

KUBOTA CORP  
Form 20-F  
June 30, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 20-F**

.. **REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

OR

..

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Date of event requiring this shell company report \_\_\_\_\_

Commission file number 1-07294

**KABUSHIKI KAISHA KUBOTA**

(Exact name of registrant as specified in its charter)

**KUBOTA CORPORATION**

(Translation of registrant's name into English)

**JAPAN**

(Jurisdiction of incorporation or organization)

**2-47, Shikitsuhigashi 1-Chome, Naniwa-Ku, Osaka, JAPAN**

(Address of principal executive offices)

**Junichi Adachi, +81-6-6648-2645, +81-6-6648-2632, 2-47, Shikitsuhigashi 1-Chome, Naniwa-Ku, Osaka, JAPAN**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

|  |   |
|--|---|
| <p><b>Title of each class</b><br/><b>Common Stock*</b></p> | <p><b>Name of each exchange</b><br/><b>on which registered</b><br/><b>New York Stock Exchange</b></p> |
|--|---|

\* Not for trading, but only in connection with the listing of American Depositary Receipts pursuant to the requirement of the New York Stock Exchange.  
 American Depositary Receipts evidence American Depositary Shares, each American Depositary Share representing five shares of the registrant's common stock.

**Securities registered or to be registered pursuant to Section 12(g) of the Act**

None

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

| Title of Class             | Outstanding as of              |                                   |
|----------------------------|--------------------------------|-----------------------------------|
|                            | March 31, 2011<br>(Tokyo Time) | March 31, 2011<br>(New York Time) |
| Common stock               | 1,271,712,547 shares           |                                   |
| American Depositary Shares |                                | 7,351,728 ADS                     |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP .

International Financial Reporting Standards as issued by the International Accounting Standards Board .

Other .

If  Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If it is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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All information contained in this annual report is as of or for the 12 months ended March 31, 2011 ( fiscal 2011 ) unless otherwise specified.

As used in this annual report herein, Kubota and the Company refer to Kubota Corporation and its subsidiaries unless the context otherwise indicates.

The noon buying rate for cable transfers in yen in New York City as certified for customs purposes by the Federal Reserve Bank of New York on June 7, 2011 was ¥80.21 = US\$1.

As used in this annual report, U.S. dollar or \$ means the lawful currency of the United States of America, Canadian dollar or Can\$ means the lawful currency of Canada and yen or ¥ means the lawful currency of Japan.

<Cautionary Statement with Respect to Forward-Looking Statements>

Certain sections of this annual report on Form 20-F contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. Words such as expects, anticipates, believes, scheduled, estimates, variations of these words and similar expressions are intended to identify forward-looking statements which include but are not limited to projections of revenues, earnings, segment performance, cash flows and so forth. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures, both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

**Table of Contents****PART I****Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information****A. Selected Financial Data**

|   | Years ended March 31  |             |             |             |             |
|---|---|-------------|-------------|-------------|-------------|
|   | (Millions of Yen except number of shares outstanding and per share amounts) |             |             |             |             |
|   | 2011  | 2010        | 2009        | 2008        | 2007        |
| <b>For the year:</b>  |   |             |             |             |             |
| Revenues  | ¥ 933,685   | ¥ 930,644   | ¥ 1,107,482 | ¥ 1,154,574 | ¥ 1,127,456 |
| Ratio to previous year  | 100.3%  | 84.0%       | 95.9%       | 102.4%      | 105.8%      |
| Cost of revenues  | 678,653   | 681,374     | 810,226     | 824,093     | 794,687     |
| Selling, general, and administrative expenses   | 165,407   | 179,352     | 193,426     | 192,935     | 199,356     |
| Other operating expenses  | 3,514   | 216         | 1,015       | 671         | 3,066       |
| Operating income  | 86,111  | 69,702      | 102,815     | 136,875     | 130,347     |
| Income from continuing operations   | 61,108  | 47,908      | 54,735      | 74,627      | 83,957      |
| Income (loss) from discontinued operations, net of taxes                                  |   |             |             | 189         | (1,286)     |
| Net income  | 61,108  | 47,908      | 54,735      | 74,816      | 82,671      |
| Net income attributable to Kubota Corporation:  | 54,822  | 42,326      | 48,064      | 68,026      | 76,457      |
| Ratio to previous year  | 129.5%  | 88.1%       | 70.7%       | 89.0%       | 94.4%       |
| Ratio to revenues   | 5.9%  | 4.5%        | 4.3%        | 5.9%        | 6.8%        |
| <b>At year-end:</b>   |   |             |             |             |             |
| Total assets  | ¥ 1,356,852   | ¥ 1,409,033 | ¥ 1,385,824 | ¥ 1,464,270 | ¥ 1,502,532 |
| Working capital   | 342,076   | 380,590     | 321,971     | 303,177     | 240,417     |
| Long-term debt  | 191,760   | 243,333     | 208,588     | 183,945     | 150,105     |
| Net assets  | 681,361   | 671,619     | 616,243     | 691,327     | 695,706     |
| Total Kubota Corporation shareholders' equity   | 634,885   | 626,397     | 578,284     | 648,097     | 659,637     |
| Common stock  | 84,070  | 84,070      | 84,070      | 84,070      | 84,070      |
| Number of shares outstanding in thousands   | 1,271,713   | 1,271,847   | 1,272,063   | 1,280,604   | 1,291,513   |
| <b>Per common share and per 5 common shares data<sup>(1)(2)</sup>:</b>                    |   |             |             |             |             |
| Income from continuing operations attributable to Kubota Corporation per common share:    |   |             |             |             |             |
| Basic   | ¥ 43.11   | ¥ 33.28     | ¥ 37.68     | ¥ 52.65     | ¥ 60.00     |
| Income from continuing operations attributable to Kubota Corporation per 5 common shares: |   |             |             |             |             |
| Basic   | ¥ 215.53  | ¥ 166.38    | ¥ 188.40    | ¥ 263.27    | ¥ 299.99    |
| Net income attributable to Kubota Corporation per common share:                           |   |             |             |             |             |
| Basic   | ¥ 43.11   | ¥ 33.28     | ¥ 37.68     | ¥ 52.80     | ¥ 59.01     |
| Net income attributable to Kubota Corporation per 5 common shares:                        |   |             |             |             |             |
| Basic   | ¥ 215.53  | ¥ 166.38    | ¥ 188.40    | ¥ 264.01    | ¥ 295.03    |



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|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Kubota Corporation shareholders equity per common share outstanding    | ¥ 499.24   | ¥ 492.51   | ¥ 454.60   | ¥ 506.09   | ¥ 510.75   |
| Kubota Corporation shareholders equity per 5 common shares outstanding | ¥ 2,496.18 | ¥ 2,462.55 | ¥ 2,273.02 | ¥ 2,530.44 | ¥ 2,553.74 |
| <b>Others:</b>   |            |            |            |            |            |
| Capital investments <sup>(3)</sup>                                     | ¥ 23,951   | ¥ 26,038   | ¥ 33,337   | ¥ 35,163   | ¥ 44,715   |
| Depreciation and amortization  | 26,993     | 29,171     | 31,242     | 30,565     | 27,097     |
| R & D expenses   | 25,042     | 25,241     | 26,290     | 24,784     | 22,925     |

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|   | Years ended March 31 |       |       |       |       |
|---|----------------------|-------|-------|-------|-------|
|   | 2011                 | 2010  | 2009  | 2008  | 2007  |
| Cash dividends declared per common share :    |                      |       |       |       |       |
| Interim (in yen)                              | 7                    | 7     | 7     | 6     | 5     |
| (in U.S. dollars) <sup>(4)</sup>              | 0.083                | 0.080 | 0.075 | 0.054 | 0.043 |
| Year-end (in yen)                             | 7                    | 5     | 7     | 8     | 7     |
| (in U.S. dollars) <sup>(4)</sup>              | 0.086                | 0.055 | 0.073 | 0.074 | 0.056 |
| Cash dividends declared per 5 common shares : |                      |       |       |       |       |
| Interim (in yen)                              | 35                   | 35    | 35    | 30    | 25    |
| (in U.S. dollars) <sup>(4)</sup>              | 0.415                | 0.400 | 0.377 | 0.270 | 0.217 |
| Year-end (in yen)                             | 35                   | 25    | 35    | 40    | 35    |
| (in U.S. dollars) <sup>(4)</sup>              | 0.432                | 0.274 | 0.365 | 0.370 | 0.282 |

|   | Years ended March 31 |        |        |        |        |
|---|----------------------|--------|--------|--------|--------|
|   | 2011                 | 2010   | 2009   | 2008   | 2007   |
| Exchange rates (yen amounts per U.S. dollar) <sup>(5)</sup> |                      |        |        |        |        |
| Year-end  | 82.76                | 93.40  | 99.15  | 99.85  | 117.56 |
| Average   | 85.00                | 92.49  | 96.86  | 113.61 | 116.55 |
| High  | 94.68                | 100.71 | 111.02 | 124.09 | 121.81 |
| Low   | 78.74                | 86.12  | 87.80  | 96.88  | 110.07 |

|            | 2011<br>May | 2011<br>Apr. | 2011<br>Mar. | 2011<br>Feb. | 2011<br>Jan. | 2010<br>Dec. |
|------------|-------------|--------------|--------------|--------------|--------------|--------------|
| High       | 82.12       | 85.26        | 82.98        | 83.79        | 83.36        | 84.23        |
| Low        | 80.12       | 81.31        | 78.74        | 81.48        | 81.56        | 81.67        |
| Period-end | 81.29       | 81.31        | 82.76        | 81.94        | 81.97        | 81.67        |

Notes to Selected Financial Data:

- Per share amounts have been calculated per common share and per 5 common shares since each American Depositary Share represents 5 shares of common stock.
- There were no potentially dilutive shares outstanding for all periods presented.
- The term "Capital investments" represents acquisition costs for the purchases of fixed assets on an accrual basis, while the purchases of fixed assets in the consolidated statements of cash flows represents payments for those assets on a cash basis.
- Cash dividends in U.S. dollars are computed based on the exchange rates at each respective payment date.
- Exchange rates are the noon buying rates for cable transfers between the yen and the U.S. dollar in New York City as certified for customs purposes by the Federal Reserve Bank of New York. The rate on June 7, 2011 was ¥80.21= US\$1.

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### **B. Capitalization and Indebtedness**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

Declines in economic conditions in the Company's major markets, including private-sector capital expenditure, construction investment, and domestic public investment, may adversely impact the results of operations of the Company.

Industrial and capital goods make up a substantial portion of the Company's products. Accordingly, the Company may see reduced demand resulting from declines in general economic conditions, including private-sector capital expenditures, construction investment, and domestic public investment. In addition, the agricultural policies by the national government may adversely affect domestic sales of agriculture-related products. In overseas markets, especially those of North America and Europe, sales of the Company's products, such as utility/compact tractors, may decrease due to declines in general economic conditions, including private consumption and residential construction investment in those regions.

Fluctuations of foreign exchange rates, including a stronger yen, may reduce revenues and adversely affect the results of operations of the Company.

The Company has overseas revenues and manufacturing subsidiaries. The financial results of each overseas subsidiary are consolidated into the results of the parent company after translation into Japanese yen. In addition, the transactions between the parent company and overseas subsidiaries or customers are generally denominated in the local currencies. The payments received in local currencies on such transactions are converted to Japanese yen. As a result, fluctuations in foreign exchange rates affect the consolidated financial results. In general, a stronger yen against other currencies adversely affects revenues and the results of operations of the Company.

If the prices of raw materials increase or the Company has difficulties in procuring adequate supplies of them, there may be a material adverse effect on the Company's results of operations.

The Company purchases substantial raw materials and parts from outside suppliers. If the prices of raw materials substantially increase due to the supply and demand gap and changes in market conditions, and stay at high levels for a long time, they may deteriorate the Company's profitability. Also, if the Company has difficulties in procuring adequate supplies of raw materials, there may be a material adverse effect on the Company's results of operations due to difficulties in production and sales activities.

The risks associated with international operations may adversely affect revenues and profitability of the Company.

In some businesses of the Company, substantial overseas operations are conducted. Accordingly, the Company is subject to a number of risks inherent in doing business in those markets. If such risks occurred, the Company may face difficulties in stable production and sales of products in overseas markets that may affect revenues and profitability of the Company or they may hinder growth of the Company in specific countries. The following risks are serious concerns for the Company:

Unexpected changes in international, or in an individual country's, tax regulations;

Unexpected legal or regulatory changes in a country;

Unexpected results of transfer pricing issues or negotiation for Advanced Pricing Agreement;

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Difficulties in retaining qualified personnel;

Underqualified technological skills or instability between management and employee unions in developing countries; and

Political instability in those countries.

Among the United States, the EU, and Asian countries, which are important markets for the Company, the above mentioned risks seem to be higher in Asian countries than in other regions.

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If strategic alliances, mergers, and acquisitions do not generate successful results as planned, then the Company's profitability may deteriorate.

The Company expects to use strategic alliances, mergers, and acquisitions to seek further growth. The success of these activities depends on such factors as the Company's business environment, the ability of its business counterparts, and whether the Company and its counterparts share common goals. Therefore, if these activities are not successful and returns on related investments are lower than expected, the Company's profitability may deteriorate.

Stock market fluctuations may have a material adverse effect on the Company's results of operations and financial position.

Stock market declines may cause impairment losses on the Company's investments in marketable securities or cause an increase in actuarial loss of the Company's retirement and pension plans as a result of a decline in the fair value of pension plan assets, which may have a material adverse effect on the Company's results of operations and financial position.

The Company is subject to intensifying competitive pressures. Unless the Company performs better than other companies in each of its businesses, revenues and/or net income may decrease in the future.

The Company is exposed to severe competition in each of its businesses. Unless the Company performs better than other companies in such areas as terms of trade, R&D, and quality, revenues and/or net income may decrease in the future.

If the Company's products and services are alleged to have serious defects, such allegations may have a material adverse effect on the Company's results of operations and financial position.

If the Company's products and services are alleged to have serious defects, the Company may have liability for significant damages, and there may be a material adverse effect on the Company's results of operations, financial position. If such claims are asserted, the Company may lose the confidence of the public and suffer a reduction in its brand value, which may result in decreased revenues or demand for its products.

The Company may be required to incur considerable expenses in order to comply with various environmental laws and regulations. Such expenses may have a material adverse effect on the Company's results of operations and financial position.

The Company is subject to various environmental laws and regulations that apply to its products and activities. If these environmental laws and regulations, such as those that impose carbon dioxide emission controls, emission controls, and usage restrictions for certain materials which are used in the Company's products, are strengthened or newly established in jurisdictions in which the Company conducts its businesses, the Company may be required to incur considerable expenses in order to comply with such laws and regulations. Such expenses may have a material adverse effect on the Company's results of operations and financial position. To the extent that the Company determines that it is not economical to continue to comply with such laws and regulations, the Company may have to curtail or discontinue its activities in the affected business areas.

The Company may be required to incur significant expenses in connection with environmental damage its activities may allegedly cause. Such expenses may have a material adverse effect on the Company's results of operations and financial position.

Claims may arise that the Company's activities have caused environmental contamination, including the release of hazardous materials or air pollution, water pollution, and/or soil contamination. In such an event, the Company may elect or be required to implement costly corrective actions to resolve any issues associated with the release or presence of such hazardous materials or contamination and may face associated litigation. These factors may have a material adverse effect on the Company's results of operations and financial position.

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If the Company is required to incur significant expenses relevant to asbestos-related issues, then there may be a material adverse effect on the Company's results of operations, financial position and liquidity.

The Company previously manufactured products containing asbestos from 1954 to 2001. If the Company is required to incur additional expenses, including payments to the individuals concerned or expenses arising from litigations related to the asbestos-related health hazards and such expenses become significant, they may result in a material adverse effect on the Company's results of operations, financial position and liquidity.

The Company may experience a material effect on its results of operations and financial position if it faces issues related to compliance.

The Company has declared its intention to conduct its corporate activities in compliance with legal regulations and ethical principles, and to exert efforts to cause all management and staff of the group companies not to act in violation of various legal regulations, ethical standards, or internal regulations. However, in the event that compliance issues arise, there is a possibility that the Company may be subject to disciplinary action by government ministries supervising its activities or to lawsuits, or may suffer a loss of public confidence, any of which could have a material adverse effect on the Company's results of operations and financial position.

If the Company is damaged by natural disasters or other unpredictable events, it may have an adverse effect on the Company's results of operations and financial position.

The Company operates and maintains production, R&D, sales, and other business facilities in Japan, North America, Europe, Asia and other regions. If natural disasters such as earthquakes, tsunamis or typhoons, pandemic, wars, terrorist attacks, accidents such as fires, information system or communication network breakdown or improper operation or other unpredictable events occur in countries and regions in which the Company operates, the Company's production, distribution, and sales activities may be damaged, which could have an adverse effect on the Company's results of operations and financial position.

In particular, Japan is a country with frequent earthquakes. And as a result, the Company has a probability of suffering from a strong earthquake or tsunami.

The risks related to the Great East Japan Earthquake and its aftermath may have a material adverse effect on the Company's results of operations and financial position.

The Great East Japan Earthquake which occurred on March 11, 2011 and its aftermath have had and continue to have a serious negative impact on the Japanese economy.

Although the Company incurred damages on several plants and sales facilities located in east Japan from the Great East Japan Earthquake, the damaged sites were remediated and resumed business activities. However, the aftermath of the earthquake, such as shortages of parts and electric power, may have adverse effects on the Company's production and sales activities.

In addition, the Company's sales may decrease due to the downturn in the Japanese economy and a decrease in demand for farm equipment in the disaster areas as a consequence of the earthquake, its aftermath and accidents of nuclear plants in Fukushima. Any of these factors may have a material adverse effect on the Company's results of operations and financial position.

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KUBOTA CORPORATION (KABUSHIKI KAISHA KUBOTA), the ultimate parent company of the Kubota group, was founded in 1890 by Gonshiro Kubota and incorporated in 1930 under the Commercial Code of Japan. In 1949, the shares of the Company were listed on the Tokyo Stock Exchange and Osaka Securities Exchange. In 1976, the shares of the Company were also listed on the New York Stock Exchange. Today, Kubota is a manufacturer of farm equipment, engines, construction machinery and also producer of various pipe-related products, principally ductile iron pipes and environment-related products such as environmental control plants. In addition, the Company manufactures and sells industrial castings, spiral welded steel pipes, vending machines, electronic-equipped machinery, and air-conditioning equipment.

The Company's registered office is located at 2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601, Japan, telephone +81-6-6648-2111.

The Company's production network primarily comprises 20 plants in Japan and 12 plants in overseas countries. Kubota also has 15 sales subsidiaries in overseas countries.

**Principal Capital Expenditures and Divestitures**

Capital expenditures in fiscal 2011, 2010 and 2009 amounted to ¥23,951 million, ¥26,038 million, and ¥33,337 million, respectively, on an accrual basis. The funding requirements for these capital expenditures were mainly provided by internal operations, and partially provided by external debt financing.

The following table sets forth the principal capital expenditures in progress for the last three fiscal years:

As of March 31, 2011

| <b>Location</b>         | <b>Reporting segment included</b> | <b>Description</b>  | <b>Estimated amount of expenditures<br/>Total amount of expenditures<br/>(¥ billion)</b> | <b>Schedule<br/>Commenced</b> |
|-------------------------|-----------------------------------|---|--|-------------------------------|
| Chachoengsao (Thailand) | Farm & Industrial Machinery       | Building of new production facility for casting parts of tractors and engines in Thailand | ¥6.6   | May. 2008                     |
| Dammam (Saudi Arabia)   | Social Infrastructure             | Building of new production facility for steel castings in Saudi Arabia                    | ¥3.4   | Mar. 2009                     |
| Jiangsu (China)         | Farm & Industrial Machinery       | Building of new production facility for construction machinery in China                   | ¥3.8   | Jul. 2010                     |
| Chachoengsao (Thailand) | Farm & Industrial Machinery       | Building of new production facility for diesel engines in Thailand                        | ¥5.4   | Nov. 2010                     |
| Chon Buri (Thailand)    | Farm & Industrial Machinery       | Production facilities for combine harvesters in Thailand                                  | ¥2.0   | Oct. 2009                     |

**Table of Contents**As of March 31, 2010

| <b>Location</b>         | <b>Reporting segment included</b> | <b>Description</b>  | <b>Estimated amount of expenditures<br/>Total amount of expenditures<br/>(¥ billion)</b> | <b>Schedule<br/>Commenced</b> |
|-------------------------|-----------------------------------|---|--|-------------------------------|
| Chachoengsao (Thailand) | Farm & Industrial Machinery       | Building of new production facility for casting parts of tractors and engines in Thailand | ¥6.6   | May. 2008                     |
| Dammam (Saudi Arabia)   | Social Infrastructure             | Building of new production facility for steel castings in Saudi Arabia                    | ¥3.4   | Mar. 2009                     |
| Chon Buri (Thailand)    | Farm & Industrial Machinery       | Production facilities for combine harvesters in Thailand                                  | ¥2.0   | Oct. 2009                     |

As of March 31, 2009

| <b>Location</b>         | <b>Reporting segment included</b> | <b>Description</b>  | <b>Estimated amount of expenditures<br/>Total amount of expenditures<br/>(¥ billion)</b> | <b>Schedule<br/>Commenced</b> |
|-------------------------|-----------------------------------|---|--|-------------------------------|
| Chachoengsao (Thailand) | Farm & Industrial Machinery       | Building of new production facility for casting parts of tractors and engines in Thailand | ¥6.6   | May. 2008                     |
| Dammam (Saudi Arabia)   | Social Infrastructure             | Building of new production facility for steel castings in Saudi Arabia                    | ¥3.4   | Mar. 2009                     |

**B. Business Overview**

The Company classifies its products for revenue reporting purposes into the following four reporting segments: Farm & Industrial Machinery (which includes farm equipment, engines and construction machinery); Water & Environment Systems (which includes ductile iron pipes, plastic pipes, valves, environmental control plants, pumps and other products); Social Infrastructure (which includes industrial castings, spiral welded steel pipes, vending machines, electronic-equipped machinery, and air-conditioning equipment); and Other (which includes construction, services and other businesses).

**Revenues by Reporting Segment**

The following table sets forth revenues by reporting segment for the last three fiscal years:

|                             | 2011    |      | 2010    |      | 2009    |      |
|-----------------------------|---------|------|---------|------|---------|------|
|                             | ¥       | %    | ¥       | %    | ¥       | %    |
| Farm & Industrial Machinery | 651,518 | 69.8 | 616,726 | 66.2 | 754,416 | 68.1 |
| Water & Environment Systems | 192,768 | 20.6 | 222,949 | 24.0 | 234,275 | 21.2 |
| Social Infrastructure       | 60,439  | 6.5  | 63,293  | 6.8  | 86,480  | 7.8  |
| Other                       | 28,960  | 3.1  | 27,676  | 3.0  | 32,311  | 2.9  |



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|       |         |       |         |       |           |       |
|-------|---------|-------|---------|-------|-----------|-------|
| Total | 933,685 | 100.0 | 930,644 | 100.0 | 1,107,482 | 100.0 |
|-------|---------|-------|---------|-------|-----------|-------|

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### Operations of Each Segment

#### Farm & Industrial Machinery

Farm & Industrial Machinery includes farm equipment, engines and construction machinery. Kubota is one of Japan's leading manufacturers of farm equipment and small engines for agricultural use. This market in Japan is dominated by four major manufacturers. Main products include tractors ranging from 10.5 to 135 horsepower, combine harvesters, rice transplanters, power tillers and reaper binders. The Company also manufactures and sells a line of construction machinery including mini-excavators and wheel loaders as well as engines for various industrial uses. Overseas revenues of this segment accounted for 65.3% of the total revenues of this segment in fiscal 2011.

Domestic sales of farm equipment, engines and construction machinery are made by wholesale, retail dealers or the National Federation of Agricultural Cooperative Associations. Overseas revenues are made by trading companies, local distributors or the Company's overseas subsidiaries and affiliates.

The products in this segment are manufactured at six domestic plants, and the Company has manufacturing subsidiaries in the United States, Germany, China, Thailand, Indonesia and Vietnam.

#### Water & Environment Systems

Water & Environment Systems is comprised of pipe-related products and environment-related products. Pipe-related products consist of ductile iron pipes, plastic pipes and fittings, and various valves. Most of these products are sold to local and national governments and public utilities for use principally in water supply and sewage systems along with industrial water supply as well as gas supply, telecommunication and irrigation systems.

Environment-related products consist of environmental control plants, pumps and related engineering. The Company supplies water and sewage treatment plants, submerged membrane systems and biogas production systems for water treatment. The Company also supplies pulverizing facilities for solid waste treatment and various pumps for waterworks, sewage facilities, irrigation system, rainwater drainage and power supplies.

Domestic sales of pipe-related products are made by trading companies or dealers, or are directly made to other companies or local and national governments. Overseas sales of pipe-related products are made by trading companies or a subsidiary, or are directly made to other companies. A large portion of the sales of environment-related products are made to municipalities focusing on domestic environmental engineering market, which is competitive with many engineering companies. Overseas revenues of this segment accounted for 7.3% of the total revenues of this segment in fiscal 2011. There are 11 manufacturing plants in Japan and no overseas plants.

#### Social Infrastructure

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

Demand for these products is mostly related to the capital spending of the private sector. Domestic sales of products of this segment are made by trading companies or subsidiaries, or are directly made to other companies and public entities. Overseas sales are made by trading companies or subsidiaries, or are directly made to other companies. Overseas revenues of this segment accounted for 26.7% of the total revenues of this segment in fiscal 2011. The products in this segment are manufactured at six plants in Japan and manufacturing subsidiaries in Canada, Indonesia and Saudi Arabia.

#### Other

This segment encompasses all the other businesses that do not belong to the other three segments such as construction, services and other businesses. Most of the products and services of this segment are directly sold to other companies and public entities. Overseas revenues of this segment accounted for 1.3% of the total revenues of this segment in fiscal 2011. There is no manufacturing plant in this segment.

**Table of Contents****Revenues by Region**

The following table sets forth revenues by region for the last three fiscal years:

|                    | Millions of yen  |                  |                    |
|--------------------|------------------|------------------|--------------------|
|                    | 2011             | 2010             | 2009               |
| Japan              | ¥ 477,913        | ¥ 501,663        | ¥ 549,189          |
| Overseas:          |                  |                  |                    |
| North America      | 189,330          | 174,371          | 274,151            |
| Europe             | 75,762           | 67,791           | 108,742            |
| Asia outside Japan | 160,533          | 148,589          | 139,069            |
| Other Areas        | 30,147           | 38,230           | 36,331             |
| <b>Subtotal</b>    | <b>455,772</b>   | <b>428,981</b>   | <b>558,293</b>     |
| <b>Total</b>       | <b>¥ 933,685</b> | <b>¥ 930,644</b> | <b>¥ 1,107,482</b> |

**Overseas Activities**

The Company's overseas revenues (which represent sales to unaffiliated customers outside Japan) in fiscal 2011, 2010, and 2009 amounted to ¥455,772 million, ¥428,981 million and ¥558,293 million, respectively. The ratios of such overseas revenues to consolidated revenues in 2011, 2010, and 2009 were 48.8%, 46.1% and 50.4%, respectively. The revenues of the Company's subsidiaries outside Japan in fiscal 2011, 2010, and 2009 amounted to ¥423,074 million, ¥386,503 million and ¥519,246 million, respectively. Their ratios to consolidated revenues in fiscal 2011, 2010, and 2009 were 45.3%, 41.5% and 46.9%, respectively.

The Company has manufacturing subsidiaries in the U.S.A., Canada, Germany, China, Indonesia, Thailand, Vietnam and Saudi Arabia and manufacturing affiliates in China and India. International sales subsidiaries are located in the U.S.A., Canada, France, the U.K., Germany, Spain, Australia, China, South Korea, India. In addition, liaison offices are located in Torrance (California: U.S.A.), Atlanta (U.S.A.), Argenteuil (France), Dubai (U.A.E.), Beijing (China), Suzhou (China), Seoul (Korea), Bangkok (Thailand), Navanakorn (Thailand), Chonburi (Thailand), Hanoi (Vietnam), Selangor (Malaysia), Cairo (Egypt), Delhi (India), Singapore (Singapore), and Quezon City (The Philippines).

**Seasonality of the Company's Businesses**

In businesses such as ductile iron pipes, valves, environmental control plants, and pumps, which rely upon national government or municipalities for most of their sales, there is a tendency that sales in the second half of the fiscal year are much larger than those in the first half. Due to the fact that the fiscal years of the Japanese national government and municipalities generally end in March, the execution of public budgets in the second half is usually much larger than in the first half of the fiscal year.

**Raw Materials and Source of Supply**

The Company purchases raw materials and parts from numerous sources. The major materials purchased are steel scrap, polyvinyl chloride resin, rolled steel coils, non-ferrous metals and alloys and pig iron. Some of the purchase prices of the major materials such as steel scrap fluctuate significantly by supply and demand conditions of the market. Historically, the Company has not had difficulty in obtaining adequate supplies of all of its raw materials requirements.

**Marketing Channels**

Domestic sales of farm equipment, engines and construction machinery are made by wholesale, retail dealers or the National Federation of Agricultural Cooperative Associations. Overseas sales of those products are made by trading companies, local distributors or the Company's overseas subsidiaries and affiliates.

A large portion of pipes, valves, environmental control plants and pumps are sold to public-sector markets in Japan directly by the Company, as well as through dealers.

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On the other hand, domestic sales of most of the industrial machinery and certain industrial castings are made to private-sector markets through dealers and trading companies, or directly to the end-users. In the case of vending machines, domestic sales are made to manufacturers of beverages or other products sold in vending machines. Overseas sales of those products are made directly by the Company or through trading companies, local distributors and the Company's overseas subsidiaries and an affiliate.

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### Contracts, Licenses, Patents and Manufacturing Processes

The Company enters into various contracts. Some of them, for example, are for technical cooperation with other manufacturers, or for financing from banks. Although these contracts are relatively important to the Company, we are not dependent on any specific contracts.

With respect to licenses or patents, the Company is not dependent on specific licenses or patents. As of March 31, 2011, the Company held 4,666 Japanese patents and 1,132 foreign patents and utility model registrations. A utility model registration is a right granted under Japanese law and in certain other countries to inventions of lesser originality than those which qualify for patents. Although patent rights are important to Kubota, the Company does not consider that the expiration of any single patent or group of related patents would materially affect Kubota's business. Kubota grants others licenses to use its technology including its patents, and obtains licenses under patents from third parties for technological assistance on a royalty basis. In fiscal 2011, royalty income and expenses were ¥847 million and ¥94 million, respectively, under such licensing arrangements.

### Competition

The Company is one of the leading manufacturers of farm equipment in Japan. There are three other major Japanese manufacturers of farm equipment and engines for agricultural use, all of which offer a complete line of machinery and engines in competition with the Company. In overseas markets, the Company experiences strong competition from Japanese and foreign companies in the sale of farm equipment and engines.

The main products of the Company other than farm equipment are ductile iron pipes, plastic pipes, environment-related products, and industrial castings. In the ductile iron pipes market, the Company competes with two other major manufactures within the borders and many other manufactures in overseas. Most of the plastic pipes produced by the Company are sold in Japan and the Company is competing with two major manufactures. Most of the environment-related products produced by the Company are sold in Japan and there are many competitors. The Company also competes actively in industrial castings market at home and abroad.

In addition, the Company faces intense competition in other products in domestic and overseas market.

### Governmental Regulations

The businesses of the Company tend to be affected by the regulations or restrictions in the countries where the Company operates. Those are, for example, regulations concerning emissions, safety, noise and vibration, investments, tariffs, anti-monopoly, intellectual property, foreign exchange, and the environment.

The followings are some of the regulations which have an important effect on the Company's business.

#### 1) Emissions Regulations for Off-road Diesel Engines

In 1995, the California Air Resources Board in the United States enforced an emissions regulation for off-road engines (below 19 kW in power) for the first time in the world. The Company complied with this standard in the early stage and moved ahead of other competitors toward compliance with emissions regulations that were later enacted in several other countries. Subsequently, the Environmental Protection Agency, or EPA, in the United States introduced Tier 1 standards in 1994, which were phased in for engines at and above 37kW in power between 1996 and 2000. In 1998, EPA additionally adopted Tier 1 standards for engines below 37kW, which were phased in between 1999 and 2000, and more stringent Tier 2 and Tier 3 standards. Tier 2 standards were phased in between 2001 and 2005 for all engine sizes, and Tier 3 standards for engines between 37 and 560 kW were phased in between 2006 and 2008. The more stringent Tier 4 took effect beginning in 2008 and will be phased through 2015.

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In Japan, the Ministry of Land, Infrastructure, Transport and Tourism (the Ministry) launched the Stage 1 low emission construction machinery designation scheme in 1991 and decided to use low emission construction machinery in the Ministry's directly controlled projects starting in 1996. The Stage 2 standard was announced in 1997, and the Ministry began to accept applications for designations under the Stage 2 standard from 2001. In 2003, a similar regulation began to apply to on-road special motor vehicles driven by diesel fuel such as agricultural and construction machinery. This 2003 regulation was set to be equivalent with the Tier 2 regulation of EPA's. Later in 2006, the regulation for diesel special motor vehicles was tightened to the level of the second phase (equivalent with EPA Tier 3). In April 2006, the Act for the Regulations, etc. of Exhaust Gas from Off-road Special Motor Vehicles (Off-road Act of Japan), intended for motor vehicles that do not run on public roads such as construction machinery, went into effect, which was timed to coincide with the announcement of the Stage 3 of the low emission construction machinery designation scheme. Consequently, the scope of application of this regulation broadened. The regulation for special motor vehicles and off-road special motor vehicles will be tightened to the level of the third phase (equivalent with interim EPA Tier 4) between 2011 and 2013 and to the level of the fourth phase (equivalent with EPA Tier 4) between 2014 and 2015.

In Europe, the Stage 1 emission of gaseous and particulate pollutants from internal combustion engines to be installed in non-road mobile machinery was put into effect under EU Directive 97/68/EC in 1999. The Stage 2 standard was applied between 2001 and 2004 and the Stage 3 standard was applied in 2006, respectively. From 2011, the regulation will be tightened at the same time as Japan and the United States.

The Company's research and development for new engines equipped with new technology is under way to cope with future Tier 4 regulations in Japan, the United States and Europe as well as regulations in Asian countries including China, Korea, and India.

### 2) Safety Regulations

There are a variety of regulations concerning safety, and every country or region has its own regulations. ROPS (rollover protective structures), which are designed to protect operators of tractor from injuries caused by vehicle overturns or rollovers, are required to have the necessary specified bearing capacity based on the type of the machine installed and the deflection-related performance requirements. In case of construction machinery, TOPS (tip-over protective structures) and FOPS (falling object protective structures) are required in addition to ROPS. TOPS are designated to prevent an operator from being injured if a machine tips on its side. FOPS are designed to protect equipment operators from injuries caused by objects falling from above, and are required to comply with specified strength requirements specified based on how they are actually used. Those regulations differ in measurement methods or criteria, and major ones in the world are Japanese Industrial Standards (JIS), European Norm (EN), and Occupational Safety and Health Administration (OSHA). In particular, the EN on safety regulations is compulsory.

### 3) Regulations on Noise and Vibration

In Europe, the Directive 86/662/EEC, which specifies the noise control standards for non-road equipment such as hydraulic shovels, excavation drills, bulldozers, loaders, and excavation loaders, became effective in December 1986. The Directive was revised in June 1995 into 95/27EC, which became effective in 1997. The Noise Emissions in the Environment by Equipment for Use Outdoors Directive, 2000/14/EC, became effective in January 2002 replacing 95/27/EC. The Directive 2000/14/EC regulates noise emitted to surrounding areas from 57 types of equipment for use in outdoors, such as lawn mowers and construction equipment. Manufacturers are obliged to demonstrate that their products generate noise within the specified range of noise and comply with the requirements of such Directive by attaching a label (guaranteed noise label) before shipping those products to the market (they are also required to attach the CE mark). The noise level regulations in the primary stage were applied during the period from January 3, 2002 to January 2, 2006. The noise value limit was further reduced in January 3, 2006 by the more stringent regulation 2005/88/EC.

In Japan, the Regulations on Designation of Low-noise and Low-vibration Construction Machinery were announced in October 1997 to mitigate noise and vibration from construction work, protect the living environment around the work site, and ensure smooth implementation of construction work. These regulations stipulate the designations of low-noise construction machines and low-vibration construction machines to promote diffusion of environmentally-friendly construction machines. Construction machines that satisfy the noise and emission requirements specified by these regulations are allowed to attach the low-noise construction equipment label. The Company's mini backhoes of not more than 55 hp, which are required to comply with the noise limit of 99 dB in order to qualify for the level, are all qualified to attach the low-noise construction equipment label. Although compliance with the Regulations is voluntary, there are cases where the use of noncompliant machines is not permitted at work sites for projects under direct management of the Ministry of Land, Infrastructure, Transport and Tourism.

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## 4) Regulation on Hazardous Chemical Substances

In Europe, the Registration, Evaluation, Authorisation and Restriction of Chemicals (EC No 1907/2006), or (REACH), entered into force in June 2007. REACH covers a single chemical substance and its compounds as well as those in preparations and in articles. EU manufacturers and importers must gather information on safety assessment, including properties and uses of substances, and register it with the European Chemicals Agency. Also, manufacturers, importers, and users of products containing chemical substances are, in the supply chain, obliged to communicate information on substances of very high concern (SVHC). In addition, it is necessary to comply with the requirements for substances in the authorization and restriction lists.

The Company will continue to take measures to properly manage chemical substances contained in its products.

**C. Organization Structure**

As of March 31, 2011, the Kubota Corporation group consists of Kubota Corporation, 104 subsidiaries and 19 affiliates. Kubota Corporation plays a leading role in the group. The following table sets forth the Company's significant subsidiaries:

| Country of Incorporation or Residence | Name  | Percentage ownership and voting interest (%) |
|---------------------------------------|---|--|
| Japan                                 | Kubota Construction Co., Ltd.                   | 100.0  |
|                                       | Kubota Credit Co., Ltd.                         | 66.8   |
|                                       | Kubota Environmental Service Co., Ltd.          | 100.0  |
|                                       | Kubota-C.I. Co., Ltd.                           | 70.0   |
| U.S.A.                                | Kubota Tractor Corporation                      | 90.0   |
|                                       | Kubota Credit Corporation, U.S.A.               | 100.0  |
|                                       | Kubota Manufacturing of America Corporation     | 100.0  |
|                                       | Kubota Engine America Corporation               | 90.0   |
| Canada                                | Kubota Metal Corporation                        | 100.0  |
| Germany                               | Kubota Baumaschinen GmbH                        | 100.0  |
| France                                | Kubota Europe S.A.S.                            | 73.8   |
| Thailand                              | SIAM KUBOTA Corporation Co., Ltd.               | 60.0   |
| China                                 | Kubota Agricultural Machinery (SUZHOU) Co., Ltd | 100.0  |

**Table of Contents****D. Property, Plant and Equipment**

The following table sets forth information with respect to Kubota's principal manufacturing facilities:

| Location                  | Land area<br>(Thousand square meters) |        | Floor space<br>(Thousand square meters) |        | Principal products   |
|---------------------------|---------------------------------------|--------|---|--------|--|
|                           | Owned                                 | Leased | Owned                                   | Leased |  |
| <b>Japan</b>              |                                       |        |   |        |  |
| Amagasaki (Hyogo)         | 390                                   | 11     | 141                                     | 0      | Ductile iron pipes, Rolls for steel mills                  |
| Funabashi (Chiba)         | 559                                   | 13     | 146                                     | 1      | Ductile iron pipes, Spiral welded steel pipes              |
| Okajima (Osaka)           | 78                                    |        | 48                                      |        | Cast iron products   |
| Sakai (Osaka)             | 597                                   | 12     | 202                                     | 28     | Farm equipment, Diesel engines                             |
| Utsunomiya (Tochigi)      | 146                                   |        | 71                                      | 10     | Farm equipment   |
| Tsukuba (Ibaraki)         | 335                                   | 30     | 157                                     | 27     | Farm equipment, Diesel engines                             |
| Hirakata (Osaka)          | 306                                   |        | 145                                     | 13     | Construction machinery, Pumps, Valves, Cast steel products |
| Konan (Shiga)             | 178                                   |        | 52                                      |        | Septic tanks   |
| Yao (Osaka)               | 38                                    |        | 27                                      |        | Electronic-equipped machinery                              |
| Ryugasaki (Ibaraki)       | 85                                    |        | 31                                      |        | Vending machines   |
| <b>U.S.A.</b>             |                                       |        |   |        |  |
| Gainesville (Georgia)     | 841                                   |        | 118                                     |        | Lawn and garden tractors                                   |
| Jefferson (Georgia)       | 368                                   |        | 41                                      |        | Implements for tractors                                    |
| <b>Thailand.</b>          |                                       |        |   |        |  |
| Amata Nakorn (Chon Buri)  | 368                                   |        | 94                                      |        | Tractors and Combine harvesters                            |
| Navanakorn (Pathum Thani) | 79                                    |        | 28                                      |        | Diesel engines and Power tillers                           |

The Company considers its principal manufacturing facilities to be well maintained and suitable for the purpose for which they are employed and believes that its plant capacity is adequate for its current and near-term needs.

In addition, the Company owns 2,432 thousand square meters of land (309 thousand square meters of floor space) in Japan, used for the head office, branches, business offices and research facilities, and leases 3 thousand square meters of land (123 thousand square meters of floor space) used for sales offices, warehousing, employee housing and other purposes.

The Company plans its capital expenditures considering future business demand and cash flows. As of March 2011, the Company has planned to invest approximately ¥34.0 billion in the fiscal year ending March 31, 2012. The Company intends to fund the investment basically through cash obtained by operating activities, and to also utilize available borrowings from financial institutions. The Company's commitments for capital expenditures outstanding at March 31, 2011 amounted to ¥0.5 billion.



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Principal plans for new construction, expansion, reforming, and disposition as of March 31, 2011 are as follows:

***New Construction***

| Location                | Reporting segment included  | Description   | Estimated amount of expenditures (Billions of yen) |                     | Schedule  |                 |
|-------------------------|-----------------------------|---|--|---------------------|-----------|-----------------|
|                         |                             |   | Total amount of expenditures                       | Amount already paid | Commenced | To be completed |
| Chachoengsao (Thailand) | Farm & Industrial Machinery | Building of new production facility for casting parts of tractors and engines in Thailand | ¥ 6.6  | ¥ 4.7               | May. 2008 | Mar. 2012       |
| Dammam (Saudi Arabia)   | Social Infrastructure       | Building of new production facility for steel castings in Saudi Arabia                    | ¥ 3.4  | ¥ 2.0               | Mar. 2009 | Dec. 2011       |
| Jiangsu (China)         | Farm & Industrial Machinery | Building of new production facility for construction machinery in China                   | ¥ 3.8  |                     | Jul. 2010 | Sep. 2012       |
| Chachoengsao (Thailand) | Farm & Industrial Machinery | Building of new production facility for diesel engines in Thailand                        | ¥ 5.4  | ¥ 0.1               | Nov. 2010 | Mar. 2013       |

***Expansion***

| Location             | Reporting segment included  | Description  | Estimated amount of expenditures (Billions of yen) |                     | Schedule  |                 |
|----------------------|-----------------------------|--|--|---------------------|-----------|-----------------|
|                      |                             |  | Total amount of expenditures                       | Amount already paid | Commenced | To be completed |
| Chon Buri (Thailand) | Farm & Industrial Machinery | Production facilities for combine harvesters in Thailand | ¥ 2.0  | ¥ 1.8               | Oct. 2009 | Dec. 2012       |

***Reforming***

No material reforming is planned.

***Disposition***

No material disposition is planned.

**Item 4A. Unresolved Staff Comments**

The Company is a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended. There are no unresolved comments provided by the staff of the Securities and Exchange Commission (the Commission or the SEC) regarding the Company's

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periodic reports under the Securities Exchange Act of 1934, as amended, as of the date of the filing of this Form 20-F with the Commission.

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### **Item 5. Operating and Financial Review and Prospects**

#### **A. Operating Results**

##### *Overview*

##### **Organization**

The Company is one of Japan's leading manufacturers of a comprehensive range of machinery and products including farm equipment, pipes for water supply and sewage systems, environmental control plants, and industrial castings. The Company also provides retail finance and finance leases, which primarily finance sales of equipment by dealers, for the purpose of enhancing sales of equipment to individual customers.

The Company's reporting segments consist of Farm & Industrial Machinery, Water & Environment Systems, Social Infrastructure and Other.

The Company generates revenues and cash primarily from the sales of products to dealers, affiliated companies and trading companies or direct sales of products to end users.

For more than a century since its founding, the Company has continued to help improve people's quality of life and the development of society through its products and services. Currently, the Company is focusing on prioritizing the allocation of its resources, emphasizing agility in its operations, and strengthening consolidated operations. Through these measures, the Company intends to improve its ability to respond with flexibility to the changing times, to achieve high enterprise value.

##### **Business environment**

(Japan: The domestic market)

In Japan, the overall economic environment was improving, the real GDP turned to a positive growth of 2.3 % in 2010 from the negative growth of -2.4% in 2009. However, the Great East Japan Earthquake of March 11, 2011 had a negative impact on the growth of Japanese economy.

The government allocated ¥562 billion to the budgets for individual household income support system for farmers, which was implemented as a new governmental agricultural policy for the first time in 2010. However, the effect of the policy was limited and the agricultural market recorded a slight decrease. In addition, the Great East Japan Earthquake of March 11, 2011 had serious adverse effects on the agriculture in the damaged areas and on the supply-chains in Japan.

The budget for public works projects including the budget for water supply and sewage system have been gradually decreasing due to the growing budget deficits in the Japanese national and local governments. The budget of the central government for public works projects decreased 18.3% from the prior year.

(North America)

The U.S. economy in 2010 was turning to a moderate pickup trend from a serious recession phase in 2009 and the real GDP turned to a positive growth of 2.9% in 2010 from the negative growth of -2.6% in 2009. However unemployment rate remained high and economic indicators, such as housing starts, were weak. As a result, the economy did not attain a full-scale recovery many had expected. Demand for tractors and construction machinery increased. According to a 2010 report by AEM (Association of Equipment Manufacturers), industry retail sales units of tractors under 40hp (horse power) in the U.S. increased by 5.4% and industry retail sales units of tractors from 40 to 100hp in the U.S. increased by 0.1% from the prior year.

In Canada, demand for agricultural machinery and construction machinery decreased. As for tractors, industry retail sales units of tractors in Canada in 2010 decreased 4.1% from the prior year according to the AEM report.

(Europe)

The economy in Europe in 2010 began to recover in spite of the financial crisis in some countries. The European Union recorded positive GDP growth of 1.8% in 2010, as compared to the negative growth of -4.2 % in the prior year.

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Demand for construction machinery increased largely due to economic recovery and demand for engines also increased rapidly owing to rapid recovery of production of OEM clients.

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(Asia outside Japan)

The economy in Asia outside Japan recovered more quickly from worldwide recession in 2009 compared with other regions in the world and played an important role in the world economic growth.

Thailand, which is one of the most important markets for the Company in Asia outside Japan, has been rapidly growing in recent years and its real GDP grew 7.8% in 2010 from the prior year. However, the agricultural markets in Thailand were adversely affected by a severe drought and political uncertainty in the first half of 2010, and flood damage in the latter half of 2010.

The Chinese economy has also been continuing high growth in recent years and its growth rate of the real GDP in 2010 was 10.3%. The Chinese government is focusing on development and mechanization of agriculture and increasing subsidies for agriculture every year. The budget for agricultural subsidies in 2010 increased Rmb2.5 billion to Rmb15.5 billion from the prior year.

*(The fiscal year ended March 31, 2011 compared with the fiscal year ended March 31, 2010)*

### Revenues

For the year ended March 31, 2011, revenues of the Company increased ¥3.0 billion (0.3 %) from the prior year, to ¥933.7 billion. Domestic revenues decreased ¥23.8 billion (4.7 %) to ¥477.9 billion from the prior year. However, overseas revenues increased ¥26.8 billion (6.2 %) from the prior year, to ¥455.8 billion.

Domestic revenues decreased mainly due to a decrease in Water & Environment Systems of ¥19.4 billion, of which ¥14.1 billion was mainly due to a decrease in sales volume of pipe-related products such as ductile iron pipes and plastic pipes. On the other hand, overseas revenues increased mainly due to an increase in Farm & Industrial Machinery of ¥38.0 billion. Out of ¥38.0 billion, ¥25.2 billion was resulted from sales increases in engine and construction machinery mainly due to higher shipment volumes.

The Company estimates that the unfavorable impact of foreign currency fluctuations on the Company's overseas revenues for the year under review was approximately ¥17.4 billion. The average exchange rates of the yen against the U.S. dollar were ¥88 and ¥94 for the fiscal years ended March 31, 2011 and 2010, respectively, and the average exchange rates of the yen against the Euro were ¥116 and ¥130 for the fiscal years ended March 31, 2011 and 2010, respectively. These currency fluctuations mainly influence revenues in the Farm & Industrial Machinery segment, as the overseas revenues of this segment account for most of the Company's overseas revenues.

The Great East Japan Earthquake of March 11, 2011, had an impact on both the Japanese economy and the revenues of the Company for the year under review. However, the impact on the Company's revenues was mainly limited to sales of Farm & Industrial Machinery in the disaster areas and the impact was not material.

### Revenues by Reporting Segment

#### 1) Farm & Industrial Machinery

Revenues in Farm & Industrial Machinery increased 5.6 % from the prior year, to ¥651.5 billion, comprising 69.8 % of consolidated revenues.

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

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



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### 2) Water & Environment Systems

Revenues in Water & Environment Systems decreased 13.5 % from the prior year, to ¥192.8 billion, comprising 20.6 % of consolidated revenues.

Domestic revenues decreased 9.8 % from the prior year, to ¥178.7 billion. Sales of pipe-related products such as ductile iron pipes and plastic pipes, decreased substantially due to sluggish demand. Sales of environment-related products also decreased mainly due to a decrease in sales of products related to water and sewage treatment, and waste treatment.

Overseas revenues decreased 43.3 % from the prior year, to ¥14.1 billion, due to substantial sales declines of ductile iron pipes and pumps.

### 3) Social Infrastructure

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

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

Overseas revenues decreased 0.7 % from the prior year, to ¥16.2 billion due to the sales decline of industrial castings.

### 4) Other

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

## Cost of Revenues, SG&A Expenses, and Other Operating Expenses

The cost of revenues decreased 0.4% from the prior year, to ¥678.7 billion due to company-wide cost reduction activities and decreases in depreciation and pension costs, and as a result, cost of revenues as a ratio to consolidated revenues improved 0.5 percentage points to 72.7%.

Selling, general, and administrative (SG&A) expenses decreased 7.8 % from the prior year, to ¥165.4 billion mainly due to decreases in pension costs, labor costs and advertising costs. As a result, the ratio of SG&A expenses to revenues improved 1.6 percentage points to 17.7%.

Pension costs in 2010 decreased ¥8.8 billion from the prior year mainly due to absence of the immediate recognition of net actuarial losses in excess of 20% of the projected benefit obligation which was recognized in 2009. Out of ¥8.8 billion, ¥5.9 billion was included in the cost of revenues and ¥2.9 billion was included in SG&A Expenses.

Other operating expenses increased ¥3.3 billion from the prior year, to ¥3.5 billion due to expenses totaling ¥2.5 billion for the disaster-related losses from the Great East Japan Earthquake of March 11, 2011. For details, refer to Note 16 SUPPLEMENTAL EXPENSE INFORMATION on page F-33.

## Operating Income

Operating income increased ¥16.4 billion (23.5 %), to ¥86.1 billion from the prior year. This increase in operating income was due primarily to positive impacts such as favorable geographic and product mix in revenues, and decreases in pension costs and material cost, which outweighed negative impacts of foreign currency fluctuations and losses of the Great East Japan Earthquake.

As a result, operating margin for the fiscal year ended March 31, 2011 increased by 1.7 percentage points to 9.2% from 7.5% for the fiscal year ended March 31, 2010.

The following table sets forth operating income by reporting segment for the last two fiscal years:

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|  | Millions of yen |           |              |
|--|-----------------|-----------|--------------|
|  | 2011<br>¥       | 2010<br>¥ | Changes<br>% |
| Farm & Industrial Machinery              | 86,487          | 60,485    | 43.0         |
| Water & Environment Systems              | 13,121          | 19,723    | (33.5)       |
| Social Infrastructure                    | 2,463           | 2,699     | (8.7)        |
| Other                                    | 2,096           | 2,629     | (20.3)       |
| Adjustment for intersegment eliminations | (18,056)        | (15,834)  |              |
| Total                                    | 86,111          | 69,702    | 23.5         |

Operating income in Farm & Industrial Machinery increased 43.0 %, to ¥86.5 billion due to increased overseas revenues and cost reduction. On the other hand, operating income in Water & Environment Systems decreased 33.5 %, to ¥13.1 billion due to decreased revenues and rising material cost such as steel scrap and vinyl chloride resin. Operating income in Social Infrastructure decreased 8.7 %, to ¥2.5 billion due to decreased revenues. Operating income in Other decreased 20.3 %, to ¥2.1 billion.



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Other income, net, increased ¥1.4 billion, to ¥5.2 billion from the prior year. A foreign exchange gain-net of ¥2.9 billion in the prior year turned to a loss-net of ¥1.6 billion in 2011. However, gain on sales of securities-net increased ¥3.0 billion from the prior year, to ¥4.8 billion and there was a gain of ¥2.8 billion from the nonmonetary exchange of securities of MS&AD Insurance Group Holdings, Inc., through the merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group. With regard to the nonmonetary exchange of securities of MS&AD Insurance Group Holdings, refer to Note 4 OTHER INVESTMENTS on page F-13.

Foreign exchange gains or losses generally arise from the revaluation of foreign currency-denominated assets such as notes and accounts receivables at the balance sheet date; the difference between carrying value and settlement value of foreign currency-denominated assets; and valuation on foreign exchange forward contracts and options. U.S. dollar, Euro and Baht-denominated assets accounted for a large portion of foreign exchange gains or losses. The exchange rates of the yen against the U.S. dollar at the balance sheet date were ¥83 and ¥93 for the fiscal year ended March 31, 2011 and 2010, respectively, and the yen against the Euro were ¥118 and ¥125 for the fiscal years ended March 31, 2011 and 2010, respectively.

**Income before Income Taxes and Equity in Net Income of Affiliated Companies**

Income before income taxes and equity in net income of affiliated companies increased ¥17.8 billion from the prior year, to ¥91.3 billion due to an increase in operating income.

**Income Taxes, Equity in Net Income of Affiliated Companies, and Net Income**

Income Taxes increased 18.1% from the prior year, to ¥30.7 billion, primarily as a result of an increase in Income before Income Taxes. The effective tax rate decreased by 1.8 percentage points to 33.6% from 35.4% of the prior year. Equity in net income of affiliated companies was ¥0.5 billion, an increase of ¥0.1 billion from the prior year. As a result, net income increased 27.6% from the prior year, to ¥61.1 billion.

**Net Income attributable to the noncontrolling interests**

Net income attributable to the noncontrolling interests increased 12.6% from the prior year, to ¥6.3 billion due to higher profits of consolidated subsidiaries.

**Net Income attributable to Kubota Corporation**

Due to the factors described above, net income attributable to Kubota Corporation increased 29.5% from the prior year, to ¥54.8 billion. Return on shareholders' equity increased 1.7 percentage points, to 8.7%, from the prior year.

**Net Income attributable to Kubota Corporation per ADS**

Basic net income attributable to Kubota Corporation per ADS (five common shares) was ¥216, as compared to ¥166 in the prior year.

**Dividends**

The Company paid ¥35 per ADS as a year-end cash dividend. Accordingly, including the interim dividend of ¥35 per ADS paid by the Company, the total dividend for the year ended March 31, 2011 was ¥70 per ADS, which was ¥10 per ADS higher than the prior year.

**Comprehensive Income**

Comprehensive Income was ¥24.1 billion, ¥46.6 billion lower than the prior year. This decrease was mainly due to the negative effect of foreign currency translation adjustments resulting from the appreciation of the yen and a turn from unrealized gains on securities into unrealized losses on securities, due to the stock market slump.

**Table of Contents***(The fiscal year ended March 31, 2010 compared with the fiscal year ended March 31, 2009)***Revenues**

For the year ended March 31, 2010, revenues of the Company decreased ¥176.8 billion (16.0%), to ¥930.6 billion, from the prior year.

In the domestic market, revenues decreased ¥47.5 billion (8.7 %), to ¥501.7 billion from the prior year. Revenues in Farm & Industrial Machinery decreased mainly due to depressed sales of engines and construction machinery, while sales of tractors and farm machinery increased. Revenues in Water & Environment Systems decreased due to a decrease in sales of pipe-related products such as ductile iron pipes and plastic pipes, and a decrease in sales of environment-related products. Revenues in Social Infrastructure and Other also decreased.

Revenues in overseas markets decreased ¥129.3 billion (23.2 %), to ¥429.0 billion from the prior year. In Farm & Industrial Machinery, revenues in Asia outside Japan favorably increased centering on combine harvesters and rice transplanters. However, revenues in North America and Europe decreased due to a decrease in sales of tractors, engines and construction machinery. Accordingly, total revenues in Farm & Industrial Machinery substantially decreased. On the other hand, revenues in Water & Environment Systems largely increased due to increased sales of ductile iron pipes and pumps. Revenues in Social Infrastructure decreased mainly due to a decrease in sales of industrial castings, and revenues in Other decreased. The ratio of overseas revenues to consolidated revenues was 46.1 %, 4.3 percentage points lower than the prior year.

The Company estimates that the unfavorable impact of foreign currency fluctuations on the Company's overseas revenues for the year under review was approximately ¥54.7 billion. The average exchange rates of the yen against the U.S. dollar were ¥94 and ¥103 for the fiscal year ended March 31, 2010 and 2009, respectively, and the average exchange rates of the yen against the Euro were ¥130 and ¥152 for the fiscal year ended March 31, 2010 and 2009, respectively. These currency fluctuations mainly influence revenues in the Farm & Industrial Machinery segment, as the overseas revenues of this segment account for most of the Company's overseas revenues.

**Revenues by Reporting Segment****1) Farm & Industrial Machinery**

Revenues in Farm & Industrial Machinery were ¥616.7 billion, 18.3 % lower than the prior year, comprising 66.2 % of consolidated revenues. Domestic revenues decreased 2.3 %, to ¥229.6 billion, and overseas revenues decreased 25.5 %, to ¥387.1 billion. This segment comprises farm equipment, engines and construction machinery.

In the domestic market, sales of farm equipment and engines decreased ¥2.2 billion (1.0%) from the prior year, and sales of construction machinery decreased ¥3.3 billion (16.4%) from the prior year. Demand for farm equipment in the first half of the year under review was sluggish due to the economic slump and uncertainty over the agricultural policy of national government. In addition, farmers' investment for farm equipment decreased due to decreasing nonagricultural income of part-time farmers, which comprise a large percentage of the agricultural population in Japan. On the one hand, demand for farm equipment in the latter half of the year under review was brisk due to implementation of additional governmental subsidies for leasing agricultural machinery. The application for this subsidy started in July 2009 and the payment ended on March 31, 2010. At the same time, market condition of construction machinery remained severe with a lack of recovery of investment in construction. In this circumstance, the Company actively introduced new products and implemented promotional sales activities, and sales of tractors and farm machinery increased. However, sales of engine and construction machinery decreased substantially.

In the overseas markets, sales of farm equipment and engines decreased ¥107.9 billion (23.6%) from the prior year and sales of construction machinery decreased ¥24.2 billion (38.5%) from the prior year. Sales of tractors decreased significantly. In Asia outside Japan, although tractor unit sales were steady in terms of quantity, revenues from tractor sales decreased due to the appreciation of the yen. Moreover, sales of tractors in North America and Europe decreased substantially due to a stagnation of the markets and the appreciation of the yen. Sales of construction machinery and engines decreased substantially owing to a sharp decline of demand in North America and Europe. On the other hand, sales of combine harvesters and rice transplanters increased owing to a significant increase in sales in China and Thailand.

**2) Water & Environment Systems**

Revenues in Water & Environment Systems decreased 4.8 %, to ¥222.9 billion from the prior year, comprising 24.0 % of consolidated revenues. Domestic revenues decreased 9.0 %, to ¥198.1 billion, and overseas revenues increased 49.1 %, to ¥24.9 billion. This segment comprises pipe-related products (ductile iron pipes, plastic pipes, valves, and other products) and environment-related products (environmental control plants, pumps and other products).



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In the domestic market, sales of pipe-related products such as ductile iron pipes and plastic pipes decreased 10.3%, to ¥127.7 billion from the prior year due to shrinkage of public investments and sluggish demand in housing market. Sales of environment-related products also decreased 6.4%, to ¥70.4 billion from the prior year mainly due to a decrease in sales of waste engineering products.

In the overseas markets, export sales of ductile iron pipes to the Middle East favorably increased and sales of valves and pumps also increased steadily.

**3) Social Infrastructure**

Revenues in Social Infrastructure decreased 26.8%, to ¥63.3 billion from the prior year, comprising 6.8 % of consolidated revenues. Domestic revenues decreased 28.3 %, to ¥47.0 billion, and overseas revenues decreased 22.1 %, to ¥16.3 billion. This segment consists of industrial castings, spiral welded steel pipes, vending machines, electronic -equipped machinery, and air-conditioning equipment.

In the domestic market, sales of all products in this segment, primarily industrial castings and spiral welded steel pipes, decreased affected by substantial declines in capital spending. In overseas markets, sales of industrial castings largely decreased.

**4) Other**

Revenues in Other decreased 14.3 %, to ¥27.7 billion from the prior year, comprising 3.0 % of consolidated revenues. Domestic revenues decreased 12.7 %, to ¥26.9 billion, and overseas revenues decreased 47.9 %, to ¥0.8 billion. This segment comprises construction, services and other businesses.

Construction sales decreased due to sluggish investment in construction and sales in other businesses in this segment largely decreased.

The Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 280, Segments Reporting. Upon this adoption, the Company reclassified its reporting segments from previously classified segments of Internal Combustion Engine and Machinery; Pipes, Valves, and Industrial Castings; Environmental Engineering; and Other to the following four reporting segments : Farm & Industrial Machinery; Water & Environment Systems; Social Infrastructure; and Other. Accordingly, figures for the fiscal year ended March 31, 2009 have been reclassified to conform to the presentation for the fiscal year ended March 31, 2010.

**Cost of Revenues, SG&A Expenses, and Other Operating Expenses**

The cost of revenues significantly decreased 15.9 % from the prior year, to ¥681.4 billion in conjunction with substantial decline of sales. However, the cost of revenues as a ratio to consolidated revenues was 73.2%, the same level as the prior year due to company-wide cost reduction activities and the benefit of price declines of raw materials. The Company estimates that it was positively impacted by approximately ¥20.0 billion from such price declines of raw materials.

Selling, general, and administrative (SG&A) expenses decreased 7.3 % from the prior year, to ¥179.4 billion. However, the ratio of SG&A expenses to revenues increased 1.8 percentage points, to 19.3% due to an increase in pension costs and lower revenues of the fiscal year under review.

Other operating expenses decreased ¥0.8 billion from the prior year, to ¥0.2 billion.

**Operating Income**

Operating income decreased ¥33.1 billion (32.2 %), to ¥69.7 billion from the prior year. Operating income in Farm & Industrial Machinery decreased substantially due to declining revenues in North America and Europe, and the appreciation of the yen. On the other hand, operating income in Water & Environment Systems increased sharply due to price declines of raw materials and absence of recorded losses related to the Anti-Monopoly Law in the prior year. Operating income in Social Infrastructure decreased largely as a result of decreased capital spending, while operating income in Other increased.

Operating income in each reporting segment (before the elimination of intersegment profits and adjustments) was as follows: Farm & Industrial Machinery, operating income of ¥60.5 billion, a 41.7% decrease; Water & Environment Systems, operating income of ¥19.7 billion, a 531.9 % increase; Social Infrastructure, operating income of ¥2.7 billion, a 66.3 % decrease; and Other, operating income of ¥2.6 billion, a 45.1 % increase.



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### Other income

Other income, net, was ¥3.8 billion, as compared to other expenses, net of ¥19.6 billion in the prior year. This improvement was mainly due to a turn from a foreign exchange loss into a foreign exchange gain and a decrease in valuation losses on other investments. The Company recorded a foreign exchange gain-net of ¥2.9 billion, as compared to a foreign exchange loss-net of ¥11.5 billion in the prior year. Foreign exchange gains or losses generally arise from the revaluation of foreign currency-denominated assets such as notes and accounts receivables at the balance sheet date; the difference between carrying value and settlement value of foreign currency-denominated assets; and valuation on foreign exchange forward contracts and options. U.S. dollar, Euro and Baht-denominated assets accounted for a large portion of foreign exchange gains or losses. The valuation losses on other investments decreased ¥8.5 billion, to ¥0.1 billion from the prior year due to a recovery of the stock market.

### Income before Income Taxes and Equity in Net Income of Affiliated Companies

Income before income taxes and equity in net income of affiliated companies decreased ¥9.8 billion, to ¥73.5 billion from the prior year due to a decrease in operating income.

### Income Taxes, Equity in Net Income of Affiliated Companies, and Net Income

Income Taxes decreased 9.6% from the prior year, to ¥26.0 billion, primarily as a result of the decline in Income before Income Taxes and Equity in Net Income of Affiliated Companies. The effective tax rate was 35.4%, the similar level as 34.5% of the prior year. Equity in net income of affiliated companies was ¥0.4 billion, an increase of ¥0.2 billion from the prior year. As a result, net income decreased 12.5% from the prior year, to ¥47.9 billion.

### Net Income attributable to the noncontrolling interests

Net income attributable to the noncontrolling interests decreased 16.3% from the prior year, to ¥5.6 billion due to lower profits of consolidated subsidiaries.

### Net Income attributable to Kubota Corporation

Due to the factors described above, net income attributable to Kubota Corporation decreased 11.9% from the prior year, to ¥42.3 billion. Return on shareholders' equity decreased 0.8 percentage points, to 7.0%, from the prior year.

### Net Income attributable to Kubota Corporation per ADS

Basic net income attributable to Kubota Corporation per ADS (five common shares) was ¥166, as compared to ¥188 in the prior year.

### Dividends

The Company paid ¥25 per ADS as a year-end cash dividend. Accordingly, including the interim dividend of ¥35 per ADS paid by the Company, the total dividend for the year ended March 31, 2010 was ¥60 per ADS, which was ¥10 per ADS less than the prior year.

### Comprehensive Income

Comprehensive Income was ¥70.8 billion, as compared to comprehensive loss of ¥45.3 billion in the prior year. This improvement was mainly due to a favorable effect of foreign currency translation adjustments and a turn from unrealized losses on securities into unrealized gains on securities, which resulted from improvement in the stock market.

### Critical Accounting Estimates

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The preparation of these statements requires the uses of estimates and assumptions about future events. Accounting estimates and assumptions discussed in this section are those that the Company considers to be the most critical to an understanding of its financial statements.

1) Allowance for doubtful accounts and credit losses

An allowance for doubtful accounts and credit losses is established to cover probable losses arising from customers' inability to repay. The allowance for doubtful receivables is determined on the basis of the collection status of receivables, historical credit loss experience, economic trends, customer's ability to repay, and collateral values. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations. Sharp changes in the economy or a significant change in the economic health of a particular customer could result in actual receivable losses that are materially different from the estimated reserve.

2) Impairment of Long-Lived Assets

The application of impairment accounting requires the use of significant estimates and assumptions. Long-lived assets to be held and used are reviewed for impairment by comparing the carrying value of an asset group with its estimated undiscounted future cash flows. This review is primarily performed using estimates of future cash flows by product category. If the carrying value of the asset group is considered impaired, an impairment loss is recorded for the amount by which the carrying value of the asset group exceeds its fair value. The fair value is determined using the present value of estimated net cash flows. This approach uses significant estimates and assumptions, which are inherently uncertain and unpredictable and would not reflect unanticipated events and circumstances that may occur.

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3) Pension Assumptions

The measurement of the Company's benefit obligation to its employees and the periodic benefit cost requires the use of certain assumptions, such as estimates of discount rates, expected return on plan assets, retirement rate, and mortality rate. The Company recognizes any net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following the year in which such gains and losses were incurred, while the portion between 10% and 20% is amortized over the average participants' remaining service period (approximately 15 years). Accordingly, significant changes in assumptions or significant divergences of actual results from the assumptions may have a material effect on periodic benefit cost in the future periods.

In preparing the financial statements, the Company assumed the discount rates used in calculating benefit obligation of 2.6% at March 31, 2011, and 2.4% at March 31, 2010, respectively. A lower discount rate increases benefit obligations, which could affect the periodic benefit cost in the following years by an increase in service cost, a decrease in interest cost, and, if amortized, an increase in amortization cost through the amortization of actuarial loss. Each 50 basis point increase or decrease in the discount rate will have an estimated increase or decrease of ¥8.0 billion on the benefit obligations at March 31, 2011.

The Company assumed an expected return on plan assets of 2.5% for each of the years ended March 31, 2011, 2010 and 2009. The lower rate of return on plan assets decreases the expected return amount in the following year. Each 50 basis point increase or decrease in the expected rate of return on plan assets will have an estimated increase or decrease of ¥0.5 billion on the periodic benefit cost for the year ending March 31, 2012.

4) Income Taxes

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company acknowledges that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company uses a more likely than not threshold to the recognition and derecognition of tax positions. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considers all available evidence, including past operating results, estimates of future taxable income, and the feasibility of ongoing tax planning strategies. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

5) Revenue recognition for long-term contracts

The Company uses the percentage of completion method to recognize revenue from long-term contracts primarily in construction works with the Japanese national government and local governments. The percentage of completion method requires the use of estimates and assumptions to measure total contracts, remaining costs to completion, and total contract revenues. The Company continually reviews the estimates and assumptions. Any revisions in revenue, cost, and profit estimates or in measurements of the extent of progress toward completion are accounted for in the consolidated statements of income for the fiscal year in which those revisions have been made.



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### 6) Loss Contingencies

The Company is currently facing asbestos-related issues, and is a party to certain legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure on a regular basis. If the potential losses from these matters are considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss. The Company considers the progress of legal proceedings, recent similar court cases, and other relevant factors in order to assess whether the conditions of loss contingencies are met. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, the Company reassesses the potential liability and may revise the estimates. Subsequent revisions in the estimates of the potential liabilities could have a material impact on the Company's results of operations and financial position in the period they are made.

### New Accounting Pronouncements

In July 2010, the FASB issued a new accounting standard related to disclosures about the credit quality of financing receivables and the allowance for credit losses. This standard requires a greater level of disaggregated information about the credit quality of its financing receivables and its allowance for credit losses. The disclosures as of the end of a reporting period were effective for interim and annual reporting periods, which ended on or after December 15, 2010 and were adopted by the Company in the third quarter ended December 31, 2010. The disclosures about activity that occurs during a reporting period were effective for interim and annual reporting periods beginning on or after December 15, 2010 and were adopted by the Company in the fourth quarter ended March 31, 2011. The adoption of this standard did not have an impact on the Company's consolidated results of operations or financial position. In April 2011, the FASB issued amendments to the above standard to clarify the definition of troubled debt restructurings, following an announcement made in January 2011, which had deferred the effective date for its disclosure. The amendments are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. The Company is currently calculating the impact of adoption of this standard on the consolidated financial statements.

In May 2011, the FASB issued a new accounting standard to expand existing disclosure requirements for fair value measurements and change the wording largely in order to eliminate difference between U.S. GAAP and International Financial Reporting Standards. This standard is effective during interim and annual periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued a new accounting standard related to the presentation of Comprehensive Income. This standard requires entities to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements and to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and should be applied retrospectively. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

### B. Liquidity and Capital Resources

#### Finance and Liquidity Management

The Company's financial policy is to ensure adequate financing and liquidity for its operations and to maintain the strength of its balance sheet. Through cash and cash equivalents, other current assets, cash flows provided by operating activities, and borrowing, the Company is in a position to fully finance the expansion of its business, R&D, and capital expenditures for current and future business projects. The specific methods of financing available to the Company are borrowing from financial institutions, establishing committed lines of credit, and the issuance of bonds and commercial paper (CP) in the capital markets.

The Company utilizes group financing in Japan and North America. With group financing, the Company centralizes and pursues the efficiency of cash management in each region, and the excess or shortage of cash at most of its subsidiaries in Japan and North America is invested or funded, as necessary.

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The Company is providing retail financing programs to facilitate sales of farm equipment in Japan, North America and Thailand.

To maintain the strength of its balance sheet and help secure adequate funding resources, the Company carefully monitors its interest-bearing debt, excluding debt related to sale financing programs. The Company is providing retail financing programs to facilitate sales of farm equipment in Japan, North America and Thailand and believes an increase of debt related to sales financing programs is a result of business expansion.

At the end of March 2011, the amount of interest-bearing debt decreased ¥49.1 billion from the prior year, to ¥354.0 billion due to a decrease in borrowing from financial institutions in Japan and North America. Of the ¥354.0 billion, ¥304.9 billion was borrowings from financial institutions, and the remaining ¥49.1 billion consisted of corporate bonds.

The currencies in which the Company borrows are mainly Japanese yen, U.S. dollars and Thai Baht. There are no restrictions regarding the manner in which the funds may be used. The amount of short-term borrowings at March 31, 2011 was ¥76.6 billion and the weighted average interest rate was 1.4% (U.S. dollar 0.8%, Thai Baht 1.9%, others 1.9%). The amount of long-term debt at March 31, 2011 was ¥274.2 billion and the weighted average interest rate, which included both fixed and floating rates was 1.7% (Japanese yen 1.1%, U.S. dollar 1.7%, others 3.5%). As for corporate bonds, the outstanding issue was ¥49.1 billion at the end of March 2011.

Regarding the lines of credit, the Company has established committed lines of credit totaling ¥20.0 billion with certain Japanese banks. However, the Company currently does not use these lines.

There are restrictive covenants related to the borrowings including negative pledges, rating trigger and minimum net worth. The rating trigger states that the Company shall keep or be higher than the BBB rating by Rating and Investment Information, Inc. and the minimum net worth covenant states that the Company shall maintain total equity of more than ¥470.0 billion on the consolidated financial statement and more than ¥302.5 billion on the separate financial statement of the parent company. The Company is in compliance with these restrictive covenants at March 31, 2011. With regard to the maturity profile of these borrowings, refer to Item 5.F Tabular Disclosure of Contractual Obligations on page 28.

After the worsening of the sub-prime loan problem and shockwaves from the Lehman Brothers collapse in the United States, the world financial markets were in turmoil and unstable for a certain period. Even in such period, the Company was able to raise enough funds for business operations and did not encounter financing problems.

The Company plans its capital expenditures considering future business demand and cash flows. As of March 2011, the Company has planned to invest approximately ¥34.0 billion in the fiscal year ending March 31, 2012. The Company intends to fund its investment basically through cash provided by operating activities, and to also utilize available borrowings from financial institutions. The Company's current commitments for capital expenditures are not material.

The Company has underfunded pension liabilities of ¥35.3 billion, which relate primarily to the parent company, as of the end of March, 2011. The Company's contributions to pension plans for the year ending March 31, 2012 are expected to be ¥14.1 billion.

The Company's basic policy for the return of profit to shareholders is to maintain stable dividends or raise dividends together with repurchases of treasury stock. The Company uses net cash provided by operating activities for these dividends and repurchases.

The amount of working capital decreased ¥38.5 billion from the prior year-end, to ¥342.1 billion. Additionally, the ratio of current assets to current liabilities decreased 7.9 percentage points, to 178.6%, due to a decrease in current assets resulting from a decrease in cash and cash equivalents and notes and accounts receivables. There is some seasonality to the Company's liquidity and capital resources because a high percentage of the notes and accounts receivable from local governments is collected during April through June each year. Currently, the Company believes the working capital is sufficient for the Company's present requirements.

All things considered, the Company believes that it can support its current and anticipated capital and operating requirements for the foreseeable future.

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### Cash Flows

Net cash provided by operating activities during the year under review was ¥81.9 billion, and cash inflow decreased ¥37.2 billion from the prior year. Although net income increased, cash inflow substantially decreased due to the changes in working capital.

Net cash used in investing activities was ¥43.6 billion, and cash outflow increased of ¥0.2 billion from the prior year.

Net cash used in financing activities was ¥41.7 billion, cash outflow increased of ¥7.0 billion from the prior year due to a decrease in proceeds from issuance of long-term debt.

Including the effect of exchange rate, cash and cash equivalents at the end of March 31, 2011 were ¥105.3 billion, a decrease of ¥6.1 billion from the prior year.

Over the past three years, the amount of net cash provided by operating activities was ¥178.4 billion in aggregate and net increases in borrowings were ¥74.2 billion in aggregate. Additionally, during the same period, proceeds from sales of property, plant, and equipment and proceeds from sales of investments were ¥20.7 billion in total. The aggregate amount of these cash flows was used chiefly to fund increases in finance receivables, which exceeded collections of finance receivables by ¥87.6 billion, purchases of fixed assets of ¥86.9 billion, dividend payments to stockholders of ¥52.3 billion and repurchase of common stock for ¥5.6 billion. Cash and cash equivalents increased an aggregate of ¥16.5 billion during the same period.

### Assets, Liabilities, and Equity

#### 1) Assets

Total assets at the end of March 2011 amounted to ¥1,356.9 billion, a decrease of ¥52.2 billion (3.7%) from the end of the prior year. Current assets were ¥777.2 billion, a decrease of ¥43.6 billion from the prior year-end mainly due to a decrease of notes and accounts receivable. Notes and accounts receivable decreased owing mainly to a decrease in foreign currency-denominated trade accounts affected by the appreciation of the yen. In addition, investments and long-term finance receivables were ¥316.9 billion, a decrease of ¥4.8 billion from the prior year-end and property, plant, and equipment were ¥217.4 billion, a decrease of ¥3.5 billion from the prior year-end.

#### 2) Liabilities

Total liabilities amounted to ¥675.5 billion, a decrease of ¥61.9 billion (8.4%) from the end of the prior year. Current liabilities were ¥435.1 billion a decrease of ¥5.1 billion from the prior year-end. On the other hand, long-term liabilities decreased ¥56.8 billion, to ¥240.4 billion mainly due to a decrease of long-term debt.

#### 3) Equity

Total equity amounted to ¥681.4 billion, an increase of ¥9.7 billion (1.5 %) from the end of the prior year. Recorded net income compensated an increase in accumulated other comprehensive loss mainly due to a decrease of foreign currency translation adjustments. As a result, shareholders equity ratio was 46.8 %, 2.3 percentage points higher than the prior year end. The debt-to-equity ratio\*\* was 55.8%, 8.6 percentage points lower than at the prior year-end.

\* Shareholders equity ratio = shareholders equity / total assets

\*\* Debt-to-equity ratio = interest-bearing debt / shareholders equity

### Derivatives

To offset currency and interest rate fluctuation risks, the Company uses various types of derivatives, including foreign exchange forward contracts, currency swaps, and interest rate swaps. As a basic policy, the Company conducts its derivative transactions within the range of its outstanding credit and obligations, and the Company does not engage in speculative derivative transactions. The counterparties for the Company's derivative transactions are financial institutions with high creditworthiness; therefore, the Company does not anticipate any credit losses on such transactions. For more specific details, refer to Note 13 Derivative Financial Instruments on page F-30.



**Table of Contents****C. Research and Development, Patents and Licenses, etc****Research and Development**

The following table shows the Company's research and development expenses for the last three fiscal years.

|  | Millions of yen |          |          |
|--|-----------------|----------|----------|
|  | 2011            | 2010     | 2009     |
| R&D Expenses                             | ¥ 25,042        | ¥ 25,241 | ¥ 26,290 |
| As a percentage of consolidated revenues | 2.7%            | 2.7%     | 2.4%     |

The R&D activities are conducted principally in R&D departments in each business division and subsidiary. In its business divisions and subsidiaries, there are 33 R&D departments. Each department promotes the R&D activities fortifying each business.

The total R&D expenses of the four reporting segments, which are Farm & Industrial Machinery, Water & Environment Systems, Social Infrastructure, and Other segment, were ¥19.3 billion, ¥3.3 billion, ¥1.5 billion, and ¥1.0 billion, respectively.

**Patents and Licenses**

The Company does not rely on any specific individual licenses or patents. As of March 31, 2011, the Company held 4,666 Japanese patents and 1,132 foreign patents and utility model registrations. A utility model registration is a right granted under Japanese law and in certain other countries to inventions of lesser originality than those which qualify for patents. Although patent rights are important to the Company, the Company does not consider that the expiration of any single patent or group of related patents would materially affect Kubota's business. Kubota grants licenses to others to use its technology including its patents, and obtains licenses under patents from third parties for technological assistance on a royalty basis. In fiscal 2011, royalty income and expenses were ¥847 million and ¥94 million, respectively, under such licensing arrangements.

**D. Trend Information****Outlook for the Next Fiscal Year**

The Company forecasts consolidated revenues for the year ending March 31, 2012 will increase from the year under review. Overseas markets including North America, Asia outside Japan and Europe are expected to be brisk. On the other hand, the domestic market is expected to remain sluggish.

The Company forecasts operating income will increase from the year under review mainly due to an increase in revenues. The Company also expects income before income taxes and equity in net income of affiliated companies and net income attributable to Kubota Corporation for the next fiscal year will increase from the year under review.

The concern about stable production raised from the Great East Japan Earthquake have decreased considerably. Although demand for the Company's products will involve uncertain factors related to the earthquake, the effect of such uncertainties is not expected to be material.

**Matters Related to the health hazard of Asbestos****Background**

Until 1995, the Company's plant in Amagasaki, Hyogo Prefecture, which is now a company office, produced products containing asbestos. In April 2005, the Company was advised that some residents who lived near the former plant suffered from mesothelioma, a form of cancer that is said to be mainly caused by the aspiration of asbestos. The Company announced its intention in June 2005 to act seriously and faithfully concerning various issues of the health hazard of asbestos from the viewpoint of corporate social responsibility (CSR) as a company that had once manufactured products containing asbestos for a long time.

According to the Company's basic policy, the Company started the program of consolation payments to patients with mesothelioma who lived near the former plant and to the families of residents who died from mesothelioma. In April 2006, the Company decided to establish the relief

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payment system in place of the consolation payment system and make additional payment to the residents to whom consolation payment were eligible to be paid or payable.

Since the Company established its internal policies and procedures of relief payment system, the Company has received claims for relief payments from 237 residents and paid or accrued relief payments to 218 of those residents after carefully reviewing those claims as of March 31, 2011.

With regard to the procedures for making claims to the Company for relief payments, the Company has asked the residents or the bereaved family of the residents who lived close to its former plant to communicate with the Company through Amagasaki Occupational Safety and Health Center with the documents requested by the Company.

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With regard to current and former employees of the Company who are suffering from or have died of asbestos-related disease, in accordance with the Company's internal policies, the Company pays compensation which is not required by law. Upon certification of medical treatment compensation from the Workers' Accident Compensation Insurance for asbestos-related diseases, the compensation for asbestos-related disease is paid. In case an employee dies during medical treatment and is certified for compensation from the Workers' Accident Compensation Insurance for bereaved families, the compensation for asbestos-related disease for the bereaved family is also paid. The cumulative number of current and former employees who are eligible for compensation in accordance with the Company's internal policies that are not required by law is 162 as of the end of March 2009, 170 as of the end of March 2010, and 176 as of the end of March 2011.

In August 2006, the Company announced that the Company would provide a donation of ¥1.2 billion to Hyogo College of Medicine made over 10 years and a ¥0.5 billion to Osaka Medical Center for Cancer and Cardiovascular Diseases over five years. The Company donated ¥0.2 billion as a contribution for the year ended March 31, 2011.

As a result of the asbestos issue becoming an object of public concern, the Japanese government established the Law for the Relief of Patients Suffering from Asbestos-Related Diseases ( New Asbestos Law ) in March 2006. This law was enacted for the purpose of promptly providing relief to people suffering from asbestos-related diseases who are not eligible for relief by compensation from the Insurance in accordance with the Workers' Accident Compensation Insurance Law. The relief aid payments are contributed by the national government, municipal governments, and business entities. The contribution includes a special contribution by companies which operated a business closely related to asbestos, and was made by business entities commencing from the year ended March 31, 2008.

During the year ended March 31, 2007, the Company accounted for ¥735 million of the special contribution as a lump sum expense, which is imposed based on the New Asbestos Law during the four-year period commencing on April 1, 2007. In addition, the Company recorded an expense of ¥179 million in this fiscal year.

### Contingencies Regarding Asbestos-Related Matters

The Company expenses the payments for the health hazard of asbestos based on the Company's policies and procedures. The expenses include payments to certain residents who lived near the Company's plant and current and former employees, and a special contribution in accordance with the New Asbestos Law. The amount of these expenses during the year ended March 31, 2011 was approximately ¥1,155 million. Of the ¥1,155 million, ¥768 million represented expenses relating to the payment for the residents who lived near the Company's plant under the relief payment system established in April 2006. The Company has no basis or information to estimate the number of residents and current and former employees that are going to apply for payments.

Although the Company is currently a defendant in litigation relating to asbestos, the ultimate outcome of this litigation is also unpredictable due to inherent uncertainties in litigation.

Accordingly, the Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to the asbestos issues. However, the Company believes asbestos-related issues contain potentially material risks for the Company's consolidated results of operations, financial position, and its liquidity.

### Subsequent events

On May 11, 2011, the Company's Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2011 of ¥7 per common share (¥35 per 5 common shares) or a total of ¥8,905 million.

### E. Off-balance Sheet Arrangements

The Company previously utilized accounts receivable securitization programs, which were important for the Company to broaden its funding sources and raise cost-effective funds. However, financing by securitization of trade receivables was quite difficult in the United States in the year ended March 31, 2009 because of turmoil in the U.S. financial markets. Under this situation, the Company terminated all securitization programs during the year ended March 31, 2009 and the Company has not resumed the programs. As a result, there was no receivable sold at March 31, 2011.

The Company provides guarantees to distributors, including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods. The maximum potential amount of undiscounted future payments of these financial guarantees as of March 31, 2011 was ¥9.2 billion.





**Table of Contents****F. Tabular Disclosure of Contractual Obligations**

The following summarizes contractual obligations at March 31, 2011.

|  | Millions of yen  |                        |                  |                 |                      |
|--|------------------|------------------------|------------------|-----------------|----------------------|
|  | Total            | Payments due by period |                  |                 | More than<br>5 years |
| Less than<br>1 year                    |                  | 1-3 years              | 3-5 years        |                 |                      |
| Contractual obligations:               |                  |                        |                  |                 |                      |
| Short-term borrowings                  | ¥ 76,642         | ¥ 76,642               | ¥                | ¥               | ¥                    |
| Capital lease obligations              | 3,118            | 2,031                  | 973              | 100             | 14                   |
| Long-term debt                         | 274,198          | 83,525                 | 148,078          | 33,269          | 9,326                |
| Deposits from customers                | 2,399            | 2,399                  |                  |                 |                      |
| Operating lease obligations            | 2,693            | 906                    | 1,233            | 440             | 114                  |
| Commitments for capital expenditures   | 545              | 545                    |                  |                 |                      |
| Contributions to defined pension plans | 14,100           | 14,100                 |                  |                 |                      |
| Interest payments                      | 12,893           | 7,119                  | 4,901            | 765             | 108                  |
| <b>Total</b>                           | <b>¥ 386,588</b> | <b>¥ 187,267</b>       | <b>¥ 155,185</b> | <b>¥ 34,574</b> | <b>¥ 9,562</b>       |

Long-term debt represents unsecured bonds and loans principally from banks and insurance companies. Payments due by periods for interest payments are calculated using the contract rate of each borrowing or debt and derivative financial instruments at March 31, 2011.

The Company expects benefit payments to the participants of the defined benefit pension plans and the severance indemnity plans as disclosed in Note 8, RETIREMENT AND PENSION PLANS Expected Cash Flows on page F-23 of this annual report. While the Company will contribute to its defined benefit pension plans in the future periods to meet future benefit payments, its contributions to defined pension plans beyond the next fiscal year are not included in the table because they are not currently determinable.

The Company recorded liabilities for unrecognized tax benefits of ¥223 million at March 31, 2011, which are not included in the above tables because it is unable to make reasonable estimates of the periods of settlement.

**G. Safe Harbor**

Projected results of operations and other future forecasts contained in this annual report are the estimates of the Company based on information available to the Company as of this published date. Therefore, those projections include certain potential risks and uncertainties. Accordingly, the users of this information are requested to note that the actual results could differ materially from those future projections. Major factors that could influence the ultimate outcome include the economic condition surrounding the Company, foreign exchange rates, agricultural policy in Japan, the trend of public investment and private capital expenditure in Japan, the price-competitive pressure in the market and the ability for the Company to manufacture or innovate products which will be accepted in the market. Finally the users of this information should note that the factors that could influence the ultimate outcome of the Company's activities are not limited to the above.

**Table of Contents****Item 6. Directors, Senior Management and Employees****A. Directors and Senior Management**

The following sets forth the information about the Company's Directors, Executive Officers and Corporate Auditors as of the date of filing of this annual report, together with their respective dates of birth and positions. The term of office of all Directors will expire at the conclusion of the ordinary general meeting of shareholders which will be held in 2012.

| <b>Name<br/>(Birthday)</b>             | <b>Number of<br/>Company Shares<br/>Owned as of<br/>June 24, 2011</b> | <b>Current Positions and Brief Occupational History<br/>(including responsibilities in other companies)</b>  |
|--|---|--|
| Yasuo Masumoto<br><br>(April 21, 1947) | 49,000 Shares   | <p>Representative Director, Chairman, President &amp; CEO of Kubota Corporation</p> <p>January 2011: Representative Director, Chairman, President &amp; CEO of Kubota Corporation (to present)</p> <p>January 2009: Representative Director, President &amp; CEO of Kubota Corporation</p> <p>April 2008: Executive Vice President and Director of Kubota Corporation</p> <p>April 2007: In charge of Tokyo Head Office, General Manager of Water, Environment &amp; Infrastructure Consolidated Division, General Manager of Tokyo Head Office, General Manager of Production Control Headquarters in Water, Environment &amp; Infrastructure Consolidated Division, General Manager of Coordination Dept. in Water, Environment &amp; Infrastructure Consolidated Division</p> <p>April, 2006: Executive Managing Director of Kubota Corporation</p> <p>April 2005: Deputy General Manager of Industrial &amp; Material Systems Consolidated Division</p> <p>January 2005: In charge of Quality Assurance &amp; Manufacturing Promotion Dept.</p> <p>June 2004: General Manager of Purchasing Dept. in Industrial &amp; Material Systems Consolidated Division</p> <p>April 2004: Managing Director of Kubota Corporation,</p> <p>In charge of Manufacturing Planning &amp; Promotion Dept.</p> <p>April 2003: General Manager of Production Control Headquarters in Industrial &amp; Material Systems Consolidated Division</p> <p>June 2002: Director of Kubota Corporation</p> <p>October 2001: General Manager of Farm Machinery Division</p> <p>April 1971: Joined Kubota Corporation</p> |
| Tetsuji Tomita<br><br>(March 6, 1950)  | 27,000 Shares   | <p>Representative Director and Executive Vice President of Kubota Corporation, General Manager of Farm &amp; Industrial Machinery Consolidated Division</p> <p>April 2011: Representative Director and Executive Vice President of Kubota Corporation (to present)</p> <p>April 2009: Representative Director and Senior Managing Executive Officer of Kubota Corporation</p> <p>January 2009: General Manager of Farm &amp; Industrial Machinery Consolidated Division (to present)</p> <p>January 2009: General Manager of International Operations Headquarters in Farm &amp; Industrial Machinery Consolidated Division</p> <p>April 2008: Managing Director of Kubota Corporation</p> <p>June 2005: Director of Kubota Corporation</p> <p>April 2004: President of Kubota Tractor Corporation</p> <p>April 1973: Joined Kubota Corporation</p>  |



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| Name<br>(Birthday)                     | Number of<br>Company Shares    | Current Positions and Brief Occupational History   |
|--|--------------------------------|--|
|  | Owned as of                    | (including responsibilities in other companies)  |
| Satoru Sakamoto<br><br>(July 18, 1952) | June 24, 2011<br>23,000 Shares | Director and Senior Managing Executive Officer of Kubota Corporation, In charge of Planning & Control Headquarters and Global IT Management Office<br><br>June 2011: In charge of Global IT Management Office (to present)<br>April 2011: Director and Senior Managing Executive Officer of Kubota Corporation (to present)<br>October 2010: In charge of Planning & Control Headquarters (to present)<br>April 2009: In charge of Corporate Planning & Control Dept. and Finance & Accounting Dept.<br>April 2009: Director and Managing Executive Officer of Kubota Corporation<br>June 2006: Director of Kubota Corporation<br>April 2006: General Manager of Air Condition Equipment Division and President of Kubota Air Conditioner, Ltd.<br>April 1976: Joined Kubota Corporation   |
| Takeshi Torigoe<br><br>(April 8, 1950) | 28,000 Shares                  | Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Social Infrastructure Consolidated Division, In charge of Quality Assurance & Manufacturing Promotion Dept.<br><br>June 2011: Director and Senior Managing Executive Officer of Kubota Corporation (to present)<br>April 2011: Senior Managing Executive Officer of Kubota Corporation<br>April 2010: In charge of Quality Assurance & Manufacturing Promotion Dept. (to present)<br>June 2009: Managing Executive Officer of Kubota Corporation<br>April 2009: General Manager of Materials Division and Steel Castings Business Unit<br>April 2009: General Manager of Social Infrastructure Consolidated Division (to present)<br>April 2009: Director and Managing Executive Officer of Kubota Corporation<br>January 2009: Deputy General Manager of Water, Environment & Infrastructure Consolidated Division<br>June 2006: Director of Kubota Corporation<br>April 2005: General Manager of Steel Castings Division<br>April 1976: Joined Kubota Corporation |

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| <b>Number of</b>  |                                       |   |
|---|---------------------------------------|---|
| <b>Company Shares</b>   |                                       |   |
| <b>Name</b>   | <b>Owned as of</b>                    | <b>Current Positions and Brief Occupational History</b>   |
| <b>(Birthday)</b><br>Masayoshi Kitaoka<br><br>(December 11, 1949) | <b>June 24, 2011</b><br>18,000 Shares | <b>(including responsibilities in other companies)</b><br>Director and Managing Executive Officer of Kubota Corporation, General Manager of Water & Environment Systems Consolidated Division, General Manager of Tokyo Head Office<br><br>June 2011: Director and Managing Executive Officer of Kubota Corporation (to present)<br>April 2011: General Manager of Water & Environment Systems Consolidated Division, General Manager of Tokyo Head Office (to present)<br><br>April 2010: General Manager of Water Engineering & Solution Division, Membrane Systems Business Unit and Business Coordination Dept. in Membrane Systems Business Unit,<br><br>President of Kubota Membrane Co., Ltd.<br><br>June 2009: Managing Executive Officer of Kubota Corporation<br>April 2009: In charge of Secretary & Public Relations Dept., General Affairs Dept. and Tokyo Administration Dept.<br><br>April 2009: Director and Managing Executive Officer of Kubota Corporation<br>April 2008: Managing Director of Kubota Corporation<br>April 2007: In charge of Personnel Dept., Health & Safety Planning & Promotion Dept., General Manager of Head Office<br><br>June 2005: Director of Kubota Corporation<br>April 2004: General Manager of Farm Machinery Division<br>April 1973: Joined Kubota Corporation  |
| Toshihiro Kubo<br><br>(April 5, 1953)                             | 18,000 Shares                         | Director and Managing Executive Officer of Kubota Corporation, In charge of Personnel Dept., Secretary Dept., Corporate Communications Dept., General Affairs Dept., and Tokyo Administration Dept., General Manager of Head Office<br><br>June 2011: Director and Managing Executive Officer of Kubota Corporation (to present)<br>April 2011: Managing Executive Officer of Kubota Corporation<br>June 2010: In charge of Secretary Dept. and Corporate Communications Dept. (to present)<br>April 2010: In charge of Secretary & Public Relations Dept.,<br>April 2010: In charge of Personnel Dept., General Affairs Dept., and Tokyo Administration Dept.,<br><br>General Manager of Head Office (to present)<br><br>June 2009: Executive Officer of Kubota Corporation<br>April 2009: Deputy General Manager of Water & Environment Systems Consolidated Division, General Manager of Water & Environment Systems, Social Infrastructure Business Promotion Headquarters, Water & Environment Systems, Social Infrastructure Production Control Dept.<br><br>April 2009: Director and Executive Officer of Kubota Corporation<br>June 2007: General Manager of Production Control Headquarter in Water, Environment & Infrastructure Consolidated Division and Coordination Dept. in Water, Environment & Infrastructure Consolidated Division<br><br>June 2007: Director of Kubota Corporation<br>October 2005: General Manager of Planning Dept. in Ductile Iron Pipe Division<br>April 1979: Joined Kubota Corporation |

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| Name<br>(Birthday)                  | Number of<br>Company Shares    | Current Positions and Brief Occupational History   |
|-------------------------------------|--------------------------------|--|
|                                     | Owned as of                    | (including responsibilities in other companies)  |
| Yuzuru Mizuno<br>(January 21, 1948) | June 24, 2011<br>19,000 Shares | Director of Kubota Corporation<br><br>June 2009: Director of Kubota Corporation (to present)<br>July 2008: Executive Vice President of Matsushita Real Estate Co., Ltd. (to present)<br>June 2005: Corporate Auditor of Kubota Corporation<br>July 2004: Executive Director of Matsushita Electric Industrial Co., Ltd., In charge of Corporate Finance & Investor Relations<br>February 2004: Director (non full-time) of Nippon Otis Elevator Company<br>October 2000: President (non full-time) of Panasonic Finance (Japan) Co., Ltd.<br>October 2000: General Manager of Corporate Finance Dept. of Matsushita Electric Industrial Co., Ltd.<br>June 1998: Managing Director of Matsushita Industrial Corporation Sdn. Bhd.<br>December 1995: General Manager of Accounting Dept. in Compressor Division of Matsushita Electric Industrial Co., Ltd.<br>April 1970: Joined Matsushita Electric Industrial Co., Ltd.<br><br>(subsequently, Panasonic Corporation)  |
| Junichi Sato<br>(March 26, 1950)    | 0 Shares                       | Director of Kubota Corporation<br><br>June 2011: Director of Kubota Corporation (to present)<br>June 2007: In charge of Global Sales Strategies for Commercial and Industrial Refrigeration. (excluding Japan)<br>June 2007: In charge of Global Air-Conditioning Business (excluding Japan) (to present)<br>May 2005: General Manager Global Operations Division.<br>June 2004: In charge of Global Operations Division, Air-Conditioning Operations in the Europe/Middle East/Africa Region and President & Managing Director Daikin Europe N.V.<br>June 2004: Senior Executive Officer Daikin Industries, Ltd. (to present)<br>June 2003: Senior Associate Officer Daikin Industries, Ltd.<br>June 2000: In charge of Global Operations Division, Air-Conditioning Operations in the Europe Region and President & Managing Director Daikin Europe N.V.<br>June 2000: Associate Officer Daikin Industries, Ltd.<br>July 1998: President & Managing Director Daikin Europe N.V.<br>December 1973: Joined Daikin Industries, Ltd. |

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| Name<br>(Birthday)                    | Number of<br>Company Shares  | Current Positions and Brief Occupational History<br>(including responsibilities in other companies)  |
|---------------------------------------|------------------------------|--|
|                                       | Owned as of<br>June 24, 2011 |  |
| Hirokazu Nara<br>(October 2, 1948)    | 30,000 Shares                | Corporate Auditor of Kubota Corporation<br><br>June 2011: Corporate Auditor of Kubota Corporation (to present)<br>April 2011: Director of Kubota Corporation<br>October 2010: General Manager of Tokyo Head Office<br>April 2009: General Manager of Water & Environment Systems Consolidated Division<br>April 2009: Representative Director and Senior Managing Executive Officer of Kubota Corporation<br><br>April 2007: In charge of Corporate Staff Section (assistant)<br>April 2007: Managing Director of Kubota Corporation<br>October 2005: In charge of Corporate Planning & Control Dept.<br>June 2005: In charge of Air Condition Equipment Division, Septic Tanks Division, Housing & Building Materials Business Coordination Dept., PV Business Planning & Promotion Dept., Finance & Accounting Dept. General Manager of Corporate Planning & Control Dept.<br><br>June 2005: Director of Kubota Corporation<br>April 2005: In charge of Air Condition Equipment Division (assistant), Septic Tanks Division (assistant), Housing & Building Materials Business Coordination Dept. (assistant), PV Business Planning & Promotion Dept. (assistant), Finance & Accounting Dept. (assistant) and General Manager of Corporate Planning & Control Dept.<br><br>April 1971: Joined Kubota Corporation |
| Hiroshi Shiaku<br>(March 10, 1951)    | 7,000 Shares                 | Corporate Auditor of Kubota Corporation<br><br>June 2011: Corporate Auditor of Kubota Corporation (to present)<br>June 2008: Corporate Auditor of Kubota Matsushita Exterior Works Co., Ltd. (subsequently, KMEW Co., Ltd.)<br><br>June 2003: General Manager of Compliance Auditing Dept.<br>April 1973: Joined Kubota Corporation  |
| Masao Morishita<br>(January 22, 1949) | 8,000 Shares                 | Corporate Auditor of Kubota Corporation<br><br>June 2009: Corporate Auditor of Kubota Corporation (to present)<br>April 2006: Director and CFO of MT Picture Display Co., Ltd., In charge of Administration Dept.<br>April 2003: Director and General Manager of Administrative Headquarter of Matsushita Toshiba Picture Display Co., Ltd.<br><br>April 1998: General Manager of Accounting Dept. and Business Planning Dept. in Compressor Division of Matsushita Electric Industrial Co., Ltd.<br>April 1994: President and Director of Matsushita Compressor Corporation of America<br>April 1971: Joined Matsushita Electric Industrial Co., Ltd. (subsequently, Panasonic Corporation)   |
| Akira Negishi<br>(March 23, 1943)     | 0 Shares                     | Corporate Auditor of Kubota Corporation<br><br>June 2011: Corporate Auditor of Kubota Corporation (to present)<br>April 2006: Registered as an attorney with Osaka Bar Association (to present)<br>April 2006: Professor of Konan Law School (to present)  |

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|             |  |
|-------------|--|
| April 2006: | Honorary Professor of Kobe University (to present)       |
| March 2006: | Retirement from Kobe University                          |
| April 1998: | Vice President of Kobe University                        |
| April 1996: | Head of faculty of law in Kobe University                |
| April 1978: | Professor of faculty of law in Kobe University           |
| April 1969: | Assistant professor of faculty of law in Kobe University |
| April 1965: | 19th Legal Apprenticeship                                |



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| Name<br>(Birthday)               | Number of<br>Company Shares  | Current Positions and Brief Occupational History  |
|----------------------------------|------------------------------|---|
|                                  | Owned as of<br>June 24, 2011 | (including responsibilities in other companies)   |
| Ryoji Sato<br>(December 7, 1946) | 0 Shares                     | Corporate Auditor of Kubota Corporation   |
|                                  |                              | June 2011: Corporate Auditor of Kubota Corporation (to present)   |
|                                  |                              | May 2011: Retired from Senior Advisor of Deloitte Touche Tohmatsu LLC   |
|                                  |                              | November 2010: Senior Advisor, Deloitte Touche Tohmatsu LLC   |
|                                  |                              | June 2007: Executive Member, Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu Limited)   |
|                                  |                              | June 2007: Chief Executive Officer of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)  |
|                                  |                              | June 2004: Representative Partner and Managing Partner, Tokyo   |
|                                  |                              | June 2001: Office of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)<br>Managing Partner, Tokyo Office of Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC) |
|                                  |                              | June 1997: Board member of Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)   |
|                                  |                              | April 1975: Registered as a Certified Public Accountant with the Japanese Institute of Certified Public Accountants (to present)  |
|                                  |                              | October 1971: Joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC)   |

Yuzuru Mizuno and Junichi Sato are outside directors as stipulated in the Corporate Law. Masao Morishita, Akira Negishi and Ryoji Sato are outside corporate auditors as stipulated in the Corporate Law.

The Company notified the Japanese stock exchanges of all of its five outside directors and outside corporate auditors as independent directors / corporate auditors pursuant to the regulations of the Japanese stock exchanges. The definition of the independent director / corporate auditor is different from that of the independent directors under the corporate governance standards of the New York Stock Exchange or under Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended.

Among Directors or Corporate Auditors of Kubota Corporation, there is no family relationship. No Directors or Corporate Auditors, except Yuzuru Mizuno, Junichi Sato, Masao Morishita, Akira Negishi and Ryoji Sato have business activities outside the Company. Two Directors, Yuzuru Mizuno and Junichi Sato, serve as a director or an executive officer of other companies as above mentioned.

There is not any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any person named above was selected as a Director or a Corporate Auditor.

The Company is not dependent on specific Directors, researchers, or any other entity for its management.

The Company, by a resolution at the meeting of the Board of Directors held on February 10, 2009, introduced the Executive Officer System. The following sets for the information about the Executive Officers excluding persons who also hold the post of Directors as of the date of filing of this annual report, together with their respective positions and responsibilities. Please refer to Item 6C Board Practices for details of the Executive Officer System.

| Title                             | Name               | Responsibilities and important concurrent offices   |
|-----------------------------------|--------------------|---|
| Senior Managing Executive Officer | Eisaku Shinohara   | In charge of Research & Development Planning & Promotion Dept. and Environmental Protection Dept. |
| Senior Managing Executive Officer | Masatoshi Kimata   | President of SIAM KUBOTA Corporation Co., Ltd.  |
| Senior Managing Executive Officer | Nobuyuki Toshikuni |   |

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|                            |                    |  |
|----------------------------|--------------------|--|
|                            |                    | General Manager of R&D Headquarters in Farm & Industrial Machinery Consolidated Division,  |
|                            |                    | In charge of Instrumentation and Control Technology Center   |
| Managing Executive Officer | Hideki Iwabu       | General Manager of Water & Environment Innovative  |
|                            |                    | Research Laboratory  |
| Managing Executive Officer | Katsuyuki Iwana    | General Manager of Manufacturing Headquarters and Procurement Headquarters in Farm & Industrial Machinery Consolidated Division  |
| Managing Executive Officer | Kenshiro Ogawa     | General Manager of Construction Machinery Division,  |
|                            |                    | General Manager of Construction Machinery Planning & Control Dept. in Construction Machinery Division  |
| Managing Executive Officer | Tetsu Fukui        | In charge of Water & Environment Systems Consolidated Division<br>Production Control Dept., Water & Environment Systems Consolidated Division<br>Quality Assurance Dept., Water & Environment Systems Consolidated Division<br>Purchasing Dept., |
|                            |                    | General Manager of Environmental Equipment R&D Center in Water & Environment Systems Consolidated Division   |
| Managing Executive Officer | Satoshi Iida       | General Manager of International Operations Headquarters in Farm & Industrial Machinery Consolidated Division  |
| Managing Executive Officer | Shigeru Kimura     | General Manager of Planning & Control Headquarters   |
| Executive Officer          | Masakazu Tanaka    | General Manager of Farm Machinery Division   |
| Executive Officer          | Taichi Itoh        | General Manager of Health & Safety Planning & Promotion Dept.  |
| Executive Officer          | Yujiro Kimura      | General Manager of Strategy Planning Office  |
| Executive Officer          | Shinji Sasaki      | General Manager of Engine Division   |
| Executive Officer          | Hiroshi Matsuki    | General Manager of Steel Pipe Division   |
| Executive Officer          | Yuichi Kitao       | President of Kubota Tractor Corporation  |
| Executive Officer          | Kunio Suwa         | General Manager of CSR Planning & Coordination Headquarters  |
| Executive Officer          | Toshihiko Kurosawa | General Manager of Pumps Division  |
| Executive Officer          | Hiroshi Kawakami   | Senior Executive Vice President of SIAM KUBOTA Corporation Co., Ltd.   |
| Executive Officer          | Satoshi Machida    | General Manager of Tractor Division  |
| Executive Officer          | Masaharu Tabata    | General Manager of Pipe Systems Division   |
| Executive Officer          | Yoshiyuki Fujita   | General Manager of Global Management Promotion Dept.   |
| Executive Officer          | Kaoru Hamada       | General Manager of Materials Division  |
| Executive Officer          | Takashi Uei        | President of Kubota China Holdings Co., Ltd.,  |
|                            |                    | President of Kubota Environmental Engineering (SHANGHAI) Co., Ltd  |

**Table of Contents****B. Compensation**

The following table sets forth the aggregate remunerations, including bonuses and other financial benefits given in consideration of the performance of duties (collectively, the remunerations), paid by the Company in fiscal 2011 to all Directors and Corporate Auditors of the Company:

| Title   | Number | Total | Millions of yen |         |
|---|--------|-------|-----------------|---------|
|   |        |       | Remuneration    | Bonuses |
| Director (excluding Outside Director)                   | 6      | 449   | 356             | 93      |
| Corporate Auditor (excluding Outside Corporate Auditor) | 2      | 60    | 60              |         |
| Outside Director and Outside Corporate Auditor          | 5      | 72    | 72              |         |

Notes:

1. The above remunerations for Directors of Kubota Corporation do not include the salary for employees' portion of certain Directors. The salary for employees' portion of certain Directors is not material.
2. The remunerations for Directors are determined at the meeting of the Board of Directors based on the report of the Compensation Council within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of operating results, compensation levels of other companies, wage level of employees. The Compensation Council is composed of Representative Directors excluding the President and executive officers in charge of indirect departments. The report of the Compensation Council is submitted to the meeting of the Board of Directors after the approval of the President. The remunerations for Corporate Auditors are determined upon consultation among Corporate Auditors within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of the roles of the respective Corporate Auditors.

The following table sets forth the names, titles and amounts of remunerations paid by the Company to persons whose remunerations equaled or exceeded ¥100 million for the fiscal year ended March 31, 2011:

| Title and Name | Total | Millions of yen |         |
|----------------|-------|-----------------|---------|
|                |       | Remuneration    | Bonuses |
| Yasuo Masumoto | 119   | 97              | 22      |

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### C. Board Practices

The Company's Articles of Incorporation as revised as of June 19, 2009 provide that the number of Directors of the Company shall be not more than 10 and that of the Corporate Auditors shall be not more than six.

Directors and Corporate Auditors shall be elected by the general meeting of shareholders. The Board of Directors has ultimate responsibility for administration of the Company's affairs. The Board of Directors may, by its resolution, appoint one Chairman of the Board of Directors, one Vice Chairman of the Board of Directors, one President-Director, and one or more Vice President-Directors, Executive Managing Directors and Managing Directors. The Board of Directors shall, by its resolution, appoint Representative Directors. A Japanese joint stock corporation with corporate auditors, such as the Company, is not obliged under the Corporate Law to have any outside directors on its board of directors. However, the Company began to have elected two Outside Directors at the ordinary general meeting of shareholders held in June 2009. An outside director is defined as a director of the company who does not engage or has not engaged in the execution of business of the company or its subsidiaries as a director of any of these corporations, and who does not serve or has not served as an executive officer, manager or in any other capacity as an employee of the company or its subsidiaries. The term of office of Directors shall, under the Articles of Incorporation of the Company, expire at the conclusion of the ordinary general meeting of shareholders with respect to the last closing of accounts within one year from their assumption of office, and in the case of Corporate Auditors, within four years from their assumption of office. However, they may serve any number of consecutive terms.

Under the Corporate Law, the Corporate Auditors of the Company are not required to be and are not certified public accountants. However, at least half of the Corporate Auditors shall be outside corporate auditors. An outside corporate auditor is defined as a corporate auditor who has not been a Director, accounting counselor, corporate executive officer, manager or any other employee of the Company or any of its subsidiaries at any time prior to his or her election as a Corporate Auditor.

The Corporate Auditors may not at the same time be Directors, accounting counselor, corporate executive officers, managers or any other employees of the Company or any of its subsidiaries. Each Corporate Auditor has the statutory duty to examine the Company's consolidated and non-consolidated financial statements and business report to be submitted by a Representative Director at the general meeting of shareholders and, based on such examination and a report of an Accounting Auditor referred to below, to respectively prepare his or her audit report. Each Corporate Auditor also has the statutory duty to supervise the administration by the Directors of the Company's affairs. They are required to attend in meetings of the Board of Directors and express opinions, if necessary, at such meetings, but they are not entitled to vote.

Pursuant to the regulations of the Japanese stock exchanges, the Company is required to have one or more independent director(s)/corporate auditor(s) which terms are defined under the relevant regulations of the Japanese stock exchanges as outside directors or outside corporate auditors (each of which terms is defined under the Corporate Law) who are unlikely to have any conflicts of interests with shareholders of the Company. The definition of independent director/corporate auditor is different from that of the independent directors under the corporate governance standards of the New York Stock Exchange or under Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. Each of Yuzuru Mizuno, Junichi Sato, Masao Morishita, Akira Negishi and Ryoji Sato satisfies the requirements for independent director/corporate auditor under the regulations of the Japanese stock exchanges, respectively.

In addition to Corporate Auditors, an independent certified public accountant or an audit corporation must be appointed at general meetings of shareholders as Accounting Auditor of the Company. Such Accounting Auditor has the duties to examine the consolidated and non-consolidated financial statements proposed to be submitted by a Representative Director at general meetings of shareholders and to report their opinion thereon to certain Corporate Auditors designated by the Board of Corporate Auditors to receive such report (if such Corporate Auditors are not designated, all Corporate Auditors) and the Directors designated to receive such report (if such Directors are not designated, the Directors who prepared the financial statements).

The Corporate Auditors constitute the Board of Corporate Auditors. The Board of Corporate Auditors has a statutory duty to, based upon the reports prepared by respective Corporate Auditors, prepare and submit its audit report to the accounting auditor and certain Directors designated to receive such report (if such Directors are not designated, the Directors who prepared the financial statements and the business report). A Corporate Auditor may note his or her opinion in the audit report if his or her opinion expressed in his or her audit report is different from the opinion expressed in the audit report. The Board of Corporate Auditors shall elect one or more full-time Corporate Auditors from among its members. The Board of Corporate Auditors is empowered to establish audit principles, method of examination by Corporate Auditors of the Company's affairs and financial position and other matters concerning the performance of the Corporate Auditors' duties.

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The Company resolved at the meeting of the Board of Directors held on February 10, 2009 to reform its management systems by (i) introducing the Executive Officer System, (ii) reducing the number of Directors, (iii) electing Outside Directors, (iv) reorganizing business divisions of the Company and (v) establishing the strategic planning committees to enhance research and development, quality control and manufacturing.

Executive Officers are appointed by the Board of Directors in order that the Company may promptly respond to changes in the business environment and improve management efficiency by strengthening strategic decision-making function of the Board of Directors and the operational functions of business activities by President and other Executive Officers. The Executive Officer System is not a statutory system and is different from the statutory executive officer system which is adopted by a company with specified committees, where the company is required to have audit, nominating and compensation committees, each composed of a majority of Outside Directors.

In June 2009, the number of the incumbent Directors was reduced from 24 to 6 in order to promote strategic decision-making by the Board of Directors more agilely. In addition, the Company elected 2 Outside Directors as described above at the ordinary general meeting of shareholders held in June 2009 in order to improve the supervisory function of the Board of Directors.

Please refer to Item 6A Directors and Senior Management for details of all Directors and Executive Officers as the date of filing of this annual report.

There are no Directors' service contracts with Kubota Corporation providing for benefits upon termination of service.

The rights of ADR holders, including their rights relating to corporate governance practices, are governed by the Amended and Restated Deposit Agreement (incorporated by reference to the Registration Statement on Form F-6 (File No. 333-91654) filed on June 26, 2002).

**D. Employees****Head Count at the End of the Year**

|                                   | 2011        | 2010        | 2009        |
|-----------------------------------|-------------|-------------|-------------|
| <b>Head Count in Each Segment</b> | 25,409      | 24,778      | 25,140      |
|                                   | <b>2011</b> | <b>2010</b> | <b>2009</b> |
| Farm & Industrial Machinery       | 15,519      | 14,879      | 15,057      |
| Water & Environment Systems       | 5,223       | 5,269       | 5,374       |
| Social Infrastructure             | 2,576       | 2,596       | 2,762       |
| Other                             | 1,476       | 1,439       | 1,449       |
| Corporate                         | 615         | 595         | 498         |
| Total                             | 25,409      | 24,778      | 25,140      |

The number of full-time employees of Kubota as of March 31, 2011 was 25,409. Most employees of the Company in Japan, other than managerial personnel, are union members. The unions belong to the Federation of all Kubota Labor Union, which is affiliated with the Japanese Trade Union Confederation. The Company believes it maintains a good relationship with the union.

Basic wage rates are reviewed annually in spring, normally in April. In addition, in accordance with Japanese custom, Kubota grants its full-time employees semiannual bonuses.

The parent company and its domestic subsidiaries have a number of unfunded severance indemnity plans and defined benefit pension plans covering substantially all Japanese employees. Most employees of overseas subsidiaries are covered by defined benefit pension plans or defined contribution pension plans. As is customary in Japan, the Company provides a wide range of fringe benefits to its employees.



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E. Share Ownership

The following table shows the total number of shares of the Company's common stock beneficially owned by the Directors and Corporate Auditors as a group as of June 24, 2011:

| <b>Title of Class</b> | <b>Identity of persons or group</b> | <b>Number of shares owned</b> | <b>Percentage of class</b> |
|-----------------------|-------------------------------------|-------------------------------|----------------------------|
| Common stock          | Directors and Corporate Auditors    | 227,000                       | 0.02%                      |

For individual shareholdings, see Item 6.A Directors and Senior Management.

Employee Stock Ownership Association (Kubota Fund) owned 16,266,878 shares as of March 31, 2011, which amounted to 1.3 % of total shares issued.

The association consists of employees of the Company and some of its subsidiaries, and the members contribute a portion of their salaries to the association. The association purchases shares of Kubota's common stock on behalf of its members.

**Table of Contents****Item 7. Major Shareholders and Related Party Transactions****A. Major Shareholders**

As of March 31, 2011, three shareholders of record held 5% or more of the shares issued, respectively. The following table shows the information about the 10 largest shareholders:

| Name                                     | (As of March 31, 2011)            |       |
|--|-----------------------------------|-------|
|  | Number of<br>shares<br>(thousand) | (%)   |
| Japan Trustee Services Bank, Ltd.        | 150,401                           | 11.82 |
| The Master Trust Bank of Japan, Ltd.     | 105,488                           | 8.29  |
| Nippon Life Insurance Company            | 67,978                            | 5.34  |
| Meiji Yasuda Life Insurance Company      | 60,262                            | 4.73  |
| Sumitomo Mitsui Banking Corporation      | 45,006                            | 3.53  |
| Mizuho Corporate Bank, Ltd.              | 40,851                            | 3.21  |
| Moxley & Co.                             | 36,758                            | 2.88  |
| J.P. Morgan Chase Bank 380055            | 29,691                            | 2.33  |
| SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS | 23,287                            | 1.83  |
| Trust & Custody Service Bank, Ltd.       | 23,181                            | 1.82  |

As far as is known to the Company, there is no arrangement, the operation of which may at a subsequent date result in a change in control of the Company. The major shareholders have the same voting rights as other common shareholders of the Company.

As of March 31, 2011, there were 1,271,712,547 shares of Common Stock outstanding, of which 36,758,643 shares were in the form of ADR and 196,415,686 shares were held by residents in the U.S. The number of registered ADR holders was 50 and the number of registered holders of common stock in the U.S. was 148.

To the best knowledge of the Company, the Company is not, directly or indirectly, owned or controlled by other corporations or by the Japanese or any foreign government.

**B. Related Party Transactions**

In the ordinary course of business, the Company has transactions with numerous companies. During the fiscal year ended March 31, 2011, the Company had sales transactions with affiliates accounted under the equity method, aggregating ¥63,886 million. As of March 31, 2011, the Company had trade notes and accounts receivable from affiliated companies of ¥21,885 million.

Refer to Note 3 of the Consolidated Financial Statements for additional information regarding the Company's investments in and advances to affiliated companies.

**C. Interests of Experts and Counsel**

Not applicable.



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### **Item 8. Financial Information**

#### **A. Consolidated Statements and Other Financial Information**

The information required by this item, except as stated below, appears in the consolidated financial statements of this Form 20-F.

##### **Export Sales**

Revenues from unaffiliated customers outside Japan are disclosed in Note 20 Segment Information Geographic Segments on page F-38.

##### **Legal Proceedings**

Kubota is subject to various legal actions arising in the ordinary course of business including the following major legal proceedings.

##### **Antitrust**

In the fiscal year ended March 31, 1999, the Fair Trade Commission of Japan (the FTCJ) began an investigation of the Company for an alleged violation of the Anti-Monopoly Law (prohibition of private monopoly or unfair trade restraint) relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. In March 1999, the Company received a cease and desist recommendation from the FTCJ, which was accepted by the Company in April 1999.

In December, 1999, the Company received a surcharge order of ¥7,072 million from the FTCJ. The Company has challenged this order and filed a petition for the initiation of hearing procedures that were started in March 2000. Under Section 49 of the then Anti-Monopoly Law, upon the initiation of the procedures, the surcharge order lost effect. In addition, Section 7-2 of the then Anti-Monopoly Law stipulates that surcharges are imposed in cases where price cartels or cartels that influence prices by curtailing the volume of supply are carried out. The Company believes that the alleged share cartel does not meet the requirement of Section 7-2.

The Company established a provision of ¥7,072 million for the ultimate liability in the fiscal year ended March 31, 2009, because the Company received the preliminary decision ordering a surcharge of ¥7,072 million in March, 2009. Notwithstanding motion for objection of the Company, the Company received the ultimate decision in June 2009 which ordered the Company to pay the surcharge of ¥7,072 million, and paid the surcharge in accordance with the decision during the year ended March 31, 2010.

The Company believes, however, that the facts on which the decision is based are not established by substantial evidence, and filed a suit to rescind the decision of the FTCJ with the Tokyo High Court in July 2009, accordingly.

##### **Asbestos-related lawsuits**

Since the middle of the year 2005, with the asbestos issue becoming an object of public concern in Japan, 10 asbestos-related lawsuits were filed against the Company, or the Japanese Government and asbestos-related companies including the Company and the aggregate amount of claims is ¥16,273 million. The six lawsuits concerning an aggregate of 416 construction workers who suffered from asbestos-related diseases consist mostly of the aggregate amount of 10 claims and the defendants of these six lawsuits are the Japanese Government and 46 asbestos-related companies including the Company. Other four lawsuits are not material.

The Company does not have cost-sharing arrangements with other potentially responsible parties for these lawsuits. These asbestos-related lawsuits are all pending, and there have been no claim dismissed, settled, or otherwise resolved. There was not any amount of damages paid out and no accruals. The aggregate costs of administering and litigating the claims are immaterial as of the date of filing of this annual report. The time frame is not available over which presently unrecognized amount may be paid out.

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**Policy on Dividends Distributions**

The Company's basic policy for the allocation of profit is to maintain stable dividends or to provide increased dividends. The Company's policy is to determine the most appropriate use of retained earnings, by considering current business operations as well as the future business environment.

**B. Significant Changes**

Except as disclosed in this annual report, there have been no significant changes since the date of latest annual financial statements of the Company.

**Table of Contents****Item 9. The Offer and Listing****A. Offer and Listing Details**

The primary market for Kubota's common stock is the Tokyo Stock Exchange (the "TSE") in the form of original common stock. Kubota's common stock has been listed on the TSE since 1949, and has also been listed on the Osaka Securities Exchange since 1949.

Overseas, Kubota's common stock is listed on the New York Stock Exchange (the "NYSE") in the form of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs"). Prior to July 15, 2002, each ADS represented 20 shares of common stock. On July 15, 2002, the Company changed the unit of ADS from 20 common shares to 5 in order to help increase the number of ADS holders and improve the liquidity of its ADSs.

Kubota's ADSs, which have been listed on the NYSE since 1976, are issued with JPMorgan Chase Bank, as Depository.

The following table sets forth, for the periods indicated, the reported high and low sales prices of Kubota's common stock on the TSE and of Kubota's ADSs on the NYSE.

|                                 | TSE price per share<br>of common stock |       | NYSE price per ADS<br>(5 common shares) |     |       |     |
|---------------------------------|--|-------|---|-----|-------|-----|
|                                 | High                                   | Low   | High                                    | Low | High  | Low |
| <b>Annual Highs and Lows</b>    |  |       |   |     |       |     |
| 2007                            | ¥ 1,379                                | ¥ 897 | \$ 60                                   | 60  | \$ 38 | 51  |
| 2008                            | 1,162                                  | 575   | 48                                      | 30  | 28    | 34  |
| 2009                            | 918                                    | 328   | 43                                      | 41  | 17    | 72  |
| 2010                            | 945                                    | 540   | 51                                      | 08  | 27    | 66  |
| 2011                            | 923                                    | 648   | 55                                      | 50  | 37    | 35  |
| <b>Quarterly Highs and Lows</b> |  |       |   |     |       |     |
| 2010                            |  |       |   |     |       |     |
| 1st quarter                     | ¥ 835                                  | ¥ 540 | \$ 42                                   | 97  | \$ 27 | 66  |
| 2nd quarter                     | 872                                    | 707   | 46                                      | 25  | 38    | 20  |
| 3rd quarter                     | 881                                    | 683   | 48                                      | 69  | 38    | 27  |
| 4th quarter                     | 945                                    | 761   | 51                                      | 08  | 42    | 63  |
| 2011                            |  |       |   |     |       |     |
| 1st quarter                     | ¥ 893                                  | ¥ 677 | \$ 47                                   | 81  | \$ 38 | 01  |
| 2nd quarter                     | 782                                    | 648   | 46                                      | 43  | 37    | 35  |
| 3rd quarter                     | 821                                    | 705   | 49                                      | 32  | 43    | 50  |
| 4th quarter                     | 923                                    | 660   | 55                                      | 50  | 43    | 23  |
| <b>Monthly Highs and Lows</b>   |  |       |   |     |       |     |
| November, 2010                  | ¥ 798                                  | ¥ 709 | \$ 48                                   | 58  | \$ 43 | 66  |
| December                        | 821                                    | 750   | 49                                      | 32  | 45    | 65  |
| January, 2011                   | 870                                    | 774   | 52                                      | 73  | 47    | 05  |
| February                        | 923                                    | 811   | 55                                      | 50  | 50    | 13  |
| March                           | 862                                    | 660   | 53                                      | 40  | 43    | 23  |
| April                           | 799                                    | 749   | 47                                      | 89  | 44    | 57  |
| May                             | 782                                    | 702   | 48                                      | 49  | 42    | 66  |

The Company has never experienced trade suspensions, and keeps enough liquidity for trading.

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**B. Plan of Distribution**

Not applicable.

**C. Markets**

The stock of the Company is listed on two stock exchanges in Japan (Tokyo and Osaka), and one overseas stock exchange (New York). In May 1949, the stock was listed on the Tokyo Stock Exchange (the TSE ) and the Osaka Securities Exchange. The stock was also listed on the New York Stock Exchange (the NYSE ) in November 1976.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

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### **Item 10. Additional Information**

#### **A. Share Capital**

Not applicable.

#### **B. Memorandum and Articles of Association**

##### **Organization**

The Company is a joint stock corporation (*kabushiki kaisha*) incorporated in Japan under the Corporate Law of Japan. The Company is registered in the Commercial Register (*shogyo tokibo*) maintained by the Osaka Legal Affairs Bureau.

##### **Objects and Purposes**

Article 2 of the Articles of Incorporation of the Company provides that the Company's purpose is to engage in the following lines of business:

1. Manufacture, sale and laying work of cast iron pipe, various kinds of pipe and fittings thereof;
2. Manufacture and sale of castings, powder-metallurgy products and ceramic and other moldings;
3. Manufacture and sale of internal combustion engines, automobiles, agricultural machinery and ancillary farming products;
4. Manufacture, sale and installation of construction machinery, machine tools, pumps, valves, various kinds of industrial machinery and other machinery;
5. Manufacture, sale and installation of weighing, measuring and control equipment, electrical, electronic and communication machinery and equipment, automatic vending machines and automatizing machinery and equipment;
6. Manufacture and sale of various kinds of materials for civil engineering and construction as well as various kinds of machinery and equipment for houses;
7. Construction and civil engineering, and planning, manufacture, supervision, performance and sale of, and contracting for, houses, building structures, steel-frame structures and storage facilities and equipment;
8. Sale, purchase, lease and management of real estate and development of residential land;
9. Planning, manufacture, engineering and construction of, and contracting for, various environmental control devices and equipment and various plants;
10. Treatment, recovery and recycling business of various kinds of wastewater, exhaust gas and contaminated soil;

11. Treatment, recovery and recycling business of municipal and industrial wastes;
12. Manufacture and sale of chemicals for household use and for environmental control devices and equipment as well as bioproducts;
13. Manufacture, processing and sale of synthetic resins and other chemical synthetic products;
14. Development and sale of information processing and communication systems, and computer software;

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15. Operation of facilities for sports, lodging, training, health and medical care, recuperation and recreation;
16. Road cargo transportation business, water transportation business and warehousing business;
17. General leasing business;
18. Personnel dispatching agency business;
19. Business of soliciting life insurance, casualty insurance agency business and insurance agency business pursuant to the Automobile Injury Compensation Law;
20. Fee-charging employment agency;
21. Accounting and payroll administration services;
22. Copying, printing and bookbinding businesses;
23. Any consulting business relating to each of the foregoing items; and
24. Any other business ancillary to or relating to any of the foregoing items.

**Directors**

Each Director (other than an outside Director) has executive powers and duties to manage the affairs of the Company and each Representative Director, who is elected from among the Directors by the Board of Directors, has the statutory authority to represent the Company in all respects. Under the Corporate Law, the Directors must refrain from engaging in any business competing with the Company unless approved by the Board of Directors and any Director who has a special interest in the subject matter of a resolution to be taken by the Board of Directors cannot vote on such resolution. The maximum aggregate amounts of remunerations for the Company's Directors and those of the Company's Corporate Auditors must be approved at a general meeting of shareholders, respectively. The Company must also obtain the approval at a general meeting of shareholders if the Company desires to change such maximum aggregate amounts of remunerations. The remunerations for Directors are determined at the meeting of the Board of Directors based on the report of the Compensation Council within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of operating results, compensation levels of other companies, wage level of employees. The Compensation Council is composed of Representative Directors excluding the President and executive officers in charge of indirect departments. The report of the Compensation Council is submitted to the meeting of the Board of Directors after the approval of the President. The remunerations for Corporate Auditors are determined upon consultation among Corporate Auditors within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of the roles of the respective Corporate Auditors.

Except as stated below, neither the Corporate Law nor the Company's Articles of Incorporation make special provisions as to the Directors' or Corporate Auditors' power to vote in connection with their own compensation, the borrowing power exercisable by a Representative Director (or a Director who is given power by a Representative Director to exercise such power), their retirement age or requirements to hold any shares of Common Stock of the Company. The Corporate Law specifically requires the resolution of the Board of Directors for a company to acquire or dispose of material assets; to borrow a substantial amount of money; to appoint or dismiss important employees, such as executive officers; to establish, change or abolish material corporate organizations such as a branch office; to determine material conditions concerning offering of corporate bonds set forth in the ordinances of the Ministry of Justice; and to establish and maintain the internal control system set forth in the ordinances of the Ministry of Justice, such as the system to ensure the legitimacy of the performance of duties by Directors. The Regulations of

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the Board of Directors and the relevant internal regulation of the Company require a resolution of the Board of Directors for the Company's borrowing in an amount more than ¥5 billion or guaranteeing in an amount more than ¥1 billion or its equivalent.



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### **Common Stock**

#### ***General***

Except as otherwise stated, set forth below is information relating to the Company's Common Stock, including brief summaries of the relevant provisions of the Company's Articles of Incorporation and Share Handling Regulations, as currently in effect, and of the Corporate Law of Japan and related regulations.

Effective on January 5, 2009, a new central book-entry transfer system for listed shares of Japanese companies was established pursuant to the Act Concerning Book-Entry Transfer of Corporate Bonds, Shares etc. and regulations thereunder (collectively, the Book-entry Transfer Act), and this system is applied to the shares of Common Stock of the Company. Under this system, shares of all Japanese companies listed on any Japanese stock exchange are dematerialized, and shareholders of listed shares must have accounts at account management institutions to hold their shares unless such shareholder has an account at Japan Securities Depository Center, Inc. (JASDEC), the only institution that is designated by the relevant authorities as a clearing house under the Book-entry Transfer Act. Account management institutions are financial instruments business operators (i.e., securities companies), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Book-entry Transfer Act. Transfer of the shares of Common Stock of the Company is effected exclusively through entry in the records maintained by JASDEC and the account management institutions, and title to the shares passes to the transferee at the time when the transfer of the shares is recorded at the transferee's account at an account management institution. The holder of an account at an account management institution is presumed to be the legal holder of the shares recorded in such account.

Under the Corporate Law and the Book-entry Transfer Act, in order to assert shareholders' rights to which shareholders as of record dates are entitled (such as the rights to vote at a general meeting of shareholders or receive dividends) against the Company, a shareholder must have its name and address registered in the Company's register of shareholders. Under the central book-entry transfer system, shareholders shall notify the relevant account management institutions of certain information prescribed under the Book-entry Transfer Act and the Company's Share Handling Regulations, including their names and addresses, and the registration on the register of shareholders is made upon receipt by the Company of necessary information from JASDEC (as described in Record date). On the other hand, in order to assert, directly against the Company, shareholders' rights to which shareholders are entitled regardless of record dates such as minority shareholders' rights including the right to propose a matter to be considered at a general meeting of shareholders, except for shareholders' rights to request the Company to purchase or sell shares constituting less than a full unit (as described in Unit share system), JASDEC shall, upon the shareholder's request, issue a notice of certain information including the name and address of such shareholder to the Company. Thereafter, such shareholder is required to present the Company with a receipt of the request of the notice in accordance with the Company's Share Handling Regulations. Under the Book-entry Transfer Act, the shareholder shall exercise such shareholders' right within four weeks after the notice above has been given.

Non-resident shareholders are required to appoint a standing proxy in Japan or provide a mailing address in Japan. Each such shareholder must give notice of such standing proxy or mailing address to the relevant account management institution. Such notice will be forwarded to the Company through JASDEC. Japanese securities companies and commercial banks customarily act as standing proxies and provide related services for standard fees. Notices from the Company to non-resident shareholders are delivered to such standing proxies or mailing addresses.

The registered holder of deposited shares underlying the American Depositary Shares (ADSs) is the Depository for the ADSs. Accordingly, holders of ADSs will not be able to directly assert shareholders' rights against the Company.

#### ***Authorized capital***

Article 6 of the Articles of Incorporation of the Company provides that the total number of shares authorized to be issued by the Company is 1,874,700,000 shares.

As of March 31, 2011, 1,285,919,180 shares of Common Stock were issued. All shares of Common Stock of the Company have no par value. All issued shares of the Company are fully-paid and non-assessable.

**Table of Contents*****Distribution of Surplus******Distribution of Surplus – General***

Under the Corporate Law, distributions of cash or other assets by joint stock corporations to their shareholders, so called dividends, are referred to as distributions of Surplus ( Surplus is defined in Restriction on Distributions of Surplus ). The Company may make distributions of Surplus to the shareholders any number of times per business year, subject to certain limitations described in Restriction on Distributions of Surplus. Distributions of Surplus are required in principle to be authorized by a resolution of a general meeting of shareholders, but the Company may also authorize distributions of Surplus by a resolution of the Board of Directors as long as its non-consolidated annual financial statements and certain documents for the last business year present fairly its assets and profit or loss, as required by ordinances of the Ministry of Justice.

Distributions of Surplus may be made in cash or in kind in proportion to the number of shares of Common Stock of the Company held by each shareholder. A resolution of a general meeting of shareholders or the Board of Directors, as the case may be, authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, the Company may, pursuant to a resolution of a general meeting of shareholders or the Board of Directors, as the case may be, grant a right to the shareholders to require the Company to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders (see Voting Rights with respect to a special resolution ).

Under the Company's Articles of Incorporation, year-end dividends and interim dividends may be distributed to shareholders appearing in the Company's register of shareholders as of March 31 and September 30 each year, respectively, in proportion to the number of shares of Common Stock of the Company held by each shareholder following approval by the general meeting of shareholders or the Board of Directors. The Company is not obliged to pay any dividends in cash unclaimed for a period of three years after the date on which they first became payable.

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividends to be paid. The price of the shares of common stock generally goes ex-dividend on the second business day prior to the record date for dividends.

***Distribution of Surplus – Restriction on distribution of Surplus***

In making a distribution of Surplus, the Company must, until the sum of its additional paid-in capital and legal reserve reaches one-quarter of its stated capital, set aside in its additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

$$(A + B + C + D) - (E + F + G)$$

In the above formula:

A = the total amount of other capital surplus and other retained earnings, each such amount being that appearing on the non-consolidated balance sheet as of the end of the last business year

B = (if the Company has disposed of its treasury stock after the end of the last business year) the amount of the consideration for such treasury stock received by the Company less the book value thereof

C = (if the Company has reduced its stated capital after the end of the last business year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any)

D = (if the Company has reduced its additional paid-in capital or legal reserve after the end of the last business year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any)

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E = (if the Company has cancelled its treasury stock after the end of the last business year) the book value of such treasury stock

F = (if the Company has distributed Surplus to its shareholders after the end of the last business year) the total book value of the Surplus so distributed

G = certain other amounts set forth in ordinances of the Ministry of Justice, including (if the Company has reduced Surplus and thereby increased its stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction and (if the Company has distributed Surplus to the shareholders after the end of the last business year) the amount set aside in additional paid-in capital or legal reserve (if any) as required by ordinances of the Ministry of Justice.

The aggregate book value of Surplus to be distributed by the Company may not exceed a prescribed distributable amount (the Distributable Amount), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be equal to the amount of Surplus less the aggregate of the followings:

(a) the book value of its treasury stock;

(b) the amount of consideration for any of treasury stock disposed of by the Company after the end of the last business year; and

(c) certain other amounts set forth in ordinances of the Ministry of Justice, including (if the sum of one-half of goodwill and the deferred assets exceeds the total of stated capital, additional paid-in capital and legal reserve, each such amount being that appearing on the non-consolidated balance sheet as of the end of the last business year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice.

If the Company has become at its option a company with respect to which consolidated balance sheets should also be considered in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), the Company shall further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of stockholders' equity appearing on the non-consolidated balance sheet as of the end of the last business year and certain other amounts set forth by ordinances of the Ministry of Justice over (y) the total amount of stockholders' equity and certain other amounts set forth by ordinances of the Ministry of Justice appearing on the consolidated balance sheet as of the end of the last business year.

If the Company has prepared interim financial statements as described below, and if such interim financial statements have been approved by the board of directors or (if so required by the Corporate Law) by a general meeting of shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for any of the treasury stock disposed of by the Company, during the period in respect of which such interim financial statements have been prepared. The Company may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last business year and an income statement for the period from the first day of the current business year to the date of such balance sheet. Interim financial statements so prepared by the Company must be audited by the Corporate Auditors and the Accounting Auditor, as required by ordinances of the Ministry of Justice.

***Stock splits***

The Company may at any time split shares in issue into a greater number of shares by resolution of the Board of Directors, and may in principle amend its Articles of Incorporation to increase the number of the authorized shares to be issued in proportion to the relevant stock split pursuant to a resolution of the Board of Directors rather than a special shareholders resolution (as defined in Voting Rights) which is otherwise required for amending the Articles of Incorporation.

When a stock split is to be made, the Company must give public notice of the stock split, specifying the record date thereof, at least two weeks prior to such record date. Under the central book-entry transfer system operated by JASDEC, the Company must also give notice to JASDEC regarding a stock split at least two weeks prior to the relevant effective date. On the effective date of the stock split, the number of shares recorded in all accounts held by the Company's shareholders at account managing institutions or JASDEC will be increased in accordance with the applicable ratio.

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### ***Consolidation of shares***

The Company may at any time consolidate shares in issue into a smaller number of shares by a special shareholders resolution (as defined in Voting Rights ). When a consolidation of shares is to be made, the Company must give public notice or notice to each shareholder at least two weeks prior to the effective date of the consolidation of shares. Under the central book-entry transfer system operated by JASDEC, the Company must also give notice to JASDEC regarding a consolidation of shares at least two weeks prior to the effective date of the consolidation of shares. On the effective date of the consolidation of shares, the number of shares recorded in all accounts held by the Company's shareholders at account managing institutions or JASDEC will be decreased in accordance with the applicable ratio. The Company must disclose the reason for the consolidation of shares at the general meeting of shareholders.

### ***General meeting of shareholders***

The ordinary general meeting of shareholders of the Company for each fiscal year is normally held in June in each year in Osaka, Japan. In addition, the Company may hold an extraordinary general meeting of shareholders whenever necessary by giving notice of convocation thereof at least two weeks prior to the date set for the meeting.

Notice of convocation of a shareholders' meeting setting forth the place, time, purpose thereof and certain matters set forth in the Corporate Law and the ordinances of the Ministry of Justice, must be mailed to each shareholder having voting rights (or, in the case of a non-resident shareholder, to his or her standing proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. Under the Corporate Law, such notice may be given to shareholders by electronic means, subject to the consent of the relevant shareholders. The record date for exercising voting rights at an ordinary general meeting of shareholders is March 31 of each year.

Any shareholder or group of shareholders holding at least three percent of the total number of voting rights for a period of six months or more may require the convocation of a general meeting of shareholders for a particular purpose by specifying the purpose and reason for convocation to a Representative Director. Unless such shareholders' meeting is convened promptly or a convocation notice of a meeting which is to be held not later than eight weeks from the day of such demand is dispatched, the requiring shareholder may, upon obtaining a court approval, convene such shareholders' meeting.

Any shareholder or group of shareholders holding at least 300 voting rights or one percent of the total number of voting rights for a period of six months or more may propose a matter to be considered at a general meeting of shareholders by showing such matter to a Representative Director at least eight weeks prior to the date set for such meeting.

If the Company's Articles of Incorporation so provide, any of the minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened.

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### *Voting rights*

So long as the Company maintains the unit share system (see Section B of this Item 10 Memorandum and Articles of Association Common Stock *Unit share system* below; currently 1,000 shares constitute one unit) a holder of shares constituting one or more full units is entitled to one voting right per unit of shares subject to the limitations on voting rights set forth in the following two sentences. Any corporate or certain entity one-quarter or more of whose total voting rights are directly or indirectly owned by the Company may not exercise its voting rights with respect to shares of Common Stock of the Company that it owns. In addition, the Company may not exercise its voting rights with respect to its shares that it owns. If the Company eliminates from its Articles of Incorporation the provisions relating to the unit of shares, holders of Common Stock will have one voting right for each share they hold. Except as otherwise provided by law or by the Articles of Incorporation, a resolution can be adopted at a general meeting of shareholders by a majority of the number of voting rights of all the shareholders entitled to exercise their voting rights represented at the meeting. The Corporate Law and the Company's Articles of Incorporation provide, however, that the quorum for the election of Directors and Corporate Auditors shall not be less than one-third of the total number of voting rights of all the shareholders entitled to exercise their voting rights. The Company's shareholders are not entitled to cumulative voting in the election of Directors. The Company's shareholders may exercise their voting rights through proxies, provided that the proxies are also shareholders holding voting rights. The Company's shareholders also may cast their votes in writing. The Company's shareholders may also exercise their voting rights by electronic means pursuant to the method designated by the Company.

The Corporate Law and the Company's Articles of Incorporation provide that in order to amend the Articles of Incorporation and in certain other instances, including:

- (1) acquisition of its own shares from a specific party other than its subsidiaries;
- (2) consolidation of shares;
- (3) any offering of new shares at a specially favorable price (or any offering of stock acquisition rights to subscribe for or acquire shares of capital stock, or bonds with stock acquisition rights at specially favorable conditions) to any persons other than shareholders;
- (4) the removal of a corporate auditor;
- (5) the exemption of liability of a director, corporate auditor or accounting auditor to the amounts set forth in the Corporate Law;
- (6) a reduction of stated capital with certain exceptions in which only a regular shareholder's resolution described above is required or a shareholder's resolution is not required;
- (7) a distribution of in-kind dividends which meets certain requirements;
- (8) dissolution, merger, consolidation or corporate split with certain exceptions in which a shareholders' resolution is not required;
- (9) the transfer of the whole or a material part of the business;
- (10) the taking over of the whole of the business of any other corporation with certain exceptions in which a shareholders' resolution is not required; or

(11) share exchange or share transfer for the purpose of establishing 100% parent-subsidary relationships with certain exceptions in which a shareholders resolution is not required, the quorum shall be one-third of the total voting rights of all the shareholders entitled to exercise their voting rights and the approval by at least two-thirds of the voting rights of all the shareholders entitled to exercise their voting rights represented at the meeting is required (the special shareholders resolutions ).

Pursuant to the terms of the Amended and Restated Deposit Agreement relating to American Depositary Receipts (ADRs) evidencing ADSs, each ADS representing 5 shares of Common Stock of the Company, as soon as practicable after receipt of notice of any meeting or solicitation of consents or proxies of shareholders of the Company, the Depositary (currently JPMorgan Chase Bank) will mail to the record holders of ADRs a notice which will contain the information in the original notice. The record holders of ADRs on a date specified by the Depositary will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the shares of Common Stock of the Company represented by their ADSs, including instructions to give a discretionary proxy to a person designated by the Company. The Depositary will endeavor, in so far as practicable, to vote the number of shares of Common Stock of the Company represented by such ADSs in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of any Deposited Shares.

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### ***Issue of additional shares and pre-emptive rights***

Holders of the Company's shares of Common Stock have no pre-emptive rights under its Articles of Incorporation. Authorized but unissued shares may be issued at such times and upon such terms as the Board of Directors determines, subject to the limitations as to the offering of new shares at a specially favorable price mentioned under *Voting rights* above. In the case of an issuance or transfer of the Company's shares of Common Stock or stock acquisition rights by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or change the controlling shareholder, in addition to a resolution of the Board of Directors, the approval of the shareholders or an affirmative opinion from a person independent of our management is generally required pursuant to the regulations of the Japanese stock exchanges. The Board of Directors may, however, determine that shareholders shall be given subscription rights regarding a particular issue of new shares, in which case such rights must be given on uniform terms to all shareholders as at a record date at least two weeks prior to which public notice must be given. Each of the shareholders to whom such rights are given must also be given notice of the expiry thereof at least two weeks prior to the date on which such rights expire.

Rights to subscribe for new shares may be made generally transferable by a resolution of the Board of Directors. Whether the Company will make subscription rights generally transferable in future rights offerings will depend upon the circumstances at the time of such offerings.

Subject to certain conditions, the Company may issue stock acquisition rights or bonds with stock acquisition rights by a resolution of the Board of Directors. Holders of stock acquisition rights may exercise their rights to acquire a certain number of shares within the exercise period as prescribed in the terms of their stock acquisition rights. Upon exercise of stock acquisition rights, the Company will be obliged to issue the relevant number of new shares or alternatively to transfer the necessary number of treasury stock held by it.

### ***Liquidation rights***

In the event of a liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses and taxes will be distributed among shareholders in proportion to the respective numbers of shares of Common Stock held.

### ***Record date***

As mentioned above, March 31 is the record date for the Company's year-end dividends. So long as the Company maintains the unit share system, the shareholders who are registered as the holders of one or more units of shares in the Company's registers of shareholders at the end of each March 31 are entitled to exercise shareholders' rights at the ordinary general meeting of shareholders with respect to the business year ending on such March 31. September 30 is the record date for interim dividends. In addition, the Company may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' prior public notice.

Under the Book-entry Transfer Act, JASDEC is required to give the Company a notice of the names and addresses of the shareholders, the number of shares held by them and other relevant information as of each such record date, and the Company's register of shareholders shall be updated accordingly.

The price of shares generally goes ex-dividends or ex-rights on Japanese stock exchanges on the second business day prior to a record date (or if the record date is not a business day, the third business day prior thereto), for the purpose of dividends or rights offerings.

### ***Acquisition by the Company of its common stock***

Under the Corporate Law and the Company's Articles of Incorporation, the Company may acquire its own shares of Common Stock (i) from a specific shareholder other than any of its subsidiaries (pursuant to a special shareholders resolution), (ii) from any of its subsidiaries (pursuant to a resolution of the Board of Directors), or (iii) by way of purchase on any Japanese stock exchange on which the Company's shares of Common Stock listed or by way of tender offer (as long as its non-consolidated annual financial statements and certain documents for the last business year fairly present its asset and profit or loss status, as required by ordinances of the Ministry of Justice) (in either case pursuant to an ordinary resolution of a general meeting of shareholders or a resolution of the Board of Directors). In the case of (i) above, any other shareholder may make a request to the Company that such other shareholder be included as a seller in the proposed purchase, provided that no such right will be available if the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares on the relevant stock exchange on the day immediately preceding the date on which the resolution mentioned in (i) above was adopted (or, if there is no trading in the shares on the stock exchange or if the stock exchange is not open on such day, the price at which the shares are first traded on such stock exchange thereafter).

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Shares acquired by the Company may be held by it for any period or may be cancelled by a resolution of the Board of Directors. The Company may also transfer to any person the shares held by it, subject to a resolution of the Board of Directors, and subject also to other requirements similar to those applicable to the issuance of new shares, as described in *Issue of additional shares and pre-emptive rights* above. The Company may also utilize its treasury stock for the purpose of transfer to any person upon exercise of stock acquisition rights or for the purpose of acquiring another company by way of merger, share exchange or corporate split through exchange of treasury stock for shares or assets of the acquired company.



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### ***Unit share system***

The Articles of Incorporation of the Company provide that 1,000 shares constitute one unit of shares of Common Stock. Although the number of shares constituting one unit is included in the Articles of Incorporation, any amendment to the Articles of Incorporation reducing (but not increasing) the number of shares constituting one unit or eliminating the provisions for the unit of shares may be made by a resolution of the Board of Directors rather than by a special shareholders resolution, which is otherwise required for amending the Articles of Incorporation. The number of shares constituting one unit, however, cannot exceed 1,000 nor 0.5% of total number of issued shares.

Under the unit share system, shareholders shall have one voting right for each unit of shares that they hold. Any number of shares less than a full unit will carry no voting rights. Moreover, holders of shares constituting less than one unit will have no other shareholder rights, except that such holders may not be deprived of certain rights specified in the Corporate Law or ordinances of the Ministry of Justice, or in the Company's Articles of Incorporation, including the right to receive distribution of Surplus.

Under the central book-entry transfer system operated by JASDEC, shares constituting less than one unit are generally transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese stock exchanges

A holder of shares constituting less than one unit may require the Company to purchase such shares at their market value in accordance with the provisions of the Share Handling Regulations of the Company.

In addition, the Articles of Incorporation of the Company provide that a holder of shares constituting less than one full unit may request the Company to sell to such holder such amount of shares which will, when added together with the shares constituting less than one full unit held by such holder, constitute one full unit of Common Stock, in accordance with the provisions of the Share Handling Regulations of the Company. As prescribed in the Share Handling Regulations, such requests shall be made through an account management institution and JASDEC pursuant to the rules set by JASDEC, without going through the notification procedure required for the exercise of shareholders' rights entitled regardless of record dates as described in *General*.

A holder who owns ADRs evidencing less than 200 ADSs will indirectly own less than one full unit of shares of Common Stock. Although, as discussed above, under the unit share system holders of less than one full unit have the right to require the Company to purchase their shares or sell shares held by the Company to such holders, holders of ADRs evidencing ADSs that represent other than integral multiples of full units are unable to withdraw the underlying shares of Common Stock representing less than one full unit and, therefore, are unable, as a practical matter, to exercise the rights to require the Company to purchase such underlying shares or sell shares held by the Company to such holders. As a result, access to the Japanese markets by holders of ADRs through the withdrawal mechanism will not be available for dispositions of shares of Common Stock in lots less than one full unit. The unit share system does not affect the transferability of ADSs, which may be transferred in lots of any size.

### ***Sale by the Company of shares held by shareholders whose location is unknown***

The Company is not required to send a notice to a shareholder if a notice to such shareholder fails to arrive at the registered address of the shareholder in the Company's register of shareholders or at the address otherwise notified to the Company continuously for five years or more.

In addition, the Company may sell or otherwise dispose of shares of Common Stock for which the location of the shareholder is unknown. Generally, if (i) notices to a shareholder fail to arrive continuously for five years or more at the shareholder's registered address in the Company's register of shareholders or at the address otherwise notified to the Company, and (ii) the shareholder fails to receive dividends on the shares continuously for five years or more at the address registered in the Company's register of shareholders or at the address otherwise notified to the Company, the Company may sell or otherwise dispose of the shareholder's shares by a resolution of the Board of Directors and after giving at least three months' prior public and individual notice, and hold or deposit the proceeds of such sale or disposal of shares at the then market price of the shares for the shareholder, the location of which is unknown.

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### **Reporting of substantial shareholdings**

The Financial Instruments and Exchange Law of Japan and regulations thereunder requires any person, regardless of his/her residence, who has become, beneficially and solely or jointly, a holder of more than 5 percent of the total issued shares (with voting rights) of common stock of a company listed on any Japanese stock exchange or whose shares are traded on the over-the-counter market in Japan to file with the Director-General of a competent Local Finance Bureau of Ministry of Finance within 5 business days a report concerning such shareholdings.

A similar report must also be filed in respect of any subsequent change of one percent or more in any such holding or any change in material matters set out in reports previously filed, with certain exceptions. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights are taken into account in determining both the number of shares (with voting rights) held by such holder and the issuer's total issued share capital. Any such report shall be filed with the Director General of the relevant Finance Bureau of the Ministry of Finance through the Electronic Disclosure for Investors' Network (EDINET) system. Copies of such report must also be furnished to the issuer of such shares.

Except for the general limitations under Japanese antitrust and anti-monopoly regulations against holding of shares of common stock of a Japanese corporation which leads or may lead to a restraint of trade or a monopoly, except for the limitations under the Foreign Exchange Regulations as described in D. Exchange Controls below, and except for general limitations under the Corporate Law or the Company's Articles of Incorporation on the rights of shareholders applicable regardless of residence or nationality, there is no limitation under Japanese laws and regulations applicable to the Company or under its Articles of Incorporation on the rights of non-resident or foreign shareholders to hold the shares of Common Stock of the Company or exercise voting rights thereon.

There is no provision in the Company's Articles of Incorporation that would have an effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to merger, consolidation, acquisition or corporate restructuring involving the Company.

### **Daily Price Fluctuation Limits under Japanese Stock Exchange Rules**

Stock prices on Japanese stock exchanges are determined on a real-time basis by the balance between bids and offers. These stock exchanges are order-driven markets without specialists or market makers to guide price formation. In order to prevent excessive volatility, these stock exchanges set daily upward and downward price range limitations for each listed stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these stock exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

### **C. Material Contracts**

All contracts concluded by the Company during the two-year period preceding the date of this report were entered into in the ordinary course of business.

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### D. Exchange Controls

The Foreign Exchange and Foreign Trade Act of Japan and its related cabinet orders and ministerial ordinances (the Foreign Exchange Regulations ) govern the acquisition and holding of shares of Common Stock of the Company by exchange non-residents and by foreign investors. The Foreign Exchange Regulations currently in effect do not, however, affect transactions between exchange non-residents to purchase or sell shares outside Japan using currencies other than the Japanese yen.

Exchange non-residents are:

- (i) individuals who do not reside in Japan; and
- (ii) corporations whose principal offices are located outside Japan.

Generally, branches and other offices of non-resident corporations that are located within Japan are regarded as residents of Japan. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

Foreign investors are:

- (i) individuals who are exchange non-residents;
- (ii) corporations that are organized under the laws of foreign countries or whose principal offices are located outside of Japan; and
- (iii) corporations (1) of which 50% or more of their shares are held by individuals who are exchange non-residents and/or corporations (a) that are organized under the laws of foreign countries or (b) whose principal offices are located outside of Japan or (2) a majority of whose officers, or officers having the power of representation, are individuals who are exchange non-residents.

In general, the acquisition of shares of a Japanese company (such as the shares of Common Stock of the Company) by an exchange non-resident from a resident of Japan is not subject to any prior filing requirements. In certain limited circumstances, however, the Minister of Finance may require prior approval of an acquisition of this type. While prior approval, as described above, is not required, in the case where a resident of Japan transfers shares of a Japanese company (such as the shares of Common Stock of the Company) for consideration exceeding ¥100 million to an exchange non-resident, the resident of Japan who transfers the shares is required to report the transfer to the Minister of Finance through the Bank of Japan within 20 days from the date of the transfer, unless the transfer was made through a bank or financial instruments business operator licensed or registered under Japanese law.

If a foreign investor acquires shares of a Japanese company that is listed on a Japanese stock exchange (such as the shares of Common Stock of the Company) or that is traded on an over-the-counter market in Japan and, as a result of the acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds 10% or more of the issued shares of the relevant company, the foreign investor must file a report of the acquisition with the Minister of Finance and any other competent Ministers having jurisdiction over that Japanese company on or before the 15<sup>th</sup> day of the month following the month in which such acquisition was made. In limited circumstances, such as where the foreign investor is in a country that is not listed on an exemption schedule in the Foreign Exchange Regulations, or where that Japanese company is engaged in certain business designated by the Foreign Exchange Regulations, a prior notification of the acquisition must be filed with the Minister of Finance and any other competent Ministers, who may then modify or prohibit the proposed acquisition.

Under the Foreign Exchange Regulations, dividends paid on and the proceeds from revenues in Japan of shares of Common Stock of the Company held by non-residents of Japan may generally be converted into any foreign currency and repatriated abroad.



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### E. Taxation

#### Japanese Taxation

*The following is a summary of the major Japanese national tax consequences of the ownership, acquisition and disposition of shares of Common Stock of the Company and of ADRs evidencing ADSs representing shares of Common Stock of the Company by a non-resident Holder (as defined below). The information given below regarding Japanese taxation is based on the tax laws and tax treaties in force and their interpretations by the Japanese tax authorities as of the date of this annual report. Tax laws and tax treaties as well as their interpretations may change at any time, possibly with retroactive effect. We will not update this summary for any changes in the tax laws or tax treaties or their interpretation that occurs after the date of this annual report. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor depending on its individual circumstances. Accordingly, holders of shares of Common Stock of the Company including holders of ADRs evidencing ADSs are encouraged to consult their tax advisors regarding the application of the considerations discussed below to their particular circumstances.*

This summary is based in part upon the representations of the Depositary and the assumption that each obligation in the deposit agreement, and in any related agreement, will be performed under its terms.

In general, taking into account the earlier assumption, for purposes of the Convention between the Government of the United States of America and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the Treaty), and Japanese income tax purposes, eligible U.S. holders of ADRs will be treated as owning the Common Stock underlying the ADSs evidenced by the ADRs. For the purposes of the discussion, an eligible U.S. holder is a holder that:

- (i) is a resident of the United States for purposes of the Treaty;
- (ii) does not maintain a permanent establishment in Japan (a) to which ADRs or shares of Common Stock are attributable or (b) of which ADRs or shares of Common Stock form part of the business property; and
- (iii) is eligible for benefits under the Treaty with respect to income and gain derived in connection with ADRs or shares of Common Stock.

The following is a summary of the principal Japanese tax consequences (limited to national taxes) to non-residents of Japan or non-Japanese corporations without permanent establishments in Japan (non-resident Holders) who are holders of shares of Common Stock of the Company or of ADRs evidencing ADSs representing shares of Common Stock of the Company.

#### *Dividends and capital gains*

Generally, non-resident Holders are subject to Japanese withholding tax on dividends paid by Japanese corporations. Such taxes are withheld prior to payment of dividends as required by Japanese law. Stock splits in themselves are not, in general, subject to Japanese income tax.

In the absence of an applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations to non-resident Holders is 20 percent. However, with respect to dividends paid on listed shares issued by a Japanese corporation (such as the shares of Common Stock of the Company) to non-resident Holders, except for any individual shareholder who holds, with respect to dividends due and payable on or before September 30, 2011, 5 percent or more or, with respect to dividends due and payable on or after October 1, 2011, 3 percent or more of the total issued shares of the relevant Japanese corporation, the aforementioned 20 percent withholding tax rate is reduced to (i) 7 percent for dividends due and payable on or before December 31, 2013, and (ii) 15 percent for dividends due and payable on or after January 1, 2014. At the date of this annual report, Japan has income tax treaties, conventions or agreements in force, whereby the above-mentioned withholding tax rate is reduced, in most cases to 15 percent or 10 percent for portfolio investors (15 percent under the income tax treaties with, among other countries, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland, and 10 percent under the income tax treaties with Australia, France, the United Kingdom and the United States).

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Under the Treaty, the maximum rate of Japanese withholding tax which may be imposed on dividends paid by a Japanese corporation to an eligible U.S. holder that is a portfolio investor is generally limited to 10 percent of the gross amount actually distributed, and dividends paid by a Japanese corporation to an eligible U.S. holder that is a pension fund are exempt from Japanese taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension fund.

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If the maximum tax rate provided for in the income tax treaty applicable to dividends paid by the Company to any particular non-resident Holder is lower than the withholding tax rate otherwise applicable under Japanese tax law or any particular non-resident Holder is exempt from Japanese income tax with respect to such dividends under the income tax treaty applicable to such particular non-resident Holder, such non-resident Holder of the Company's shares of Common Stock who is entitled to a reduced rate of or exemption from Japanese withholding tax on payment of dividends is required to submit, through the withholding agent, an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax on Dividends in advance to the relevant tax authority before payment of dividends. A standing proxy for non-resident Holders of a Japanese corporation may provide this application service. With respect to ADSs, this reduced rate or exemption is applicable if the Depository or its agent submits 2 Application Forms (one before payment of dividends, the other within 8 months after the record date concerning such payment of dividends) together with certain other documents. To claim this reduced rate or exemption, any non-resident Holder holding ADRs evidencing ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by the Depository. A non-resident Holder who is entitled, under an applicable income tax treaty, to a reduced treaty rate lower than the withholding tax rate otherwise applicable under Japanese tax law or an exemption from the withholding tax, but failed to submit the required application in advance will be entitled to claim the refund of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident Holder is entitled to a reduced treaty rate under the applicable income tax treaty) or the whole of the withholding tax withheld (if such non-resident Holder is entitled to an exemption under the applicable income tax treaty) from the relevant Japanese tax authority, by complying with a certain subsequent filing procedure. The Company does not assume any responsibility to ensure withholding at the reduced treaty rate or not withholding for shareholders who would be eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale of shares of Common Stock of the Company or ADSs outside Japan by a non-resident Holder holding such shares or ADSs as a portfolio investor are, in general, not subject to Japanese income or corporation tax under Japanese tax law. Eligible U.S. holders are not subject to Japanese income or corporation tax with respect to such gains under the Treaty, subject to a certain filing requirement under Japanese law.

*Inheritance and gift*

Japanese inheritance tax and gift tax at progressive rates may be payable by an individual who has acquired shares of Common Stock or ADSs as a legatee, heir or donee from another individual even though neither the acquiring individual, the deceased nor the donor is a Japanese resident.

Holders of shares of Common Stock of the Company or ADSs should consult their tax advisors regarding the effect of these taxes and, in the case of U.S. holders, the possible application of the Estate and Gift Tax Treaty between the United States and Japan.

United States Federal Income Taxation

This section describes the material United States federal income tax consequences of owning Common Stock or ADSs. It applies to you only if you are a U.S. holder, as defined below, and you own your Common Stock or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

a dealer in securities,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a tax-exempt organization,

certain insurance companies,

a person liable for alternative minimum tax,

a person that actually or constructively owns 10% or more of the voting stock of the Company,

a person that holds Common Stock or ADSs as part of a straddle or a hedging or conversion transaction, or

a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on the Treaty, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

If a partnership holds the Common Stock or ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Common Stock or ADSs should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Common Stock or ADSs.

You are a U.S. holder if you are a beneficial owner of Common Stock or ADSs and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.



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*You should consult your own tax advisor regarding the United States federal, state and local and other tax consequences of owning and disposing of Common Stock and ADSs in your particular circumstances.*

This discussion addresses only United States federal income taxation.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the Common Stock represented by the ADSs evidenced by the ADRs. Exchanges of Common Stock for ADRs, and ADRs for Common Stock, generally will not be subject to United States federal income tax.

### *Taxation of Dividends*

Under United States federal income tax laws, and subject to the passive foreign investment company, or PFIC rules discussed below, the gross amount of any dividend paid by the Company out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes) to a U.S. holder is subject to United States federal income taxation. If you are a non-corporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2013 that constitute qualified dividend income will be taxable to you at a maximum rate of 15% provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends paid by the Company with respect to Common Stock or ADSs generally will be qualified dividend income.

You must include any Japanese tax withheld from the dividend payment in this gross amount even though you do not in fact receive the amount withheld. The dividend is taxable to you when you, in the case of Common Stock, or the Depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Japanese yen payments made, determined at the spot Japanese yen/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. This gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Common Stock or ADSs and thereafter as capital gain.

Subject to certain limitations, the Japanese tax withheld in accordance with the Treaty, and paid over to Japan will be creditable against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. To the extent a refund of the tax withheld is available to you under Japanese law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability. The rules governing foreign tax credits are complex and the Company urges you to consult your tax advisor regarding the foreign tax credit in your situation.

For foreign tax credit purposes, dividends will generally be income from sources outside the United States and, depending on your circumstances, will generally be either passive or general for purposes of computing the foreign tax credit allowable to you.

### *Taxation of Capital Gains*

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell or otherwise dispose of your Common Stock or ADSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your Common Stock or ADSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

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### *Passive Foreign Investment Company Rules*

The Company believes that Common Stock and ADSs should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If the Company is treated as a PFIC, unless Common Stock or ADSs are marketable stock and a U.S. holder elects to be taxed annually on a mark-to-market basis with respect to the Common Stock or ADSs, gain realized on the sale or other disposition of the Common Stock or ADSs would in general not be treated as capital gain. Instead, if you are a U.S. holder, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the Common Stock or ADSs, the amount allocated to the taxable year in which you realized the gain or received the excess distribution would be taxed as ordinary income, the amount allocated to each prior year would generally be taxed at the highest tax rate in effect for each such year, and an interest charge would be applied to any such tax attributable to the prior years. With certain exceptions, your Common Stock or ADSs will be treated as stock of a PFIC if the Company was a PFIC at any time during your holding period of your Common Stock or ADSs. Dividends that you receive from the Company will not be eligible for the special tax rates applicable to qualified dividend income if the Company is a PFIC either in the taxable year of the distribution or the preceding taxable year.

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

### **H. Documents on Display**

According to the Securities Exchange Act of 1934, as amended, the Company is subject to the requirements of informational disclosure. The Company files various reports and other information, including this annual report on Form 20-F, to the U.S. Securities and Exchange Commission. These reports may be inspected at the following sites.

U.S. Securities and Exchange Commission : 100 F Street, N.E., Washington D.C. 20549 or at <http://www.sec.gov>

Form 20-F is also available at the website of the Company. URL : <http://www.kubota.co.jp>

The company's website is not part of this annual report.

### **I. Subsidiary Information**

Not applicable.

**Table of Contents****Item 11. Quantitative and Qualitative Disclosures about Market Risk**

The Company is exposed to market risks, including changes in foreign currency exchange rates, interest rates and prices of marketable equity securities. In order to hedge the risks of changes in foreign currency exchange rates and interest rates, the Company uses derivative financial instruments. The Company uses these derivative financial instruments solely for the purpose of mitigating risk and no derivative instruments are held or used for speculative purposes.

**Foreign Currency Exchange Risks**

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets in its international operations. The Company utilizes foreign exchange forward contracts and foreign currency option contracts (foreign exchange contracts) primarily to fix the cash flows resulting from accounts receivable and payable and future transactions denominated in foreign currencies.

The following table provides information regarding the Company's derivative financial instruments related to foreign exchange contracts as of March 31, 2011. All foreign exchange contracts have original maturities of less than one year.

**Foreign Exchange Contracts (as of March 31, 2011)**

|                                       | Average<br>contractual<br>exchange rate | Millions of Yen     |               |
|---------------------------------------|---|---------------------|---------------|
|                                       |   | Contract<br>Amounts | Fair<br>Value |
| Sell U.S. dollar, Buy Yen             | 82.83                                   | ¥ 27,003            | ¥ (94)        |
| Sell Euro, Buy Yen                    | 113.55                                  | 14,193              | (470)         |
| Sell Thai Baht, Buy Yen               | 2.72                                    | 2,861               | (24)          |
| Sell U.S. dollar, Buy Canadian dollar | 1.03                                    | 12,274              | 389           |
| Others                                |   | 283                 | (2)           |
|                                       |   | ¥ 56,614            | ¥ (201)       |

**Interest Rate Risks**

The Company is exposed to interest rate risks mainly inherent in its finance receivables and debt obligations. The Company has finance receivables with fixed rates and long-term debt with both fixed and variable rates. The Company uses interest rate swap agreements to enable the Company to choose between fixed and variable interest rates depending on how the funds are used as well as diversifying funding methods and lowering funding costs.

The following tables provide information about the Company's financial instruments that are sensitive to changes in interest rates at March 31, 2011. For finance receivables net and long-term debt, these tables present annual maturities and fair value. For interest rate swap contracts and cross-currency interest rate swap contracts, the table presents weighed average rate and notional amount by expected maturity dates.

**Finance Receivables net excluding finance leases (as of March 31, 2011)**

|                 | Weighted<br>Average<br>Interest<br>rate | Millions of Yen |          |          |          |         |                           |           |            |
|-----------------|---|-----------------|----------|----------|----------|---------|---------------------------|-----------|------------|
|                 |   | 2012            | 2013     | 2014     | 2015     | 2016    | 2017<br>and<br>thereafter | Total     | Fair value |
| U.S. dollar     | 1.10%                                   | ¥ 54,656        | ¥ 47,793 | ¥ 37,521 | ¥ 22,567 | ¥ 1,529 | ¥ 394                     | ¥ 164,460 | ¥ 163,835  |
| Canadian dollar | 4.56                                    | 10,926          | 7,838    | 5,384    | 2,908    | 1,505   | 361                       | 28,922    | 29,914     |
|                 |   | ¥ 65,582        | ¥ 55,631 | ¥ 42,905 | ¥ 25,475 | ¥ 3,034 | ¥ 755                     | ¥ 193,382 | ¥ 193,749  |

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Long-term trade accounts receivable (as of March 31, 2011)

|              | Weighted<br>Average<br>Interest<br>rate | Millions of Yen |          |         |         |         |         | 2017 and<br>thereafter | Total    | Fair value |
|--------------|---|-----------------|----------|---------|---------|---------|---------|------------------------|----------|------------|
|              |   | 2012            | 2013     | 2014    | 2015    | 2016    |         |                        |          |            |
| Japanese yen | 3.58%                                   | ¥ 24,021        | ¥ 10,888 | ¥ 7,411 | ¥ 4,656 | ¥ 2,492 | ¥ 1,503 | ¥ 50,971               | ¥ 53,725 |            |

**Table of Contents**Long-term debt excluding capital lease obligations (as of March 31, 2011)

|              | Weighted<br>Average<br>Interest<br>rate | Millions of Yen |          |          |          |         |         | 2017<br>and<br>thereafter | Total     | Fair value |
|--------------|---|-----------------|----------|----------|----------|---------|---------|---------------------------|-----------|------------|
|              |   | 2012            | 2013     | 2014     | 2015     | 2016    |         |                           |           |            |
| Japanese yen | 1.12%                                   | ¥ 12,826        | ¥ 50,236 | ¥ 14,951 | ¥ 23,022 | ¥ 4,120 | ¥ 9,326 | ¥ 114,481                 | ¥ 115,296 |            |
| U.S. dollar  | 1.71                                    | 59,777          | 30,200   | 27,852   | 2,027    | 4,050   |         | 123,906                   | 123,650   |            |
| Others       | 3.47                                    | 10,923          | 16,335   | 8,504    | 49       |         |         | 35,811                    | 35,561    |            |
|              |   | ¥ 83,526        | ¥ 96,771 | ¥ 51,307 | ¥ 25,098 | ¥ 8,170 | ¥ 9,326 | ¥ 274,198                 | ¥ 274,507 |            |

Interest Rate Swap Contracts (as of March 31, 2011)

|                                    | Millions of Yen, except rates |          |          |         |      |  | 2017<br>and<br>thereafter | Total     | Fair value |
|------------------------------------|-------------------------------|----------|----------|---------|------|--|---------------------------|-----------|------------|
|                                    | 2012                          | 2013     | 2014     | 2015    | 2016 |  |                           |           |            |
| Notional amounts (Yen)             | ¥ 14,500                      | ¥ 12,500 | ¥ 12,500 | ¥ 5,500 |      |  | ¥ 45,000                  | ¥ (212)   |            |
| Average pay rate                   | 1.08%                         | 1.06%    | 1.06%    | 1.04%   |      |  | 1.06%                     |           |            |
| Average receive rate               | 0.45%                         | 0.42%    | 0.42%    | 0.50%   |      |  | 0.44%                     |           |            |
| Notional amounts (U.S. dollar)     | ¥ 52,650                      | ¥ 16,200 | ¥ 4,050  |         |      |  | ¥ 72,900                  | ¥ (1,028) |            |
| Average pay rate                   | 3.37%                         | 2.70%    | 2.27%    |         |      |  | 3.16%                     |           |            |
| Average receive rate               | 0.62%                         | 1.09%    | 0.90%    |         |      |  | 0.74%                     |           |            |
| Notional amounts (Canadian dollar) | ¥ 1,620                       | ¥ 486    | ¥ 81     |         |      |  | ¥ 2,187                   | ¥ (63)    |            |
| Average pay rate                   | 4.47%                         | 4.49%    | 4.52%    |         |      |  | 4.48%                     |           |            |
| Average receive rate               | 1.20%                         | 1.20%    | 1.20%    |         |      |  | 1.20%                     |           |            |
| Notional amounts (Other)           | ¥ 3,240                       |          |          |         |      |  | ¥ 3,240                   | ¥ (62)    |            |
| Average pay rate                   | 4.63%                         |          |          |         |      |  | 4.63%                     |           |            |
| Average receive rate               | 2.48%                         |          |          |         |      |  | 2.48%                     |           |            |

**Table of Contents**Cross-Currency Interest Rate Swap Contracts (as of March 31, 2011)

|   | Millions of Yen, except rates |          |          |         |      | 2017<br>and<br>thereafter | Total    | Fair value |
|---|-------------------------------|----------|----------|---------|------|---------------------------|----------|------------|
|   | 2012                          | 2013     | 2014     | 2015    | 2016 |                           |          |            |
| <b>Receive Yen, Pay Thai Baht</b>         |                               |          |          |         |      |                           |          |            |
| Notional amounts (Yen)                    | ¥ 24,000                      | ¥ 20,000 | ¥ 6,000  | ¥ 6,000 |      |                           | ¥ 56,000 | ¥ (499)    |
| Average pay rate                          | 3.93%                         | 1.80%    | 2.07%    | 0.25%   |      |                           | 2.58%    |            |
| Average receive rate                      | 0.95%                         | 0.53%    | 0.70%    | 0.08%   |      |                           | 0.68%    |            |
| <b>Receive U.S. dollar, Pay Thai Baht</b> |                               |          |          |         |      |                           |          |            |
| Notional amounts (U.S. dollar)            | ¥ 19,683                      | ¥ 19,683 | ¥ 11,583 | ¥ 4,860 |      |                           | ¥ 55,809 | ¥ (1,680)  |
| Average pay rate                          | 3.74%                         | 3.48%    | 1.88%    | 1.24%   |      |                           | 3.04%    |            |
| Average receive rate                      | 0.95%                         | 0.89%    | 0.38%    | 0.16%   |      |                           | 0.74%    |            |
| <b>Receive Yen, Pay Canadian dollar</b>   |                               |          |          |         |      |                           |          |            |
| Notional amounts (Yen)                    | ¥ 5,000                       | ¥ 5,000  |          |         |      |                           | ¥ 10,000 | ¥ (360)    |
| Average pay rate                          | 3.75%                         | 1.87%    |          |         |      |                           | 2.81%    |            |
| Average receive rate                      | 0.48%                         | 0.24%    |          |         |      |                           | 0.36%    |            |

Equity Price Risk

The Company holds available-for-sale securities included in investments. These securities are exposed to changes in equity price risks arising from changes in market prices for such securities. The Company does not hold marketable securities for trading purposes. The following table discloses the cost, fair value and unrealized holding gains and losses on marketable equity securities at March 31, 2011:

|   | Cost     | Fair Value | Millions of Yen                         |  |
|---|----------|------------|---|--|
|   |          |            | Gross<br>Unrealized<br>Holding<br>Gains | Gross<br>Unrealized<br>Holding<br>Losses |
| <b>Available-for-sale:</b>                  |          |            |   |  |
| Equity securities of financial institutions | ¥ 25,525 | ¥ 34,839   | ¥ 10,403                                | ¥ 1,089                                  |
| Other equity securities                     | 14,883   | 55,634     | 40,793                                  | 42                                       |
|   | ¥ 40,408 | ¥ 90,473   | ¥ 51,196                                | ¥ 1,131                                  |

**Item 12. Description of Securities Other than Equity Securities**A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

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### Fees and charges payable by a holders of ADSs

The Company has appointed JP Morgan Chase Bank, N.A. as its depositary pursuant to the Company's American Depositary Receipt program.

In accordance with the terms of the Amended and Restated Deposit Agreement, JP Morgan Chase Bank, N.A. may charge holders of the Company's American Depositary Shares ( ADSs ), either directly or indirectly, fees or charges up to the amounts described below.

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| Category (as defined by SEC)                     | Depository Actions   | Associated Fee   | To whom the fees or charges are paid |
|--|--|--|--------------------------------------|
| Depositing or substituting the underlying shares | Issuance of ADSs against the deposit of shares, including deposits and issuances in respect of:  | \$5.00 for each 100 ADSs (or portion thereof) Evidenced by the new American Depositary Receipts ( ADRs ) delivered | JP Morgan Chase Bank, N.A.           |
|  | Share distributions, stock split, rights, merger   |  |                                      |
|  | Exchange of securities or any other transaction or event or other distribution affecting the ADSs or the deposited securities  |  |                                      |
| Receiving or distributing Dividends              | Distribution of dividends  | \$0.02 or less per ADS   | JP Morgan Chase Bank, N.A.           |
| Selling or exercising rights                     | Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities | \$5.00 for each 100 ADSs (or portion thereof)  | JP Morgan Chase Bank, N.A.           |
| Withdrawing an underlying security               | Acceptance of ADRs surrendered for withdrawal of deposited securities  | \$5.00 for each 100 ADSs (or portion there of ) evidenced by the ADRs surrendered                                  | JP Morgan Chase Bank, N.A.           |
| Transferring, splitting or grouping receipts;    | Transfers, combining or grouping of depository receipts  | \$1.50 per ADR Certificate   | JP Morgan Chase Bank, N.A.           |
| General depository services                      | Expenses incurred on behalf of Holders in connection with  | Payable by Holders or persons depositing Shares or Holders withdrawing Deposited Securities.                       | JP Morgan Chase Bank, N.A.           |
|  | Compliance with foreign exchange control regulations or any law or regulation relating to foreign investment   |  |                                      |
|  | The depository s or its custodian s compliance with applicable law, rule or regulation   |  |                                      |
|  | Stock transfer or other taxes and other governmental charges   |  |                                      |
|  | Cable, telex, facsimile transmission/delivery  |  |                                      |
|  | Expenses of the depository in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency)   |  |                                      |



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Any other charge payable by  
depository or its agents

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Fees and payments made by the Depositary to the issuer

There were no fees or other direct and indirect payments made by the depositary to the Company in the fiscal year ended March 31, 2011.

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**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

**Item 15. Controls and Procedures**

**Disclosure Controls and Procedures**

The Company's management, with the participation of its chief executive and chief financial officers, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended,) as of March 31, 2011. Based on that evaluation, the Company's chief executive and chief financial officers concluded that the disclosure controls and procedures were effective as of that date.

**Management's Report on Internal Control over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, for the Company.

Management evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2011 using the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2011.

The Company's independent registered public accounting firm, Deloitte Touche Tohmatsu LLC, has issued an audit report on the Company's internal control over financial reporting. Their report appears on page F-2 of the attached Consolidated Financial Statements.

**Changes in Internal Control over Financial Reporting**

No change in the Company's internal control over financial reporting occurred during the fiscal year ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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**Item 16A. Audit Committee Financial Expert**

The Company's Board of Corporate Auditors has determined that Ryoji Sato qualifies as an audit committee financial expert as defined by the rules of the SEC at the board of corporate auditors meeting held on June 24, 2011 in succession to Yoshio Suekawa.

He is a certified public accountant in Japan. He joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC) in 1971. Since then, he worked as a public accountant for more than 30 years. He worked at Touche Ross & Co.(currently, Deloitte LLP) in New York in 1978, and from 1979 to 1982 in London. In 2007, he assumed the position of Chief Executive Officer of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC) and Executive Member, Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu Limited), and held the position until 2010.

He was elected to the Company's Corporate Auditors at the ordinary general meeting of shareholders held on June 24, 2011. See Item 6.A. for information regarding his business experience. He meets the independence requirements imposed on corporate auditors under the Corporate Law of Japan.

**Item 16B. Code of Ethics**

The Board of Directors of the Company adopted a Code of Ethics in April, 2004 and amended in February, 2011, which is applicable to its Chief Executive Officer, Executive Officer in charge of Planning & Control Headquarters, General Manager of Planning & Control Headquarters and General Manager of Finance and Accounting Department. This Code requires the relevant Officers to act honestly and candidly, including the ethical handling of conflict of interest, and to comply with all applicable laws, accounting standards, rules and regulations of self-regulatory organization, and policies and internal regulation of the Company. The Code also requires the relevant Officers to conduct full, fair, accurate, timely and understandable disclosure in reports and documents which are filed with or submitted to the SEC, and in other communications with the public and prompt internal reporting of violations of this Code.

Our Code of Ethics is attached as an exhibit to this annual report (exhibit 11.1).

**Table of Contents****Item 16C. Principal Accountant Fees and Services*****Fees and Services of Principal Accountant***

The following table discloses the aggregate fees accrued or paid to principal accountant and associated entities for each of the last two fiscal years:

|                    | Millions of yen |              |
|--------------------|-----------------|--------------|
|                    | 2011            | 2010         |
| Audit Fees         | ¥ 532           | ¥ 576        |
| Audit-Related Fees | 4               | 3            |
| Tax Fees           | 82              | 104          |
| All Other Fees     | 37              | 20           |
| <b>Total</b>       | <b>¥ 655</b>    | <b>¥ 703</b> |

Audit Fees include fees charged for professional services rendered for audits of the Company's semi-annual and annual consolidated financial statements, statutory audits of the Company and its subsidiaries.

Audit-Related Fees include fees charged for consultations concerning financial accounting and reporting standards.

Tax Fees include fees charged for services related to tax compliance, including the preparation of tax returns and claims for refund, tax planning and tax advice, including assistance with tax audits and appeals, tax services for employee benefit plans and assistance with respect to requests for rulings from tax authorities.

All Other Fees include fees charged for services rendered with respect to consultation relating to improvements in the Company's internal controls. Services rendered by principal accountant and associated entities did not include design, development, and/or implementation of the Company's internal controls.

***Policies for Pre-Approval of Audit and Non-Audit Services rendered by Independent Registered Public Accounting Firm***

The Board of Corporate Auditors of the Company consists of 5 auditors, including 3 outside corporate auditors. The Board of Corporate Auditors has adopted Pre-Approval Policies and Procedures for Audit and Non-Audit Services (the Policies) for the purpose of supervising the services of its independent registered public accounting firm. The Policies govern external auditors to render audit or non-audit services to the Company. The Policies classify audit and non-audit services into three categories depending on the nature of services and regulate them differently.

The first category includes the following services and they are pre-approved comprehensively.

All services necessary to perform audit or review of the Company and any subsidiaries to comply with the rules of the SEC, Corporate Law of Japan, Financial Instruments and Exchange Law of Japan, rules and regulation of Stock Exchanges in Japan and any other rules and regulations, and related consultation of accounting procedures and voluntary audit and examination of subsidiaries.

Audit-related services, such as due diligence related to merger & acquisition activity, audit of employee benefit plans including audit of pension fund and audit or review of information systems related to accounting.

Services and consultation related to the preparation of tax returns.

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Other services, such as training of employees regarding accounting practices.

The second category includes non-audit services which are restricted by the Sarbanes-Oxley act and the rules of the SEC to be rendered by the same public accountants which renders audit services to the Company. The Policies prohibits such services to be rendered.

The third category includes additional services other than the above which may be pre-approved by the Board of Corporate Auditors on an individual basis.

No services were provided for which pre-approval was waived pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

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**Item 16D. Exemptions from the Listing Standards for Audit Committees**

With respect to the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, relating to listed company audit committees, which apply to the Company through Section 303A.06 of the New York Stock Exchange's Listed Company Manual, the Company relies on an exemption provided by paragraph (c)(3) of that Rule available to foreign private issuers with boards of corporate auditors meeting certain requirements. For a New York Stock Exchange-listed Japanese company with a board of corporate auditors, the requirements for relying on paragraph (c)(3) of Rule 10A-3 are as follows:

1. The board of corporate auditors must be established, and its members must be selected, pursuant to Japanese law expressly requiring such a board for Japanese companies that elect to have a corporate governance system with corporate auditors.
2. Japanese law must and does require the board of corporate auditors to be separate from the board of directors.
3. None of the members of the board of corporate auditors is elected by management, and none of the listed company's executive officers is a member of the board of corporate auditors.
4. Japanese law must and does set forth standards for the independence of the members of the board of corporate auditors from the listed company or its management.
5. The board of corporate auditors, in accordance with Japanese law or the listed company's governing documents, must be responsible, to the extent permitted by Japanese law, for the appointment, retention and oversight of the work of any registered public accounting firm engaged (including, to the extent permitted by Japanese law, the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, including its principal accountant which audits its consolidated financial statements included in its annual reports on Form 20-F.
6. To the extent permitted by Japanese law:

the board of corporate auditors must establish procedures for (i) the receipt, retention and treatment of complaints received by the listed company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by its employees of concerns regarding questionable accounting or auditing matters;

the board of corporate auditors must have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties; and

the listed company must provide for appropriate funding, as determined by its board of corporate auditors, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, (ii) compensation to any advisers employed by the board of corporate auditors, and (iii) ordinary administrative expenses of the board of corporate auditors that are necessary or appropriate in carrying out its duties.

In the Company's assessment, the Company's Board of Corporate Auditors, which meets the requirements for reliance on the exemption in paragraph (c)(3) of Rule 10A-3 described above, is not materially less effective than an audit committee meeting all the requirements of paragraph (b) of Rule 10A-3 (without relying on any exemption provided by that Rule) at acting independently of management and performing the functions of an audit committee as contemplated in this annual report.





**Table of Contents****Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table sets forth the Company's purchases of its common stock during fiscal 2011:

| Period                                 | (a) Total Number<br>of<br>Shares<br>Purchased | (b) Average Price<br>Paid<br>per Share<br>(Yen) | (c) Total Number<br>of<br>Shares Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans<br>or<br>Programs | (d) Maximum Number of<br>Shares that<br>May Yet Be Purchased<br>Under the<br>Plans<br>or Programs |
|--|---|---|--|---|
| April 1, 2010 - April 30, 2010         | 4,837   | 842.04  | 0  | 0   |
| May 1, 2010 - May 31, 2010             | 6,886   | 771.50  | 0  | 0   |
| June 1, 2010 - June 30, 2010           | 2,823   | 733.69  | 0  | 0   |
| July 1, 2010 - July 31, 2010           | 4,270   | 677.52  | 0  | 0   |
| August 1, 2010 - August 31, 2010       | 4,431   | 708.87  | 0  | 0   |
| September 1, 2010 - September 30, 2010 | 5,200   | 729.56  | 0  | 0   |
| October 1, 2010 - October 31, 2010     | 4,918   | 756.39  | 0  | 0   |
| November 1, 2010 - November 30, 2010   | 4,332   | 766.18  | 0  | 0   |
| December 1, 2010 - December 31, 2010   | 16,946  | 782.35  | 0  | 0   |
| January 1, 2011 - January 31, 2011     | 4,627   | 790.06  | 0  | 0   |
| February 1, 2011 - February 28, 2011   | 3,446   | 869.02  | 0  | 0   |
| March 1, 2011 - March 31, 2011         | 1,920   | 786.74  | 0  | 0   |
| <b>Total</b>                           | <b>64,636</b>                                 | <b>769.57</b>                                   | <b>0</b>   |   |

Note: All purchases other than purchases publicly announced were made as a result of holders of shares less than one unit, which is 1,000 shares of common stock, requesting the Company to purchase shares that are a fraction of a unit in accordance with the Corporate Law.

**Item 16F. Changes in Registrant's Certifying Accountant.**

Not applicable.

**Item 16G. Corporate Governance**

The following shows the significant differences between the corporate governance practices followed by U.S. listed companies under the NYSE Corporate Governance Rules and those followed by the Company under its home country practice.

**Independence of Directors**

A NYSE-listed U.S. company must have a majority of directors meeting the independence requirements under Section 303A of the NYSE Listed Company Manual.

Under the Corporate Law of Japan and relevant laws and ordinances (collectively, the Corporate Law of Japan), Japanese joint stock corporations (*kabushiki kaisha*) with the board of directors and the accounting auditor (*kaikai-kansanin*) may elect to structure their corporate governance system to be either that of a company with corporate auditors (*kansayaku secchigaisha*) or that of a company with specified committees (*iinkai secchigaisha*). The Company is currently a company with corporate auditors, and does not have specified committees.

As a company with corporate auditors, the Company is not required under the Corporate Law of Japan to have outside directors who meet any independence requirements under the Corporate Law of Japan on its board of directors. However, the Company has two Outside Directors.

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An outside director is defined as a director of the company who does not engage or has not engaged in the execution of business of the company or its subsidiaries as a director of any of these corporations, and who does not serve or has not served as an executive officer, manager or in any other capacity as an employee of the company or its subsidiaries. The tasks of supervising the administration of the Company's affairs by the Directors are assigned not only to the Board of Directors but also to the Company's Corporate Auditors, who are separate from the Company's management, under the Corporate Law of Japan. The tasks of examining the Company's financial statements are also assigned to the Company's Corporate Auditors under the Corporate Law of Japan. All Corporate Auditors must meet certain independence requirements under the Corporate Law of Japan. At least half of the Company's Corporate Auditors are required to be outside Corporate Auditors who must meet additional independence requirements under the Corporate Law of Japan. An outside corporate auditor is defined as a corporate auditor who has not served as a director, accounting counselor, executive officer, manager or any other employee of the company or any of its subsidiaries prior to the appointment. Currently, the Company has five Corporate Auditors, three of whom are Outside Corporate Auditors.

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In addition, pursuant to the regulations of the Japanese stock exchanges, the Company is required to have one or more independent director(s)/corporate auditor(s) which terms are defined under the relevant regulations of the Japanese stock exchanges as outside directors or outside corporate auditors (each of which terms is defined under the Corporate Law) who are unlikely to have any conflicts of interests with shareholders of the Company. Each of the Outside Directors and Outside Corporate Auditors of the Company satisfies the requirements for the independent director/corporate auditor under the regulations of the Japanese stock exchanges respectively. The definition of independent director/corporate auditor is different from that of the independent directors under the corporate governance standards of the New York Stock Exchange or under Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended.

### Audit committee

A NYSE-listed U.S. company must have an audit committee with responsibilities described under Section 303A of the NYSE Listed Company Manual, including those imposed by Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. The audit committee must be composed entirely of independent directors, and the audit committee must have at least three members.

Under the corporate auditor system that the Company employs in Japan, the board of corporate auditors is a legally separate and independent body from the board of directors. The function of the board of corporate auditors is similar to that of independent directors, including those who are members of the audit committee, of a U.S. company: to monitor the performance of the directors, and review and express opinion on the method of auditing by the company's accounting auditor and on such accounting auditor's audit reports, for the protection of the Company's shareholders. Under the Corporate Law of Japan, the Company is required to have at least three corporate auditors. The Articles of Incorporation of the Company provide for no more than six corporate auditors. Currently, the Company has five corporate auditors. Each corporate auditor has a four-year term. In contrast, the term of each director of the Company is one year. With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, relating to listed company audit committees, the Company relies on an exemption under paragraph (c)(3) of that rule which is available to foreign private issuers with boards of corporate auditors meeting certain criteria.

### Nominating /corporate governance committee

A NYSE-listed U.S. company must have a nominating/corporate governance committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The nominating/corporate governance committee must be composed entirely of independent directors.

Under the Corporate Law of Japan, the Company's Directors must be elected at a general meeting of shareholders. Its Board of Directors does not have the power to fill its vacancies. The Company's Corporate Auditors must also be elected and dismissed at a general meeting of shareholders. The Company's Board of Directors must obtain the consent of its Board of Corporate Auditors in order to submit a proposal for election of a Corporate Auditor to a general meeting of shareholders. The Board of Corporate Auditors is also empowered to adopt a resolution requesting that the Company's Directors submit a proposal for election of a Corporate Auditor to a general meeting of shareholders. All Corporate Auditors have the right to state their opinion concerning the election, dismissal and resignation of a Corporate Auditor at the general meeting of shareholders.

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### **Compensation committee**

A NYSE-listed U.S. company must have a compensation committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The compensation committee must be composed entirely of independent directors.

Under the Corporate Law of Japan, the maximum aggregate amounts of remunerations, for the Company's Directors and those of the Company's Corporate Auditors must be approved at a general meeting of shareholders, respectively. The Company must also obtain the approval at a general meeting of shareholders if the Company desires to change such maximum amount of remunerations. The remunerations for Directors are determined at the meeting of the Board of Directors based on the report of the Compensation Council within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of operating results, compensation levels of other companies, wage level of employees. The Compensation Council is composed of Representative Directors excluding the President and executive officers in charge of indirect departments. The report of the Compensation Council is submitted to the meeting of the Board of Directors after the approval of the President. The remunerations for Corporate Auditors are determined upon consultation among Corporate Auditors within the range of the maximum aggregate amounts of remunerations approved at a general meeting of shareholders, in consideration of the roles of the respective Corporate Auditors.

### **Shareholders approval of equity compensation plan**

A NYSE-listed U.S. company must generally obtain shareholder approval with respect to any equity compensation plan or any material revision to an existing equity compensation plan.

Pursuant to the Corporate Law of Japan, if the Company desires to adopt an equity compensation plan under which stock acquisition rights are granted on specially favorable conditions (except where such rights are granted to all of its shareholders on a pro rata basis), the Company must approve the plan by a special resolution of a general meeting of shareholders, where the quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required.

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**PART III**

**Item 17. Financial Statements**

Not applicable.

**Item 18. Financial Statements**

See Consolidated Financial Statements attached hereto.

**Item 19. Exhibits**

Documents filed as exhibits to this annual report are as follows:

- 1.1 Articles of Incorporation of the Registrant (English translation)
- 1.2 Share Handling Regulations of the Registrant (English translation)
- 2.1 Form of Amended and Restated Deposit Agreement among the Registrant, JPMorgan Chase Bank as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt (incorporated by reference to the Registration Statement on Form F-6 (File No. 333-91654) filed on June 26, 2002)
- 8.1 List of Significant Subsidiaries (See Organizational Structure in Item 4.C. of this Form 20-F)
- 11.1 Code of Ethics for Senior Financial Officers of the Registrant (English translation)
- 12.1 Certification of the principal executive officer of the Registrant required by Rule 13a-14(a)
- 12.2 Certification of the principal financial officer of the Registrant required by Rule 13a-14(a)
- 13.1 Certification required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
- 101 Instance Document
- 101 Schema Document
- 101 Calculation Linkbase Document

101 Definition Linkbase Document

101 Labels Linkbase Document

101 Presentation Linkbase Document

(Note) The Company has not included as exhibits certain instruments with respect to its long-term debt, the amount of debt authorized under each of which does not exceed 10% of its total assets, and it agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

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SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

KUBOTA CORPORATION

Date: June 29, 2011

By /s/ Satoru Sakamoto  
Satoru Sakamoto  
Director and Senior Managing Executive Officer  
  
(Principal Financial and Accounting Officer)

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**Attachment**

Kubota Corporation

Index to Consolidated Financial Statements

|   | <b>Page in<br/>Consolidated Financial Statements</b> |
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| <u>Report of Independent Registered Public Accounting Firm</u><br>(relating to the Company's consolidated financial statements)         | F-1  |
| <u>Report of Independent Registered Public Accounting Firm</u><br>(relating to the Company's internal control over financial reporting) | F-2  |
| <u>Consolidated Balance Sheets</u><br>(At March 31, 2011 and 2010)  | F-3 and F-4  |
| <u>Consolidated Statements of Income</u><br>(For the years ended March 31, 2011, 2010, and 2009)  | F-5  |
| <u>Consolidated Statements of Comprehensive Income (Loss)</u><br>(For the years ended March 31, 2011, 2010, and 2009)                   | F-5  |
| <u>Consolidated Statements of Changes in Equity</u><br>(For the years ended March 31, 2011, 2010, and 2009)                             | F-6  |
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Kubota Corporation:

We have audited the accompanying consolidated balance sheets of Kubota Corporation and subsidiaries (the Company) as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended March 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kubota Corporation and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 24, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte Touche Tohmatsu LLC

Osaka, Japan

June 24, 2011

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Kubota Corporation:

We have audited the internal control over financial reporting of Kubota Corporation and subsidiaries (the Company) as of March 31, 2011, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2011, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2011 of the Company and our report dated June 24, 2011 expressed an unqualified opinion on those financial statements.

/s/ Deloitte Touche Tohmatsu LLC

Osaka, Japan

June 24, 2011

**Table of Contents****Consolidated Balance Sheets**

KUBOTA Corporation and Subsidiaries

| (¥ in millions)<br>At March 31:                               | 2011               | 2010               |
|---|--------------------|--------------------|
| <b>ASSETS</b>   |                    |                    |
| <b>Current assets:</b>  |                    |                    |
| Cash and cash equivalents                                     | ¥ 105,293          | ¥ 111,428          |
| Notes and accounts receivable:                                |                    |                    |
| Trade notes   | 56,185             | 57,412             |
| Trade accounts  | 300,229            | 317,485            |
| Less: Allowance for doubtful notes and accounts receivable    | (2,806)            | (2,821)            |
| Short-term finance receivables net                            | 100,437            | 104,840            |
| Inventories   | 174,217            | 172,323            |
| Other current assets  | 43,649             | 60,161             |
| <b>Total current assets</b>                                   | <b>777,204</b>     | <b>820,828</b>     |
| <b>Investments and long-term finance receivables:</b>         |                    |                    |
| Investments in and loan receivables from affiliated companies | 16,569             | 15,945             |
| Other investments   | 100,498            | 109,306            |
| Long-term finance receivables net                             | 199,829            | 196,473            |
| <b>Total investments and long-term finance receivables</b>    | <b>316,896</b>     | <b>321,724</b>     |
| <b>Property, plant, and equipment:</b>                        |                    |                    |
| Land  | 89,435             | 89,664             |
| Buildings   | 217,738            | 214,329            |
| Machinery and equipment                                       | 352,064            | 358,354            |
| Construction in progress                                      | 9,631              | 5,306              |
| <b>Total</b>  | <b>668,868</b>     | <b>667,653</b>     |
| Accumulated depreciation                                      | (451,510)          | (446,760)          |
| <b>Net property, plant, and equipment</b>                     | <b>217,358</b>     | <b>220,893</b>     |
| <b>Other assets:</b>  |                    |                    |
| Long-term trade accounts receivable                           | 27,487             | 26,688             |
| Other   | 18,839             | 19,670             |
| Less: Allowance for doubtful non-current receivables          | (932)              | (770)              |
| <b>Total other assets</b>                                     | <b>45,394</b>      | <b>45,588</b>      |
| <b>Total</b>  | <b>¥ 1,356,852</b> | <b>¥ 1,409,033</b> |

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(¥ in millions)

At March 31:

|   | 2011               | 2010               |
|---|--------------------|--------------------|
| <b>LIABILITIES AND EQUITY</b>   |                    |                    |
| <b>Current liabilities:</b>   |                    |                    |
| Short-term borrowings   | ¥ 76,642           | ¥ 88,333           |
| Trade notes payable   | 13,978             | 14,266             |
| Trade accounts payable  | 150,825            | 143,683            |
| Advances received from customers  | 3,270              | 3,397              |
| Notes and accounts payable for capital expenditures   | 9,800              | 9,245              |
| Accrued payroll costs   | 26,847             | 25,856             |
| Accrued expenses  | 29,616             | 27,352             |
| Income taxes payable  | 4,702              | 22,842             |
| Other current liabilities   | 33,892             | 33,832             |
| Current portion of long-term debt   | 85,556             | 71,432             |
| <b>Total current liabilities</b>  | <b>435,128</b>     | <b>440,238</b>     |
| <b>Long-term liabilities:</b>   |                    |                    |
| Long-term debt  | 191,760            | 243,333            |
| Accrued retirement and pension costs  | 35,285             | 40,177             |
| Other long-term liabilities   | 13,318             | 13,666             |
| <b>Total long-term liabilities</b>  | <b>240,363</b>     | <b>297,176</b>     |
| <b>Commitments and contingencies</b>  |                    |                    |
| <b>Equity:</b>  |                    |                    |
| Kubota Corporation shareholders' equity:  |                    |                    |
| Common stock,<br>authorized 1,874,700,000 shares in 2011 and 2010, respectively<br>issued 1,285,919,180 shares in 2011 and 2010, respectively | 84,070             | 84,070             |
| Capital surplus   | 89,140             | 89,241             |
| Legal reserve   | 19,539             | 19,539             |
| Retained earnings   | 516,858            | 477,303            |
| Accumulated other comprehensive loss  | (65,381)           | (34,491)           |
| Treasury stock (14,206,633 shares and 14,072,545 shares in 2011 and 2010, respectively), at cost  | (9,341)            | (9,265)            |
| <b>Total Kubota Corporation shareholders' equity</b>  | <b>634,885</b>     | <b>626,397</b>     |
| <b>Noncontrolling interests</b>   | <b>46,476</b>      | <b>45,222</b>      |
| <b>Total equity</b>   | <b>681,361</b>     | <b>671,619</b>     |
| <b>Total</b>  | <b>¥ 1,356,852</b> | <b>¥ 1,409,033</b> |

See notes to consolidated financial statements.

**Table of Contents****Consolidated Statements of Income**

KUBOTA Corporation and Subsidiaries

(\$ in millions except per share amounts)

For the years ended March 31:

|  | 2011             | 2010      | 2009        |
|--|------------------|-----------|-------------|
| <b>Revenues</b>  | <b>¥ 933,685</b> | ¥ 930,644 | ¥ 1,107,482 |
| <b>Cost of revenues</b>  | <b>678,653</b>   | 681,374   | 810,226     |
| <b>Selling, general, and administrative expenses</b>                               | <b>165,407</b>   | 179,352   | 193,426     |
| <b>Other operating expenses</b>  | <b>3,514</b>     | 216       | 1,015       |
| <b>Operating income</b>  | <b>86,111</b>    | 69,702    | 102,815     |
| <b>Other income (expenses):</b>  |                  |           |             |
| Interest and dividend income   | 3,429            | 3,381     | 4,822       |
| Interest expense   | (1,632)          | (2,127)   | (2,664)     |
| Gain (loss) on sales of securities net   | 4,845            | 1,821     | (116)       |
| Gain on nonmonetary exchange of securities   | 2,774            |           |             |
| Valuation loss on other investments  | (1,758)          | (143)     | (8,618)     |
| Foreign exchange gain (loss) net   | (1,640)          | 2,894     | (11,525)    |
| Other net  | (829)            | (2,045)   | (1,455)     |
| Other income (expenses), net   | 5,189            | 3,781     | (19,556)    |
| <b>Income before income taxes and equity in net income of affiliated companies</b> | <b>91,300</b>    | 73,483    | 83,259      |
| <b>Income taxes:</b>   |                  |           |             |
| Current  | 27,137           | 28,540    | 23,637      |
| Deferred   | 3,547            | (2,563)   | 5,109       |
| Total income taxes   | 30,684           | 25,977    | 28,746      |
| <b>Equity in net income of affiliated companies</b>                                | <b>492</b>       | 402       | 222         |
| <b>Net income</b>  | <b>61,108</b>    | 47,908    | 54,735      |
| <b>Less: Net income attributable to noncontrolling interests</b>                   | <b>6,286</b>     | 5,582     | 6,671       |
| <b>Net income attributable to Kubota Corporation</b>                               | <b>¥ 54,822</b>  | ¥ 42,326  | ¥ 48,064    |
| <b>Net income attributable to Kubota Corporation per common share:</b>             |                  |           |             |
| <b>Basic</b>   | <b>¥ 43.11</b>   | ¥ 33.28   | ¥ 37.68     |

See notes to consolidated financial statements.

**Consolidated Statements of Comprehensive Income (Loss)**

KUBOTA Corporation and Subsidiaries

(\$ in millions)

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| For the years ended March 31:   | 2011            | 2010            | 2009              |
|---|-----------------|-----------------|-------------------|
| <b>Net income</b>   | <b>¥ 61,108</b> | <b>¥ 47,908</b> | <b>¥ 54,735</b>   |
| <b>Other comprehensive income (loss), net of tax:</b>                             |                 |                 |                   |
| Foreign currency translation adjustments  | (26,382)        | 8,250           | (61,832)          |
| Unrealized gains (losses) on securities   | (5,125)         | 11,761          | (26,283)          |
| Unrealized gains (losses) on derivatives  | 804             | 556             | (1,512)           |
| Pension liability adjustments   | (3,080)         | 9,808           | (13,945)          |
| <b>Total other comprehensive income (loss)</b>                                    | <b>(33,783)</b> | <b>30,375</b>   | <b>(103,572)</b>  |
| <b>Comprehensive income (loss)</b>  | <b>27,325</b>   | <b>78,283</b>   | <b>(48,837)</b>   |
| <b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b> | <b>3,213</b>    | <b>7,528</b>    | <b>(3,540)</b>    |
| <b>Comprehensive income (loss) attributable to Kubota Corporation</b>             | <b>¥ 24,112</b> | <b>¥ 70,755</b> | <b>¥ (45,297)</b> |

See notes to consolidated financial statements.

**Table of Contents****Consolidated Statements of Changes in Equity**

KUBOTA Corporation and Subsidiaries

(¥ in millions except shares of common stock outstanding)

|  | Kubota Corporation Shareholders Equity |                 |               |                   |   |                        |                           |              |
|--|--|-----------------|---------------|-------------------|---|------------------------|---------------------------|--------------|
|  | Common Stock                           | Capital Surplus | Legal Reserve | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock at Cost | Non-Controlling Interests | Total Equity |
| <b>Balance at March 31, 2008</b>   |  |                 |               |                   |   |                        |                           |              |
| (1,280,604 thousands of shares)  | 84,070                                 | 93,150          | 19,539        | 423,927           | 31,177  | (3,766)                | 43,230                    | 691,327      |
| Net income   |  |                 |               | 48,064            |   |                        | 6,671                     | 54,735       |
| Other comprehensive loss   |  |                 |               |                   | (93,361)                                      |                        | (10,211)                  | (103,572)    |
| Cash dividends paid to Kubota Corporation shareholders, ¥15 per common share |  |                 |               | (19,193)          |   |                        |                           | (19,193)     |
| Cash dividends paid to noncontrolling interests                              |  |                 |               |                   |   |                        | (767)                     | (767)        |
| Purchases and sales of treasury stock (less 8,541 thousands of shares)       |  |                 |               | (7)               |   | (5,316)                |                           | (5,323)      |
| Increase in noncontrolling interests related to contribution                 |  |                 |               |                   |   |                        | 14                        | 14           |
| Changes in ownership interests in subsidiaries                               |  |                 |               |                   |   |                        | (978)                     | (978)        |
| <b>Balance at March 31, 2009</b>   |  |                 |               |                   |   |                        |                           |              |
| (1,272,063 thousands of shares)  | 84,070                                 | 93,150          | 19,539        | 452,791           | (62,184)                                      | (9,082)                | 37,959                    | 616,243      |
| Net income   |  |                 |               | 42,326            |   |                        | 5,582                     | 47,908       |
| Other comprehensive income   |  |                 |               |                   | 28,429  |                        | 1,946                     | 30,375       |
| Cash dividends paid to Kubota Corporation shareholders, ¥14 per common share |  |                 |               | (17,814)          |   |                        |                           | (17,814)     |
| Cash dividends paid to noncontrolling interests                              |  |                 |               |                   |   |                        | (489)                     | (489)        |
| Purchases and sales of treasury stock (less 216 thousands of shares)         |  |                 |               |                   |   | (183)                  |                           | (183)        |
| Increase in noncontrolling interests related to contribution                 |  |                 |               |                   |   |                        | 2,109                     | 2,109        |
| Changes in ownership interests in subsidiaries                               |  | (3,909)         |               |                   | (736)   |                        | (1,885)                   | (6,530)      |
| <b>Balance at March 31, 2010</b>   |  |                 |               |                   |   |                        |                           |              |
| (1,271,847 thousands of shares)  | ¥ 84,070                               | ¥ 89,241        | ¥ 19,539      | ¥ 477,303         | ¥ (34,491)                                    | ¥ (9,265)              | ¥ 45,222                  | ¥ 671,619    |
| Net income   |  |                 |               | 54,822            |   |                        | 6,286                     | 61,108       |
| Other comprehensive loss   |  |                 |               |                   | (30,710)                                      |                        | (3,073)                   | (33,783)     |
| Cash dividends paid to Kubota Corporation shareholders, ¥12 per common share |  |                 |               | (15,267)          |   |                        |                           | (15,267)     |
| Cash dividends paid to noncontrolling interests                              |  |                 |               |                   |   |                        | (307)                     | (307)        |
| Purchases and sales of treasury stock (less 134 thousands of shares)         |  | 1               |               |                   |   | (76)                   |                           | (75)         |
|  |  | (5)             |               |                   |   |                        | 400                       | 395          |

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|  |          |          |          |           |            |           |          |           |         |
|--|----------|----------|----------|-----------|------------|-----------|----------|-----------|---------|
| Increase in noncontrolling interests related to contribution |          |          |          |           |            |           |          |           |         |
| Changes in ownership interests in subsidiaries               |          | (97)     |          |           | (180)      |           | (2,052)  |           | (2,329) |
| <b>Balance at March 31, 2011</b>                             |          |          |          |           |            |           |          |           |         |
| (1,271,713 thousands of shares)                              | ¥ 84,070 | ¥ 89,140 | ¥ 19,539 | ¥ 516,858 | ¥ (65,381) | ¥ (9,341) | ¥ 46,476 | ¥ 681,361 |         |

See notes to consolidated financial statements.



**Table of Contents****Consolidated Statements of Cash Flows**

KUBOTA Corporation and Subsidiaries

(\$ in millions)

For the years ended March 31:

|   | 2011           | 2010       | 2009           |
|---|----------------|------------|----------------|
| <b>Operating activities:</b>  |                |            |                |
| Net income  | ¥ 61,108       | ¥ 47,908   | ¥ 54,735       |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                |            |                |
| Depreciation and amortization   | 26,993         | 29,171     | 31,242         |
| (Gain) loss on sales of securities net  | (4,845)        | (1,821)    | 116            |
| Gain on nonmonetary exchange of securities  | (2,774)        |            |                |
| Valuation loss on other investments   | 1,758          | 143        | 8,618          |
| (Gain) loss from disposal of fixed assets net   | 844            | 118        | (151)          |
| Equity in net income of affiliated companies  | (492)          | (402)      | (222)          |
| Deferred income taxes   | 3,547          | (2,563)    | 5,109          |
| Change in assets and liabilities:   |                |            |                |
| (Increase) decrease in notes and accounts receivable  | 5,707          | 20,380     | (128,586)      |
| (Increase) decrease in inventories  | (13,640)       | 38,802     | (35,636)       |
| Decrease in interest in sold receivables  |                |            | 70,132         |
| (Increase) decrease in other current assets   | 8,459          | 1,205      | (21,322)       |
| Increase (decrease) in trade notes and accounts payable                                     | 9,285          | (22,780)   | (19,771)       |
| Increase (decrease) in income taxes payable   | (17,684)       | 18,005     | (7,008)        |
| Increase (decrease) in other current liabilities  | 7,474          | (9,896)    | 28,727         |
| Increase (decrease) in accrued retirement and pension costs                                 | (9,627)        | 467        | (10,054)       |
| Other   | 5,794          | 335        | 1,494          |
| Net cash provided by (used in) operating activities   | 81,907         | 119,072    | (22,577)       |
| <b>Investing activities:</b>  |                |            |                |
| Purchases of fixed assets   | (27,358)       | (26,621)   | (32,959)       |
| Purchases of investments  | (444)          | (389)      | (5,908)        |
| Proceeds from sales of property, plant, and equipment                                       | 870            | 1,182      | 2,961          |
| Proceeds from sales and redemption of investments   | 6,300          | 9,101      | 261            |
| Increase in finance receivables   | (170,063)      | (172,218)  | (193,495)      |
| Collection of finance receivables   | 142,852        | 150,368    | 154,935        |
| Net (increase) decrease in time deposits  | 3,747          | (3,826)    |                |
| Other   | 515            | (996)      | 184            |
| Net cash used in investing activities   | (43,581)       | (43,399)   | (74,021)       |
| <b>Financing activities:</b>  |                |            |                |
| Proceeds from issuance of long-term debt  | 62,489         | 121,966    | 129,967        |
| Repayments of long-term debt  | (93,895)       | (90,067)   | (74,386)       |
| Net increase (decrease) in short-term borrowings  | 7,238          | (43,729)   | 54,619         |
| Cash dividends  | (15,267)       | (17,814)   | (19,193)       |
| Purchases of treasury stock   | (50)           | (191)      | (5,338)        |
| Purchases of noncontrolling interests   | (2,317)        | (6,407)    |                |
| Other   | 87             | 1,570      | (809)          |
| Net cash provided by (used in) financing activities   | (41,715)       | (34,672)   | 84,860         |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                         | <b>(2,746)</b> | <b>922</b> | <b>(7,541)</b> |

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|   |                  |           |          |
|---|------------------|-----------|----------|
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(6,135)</b>   | 41,923    | (19,279) |
| <b>Cash and cash equivalents, beginning of year</b>         | <b>111,428</b>   | 69,505    | 88,784   |
| <b>Cash and cash equivalents, end of year</b>               | <b>¥ 105,293</b> | ¥ 111,428 | ¥ 69,505 |

See notes to consolidated financial statements.

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### **Notes to Consolidated Financial Statements**

KUBOTA Corporation and Subsidiaries

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Description of Business**

Kubota Corporation (the parent company) and subsidiaries (collectively the Company) are one of Japan's leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and industrial castings.

The manufacturing operations of the Company are conducted primarily at 20 plants in Japan and at 12 overseas plants located in the United States and certain other countries. Farm equipment, construction machinery, ductile iron pipe, and certain other products are sold both in Japan and in overseas markets which consist mainly of North America, Europe, and Asia.

##### **Basis of Financial Statements**

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of the parent company and all majority-owned subsidiaries. The accounts of certain consolidated subsidiaries that have December 31 fiscal year-ends have been included in the March 31 consolidated financial statements. The accounts of variable interest entity (VIE) are included in the consolidated financial statements, as applicable.

The Company is involved with a VIE which engages in farming by water culture. The VIE has been consolidated since the Company is the primary beneficiary. Total assets of the VIE at March 31, 2011 and 2010 were ¥199 million and ¥219 million, respectively. There are no restrictions on the use of the VIE's assets. Also, the creditors or beneficial interest holders of the consolidated VIE have no recourse to the general credit of the Company.

The Company is not a primary beneficiary of the unconsolidated VIEs and does not hold any significant variable interests in these VIEs.

Intercompany items have been eliminated in consolidation.

Investments in affiliates in which the Company has the ability to exercise significant influence over their operating and financial policies, but where the Company does not have a controlling financial interest are accounted for using the equity method.

##### **Use of Estimates**

Preparing financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. Significant estimates and assumptions are used primarily in the area of inventory valuation, impairment of investments, collectability of notes and receivables, impairment of long-lived assets, product warranties, accruals for employee retirement and pension plans, valuation allowance for deferred tax assets, uncertain tax positions, revenue recognition for long-term contracts, and loss contingencies. Actual results could differ from those estimates.

##### **Foreign Currency Translation**

The assets and liabilities of foreign subsidiaries, using the local currency as their functional currency, are translated to Japanese yen based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in accumulated other comprehensive income (loss). Revenues and expenses are translated into Japanese yen using the average exchange rates prevailing for each period presented.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Time deposits with original maturities of three months or less amounting to ¥28,907 million, ¥24,230 million, and ¥4,022 million, respectively, were included in cash and cash equivalents at March 31, 2011, 2010, and 2009. The restricted cash, which is pledged as collateral and receipt as advance payment for public works, is not included in cash and cash equivalents but included in other current assets and amounted to ¥925 million, ¥573 million, and ¥566 million at March 31, 2011, 2010, and 2009, respectively.

**Inventories**

Inventories are stated at the lower of cost or market. Cost is determined by the average-cost method.

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### **Investments**

The Company classifies all its marketable equity securities as available-for-sale and carries them at fair value with a corresponding recognition of the net unrealized holding gains or losses (net of tax) as an item of other comprehensive income (loss) in equity. The fair values of those securities are determined based on quoted market prices.

Gains and losses on sales of available-for-sale securities as well as other nonmarketable equity securities which are carried at cost are computed on the average-cost method. When a decline in a value of the marketable security is deemed to be other-than-temporary, the Company recognizes an impairment loss to the extent of the decline. In determining if and when such a decline in value is other than temporary, the Company evaluates the extent to which cost exceeds market value, the duration of market declines, and other key measures. Other non-marketable securities are stated at cost and reviewed periodically for impairment.

### **Allowance for Doubtful Accounts and Credit Losses**

The Company provides an allowance for doubtful receivables. The allowance for doubtful receivables is determined on the basis of the collection status of receivables, historical credit loss experience, economic trends, customer's ability to repay, and collateral values. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations.

### **Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation expenses related to manufacturing activities are included in cost of revenues, and the other depreciation expenses are classified in selling, general, and administrative expenses. Depreciation of those assets is principally computed using the declining-balance method based on the estimated useful lives of the assets. The estimated useful lives range from 10 to 50 years for buildings and from 2 to 14 years for machinery and equipment.

### **Long-Lived Assets**

The Company evaluates long-lived assets to be held and used for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the estimate of undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded based on the fair value of the assets. The Company evaluates long-lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell.

### **Retirement and Pension Plans**

The funded status of the Company's defined benefit pension plans and severance indemnity plans are recognized as an asset or a liability in the consolidated balance sheets with a corresponding adjustment to pension liability adjustment in accumulated other comprehensive income (loss), net of tax. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at March 31, the measurement date.

The Company amortizes the prior service costs (benefits) due to the amendments of the benefit plans over the average remaining service period of the participants at the time of amendments. The Company recognizes any net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following the year in which such gains and losses were incurred, while the portion between 10% and 20% is amortized over the average participants' remaining service period.

### **Income Taxes**

Deferred tax assets and liabilities are computed based on the differences between the financial statement and the income tax bases of assets and liabilities and tax loss and other carry forwards using the enacted tax rate. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that management believes will more likely than not be realized.

The Company recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of income.

**Sales Tax**

Revenues are presented exclusive of sales tax.

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### **Revenue Recognition**

The Company recognizes revenue related to product sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. The Company records estimated reductions to sales at the time of sale for sales incentive programs including product discounts, customer promotions, and volume-based rebates.

The sales of environmental and other plant and equipment are recorded when the installation of plant and equipment is completed and accepted by the customer for short-term contracts, and recorded under the percentage-of-completion method of accounting for long-term contracts. (See Note 9. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS.) Estimated losses on sales contracts are charged to income in the period in which they are identified. The percentages of revenues to consolidated revenues for the years ended March 31, 2011, 2010, and 2009 that pertain to long-term contracts were 2.2%, 2.1%, and 1.9%, respectively.

Finance income is recognized over the terms of the receivables using the interest method.

### **Research and Development and Advertising**

Research and development and advertising costs are expensed as incurred.

### **Shipping and Handling Costs**

Shipping and handling costs are included in selling, general, and administrative expenses.

### **Expense from the Payments for Health Hazard of Asbestos**

The Company expenses payments to certain residents who lived near the Company's plant and current and former employees when the Company determines that a payment is warranted based on the medical condition of the individual concerned and in accordance with the Company's policies and procedures.

The Company also accrues an estimated loss from asbestos-related matters by a charge to income if both of the following conditions are met:

(a) It is probable that a liability has been incurred at the date of financial statements.

(b) The amount of loss can be reasonably estimated.  
(See Note 18. COMMITMENTS AND CONTINGENCIES.)

### **Derivative Financial Instruments**

All derivatives are recognized in the consolidated balance sheets at fair value and are reported in other current assets, other assets, other current liabilities, or other long-term liabilities.

On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ( cash flow hedge).

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets or to specific firm commitments or forecasted transactions. The Company considers its hedges to be highly effective in offsetting changes in cash flows of hedged items, because the currency, index of interest rates, amount, and terms of the derivatives correspond to those of the hedged items in accordance with the Company's policy.

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Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

The Company also uses derivatives not designated as cash flow hedges in certain relationships for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

### **Fair Value Measurement**

Certain assets and liabilities that fall within the scope of the fair value measurements are classified into three levels.

- Level 1      Quoted prices in active markets for identical assets or liabilities.
- Level 2      Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3      Unobservable inputs for the assets or liabilities. These are measured using entity's own assumptions and inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available due to lack of similar assets or liabilities in active markets or inappropriate market price by a decline of liquidity.

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**Table of Contents****Securitization of Receivables**

The Company sold trade receivables to investors through independent securitization trusts until the year ended March 31, 2009. At the time the receivables are sold to the securitization trusts, the balances are removed from the consolidated balance sheets of the Company. The investment in the sold receivables pool is allocated between the portion sold and the portion retained based on their relative fair values on the date of sale. The gain or loss for each qualifying sale of receivables is determined based on book value allocated to the portion sold. If forecasted future cash flows result in an other-than-temporary decline in the fair value of the retained interests, then an impairment loss is recognized to the extent that the fair value is less than the carrying amount. Such losses would be included in the consolidated statements of income. The Company estimates fair value based on the present value of expected future cash flows less credit losses.

**Net income attributable to Kubota Corporation per common share**

Net income attributable to Kubota Corporation per common share is computed by dividing net income attributable to Kubota Corporation by the weighted-average number of common shares outstanding during each year. The weighted average number of common shares outstanding for the years ended March 31, 2011, 2010, and 2009 was 1,271,778,025, 1,271,985,454 and 1,275,574,702, respectively. There were no potentially dilutive shares outstanding for the years ended March 31, 2011, 2010, and 2009.

**New Accounting Standards**

In June 2009, the Financial Accounting Standards Board ( FASB ) issued a new accounting standard related to improvements to financial reporting by enterprises involved with VIE. This standard requires an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. This standard also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE and eliminates the quantitative approach previously required for determining the primary beneficiary of a VIE. This standard was effective for fiscal years beginning after November 15, 2009 and was adopted by the Company on April 1, 2010. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

In October 2009, the FASB issued a new accounting standard related to revenue recognition for multiple-deliverable arrangements. This standard requires that arrangement consideration be allocated to all deliverables using a selling price or estimated selling price and eliminates the residual method of allocation. This standard also requires additional qualitative and quantitative disclosures. This standard was effective for fiscal years beginning on or after June 15, 2010 and can be applied prospectively for revenue arrangements entered into or materially modified, or retrospectively for all prior periods. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In July 2010, the FASB issued a new accounting standard related to disclosures about the credit quality of financing receivables and the allowance for credit losses. This standard requires a greater level of disaggregated information about the credit quality of financing receivables and allowance for credit losses. The disclosures as of the end of a reporting period were effective for interim and annual reporting periods which ended on or after December 15, 2010 and were adopted by the Company in the third quarter ended December 31, 2010. The disclosures about activity that occurs during a reporting period were effective for interim and annual reporting periods beginning on or after December 15, 2010 and were adopted by the Company in the fourth quarter ended March 31, 2011. The adoption of this standard did not have an impact on the Company's consolidated results of operations or financial position. In April 2011, the FASB issued amendments to the above standard to clarify the definition of troubled debt restructurings, following an announcement made in January 2011, which had deferred the effective date for its disclosure. The amendments are effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. The Company is currently calculating the impact of adoption of this standard on the consolidated financial statements.

In May 2011, the FASB issued a new accounting standard to expand existing disclosure requirements for fair value measurements and change the wording largely in order to eliminate difference between U.S. GAAP and International Financial Reporting Standards. This standard is effective during interim and annual periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued a new accounting standard related to the presentation of Comprehensive Income. This standard requires entities to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements and to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and should be applied retrospectively. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.



**Table of Contents****2. INVENTORIES**

Inventories are comprised of the following:

| (¥ in millions)            | 2011      | 2010      |
|----------------------------|-----------|-----------|
| <b>At March 31:</b>        |           |           |
| Finished products          | ¥ 109,043 | ¥ 111,280 |
| Spare parts                | 23,960    | 23,544    |
| Work in process            | 24,477    | 22,498    |
| Raw materials and supplies | 16,737    | 15,001    |
|                            | ¥ 174,217 | ¥ 172,323 |

**3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFILIATED COMPANIES**

Investments in and loan receivables from affiliated companies in which the Company has the ability to exercise significant influence over their operating and financial policies are comprised of the following:

| (¥ in millions)     | 2011     | 2010     |
|---------------------|----------|----------|
| <b>At March 31:</b> |          |          |
| Investments         | ¥ 16,335 | ¥ 15,667 |
| Loan receivables    | 234      | 278      |
|                     | ¥ 16,569 | ¥ 15,945 |

The following table presents a summary of financial information of affiliated companies:

| (¥ in millions)        | 2011            | 2010     |
|------------------------|-----------------|----------|
| <b>At March 31:</b>    |                 |          |
| Current assets         | ¥ 54,358        | ¥ 55,958 |
| Noncurrent assets      | 59,853          | 62,414   |
| <b>Total assets</b>    | <b>114,211</b>  | 118,372  |
| Current liabilities    | 59,068          | 61,495   |
| Noncurrent liabilities | 16,083          | 19,441   |
| <b>Net assets</b>      | <b>¥ 39,060</b> | ¥ 37,436 |

| (¥ in millions)                      | 2011      | 2010      | 2009      |
|--------------------------------------|-----------|-----------|-----------|
| <b>For the years ended March 31:</b> |           |           |           |
| Revenues                             | ¥ 222,694 | ¥ 210,492 | ¥ 216,430 |
| Cost of revenues                     | 162,836   | 155,350   | 160,690   |
| Net income                           | 1,442     | 873       | 419       |

Trade notes and accounts receivable from affiliated companies at March 31, 2011 and 2010 were ¥21,885 million and ¥24,827 million, respectively.

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Revenues from affiliated companies aggregated ¥63,886 million, ¥65,246 million, and ¥55,374 million for the years ended March 31, 2011, 2010, and 2009, respectively.

Cash dividends received from affiliated companies were ¥69 million, ¥72 million, and ¥46 million for the years ended March 31, 2011, 2010, and 2009, respectively.

Retained earnings include net undistributed earnings of affiliated companies in the amount of ¥11,361 million and ¥10,652 million at March 31, 2011 and 2010, respectively.

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**Table of Contents****4. OTHER INVESTMENTS**

The following table presents the cost, fair value, and gross unrealized holding gains and losses for securities by major security type:

(¥ in millions)

|   | 2011            |                 |   |  | 2010            |                 |   |  |
|---|-----------------|-----------------|---|--|-----------------|-----------------|---|--|
|   | Cost            | Fair Value      | Gross<br>Unrealized<br>Holding<br>Gains | Gross<br>Unrealized<br>Holding<br>Losses | Cost            | Fair Value      | Gross<br>Unrealized<br>Holding<br>Gains | Gross<br>Unrealized<br>Holding<br>Losses |
| <b>At March 31:</b>                         |                 |                 |   |  |                 |                 |   |  |
| <b>Other investments:</b>                   |                 |                 |   |  |                 |                 |   |  |
| Available-for-sale:                         |                 |                 |   |  |                 |                 |   |  |
| Equity securities of financial institutions | ¥ 25,525        | ¥ 34,839        | ¥ 10,403                                | ¥ 1,089                                  | ¥ 24,422        | ¥ 44,186        | ¥ 19,775                                | ¥ 11                                     |
| Other equity securities                     | 14,883          | 55,634          | 40,793                                  | 42                                       | 16,080          | 54,985          | 38,946                                  | 41                                       |
|   | <b>¥ 40,408</b> | <b>¥ 90,473</b> | <b>¥ 51,196</b>                         | <b>¥ 1,131</b>                           | <b>¥ 40,502</b> | <b>¥ 99,171</b> | <b>¥ 58,721</b>                         | <b>¥ 52</b>                              |

The following table presents the gross unrealized losses on, and related fair value of, the Company's available-for-sale securities, aggregated by the length of time that individual investment securities have been in a continuous unrealized loss position:

(¥ in millions)

|   | 2011                |  |                     |  | 2010                |  |                     |  |
|---|---------------------|--|---------------------|--|---------------------|--|---------------------|--|
|   | Less than 12 months |  | 12 months or longer |  | Less than 12 months |  | 12 months or longer |  |
|   | Fair Value          | Gross<br>Unrealized<br>Holding<br>Losses | Fair Value          | Gross<br>Unrealized<br>Holding<br>Losses | Fair Value          | Gross<br>Unrealized<br>Holding<br>Losses | Fair Value          | Gross<br>Unrealized<br>Holding<br>Losses |
| <b>At March 31:</b>                         |                     |  |                     |  |                     |  |                     |  |
| <b>Other investments:</b>                   |                     |  |                     |  |                     |  |                     |  |
| Available-for-sale:                         |                     |  |                     |  |                     |  |                     |  |
| Equity securities of financial institutions | ¥ 9,283             | ¥ 1,089                                  | ¥                   | ¥  | ¥ 22                | ¥ 11                                     | ¥                   | ¥  |
| Other equity securities                     | 625                 | 42                                       |                     |  | 700                 | 41                                       |                     |  |
|   | <b>¥ 9,908</b>      | <b>¥ 1,131</b>                           | <b>¥</b>            | <b>¥</b>                                 | <b>¥ 722</b>        | <b>¥ 52</b>                              | <b>¥</b>            | <b>¥</b>                                 |

As of March 31, 2011, the securities in a continuous unrealized loss position are comprised of 11 equity securities of financial institutions and 10 other equity securities. The unrealized losses on investments were caused primarily by a general decline in the stock market in Japan as of the end of the fiscal year. The length of time with a continuous loss position was less than one month and the severity of decline was less than 12.5%. The financial condition and near-term prospects of the issuers remain relatively firm, which are reinforced by analyst reports regarding the issuers and industries. The company has the intent and ability to hold those securities for a period of time sufficient to allow for any anticipated recovery in market value. Based on the above facts, the Company reached the conclusion that the impairments are not other than temporary.

For the years ended March 31, 2011, 2010, and 2009, valuation losses on other investments were recognized to reflect the decline in fair value considered to be other-than-temporary totaling ¥1,758 million, ¥143 million, and ¥8,618 million, respectively.

(Merger of Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group)

On April 1, 2010, Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd. ( Nissay ), and Mitsui Sumitomo Insurance Group merged and formed the new insurance holding company, MS&AD Insurance Group Holdings, Inc. ( MS&AD ). Upon the merger, each common share of Nissay, which was an acquired company, was converted into 0.191 share of the combined entity, MS&AD. The Company had owned common shares of Nissay which was classified as available-for-sale and recognized gain on nonmonetary exchange of securities of ¥2,774 million upon

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the merger, based on the fair value of MS&AD's common shares of ¥4,140 million less carrying amounts of Nissay's common shares of ¥1,366 million for the year ended March 31, 2011.

The Company classifies MS&AD's common shares as available-for-sale and carries them at fair value.

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The following table presents proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales:

| (¥ in millions)                                      | 2011           | 2010    | 2009  |
|--|----------------|---------|-------|
| <b>For the years ended March 31:</b>                 |                |         |       |
| Proceeds from sales of available-for-sale securities | <b>¥ 6,188</b> | ¥ 3,588 | ¥ 182 |
| Gross realized gains                                 | <b>4,843</b>   | 1,821   | 20    |
| Gross realized losses                                |                |         | (132) |

Investments in non-traded and unaffiliated companies, for which there is no readily determinable fair value, were stated at cost of ¥10,025 million and ¥10,135 million at March 31, 2011 and 2010, respectively. Investments in non-marketable equity securities for which there is no readily determinable fair value were accounted for using the cost method. Each investment in non-marketable equity securities is reviewed annually for impairment or upon the occurrence of an event or change in circumstances that may have a significant adverse effect on the carrying value of the investment.

**Table of Contents****5. SALES FINANCING RECEIVABLES AND OTHER LOAN RECEIVABLES****Sales financing receivables**

The Company classifies sales financing receivables into the following three types:

**(1) Retail finance receivable**

The Company provides retail finance to customers who purchase the Company's farm equipment products from dealers in North America. Retail finance receivables are purchased under agreements between the Company and dealers in relation to the products offered to individual and corporate end-users. These receivables are recorded at the principal amount and are subsequently carried at amortized cost, less any allowance for credit losses.

**(2) Finance lease receivable**

The Company also provides finance lease in Japan and Asia outside Japan. Finance lease receivable in Japan relates to the Company's products leased to individual and corporate end-users. Finance lease receivable in Asia outside Japan relates to the Company's farm equipment products leased to individual and corporate end-users. These receivables are recorded at the aggregate of lease payments receivable plus the estimated residual value of the leased property, less unearned income and allowance for credit losses. There are no unguaranteed residual values related to finance leases at March 31, 2011.

**(3) Long-term trade accounts receivable**

Long-term trade accounts receivable is generated mainly from direct sale to individual end-users in the farm equipment market in Japan.

Retail finance receivable and finance lease receivable are collectively reported as short-term finance receivables net and long-term finance receivables net on the consolidated balance sheets. Long-term trade accounts receivable in this note includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. These receivables are secured by the products being sold or financed.

Finance receivables net are comprised of the following:

(¥ in millions)

At March 31:

|  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Retail finance receivable</b>         | <b>¥ 193,985</b> | <b>¥ 211,875</b> |
| Less: Allowance for credit losses        | (603)            | (512)            |
| <b>Retail net</b>                        | <b>193,382</b>   | <b>211,363</b>   |
| <b>Finance lease receivable</b>          | <b>127,056</b>   | <b>106,774</b>   |
| Less: Unearned income                    | (17,674)         | (15,630)         |
| Less: Allowance for credit losses        | (2,498)          | (1,194)          |
| <b>Finance leases net</b>                | <b>106,884</b>   | <b>89,950</b>    |
| <b>Total finance receivables net</b>     | <b>300,266</b>   | <b>301,313</b>   |
| Less: current portion                    | (100,437)        | (104,840)        |
| <b>Long-term finance receivables net</b> | <b>¥ 199,829</b> | <b>¥ 196,473</b> |



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Long-term trade accounts receivable net is comprised of the following:

| (¥ in millions)                               |              |              |
|---|--------------|--------------|
| At March 31:                                  | 2011         | 2010         |
| <b>Long-term trade accounts receivable</b>    |              |              |
| Current                                       | ¥ 24,500     | ¥ 21,306     |
| Non-current                                   | 27,487       | 26,688       |
| <br>Total long-term trade accounts receivable | <br>51,987   | <br>47,994   |
| Less: Allowance for doubtful accounts         | (1,016)      | (384)        |
| <br>Long-term trade accounts receivable net   | <br>¥ 50,971 | <br>¥ 47,610 |

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The following table presents the annual maturities of retail finance receivable and long-term trade accounts receivable and future minimum lease payments on finance leases:

(¥ in millions)

| Years ending March 31: | Retail<br>finance<br>receivable | Finance<br>lease<br>receivable | Long-term trade<br>accounts receivable |
|------------------------|---------------------------------|--------------------------------|--|
| 2012                   | ¥ 65,779                        | ¥ 43,353                       | ¥ 24,500                               |
| 2013                   | 55,808                          | 32,191                         | 11,105                                 |
| 2014                   | 43,040                          | 22,146                         | 7,559                                  |
| 2015                   | 25,555                          | 15,265                         | 4,749                                  |
| 2016                   | 3,047                           | 9,251                          | 2,542                                  |
| 2017 and thereafter    | 756                             | 4,850                          | 1,532                                  |
| <b>Total</b>           | <b>¥ 193,985</b>                | <b>¥ 127,056</b>               | <b>¥ 51,987</b>                        |

The Company includes finance income and expenses in revenues and cost of revenues in the consolidated statements of income.

The following table presents the amounts of finance income and expenses included in revenues and cost of revenues:

(¥ in millions)

| For the years ended March 31: | 2011     | 2010     | 2009     |
|-------------------------------|----------|----------|----------|
| Finance income                | ¥ 20,128 | ¥ 21,364 | ¥ 23,242 |
| Finance expenses              | 8,773    | 10,029   | 11,578   |

The Company also analyzes sales financing receivables by three regions: North America, Japan, and Asia outside Japan. Credit risks on these receivables are affected by economic conditions, such as consumer demand, unemployment level, and the level of government subsidies, which differ from location to location.

**(Credit Quality Indicator)**

The Company classifies sales financing receivables into risk categories based on relevant information about the ability of borrowers to service their debt, such as the collection status of receivables, customers' financial health, historical credit loss experience, and economic trends. Subsequent to origination, the Company reviews the credit quality of these receivables on a quarterly basis. The Company's credit quality ratings for these receivables are defined as follows:

- Rank A These receivables are performing on schedule under their terms. It is not likely to incur losses arising from customers' inability to repay and the Company expects to collect all amounts due.
- Rank B These receivables require management's attention to potential losses but are not categorized as rank C. Such receivables do not indicate that it is probable that losses will be incurred arising from customers' inability to repay.
- Rank C The Company becomes aware of a customer's inability to repay, such as the customer's long-term nonperformance, bankruptcy filings, or deterioration in the customer's results of operations or financial position. In such cases, it is probable that losses will be incurred arising from customers' inability to repay.

The following table presents the recorded investment in sales financing receivables by type of receivables, region, and credit quality indicator based on the information available at March 31, 2011:

(¥ in millions)

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| Credit risk profile by internally assigned rank: | Retail<br>finance<br>receivable |         | Finance lease<br>receivable |               | Long-term<br>trade<br>accounts<br>receivable |   |        |
|--|---------------------------------|---------|-----------------------------|---------------|--|---|--------|
|  | North America                   |         | Japan                       | Asia          |  |   |        |
|  |                                 |         |                             | Outside Japan | Japan  |   |        |
| Rank A   | ¥                               | 183,973 | ¥ 9,485                     | ¥             | 98,444                                       | ¥ | 49,058 |
| Rank B   |                                 | 9,713   | 181                         |               | 1,272  |   | 2,890  |
| Rank C   |                                 | 299     |                             |               |  |   | 39     |
| Total  | ¥                               | 193,985 | ¥ 9,666                     | ¥             | 99,716                                       | ¥ | 51,987 |

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**Table of Contents****(Aging)**

All sales financing receivables are considered past due when any payments including principal and interest have not been received by the contractual due date.

The following table presents age analysis of past due sales financing receivables by type of receivables and region at March 31, 2011:

(¥ in millions)

| Type of receivables                 | Region             | Up to               |                        | 61-90 days   |                     | Greater than      |                  | Total            | Current | Total |
|-------------------------------------|--------------------|---------------------|------------------------|--------------|---------------------|-------------------|------------------|------------------|---------|-------|
|                                     |                    | 30 days<br>Past due | 31-60 days<br>Past due | Past<br>due  | 90 days<br>Past due | Total<br>Past due |                  |                  |         |       |
| Retail finance receivable           | North America      | ¥ 8,061             | ¥ 868                  | ¥ 175        | ¥ 895               | ¥ 9,999           | ¥ 183,986        | ¥ 193,985        |         |       |
| Finance lease receivable            | Japan              | 67                  | 14                     | 6            | 94                  | 181               | 9,485            | 9,666            |         |       |
| Finance lease receivable            | Asia Outside Japan | 359                 | 368                    | 183          | 362                 | 1,272             | 98,444           | 99,716           |         |       |
| Long-term trade accounts receivable | Japan              | 834                 | 278                    | 145          | 1,515               | 2,772             | 49,215           | 51,987           |         |       |
| <b>Total</b>                        |                    | <b>¥ 9,321</b>      | <b>¥ 1,528</b>         | <b>¥ 509</b> | <b>¥ 2,866</b>      | <b>¥ 14,224</b>   | <b>¥ 341,130</b> | <b>¥ 355,354</b> |         |       |

**(Nonaccrual)**

Retail finance receivables in North America are placed on nonaccrual status at the earlier of when the contractual principal and interest are determined to be uncollectible or when these receivables become 90 days or more past due. For these receivables on nonaccrual status, interest income is subsequently recognized only to the extent a cash payment is received. These receivables are restored to accrual status as of the date the principal and interest become less than 90 days past due. Nonaccrual retail finance receivables in North America at March 31, 2011 amounted to ¥ 895 million.

Finance lease receivables in Japan and Asia outside Japan and long-term trade accounts receivable in Japan are not placed on nonaccrual status, but these receivables are charged off against the allowance for credit losses when payments due are no longer expected to be received.

**(Impaired Loans)**

The amounts of impaired loans were not material for the year ended March 31, 2011, 2010 and 2009.

**Other loan Receivables**

Other loan receivables are mainly provided to affiliated companies. The amounts of other loan receivables were not material and there is no related allowance for the year ended March 31, 2011, 2010 and 2009. (See Note 3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFILIATED COMPANIES)

**6. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDIT LOSSES**

An allowance for doubtful accounts and credit losses is established to cover probable losses arising from customers' inability to repay by type of receivables and region.

The allowance for doubtful accounts and credit losses on receivables which will probably not be collected is maintained at a level that is adequate to cover probable losses based on a combination of various factors, such as the customer's ability to repay and collateral values. The allowance for smaller-balance homogeneous receivables is collectively evaluated using reserve rates, which are calculated depending on the period past due, reflecting the collection status of these receivables, historical credit loss experience, economic trends and other factors. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations.

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When amounts due are determined to be uncollectible or the related collateral is repossessed, receivables and the related allowance are charged off. The Company records the repossessed assets at its estimated fair value less costs to sell and reports in other current assets on the consolidated balance sheets, which amounted to ¥ 216 millions and ¥ 513 millions at March 31, 2011 and 2010, respectively.

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The following table presents the changes in allowance for doubtful accounts and credit losses:

| <b>(¥ in millions)</b>                                       |                |                |                |  |
|--|----------------|----------------|----------------|--|
| <b>For the years ended March 31:</b>                         |                |                |                |  |
|  | <b>2011</b>    | <b>2010</b>    | <b>2009</b>    |  |
| <b>Allowance for doubtful notes and accounts receivable:</b> |                |                |                |  |
| Balance at beginning of year                                 | ¥ 2,821        | ¥ 2,512        | ¥ 1,983        |  |
| Provision  | 300            | 636            | 1,041          |  |
| Charge-offs  | (77)           | (46)           | (32)           |  |
| Other  | (238)          | (281)          | (480)          |  |
| <b>Balance at end of year</b>                                | <b>¥ 2,806</b> | <b>¥ 2,821</b> | <b>¥ 2,512</b> |  |
| <b>Allowance for doubtful non-current receivables:</b>       |                |                |                |  |
| Balance at beginning of year                                 | ¥ 770          | ¥ 859          | ¥ 981          |  |
| Provision  | 259            | 59             | 50             |  |
| Charge-offs  | (93)           | (74)           | (1)            |  |
| Other  | (4)            | (74)           | (171)          |  |
| <b>Balance at end of year</b>                                | <b>¥ 932</b>   | <b>¥ 770</b>   | <b>¥ 859</b>   |  |
| <b>Allowance for credit losses on finance receivables:</b>   |                |                |                |  |
| Balance at beginning of year                                 | ¥ 1,706        | ¥ 1,586        | ¥ 1,380        |  |
| Provision  | 2,304          | 855            | 914            |  |
| Charge-offs  | (780)          | (327)          | (308)          |  |
| Other  | (129)          | (408)          | (400)          |  |
| <b>Balance at end of year</b>                                | <b>¥ 3,101</b> | <b>¥ 1,706</b> | <b>¥ 1,586</b> |  |

The following table presents the changes in allowance for doubtful accounts and credit losses and the recorded investments in finance receivables and long-term trade accounts receivable:

| <b>(¥ in millions)</b>                                   |                   |                   |                  |                |
|--|-------------------|-------------------|------------------|----------------|
| <b>Allowance for doubtful accounts and credit losses</b> | <b>Retail</b>     | <b>Finance</b>    | <b>Long-term</b> | <b>Total</b>   |
|  | <b>finance</b>    | <b>lease</b>      | <b>trade</b>     |                |
|  | <b>receivable</b> | <b>receivable</b> | <b>accounts</b>  |                |
| <b>For the year ended March 31, 2011:</b>                |                   |                   |                  |                |
| Balance at beginning of year                             | ¥ 512             | ¥ 1,194           | ¥ 402            | ¥ 2,108        |
| Provision  | 727               | 1,577             | 614              | 2,918          |
| Charge-offs  | (567)             | (213)             |                  | (780)          |
| Other  | (69)              | (60)              |                  | (129)          |
| <b>Balance at end of year</b>                            | <b>¥ 603</b>      | <b>¥ 2,498</b>    | <b>¥ 1,016</b>   | <b>¥ 4,117</b> |
| Individually evaluated for impairment                    | 299               |                   | 19               | 318            |
| Collectively evaluated for impairment                    | 304               | 2,498             | 997              | 3,799          |
| <b>Recorded Investment at March 31, 2011:</b>            |                   |                   |                  |                |
| Balance at end of year                                   | ¥ 193,985         | ¥ 109,382         | ¥ 51,987         | ¥ 355,354      |
| Individually evaluated for impairment                    | 299               |                   | 39               | 338            |
| Collectively evaluated for impairment                    | 193,686           | 109,382           | 51,948           | 355,016        |

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Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. There were no recoveries of receivables previously charged off as uncollectible for the year ended March 31, 2011.

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**Table of Contents****7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT**

Short-term borrowings at March 31, 2011 consisted of notes payable to banks of ¥76,642 million. Short-term borrowings at March 31, 2010 consisted of notes payable to banks of ¥88,333 million.

Stated annual interest rates on short-term borrowings ranged primarily from 0.47% to 6.10% and from 0.50% to 4.78% at March 31, 2011 and 2010, respectively. The weighted average interest rates on such short-term borrowings at March 31, 2011 and 2010 were 1.4% and 1.5%, respectively.

Available committed lines of credit with certain banks totaled ¥20,000 million both at March 31, 2011 and 2010. The terms of committed lines of credit are 1 year. The Company had no outstanding borrowings as of March 31, 2011 and 2010 related to committed lines of credit.

Long-term debt is comprised of the following:

(¥ in millions)

| At March 31:  | Due in years ending |                  |                  |
|---|---------------------|------------------|------------------|
|   | March 31:           | 2011             | 2010             |
| <b>Unsecured bonds:</b>   |                     |                  |                  |
| Yen notes (fixed rate 1.20%)  | 2011                |                  | ¥ 10,000         |
| Yen notes (floating rate 0.70%)   | 2012                | ¥ 4,000          | 4,000            |
| Yen notes (floating rate 0.75%)   | 2013                | 4,000            | 4,000            |
| Yen notes (floating rate 0.75%)   | 2013                | 2,000            | 2,000            |
| Yen notes (floating rate 0.47%)   | 2013                | 5,000            | 5,000            |
| U.S.\$ notes (floating rate 0.72%)  | 2013                | 4,050            | 4,600            |
| Yen notes (fixed rate 1.54%)  | 2013                | 10,000           | 10,000           |
| Yen notes (fixed rate 1.27%)  | 2013                | 10,000           | 10,000           |
| Yen notes (fixed rate 1.53%)  | 2015                | 10,000           | 10,000           |
| <b>Loans, principally from banks and insurance companies, maturing on various dates through 2019:</b> |                     |                  |                  |
| Collateralized  |                     | 17,322           | 24,216           |
| Unsecured   |                     | 207,826          | 224,963          |
| <b>Capital lease obligations</b>  |                     | 3,118            | 5,986            |
| <b>Total</b>  |                     | <b>277,316</b>   | <b>314,765</b>   |
| Less: current portion   |                     | (85,556)         | (71,432)         |
|   |                     | <b>¥ 191,760</b> | <b>¥ 243,333</b> |

Both fixed and floating rates were included in the interest rates of the long-term loans from banks and insurance companies. The weighted average rates at March 31, 2011 and 2010 were 1.8% and 2.0%, respectively.

The following table presents the annual maturities of long-term debt at March 31, 2011:

(¥ in millions)

| Years ending March 31: |          |
|------------------------|----------|
| 2012                   | ¥ 85,556 |
| 2013                   | 97,610   |
| 2014                   | 51,441   |
| 2015                   | 25,170   |
| 2016                   | 8,199    |
| 2017 and thereafter    | 9,340    |



|       |           |
|-------|-----------|
| Total | ¥ 277,316 |
|-------|-----------|

Assets pledged as collateral are comprised of the following:

| (¥ in millions)                    | 2011         | 2010         |
|------------------------------------|--------------|--------------|
| <b>At March 31:</b>                |              |              |
| Trade accounts                     | 1,403        | 17,806       |
| Short-term finance receivables     | 8,575        | 18,445       |
| Other current assets <sup>*1</sup> | 162          | 573          |
| Long-term finance receivables      | 10,871       | 12,447       |
| Property, plant, and equipment     | 6,100        | 6,233        |
| <br>Total                          | <br>¥ 27,111 | <br>¥ 55,504 |

\*1 Other current assets represent the restricted cash which is pledged as collateral in accordance with the terms of borrowing.

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The above assets were pledged against the following liabilities:

| (¥ in millions)                   |          |          |
|-----------------------------------|----------|----------|
| At March 31:                      | 2011     | 2010     |
| Short-term borrowings             | ¥ 4,710  | ¥ 20,751 |
| Current portion of long-term debt | 7,345    | 14,137   |
| Long-term debt                    | 9,977    | 10,079   |
| Total                             | ¥ 22,032 | ¥ 44,967 |

Both short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future indebtedness will be given upon request of the bank, and that the bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Long-term agreements with lenders other than banks also generally provide that the Company must give additional security upon request of the lender.

There are restrictive covenants related to the borrowings including negative pledges, rating trigger and minimum net worth. The rating trigger states that the Company shall keep or be higher than the BBB rating by Rating and Investment Information, Inc. and the minimum net worth covenant states that the Company shall maintain total equity of more than ¥470.0 billion on the consolidated financial statement and more than ¥302.5 billion on the separate financial statement of the parent company. The Company is in compliance with these restrictive covenants at March 31, 2011.

**8. RETIREMENT AND PENSION PLANS**

The parent company and most subsidiaries mainly in Japan have defined benefit pension plans and/or severance indemnity plans covering substantially all of their employees. In the parent company and certain subsidiaries, employees who terminate their employment have the option to receive benefits in the form of a lump-sum payment or annuity payments from defined benefit pension plans. The benefits are mainly calculated based on accumulated points under the point-based benefits system. The points consist of service period points which are attributed to the length of service, job title points which are attributed to the job title of each employee, and performance points which are attributed to the annual performance evaluation of each employee.

Certain subsidiaries have defined contribution pension plans covering most of their employees.

**Funded Status**

The following table presents the funded status and the amounts recognized in the consolidated balance sheets:

| (¥ in millions)   |            |            |
|---|------------|------------|
| At March 31:  | 2011       | 2010       |
| <b>Funded status:</b>   |            |            |
| Benefit obligations   | ¥ 165,637  | ¥ 168,974  |
| Fair value of plan assets                                     | 130,437    | 129,156    |
| Funded status-net   | ¥ (35,200) | ¥ (39,818) |
| <b>Amounts recognized in the consolidated balance sheets:</b> |            |            |
| Accrued retirement and pension costs                          | ¥ (35,285) | ¥ (40,177) |
| Prepaid expenses for benefit plans, included in other assets  | 85         | 359        |
| Amounts recognized in the consolidated balance sheets-net     | ¥ (35,200) | ¥ (39,818) |

The following table presents the amounts recognized in accumulated other comprehensive income, before tax:

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(¥ in millions)

At March 31:

|  | 2011     | 2010     |
|--|----------|----------|
| Actuarial loss   | ¥ 28,344 | ¥ 24,192 |
| Prior service benefit  | (3,628)  | (4,436)  |
| Total recognized in accumulated other comprehensive income, before tax | ¥ 24,716 | ¥ 19,756 |

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The following table presents the projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets:

| (¥ in millions)   |           |           |
|---|-----------|-----------|
| At March 31:  | 2011      | 2010      |
| <b>Plans with projected benefit obligations in excess of plan assets:</b>   |           |           |
| Projected benefit obligations   | ¥ 163,060 | ¥ 166,643 |
| Fair value of plan assets   | 127,775   | 126,466   |
| <b>Plans with accumulated benefit obligations in excess of plan assets:</b> |           |           |
| Accumulated benefit obligations   | ¥ 161,322 | ¥ 165,148 |
| Fair value of plan assets   | 126,380   | 125,074   |

**Benefit Obligations**

The following table presents the changes in benefit obligations, the balances of accumulated benefit obligations, and the weighted-average assumptions used in calculating benefit obligation:

| (¥ in millions)  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Change in benefit obligations:</b>  |                  |                  |
| Benefit obligations at beginning of year   | ¥ 168,974        | ¥ 167,277        |
| Service cost   | 6,117            | 5,933            |
| Interest cost  | 3,315            | 3,646            |
| Actuarial loss (gain)  | (831)            | 3,729            |
| Benefits paid (lump-sum payments)  | (7,226)          | (7,913)          |
| Benefits paid (annuity payments)   | (4,349)          | (4,247)          |
| Foreign currency exchange rate changes   | (363)            | 549              |
| Benefit obligations at end of year   | ¥ 165,637        | ¥ 168,974        |
| <b>Accumulated benefit obligations at March 31</b>   | <b>¥ 164,942</b> | <b>¥ 168,377</b> |
| <b>Weighted-average assumptions used in calculating benefit obligation at March 31 <sup>*1</sup> :</b> |                  |                  |
| Discount rate  | 2.6%             | 2.4%             |

<sup>\*1</sup> The rate of compensation increase is not used in the calculations of benefit obligations under the point-based benefits system.

**Plan Assets**

The following table presents the changes in plan assets:

| (¥ in millions)                                |           |           |
|--|-----------|-----------|
| For the years ended March 31:                  | 2011      | 2010      |
| Fair value of plan assets at beginning of year | ¥ 129,156 | ¥ 111,006 |
| Actual return on plan assets                   | (2,694)   | 13,064    |
| Employer contributions                         | 13,427    | 13,830    |

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|  |           |           |
|--|-----------|-----------|
| Benefits paid (lump-sum payments)        | (4,763)   | (5,053)   |
| Benefits paid (annuity payments)         | (4,349)   | (4,247)   |
| Foreign currency exchange rate changes   | (340)     | 556       |
| Fair value of plan assets at end of year | ¥ 130,437 | ¥ 129,156 |

The Company's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which the Company considers permissible. To mitigate any potential concentration risk, careful consideration is given to balancing the portfolio among industry sectors, companies and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. The Company's target allocation is 38% equity securities, 59% debt securities, and 3% other investment vehicles, mainly consisting of cash and short-term investments and the general accounts of insurance company.

A large portion of the plan assets is managed by trust banks and investment advisors. Those fund managers are bound by the Company's plan asset management guidelines which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management, and are measured against specific benchmarks.

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To measure the performance of the plan asset management, the Company establishes bench mark return rates for each individual investment, combines these individual bench mark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table presents the fair value of plan assets by category:

| (¥ in millions)<br>at March 31                  | Level 1         | Level 2          | Level 3      | Total            |
|---|-----------------|------------------|--------------|------------------|
| <b>2011 :</b>                                   |                 |                  |              |                  |
| Equity securities:                              |                 |                  |              |                  |
| Financial institutions (Japanese companies)     | ¥ 5,318         | ¥                | ¥            | ¥ 5,318          |
| Other industries (Japanese companies)           | 4,390           |                  |              | 4,390            |
| Pooled funds (Japanese companies) <sup>*1</sup> |                 | 19,054           |              | 19,054           |
| Pooled funds (foreign companies) <sup>*1</sup>  |                 | 22,639           |              | 22,639           |
| Debt securities:                                |                 |                  |              |                  |
| Pooled funds (Japanese issuers) <sup>*2</sup>   |                 | 61,575           |              | 61,575           |
| Pooled funds (foreign issuers) <sup>*3</sup>    |                 | 11,766           |              | 11,766           |
| Cash and short-term investments                 | 1,084           | 2,168            |              | 3,252            |
| General accounts of insurance company           |                 | 1,923            |              | 1,923            |
| Other assets <sup>*4</sup>                      |                 | 204              | 316          | 520              |
| <b>Fair value of plan assets</b>                | <b>¥ 10,792</b> | <b>¥ 119,329</b> | <b>¥ 316</b> | <b>¥ 130,437</b> |
| <b>2010 :</b>                                   |                 |                  |              |                  |
| Equity securities:                              |                 |                  |              |                  |
| Financial institutions (Japanese companies)     | ¥ 6,805         | ¥                | ¥            | ¥ 6,805          |
| Other industries (Japanese companies)           | 5,129           |                  |              | 5,129            |
| Pooled funds (Japanese companies) <sup>*1</sup> |                 | 20,284           |              | 20,284           |
| Pooled funds (foreign companies) <sup>*1</sup>  |                 | 22,764           |              | 22,764           |
| Debt securities:                                |                 |                  |              |                  |
| Pooled funds (Japanese issuers) <sup>*2</sup>   |                 | 58,377           |              | 58,377           |
| Pooled funds (foreign issuers) <sup>*3</sup>    |                 | 10,998           |              | 10,998           |
| Cash and short-term investments                 | 1,056           | 1,509            |              | 2,565            |
| General accounts of insurance company           |                 | 1,717            |              | 1,717            |
| Other assets <sup>*4</sup>                      |                 | 205              | 312          | 517              |
| <b>Fair value of plan assets</b>                | <b>¥ 12,990</b> | <b>¥ 115,854</b> | <b>¥ 312</b> | <b>¥ 129,156</b> |

<sup>\*1</sup> These funds are invested in listed equity securities.

<sup>\*2</sup> These funds are invested in approximately 85% Japanese government and municipal bonds, and 15% Japanese corporate bonds.

<sup>\*3</sup> These funds are invested in foreign government bonds.

<sup>\*4</sup> This class includes the pooled funds which invest in private equity.

Plan assets are categorized by level based on the inputs used to measure the fair value of each asset.

The equity securities of financial institutions and other industries are valued at the closing price reported on the stock exchange on which the individual securities are traded. Pooled funds and the general accounts of insurance company are typically valued using the net asset value per share ( NAV ) provided by the administrator of the fund or insurance company. The NAV is based on the value of the underlying assets owned by the fund or insurance company, minus liabilities and divided by the number of shares or units outstanding. Cash and short-term investments are valued at their cost plus imputed interest. These assets were classified as Level 1 or Level 2, depending on availability of quoted market prices.

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The ending balance of, and the change in, the other assets categorized as Level 3 were not material for the year ended March 31, 2011 and 2010.

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**Table of Contents****Net Periodic Benefit Cost**

The following table presents the components of the total net periodic benefit cost for the defined benefit pension plans and the severance indemnity plans:

| <b>(¥ in millions)</b>   |                |                 |                |
|--|----------------|-----------------|----------------|
| <b>For the years ended March 31:</b>   |                |                 |                |
|  | <b>2011</b>    | <b>2010</b>     | <b>2009</b>    |
| <b>Net periodic benefit cost:</b>  |                |                 |                |
| Service cost   | ¥ 6,117        | ¥ 5,933         | ¥ 5,944        |
| Interest cost  | 3,315          | 3,646           | 3,730          |
| Expected return on plan assets   | (2,585)        | (2,200)         | (2,428)        |
| Amortization of prior service benefit  | (808)          | (808)           | (808)          |
| Amortization of actuarial loss   | 472            | 9,611           | 128            |
| <b>Total</b>   | <b>¥ 6,511</b> | <b>¥ 16,182</b> | <b>¥ 6,566</b> |
| <b>Weighted-average assumptions used in calculating net periodic benefit cost <sup>*1</sup>:</b> |                |                 |                |
| Expected return on plan assets   | 2.5%           | 2.5%            | 2.5%           |
| Discount rate  | 2.4%           | 2.5%            | 2.5%           |

\*1 The rate of compensation increase is not used in the calculations of net periodic benefit cost under the point-based benefits system. The amortization of actuarial loss of ¥9,611 million for the year ended March 31, 2010 contained the immediate recognition amount of net actuarial losses in excess of 20% of the projected benefit obligation. This actuarial loss was derived from significant decline in the fair values of plan assets during the years ended March 31, 2009 and March 31, 2008 due to financial crisis.

The expected rate of return on plan assets is determined after considering several applicable factors including the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, the Company's principal policy for plan asset management, and forecasted market conditions.

The following table presents the amounts recognized in other comprehensive income (loss), before tax, and the reclassification adjustments for the loss (benefit) realized in net income, before tax:

| <b>(¥ in millions)</b>   |                  |                 |                   |
|--|------------------|-----------------|-------------------|
| <b>For the years ended March 31:</b>   |                  |                 |                   |
|  | <b>2011</b>      | <b>2010</b>     | <b>2009</b>       |
| Actuarial gain (loss) recognized in other comprehensive income               | ¥ (4,602)        | ¥ 7,712         | ¥ (22,897)        |
| Reclassification adjustment for prior service benefit realized in net income | (808)            | (808)           | (808)             |
| Reclassification adjustment for actuarial loss realized in net income        | 472              | 9,611           | 128               |
| <b>Net recognized in other comprehensive income (loss), before tax</b>       | <b>¥ (4,938)</b> | <b>¥ 16,515</b> | <b>¥ (23,577)</b> |

The following table presents the estimated prior service benefit and actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ending March 31, 2012:

| <b>(¥ in millions)</b>     |         |
|----------------------------|---------|
| Prior service benefit      | ¥ (808) |
| Actuarial loss             | 693     |
| <b>Expected Cash Flows</b> |         |



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The Company estimates contributions to its defined benefit pension plans for the year ending March 31, 2012, to be approximately ¥14,100 million.

The following table presents the total expected benefit payments to the participants of the defined benefit pension plans and the severance indemnity plans:

(¥ in millions)

Years ending March 31:

|           |          |
|-----------|----------|
| 2012      | ¥ 11,871 |
| 2013      | 12,069   |
| 2014      | 11,469   |
| 2015      | 11,350   |
| 2016      | 10,961   |
| 2017-2021 | 47,574   |

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**Table of Contents****9. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS**

Long-term contracts accepted by the Company consist mainly of construction works with the Japanese national government and local governments, such as construction of environmental control plants and facilities for water supply. These contracts are generally completed within two to three years.

The contracts, which are fully executed before the commencement of construction projects, include the terms of the contract price, expected completion date and critical milestone dates, and acceptance inspections (e.g., performance tests and external appearance inspections). The contracts are legally enforceable and the parties are expected to perform their obligations under the contracts. The Company is able to develop reasonably dependable estimates of the total contract cost based on the construction order, that includes details on every single component unit, labor hour costs, and all overhead. Further, the Company believes that it is able to develop reasonably dependable estimates of the extent of progress towards completion of individual contracts and, therefore, the long-term contracts are accounted for using the percentage of completion method. Concerning the method of measuring the extent of progress toward completion, the Company uses the cost-to-cost method in measuring the extent of progress toward completion. In most cases, the Company's contracts with customers include the delivery and installation of component units.

In the situation where an option or an addition which has separate content from an existing contract has occurred, it is treated as a separate contract. Otherwise, it is combined with the original contract. Additional contract revenue arising from any claims for customer-caused overruns or delays is recognized when the contract modification is approved by the customer. Any revisions in revenue, cost, and profit estimates or in measurements of the extent of progress toward completion are accounted for in the consolidated statements of income in the fiscal year in which those revisions are determined. A disclosure is made of the effect of such revisions in the financial statements, if significant.

The following table details the notes receivable and accounts receivable related to the long-term contracts accounted for under the percentage of completion method, by maturities:

(¥ in millions)

|                     | 2011                |           |                 | 2010                |           |                 |
|---------------------|---------------------|-----------|-----------------|---------------------|-----------|-----------------|
|                     | Less than<br>1 year | 1-2 years | Over<br>2 years | Less than<br>1 year | 1-2 years | Over<br>2 years |
| <b>At March 31:</b> |                     |           |                 |                     |           |                 |
| Notes receivable    | ¥ 241               | ¥         | ¥               | ¥ 176               | ¥         | ¥               |
| Accounts receivable | 12,553              | 789       |                 | 7,945               | 236       |                 |
|                     | ¥ 12,794            | ¥ 789     | ¥               | ¥ 8,121             | ¥ 236     | ¥               |

A large portion of such receivables have already been billed to customers. The total aggregated amounts which had not been billed or were not billable were not material at March 31, 2011 and 2010. The total aggregated amounts subject to uncertainty were not material.

With respect to the inventories related to the long-term contracts, the aggregated amounts of manufacturing or production costs which exceed the aggregated estimate costs of all in-process, the total aggregated amounts subject to uncertainty, and advances received offset with inventories were not material at March 31, 2011 and 2010.

**Table of Contents****10. INCOME TAXES**

Income before income taxes and equity in net income of affiliated companies and income taxes are comprised of the following:

| (¥ in millions)<br>For the years ended March 31:                                    | 2011            | 2010            | 2009            |
|---|-----------------|-----------------|-----------------|
| <b>Income before income taxes and equity in net income of affiliated companies:</b> |                 |                 |                 |
| Domestic  | ¥ 54,306        | ¥ 42,208        | ¥ 35,739        |
| Foreign   | 36,994          | 31,275          | 47,520          |
| <b>Total</b>  | <b>¥ 91,300</b> | <b>¥ 73,483</b> | <b>¥ 83,259</b> |
| <b>Income taxes:</b>  |                 |                 |                 |
| <b>Current</b>  |                 |                 |                 |
| Domestic  | ¥ 12,312        | ¥ 16,462        | ¥ 5,719         |
| Foreign   | 14,825          | 12,078          | 17,918          |
|   | 27,137          | 28,540          | 23,637          |
| <b>Deferred</b>   |                 |                 |                 |
| Domestic  | 6,142           | (2,090)         | 7,073           |
| Foreign   | (2,595)         | (473)           | (1,964)         |
|   | 3,547           | (2,563)         | 5,109           |
| <b>Total</b>  | <b>¥ 30,684</b> | <b>¥ 25,977</b> | <b>¥ 28,746</b> |

A reconciliation of the differences between the Japanese statutory tax rate and the effective tax rate is as follows:

| For the years ended March 31:  | 2011         | 2010         | 2009         |
|--|--------------|--------------|--------------|
| Normal Japanese statutory tax rates applied to income before income taxes and equity in net income of affiliated companies | 40.6%        | 40.6%        | 40.6%        |
| Increase (decrease) in taxes resulting from:   |              |              |              |
| Increase (decrease) in valuation allowance   | (0.6)        | (0.2)        | 0.4          |
| Permanently nondeductible expenses <sup>*1</sup>   | 0.3          | 0.4          | 4.1          |
| Nontaxable dividend income   | (0.5)        | (0.4)        | (0.7)        |
| Extra tax deduction on expenses for research and development   | (2.3)        | (2.8)        | (0.5)        |
| Reversal of taxes provided on unremitted earnings of foreign subsidiaries and affiliates <sup>*2</sup>                     |              |              | (8.3)        |
| Income of foreign subsidiaries taxed at lower than Japanese statutory tax rate   | (2.0)        | (1.7)        |              |
| Other net  | (1.9)        | (0.5)        | (1.1)        |
| <b>Effective income tax rates applied to income before income taxes and equity in net income of affiliated companies</b>   | <b>33.6%</b> | <b>35.4%</b> | <b>34.5%</b> |

\*1

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Permanently nondeductible expenses for the year ended March 31, 2009 consisted primarily of nondeductible surcharge expense of ¥2,958 million for the alleged violation of the Anti-Monopoly Law.

\*2 Reversal of taxes provided on unremitted earnings of foreign subsidiaries and affiliates for the year ended March 31, 2009 amounting to ¥6,870 million was due to Japanese tax law revision related to the taxation of dividends from overseas subsidiaries and affiliates.

Net deferred tax assets are included in the consolidated balance sheets as follows:

| (¥ in millions)                | 2011            | 2010            |
|--------------------------------|-----------------|-----------------|
| <b>At March 31:</b>            |                 |                 |
| Other current assets           | ¥ 28,884        | ¥ 29,938        |
| Other assets                   | 5,814           | 4,199           |
| Other current liabilities      | (1)             | (4)             |
| Other long-term liabilities    | (2,648)         | (3,119)         |
| <b>Net deferred tax assets</b> | <b>¥ 32,049</b> | <b>¥ 31,014</b> |

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The significant components of deferred tax assets and liabilities are as follows:

| (¥ in millions)  |  |          |          |
|--|--|----------|----------|
| At March 31:   |  | 2011     | 2010     |
| <b>Deferred tax assets:</b>                                |  |          |          |
| Allowance for doubtful receivables                         |  | ¥ 1,465  | ¥ 1,030  |
| Intercompany profits                                       |  | 7,786    | 7,483    |
| Adjustment of investment securities                        |  | 8,273    | 8,334    |
| Write-downs of inventories and fixed assets                |  | 1,708    | 1,404    |
| Accrued bonus  |  | 6,000    | 5,847    |
| Retirement and pension costs                               |  | 17,197   | 19,115   |
| Tax loss and credit carryforwards                          |  | 3,287    | 4,025    |
| Other temporary differences                                |  | 21,661   | 21,737   |
| Gross deferred tax assets                                  |  | 67,377   | 68,975   |
| Less: valuation allowance                                  |  | (986)    | (1,509)  |
| Net deferred tax assets                                    |  | ¥ 66,391 | ¥ 67,466 |
| <b>Deferred tax liabilities:</b>                           |  |          |          |
| Adjustment of investment securities                        |  | ¥ 22,605 | ¥ 25,554 |
| Unremitted earnings of foreign subsidiaries and affiliates |  | 8,237    | 7,284    |
| Other temporary differences                                |  | 3,500    | 3,614    |
| Gross deferred tax liabilities                             |  | ¥ 34,342 | ¥ 36,452 |

Deferral of income taxes relating to intercompany profits of ¥7,786 million and ¥7,483 million at March 31, 2011 and 2010 included in the above table is accounted for in accordance with ASC 810, Consolidation. The movements of ¥303 million, ¥1,362 million, and ¥(5,672) million for the years ended March 31, 2011, 2010, and 2009 in such deferral of income taxes are presented as Income taxes Deferred in the consolidated statements of income. The total amounts of deferred tax assets recorded in accordance with ASC 740, Income Taxes were ¥58,605 million and ¥59,983 million at March 31, 2011 and 2010, respectively.

Provisions have been recorded for unremitted earnings of all foreign subsidiaries and affiliates where earnings are not deemed to be permanently reinvested. Substantially all of the undistributed earnings of domestic subsidiaries and affiliates would not, under present Japanese tax law, be subject to tax through tax-free distributions.

The following table presents the reconciliation of the beginning and ending balances of the valuation allowance:

| (¥ in millions)               |  |         |         |         |
|-------------------------------|--|---------|---------|---------|
| For the years ended March 31: |  | 2011    | 2010    | 2009    |
| Balance at beginning of year  |  | ¥ 1,509 | ¥ 1,631 | ¥ 1,326 |
| Addition                      |  | 447     | 391     | 565     |
| Deduction                     |  | (970)   | (513)   | (260)   |
| Balance at end of year        |  | ¥ 986   | ¥ 1,509 | ¥ 1,631 |

Based upon the level of historical taxable income and projections for future taxable income over the periods which the net deductible temporary differences are expected to reverse and/or the tax losses and credits are carried forward, management believes it is more likely than not that the Company will realize the benefits of these deferred tax assets, net of the existing valuation allowances at March 31, 2011.

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At March 31, 2011, the tax loss carryforwards in the aggregate amounted to ¥8,332 million, which are available to offset future taxable income, and will expire in the period from 2012 through 2018.

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The following table presents the reconciliation of unrecognized tax benefits:

| (¥ in millions)                                       | 2011         | 2010         | 2009           |
|---|--------------|--------------|----------------|
| <b>For the years ended March 31:</b>                  |              |              |                |
| Balance at beginning of year                          | ¥ 200        | ¥ 6,759      | ¥ 6,950        |
| Gross increase for tax positions taken in prior years | 87           | 26           | 31             |
| Gross decrease for tax positions taken in prior years | (9)          | (2,029)      | (23)           |
| Settlements   | (8)          | (4,534)      | (108)          |
| Lapse of statute of limitations                       | (19)         | (27)         | (15)           |
| Other   | (28)         | 5            | (76)           |
| <b>Balance at end of year</b>                         | <b>¥ 223</b> | <b>¥ 200</b> | <b>¥ 6,759</b> |

The total amount of unrecognized tax benefits that would affect the effective tax rate, if recognized, is not material at March 31, 2011, 2010, and 2009.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued at March 31, 2011, 2010, and 2009, and interest and penalties included in income taxes for the years ended March 31, 2011, 2010, and 2009 were not material.

During the year ended March 31, 2008, the U.S. Internal Revenue Service ( IRS ) and the National Taxation Agency in Japan ( NTA ) reached an agreement on a bilateral Advance Pricing Agreement ( APA ), for which the Company had submitted requests with respect to certain intercompany transactions between related parties in U.S. and Japan. The Company accrued an estimated additional tax payment to the NTA of ¥6,500 million in other long-term liabilities at March 31, 2009 and recognized an estimated tax refund from the IRS of ¥4,647 million in other assets at March 31, 2009.

The Company accrued a tax payment to the NTA of ¥4,534 million in income taxes payable and recognized a tax refund from the IRS of ¥2,807 million in other current assets at March 31, 2010 by settling the related unrecognized tax benefits due to the expiration of the period covered by the APA. This difference between estimates and actual results is included in Gross decrease for tax positions taken in prior year in the above table.

Based on the information available as of March 31, 2011, a change to the unrecognized tax benefits within the next 12 months is not material.

The Company files income tax returns in Japan, U.S., and various foreign tax jurisdictions. At March 31, 2011, the Company is no longer subject, with limited exception, to regular income tax examinations by the tax authorities for the years on or before March 31, 2010 in Japan, and for the years on or before December 31, 2006 in U.S., respectively. While the tax authority could conduct a transfer pricing examination for the years on and after April 1, 2005, the intercompany transactions between related parties in U.S. and Japan for the years on or before March 31, 2010 are less likely to be subject to a tax examination since the Advance Pricing Agreement between U.S. and Japan has been agreed. Also, the Advance Pricing Agreement between U.S. and Japan for March 31, 2011 is under renewal process.

**Table of Contents****11. SHAREHOLDERS EQUITY****Dividends**

The Corporate Law of Japan (the Corporate Law) permits companies to pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of the shareholders meeting. Semiannual interim dividends may also be paid once a year upon resolution of the Board of Directors if the articles of incorporation of the companies so stipulate. For companies that meet certain criteria such as (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, (4) the term of service of the directors is one year rather than two years of normal term, and (5) prescribing that the Board of Directors may declare dividends in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind). The Company meets all the above criteria.

The Corporate Law also provides certain limitations on the amounts available for dividends. Under the Corporate Law, the amount available for dividends is based on other retained earnings, less treasury stock, as recorded on the books of the parent company. At March 31, 2011, other retained earnings, less treasury stock, recorded on the parent company's books of account were ¥ 223,299 million.

**Purchase of Treasury Stock**

The Corporate Law also provides for companies to purchase treasury stock. Companies may purchase its treasury stock through market transactions by resolution of the Board of Directors if companies have prescribed so in its articles of incorporation. The Company meets this condition. The same limitations as dividends exist in the amount available for this purchase of treasury stock.

**Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus**

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as additional paid-in capital or as a legal reserve depending on the equity account charged upon the payment of such dividends until the total of additional paid-in capital and legal reserve equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law also provides that common stock, capital surplus, legal reserve, and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders meeting.

**Accumulated Other Comprehensive Income (Loss)**

The following table presents the components of accumulated other comprehensive income (loss), net of taxes:

| (¥ in millions)                                   | 2011              | 2010              |
|---|-------------------|-------------------|
| <b>At March 31:</b>                               |                   |                   |
| Foreign currency translation adjustments          | ¥ (65,689)        | ¥ (42,215)        |
| Unrealized gains on securities                    | 15,922            | 21,050            |
| Unrealized losses on derivatives                  | (787)             | (1,592)           |
| Pension liability adjustments                     | (14,827)          | (11,734)          |
| <b>Total accumulated other comprehensive loss</b> | <b>¥ (65,381)</b> | <b>¥ (34,491)</b> |



**Table of Contents****Effects of Changes in Ownership Interests in Subsidiaries**

The following table presents the effects of changes in Kubota Corporation's ownership interests in its subsidiaries on Kubota Corporation shareholder's equity:

(¥ in millions)

| For the years ended March 31:  | 2011     | 2010     |
|--|----------|----------|
| Net income attributable to Kubota Corporation  | ¥ 54,822 | ¥ 42,326 |
| <b>Transfers from (to) the noncontrolling interests:</b>   |          |          |
| Increase in capital surplus for purchases of noncontrolling interests                                  | 425      | 125      |
| Decrease in capital surplus for purchases of noncontrolling interests                                  | (726)    | (3,828)  |
| Increase in capital surplus for changes in ownership interests in subsidiaries from other transactions | 199      |          |
| Decrease in capital surplus for changes in ownership interests in subsidiaries from other transactions |          | (206)    |
| Net transfers to the noncontrolling interests  | (102)    | (3,909)  |
| Change from net income attributable to Kubota Corporation and transfer to noncontrolling interests     | ¥ 54,720 | ¥ 38,417 |

**12. OTHER COMPREHENSIVE INCOME (LOSS)**

The following table presents the components of other comprehensive income (loss), including reclassification adjustments and tax effects:

(¥ in millions)

| For the years ended March 31:   | 2011                 |                             |                      | 2010                 |                             |                      | 2009                 |                             |                      |
|---|----------------------|-----------------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|-----------------------------|----------------------|
|   | Before-tax<br>Amount | Tax<br>Benefit<br>(Expense) | Net-of-tax<br>Amount | Before-tax<br>Amount | Tax<br>Benefit<br>(Expense) | Net-of-tax<br>Amount | Before-tax<br>Amount | Tax<br>Benefit<br>(Expense) | Net-of-tax<br>Amount |
| <b>Foreign currency translation adjustments:</b>                      |                      |                             |                      |                      |                             |                      |                      |                             |                      |
| Foreign currency translation adjustments arising during period        | ¥ (26,930)           | ¥ 548                       | ¥ (26,382)           | ¥ 8,248              | ¥ 2                         | ¥ 8,250              | ¥ (62,293)           | ¥ 461                       | ¥ (61,832)           |
| Reclassification adjustment for losses (gains) realized in net income | (26,930)             | ¥ 548                       | ¥ (26,382)           | 8,248                | 2                           | 8,250                | (62,293)             | 461                         | (61,832)             |
| <b>Unrealized gains (losses) on securities:</b>                       |                      |                             |                      |                      |                             |                      |                      |                             |                      |
| Unrealized gains (losses) on securities arising during period         | (5,536)              | 2,245                       | (3,291)              | 21,476               | (8,718)                     | 12,758               | (53,868)             | 21,870                      | (31,998)             |
| Reclassification adjustment for losses (gains) realized in net income | (3,087)              | 1,253                       | (1,834)              | (1,678)              | 681                         | (997)                | 8,734                | (3,019)                     | 5,715                |
|   | (8,623)              | 3,498                       | (5,125)              | 19,798               | (8,037)                     | 11,761               | (45,134)             | 18,851                      | (26,283)             |
| <b>Unrealized gains (losses) on derivatives:</b>                      |                      |                             |                      |                      |                             |                      |                      |                             |                      |

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|  |                   |                |                   |                 |                   |                 |                    |                 |                    |
|--|-------------------|----------------|-------------------|-----------------|-------------------|-----------------|--------------------|-----------------|--------------------|
| Unrealized losses on derivatives arising during period                 | (662)             | 228            | (434)             | (1,310)         | 472               | (838)           | (2,378)            | 1,054           | (1,324)            |
| Reclassification adjustments for losses (gains) realized in net income | 1,888             | (650)          | 1,238             | 2,179           | (785)             | 1,394           | (316)              | 128             | (188)              |
|  | 1,226             | (422)          | 804               | 869             | (313)             | 556             | (2,694)            | 1,182           | (1,512)            |
| <b>Pension liability adjustments:</b>                                  |                   |                |                   |                 |                   |                 |                    |                 |                    |
| Pension liability adjustments arising during period                    | (4,602)           | 1,722          | (2,880)           | 7,712           | (3,133)           | 4,579           | (22,897)           | 9,356           | (13,541)           |
| Reclassification adjustment for losses (gains) realized in net income  | (336)             | 136            | (200)             | 8,803           | (3,574)           | 5,229           | (680)              | 276             | (404)              |
|  | (4,938)           | 1,858          | (3,080)           | 16,515          | (6,707)           | 9,808           | (23,577)           | 9,632           | (13,945)           |
| <b>Other comprehensive income (loss)</b>                               | <b>¥ (39,265)</b> | <b>¥ 5,482</b> | <b>¥ (33,783)</b> | <b>¥ 45,430</b> | <b>¥ (15,055)</b> | <b>¥ 30,375</b> | <b>¥ (133,698)</b> | <b>¥ 30,126</b> | <b>¥ (103,572)</b> |

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The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and noncontrolling interests:

| For the years<br>ended March 31:         | 2011                  |                              |                   | 2010                  |                              |                 | 2009                  |                              |                    |
|--|-----------------------|------------------------------|-------------------|-----------------------|------------------------------|-----------------|-----------------------|------------------------------|--------------------|
|  | Kubota<br>Corporation | Non-controlling<br>Interests | Total             | Kubota<br>Corporation | Non-controlling<br>Interests | Total           | Kubota<br>Corporation | Non-controlling<br>Interests | Total              |
| Foreign currency translation adjustments | ¥ (23,294)            | ¥ (3,088)                    | ¥ (26,382)        | ¥ 6,408               | ¥ 1,842                      | ¥ 8,250         | ¥ (51,789)            | ¥ (10,043)                   | ¥ (61,832)         |
| Unrealized gains (losses) on securities  | (5,128)               | 3                            | (5,125)           | 11,728                | 33                           | 11,761          | (26,270)              | (13)                         | (26,283)           |
| Unrealized gains (losses) on derivatives | 805                   | (1)                          | 804               | 570                   | (14)                         | 556             | (1,512)               |                              | (1,512)            |
| Pension liability adjustments            | (3,093)               | 13                           | (3,080)           | 9,723                 | 85                           | 9,808           | (13,790)              | (155)                        | (13,945)           |
| <b>Other comprehensive income (loss)</b> | <b>¥ (30,710)</b>     | <b>¥ (3,073)</b>             | <b>¥ (33,783)</b> | <b>¥ 28,429</b>       | <b>¥ 1,946</b>               | <b>¥ 30,375</b> | <b>¥ (93,361)</b>     | <b>¥ (10,211)</b>            | <b>¥ (103,572)</b> |

**13. DERIVATIVE FINANCIAL INSTRUMENTS****Risk Management Policy**

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

**Foreign Currency Exchange Risks**

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets in its international operations. The Company entered into foreign exchange forward contracts and foreign currency option contracts (foreign exchange contracts) designated to mitigate its exposure to foreign currency exchange risks.

**Interest Rate Risks**

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. Debt obligations that are sensitive to interest rate changes are disclosed in Note 7. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to change the characteristics of its fixed and variable rate exposures.

**Cash Flow Hedges**

The accounting treatments of changes in the fair value of foreign exchange contracts and interest rate swap agreements depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income. As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swaps, the amounts are reclassified into earnings when the related interest expense is recognized. The unrecognized net loss (net of tax) of approximately ¥ 585 million on derivatives included in accumulated other comprehensive income (loss) at March 31, 2011 will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.



**Table of Contents****Derivatives Not Designated as Hedging Instruments**

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

**Fair Values of Derivative Instruments**

(¥ in millions)

| At March 31:   | Other current assets |             | Other current liabilities |                | Other long-term liabilities |                |
|--|----------------------|-------------|---------------------------|----------------|-----------------------------|----------------|
|  | 2011                 | 2010        | 2011                      | 2010           | 2011                        | 2010           |
| <b>Derivatives designated as hedging instruments:</b>          |                      |             |                           |                |                             |                |
| Foreign exchange contracts                                     | ¥ 3                  | ¥ 14        | ¥                         | ¥              | ¥                           | ¥              |
| Interest rate swap contracts                                   |                      |             | 908                       | 1,688          | 332                         | 704            |
| Cross-currency interest rate swap contracts                    |                      |             | 288                       | 41             | 72                          | 52             |
| <b>Total derivatives designated as hedging instruments</b>     | <b>¥ 3</b>           | <b>¥ 14</b> | <b>¥ 1,196</b>            | <b>¥ 1,729</b> | <b>¥ 404</b>                | <b>¥ 756</b>   |
| <b>Derivatives not designated as hedging instruments:</b>      |                      |             |                           |                |                             |                |
| Foreign exchange contracts                                     | ¥                    | ¥ 2         | ¥ 982                     | ¥ 474          | ¥                           | ¥              |
| Interest rate swap contracts                                   |                      |             | 110                       | 230            | 15                          | 142            |
| Cross-currency interest rate swap contracts                    |                      |             | 1,158                     | 1,032          | 1,021                       | 1,491          |
| <b>Total derivatives not designated as hedging instruments</b> | <b>¥</b>             | <b>¥ 2</b>  | <b>¥ 2,250</b>            | <b>¥ 1,736</b> | <b>¥ 1,036</b>              | <b>¥ 1,633</b> |
| <b>Total</b>   | <b>¥ 3</b>           | <b>¥ 16</b> | <b>¥ 3,446</b>            | <b>¥ 3,465</b> | <b>¥ 1,440</b>              | <b>¥ 2,389</b> |

**Income Effect of Derivative Instruments**

(¥ in millions)

| Derivative instruments in cash flow hedges<br>For the year ended March 31, 2011: | Effective Portion<br>Recognized<br>in OCI | Gain (Loss) (before tax) Recognized in Other Comprehensive<br>Income<br>and Realized in Net Income |  | Effective Portion<br>Reclassified<br>from<br>Accumulated OCI<br>to Net Income |
|--|---|--|--|---|
|  |   | Consolidated Statements<br>of Income Line Item   |  |   |
| Foreign exchange contracts   | ¥ 2                                       | Revenues   |  | ¥ 13  |
| Interest rate swap contracts   | (943)                                     | Interest expense   |  | (2,193)   |
| Cross-currency interest rate swap contracts                                      | 279                                       | Interest expense   |  | (142)   |
|  |   | Foreign exchange   |  |   |
|  |   | gain (loss)-net  |  | 434   |
| <b>Total</b>   | <b>¥ (662)</b>                            |  |  | <b>¥ (1,888)</b>  |
| <b>For the year ended March 31, 2010:</b>  |   |  |  |   |
| Foreign exchange contracts   | ¥ 356                                     | Revenues   |  | ¥ 203   |

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|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Interest rate swap contracts                | (1,495)          | Interest expense | (2,304)          |
| Cross-currency interest rate swap contracts | (171)            | Interest expense | (78)             |
| <b>Total</b>                                | <b>¥ (1,310)</b> |                  | <b>¥ (2,179)</b> |

**For the three months ended March 31, 2009:**

|                              |                  |                  |              |
|------------------------------|------------------|------------------|--------------|
| Foreign exchange contracts   | ¥ (139)          | Revenues         | ¥ 563        |
| Interest rate swap contracts | (1,637)          | Interest expense | (177)        |
| <b>Total</b>                 | <b>¥ (1,776)</b> |                  | <b>¥ 386</b> |

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(¥ in millions)

|   | Gain (Loss) (before tax) Recognized in Net Income |                                      |
|---|---|--------------------------------------|
|   | Consolidated Statements of Income Line Item       | Gain (Loss) Recognized in Net Income |
| <b>Derivative instruments not designated as hedging instruments</b> |   |                                      |
| <b>For the year ended March 31, 2011:</b>                           |   |                                      |
| Foreign exchange contracts  | Foreign exchange gain (loss) net                  | ¥ 2,659                              |
| Interest rate swap contracts  | Other net   | 32                                   |
| Cross-currency interest rate swap contracts                         | Other net   | 344                                  |
| Total   |   | ¥ 3,035                              |
| <b>For the year ended March 31, 2010:</b>                           |   |                                      |
| Foreign exchange contracts  | Foreign exchange gain (loss) net                  | ¥ 1,346                              |
| Interest rate swap contracts  | Other net   | (175)                                |
| Cross-currency interest rate swap contracts                         | Other net   | (2,525)                              |
| Total   |   | ¥ (1,354)                            |
| <b>For the three months ended March 31, 2009:</b>                   |   |                                      |
| Foreign exchange contracts  | Foreign exchange gain (loss) net                  | ¥ (5,026)                            |
| Interest rate swap contracts  | Other net   | (340)                                |
| Cross-currency interest rate swap contracts                         | Other net   | (209)                                |
| Total   |   | ¥ (5,575)                            |

The amount of gain or loss related to the hedging ineffectiveness was not material for the year ended March 31, 2011, 2010 and 2009.

**14. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK****Fair Value of Financial Instruments**

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

| At March 31:                        | 2011           |            | 2010           |            |
|-------------------------------------|----------------|------------|----------------|------------|
|                                     | Carrying Value | Fair Value | Carrying Value | Fair Value |
| <b>Financial assets:</b>            |                |            |                |            |
| Finance receivables net             | ¥ 193,382      | ¥ 193,749  | ¥ 211,363      | ¥ 212,021  |
| Long-term trade accounts receivable | 50,971         | 53,725     | 47,610         | 50,409     |
| <b>Financial liabilities:</b>       |                |            |                |            |
| Long-term debt                      | (274,198)      | (274,507)  | (308,779)      | (309,258)  |

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is based on discounted cash flows using the current market rate. The carrying value of finance receivables net in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in current portion of long-term debt on the consolidated balance sheets.

The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), and short-term borrowings approximate the fair value because of the short maturity of those instruments. The carrying value and fair value of other investments and derivatives are disclosed in Note 15.

**Concentration of Credit Risks**

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A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. Trade accounts receivable and retail finance receivables arise from the sales of the Company's products to a large number of dealers and to retail customers, respectively. The Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

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**Table of Contents****15. FAIR VALUE MEASUREMENTS**

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

| (¥ in millions)                             |          |         |         |          |
|---|----------|---------|---------|----------|
| At March 31:                                | Level 1  | Level 2 | Level 3 | Total    |
| <b>2011:</b>                                |          |         |         |          |
| <b>Assets:</b>                              |          |         |         |          |
| Available-for-sale securities:              |          |         |         |          |
| Equity securities of financial institutions | ¥ 34,839 | ¥       | ¥       | ¥ 34,839 |
| Other equity securities                     | 55,634   |         |         | 55,634   |
| Derivatives:                                |          |         |         |          |
| Foreign exchange contracts                  |          | 392     |         | 392      |
| Total assets                                | ¥ 90,473 | ¥ 392   | ¥       | ¥ 90,865 |
| <b>Liabilities:</b>                         |          |         |         |          |
| Derivatives:                                |          |         |         |          |
| Foreign exchange contracts                  | ¥        | ¥ 593   | ¥       | ¥ 593    |
| Interest rate swap contracts                |          | 1,365   |         | 1,365    |
| Cross-currency interest rate swap contracts |          | 2,539   |         | 2,539    |
| Total liabilities                           | ¥        | ¥ 4,497 | ¥       | ¥ 4,497  |
| <b>2010:</b>                                |          |         |         |          |
| <b>Assets:</b>                              |          |         |         |          |
| Available-for-sale securities:              |          |         |         |          |
| Equity securities of financial institutions | ¥ 44,186 | ¥       | ¥       | ¥ 44,186 |
| Other equity securities                     | 54,985   |         |         | 54,985   |
| Derivatives:                                |          |         |         |          |
| Foreign exchange contracts                  |          | 16      |         | 16       |
| Total assets                                | ¥ 99,171 | ¥ 16    | ¥       | ¥ 99,187 |
| <b>Liabilities:</b>                         |          |         |         |          |
| Derivatives:                                |          |         |         |          |
| Foreign exchange contracts                  | ¥        | ¥ 474   | ¥       | ¥ 474    |
| Interest rate swap contracts                |          | 2,764   |         | 2,764    |
| Cross-currency interest rate swap contracts |          | 2,616   |         | 2,616    |
| Total liabilities                           | ¥        | ¥ 5,854 | ¥       | ¥ 5,854  |

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions.

**16. SUPPLEMENTAL EXPENSE INFORMATION**

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions)

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| For the years ended March 31:     | 2011    | 2010    | 2009    |
|-----------------------------------|---------|---------|---------|
| Research and development expenses | ¥25,042 | ¥25,241 | ¥26,290 |
| Advertising costs                 | 7,178   | 7,658   | 9,721   |
| Shipping and handling costs       | 37,836  | 36,497  | 49,172  |
| Depreciation                      | 26,517  | 28,903  | 30,467  |

Other operating expenses for the year ended March 31, 2011 included a loss resulting from the Great East Japan Earthquake of ¥2,544 million and a loss from a disposal of fixed assets of ¥844 million.

The recorded expenses for the disaster related losses from the Great East Japan Earthquake, which occurred on March 11, 2011 were estimated based on information currently available to the Company.

The Great East Japan Earthquake struck the east part of Japan and negatively impacted our operations. The parent company and some of domestic subsidiaries sustained damage to property and equipment, which brought certain plants to temporary shutdown. The main components of the disaster related losses were provision for credit losses, fixed costs during the shutdown, repair costs for damaged property and equipment and a special donation to the Japan Red Cross.

The repair costs which are expected to be incurred in the subsequent periods were not recorded as expenses for the year ended March 31, 2011. We do not expect the impact of the repair costs to be material to the consolidated financial statements in subsequent periods.

Other operating expenses for the year ended March 31, 2009 included a loss from impairment of fixed assets of ¥748 million.

**Table of Contents****17. SECURITIZATION OF RECEIVABLES**

The Company sold trade receivables to investors through independent securitization trusts until the year ended March 31, 2009. There were no receivables sold at March 31, 2011 and 2010.

The Company recognized a pretax loss resulting from the sale of trade receivables of ¥679 million for the year ended March 31, 2009.

The Company continued to service the receivables for a fee based on a percentage of the receivables transferred. The investors and the securitization trusts had no recourse to the Company's assets for failure of debtors to pay when due.

The following table summarizes certain cash flows received from securitization trusts:

| (¥ in millions)  | 2011 | 2010 | 2009     |
|--|------|------|----------|
| <b>For the years ended March 31:</b>                                     |      |      |          |
| Proceeds from collections reinvested in revolving-period securitizations | ¥    | ¥    | ¥ 55,561 |
| Servicing fees received  |      |      | 230      |

**18. COMMITMENTS AND CONTINGENCIES****Commitments**

The Company leases certain office space and equipment and employee housing under cancelable and noncancelable lease agreements. Leased assets under capital leases are comprised of the following:

| (¥ in millions)          | 2011    | 2010     |
|--------------------------|---------|----------|
| <b>At March 31:</b>      |         |          |
| Machinery and equipment  | ¥ 7,616 | ¥ 11,633 |
| Accumulated depreciation | (5,839) | (7,572)  |
| Software                 | 237     | 302      |
|                          | ¥ 2,014 | ¥ 4,363  |

Amortization expenses under capital leases for the years ended March 31, 2011, 2010, and 2009 were ¥2,269 million, ¥4,550 million, and ¥4,840 million, respectively.

The following table presents the annual maturities of future minimum lease commitments under capital and non-cancelable operating leases at March 31, 2011:

| (¥ in millions)               | Capital Leases | Operating Leases |
|-------------------------------|----------------|------------------|
| <b>Years ending March 31:</b> |                |                  |
| 2012                          | ¥ 2,060        | ¥ 906            |
| 2013                          | 850            | 708              |
| 2014                          | 137            | 525              |
| 2015                          | 75             | 275              |
| 2016                          | 28             | 165              |
| 2017 and thereafter           | 14             | 114              |
| Total minimum lease payments  | 3,164          | ¥ 2,693          |

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Less: amounts representing interest (46)

|   |   |       |
|---|---|-------|
| Present value of net minimum capital lease payments | ¥ | 3,118 |
|---|---|-------|

Capital lease obligations are included in the current portion of long-term debt and long-term debt in the consolidated balance sheets. Rental expenses under operating leases for the years ended March 31, 2011, 2010, and 2009 were ¥4,373 million, ¥4,942 million, and ¥5,281 million, respectively.

Commitments for capital expenditures outstanding at March 31, 2011 amounted to ¥545 million.

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### **Guarantees**

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of 1 year to 10 years. The maximum potential amount of undiscounted future payments of these financial guarantees at March 31, 2011 was ¥9,178 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

The Company issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a specified period or term. The Company determines its reserve for product warranties based on an analysis of the historical data of costs to perform under product warranties.

The following table presents the reconciliation of the beginning and ending balances of accrued product warranty cost:

| <b>(¥ in millions)</b>               |                |                |
|--------------------------------------|----------------|----------------|
| <b>For the years ended March 31:</b> |                |                |
|                                      | <b>2011</b>    | <b>2010</b>    |
| Balance at beginning of year         | ¥ 6,707        | ¥ 6,031        |
| Addition                             | 3,750          | 4,284          |
| Utilization                          | (4,305)        | (3,739)        |
| Other                                | (554)          | 131            |
| <b>Balance at end of year</b>        | <b>¥ 5,598</b> | <b>¥ 6,707</b> |

Accrued product warranty cost is included in other current liabilities in the consolidated balance sheets.

### **Legal Proceedings**

The Company is subject to various legal actions arising in the ordinary course of business. The following is a summary of the significant legal proceedings.

#### **(Anti-Trust)**

In December 1999, the Company received a surcharge order from the Fair Trade Commission of Japan for a violation of the Anti-Monopoly Law relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. In June 2009, the Company received, as a result of the hearing procedure, the ultimate decision which ordered the Company to pay the surcharge of ¥ 7,072 million, and the Company paid the surcharge during the year ended March 31, 2010. However, the Company filed a revocation suit to the Tokyo High Court considering the ultimate decision unacceptable in July 2009.

The Company recorded the surcharge as selling, general, and administrative expenses for the year ended March 31, 2009 based on the preliminary decision of the commission.

#### **(Asbestos-Related Lawsuits)**

Since May 2007, the Company has been subject to 10 asbestos-related lawsuits in Japan, which were filed against the Company or defendant party consisting of the Japanese Government and asbestos-related companies including the Company. The claims for compensation totaling ¥16,274 million consisted mostly of six lawsuits, which concerned a total of 416 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese Government and 46 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 10 lawsuits.

The Company is not able to predict the ultimate outcome of these lawsuits or the timing of settlement due to inherent uncertainties in lawsuits.



**Table of Contents****Matters Related to Health Hazard of Asbestos****(Background)**

Until 1995, the Company's plant in Amagasaki, Hyogo Prefecture, Japan, had produced asbestos-containing products. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established the relief payment system in place of the consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company will make the compensation which is not required by law but is made in accordance with the Company's internal policies.

The Japanese government established the Law for the Relief of Patients Suffering from Asbestos-Related Diseases (Asbestos Law) in March 2006. This law was enacted for the purpose of promptly providing relief to the people suffering from asbestos-related diseases who are not eligible for relief by compensation from the Insurance in accordance with the Workers' Accident Compensation Insurance Law. The relief aid payments are contributed by the national government, municipal governments, and business entities. The contribution made by business entities includes a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

**(Accounting for Asbestos-Related Expenses)**

The Company expenses the consolation payments, the relief payments, and the compensation for employees, based on the Company's accounting policies and procedures. The Company accrues in those cases where the conditions of loss contingencies are met. (See Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.) The recorded expenses totaled ¥1,155 million, ¥503 million, and ¥1,155 million for the years ended March 31, 2011, 2010, and 2009, respectively, which were included in selling, general, and administrative expenses. The Company has accrued balances for the asbestos-related expenses of ¥390 million, ¥352 million, and ¥721 million at March 31, 2011, 2010, and 2009, respectively. Though the Company believes that this amount appears to be a better estimate than any other amount within a reasonably estimable range of amounts, the additional exposure to loss in excess of this accrued amount of ¥840 million exists.

Since the Company has no basis or information to estimate the number of current and former employees and residents who lived near the Company's plant that are going to apply for payments, such payments are not included in the accrued amounts. The Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to this contingency. However, the Company believes the asbestos-related issues contain potentially material risks for the Company's consolidated results of operations, financial position, and its liquidity.

**19. SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental information related to the consolidated statements of cash flows is as follows:

(¥ in millions)

| For the years ended March 31:                       | 2011    | 2010    | 2009     |
|---|---------|---------|----------|
| <b>Cash paid during the year:</b>                   |         |         |          |
| Interest  | ¥ 6,914 | ¥ 9,614 | ¥ 12,768 |
| Income taxes  | 44,207  | 15,336  | 38,472   |
| <b>Non-cash investing and financing activities:</b> |         |         |          |
| Obtaining assets by entering into capital leases    | 201     | 2,740   | 2,916    |

During the year ended March 31, 2011 and 2010, the Company purchased noncontrolling interests reported in the Farm & Industrial Machinery segment. The Company retains the controlling interests before and after the transaction, the cash flow of which is classified in financing activities as Purchases of noncontrolling interests.

**Table of Contents****20. SEGMENT INFORMATION**

The Company engages in various fields of business and industries by providing products and services which are categorized into the following segments: Farm & Industrial Machinery; Water & Environment Systems; Social Infrastructure; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, and construction machinery. The Water & Environment Systems segment manufactures and distributes pipe-related products and environment-related products. The Social Infrastructure segment manufactures and distributes industrial castings, spiral welded steel pipes, vending machines, electronic equipped machinery, and air-conditioning equipment. The Other segment includes construction, services and other businesses.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company's consolidated financial statements.

**Reporting Segments**

Information by reporting segment is summarized as follows:

(¥ in millions)

|                                       | Farm &<br>Industrial<br>Machinery | Water &<br>Environment<br>Systems | Social<br>Infrastructure | Other         | Adjustments     | Consolidated   |
|---------------------------------------|-----------------------------------|-----------------------------------|--------------------------|---------------|-----------------|----------------|
| <b>For the years ended March 31:</b>  |                                   |                                   |                          |               |                 |                |
| <b>2011:</b>                          |                                   |                                   |                          |               |                 |                |
| Revenues:                             |                                   |                                   |                          |               |                 |                |
| External customers                    | ¥ 651,518                         | ¥ 192,768                         | ¥ 60,439                 | ¥ 28,960      | ¥               | ¥ 933,685      |
| Intersegment                          | 64                                | 1,594                             | 2,657                    | 15,837        | (20,152)        |                |
| <b>Total</b>                          | <b>651,582</b>                    | <b>194,362</b>                    | <b>63,096</b>            | <b>44,797</b> | <b>(20,152)</b> | <b>933,685</b> |
| Operating income                      | ¥ 86,487                          | ¥ 13,121                          | ¥ 2,463                  | ¥ 2,096       | ¥ (18,056)      | ¥ 86,111       |
| Identifiable assets at March 31, 2011 | ¥ 918,656                         | ¥ 170,691                         | ¥ 62,092                 | ¥ 39,386      | ¥ 166,027       | ¥ 1,356,852    |
| Depreciation                          | 15,870                            | 6,010                             | 1,931                    | 697           | 2,009           | 26,517         |
| Capital expenditures                  | 13,871                            | 4,861                             | 3,764                    | 691           | 764             | 23,951         |
| <b>2010:</b>                          |                                   |                                   |                          |               |                 |                |
| Revenues:                             |                                   |                                   |                          |               |                 |                |
| External customers                    | ¥ 616,726                         | ¥ 222,949                         | ¥ 63,293                 | ¥ 27,676      | ¥               | ¥ 930,644      |
| Intersegment                          | 77                                | 611                               | 2,710                    | 14,091        | (17,489)        |                |
| <b>Total</b>                          | <b>616,803</b>                    | <b>223,560</b>                    | <b>66,003</b>            | <b>41,767</b> | <b>(17,489)</b> | <b>930,644</b> |
| Operating income                      | ¥ 60,485                          | ¥ 19,723                          | ¥ 2,699                  | ¥ 2,629       | ¥ (15,834)      | ¥ 69,702       |
| Identifiable assets at March 31, 2010 | ¥ 930,480                         | ¥ 186,768                         | ¥ 65,519                 | ¥ 42,246      | ¥ 184,020       | ¥ 1,409,033    |
| Depreciation                          | 18,489                            | 6,033                             | 1,933                    | 552           | 1,896           | 28,903         |
| Capital expenditures                  | 14,820                            | 5,969                             | 1,992                    | 741           | 2,516           | 26,038         |

**2009:**



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Revenues:

|                                       |           |           |          |          |            |             |
|---------------------------------------|-----------|-----------|----------|----------|------------|-------------|
| External customers                    | ¥ 754,416 | ¥ 234,275 | ¥ 86,480 | ¥ 32,311 | ¥          | ¥ 1,107,482 |
| Intersegment                          | 52        | 1,748     | 2,872    | 14,085   | (18,757)   |             |
| Total                                 | 754,468   | 236,023   | 89,352   | 46,396   | (18,757)   | 1,107,482   |
| Operating income                      | ¥ 103,831 | ¥ 3,121   | ¥ 8,004  | ¥ 1,812  | ¥ (13,953) | ¥ 102,815   |
| Identifiable assets at March 31, 2009 | ¥ 899,104 | ¥ 206,793 | ¥ 73,947 | ¥ 45,225 | ¥ 160,755  | ¥ 1,385,824 |
| Depreciation                          | 20,040    | 6,062     | 1,953    | 485      | 1,927      | 30,467      |
| Capital expenditures                  | 24,072    | 5,285     | 1,988    | 618      | 1,374      | 33,337      |

(Notes)

1. The unallocated corporate expenses included in Adjustments amounted to ¥18,066 million, ¥15,834 million, and ¥13,953 million for the years ended March 31, 2011, 2010, and 2009, respectively. The unallocated corporate assets included in Adjustments amounted to ¥182,602 million, ¥190,282 million, and ¥167,079 million at March 31, 2011, 2010, and 2009, respectively, which consisted mainly of cash and cash equivalents, investment securities, and corporate properties held or used by the administration departments of the parent company. Adjustments also included the elimination of intersegment transactions.
2. The aggregated amounts of operating income equal to those in the consolidated statements of income, and refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment revenues are recorded at values that approximate market prices.

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**Table of Contents****Revenues from External Customers by Product Groups**

Information for revenues from external customers by product groups is summarized as follows:

| (¥ in millions)                         | 2011             | 2010      | 2009        |
|---|------------------|-----------|-------------|
| <b>For the years ended March 31:</b>    |                  |           |             |
| <b>Farm &amp; Industrial Machinery:</b> |                  |           |             |
| Farm Equipment and Engines              | ¥ 580,671        | ¥ 561,165 | ¥ 671,292   |
| Construction Machinery                  | 70,847           | 55,561    | 83,124      |
|   | <b>651,518</b>   | 616,726   | 754,416     |
| <b>Water &amp; Environment Systems:</b> |                  |           |             |
| Pipe-related Products                   | 121,836          | 144,465   | 153,514     |
| Environment-related Products            | 70,932           | 78,484    | 80,761      |
|   | <b>192,768</b>   | 222,949   | 234,275     |
| <b>Social Infrastructure</b>            | <b>60,439</b>    | 63,293    | 86,480      |
| <b>Other</b>                            | <b>28,960</b>    | 27,676    | 32,311      |
| <b>Total</b>                            | <b>¥ 933,685</b> | ¥ 930,644 | ¥ 1,107,482 |

**Geographic Segments**

Information for revenues from external customers by destination and long-lived assets based on physical location are summarized as follows:

| (¥ in millions)  | 2011             | 2010      | 2009        |
|--|------------------|-----------|-------------|
| <b>Revenues from external customers by destination for the years ended March 31:</b> |                  |           |             |
| Japan  | ¥ 477,913        | ¥ 501,663 | ¥ 549,189   |
| North America  | 189,330          | 174,371   | 274,151     |
| Europe   | 75,762           | 67,791    | 108,742     |
| Asia Outside Japan   | 160,533          | 148,589   | 139,069     |
| Other Areas  | 30,147           | 38,230    | 36,331      |
| <b>Total</b>   | <b>¥ 933,685</b> | ¥ 930,644 | ¥ 1,107,482 |
| <b>Long-lived assets based on physical location at March 31:</b>                     |                  |           |             |
| Japan  | ¥ 177,460        | ¥ 183,042 | ¥ 190,662   |
| North America  | 16,146           | 20,210    | 21,442      |
| Asia Outside Japan   | 18,794           | 13,983    | 10,002      |
| Other Areas  | 4,958            | 3,658     | 3,515       |
| <b>Total</b>   | <b>¥ 217,358</b> | ¥ 220,893 | ¥ 225,621   |

(Notes)

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1. Revenues from North America include those from the United States of ¥167,553 million, ¥146,319 million, and ¥236,473 million for the years ended March 31, 2011, 2010, and 2009, respectively.
2. There is no single customer, revenues from whom exceed 10% of total consolidated revenues of the Company.

### **21. SUBSEQUENT EVENTS**

On May 11, 2011, the Company's Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2011 of ¥7 per common share (¥35 per 5 common shares) or a total of ¥8,905 million.

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**Table of Contents**

**INDEX TO EXHIBITS**

- 1.1 Articles of Incorporation of the Registrant (English translation)
- 1.2 Share Handling Regulations of the Registrant (English translation)
- 2.1 Form of Amended and Restated Deposit Agreement among the Registrant, JPMorgan Chase Bank as Depositary and all owners and holders from time to time of American Depositary Receipts, including the form of American Depositary Receipt (incorporated by reference to the Registration Statement on Form F-6 (File No. 333-91654) filed on June 26, 2002)
- 8.1 List of Significant Subsidiaries (See Organizational Structure in Item 4.C. of this Form 20-F)
- 11.1 Code of Ethics for Senior Financial Officers of the Registrant (English translation)
- 12.1 Certification of the principal executive officer of the Registrant required by Rule 13a-14(a)
- 12.2 Certification of the principal financial officer of the Registrant required by Rule 13a-14(a)
- 13.1 Certification required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
- 101 Instance Document
- 101 Schema Document
- 101 Calculation Linkbase Document
- 101 Definition Linkbase Document
- 101 Labels Linkbase Document
- 101 Presentation Linkbase Document

(Note) The Company has not included as exhibits certain instruments with respect to its long-term debt, the amount of debt authorized under each of which does not exceed 10% of its total assets, and it agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.