipes, Valves, and Industrial Castings Sector
 ■ Environmental Engineering Sector
 ■ Housing Sector
 ■ Life Environment-related Sector

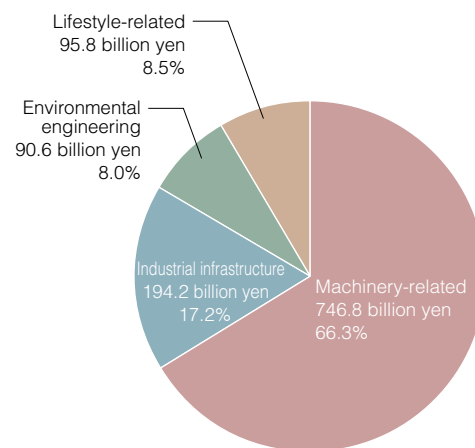
Sales (by field)



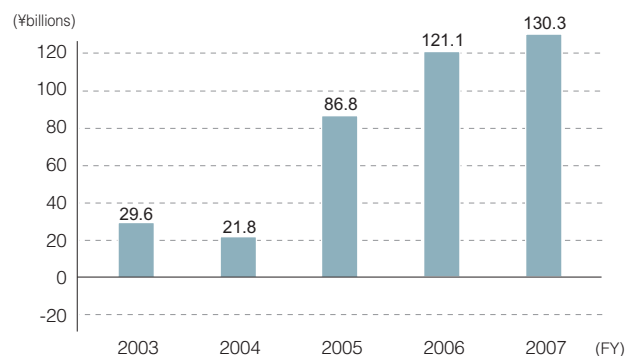
Changes in domestic and overseas sales



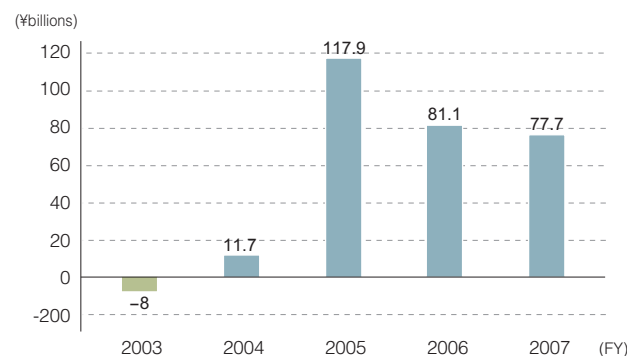
Sales ratio by field in fiscal 2007



Changes in operating profit



Changes in net profit



Return to shareholders and investors

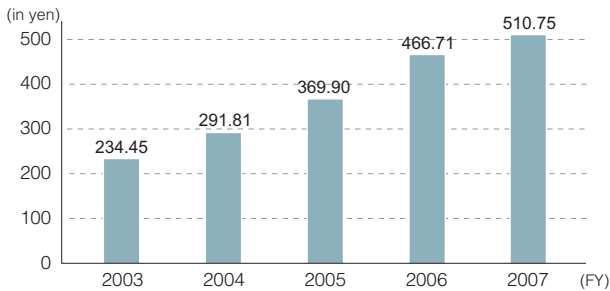
One basic policy at KUBOTA is the return to shareholders through both the maintenance and improvement of stable dividends and the acquisition and erasure of treasury stock. Moreover, we feel that executing appropriate return to stockholders, while keep in mind the maintenance of healthy management and the response to future business environments, is one of the most important issues of management, and we will work to enhance that in the future as well.

The year-end dividend per stock for this period was set at 7 yen, a 2-yen increase to the 5-yen interim dividends. As a result, at 12 yen, the overall dividends issued this year were 2 yen more than the 10 yen of the previous term. 7.98 million shares of treasury stock were acquired in fiscal 2006 (8.5 billion yen), while erasure of 7.95 million shares (8.5 billion yen) was implemented as well.

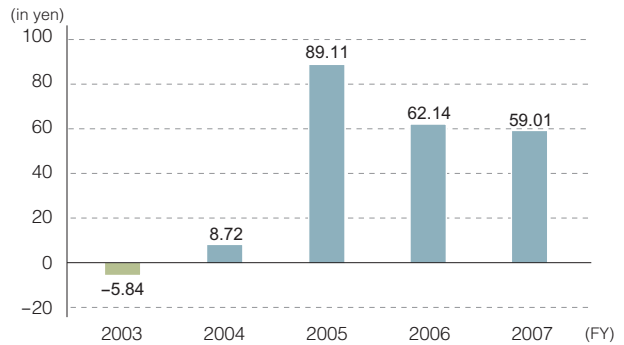
Trend in stock price (last 5 years)



Trend in Book Price per Share (BPS)



Trend in Earnings Per Share (EPS)



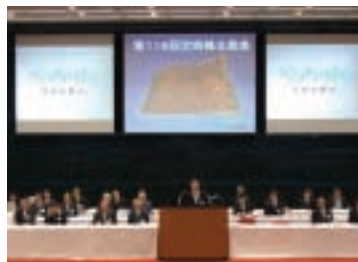
“Open” shareholders meetings

Aiming at “open shareholders meetings”, starting from 2001 KUBOTA began avoiding the scheduling of our General Shareholders Meetings on the standard common day for those meetings.

The 2006 (fiscal 2007) General Shareholders Meeting was thus held on June 23, 2006, with 393 shareholders in attendance. Comprehensible presentation of information was offered through visual images displayed on a large screen, such as graphs and product photographs, and with the reading of reports.

In addition, for greater convenience and so that more shareholders may exercise their right to vote, voting over the Internet has been adopted since 2003 on top of the regular

mailing in of votes. The proceedings of General Shareholders Meeting are also made public to representatives of the mass media over display monitors.



TOPIC

KUBOTA belt-type sewage sludge concentrator awarded the Minister of Economy, Trade and Industry Prize

In an effort to advance the development of excellent devices by environmental equipment manufacturers and promote technological development, the Japan Society of Industrial Machinery Manufacturers has presented awards for excellent environmental equipment since 1974 with the backing of the former Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry).

At the 32nd Excellent Environmental Equipment Awards in 2006, strict examination was carried out on 18 application devices from the standpoints of originality, performance, economy and future opportunities, etc., and KUBOTA's belt-type sewage sludge concentrator was given the highest award, the Minister of Economy, Trade and Industry Prize.



Results by Business Field

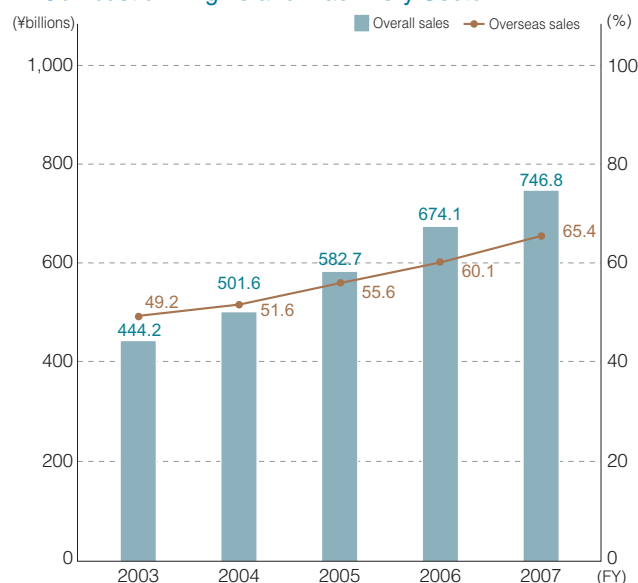
Internal Combustion Engine and Machinery Sector

Revenues in Internal Combustion Engine and Machinery were ¥746.8 billion (\$6,329 million), 10.8% higher than the prior year, comprising 66.3% of consolidated revenues. Domestic revenues decreased 4.1%, to ¥258.3 billion (\$2,189 million), and overseas revenues increased 20.7%, to ¥488.5 billion (\$4,140 million). This segment comprises farm equipment, engines, and construction machinery.

In the domestic market, sales of farm equipment declined because of lackluster market conditions. In the domestic market for farm equipment, new government agricultural policies have been introduced, and the implementation of these measures is resulting in structural changes within the agricultural sector, leading to a postponement of equipment purchases, principally among medium-sized farms. Within this market environment, to revitalize the operations, the Company implemented sales expansion policies carefully tailored to various customer groups and was able to increase its market share; however, these efforts did not compensate for the market slump. On the other hand, sales of construction machinery rose significantly due to steady demand for construction machinery, the introduction of new models, and expansion of sales to major machinery rental companies. In addition, sales of engines, mainly to manufacturers of construction and industrial machinery, showed steady expansion.

In overseas markets, sales of tractors, the Company's core product, expanded steadily. In the United States, sales of medium-sized tractors showed marked expansion accompanying the introduction of new models, while sales of small-sized tractors weakened along with the slowdown in housing starts. In Europe, sales of tractors showed strong expansion as the Company introduced new products and implemented an active marketing program. Moreover, in Asia outside Japan, sales of tractors sustained a high rate of growth in

■ Ratio of overseas to overall sales in the Internal Combustion Engine and Machinery Sector



Thailand, where demand for tractors is expanding rapidly.

Sales of construction machinery reported steady expansion in Europe, the principal overseas market of construction machinery, due to rising demand coupled with the introduction of new products. Sales of construction machinery in North America also increased. In addition, sales of engines in Europe and the United States grew steadily, and sales of combine harvesters in China increased rapidly.

Dealer meetings in Japan and abroad Stirring expectations from the KUBOTA brand

Once a year, the Farm & Industrial Machinery Consolidated Division holds a conference and exhibition for sales companies and dealers to explain business policies and show new products.

In Japan, the KUBOTA Machinery Group Dealers Meeting was held at the Kyoto International Conference Center over January 16 and 17, 2007. In its 60th edition, some 4,700 persons, including domestic agricultural and construction machinery dealers, other related parties and exhibition visitors, attended the meeting. At that meeting, the New Group Midterm Plan was announced and the resolute determination to achieve success in drastically changing market environments was demonstrated, while dealers with representative track records were presented with gifts of our appreciation. In the exhibition hall were introduced about 120 items from our advanced technologies and hot-selling product lines. Similar meetings are also held in various locales abroad. In the U.S., the meeting was held in Columbus, Ohio from October 3 to 9, 2006. Because of our growing business, the meeting has been more exciting year after year. This last time, 99% of all dealers, which was more than 2,000 persons, participated. We have received far more advanced orders from dealers than expected, which tells just how much faith users are placing the KUBOTA brand.



General assembly for the KUBOTA Machinery Group Dealers Meeting at the Kyoto International Conference Center



The Dealers Meeting put on display 120 hot-selling KUBOTA products at the Kyoto International Conference Center Event Hall

Highly popular, safety-oriented “Power Crawler”

Helping to activate farming in Japan

Japan’s agricultural machinery market has seen a fall in demand due to a decline in the number of commercial farms and a new agricultural policy that is causing farmers to be cautious about making new purchases. It was a tough battle, but we increased our market share for three key types of equipment—tractors, rice transplanters and combine harvesters—by running a campaign aimed at reinvigorating agriculture in Japan.

Because of a new policy on farm management, it became even clearer how bipolar the market is. In sales of large-size machinery to farms encompassed by that policy, we focused on the solution business that provided an axis of intangible support in the form of agro-business information. For self-sufficiency farmers, we upgraded mini-tillers and small machinery, and strengthened activities to get them to visit stores.

We were heavily involved in upgrading product lines as well. Successes have been seen with our “Power Crawler” models that mount a crawler on the rear wheels of a tractor, our “Yuyu Rotor” rice transplanter that eliminates manual trenching, and a “40th Anniversary Edition” combine harvester outfitted with customized gear.



Power Crawler (MZ65PC)



8-row rice transplanter (NSU87)



6-row combine harvester (ARN698)

It is impossible to know where the market environment is going, but KUBOTA intends to enhance our brand strength and increase market share by launching new products, conducting carefully designed promotional activities, and developing CS.

Solid tractor sales in the U.S.

Both compact and midsize models selling well

The U.S. is the world’s largest tractor market. KUBOTA entered the North American market in the 1970s and made headway in the 40 hp and smaller, small tractor market segment. Compact tractors suited for such light work as cutting grass or landscaping lawns were a perfect match to the needs of the housing environment of North America where yards are spacious. Today, they are items no home can do without. Sales have grown greatly in this field, but new midsize tractors (40 to 100 hp) launched in 2006 primarily for farm work have also become a major hit and market share has risen alongside the increased sales volume.

Our tractors not only feature a KUBOTA-built diesel engine that offers low fuel consumption and low gas emissions, but also employ in a number of places the technological expertise that has been developed in enabling tractors to run through muddy fields in Japan.

Years of efforts have established a solid position for our



M9540 midsize tractor



“Zero Turn Mower” ridable lawnmower

tractors throughout the world. As of the end of 2005, we had produced a total of 3 million tractors for use worldwide and that figure has steadily increased since.

Promotional efforts will be further developed to improve our tractors and help the “KUBOTA Tractor” brand penetrate markets even more deeply.

Long-selling utility vehicles

New products with rider cabs launched in North America

KUBOTA began marketing multi-purpose utility vehicles (UVs) in North America in 2004. Built with technologies that were long cultivated in our tractors, these UVs offer excellent waterproofing and durability, and are used in a diversity of ways, such as for traveling on unpaved roads where pickup trucks cannot go, as transports on farms, factories and golf courses, and for outdoor sports and leisure. Sales in 2005 and 2006 increased steadily and a further growth in demand is forecasted.

In May of 2007, the new RTV 1100 Series was launched in the U.S. with improved rider comfort by being the first UV with an air-conditioned cab. This model also incorporates a

high horsepower diesel engine made by KUBOTA.

Concurrent with the launch of new products, we added capacity to our UV production plant operated by U.S. subsidiary KUBOTA Manufacturing of America.



Utility vehicle (RTV1100)



New combine harvester plant opened in Suzhou, China

Pushable rice transplanter put on the market

With a rapidly growing economy, the mechanization of industry in China is progressing smoothly as well. In 1998, we began sales of a self-propelled combine harvester and are currently holding on to the top share in that market. At the end of last year, KUBOTA Agricultural Machinery Suzhou (KAMS), our local subsidiary, completed a new factory in Suzhou as part of our efforts to increase production and sales in order to meet the growing demand that is expanding in that country year on year.

This plant produces pushable rice transplanters in addition to self-propelled combine harvesters and, as of the start of this year, is now selling them as well. As of 2005, only 8% of the rice transplanter market was mechanized in China, but the Chinese government is targeting a strong 20% by the year 2011 with a policy on agricultural mechanization and, therefore, demand is predicted to grow sharply. Our products have been simplified for the Chinese market. They are lighter and more compact owing to the latest technologies, and they have improved durability.

We expect our China operations to grow further by adding new combine harvesters to what was already a pillar business.



Pushable rice transplanter (SPW-48C)



Combine harvester (PRO588)



New KAMS plant completed last year

Aggressive launch of low emission diesel engine

Production increase to meet demand growth

Since production was first started in 1922, our engine business has grown through enhancement of our competitive strength that results from the synergic effect of both building engines for use in our own agricultural and construction machinery and selling them to other manufacturers. Our engines are highly regarded around the world for compliance with emissions regulations and their small size, light weight and high horsepower output. In fact, our small industrial diesel engines boast a high share* of world markets today.

(*2006 data from PSR)

We are increasing production capacity at plants in Japan to meet the growing demand for construction and industrial machinery in the West and auxiliary power sources for recreational vehicles and long-distance trucks in the U.S. specifically. Moreover, in China where new markets are expected to grow sharply and in stages, there are few low emission engines. If local construction machinery manufacturers start exporting to the West, demand for our engines is expected to grow steeply, and we will look at further production capacity increases as the market grows.



Vertical water-cooled gasoline engine

By developing and producing low emission engines in a timely manner in relation to the strict regulations expected to come from Japan, the U.S., and Europe, KUBOTA wants to help augment the competitive strength of those products that incorporate these engines, and thus expand our business.



Vertical diesel engine

A diversity regulatory-compliant, compact construction machinery

New eco-friendly engines onboard

The Law concerning Regulations on Special Vehicles Gas Emissions (also known as the Off-Road Law) was enforced in Japan for construction and other such machinery in April 2006, gradually expanding the scope of applicability of engine output ranges. Though regulations on the output range (19 kW ≤ engine output < 37 kW) of small machinery produced and sold by KUBOTA actually went/go into effect in October 2007, in April KUBOTA launched the Zeph Series of 20 types of miniature backhoes, wheel loaders and carriers, already fully compliant with regulations set forth both in the Off-Road Law and the Level 3 Standards on Gas Emissions of the Ministry of Land, Transportation and Infrastructure. The new engine they incorporate clears gas emission regulations of the U.S.-EPA and EU, and features eco-friendly low vibrations and low noise

emissions. The name “Zeph” was coined from the word *zephyr*, a type of gentle breeze. As one of the few manufacturers to make engines from the casting stage, KUBOTA wants to quickly diffuse low emission engines in order to conserve our natural environment.



Zeph Series (EU-30-5)



Work in progress using a miniature backhoe (Overseas)



Work in progress using a miniature backhoe (Japan)

Launch of 8-ton class construction machinery

On the offensive in growing European markets

In July 2006, KUBOTA developed an 8-ton hydraulic excavator (KX080-3), the highest class of excavator made by the company, and launched it on European markets where growth is particularly marked.

In the construction machinery markets of Europe, demand is high for midsize 6- to 8-ton class machinery, which is situated between large (over 10-ton) hydraulic excavators and small-size 6-ton class compact machinery, and further growth in this range is expected. KUBOTA is proud to have the top share of the world markets for miniature backhoes of 6-ton and smaller, but we decided to go on the offensive in Europe by putting to good use the product development strengths and sales strengths that we have cultivated through the years.

The newly launched products feature the digging power of the highest class of machinery with a high output 65 PS engine packed into a body that combines the stability of a standard machine (wider body than a crawler) with the maneuverability of a tight rear turning radius machine for working in cramped places (narrower body than a crawler).

Moreover, this same product is built on an innovative line that employs “air bearings” that work on the hovercraft principle.



Results by Business Field

Pipes, Valves, and Industrial Castings Sector

Revenues in Pipes, Valves, and Industrial Castings were ¥194.2 billion (\$1,646 million), 2.4% higher than the prior year, comprising 17.2% of consolidated revenues. Domestic revenues decreased 2.2%, to ¥163.4 billion (\$1,385 million), and overseas revenues increased 36.7%, to ¥30.8 billion (\$261 million). This segment comprises pipes, valves, and industrial castings.

In the domestic market, demand for ductile iron pipes and plastic pipes was lackluster, but the Company was able to slightly increase sales of plastic pipes by raising prices, while sales of ductile iron pipes declined marginally. Sales of industrial castings expanded, mainly to the private sector, such as the steel and energy industries, but sales of products to the public sector fell sharply.

In overseas markets, exports of ductile iron pipes to the Middle East were robust, and sales of industrial castings continued to increase substantially, owing to high levels of private-sector capital expenditures.

Ratio of overseas to overall sales in the Pipes, Valves, and Industrial Castings Sector



Export of ductile iron pipe to the Middle East growing steadily



Ductile iron pipe scheduled for use in the Middle East (Bahrain)

In the Middle East, infrastructure maintenance is being actively implemented in order to respond to the population and economic growth that is being fueled by crude oil prices, and ductile iron pipe is being adopted in construction of their water lifeline. The “ductile” in ductile iron pipe refers to a pipe’s malleability and, with the toughness of steel added to the unique corrosion resistance of cast iron, this is highly reliable pipe.

There is a great deal of ductile iron pipe being used in the countries of the Persian Gulf, not only for piping in inner city water services but also in water mains that link seawater desalination plants on the coast to the urban areas. In recent years, large-diameter ductile iron pipe has been adopted for water mains 60 km in total length in Doha, the capital of Qatar, 140 km in length in Abu Dhabi, the capital of the United Arab Emirates, and 100 km in length in Kuwait. This steady export of ductile iron pipe to the Middle East also continued in fiscal 2007.

Order received for the largest scale steel pipe pilings in history

Original “SGE method” developed

As the importance of earthquake-proof structures becomes more and more an issue, KUBOTA steel pipe pilings are being used in the foundations for public works projects such as bridges, harbors, and rivers that require higher bearing capacity, workability, and reliability.

Last year, we received a record-breaking order for steel pipe piling (approx. 8,500 t) for a commercial facility and distribution center in Kawasaki City, Kanagawa Prefecture.

While the use of our “SGE method” (pre-boring expanded-tip, hardened-base method), which almost doubles the strength in piling support compared with the conventional method and greatly reduces construction costs by shortening work times and cutting the number of pilings in half, was the determining factor for the order. Improved processing procedures then shortened manufacturing lead-time, and a quicker delivery response was achieved.

Fiscal 2007 saw us realize orders totaling over 20,000 tons of steel pipe piling. From here on as well, we will work towards increasing sales of steel pipe piling in the architectural field using new building methods that offer major advantages to entrepreneurs as our weapon.



Piling construction site

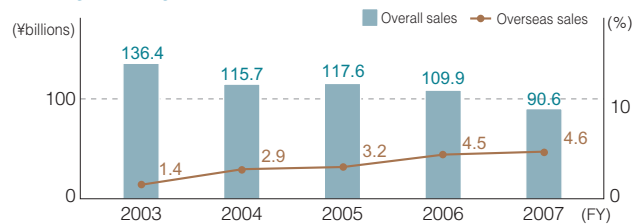
Results by Business Field

Environmental Engineering Sector

Revenues in Environmental Engineering were ¥90.6 billion (\$768 million), 17.5% lower than in the prior year, comprising 8.0% of consolidated revenues. Domestic revenues decreased 17.6%, to ¥86.5 billion (\$733 million), and overseas revenues decreased 16.8%, to ¥4.1 billion (\$35 million). This segment comprises environmental control plants and pumps.

In the domestic market, the operating environment continued to be extremely challenging because of the decline in public-sector demand and the drop in sales prices due to more intense competition. In addition, suspension of designated pre-approved suppliers due to compliance issues had a major negative impact. As a result, the Water & Sewage Engineering Division and Pumps Division suffered a substantial decline in revenues. Overseas

Ratio of overseas to overall sales in the Environmental Engineering Sector



revenues also declined due to a decrease in sales of pumps, which is the main export product in this segment.

Clean energy from *shochu* residue

KUBOTA was given a grant from the New Energy and Industrial Technology Development Organization (NEDO), and received orders for our membrane methane fermentation equipment from 2 manufacturers that were searching for a method for using *shochu* residue as biomass energy. This equipment puts food waste through methane fermentation and, along with greatly reducing volume, extracts the obtained biogas as clean energy. By fermenting and processing residue such as rice, wheat, and potatoes, the raw materials used in *shochu*, the methane that is generated is used as a boiler fuel in the *shochu* manufacturing process. KUBOTA succeeded in making this device extremely compact by employing a method that uses an innovative submerged membrane to extract the ammonia obstructing fermentation together with water and maintain the useful methane

bacterium at a high density. We were also able to lower the equipment price at the same time and that became the decisive factor in receiving the order.

Shochu residue was previously dumped at sea, but that was basically prohibited the strengthened regulations enforced on April 1, 2007. KUBOTA will use the next 2 to 3 years as a period of expansion as the shift to land-based processing advances, and we will strengthen our proposal activities centering on the Kyushu area where *shochu* manufacturer are concentrated.



Plant overview

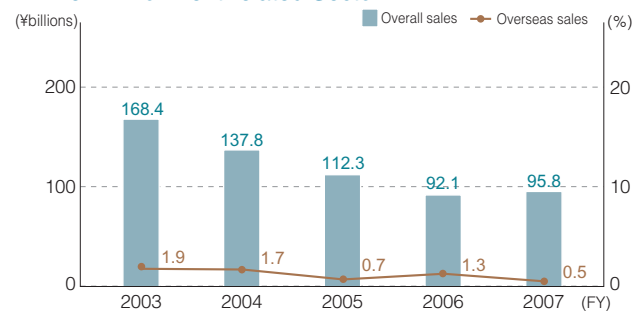
Results by Business Field

Life Environment-related Sector

Revenues in Life Environment-related Sector were ¥95.8 billion (\$812 million), 4.1% higher than in the prior year, comprising 8.5% of consolidated revenues. Domestic revenues increased 4.9%, to ¥95.3 billion (\$808 million), and overseas revenues decreased 60.0%, to ¥0.5 billion (\$4 million). This segment comprises vending machines, electronic equipped machinery, air-conditioning equipment, construction, septic tanks, condominiums, and other business.

Sales of construction fell sharply because of the Company's realignment measures, including discontinuance of receiving orders from the public sector as an original contractor. Sales of vending machines, condominiums, and air-conditioning equipment increased favorably, while sales of electronic equipped machinery and septic tanks declined.

Ratio of overseas to overall sales in the Life Environment-related Sector



“People-friendly” vending machines Won the 2006 Good Design Award

KUBOTA put our first silence, universal design spec vending machine for beverages on the market in August 2006. The development concept for that machine was “People-friendly” and it adopted functions and a design for ease-of-use by everyone.

The operation buttons and product eject slot have been installed at a height easily reachable by persons using a wheelchair. In consideration of use by senior citizens, such devices as the enlargement of text size and the use of specific color combinations, was incorporated for improved legibility.

We also considered the people who live around those installation sites. For instance, we made numerous improvements, such as suppressing the clamor and noise that is made when replenishing and purchasing the product by changing the product rack inside

the machine to resin, adopting a conveyer mechanism to push out the product more softly, developing a configuration that removes the airflow orifice at the front of the machine, and greatly decreasing the noise of the freezer as well. Through this, installation in location where quiet operation is demanded, such as hospitals and public facilities, also became possible.

Based on evaluation of these enhancements, this machine won the Good Design Award in fiscal 2006.



Silent, universal vending machine (KB250APZSUD-W)

R&D: Products and Services

KUBOTA's basic policy on R&D

In principle, while striving to contribute to social improvement and environmental conservation, KUBOTA aims to "contribute to social development and conservation of the global environment through products, technologies, and services that support the foundations of society and an affluent lifestyle".

- (1) Products that embody social consideration and provide safety and satisfaction to the customer
- (2) Products and technology that provide support for lifeline functions and industry and which encourage social development
- (3) Products and technology that help to regenerate the environment and minimize environmental loads

● Products that embody social consideration and provide safety and satisfaction to our customers

Tractors that deliver the "synergistic effect" of simple operation, and enable high-efficiency, high-precision work

Through the years, KUBOTA has assisted agriculture in Japan in order to secure a stable supply of food for the nation, and we have provided agricultural implements and machinery that enable work to be accomplished safely, comfortably, and efficiently. However, large-scale farms, the "supporters" of improved self-sufficiency in terms of food, are expanding their scale of management every year and require even greater efficiency and precision from the tractors they use.

The KUBOTA "SynerZ" is a product equipped with a newly developed transmission that makes single-lever, no-clutch, 8-speed gear changing possible and offers both smooth shifting and minimal power loss (energy conservation). This new transmission allows selection between "continuous shift" and "jump shift" modes, which delivers excellent operability and greatly reduces fatigue even during work with a lot of gear changes or extended work periods.

A mechanism for keeping rotary/loaders and other work implements installed on the machine in a horizontal position has also been developed, making highly accurate tilling, puddling, and straight, flat cultivation possible. Through this,

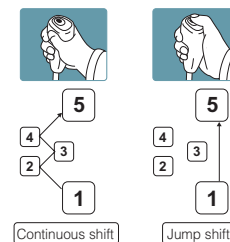
Thus providing deeper support to the wider world, we do our utmost to provide goods and services that both prove worthy of the confidence of our customers and contribute to the greater good. We specifically carry out research and development with particular emphasis on the three items listed below.

the SynerZ improves the accuracy of rice planting and harvesting work, and will satisfy large-scale farmers who want to cover the increase in the acreage under cultivation by improving work efficiency. With new technology, KUBOTA is developing the functions that customers will need in the future and is assisting the development of farmers, and the field of agriculture, in Japan.

■ The "SynerZ" tractor



■ Shift pattern selection



An example of direct shifting from 1st gear to 5th. Jump shift can be customized to shift between specific gears.

● Product and technology that provide support for lifeline functions and industry and which encourage social development

New "SGE method" for architectural foundations using steel pipe piling

When constructing lifeline functions such as roads and railways, social infrastructure facilities such as airports and harbors, and buildings such as shopping centers in places where the ground is weak, pilings are sunk tens of meters underground down to a firm, dense layer of earth (a support layer) in order to support these structures.

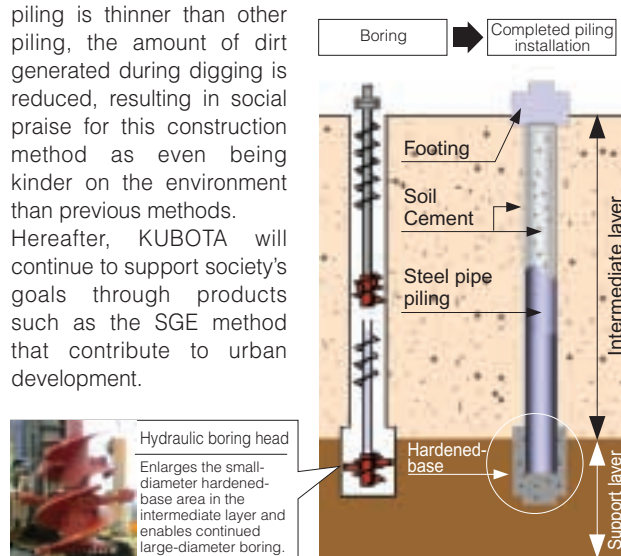
In recent years, a number of large-scale buildings are constructed using advancements in construction technology, earthquake resistance is required more and more in buildings, and the larger support performance (greater support with a single piling) offered by KUBOTA steel pipe pilings and their excellent earthquake resistance is in high demanded.

That is why KUBOTA developed our proprietary "SGE method" for architectural foundations using steel pipe piling. This method improves structural support about twice that of conventional methods by hardening the ground at the tip of the piling where enlarged boring has been carried out and turning it into a hardened-base that is then integrated with the piling itself.

In addition, by adopting a "hydraulic boring head", an industry first, on the tip of the excavator to enlarge the hardened-base, we have improved reliability and efficiency of the construction.

And, because steel pipe piling is thinner than other piling, the amount of dirt generated during digging is reduced, resulting in social praise for this construction method as even being kinder on the environment than previous methods. Hereafter, KUBOTA will continue to support society's goals through products such as the SGE method that contribute to urban development.

■ Outline of the SGE method



● **Products and technology that help to regenerate the environment and minimize the environmental impact**

High output-density engine that conform in advance to exhaust emissions regulations (D1305)

Up to now, KUBOTA has offered vertical diesel engines that conform to the needs for high performance and high functionality in the agricultural, construction, and industrial machinery that support the industrial base, we have done so in advance of environmental regulations that are being strengthened one after another, and we have received high acclaim from manufacturers who install our engines in their equipment. The number one position in the industry is occupied by small, general-purpose diesel engines of 75 kW output or less.

While conforming in advance to the United States' Tier 3 exhaust gas restrictions to be enforced in January 2008 (considered to be the strictest in the world in the 19 to 37 kW output class), the D1305 is an environment-friendly product that has achieved low vibration and low noise by strengthening the crankcase rigidity and adopting a half-float head cover and molybdenum-coated piston.

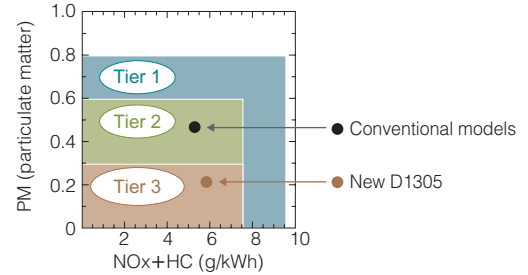
Moreover, as the top-end model of the KUBOTA 3-cylinder 05 series, our original E-TVCS combustion system was further improved and now delivers 12% more displacement and 17% greater output in the same engine case as the present model (D1105), making it a new product that answers the small-size high power needs of equipment manufacturers. By using KUBOTA's original casting technology on the cooling paths between cylinders in the cylinder block to suppress the increased heat load to the pistons and cylinder liner that normally accompanies higher power, we have also improved the reliability and durability of the engine.

Hereafter as well, KUBOTA will continue to offer environmentally friendly, small-size, high power, vertical diesel engines.

■ **New-type 1305 engine**



■ **Graph of the U.S. non-load exhaust emissions restrictions (19 to 37 kW class)**



Submersion pump for sewage discharge in relay pump station water tanks enables continuous operation out of water

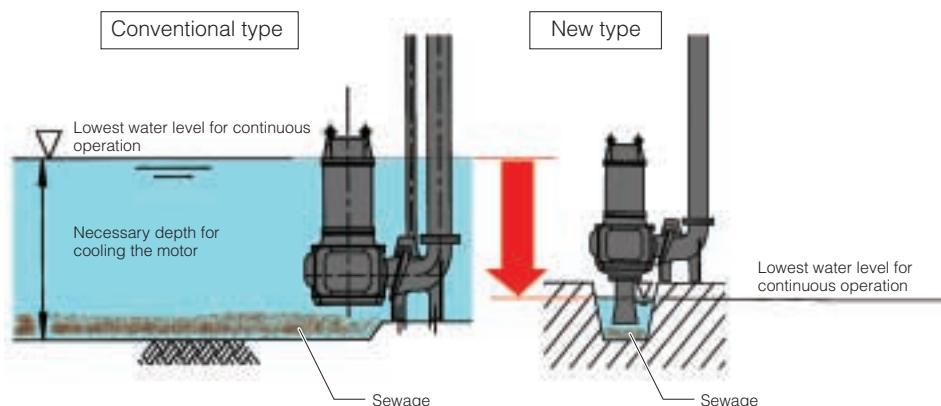
The sewage that flows in our drainage systems is first collected in the water tanks at facilities known as relay pump stations and then sent to the final treatment plant, but a problem exists in many of the confluent sewer systems seen in the city whereby a part of the sewage conduit might be shared with the conduit for rainwater drainage and, during heavy rain, the sewage that remains in the conduit and water tanks is discharged directly to the sea with the rainwater. Therefore, a submersible pump that drains to the lowest water level possible and does not leave any sewage behind is required for relay pump station water tanks.

In answer to that need, KUBOTA has developed a submersible sewage pump that can be continuously operated even outside

of water. Because conventional submersion sewage pumps need to be submerged in order to cool the motor, sewage remains inside the pump as shown in the illustration below. With our new type of submersion sewage pump, however, original KUBOTA technology enables generated heat to be transferred between the hermetically sealed circulation coolant in the motor and the sewage, and then discharges that heat together with the sewage, making continuous operation possible at the lowest water level and without the pump being submerged.

In the future, KUBOTA will continue to create products like this that contribute to decreasing the load on the environment.

■ **Comparison of lowest water levels for submersion pumps in water tanks**



■ **Installed pumps**



Social Report

The KUBOTA Group is involved in a variety of activities in order to implement appropriate CSR management based on our Charter for Action, and we are continually working to fulfill our social responsibility.

Summary of the Fiscal 2007 Social Report

The 2007 Social Report compiled the main themes for and results of activities carried out during fiscal 2007 in relation to the important themes outlined in our Charter for Action.

Important theme (Charter for Action)	Main theme of activity	Content of activity		Self evaluation	Page
Winning Customer Satisfaction	Strengthening of product and technological quality and safety	Restructuring of Quality Assurance System		○	27
		Promotion of the acquisition of ISO9001 certification (Quality Assurance Management System)			27 and 28
		Transmission of technology (establishment of a cast metal workshop)			28
		Disclosure of product recall and response			28
	Promotion of communication with customers	Participation in various exhibitions			28
		Holding of Dealers Meeting			17 and 28
	Development of products and technology that answer our customers' trust	Development of products that embody social consideration			23
		Development of products and technology that provide support for lifeline functions and industry			23 and 24
		Development of products and technology that help to regenerate the environment and minimize environmental loads			24
	Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles	Thoroughness in compliance	Establishment of a system for observing the law concerning compliance risks		△
Protection of and respect for intellectual property			30		
Strengthening of information security			30		
Thorough awareness of the internal communications system (creation and distribution of leaflets)			30		
Promotion of training and education on observance of the law		Convening of a Anti-Monopoly Act* training seminar (672 participants)		29	
		Implementation of safe driving education		30	
Respecting Human Rights	Promotion of human rights consciousness-raising activities	Promotion of human rights training	Group training (total attendance of 19,222)	○	31
			e-learning (7,184 participants)		31
			Support for employment of the physically challenged		32
Creating a Safe and Vibrant Work Environment	Establishment of a "performance-based" personnel system	Established of new personnel system		○	33
		Review and promotion of the education and training system			33
	Development of "independent and creative-thinking personnel"	Introduction of a new employment system for those aged 60 or older			34
		Promotion of the maintenance and support for a work environment where women can work in peace of mind			34
	Promotion of an employment system that makes full use of each employee's competence and ability	Promotion of healthcare activities			35
		Development of the "Health Kubota 21" healthcare movement			35
	Promotion of employee healthcare	Promotion of acquisition of OHSAS 18001 certification (Occupational Health and Safety Management System)			36
Execution of health and safety audits		36			
Promotion of a safe and healthy workplace					
Preserving the Natural Environment	Promotion of environmental conservation activities	Publishing of targets and results of environmental conservation activities in an Environmental Report		○	41–
Achieving Symbiosis with International and Local Societies	Backing for cultural support activities	Cooperation with various cultural activities		○	37
		Support for World Natural Heritage protection activities			37
	Promotion of activities towards coexistence with society	Support for rebuilding from disaster			38
		Support for international exchange			38
		Implementation of communication with the local community, such as through factory tours and cleanup activities			38
Fulfilling Responsibilities for Improving Management Transparency and Accountability	Promotion of the disclosure and transmission of information on management activities	Development of IR activities		○	39
		Holding of open general shareholders meetings			16
		Issuance of a corporate PR magazine			40
	Implementation of accountability	About the Anti-Monopoly Act* violation incident			6
		About the issue of asbestos			26

Self-evaluation criterion: ○...Exceeded target ○...Reached target △...Portion of target not reached ×...Target not reached
 *Proper name: Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade

KUBOTA's Response to the Issue of Asbestos

KUBOTA has sincerely accepted the serious fact that a number of our employees and local residents have contracted asbestos-related diseases and we are working with good intentions towards direct resolution of this problem from the standpoint of clarifying our social responsibility as a corporate entity that for years manufactured products containing asbestos.

“Rules for Relief Payments to Persons with Asbestos-related Diseases and Their Families around the Old Kanzaki Plant”

On April 17, 2006, KUBOTA established a system for paying monetary relief so as to reduce even slightly the hardships in living and the mental anguish, both of those persons receiving treatment for asbestos-related diseases and their families around the old Kanzaki plant. Payment was made to 125 individuals based on these rules during the fiscal year.

Medical support for asbestos-related disease

By adding medical support to the already provided information disclosure to the government, the system solatia and condolence payments, and the system of monetary relief, KUBOTA is promoting basic and clinical research on asbestos-related disease.

Outline of support recipients, treatment and research

(1) Hyogo College of Medicine

Research project

“Comprehensive Clinical Research Project on the Treatment of Mesothelioma Aimed at Prognosis Improvement”

Outline of support: Donation to the research project that the College will implement for the purpose of establishing a treatment method and developing preventive measures for extremely intractable mesothelioma

Period: for 10 years from fiscal 2007

Amount of donation: 1.2 billion yen in total

(2) Osaka Medical Center for Cancer and Cardiovascular Diseases

Research project

“Research and Development of Innovative Treatments for Malignant Mesothelioma and Intractable Sarcoma Caused by Asbestos”

Outline of support: Donation to the research and development project that, in cooperation with Osaka University etc., the Center is advancing on tumor-dissolving herpes virus manipulated so that it will only attack malignant mesothelioma cells

Period: for 5 years from fiscal 2007

Amount of donation: 500 million yen in total

The status of KUBOTA employees (including retirees) with asbestos-related disease

The total up to March 31, 2007 was 152 (124 deaths and 28 currently under medical care).



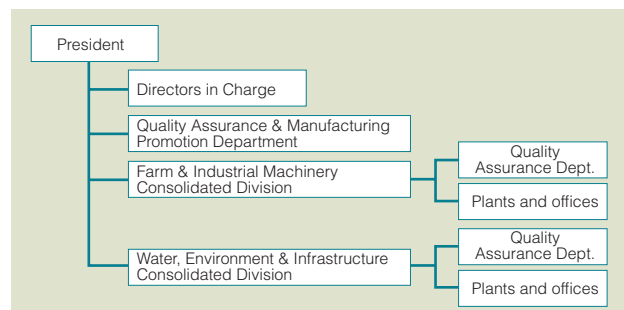
Customer Satisfaction

Quality Assurance System

KUBOTA has constructed a unique quality assurance system within our consolidated divisions as well as within each individual division in order to respond to the needs of customers in different business areas such as piping, agricultural machinery, and environmental facilities, etc., and we are highly focused on quality maintenance and a safe product safety.

In order to support our customers' lives from their very foundation, we are involved in producing items from the standpoint of offering special products that normally do not pass before the customer's eyes as well as products that the customer uses regularly, i.e., excellent products that never skimp on safety and quality.

Quality Assurance System



Status of ISO9001 certification (as of March 31, 2007)

Starting with our Hirakata plant in 1993, KUBOTA has been acquiring "ISO9001" certification, the international quality assurance standard, in the operation of each division and subsidiary company. We employ ISO9001, which plays a major role in our quality management system, in order to

deliver products that will satisfy our customers in compliance with the trust they have in us, and to further build upon our improvements so that we may continue to provide "safe and excellent quality" products, technology, and service.

Status of ISO9001 certification (at KUBOTA)

Place of business (consolidated division, division, or plant or office)			Main product(s)	Date of certification	Certifying body
Industrial & Material Systems	Iron pipes	Hanshin / Keiyo	Ductile iron and non-standard pipes, fiber-reinforced plastic composite and non-standard pipes, pipe fittings and related parts, water monitoring software	Jan 1999	JCQA
	Steel pipes	Keiyo	Spiral welded steel pipes, thermal transfer pipes	Jul 1998	JICQA
	Valves	Hirakata	Valves and gates	Sep 1994	LRQA
	Cast metal	Hirakata	Suction rolls for paper machines, ordinary steel, stainless steel, heatresistant steel, pipes and fitting rolls, spool columns, piles, direct-injection castings	Mar 1993	LRQA
	Rolled products	Amagasaki	Mill rolls	Mar 1996	JICQA
	New materials		Inorganic synthetic material (TXAX™)	Aug 2005	JICQA
Farm & Industrial Machinery	Industrial equipment	Okajima	Cast metal products	May 1998	JICQA
	Engines	Sakai	Engines, tractors, farm implements and construction equipment	Jun 1994	LRQA
	Tractors	Rinkai	Engines	Jun 1994	LRQA
	Farm implements	Tsukuba	Engines and tractors	Jun 1994	LRQA
	Construction machinery	Utsunomiya	Farm implements	Feb 1997	LRQA
		Hirakata	Construction machinery	Apr 1996	LRQA
Environmental Engineering	Electrical devices	Kyuhoji	Scales and load cells	Aug 1994	DNV
	Water and sewage treatment	Tokyo head office Hanshin office Shin-yodogawa environmental plant center	Water purification systems, sewage treatment equipment, sewage sludge incineration and melting plant, industrial wastewater processing plant, dewatering equipment	Oct 1997	LRQA
	Water quality	Tokyo head office Hanshin office	Organic sludge treatment equipment, graywater treatment equipment		
	Recycling	Tokyo head office Hanshin office Kyuhoji	Incineration and melting facilities, grinding and sorting facilities	Incineration	
				Recycling	
	Pumps	Hirakata Tokyo head office Head office Hanshin office	Pumping plants, water and sewage treatment facilities	Dec 1995	LRQA
Septic tanks	Shiga	Small plastic composite septic tanks	Apr 2003	JUSE	

- ◆ LRQA: Lloyd's Register Quality Assurance Ltd. (U.K.)
- ◆ JCQA: Japan Chemical Quality Assurance Ltd.
- ◆ JICQA: JIC Quality Assurance Ltd.
- ◆ JUSE: Union of Japanese Scientists and Engineers
- ◆ DNV: Det Norske Veritas AS (Norway)

Status of ISO9001 certification (at domestic subsidiaries)

Affiliate companies	Main product(s)	Date of certification	Certifying body
Kubota Air Conditioner Co., Ltd.	Design, development, manufacturing, and ancillary services for large-scale air-conditioning equipment	Feb 2000	JQA
Heiwa Kanzai Co., Ltd.	Design, development, and supply related to the cleaning of buildings and facilities	Jul 2002	JICQA
Kubota Systems, Inc.	Design, development, manufacturing, and ancillary services for consigned development software products and software package products, and construction of networks Operation of information systems, and operation and maintenance of networks Sales of stock products	May 1997	JMA
Water Technology Institute Ltd.	Development, sales, and consignment of computer software	Apr 2004	JCQA

- ◆ JQA: Japan Quality Assurance Organization
- ◆ JCQA: Japan Chemical Quality Assurance Ltd.
- ◆ JICQA: JIC Quality Assurance Ltd.
- ◆ JMA: Japan Management Association

Continued on the following page

Affiliate companies	Main product(s)	Date of certification	Certifying body
Kubota Pipe Tech. Co.	Design, construction, and construction management of various pipelines Inspection and diagnosis of conduits Guidance on fitting connections, and training for piping Rental of machine parts for piping	Mar 2003	JCQA
Kubota-C.I. Co., Ltd.	Design, development, manufacturing, installation and ancillary services for synthetic/composite pipe, fittings, accessories and plastic processed products	Apr 1998	JUSE
Kyusyu Kubota Chemical Co., Ltd.	Manufacturing, sales, and delivery of synthetic/composite pipe	Oct 1999	JUSE
Nihon Plastic Industry Co., Ltd.	Manufacturing of hard vinyl chloride and secondary processed products Manufacturing of plastic (polyethylene etc.) pipe Manufacturing of plastic (polystyrene, polyethylene, etc.) seat plates	Dec 1998	JSA
Kubota Environmental Service Co., Ltd.	Design, construction, maintenance control, and ancillary services for plants and facilities related to service water, sewerage, landfill disposal, night soil, and waste	Feb 2000	MSA
Kubota Kikou Co., Ltd.	Design, construction, maintenance, and servicing of plants for water supply systems, sewerage systems, debris landfill, night-soil treatment, and solid waste disposal	Jul 2006	LRQA

- ◆ JCQA: Japan Chemical Quality Assurance Ltd.
- ◆ JUSE: Union of Japanese Scientists and Engineers
- ◆ JSA: Japanese Standard Association
- ◆ MSA: Management System Assessment Center Co., Ltd.
- ◆ LRQA: Lloyd's Register Quality Assurance Ltd. (U.K.)

Commendation for Excellent Examples of Small Group Activity

The examination and ranking of examples of excellent small group activities nominated by each plant and office are carried out, with select groups and individuals given commendation.

Two of the cases of excellence were announced at ITC2006, sponsored by the Japan Management Association (held in Yokohama on July 11). The following two teams:

- Sakai plant...Machinery Manufacturing Division, Tractor Manufacturing Section
- Hirakata plant...Cast Steel Manufacturing Division, Centrifugal Cast Group participated, and the Centrifugal Cast Group from the Hirakata plant was awarded a special prize.

“Cast Metal Workshop” Opens

The Cast Metal Workshop, where the transmission of technology was advanced for the purpose of promoting personnel well-versed in “casting technology”, KUBOTA's core technology, initiated a study course at KUBOTA's Hanshin office in October, 2006 under the administration of Kubota Education Center Ltd.

Focusing on raising the base level of KUBOTA's metal casting technology through lectures and practice, this Workshop aims at fostering specialists in the field.



Lecture



Making moulds



Pouring work



Training completed

Disclosure of product recall and response

If a fault is found in a product purchased by a customer and action is deemed necessary, KUBOTA promptly makes that information public and submits it to the relevant body. Product collection, repair, or other action is then implemented as required.

Recall of the products listed right was carried out in fiscal 2007.

August 16: JB Series Tractor

Recall for inspection and tightening purposes was implemented because loosening may occur during gear changing due to insufficient tightening torque on the installation nut for the operation rod coupling to the main gearbox.

For more detailed information access the following website (in Japanese only):
<http://www.kubota.co.jp/kubotainfo/index7.html>



Communicating with customers

The KUBOTA group works to enhance communications with customers in order to develop products that are more useful and attractive and that meet customer expectations.

Holding of product exhibitions

Each of KUBOTA's divisions and group companies actively hold product exhibitions and, along with introducing products that will deliver greater customer satisfaction, they request the opinions of customers who come to exhibitions, and they make the best use of that information in product development.



Exhibiting at Europe's largest/top class construction machinery exhibition held in Paris, France (April 24 to 29, 2006)



Exhibiting at “Sewerage Works Exhibition '06 Osaka” (July 25 to 28, 2006; INTEX Osaka)



Holding the “Dream Agriculture in Tsukuba” event for farmers (December 12 to 14, 2006; Tsukuba plant)



Involvement in Legal Compliance Activities

Establishing a legal compliance system related to compliance risks

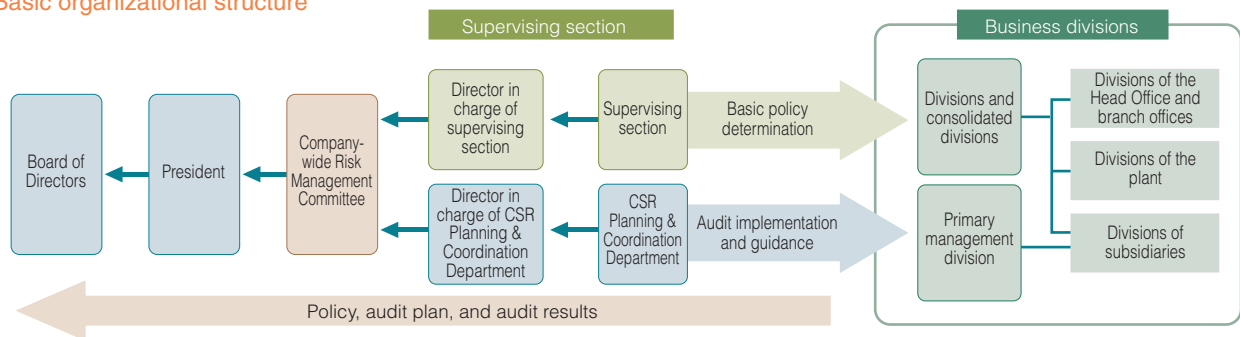
KUBOTA has constructed a risk management system for managing the status of compliance with important laws during business activities.

Ten compliance risks are specified by that system, with the results of voluntary control in business divisions and of self-inspections on the status of voluntary control by the head of those divisions reported to the CSR Planning & Coordination Department. The CSR Planning & Coordination Department performs on-site audits on-site and inspects documents in cooperation with the supervising section, and confirms the status of compliance.

This management system was implemented in April 2007.

	Type of risk	Supervising section
Compliance with equipment-related statutes	Compliance with laws related to holdings and equipment (Factory Location Law, Building Standard Law, etc.)	Quality Assurance & Manufacturing Promotion Dept.
Earthquake and other disaster management	Preservation of life, real estate, and equipment due to disaster	General Affairs Dept.
Compliance with the Construction Business Law	Compliance related to the Construction Business Law	General Affairs Dept.
Human rights advancement/consciousness-raising	Prevention of human rights violations (discrimination against outcast groups, physically challenged persons and foreigners, sexual harassment, power harassment, etc.)	Human Rights Advancement Dept.
Observance of safe driving	Observance of traffic laws	General Affairs Dept.
Prevention of illegal payments	Prevention of payments to antisocial groups and illegal political donations, etc.	CSR Planning & Coordination Dept.
Management of confidential information	Prevention of the leakage of confidential corporate information	CSR Planning & Coordination Dept.
Management of personal information	Compliance with the "Protection of Personal Information Act" etc.	Legal Dept.
Security trading management	Observance of security trading management that prevents products and technology from being used for weapons of mass destruction (old COCOM Control)	Quality Assurance & Manufacturing Promotion Dept.
Import and export management	Compliance with laws related to import and export (Tariff Act, Foreign Exchange Control Law, Basel Act, etc.)	Quality Assurance & Manufacturing Promotion Dept.

Basic organizational structure



About KUBOTA's Anti-Monopoly Act compliance activities

A company-wide approach was implemented in order to prevent a recurrence of the violation of the Anti-Monopoly Act.

- The related in-house rules were revised, a mechanism was constructed to prevent a recurrence, and this was implemented in April 2007.
 - Implementation of a company-wide mechanism that enables subjectivity to be retained as part of the internal control system.
 - Implementation of audits to verify whether or not business is being advanced as per established business procedures and approval rules, etc.
 - Clarification of the procedures to be taken when questionable or illegal acts are detected, and implementation of preventive measures that make it difficult for deviate acts to take place.
 - Implementation of an approach towards the observance of the Subcontracting Law as a part of compliance with the Anti-Monopoly Act.
- The company-wide Anti-Monopoly Act Compliance Committee Meeting was held for each consolidated division in January 2007, and compliance activities and business operation rules for the prevention of recurrence was made known to all. This meeting will be held regularly from here on, and we will continually persevere in our compliance activities.

- The Anti-Monopoly Act Compliance Manual was revised and re-distributed.

The "Anti-Monopoly Act Compliance Manual" that plainly explains the Anti-Monopoly Act and content connected to business was revised in December 2006 and re-distributed to directors and the employees. From here on, the trends of revisions to the law, new examples and new issues will be included, and the manual will be further revised with content that is applicable for daily business.



Anti-Monopoly Act Compliance Manual

- The Anti-Monopoly Act training seminar was held.

The Anti-Monopoly Act training seminar was held from January through March 2007 for sales department employees who deal with government demands. There were a total of 672 participants nationwide, and compliance activities were thoroughly covered. This training seminar is now being held continuously. Furthermore, someone in charge from the supervising section regularly visits each regional office in an aim towards complying completely with the law and establishing a systematic system of compliance.



Anti-Monopoly Act compliance training seminar

Compliance activities on intellectual property-related laws

Intellectual property is highly valued as the source of the competitive power in business. KUBOTA promotes the turning of the results of our development activities into intellectual rights, and we work towards thorough compliance with laws related to intellectual rights, such as the Patent Act, Unfair Competition Prevention Law, and the Copyright Law.

1. Respect for the intellectual property of other companies

To ensure that we do not infringe on the rights of other companies, KUBOTA investigates and take into account the intellectual property of other companies at every stage of R & D, from planning through to product development.

2. Compensation for employee inventions

In order to conform to revisions in the Patent Act, we have revised our rules on invention design. After revision, compensation can now be adjusted according to the value of the invention and the contribution from the inventor.

Tightened information security

Under our Information Security Policy, in force from June 2001, we are working on strengthen information security based on a companywide information security promotion system.

Category of action	Actually implemented measures
1. Regular review of the Information Security Policy	<p>(1) Evaluation of major IT risks for which measures need to be taken</p> <ul style="list-style-type: none"> We regularly evaluate the IT risks that surround our company, and are currently working on measures in relation to the 3 points that we take to be major IT risks: (1) computer virus infection, (2) information leaks, and (3) downtime of the information system due to the trouble. <p>(2) Maintenance and revision of information security rules, various regulations, and guidebooks, etc.</p> <ul style="list-style-type: none"> We have provided rules of operation in regard to major risks, and are appropriately implementing the revision of rules and various regulations.
2. Implementation of technical measures towards improvements in information security	<p>(1) Antivirus measures</p> <ul style="list-style-type: none"> Such systems those as for the automatic distribution of updated virus screening software to each computer and the automatic application of computer vulnerability elimination programs have been introduced throughout the entire KUBOTA group. <p>(2) Prevention of information leaks</p> <ul style="list-style-type: none"> As part of our measures against information leakage, a problem that has increased rapidly in recent years, all content of e-mail communication with parties outside the company is saved and a system for automatically rejecting spam mail from outside the company has been installed. <p>(3) Monitoring of the status of measures related to information devices such as computers</p> <ul style="list-style-type: none"> In order to thoroughly implement security countermeasures in regard to information devices such as computers, which now exceed 10,000 units throughout the entire group, we have introduced monitoring tools in all our companies to continually monitor the state of implementation of antivirus measures and password settings, etc.
3. Information security audits	<p>The following audits are implemented for all domestic divisions.</p> <p>(1) Audit on the status of information leakage countermeasures</p> <ul style="list-style-type: none"> Prior approval by the head of the division when an employee takes information outside the company, and complete erasure of information when a computer is disposed of <p>(2) Audit on the status of information system failure countermeasures</p> <ul style="list-style-type: none"> Backing up of the data in important information systems and maintenance of a restoration manual for times of trouble, etc.
4. Maintenance of the information security system	<p>(1) Administration of an IT manager system</p> <ul style="list-style-type: none"> A person in charge of promoting information security (IT manager & submanager) at each workplace is, in principle, established in all divisions, including group companies. <p>(2) Education and training</p> <ul style="list-style-type: none"> Education and training of IT managers & submanagers is regularly implemented. e-learning related to information security is implemented for employees of the KUBOTA Group.

Encouraging safe driving

Safe driving education (courses etc.) is implemented at least once a year for employees who drive an automobile for business purposes in an aim to raise their awareness towards preventing traffic accidents and traffic violations. We also hold "Safe Driving Managers Meetings" with lectures on trends in traffic laws, introduction to examples of actual accidents, tips on safe driving, etc., for safe driving managers selected from each workplace, and work to permeate awareness throughout the workplace.



Safe driving education



Safe Driving Managers Meetings

"KUBOTA Hotline" internal communications system

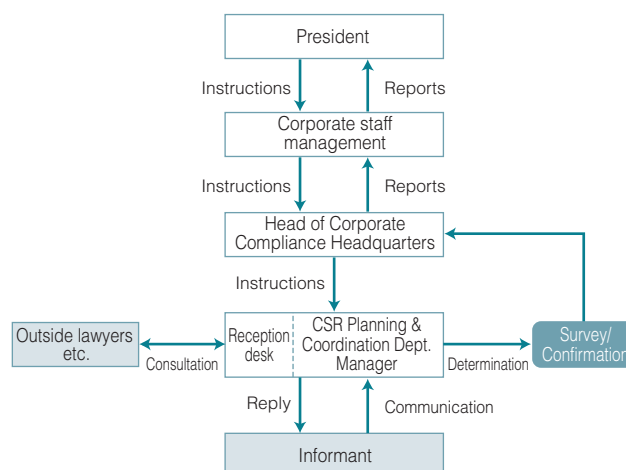
Employees of the KUBOTA group are encouraged to consult their supervisor or the department responsible at their plant or office if they have knowledge of any shady dealings, illegal conduct, or unethical behavior, or have a bad feeling about any circumstances at their work site or on business, and we have established the KUBOTA Hotline in 2002 to enable their direct contact with the Head Office.

This system aims at enabling consultation with the CSR Planning & Coordination Department Manager either by telephone, by e-mail, or by other written communication.

Using the opportunity of the revision of the Whistleblower Protection Act in 2006 to enhance our system, our efforts are being focused towards the solution, early stage detection and control of any illegal and unethical behavior while protecting the privacy of the caller.

By disclosing the content of the system via our in-house Intranet, as well as making and distributing pamphlets, this system can be used as a tool towards accomplishing full awareness of the issues on the part of all employees.

KUBOTA Hotline flow chart

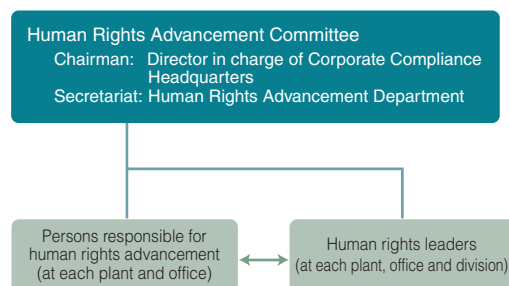


Human Rights Advancement

The KUBOTA Group Charter for Action explicitly declares that every KUBOTA Group company and those who work there must respect the human rights of all persons and never commit any acts that violate the human rights of others. Our desires and efforts are to create and firmly establish a corporate atmosphere that respects human rights.

Human rights advancement system

The Human Rights Advancement Planning & Coordination Committee promotes human rights advancement activities for the entire KUBOTA Group. They are under the direction of the head of the Corporate Compliance Headquarters and maintain their secretariat in the Human Rights Advancement Department. Every plant and office also appoints a "Human Rights Leader" to promote human rights advancement in their respective organizations.



Human rights advancement activities

The KUBOTA Group imparts education in human rights advancement by position (director, manager or employee) and site. Far more than the previous year, fiscal 2006 saw a total of 19,222 persons attend classes. Moreover, the Internet was utilized for the first time to impart education on sexual harassment prevention via e-learning, which 7,184 persons took part in. Employees are also being made aware of human rights issues via a booklet entitled "Human Rights Issues and Us" and internal bulletins.

On the issue of sexual harassment, which is a particularly grave violation of human rights, labor and management have set up a consultation office and a countermeasure committee and have taken various measures, which includes awareness activities, in an effort to create a pleasant workplace environment.

Every December during Human Rights Week, a poster is produced, using a human rights slogan selected from employee entries, and posted around the company. The company also plays a constructive part in local human rights events such as exhibitions and consciousness-raising activities.



Human rights advancement class



Banner raised for Human Rights Week

Human rights advancement education attendance (FY2006)

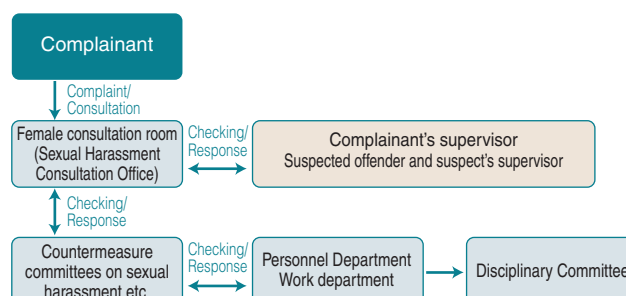
(Total participants)

Attendance by course and company			Total	
Classroom classes	All KUBOTA	13,304	19,222	26,406
	Subsidiaries	5,918		
e-learning	All KUBOTA	5,691	7,184	
	Subsidiaries	1,493		

Human Rights Advancement Consultation Office

To prevent human rights violations from occurring, detect issues early on, and swiftly resolve them, each plant and office in the KUBOTA Group has a Human Rights Advancement Consultation Office. They manage cases appropriately via organizational activities that begin with a manager and persons in charge. For cases of sexual harassment, there is a separate Sexual Harassment Consultation Office.

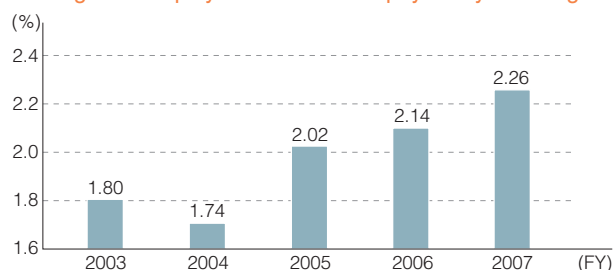
Sexual harassment consultation flow chart



Hiring of Physically/Mentally-Challenged Persons

The company believes that “persons with physical or mental disabilities have the right to work and that businesses have the duty to create and provide job opportunities for them.” Under this belief, the hiring of physically/mentally-challenged persons has been promoted mostly around our subsidiary, KUBOTA Works Corporation (established in 2003). In fiscal 2006, research into vegetable growing by padding farming was undertaken to expand the scope of employment for persons with disabilities. In the future, we will pursue configurations that make it easier for challenged persons to work, and gradually make it so that many of them is indeed able to work.

Changes in employment rate of the physically challenged



TOPIC

Activities of the KUBOTA Works Corporation subsidiary

KUBOTA Works Corporation was founded in 2003 as a wholly owned special subsidiary company* of KUBOTA Corporation. As of April 2007, they have 32 employees, of which 24 have disabilities, and are active in three business fields. Their policy is to create a work environment where the physically or mentally challenged can find it easy to work and create a situation where everyone can work and exist together. They are always looking to open new business departments, which they are currently doing via vegetable farming.

They are also imparting job-hunting skills to physically and mentally challenged persons under the Work Experience for Physically and Mentally Challenged Persons Program of Osaka Prefecture and the Social Adaptability Training for Mentally Challenged Persons Program of Osaka Prefecture and Osaka City.



Growing vegetables



■ Printing Department (Osaka City)

This department inputs, prints and binds data for business cards, product catalogs, corporate profiles, etc. Its staff, with physical, hearing and mental disabilities, produces high quality printed matter.



■ Cleaning Department (Osaka City)

This department takes care of cleaning work in and around KUBOTA buildings. The staff works passionately to ensure a pleasant environment for guests visiting KUBOTA.



■ Mail Department (Amagasaki City, Hyogo Prefecture)

This department sends, receives and sorts mail and special deliveries for the KUBOTA Group. Persons with physical challenges handle these operations.

* Special subsidiary company:

This company was founded specifically for hiring persons with disabilities and, in order to promote the hiring of challenged persons, must meet the required percentage of disabled employees, offer support pay, etc. (Conforming law: Law for Employment Promotion, etc. of the Disabled)

TOPIC

Sponsor of the “Osaka Fureai Taikai” event during Disabilities Week

Every year, December 3 to 9 is Disabilities Week and KUBOTA sponsored the 2006 “Osaka Fureai Taikai” that Osaka Prefecture holds in conjunction with that week (held on December 10 with 900 participants). The event is held each year to promote the autonomy of disabled persons and their participation in society. A number of attractions are put on stage at the Osaka Municipal Gender Equality Center (Creo Osaka), including a wheelchair dance and other performances.



A Safe and Happy Place to Work

KUBOTA's basic policy on human resources: "Fairness & Transparency" "Challenge & Creativity"

"It is forever 'people (employees) and irreplaceable assets' that are the foundation of a corporate evolution which pursues sustainable economic and social development in line with the needs of the times."

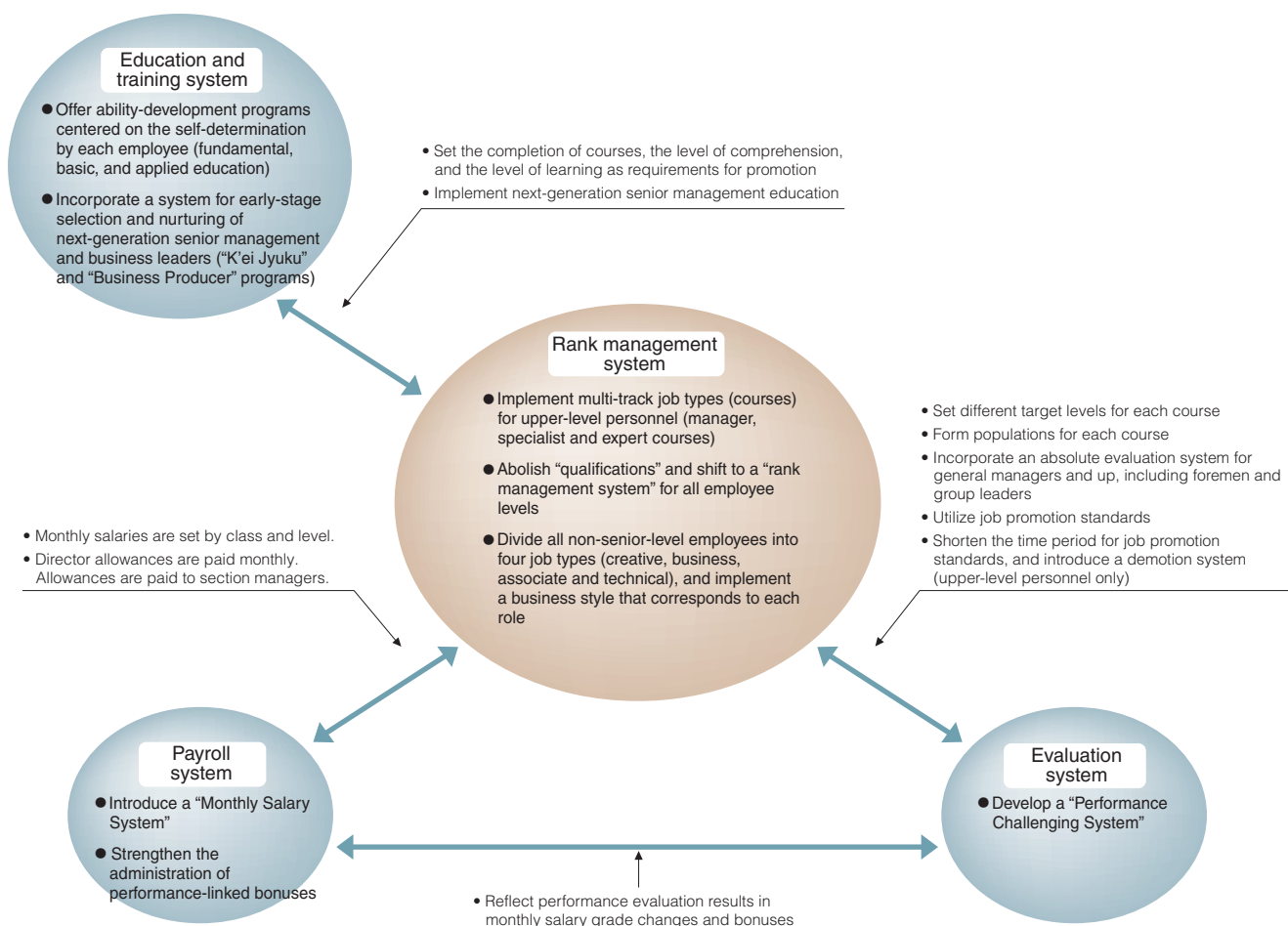
Based on this idea, KUBOTA has enacted and operates a fair

and transparent personnel system that continually harmonizes changes in the social climate, trends in business management, and the achievement of specific management goals, and then works to construct an energetic corporate climate that welcomes challenge and values creativity.

Aiming for a "performance-based" personnel system

Changes to our personnel system have been gradually implemented since April 2002 in order to emphasize individual personalities and skills in deployments and fairly

evaluate and treat employees based on the results they produce. As of April 2005, the new personnel system applies to all employees.



● New activities in FY2007: Reviewing new employee training

We reviewed training for new employees with our intention focused on adherence to internal rules and on raising the bar for skill levels.

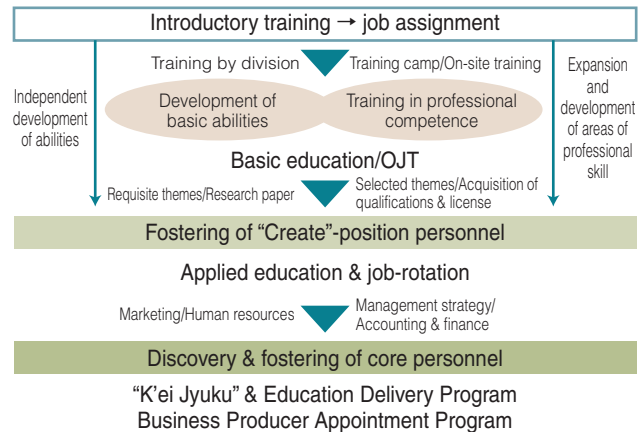
In addition to existing practical training at factories, office personnel were taught how to perform operations and the basic rules of office procedures in the context of material and monetary flows, while engineers learned about drafting and manufacturing in order to solidify their fundamentals.



Training in drafting for new employees

Education and training for developing an “independent-minded and creative workforce”

Based on the spirit of “developing people before developing products”, KUBOTA has long been adamant about personnel education and training. The educational system for upper level positions and creative jobs is designed to support career development, while there is also a selective element that identifies and develops “human resources capable of creating new added value” so as to support the company in the next generation. With “Technical” positions, efforts are made to improve and carry on skills that support “manufacturing”. Newly hired employees go through a full year of manufacturing fundamentals and basic education as “trainees”. By linking education and training with promotional requirements, we have instilled a desire to improve one’s abilities.



An employment system that makes full use of each employee’s competence and ability

Based on the KUBOTA Group philosophy that “ensuring employment is the company’s social responsibility”, we have put in place an employment system that takes the career plans and the diversity in competence and abilities of each individual into consideration.

● Reemployment program for those 60 years or older

In line with the Japanese government’s decision of a phased increase in the age of pension eligibility, KUBOTA introduced a reemployment program starting in 2001. Then, along with the enactment of revisions to an employment law*, we introduced the “New Reemployment Program” from April 2006. Through this, if employees so desire, and if they meet a

determined standard, they can continue to work even after retirement and even past the age of 60. At KUBOTA, we aim to employ older workers who have the continuing desire and ability to work. (*: revised law concerning stabilization of employment of older persons)

● Development of recruiting practices

In seeking out new graduates for “Create” positions, in recent years KUBOTA has strengthened its support for students in their job-hunting activities by introducing a variety of internships and increasing the number of opportunities to provide them with information.

Persons hired directly out of school (Entered company on 4/01/2007)	191 ("Create" positions: 100, "Technical" positions: 91)
Persons hired elsewhere (During FY2007)	200 ("Create" or upper-level positions: 15, "Technical" positions: 185)



1-day internship with tractor operation and plant tour

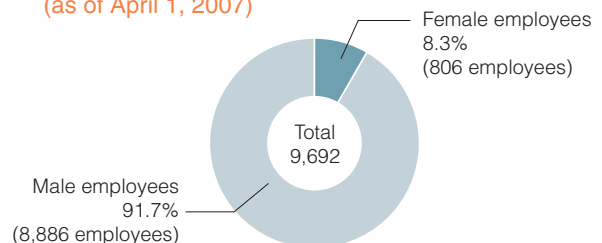
● Equal employment opportunities

KUBOTA’s personnel system is nondiscriminatory and fair, based on the spirit of the Labor Standards Law and the Law on Securing, Etc., of Equal Opportunity and Treatment Between Men and Women in Employment. In particular, the company reviewed its policies and practices regarding family support in line with the revisions to those laws that were enforced in 1998 and 1999 by creating maternity healthcare rules and enabling leave to care for children and elderly persons. Efforts like these were made to create a workplace environment and working conditions that would allow female employees to work comfortably. Moreover, family support was included in the general action plan required under the Law Concerning Promotional Measures in Business for Family Support.

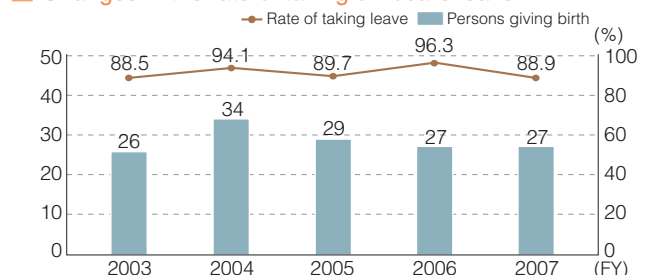
■ Main programs supporting childcare

Leave for wife’s childbirth	Three (3) continuous or individual days within one month, including the day of birth
Childcare leave	In principle, the period up to the day before the child reaches one year of age
Nursing care leave	Upon the request of an employee raising a child, six (6) days up to when that child reaches the age to enter elementary school (unpaid vacation)
Assistance with childcare expenses	Assistance through our FitPlan (the KUBOTA version of a Cafeteria Plan) for costs related to childcare and education for children below junior high school age

■ Percentage of female employees (as of April 1, 2007)



■ Changes in the rate of taking childcare leave



Activities for a pleasant workplace

The KUBOTA Group promotes a variety of measures in order to create workplace environments where employees will feel comfortable working.

Health management activities

At KUBOTA, all employees continue to get a periodic check-up that provides them with the basic information for maintaining their health. In recent years, habitually induced conditions have been added to the legally prescribed tests for younger people in order to detect at an early point any symptoms of lifestyle-related diseases that are occurring increasingly in young people. In addition, blood tests are implemented for employees of all age groups.

Persons diagnosed with lifestyle-related diseases or who are warned of such possibilities are put in contact with the KUBOTA Health Insurance Union, which is headed up by

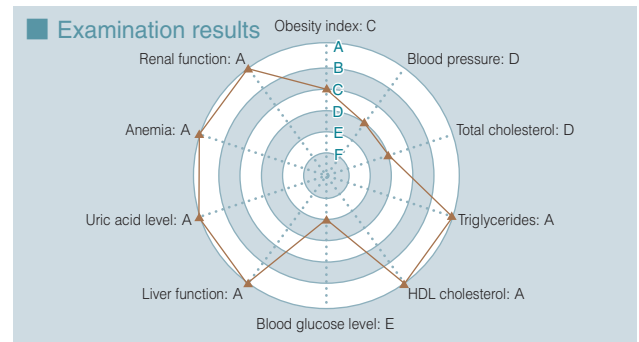
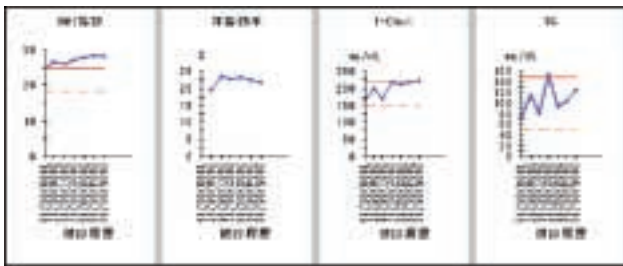
industrial healthcare staff (physicians, nurses and healthcare specialists) at each plant and office. There, they are imparted guidance via private interviews or healthcare classes in an effort to prevent or control progression of such lifestyle-related diseases.

Simple tests for work-related stress are also carried out as a mental healthcare precaution. In order to support the entire workforce and provide them fair and equal access to healthcare management, a health management support system was built, through which health management activities are being developed.

Healthcare support system

KUBOTA has built a healthcare support system for the purpose of evaluating and analyzing the health of our employees and providing them more effectively with healthcare guidance. Using a client-server system to centralize data, healthcare management operations are

handled efficiently and, since the system was initiated, efforts have been made to introduce it at all business locations.



Mental healthcare activities

With the objective of maintaining and improving the mental health of our employees, the Simplified Occupational Stress Diagnostic System that can be accessed and run from one's own computer was introduced at all plants and offices, alongside periodic health checkups. In January 2004, we opened a Mental Health Clinic under the direction of a psychiatrist. Counseling is provided to mentally unstable persons and their superiors, and employees are referred to outside institutions if need be. Moreover, a support program

was created for employees who take a long leave of absence to help them reintegrate into the workplace. Those interviews are closely monitored by a psychiatrist. In August 2006, the KUBOTA Health Hotline was started through a coordinated effort of the Health Insurance Union and an outside EAP* to offer employees free counseling over the telephone.

* EAP: Employee Assistance Program

TOPIC

Health KUBOTA 21

Health KUBOTA 21 is a health management campaign coordinated by the Health Insurance Union. Promotional staff at every plant and office spearhead workplace-based activities that emphasize preventative care against lifestyle-related diseases. Once a year, a nationwide conference is held at our Head Office to study new ideas and share information.

The Health Insurance Union has a corner on their website for reporting the activities of each plant and office, in order to help facilitate the work of promotional staff. In fiscal 2007, health events such as Oral Hygiene Day and Eye Care Day were held 8 times to coincide with Health Week at group companies. On Refresh Day, a flute recital was staged during lunch break under the theme of "music soothes the soul". Coffee and herbal tea were served to give employees a little bit of relaxation during the day.



Poster and character related to health improvement education activities

Health & Safety in the Workplace

From the viewpoint of “respect for human life” and based on the belief that “safety is a top priority”, KUBOTA acts to ensure a safe, healthy and comfortable working environment free from work-related accidents or occupational diseases.

● Aiming at a safe, health-oriented, and stress-free workplace

Health and safety control at KUBOTA is divided into centralized health & safety management and plant management (specifically addressing factory and construction departments at each plant). Moreover, the policies of “system development” and “personnel development” are emphasized in order to foster a safety-minded culture based on our “Long-term Accident Prevention Program”, which was launched in 1973 and is reviewed every five years, as well as on annual health and safety indicators.

Seven plants and offices have used our occupational health & safety management system to acquire and continue operation under OHSAS 18001 certification. Other plants and offices have also constructed similar occupational health & safety management systems and aim at effective operation based on our original “Kubota Occupational Health & Safety Management Program”, a proprietary KUBOTA standard.

Plants and offices that have acquired OHSAS18001 certification

Tsukuba Plant	(acquired in December 2000)
Keiyo Plant (Funabashi)	(acquired in February 2002)
Keiyo Plant (Ichikawa)	(acquired in February 2002)
Hanshin Plant (Mukogawa)	(acquired in November 2003)
Hanshin Plant (Shin-yodogawa)	(acquired in February 2005)
Hanshin Plant (Amagasaki)	(acquired in April 2005)
Hirakata Plant	(acquired in May 2007)

● Activities in manufacturing divisions

As an organizational activity, production plants are promoting equipment safety that includes risk mitigation activities based on risk management and the adoption of equipment safety standards. At the personnel level, education and training are constructively imparted to raise the bar not only for towards compliance with public laws and regulations but also for activities directed at personnel safety.

Safety and hygiene audits

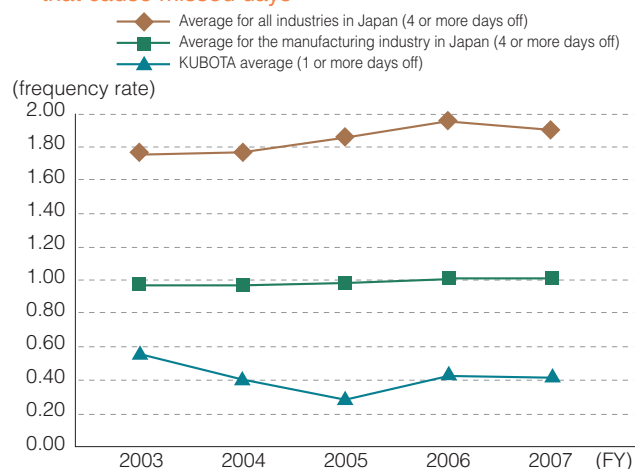
Occupational health and safety are internally audited to prevent accidents and strengthen safety and health management. Last year for the first time, we tried using periodic relative evaluations of safety and hygiene on a plant-by-plant basis (chart at right). By identifying strong and weak points, it should be possible to elevate the level of safety and hygiene management at each individual site.

Moreover, as part of our corporate social responsibility, these same safety and hygiene audits that were carried out in Japan were implemented at overseas production subsidiaries starting last year because of growing requests for group-wide activities to steadfastly maintain and improve health and safety. (Six production subsidiaries in the U.S. were audited.)

■ Targets for the 7th Long-term Accident Prevention Program (FY2004–2008)

- (1) Zero life-threatening or serious accidents
- (2) Prevention of the recurrence of accidents (being sandwiched, squashed, stuck, and pinched, crashes, tumbles, falls, etc.)
- (3) Improvements towards a comfortable workplace environment and securing of physical & mental health

■ Changes in the frequency rate at plants of accidents that cause missed days



* Frequency rate: the number of deaths and/or injuries per one million man-hours
(A frequency rate of 1.0 indicates the level at which one employee was involved in an accident that resulted in 4 or more days off being taken in a year at a plant with 500 employees.)

■ Evaluation of Safety and Health Management (FY2007)

* Average evaluation for 12 manufacturing plants in Japan



Scoring

- 5 ... Very good
- 4 ... Good
- 3 ... Average
- 2 ... Bad in some respects
- 1 ... Incapable, unprepared or non-existent



Social and Cultural Support Activities

The KUBOTA Group promotes social and cultural support activities in various fields to help shape an affluent society.

61st National Sports Festival and 6th Hyogo Para-Olympics

The KUBOTA Group sponsored the 61st “National Sports Festival” (Nojigiku Hyogo Kokutai) and 6th “Hyogo Para-Olympics” (Nojigiku Hyogo Taikai) staged across Hyogo Prefecture from September 30 to October 16, 2006.



Chinju-no-Mori Charity Concert (KUBOTA Global Message)

As an attempt to create a new style of music and, through that music, broadcast its corporate message, the KUBOTA Group sponsored a variety of concerts beginning with the “Silk Road Orchestral Competition” in 1990. In 2006, we sponsored the “Chinju-no-Mori” charity concert (August 6 at Meiji-jingu Shrine), to spread the message about the culture of Japan’s forests and coexistence with Mother Nature through music. The KUBOTA Group will continue to take part in such original projects with the objective of conveying new messages about the culture of music.



Japan Flower Festival in Kagawa

The KUBOTA Group sponsored one of the largest flower festivals in Japan, the “Japan Flower Festival in Kagawa”, held at Sunport Takamatsu in Takamatsu over March 2 to 4, 2007.



National Urban Greenery Osaka Fair

The KUBOTA Group sponsored the 23rd “National Urban Greenery Osaka Fair” held at Osaka Castle Park in Osaka from March 25 to May 23, 2006.



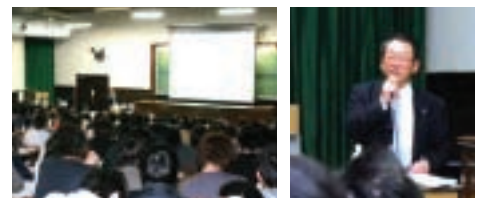
Sponsor of Nature Café

The KUBOTA Group sponsored the “Nature Café” opened by “BeGood Café”, an NPO that works for sustainable development, in Tokyo at the Maru Building from April 10 to November 12, 2006. They served food under organic and fair trade themes, and invited guests for the “Talk Nature Café” talk show (Gohan Museum), providing an opportunity for everyone to think about a healthy way of life that is catching on from the U.S.



Staged Lecture on Top Management: Business Innovation at Kobe University

Managers from KUBOTA gave a series of 13 lectures from April to July 2006 on the path from multitasking to a broad business base for the School of Business Administration of Kobe University.



President Hatakake giving a lecture (April 12, 2006)

Activities to Protect World Natural Heritages

To mark their 30th year of business in the KUBOTA Group, KUBOTA Environmental Services, Co., Ltd. donated ¥300,000 for future environmental protection activities to each of the organizations responsible for managing World Natural Heritages in Japan.

Donations

- [1] “Shiretoko 100 Square-Meter Forest National Trust” of Shari-cho, Hokkaido, which is entrusted with the protection of Shiretoko
- [2] “Ajigasawa Shirakami-Sanchi Guide Club” of Ajigasawa-machi, Aomori, which is entrusted with the protection of Shirakami-Sanchi
- [3] Yakushima Environment and Cultural Foundation, which is entrusted with the protection of Yakushima Island



Donation being presented to Shari-cho

Coexisting with International and Local Communities

The KUBOTA Group walks hand-in-hand with many people and organizations whose support will never be forgotten.

Support for Central Java, Indonesia Stricken by Earthquake

The KUBOTA Group donated ¥10 million in aid money through the Japanese Red Cross Society to areas of Central Java, Indonesia that was stricken by an earthquake on May 27, 2006, costing 5,000 lives.

Commendation for Recovery Aid Activities Following Hurricane Damage in the U.S.

The KUBOTA Group donated a total of ¥400,000 in contributions and supplies to areas affected by the devastating Hurricane Katrina in August 2005. In recognition of these activities, the American Red Cross conferred KUBOTA Tractor Corporation (KTC) with the Circle of Humanitarian Award.



KTC President Tomita (left) accepting the award

Support for Areas Stricken by the Noto Hanto Earthquake

Through the Ishikawa Disaster Headquarters, the KUBOTA Group donated ¥3 million in contributions for recovery efforts in the areas hardest hit by the Noto Hanto Earthquake that occurred in Ishikawa Prefecture on March 25, 2007.

KUBOTA Hu-Tech Seminar

As a social contribution effort in the field of education, KUBOTA staged two KUBOTA Hu-Tech Seminars in Tokyo and Osaka for middle school and high school students interested in science. The seminars consisted of a lecture that explained scientific matters in easy-to-understand terms and practical work at a research facility. In 2006 (the 39th holding of these seminars), students pursued the mysteries of space under the themes of the "Theory of Relativity and Black Holes".

(Started in 1985 by the Asahi Culture Center, the Asahi Shimbun Company)



Cooperation in the Mainichi International Exchange Award

The Mainichi International Exchange Award honors international exchange, cooperation, and support activities in and outside Japan for the purpose of supporting international exchange on the grassroots level and promoting international understanding. KUBOTA has been a sponsor since the first award and has cooperated in all aspects of the award since its 4th edition. The 18th awards (2006) went to Asian Farmers Exchange Center, which provides agricultural support and is involved with recycle development in Thailand and elsewhere, and Keiko Nishigaki of the Takarazuka Afghanistan Friendship Association, who is helping women and refugees in Afghanistan. (Started in 1989 by the Mainichi Newspapers)



Plant Tours

KUBOTA offers plant tours to elementary to high school students.



High school students touring the Sakai plant

Cleanup Activities

Cleanup activities are periodically imparted to keep the environment around plants and offices clean and beautiful. These efforts are being made in order to maintain a pleasant environment for all.



Utsunomiya Plant

Sakai plant, Kubota-C.I.



Appropriate Disclosure and Transmission of Corporate Information

The KUBOTA Group appropriately discloses information to stakeholders as part of the effort to ensure management is highly transparent. Information on our business activities is released as well.

Development of IR activities (for investors and shareholders)

Through constructive IR activities, KUBOTA is upgrading its information disclosure, speeding up the release of information and actively communicating with shareholders and investors. We work hard to form a broad shareholder base, which includes activities such as plant tours and more than 300 meetings a year with investors and securities

analysts inside and outside Japan to explain finance and other matters.

By continuing to release accurate financial information in a timely manner, we should be able to enhance the transparency of management, establish proper share values in capital markets and help improve value for shareholders.

Development of IR activities (information disclosure via internal publications, website, etc.)

Being a listed company on the New York Stock Exchange, KUBOTA prepares financial reports according to reporting standards in the U.S. On our website are posted securities reports, midterm reports, account briefs, Form 20-F (annual report submitted to the SEC in the U.S.), annual reports (in English) and other financial reports for easy viewing by investors.

In addition to this, our websites also make available other information that explains accounts, fact books (data on financial indicators etc.), corporate bonds and so forth. We continue to update our website functions so that investors will find our site easy to use.

(Investor information page:

<http://www.kubota.co.jp/ir/english/index.html>)



Investor information page

TOPIC

Exhibit at the Osaka Science & Technology Center (OSTEC)

The Osaka Science & Technology Center is a great place to have fun and learn about the latest scientific technologies and industrial technologies from a wide range of fields, under the theme of "Let's study, discuss and rediscover science technology." KUBOTA maintains a permanent exhibit that enables visitors have fun understanding and learning about industrial technologies.



TOPIC

Activities of the KUBOTA Spears Rugby Team

The KUBOTA Spears play in the Japan Rugby Top League and conduct activities to make middle and high school kids all over Japan familiar with rugby. During fiscal 2006, they put on rugby clinics in Niigata and Saitama Prefectures. They also sponsor the Funabashi Rugby Festival at their home ground in Funabashi, Chiba every spring, which many people come to see. For more information, visit the KUBOTA Spears website at www.kubota-spears.com.



Providing corporate information

The KUBOTA Group provides a diversity of information about business, products and the company.

● “URBAN KUBOTA” corporate PR magazine

Since 1969, KUBOTA has issued the “URBAN KUBOTA” magazine that academically delves into the issues of water, soil, geology and environment that are significantly related to our operations. This multi-color magazine contains illustrations and detailed commentary from professionals but uses vernacular that is easy for the layperson to understand as well, and it is widely utilized in public libraries and educational institutions in addition to our customers and suppliers. A PDF version can also be downloaded from our website.



For more detailed information, access the following website:
<http://www.kubota.co.jp/urban/>

● “GLOBAL INDEX” website

“GLOBAL INDEX” is a WEB magazine that introduces the business areas and projects at KUBOTA that greatly contribute to society as well as transmitting our stance on various issues. Seven (paperbased) issues were published between 1992 and 1998 as a tool for corporate public relations and, since 2000, the GLOBAL INDEX has been displayed on our Internet website, inviting even wider access. Under differing themes, each issue of the magazine concentrates on the multitude of topics KUBOTA is involved in.



For more detailed information, access the following website:
<http://giweb.kubota.co.jp/>

● “KUBOTA no Tanbo” (KUBOTA Rice Field) website

Using illustrations and photographs, the “KUBOTA no Tanbo” website provides basic easy-to-comprehend information regarding the mechanism and multi-faceted functions of rice fields, as well as about rice plants, agricultural implements and machinery, festivals and related history, etc. “KUBOTA no Tanbo” offers a variety of sections, including the “Inaohosedorimura”, a virtual village designed to create a reader-participation Internet community, “Tanbo no Monogatari” (Rice Field Tales), which offers interesting information and stories, as well as fairy tales, related to rice field, and “Gakko no Tanbo” (School Rice Field) that reports on rice growing at various schools.



For more detailed information, access the following website:
<http://www.tanbo-kubota.co.jp/>

TOPIC

Recipient of the Japan Industrial Advertisement Award

The corporate advertisement “Our Star” (posted on September 12, 2006 in the Nikkan Kogyo Shimbum newspaper) was given the First Place Lifestyle Industrial Advertisement Award at the 2006 Japan Industrial Advertisement Awards by the Industrial Advertising Association of Japan. The ad pictured a classical Japanese landscape of terraced rice paddies and the poem “Our Star” by Shuntaro Tanigawa that expresses love for the planet. It showed how KUBOTA is positioned to develop society and protect the global environment through our line of business.



TOPIC

Japan Ad Council activities

The Japan Ad Council (AC) is a non-profit organization that contributes to society and public welfare by utilizing the powerful reach and persuasive nature of advertising. Last year, they marked their 35th year of activity. As one of the founders of AC, KUBOTA was a major contributor to its birth. Our President serves as a Director and sits on the Finance Steering Committee and Operations Committee of the Osaka Headquarters of this Council. KUBOTA continually plays a part in making society a better place to live by offering various suggestions through advertising.



Environmental Report

Conservation of both global and local environments

Basic Policy

Kubota Group Environment Charter (revised on June 1, 2006)

Along with the enactment of new corporate principles and a Charter for Action, we have also revised our Global Environment Charter. Global environmental conservation is being actively promoted throughout the KUBOTA Group and positioned as the most important issue of business management.

Kubota Group Environment Charter

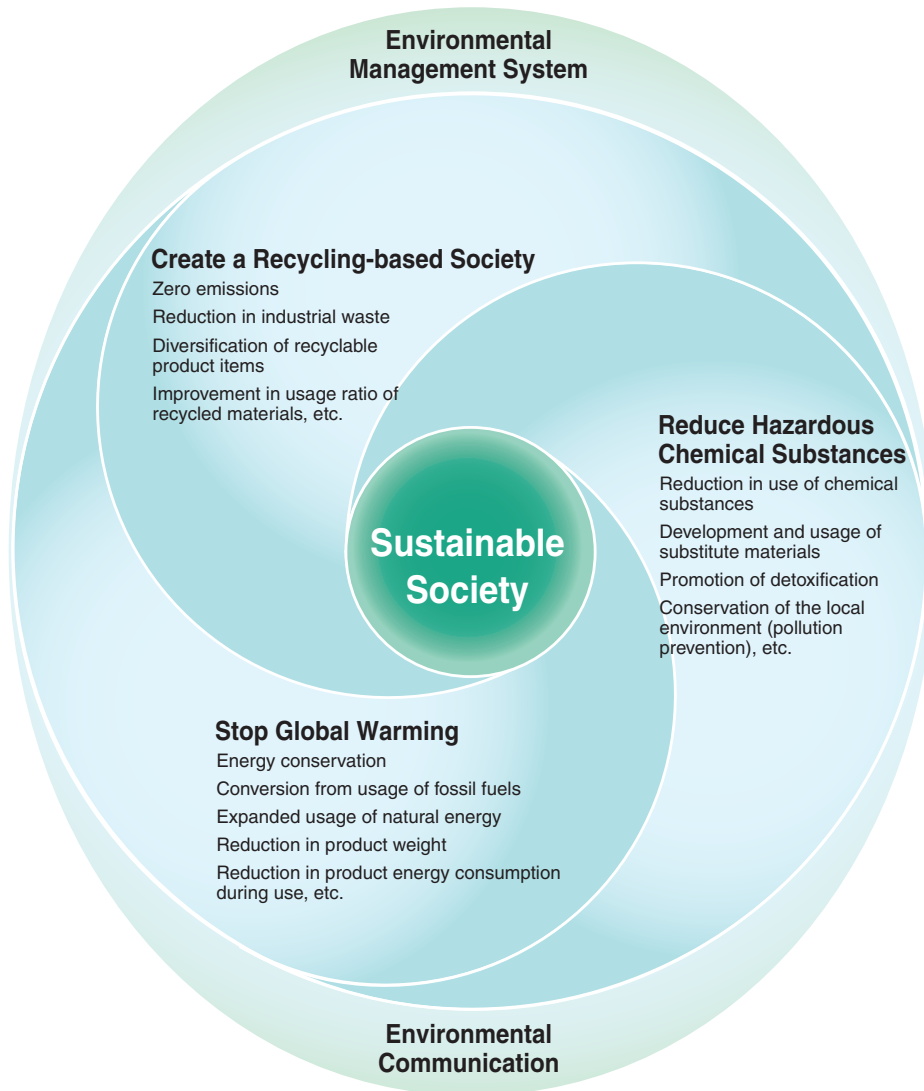
The Kubota Group aims to create a society where sustainable development is possible on a global scale and conducts its operations with concern for preserving the natural environment.

Kubota Group Environmental Action Guidelines

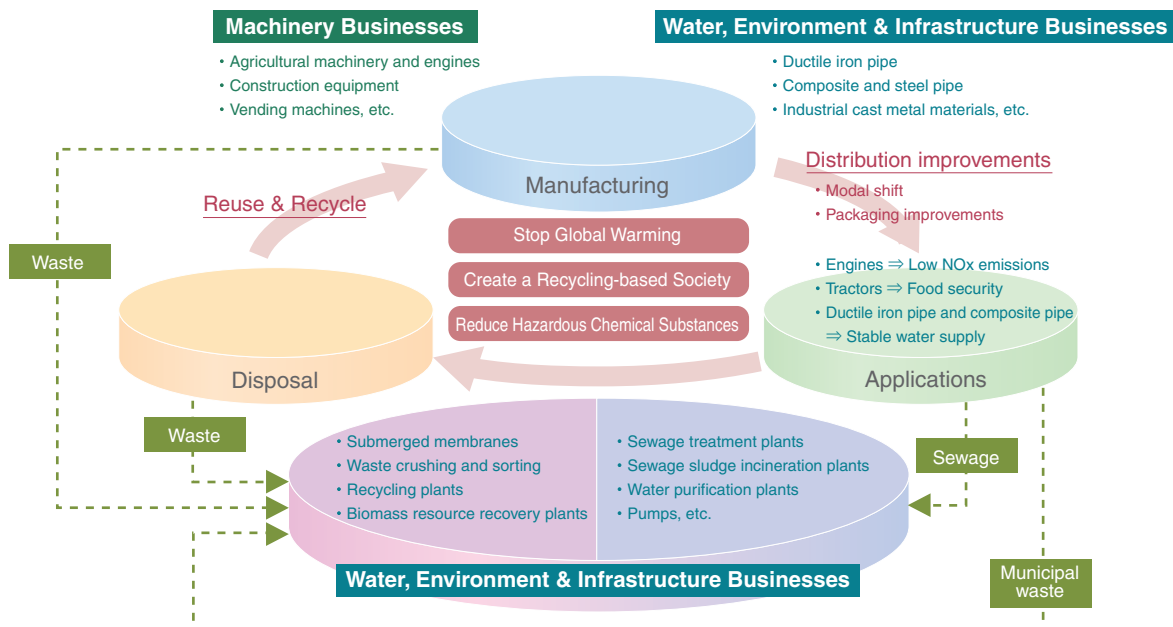
- 1. The Kubota Group takes initiatives for the protection of the natural environment in all its activities.**
 - (1) By setting specific goals on its own initiative while remaining in compliance with all laws and regulations
 - (2) By promoting initiatives at all levels of its operations, from product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

Basic direction of environmental corporate management

KUBOTA has established the basic direction of its environmental corporate management for harmonizing the environment with economics and building a sustainable society as follows. We have also drafted and are zealously promoting a concrete Mid-term Environment Promotion Plan (pages 43 and 44) in order to execute that basic direction.



● The relationship between business activities and the environment



Mid-Term Environmental Conservation Plan

Targets and results in FY2007

KUBOTA has adopted and promoted a Mid-term Environmental Conservation Plan in order to execute the basic direction of our environmental corporate management, which aims at harmonizing the environment with economics and building a sustainable society.

New Mid-term Plan established

Based on results from fiscal 2007 and the situational changes in environmental issues, items and targets were reviewed using a rolling-up approach.

FY2007 Results of the Mid-term Environmental Conservation Plan

Issue or Subject	Target	Management Indicator	Base FY	FY2007		
				Targets	Results	Self-evaluation ¹
① Expanding the environmental management system	Expand ISO14001 certification	Expand certification amongst group companies	—	1 site	2 sites	○
	Expand environmental management (reports) amongst group companies	Ratio of targeted group companies	—	50%	62%	◎
② Creating a recycling-based society	Reduce industrial waste	Waste discharge per unit output	2005	-4%	-13.5%	◎
		Resource recycling rate	—	99%	99.1%	○
	Recycle construction waste (incl. materials not included under Specific Construction Materials)	Resource recycling rate	—	95%	89.5%	×
	Implement green purchasing (office supplies)	Ratio of purchase amount	—	95%	93.6%	△
	Reduce water use per unit output (service water, industrial water, and groundwater)	Water use per unit output	2005	-4%	-21%	◎
③ Stopping global warming	Reduce greenhouse gases	CO ₂ emission per unit output	2005	-2%	-8%	◎
	Reduce CO ₂ during distribution	CO ₂ emission per unit output	2005	-2%	+3%	×
④ Reducing hazardous chemical substances	Reduce Volatile Organic Compounds (VOC) release/transfer	VOC release/transfer per unit output	2005	-10%	-31.7%	◎
	Implement PCB measures (high voltage devices)	Renewal or replacement	2004	90%	100%	◎
⑤ Increasing eco-friendly products and services	Enhance manufacture of eco-friendly products	Ratio of models with no hazardous chemical substances (RoHS-designated substances) contained	—	10%	17.8%	◎
⑥ Enhancing environmental communication	Disclose environmental information	Integrated into a CSR Report	—	Implemented	Implemented since publication of 2006 report	○
	Improve reliability and content of the Environmental Report	Independent comments (Independent review implemented continuously based on data from FY2005)	—	Reviewed	Implemented since publication of 2006 report	○

1: Self-evaluation standards ◎... Exceeded target ○... Reached target △... Target partially achieved ×... Target not achieved

Expansion of environmental management to subsidiary companies

We are on track to expanding environmental management to all subsidiary companies inside and outside Japan by fiscal 2012.

■ Ratio of targeted group companies



■ KUBOTA Group FY2008 Mid-term Environmental Conservation Plan

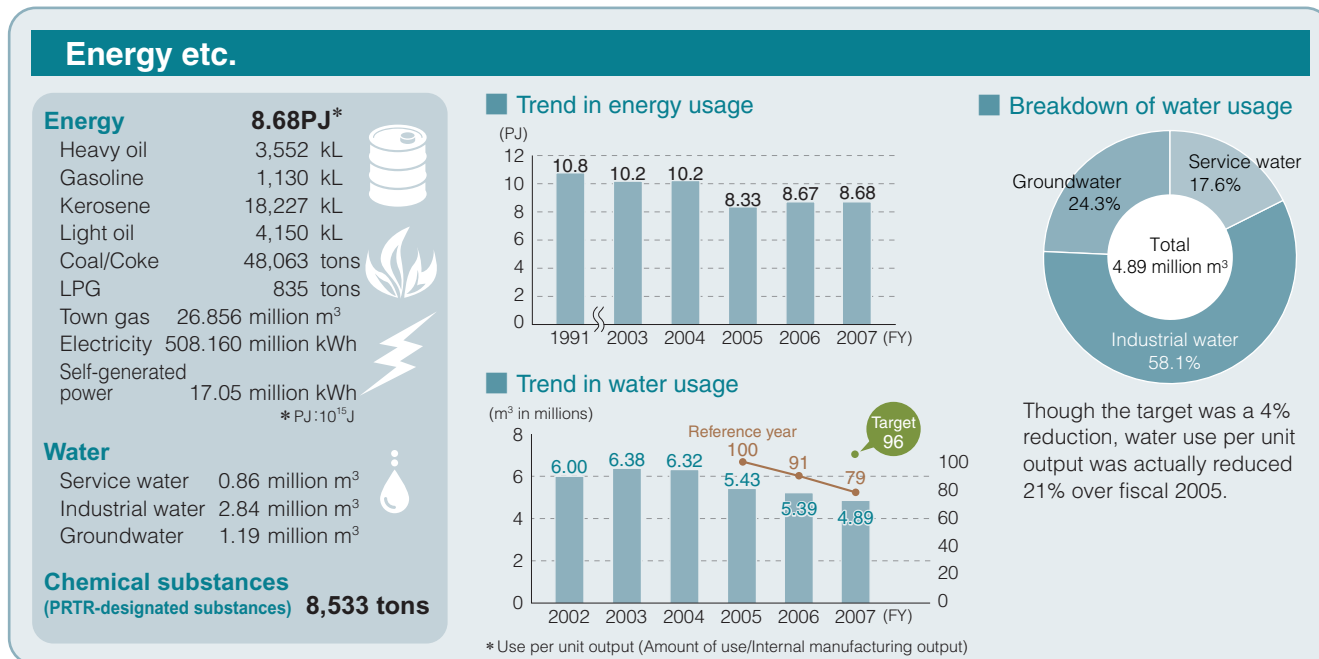
Issue or Subject		Target	Management Indicator	Base FY	FY2008	FY2009	FY2010
① Expanding the environmental management system	Expand ISO14001 certification		Expand certification amongst group companies	—	1 site	2 sites	4 sites
	Expand environmental management amongst group companies		Ratio of targeted group companies	—	70%	80%	90%
② Creating a recycling-based society	Reduce industrial waste		Waste discharge per unit output	—	-2% over previous year	-2% over previous year	-2% over previous year
			Waste discharge	—	-2% over previous year	-2% over previous year	-2% over previous year
			Zero emissions (Landfill ratio)	—	0.9%	0.7%	0.6%
	Recycle construction waste (incl. materials not included under Specific Construction Materials)		Resource recycling rate	—	95%	95%	95%
	Implement green purchasing		Ratio of purchase amount	—	97%	98%	99%
③ Stopping global warming	Reduce greenhouse gases		CO ₂ emission per unit output	—	-1% over previous year	-1% over previous year	-1% over previous year
			Volume of CO ₂ emission	1991	FY1991 level or less	FY1991 level or less	FY1991 level or less
	Reduce CO ₂ during distribution		CO ₂ emission per unit output	—	-1% over previous year	-1% over previous year	-1% over previous year
④ Reducing hazardous chemical substances	Reduce PRTR-designated substances		Release/transfer per unit output	—	-2% over previous year	-2% over previous year	-2% over previous year
			Amount released/transferred	—	-2% over previous year	-2% over previous year	-2% over previous year
⑤ Increasing eco-friendly products and services	Enhance manufacture of eco-friendly products		Ratio of models with no hazardous chemical substances (RoHS-designated substances) contained	—	20%	30%	50%

KUBOTA Group Business Activities and Environmental Loads

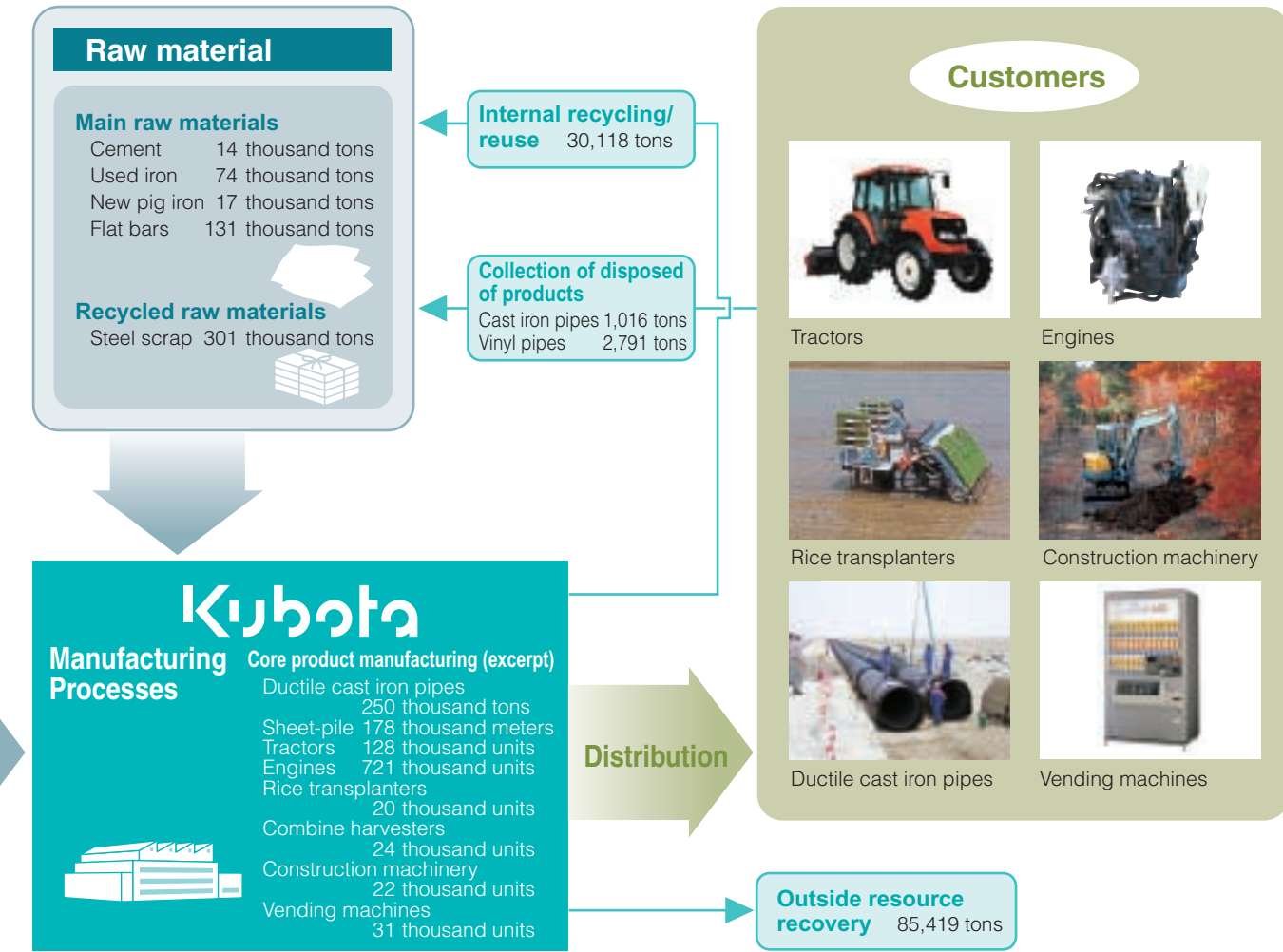
The environmental loads incurred during the processes of production in the Farm & Industrial Machinery Consolidated Division, and Water, Environment & Infrastructure Consolidated Division, etc. are as follows.

The KUBOTA Group is working to clarify the amounts of items used in manufacturing processes (INPUT), such as raw materials and electric power, water, and fuels, and the volumes of emission and discharge (OUTPUT) delivered to the environment, such as carbon dioxide (CO₂) and waste, and we are totally committed to reducing the environmental burden we generate.

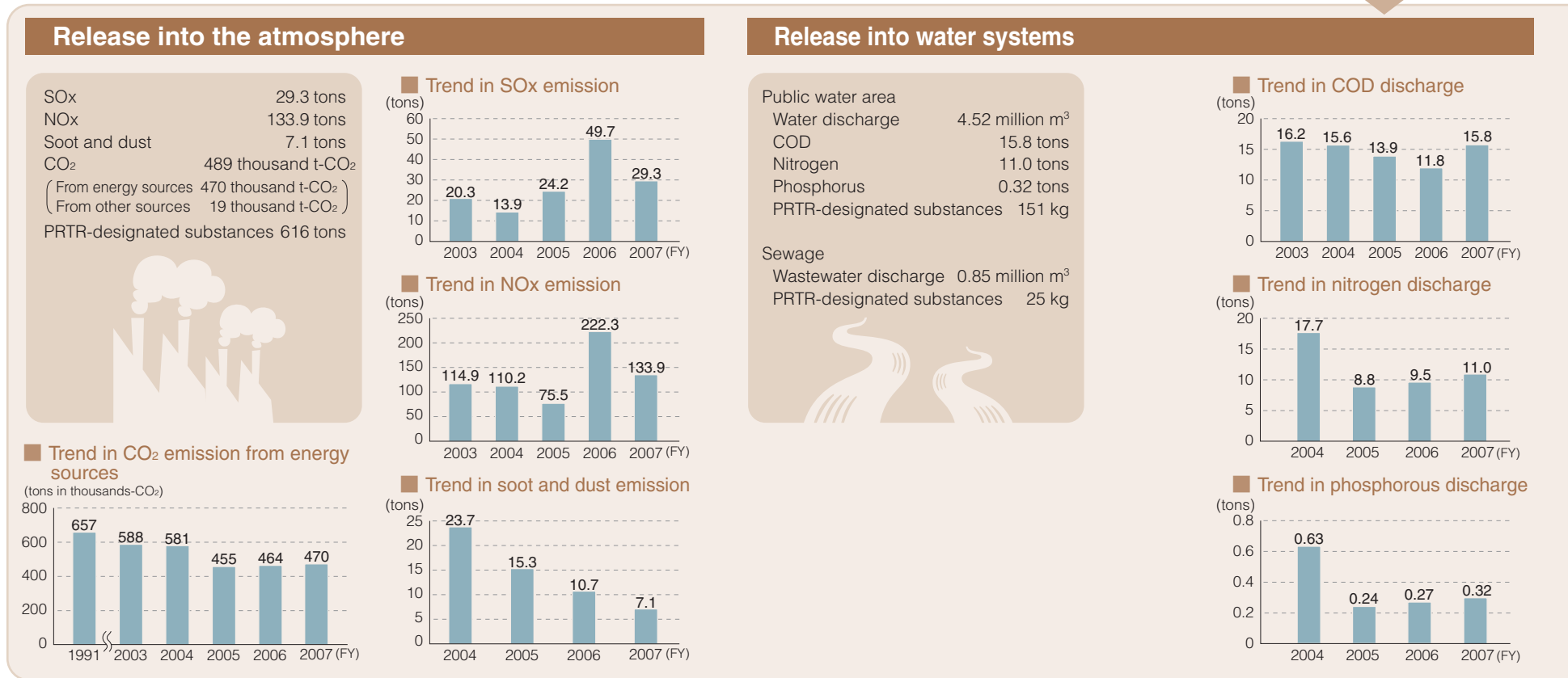
INPUT (Data for domestic plants and offices)



INPUT (Data for domestic plants and offices)

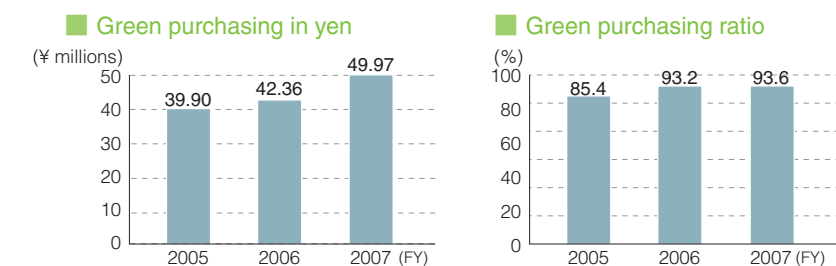


OUTPUT (Data for domestic plants and offices)



Green purchasing (Data for business sites in Japan)

Purchases of office supplies using our Internet purchasing system amounted to ¥49.97 million or 93.6% of all purchases. Though green purchasing was up 0.4% over the previous, it fell short of the 95% target.



* Plants subject to total pollutant load regulation: Hanshin (Mukogawa), Keiyo (Funabashi), Keiyo (Chikawa), Hirakata, and Sakai Rinkai

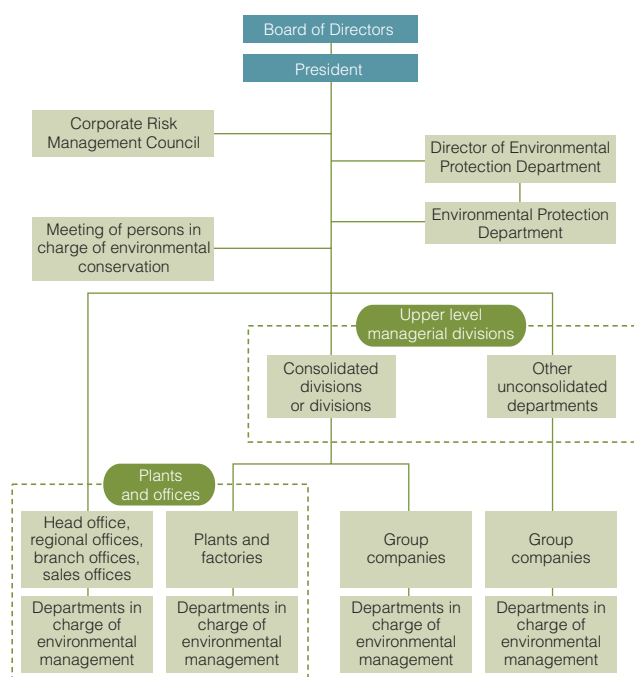
Environmental Corporate Management

In order to properly understand the environmental impact of our business activities and to promote the involvement of the entire KUBOTA group in eco-management, we have enhanced our system of management upon an “Environmental Corporate Management” framework.

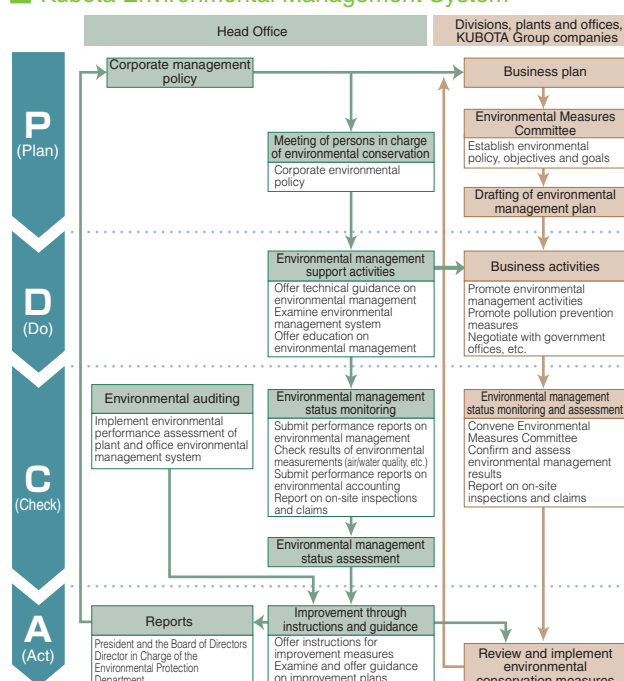
Environmental Management Promotion System

To respond to global and regional environmental issues, the Environmental Protection Department, which promotes environmental measures and environmental audits, etc., under the director in charge, has been established at KUBOTA Head Office, while Environmental Management Sections have been organized in plants and offices and group companies.

Promotional Structure



Kubota Environmental Management System



Environmental auditing

Environmental audits were conducted of all plants and offices in Japan and, as of this year, some group companies overseas, under the following themes.

- 1) Thorough observance of environmental laws and strengthening promotional structures
- 2) Raising the level of environmental management at business sites
- 3) Avoiding environmental risks by strengthening internal supervision
- 4) Assuredly promoting the Mid-Term Environmental Conservation Plan

Issues particular to business sites are being extracted and continually improved by examining the “process of our environmental Protection activities”, in order to raise the level of environmental management.

Audit items	Number of points evaluated
[A] Environmental conservation activities process	
Observance of environmental laws	264
Avoidance of environmental risks (If trouble occurs, emergency response, risk management)	17
General matters of environmental management (Organization, education, continuance, information disclosure, etc.)	18
Total	299
[B] Environmental action plan (Business site version of the Corporate Mid-Term Environmental Conservation Plan)	14



Overseas audit

Environment-Related Education

Results of Environment-Related Education in FY2007

(Only in-house education sponsored by the Environmental Protection Department or performed by contracted lecturers is included.)

Classification	Course title	Frequency	No. of participants	Course descriptions	
Management-level education	Report meetings with directors Internal supervisors' risk reports on environmental conservation	1	25	Risk reports on environmental conservation	
Education by employee-level	New employee orientation	1	105	Global environmental issues	
	General course <1> Environmental conservation	3	125	Global environmental issues and the response required of corporations	
	Compliance training for 9th year employees in create positions	3	164	Global environmental issues and KUBOTA's environmental corporate management	
	Training for personnel promoted to senior management	2	98	Global environmental issues and KUBOTA's environmental corporate management	
	Education for midlevel technical positions Global warming prevention	1	25	Global warming prevention and energy conservation	
	Training for newly appointed foremen	1	27	KUBOTA's environmental corporate management & on-site environmental management	
Professional education	Training for newly appointed supervisors	2	60	KUBOTA's environmental corporate management & on-site environmental management	
	Basic course on environmental corporate management	For office administration	1	10	Environment-related laws and regulations & Kubota's involvement
		For construction and service sections	1	6	Environmental corporate management according to the participant
		For designing and R&D sections	1	16	Environmental corporate management according to the participant
	Education of environmental management technology	1	29	Theory and application of environmental corporate management technology	
	Preparation course for workplace environment measurement expert examination	Class 1	1	3	Dust, organic solvents, chemical substances and metals
		Class 2	2	5	Laws and regulations relating to industrial health & chemical analysis, etc.
	Preparatory lecture for pollution prevention (air related) manager licensing	1	4	Pollution in general, atmospheric science, hazardous airborne substances, etc.	
	Follow-up education for internal environmental auditors (ISO 14001)	3	47	The ISO 14001 standard, environmental laws, and case studies	
	Waste management lecture	2	52	Waste Disposal and Public Cleansing Law, practical training in contracting and manifests, etc.	
Providing information over intranets	Explanation of EU hazardous substance regulations	3	—	Overview of ELV, WEEE and RoHS	
	Individual action against global warming	3	—	Energy conservation at home, waste and recycling	
	GHS	3	—	Overview of GHS and trends in Japanese laws and regulations	
Cooperation in the education of outside organizations	JICA (Japan International Cooperation Agency) "Environmental policy and environmental management systems"	1	9	A tour of environment-related facilities at the Sakai plant	
	"Strategic environmental management course for Vietnam"	1	10	An explanation of the state of KUBOTA's activities	
	Acceptance of internship Tochigi Prefecture Utsunomiya Hakuuyo High School, Utsunomiya Industrial High School	2	8	Education on environmental management at the Utsunomiya plant	



Providing environmental information over intranets (Ex.) Plastic Recycling in Waste and Recycling

Number of personnel with environmental qualification

Pollution Control Managers	Air	50
	Water quality	64
	Noise	93
	Vibration	66
	Dioxins	3
Energy Management Experts		51
Energy Management Members		14

Applicable scope: KUBOTA Group production plants and offices

Acquisition of ISO14001 certification

All of KUBOTA's domestic production plants and offices had received certified by the end of 2000. Currently, activities are being developed at group companies in order to acquire certification. In fiscal 2007, Kubota Precision Machinery, Co., Ltd. and Kubota Metal Corporation (Canada) were certified.

KUBOTA's domestic plants and offices and consolidated divisions

(As of March 31, 2007)

No.	Name	Other included organization	Main business	Inspecting/Certifying organ	Date of certification
1	Hanshin plant	Marushima factory, Nagasu factory	Manufacture of cast iron pipes, milling rolls, and potassium titanate	LRQA	March 5, 1999
2	Hanshin plant (Shin-yodogawa factory)		Manufacture of reinforced plastic composite pipe	JCQA	January 11, 2000
3	Keiyo plant	Distribution center Gyotoku processing center	Manufacture of cast iron pipes, spiral welded steel pipes, and thermal transfer pipes	LRQA	July 16, 1998
4	Hirakata plant	Kubota Valve Maintenance Corporation	Manufacture of cast iron products, pumps, valves, construction machinery, and new materials	LRQA	September 17, 1999
5	Okajima plant	Ohtake ShellCo Corp.	Manufacture of industrial cast iron products, ductile segments, sewage pipes, and other cast iron products	JICQA	December 22, 1999
6	Sakai plant	Sakai Rinkai plant	Manufacture of engines, tractors, etc.	LRQA	March 10, 2000
7	Utsunomiya plant		Manufacture of rice transplanters and combine harvesters	LRQA	December 8, 2000
8	Tsukuba plant		Manufacture of engines, tractors, etc.	LRQA	November 28, 1997
9	Kyuhoji business center	Kubota Membrane Corp. Kubota Keiso Corp.	Manufacture of measuring instruments, CAD systems, waste crushing and sorting systems, and submerged membranes	DNV	March 19, 1999
10	Ryugasaki plant	Kubota Vending Service Co., Ltd.	Manufacture of vending machines	DNV	November 13, 1998
11	Shiga plant		Manufacture of FRP products	JUSE	May 18, 2000
12	Environmental Engineering Consolidated Division	Shin-yodogawa environmental plant center Kubota Machinery and Construction Corporation Kubota System Control Co., Ltd.	Design, development, installation, test-runs and incidental services for environmental plants and pumps	LRQA	July 14, 2000

Group company plants and offices in Japan

No.	Name	Other included organization	Main business	Inspecting/Certifying organ	Date of certification
1	Kubota-C.I. Co., Ltd.	Tochigi plant	Manufacture of composite pipe	KHK	April 20, 1999
2	Kubota-C.I. Co., Ltd.	Sakai plant, Ishizu-nishi factory	Manufacture of composite pipe and couplings	JUSE	July 23, 1999
3	Kubota-C.I. Co., Ltd.	Odawara plant	Manufacture of composite pipe and couplings	JUSE	January 19, 2000
4	Nippon Plastic Industry Co., Ltd.	Head office and plant, Mino plant	Manufacture of plastic pipe and sheets	JSA	October 27, 2000
5	Kubota Construction Co., Ltd.		Construction of civil engineering structures and buildings	JQA	December 22, 2000
6	Kanto Kubota Precision Machinery Co., Ltd.		Manufacture of hydraulic parts	LRQA	November 14, 2001
7	Kubota Environmental Service Co., Ltd.		Installation, maintenance and management of environmental systems for drinking water, sewage, landfill disposal, raw waste and waste plants, etc.	MSA	November 20, 2002
8	Kyusyu Kubota Chemical Co., Ltd.		Manufacture of composite pipe	JUSE	March 27, 2003
9	Kubota Air Conditioner Co., Ltd.	Tochigi plant	Design, development and manufacture of central air conditioning systems	JQA	August 27, 2004
10	Kubota Pipe Tech Co.		Design, construction, installation and management of pipelines	JCQA	January 24, 2005
11	Kubota Precision Machinery Co., Ltd.		Design, development and manufacture of hydraulic valves and cylinders, manufacture of off-road vehicles, transmissions and hydraulic pumps and motors	LRQA	March 17, 2007

Group company plants and offices overseas

No.	Name	Other included organization	Main business	Inspecting/Certifying organ	Date of certification
1	The Siam Kubota Industry Co., Ltd. (Thailand)		Manufacture, sales and service of small diesel engines and tractors	MASCI	February 28, 2003
2	PT. Kubota Indonesia		Manufacture of diesel engines	LRQA	February 10, 2006
3	Kubota Metal Corporation (Canada)		Design, development and manufacture of cast iron products	SGS	June 15, 2006

- ◆ LRQA: Lloyd's Register Quality Assurance Limited
- ◆ JCQA: Japan Chemical Quality Assurance Ltd.
- ◆ JICQA: JIC Quality Assurance Ltd.
- ◆ DNV: Det Norske Veritas AS
- ◆ JUSE: Union of Japanese Scientists and Engineers
- ◆ KHK: The High Pressure Gas Safety Institute of Japan
- ◆ JSA: Japanese Standard Association
- ◆ JQA: Japan Quality Assurance Organization
- ◆ MSA: Management System Assessment Center Co., Ltd.
- ◆ MASCI: Management System Certification Institute (Thailand)
- ◆ SGS: SGS Systems & Services Certification Canada Inc.

Observance of Laws and Regulations

Compliance with environmental laws

(1) Air quality management

In June 2006, combustion gas leaked from a waste incinerator plant in Kitakami, Iwate, and a fire broke out the ensuing September. The facilities were shut down.

(2) Water quality management

There was one case of hexavalent chrome, one case of zinc, and two cases of hydrogen ion concentration exceeding regulatory effluent standards. All four cases were reported to authorities and measures were taken to prevent reoccurrence.

(3) Noise and vibration management

One location exceeded noise regulatory standards and soundproofing measures are currently underway. As for vibration, all locations cleared regulations.

(4) Management of pollution by hazardous substances

Periodic measurements are taken from monitoring wells at plants to check for groundwater contamination. No groundwater contamination by chlorinated organic compounds was detected.

(5) Environmental claims

One claim each was made regarding paint odor and abnormal equipment alarm sounds. Countermeasures were quickly taken in both cases. Daily efforts are being made in management operations to prevent similar reoccurrences.

(6) Information disclosure on environmental and safety measures taken for products etc.

MSDS are prepared and provided to customers. Information on emergency countermeasures and environmental and safety measures for products is also provided to distribution companies in the event of an accident during distribution.

Environmental risk management

KUBOTA promotes work activities that adhere to work standards and thoroughly implements the regular inspections and necessary maintenance that will secure compliance to the law, prevent the generation of environmental damage, and minimize environmental risks in all our business activities.

Based on the premise that an environmental accident may occur at any time, we have established accident-

response procedures to control contamination and carry out regular training to prepare for unusual events and emergencies. We also review and reinforce our preparatory organization and emergency environmental accident response structure based on the possibilities of a major environmental accident, and promote companywide crisis-response management towards such potential accidents.



Emergency drills were conducted at the Sakai Rinkai plant with a hypothetical situation in which liquid waste spilled during piping to a storage tank. (Nov. 15, 2006)

Environmental Accounting

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

Environmental conservation costs

Investments in environmental conservation amounted to ¥1.22 billion, which was approximately ¥200 million less than the previous year. Environmental costs were ¥8.14 billion, or an increase of ¥1.06 billion over the previous year. Research and development costs were ¥4.42 billion or about 54% of all costs.

Economic effects

The economic effects from KUBOTA's environmental conservation activities were ¥1.34 billion.

Environmental conservation effect

Overall environmental load is decreasing, but CO₂ emissions increased 5% over the previous year because of changes to CO₂ conversion coefficients and emissions from non-energy sources.

Future development

KUBOTA will continue to work to better understand the effects of investments and costs, to position environmental accounting as an indispensable tool and indicator for environmental corporate management in the continued development of our business, and to focus our efforts towards further environmental conservation activities and information disclosure.

Environmental conservation cost breakdown

(¥ millions)

Classification	Main content	FY2006		FY2007	
		Investment	Cost	Investment	Cost
Within the business area		909	2,207	975	2,320
Local environmental conservation	Prevention of air and water pollution, soil contamination, noise, vibration, etc.	370	1,230	401	775
Global environmental conservation	Prevention of global warming etc.	486	138	494	559
Resource recycling	Reduction and recycling of waste	53	839	80	986
Upstream and downstream costs	Collection of used products and commercialization of recycled products	0	24	0	32
Management activities	Environmental management personnel, ISO maintenance and implementation, environmental information dissemination	25	1,077	0	1,236
R&D	R&D for reducing of product environmental load and developing environment conservation equipment	402	3,709	249	4,423
Social activities	Local cleanup activities and membership fees and contributions to environmental groups, etc.	88	7	0	8
Environmental remediation	Levies on SOx emission etc.	0	51	0	120
Total		1,424	7,075	1,224	8,139
Total capital investment (including land) for the corresponding period				44,700	
Total R&D costs for the corresponding period				22,925	

Environmental conservation effects

Effects	Items	FY2006	FY2007	Increase/Decrease	Ratio to the previous year (%)
Environmental effect related to resources input into business activities	Energy consumption [energy conversion on a calorie-basis; in petajoule (PJ)]	8.67	8.68	0.01	100
	Water consumption (thousand m ³)	5390	4890	- 500	91
Environmental effect related to waste or environmental impact originating from business activities	CO ₂ emission (tons in thousands)	464	489	25	105
	SOx emission (tons)	49.7	29.3	- 20.4	59
	NOx emission (tons)	222.3	133.9	- 88.4	60
	Soot and dust emission (tons)	10.7	7.1	- 3.6	66
	Releases and transfers of PRTR-designated substances (tons)	910.4	862.8	- 47.6	95
	Waste discharge (tons in thousands)	94	91	- 3.0	97
	Waste to landfills (tons in thousands)	2.0	1.6	- 0.4	80

Economic effects

(¥ millions)

Classification	Details	Annual effects
Energy conservation measures	Improved cupola energy efficiency, reduced kerosene consumption by incinerators, etc.	298
Zero-emission measures	Reduction and resource recycling of industrial waste	52
	Sales of valuable resources	935
Environmental conservation measures during distribution	Modal shift, improved loading efficiency, reduced use of packaging materials, etc.	57
Total		1,342

Method of aggregation and provisions

(1) The period covered was from April 1, 2006 to March 31, 2007.

(2) Environmental conservation costs are calculated for KUBOTA group companies in Japan only.

(3) Calculations were based on the Environmental Accounting Guidelines 2005 issued by Japan's Ministry of the Environment.

(4) Depreciation costs were included in the total cost. Depreciation costs were calculated based on the same standards applied in KUBOTA's financial accounting and all assets acquired in and after FY1999 were recorded.

Personal costs were included in costs for management activities and R&D. Construction waste processing costs incurred at work sites were not included in resource recycling costs.

The contribution portion of compound costs was calculated by recording differences or dividing proportionally.

(5) Only measurable economic effects were recorded. Presumed or deemed effects were not included.

Towards a Recycling-based Society

In order to contribute towards the formation of a recycling-based society, KUBOTA is involved in efficient resource utilization on a companywide level and in promoting zero-emission goals. To that end, we are working to reduce, reuse and recycle the waste that is generated throughout all of our plants and offices.

FY2007 targets

- Waste discharge per unit output (Waste discharge / Internal manufacturing output) ... Reduced by 4% over FY2005
- Recycling rate ... 99%

FY2007 results

Waste discharge

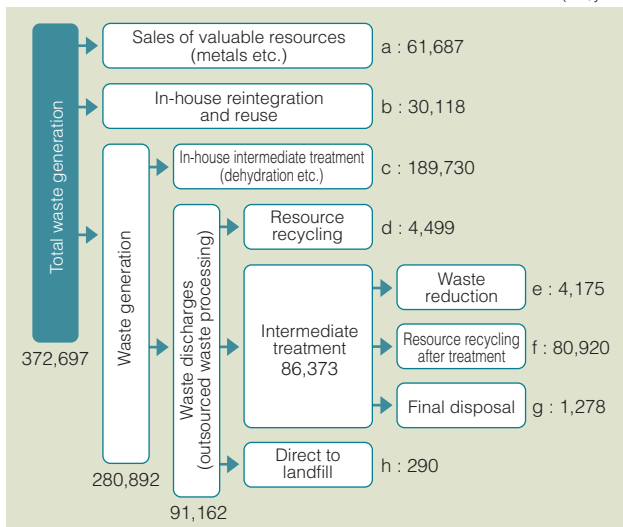
Waste discharge per unit output was reduced 13.5% compared to fiscal 2005, and attained the set target.

91,162 tons of waste were released, 0.8% less than fiscal 2005.

Waste recycling rate

The waste recycling rate improved 0.9% over fiscal 2005 to 99.1%, and thus attained the set target.

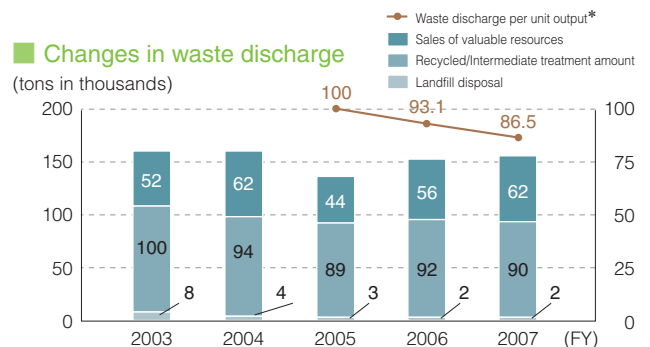
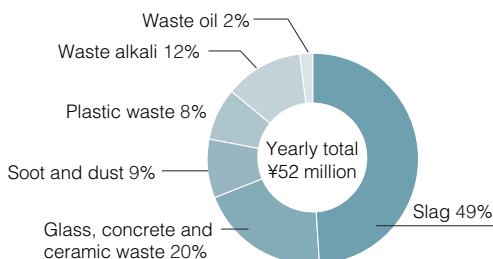
(ton/year)



- Notes: 1. Calculation target: Plants and offices in Japan
 2. Resource recycling rate (%) = $(a + b + d + f) \div (a + b + d + f + g + h) \times 100$
 3. The amounts of waste reduction, resource recycling after treatment and final disposal resulting from outside intermediate treatment were the result of surveys conducted by outsourced companies.

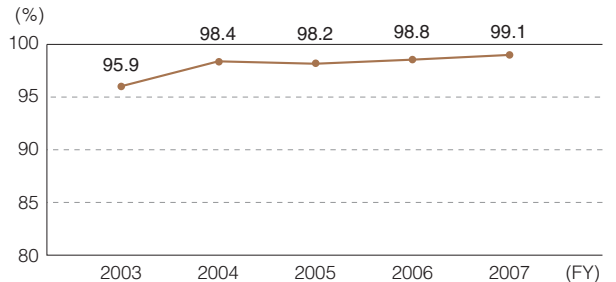
Effects of cost reduction through zero-emission

The reduction, reuse and resource recycling associated with waste contributed to lowered outsourcing fees for waste processing and generated an effect of 52 million yen in cost reductions for the year.

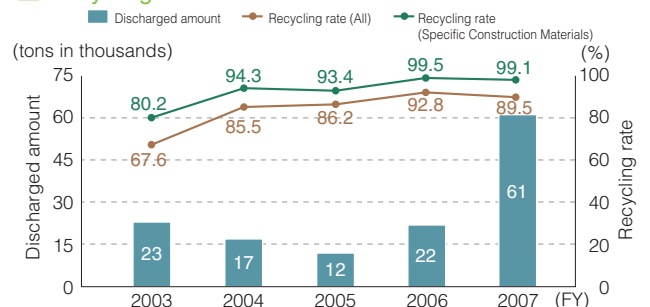


*Waste discharge per unit output (Waste discharge / Internal manufacturing output)

Changes in resource recycling rate

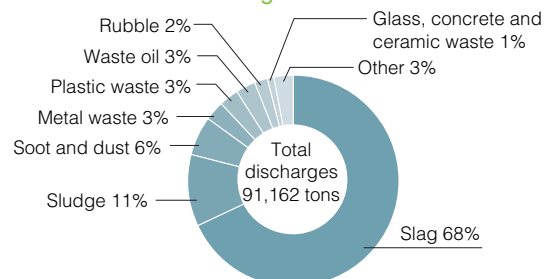


Recycling rate of construction waste



- Notes: 1. Results through FY2006 are for KUBOTA alone, while results for FY2007 include group companies in Japan.
 2. Recycling rate (All) includes construction waste not included under Specific Construction Materials.
 3. Recycling rate = $(\text{Valuable resources} + \text{Amount reused} + \text{Amount recycled} + \text{Reduction amount}) \div \text{Discharged amount (Including valuable resources)}$

Breakdown of waste discharges



Chemical Substance Controls

A chemical control standard has been established and thorough control has been implemented for the substances and PCB that are designated under the Japanese Pollutant Release and Transfer Register [PRTR] Law*.

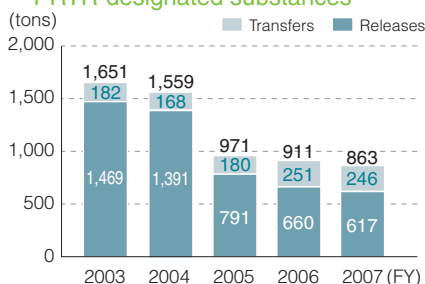
* Proper name: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

Release and transfer of PRTR-designated substances

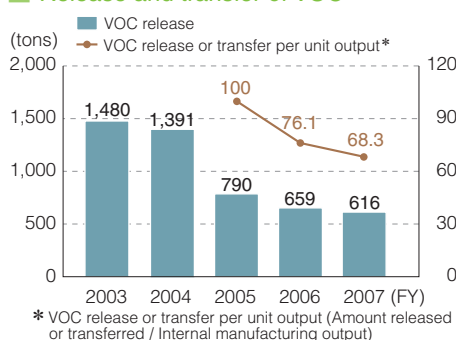
The amounts of release and transfer of PRTR-designated substances was reduced 5.2% over fiscal 2006. VOC emissions were also reduced by 6.5%. VOC release and

transfer per unit output was reduced 31.7% over fiscal 2005, much greater than the 10% target.

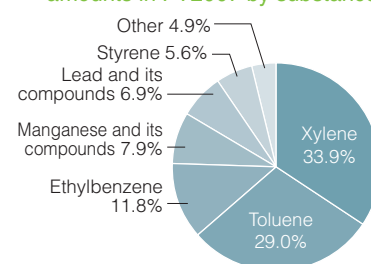
Release and transfer of PRTR-designated substances



Release and transfer of VOC



Proportion of release and transfer amounts in FY2007 by substance



Results of PRTR reporting for FY2007

(for substances (excl. dioxins) for which the annual handling quantity equaled one ton or more (0.5 ton for specific class 1 designations) for each plant and office)

Number specified in Cabinet Order	Chemical substance	Releases				Transfers	
		Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Water-soluble zinc compounds	0	41.5	0	0	25.4	1,375.5
9	Bis (2-ethylhexyl) adipate	0	0	0	0	0	247.2
16	2-aminoethanol	0	0	0	0	0	9,595.8
30	Bisphenol A type epoxy resin (liquid)	0	0	0	0	0	1,192.4
40	Ethylbenzene	86,769.3	0	0	0	0	14,706.6
43	Ethylene glycol	0	0	0	0	0	412.8
60	Cadmium and its compounds	0	0	0	0	0	9,485
63	Xylene	253,382.1	0	0	0	0	39,245.9
68	Chromium and chromium (III) compounds	0	0	0	0	0	11,588.0
69	Chromium (VI) compounds	0	0	0	0	0	518.1
100	Cobalt and its compounds	0	0	0	0	0	461.0
176	Organotin compounds	4.9	0	0	0	0	60.3
177	Styrene	48,683.3	0	0	0	0	0
179	Dioxins	4,539.0	0	0	0	0	0,220.5
224	1, 3, 5-trimethylbenzene	3,951.2	0	0	0	0	926.6
227	Toluene	223,551.3	0	0	0	0	26,707.3
230	Lead and its compounds	15.8	0	0	0	0	59,406.6
231	Nickel	0	0	0	0	0	537.1
232	Nickel compounds	0	55.1	0	0	0	83.2
266	Phenol	0	0	0	0	0	0
270	Di-n-butyl phthalate	0	0	0	0	0	38.4
304	Boron and its compounds	0	0	0	0	0	1,339.1
311	Manganese and its compounds	0.7	54	0	0	0	68,345.8
346	Molybdenum and its compounds	0	0	0	0	0	0
Total		616,358.6	150.6	0	0	25.4	246,272.7

Scope: Domestic production plants and offices ■ : Volatile Organic Compounds (VOC)

PCB measures

KUBOTA will continue its strict policy regarding the management and storage of electrical devices containing PCB and is aiming at 2015 as a completion date for a detoxification process in response to the Law concerning Special Measures against PCB Waste.

In fiscal 2007, 127 devices were treated in this regard.

No. of plants and offices/ companies handling PCBs	High voltage equipment (High PCB concentration)		
	In use	In storage	Total
19	0	628	628

(Scope of application: KUBOTA + Group company production plants and offices in Japan)

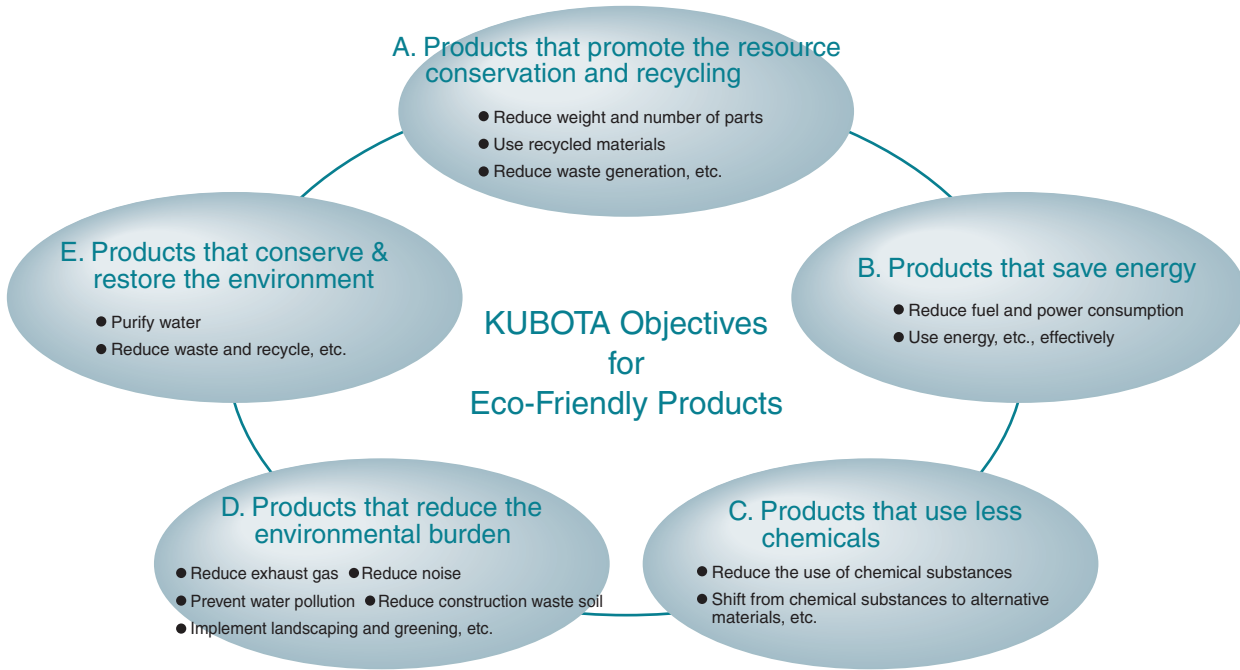
Groundwater monitoring

The result of groundwater measurement in plants and offices that have used organic chlorine-based compounds in the past show detected no such compounds, and there were thus no corresponding problems.

Plant/Office	Substance	Measured groundwater value	Environmental standard value
Tsukuba	Trichloroethylene	None detected (< 0.0002 mg/L)	0.03 mg/L or less
Utsunomiya	Trichloroethylene	None detected (< 0.0005 mg/L)	0.03 mg/L or less
Ryugasaki	Dichloromethane	None detected (< 0.0001 mg/L)	0.02 mg/L or less

Eco-Friendly Products

As a part of product activities that specifically take the environment into consideration, KUBOTA is developing eco-friendly products in the following five areas.



Eco-friendly product activities

Consolidated division	Product group	Field					Content
		A	B	C	D	E	
Farm & Industrial Machinery	Tractors	●			●		Easy-to-dismantle designs; reduction in exhaust gas; reduction in exhaust noise; reduction in operating noise
	Farm implements	●					Reduction in weight; reduction in the number of parts
	Agriculture-related products				●	●	Water pollution prevention; waste resource recycling
	Agricultural facilities		●		●		Reduction in power consumption; water pollution prevention
	Construction machinery	●		●	●		Parts reuse measures; reduction of chemical substance use; reduction in exhaust gas; reduction in exhaust noise
	Engines				●		Reduction in exhaust gas
	Electrical equipment	●	●				Energy conservation; reduction in power consumption
	Vending machines		●				Reduction in power consumption
	Air-conditioning equipment	●	●	●			Reduction in waste; reduction in power consumption; reduction of chemical substance use
Water, environment, and industrial infrastructure	Iron pipes					●	Water purification
	Steel pipes		●		●		Effective utilization of energy; reduction of construction waste soil
	Valves	●			●		Reduction in weight; reduction of construction waste soil
	Industrial equipment and materials		●	●	●		Reduction in fuel consumption; shift from chemical substances to alternative materials; reduction in exhaust noise; reduction of construction waste soil; greening
	Service water- and sewer-related products		●		●	●	Reduction in power consumption; water purification; reduction in waste
	Water environment-related products					●	Water purification; reduction in waste; effective utilization of waste
	Recycling-related products	●	●		●	●	Reduction in weight; reduction in power consumption; reduction in noise and vibration; reduction in waste
	Pumps		●			●	Effective utilization of energy; water purification
Septic tanks				●	●	Reduction of construction waste soil; water purification	
—	Synthetic pipes	●					Utilization of recycled materials; reduction of waste tube generation

Ratio of models with no hazardous chemical substances (RoHS-designated substances) contained

The ratio of models with no hazardous chemical substances (RoHS-designated substances) contained* in fiscal 2007 was 17.8% on a target of 10%.

* Shipping value percentage of products that do not contain hazardous substances (RoHS-designated substances) at or above the set thresholds against the total product shipping value (products and devices excluding plants, equipment, work and services) of KUBOTA production plants and offices in Japan in FY2007

Data on KUBOTA Domestic Production Plants and Offices

Item	Unit	Hanshin Plant (Mukogawa)	Hanshin Plant (Amagasaki)	Hanshin Plant (Shin-yodogawa Factory)	Keiyo Plant (Funabashi)	Keiyo Plant (Ichikawa)	Hirakata Plant
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INPUT

Energy		Unit	Hanshin Plant (Mukogawa)		Hanshin Plant (Amagasaki)		Hanshin Plant (Shin-yodogawa Factory)		Keiyo Plant (Funabashi)		Keiyo Plant (Ichikawa)		Hirakata Plant	
			Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ
	Electricity	10,000 kWh	4,526	443,192	2,895	288,633	234	22,381	5,218	503,459	554	53,607	5,065	495,744
	Coal/Coke	t	13,016	391,786	0	0	0	0	25,141	756,733	0	0	0	0
	Town gas	1,000 m ³	3,994	156,973	3,853	151,434	0	0	2,788	109,569	0	0	4,418	173,646
	Kerosene	kL	4,915	180,387	8	305	212	7,798	11,608	426,007	15	547	99	3,629
	Light oil	kL	26	1,005	0	0	20	747	207	7,913	6	237	479	18,284
	Heavy fuel oil A	kL	0	0	0	0	0	0	0	0	0	0	0	
	LPG, other		-	581	-	0	-	173	-	24,459	-	1,579	-	11
	Total		-	1,173,923	-	440,372	-	31,099	-	1,828,141	-	55,970	-	691,314

Water usage	10,000 m ³	98.9	19.3	1.5	133.7	1.4	20.6
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OUTPUT

CO ₂ emission	t-CO ₂	78,719	18,047	1,428	137,229	2,187	28,419
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Atmospheric exhaust gas	Main smoke and soot generating facilities		Melting furnaces			Heating furnaces			Drying furnaces			Melting furnaces			-			Heating furnaces				
	SOx	NOx	SOot and dust	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	
	Regulation of volume and K-value regulation: m ³ /h	Regulation of volume: m ³ /h, Concentration regulation: ppm	g/m ³ N	K-value regulation	0.26	0.0068	* Use of town gas with zero sulfur content	Regulation of volume	8.30/year	2.023/year	K-value regulation	0.68	Under 0.001	Regulation of volume	19.3	0.06	Regulation of volume	54.1	6.9	Regulation of volume	20.286	1.94
				Regulation of volume	61.00/year	12.143/year	Regulation of volume	0.1	0.0146	Concentration regulation	230	42	Concentration regulation	0.1	Under 0.005	Concentration regulation	0.1	0.0009	Concentration regulation	0.1	0.013	0.013

Drainage	Public water areas	pH	Regulated value		Measured value		Regulated value		Measured value		Regulated value		Measured value		Regulated value		Measured value	
			5-8	8-6	7.1	-	-	-	7.2	5-9	7.8	5-9	7	5.8-8.6	7.2			
		BOD	mg/L	30	3	-	-	-	3	-	-	60	7	25	2.8			
		COD	mg/L	20	0.1	-	-	7	20	2.2	60	10.9	25	4.7				
		Nitrogen	mg/L	40	5.3	-	-	6.50	20	3.6	70	11.7	120	4.3				
		Phosphorus	mg/L	1	0.10	-	-	0.36	2	0.12	7	1.4	16	0.42				
		Hexavalent chromium	mg/L	0.35	0.01	-	-	ND	0.05	ND	0.5	ND	0.05	ND				
		Lead	mg/L	0.1	ND	-	-	ND	0.1	ND	0.1	ND	0.01	ND				
		Regulation value of COD volume	kg/day	112.3	23	-	-	-	230.3	16.21	2,600	0.50	49.93	2.75				
		Regulation value of nitrogen volume	kg/day	129.1	19	-	-	-	163.5	10.93	2,855	0.54	52.6	2.93				
		Regulation value of phosphorus volume	kg/day	16.5	0.4	-	-	-	21.8	0.21	0.257	0.06	6.26	0.21				
	Sewerage	pH	-	5.7-8.7	7.2	5.7-8.7	7.2	-	-	-	-	-	-	-				
		BOD	mg/L	300	7	300	22	-	-	-	-	-	-	-				
		COD	mg/L	-	0.2	-	-	-	-	-	-	-	-	-				
		SS	mg/L	300	2	300	5	-	-	-	-	-	-	-				

Waste	Volume of discharge	t	12,130	3,411	728	31,664	142	4,617
	Resource recycling rate	%	97.5	99.9	100	99.4	99.5	98.6

Results of PRTR Reporting Unit: kg/year (dioxins: mg-TEQ/year)

Name of plant or office	Name of substance	Number specified in Cabinet Order	Release volume					Transfer volume	
			Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
Hanshin Plant (Mukogawa)	Ethylbenzene	40	3,284	0	0	0	0	61	
	Xylene	63	5,935	0	0	0	0	90	
	1, 3, 5-trimethylbenzene	224	1,894	0	0	0	0	0	
	Toluene	227	45,282	0	0	0	0	1,548	
	Lead and its compounds	230	0	0	0	0	0	23,992	
	Nickel	231	0	0	0	0	0	260	
Hanshin Plant (Marushima)	Phenol	266	0	0	0	0	0	0	
	Ethylbenzene	40	7,949	0	0	0	0	8.0	
	Xylene	63	20,024	0	0	0	0	11.0	
Hanshin Plant (Amagasaki)	Toluene	227	25,311	0	0	0	0	199	
	Nickel	231	0	0	0	0	0	77	
	Chromium and chromium (III) compounds	68	0	0	0	0	0	4,071	
	Toluene	227	1,894	0	0	0	0	0	
Hanshin Plant (Nagasu)	Nickel	231	0	0	0	0	0	166	
	Boron and its compounds	304	0	0	0	0	0	1,339	
	Manganese and its compounds	311	0.7	0	0	0	0	19,368	
	Molybdenum and its compounds	346	0	0	0	0	0	0	
Shin-yodogawa Factory	Ethylbenzene	40	1,526	0	0	0	0	0	
	Xylene	63	3,459	0	0	0	0	0	
	Toluene	227	2,554	0	0	0	0	0	
	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	0	
	Xylene	63	1,457	0	0	0	0	0	
Hirakata Plant	Cobalt and its compounds	100	0	0	0	0	0	461	
	Styrene	177	11,609	0	0	0	0	0	
	Ethylbenzene	40	909	0	0	0	0	10,688	
	Xylene	63	1,693	0	0	0	0	19,316	
	Chromium and chromium (III) compounds	68	0	0	0	0	0	6,215	
	Cobalt and its compounds	100	0	0	0	0	0	0	
	1, 3, 5-trimethylbenzene	224	78	0	0	0	0	927	
Toluene	227	1,637	0	0	0	0	16,167		
Lead and its compounds	230	0	0	0	0	0	2,362		
Nickel	231	0	0	0	0	0	6		
Boron and its compounds	304	0	0	0	0	0	0		
Manganese and its compounds	311	0	0	0	0	0	9,883		
Molybdenum and its compounds	346	0	0	0	0	0	0		

Name of plant or office	Name of substance	Number specified in Cabinet Order	Release volume					Transfer volume	
			Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
Keiyo Plant (Funabashi)	Ethylbenzene	40	33,795	0	0	0	0	0	
	Cadmium and its compounds	60	0	0	0	0	0	9,485	
	Xylene	63	55,654	0	0	0	0	0	
	Toluene	227	106,836	0	0	0	0	0	
	Lead and its compounds	230	0	0	0	0	0	28,711	
	Nickel	231	0	0	0	0	0	27	
	Phenol	266	0	0	0	0	0	0	
Keiyo Plant (Distribution Center)	Manganese and its compounds	311	0	0	0	0	0	35,092	
	Ethylbenzene	40	13,538	0	0	0	0	0	
	Xylene	63	66,110	0	0	0	0	0	
Keiyo Plant (Ichikawa)	Toluene	227	20,600	0	0	0	0	0	
	Xylene	63	1,521	0	0	0	0	0.0	
Keiyo Plant (Gyotoku Processing Center)	Manganese and its compounds	311	0	0	0	0	0	55	
	Manganese and its compounds	311	0	0	0	0	0	32	
Hirakata Plant	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	456	
	Ethylbenzene	40	909	0	0	0	0	10,688	
	Xylene	63	1,693	0	0	0	0	19,316	
	Chromium and chromium (III) compounds	68	0	0	0	0	0	6,215	
	Cobalt and its compounds	100	0	0	0	0	0	0	
	1, 3, 5-trimethylbenzene	224	78	0	0	0	0	927	
	Toluene	227	1,637	0	0	0	0	16,167	
	Lead and its compounds	230	0	0	0	0	0	2,362	
	Nickel	231	0	0	0	0	0	6	
	Boron and its compounds	304	0	0	0	0	0	0	
Manganese and its compounds	311	0	0	0	0	0	9,883		
Molybdenum and its compounds	346	0	0	0	0	0	0		



Okajima Plant	Sakai Plant	Sakai Rinkai Plant	Utsunomiya Plant	Tsukuba Plant	Kyuhoji Business Center	Ryugasaki Plant	Shiga Plant
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Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ	Volume of use	Calorific conversion GJ
6,833	664,845	3,607	352,104	1,929	187,884	837	82,396	3,738	364,839	253	24,808	366	36,498
9,907	298,187	0	0	0	0	0	0	0	0	0	0	0	0
2,241	88,076	2,281	89,652	871	34,249	1,064	41,807	2,498	98,160	158	6,203	238	9,365
2	81	0	0	0	0	329	12,074	833	30,558	12	440	24	881
98	3,730	840	32,077	1,595	60,921	0	0	0	0	0	8	3	122
0	0	620	24,242	23	907	0	0	0	0	0	0	0	0
-	100	-	4,638	-	3,630	-	0	-	0	-	999	-	617
-	1,055,019	-	502,713	-	287,591	-	136,277	-	493,556	-	32,458	-	47,484

15.0	13.7	6.3	31.0	18.7	1.3	2.1	22.4
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63,196	21,568	13,123	6,013	20,794	1,308	1,931	2,694
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Melting furnaces			Drying furnaces			Boilers			Boilers			Boilers			Boilers		
Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value	Regulation content	Regulated value	Measured value
Regulation of volume	2.86	0.046	Regulation of volume	2.18	0.1046	No smoke and soot generating facilities			* Use of town gas with zero sulfur	K-value regulation	10.36	0.06	No smoke and soot generating facilities			* Use of town gas with zero sulfur	* Use of town gas with zero sulfur
Regulation of volume	2.4	0.47	Regulation of volume	1.997	0.442	Concentration regulation	150	15	Concentration regulation	230	110	Concentration regulation	230	68	Concentration regulation	180	36
Concentration regulation	0.05	0.005	Concentration regulation	0.1	0.005	Concentration regulation	0.1	0.001	Concentration regulation	0.25	0.01	Concentration regulation	0.2	0.01	-	-	-

Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value	Regulated value	Measured value
-	-	-	-	5.8-8.6	7.2	5.8-8.6	7.4	5.8-8.6	7.4	-	-	-	-	6.0-8.5	7.4
-	-	-	-	15	5	25	ND	20	5.8	-	-	-	-	20	1
-	-	-	-	25	10	-	2.8	20	8.0	-	-	-	-	20	3
-	-	-	-	120	20	120	12.7	60	3.2	-	-	-	-	8	ND
-	-	-	-	8	ND	16	1.0	8	0.28	-	-	-	-	0.8	0.17
-	-	-	-	0.5	ND	0.5	ND	0.5	ND	-	-	-	-	0.05	ND
-	-	-	-	0.1	ND	0.1	ND	0.1	ND	-	-	-	-	0.1	ND
-	-	-	-	2.75	1.11	-	-	-	-	-	-	-	-	-	-
-	-	-	-	5.50	2.11	-	-	-	-	-	-	-	-	-	-
-	-	-	-	0.44	0.10	-	-	-	-	-	-	-	-	-	-
5.7-8.7	7.5	5.7-8.7	7.2	-	-	-	-	-	-	5.7-8.7	7	5.0-9.0	7.8	-	-
600	80	300	13	-	-	-	-	-	-	300	2	600	220	-	-
-	-	-	23	-	-	-	-	-	-	-	-	600	96	-	-
600	17	300	9	-	-	-	-	-	-	300	3	600	11	-	-

29,512	1,260	1,049	374	1,870	373	258	394
99.9	99.9	98.4	98.4	99.9	98.2	99.3	99.2

Name of plant or office	Name of substance	Number specified in Cabinet Order	Release volume					Transfer volume	
			Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
Okajima Plant	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	736	
	Ethylbenzene	40	2,559	0	0	0	0	853	
	Xylene	63	16,941	0	0	0	0	5,647	
	Chromium and chromium (III) compounds	68	0	0	0	0	0	1,302	
	Nickel	231	0	0	0	0	0	0	
	Phenol	266	0	0	0	0	0	0	
	Manganese and its compounds	311	0	0	0	0	0	3,682	
Sakai Plant	Water-soluble zinc compounds	1	0	0	0	0	25.4	0	
	2-aminoethanol	16	0	0	0	0	0	4,108	
	Ethylbenzene	40	1,437	0	0	0	0	445	
	Ethylene glycol	43	0	0	0	0	0	413	
	Xylene	63	4,126	0	0	0	0	1,942	
Sakai Rinkai Plant	Toluene	227	1,084	0	0	0	0	1,617	
	2-aminoethanol	16	0	0	0	0	0	1,427	
	Ethylbenzene	40	36	0	0	0	0	235	
	Xylene	63	262	0	0	0	0	1,084	
Utsunomiya Plant	Toluene	227	272	0	0	0	0	819	
	Water-soluble zinc compounds	1	0	8.6	0	0	0	503	
	Ethylbenzene	40	5,203	0	0	0	0	2,017	
	Ethylene glycol	43	0	0	0	0	0	0	
	Xylene	63	16,216	0	0	0	0	6,231	
	Toluene	227	626	0	0	0	0	243	
	Lead and its compounds	230	0	0	0	0	0	885	
	Nickel compounds	232	0	55	0	0	0	83	
Manganese and its compounds	311	0	54	0	0	0	234		

Name of plant or office	Name of substance	Number specified in Cabinet Order	Release volume					Transfer volume	
			Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
Tsukuba Plant	Water-soluble zinc compounds	1	0	33	0	0	0	872	
	2-aminoethanol	16	0	0	0	0	0	4,061	
	Ethylbenzene	40	12,709	0	0	0	0	270	
	Ethylene glycol	43	0	0	0	0	0	0	
	Xylene	63	45,983	0	0	0	0	3,441	
	Chromium (VI) compounds	69	0	0	0	0	0	518	
	1, 3, 5-trimethylbenzene	224	1,979	0	0	0	0	0	
	Toluene	227	11,702	0	0	0	0	2,893	
Kyuhoji Business Center	Lead and its compound	230	0	0	0	0	0	2,528	
	Xylene	63	1,110	0	0	0	0	789	
Ryugasaki Plant	Toluene	227	149	0	0	0	0	1,766	
	Ethylbenzene	40	2,719	0	0	0	0	54	
Shiga Plant	Xylene	63	3,348	0	0	0	0	75	
	Toluene	227	2,960	0	0	0	0	789	
Shin-yodogawa Environmental Plant Center	Bis (2-ethylhexyl) adipate	9	0	0	0	0	0	247	
	Styrene	177	37,074	0	0	0	0	0	
Shin-yodogawa Environmental Plant Center	Di-n-butyl phthalate	270	0	0	0	0	0	38	
Shin-yodogawa Environmental Plant Center	Dioxins	179	0.0290	0	0	0	0	0.1200	

Data on KUBOTA Group Domestic Production Plants and Offices

Item	Unit	Kubota-C.I. (Sakai)	Kubota-C.I. (Odawara)	Kubota-C.I. (Tochigi)	Kubota Air Conditioner (Tochigi)	Kubota Precision Machinery	Nippon Plastic Industry	Kyusyu Kubota Chemical
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INPUT

Energy		Unit	Kubota-C.I. (Sakai)		Kubota-C.I. (Odawara)		Kubota-C.I. (Tochigi)		Kubota Air Conditioner (Tochigi)		Kubota Precision Machinery		Nippon Plastic Industry		Kyusyu Kubota Chemical	
			Volume of use	Calorific conversion	Volume of use	Calorific conversion	Volume of use	Calorific conversion	Volume of use	Calorific conversion	Volume of use	Calorific conversion	Volume of use	Calorific conversion	Volume of use	Calorific conversion
	Electricity	10,000 kWh	2,521	245,244	3,004	291,300	1,277	123,227	227	22,676	1,359	132,059	1,115	111,166	586	56,374
	Coal/Coke	t	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Town gas	1,000 m ³	89	3,494	36	1,411	0	0	192	7,541	636	25,007	82	3,209	0	0
	Kerosene	kL	0	0	0	0	3	97	3	114	0	4	1	19	1	37
	Light oil	kL	0	0	35	1,350	6	237	0	0	10	383	0	0	0	0
	Heavy fuel oil A	kL	0	0	0	0	2,212	86,501	27	1,070	0	0	0	0	0	0
	LPG, other		-	725	-	254	-	734	-	142	-	454	-	356	-	80
	Total		-	249,463	-	294,315	-	210,795	-	31,544	-	157,907	-	114,750	-	56,491

Water usage	10,000 m ³	6.5	5.7	31.6	6.5	1.5	12.2	0.2
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OUTPUT

CO ₂ emission	t-CO ₂	10,102	11,234	10,763	1,310	6,186	5,225	2,146
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Atmospheric exhaust gas	Main smoke and soot generating facilities			Diesel engines			Boilers			-			-		
	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust	SOx	NOx	Soot and dust
	Regulation of volume and K-value regulation: m ³ /h	Regulation of volume: m ³ /h, Concentration regulation: ppm	g/m ³ N	No smoke and soot generating facilities	No smoke and soot generating facilities	No smoke and soot generating facilities	K-value regulation: 2.7, Concentration regulation: 0.1	K-value regulation: 0.2, Concentration regulation: 0.046	K-value regulation: 2.3, Concentration regulation: 0.3	0.058	0.83	Under 0.005	No smoke and soot generating facilities	No smoke and soot generating facilities	No smoke and soot generating facilities

Drainage	Public water areas	pH	Regulated value		Measured value		Regulated value		Measured value		Regulated value		Measured value		Regulated value		Measured value	
			Regulation	Value	Regulation	Value	Regulation	Value	Regulation	Value	Regulation	Value	Regulation	Value	Regulation	Value	Regulation	Value
			-	-	5.8-8.6	8.1	5.8-8.6	8.2	5.8-8.6	7.5	-	-	5.8-8.6	7.4	-	-	-	-
	BOD	mg/L	-	-	60	1.8	20	1	30	5.2	-	-	160	2.3	-	-	-	-
	COD	mg/L	-	-	60	3.8	-	0.9	30	-	-	-	160	ND	-	-	-	-
	Nitrogen	mg/L	-	-	120	1.1	60	0.88	20	-	-	-	120	-	-	-	-	-
	Phosphorus	mg/L	-	-	16	0.08	1	ND	2	-	-	-	16	-	-	-	-	-
	Hexavalent chromium	mg/L	-	-	0.5	ND	0.1	ND	0.1	ND	-	-	0.5	-	-	-	-	-
	Lead	mg/L	-	-	0.1	ND	0.1	0.02	0.1	ND	-	-	0.1	ND	-	-	-	-
	Regulation value of BOD volume	kg/day	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Regulation value of nitrogen volume	kg/day	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Regulation value of phosphorus volume	kg/day	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sewerage	pH	-	5.7-8.7	7.3	-	-	-	-	-	-	(no specific facilities)	-	-	-	-	(no specific facilities)	-
		BOD	mg/L	300	ND	-	-	-	-	-	-	-	-	-	-	-	-	-
		COD	mg/L	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-
		SS	mg/L	300	ND	-	-	-	-	-	-	-	-	-	-	-	-	-

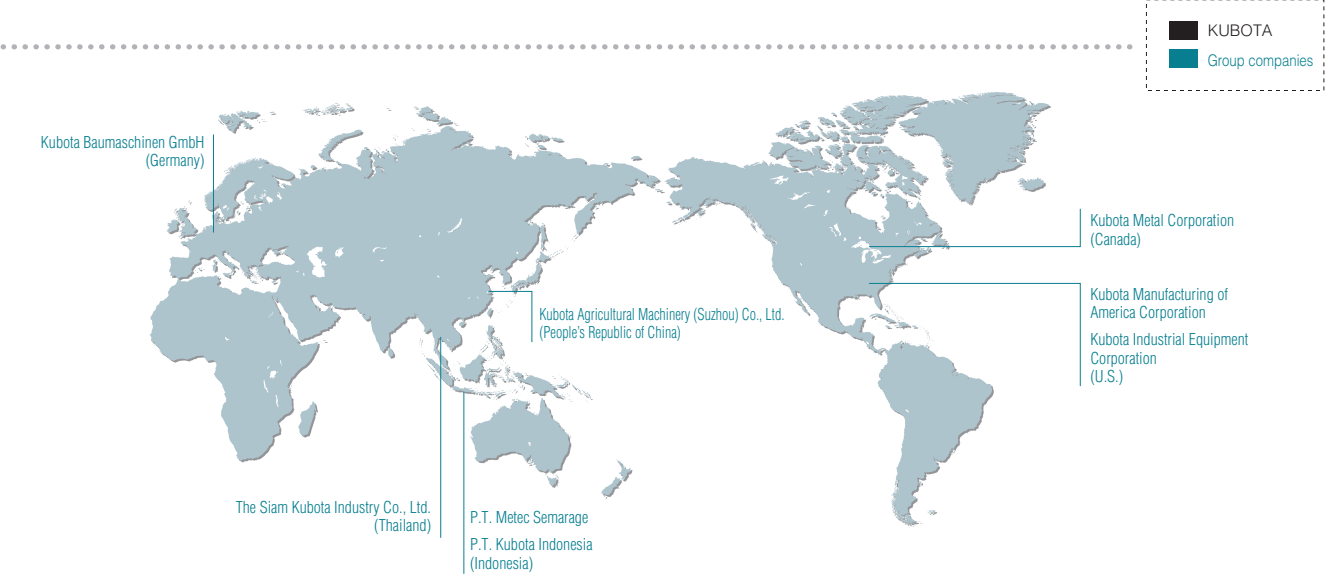
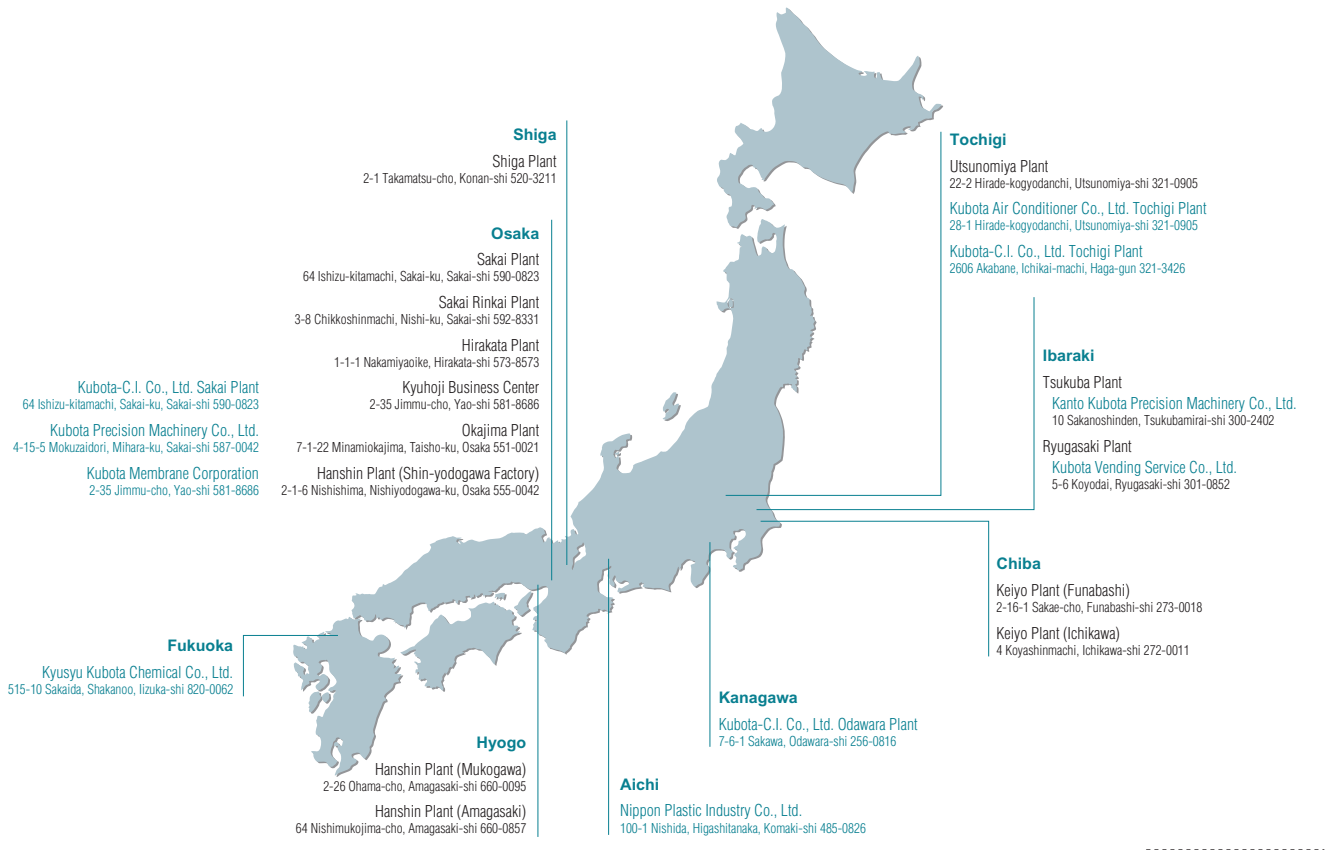
Waste	Volume of discharge	t	146	168	268	220	468	98	88
	Resource recycling rate	%	100	100	95.5	100	97.1	98.4	98.8

Results of PRTR Reporting Unit: kg/year (dioxins: mg-TEQ/year)

Name of plant or office	Name of substance	Number specified in Cabinet Order	Release volume					Transfer volume	
			Atmosphere	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site	
Kubota-C.I. (Sakai)	Xylene	63	16	0	0	0	0	0	
	Organotin compounds	176	4.9	0	0	0	0	11	
	Toluene	227	236	0	0	0	0	0	
Kubota-C.I. (Odawara)	Lead and its compounds	230	12	0	0	0	0	25	
	Organotin compounds	176	0	0	0	0	0	3.4	
Kubota-C.I. (Tochigi)	Lead and its compounds	230	1.5	0	0	0	0	85	
	Organotin compounds	176	0	0	0	0	0	6.1	
Kubota Air Conditioner (Tochigi)	Lead and its compounds	230	0	0	0	0	0	650	
	Xylene	63	1,230	0	0	0	0	308	
Nippon Plastic Industry	Toluene	227	888	0	0	0	0	222	
	Lead and its compounds	230	1.0	0	0	0	0	26	
Kyusyu Kubota Chemical	Organotin compounds	176	0	0	0	0	0	40	
	Lead and its compounds	230	0	0	0	0	0	96	

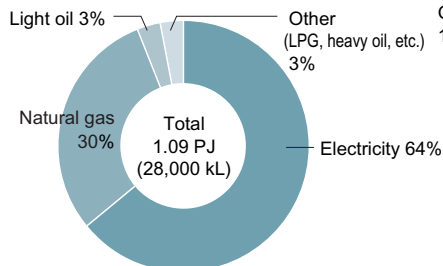


Main Production Bases (as of March 31, 2007)

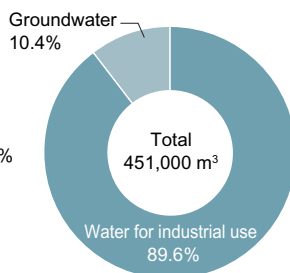


Environmental data on overseas production plants and offices for FY2007 (excerpt)

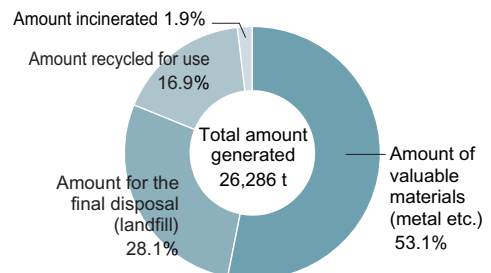
■ Total amount of energy input



■ Amount of water usage

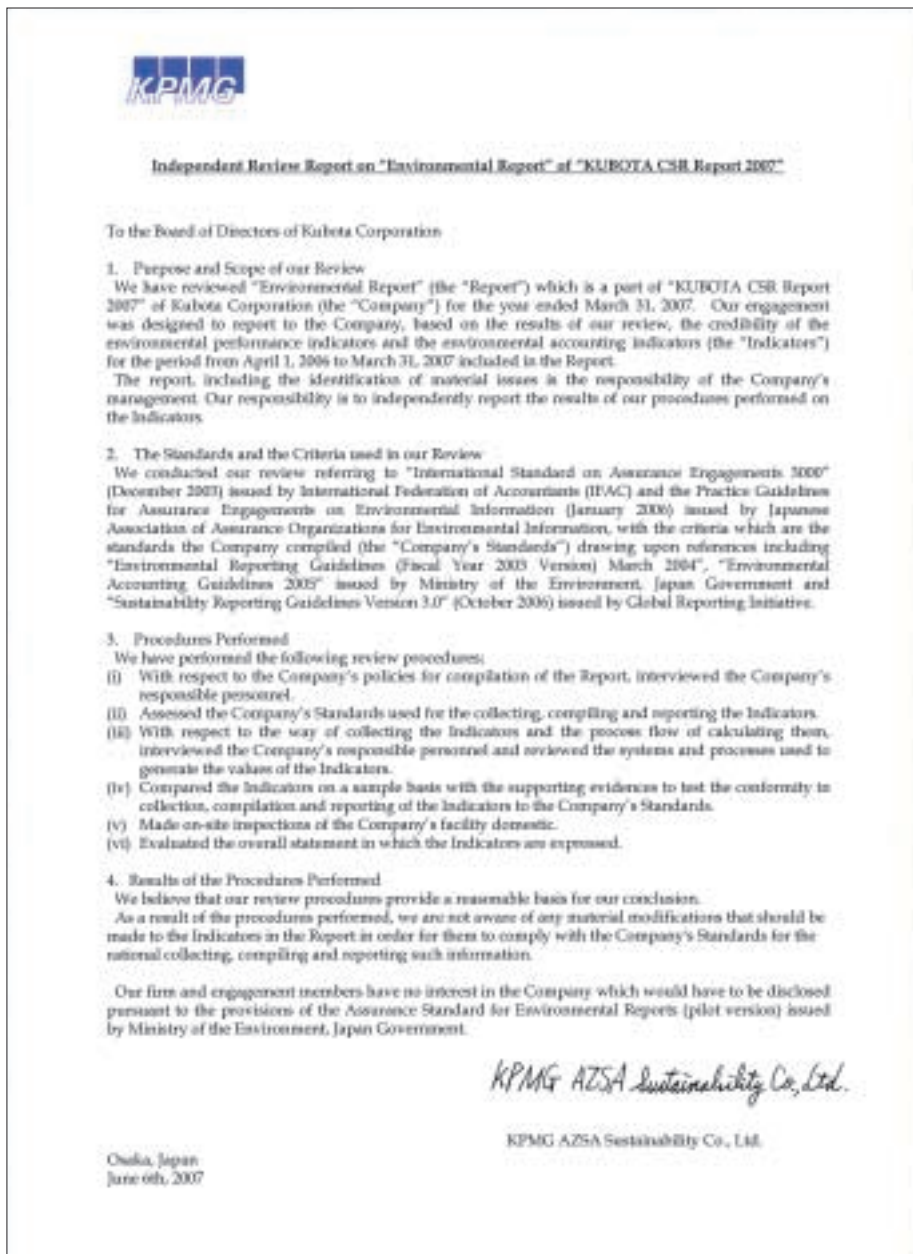


■ Amount of generated waste etc.



Independent Review on the Environmental Report

KUBOTA implemented independent review of corresponding data from fiscal 2005 in order to improve the reliability and coverage of environmental information.



On-site inspections



Tsukuba Plant



Sakai Plant, Kubota-C.I.

Please take a few minutes to answer
this questionnaire.

Thank you for reading the “Kubota CSR Report 2007”.

We would sincerely like to hear your opinions and impressions on this report
and will refer to the opinions and impressions that we receive in an aim at
further improving our reports in the future.

We would thus greatly appreciate your cooperation in filling out the
questionnaire on the following page and faxing or mailing it back to us.



or mail to

KUBOTA Corporation
c/o CSR Planning & Coordination Dept.
1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka 556-8601 JAPAN

Q1 What was your impression of KUBOTA's Economic Report?
1. Quite good 2. Normal 3. Lacking 4. Do not know

Q2 What impression do you have of the social activities being implemented at Kubota?
1. Quite good 2. Normal 3. Lacking 4. Do not know

Q3 What impression do you have of KUBOTA's approach towards global environmental issues (overall, and including the content of this report)?
1. Quite good 2. Normal 3. Lacking 4. Do not know

Q4 What was your impression of this report?
1. Easy to understand 2. Normal 3. Difficult to understand

Q5 Please indicate the item(s) in this report that you feel are easy to understand, difficult to understand, should be added, and should be deleted.

(1) In regard to our Fundamental Views on CSR Management

Easy to understand item(s):

 Difficult to understand item(s):

 Item(s) that should be added:

 Item(s) that should be deleted:

(2) In regard to the Economic Report

Easy to understand item(s):

 Difficult to understand item(s):

 Item(s) that should be added:

 Item(s) that should be deleted:

(3) In regard to the Social Reporting

Easy to understand item(s):

 Difficult to understand item(s):

 Item(s) that should be added:

 Item(s) that should be deleted:

(4) In regard to the Environmental Report

Easy to understand item(s):

 Difficult to understand item(s):

 Item(s) that should be added:

 Item(s) that should be deleted:

Q6 From what viewpoint did you read this report?
1. Customer 2. Investor or shareholder 3. Employee (including of affiliate companies)
4. Local resident 5. Supplier 6. Government-related
7. Person in charge of corporate environment 8. Person in charge of corporate CSR
9. NGO or NPO-related 10. Academic or researcher
11. Environmental examination or measurement organization
12. Media-related (journalist, broadcaster, etc.) 13. Student 14. Other

Q7 Other opinion etc.

Thank you for your cooperation. Please tell us a little bit about yourself.
(Your personal information will never be disclosed to third parties without your approval.)

Name _____ Sex M F Age _____
 Address _____
 Business field _____ Tel: _____

Comments on the CSR Report

Comments on the “KUBOTA CSR Report 2007”

June 2, 2007



Akira Kajiwara,
Manager

KPMG AZSA Sustainability Co., Ltd.
(a subsidiary of KPMG AZSA & Co.)

As one of the features of KUBOTA’s 2007 CSR Report, I can mention that their stance towards actively working on promoting the disclosure of a variety of information can be readily found throughout this report. KUBOTA raises “clarification of our stance towards actively implementing CSR management” and the “functional integration towards a management system based on CSR management activities” as the points they want to focus on when implementing CSR management throughout the group.

Looking at that concretely, the establishment of corporate governance and advancement of compliance are included in the former theme, and risk management and the construction of an internal control system are included in the latter. Both of these goals can be evaluated highly in regard to their attempt at positively advancing the disclosure of information. Specifically, we can construe from this CSR Report that KUBOTA is sincerely responding not only to problems such as asbestos etc., that are currently being taken up socially on a major scale, but is also dealing with other negative information as part of their system of risk management.

Furthermore, KUBOTA is making an effort to positively promote CSR activity throughout the entire KUBOTA Group. However, in regard to concrete measures towards that end and the content of the activities of their main domestic and overseas group businesses, it can be thought that there is room for further disclosure. If they were to promote the disclosure of more information, especially on CSR activities for each region and each site even in regard to their overseas bases, I think that the style of CSR management that is developing worldwide in the KUBOTA Group would become even stronger.

In their aim at further advancement in business and further progress in CSR management, I expect positive things to develop in the future at KUBOTA where they promote the objective of “Water, Soil, Air... For All of Us”.

In response to the above comments



Noboru Sasaki,
CSR Planning & Coordination Dept. Manager
KUBOTA Corporation

From fiscal 2000 to fiscal 2005, we issued Environmental Reports that focused on environmental preservation activities. In fiscal 2006, we issued Social and Environmental Reports that added the fruits of our social activities, and then from fiscal 2007 we included the products of our economy activities, reediting this all into a “CSR Report” that has brought the results of our CSR management together from 3 different viewpoints: economically, socially, and environmentally. This current year marks the 2nd publication of this report as a CSR Report while, counting from the 1st Environmental Report, this is our 9th issue overall. This year’s report has especially enhanced the description of the results from our economy activity in an aim at sincerely reporting the outcome of the KUBOTA Group’s CSR management activities to stakeholders.

In addition, since we offer technology and products to a diversity of customers and we actively conduct business in a variety of markets, we have attempted to make our position of “contributing to society through business” in regard to CSR management in

the KUBOTA Group’s as clear and comprehensible as possible.

Moreover, in regard to one point of last year’s third party comments, i.e., the more concrete disclosure of measures towards preventative principles on health and the environment and on preventing irregularities for the future, we have published the status of our efforts towards strengthening internal control, which is a measure related to risk management and the prevention of scandals.

On the issuance of this report for fiscal 2008, we have received third party comments from Mr. Akira Kajiwara of KPMG AZSA Sustainability Co., Ltd. It is my desire that we earnestly acknowledge the points that he has indicated, promote the permeation of the idea of CSR management throughout the entire KUBOTA Group, systematically advance its development, and firmly establish it within the conduct of our business activities.

For the future, KUBOTA is dedicated to working towards transmitting the results of the CSR management in an even more concrete manner.

Kubota

KUBOTA Corporation

1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka 556-8601 Japan

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