KUBOTA Corporation

Social and Environmental Report

2005

Toward Sustainable Society

Kubota

In editing the Social and Environmental Report 2005

●This report was compiled in order to report Kubota's activities toward sustainable society sincerely and clearly.
●Economical and social activities have been more discussed from company's social responsibilities perspective as well as general environmental activities.
●The Company's Social and Environmental Report 2005 was reviewed by third party to secure the reliability of the report.

Scope of Environmental Reporting Performance Data

●Kubota's workplaces (excluding Yokohama Branch and business offices)
●Of financial consolidated subsidiaries, twenty-nine domestic subsidiaries and six overseas subsidiaries are covered by this report.

Changes are as follows:

・In December 2003, the Company split off and transferred the building materials operations to Matsushita Electric Works, Ltd. in order to realize company division. Therefore, since the year 2004, environmental performance data for Shiga and Odawara Plants' building materials operations and Oohama and Kashima Plants are not included in this report.

●The following subsidiaries are covered by this report:

Domestic subsidiaries

Kubota Precision Machinery Co., Ltd.
Kanto Kubota Precision Machinery Co., Ltd.
Nihon Plastic Industry Co., Ltd.
Kyushu Kubota Chemical Co., Ltd.
Kubota Air Conditioner Co., Ltd.
Kubota Vending Services Co., Ltd.
Kubota KCT Corporation
KBS Kubota Corporation
Ohtake ShellCo Corporation
Kubota Valve Maintenance Corporation
Kubota PlaTec Corporation
Kubota Maison Corporation
Kubota Comprehensive Insurance Services Corporation
Kubota Comps Corporation
Kubota Accounting Center Corporation
Kubota Staff Corporation
Kubota Education Center Corporation
Kubota Works Corporation
Kubota Credit Corporation
Kubota Engine Sale Services Corporation
Kubota Machinery Trading Corporation
Kubota Membrane Corporation
Kubota Machinery and Construction Corporation
Kubota System Control Co., Ltd.
Kubota Met Hirakata Corporation
Kubota Retex Corporation
Kubota Construction Machinery Hokkaido Corporation
Kubota Construction Machinery East Japan Corporation
Kubota Agri East Japan Corporation

Overseas subsidiaries

Kubota Baumaschinen GmbH (Germany)
Kubota Manufacturing of America Corporation (U.S.A.)
Kubota Agricultural Machinery (Suzhou) Corporation (People's Republic of China)
P.T.Metec Semarang (Indonesia)
Kubota Metal Corporation (Canada)
The Siam Kubota Industry Co., Ltd. (Thailand)

・Period covered by this report

Environment performance data and activities for the period given below are reported in this report:
●Domestic plants and subsidiaries: fiscal year 2003 ended March 31, 2005
●Overseas plants and subsidiaries: fiscal year 2003 ended December 31, 2004

・"Manufacturing workplaces" and "Non-manufacturing workplaces"

In this report, "Manufacturing workplaces" represent all the workplaces excluding workplaces only engaging in clerical work or jobs. "Non-manufacturing workplaces" represent the workplaces only engaging in clerical work or jobs.

・Guidelines referred

"Environmental report guideline (fiscal 2003)" issued by the Ministry of the Environment
"Sustainable report guideline" issued by Global Reporting Initiative (GRI)

Next issue of the Society and Environmental Report is scheduled to be in June 2006.

Last issue of the Environmental Report, the Environmental Report 2004, was issued in July 2004.

Index

Kubota's DNA Behind 115 Years of History

– Society Keeps Corporations Going Forward –

In 1890, Kubota Corporation started its business with manufacturing cast metal products. Since then, 115 years have passed. Today, the Kubota group contributes to society in a wide range of fields by providing products and services related to industrial infrastructure, machinery, environmental engineering, and housing materials. The involvement in the society has been backed up by Kubota's philosophy, "Society Keeps Corporations Going Forward." Based on an interview with our president, Mr. Daisuke Hatakake, we would like to begin the "2005 Social and Environment Report" with introducing our zeal for social contribution embedded in the Kubota's philosophy.

Daisuke Hatakake
President and Representative Director
KUBOTA Corporation

Past

Realization of "Commodity Value in Correct Definition"

— When we look at Kubota as a manufacturer, "the philosophy of making goods" seems to be the basis in every respect. To start with, could you explain this philosophy?

At the 50th anniversary ceremony in 1940, our founder Gonshiro Kubota mentioned, "Create products with all your heart and soul, and realize the commodity values of such products in correct definitions." More specifically, we need to devout ourselves to create good-quality products useful to the development of our country. Those products should be not only technically advanced, but also beneficial to the people of society.
This is a starting point for the Company, and has been passed down from our predecessors.

— Could you give some examples of products created by Mr. Gonshiro Kubota that were beneficial to society?

Cholera was widespread in those days, and it was urgent to develop water pipes. Starting around 1887, there were plans to modernize tap water by supplying pressurized, filtered water. There was a discussion about whether iron pipes should be imported or produced in Japan. Osaka City decided to use domestically produced iron pipes in 1891, the year after Kubota was founded. Gonshiro was sincerely interested and worked tirelessly until he succeeded in developing pipes that met inspection standards while other companies sat back with their arms crossed.
It does not exaggerate to say that the history of the development of water pipes in Japan reflects Kubota history of water pipes. Kubota-make water pipes were again praised for their seismic feature in the aftermath of the Great Hanshin-Awaji Earthquake. Demand for our product has increased ever since.

Building a New Country, Creating a Rich Environment

— After World War II, Kubota started making agricultural machinery, and has been expanding its business. How has Kubota been developing its operations?

After the war, a labor shortage and unseasonable weather led to a scarcity of food, and most people were starving. During that time, Kubota succeeded in developing agricultural machinery, and helped such people to recover from the food shortage. In 1955, we created a corporate slogan, "From country building to rice making." The slogan spread throughout Japan via radio and TV, and became a billboard for Kubota. Kubota engaged in waterworks, agricultural mechanization using engines and agricultural machinery and construction machines and equipment as well as providing basic infrastructure materials, and became known as a company contributing to social infrastructure development.

— In a period of high economic growth, infrastructure development was accelerated. What areas did Kubota work on besides waterworks and agriculture related business?

Environmental pollution was a serious social issue during the period. In 1969, Kubota launched a new slogan, "Create an environment affluent to human beings." The environmental equipment division was created aiming at the co-existence of industries and environmental restoration. Kubota tried to enhance social and environmental operations as well as then-existing urban infrastructure development and agricultural machinery operations.
The company started making water pipes to prevent the spread of the infectious disease. So, you could say that we have been tackling environmental restoration from its foundation days. The company's philosophy is "products contributory to society should be made, and profits should be given as consideration for it. Then, the company figures out the reason the company should continue to exist. As such, the corporate philosophy has been inherited generations to generations until today as if it is a DNA for the company.

"Meaning" and "Value" in Pursuing Primary Operation

— After the economic bubble collapsed, many companies began with restructuring for revitalization. Some even drastically changed their original corporate characteristics. How about Kubota?

The impact of the economic recession was so influential that it wasn't easy for us to overcome. We didn't simply turn our hands to a different business. We're proud that we have put a priority on pursuing our mainstay business. I recognize that only businesses which stayed focused on their primary operations have managed to regain a power.
Now we're in a recovery path. When I take a serious look at our company, I can say that "social contributions" is the axis of our business. With respect to overseas operations which will be strengthen in the company, our emphasis will be placed on promoting local infrastructure, too.

Kubota History

– Committed to Social Contribution –

1893
Started the production of iron pipes for water supply to help improve a living environment

1922
Developed energy-saving equipment "Settanki" that is operated using waste heat

1940
Manufactured valves for water pipes with a diameter of 1500 mm

1947
Developed a cultivator to help increase food production after WW II

1957
Mass-produced centrifugal cast ductile iron pipes

1960
Developed Japan's first farm tractor

1968
Developed a rice-planting machine (Picture: riding-type rice planter)

Utilizing Environmental Protection Technologies for the World

— In order to live in harmony with the nature, businesses are expected to overcome global warming and other various environmental issues. How does Kubota consider or react to these issues?

We are pride of being one of first companies which took an action in an early stage, such as setting up an environmental protection section. With respect to global warming prevention activities, we achieved our goal for CO_2 emission reduction ahead of the schedule. We as well as all group companies are working to accomplish the higher targets.

— Waste is another serious environmental issue. How are you coping with waste?

Our attitude to this question is clarified in our project on Teshima Island in Kagawa Prefecture. In the past, approximately 600,000 tons of industrial wastes were illegally dumped on this island. We are currently involved in the disposal of those wastes since our melting furnaces, incorporated with our unique technologies, have been highly appreciated for its performance. Concerning the Teshima Island project, a matter we felt it difficult to handle is related to information disclosure in addition to technology issues.
We've had no experience to process such a huge amount of waste. We are not sure what will happen because our work is being proceeded by trial and error. We are required by laws to disclose current information on our website about "what's being burned and emitted" for an open access to the information. In the meeting with local residents, we honestly told at meetings with residents that it might be a lie if we would say that no accidents would occur. In fact, we disclosed information related to small explosions occurred in the furnace, but no criticism or severe statement was given.
We're now constructing a PCB treatment facility in central Japan, and disclose the related information as well as efforts to protect the environment since we hope that residents will regard the facility safe and reliable.

Thinking of the Corporate Challenges of the 21st Century

— Unending scandals involving long-established companies occurred. What is the most important thing for businesses?

To built trust with stakeholders is most required. A few years ago, the company was involved in a bid-rigging incident in connection wit water pipe operations. We, in the long run, regard the incident as a good opportunity to review the company's attitude and business manner. Actually, we learned from suggestions from various quarters that corporations do exist for society and took the opportunity as a turning point for our future progress.
As part of our learning, the compliance office was created, and also external experts were invited as a force to strengthen the in-house audit system. I was engaged in creating the system and worked hard to regain the public's trust in us. Of course, the bottom line is not to create any problem in the first place. Nevertheless, management insists to our employees that problems may not be concealed when it occurs, and I feel this policy has penetrated into our workplaces as part of our corporate culture. I believe that repeated disclosures of information in the Teshima project will help us to gain our stakeholders' further understanding.

Solving food, water, and environmental problems is an urgent task for the world in the 21st century. Most of our operations fall in these areas, and more is expected of us than ever before. We'll tackle these problems with our pride and commitment.

— To communicate with customers is very important compared with other stakeholders. How are you reacting to this issue?

In the agricultural machinery division , we launched a trial driving campaign "Nekketsu Shijo Campaign" in year 2002 to gather opinions directly from our users. About 1.22 million people joined the campaigns across Japan. Thanks to the collected valuable opinions, along with the concerted efforts of our group, our domestic market shares of our three major products; tractors, combines and cultivators, reached new highs in 2003.
We've developed a large market in North America by directly absorbing user needs at exhibitions and other opportunities and reflecting such information in the manufacture of home tractors. Our policy valuing dialogues with customers, unlike US competitors' approaches, has been appreciated, and we are proud to say that our efforts paid off.

Enhancing Trust Acquired in Operations over 115 Years

— Kubota's operations seem closely related to problems tackled by human beings. How will you respond to societal expectations?

Our operations are related to food regarding the agricultural machine sector, water regarding the water pipes and water purification technology sector, soil or land in the construction machine sector and environment in the waste treatment sector and have developed in markets related to a basis or fundamentals for human life. These are all essential business activities contributory to society. We will continue to work hard and contribute to society more extensively through maintaining a global perspective and implementing effective actions.

— It is said that trust built with society is a valuable asset. What principles or action plans will the management implement to pursue corporate social responsibility (CSR) from fiscal 2005 onwards as well as to succeed and transfer the valuable asset to next generations?

Since the start-up of the company, to proceed operations was meant to contribute to society. We see it our ideal to follow this history as if it is DNA for the company, and enhance and pass it down to next generations. In order to realize our vision, we will strive to build a basis for the development of our operations, emphasizing the following three action plans:
First, we'll again stick to the company's original spirit and promote our social contributions vigorously by pursuing our mainstay operations. Second, CSR related strategy will be shifted from defensive attitude to positive attitude. Compliance activities and the related operating system are already in shape. Given that, we'll work to enhance our corporate image and stakeholders' satisfaction, boost the level of trust, increase corporate value, and grab the most competitive position. Last, accountability will be thoroughly enforced. We will review our social responsibility and renew a corporate image. The outcome will be displayed to both our employees and the public as a top management commitment. We will make concerted efforts to implement the action plan, and our activities and the results will be reported to society from time to time. I see it one of my duties to repeatedly remind our employees of implementing these action plans.

1969
Started manufacturing combines

1970
Established the environmental equipment department to take a comprehensive approach to environmental issues

1972
Established a tractor sales center in the US (Picture: garden tractor)

1980
Our irrigation system exported to Egypt to promote desert greening

1988
Constructed a manufacturing center for construction machines in former West Germany

1990
Fountain was constructed in Japan Flora 2000 exhibition

1993
The world's first engine under 25 horsepower met the first-stage regulations of the California Air Resources Board (CARB)

2003
Completed the melting furnace facility for the illegally-disposed waste (about 600,000 tons) on Teshima Island in Kagawa Prefecture

Basic Policy and Directions

Kubota Group Charter of Business Conduct and Code of Compliance Standards (established in 2002)

The Kubota Group Charter of Business Conduct and Code of Compliance Standards is intended for use as a guideline of principles for each company group. It should serve as a code of conduct for its employees' in order for the Kubota Group to fulfill its social responsibilities at all times and grow as a global entity.

Kubota Charter of Business Conduct and Code of Compliance Standards (established in 2002)

– Basic concepts for a corporation and employees –

1.Compliance with laws and corporate conduct based on ethics
The Kubota Group will abide by applicable laws and regulations, and engage in corporate activities according to social ethics and common sense and will not compete unfairly in the market.

2.Respect for fundamental human rights
The Kubota Group will respect fundamental human rights in accordance with "The Universal Declaration of Human Rights", and will not infringe upon those rights. We will respect privacy and make efforts to protect personal information.

3.Maintenance and improvement of safe workplace environment
In order to maintain a safe and healthy work environment, the Kubota Group will take applicable precautions to prevent accidents from occurring in the work place. We will educate our employees regarding safety and health concerns at their workplace through occupational safety and health education and training programs.

4.Global environmental conservation
The Kubota Group will engage in eco-friendly corporate activities according to the Kubota Global Environmental Charter while aiding society to sustain development on a global scale. Its entities and citizens will co-exist with a mutual trust.

5.Product safety enhancement
The Kubota Group recognizes its responsibility for product safety. We will ensure the safety of our products for customers' benefit.

6.Co-existence with the international society
The Kubota Group will observe international rules, respect local cultures and practices, socialize with local people and contribute to the development of local economies so that trust is earned from those communities.

Kubota Code of Compliance Standards

(established in 1999)

– Specific standards intended to execute the principles of the Kubota Group Charter of Business Conduct –

1.Basic compliance standards
Eleven standards for all employees including "compliance with laws and fair corporate activities" and "respect for human rights"

2.Compliance standards by division
Eight standards for marketing, R&D, production and five other divisions

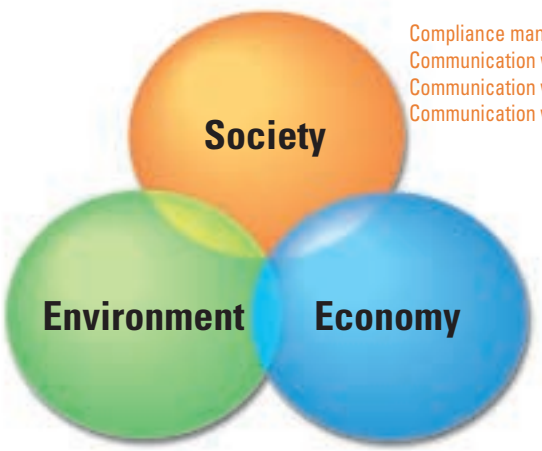
Governance

We value our relationships with our stakeholders and society. To boost trust in various segments leads to the continuous enhancement of our corporate value. We have taken steps to improve our corporate governance regarding it as a management's key issue.
We have worked hard on information disclosure.

We try to expedite and enhance information disclosure in addition to active communications with our shareholders and investors. Also, we implement timely and accurate disclosure of year-end closing information aiming to increase management transparency.

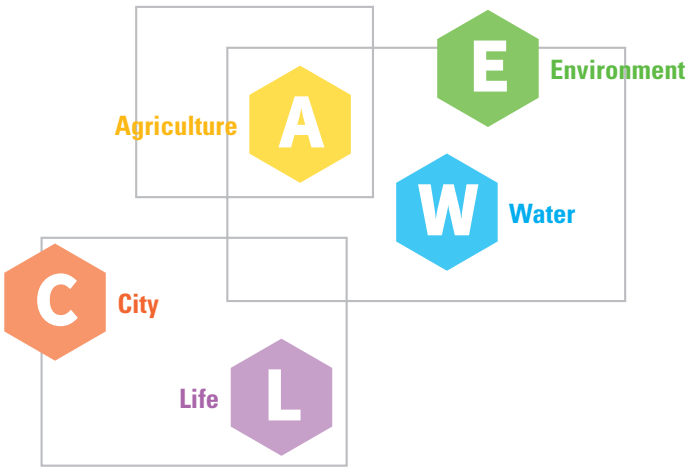
Three Factors Contributory to Build a Sustainable Society

Aiming to maintain a sustainable society, we, the Kubota Group, engage in operations in terms of three aspects; "society," "environment," and "economy" in order to fulfill its corporate responsibility.
In order for the company to contribute to society while achieving sound development, we are required to take honest and sincere actions, such as economic contributions, efforts for restoring the nature and fulfilling social responsibility as a corporate citizen to coexist with local communities.



Social Contribution in Five Operating Areas

Though providing thousands of products and services, we try to create a basis for affluent lifestyle in areas of social infrastructure, environment and daily living and contribute to society at a standpoint of "hidden power for society."



Agriculture · · · · · Under the concept, "friendly to people, friendly to the land," we try to secure stable food supply using the following: manufacture of agricultural machines for agricultural mechanization and laborsaving, engines meeting environmental regulations for a variety of industrial machinery and other agricultural products.

Water · · · · · · · · · · We work at every stage from the duct and plant design to the construction in order to create a comfortable living environment by providing a variety of pipes, pumps, valves and water purification technologies for treating sewage water, landfill wastewater, and human waste.

Environment · · · · Aiming for "coexistence of people with the environment," we're responding to satisfy society's demand for the treatment and recycling of a huge amount and variety of waste by providing total solutions from design to construction to maintenance.

City · · · · · · · · · · · · We use our casting technology to satisfy the demand for creating high population densities and multi-tiered structures produced by huge underground structures and skyscrapers in urban area development.

Life · · · · · · · · · · · · We produce electric carts for our aging society, vending machines offering convenience to uses, and roofing materials incorporating a solar energy generation system designed to respect both appearance and the environment. We make our efforts to improve living environments with our products beneficial to our daily lives.

Economic Reporting

Business Activities in FY2004

Base on the basic principle, "society keeps corporations going forward," we have worked enthusiastically to provide products and services satisfactory to customers in order to exist as a company trusted by our stakeholders, investors, customers, employees and communities. As a result, sales and ordinary profits reached record highs in the year ended March 2005. Here are some highlights of our business activities during the fiscal 2004.

Farm and Industrial Machinery Division

Our Universal Design Receives High Marks.

The "King Bull" KB20 Wins a Good Design Award

Our small tractor, the "King Bull" KB20, launched in a market in July 2004, received a 2004 Good Design Award from the Japan Industrial Design Promotion Organization on October 1, 2004. The KB20 received high marks for its sophisticated exterior style and the universal design of the driver's area that offer easy driving.

"Universal design" is meant to be usable by all people, regardless of age, sex, or physical ability. In Kubota our agricultural machinery was designed based on this concept. The 16-20 horsepower "King Bull" was launched in the Japanese market primarily for elderly people in mind, and was designed to use its convenient and highly functional features easily over the whole body of the machine.

We would like to continue to exist as a company that will support society through providing products appropriate to all people, including the elderly.

Utility Vehicle Operations Grew to Support North American Operations

Utility Vehicle Sales Are Strong

A new utility vehicle line, the "RTV900 Series," were launched in North America in 2004, and its sales exceeded our expectations by a large margin as a result of broad customer appreciation. Utility vehicles are now one of the key products supporting our North American operations.

These utility vehicles are very convenient in various scenes, such as farming, construction sites, golf courses, hunting and fishing. In this year we started the sale of the RTV900 Series in Europe and Australia encouraged by its booming popularity in the North American market.

Utility vehicles were developed using the tractor technology we developed over years. The successful sales of the utility vehicles tells that one of our mid-term management strategies, "to expand peripheral operations based on our principal operations" is beginning to product outcome.

RTV900 Utility Vehicles

Environmental Engineering Division

Submerged Membrane Filter Production Reaches One Million Units

Kubota Membrane USA Corporation Was Established to Expand Operations

In December 2004, our submerged membrane filter production reached the one-million sheets milestone after 14 years when the first equipment was operated, supported by our Japanese and overseas customers.

Wastewater is purified using microorganisms. Purified water and the microorganisms are separated from each other using submerged membrane filters ("submerged membrane" represented in Japanese language is a Kubota's registered trademark.) The membrane pore size is 0.4 μm (one-hundred-thousandth of 4 mm), and these microscopic pores can separate bacteria in effluent with a very high rate. The membrane gains attention not only for wastewater purification system, but also for wastewater recycling equipment. The submerged membrane products are widely used at both domestic and overseas facilities, such as sewage water treatment facilities and wastewater treatment facilities at food factories and other businesses, in order to recycle wastewater.

Since demand for submerged membrane units has been growing steadily, especially remarkably in North America, we incorporated Kubota Membrane USA Corporation in the State of Washington in March 2005. By utilizing the three membrane sales centers located in Japan, the UK, and the US, we will work hard to sell and market the products extensively for global water environment restoration.

Submerged membrane unit

Industrial Infrastructure Division

Secure Drinking Water for Three-Day Supply for 170,000 People

Earthquake-Resistant Underground Water Supply Tank for Disaster Preventative Countermeasure

The waterworks department of Yokohama city has tackled to set up a total of 134 emergency underground water supply tanks since 1981 in order to secure drinking water supply for citizens living in a kilometer or so of their residents, preparing for the suspension of water supply caused by disasters.

We have received an order for the 134th tank to be placed in Takashima Central Park in Yokohama Minato Mirai 21 area. The tank is equipped with our 2,600 mm UF ductile iron pipes, and is one of the Japan's largest water supply tanks with a capacity of about 1,500 m^3. The tank can contain drinking water for 170,000 people's three day consumption.

We, over the century since its foundation, have dedicated to providing pipes for water and sewage systems and other products useful to boost the quality of life. We will follow this corporate policy from now on and continue to join social contributory activities from the standpoint "hidden power for society."

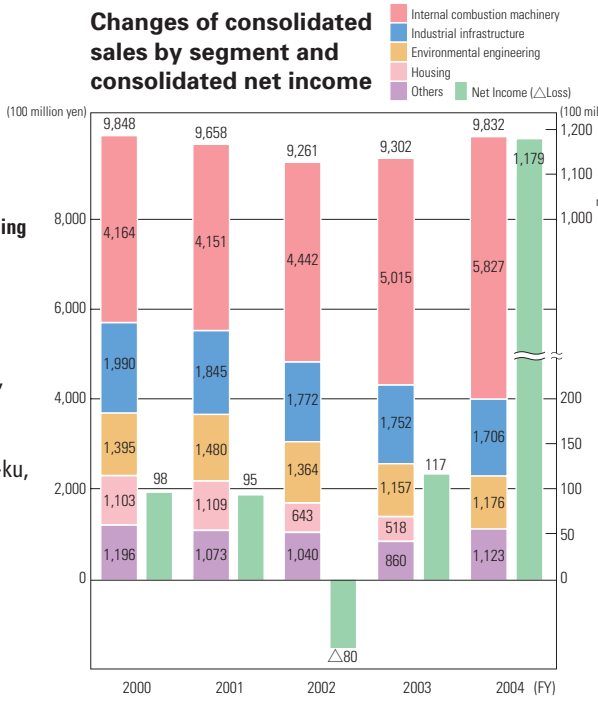
Water storage tanks using ductile iron pipes

Corporate Profile

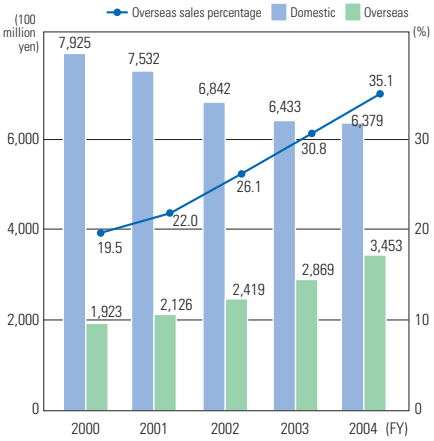
(as of March 31, 2005)

- **Corporate name**
  KUBOTA Corporation
- **Year founded**
  February 1890
- **Year established**
  December 1930
- **Capital**
  ¥78,156,602,534
- **Total Number of shares issued & outstanding**
  1,340,808,978 shares
- **Number of stockholders**
  55,828
- **Head office**
  1-2-47, Shikitsuhigashi, Naniwa-ku, Osaka, 556-8601
- **Tokyo head office**
  3-1-3, Nihonbashi-muromachi, Chuo-ku, Tokyo, 103-8310
- **Home page**
  http://www.kubota.co.jp/

Changes of consolidated sales by segment and consolidated net income



Changes of domestic and overseas consolidated sales

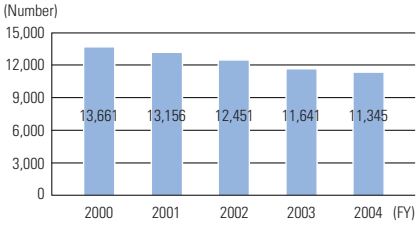


Employees

Number of employees	Increase/(decrease) from prior year	Average age	Average length of service
11,345	△296	41.8 years old	20.3 years

Note) Part-time employees are excluded.

Change of number of employees



Main offices and plants

	Name	Place
Head office and branch offices	Head office	Osaka
	Tokyo head office	Chuo-ku, Tokyo
	Hokkaido branch office	Sapporo
	Tohoku branch office	Sendai
	Chubu branch office	Nagoya
	Chugoku branch office	Hiroshima
	Shikoku branch office	Takamatsu
	Kyushu branch office	Fukuoka
	Hanshin office in Head office	Amagasaki
	Kyuhoji business center	Yao
	Sapporo office of machinery	Sapporo
	East Japan office of machinery	Saitama
	West Japan office of machinery	Amagasaki
	Fukuoka office of machinery	Fukuoka
	Yokohama branch office	Yokohama
plants	Hanshin plant	Amagasaki and Osaka
	Keiyo plant	Funabashi and Ichikawa
	Sakai PVC pipe plant	Sakai
	Odawara plant	Odawara
	Shiga plant	Konan
	Okajima plant	Osaka
	Sakai plant	Sakai
	Utsunomiya plant	Utsunomiya
	Tsukuba plant	Yawara-mura,Tsukuba-gun, Ibaraki
	Sakai coastal plant	Sakai
	Hirakata plant	Hirakata
	Ryugasaki plant	Ryugasaki

Main businesses

Department	Main products
Industrial infrastructure division	**Ductile iron pipes, FW pipes (reinforced plastic compound pipes)** **Spiral steel pipes (steel pipe piles, steel pipe sheet piles), Perma pipes (double-layer heat retentive pipes)** **Plastic pipes,** Vinyl pipes, Polyethylene pipes, Plastic laying steel pipes, Fittings and various kinds of attachments **Valves,** valves for drinking water and sewage and so on **Industrial casting materials,** Reaction pipes, Hearth rolls, G columns, G piles, Rolled steel rolls, Ceramics, TXAX(brake pad material), Cast irons for engines, Drainage cast iron pipes, Jointed water drainage pipes, Ductile segments, Ductile frames
Farm and industrial machinery division	**Agricultural machinery,** Tractors, Mini-tillers, Tillers, Power-tillers, Combine harvesters, Binders, Harvesters, Rice transplanters **Agriculture-related products,** Implements, Attachments, Dryers, Mowing machines, Pest control machines, Vegetable harvesters, Arm housings, Rice mill machines, Stock refrigerators, Power carts, Rice cooker, and other agricultural-related products **Agricultural facilities,** Cooperative drying facilities, Rice-polishing facilities, Cooperative seedling facilities, Dairy farm facilities, Horticultural facilities, Collection, selection and shipment facilities for fruit **Wide use machinery,** Green control devices, Lawn mowers, All-purpose working machine **Engines,** Various types of engines for agricultural machinery, construction machinery, industrial machinery, generators and so on **Construction equipment,** Compact excavators, Wheel loaders, Carriers, Hydraulic shovels, Welders, Generators and other construction machines and equipment **Automatic vending machines,** various types of automatic vending machines for beverage, tobacco, and Plastic tickets **Electric equipments,** Various types of weighing and measuring devices, Weighing and measuring control system, CAD system, Automatic ticket vending machines Air conditioning equipment, Various types of software, Design and construction of water/sewage utility equipment and general civil work
Environmental engineering division	**Drinking water and sewage engineering,** Sewage treatment plants, Sewage sludge incineration and melting plants, Drinking water treatment plants **Environmental recycle,** Plant for destruction, selection and recycling of wastes, Equipment for waste destruction and fine destruction, Plant for incineration and melting of wastes, Water final treatment plant, Human-waste treatment plant, Soil and groundwater purification plant, Industrial waste treatment plant and Biomass recycling plant **Pumps,** Pumps for water/sewage and industrial use water, Pump plant, Fountain equipment, Small-sized hydraulic power generation equipment and Wastewater treatment facilities for agriculture communities **Water treatment membrane units** (submerged membrane unit, submerged ceramic membrane unit), **Food leftover treatment plant, Soil purification**
Other	Joukasos Bathtubs, Air conditioning equipment, Photovoltaic roofing materials

Financial Statements

Summary of consolidated balance sheet as of March 31, 2005

Assets		Liabilities and shareholders' equity	
Account	Amount	Account	Amount
	millions of yen		millions of yen
Current assets		Current liabilities	
Cash and cash equivalents	74,563	Short-term debts	119,802
Trade notes and accounts receivable	318,598	Trade notes and accounts payable	217,042
Short-term financing receivables - net	50,921	Other	167,201
Inventories	155,146		
Other	76,143	Total current liabilities	504,045
Total current assets	675,371	Long-term liabilities	186,417
Investments		Minority interests	21,575
Investments in affiliated companies	11,808	Shareholders' equity	
Long-term financing receivables - net	80,725	Common stock	78,156
Other	146,979	Additional paid-in capital	87,263
		Legal reserve	19,539
Total investments	239,512	Retained earnings	290,187
		Other accumulated comprehensive income/(loss)	27,507
Property, plant, and equipment	219,750	Treasury stock	▲ 21,633
Other assets	58,423	Total shareholders' equity	481,019
Total assets	1,193,056	Total liabilities and shareholders' equity	1,193,056

Summary of unconsolidated balance sheet as of March 31, 2005

Assets		Liabilities	
Account	Amount	Account	Amount
	millions of yen		millions of yen
Current assets		Current liabilities	
Cash and cash equivalents	37,618	Notes payable	8,516
Trade notes	50,609	Accounts payable-trade	161,752
Accounts receivable	251,645	Short-term debts	45,077
Inventories	65,593	Other	111,855
Other	44,710		
		Total current liabilities	327,203
		Long-term liabilities	136,459
Total current assets	450,179	Total liabilities	463,663
		Shareholders' equity	
Non-current assets		Common stock	78,156
Property, plant and equipment	159,379	Additional paid-in capital	67,159
Intangible non-current assets	4,327	Legal reserve	219,100
Investments and other	247,731	Retained earnings	55,002
		Unrealized gain on available-for-sale securities	
Total non-current assets	411,438	Treasury stock	▲ 21,464
		Total shareholders' equity	397,954
Total assets	861,617	Total liabilities and shareholders' equity	861,617

Summary of consolidated statement of income for the year ended March 31, 2005

Account	Amount
	millions of yen
Net sales	983,226
Cost of sales	713,312
Selling, general, and administrative expenses	181,727
Other operating expenses (income)	▲ 4,112
Operating income	**92,299**
Other income (expenses)	
Interest and dividends income	9,488
Interest expense	▲ 4,699
Gain on transfer of the substitutional portion of the governmental pension program	58,571
Other, net	5,902
Other income, net	69,262
Income before income taxes	**161,561**
Income taxes	42,542
Less: Minority interests in earnings of subsidiaries	3,442
Equity in earnings of associated companies	2,324
Net income	117,901

The consolidated financial statements are prepared in accordance with the accounting principles generally accepted in the U.S.

Summary of unconsolidated statement of income for the year ended March 31, 2005

Account	Amount
	millions of yen
Net sales	675,431
Cost of sales	504,625
Selling, general, and administrative expenses	113,948
Operating income	**56,857**
Non-operating income	13,767
Non-operating expenses	5,891
Ordinary income	**64,733**
Special income	8,834
Special loss	5,767
Income before income taxes	**67,800**
Income taxes	24,613
Net income	**43,186**
Retained earnings brought forward from the prior year	28,188
Retirement of treasury stocks	23,880
Interim dividends paid	3,967
Unappropriated retained earnings for the current year	43,527

Amounts less than one million yen have been rounded off.

Summary of consolidated statements of cash flows

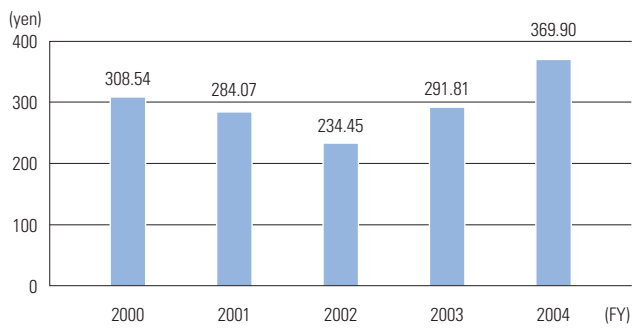
	millions of yen
Net cash provided by operating activities	66,908
Net cash used in investing activities	▲78,228
Net cash provided by financing activities	4,508
Effect of exchange fluctuations on cash and cash equivalents	154
Net (decrease) in cash and cash equivalents	▲6,658
Beginning balance of cash and cash equivalents	81,221
Ending balance of cash and cash equivalents	74,563

Appropriations of retained earnings

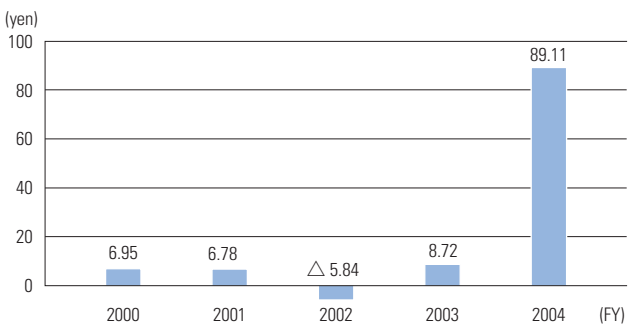
	in yen
Unappropriated retained earnings for the current year	**43,527,890,277**
Reversal of special depreciation reserve	8,402,759
Total	**43,536,293,036**
Appropriations are proposed as follows:	
Dividends (¥5 per share)	6,504,216,915
Officers' bonuses	167,000,000
General reserve	10,000,000,000
Retained earnings carried forward to the following year	26,865,076,121

*Interim dividends of ¥3,967,084,857 were paid to shareholders on December 8, 2004 (¥3 per share).

Book value per share (BPS)



Earnings per share (EPS)



Social Reporting

Social Activities in FY2004

The Kubota Group have contributed to society in various ways using resources accumulated from our mainstay operations. An example of such contributions is the development of quake-resistant joint parts for ductile iron pipes for water supply. Our social activity highlights are summarized as follows:

Contribution to Disaster Prevention Countermeasures

Corporate Missions

Kubota Developed Quake-resistant Joint Parts for Ductile Iron Pipes for Water Supply.

NS quake-resistant joint parts of ductile iron pipes

Quake-resistant joint parts for ductile iron pipes are used to ensure uninterrupted, stable water supply upon the occurrence of ground change or liquefaction due to the earthquakes. The ductile iron pipes attached to the quake-resistant joint parts can cope with very powerful stretching energies caused by land movement by expanding and contracting simultaneously with the land movement. During the years that this product has been in the market no destruction or damage of water supply pipes using the quake-resistant joint parts has been reported in the areas hit by the Hanshin Earthquake or other earthquakes in Japan. Our product is highly regarded due to its quality and performance record. We continue to concentrate on research and development activities to improve our products further maintaining our commitment to ensure that: "Water supplies are never cut off." and "Safe and good quality water is always supplied to people."

Support to Earthquake Victims

Kubota Donated Cash and Construction Machines.

Donation of construction machines to the Niigata Chuetsu Earthquake victims

Kubota assisted the victims of the Niigata Chuetsu Earthquake by donating ¥10 million cash and construction machines. Five compact excavators were donated and Kubota staff were used to provide personal support; training and practice for the safe operation of the construction machines. On the occurrence of the Indonesian and Sumatran Earthquake, the Kubota Group provided support and aid amounting approximately ¥40 million, consisting of ¥10 million cash to the Japanese Red Cross, personnel from overseas machinery manufacturing subsidiaries, and rescue supplies.

Putting an Emphasis on Communications

Close Communications with Our Customers

Nekketsu Shijo Campaign (trial ride campaign)

A trial ride campaign called "Nekketsu Shijo Campaign" was launched nationwide from 2002 to 2004. By listening to what our customers said we are better able to understand their needs and wishes and react to them. 1,220 thousand visitors experienced a trial ride. We believe that the findings from the campaign are a valuable asset to the Company.

Trial ride scene observed nationwide

Research of Recycling Technology

Bio Recycling Engineering Class Held

Collaboration with Hokkaido University

Kubota collaborates with Hokkaido University in sponsoring a bio recycling engineering class to research and develop recycling technologies using biotechnology. Additionally since 2003, a three year joint research project between Kubota and Hokkaido University has been working to develop an electricity generation system and contaminated soil cleaning technology using biogas.

President, Hatakake, greeting at an opening ceremony.

President, Hatakake, receiving a letter of appreciation.

SRI (Social Responsibility Investment) and Eco-funds

Highly Rated on a Global Basis

The Company is a member of Dow Jones' DJSI, FTSE International's FTSE4Good, and Morningstar's SRI Index.

Major eco-funds including company stock are as follows:

Funds name	Index
Nikko Eco Fund	DJSI (U.S.A.)
Eco Balance (Sea & Sky)	FTSE4Good (England)
Global Sustainability	SRI Index (Japan)
Earth Environment Funds	
DC Eco Fund	
Good Company	

Compliance-centered Management

Kubota's Policy for Compliance-centered Management

The Kubota Group is committed to contributing to society through the development of excellent products and technology and implementing fair and integrity-based management, and is endeavoring in its operations to observe legal compliance objectives and high ethical standards under a compliance-Centered management.

Promoting structure

Establishment of a promotion organization

Kubota established the Compliance Auditing Department as a division in charge of promoting corporate ethics in June 1999, reflecting over the cases of violation of Anti-Monopoly Law and that of Commercial Code, in order to prevent the recurrence of the similar incidents. After that, Kubota has retained outside experts as advisers to develop the system which ensures observance of laws and corporate ethics. Also, we established the Corporate Compliance Headquarters in June 2001 (There are three advisers now.)

Structure of corporate compliance headquarters

Three departments, the compliance auditing department, the legal department and the human rights advancement department work together under the supervision of a director in charge and the general manager of the corporate compliance headquarters.

Compliance promotion committee

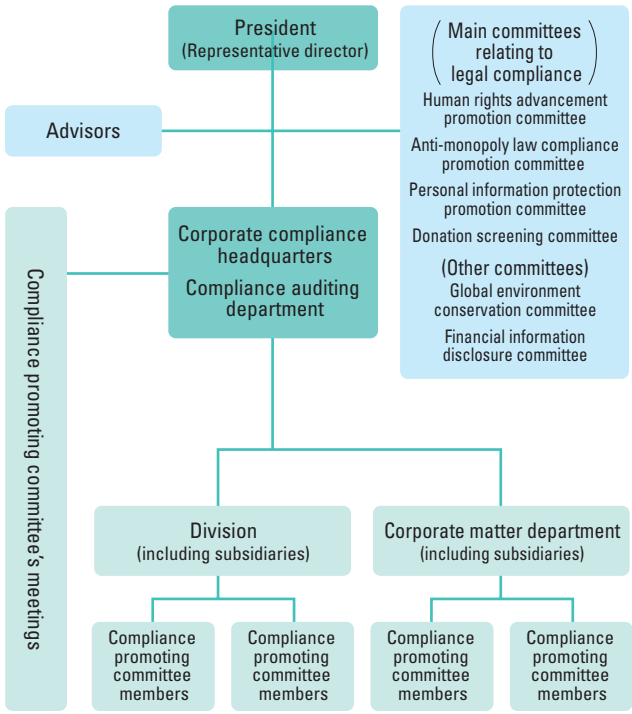
Sixty three members selected from managerial personnel from each plant and department are registered as committee members. The members hold meetings twice a year to consider compliance issues and exchange opinions regarding critical issues relating to anti-monopoly law, human rights and risk management, etc.

We always carry and refer to the Kubota Group Charter of Business Conduct card to monitor our conduct and behavior.

Check items for your conduct:

1. Is your conduct against the Kubota Group Charter of Business Conduct?
2. Is your conduct against laws, regulations or rules?
3. Would you be ashamed if your conduct was reported by mass media?
4. Can you tell your conduct to your family, friends or anyone else?
5. Are you overlooking anyone else's non-compliant behavior ?

Compliance promotion structure
(As of June 2005)



Compliance promoting committee's meeting

Main Activities

To grow compliance - minded corporate culture in every workplace, we engage in a wide range of activities from the implementation of a hot line system to education on the antimonopoly law, the personal information protection law and other laws and regulations to risk management.

Implementation of hot line

In September 1999, an in-house consultation service "Corporate Ethics Consultation Room" was started. Employees' questions about laws and corporate ethics are dealt with by the service. In November 2002, Corporate Ethics Consultation Room was replaced with Kubota Hot Line by making changes to the service such as protection of a caller and provision of feedback to the caller.

Countermeasures against antisocial group

In order to prevent illegal payments to antisocial groups or organizations, company-wide meetings are held among committees (twice a year), where donations to or membership or enrollments in organizations are examined. Also, outside experts are invited to give workshops for our employees.

Countermeasure for personal information protection

There is a personal information protection committee in place. A responsible person is appointed. All personal information is gathered and controlled by the responsible person under the organized system. All employees are educated to keep up-to-dated on the law.

Information tool

Kubota's monthly journals carry an article related to topics close to employees in order to promote compliance mind. Also, employees are educated via the company's intranet.

Survey on the sense of ethics

In December 2003, we conducted an ethics-related survey for our employees using a "1st questionnaire for corporate ethics penetration" form. We will conduct surveys on a regular basis to strengthen our compliance-related activities.

Antimonopoly law compliance activity

Each division has an antimonopoly law compliance committee in place, which is intended to ensure strict compliance with the antimonopoly law. Also, company-wide audits are conducted to confirm the status of legal compliance.

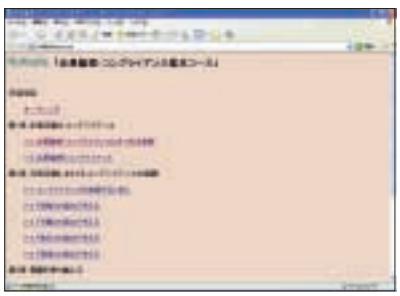
Risk management

Potential and critical risk factors are identified at each division, and measures to prevent such risks from occurring are implemented. Also, there is a risk management system in place to deal with emergencies.

Education and training

Compliance education is also provided to applicable personnel in the event of executive training programs or by-rank workshops. In 2004, an e-compliance learning program was started for all employees.

Article from the company journal



e-Learning
(from the Management Center of Japan Management Association)

Communication with Customers

Promoting Customer Satisfaction

We are engaged in business activities to reach the goal; Kubota be grown to a company which is customer-minded, fulfills customer satisfaction and serves for our customers.

Sincere attention to customer opinions

End-users, dealers, intermediate materials producers, government agencies and construction companies are all our customers.
In the domestic agricultural machinery division, a service information center collects opinions directly from our customers for database, and customers' questions or inquiries are sincerely and timely handled using the database. Every year, meetings with dealers are held in Japan and overseas (held by significant overseas sales companies). Particularly in Japan, trial drive campaigns were offered throughout the country, where opinions and comments were gathered directly from our customers. Such outcome was useful for product and service improvements.

Direct contact program to gather opinions and comments directly from customers.

CS (customer satisfaction) research

The domestic agricultural machinery division conducts a nationwide customer satisfaction survey regularly. Customers are asked of their satisfaction levels and opinions about our products and the stores where they purchased. In addition, a product identification card system is used in cooperation with dealers. Dealers can confirm the details of an order based on the related card attached to the product before the order is delivered to the customer.

Promotion of customer satisfaction

In order to supply safe and good-tasting water, the waterworks division works with the Tokyo Metropolitan Government to develop a special technique; long-distance water pipes are cleaned quickly without removing dirty part of pipes and taking a long time.
The agricultural machinery division has used a maintenance book* system since July 2004. The system is intended to support our customers in learning completely all functions of a product and using it safe and for years. An agricultural machine comes with a package of the latest form of warranty certificate, an operating manual card and a maintenance book. The maintenance book includes a one free checkup coupon, which allows the machine to be ready for the following year.
An express service program is available, which enables on-site repairs using repair tools and appliances. Also, the availability of repair parts is strengthened in cooperation with dealers. We make constant efforts to enhance service networks working with dealers.

The environmental engineering division installs real-time remote surveillance service at its wastewater treatment facilities. The service is operated over telephone lines, and the same data can be confirmed at the same time as local sites.

Operating manual card

Maintenance book
*15PS or bigger engines and combines with 3 or more-row reaping come with a maintenance book (as of March 2005).

Assuring the Quality and Safety of Products

We believe that our products and services are beneficial to society and that our customers are surprisingly satisfied with both the functions and safety of the products throughout the products' lifecycles.

Product safety

We try to provide products and services safe and trustworthy for customers and respond to customer needs in a quick and satisfactory manner.
The machinery division promotes certain activities in order to strengthen safety level for their products. A product safety committee determines basic policies and safety practical measures. Also, the committee set forth safety standards including guidelines and items required to be warranted in each of product planning, development, manufacturing, sales and service phases.

The Japanese agricultural machinery division created a "safety declaration mark" for catalogs, manuals and posters in order to invite our, our customers' and dealers' attention to products.

Repair and maintenance service system

The agricultural machinery division holds a total of 676 maintenance facilities (as of the end of January, 2005) in Japan, which are qualified by the Ministry of Agriculture, Forestry and Fisheries of Japan. The facilities are intended to support farmer customers in engaging in agriculture efficiently and provide them with maintenance and support services. We believe that our customers feel easy and free to use our services.
In the environmental engineering division, maintenance subsidiaries provide quick and appropriate services to their customers based on the related customer cards in addition to regular checkups.

Service center of Niigata Kubota Corporation

Complaint response

Service information centers in Japan and sales overseas subsidiaries deal with customers' complaints or inquiries in cooperation with the related departments such as the quality assurance department. We try to collect accurate information of customers' complaints or inquiries immediately and react to them in a sincere and timely way.

Information service

Information on the quality and safety of our products and services are provided by our dealers, product labels and manuals, telephone answering service conducted by service information centers, and our website. We try to make a timely disclosure of necessary information.

Recall policy

Required countermeasures are implemented soon in the following way in case it is determined that defects in our products should be dealt with:

- Reporting to the related governmental offices according to laws and procedures
- Announcement to our customers via newspapers and direct mails and at shops
- Disclosure on our website
  (Japan: http:/www.kubota.co.jp/
  U.S.A.: http://www.kubota.com)
- Recall of defective products and free repairs

Recalls are reported to all related departments including management and the product quality department. We think it important to disclose the related information on our website.

R & D and Products and Service

R&D Policy

Our ideal is to help create a society where corporations and people coexist under the mutual trust and sustainable development is promising. Our research and development is being pursued focusing on the following three aspect: We will be glad to be able to contribute to society in meeting our customer trust and playing a role of "hidden power for society".

① Products and technologies supporting social fundamentals and development
② Products and technologies helping restore the environment and reduce environmental load
③ Products safe and satisfactory to both our customers and society

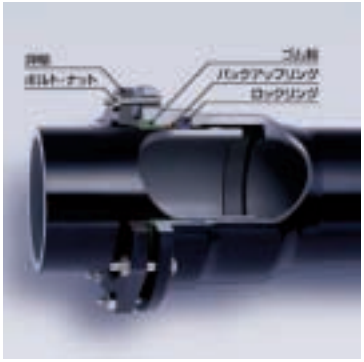
Products and technologies that support fundamentals and contribute to social development

People are becoming more aware of risks to a potential large earthquake as well as how to deal with such risks. Are water, electricity, gas and other fundamentals supporting our lives secured? Since manufacture of cast iron pipes for water supply was started in 1893, we spent a long time to research and develop durable earthquake-resistant pipelines while we tackled the development of water supply and sewer systems using our ductile iron and plastic pipes, pumps, valves, and other products.

Our ductile iron pipes, for instance, are highly regarded for their superior earthquake-resistance. In the current year, our ductile iron pipes were constructed in Japan in a distance of some 5,600km, about 30% of which was earthquake-resistant products.

Usually, pipelines can not react to or move in line with liquefaction or ground deformation in case of a large earthquake. Our earthquake-resistant pipelines are able to bend, expand or contract at joint parts, and flexible enough to adjust to even severe ground deformation without breaking off.

In the Great Hanshin-Awaji Earthquake and other recent earthquakes, no damage occurred in our ductile iron pipes and joint parts constructed in the areas. That proves that our products contribute to the development and maintenance of infrastructure through securing water supply in even earthquakes or emergencies.



NS-type earthquake-resistant fitting, mainstay of earthquake-resistant pipes (nominal diameter: 500 mm – 1,000 mm)

Curved ductile iron pipes and joint parts with earthquake-resistance

NS-type Ductile Iron Pipes Proves Earthquake-Resistance

– Highly Adjustable to Ground Liquefaction –

No Damage Reported in Mid-Niigata Earthquake

Restoration work, especially along with pipelines, is progressing steadily due to a small damage to the pipelines even after a series of intense earthquakes.

There was a high proportion of ductile iron pipes used among the water service pipes where the Mid-Niigata Earthquake struck. About 20km of NS- and SII-type earthquake-resistant pipelines with anti-breakaway structures had been laid in cities like Nagaoka, Tokamachi, and Kashiwazaki, where suffered the earthquakes with intensity of 5 or more on the Japanese scale. None of it was damaged.

At a site in Nagaoka, where liquefaction caused a road to cave in and left a manhole sticking out, no damage was found with SII-type pipelines and no water leakage was occurred (see picture).

(*The Suido Sangyo Shimbun* Newspaper, 11/1/2004)

Products and technologies that help restore the environment and reduce environmental load

Incombustible garbage and ashes from incinerated household garbage are buried in mountains, valleys and the ocean. These sites are called the "final disposal sites for general waste". Their capacities are limited, and it is hard to construct new sites. In 2002, the Ministry of the Environment issued data that the total remaining capacity of these disposal sites was for 13 years. Such severe situation has not been resolved so far. We currently tackle an issue of digging out and recycling waste from the disposal sites to secure more space for future disposal.
With an application of our rotary surface melting furnace product, we succeeded in waste fusion in the temperature beyond 1,300℃. For the Isahaya Environment Center in Nagasaki, we constructed facilities where existing landfill waste can be reduced and detoxified using the technology so that generated molten products or slag can be recycled and reused.
This technology can renew places dumped illegal disposals containing a greater variety of waste types, too. Our technology is used to process the areas dumped illegal waste located in Teshima, Kagawa.

Waste treatment process

Final Disposal Site
Waste is dig out using heavy machinery to remove extraneous materials like iron

Isahaya Environment Center
Kubota rotary surface melting furnace is installed; dumped waste can be melted, reduced and detoxified in the fusion temperature beyond 1,300℃

Processing Capacity:
24 tons per day × 1 furnace
Object:
dumped waste
(Mix melt: until March, 2005)

Kubota rotary surface melting furnace (upper part) installed at the Isahaya Environment Center

Recycling of molten products
Part of molten slag is recycled for aggregate to be used for road constructions.

Products safe and satisfactory to both social and customers

We have developed products meeting all types of agriculture and allowing customers to work safely and comfortably. In recent years, we are ready to respond to society's demand for universal design by creating products friendly to anyone in using.
Our tractors can be easily operated due to an easy-to-use layout of switches and levers, and a cultivation mode switch to select advanced features with the touch of a button. Last year, our small type tractor "King Bull (KB20)" won a Good Design Award. The tractor received special praise for careful consideration based on a universal design concept. The color and size of letters appearing on the controls are welcomed by senior citizens suffering from week eyesight.
We go forward and support all farmers and agriculture industry in Japan through developing and marketing a various kind of agricultural machinery and equipment.

KB 20 operator's seat design

Cultivation mode switches
(Equipment only of product for Japan)

When a cultivator is working, advanced electronic control functions to alleviate centrifugal force can be turned on or off at once in unison. The switches can be easily operated by women, the seniors or anyone else.

Communications to Society and Communities

Social Contribution Activities

Each plant endeavors to develop relations with its local community through cleaning the surrounding areas and participating in voluntary activities.

Nature preservation and clean-up activities in the neighborhood

Keiyo plant (Funabashi)
– Sanbanse clean-up in October 2004

Keiyo plant (Ichikawa)
– cleaning Program supported by Ichikawa Port Development Council (twice a year)

Kyuhoji business center
– Clean-up in the surrounding areas (six times a year)

Odawara plant
– Sakawa River clean-up in May 2004

Nihon Plastic Industry Co., Ltd.
– Komaki clean-up in October 2004

Hirakata plant
– Amano River clean-up in November 2004

Public recognition

- Keiyo plant (Funabashi) received an award from the Minister of the environment on Green Day as a contributor credited with distinguished performance in preserving nature.
- Hirakata plant received a presidential award of promotion at a conference in October 2004 as a contributor that played a significant role in promoting reduce-reuse-recycle efforts.
- Hirakata Community Kubota Club received an environmental award at the Hirakata Eco Fair in November 2004.
- Keiyo plant (Funabashi) received an award in February 2005 from the Kanto Bureau of Economy, Trade and Industry as a factory with excellent energy control. Hirakata plant received similar recognition from the Kinki Bureau of Economy, Trade and Industry.

Hirakata Community Kubota Club received an environmental award.

Principal environment-related organizations we have joined

Names of Organizations
New Energy Foundation (NEF)
The Energy Conservation Center
Geo-environmental Protection Center
Green Purchasing Network
APEC Virtual Center for Environmental Technology Exchange
Japan Water Forum
Japan Environmental Management Association for Industry

Major donations and environmental involvement

Description
Monetary aid for Sumatra earthquake & tsunami
Monetary aid for Niigata Chuetsu earthquake
Monetary aid for Fukui Flood
Sponsorship for Mainichi International Exchange Award
Japan Flower Festival
Exhibition of Children's Paintings " Rice fields and water in our hometown"
Japan-Korea Water Environment Symposium

Social and Cultural Support

Kubota participates in social and cultural support activities in a wide range of fields. We aim to always be recognized as an excellent company and to develop the image of a corporation which is admired by society.

Hu-Tech seminars

Kubota holds Hu-Tech seminars in Osaka and Tokyo to support educational areas and encourage students and children to have more concern for and interest in the environment. We invite middle and high school students having an interest in science to two lectures and an extracurricular class and give in-depth lectures about today's advanced scientific knowledge using easy and understandable words and expressions. Students studied amino acid from basic knowledge to applications under a theme, amino acid, for FY 2004's (37th fiscal year) Program.
(Organized by the Asahi Newspapers and the Asahi Culture Center, starting in 1985.)

"Mainichi International Exchange Award"

This award, intended to support an international exchange program and promote international recognition, is given to a person or a group of people who have made unique or remarkable achievements in international exchange, cooperation or support activities. The Company has supported the Program since its first year, and was more closely involved in the activity in the 4th year of the Program.
In 2004 (the 16th year of the Program), "Friends Without a Border JAPAN" was recognized in the group category for its work with the Angkor Hospital for Children in Cambodia. Ms. Yoko Aoki was honored in the individual category receiving recognition for the establishment of the first Japanese-language school for visually-disabled people in China.
(Organized by the Mainichi Newspapers, starting in 1989)

Kubota global message

Kubota supports various kinds of music projects pursuing the development of new music. In 1990, as our first initiative, we participated in activities for a "composing contest for orchestral music in Silk Road". We will continue to be dedicated to the support of unique and distinctive projects aimed at exploring and delivering new music culture.

Be Good Café Marunouchi

We have agreed to cooperate in a Program launched by Be Good Café, a NPO entity seeking the realization of a sustainable society. Be Good Café Marunouchi, a natural food café, is scheduled to be opened by September 30, 2005. The café is expected to provide visitors opportunities of designing a lifestyle oriented to conservation and will serve sustainable eco-friendly foods. Since January 2003, Kubota has sponsored a radio Program "Kubota Good on Earth" focusing on the environment with Mr. Jun Shikita, head of Be Good Café, as a personality (broadcast from FM Tokyo and FM Osaka).

Information Disclosure

Kubota discloses environmental information via its website, public relations magazines and other media in order to make its long-term aims and activities widely known by the public.

Corporate PR magazine "Urban Kubota"

Kubota has issued the "Urban Kubota" magazine since 1969 carrying academic and detailed articles and explanations about water, soil, geology and environmental issues significantly related to our operations. The easy to read and colorful magazine contains the detailed commentary from professionals and a lot of colorful illustrations for ordinary people and is widely read and utilized at public libraries and educational institutions as well as by our customers. Kubota's Home Page (PDF version) was constructed in April 2004.

For more information, please access the following:
http://www.kubota.co.jp/urban/

"Global Index" in Home Page

The Global Index is a WEB magazine and introduces Kubota's policy and activities as well as information related to Kubota's operations and future projects designed to contribute widely to society. Seven (paper-based) issues were published between 1992 and 1998 as a tool for corporate public relations. Since 2000, the Global Index has been displayed on the Company's home page inviting wider access. Each issue of the magazine concentrates on particular themes or topics relevant to Kubota from time to time. As the title of the magazine "Global Index" implies, Kubota's broad operating sectors contribute extensively to global society.

For more information, please access the following:
http://giweb.kubota.co.jp/

"Kubota's Rice Field" in Home Page

Kubota's Rice Field" section provides basic information regarding rice growing and the management of rice fields together with a lot of illustrated information and photographs relating to rice plants, agricultural machines and appliances, festivals and the related history. There are sub-sections in the "Kubota's Rice Field", one of which is "Inaohosedori Village", a virtual village designed to create a reader-participating net community, another is the "Rice Field Stories" sub section introducing a lot of information and interesting stories, and the last of which is "A Rice Field in School reporting a program of growing rice plants planned by school children.

For more information, please access the following:
http://www.tanbo-kubota.co.jp/

Communications with Suppliers

Raw Material Procurement

Under the corporate slogan "Let's make our habitat more beautiful", Kubota proposes to lay the foundation for a wealthy and more satisfying lifestyle among the nation through the operations of business activities in five core areas split into "agriculture", "water", "environment" "city" and "living" divisions. Our purchase transactions are based on the purchase policy outlined below:

Basic purchase policy

Offer of fair outcome
Fair and equal opportunities will be given to all suppliers.

Economic reasonableness
Suppliers will be selected based on our assessment of product quality, reputation/trust, sales price, technology development drive, presentation quality and managerial stability in accordance with Kubota's corporate standards.

Mutual trust
We will maintain reliable relations with suppliers and bring about mutual progress and development to both sides.

Social trust
We abide by all applicable laws and regulations, and will be careful to respect and keep secret our suppliers' confidential information.

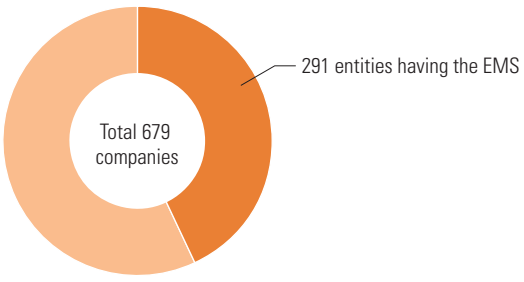
Green procurement
Kubota will undertake purchase transactions which respect nature reservation-oriented corporate policy and activity. Priorities will be put on eco-friendly purchases and procurement.

The Purchasing Guidelines are available in the following homepage:
http://www.procure.kubota.co.jp/policy.html

Green procurement

Kubota is promoting a policy of prioritizing the purchase of eco-friendly products bearing little environmental burdens since the participation of the Green Purchasing Network in 1996. The Purchasing Guidelines were determined in April 2001. We have conducted a study of how our suppliers are involved in or pay particular attention to environmental issues. We, at Kubota, collaborate with our suppliers in reducing environmental damage and preserving the environment. The Purchasing Guidelines are observed by all of Kubota's offices.

Environmental study result



Communication with Employees

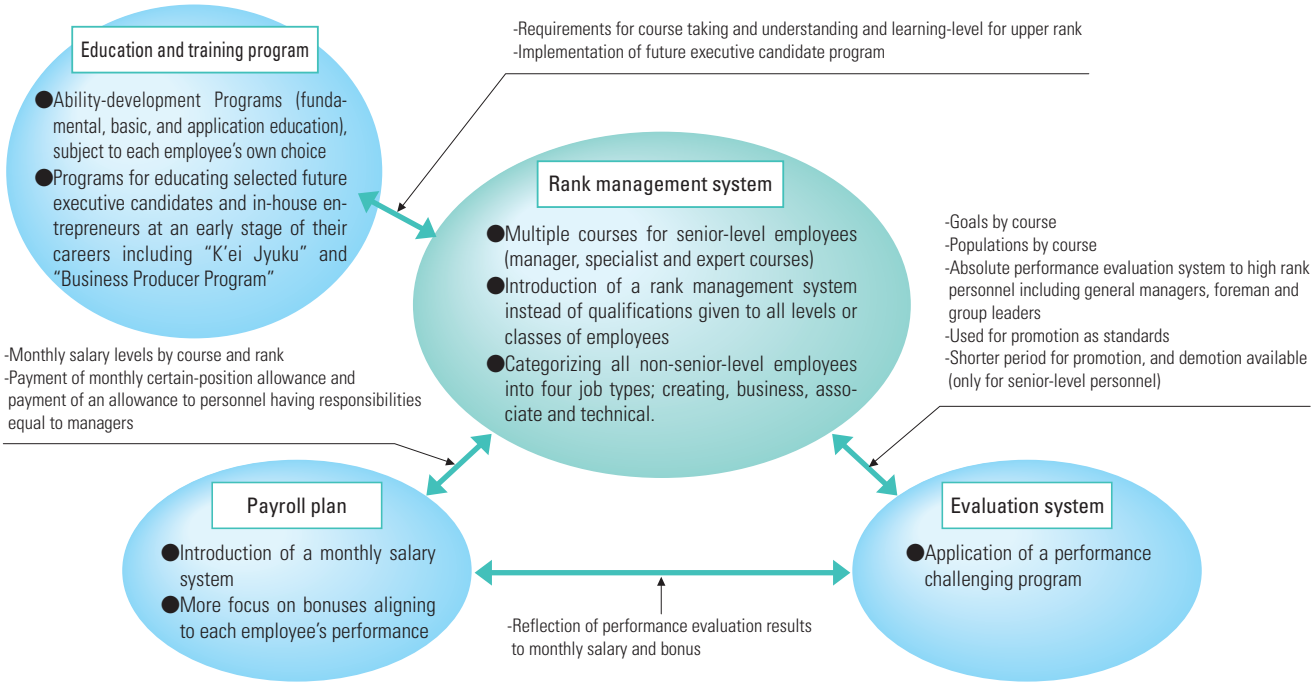
Human Resources-related Basic Policy, "Fairness & Transparency",

Kubota's employees are its main asset, contributing to sustainable economic and social development, and influencing the evolution of the Company in response to the changing needs of our customers, society and the environment. We, at Kubota, maintain a fair and transparent personnel system aligning with changes in the society and our operations. In addition, we pay special attention to promoting the Kubota corporate culture and atmosphere welcoming challenge and encouraging creativity and enthusiasm.

Implementation of a "performance-basis" personnel system.

Kubota aims to maintain its competitive advantage by developing, educating and nurturing our personnel through a range of personnel system reform projects as part of the mid-term business plan which started in 2001. We have incorporated a "performance basis evaluation" concept into all human resources systems and programs based on the following priorities; a) minimization of seniority factors or aspects, b) elimination of disadvantages in lifetime employment program and c) elimination of unfairness.

Given the above, we have implemented revisions and reforms in the personnel system and programs on a step by step basis since April 2002. In April 2005, a new personnel system was completed which will benefit all employees. The new system of fair performance evaluation and promotion is designed to encourage progression ensuring that employees maximize their potential for the benefit of themselves and Kubota, too.



Performance challenging program

Based on a MBO (goal control) concept, an employee evaluation program applies to all ranking personnel aiming at the achievement of the following: a) integration of corporate and employee goals, b) pursuit of performance results and cultivation of corporate culture embracing change and challenge, and c) increase in transparency of performance evaluation and stimulation of employees' personal development. The performance challenging program is recognized as a core of Kubota's human resources program and utilized as a basis for the treatment of all its employees.

New step for FY2004

●Introduction of internal open recruitment program

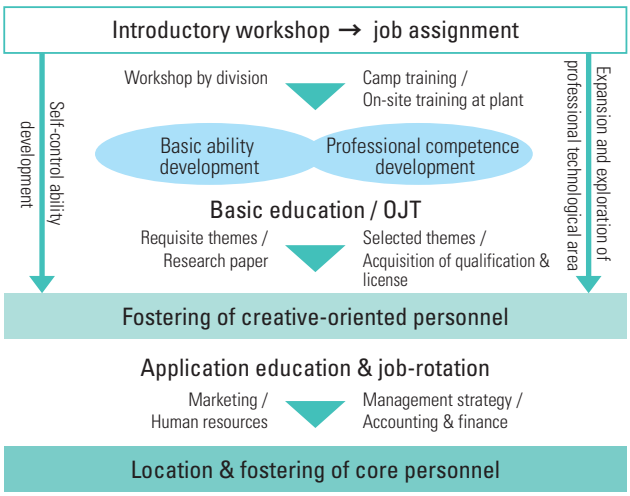
Kubota introduced an open recruitment program to locate personnel best suited for a particular position from among all divisions and departments. This program is intended to encourage each employee to develop his/her career by determining his/her duties at his/her own will and initiative and help cultivate a challenging, creative and rewarding corporate environment.

"Challenge & Creativity"

To produce "independent and creative-thinking personnel"

Education and training system

Based on a corporate belief to "develop people before product-making" we at Kubota are enthusiastically devoted to educating our employees. During April 2002, education programs covering senior-level personnel and Creating Job employees were drastically revised so that people belonging to those categories were supported in the development of their careers. We also organized a selective education program under which those individuals that showed a potential for contributing added value and supporting Kubota's future plans are selected at an early age and given special education. Technical Job employees are encouraged to enhance their technology skills essential to product-making and to hand down acquired skills and technologies to younger generations. The human resources system was revised in April 2005 so as to correlate education programs with promotion requirements. As such, we have implemented various measures to motivate our employees with incentives towards education and enhancement of skills.



K'ei Juku & Education Delivery Program
Business Producer Appointment Program &
Exchanges among different leading-edge technology fields

To make full use of each employee's competence and ability

Employment system

The Kubota Group has a philosophy; "To secure employment is company's social responsibility." Based on this concept, we implement an employment system coping with diversified aspects such as each individual's career plan, competence and ability.

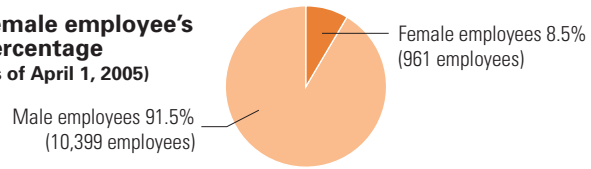
Recruiting activity

The Kubota Group needs "personnel who have a sense of independence and creativity to develop new added values." Based on this corporate policy, during the current year we hired eighty-two individuals, including the employment of eleven workers who moved from other company. The eleven workers are valuable and useful in the immediate work force.

Equal employment opportunity

The Kubota Group has a gender-free and fair human resources system in place based on the Labor Standards Law and the Equal Employment Act. A new maternity health management policy was established. A child care leave program and a nursing care leave program were revised in line with revisions to the laws made in 1998 and 1999. We work to improve on the various working conditions and work environment in particular for our female employees to work in a stable, fair and harassment-free environment.

Female employee's percentage
(as of April 1, 2005)



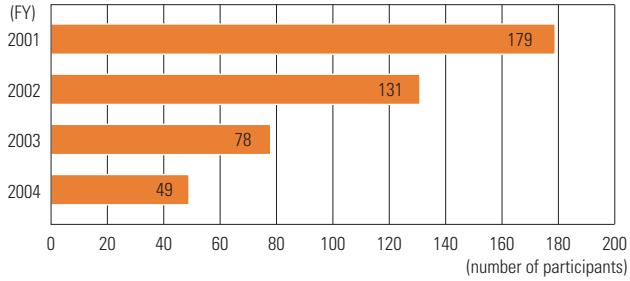
Total number of employees as of April 1, 2005

Management-level	Staff				Non-regular staff	Total
	Create	Business	Associate	Technical		
2,400	2,068	706	754	5,239	193	11,360

"Hatsuratsu Plan," a reemployment program for retired personnel aged 60 or more

Effective April 2001, Kubota introduced a reemployment program called Hatsuratsu Plan in line with the Japanese government's decision of gradually increasing the age of pension payment eligibility. This plan is intended for use as a guideline to provide an economically stable life to the personnel who retired from Kubota or its group company and still desire to work using their cultivated abilities or skills. 437 personnel participated in the Hatsuratsu Plan until April 1, 2005.

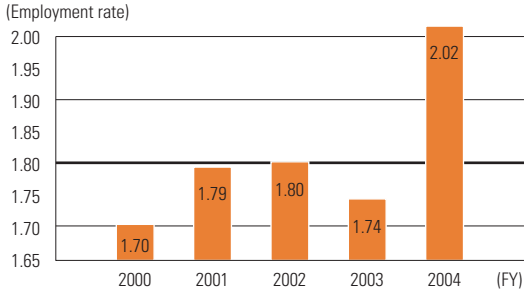
Change in the number of personnel who joined the Hatsuratsu Plan



Active employment for the physically challenged

Kubota Works, which was created as a Kubota subsidiary in 2003, provides building maintenance, printing or information processing-related jobs to the physically challenged. Seventeen personnel, each possessing a physical disability such as impairment of perception or hearing disability, participate in social activities by engaging in one of those jobs compatible to each person. Kubota will continuously make efforts to design and maintain a working environment that is comfortable and friendly to physically challenged workers so that the Company will eventually have more physically challenged people within its work force.

Change in employment rate related to the physically challenged



To response to employees' diversified and sophisticated needs

Welfare program

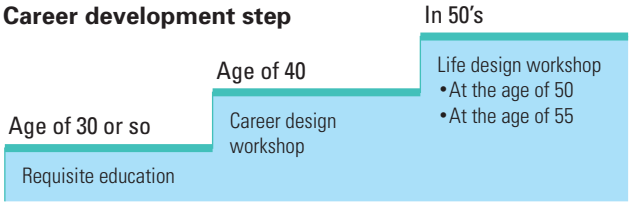
Kubota's welfare program is operated under a basic philosophy that the "Company should provide a stable and safe environment for its employees so that they are motivated to work hard and develop their abilities. The Company should foster an environment for its employees that promotes the best performance." As part of demonstrations based on this philosophy, a Kubota-styled cafeteria plan, called the "Fit Plan," is available to its employees. The Fit Plan is designed to satisfy employees' diversified and sophisticated needs. Kubota strives to implement a policy that is flexible and responsive to self-responsibility.

To lead a happy life from the employment to post-retirement years

Support for career development

Kubota prepares a career design workshop for each of three age groups; 30's, 40's and 50's. Members of each age group are given an opportunity to look back on their career and life and reflect upon ways to develop their future career and lifestyle. Kubota encourages its members to design their career and future lifestyle by providing the tools to empower them.

Career development step



Career design workshop

To collaborate with each other for problem solution

Labor and management relations

Labor and management have maintained sound relations with each other for years based on a mutual understanding; sharing managerial and operating information and having prior discussions. Now that the Japanese traditional wage system's framework is fading, both sides recognize the need to look to their respective work environments and strengthen communications with each other in the hope of leading to growth and development within the Company.
Currently, there are various labor management committees in place. Labor issues such as employment, work hours, employee education and working conditions are discussed by such committees focusing on the Company's prosperity and respect for employees' life and dignity.

Labor management committee

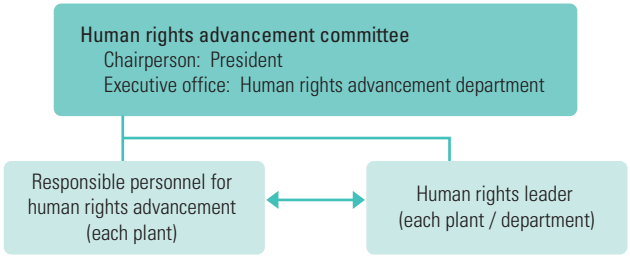
Human Rights Advancement Activity

aiming to cultivate a respect for human rights culture and sustain such corporate culture

Based on Kubota Group Charter of Business Conduct and Code of Compliance Standards, Kubota Group's employees are required to pay respect to fundamental human rights according to "The Universal Declaration of Human Rights" and not to infringe upon those rights. The Charter also mentions that sufficient attention should be paid with respect to privacy and the protection of personal information. Given the above, we must be aware that human rights should be taken seriously in the course of our business activities. We will make efforts to foster a corporate culture of prioritizing human rights and sustain such a corporate culture on a long-term basis.

Human rights advancement system

Human rights advancement committee takes an initiative to proceed and expand human rights activities in the Kubota Group. The committee is headed by the president of Kubota as chairman and operated by the human rights advancement department, as an executive office. A human rights leader is appointed at each plant and department, and each plant and department endeavor to expedite topics of human rights advancement with the human rights leader's initiatives.



Consultation services for human right issues

Each plant has a consultation service section to handle related issues. The section's activities are to take applicable precautions to prevent human rights-related incidents from occurring, locate such incidents in the initial stages and respond quickly to such incidents for settlement. This company-wide program works effectively, supported by responsible personnel.

Human rights workshop scene

Human rights workshop

In the Kubota group companies, either the human rights advancement department, the human resources department or the labor union arranges to hold human rights workshops for executives and personnel belonging to management-rank, staff-rank and new employee-rank. Theme-basis workshops are available for all employees. At each plant, the related workshops are arranged by personnel in charge of human rights advancement. The Group's employees are active in participating in the related outside seminars, too.

Details of human rights workshops held (FY2004)

		Number of attendant	Total
Ranks	Executive officer	82	6,663
	Manager	559	
	Staff	801	
	New employee	235	
At plants		3,995	
Theme-base (such as personal information protection, etc.)		524	
Attendance to outside workshops		467	

Prevention of sexual harassment incidents

Based on the Equal Employment Act, several measures were introduced in workplaces to prevent sexual harassment to prevent serious infringement on human rights from occurring. Task forces were created through mutual cooperation of labor and management. Each plant maintains a consultation service section dealing with sexual harassment matters together with various workshops and promotion activities. We double our efforts to secure a safe, easy and comfortable working environment for our employees.

Health & Safety in Workplace

The Kubota Group's belief is that "safety should be a top priority." Focusing from a viewpoint of "respect for human life," we make efforts to keep our workplace safe from labor accidents or occupational diseases and secure a safe, healthy and comfortable working environment for employees.

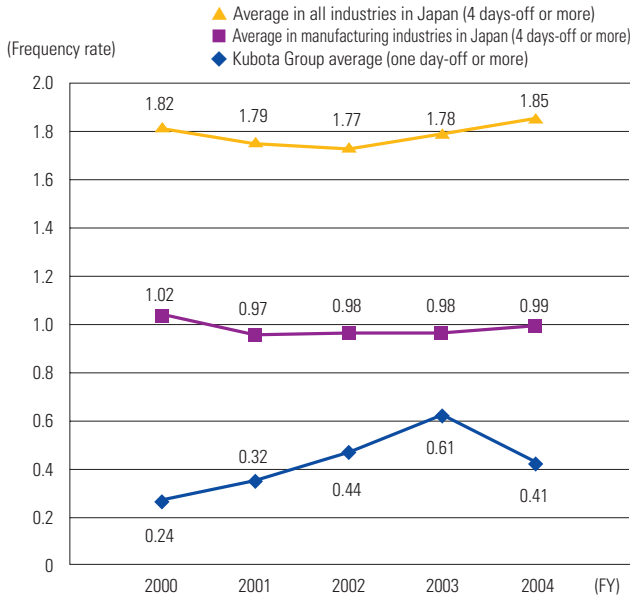
Efforts to maintain a safety- and health-oriented workplace

There are two safety control systems in place; a central safety & health control, and a plant safety & health control (particularly addressed to factory operations and construction operations in each plant). Moreover, a long-term accident prevention program was launched in 1973, and is reviewed every five years. Given the above, in order to implement a safety-minded culture company-wide, we promote a policy "to construct a system" and "to educate personnel" in line with a long-term accident prevention program and an annual safety & health policy.
Regarding the occupational health & safety management system, the Tsukuba plant, Keiyo plants (Funabashi and Ichikawa) and Hanshin plants (Mukogawa, Shinyodogawa and Amagasaki) acquired the OASAS 18001 certification. Other plants are beginning to form an occupational health & safety management system in line with the Kubota occupational health & safety management program, an independent standard. Kubota and its group companies will exert efforts to implement those systems completely and use them efficiently for our employees.

Goals for 7th long-term accident prevention plan (FY2003-2007)

① No life-threatening and serious accidents
② Prevention of recurrence of stuffing/rolling/falling accidents
③ Restoration of safe and comfortable workplace and physical/mental health

Change of serious accident frequency rate in plants



* Frequency rate: the number of deaths and/or injuries occurred for one million working hours. (Frequency rate, 1.0, indicates that one employee took 4 days-off or more a year at a plant having approximately 500 employees.)

Activity at manufacturing departments

With respect "to construct a system" policy, we started with activities for risk reduction and the establishment of equipment safety standards. Those standards were supported by a certain risk management approach. We work to keep machines and equipment operating safely in our workplaces. Regarding the policy "to educate personnel,", employees learn at frequent workshops about a wide range of topics, from legal compliance issues to how a safe workplace can be realized.
As part of our measures taken to strengthen health & safety control in plants, an in-house inspection is conducted. In addition, outside experts are hired at each plant to conduct an examination in terms of safety. Plants will double efforts to pursue health & safety management in a more efficient way.

Publication of "Site checkup handbook for supervisors" and "Laws and regulations excerpt."

Kubota published an excerpt handbook of laws and regulations. The handbook, which includes a checklist, will be helpful for supervisors to conduct on-site checks.

Example on-site safety and health training experience at Keiyo plant

In order to develop an acute sensitivity of safety in our personnel, we believe that both self-study and on-the-job-related experiences are important. In accordance, we provide them with education and firsthand experiences. Those experiences were highlighted at the FY2004 national industry safety & health convention.


Equipment


Crane check-up workshop

Construction work department

Based on the objective of "Framework Formation & People Development," we established and managed the operation of design standards. We also provided education and training on the standards, as well as conducted safety and health patrol programs. We are committed to the overall enforcing at the management function level of headquarters and divisions controls to prevent and minimize industrial accidents in our workplaces.

Mental health program

As social concerns over mental health problems increase, it becomes essential for us to offer mental healthcare services to our employees. We developed a mental healthcare system with four focused areas. We also educate our employees on mental health issues through company newsletters and workshops so that they are aware of early detection of mental health problems and receive proper treatment.
In April 2004, we introduced a self-diagnosable system by which employees can take stress tests on their PC. As such, we promote self-care and provide for professional care supported by healthcare staff.

Work environment improvement

We conduct regular inspections of our work environment, and we make improvements accordingly to keep the workplace safe in order to protect employees' health and to further prevent local environmental pollution. We apply countermeasures against heat, focusing on controls over noise and hazardous chemical substances.

Noise reduction

The numbers of unit work area grouped into control classification 3 increased by five compared to the number in July 2003. We strive to improve noise level conditions and to eradicate the control class 3 unit work areas.

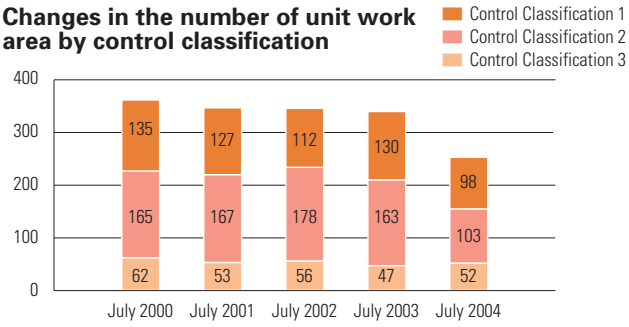
Hazardous chemical reduction

As of July 2004, we have two hazardous chemical workplaces where employees are exposed to dust, specified chemical substances, lead and organic solvent. We immediately provide countermeasures and undergo improvement plans. We will also provide measures for those chemical substances under stricter legal controls over their toxicity effective April 2005, and make further efforts to create safe and pleasant workplaces.

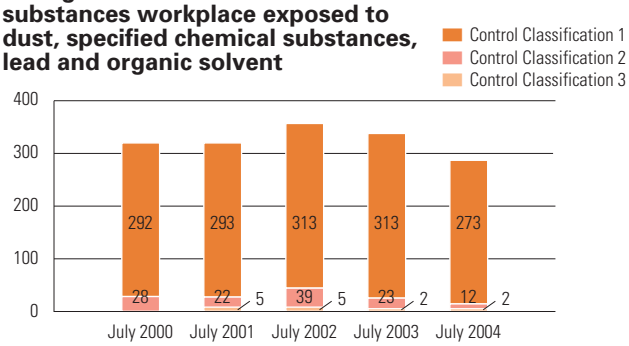
Countermeasures against heat

We established and promoted internal standards for working conditions in terms of heat. We quantify the effects of countermeasures to clarify the priority target workplaces and assess those countermeasures in an objective manner.

Changes in the number of unit work area by control classification



Changes in the number of hazardous substances workplace exposed to dust, specified chemical substances, lead and organic solvent



* Data: Domestic manufacturing plants of KUBOTA Corporation

In order to reduce the physical and mental risk to employees working under elevated temperature, we provide proper protective equipment, facilities and welfare programs to improve the work environment.

Environmental Reporting

Environmental Activities in FY2004

Kubota Corporation is among the first companies to respond to environmental issues. We have been consistently promoting environmental conservation activities, and developing and improving environmentally friendly products. Improvements can be seen in all of our divisions. We have also cleared targets set for global warming prevention measures ahead of schedule. The following are major topics in FY2004:

Public Recognition

Keiyo Plant Was Awarded the Minister of Environment Prize

On April 29, 2005, the Keiyo plant (Funabashi) was awarded the Minister of Environment Prize – an environment creation award for living creature/green division - given to those who contribute to preserve the natural environment, commemorating a national holiday called the Green day. "Kubota Funabashi Forest," the plant's biotope (habitat for wildlife), was awarded with the honor. The Keiyo plant preserved the rich natural environment. In this forest one can see 16 species of dragonflies featured in Tombo-ike (or dragonfly pond), a prominent spot in the biotope. Three species were newly discovered in the Funabashi city area.

Biotope in Keiyo plant

Awards ceremony

Biotope "Kubota Funabashi Forest" Received Commendation.

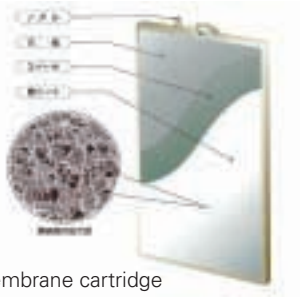
Contribution in the Field of Wastewater Treatment

Kubota Was Selected to Build the World Largest Facility Using the Submerged Membrane Process

"Oman Project"

The Kubota submerged membrane unit is an advanced wastewater treatment, which is basically a solid and liquid separation device with micro pores for wastewater treatment.
In Oman in the Middle East, there is a project to build the world's largest wastewater treatment plant applying the membrane process. Our "submerged membrane unit" was planned to be adopted for the project. Conventional treated water can be used in watering street plants, but it's not suitable for irrigation since it contains parasites unique to the Middle East area. However, a submerged membrane unit can produce treated water that is suitable for irrigation, because it can separate not only such parasites but colon bacilli. The unit is recognized for its space-saving advantage.

Our submerged membrane units have been adopted in the European countries.
Photo: Swanage wastewater treatment plant in England adopting the submerged membrane units



Membrane cartridge

Membrane unit

Major Contribution Made by the Environmental Friendly Membrane Process Type Combined Wastewater Treatment Tank

The Kubota Wastewater Treatment Process Was Adopted at the 2005 World Exposition, Aichi, Japan ("EXPO 2005").

"Nature's Wisdom" was the theme of EXPO 2005 held in the Aichi prefecture. The EXPO promoted the development of a new relationship between humans and the nature.
The Linimo, a linear motorcar, was selected as a means of transportation. The Kubota membrane process type combined wastewater treatment tank was employed as a wastewater treatment system for a comfort station at the Banpaku-yakusa station on the Linimo Tobu Kyuryo Line, because of its environmentally friendly and highly efficient process.

The Wastewater treatment tank with advanced membrane process installed at the Banpaku-yakusa station

Linear motorcar - Banpaku-yakusa station

Quality of discharged water:

Biochemical Oxygen Demand (BOD)	10 mg/liter or less
Chemical Oxygen Demand (COD)	10 mg/liter or less
Total-Nitrogen (T-N)	10 mg/liter or less
Total-Phosphorous (T-P)	1 mg/liter or less

Basic Policy

Kubota Global Environment Charter (Established in 1992 / Revised in 2001)

Amid an affluent society, we realized it is one of our first and foremost social challenges to solve environmental issues such as global warming, tropical deforestation, desertification, acid rains and marine pollution.
We have been promoting pro-environment corporate activities with awareness that "Earth," "Japan" and "Kubota" are all correlated as one environment.
Thus, Kubota Corporation established the "Kubota Global Environment Charter" in August 1992, which was later revised in August 2001 as the common charter of the Kubota group.
We will place global environmental conservation activities high in our management priority and make positive and collective efforts based on the following basic philosophy and action guidelines:

Kubota Global Environment Charter

Basic Philosophy

We will promote environmentally friendly corporate activities toward a "sustainable global society" and a "harmonious society where corporations and citizens can live together with mutual trust."

Action Guidelines

1. Make a contribution to environmental conservation as part of our corporate social responsibilities

(1) Comply with environment-related laws and regulations, and support agreements with local governments. Set up and promote concrete objectives, in conjunction with business conditions and observing self-imposed controls in related industries.
(2) Utilize environmental assessment to properly measure impacts on the environment and take necessary measures accordingly in all business phases, such as in a selection of factory sites in new business development.
(3) Give due consideration to reduce and restrict environmental loads as well as resources and energy consumption in phases of the R&D process, technology and products design.
(4) Develop new manufacturing technologies that excel in environmental conservation and energy consumption efficiency. Develop a recycling technology that contributes to the efficient use of resources and waste product reduction.
(5) Purchase raw materials, parts and equipment, which are superior in terms of environmental conservation, resources conservation, reusability and energy efficiency.
(6) Strive to reduce environmental loads and energy consumption with respect to delivery and transportation systems. Apply a distribution system that utilizes waste collection and recycling processes.
(7) Disclose information regarding our commitment to environmental conservation.
(8) Educate and enlighten the related parties of Kubota group, including our employees, to raise awareness on environmental conservation.

2. Introduce eco-friendly technologies and supply eco-friendly products

Develop and introduce innovative technologies and products to support the policy of Reduce (Restrain), Reuse and Recycle as well as energy conservation and clean energy use, in order to respond to global environmental issues.

3. Contribute to the local community

(1) Get involved as a member of the local community in environmental conservation programs and cleanup activities.
(2) Support our employees' voluntary participation in local environmental conservation activities.

Basic Direction of Environmental Corporate Management

We have set the basic direction of environmental corporate management stated below to build a sustainable society, in which environment and economy can co-exist in harmony. We utilize an environmental management system and communication as our foundation to create a recycling society where waste generation is more effectively controlled, to reduce hazardous chemical substances, for protecting our environment from hazardous substances, and to stop global warming for the sake of global environment and ecosystem restoration.
We have been promoting a concrete action agenda, the Mid-term Environment Promotion Plan (see p.37-38), based on these three basic directions.

Link between Corporate Activities and Environment

The status of environmental loads incurred in the production process in the industrial infrastructure department, the machinery department and the environmental engineering department are provided as follow. The Kubota group will commit to reduce environmental loads by collecting and utilizing data regarding production inputs such as the amount of raw materials, electricity, water and fuels as well as production outputs such as the amount of CO_2 emissions and waste products.

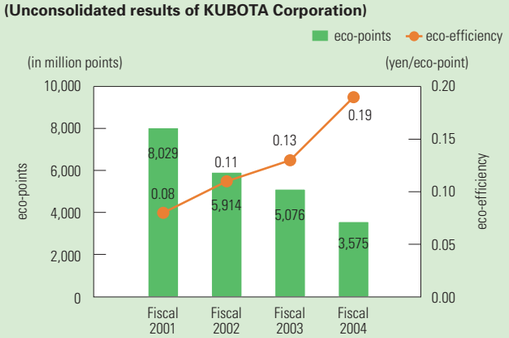
Valuation of environmental influence

We are testing the Japan Environmental Policy Index (JEPIX) to adopt it as an eco-efficiency assessment method to measure the effects of corporate activities on the environment. JEPIX is an indicator using a single unit obtained by converting a corporate environmental impact data into a numerical value.
Since FY2004, we have been involved in the JEPIX forum – a part of the 21st Century Centers of Excellence (COE) Program of the Ministry of Education, Culture, Sports, Science and Technology (headed by International Christian University.)

* JEPIX: Japan Environmental Policy Index
Japan customized Environmental Policy Index.
Eco-efficiency = Net sales (in ¥) / eco-point

Changes in eco-efficiency

(Unconsolidated results of KUBOTA Corporation)



The eco-point is a numerical value representing the degree of environmental loads, with smaller value indicating less environmental impacts. The above graph shows decreasing trends from FY2001 through FY2004. We confirmed that the eco-efficiency of FY2004 improved by 46% from FY2003.

INPUT

Major raw materials

Cement	15 thousand tons
Cast iron	76 thousand tons
New pig iron	53 thousand tons
Flat bars	107 thousand tons

Recycled raw materials

Scraps	286 thousand tons

INPUT

Energy **8.33 PJ***

Heavy oil	1,904 kL
Gasoline	824 kL
Kerosene	17,983 kL
Light oil	2,833 kL
Coal/coke	46,675 tons
LPG	558 tons
Town gas	27,325 thousand cubic meters (CBM)
Electric power	489,300 thousand kWh
New energies	9,560 thousand kWh

Water

Clean water	810 thousand CBM
Industrial water	3,110 thousand CBM
Groundwater	1,510 thousand CBM

Chemical substances **7,740 tons**
[designated by the Pollutant Release and Transfer Register (PRTR) Law]

* PJ: 10^{15}J
* PRTR Law: Law concerning reporting, etc., environmental release of specific chemical substances and promoting improvements in their management

In-house recycling
26,309 tons

Kubota

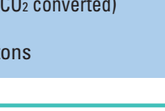
Manufacturing Process

Major production (summery)

Ductile cast iron pipes	230 thousand tons
Sheet piles	167 thousand meters
Tractors	112 thousand units
Engines	624 thousand units
Rice transplanters	20 thousand units
Combine harvesters	15 thousand units
Construction machinery	14 thousand units
Johkaso or water treatment tank	32 thousand units

Physical Distribution

Customers


Municipal solid waste incineration plant with super power generation


Rice transplanter

River fountains

Earthquake-resistant ductile iron pipe

Construction machinery

Desert greening

External recycling
84,435 tons

OUTPUT

Water

Public water area	
Water discharge	4,470 thousand CBM (m^3)
COD	13.9 tons
Nitrogen	8.8 tons
Phosphorus	0.24 tons
PRTR designated substances	34.6 kg
Sewage	
Wastewater discharge	710 thousand CBM (m^3)
PRTR designated substances	8.5 kg

Air

SOx	24.2 tons
NOx	75.5 tons
Dust	15.3 tons
Ozone depletion substances	
HCFC	114 kg
Greenhouse gas	
CO_2	455 thousand tons
HFC	0.4 thousand tons (CO_2 converted)
PRTR designated substances	791 tons

Waste materials

Incinerated wastes	1,649 tons
Landfill wastes	2,819 tons

Collection of disposed products

Cast iron pipes	13,292 tons
Vinyl pipes	81 tons

(Domestic plant and office data)

Mid-term Environment Promotion Plan – FY2004-2005 (drafted in FY2003)

The mid-term environment promotion plan was developed to enforce our environmental management direction towards a sustainable society where the environment and economy can meet in harmony. We listed our priority matters on this two-year implementation plan for FY2004-2005.

In FY2005, we will review the action agenda based on the promotion results and changing trends of global environment issues during FY2004, and plan to establish the newly developed mid-term plan.

***Self-evaluation scale**
- A^+: Achieved more than targeted
- A : Achieved as targeted
- B : Mostly achieved the initial target
- C : Not satisfactory in achieving the initial target

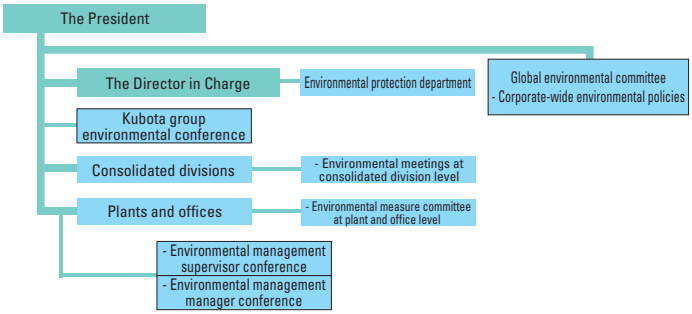
Issues and Subjects / Goals		Management Indicators		Standard Year	FY2004			FY2005
					Targets	Achievements	Self-rating	Targets
1) Environmental management system	Development of eco-office initiatives (nonproductive offices)	Introduction rate		–	100%	100%	A	Considering initiative rollout to subsidiaries
	Sufficient number of qualified personnel with management related certifications (pollution control managers, etc.)	Rate of guideline achievement		–	80%	78%	B	100%
	Development and implementation of education system (education based on the Environmental Education Promotion Law)	–		–	To be reconsidered.	Expansion of stratified education system and professional trainings, etc. 1,594 employees attended.	A^+	To be reconsidered
	Application of green purchasing	Ratio of amount of green purchasing against total amount of purchase		–	To be introduced to all offices.	Applied at all offices. Ratio of amount of green purchasing against total amount of purchase was 85.4%.	A	100%
2) Creation of recycling society	Waste reduction	Volume of waste generation		FY2003	(3%)	(6.1%)	A^+	(6%)
	Zero-emission (for industrial wastes generated in manufacturing plants)	Recycling rate		–	98%	98.2%	A	99%
	Eco-office implementation (reduction of paper use)	Reduction rate		FY2003	(5%)	(16%)	A^+	(10%)
	Water resource conservation (clean water)	Reduction rate		FY2003	(2%)	(21%)	A^+	(5%)
3) Prevention of global warming	Energy conservation and greenhouse gas reduction	CO_2 unit of output		FY2003	(1%)	(26%)	A^+	(2%)
	Reduction of total CO_2 emission	ton- CO_2		FY1990	Results of FY1990 or under	69%	A^+	Results of FY1990 or under
	CO_2 reduction in physical distribution process	ton- CO_2		FY2003	(1%)	(14%)	A^+	(2%)
4) Reduction of hazardous chemical substances	Reduction of hazardous chemical substances [reduction of volatile organic compound (VOC) emission]	Reduction rate		FY2003	(10%)	(43.1%)	A^+	(30%)
	PCB measures (High/low voltage devices)	Renewal or replacement of PCB-containing devices		–	60% to be renewed or replaced	67% (583 units in use, and 5,285 units in storage)	A^+	80% to be renewedor replaced
5) Enhancement of eco-friendly products and services	Enhancement of eco-friendly products	Ratio of eco-friendly products against new products		–	30%	29%	B	60%
	Green purchasing	Introduction rate		–	60%	53%	C	100%
6) Environmental communication	Environmental report	Periodical publication		–	–	Issued in June 2005. (One month earlier than the prior year)	A^+	To be consolidated into CSR report
	Third party review on environmental report	Third party review to be implemented.		–	–	Third party review was implemented (see p.63 for details.)	A	Third-party review to be implemented regarding environmental matters only.

Our subsidiaries' engagement in environmental management:
Domestic manufacturing plants have been supporting acquisitions of environmental management certificates, and will focus on the following challenges as priority matters.
1) Expansion and enhancement of an environmental management system in manufacturing plants.
2) Development of voluntary environmental management activities such as eco-office initiatives at nonproductive offices.
3) Reinforcement of internal environment audit.
4) Increase the number of subsidiaries subject to environment performance counting.

Environmental Management

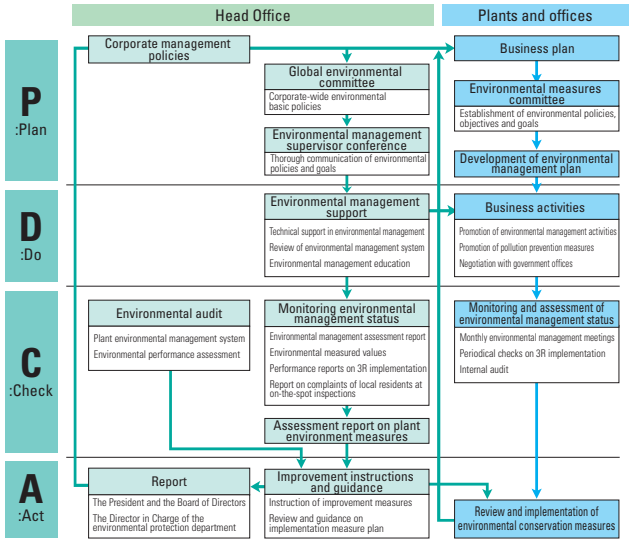
Environmental Management Promotion Framework

Kubota installed the environmental protection department under management of the Director in Charge to promote environmental conservation measures and environmental audit, and the environmental management section in factories and plants to handle issues related to the local and global environment. The global environment committee discusses and reviews the corporate-wide environmental policies.



Kubota Environmental Management System

Since 1972, Kubota has been collectively promoting environmental management as part of its total pollution control (TPC). In 1995, we adopted an environmental management system called the Kubota Environmental Management System (KEMS) that is ISO 14001 compliant. All of our domestic manufacturing establishments acquired the ISO 14001 certificates by the end of FY2000, and continue to maintain the ISO certified status to the present day.



Internal Audit and Office Study Team

The Central Pollution Patrol System was started in 1973, and re-formed into the ISO 14001 compliant audit system in 1994 to reinforce audit procedures. The system was renamed the "environment office study team" in FY2003, and is in charge of environmental risk extractions focusing on the ground-level opinions and audit implementation with issue-solving approach. For those matters extracted at the study team, each plant or office works to develop plans to ensure proper improvement.
In FY2004, with an emphasis on the law of compliance, we set the VOC countermeasures as our common priority issue, and reviewed the management status of deodorizing equipment and local exhaust system for organic solvent.
The items requiring improvement decreased drastically from the prior year, which shows that an improvement has been made, and especially, the matters regarding compliance with the environment-related laws were reduced by half.

The scene of environmental discussion meeting in each plant

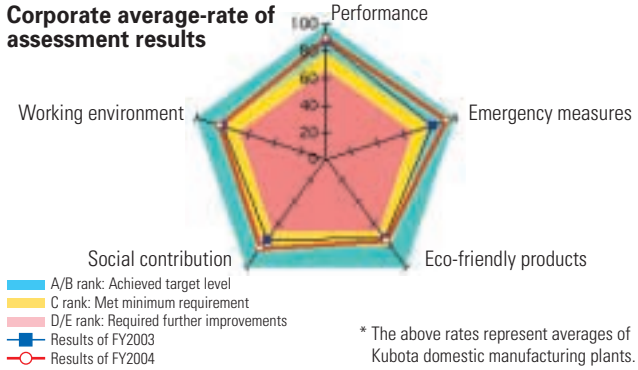


We will continue to review our assessment standards and promote thorough implementation of audit and its enhancement in order to upgrade environmental management activities of the Kubota Group.

The number of evaluation items and the items requiring improvement selected by each environment office study team

Evaluation items	Items requiring improvement	
	FY2003	FY2004
1. Compliance with environment-related laws	35	17
2. Environmental performance	56	58
3. Emergency measures, and their education and training	10	13
4. Eco-friendly products	56	11
5. Social contribution and accountability	17	3
6. Working environment management	40	13
Total	214	115

Corporate average-rate of assessment results



* The above rates represent averages of Kubota domestic manufacturing plants.

Status of ISO 14001 Certification Acquisitions

All of Kubota's domestic plants acquired the ISO 14001 certificates by FY2000. Currently, Kubota's subsidiaries have been working on the acquisition of the ISO 14001 certificate.

Kubota's domestic plants and offices

No.	Plants and offices	Organization included in the ISO certification	Main products	ISO organizations	Certificate numbers	Date of Acquisition
1	Hanshin plant	- Marushima branch - Nagasu branch	Ductile iron pipes, rolling mill rolls and potassium titanate	LRQA	YKA 0772498	March 5, 1999
2	Shin-yodogawa factory in Hanshin plant		Reinforced plastic composite tubes	JCQA	JCQA-E-0114	January 11, 2000
3	Keiyo plant (Funabashi/ Ichikawa)	- Distribution center - Gyotoku processing center	Ductile iron pipes, spiral welded steel pipes and thermal transfer pipes	LRQA	YKA 0771890	July 16, 1998
4	Sakai PVC pipe plant	Ishizu-nishi factory	Plastic pipes and fittings	JUSE	JUSE-EG-019	July 23, 1999
5	Odawara plant		Plastic pipes and fittings	JUSE	JUSE-EG-028	January 19, 2000
6	Hirakata plant	- Kubota Met Hirakata Corp. - Kubota Machinery and Construction Corporation - Kubota Valve Maintenance Corporation - Kubota System Control Co., Ltd.	Steel castings, pumps, valves, construction machinery and new materials relating to steel/ceramics	LRQA	JBC 0772527	September 17, 1999
7	Okajima plant	Ohtake ShellCo Corp.	Industrial cast iron products, ductile tunnel segments, cast-iron soil pipes and other cast iron products	JICQA	E105	December 22, 1999
8	Sakai plant	Sakai coastal plant	Engines and farm machinery	LRQA	JBC 0772673	March 10, 2000
9	Utsunomiya plant		Transplanters and harvesting equipment	LRQA	YKA 0772846	December 8, 2000
10	Tsukuba plant		Engines and farm machinery	LRQA	YKA 0771757	November 28, 1997
11	Kyuhoji business center	- Kubota Retex Corp. - Kubota Membrane Corp.	Scales, CAD systems, waste grinding/ sorting/resourcing plant and submerged membrane units	DNV	1379-1999-AE-KOB-RvA Rev.1	March 19, 1999
12	Ryugasaki plant	Kubota Vending Services Co., Ltd.	Vending machines	DNV	1273-1998-AE-KOB-RvA	November 13, 1998
13	Shiga plant		FRP products	JUSE	JUSE-EG-031	May 18, 2000
14	Environmental engineering consolidated division		Environment control plant products (also providing sales, R&D, purchase, production, installation and service of the products)	LRQA	JBC 0772707	July 14, 2000

*Keiyo plant (Ichikawa) is certified together with Keiyo plant (Funabashi) in the same certificate.

Domestic subsidiaries

No.	Plants and offices	Organization included in the ISO certification	Main business	ISO organizations	Certificate numbers	Date of Acquisition
15	Nihon Plastic Industry Co., Ltd.	Head office and plant Mino plant	Manufacturing of plastic pipes and sheets	JSA	JSAE276	October 27, 2000
16	Kubota Construction Co., Ltd.		Construction of civil engineering structure, buildings and plants	JQA	JQA-EM1205	December 22, 2000
17	Kanto Kubota Seiki Co.		Manufacturing of hydraulic cylinders and transmission cases	LRQA	YKA 0772963	November 14, 2001
18	Kubota Environmental Service Co., Ltd.		Construction and maintenance of environmental facility and plant for processing clean water, sewage, landfill, human-waste and garbage	MSA	MSA-ES-171	November 20, 2002
19	Kyushu Kubota Chemical Co., Ltd.		Manufacturing of composite pipes	JUSE	JUSE-EG-118	March 27, 2003
20	Kubota Air Conditioner Co., Ltd.	Tochigi plant	Design, development and production of central air-conditioning systems and equipment	JQA	JQA-EM4189	August 27, 2004
21	Kubota Retex Corp.	Kitakami Recycle Center	Process and disposal of industrial and general wastes	JQA	JQA-EM4293	October 22, 2004
22	Kubota Pipe Tech. Co.		Design, construction and construction control of pipelines	JCQA	JCQA-E-0633	January 24, 2005

Overseas subsidiary

No.	Plants and offices	Organization included in the ISO certification	Main products	ISO organizations	Certificate numbers	Date of Acquisition
23	The Siam Kubota Industry Co., Ltd. (Thai)		Manufacturing, sales and service of small-size diesel engines and farm machinery	MASCI	EMS99001/001	February 28, 2003

LRQA: Lloyd's Register Quality Assurance Limited JCQA: Japan Chemical Quality Assurance Ltd. JICQA: JIC Quality Assurance Ltd. JUSE: Union of Japanese Scientists and Engineers
DNV: Det Norske Veritas AS JSA: Japan Standards Association JQA: Japan Quality Assurance Organization MSA: Management System Assessment Center Co., Ltd.
MASCI: Management System Certification Institute (Thailand)

Environment Related Education

It is important for us to promote eco-friendly business activities to raise the awareness of each of our employees regarding environmental issues.
We periodically provide stratified education to raise awareness for environmental issues, on the basis that knowing is the first step to solving environmental issues. To cope with environmental issues in an appropriate manner, we also provide systematic professional trainings, support capacity-building and qualified personnel development, and promote the practice of environmental conservation.

In FY2004, we offered four educational courses designed on the participants' job descriptions to further enhance our basic education programs. In the Environment Month in June and the Energy Saving Month in February, we organized company visits and offered environmental education assistance to outside organizations to acquire information on efforts of environmentally advanced corporations.
In FY2005, we will enhance the quality and quantity of our education based on the mid-term environment plan.

Records of environment related education – FY2004 – (Hosted by the environment protection department; except for (*) hosted by independent plants)

Classification	Course titles		Frequency	Number of attendants	Course descriptions
Management-level education	Environmental issues workshop		1	68	Environmental management and disclosures, environmental management report
Stratified education	Orientation for new employees		1	97	Global environmental issues
	General course <1>	Environment conservation	3	107	Global environmental issues and corporate measures
	Intermediate education for supervisors	Environment conservation	1	26	- Kubota's involvement - Local environmental management
		Energy conservation	1	26	Theory and application of energy conservation technology
	Compliance training for Mid-level officers		3	146	Global environmental issues and Kubota's environmental management
	Workshop for the newly promoted senior manager		3	207	Global environmental issues and Kubota's environmental management
Professional training	Foundation courses for environmental management	For designing and R&D sections	1	10	- Environment-related laws and regulations, and Kubota's involvement - Environmental management according to the job descriptions
		For construction and service sections	1	8	
		For plant engineers	1	4	
		For office administrations	1	17	
	Education of environmental management technology		1	27	Theory and application of environmental management technology
	Preparation course for working environment measurement experts examination	Class 1	1	9	Dust, organic solvent, chemical substances and metals
		Class 2	1	10	Laws relating to industrial hygiene and chemical analysis
	ISO 14001: internal environment auditor course		4	89	ISO 14001 standard, environmental laws and case study
	ISO 14001: update briefings		2	39	ISO 14001: Year 2004 update details
	Follow-up education for internal environment auditors		1	24	ISO 14001: Year 2004 update details
	Energy conservation technology and its applications		1	5	- Law Regarding the Rationalization of Energy Use - Energy conservation technology and its applications
On-demand access to environment information by intranet	Chemical substances and environment		6	—	Endocrine disruptors – dioxin (1)
					Endocrine disruptors – dioxin (2)
					Laws and regulations concerning chemical substances – PRTR Law (1)
					Laws and regulations concerning chemical substances – PRTR Law (2)
					Kubota's status and issues concerning discharge of chemical substances (1)
					Kubota's status and issues concerning discharge of chemical substances (2)
	Easy to understand! "Global warming issues"		6	—	Mechanism of global warming
					Impacts of global warming
					- CO_2 emission on global scale - Global trends in global warming (1)
					Kyoto Protocol
					- Global trends in global warming (2) - Current conditions and involvement in Japan
					Efforts made by industries, Kubota, and each individual
	- International framework for global warming prevention - The enforcement of Kyoto Protocol		4	—	The enforcement of Kyoto Protocol (1)
					The enforcement of Kyoto Protocol (2)
					Global trends
					Japanese trends
	ISO 14001 (environmental management system) updates		2	—	ISO 14001 updates (1)
					ISO 14001 updates (2)
Company visits in special months	Environment Month	Idemitsu Kosan Co., Ltd. – Aichi Refinery	1	15	Environmental conservation activities and VOC elimination technology
		Kokuyo Co., Ltd.	1	22	Environmental conservation activities in head office building, and high efficient offices
	Energy Saving Month	Mitsubishi Electric Corporation - Fukuyama Works	1	17	Energy conservation – case study and promotion approach
Associated companies	Workshop for environment-related compliance		12	448	Workshops for farm machinery related companies
Environmental education assistance for outside organizations*	"Environmental policies and environmental management system" hosted by Japan International Cooperation Agency (JICA)		1	9	- Plant tour held at environment-related facilities in Sakai plant - Presentation of companies' activities and efforts
	Internship programs for Utsunomiya Hakuyo High School and Utsunomiya industrial High School in Tochigi prefecture		1	8	Environmental management education at Utsunomiya plant
	Amagasaki Industrial High School in Hyogo prefecture Comprehensive learning – environmental education		5	156	Explanation of pollution, wastes, hazardous chemical substances and global warming

Sample of "Explanation of chemical substances and environment" provided on intranet

Number of qualified persons with environment-related certifications

(People)

Pollution Control Managers	Air	50
	Water	62
	Noise	92
	Vibration	67
	Dioxins	5
Certified Environment Measurers	Concentration	3
	Noise and vibration	1
Environmental Management System (EMS) Auditors	Lead auditors	0
	Auditors	1
	Provisional auditors	5
Qualified Person for Energy Management of Type 1 Designated Factory	Heat management	42
	Electricity management	37
Working Environment Measurement Experts	Class 1	73
	Class 2	67

Scope: Domestic manufacturing plants of KUBOTA Corporation and Kubota's subsidiaries.

Green Purchasing

In November 2001, we established green purchasing promotion standards regarding the designated procurement items prescribed by the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities ("Law on Promoting Green Purchasing"), and have been promoting the purchase of products meeting the law requirement. We also installed a tabulation system for calculating the amount and ratio of green purchasing. According to the system, the amount and the rate of green purchasing for F2004 were 39.9 million yen and 85.4%, respectively. We will make a further effort to increase the ratio to 100% by FY 2005.

Number of eco-vehicles owned

(Unit)

(1) Fuel-cell vehicles		0
(2) Electric vehicles		0
(3) Compressed natural gas vehicles		2
(4) Methanol vehicles		0
(5) Hybrid vehicles (mild-hybrid vehicles)		3
(6) Low emission vehicles (LEVs) certified by the Ministry of Land, Infrastructure and Transport	Good-LEVs (G-LEVs)	113
	Excellent-LEVs (E-LEVs)	51
	Ultra-LEVs (U-LEVs)	207
(7) Liquefied petroleum gas (LPG) vehicles		0

Environmental Risk Management

We will follow our operation standards and implement the necessary facility inspections and maintenance in order to secure compliance, to prevent environmental damages, and to reduce environmental risks in our business activities. We established accident handling procedures to minimize contaminations in case of an environmental accident, and provide periodical training to prepare for unusual events and emergencies.
We also review and reinforce our preparatory formation and emergency response structure based on the assumption that a major environmental accident is probable. We promote companywide crisis controls including countermeasures to major environmental accidents.
We reinforced our environmental risk management through companywide environmental audits in all of our plants, including subsidiaries, in order to fully implement high risk extraction and to provide countermeasures against these risks.
In our environmental risk control, we will assess environmental impacts at each plant or office, make efforts to reduce the high-risk factors detected, and provide strict controls to prevent environmental problems.

Training for unusual situations and emergencies (Sakai plant)
Training at a hazardous materials facility (March 15, 2005)

Training was implemented with an assumption that fuel or lubricant oil was spilled from a feed opening of the tank or pipe.

Law compliance measures

(1) Status of air quality control

All the air quality assessment items met the required standards.

(2) Status of water quality control

All the water quality assessment items met the required standards, except for the irregular water quality listed in (5).

(3) Status of noise and vibration control

In FY2004, the measured values of noise emission exceeded the required standards at one plant. We had no local complaint, since the relevant checkpoint was located on the border line of the site without any adjacent houses. However, we have been promoting noise reduction measures to solve the issue.
Measured values of vibration did not exceed the required standards in all the plants.

(4) Status of hazardous chemical pollution control

Followed by the close-down of the Naniwa factory in September 2004, we implemented a voluntary soil investigation on the premises, and found a minor contamination. This contamination has no health effects on the neighboring residents. Please see p.49 for more details.

(5) On-site inspections held by government and municipal offices

In FY2004, we received 44 on-site inspections concerning air and water quality, and industrial wastes. In one water quality inspection, the measured value of lead emission slightly exceeded the required standards. We promptly submitted a report for improvement to the city administration, which was accepted. We will make continuous efforts to thoroughly conduct daily monitoring in order to prevent receiving an administrative notice in the future.

(6) Environmental accidents

In FY2004, we had no incidence of litigation, or required fine payments. We had a single accident related to oil leakage with a hydraulic oil cooler caused by pipe cracks. We promptly reported it to the related authorities and provided appropriate measures. As a result, there was no effect on the neighborhood. We instructed all employees to take proper preventive measures including facility maintenance improvement.
We also had 20 cases of oil leakage accidents in our plants. We took appropriate measures in accordance with the accident handling procedures for unusual events and emergency. There were no external effects in these cases.

(7) Environmental claims

We had a single claim of foul odor, and took prompt measures to correct the situation. We will promote daily monitoring to prevent a similar recurrence.

(8) Disclosures of environmental and safety measures for our products.

We compile the MSDS and offer information to our customers. Preparing for accidents in the physical distribution process, we provide information to carriers with emergency instructions concerning environmental and safety measures for our products.

Environmental Accounting

Environmental accounting is to provide a better understanding of our commitment to the environmental conservation activities, by utilizing quantitative measurements and analysis on the environmental conservation costs in our business activities and their effects, and appropriately reflecting the outcomes, in addition to disclosing information to the related parties inside and outside the Company.

Environmental conservation costs

Investments to environmental conservation totaled 710 million yen, an increase of 300 million yen from the prior year. Environmental conservation costs were 6,870 million yen, a decrease of 410 million yen. R&D costs were 4,580 million yen, comprising approximately 67% of the total environmental conservation costs.

Environmental conservation costs

(In million yen)

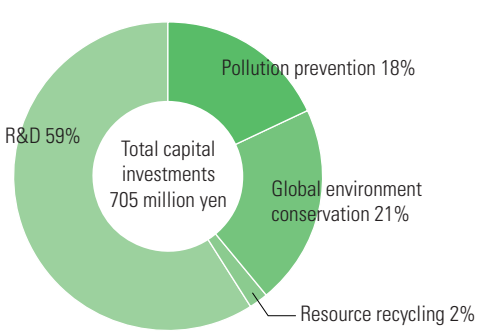
Classification of Costs		Related activities	FY2003		FY2004	
			Investments	Costs	Investments	Costs
Business area			190	2,155	291	1,741
	Pollution prevention	Prevention of air pollution, water pollution, soil contamination, noise, vibration, etc.	67	773	130	667
	Global environmental conservation	Global warming prevention, etc.	121	264	146	213
	Resource recycling	Reduction and recycling of waste	2	1,118	15	861
Upstream and downstream cost		Collection of second-hand products and commercialization of recycled products	0	16	0	56
Management activity		Development and operation of EMS, and environmental information dissemination	0	477	0	410
R&D		R&D for reducing product environmental loads and developing environment conservation devices	216	4,564	414	4,579
Social activities		Local cleanup activities and plant tour arrangements	0	43	0	44
Environmental remediation measures		Levies on SOx emission	0	19	0	35
Total			406	7,274	705	6,865

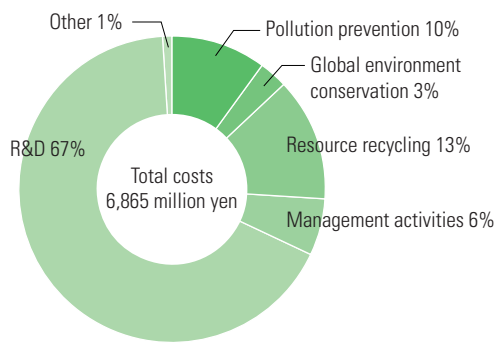
(In million yen)

Total capital investments (including land)	26,100
Total R&D costs	21,960

Method of aggregation and provisions:

1) The period covered was from April 1, 2004 to March 31, 2005.
2) Scope of aggregation included Kubota Corporation, a parent company (plant, factory, R&D division, and the environment protection department in headquarters), domestic subsidiaries (Kubota Precision Machinery Co., Ltd., Kanto Kubota Precision Machinery Co., Ltd., Nihon Plastic Industry Co., Ltd., Kyushu Kubota Chemical Co., Ltd., Kubota Air Conditioner Co., Ltd., Kubota Vending Services Co., Ltd., and Kubota KCT Corporation.)
3) Aggregation method is based on the Environmental Accounting Guidelines 2005 issued by the Ministry of Environment.
4) The labor and depreciation costs were included in the total cost. The depreciation cost was calculated based on the standards applied in the Company's financial accounting. All of the assets acquired in and after FY1998 were recorded. Compound costs were appropriated by recording differences or dividing proportionately.
5) Only measurable economic effects were recorded. Presumed and deemed economic effects were not included therein





Effects of environmental conservation

All the evaluation items decreased from the prior year. The industrial waste landfills decreased by 72% attributable to the promotion of zero-emission initiatives.

Effects of environmental conservation

Effects	Items	FY2003	FY2004	Effect Indicators	Ratio against the results of the prior year
Effects from resources used in our business activities	Energy consumption [energy conversion on a calorie-basis; in petajoule (PJ*)]	10.2	8.3	1.9	81
	Water consumption (thousand m^3)	6,320	5,430	890	86
Effects from environmental loads caused business activities and wastes	CO_2 emission (thousand ton)	581	455	126	78
	NOx emission (ton)	110.2	75.5	34.7	69
	Dust emission (ton)	23.7	15.3	8.4	65
	Releases and transfers of PRTR designated substances (ton)	1559.3	969.8	589.5	62
	Waste generation (thousand ton)	98	92	6	94
	Waste landfills (thousand ton)	3.9	2.8	1.1	72

*PJ = 10^{15}J

Economic effects

Economic effects of environmental conservation activities were 1.21 billion yen, at the same level as the prior year.

Economic effects of environmental conservation activities

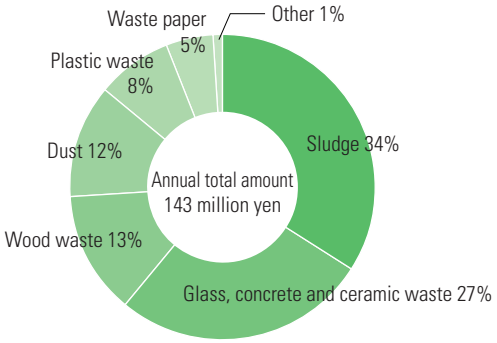
(In million yen)

Classification	Details	Annual effects
Energy conservation measures	Reduction of coke use in cupola, and highly efficient operation of compressors	412
Zero-emission measures	Reduction and recycling of industrial wastes	143
	Sales of valuable resources	627
Environmental conservation measures in physical distribution	Modal shift, and reduction of packing materials	25
Total		1,207

Cost reduction by zero emission measures

Reduction, reuse and recycling of wastes contributed to cut outsourcing fees for industrial waste processing, and generated 143 million yen of annual cost reduction effect.

Cost reduction effect by type of wastes



Future comments

We will place environmental accounting as an essential tool and indicator to support monitoring of investment efficiency and cost-benefit performance, and maintaining a lasting stability and sustainable growth. We will make continued efforts to promote environmental conservation activities and information disclosures.

Environmental Conservation Activities

Global Warming Prevention

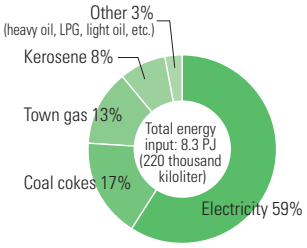
The Kubota Group Global Warming Prevention Activities were established and launched in line with the government's evaluation and revision of the Outline for Promotion Effects to Prevent Global Warming. Focusing on energy efficiency improvements, we will promote the activities across the Kubota group focusing on a one percent annual reduction of CO_2 emissions per unit output.

Total energy inputs and CO_2 emissions

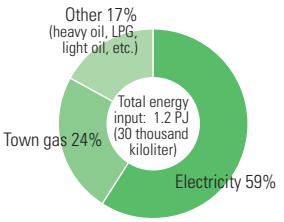
In FY2004, total domestic energy inputs in the Kubota group were 8.3 PJ, while total CO_2 emissions were 455 thousand ton - CO_2. As a result, the CO_2 emissions decreased by 31% from the FY1990 level.

Total energy inputs

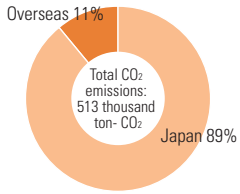
<Kubota domestic plants and offices>



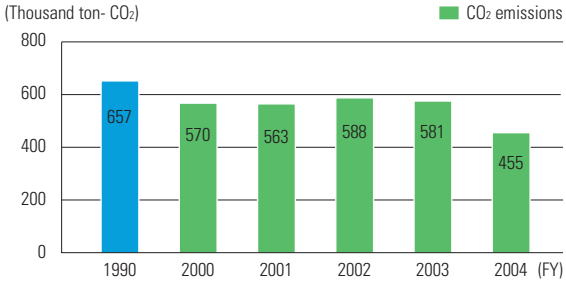
<Kubota overseas plants and offices>



CO_2 emissions (the entire Kubota group combined)



Changes in CO_2 emissions
(Kubota group domestic plants and offices)



* Calorific value
- Fuel: The values were calculated using the Net Calorific Value Table by Type of Energy Sources (revised March 30, 2001) released by the Agency for Natural Resources and Energy.
- Electricity: The values were calculated using a conversion ratio of 9.83 MJ/kWh based on the Enforcement Regulations for the Law Concerning Rational Use of Energy (revised December 27, 2002).
- Unit: PJ = 10^{15}J

* CO_2 emission coefficient
FY1990-FY2002: The values were calculated using the following coefficient based on the Report on Survey of Carbon Dioxide Emission (1992) released by the Ministry of the Environment: CO_2 converted volume (ton- CO_2) = Carbon converted volume (ton-C) × 3.664
FY2003 and FY2004: The values were calculated using the coefficient based on proposed Guidelines for Greenhouse Gas Accounting and Reporting at Entity-level (tentative draft: version 1.5) (July 2003) released by the Ministry of the Environment.

* Volume of CO_2 emission for FY2003 and FY2004 would be 584 thousand ton- CO_2 and 518 thousand ton- CO_2 respectively, if calculated using the coefficient applied until FY2002.

CO_2 reduction targets by 2010
(upon the enforcement of the Kyoto Protocol)

Upon the Kyoto Protocol's enforcement in February 2005, the Japanese government established the Kyoto Protocol Target Achievement Plan. This target is demanding and by the year 2010 Japanese industries are required to reduce CO_2 emissions by 8.6% from the 1990 levels. Nevertheless, our domestic manufacturing plants have already achieved the target. We will further promote the reduction of CO_2 emissions per unit output.

CO_2 emission reduction in Kubota domestic manufacturing plants

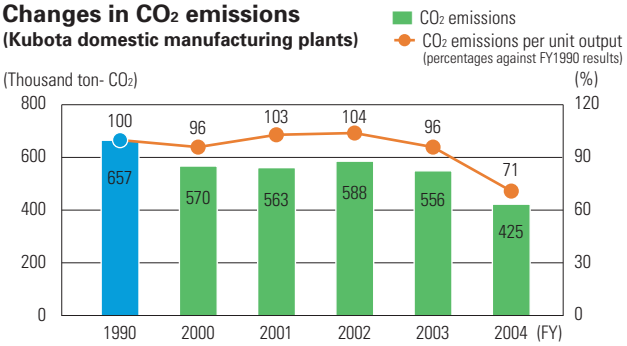
Total CO_2 emission in Kubota domestic manufacturing plants was 425 thousand ton-CO_2, reduced by 35% from FY1990.
CO_2 emissions per unit output were drastically improved, reducing by 26% from FY2003.
In 12 out of 16 plants and offices, CO_2 emissions per unit output achieved the target level, reducing by 1% or over from the prior year.

Outlines of global warming prevention activities in the Kubota group

Target	CO_2 emissions per unit output* 1% reduction per year					
Period	Nine years from FY2004 through FY2012 (Gradual reduction approach based on the government policy)					
Scope		KUBOTA Corporation		Kubota's subsidiaries		Physical distribution division
		Manufacturing plants	Nonproductive offices	Manufacturing plants	Nonproductive offices	
	Japan	●	●	●	●	●
	Overseas	—	●	●	—	—

* CO_2 emissions per unit output = CO_2 emissions / Manufacturing quantity

Changes in CO_2 emissions
(Kubota domestic manufacturing plants)



Energy conservation activities – Activity examples –

Energy Saving Month Activity

In the Energy Saving Month, we promoted company-wide activities involving subsidiaries to raise the level of awareness among the Group as a whole. The activities included organizing educational activities in each plant or office, and providing information through the intranet. We also arranged plant visits to the outstanding energy saving companies so as to foster horizontal connection development focusing on the control method of CO_2 emissions per unit output.

Plant visit to the outstanding energy saving company (In Mitsubishi Electric Corporation Fukuyama)

Sakai plant presentation at the Energy and Environment Exhibition (ENEX) 2005

In ENEX 2005 - Harmony of Earth, Environment and Energy - hosted by the Energy Conservation Centre, Japan (ECCJ), we introduced our energy conservation activities of the Sakai coastal plant in a session called "Energy Conservation Study & Tour."

ENEX 2005 (at the International Exhibition Center, Osaka: Intex Osaka)

- **Department:** Engine division
- **Facilities and equipment:** Working machines [machine center (M/C), milling machines, processing machines, etc.: 11 units]
- **Improvements:** Replacement to inverter-controlled hydraulic systems
- **Implementation:** From October 2003 through March 2004.
- **Outcome:** Reduction of energy consumption by 22,000kWh/year

Hosted plant tour of Keiyo plant (Funabashi) recognized as the outstanding energy saving company

In February 2005, we organized a plant tour sponsored by ECCJ at Keiyo plant (Funabashi) which was awarded the Minister of Economy, Trade and Industry Prize (Heat category) in FY2003. We had more than 40 attendees from outside the Kubota group of companies.
We introduced our activities that contribute to coke consumption rate reduction in cupola melting processes, which was well received among the participants.

Visit to the outstanding energy saving plant (Keiyo plant – Funabashi)

Installation of air conditioning system (Eco Ice system)

Keiyo plant (Ichikawa) introduced the Eco Ice System - thermal heat pump system, when replacing air conditioning systems, and achieved 40% reduction of energy consumption from the prior year.

Thermal storage tank for the Eco Ice System

Eco office initiatives (Environmental management activities at nonproductive offices)

Since FY2004, the eco office initiatives study, or environmental audit, has been implemented to raise environmental management capacity among nonproductive offices.
Items identified as requiring improvements were education and related activities.
We will focus on improving in these areas and, at the same time, review the audit findings and evaluations to reinforce environmental management in nonproductive offices.

Major activities

Subjects	Details for promotion activities
Greenhouse gas reduction	Turn off the lights and office automation (OA) devices when not in use.
Energy conservation	Strict temperature controls of air conditioning system
General waste reduction	Thorough implementation of waste segregation and recycling
	Reduction and recycling of waste paper
Green purchasing promotion	Priority purchasing for green products

List of evaluation items and results of environmental audits

	Evaluation items	Number of evaluation items	Number of items requiring improvements (12 offices combined)
Evaluation standards for administration offices	Promotion structure	3	13
	Educational activities	5	20
	Energy conservation and global warming prevention	10	14
	Waste	7	15
	Conservation of water resources	3	1
	Devices and equipment container PCBs	2	0
	Company cars	4	6
	Green purchasing	3	12
	Sub-total	37	81
Evaluation standards for office of machinery	Hazardous materials	12	4
	Chemical substances	4	4
	Air	3	0
	Water quality	19	5
	Waste	21	4
	Working conditions	2	0
	Noise	1	0
	Odor	1	0
	Sub-total	63	17
Total		100	98

Environmental conservation activities in physical distribution process

In an effort to reduce CO_2 emissions and air-pollutant discharges in physical distribution (PD) process, we promote modal shift, that is, a shift from trucking to rail transport and shipping, in addition to effective utilization of joint transport and return trips, and improvement of load efficiency. We also promote reduction of packaging materials, to further reduce waste and CO_2 emissions in manufacturing and disposal process of packaging materials.

FY2004 results

Net product transported	372,150 thousand ton-km
Total CO_2 emissions in product transport	46,108 ton-CO_2
Modal shift rate	42.6 %
CO_2 emission reduction by PD improvements	1,429 ton
Effects in monetary value	25 million yen

An example of crate improvement for engine exports

We reduced wood waste by utilizing steel-frame crates for engine exports. (180 ton/year)

Compliance with the law for promotion of sorting and recycling of containers and packaging

We sell a range of products for companies and general consumers, targeting diverse fields and usage, and use a variety of packaging materials and methods. However, most of our products are shipped with a type of packaging not subject to the Law for Promotion of Sorting and Recycling of Containers and Packaging.
The net use of plastic and paper packages were approximately 189 ton and 174 ton, respectively.
Since most of the products were shipped to the dealers, or were unpacked during the course of the distribution process, the package waste discharged as municipal solid waste at the customer delivery point was relatively small.
Our efforts continue to promote a shift to recyclable materials to create recycling society as well as package waste reduction to prevent global warming.

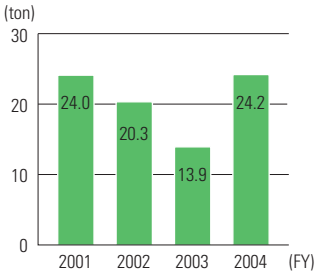
Prevention of Environmental Destruction

Each office makes efforts to improve environmental performance with regard to output to the environment in order to prevent air pollution and water contamination and to comply with the applicable environment laws. Strict self-management targets are set according to local ordinances and agreements to control closely the level of outputs.

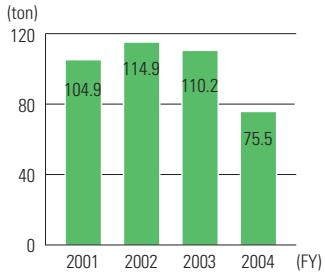
Air pollution prevention

We work to comply with the regulation values set by laws and ordinances and to reduce air pollutants through proper management and periodical inspections of facilities and equipment.
Aiming to curb VOC emissions, we held the VOC process technology study team meetings in February 7, 2005, and promote improvement measures to achieve our targeted VOC reduction.

Changes in SOx emissions



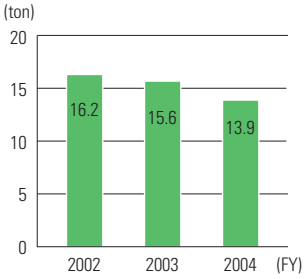
Changes in NOx emissions



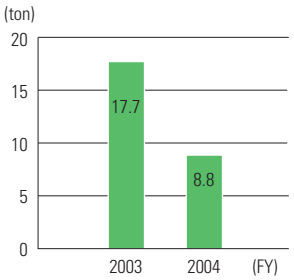
Water contamination prevention

Since the enforcement of the 5th Total Pollutant Load Control, we have been working on decreasing water pollutant loads, and as a result, emissions of COD, nitrogen and phosphorus decreased from the prior year.

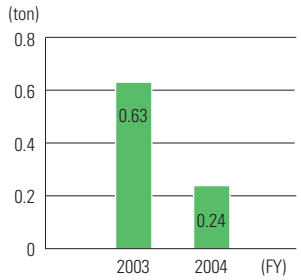
Changes in COD emissions



Changes in nitrogen emissions



Changes in phosphorus emissions

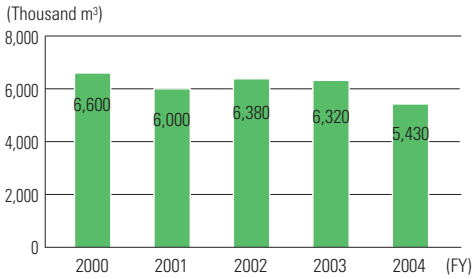


* Subject plants:
Hanshin plant (Mukogawa), Keiyo plant (Funabashi), Keiyo plant (Ichikawa), Hirakata plant and Sakai coastal plant

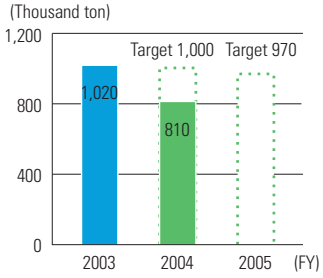
Water consumption reduction

We endeavor to reuse domestic and processed wastewater to meet our goal of effective use of water resources and reduction of environmental loads.
Water consumption in Japan was decreased by approximately 14% from the prior year.
We also set reduction targets for clean water and wastewater starting from FY2004 and promote the reduction accordingly. Clean water consumption decreased by approximately 21% from FY2004, which was well above the target level.

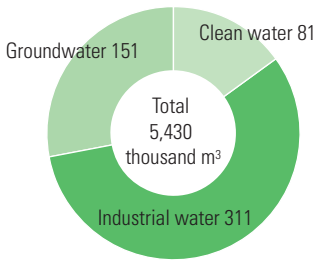
Changes in water consumption in Japan



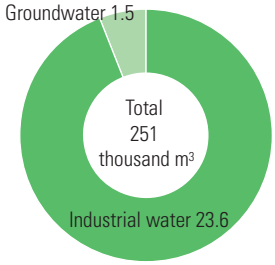
Changes in clean water consumption



Breakdown of water consumption in Japan



Breakdown of overseas water consumption



Soil contamination measures

As a part of the land readjustment project of Namba area in Osaka city, we closed down the Naniwa factory (located in Shikitsuhigashi 2-chome, Naniwa-ku, Osaka city; approximately 12,000 m^2) on September 30, 2004, and plan to begin demolition and removal of the factory building and facilities followed by land-clearing. With the closedown, we implemented a voluntary soil investigation on the premises, where we found a minor amount contamination. Details and countermeasures for this contamination are stated as below.

Results of soil investigation and its countermeasures

[Results]

(1) We found three substances - lead, fluorine and cyanides – at the site, which exceeded the designated limits. Of 127 partitions (10m x 10m per partition) lead was detected in 11 partitions and fluorine and cyanide detected in 1 partition each at depth levels within 1.0 m from the soil surface.

(2) We also conducted groundwater quality inspection for the above three substances, we found no contamination, with all meeting the groundwater standards.

[Source of contamination]

We reviewed the past records of chemical substance use in the factory, however, we found no record of using the three detected substances, and therefore, we have no known cause for the contamination at present.

[Effects on neighborhood]

(1) For the soil contamination, the premises are currently shatterproof, since most of the premises are paved with concrete, and green spaces were protected with sheet curing.

(2) For ground water, the inspection results showed that the groundwater standards are met, and there is no drinking use of groundwater in the neighboring area. Therefore, we judge that there is no effect on the health of residents in the surrounding area.

[Countermeasures]

We will excavate and remove the contaminated soils in the detected partitions. This countermeasure work is planned from May 2005 and will be completed by September 2005. When excavating the soil, we will prevent soil drifts by using water spray, and thoroughly clean the excavation machinery and vehicles within the premises.

[Land use after decontamination]

The land will be transferred to the Osaka-shi Namba Tochi Kukaku Seiri Kumiai (Namba Union of Land Readjustment Project in Osaka city) upon completion of decontamination work (planned in September 2005) according to a land replotting plan proposed by the land readjustment project of Namba area in Osaka city.

Pollutants and its concentration

1) Soil elution

Items	Designated limits (mg/l)	Detected value (mg/l)	Inspection layer (m)	Detected layer (m)	Detected layer/ inspection layers
Lead	0.01	0.013	Surface to 5	Surface to 0.5	1/127
Fluorine	0.8	1.5	Surface to 5	Surface to 0.5	1/127
Cyanides	Not detectable	0.7	Surface to 5	Surface to 0.5	1/127

2) Soil contents

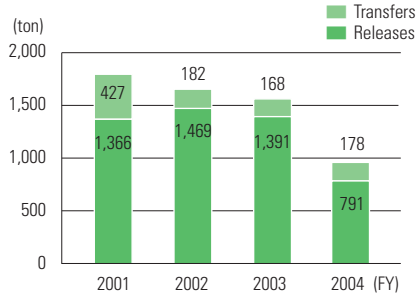
Items	Designated limits (mg/l)	Detected value (mg/l)	Inspection layer (m)	Detected layer (m)	Detected layer/ inspection layers
Lead	150	3500	Surface to 5	Surface to 1.0	10/127
		710		Surface to 1.0	
		550		Surface to 1.0	
		390		Surface to 0.5	
		350		Surface to 0.5	
		330		Surface to 0.5	
		290		Surface to 0.5	
		210		Surface to 0.5	
		170		Surface to 0.5	
		160		Surface to 1.0	

For details, please visit our website at
http://www.kubota.co.jp/new/2005/naniwa.html

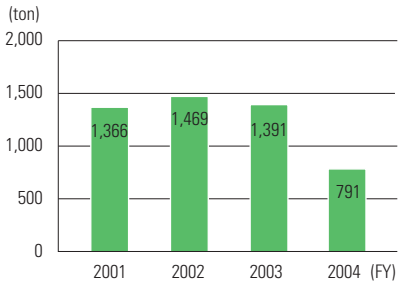
Chemical substance controls

Releases and transfers of PRTR designated substances decreased by 37.8% and VOC emission decreased by 43.1% from FY2003.

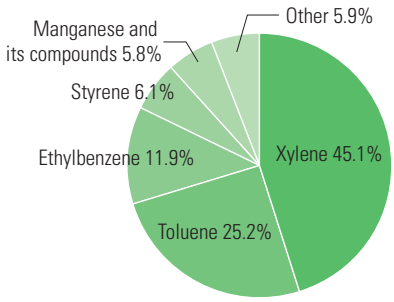
Changes in PRTR designated substances releases and transfers



Changes in the amount of PRTR designated substance (VOC)



Proportion of release and transfer amounts by substance



Results of PRTR reporting FY2004

(a list of the substances whose amount of annual transaction were one ton or over each)

(In kg/year; ※mg-TEQ/year for dioxins)

Ordinance No.	Chemical substances	Releases				Transfers	
		Air	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
1	Zinc compounds (water-soluble)	0	34.6	0	0	8.5	188.3
9	Bis (2-ethylhexyl) adipate	0	0	0	0	0	362.6
16	2-aminoethanol	0	0	0	0	0	13,464.0
29	Bisphenol A	0	0	0	0	0	0
30	Bisphenol A type epoxy resin (liquid)	0	0	0	0	0	1,381.8
40	Ethylbenzene	99,850.0	0	0	0	0	15,040.2
43	Ethylene glycol	27	0	0	0	0	950.8
63	Xylene	401,255.9	0	0	0	0	36,525.6
68	Chromium and chromium(III) compounds	0	0	0	0	0	24,844.8
69	Chromium(VI) compounds	0	0	0	0	0	454.9
100	Cobalt and its compounds	0	0	0	0	0	173.6
132	HCFC-141B	114.0	0	0	0	0	440.0
176	Organic tin compounds	11.3	0	0	0	0	40.5
177	Styrene	59,435.9	0	0	0	0	0
179	Dioxins	※7.3	0	0	0	0	※0.13
211	Trichloroethylene	1,491.0	0	0	0	0	1,164.0
224	1, 3, 5-trimethylbenzene	6,729.3	0	0	0	0	74.1
227	Toluene	222,460.7	0	0	0	0	21,817.4
230	Lead and its compounds	34.9	0	0	0	0	2,471.4
231	Nickel	3.9	0	0	0	0	158.9
266	Phenol	0	0	0	0	0	0
270	Di-n-butyl phthalate	0	0	0	0	0	86.4
272	Bis (2-ethylhexyl) phthalate	0	0	0	0	0	432.5
304	Boron and its compounds	0	0	0	0	0	1,702.0
311	Manganese and its compounds	0	0	0	0	0	56,567.2
346	Molybdenum and its compounds	0	0	0	0	0	0.3
Total		791,413.9	34.6	0	0	8.5	178,341.2

*Subject plants: Domestic plants of Kubota and Kubota's subsidiaries.

: Volatile Organic Compounds (VOC)

Towards a Recycling Society

We optimize resource utilization as part of our corporate working and rollout zero-emission initiatives to make a contribution towards a recycling society. For that purpose, we are working to reduce, reuse and recycle wastes generated in our plants and offices.

FY2004 target (the Mid-term Environment Promotion Plan)

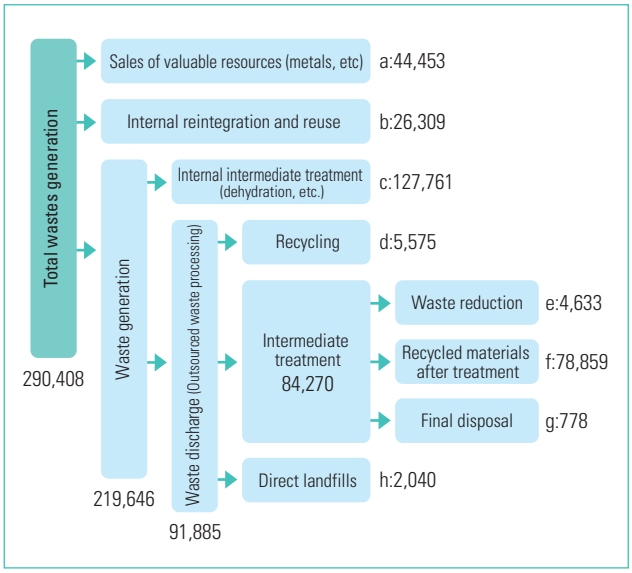
Waste emissions ··· 3% decrease from FY2003
Recycling rate ····· 98%

FY2004 results

Waste emissions

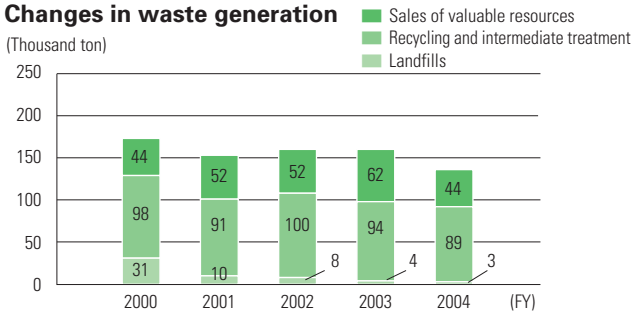
Total waste discharge in FY2004 was 91,885 ton, a 6.1% decrease from FY2003.

Recycling process flowcharts (Ton/year)

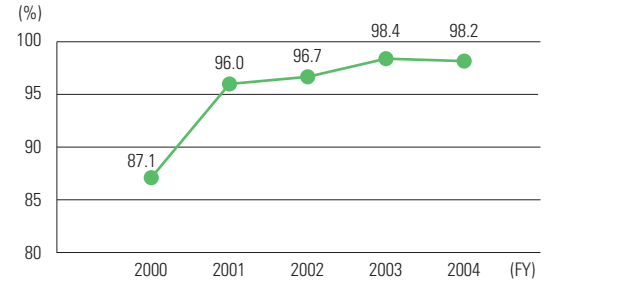


Notes: 1) Recycling rate (%) = (a+b+d+f) / (a+b+d+f+g+h) x 100
2) Amounts of waste reduction, recycled materials after treatment and final disposal in the process of intermediate treatment were the results of surveys conducted by outsourcing companies.

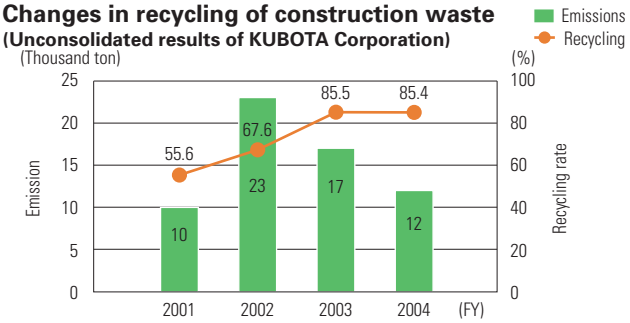
Changes in waste generation



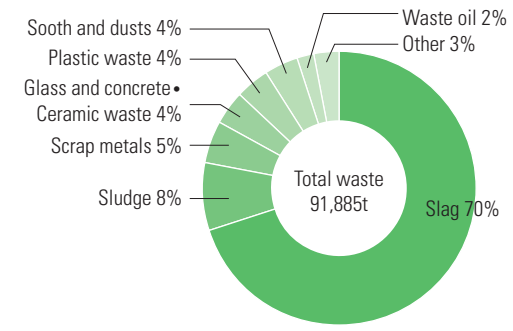
Changes in recycling rate



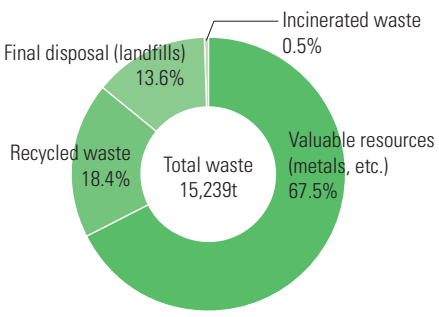
Changes in recycling of construction waste
(Unconsolidated results of KUBOTA Corporation)



Breakdown of waste generation



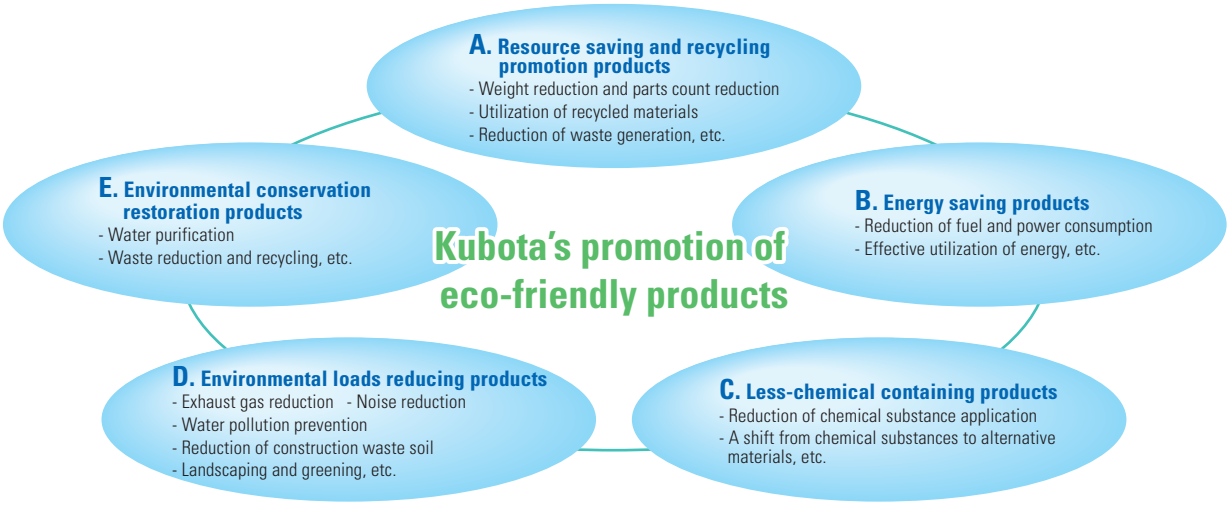
Waste generation in overseas subsidiaries



Eco-friendly Products and Action Plan

Basic Ideas

As part of our environment friendly activities, we strive to develop eco-friendly products in the following five areas, and have established targets by product.



Examples of eco-friendly products development

Consolidated divisions	Product lines	Areas					Details
		A	B	C	D	E	
Industrial infrastructure	Steel pipes					●	Water purification
	Iron pipes		●		●		Effective utilization of energy; reduction of construction waste soil
	Composite pipes	●					Utilization of recycled materials; reduction of waste tube generation
	Valves	●			●		Weight reduction; reduction of construction waste soil
	Industrial equipment and materials		●	●	●		Fuel consumption reduction; a shift from chemical substances to alternative materials; noise reduction; reduction of construction waste soil; greening
Machinery	Tractors	●			●		Easy to dismantle designs; exhaust gas reduction; exhaust noise reduction; operating noise reduction
	Farm machine	●					Weight reduction; part count reduction
	Agriculture related products				●	●	Water pollution prevention; waste recycling
	Agricultural facilities		●		●		Reduction of power consumption; water pollution prevention
	Construction machinery	●		●	●		Parts reuse measures; reduction of chemical substance use; exhaust gas reduction; exhaust noise reduction
	Engines				●		Exhaust gas reduction
	Electric appliances	●	●				Energy conservation; power consumption reduction
	Vending machines		●				Power consumption reduction
Environmental engineering	Clean water and sewerage related products		●			●	Power consumption reduction; water purification; waste reduction
	Water environment related products					●	Water purification; waste reduction; effective utilization of wastes
	Recycling related products	●	●		●	●	Weight reduction; power consumption reduction; noise and vibration reduction; waste reduction
	Pumps		●			●	Effective energy use; water purification
–	Water treatment tanks				●	●	Reduction of construction waste soil; water purification
–	Air-conditioning equipment	●	●	●			Waste reduction; power consumption reduction; reduction of chemical substance use

Environmental labeling

Eco marks

Items	Product name	Consolidated division
Eco Marks	"Bio Green Grass (Biodegradable oil)"	Machinery

Green purchasing – designated procurement items –

Areas	Classification	Items	Kubota's products
Public works	Construction machinery	Construction machinery with emission-controlled engines	Construction machinery
		Low-noise construction machinery	Construction machinery
	Materials (piping materials)	recycled hard PVC pipes for drainage	Recycled 3-layer foamed core PVC pipes
	Construction methods (method of effective use of waste soil in construction)	method of effective use of low quality soil	"Ducpile construction method (rotary-penetration pile method for ductile iron pipes)"
Equipments		Photovoltaic system	"Ecolony"

Industrial Infrastructure Operations

Mechanical joints for steel pipe piles and sheet piles – Mechanical joint of steel pipe piles –

Steel pipe piles and sheet piles for structural foundations used to be weld-jointed at a construction site. However, the welding work was restricted by such parameters as the level of welding skills, the surrounding environment and the weather conditions, and was requiring improvements.
Freed from these restrictions, our mechanical joints reduce the lag in the construction schedule, dramatically shortening work time compared to the weld-joint method. In urban constructions, this type of joint also reduces environmental stress on the surroundings due to lower emissions from trucks and heavy machinery.

Pin joint

Box joint

1. Product profile

A mechanical joint of steel pipe piles consists of a pin joint and a box joint parts. In a joint process, a circular-arc key attached inside the box joint is first connected to the pin joint, then fitting the circular-arc key into a key slot of the pin joint. Joining process takes approximately 10 minutes. Applicable diameters and plate thickness run between ϕ400 mm and ϕ1,600 mm and between 9 mm and 27 mm, respectively.

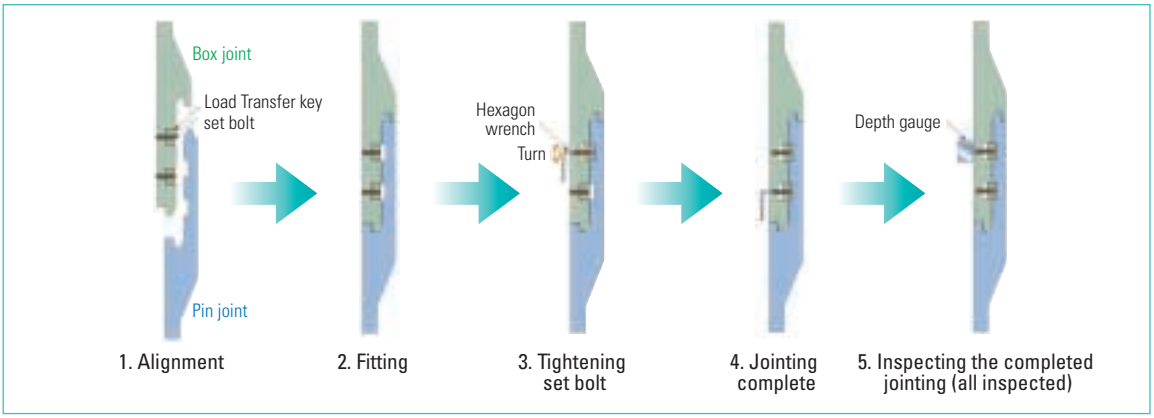
2. Features

The mechanical joint of steel pipe piles:

1. Significantly reduce work time compared to weld-bonding. Weather resistance (rain, snow) shortens construction time.
2. Require no special skills or inspection devices, and stabilize the quality of work.
3. Unlike welding, produces no hazardous gases at the site. Shorter construction times can reduce emissions from trucks and heavy machinery, and the load on the surrounding environment.

Joint construction

Jointing process



Advanced emergency shutdown valves

The emergency shutdown valves were developed to prevent leaking of the reservoir water in case water service pipes are damaged by an earthquake and other incidents. The emergency shutdown valves are installed at the outlet of a distribution reservoir to stop the leakage and mitigate any resulting environmental destruction.
Emergency shutdown valves can be broadly divided into the automatic type and the electric signal type. The former detects any abnormal flow speed due to duct damage and automatically shuts down the flow without electric power, and the latter activates emergency shutdown upon receiving abnormal signals from a seismometer or flowmeter.
The advanced model could reduce environmental impact with the following improvements in terms of less resources and space:

1. Reduction in the number of parts based on the simplified structure (reduced 38% in the Company)
2. Weight reduction with limit design (reduced 40% in the Company)
3. Smaller footprint with compact design (reduced 35% in the Company)

Automatic type

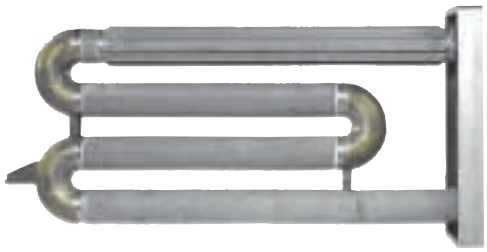
Electric-signal type

Cast steel products save energy for industrial furnaces

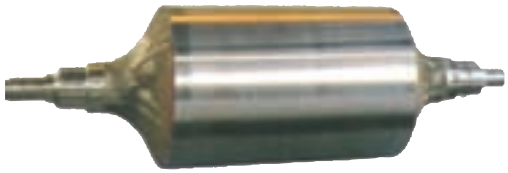
Iron mills and industrial furnace manufacturers have activated technological development regarding cast steel products to conserve energy and resources and enhance its efficiency, in the hope of lessening environmental stress. This in turn requires sophisticated demand for the materials used in industrial furnaces in terms of functions or performance.
Supported by the wealth of over half a century of experience in the manufacture of heat-resistant cast steel products, Kubota has developed a variety of eco-friendly, heat-resistant cast steel products based on its alloy design and product development concepts focusing on energy and resource savings and recyclability.
For instance, hearth materials (skid buttons) for the slab*1 heating furnace at an iron mill must incorporate high heat resistance and compression strength to be able to support slab in the severest operating environment of over 1,300°C. Our chromium-based, high-melting-point skid buttons achieve a dramatically shorter heating time and high yield of steel sheets, reducing the energy and resources needed for the heating furnaces.
Our radiant tubes, a component of an industrial furnace heater, achieve longer service life and energy savings. We work to recover used high alloy steels such as radiant tubes and hearth rolls*2, and promote the recycling of rare metal content by applying remelting and special refining methods.

* 1 slab: steel ingot before being rolled into steel sheets
* 2 hearth roll: used for continuous heat treatment of thin sheets

Chromium-based, high melting point skid buttons



Finned radiant tube



Hearth roll

Farm and Industrial Machinery Operations

Eco- and human-friendly high power engines with clean emission

For high power compatibility, the V2403-M-T (swirl-chamber-type, IDI) and V2403-M-DI-T (direct-injection-type, DI) are equipped with piston-cooling, double oil jets, tapered piston pin bosses, and an enlarged oil cooler capacity, offering functions to ensure high reliability and durability. These diesel engines satisfy a number of strict emission regulations both at home and abroad, including an emission regulation for special purpose vehicles, and are both user- and eco-friendly products. The diesel engines are equipped in the KL550H Beltion tractors and the ARN460 combine harvesters for professional farmers and form the heart of those product lines.

V2403-M-DI-T
Note) V2403-M-T is similar in appearance

ARN460Q

KL550H Beltion

Comments from our engineer

The biggest technical bottleneck eliminated in the development of innovative emission-control technology

After trying many technical approaches, our efforts have resulted in engines we can offer with pride, achieving reliability and durability and managing lower emissions. We have now introduced a new emission evaluation system, and attempt to facilitate an in-house environment for the development of more advanced engines.

Hideyuki Koyama,
Engine Division
Engineering Dept.

Low-volume spray with spray volume control technology in conjunction with travel speed

Our ride-type tractor KT22ZQ designed for paddy field work performs pest control and hoeing for rice and soybean fields. Combined with the KBM-500D boom sprayer, the tractor achieves low-volume spraying for rice crops, reducing environmental impact.
In addition to its low-volume spray, the product achieves high adhesion efficiency and controls wider scattering, since chemicals are sprayed from 5-10 cm above the rice plants using its low-drift spray nozzle. This product is a more eco-friendly solution than aerial crop dustings only pursuing labor savings and efficiency.

Low-volume spray demonstration run

Comments from our engineer

Repeated tests in the icy cold paid off!

In development of this tractor, we started with measuring actual travel speed of tractors in a paddy field. The tested soil had low bearing power, and we had a hard time just moving forward in high boots. Braving the piercing cold, we hand-measured the slip ratio, using a peg, measuring tape and stopwatch, over and over again until we collected enough data to calculate the actual speed on the paddy.

Tetsuaki Hayashi,
R&D Headquarters R&D Dept. I

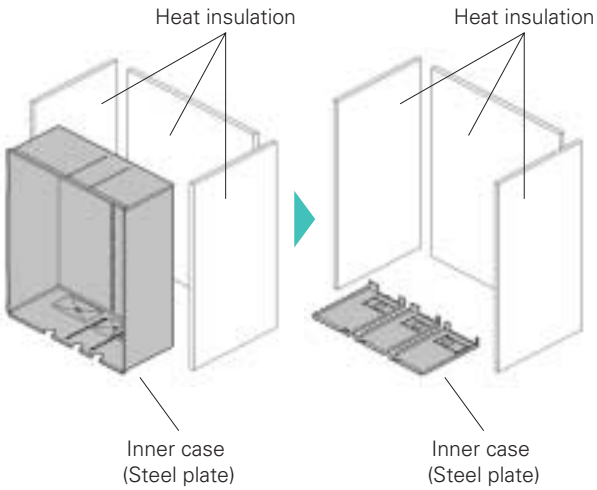
Industry-leading, eco-friendly canned beverage vending machines "30-can Selective Model"

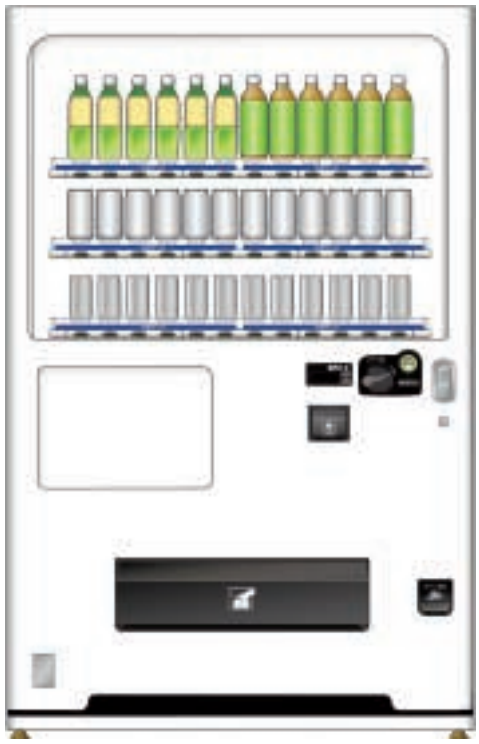
Vending machines are an essential part of Japanese lives. In December 2002, vending machines were determined as a designated machine according to the amended Law concerning the Rational Use of Energy. In fiscal 2005, the law requires vending machine manufacturers to reduce energy consumption by approximately 34% by the end of March 2006, compared to the year 2000 designated model.

With increasing social responsibility, Kubota takes a proactive approach to the development of energy-saving technology. In fiscal 2005, our 30-selection, 4-compartment canned beverage vending machine products lead the industry, outperforming the government-established energy-savings target for the designated machine by 33% with introducing an airflow analysis system which improves cooling, minimizes heat leaks and improves control technology. We implemented a major revamp in the structure of cooling/heating cabinet: reducing the interior cabinet sheet metal area – a major factor in heat leakage – by approximately 90%, and as a result, we have significantly enhanced its thermal insulation performance (top right figure).

To eliminate CFCs, all urethane forming agents were replaced by cyclopentane whose ozone depletion potential is null. We also remain committed to environmental preservation and promote recycling for efficient use of resources and facilitating the separated processing of discarded machine parts.

Eliminating inner case to reduce cabinet sheet metal





Comments from our engineer

We launched a significant target to challenge energy savings and environmental load reductions.

Yasuki Chomura,
Vending Machinery Division
Engineering Dept.

Target for this development project was to reduce power consumption by 5%-8% within a year. It was very challenging since the power consumption had already been slashed in the development of previous models by an average of 32% between 2000 and 2004. Difficult part was that we only had a short time to find solutions to varied issues like improving heat insulation capacity, energy-efficient operation of the refrigerator, and cut the costs. After much trial and error, our team's concerted efforts succeeded in reducing power consumption by an average of 7.5%. Going forward, we will continue to increase energy savings and eliminate CFC-based refrigerants, so we can continue to lead the industry in energy conservation.

Environmental Engineering Operations

Facility for shredding and separating solid waste for recycling

The Churashima Eco Clean Center – Recycle Plaza – completed in February 2005, is the regional waste disposal facility in Okinawa prefecture. At the facility, non-burnable and bulky garbage is shredded and separated to recover metal resources such as iron and aluminum from it. Recyclable garbage, such as empty cans, glass and PET bottles, is also separated and then compressed and packed for reuse. Offensive odors from the facility are neutralized via an ozone-based deodorizer, and effluent is sent to a neighboring melting facility for reuse to lessen any impact on the surrounding environment.

Churashima Eco Clean Center – Recycle Plaza –
(Association of Northern Central Okinawa Environmental Facility)

[Center Overview]

Land area : 36,260 m²
Building area : Recycling bldg. 2,457 m²
Administration bldg. 902 m²
Capacity : 57 tons/day
Main equipment: Kubota's vertical shredder and pre-shredder

Comments from our engineer

Achieving Harmony with the Surrounding Environment

We had meetings with the client to review the design over and over, until we were convinced that the center was in harmony with the surrounding environment and reflected Okinawa's essence. We are glad the center met with the customer's satisfaction. The whole facility, including the adjacent garbage-melting furnace, is barrier-free, so that visitors from both nearby and far away can navigate the center easily.

Takanori Honda,
Waste Engineering Division Waste Recycling Engineering Dept.

High appraisal for large-scale mist generator that cools the atmosphere

Our mist generating system made it to the 2005 World Exposition, Aichi, Japan. Having been successfully installed at many other sites in Japan, our system was chosen with the appreciation, "the artificial mist generated by the system is similar to natural mist and cools the atmosphere with the greatest efficiency."

Kubota's large-scale mist generator in use at the Global Common 5 at Expo 2005
(Japan Association for the 2005 World Exposition)

[Specifications]

Number of mist nozzles : approx. 12,000
Maximum water volume required : 1.44 m³/min
Discharge pressure : 7 MPa (70 kgf/cm²)
Average sprayed mist particle diameter: 17μ

Comments from our engineer

Drastically improved design based on design reviews

We invited many experts from related fields to our design review meetings, and manufactured a prototype based on design improvements. After repeated discussions and improvements, we succeeded in the creation of the beautiful system which produces gorgeous mists.

Keiji Kitagawa,
Pumps Division
Pump Plant Dept.

Japan's first membrane treatment facility for public sewerage

The first membrane-based sewage treatment plant in Japan has been completed in Fukusaki-cho, Hyogo Prefecture. It is designed to improve the residential living environment and preserve limpid Ichikawa River.
Water treated using the submerged membrane is so clean that it will be recycled back to small streams or used in nearby public rest facilities and for landscaping.

Sewage treatment equipment in the Fukusaki Water Purification Center, Fukusaki-cho, Hyogo
Submerged membranes units installed in reaction chambers

[Plant Description]

Planned quantity of water treated
Total : 12,600 m^3/day
1st stage : 21,000 m^3/day
Effluent water quality: BOD 10 mg/liter
T-N 10 mg/liter
T-P 0.5 mg/liter
Used membrane : Submerged-type
Nominal pore size 0.4μm

Comments from our engineer

Engineering helps improving the region's environment

We have been engaged in technological development for particular issues, such as improving treatment efficiency, increasing capacity for a large flow rate, maintaining a membrane, and enhancing reliability as a public treatment plant. This technology was developed in a teamwork of many people including me. We hope that we will continue to advance this technology and help improve the region's environment using the advanced technology.

Masatomo Kinoshita,
Water & Sewage Engineering Dept.

Composting facility completed

We constructed Eco-kuru Mikata composting facility in Mikata-gun, Fukui Prefecture. The facility is intended to support an eco-friendly agriculture in that area. The facility's roof is covered with transparent plates so that compost transferred in the facility can be fermented by sunshine, natural energy, in sun-drying equipment. Our new compost management system is able to achieve centralized control of temperature, odor and production to ensure stabilized compost production.

Mihama-Mikata Environmental Sanitation Association
Eco-kuru Mikata Composting Facility

[Facility Description]

Name : Eco-kuru Mikata Composting Facility
Location: Mukasa, Mikata-cho, Mikata-gun, Fukui Prefecture
Processing items and capacity
Livestock waste : 27 tons/day
Domestic raw garbage : 3.6 tons/day
Trimmed branches : 3.5 tons/day
Community effluent and sludge: 2.2 tons/day

Comments from our engineer

The words of gratitude from our customers are a true reward for our efforts.

Our top priority in the process of designing the facility was to consider the environment. We introduced a number of new technologies, including our proprietary deodorizing technology. After its completion, we received appreciative compliments from the customer and local residents saying "good compost and little odor. Thank you for the excellent job."

Fumiji Nakajima,
Waste Engineering Division
Water Environmental Engineering Dept.

Air Condition Equipment Operations

Wet total heat exchanger efficiently recovers exhaust heat without contaminated supply air

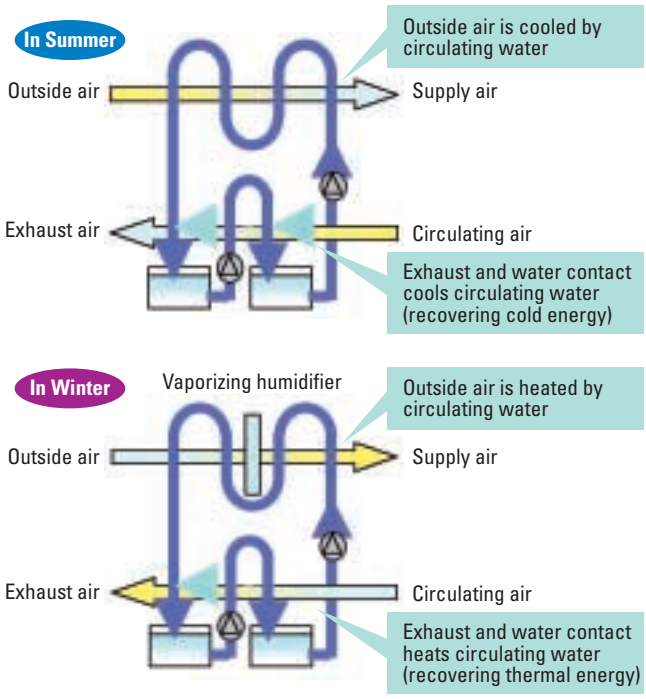
A total heat exchanger is widely used to recover heat from exhaust gas in order to reduce the thermal load on air-conditioning equipment. In animal experimentation laboratories and pharmaceutical and chemical plants, exhaust gases often carry odors and hazardous substances. These exhausts were filtered by the exhaust scrubber and released into the atmosphere without recovering heat, or treated with a contaminant-free total heat exchanger with a 30-40% heat recovery. Kubota combined our expertise in air washer and heat recovery technologies (patent applied for) to devise and bring to market an efficient, contaminant-free wet total heat exchanger.

This wet total heat exchanger, comprised of an air-supply unit and an exhaust unit, promotes heat exchange between supply air and exhaust air by circulating water between both units. By spraying the circulating water directly to the exhaust side, the exhaust gas is purified. At the same time, the exhaust gas is guided past a unique heat exchange medium to drastically boost total heat recovery efficiency. The equipment automatically changes the pattern of water flow and optimizes the humidifier's operation according to the season, which enables to achieve 45-55% heat recovery efficiency throughout the year. Use of a water-to-air heat exchanger prevents supply air from contacting exhaust constituents to keep it free of contaminants.

The wider use of this wet total heat exchanger in various types of plants and factories can contribute to save a significant amount of energy in many different industrial sectors.

Wet total heat exchanger

Principle of wet total heat exchange



Comments from our engineer

Our most detailed experiments bore fruit - I'm delighted with it beyond words!

We developed this product by trial and error in the course of thinking, testing and verifying every day. The most efforts were collected to boost heat recovery efficiency. The first prototype failed to achieve a target performance. We increased experiment items in order to make an improvement in detailed or minor areas, and finally satisfied the target after a long-time experiment about changing spraying water amount and improving vapor-liquid contact. We also made changes to the basic structures inside the machine, such as changing wind direction and switching of heat exchange method according to the season in order to achieve high heat recovery performance throughout the seasons. We will keep working to expand industrial clean rooms and chemistry laboratories related markets and increase the application of these products as well as strengthening a cost reduction.

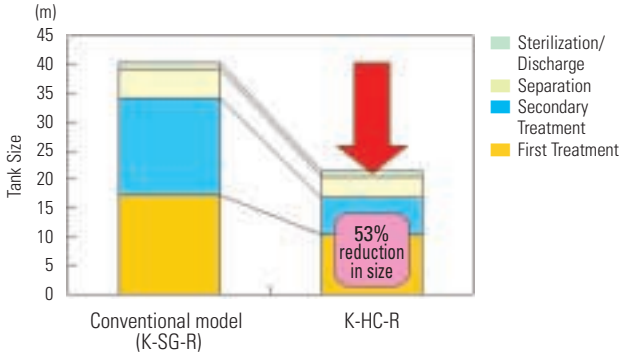
Jun Oshima,
Air Condition Equipment Division
R&D Dept.

Joukaso (Septic Tanks) Operations

Downsized large Joukaso

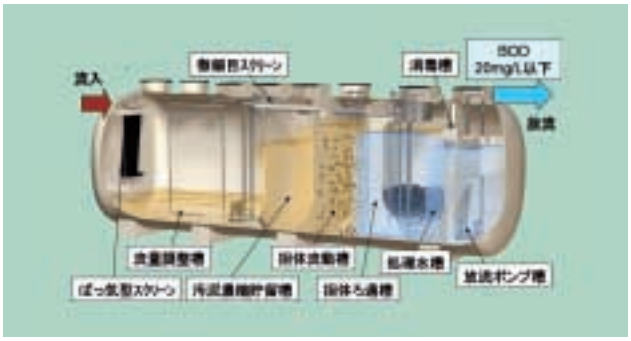
Large-type Joukaso, which is used to purify domestic wastewater at mid- and large-sized facilities, are often installed in areas where public sewage systems are not available. We have added the K-HC-R ultra-compact Joukaso to our product lines. This product is equipped with a new flow control method and fluidizing-carriers-filtration method in secondary treatment process, which enables to shorten the total length of the tank to 51-64% of conventional models, while tripling the wastewater treatment capacity. This technology drastically reduces the use of raw materials such as fiber-reinforced plastic (FRP), and construction materials and residual soil for civil engineering work. The model K-HC-T features a low gross yield sludge coefficient of 36%, with slashing sludge production to 60% of conventional tanks. This substantially reduces costs and energy consumption associated with sludge disposal. Utilizing a smaller footprint and excellent treatment methods, this product is an eco-friendly product that contributes to the aqueous environment as well as reduce CO_2 emissions and waste generation.

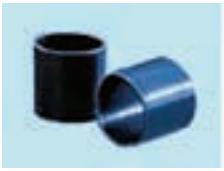
Comparing the K-HC-R with the conventional model
(500 people, 100 m³/day)



Joukaso installed in a hotel in Saga Prefecture
K-HC-R2: 436 people, 88 m³/day
(flow control tank + concentrated sludge tank)

Structural Drawing (K-HC-R1)





Carriers for filtration
Smooth surface cylinder

Fluidizing carriers

Comments from our engineer

Optimizing the design of septic tanks for manufacturing factories based on wastewater discharge volume and future direction of product development.

Downsizing the tank helped us to reduce materials (FRP) costs for the outer tank as well as the amount of residual soil produced after burying the tank. In addition, the maximum wastewater treatment capacity of this model has been increased from 138 m³/day to 395 m³/day. We devoted a lot of time and efforts to design and selection of proper internal parts and incidental equipment such as blowers in line with an increase in waste water discharge. Needless to say, fewer parts make the better whole, but were we to pursue a "the-greater-serves-for-the-lesser" approach alone? It could cause wasted money and energy in the development of "eco-friendly" product, so that careful consideration was required in the design process. We'll continue to focus on a reduction in maintenance costs, particularly relating to power consumption and sludge production, aiming at lowering the environmental load of the Joukaso.

Miki Yabuno,
Septic Tanks Division
Engineering Dept.

Kubota Domestic Manufacturing Plants Data

INPUTS

Items		Unit	Hanshin plant (Mukogawa)		Hanshin plant (Amagasaki)		Hanshin plant (Shin-yodogawa factory)		Keiyo plant (Funabashi)		Keiyo plant (Ichikawa)		Sakai PVC pipe plant		Odawara plant	
			Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)
Energy	Electricity	thousand kWh	46,930	461,337	28,470	279,894	3,050	29,993	47,220	464,169	5,660	55,598	25,460	250,272	30,140	296,315
	Coal cokes	ton	14,990	451,211	0	0	0	0	21,247	639,544	0	0	0	0	0	0
	Town gas	thousand m^3	4,510	185,343	3,335	137,063	0	0	2,574	105,811	0	0	139	5,706	37	1,503
	Kerosene	kiloliter	4,763	174,796	9	325	273	10,004	11,150	409,212	12	450	0	0	3	117
	Heavy oil	kiloliter	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	LPG, light oil and others			793		2,108		907		22,049		4,273		1,066		2,409
	Total			1,273,479		419,390		40,905		1,640,784		60,321		257,043		300,344
Water Consumption		ten thousand m^3	111.3		16.9		2.6		148.2		1.7		6.1		38.3	

Items		Unit	Hirakata plant		Okajima plant		Sakai plant		Sakai coastal plant		Utsunomiya plant		Tsukuba plant		Kyuhoji business center		Ryugasaki plant		Shiga plant	
			Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)	Annual consumption	GJ (on calorie-basis)
Energy	Electricity	thousand kWh	52,260	513,719	79,610	782,566	36,470	358,495	17,730	174,258	8,630	84,832	32,330	317,824	2,680	26,354	3,660	36,021	4,510	44,292
	Coal cokes	ton	0	0	10,437	314,154	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Town gas	thousand m^3	5,079	208,755	2,243	92,187	2,469	101,476	813	33,394	838	34,459	2,243	92,204	177	7,269	303	12,469	1,044	42,894
	Kerosene	kiloliter	122	4,477	3	110	0	0	0	0	641	23,516	866	31,786	16	587	24	893	0	0
	Heavy oil	kiloliter	0	0	0	0	786	30,733	50	1955	0	0	0	0	0	0	0	0	0	0
	LPG, light oil and others			12,993		3,768		25,696		44,319		0		0		1,143		554		0
	Total			739,944		1,192,785		516,400		253,927		142,807		441,814		35,353		49,937		87,186
Water Consumption		ten thousand m^3	23.2		19.9		15.3		4.9		39.6		17.9		1.4		2.8		31.5	

OUTPUTS

CO_2 emissions		ton-CO_2	87,895		17,942		1,893		121,510		2,439		9,988		11,644		31,660		69,016	
Exhaust gas	Major smoke and soot generating facilities		Melting furnace		Heating furnace		Drying furnace		Melting furnace		–		–		–		Heating furnace		Melting furnace	
	Unit		Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value
	SOx	m³N/h for regulation values of total pollutant load control and K-value regulation	Total pollutant load control	26.2	0.49	Total pollutant load control	*Sulfur-free town gas in use		Total pollutant load control	245	0.001	Total pollutant load control	19.3	0.14	Not applicable			Not applicable			*Sulfur-free town gas in use		
	NOx	Regulation values for the total pollutant load control: m³N/h, ppm: concentration regulation values	Total pollutant load control	33.81	24.11	Total pollutant load control	12.00	1.55	Concentration regulations	230	52	Total pollutant load control	54.1	5.08							Total pollutant load control	3.9	0.579
	Soot and dust	g/m³N	Concentration regulations	0.1	0.003	Concentration regulations	0.1	0.002	Concentration regulations	0.1	0.005	Concentration regulations	0.1	0.001							Concentration regulations	0.1	0.006

			Boiler			Boiler			Boiler			Boiler			–			Boiler			Boiler		
			Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value	Regulation classification	Regulation value	Measured value
			Total pollutant load control	2.18	0.13	Not applicable			*Sulfur-free town gas in use			K-value regulation	10.36	0.06	Not applicable			*Sulfur-free town gas in use		
			Total pollutant load control	2.00	0.45				Concentration regulations	150	67	Concentration regulations	230	110				Concentration regulations	230	55.5	Concentration regulations	150	17
			Concentration regulations	0.05	0.005				Concentration regulations	0.18	0.001	Concentration regulations	0.25	0.01				Concentration regulations	0.2	0.01	–	–	–

Drainage	Public water areas		Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value
	pH	—	5.8〜8.6	7.2	–	–	–(N/A)	7.9	5〜9	7.2	5〜9	6.9	–	–	5.8〜8.6	7.8	5.8〜8.6	7.3	–	–
	BOD	mg/liter	30	2	–	–	–	4	–	–	60	2	–	–	60	ND	25	6.9	–	–
	COD	mg/liter	20	4	–	–	–	7	20	2.7	60	9	–	–	60	ND	25	4.2	–	–
	Nitrogen	mg/liter	40	5.10	–	–	–	2.29	20	2.06	70	4.82	–	–	120	ND	120	6.7	–	–
	Phosphorous	mg/liter	1	ND	–	–	–	0.11	2	0.14	7	0.73	–	–	16	ND	16	0.53	–	–
	Hexavalent chromium	mg/liter	0.35	ND	–	–	–	ND	0.05	ND	0.5	ND	–	–	0.5	ND	0.05	ND	–	–
	Lead	mg/liter	0.1	ND	–	–	–	ND	0.1	ND	0.1	ND	–	–	0.1	ND	0.01	ND	–	–
	COD control value	kg/day	113	14.7	–	–	–	–	230.3	20.1	2.6	0.337	–	–	–	–	49.93	7.1	–	–
	Nitrogen control value	kg/day	110	16.1	–	–	–	–	163.5	4.83	2.855	0.41	–	–	–	–	52.6	7.98	–	–
	Phosphorous control value	kg/day	14	0.212	–	–	–	–	21.8	0.19	0.257	0.027	–	–	–	–	6.26	0.408	–	–
	Sewerage																			
	pH	—	5.7〜8.7	7.3	5.7〜8.7	7.5	–	–	–	–	–	–	5.7〜8.7	7.3	5.7〜8.7	7.5	–	–	5.0〜9.0	7.7
	BOD	mg/liter	300	5	300	3	–	–	–	–	–	–	300	ND	300	55	–	–	600	ND
	COD	mg/liter	–	6	–	–	–	–	–	–	–	–	–	3	–	40	–	–	–	–
	Suspended Solid (SS)	mg/liter	300	3	300	12	–	–	–	–	–	–	300	ND	300	9	–	–	600	5

Drainage	Public water areas		Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value	Regulation value	Measured value
	pH	—	7.0	5.8〜8.6	7.4	5.8〜8.6	7.8	–	–	–	–	6.0〜8.5	7.6							
	BOD	mg/liter	15	1	25	ND	20	2.6	–	–	–	–	20	4						
	COD	mg/liter	25	9	–	–	20	7.6	–	–	–	–	20	8						
	Nitrogen	mg/liter	120	8.3	120	18	60	3.3	–	–	–	–	8	2.4						
	Phosphorous	mg/liter	8	0.40	16	3.6	8	1.2	–	–	–	–	0.8	0.08						
	Hexavalent chromium	mg/liter	0.5	ND	0.5	ND	0.5	ND	–	–	–	–	0.05	ND						
	Lead	mg/liter	0.1	ND	0.1	ND	0.1	ND	–	–	–	–	0.1	ND						
	COD control value	kg/day	3.3	1.03	–	–	–	–	–	–	–	–	–	–						
	Nitrogen control value	kg/day	5.5	1.01	–	–	–	–	–	–	–	–	–	–						
	Phosphorous control value	kg/day	0.44	0.11	–	–	–	–	–	–	–	–	–	–						
	Sewerage																			
	pH	—	–	–	–	–	–	–	5.7〜8.7	7	5.0〜9.0	7.2	–	–						
	BOD	mg/liter	–	–	–	–	–	–	300	2	600	5.4	–	–						
	COD	mg/liter	–	–	–	–	–	–	–	–	600	27	–	–						
	Suspended Solid (SS)	mg/liter	–	–	–	–	–	–	300	3	600	18	–	–						

Wastes	Waste discharge	ton	14,770	2,935	2,095	25,615	137	163	259	4,944	32,921	1,160	898	282	1,752	494	424	657
	Recycling rate	%	98	100	30	99	100	98	99	99	100	100	100	99	100	99	99	100

Results of PRTR reporting FY2004

(Below figures are stated in double digit as significant figure) (In kg/year; except for dioxins in mg-TEQ/year)

Plants and factories	Chemical substances	Ordinance No.	Releases				Transfers	
			Air	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
Hanshin plant (Mukogawa)	Ethylbenzene	40	3,200.0	0	0	0	0	0
	Xylene	63	7,100.0	0	0	0	0	0
	1, 3, 5-trimethylbenzene	224	1,700.0	0	0	0	0	0
	Toluene	227	55,000.0	0	0	0	0	0
	Nickel	231	3.3	0	0	0	0	120.0
	Phenol	266	0	0	0	0	0	0
Hanshin plant (Marushima)	Ethylbenzene	40	8,700.0	0	0	0	0	0
	Xylene	63	33,000.0	0	0	0	0	0
	Toluene	227	34,000.0	0	0	0	0	0
	Nickel	231	0.6	0	0	0	0	17.0
Hanshin plant (Amagasaki)	Chromium and chromium(iii) compounds	68	0	0	0	0	0	1,900.0
	Toluene	227	5,500.0	0	0	0	0	0
	Nickel	231	0	0	0	0	0	1.8
	Boron and its compounds	304	0	0	0	0	0	1,700.0
	Manganese and its compounds	311	0	0	0	0	0	710.0
	Molybdenum and its compounds	346	0	0	0	0	0	0
Hanshin plant (Nagasu)	Ethylbenzene	40	2,500.0	0	0	0	0	0
	Xylene	63	2,800.0	0	0	0	0	0
	Toluene	227	1,900.0	0	0	0	0	0
Hanshin plant (Shin-yodogawa factory)	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	0
	Xylene	63	2,700.0	0	0	0	0	0
	Cobalt and its compounds	100	0	0	0	0	0	170.0
	Styrene	177	14,000.0	0	0	0	0	0
Keiyo plant (Funabashi)	Ethylbenzene	40	35,000.0	0	0	0	0	0
	Xylene	63	110,000.0	0	0	0	0	0
	1, 3, 5-trimethylbenzene	224	1,900.0	0	0	0	0	0
	Toluene	227	88,000.0	0	0	0	0	0
	Nickel	231	0	0	0	0	0	20.0
	Phenol	266	0	0	0	0	0	0
	Bis (2-ethylhexyl) phthalate	272	0	0	0	0	0	430.0
	Manganese and its compounds	311	0	0	0	0	0	35.0

Plants and factories	Chemical substances	Ordinance No.	Releases				Transfers	
			Air	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
Keiyo plant (Distribution centre)	Ethylbenzene	40	13,000.0	0	0	0	0	0
	Xylene	63	51,000.0	0	0	0	0	0
	Toluene	227	13,000.0	0	0	0	0	0
Keiyo plant (Ichikawa)	Xylene	63	1,400.0	0	0	0	0	0
	Manganese and its compounds	311	0	0	0	0	0	30.0
Keiyo plant (Gyotoku processing centre)	Manganese and its compounds	311	0	0	0	0	0	34.0
Sakai PVC pipe plant	Organic tin compounds	176	1.3	0	0	0	0	24.0
	Lead and its compounds	230	2.5	0	0	0	0	0.9
	Xylene	63	45.0	0	0	0	0	0
	Toluene	227	390.0	0	0	0	0	0
Ishizu-nishi factory in Sakai PVC pipe plant	Lead and its compounds	230	1.4	0	0	0	0	0
Odawada plant	Organic tin compounds	176	10.0	0	0	0	0	6.0
	Lead and its compounds	230	31.0	0	0	0	0	160.0
Hirakata plant	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	370.0
	Ethylbenzene	40	7,600.0	0	0	0	0	13,000.0
	Xylene	63	36,000.0	0	0	0	0	21,000.0
	Chromium and chromium(iii) compounds	68	0	0	0	0	0	13,000.0
	Cobalt and its compounds	100	0	0	0	0	0	0
	Toluene	227	3,700.0	0	0	0	0	9,600.0
	Nickel	231	0	0	0	0	0	3.0
	Boron and its compounds	304	0	0	0	0	0	0
	Manganese and its compounds	311	0	0	0	0	0	6,300.0
	Molybdenum and its compounds	346	0	0	0	0	0	0.3

Plants and factories	Chemical substances	Ordinance No.	Releases				Transfers	
			Air	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
Okajima plant	Bisphenol A	29	0	0	0	0	0	0
	Bisphenol A type epoxy resin (liquid)	30	0	0	0	0	0	1,000.0
	Ethylbenzene	40	2,900.0	0	0	0	0	970.0
	Ethylene glycol	43	27.0	0	0	0	0	750.0
	Xylene	63	17,000.0	0	0	0	0	5,700.0
	Chromium and chromium(iii) compounds	68	0	0	0	0	0	9,800.0
	Phenol	266	0	0	0	0	0	0
	Manganese and its compounds	311	0	0	0	0	0	49,000.0
Sakai plant	Zinc compounds (water-soluble)	1	0	0	0	0	8.5	0.9
	2-aminoethanol	16	0	0	0	0	0	4,700.0
	Ethylbenzene	40	1,100.0	0	0	0	0	680.0
	Ethylene glycol	43	0	0	0	0	0	200.0
	Xylene	63	4,600.0	0	0	0	0	3,100.0
	Toluene	227	1,400.0	0	0	0	0	4,200.0
Sakai coastal plant	2-aminoethanol	16	0	0	0	0	0	3,600.0
	Ethylbenzene	40	38.0	0	0	0	0	120.0
	Xylene	63	230.0	0	0	0	0	460.0
	Toluene	227	310.0	0	0	0	0	480.0
Naniwa factory in Sakai plant	Trichloroethylene	211	1,500.0	0	0	0	0	1,200.0
Utsunomiya plant	Ethylbenzene	40	5,800.0	0	0	0	0	210.0
	Ethylene glycol	43	0	0	0	0	0	0
	Xylene	63	27,000.0	0	0	0	0	640.0
	1, 3, 5-trimethylbenzene	224	3,200.0	0	0	0	0	74.0
	Toluene	227	2,000.0	0	0	0	0	1,200.0

Plants and factories	Chemical substances	Ordinance No.	Releases				Transfers	
			Air	Public water areas	Soil	On-site landfills	Sewerage	Transfers to off-site
Tsukuba plant	Zinc compounds (water-soluble)	1	0	35.0	0	0	0	190.0
	2-aminoethanol	16	0	0	0	0	0	5,100.0
	Ethylbenzene	40	16,000.0	0	0	0	0	180.0
	Ethylene glycol	43	0	0	0	0	0	0
	Xylene	63	94,000.0	0	0	0	0	3,700.0
	Chromium(vi) compounds	69	0	0	0	0	0	450.0
	Toluene	227	7,500.0	0	0	0	0	1,800.0
	Lead and its compounds	230	0	0	0	0	0	2,200.0
Kyuhoji business center	Xylene	63	150.0	0	0	0	0	1,300.0
	Toluene	227	790.0	0	0	0	0	2,000.0
Ryugasaki plant	Ethylbenzene	40	2,700.0	0	0	0	0	5.7
	Xylene	63	6,000.0	0	0	0	0	13.0
	Toluene	227	5,200.0	0	0	0	0	1,700.0
Shiga plant	Bis (2-ethylhexyl) adipate	9	0	0	0	0	0	360.0
	Styrene	177	45,000.0	0	0	0	0	0
	Di-n-butyl phthalate	270	0	0	0	0	0	86.0
	Boron and its compounds	304	0	0	0	0	0	0
Shin-yodogawa environmental plant center	Dioxins	179	0.0073	0	0	0	0	0.13

Independent Report

Independent Review Report on the Social and Environment Report

Mr. Daisuke Hatakake
Representative Director and President
KUBOTA Corporation

Objective of our review

We have reviewed the Social and Environmental Report 2005 (the "Report") of KUBOTA Corporation (the "Company") as to certain matters, referring to Management Research Committee Study Report Issue 13 "Guidelines for Environmental Report Assurance Engagements (Interim Report)" published by the Japanese Institute of Certified Public Accountants. The report is the responsibility of the Company's management.

Our objective is to express an opinion regarding primarily the accuracy of significant information contained in the Environmental Reporting included in the Report based on our independent review and to the extent of the procedures performed.

Our review of the Company's environmental report started in the current year, and does not cover prior years' data and information stated in the Report.

Review procedures

We performed the following procedures regarding the Environmental Reporting included in the Report:

(1) With respect to significant information included in the Environmental Reporting, we considered the reasonableness and accuracy of the collection of information and methods for compiling the collected information by comparing the compiled information to the related source information on a test basis and by having discussions with and inquiries of the Company's in-charge personnel, and

(2) With respect to significant information included in the Environmental Reporting, we had discussions with and made inquiries of both the Company's personnel who prepared the related parts and their supervisors, reviewed the relevant meetings' minutes, the Company's policy and regulations and ISO related documents and paid site visits to plants and associated companies as well as review and comparison of the information with other available internal and external materials supporting the information.

Our conclusion

Based on our review, our conclusions are as follows:

(1) The significant environmental information contained in the Environmental Reporting is properly compiled based on the data and information originated from or related to the Company's and its group companies' operations, and

(2) The significant environmental information contained in the Environmental Reporting is consistent with the supporting data or materials obtained during our review.

Tohmatsu Environmental Research Institute Ltd.
June 2, 2005

For reference:
Tohmatsu Environmental Research Institute Ltd. is a subsidiary company of Tohmatsu & Co., which is Japanese national practice of Deloitte Touche Tohmatsu.

Site visits to plants

Keiyo plant (Funabashi)

Keiyo plant (Ichikawa)

Questionnaire

Thank you for reading the Kubota Social and Environmental Report 2005.
We would be grateful if you could give us your opinion or comments on the report. To serve you better, we will upgrade the quality of the report based on your valuable information.
Please make a photocopy of the next page, complete the questionnaire, and send it to us by fax or email.

Please send the completed questionnaire to:

FAX:
+81-6-6648-2444

KUBOTA Corporation
Environmental Protection Department

2-47, Shikitsuhigashi 1-chome, Naniwa-ku,
Osaka city, 556-8601, Japan

Q1 : What do you feel about our CSR activities?

1. Excellent 2. Good 3. Poor 4. No view

Q2 : How do you rate our activities towards global environmental issues (including the activities introduced in this report)?

1. Excellent 2. Good 3. Poor 4. No view

Q3 : How easy do you find this report to read and understand?

1. Easy 2. Moderate 3. Difficult

Q4 : Please list the topics that you found easy to understand and those that were more difficult to understand, and any suggested items to be added or deleted.

(1) CSR reporting

- Easy-to-understand topics:
- Difficult-to-understand topics:
- Suggested items to be added:
- Suggested items to be deleted:

(2) Environmental reporting

- Easy-to-understand topics:
- Difficult-to-understand topics:
- Suggested items to be added:
- Suggested items to be deleted:

Q5 : What is the basis for your interest in this report?

1. Consumer/customer 2. Investor/shareholder 3. Kubota employee (including an employee of an associated company) 4. Local resident 5. Vendor/client 6. Government/administration 7. Corporate environment expert 8. Corporate CSR expert 9. Non governmental organization(NGO) / Non-profit organization (NPO) 10. Academic researcher 11. Environment audit or measurement organization, etc. 12. Press 13. Student 14. Other

Q6 : Please add any comments, observations or suggestions that you may have in connection with this report or related issues. Please express your opinions freely.

We thank you for your time and courtesy in completing the questionnaire. We would be grateful if you could provide us with some brief personal details, however this is not compulsory. (Any personal information that you do provide will not be disclosed to third parties without your permission.)

Name: Sex: Male or Female Age:

Address: Zip code

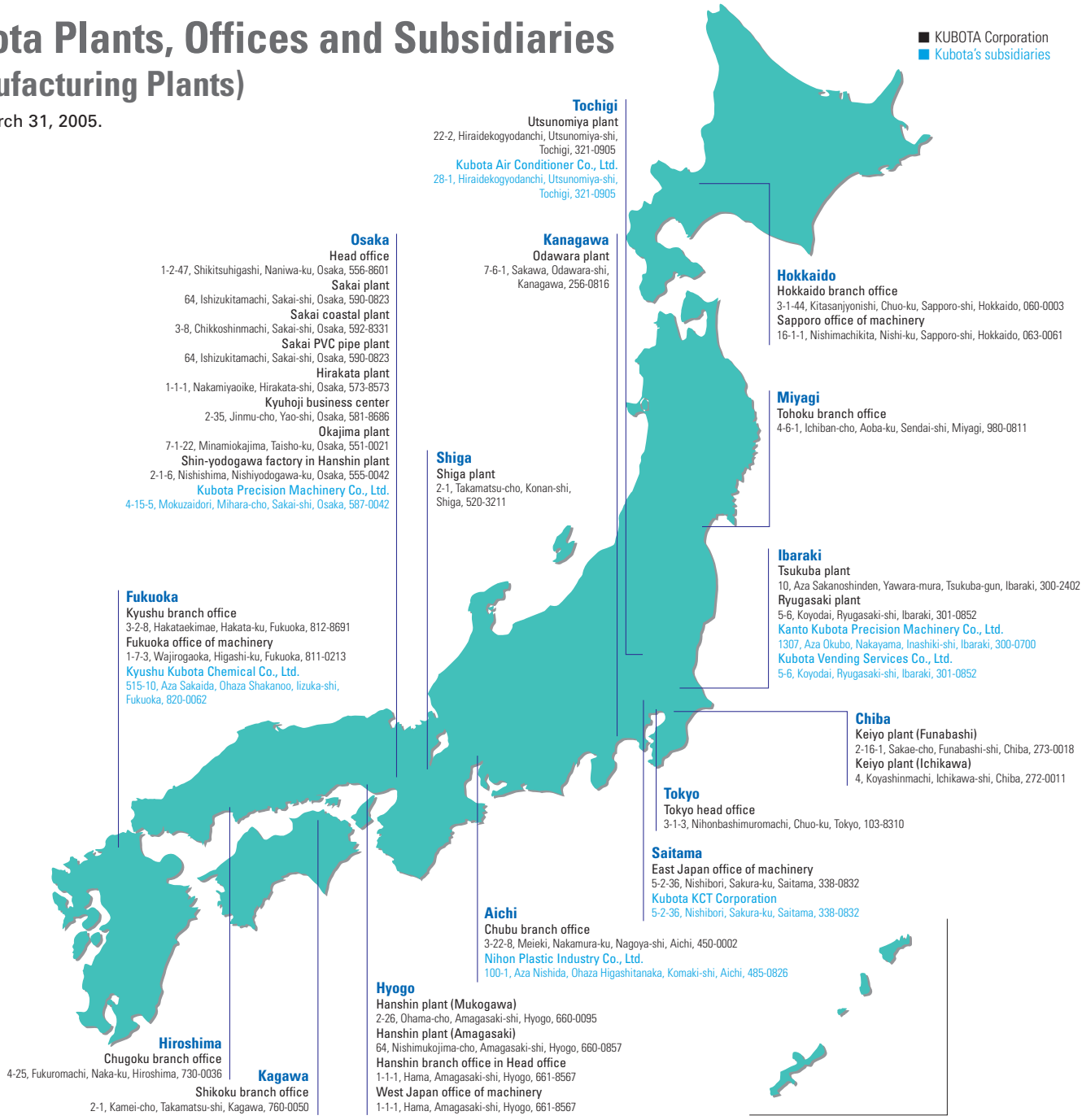
Occupation:

Kubota Plants, Offices and Subsidiaries

(Manufacturing Plants)

As of March 31, 2005.

■ KUBOTA Corporation
■ Kubota's subsidiaries



Tochigi
Utsunomiya plant
22-2, Hiraidekogyodanchi, Utsunomiya-shi, Tochigi, 321-0905
Kubota Air Conditioner Co., Ltd.
28-1, Hiraidekogyodanchi, Utsunomiya-shi, Tochigi, 321-0905

Kanagawa
Odawara plant
7-6-1, Sakawa, Odawara-shi, Kanagawa, 256-0816

Osaka
Head office
1-2-47, Shikitsuhigashi, Naniwa-ku, Osaka, 556-8601
Sakai plant
64, Ishizukitamachi, Sakai-shi, Osaka, 590-0823
Sakai coastal plant
3-8, Chikkoshinmachi, Sakai-shi, Osaka, 592-8331
Sakai PVC pipe plant
64, Ishizukitamachi, Sakai-shi, Osaka, 590-0823
Hirakata plant
1-1-1, Nakamiyaoike, Hirakata-shi, Osaka, 573-8573
Kyuhoji business center
2-35, Jinmu-cho, Yao-shi, Osaka, 581-8686
Okajima plant
7-1-22, Minamiokajima, Taisho-ku, Osaka, 551-0021
Shin-yodogawa factory in Hanshin plant
2-1-6, Nishishima, Nishiyodogawa-ku, Osaka, 555-0042
Kubota Precision Machinery Co., Ltd.
4-15-5, Mokuzaidori, Mihara-cho, Sakai-shi, Osaka, 587-0042

Hokkaido
Hokkaido branch office
3-1-44, Kitasanjyonishi, Chuo-ku, Sapporo-shi, Hokkaido, 060-0003
Sapporo office of machinery
16-1-1, Nishimachikita, Nishi-ku, Sapporo-shi, Hokkaido, 063-0061

Miyagi
Tohoku branch office
4-6-1, Ichiban-cho, Aoba-ku, Sendai-shi, Miyagi, 980-0811

Shiga
Shiga plant
2-1, Takamatsu-cho, Konan-shi, Shiga, 520-3211

Ibaraki
Tsukuba plant
10, Aza Sakanoshinden, Yawara-mura, Tsukuba-gun, Ibaraki, 300-2402
Ryugasaki plant
5-6, Koyodai, Ryugasaki-shi, Ibaraki, 301-0852
Kanto Kubota Precision Machinery Co., Ltd.
1307, Aza Okubo, Nakayama, Inashiki-shi, Ibaraki, 300-0700
Kubota Vending Services Co., Ltd.
5-6, Koyodai, Ryugasaki-shi, Ibaraki, 301-0852

Fukuoka
Kyushu branch office
3-2-8, Hakataekimae, Hakata-ku, Fukuoka, 812-8691
Fukuoka office of machinery
1-7-3, Wajirogaoka, Higashi-ku, Fukuoka, 811-0213
Kyushu Kubota Chemical Co., Ltd.
515-10, Aza Sakaida, Ohaza Shakanoo, Iizuka-shi, Fukuoka, 820-0062

Chiba
Keiyo plant (Funabashi)
2-16-1, Sakae-cho, Funabashi-shi, Chiba, 273-0018
Keiyo plant (Ichikawa)
4, Koyashinmachi, Ichikawa-shi, Chiba, 272-0011

Tokyo
Tokyo head office
3-1-3, Nihonbashimuromachi, Chuo-ku, Tokyo, 103-8310

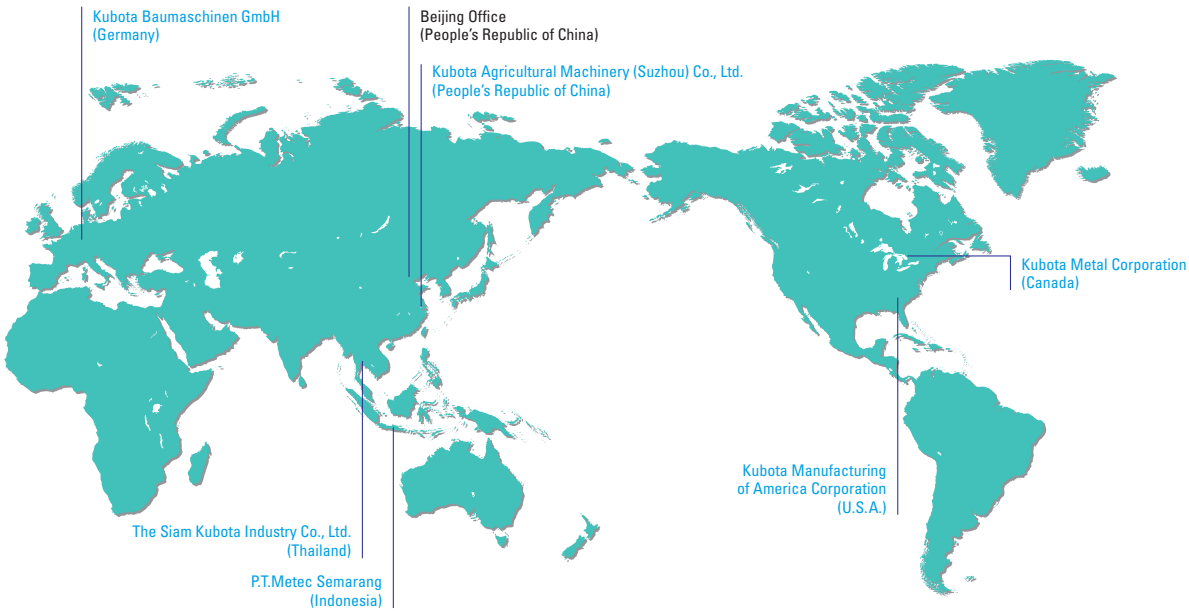
Saitama
East Japan office of machinery
5-2-36, Nishibori, Sakura-ku, Saitama, 338-0832
Kubota KCT Corporation
5-2-36, Nishibori, Sakura-ku, Saitama, 338-0832

Aichi
Chubu branch office
3-22-8, Meieki, Nakamura-ku, Nagoya-shi, Aichi, 450-0002
Nihon Plastic Industry Co., Ltd.
100-1, Aza Nishida, Ohaza Higashitanaka, Komaki-shi, Aichi, 485-0826

Hyogo
Hanshin plant (Mukogawa)
2-26, Ohama-cho, Amagasaki-shi, Hyogo, 660-0095
Hanshin plant (Amagasaki)
64, Nishimukojima-cho, Amagasaki-shi, Hyogo, 660-0857
Hanshin branch office in Head office
1-1-1, Hama, Amagasaki-shi, Hyogo, 661-8567
West Japan office of machinery
1-1-1, Hama, Amagasaki-shi, Hyogo, 661-8567

Hiroshima
Chugoku branch office
4-25, Fukuromachi, Naka-ku, Hiroshima, 730-0036

Kagawa
Shikoku branch office
2-1, Kamei-cho, Takamatsu-shi, Kagawa, 760-0050



Kubota Baumaschinen GmbH (Germany)

Beijing Office (People's Republic of China)

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (People's Republic of China)

Kubota Metal Corporation (Canada)

Kubota Manufacturing of America Corporation (U.S.A.)

The Siam Kubota Industry Co., Ltd. (Thailand)

P.T.Metec Semarang (Indonesia)

Kubota

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