KUBOTA CORP
Form 20-F
September 18, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

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

OR

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

For the fiscal year ended March 31, 2008

OR

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

For the transition period from to

OR

¨

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

Date of event requiring this shell company report ______

Commission file number 1-07294

KABUSHIKI KAISHA KUBOTA

(Exact name of registrant as specified in its charter)

KUBOTA CORPORATION

(Translation of registrant s name into English)

JAPAN

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

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

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

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

Title of each class	**Name of each exchange on which registered**
Common Stock*	**New York Stock Exchange**

* **Not for trading, but only in connection with the listing of American Depositary Receipts pursuant to the requirement of the New York Stock Exchange.**

American Depositary Receipts evidence American Depositary Shares, each American Depositary Share representing five shares of the registrant s common stock.

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

None

(Title of Class)

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

None

(Title of Class)

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

Title of Class	**Outstanding as of March 31, 2008 (Tokyo Time)**	**Outstanding as of March 31, 2008 (New York Time)**
Common stock	1,280,603,507 shares	
American Depositary Shares		6,044,210 ADS

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

Yes x No ¨

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

Yes ¨ No x

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

Yes x No ¨

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

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

U.S. GAAP x

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

Other ¨

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

Item 17 ¨ Item 18 ¨

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

Yes ¨ No x

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All information contained in this Report is as of or for the 12 months ended March 31, 2008 unless otherwise specified.

Unless otherwise specified, Japanese yen amounts in this Report have been translated for convenience into United States dollars at the rate of ¥100= US$1, the approximate rate of exchange on March 31, 2008, the date of the most recent balance sheet herein.

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

The noon buying rate for yen in New York City as certified for customs purposes by the Federal Reserve Bank of New York on September 3, 2008 was ¥108.18 = US$1.

The segment information that is disclosed in this Report, with respect to the Company s consolidated financial statements included herein, which is required under the regulations of the Financial Instruments and Exchange Law of Japan, is not consistent with accounting principles generally accepted in the United States of America.

<Cautionary Statement with Respect to Forward-Looking Statements>

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

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

The information required by this item, in addition to those provided below, appears on page F-1 of the attached Consolidated Financial Statements.

A. Selected Financial Data

	Years ended March 31					
	Million of Yen					Thousands of U.S. dollar
	2004	2005	2006	2007	2008	2008
Capital stock	78,156	78,156	84,070	84,070	84,070	840,700
Capital expenditures	21,396	26,097	33,805	44,715	35,163	351,630
Depreciation and amortization	27,755	25,808	25,821	27,097	30,565	305,650
R & D expenses	23,261	21,963	22,731	22,925	24,784	247,840
Number of shares outstanding	1,340,197	1,300,413	1,299,488	1,291,513	1,280,604	

	Years ended March 31				
	2004	2005	2006	2007	2008
Cash dividends declared per depositary share:					
Interim (in yen)	15	15	20	25	30
(in U.S. dollars)	0.138	0.136	0.165	0.217	0.270
Year-end (in yen)	15	25	30	35	40
(in U.S. dollars)	0.138	0.233	0.258	0.282	0.370
Exchange rates (yen amounts per U.S. dollar):					
Year-end	104.18	107.22	117.48	117.56	99.85
Average	112.75	107.28	113.67	116.55	113.61
High	120.55	114.30	120.93	121.81	124.09
Low	104.18	102.26	104.41	110.07	96.88

2008	Mar.	Apr.	May.	Jun.	Jul.	Aug.
High	103.99	104.56	105.52	108.29	108.19	110.48
Low	96.88	100.87	103.01	104.41	104.64	107.59
Period-end	99.85	104.53	105.46	106.17	108.10	108.69

Notes to Selected Financial Data:

1. Cash dividends in U.S. dollars are computed based on the exchange rates at each respective payment date.

2. Exchange rates are the noon buying rates for cable transfers between the yen and the U.S. dollar in New York City as certified for customs purposes by the Federal Reserve Bank of New York. The rate on September 3, 2008 was 108.18 = US$1.

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B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

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

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

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

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

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

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

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

- Unexpected changes in international, or in an individual country s, tax regulations;
- Unexpected legal or regulatory changes in a country;
- Difficulties in retaining qualified personnel;
- Underqualified technological skills or instability between management and employee unions in developing countries; and
- Political instability in those countries.

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

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

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

If the Company is not able to successfully create new businesses or businesses complementary to the current ones, then there may be a negative impact on the Company s financial position.

As part of its structural renovation, the Company is attempting to cultivate new businesses or businesses that are complementary to the current ones. In general, there are numerous competitors, and competition is very harsh in those markets. If the Company fails to develop the required personnel or abilities to produce and market appropriate products, subsequent impairment charges may be taken, or there may be a negative impact on the Company s financial position.

Impairment losses on investments in marketable securities may occur as a result of stock market fluctuations, which may have a material adverse effect on the Company s results of operations and financial position.

As of March 31, 2008, the Company owns securities with a fair value of approximately ¥135.1 billion ($1,351 million). In general, most of these securities are equity securities. Accordingly, impairment losses may occur, depending on stock market fluctuations, which may have a material adverse effect on the Company s results of operations, and financial position.

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

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

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

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

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

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

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

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

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

The Company previously manufactured products containing asbestos from 1954 to 2001. The Company may be required to incur various expenses, including payments to the individuals concerned or face lawsuits related to the asbestos-related health hazards of employees (including former employees) who engaged in the manufacturing of products containing asbestos, and residents who lived near the Company s factory at which these products were manufactured. If such expenses become significant or any lawsuits result in judgments unfavorable to the Company, there may be a material adverse effect on the Company s results of operations, financial position, and its liquidity.

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

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

If the Company is damaged by natural disasters, then the Company s operations may suffer great losses.

Japan is a country with frequent earthquakes. If a strong earthquake or related tidal wave occur, the Company may be affected in the operation of its manufacturing, logistics, and sales activities, and may lose revenues and profits depending on the severity of the earthquake or tidal wave. Japan also is hit by typhoons very frequently. If major plants are struck by a large and powerful typhoon, the Company s operations may suffer great losses due to disruption of operations, delay in production and shipment, and restoration costs for facilities.

In each business segment mentioned below, Kubota is subject to risks inherent to those businesses and markets.

Internal Combustion Engine and Machinery Segment

In the business of farm equipment, national agricultural policies which provide subsidies with emphasis on large-scale farmers and intends to make efficient use of agricultural resources such as farming land, agricultural machinery and facilities, may lead farmers to refrain from purchasing new equipment.

In order to compete with other companies, the Company must maintain marketing channels, develop new products that reflect consumers exact demands, and intensify appropriate after-sales services. In addition, substantial personnel and financing resources are required.

At the same time, the Company is also subject to severe competition in overseas markets including the United States. The pressures of reducing prices or shortening lead times are making business conditions more difficult. Consequently, the Company must take all possible steps to overcome the handicap of exporting products from Japan.

Specifically, it is very important for the Company to promote its retail sales by offering appropriate incentives to its dealers, and to introduce innovative products that address consumers needs, in advance of its competitors. The Company must continue to promote these operations and to compete with its competitors in overseas markets in order to develop the business. Otherwise, the decrease in revenues may have a material effect on the Company s consolidated results of operations and financial position.

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Pipes, Valves, and Industrial Castings Segment

The business of Pipes and Valves is basically dependent on public sector investments. Therefore, sales and profitability of this segment may be adversely affected by reductions in public investments by national or local governments.

In the business of ductile iron pipes and industrial casting, because of the relatively severe working environment, including the need to handle molten pig iron and steel scraps, it might be difficult to hire and retain qualified new employees. If the Company fails to hire and retain qualified employees, to transfer the manufacturing skills to next- generation, to automate these processes, the Company may face difficulties in continuing its business.

In addition, increasing environmental restrictions on such items as noise, air pollution or bad smells caused by factories may require additional investments to cope with such restrictions and may reduce profitability as a result of an increase in production costs.

Certain of the Company s competitors are located in China or India where personnel costs are extremely low compared with Japan. Accordingly, the Company must continue to reduce production costs. As for export of its products, negative factors such as stronger yen, increased competition in international competitive bidding, increasing cost of freight and insurance, may impair profitability of exportation. Exports of ductile iron pipes, steel castings, and valves are concentrated to the Middle East. If conflicts erupt in this area, the rescission of contracts and bad debts may occur.

Reductions in private capital expenditure or residential construction investment may adversely impact the business, financial condition or results of the Company.

The Company may face difficulties in procuring adequate major raw materials. Especially, the difficulties may arise in obtaining such raw materials as coke, magnesium, molybdenum and manganese, of which China is the largest producer and exporter, due to export restrictions that may be imposed by Chinese government when the Chinese domestic demand for these materials increases substantially. Other raw materials such as steel scraps may also become difficult to obtain sufficiently due to significant increase in the demand from abroad.

Environmental Engineering Segment

In the business of Environmental Engineering, a large portion of the demand depends on public sector investments. If the Company is unable to manage adverse developments such as a decrease in demand due to a reduction in public investments, intensifying competition owing to an increase in competitors, or the need to maintain high quality R&D personnel to develop new technologies, the Company s financial condition or results may be adversely affected. Furthermore, demands on product specification vary from customer to customer, which raise product cost.

The Company is aggressively working to shift its business model. Specifically, by developing its positions in the private sector and overseas markets, the Company is promoting a shift from the plant engineering business to the sales and installation of machinery and equipment. If the Company fails to produce and market new products or establish new dealer networks, the Company will not be able to shift its business model, and the Company s financial condition or results may be adversely affected.

Other Segment

Other segment consists of primarily vending machines, electronic-equipped machinery, air-conditioning equipment, septic tanks, condominiums, construction, and other equipments services. While the Company encounters market competition for these products, declining general economic conditions, including reduction in private capital expenditures, construction investment and public investment may also adversely affect the business and financial results of this segment.

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Item 4. Information on the Company

A. History and Development of the Company

KUBOTA CORPORATION (KABUSHIKI KAISHA KUBOTA), the ultimate parent company of the Kubota group, was founded in 1890 by Gonshiro Kubota and incorporated in 1930 under the Commercial Code of Japan. In 1949, stocks of the Company were listed on Tokyo Stock Exchange and Osaka Securities Exchange. In 1976, stocks of the Company were also listed on New York Stock Exchange. Today, Kubota is a manufacturer of farm equipment, and producer of pipes, principally ductile iron pipes, and related equipment for water supply and other utilities. In addition, the Company manufactures and sells other items; engines, construction machinery, industrial castings, industrial machinery, environmental control plants.

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

The Company s production network primarily comprises 20 plants in Japan and 8 plants in overseas countries. Kubota also has 12 sales subsidiaries in overseas countries.

Principal Capital Expenditures and Divestitures

Capital expenditures in fiscal 2008, 2007 and 2006 amounted to ¥35,163 million ($351,630 thousand), ¥44,715 million, and ¥33,805 million, respectively. The funding requirements for these capital expenditures were mainly provided by internal operations, and partially provided by external debt financing.

The principal capital expenditures in progress as of March 31, 2008, 2007 and 2006 were as follows:

As of March 2008

Location	Industry segment included	Content	Estimated amount of expenditures Total amount of expenditures (¥ billion)	Schedule Commenced
Suzhou (China)	Internal Combustion Engine and Machinery	Building of new production facility for agricultural equipment in China	¥1.7	Oct. 2005
Chon Buri (Thailand)	Internal Combustion Engine and Machinery	Building of new production facility for tractors in Thailand	¥6.2	Jul. 2007
Sakai (Osaka) Okajima (Osaka) Tsukuba (Ibaraki)	Internal Combustion Engine and Machinery	Production facilities for vertical diesel engines to increase production and developing new models	¥7.3	Jan. 2006
Hirakata (Osaka)	Internal Combustion Engine and Machinery	Restructuring of production system for construction machinery	¥1.6	Jun. 2006

As of March 2007

Location	Industry segment included	Content	Estimated amount of expenditures	Schedule

			Total amount of expenditures (¥ billion)	Commenced
Suzhou (China)	Internal Combustion Engine and Machinery	Building of new production facility for agricultural equipment in China	¥1.7	Oct. 2005
Sakai (Osaka) Okajima (Osaka) Tsukuba (Ibaraki)	Internal Combustion Engine and Machinery	Production facilities for vertical diesel engines to increase production and developing new models	¥7.7	Jan. 2006
Hirakata (Osaka)	Internal Combustion Engine and Machinery	Restructuring of production system for construction machinery	¥1.7	Jun. 2006

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As of March 2006

Location	Industry segment included	Content	Estimated amount of expenditures Total amount of expenditures (¥ billion)	Schedule Commenced
Suzhou (China)	Internal Combustion Engine and Machinery	Building of new production facility for agricultural equipment in China	¥1.7	Oct. 2005
Sakai (Osaka) Okajima (Osaka) Tsukuba (Ibaraki)	Internal Combustion Engine and Machinery	Production facilities for vertical diesel engines to increase production and developing new models	¥8.0	Jan. 2006
Tsukuba (Ibaraki)	Internal Combustion Engine and Machinery	Addition to a building of a factory	¥3.4	Jan. 2006
Jackson (Georgia, U.S.A.)	Internal Combustion Engine and Machinery	Restructuring of production system	¥1.6	Oct. 2005

B. Business Overview

The Company classifies its products for revenue reporting purposes into the following 4 industry segments: Internal Combustion Engine and Machinery (which includes farm equipment, engines and construction machinery); Pipes, Valves, and Industrial Castings (which includes pipes, valves, and industrial castings); Environmental Engineering (which includes environmental engineering and pumps); and Other.

Revenues by Industry Segment

For the year ended March 31, 2008

	Millions of yen 2008		Thousands of U.S. dollars 2008
	¥	%	$
Internal Combustion Engine and Machinery	793,654	68.7	7,936,540
Pipes, Valves, and Industrial Castings	201,599	17.5	2,015,990
Environmental Engineering	70,878	6.1	708,780
Other	88,443	7.7	884,430
Total	1,154,574	100.0	11,545,740

For the years ended March 31, 2007 and 2006

	Millions of yen			
	2007		2006	
	¥	%	¥	%
Internal Combustion Engine and Machinery	746,808	66.3	674,087	63.3

Pipes, Valves, and Industrial Castings	194,224	17.2	189,708	17.8
Environmental Engineering	90,613	8.0	109,864	10.3
Other	95,811	8.5	92,077	8.6
Total	1,127,456	100.0	1,065,736	100.0

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Operation of Each Segment

Internal Combustion Engine and Machinery

Internal Combustion Engine and Machinery includes farm equipment, engines and construction machinery. Kubota is Japan s leading manufacturer of farm equipment and small engines for agricultural use. This market in Japan is dominated by 4 major manufacturers, and the Company possesses a substantially larger share than the second ranked company. Main products include tractors ranging from 10.5 to 125 horsepower, combine harvesters, rice transplanters, power tillers and reaper binders. The Company also manufactures and sells a line of construction machinery including mini-excavators and wheel loaders as well as engines for various industrial uses. Overseas revenues of this segment accounted for 68.7% of the total revenues of this segment in fiscal 2008.

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

The products in this segment are manufactured at 6 domestic plants, and the Company has manufacturing subsidiaries in the United States, Germany, China, Thailand, and Indonesia.

Pipes, Valves, and Industrial Castings

Pipes, Valves, and Industrial Castings is comprised of various kinds of pipes, valves, and industrial castings. Pipes and Valves consists of ductile iron pipes, spiral welded steel pipes, plastic pipes and fittings, and various valves. Most of these products are to municipalities and public utilities for use principally in water supply and sewage systems along with industrial water supply. These products are also used for gas supply, telecommunication and irrigation systems.

Industrial castings include various iron and steel castings. Iron castings encompass rolls for the steel industry, machinery parts, and soil pipes and fittings. Steel castings include heat-resistant steel pipes and products for petrochemical plants, thermal treatment in-core products for ironmaking plants, steel pipe columns for construction, and steel pipe piles to prevent landslides.

The products in this segment are manufactured at 11 plants in Japan, and the Company has a manufacturing subsidiary in Canada, and minority equity interest in an overseas manufacturing company.

Environmental Engineering

This segment develops and markets environmental control plants, pumps and related engineering. As for water treatment, the Company supplies water and sewage treatment plants, submerged membrane systems and biogas production systems. Regarding solid waste treatment, the Company supplies pulverizing facilities. This segment manufactures and supplies various pumps for waterworks, sewage facilities, irrigation system, rainwater drainage and power supplies.

At present, large portion of the revenues in this segment are to municipalities focusing on domestic environmental engineering market, which is competitive with many engineering companies. There are 2 manufacturing plants in Japan and no overseas plants.

Other

This segment encompasses all the other businesses that don t belong to the aforementioned 3 segments. This segment consists of vending machines, electronic-equipped machinery, air-conditioning equipment, septic tanks, condominiums, construction, and other equipment and services.

The products in this segment are manufactured mainly at 4 plants in Japan, and the Company has a manufacturing subsidiary in Indonesia.

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Revenues by Region

	Millions of yen 2008	2007	2006	Thousands of U.S. dollars 2008
Japan	¥ 572,236	¥ 603,502	¥ 632,128	$ 5,722,360
Overseas:				
North America	329,495	323,092	284,586	3,294,950
Europe	125,388	97,151	77,531	1,253,880
Other Areas	127,455	103,711	71,491	1,274,550
Subtotal	582,338	523,954	433,608	5,823,380
Total	¥ 1,154,574	¥ 1,127,456	¥ 1,065,736	$ 11,545,740

Revenues in Japan in fiscal 2008, 2007, and 2006 amounted to ¥572,236 million ($5,722,360 thousand), ¥603,502 million and ¥632,128 million, respectively. Revenues in North America in fiscal 2008, 2007, and 2006 amounted to ¥329,495 million ($3,294,950 thousand), ¥323,092 million and ¥284,586 million, respectively. Revenues in Europe in fiscal 2008, 2007, and 2006 amounted to ¥125,388 million ($1,253,880 thousand), ¥97,151 million and ¥77,531 million, respectively. Revenues in Other areas in fiscal 2008, 2007, and 2006 amounted to ¥127,455 million ($1,274,550 thousand), ¥103,711 million and ¥71,491 million, respectively.

The segment previously classified as Other Areas was separately reported into Europe and Other Areas for the fiscal year ended March 31, 2008. Figures for the year ended March 31, 2007 and 2006 have been reclassified to conform to the presentation for the fiscal year ended March 31, 2008.

Overseas Activities

The Company s overseas revenues (which represent revenues to unaffiliated customers outside Japan) in fiscal 2008, 2007, and 2006 amounted to ¥582,338 million ($5,823,380 thousand), ¥523,954 million and ¥433,608 million, respectively. The ratios of such overseas revenues to consolidated revenues in 2008, 2007, and 2006 were 50.4%, 46.5% and 40.7%, respectively. The revenues of the Company s subsidiaries outside Japan in fiscal 2008, 2007, and 2006 amounted to ¥547,197 million ($5,471,970 thousand), ¥489,575 million and ¥405,357 million, respectively. Its ratio to consolidated revenues in fiscal 2008, 2007, and 2006 were 47.4%, 43.4% and 38.0%, respectively.

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

Seasonality of the Company s Businesses

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

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Raw Materials and Source of Supply

The Company purchases raw materials or parts from numerous sources. The major materials purchased are steel scrap, polyvinyl chloride resin, rolled steel coils, non-ferrous metals and alloys and pig iron. Some of the purchase prices of the major materials such as steel scrap fluctuate significantly by supply and demand conditions of the market. The Company has historically had no difficulty in obtaining adequate supplies of all of its raw materials requirements.

Marketing Channels

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

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

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

Dependent Contract, License, Patent and Manufacturing Process

The Company has many contracts. Some of them, for example, are for technical cooperation with other manufacturers, or for financing from banks. These are relatively important to the Company, but the Company relies on no specific contracts.

With respect to licenses or patents, the Company does not rely on specific licenses or patents. As of March 31, 2008, the Company held 4,810 Japanese patent and utility model registrations, and 991 foreign patent and utility model registrations. A utility model registration is a right granted under Japanese law and in certain other countries to inventions of lesser originality than those which qualify for patents. Although patent rights are important to Kubota, the Company does not consider that the expiration of any single patent or group of related patents would materially affect the conduct of Kubota s business. Kubota grants others licenses to use its technology including its patents, and obtains licenses under patents from third parties for technological assistance on a royalty basis. In fiscal 2008, royalty income and expenses were ¥800 million ($8,000 thousand) and ¥96 million ($960 thousand), respectively, under such licensing arrangements.

Competition

The Company is the leading manufacturer of farm equipment in Japan. There are 3 other major Japanese manufacturers of farm equipment and engines for agricultural use, all of which offer a complete line of machinery and engines in competition with the Company. In overseas markets, the Company experiences strong competition from Japanese and foreign companies in the sale of farm equipment and engines.

In Japan, there are 2 other major manufacturers of ductile iron pipes, 3 other major manufacturers of spiral welded steel pipes and 2 other major manufacturers of plastic pipes according to internal research. In export markets for ductile iron pipes, the Company faces strong competition with foreign manufacturers. The Company also encounters strong competition with Japanese and foreign companies in all of its product lines.

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Governmental Regulations

Businesses of the Company tend to be affected by the regulations or restrictions in the countries where the Company or its subsidiaries operate. Those are, for example, regulations concerning emission, safety, noise and vibration, investments, tariffs, anti-monopoly, intellectual property, foreign exchange, and environment.

The followings are some of the regulations which have important influences on the Company s business.

1) Emissions Regulations for Off-road Diesel Engines

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

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

In Europe, Stage 1 emission of gaseous and particulate pollutants from internal combustion engines to be installed in non-road mobile machinery were put into effect under EU Directive 97/68/EC in 1999. The more stringent Stage 2 and Stage 3 standards were applied in 2001 and 2006, respectively.

Kubota has completed the development of the engines that satisfy the current regulations in Japan, the United States and Europe, and the Company s R&D for new engines equipped with new technology is under way to cope with future Tier 4 regulations.

2) Safety Regulations

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

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3) Regulations on Noise and Vibration

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

In Japan, the Regulations on Designation of Low-noise and Low-vibration Construction Machinery were announced in October 1997 to mitigate noise and vibration from construction work, protect the living environment around the work site, and ensure smooth implementation of construction work. The Regulations stipulated type designations of low-noise construction machines and low-vibration construction machines to promote diffusion of environmentally friendly construction machines. Construction machines that satisfy the noise and emission requirements specified by the Regulations are allowed to attach the low-noise construction equipment label. The Company s mini backhoes of not more than 55 hp, which are required to comply with the noise limit of 99 dB in order to qualify for the level, are all qualified to attach the label. Although compliance with the Regulations is not a legal obligation and no punishment is imposed for violation of the noise criteria of the Regulations, there are cases where use of noncompliant machines is not permitted at work sites for projects under direct management of the Ministry of Land, Infrastructure, Transport and Tourism.

C. Organization Structure

As of March 31, 2008, the group of Kubota Corporation consists of Kubota Corporation, 115 subsidiaries and 26 affiliates. Kubota Corporation plays a leading role in the group. The Company s significant subsidiaries are as follows:

Country of Incorporation or Residence	Name	Percentage ownership (%)
Japan	Kubota Construction Co., Ltd.	100.0
	Kubota Credit Co., Ltd.	72.8
	Kubota Environmental Service Co., Ltd.	100.0
	Kubota-C.I. Co., Ltd.	70.0
U.S.A.	Kubota Tractor Corporation	90.0
	Kubota Credit Corporation, U.S.A.	100.0
	Kubota Manufacturing of America Corporation	100.0
	Kubota Engine America Corporation	90.0
Canada	Kubota Metal Corporation	100.0
Germany	Kubota Baumaschinen GmbH	100.0
France	Kubota Europe S.A.S.	73.8

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D. Property, Plant and Equipment

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

Location	Land area (Square meters)		Floor space (Square meters)		Principal products
	Owned	Leased	Owned	Leased	
Japan					
Amagasaki (Hyogo)	462,785	36,466	164,425	122	Ductile iron pipes, Rolls for steel mills
Funabashi (Chiba)	559,372	20,546	142,920	6,618	Ductile iron pipes, Spiral welded steel pipes
Okajima (Osaka)	88,393	825	56,888		Cast iron products
Sakai (Osaka)	421,342	11,616	147,032	26,386	Farm equipment, Diesel engines
Utsunomiya (Tochigi)	145,598		69,997	4,951	Farm equipment
Tsukuba (Ibaraki)	334,518	28,210	152,080	22,360	Farm equipment, Diesel engines
Sakai (Osaka)	159,956		49,046	1,206	Diesel engines
Hirakata (Osaka)	306,102		143,899	10,832	Construction machinery, Cast steel products, Pumps, Valves
Konan (Shiga)	177,556		51,606		Septic tanks
Yao (Osaka)	38,102		27,469		Electronic machinery, Pulverizing equipment
Ryugasaki (Ibaraki)	84,795		30,820		Vending machines
U.S.A.					
Jackson (Georgia)	611,000		57,282		Lawn and garden tractors
Jefferson (Georgia)	356,000		37,400		Implements for tractors

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

In addition, the Company owns 2,444,914 square meters of land (321,009 square meters of floor space) in Japan, used for the head office, branches, business offices and research facilities, and leases 3,030 square meters of land (34,477 square meters of floor space) used for sales offices, warehousing, employee housing and other purposes.

The Company plans its capital expenditures considering future business demand and cash flows. As of March 2008, the Company has planned to invest approximately ¥45.5 billion ($455 million) in the fiscal year ending March 31, 2009. The Company intends to fund the investment basically through cash obtained by operating activities, and to also utilize available borrowings from financial institutions. The Company s commitments for capital expenditures are not material.

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Principal plans for new construction, expansion, reforming, and disposition as of March 31, 2008 are as follows:

New Construction

			Estimated amount of expenditures (Billions of yen)		Schedule	
Location	Industry segment included	Content	Total amount of expenditures	Amount already paid	Commenced	To be completed
Suzhou (China)	Internal Combustion Engine and Machinery	Building of new production facility for agricultural equipment in China	¥ 1.7	¥ 1.7	Oct. 2005	Mar. 2009
Chon Buri (Thailand)	Internal Combustion Engine and Machinery	Building of new production facility for tractors in Thailand	¥ 6.2	¥ 2.7	Jul. 2007	Dec. 2008

Expansion

			Estimated amount of expenditures (Billions of yen)		Schedule	
Location	Industry segment included	Content	Total amount of expenditures	Amount already paid	Commenced	To be completed
Sakai (Osaka) Okajima (Osaka) Tsukuba (Ibaraki)	Internal Combustion Engine and Machinery	Production facilities for vertical diesel engines to increase production and developing new models	¥ 7.3	¥ 7.1	Jan. 2006	Aug. 2008
Hirakata (Osaka)	Internal Combustion Engine and Machinery	Restructuring of production system for construction machinery	¥ 1.6	¥ 1.6	Jun. 2006	Apr. 2008

Reforming

No material reforming is planned.

Disposition

No material disposition is planned.

Item 4A. Unresolved Staff Comments

The Company is a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934. There are no written comments provided by the staff of the Securities and Exchange Commission regarding the Company s periodic reports under that Act as of the date of the filing of this Form 20-F with the Commission.

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Item 5. Operating and Financial Review and Prospects

A. Operating Results

Overview

Organization

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

The Company s business segments consist of Internal Combustion Engine and Machinery , Pipes, Valves, and Industrial Castings , Environmental Engineering and Other .

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

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

Business environment

(Japan: The domestic market)

In April 2007, Japan s subsidy system for farmers was changed. This subsidy system was a part of a new governmental agricultural policy, which was introduced in 2005 and which was said to have substantial impact on Japanese farmers and farm management namely Basic Plan for Food, Agriculture and Rural Areas . Before and after the change of the subsidy system, the Japanese agricultural machinery market stagnated because some of farmers hesitated to invest in agricultural machinery. According to report of JFMMA (Japan Farm Machinery Manufacturer s Association), the shipment amount of agricultural machinery in 2007 for the domestic market decreased by 10.6% from the prior year.

Japan s building standards law was revised in June 2006 and such revision of the law took effect in June 2007 to implement the stricter safety checks on buildings and plants to be constructed. Soon after the enforcement of the law, there were many problems with the review procedures on requests for construction permits. Although it was a temporary phenomenon, these problems caused stagnation in Japanese construction and related markets and adversely affected the construction machinery market from second half in 2007.

Budgets for public works projects have been gradually decreasing due to the growing budget deficits in government and local government. For example, the budget of the Japanese Government for the water supply decreased by 7.4% and budget for the sewage system also decreased by 5.5% from the prior year.

(North America)

In the United States, demand for construction machinery substantially decreased due to stagnation in the housing market. Moreover, demand for compact tractors and mowers was adversely affected by worsening sub-prime loan problem and a serious drought in the southeast. According to a 2007 report by AEM (Association of Equipment Manufacturers), industry retail sales units of tractors under 40hp (horse power) decreased by 5.4% and industry retail sales units of tractors from 40 to 100hp increased by 3.7% from the prior year.

In Canada, the economy grew steadily including the agricultural machinery and construction machinery market. As for tractors, industry retail sales units of tractors in Canada in 2007 increased 10.3% from the prior year according to the AEM report.

(Europe)

The economy in Europe has been favorable in recent years. The growth rate of the GDP of 27 countries of the European Union was 2.9% and 3.1% in 2007 and 2006, respectively. Demand for construction machinery was brisk and total demand for construction machinery in the under 6 ton category in 2007 increased substantially from 2006. Demand for compact tractors and mowers, mainly used by professional and governmental users, was also robust in 2007.

(Asia outside Japan)

The Company believes that development of economy and industrialization as well as an increase in farmers income in a country are important factors for the progress of agricultural mechanization. GDP per capita in Thailand reached US$3,720 in 2007, and demand for agricultural machinery has been rapidly increasing due to economic development and out migration of the population from the agriculture sector to other industrial sectors.

In China, government subsidies to enhance agricultural mechanization are increasing each year. As for rice farming, the Chinese government establishes target ratios of agricultural mechanization, and these political policies is helping to grow demand for agricultural machinery over the long term.

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(The fiscal year ended March 31, 2008 compared with the fiscal year ended March 31, 2007)

Revenues

For the year ended March 31, 2008, revenues of the Company increased ¥27.1 billion (2.4%), to ¥1,154.6 billion ($11,546 million), from the prior year.

In the domestic market, revenues decreased ¥31.3 billion (5.2%), to ¥572.2 billion ($5,722 million), from the prior year. Revenues in Internal Combustion Engine & Machinery decreased due to lower sales of farm equipment and construction machinery which were affected by stagnant market conditions. Revenues in Pipes, Valves, and Industrial Castings increased due to a large increase in sales of industrial castings, while sales of ductile iron pipes and plastic pipes remained at the same level as in the prior year. Revenues in Environmental Engineering decreased, as they were adversely affected by the contraction of a part of operations. Revenues in Other decreased due to drops in sales of condominiums and construction, while sales of vending machines expanded.

Revenues in overseas markets increased ¥58.4 billion (11.1%), to ¥582.3 billion ($5,823 million), from the prior year. In North America, sales of construction machinery and engines decreased in adverse market conditions, while sales of tractors remained at almost the same level as in the prior year. On the other hand, other revenues including finance income increased largely. In Europe, sales of tractors, construction machinery, and engines all increased by large margins. In Asia outside Japan, sales of tractors continued to increase favorably in Thailand. As a result, the ratio of overseas revenues to consolidated revenues rose 3.9 percentage points, to 50.4% compared with the prior year, and overseas revenues exceeded domestic revenues for the first time ever.

The Company estimates that favorable impact of foreign currency fluctuation on the Company s overseas revenues for the year under review was approximately ¥30.2 billion. The Company recognizes that the average rates of yen against the U.S. dollar were ¥118 and ¥116 in 2007 and 2006, respectively, and the average rates of yen against the Euro were ¥161 and ¥146 in 2007 and 2006, respectively. These currency fluctuations mainly influence revenues in the Internal Combustion Engine and Machinery segment.

Revenues by Industry Segment

1) Internal Combustion Engine and Machinery

Revenues in Internal Combustion Engine and Machinery were ¥793.7 billion ($7,937 million), 6.3% higher than in the prior year, and comprising 68.7% of consolidated revenues. Domestic revenues decreased 3.9%, to ¥248.3 billion ($2,483 million), and overseas revenues increased 11.6%, to ¥545.3 billion ($5,453 million). This segment comprises farm equipment, engines, and construction machinery.

Domestic sales of farm equipment and engines decreased ¥9.3 billion (4.1%) from the prior year owing to a weak performance in the farm equipment business. The domestic farm equipment market continued to be lackluster during the fiscal year under review and experienced a substantial decline in demand. The Company was able to maintain sales in its core tractor business at approximately the same level as in the prior year, in part through the introduction of new models, but sales of combines and other farm equipment declined. On the other hand, sales of engines, mainly to manufacturers of construction and industrial machinery, showed steady expansion. Domestic sales of construction machinery decreased ¥0.6 billion (2.1%) from the prior year. Demand for construction machinery was stagnant because of the adverse impact of the partial revision of Japan s building standards law, and the Company s revenues generated in this field declined slightly.

In overseas markets, sales of farm equipment and engines increased ¥43.2 billion (10.4%) and sales of construction machinery increased ¥13.6 billion (18.5%) from the prior year. Sales of both tractors and construction machinery recorded large increases. Also, sales of engines showed steady expansion. However, farm equipment, such as combine harvesters and rice transplanters, posted a decline from the prior year because of a drop in sales in China following strong sales in the prior year.

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2) Pipes, Valves, and Industrial Castings

Revenues in Pipes, Valves, and Industrial Castings increased 3.8%, to ¥201.6 billion ($2,016 million), from the prior year, and comprising 17.5% of consolidated revenues. Domestic revenues increased 4.7%, to ¥171.0 billion ($1,710 million), and overseas revenues decreased 0.8%, to ¥30.6 billion ($306 million). This segment comprises pipes, valves, and industrial castings.

In the domestic market, sales of pipes and valves increased ¥1.5 billion (1.0%) and sales of industrial castings increased ¥6.2 billion (30.8%) from the prior year. Demand for ductile iron pipes and plastic pipes, which are this segment s core products, was weak, but by increasing prices and adopting other measures, the Company was able to secure pipe sales at about the same level as in the prior year. On the other hand, sales of industrial castings showed favorable expansion over the prior year because of recovery in demand for tunnel-support materials (ductile tunnel segments) and the strong performance of reformer and cracking tubes for chemical plants.

In overseas markets, sales of pipes and valves decreased ¥4.9 billion (41.7%) and sales of industrial castings increased ¥4.7 billion (24.8%) from the prior year. Although sales of ductile iron pipes experienced a substantial decline, overall sales were about the same as in the prior year because of increases in sales of reformer and cracking tubes.

3) Environmental Engineering

Revenues in Environmental Engineering decreased 21.8%, to ¥70.9 billion ($709 million), from the prior year, and comprising 6.1% of consolidated revenues. Domestic revenues decreased 24.9%, to ¥64.9 billion ($649 million), and overseas revenues increased 43.6%, to ¥5.9 billion ($59 million). This segment consists of environmental control plants and pumps.

Environmental Engineering again confronted challenging operating conditions during the fiscal year under review as a result of the shrinkage in public-sector demand and declining sales prices. In addition, orders declined because of the Company s business contraction of the waste incinerating plant business and the public-sector recycling plant business and the suspension of a designated pre-approved supplier. As a consequence, revenues of this segment posted a marked decline.

4) Other

Revenues in Other decreased 7.7%, to ¥88.4 billion ($884 million), from the prior year, and comprising 7.7% of consolidated revenues. Domestic revenues decreased 7.7%, to ¥87.9 billion ($879 million), and overseas revenues increased 2.2%, to ¥0.5 billion ($5 million). This segment comprises vending machines, electronic-equipped machinery, air-conditioning equipment, construction, septic tanks, condominiums, and other businesses.

Following the sale of a portion of the shares of subsidiary Kubota Maison, the Company ceased the reporting of revenues from its condominium development and sales business in the second half of the fiscal year under review; such revenues decreased ¥6.2 billion. Among other businesses in this segment, sales of vending machines rose because of the introduction of adult identification cards for cigarette vending machines, but revenues from construction, air-conditioning equipment, and septic tanks declined.

For reference, segment information of the Company is presented in accordance with accounting principles generally accepted in Japan, which differs in certain respects from U.S. GAAP.

Current Japanese GAAP adopts an industry approach which is similar to past Statement of Financial Accounting Standards (SFAS) No. 14 Financial Reporting for segments of a Business Enterprise . The industry approach is based on conditions such as the kind nature of products, production method and similarity of market. On the other hand, current SFAS No. 131 Disclosures about Segments of an Enterprise and Related Information adopts a management approach. The management approach is based on the way that management organizes the segments within the enterprise for making operating decisions and assessing performance.

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Cost of Revenues, SG&A Expenses, and Loss from Disposal and Impairment of Business and Fixed Assets

The cost of revenues increased 3.7% from the prior year, to ¥824.1 billion ($8,241 million). The cost of revenues as a ratio to consolidated revenues increased 0.9 percentage point, to 71.4%. The increase in the ratio was attributable to sharply rising material costs, including those for scrap iron and synthetic resin. The Company estimates that it was negatively impacted by approximately ¥12.0 billion ($120 million) from such sharply rising material costs consisting of approximately ¥3.0 billion in Internal Combustion Engine and Machinery from the increase in prices of thin and thick steel sheets, castings and resin parts and approximately ¥9.0 billion in Pipes, Valves, and Industrial Castings from the increase in prices of scrap iron, synthetic resin and various nonferrous metals. Depreciation increased ¥5.0 billion from the prior year, to ¥30.1 billion, mainly due to the increase of production capacities of Internal Combustion Engine and Machinery.

Selling, general, and administrative (SG&A) expenses decreased 3.2% from the prior year, to ¥192.9 billion ($1,929 million). The ratio of SG&A expenses to revenues decreased 1.0 percentage point, to 16.7%. This decrease was mainly due to the decreased level of asbestos-related expenses, which amounted to ¥1.1 billion ($11 million) compared with ¥4.0 billion in the prior year.

Loss from disposal and impairment of businesses and fixed assets decreased 78.1% from the prior year, to ¥0.7 billion ($7 million), due to the absence of a restructuring expense of construction businesses recorded in the prior year.

Operating Income

Operating income increased ¥6.5 billion (5.0%), to ¥136.9 billion ($1,369 million), from the prior year, the highest level in the Company s history. By segment, operating income in Internal Combustion Engine and Machinery expanded due to the increase in revenues and the positive effect of a weaker yen, which were partially offset by price increases of raw materials and an increase in depreciation expenses. Operating income in Pipes, Valves, and Industrial Castings decreased, owing to a sharp price hike of raw materials. Environmental Engineering continued to have an operating loss due to decrease in sales and declining profit margins from intensifying competition. Operating income in Other rose mainly due to increased sales of vending machines.

Operating income or loss in each industry segment (before the elimination of intersegment profits and corporate expenses) was as follows: Internal Combustion Engine and Machinery, operating income of ¥133.0 billion ($1,330 million), a 6.5% increase; Pipes, Valves, and Industrial Castings, operating income of ¥15.2 billion ($152 million), a 30.8% decrease; Environmental Engineering, operating loss of ¥5.0 billion ($50 million), as compared to an operating loss of ¥5.6 billion; and Other, operating income of ¥8.6 billion ($86 million), a 20.2% increase.

Other Income (Expenses)

Other expenses, net, was ¥14.3 billion ($143 million), as compared to ¥1.2 billion of other income in the prior year. This substantial decrease was mainly due to increases in the foreign exchange loss and valuation losses on other investments. The Company recorded foreign exchange loss-net of ¥9.0 billion. Foreign exchange loss-net relates primarily to the settlement of trade accounts and the valuation on foreign currency denominated assets such as trade notes and receivables. In order to hedge the risks of changes in foreign currency exchanges rates, the Company utilizes foreign exchange forward contracts and foreign currency option contracts. The Company partly reduced foreign exchange risk, but could not offset the risk completely. The valuation losses on other investment, which amounted to ¥6.7 billion, were caused by a stock market slump in Japan and mainly recorded on the shares of Mitsubishi UFJ Financial Group and that of Hankyu Hanshin Holdings, Inc. However, these losses were partly offset by an increase in interest and dividend income.

Income from Continuing Operations before Income Taxes, Minority Interests in Earnings of Subsidiaries, and Equity in Net Income of Affiliated Companies

Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies was ¥122.6 billion ($1,226 million), a decrease of ¥9.0 billion from the prior year.

Income Taxes, Minority Interests in Earnings of Subsidiaries, and Equity in Net Income of Affiliated Companies

Income taxes decreased 1.9% from the prior year, to ¥48.0 billion ($480 million). The effective tax rate was 39.2%.

Minority interests in earnings of subsidiaries increased ¥0.6 billion, to ¥6.8 billion ($68 million), which resulted from the favorable operating performances of overseas subsidiaries. Equity in net income of affiliated companies decreased ¥1.3 billion from the prior year, to ¥0.1 billion ($1 million), mainly due to a deterioration of the financial results of a house-related affiliated company, Kubota Matsushitadenko Exterior Works Ltd., which was affected by the adverse impact of the partial revision of Japan s building standards law.

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Income from Continuing Operations

Income from continuing operations decreased 12.7% from the prior year, to ¥67.8 billion ($678 million).

Income (Loss) from Discontinued Operations, Net of Taxes

Income from discontinued operations, net of taxes, was ¥0.2 billion ($2 million) in the year under review, compared with a ¥1.3 billion loss in the prior year.

Net Income

Due to the factors described above, net income decreased 11.0% from the prior year, to ¥68.0 billion ($680 million). Return on shareholders equity decreased 1.7 percentage points, to 10.4%, from the prior year.

Income per ADS

Basic net income per ADS (five common shares) was ¥264 ($2.64), as compared to ¥295 in the prior year.

Dividends

The Company paid ¥40 per ADS as year-end cash dividends. Accordingly, including the interim dividend of ¥30 per ADS paid by the Company, the total dividends for the year ended March 31, 2008 were ¥70 per ADS, which was ¥10 per ADS higher than the prior year.

The Company s basic policy for the return of profit to shareholders is to maintain stable dividends or to provide increased dividends combined with share buy-backs and the cancellation of treasury stock. For reference, the Company purchased 10.93 million shares outstanding (¥8.0 billion, $80 million) and retired 6.00 million shares of treasury stock (¥4.4 billion, $44 million) during the year under review.

Comprehensive Income

Comprehensive income was ¥13.0 billion ($130 million), ¥54.3 billion lower than the prior year. This decrease was mainly due to an increase in unrealized losses on securities and recorded pension liability adjustment for the recognition of the underfunded status of the defined benefit plan, which were affected by the stock market slump.

(The fiscal year ended March 31, 2007 compared with the fiscal year ended March 31, 2006)

Revenues

For the year ended March 31, 2007, revenues of the Company increased ¥61.7 billion (5.8%), to ¥1,127.5 billion from the prior year.

In the domestic market, revenues decreased ¥28.6 billion (4.5%), to ¥603.5 billion. Revenues in Internal Combustion Engine and Machinery decreased due to lower sales of core farm equipment even though sales of construction machinery and engines increased steadily. Revenues in Pipes, Valves, and Industrial Castings also declined slightly owing to a decrease in sales of industrial castings, while sales of ductile iron pipes and plastic pipes stayed at the same level as in the prior year. Revenues in Environmental Engineering decreased substantially due mainly to severe market conditions. On the contrary, revenues in Other increased chiefly due to sales expansion of vending machines.

On the other hand, revenues in overseas markets increased ¥90.3 billion (20.8%), to ¥524.0 billion from the prior year. In North America, sales of newly introduced mid-size tractors expanded substantially and sales of construction machinery and engines also increased. In Europe, sales of tractors, construction machinery, and engines all increased. In Asia outside Japan, a large increase in sales of farm equipment for rice farming continued. As a consequence, the ratio of overseas revenues to consolidated revenues rose 5.8 percentage points, to 46.5%.

Revenues by industry segment

1) Internal Combustion Engine and Machinery

Revenues in Internal Combustion Engine and Machinery were ¥746.8 billion, 10.8% higher than the prior year, comprising 66.3% of consolidated revenues. Domestic revenues decreased 4.1%, to ¥258.3 billion, and overseas revenues increased 20.7%, to ¥488.5 billion. This segment comprises farm equipment, engines, and construction machinery.

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

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

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

2) Pipes, Valves, and Industrial Castings

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

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

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

3) Environmental Engineering

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

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

4) Other

Revenues in Other were ¥95.8 billion, 4.1% higher than the prior year, comprising 8.5% of consolidated revenues. Domestic revenues increased 4.9%, to ¥95.3 billion, and overseas revenues decreased 60.0%, to ¥0.5 billion. This segment comprises vending machines, electronically equipped machinery, air-conditioning equipment, construction, septic tanks, condominiums, and other business.

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

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Cost of Revenues, SG&A Expenses, and Loss from Disposal and Impairment of Businesses and Fixed Assets

The cost of revenues increased 5.4% from the prior year, to ¥794.7 billion. The cost of revenues as a percentage of consolidated revenues decreased 0.2 percentage point, to 70.5%. The decrease in the ratio was attributable to ongoing activities for cost reductions and controls as well as the increased efficiency of the manufacturing process.

Selling, general, and administrative (SG&A) expenses increased 7.2% from the prior year, to ¥199.4 billion. The ratio of SG&A expenses to revenues increased 0.2 percentage point, to 17.7%. This increase was mainly due to increases in overseas subsidiaries SG&A expenses resulting from sales expansion.

Loss from disposal and impairment of businesses and fixed assets decreased 34.9 % from the prior year, to ¥3.1 billion. This loss arose chiefly from the restructuring of construction businesses.

Operating Income

Operating income climbed ¥9.3 billion (7.7%), to ¥130.3 billion from the prior year, the highest level in the Company s history. By segment, operating income in Internal Combustion Engine and Machinery expanded substantially, supported by the increase in revenues and the positive effect of the weakening of the yen. Pipes, Valves, and Industrial Castings also reported a gain in operating income owing to continued cost cutting, including reductions in fixed expenses, and higher revenues in overseas markets. Environmental Engineering, however, posted a substantial decline in profitability and reported an operating loss accompanying the decline in sales prices. Operating income in Other, however, showed steady expansion, as a result of increased sales of vending machines and other products.

Operating income or loss in each industry segment (before elimination of intersegment profits and corporate expenses) was as follows: Internal Combustion Engine and Machinery, operating income of ¥124.9 billion, a 12.9% increase; Pipes, Valves, and Industrial Castings, operating income of ¥22.0 billion, a 14.3% increase; Environmental Engineering, operating loss of ¥5.6 billion, as compared to operating income of ¥4.3 billion; and Other, operating income of ¥7.1 billion, a 226.9% increase.

Other Income

Other income, net, was ¥1.2 billion, a decrease of ¥18.2 billion from the prior year. The reason for this substantial decrease was the absence of a gain of ¥15.9 billion from the nonmonetary exchange of securities of UFJ Holdings, Inc., resulting from the merger of Mitsubishi Tokyo Financial Group, Inc., and UFJ Holdings, Inc., in the prior year.

Income from Continuing Operations before Income Taxes, Minority Interests in Earnings of Subsidiaries, and Equity in Net Income of Affiliated Companies

Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies was ¥131.6 billion, a decrease of ¥9.0 billion from the prior year.

Income Taxes, Minority Interests in Earnings of Subsidiaries, and Equity in Net Income of Affiliated Companies

Income taxes decreased 12.7% from the prior year, to ¥49.0 billion. The effective tax rate was 37.2%.

Minority interests in earnings of subsidiaries increased ¥1.3 billion, to ¥6.2 billion. Equity in net income of affiliated companies decreased ¥0.3 billion from the prior year, to ¥1.4 billion. The increase in minority interests in earnings of subsidiaries resulted from the favorable operating performances of overseas subsidiaries.

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Income from Continuing Operations

Income from continuing operations was ¥77.7 billion, compared with ¥81.1 billion in the prior year.

Loss from Discontinued Operations, Net of Taxes

Loss from discontinued operations, net of taxes, was ¥1.3 billion in the year under review and ¥0.1 billion in the prior year. This loss resulted from the withdrawal from the industrial-waste disposal business and the liquidation of a subsidiary engaged in that business.

Net Income

Due to the factors described above, net income decreased ¥4.6 billion, to ¥76.5 billion. Return on shareholders equity decreased 2.8 percentage points, to 12.1%, from the prior year.

Income per ADS

Basic net income per ADS (five common shares) was ¥295, as compared to ¥311 in the prior year.

Dividends

The Company paid ¥35 per ADS as year-end cash dividends. Accordingly, including the interim dividend of ¥ 25 per ADS paid by the Company, the total dividends for the year ended March 31, 2007 were ¥60 per ADS, which was ¥10 per ADS higher than the prior year.

The Company s basic policy for the return of profit to shareholders is to maintain stable dividends or to provide increased dividends combined with share buy-backs and the cancellation of treasury stock. For reference, the Company purchased 7.98 million shares outstanding (¥8.5 billion) and retired 7.95 million shares of treasury stock (¥8.5 billion) during the year ended March 31, 2007.

Comprehensive Income

Comprehensive income was ¥67.3 billion, ¥73.0 billion lower than the prior year. This decrease was mainly due to a decrease in unrealized gains on securities.

Critical Accounting Estimates

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

1) Impairment of Assets

The application of impairment accounting requires the use of significant estimates and assumptions. Impairment testing for assets requires the allocation of cash flows to those assets and, if required, an estimate of fair value for the assets. The Company s estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable, and would not reflect unanticipated events and circumstances that may occur.

2) Allowance for doubtful receivables

The evaluation of the collectability of the Company s notes and accounts receivable, finance receivables, non-current receivables, and interest in sold receivables requires the use of certain estimates. Such estimates require consideration of historical loss expense adjusted for current conditions, and judgments about the provable effects of relevant observable data including present economic conditions such as financial health of specific customers and collateral values. Sharpe changes in the economy or a significant change in the economic health of a particular customer could result in actual receivable losses that are materially different from the estimated reserve.

3) Revenue recognition for long-term contracts

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

4) Pension Assumptions

The measurement of the Company s benefit obligation to its employees and the periodic benefit cost requires the use of certain assumptions, such as estimates of discount rates, expected return on plan assets, retirement rate, mortality rate, and rate of increase in points under the point-based benefit system. The most critical assumptions are the discount rate and the expected return on plan assets. In preparing the financial statements for the year ended March 31, 2008, the Company assumed a discount rate of 2.5% and an expected return on plan assets of 3.0%.

The Company immediately recognizes net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following the year in which such gains and losses were incurred, while the portion between 10% and 20% is amortized over the average participants remaining service period. Accordingly, significant changes in assumptions or significant divergences of actual results from the assumptions may have a material effect on periodic benefit cost in the future periods.

Lower discount rate increases benefit obligations, which could affect the periodic benefit cost in the following years by an increase in service cost, a decrease in interest cost, and, if amortized, an increase in amortization cost through the amortization of actuarial loss. A decrease of 50 basis points in the discount rate increases the benefit obligations at March 31, 2008, by approximately ¥8.4 billion ($84 million). The lower rate of return on plan assets decreases the expected return amount in the next year. A decrease of 50 basis points in the expected rate of return on plan assets increases the periodic benefit cost for the year ending March 31, 2009, by approximately ¥0.5 billion ($5 million). On the other hand, the divergence between the expected and actual return on plan assets could affect the periodic benefit cost, if amortized, in the following years by an increase or decrease in amortization cost through the amortization of actuarial gain or loss.

5) Income Taxes

The Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109, on April 1, 2007. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes will be due. These tax liabilities are recognized when, despite the Company s belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company uses a more likely than not threshold to the recognition and derecognition of tax positions. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

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

6) Loss Contingencies

The Company is currently facing asbestos-related issues, and is involved in some legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure on a regular basis. If the potential losses from these matters are considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, the Company reassesses the potential liability and may revise the estimates. Subsequent revisions in the estimates of the potential liabilities could have a material impact on the Company s results of operations and financial position in the period they are made.

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New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements . This statement defines fair value and expands disclosures about fair value measurements that are required or permitted under other accounting pronouncements. This statement is effective in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material impact on the Company s consolidated results of operations and financial position.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of SFAS No. 115 . This statement offers an irrevocable option to report selected financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement is effective in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material impact on the Company s consolidated results of operations and financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations , and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. An amendment of ARB No. 51 . SFAS No. 141 (revised 2007) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. Consolidated net income should include the net income for both the parent and the noncontrolling interest with disclosure of both amounts on the consolidated statements of income. These statements are effective in fiscal years beginning after December 15, 2008. The Company is currently calculating the impact of applying the statements on the consolidated financial statements.

B. Liquidity and Capital Resources

Finance and Liquidity Management

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

Annual interest rates of short-term borrowings ranged primarily from 0.50% to 5.59% at March 31, 2008. The weighted average interest rate on such short-term borrowings was 4.9%. As for long-term debt, interest rates were primarily fixed, and the weighted average interest rate on such long-term debt at March 31, 2008, was 4.2%. With regard to the maturity profile of these borrowings, please refer to Item 5.F Tabular Disclosure of Contractual Obligations .

In North America, the Company maintains an accounts receivable securitization program of trade receivables and finance receivables. The Company may sell both trade and finance receivables through independent securitization trusts. Trade receivables and finance receivables sold under the securitization program are excluded from receivables in the accompanying consolidated balance sheets.

Regarding the lines of credit, the Company has established committed lines of credit totaling ¥20.0 billion ($200 million) with certain Japanese banks. However, the Company currently does not use these lines. In the United States, Europe, and Asia, the Company maintains adequate uncommitted lines of credit with financial institutions. The Company also maintains a CP program allowing for the issuance of CP of up to ¥100.0 billion ($1,000 million). There was no outstanding issue of CP as of the end of March 2008.

The Company utilizes Group financing. With Group financing, the Company centralizes and pursues the efficiency of cash management domestically through the Kubota Cash Management System, under which the excess or shortage of cash at most of its subsidiaries in Japan is invested or funded, as necessary.

To maintain the strength of its balance sheet and help secure adequate funding resources, the Company carefully monitors its interest-bearing debt, excluding debt related to sale financing programs. The Company is providing sale financing programs to support machinery sales in North America, Japan, and Thailand. The Company believes an increase of debt related to sales financing programs is a result of business expansion. At the end of March 2008, the amount of interest-bearing debt was ¥363.0 billion ($3,630 million). Of the ¥363.0 billion, ¥323.0 billion ($3,230 million) was borrowings from financial institutions, and the remaining ¥40.0 billion ($400 million) consisted of corporate bonds.

The Company plans its capital expenditures considering future business demand and cash flows. The Company intends to fund the investment basically through cash obtained by operating activities, and to also utilize available borrowings from financial institutions. The Company s commitments for capital expenditures are not material.

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

The amount of working capital increased ¥62.8 billion, to ¥303.2 billion ($3,032 million), from the prior year-end. Additionally, the ratio of current assets to current liabilities increased 16.7 percentage points, to 158.4%, due primarily to decreases in notes and accounts payable, short-term borrowings and income taxes payable. There is some seasonality to the Company s liquidity and capital resources because a high percentage of the notes and accounts receivable from local governments is collected during April through June each year. Currently, the Company believes the working capital is sufficient for the Company s present requirements.

All things considered, the Company believes that it can support its current and anticipated capital and operating expenditures for the foreseeable future. The currencies in which the Company has its debt are mainly Japanese yen and U.S. dollars. There are no restrictions regarding the manner in which the funds may be used.

Cash Flows

Net cash provided by operating activities during the year under review was ¥90.1 billion ($901 million), a decrease of ¥6.7 billion from the prior year. This decrease was attributable to decreases in net income, trade notes and accounts payable and income taxes payable, and an increase in other current assets, which were partially offset by a decrease in the notes and accounts receivable. As for changes in assets and liabilities, a substantial decrease in revenues in Environmental Engineering had an impact on related items, such as notes and accounts receivable and trade notes and accounts payable, because most of the revenues in Environmental Engineering are recorded at the end of the fiscal year under normal conditions.

Net cash used in investing activities was ¥72.3 billion ($723 million), a decrease of ¥17.7 billion from the prior year. Although purchases of fixed assets were at almost the same level as in the prior year, there was a large decrease in total net cash used in investing activities due to an increase in the collection of finance receivables in the Internal Combustion Engine and Machinery segment.

Net cash used in financing activities was ¥11.7 billion ($117 million), a decrease of ¥5.2 billion from the prior year. An increase in borrowing of long-term debt exceeded increases in the repayment of short-term borrowings and cash dividends. Consequently, net cash used in financing activities decreased slightly.

As a result, including the effect of the exchange rate, cash and cash equivalents at the end of March 2008 were ¥88.8 billion ($888 million), an increase of ¥6.2 billion from the prior year.

The Company has consistently generated positive cash flows from operating activities over the long term. Over the past three years, the amount of net cash provided by operating activities was ¥274.8 billion in aggregate and net increases in borrowings were ¥37.5 billion in aggregate. Additionally, during the same period, proceeds from sales of property, plant, and equipment and proceeds from sales of investments were ¥21.0 billion in total, while sales of finance receivables were ¥11.8 billion in total. The aggregate amount of these cash flows was used chiefly to fund increases in finance receivables, which exceeded collections of finance receivables by ¥164.2 billion, purchase of fixed assets of ¥95.7 billion, payment of dividends to stockholders of ¥42.8 billion and repurchase of common stock for ¥31.4 billion. In addition, cash and cash equivalents increased ¥14.2 billion in total during the same period.

Ratings

The Company has obtained a credit rating from Rating and Investment Information, Inc. (R&I), a rating agency in Japan, to facilitate access to funds from the capital market in Japan. The Company s ratings are A+ for long-term debt and a-1 for short-term debt as of March 2008 and its outlook is positive. The Company s favorable credit ratings provide it access to capital markets and investors.

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Assets, Liabilities, and Shareholders Equity

1) Assets

Total assets at the end of March 2008 amounted to ¥1,464.3 billion ($14,643 million), a decrease of ¥38.3 billion (2.5%) from the end of the prior year.

Current assets were ¥822.6 billion ($8,226 million), an increase of ¥5.5 billion from the prior year-end. Current assets increased due to increases in short-term finance receivables and other current assets. Inventory turnover dropped 0.3 point, to 5.6 times. Investments and long-term finance receivables decreased ¥48.4 billion, to ¥350.5 billion ($3,505 million). Other investments decreased owing to an increase in the unrealized losses on securities. Property, plant, and equipment slightly increased ¥0.4 billion, to ¥238.1 billion ($2,381 million). Other assets, including long-term trade account receivables, increased ¥4.2 billion, to ¥53.1 billion ($531 million).

2) Liabilities

Total liabilities amounted to ¥772.9 billion ($7,729 million), a decrease of ¥33.9 billion (4.2%) from the end of the prior year.

Current liabilities were ¥519.5 billion ($5,195 million), a decrease of ¥57.2 billion from the prior year-end, due to decreases of trade notes and accounts payable, income taxes payable, short-term borrowings, and current portion of long-term debt. On the other hand, long-term liabilities increased ¥23.3 billion, to ¥253.5 billion ($2,535 million), due to increases in long-term debt and accrued retirement and pension costs which were affected by the stock market slump. However, other long-term liabilities decreased due to a decrease in long-term deferred tax liability, which was related to an increase in the unrealized losses on securities affected by the stock market slump.

3) Minority Interests

Minority interests amounted to ¥43.2 billion ($432 million), an increase of ¥7.2 billion (19.9%) from the end of the prior year as a result of favorable performances of foreign subsidiaries, such as Kubota Tractor Corporation, Kubota Europe S.A.S., and The Siam Kubota Industry Co., Ltd.

4) Shareholders Equity

Total shareholders equity amounted to ¥648.1 billion ($6,481 million), a decrease of ¥11.5 billion (1.7%) from the end of the prior year.

Retained earnings increased ¥47.1 billion, to ¥423.9 billion ($4,239 million), from the prior year-end due to the recorded net income. On the other hand, accumulated other comprehensive income decreased mainly due to increased in unrealized losses on securities and recorded pension liability adjustment caused by the stock market slump. Treasury stock amounted to ¥3.8 billion ($38 million). The Company repurchased ¥8.0 billion ($80 million) of treasury stock and retired ¥4.4 billion ($44 million) during the year under review.

The shareholders equity ratio* was 44.3%, 0.4 percentage point higher than at the prior year-end. The debt-to-equity ratio** was 56.0%, 3.0 percentage points higher than at the prior year-end.

* Shareholders equity ratio = shareholders equity / total assets
** Debt-to-equity ratio = interest-bearing debt / shareholders equity

Derivatives

To offset currency and interest rate fluctuation risks, the Company uses various types of derivatives, including foreign exchange forward contracts, currency swaps, and interest rate swaps. As a basic policy, the Company conducts its derivative transactions within the range of its outstanding credit and obligations, and the Company does not engage in speculative derivative transactions. The counterparties for the Company s derivative transactions are financial institutions with high creditworthiness; therefore, the Company does not anticipate any credit losses on such transactions. For more specific details, please refer to Note 14 to the consolidated financial statements.

C. Research and Development, Patents and Licenses, etc

Research and Development

The Company conducts its research and development activities with approximately 1,300 researchers and engineers. The following table shows the Company s research and development expenses for the last 3 fiscal years.

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
R&D Expenses	¥ 22,731	¥ 22,925	¥ 24,784	$ 247,840
As a percentage of consolidated revenues	2.1%	2.0%	2.1%	

The R&D activities are conducted principally in R&D departments in each business division and subsidiary. In our business divisions and subsidiaries, there are 34 R&D departments. Each department promotes the R&D activities fortifying each business.

Total R&D expenses of 4 industrial segments, which are Internal Combustion Engine and Machinery, Pipes, Valves, and Industrial Castings, Environmental Engineering, and Other segment, were ¥18.6 billion, ¥2.0 billion, ¥1.9 billion, and ¥2.3 billion, respectively.

Patent and License

With respect to licenses or patents, the Company does not rely on specific licenses or patents. As of March 31, 2008, the Company held 4,810 Japanese patent and utility model registrations, and 991 foreign patent and utility model registrations. A utility model registration is a right granted under Japanese law and in certain other countries to inventions of lesser originality than those, which qualify for patents. Although patent rights are important to Kubota, the Company does not consider that the expiration of any single patent or group of related patents would materially affect the conduct of Kubota s business. Kubota grants licenses to others to use its technology including its patents, and obtains licenses under patents from third parties for technological assistance on a royalty basis. In fiscal 2008, royalty income and expenses were ¥800 million ($8,000 thousand) and ¥96 million ($960 thousand), respectively, under such licensing arrangements.

D. Trend Information

Outlook for the Next Fiscal Year

The Company forecasts consolidated revenues for the year ending March 31, 2009 will decrease from the year under review. In the domestic market, revenues in Environmental Engineering are expected to be at approximately the same level as the year under review. However, revenues in Internal Combustion Engine and Machinery, Pipes, Valves, and Industrial Castings and Other are all forecasted to decrease. As a result, total domestic revenues are forecast to decrease from the year under review. In overseas markets, although revenues in Pipes, Valves, and Industrial Castings, and Environmental Engineering are expected to increase from the year under review, revenues in Internal Combustion Engine and Machinery are forecasted to decrease. As a result, total overseas revenues are forecast to decrease from the year under review.

The Company forecasts operating income will decrease from the year under review, mainly due to an appreciation of the yen and sharp increases in prices for raw materials.

The Company expects that income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies and net income for the next fiscal year will decrease from the year under review due to a decrease in operating income.

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Contingencies

Legal proceedings

In May 1998, the Company was investigated by the Fair Trade Commission of Japan (the FTCJ) for an alleged violation of the Law Concerning Prohibition of Private Monopoly and Preservation of Fair Trade (the Anti-Monopoly Law) relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. The Company received a cease and desist recommendation from the FTCJ in March 1999, which was accepted by the Company in April 1999.

The FTCJ also brought a criminal accusation alleging violation of the Anti-Monopoly Law against the Company and 3 of its employees, who were indicted in the Tokyo High Court in March 1999. On February 24, 2000, the Company was fined ¥130 million, and the 3 employees were given 6-10 months prison sentences, suspended for 2 years.

In the meanwhile, the Company received a surcharge order of ¥7,072 million from the FTCJ. The Company has challenged this order and filed a petition for the initiation of hearing procedures that were started in March 2000. Under Section 49 of the then Anti-Monopoly Law, upon initiation of the procedures the surcharge order lost effect. In addition, Section 7-2 of the then Anti-Monopoly Law stipulates that surcharges are imposed in cases where price cartels or cartels that influence prices by curtailing the volume of supply are carried out. The Company believes that the alleged share cartel does not meet the requirement of Section 7-2, and has not established any provision for the ultimate liability, if any, which may result from the settlement of this matter. An unfavorable outcome from this issue could materially affect the Company s results of operations or cash flows in a given year. The Company is not able to estimate the likelihood of such unfavorable outcome. Although the hearing procedures were completed on November 9, 2007, the Company has not received a copy of the preliminary decision to be served by the hearing examiner as of the date of this Form 20-F.

Matters Related to the health hazard of Asbestos

Background

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

According to the Company s basic policy, the Company started the program of consolation payments to patients with mesothelioma who lived near the former plant and to the families of residents who died from mesothelioma. In April 2006, the Company decided to establish the relief payment system in place of the consolation payment system and make additional payment to the residents to whom consolation payment were eligible to be paid or payable.

After the Company established its internal policies and procedures of relief payment system, the Company has received claims for relief payments from 174 residents and paid or accrued relief payments to 152 of those residents after carefully reviewing those claims as of March 31, 2008.

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

With regard to current and former employees of the Company who are suffering from or have died of asbestos-related disease, in accordance with the Company s internal policies, the Company shall pay compensation which is not required by law. Upon certification of medical treatment compensation from the Workers Accident Compensation Insurance for asbestos-related diseases, the compensation for asbestos-related disease shall be paid. In case an employee dies during medical treatment and are certified for compensation from the Workers Accident Compensation Insurance for bereaved families, the compensation for asbestos-related disease for the bereaved family shall also be paid**.** In addition, the Company shall provide other financial aids, such as medical expenses during medical treatment which are incurred by the diseased employees or salary payments during the period of their absence from work. The cumulative number of current and former employees who are eligible for compensation in accordance with the Company s internal policies that are not required by law is 132 as of the end of March 2006, 152 as of the end of March 2007, and 160 as of the end of March 2008.

In August 2006, the Company announced that the Company would provide a total donation of ¥1.2 billion to Hyogo College of Medicine made over 10 years and a ¥0.5 billion to Osaka Medical Center for Cancer and Cardiovascular Diseases over 5 years. And the Company donated ¥200 million ($2,000 thousand) as a contribution for the year ended March 31, 2008.

As a result of the asbestos issue becoming an object of public concern, the Japanese government newly established the Law for the Relief of Patients Suffering from Asbestos-Related Diseases (New Asbestos Law) in March 2006. This law was enacted for the purpose of promptly providing relief to people suffering from asbestos-related diseases who are not eligible for relief by compensation from the Insurance in accordance with the Workers Accident Compensation Insurance Law. The relief aid payments are contributed by the national government, municipal governments, and business entities. The contribution includes a special contribution by companies which operated a business closely related to asbestos, and is to be made by business entities commencing from the year ended March 31, 2008. During the year ended March 31, 2007, the Company accounted for ¥735 million ($7,350 thousand) of the special contribution as a lump sum expense, which is imposed based on the New Asbestos Law during the four-year period commencing on April 1, 2007.

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Contingencies Regarding Asbestos-Related Matters

The Company expenses the payments for the health hazard of asbestos based on the Company s policies and procedures. The amounts of these expenses during the year ended March 31, 2008 were approximately ¥1,090 million ($10,900 thousand). Of the ¥1,090 million ($10,900 thousand), ¥769 million ($7,690 thousand) represented expenses related to the payment for the relief payment system established in April 2006. The Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to asbestos issues. However, the Company believes asbestos-related issues contain potentially material risks for the Company s consolidated results of operations, financial position, and its liquidity.

Subsequent events

On May 13, 2008, the Company s Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2008 of ¥8 per common share (¥40 per 5 common shares) or a total of ¥10,248 million ($102,480 thousand). On June 20, 2008, the Company s Board of Directors approved the purchase of up to 10,000,000 shares, or up to ¥10,000 million ($100,000 thousand) of the parent company s outstanding common stock on and after June 23, 2008 through September 24, 2008.

E. Off-balance Sheet Arrangements

The Company utilizes accounts receivable securitization programs, which are important for the Company to broaden its funding sources and raise cost-effective funds. In the programs, the Company sells the trade accounts receivables to independent securitization trusts (the Trusts). At the time the receivables are sold to the Trusts, the receivables are removed from the consolidated balance sheets of the Company. The Company retains servicing responsibilities and subordinated interests. The purchaser has no recourse to the Company s other assets for failure of debtors to pay when due. The Company s interest in sold receivables is subordinate to the purchaser s interest, and the Company provides credit enhancements for the securities issued by the Trusts. The value of the Company s interest in sold receivables is subject to credit, repayment, dilution, and interest rate risks on sold receivables. The Company is obligated to repurchase any receivable if the interest of the administrative agent is materially, adversely affected by a breach of representation or warranty.

The Company provides guarantees to distributors, including affiliated companies, and customers for their borrowing from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods. The maximum potential amount of undiscounted future payments of these financial guarantees as of March 31, 2008 was ¥2.6 billion ($26 million).

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F. Tabular Disclosure of Contractual Obligations

The following summarizes contractual obligations at March 31, 2008.

	Millions of yen				
		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual obligations:					
Short-term borrowings	¥ 113,087	¥ 113,087	¥	¥	¥
Capital lease obligations	6,471	3,484	2,713	245	29
Long-term debt	243,450	62,492	136,286	33,348	11,324
Deposits from customers	2,700	2,700			
Operating lease obligations	1,563	826	495	167	75
Commitments for capital expenditures	3,756	3,756			
Interest payments	17,333	7,884	7,806	1,321	322
Total	¥ 388,360	¥ 194,229	¥ 147,300	¥ 35,081	¥ 11,750

	Thousands of U.S. dollars				
		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual obligations:					
Short-term borrowings	$ 1,130,870	$ 1,130,870	$	$	$
Capital lease obligations	64,710	34,840	27,130	2,450	290
Long-term debt	2,434,500	624,920	1,362,860	333,480	113,240
Deposits from customers	27,000	27,000			
Operating lease obligations	15,630	8,260	4,950	1,670	750
Commitments for capital expenditures	37,560	37,560			
Interest payments	173,330	78,840	78,060	13,210	3,220
Total	$ 3,883,600	$ 1,942,290	$ 1,473,000	$ 350,810	$ 117,500

The Company s contributions to pension plans for the year ending March 31, 2009 are expected to be ¥14,216 million ($142 million).

Payments due by periods for interest payments are calculated using the contract rate of each borrowing or debt at March 31, 2008.

Liabilities for unrecognized tax benefits of ¥6,950 million ($70 million) at March 31, 2008 are excluded from the table. Liabilities for unrecognized tax benefits are due mainly to a bilateral Advance Pricing Agreement (APA), and it is reasonably possible that the amount of unrecognized tax benefits may significantly increase or decrease within the next 12 months depending on the business results of the U.S. subsidiaries in the future periods.

G. Safe Harbor

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

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Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following sets forth the information about the Company s Directors, executive officers and Corporate Auditors as of the date of filing of this Report, together with their respective dates of birth and positions. The term of office of all Directors will expire at the conclusion of the ordinary general meeting of shareholders which will be held in 2009.

Name (Birthday)	Number of Company Shares Owned as of June 20, 2008	Current Positions and Brief Occupational History (including responsibilities in other companies)	
Daisuke Hatakake (June 29, 1941)	59,000 Shares	President and Representative Director of Kubota Corporation	
		April 2003:	President and Representative Director of Kubota Corporation (to present)
		June 2002:	General Manager of Corporate Compliance Headquarters
		June 2001:	Managing Director of Kubota Corporation, in charge of Corporate Planning & Control Dept., Finance & Accounting Dept., Corporate Information Systems Planning Dept. (assistant)
		August 2000:	In charge of PV Business Planning & Promotion Dept.
		June 2000:	In charge of Compliance Auditing Dept., Business Alliance Dept. (assistant), Corporate Information Systems Planning Dept. (assistant), General Manager of Corporate Planning & Control Dept.
		June 1999:	Director of Kubota Corporation
		December 1998:	General Manager of Corporate Planning & Control Dept.
		April 1964:	Joined Kubota Corporation
Moriya Hayashi (May 7, 1944)	34,000 Shares	Executive Vice President and Representative Director of Kubota Corporation, General Manager of Farm & Industrial Machinery Consolidated Division, General Manager of International Operations Headquarters in Farm & Industrial Machinery Consolidated Division	
		April 2006:	Executive Vice President and Representative Director of Kubota Corporation (to present)
		April 2004:	General Manager of Farm & Industrial Machinery Consolidated Division (to present)
		April 2004:	Executive Managing Director of Kubota Corporation
		April 2003:	Managing Director of Kubota Corporation, General Manager of Tractor Division
		January 2002:	General Manager of International Operations Headquarters in Farm & Industrial Machinery Consolidated Division (to present)
		October 2001:	Deputy General Manager of Tractor Division
		June 2001:	Director of Kubota Corporation
		June 1999:	President of Kubota Tractor Corporation
		April 1969:	Joined Kubota Corporation

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Toshihiro Fukuda (October 12, 1945)	55,000 Shares	Executive Vice President and Director of Kubota Corporation, In charge of Corporate Staff Section	
		April 2008:	Executive Vice President and Director of Kubota Corporation (to present)
		April 2007:	In charge of Corporate Staff Section (to present)
		April 2006:	In charge of Secretary & Public Relations Dept.
		April 2005:	Executive Managing Director of Kubota Corporation, In charge of CSR Planning & Coordination Dept., General Manager of Corporate Compliance Headquarters
		April 2004:	Managing Director of Kubota Corporation, in charge of Corporate Compliance Headquarters, Environmental Protection Dept., General Affairs Dept.
		April 2003:	General Manager of Farm Machinery Division
		March 2003:	In charge of Related Products Division
		June 2002:	Director of Kubota Corporation
		October 2001:	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division and General Manager of Sales Coordination Dept. in Farm & Industrial Machinery Consolidated Division
		April 1969:	Joined Kubota Corporation
Yasuo Masumoto (April 21, 1947)	23,000 Shares	Executive Vice President and Director of Kubota Corporation, In charge of Tokyo Head Office, General Manager of Water, Environment & Infrastructure Consolidated Division, General Manager of Tokyo Head Office	
		April 2008:	Executive Vice President and Director of Kubota Corporation (to present)
		April 2007:	In charge of Tokyo Head Office, General Manager of Water, Environment & Infrastructure Consolidated Division, and General Manager of Tokyo Head Office (to present)
			General Manager of Production Control Headquarters in Water, Environment & Infrastructure Consolidated Division, General Manager of Coordination Dept. in Water, Environment & Infrastructure Consolidated Division
		April, 2006:	Executive Managing Director of Kubota Corporation
		April 2005:	Deputy General Manager of Industrial & Material Systems Consolidated Division
		January 2005:	In charge of Quality Assurance & Manufacturing Promotion Dept.
		June 2004:	General Manager of Purchasing Dept. in Industrial & Material Systems Consolidated Division
		April 2004:	Managing Director of Kubota Corporation, In charge of Manufacturing Planning & Promotion Dept.
		April 2003:	General Manager of Production Control Headquarters in Industrial & Material Systems Consolidated Division
		June 2002:	Director of Kubota Corporation
		October 2001:	General Manager of Farm Machinery Division
		April 1971:	Joined Kubota Corporation

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Eisaku Shinohara (August 25, 1947)	22,000 Shares	Executive Managing Director of Kubota Corporation, General Manager of R & D Headquarters in Farm & Industrial Machinery Consolidated Division, In charge of Research & Development Planning & Promotion Dept. and Environmental Equipment R&D Center	
		April 2008:	Executive Managing Director of Kubota Corporation (to present)
		April 2007:	In charge of Environmental Equipment R&D Center (to present)
		April 2005:	In charge of Research & Development Planning & Promotion Dept. (to present), Managing Director of Kubota Corporation
		April 2004:	General Manager of R & D Headquarters in Farm & Industrial Machinery Consolidated Division (to present)
		June 2003:	Director of Kubota Corporation
		October 2001:	Deputy General Manager of R&D Headquarters in Farm & Industrial Machinery Consolidated Division, General Manager of Vehicle Technology Generalization Dept. in Tractor Division
		April 1974:	Joined Kubota Corporation
Yoshihiko Tabata (March 23, 1946)	21,000 Shares	Managing Director of Kubota Corporation, General Manager of Engine Division	
		October 2006:	General Manager of Planning & Sales Promotion Dept. in Engine Division
		April 2006:	Managing Director of Kubota Corporation (to present)
		June 2004:	Director of Kubota Corporation
		October 2003:	General Manager of Engine Division (to present)
		May 1998:	President of Kubota Engine America Corporation
		December 1976:	Joined Kubota Corporation
Kazunobu Ueta (January 1, 1947)	22,000 Shares	Managing Director of Kubota Corporation, General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division	
		April 2006:	Managing Director of Kubota Corporation (to present)
		April 2005:	In charge of Farm Facilities Division
		April 2005:	General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division (to present)
		June 2004:	Director of Kubota Corporation, In charge of Related Products Division
		April 2004:	In charge of Related Products Division (assistant), Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division, General Manager of Sales Control Dept. in Farm & Industrial Machinery Consolidated Division
		April 2000:	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division
		April 1969:	Joined Kubota Corporation
Morimitsu Katayama (January 17, 1948)	30,000 Shares	Managing Director of Kubota Corporation, General Manager of Manufacturing Headquarters in Farm & Industrial Machinery Consolidated Division, General Manager of Sakai Plant, In charge of Quality Assurance & Manufacturing Promotion Dept.	
		April 2007:	Managing Director of Kubota Corporation, and In charge of Quality Assurance & Manufacturing Promotion Dept. (to present)
		January 2005:	In charge of Quality Assurance & Manufacturing Promotion Dept. (assistant)
		June 2004:	Director of Kubota Corporation, In charge of Manufacturing Planning & Promotion Dept. (assistant)
		April 2004:	General Manager of Manufacturing Headquarters in Farm & Industrial Machinery Consolidated Division and General Manager of Sakai Plant (to present)
		April 2003:	General Manager of Sakai Plant
		April 1963:	Joined Kubota Corporation

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Nobuyuki Toshikuni (January 30, 1951)	15,000 Shares	Managing Director of Kubota Corporation, General Manager of Tractor Division	
		April 2007:	Managing Director of Kubota Corporation (to present)
		June 2004:	Director of Kubota Corporation
		April 2004:	General Manager of Tractor Division (to present)
		October 2001:	President of Kubota Tractor Corporation
		April 1973:	Joined Kubota Corporation
Hirokazu Nara (October 2, 1948)	19,000 Shares	Managing Director of Kubota Corporation, In charge of Corporate Staff Section (assistant), In charge of Corporate Planning & Control Dept. and Finance & Accounting Dept.	
		April 2007:	Managing Director of Kubota Corporation, and In charge of Corporate Staff Section (assistant) (to present)
		October 2005:	In charge of Corporate Planning & Control Dept. (to present)
		June 2005:	In charge of Finance & Accounting Dept. (to present)
		June 2005:	Director of Kubota Corporation, in charge of Air Condition Equipment Division, Septic Tanks Division, Housing & Building Materials Business Coordination Dept., PV Business Planning & Promotion Dept., General Manager of Corporate Planning & Control Dept.
		April 2005:	In charge of Air Condition Equipment Division (assistant), Septic Tanks Division (assistant), Housing & Building Materials Business Coordination Dept. (assistant), PV Business Planning & Promotion Dept. (assistant), Finance & Accounting Dept. (assistant) and General Manager of Corporate Planning & Control Dept.
		April 2003:	General Manager of Corporate Planning & Control Dept.
		April 1971:	Joined Kubota Corporation
Masayoshi Kitaoka (December 11, 1949)	11,000 Shares	Managing Director of Kubota Corporation, In charge of Health & Safety Planning & Promotion Dept., General Manager of Head Office, General Manager of Personnel Dept.	
		April 2008:	Managing Director of Kubota Corporation, and General Manager of Personnel Dept. (to present)
		April 2007:	In charge of Health & Safety Planning & Promotion Dept and General Manager of Head Office (to present) In charge of Personnel Dept.
		June 2005:	Director of Kubota Corporation
		April 2004:	General Manager of Farm Machinery Division
		August 2003:	General Manager of Electronic Equipped Machinery Division
		December 2002:	General Manager of Electronic Equipped Machinery Division and General Manager of FA Sales Dept in Electronic Equipped Machinery Division
		April 1973:	Joined Kubota Corporation
Tetsuji Tomita (March 6, 1950)	11,000 Shares	Managing Director of Kubota Corporation, President of Kubota Tractor Corporation	
		April 2008:	Managing Director of Kubota Corporation (to present)
		June 2005:	Director of Kubota Corporation
		April 2004:	President of Kubota Tractor Corporation (to present)
		January 2003:	President of Kubota Europe S.A.S.
		April 1973:	Joined Kubota Corporation

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Masatoshi Kimata	21,000 Shares	Managing Director of Kubota Corporation, Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division	
(June 22, 1951)			
		April 2008:	Managing Director of Kubota Corporation (to present)
		April 2007:	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division (to present)
		June 2005:	Director of Kubota Corporation
		October 2001:	General Manager of Tsukuba Plant
		April 1977:	Joined Kubota Corporation
Nobuyo Shioji	7,000 Shares	Managing Director of Kubota Corporation, General Manager of Construction Machinery Division	
(April 11, 1949)			
		April 2008:	Managing Director of Kubota Corporation (to present)
		June 2006:	Director of Kubota Corporation
		April 2005:	General Manager of Construction Machinery Division (to present)
		April 2004:	General Manager of Construction Machinery Division and General Manager of Planning & Sales Promotion Dept. in Construction Machinery Division
		April 2003:	Deputy General Manager of Construction Machinery Division and General Manager of Planning & Sales Promotion Dept. in Construction Machinery Division
		April 1973:	Joined Kubota Corporation
Takeshi Torigoe	16,000 Shares	Director of Kubota Corporation, General Manager of Steel Castings Division	
(April 8, 1950)			
		June 2006:	Director of Kubota Corporation (to present)
		April 2005:	General Manager of Steel Castings Division (to present)
		January 2004:	General Manager of Steel Castings Manufacturing Dept. in Hirakata Plant
		January 2001:	President of Kubota Metal Corporation
		April 1976:	Joined Kubota Corporation
Satoru Sakamoto	8,000 Shares	Director of Kubota Corporation, General Manager of Air Condition Equipment Division, President of Kubota Air Conditioner, Ltd.	
(July 18, 1952)			
		June 2006:	Director of Kubota Corporation (to present)
		April 2006:	General Manager of Air Condition Equipment Division and President of Kubota Air Conditioner, Ltd. (to present)
		October 2005:	Deputy General Manager of Air Condition Equipment Division and Director of Kubota Air Conditioner, Ltd.
		April 2003:	General Manager of Planning Dept. in Ductile Iron Pipe Division
		June 2001:	General Manager of Corporate Planning & Control Dept.
		April 1976:	Joined Kubota Corporation
Hideki Iwabu	12,000 Shares	Director of Kubota Corporation, General Manager of Water & Sewage Engineering Division	
(October 21, 1952)			
		August 2006:	General Manager of Planning Dept. in Water & Sewage Engineering Division
		June 2006:	Director of Kubota Corporation (to present)
		April 2006:	General Manager of Water & Sewage Engineering Division (to present)
		April 2004:	General Manager of Sewage Engineering Dept. II in Water & Sewage Engineering Division
		June 2001:	General Manager of Water & Sewage Engineering Dept. in Water & Sewage Engineering Division

April 1975:	Joined Kubota Corporation

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Takashi Yoshii (October 7, 1951)	19,000 Shares	Director of Kubota Corporation, President of Kubota Manufacturing of America Corporation	
		June 2007:	Director of Kubota Corporation (to present)
		October 2005:	President of Kubota Manufacturing of America Corporation (to present)
		April 2005:	General Manager of R&D Administration Dept. and General Manager of Prototype Engineering Dept. in Farm & Industrial Machinery Consolidated Division
		May 2003:	General Manager of R&D Administration Dept. in Farm & Industrial Machinery Consolidated Division
		April 1974:	Joined Kubota Corporation
Kohkichi Uji (February 16, 1952)	5,000 Shares	Director of Kubota Corporation, General Manager of Ductile Iron Pipe Division	
		June 2007:	Director of Kubota Corporation, and General Manager of Ductile Iron Pipe Division (to present)
		April 2007:	General Manager of Ductile Iron Pipe Division and General Manager of Business Planning & Marketing Dept. in Ductile Iron Pipe Division and Director of Tops Water Co., Ltd.
		June 2006:	General Manager of Business Planning & Marketing Dept. in Ductile Iron Pipe Division and Director of Tops Water Co., Ltd.
		October 2003:	General Manager of Business Planning & Marketing Dept. in Ductile Iron Pipe Division
		April 2003:	General Manager of Sales Administration Dept. in Ductile Iron Pipe Division
		April 1974:	Joined Kubota Corporation
Toshihiro Kubo (April 5, 1953)	10,000 Shares	Director of Kubota Corporation, General Manager of Production Control Headquarters in Water, Environment & Infrastructure Consolidated Division, General Manager of Coordination Dept. in Water, Environment & Infrastructure Consolidated Division	
		June 2007:	Director of Kubota Corporation, General Manager of Production Control Headquarters in Water, Environment & Infrastructure Consolidated Division, and General Manager of Coordination Dept. in Water, Environment & Infrastructure Consolidated Division (to present)
		October 2005:	General Manager of Planning Dept. in Ductile Iron Pipe Division
		April 2003:	General Manager of R&D Dept. in Ductile Iron Pipe Division
		April 1979:	Joined Kubota Corporation
Kenshiro Ogawa (July 23, 1953)	20,000 Shares	Director of Kubota Corporation, General Manager of Tsukuba Plant and General Manager of Production Engineering Center of Emission in Manufacturing Headquarters in Farm & Industrial Machinery Consolidated Division	
		June 2007:	Director of Kubota Corporation (to present)
		April 2007:	General Manager of Tsukuba Plant and General Manager of Production Engineering Center of Emission in Manufacturing Headquarters in Farm & Industrial Machinery Consolidated Division (to present)
		April 2003:	General Manager of Engine Manufacturing Dept. in Sakai Plant and Rinkai Engine Manufacturing Dept. in Sakai Plant
		April 1979:	Joined Kubota Corporation

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Tetsu Fukui (August 17, 1951)	9,000 Shares	Director of Kubota Corporation, General Manager of Environmental Equipment R&D Center and General Manager of Environmental Consolidated Technology Dept. in Environmental Equipment R&D Center	
		June 2008:	Director of Kubota Corporation (to present)
		April 2007:	General Manager of Environmental Equipment R&D Center and General Manager of Environmental Consolidated Technology Dept. in Environmental Equipment R&D Center (to present)
		April 2005:	General Manager of Turf & Utility Vehicle Engineering Dept. in Tractor Division
		June 2004:	General Manager of Vehicle Technology Generalization Dept. in Tractor Division
		April 1976:	Joined Kubota Corporation
Satoshi Iida (March 5, 1953)	5,000 Shares	Director of Kubota Corporation, President of Kubota Europe S.A.S.	
		June 2008:	Director of Kubota Corporation (to present)
		April 2004:	President of Kubota Europe S.A.S. (to present)
		April 2003:	General Manager of Construction Machinery Division
		April 1980:	Joined Kubota Corporation
Shigeru Kimura (September 10, 1953)	3,000 Shares	Director of Kubota Corporation, General Manager of Finance & Accounting Dept.	
		June 2008:	Director of Kubota Corporation (to present)
		December 2002:	General Manager of Finance & Accounting Dept. (to present)
		April 1977:	Joined Kubota Corporation
Junichi Maeda (May 23, 1945)	22,000 Shares	Corporate Auditor of Kubota Corporation	
		June 2005:	Corporate Auditor of Kubota Corporation (to present)
		June 2003:	Director of Kubota Corporation
		April 2003:	General Manager of Ductile Iron Pipe Division
		June 2001:	General Manager of Planning Dept. in Ductile Iron Pipe Division
		April 2001:	Ditto and General Manager of Production Management Dept. in Ductile Iron Pipe Division
		June 2000:	General Manager of Planning Dept. in Ductile Iron Pipe Division
		September 1972:	Joined Kubota Corporation
Yoshiharu Nishiguchi (January 29, 1947)	23,000 Shares	Corporate Auditor of Kubota Corporation	
		June 2007:	Corporate Auditor of Kubota Corporation (to present)
		April 2007:	Director of Kubota Corporation
		April 2006:	In charge of General Affairs Dept., Tokyo Administration Dept.
		April 2005:	Managing Director of Kubota Corporation, In charge of Personnel Dept., Health & Safety Planning & Promotion Dept., General Manager of Head Office
		April 2004:	In charge of Septic Tanks Division, Housing & Building Materials Business Coordination Dept., Secretary & Public Relations Dept., PV Business Planning & Promotion Dept.,
		June 2003:	Director of Kubota Corporation, In charge of Air Condition Equipment Division, Corporate Planning & Control Dept., Finance & Accounting Dept.
		December 2002:	General Manager of Compliance Auditing Dept.
		June 2000:	General Manager of Finance & Accounting Dept.

July 1998:	General Manager of Accounting Dept.
April 1970:	Joined Kubota Corporation

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Yoshio Suekawa	11,000 Shares	Corporate Auditor of Kubota Corporation	
(September 1, 1937)			
		June 2004:	Corporate Auditor of Kubota Corporation (to present)
		April 2004:	Appointed as a special visiting professor, the Faculty of Commerce, Doshisha University
		July 2002:	Established Suekawa CPA Office (to present)
		June 2002:	Retired from Representative Partner of Deloitte Touche Tohmatsu, Osaka
		May 1989:	Assumed Representative Partner of Deloitte Touche, Tohmatsu, Osaka
		July 1984:	Joined Sanwa Tokyo Marunouchi (currently, Deloitte Touche Tohmatsu)
		October 1963:	Registered as a CPA with the Japanese Institute of Certified Public Accountants
		October 1959:	Joined Lowe Bingham and Luckie (currently, PricewaterhouseCoopers, Osaka)
Yuzuru Mizuno	9,000 Shares	Corporate Auditor of Kubota Corporation	
(January 21, 1948)			
		July 2008:	Executive Vice President of Matsushita Real Estate Co., Ltd. (to present)
		July 2005:	Executive Senior Councilor of Corporate Accounting & Finance of Matsushita Electric Industrial Co., Ltd.
		June 2005:	Corporate Auditor of Kubota Corporation (to present)
		July 2004:	Executive Director of Matsushita Electric Industrial Co., Ltd., In charge of Corporate Finance & Investor Relations
		February 2004:	Director (non full-time) of Nippon Otis Elevator Company
		October 2000:	President (non full-time) of Panasonic Finance (Japan) Co., Ltd.
		October 2000:	General Manager of Corporate Finance Dept. of Matsushita Electric Industrial Co., Ltd.
		June 1998:	Managing Director of Matsushita Industrial Corporation Sdn. Bhd.
		December 1995:	General Manager of Accounting Dept. in Compressor Division of Matsushita Electric Industrial Co., Ltd.
		April 1970:	Joined Matsushita Electric Industrial Co., Ltd.
Masanobu Wakabayashi	1,000 Shares	Corporate Auditor of Kubota Corporation	
(January 19, 1944)			
		June 2007:	Corporate Auditor of Kubota Corporation (to present)
		Mar 2004:	Chairman of Osaka Prefectural Labour Relations Commission
		April 1993:	Vice President of Osaka Bar Association
		April 1979:	Established Masanobu Wakabayashi Law Office (to present)
		April 1970:	Registered as an attorney with Osaka Bar Association

Among Directors or Corporate Auditors of Kubota Corporation, there is no family relationship. No Directors or Corporate Auditors, except Corporate Auditors Yoshio Suekawa, Yuzuru Mizuno and Masanobu Wakabayashi, of Kubota Corporation have business activities outside the Company. No Directors have directorship of another company.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person named above was selected as a Director or a Corporate Auditor.

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

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B. Compensation

The aggregate remuneration, including bonuses, paid by the Company in fiscal 2008 to all Directors (some of whom are also the executive officers) and Corporate Auditors of the Company as a group (26 persons) was ¥919 million ($9,190 thousand). No options to purchase securities from the registrant or any of its subsidiaries were outstanding on March 31, 2008.

At the meeting of the Board of Directors of the Company held on May 13, 2005, the Company resolved that the retirement benefit systems for Directors and Corporate Auditors should be terminated as of the date of the ordinary general meeting of shareholders held on June 24, 2005 and retirement benefits should be paid to the then Directors and Corporate Auditors for the services rendered before the termination of the system. The Board of Directors also resolved that the timing of payment would be at the time of the retirement of each Director and/or Corporate Auditor from his/her office. The amount of the retirement benefits for the services rendered before the termination of the system was allocated to other long-term liabilities in the Company s consolidated balance sheets. The amount included in other long-terms liabilities in the Company s consolidated balance sheets was ¥147 million ($1,470 thousand) as of March 31, 2008.

C. Board Practices

The Company s Articles of Incorporation as revised as of June 23, 2006 provide that the number of Directors of the Company shall be not more than 30 and that of the Corporate Auditors shall be not more than 6.

Directors and Corporate Auditors shall be elected by the general meeting of shareholders. The Board of Directors has ultimate responsibility for administration of the Company s affairs. Directors may, by resolution of the Board of Directors, appoint a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President-Director, and one or more Executive Vice President-Directors, Executive Managing Directors and Managing Directors. The Chairman of the Board of Directors and President-Director are Representative Directors and severally represent the Company. In addition, the Board of Directors may by its resolution, appoint one or more additional Representative Directors. The term of office of Directors shall, under the Articles of Incorporation of the Company, expire at the conclusion of the ordinary general meeting of shareholders with respect to the last closing of accounts within one year from their assumption of office, and in the case of Corporate Auditors, within four years from their assumption of office. However, they may serve any number of consecutive terms.

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

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

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

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

There are no Director s service contracts with Kubota Corporation providing for benefits upon termination of service.

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

D. Employees

Head Count at the End of the Period

	2006	2007	2008
	23,049	23,727	24,464

Head Count in Each Segment

	2006	2007	2008
Internal Combustion Engine and Machinery	12,383	13,440	14,281
Pipes, Valves, and Industrial Castings	4,028	3,951	4,075
Environmental Engineering	2,563	2,484	2,297
Other	3,618	3,390	3,312
Corporate	457	462	499
Total	23,049	23,727	24,464

The number of full-time employees of Kubota as of March 31, 2008 was 24,464. Most employees of the Company in Japan, other than managerial personnel, are union members. The unions belong to the Federation of all Kubota Labor Union, which is affiliated with the Japanese Trade Union Confederation. The Company believes it maintains good relationship with the union.

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

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

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E. Share Ownership

The total number of shares of the Company s common stock beneficially owned by the Directors and Corporate Auditors as a group as of June 20, 2008 was as follows:

Title of Class	Identity of persons or group	Number of shares owned	Percentage of class
Common stock	Directors and Corporate Auditors	523,000	0.04%

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

Employee Stock Ownership Association (Kubota Fund) owned 15,967,579 shares as of March 31, 2008, which amounted to 1.2 % of total shares issued.

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

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Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

As of March 31, 2008, 3 shareholders held 5 percent or more of the shares issued. The 10 largest shareholders are as follows:

	(As of March 31, 2008)	
Name	**Number of shares (thousand)**	**(%)**
The Master Trust Bank of Japan, Ltd.	108,482	8.46
Japan Trustee Services Bank, Ltd.	94,745	7.39
Nippon Life Insurance Company	86,021	6.71
Meiji Yasuda Life Insurance Company	60,252	4.70
The Dai-ichi Mutual Life Insurance Company	46,954	3.66
Sumitomo Mitsui Banking Corporation	45,006	3.51
Mizuho Corporate Bank, Ltd.	40,851	3.18
Trust & Custody Services Bank, Ltd.	34,175	2.66
Moxley & Co.	30,221	2.35
The Chase Manhattan Bank 385036	29,214	2.28

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

As of March 31, 2008, there were 1,280,603,507 shares of Common Stock outstanding, of which 30,221,053 shares were in the form of ADR and 154,837,863 shares were held by the residents in the U.S. The number of registered ADR holders was 49 and the number of registered holders of common stock in the U.S. was 95.

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

B. Related Party Transactions

In the ordinary course of business, the Company has transactions with numerous companies. During the fiscal year ended March 31, 2008, the Company had sales transactions with affiliates accounted under the equity method, aggregating ¥48,847 million ($488,470 thousand). As of March 31, 2008, the Company had trade notes and accounts receivable from affiliated companies of ¥17,185 million ($171,850 thousand).

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

C. Interests of Experts and Counsel

Not applicable.

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Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

Anti-Trust

In May 1998, the Company was investigated by the Fair Trade Commission of Japan (the FTCJ) for an alleged violation of the Law Concerning Prohibition of Private Monopoly and Preservation of Fair Trade (the Anti-Monopoly Law) relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. The Company received a cease and desist recommendation from the FTCJ in March 1999, which was accepted by the Company in April 1999.

The FTCJ also brought a criminal accusation alleging violation of the Anti-Monopoly Law against the Company and 3 of its employees, who were indicted in the Tokyo High Court in March 1999. On February 24, 2000, the Company was fined ¥130 million, and the 3 employees were given 6 10 months prison sentences, suspended for 2 years.

In the meanwhile, the Company received a surcharge order of ¥7,072 million ($70,720 thousand) from the FTCJ. The Company has challenged this order and filed a petition for the initiation of hearing procedures that were started in March 2000. Under Section 49 of the then Anti-Monopoly Law, upon initiation of the procedures the surcharge order lost effect. In addition, Section 7-2 of the then Anti-Monopoly Law stipulates that surcharges are imposed in cases where price cartels or cartels that influence prices by curtailing the volume of supply are carried out. The Company believes that the alleged share cartel does not meet the requirement of Section 7-2, and has not established any provision for the ultimate liability, if any, which may result from the settlement of this matter. An unfavorable outcome from this issue could materially affect the Company s results of operations or cash flows in a given year. The Company is not able to estimate the likelihood of such unfavorable outcome. Although the hearing procedures were completed on November 9, 2007, the Company has not received a copy of the preliminary decision to be served by the hearing examiner as of the date of this Form 20-F.

Policy on Dividends Distributions

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

B. Significant Changes

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

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Item 9. The Offer and Listing

A. Offer and Listing Details

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

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

Kubota s ADSs, which have been listed on the NYSE since 1976, are issued by JPMorgan Chase Bank, as Depositary. Kubota s common stock is also listed on Frankfurt Stock Exchange.

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

	TSE price per share of common stock		NYSE price per ADS (5 common shares)	
	High	**Low**	**High**	**Low**
Annual Highs and Lows				
2004	¥ 517	¥ 260	$ 24 15	$ 11 06
2005	596	446	28 46	19 05
2006	1,295	517	55 21	24 20
Quarterly Highs and Lows				
2007				
1 st quarter	¥ 1,379	¥ 918	$ 60 60	$ 40 16
2 nd quarter	1,123	897	48 95	38 51
3 rd quarter	1,134	927	47 30	39 81
4 th quarter	1,306	1,012	53 83	43 70
2008				