HALLIBURTON CO
Form 4
August 05, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
CARROLL MILTON
(Last) (First) (Middle)
1111 LOUISIANA
(Street)
HOUSTON, TX 77002
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HALLIBURTON CO [HAL]

3. Date of Earliest Transaction (Month/Day/Year)
08/01/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								20,271	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
2014 Restricted Stock Units	(1)	08/01/2014		A		2,603		(2)	(2)	Common Stock	2,603
2013 Restricted Stock Units	(1)							(3)	(3)	Common Stock	3,639.98
2012 Restricted Stock Units	(1)							(4)	(4)	Common Stock	5,386.78
Stock Equivalent Units	(5)							(6)	(6)	Common Stock	22,575.97

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CARROLL MILTON 1111 LOUISIANA HOUSTON, TX 77002	X			

Signatures

Robert L. Hayter, by Power of Attorney	08/05/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each restricted stock unit represents a right to receive one share of the Company's common stock.

(2) The restricted stock units vest in four equal annual installments beginning August 1, 2015. Shares will be delivered to the reporting person either upon vesting, or if reporting person elected to defer receipt, following cessation as a director.

(3) The restricted stock units vest in four equal annual installments beginning August 1, 2014. Shares will be delivered to the reporting person either upon vesting, or if reporting person elected to defer receipt, following cessation as a director.

(4) The restricted stock units vest in four equal annual installments beginning August 1, 2013. Shares will be delivered to the reporting person either upon vesting, or if reporting person elected to defer receipt, following cessation as a director.

(5) The security converts to common stock on a one-for-one basis.

(6) The stock equivalent units were accrued under the Company's Directors' Deferred Compensation Plan and are settled in the Company's common stock following cessation as a director.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Total

¥9,321 ¥1,528 ¥509 ¥2,866 ¥14,224 ¥341,130 ¥355,354

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(Nonaccrual)

Retail finance receivables in North America are placed on nonaccrual status at the earlier of when the contractual principal and interest are determined to be uncollectible or when these receivables become greater than 90 days past the contractual due date. For these receivables on nonaccrual status, interest income is subsequently recognized only to the extent a cash payment is received. These receivables are restored to accrual status as of the date the principal and interest become 90 days or less past the due date. Nonaccrual retail finance receivables in North America at March 31, 2012, and 2011, amounted to ¥802 million and ¥895 million, respectively.

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

(Troubled Debt Restructuring and Impaired Loans)

The amounts of debts restructured or impaired loans were not material for the year ended March 31 2012, 2011, and 2010.

Loan Receivables from Affiliated Companies

The Company finances loans to affiliated companies mainly through group financing and records such loan receivables from affiliated companies at the principal on the consolidated balance sheets. The amounts of these loan receivables from affiliated companies are ¥6,289 million, and ¥234 million at March 31, 2012, and 2011, respectively, and such amounts are recorded in other current assets and investment in and loan receivables from affiliated companies on the consolidated balance sheets. These loans are financed to the affiliated companies which sell farm equipment products in Japan and both the principal and interest have been fully collected by the contractual due date. The Company reviews the credit quality of these loan receivables based on relevant information about the ability of borrowers to service their debt. Since no negative factors in the borrowers financial condition or collection status of receivables have been identified, these loan receivables are expected to be fully collectible by the Company. The credit risk of these loan receivables is primarily developed from the borrowers business environment such as market demand of farm equipment products. (See Note 3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFLIATED COMPANIES)

Other Receivables

The amounts of other receivables and related allowance were not material for the years ended March 31, 2012, 2011, and 2010.

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDIT LOSSES

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

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

When amounts due are determined to be uncollectible or the related collateral is repossessed, receivables and the related allowance are charged off. Repossessed assets are recorded at their estimated fair value less costs to sell and reported in other current assets on the consolidated balance sheets, which amounted to ¥149 million and ¥216 million at March 31, 2012 and 2011, respectively. Recoveries on receivables previously charged off as uncollectable are credited to the allowance for doubtful accounts and credit losses.

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

(¥ in millions) For the years ended March 31:	2012	2011	2010
Allowance for doubtful notes and accounts receivable:			
Balance at beginning of year	**¥ 2,806**	¥ 2,821	¥ 2,512
Provision	**173**	300	636
Charge-offs	**(225)**	(77)	(46)
Other	**(350)**	(238)	(281)
Balance at end of year	**¥ 2,404**	¥ 2,806	¥ 2,821
Allowance for doubtful non-current receivables:			
Balance at beginning of year	**¥ 932**	¥ 770	¥ 859
Provision (Reversal)	**(43)**	259	59
Charge-offs	**(13)**	(93)	(74)
Other	**(1)**	(4)	(74)
Balance at end of year	**¥ 875**	¥ 932	¥ 770
Allowance for credit losses on finance receivables:			
Balance at beginning of year	**¥ 3,101**	¥ 1,706	¥ 1,586
Provision	**2,268**	2,304	855
Charge-offs	**(945)**	(780)	(327)
Other	**(327)**	(129)	(408)
Balance at end of year	**¥ 4,097**	¥ 3,101	¥ 1,706

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

(¥ in millions) Allowance for doubtful accounts and credit losses For the year ended March 31, 2012:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	**¥ 603**	**¥ 2,498**	**¥ 1,016**	**¥ 4,117**
Provision	**621**	**1,647**	**11**	**2,279**
Charge-offs	**(473)**	**(472)**		**(945)**
Recoveries	**11**			**11**
Other	**(30)**	**(308)**		**(338)**
Balance at end of year	**¥ 732**	**¥ 3,365**	**¥ 1,027**	**5,124**
Individually evaluated for impairment	**404**		**502**	**906**
Collectively evaluated for impairment	**328**	**3,365**	**525**	**4,218**
Recorded Investment at March 31, 2012:				
Balance at end of year	**¥ 204,593**	**¥ 111,936**	**¥ 58,310**	**¥ 374,839**
Individually evaluated for impairment	**404**		**518**	**922**

Collectively evaluated for impairment	**204,189**	**111,936**	**57,792**	**373,917**
Allowance for doubtful accounts and credit losses				
For the year ended March 31, 2011:				
Balance at beginning of year	¥ 512	¥ 1,194	¥ 402	¥ 2,108
Provision	727	1,577	614	2,918
Charge-offs	(567)	(213)		(780)
Other	(69)	(60)		(129)
Balance at end of year	¥ 603	¥ 2,498	¥ 1,016	¥ 4,117
Individually evaluated for impairment	299		19	318
Collectively evaluated for impairment	304	2,498	997	3,799
Recorded Investment at March 31, 2011:				
Balance at end of year	¥ 193,985	¥ 109,382	¥ 51,987	¥ 355,354
Individually evaluated for impairment	299		39	338
Collectively evaluated for impairment	193,686	109,382	51,948	355,016

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

There is no related allowance for loan receivables from affiliated companies for the years ended March 31, 2012, 2011 and 2010.

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7. BUSINESS COMBINATION

On March 13, 2012, the Company acquired 78.95% of the total outstanding shares of Kverneland ASA (hereinafter Kverneland), listed on the Oslo Stock Exchange, through a tender offer. The consideration, all in cash, paid for the acquired shares of Kverneland was ¥18,105 million and the acquisition-date fair value of the noncontrolling interest in Kverneland was measured at ¥4,993 million mainly based on the quoted price of share on the Oslo s Stock Exchange.

Kverneland has well-established brands in European regions along with technological competence and a wide range of implement products. The Company expects to realize synergies including development of implements for its existing line of tractors and utilization of each other s sales channels. The Company expects the acquisition to be an important milestone in establishing a significant presence in the agricultural machinery market for dry fields.

Acquisition-related costs of ¥524 million were included in selling, general, and administrative expenses on the consolidated statement of income for the year ended March 31, 2012.

The following table presents the provisional amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed, and will be finalized during the year ending March 31, 2013 when the final fair values arising from the assessment of contingencies below are confirmed:

(¥ in millions)	
At March 13, 2012:	
Current assets	**¥ 28,059**
Investments and long-term finance receivables	**637**
Property, plant, and equipment	**8,198**
Goodwill	**3,966**
Intangible assets	**12,584**
Other assets	**1,950**
Total assets acquired	**¥ 55,394**
Current liabilities	**22,940**
Long-term liabilities	**9,356**
Total liabilities assumed	**¥ 32,296**
Total net assets acquired	**¥ 23,098**

Trade accounts receivable of ¥7,129 million recorded at fair value is included in current assets in the table above, and the gross contractual amount is ¥7,366 million.

Intangible assets acquired are subject to amortization and mainly consist of customer relationships of ¥6,441 million, technological know-how of ¥3,037 million, and trademarks of ¥1,391 million with weighted-average amortization periods of 13 years, six years, and ten years, respectively. Total weighted-average amortization period for the entire group of intangibles is nine years.

After the acquisition date, a contamination of the ditchwater on the site of a plant was identified. An investigation is currently taking place and so far has found that the ditchwater was contaminated with chlorine compounds, but as of yet the cause or source of the contamination has not been identified. Currently, the Company cannot reasonably estimate the amount or range of its ultimate liability, if any.

The aggregated amount of goodwill is all assigned to the Farm & Industrial Machinery segment and is not deductible for tax purposes.

Revenues or net income from Kverneland and its subsidiaries are not included in the consolidated statements of income for the year ended March 31, 2012.

The pro forma results are not disclosed as the amounts are immaterial.

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8. GOODWILL AND INTANGIBLE ASSETS

The following table presents the components of intangible assets subject to amortization:

(¥ in millions)	2012			2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Software	**¥ 16,292**	**¥ (8,378)**	**¥ 7,914**	¥ 13,760	¥ (7,777)	¥ 5,983
Customer relationships	**6,441**		**6,441**			
Technological know-how	**3,051**	**(4)**	**3,047**	11	(3)	8
Others	**4,785**	**(309)**	**4,476**	589	(265)	324
Total	**¥ 30,569**	**¥ (8,691)**	**¥ 21,878**	¥ 14,360	¥ (8,045)	¥ 6,315

Intangible assets subject to amortization acquired for the year ended March 31, 2012 was ¥17,414 million, which mainly resulted from acquisition of a business (See Note 7. BUSINESS COMBINATION) and software of ¥3,751 million. The amortization periods for the acquired software is mainly five years.

Intangible assets subject to amortization acquired for the year ended March 31, 2011 was ¥1,372 million, which mainly consists of software of ¥1,338 million. The amortization periods for the acquired software is mainly five years.

The amounts of intangible assets not subject to amortization were not material at March 31, 2012 and 2011.

The aggregate amortization expense of intangible assets subject to amortization for the years ended March 31, 2012, 2011, and 2010 are ¥2,009 million, ¥2,313 million, and ¥2109 million, respectively.

The following table presents the estimated aggregate amortization expenses for intangible assets for each of the next five years:

(¥ in millions) Years ending March 31:	
2013	¥ 4,382
2014	3,316
2015	2,781
2016	2,313
2017	2,114

The goodwill is allocated to the reporting unit in which the business that created the goodwill resides, and substantially all of the goodwill resides in Farm and Industrial Machinery segment. The carrying amounts of goodwill in the Farm & Industrial Machinery segment are ¥4,618 million, ¥718 million and ¥711 million at March 31, 2012, 2011, and 2010, respectively.

The changes in the carrying amount of goodwill in Farm & Industrial Machinery segment for the year ended March 31, 2012 is a result of the acquisition of a business (See Note 7. BUSINESS COMBINATION) and the effect of foreign currency exchange rate changes and for the year ended March 31, 2011 is a result of the effect of foreign currency exchange rate changes.

Accumulated impairment losses on goodwill were not recognized for the years ended March 31, 2012, March 31, 2011 or March 31, 2010, respectively.

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings are comprised of notes payable to banks of ¥63,623 million and commercial paper of ¥6,000 million at March 31, 2012. Short-term borrowings are comprised of notes payable to banks of ¥76,642 million at March 31, 2011.

Stated annual interest rates on short-term borrowings ranged primarily from 0.10% to 5.90% and from 0.47% to 6.10% at March 31, 2012 and 2011, respectively. The weighted average interest rates on such short-term borrowings at March 31, 2012 and 2011 were 0.99% and 1.45%, respectively.

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Available committed lines of credit with certain banks totaled ¥20,000 million both at March 31, 2012 and 2011. The terms of committed lines of credit are one year. The Company had no outstanding borrowings as of March 31, 2012 and 2011 related to committed lines of credit.

Long-term debt is comprised of the following:

(¥ in millions)

At March 31:	Due in years ending March 31:	2012	2011
Unsecured bonds (interest rate):			
Yen notes (floating rate 0.70%)	2012	¥	¥ 4,000
Yen notes (floating rate 0.70%)	2013	**4,000**	4,000
Yen notes (floating rate 0.69%)	2013	**2,000**	2,000
Yen notes (floating rate 0.45%)	2013	**5,000**	5,000
NOK notes (floating rate 9.68%)	2013	**4,597**	
SEK notes (fixed rate 9.32%)	2013	**1,237**	
U.S.$ notes (floating rate 1.00%)	2013	**3,896**	4,050
Yen notes (fixed rate 1.54%)	2013	**10,000**	10,000
Yen notes (fixed rate 1.27%)	2013	**10,000**	10,000
Yen notes (fixed rate 1.53%)	2015	**10,000**	10,000
U.S.$ notes (floating rate 0.55%)	2015	**3,892**	
U.S.$ notes (floating rate 0.72%)	2016	**3,885**	
U.S.$ notes (floating rate 0.82%)	2016	**2,719**	
Loans, principally from banks and insurance companies, maturing on various dates through 2020:			
Collateralized		**30,999**	17,322
Unsecured		**196,047**	207,826
Capital lease obligations		**3,340**	3,118
Total		**291,612**	277,316
Less: current portion		**(107,210)**	(85,556)
		¥ 184,402	¥ 191,760

Both fixed and floating rates were included in the interest rates of the long-term loans from banks and insurance companies. The weighted average rates at March 31, 2012 and 2011 were 1.68% and 1.82%, respectively.

The following table presents the annual maturities of long-term debt at March 31, 2012:

(¥ in millions)

Years ending March 31:	
2013	**¥ 107,210**
2014	**58,800**
2015	**76,941**
2016	**28,828**
2017	**19,045**
2018 and thereafter	**788**
Total	**¥ 291,612**

Assets pledged as collateral are comprised of the following:

(¥ in millions) **At March 31:**	**2012**	**2011**
Trade accounts receivable	**¥**	¥ 1,403
Short-term finance receivables	**14,716**	8,575
Other current assets [*1]	**273**	162
Long-term finance receivables	**20,688**	10,871
Property, plant, and equipment	**1,749**	6,100
Total	**¥ 37,426**	¥ 27,111

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

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The above assets were pledged against the following liabilities:

(¥ in millions) At March 31:	2012	2011
Short-term borrowings	**¥ 669**	¥ 4,710
Current portion of long-term debt	**12,800**	7,345
Long-term debt	**18,199**	9,977
Total	**¥ 31,668**	¥ 22,032

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

There are restrictive covenants related to the borrowings including negative pledges, rating trigger and minimum net worth. The rating trigger states that the Company shall keep or be higher than the BBB rating by Rating and Investment Information, Inc. The minimum net worth covenant states that total equity be maintained at more than ¥477.0 billion on the consolidated financial statement basis and more than ¥303.1 billion on the separate financial statement basis (the parent company s). The Company is in compliance with these restrictive covenants at March 31, 2012.

10. RETIREMENT AND PENSION PLANS

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

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

Funded Status

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

(¥ in millions) At March 31:	2012	2011
Funded status:		
Benefit obligations	**¥ 180,868**	¥ 165,637
Fair value of plan assets	**138,986**	130,437
Funded status-net	**¥ (41,882)**	¥ (35,200)
Amounts recognized in the consolidated balance sheets:		
Accrued retirement and pension costs	**¥ (41,882)**	¥ (35,285)
Prepaid expenses for benefit plans, included in other assets		85
Amounts recognized in the consolidated balance sheets-net	**¥ (41,882)**	¥ (35,200)

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

(¥ in millions) **At March 31:**	**2012**	**2011**
Actuarial loss	**¥ (39,794)**	¥ (28,344)
Prior service benefit	**2,820**	3,628
Total recognized in accumulated other comprehensive income (loss), before tax	**¥ (36,974)**	¥ (24,716)

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

(¥ in millions) **At March 31:**	**2012**	**2011**
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	**¥ 180,868**	¥ 163,060
Fair value of plan assets	**138,986**	127,775
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	**¥ 175,419**	¥ 161,322
Fair value of plan assets	**135,314**	126,380

Benefit Obligations

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

(¥ in millions)	**2012**	**2011**
Change in benefit obligations:		
Benefit obligations at beginning of year	**¥ 165,637**	¥ 168,974
Service cost	**6,584**	6,117
Interest cost	**3,589**	3,315
Actuarial loss (gain)	**11,979**	(831)
Benefits paid (lump-sum payments)	**(7,444)**	(7,226)
Benefits paid (annuity payments)	**(4,493)**	(4,349)
Addition from acquisition	**5,464**	
Foreign currency exchange rate changes	**(448)**	(363)
Benefit obligations at end of year	**¥ 180,868**	¥ 165,637
Accumulated benefit obligations at March 31	**¥ 178,525**	¥ 164,942
Weighted-average assumptions used in calculating benefit obligation at March 31 [*1] :		
Discount rate	**2.2%**	2.6%

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

Plan Assets

The following table presents the changes in plan assets:

(¥ in millions) **For the years ended March 31:**	**2012**	**2011**
Fair value of plan assets at beginning of year	**¥ 130,437**	¥ 129,156
Actual return on plan assets	**1,933**	(2,694)
Employer contributions	**13,741**	13,427
Benefits paid (lump-sum payments)	**(5,048)**	(4,763)
Benefits paid (annuity payments)	**(4,493)**	(4,349)
Addition from acquisition	**2,672**	
Foreign currency exchange rate changes	**(256)**	(340)
Fair value of plan assets at end of year	**¥ 138,986**	¥ 130,437

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The Company s policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which the Company considers permissible. To mitigate any potential concentration risk, careful consideration is given to balancing the portfolio among industry sectors, companies and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. The Company s target allocation is 31% equity securities, 50% debt securities, and 19% other investment vehicles, mainly consisting of cash and short-term investments and the general accounts of insurance company.

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

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

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

(¥ in millions) At March 31	Level 1	Level 2	Level 3	Total
2012:				
Equity securities:				
Financial institutions (Japanese companies)	**¥ 5,448**	**¥**	**¥**	**¥ 5,448**
Other industries (Japanese companies)	**4,723**			**4,723**
Pooled funds (Japanese companies) [*1]		**14,030**		**14,030**
Pooled funds (foreign companies) [*1]		**22,203**		**22,203**
Debt securities:				
Pooled funds (Japanese issuers) [*2]		**50,604**		**50,604**
Pooled funds (foreign issuers) [*3]		**13,638**		**13,638**
Cash and short-term investments	**1,166**	**1,526**		**2,692**
General accounts of insurance company		**25,293**		**25,293**
Other assets [*4]		**186**	**169**	**355**
Fair value of plan assets	**¥ 11,337**	**¥ 127,480**	**¥ 169**	**¥ 138,986**
2011:				
Equity securities:				
Financial institutions (Japanese companies)	¥ 5,318	¥	¥	¥ 5,318
Other industries (Japanese companies)	4,390			4,390
Pooled funds (Japanese companies) [*1]		19,054		19,054
Pooled funds (foreign companies) [*1]		22,639		22,639
Debt securities:				
Pooled funds (Japanese issuers) [*2]		61,575		61,575
Pooled funds (foreign issuers) [*3]		11,766		11,766
Cash and short-term investments	1,084	2,168		3,252
General accounts of insurance company		1,923		1,923
Other assets [*4]		204	316	520
Fair value of plan assets	¥ 10,792	¥ 119,329	¥ 316	¥ 130,437

[*1] These funds are invested in listed equity securities.

*2 These funds are invested in approximately 88% Japanese government and municipal bonds and 12% Japanese corporate bonds at March 31, 2012, and 85% Japanese government and municipal bonds and 15% Japanese corporate bonds at March 31, 2011.

*3 These funds are invested in foreign government bonds.

*4 This class includes the pooled funds which invest in private equity.

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

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

The ending balance of, and the change in, the other assets categorized as Level 3 were not material for the year ended March 31, 2012 and 2011.

Net Periodic Benefit Cost

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

(¥ in millions) **For the years ended March 31:**	**2012**	**2011**	**2010**
Net periodic benefit cost:			
Service cost	**¥ 6,584**	¥ 6,117	¥ 5,933
Interest cost	**3,589**	3,315	3,646
Expected return on plan assets	**(2,657)**	(2,585)	(2,200)
Amortization of prior service benefit	**(808)**	(808)	(808)
Amortization of actuarial loss	**693**	472	9,611
Total	**¥ 7,401**	¥ 6,511	¥ 16,182
Weighted-average assumptions used in calculating net periodic benefit cost [*1] :			
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%
Discount rate	**2.6%**	2.4%	2.5%

[*1] The rate of compensation increase is not used in the calculations of net periodic benefit cost under the point-based benefits system.

The amortization of actuarial loss of ¥9,611 million for the year ended March 31, 2010 contained the immediate recognition amount of net actuarial losses in excess of 20% of the projected benefit obligation. This actuarial loss was derived from significant decline in the fair values of plan assets during the years ended March 31, 2009 and 2008 due to financial crisis.

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

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

(¥ in millions) **For the years ended March 31:**	**2012**	**2011**	**2010**
Actuarial gain (loss) recognized in other comprehensive income	**¥ (12,529)**	¥ (4,602)	¥ 7,712
Reclassification adjustment for prior service benefit realized in net income	**(808)**	(808)	(808)
Reclassification adjustment for actuarial loss realized in net income	**693**	472	9,611
Net recognized in other comprehensive income (loss), before tax	**¥ (12,644)**	¥ (4,938)	¥ 16,515

The following table presents the estimated prior service benefit and actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ending March 31, 2013:

(¥ in millions)	
Prior service benefit	¥ (808)
Actuarial loss	6,092

Expected Cash Flows

The Company estimates contributions to its defined benefit pension plans for the year ending March 31, 2013, to be approximately ¥14,300 million.

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

(¥ in millions)	
Years ending March 31:	
2013	¥ 12,341
2014	11,921
2015	11,734
2016	11,462
2017	11,725
2018-2022	47,748

11. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS

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

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

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

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

(¥ in millions)	**2012**			**2011**		
At March 31:	**Less than 1 year**	**1-2 years**	**Over 2 years**	**Less than 1 year**	**1-2 years**	**Over 2 years**
Notes receivable	**¥ 633**	**¥**	**¥**	¥ 241	¥	¥
Accounts receivable	**11,407**	**1,856**	**2**	12,553	789	
	¥ 12,040	**¥ 1,856**	**¥ 2**	¥ 12,794	¥ 789	¥

A large portion of such receivables have already been billed to customers. The total aggregated amounts which had not been billed or were not billable were not material at March 31, 2012 and 2011. The total aggregated amounts subject to uncertainty were not material.

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With respect to the inventories related to the long-term contracts, the aggregated amounts of manufacturing or production costs which exceed the aggregated estimate costs of all in-process, the total aggregated amounts subject to uncertainty, and advances received offset with inventories were not material at March 31, 2012 and 2011.

12. INCOME TAXES

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

(¥ in millions) For the years ended March 31:	2012	2011	2010
Income before income taxes and equity in net income of affiliated companies:			
Domestic	**¥ 63,429**	¥ 54,306	¥ 42,208
Foreign	**37,509**	36,994	31,275
Total	**¥ 100,938**	¥ 91,300	¥ 73,483
Income taxes:			
Current			
Domestic	**¥ 23,932**	¥ 12,312	¥ 16,462
Foreign	**11,662**	14,825	12,078
	35,594	27,137	28,540
Deferred			
Domestic	**1,278**	6,142	(2,090)
Foreign	**(324)**	(2,595)	(473)
	954	3,547	(2,563)
Total	**¥ 36,548**	¥ 30,684	¥ 25,977

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

For the years ended March 31:	2012	2011	2010
Normal Japanese statutory tax rates applied to income before income taxes and equity in net income of affiliated companies	**40.6%**	40.6%	40.6%
Increase (decrease) in taxes resulting from:			
Decrease in valuation allowance	**(0.5)**	(0.6)	(0.2)
Permanently nondeductible expenses	**0.3**	0.3	0.4
Nontaxable dividend income	**(0.5)**	(0.5)	(0.4)
Extra tax deduction on expenses for research and development	**(2.4)**	(2.3)	(2.8)
Difference in statutory tax rates of foreign subsidiraries	**(0.9)**	(2.0)	(1.7)
Other net	**(0.4)**	(1.9)	(0.5)
Effective income tax rates applied to income before income taxes and equity in net income of affiliated companies	**36.2%**	33.6%	35.4%

Deferred tax assets and liabilities are included in the consolidated balance sheets as follows:

(¥ in millions) At March 31:	2012	2011
Other current assets	**¥ 31,853**	¥ 28,884
Other assets	**7,179**	5,814
Other current liabilities	**(293)**	(1)
Other long-term liabilities	**(7,228)**	(2,648)
Net deferred tax assets	**¥ 31,511**	¥ 32,049

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

(¥ in millions) At March 31:	2012	2011
Deferred tax assets:		
Allowance for doubtful accounts and credit losses	**¥ 1,160**	¥ 1,465
Intercompany profits	**8,428**	7,786
Adjustment of investment securities	**7,571**	8,273
Write-downs of inventories and fixed assets	**1,820**	1,708
Accrued bonus	**5,745**	6,000
Retirement and pension costs	**16,684**	17,197
Tax loss and credit carryforwards	**6,599**	3,287
Other temporary differences	**25,422**	21,661
Gross deferred tax assets	**73,429**	67,377
Less: valuation allowance	**(3,900)**	(986)
Net deferred tax assets	**¥ 69,529**	¥ 66,391
Deferred tax liabilities:		
Adjustment of investment securities	**¥ 20,646**	¥ 22,605
Unremitted earnings of foreign subsidiaries and affiliates	**8,755**	8,237
Other temporary differences	**8,617**	3,500
Gross deferred tax liabilities	**¥ 38,018**	¥ 34,342

Due to the revision of the tax law during the year ended March 31, 2012, the normal tax rate used in the calculation of deferred tax assets and deferred tax liabilities was decreased from 40.6% to 38.0% for deferred tax assets and liabilities to be realized or settled from April 1, 2012 to March 31, 2015, and to 35.6% for those to be realized or settled after April 1, 2015. The revision resulted in a decrease of net deferred tax assets and an increase of income taxes-deferred by ¥386 million.

Deferral of income taxes relating to intercompany profits of ¥8,428 million and ¥7,786 million at March 31, 2012 and 2011 included in the above table is accounted for in accordance with ASC 810, Consolidation. The movement of ¥642 million, ¥303 million and ¥1,362 million for the years ended March 31, 2012, 2011, and 2010 in such deferral of income taxes are presented as Income taxes Deferred in the consolidated statements of income. The total amounts of deferred tax assets recorded in accordance with ASC 740, Income Taxes were ¥61,101 million and ¥58,605 million at March 31, 2012 and 2011, respectively.

Provisions have been recorded for unremitted earnings of all foreign subsidiaries and affiliates where earnings are not deemed to be permanently reinvested. Substantially all of the undistributed earnings of domestic subsidiaries and affiliates would not, under present Japanese tax law, be subject to tax through tax-free distributions.

The following table presents the reconciliation of the beginning and ending balances of the valuation allowance:

(¥ in millions) For the years ended March 31:	2012	2011	2010
Balance at beginning of year	**¥ 986**	¥ 1,509	¥ 1,631
Addition	**753**	447	391
Deduction	**(905)**	(970)	(513)
Addition from acquisition	**3,066**		
Balance at end of year	**¥ 3,900**	¥ 986	¥ 1,509

Based upon the level of historical taxable income and projections for future taxable income over the periods which the net deductible temporary differences are expected to reverse and/or the tax losses and credits are carried forward, management believes it is more likely than not that the Company will realize the benefits of these deferred tax assets, net of the existing valuation allowances at March 31, 2012.

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At March 31, 2012, the tax loss carryforwards which are available to offset future taxable income in the aggregate amounted to ¥ 20,560 million, ¥9,290 million of which will expire in the period from 2013 through 2021, while ¥11,270 million of which has no limitation.

The following table presents the reconciliation of unrecognized tax benefits:

(¥ in millions) **For the years ended March 31:**	**2012**	**2011**	**2010**
Balance at beginning of year	**¥ 223**	¥ 200	¥ 6,759
Gross increase for tax positions taken in prior years	**1,639**	87	26
Gross decrease for tax positions taken in prior years		(9)	(2,029)
Settlements	**(118)**	(8)	(4,534)
Lapse of statute of limitations		(19)	(27)
Other	**(7)**	(28)	5
Balance at end of year	**¥ 1,737**	¥ 223	¥ 200

The total amount of unrecognized tax benefits that would affect the effective tax rate, if recognized, is not material at March 31, 2012, 2011, and 2010.

Based on the information available as of March 31, 2012, it is reasonably possible that the majority of unrecognized tax benefits will decrease in the next 12 months; however the Company expects that change is not material.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued at March 31, 2012, and 2011, and interest and penalties included in income taxes for the years ended March 31, 2012, 2011, and 2010, were not material.

During the year ended March 31, 2008, the U.S. Internal Revenue Service (IRS) and the National Taxation Agency in Japan (NTA) reached an agreement on a bilateral Advance Pricing Agreement (APA), for which the Company had submitted requests with respect to certain intercompany transactions between related parties in the U.S. and Japan. The Company accrued an estimated additional tax payment to the NTA of ¥6,500 million in other long-term liabilities at March 31, 2009 and recognized an estimated tax refund from the IRS of ¥4,647 million in other assets at March 31, 2009.

The Company accrued a tax payment to the NTA of ¥4,534 million in income taxes payable and recognized a tax refund from the IRS of ¥2,807 million in other current assets at March 31, 2010 by settling the related unrecognized tax benefits due to the expiration of the period covered by the APA. This difference between estimates and actual results is included in Gross decrease for tax positions taken in prior year in the above table.

The Company files income tax returns in Japan, the U.S., and various foreign tax jurisdictions, and their open tax years vary across countries. At March 31, 2012, the Company is no longer subject, with limited exception, to regular income tax examinations by the tax authorities for the years on or before March 31, 2010 in Japan, and for the years on or before December 31, 2007 in the U.S. While the tax authority could conduct a transfer pricing examination for the years on and after April 1, 2006, the intercompany transactions between related parties in the U.S. and Japan for the years on or before March 31, 2010 are less likely to be subject to a tax examination since the Advance Pricing Agreement between the U.S. and Japan has been agreed. Also, the Advance Pricing Agreement between the U.S. and Japan for March 31, 2012 and 2011 is under a renewal process.

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13. SHAREHOLDERS EQUITY

Dividends

The Corporate Law of Japan (the Corporate Law) permits companies to pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of the shareholders meeting. Semiannual interim dividends may also be paid once a year upon resolution of the Board of Directors if the articles of incorporation of the companies so stipulate. For companies that meet certain criteria such as (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, (4) the term of service of the directors is one year rather than two years of normal term, and (5) prescribing that the Board of Directors may declare dividends in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind). The Company meets all the above criteria.

The Corporate Law also provides certain limitations on the amounts available for dividends. Under the Corporate Law, the amount available for dividends is based on other retained earnings, less treasury stock, as recorded on the books of the parent company. At March 31, 2012, other retained earnings, less treasury stock, recorded on the parent company s books of account were ¥ 225,295 million.

Purchase of Treasury Stock

The Corporate Law also provides for companies to purchase treasury stock. Companies may purchase its treasury stock through market transactions by resolution of the Board of Directors if companies have prescribed so in its articles of incorporation. The Company meets this condition. The same limitations as dividends exist in the amount available for this purchase of treasury stock.

Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as additional paid-in capital or as a legal reserve depending on the equity account charged upon the payment of such dividends until the total of additional paid-in capital and legal reserve equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law also provides that common stock, capital surplus, legal reserve, and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders meeting.

Accumulated Other Comprehensive Income (Loss)

The following table presents the components of accumulated other comprehensive loss, net of taxes:

(¥ in millions) **At March 31:**	**2012**	**2011**
Foreign currency translation adjustments	**¥ (76,476)**	¥ (65,689)
Unrealized gains on securities	**19,112**	15,922
Unrealized losses on derivatives	**(256)**	(787)
Pension liability adjustments	**(22,922)**	(14,827)
Total accumulated other comprehensive loss	**¥ (80,542)**	¥ (65,381)

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Effects of Changes in Ownership Interests in Subsidiaries

The following table presents the effects of changes in Kubota Corporation s ownership interests in its subsidiaries on Kubota Corporation shareholders equity:

(¥ in millions) For the years ended March 31:	2012	2011	2010
Net income attributable to Kubota Corporation	**¥ 61,552**	¥ 54,822	¥ 42,326
Transfers from (to) the noncontrolling interests:			
Increase in capital surplus for purchases of noncontrolling interests	**319**	425	125
Decrease in capital surplus for purchases of noncontrolling interests	**(724)**	(726)	(3,828)
Increase in capital surplus for changes in ownership interests in subsidiaries from other transactions	**124**	199	
Decrease in capital surplus for changes in ownership interests in subsidiaries from other transactions	**(25)**		(206)
Net transfers to the noncontrolling interests	**(306)**	(102)	(3,909)
Change from net income attributable to Kubota Corporation and transfer to noncontrolling interests	**¥ 61,246**	¥ 54,720	¥ 38,417

14. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss), including reclassification adjustments and tax effects:

(¥ in millions)	2012			2011			2010		
For the years ended March 31:	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount
Foreign currency translation adjustments:									
Foreign currency translation adjustments arising during period	**¥ (13,386)**	**¥ 27**	**¥ (13,359)**	¥ (26,930)	¥ 548	¥ (26,382)	¥ 8,248	¥ 2	¥ 8,250
Reclassification adjustment for losses (gains) realized in net income									
	(13,386)	**27**	**(13,359)**	(26,930)	548	(26,382)	8,248	2	8,250
Unrealized gains (losses) on securities:									
Unrealized gains (losses) on securities arising during period	**1,886**	**18**	**1,904**	(5,536)	2,245	(3,291)	21,476	(8,718)	12,758
Reclassification adjustment for losses (gains) realized in net income	**2,043**	**(727)**	**1,316**	(3,087)	1,253	(1,834)	(1,678)	681	(997)
	3,929	**(709)**	**3,220**	(8,623)	3,498	(5,125)	19,798	(8,037)	11,761
Unrealized gains (losses) on derivatives:									
Unrealized gains (losses) onderivatives arising during period	**101**	**(39)**	**62**	(662)	228	(434)	(1,310)	472	(838)

Reclassification adjustments for losses realized in net income (gains) realized in net income	**771**	**(295)**	**476**	1,888	(650)	1,238	2,179	(785)	1,394
	872	**(334)**	**538**	1,226	(422)	804	869	(313)	556
Pension liability adjustments:									
Pension liability adjustments arising during period	**(12,529)**	**4,242**	**(8,287)**	(4,602)	1,722	(2,880)	7,712	(3,133)	4,579
Reclassification adjustment for losses (gains) realized in net income	**(115)**	**41**	**(74)**	(336)	136	(200)	8,803	(3,574)	5,229
	(12,644)	**4,283**	**(8,361)**	(4,938)	1,858	(3,080)	16,515	(6,707)	9,808
Other comprehensive income (loss)	**¥ (21,229)**	**¥ 3,267**	**¥ (17,962)**	¥ (39,265)	¥ 5,482	¥ (33,783)	¥ 45,430	¥ (15,055)	¥ 30,375

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The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and noncontrolling interests:

(¥ in millions)

	2012			2011			2010		
For the years ended March 31:	**Kubota Corporation**	**Non-controlling Interests**	**Total**	**Kubota Corporation**	**Non-controlling Interests**	**Total**	**Kubota Corporation**	**Non-controlling Interests**	**Total**
Foreign currency translation adjustments	**¥ (10,743)**	**¥ (2,616)**	**¥ (13,359)**	¥ (23,294)	¥ (3,088)	¥ (26,382)	¥ 6,408	¥ 1,842	¥ 8,250
Unrealized gains (losses) on securities	**3,190**	**30**	**3,220**	(5,128)	3	(5,125)	11,728	33	11,761
Unrealized gains (losses) on derivatives	**531**	**7**	**538**	805	(1)	804	570	(14)	556
Pension liability adjustments	**(8,095)**	**(266)**	**(8,361)**	(3,093)	13	(3,080)	9,723	85	9,808
Other comprehensive income (loss)	**¥ (15,117)**	**¥ (2,845)**	**¥ (17,962)**	¥ (30,710)	¥ (3,073)	¥ (33,783)	¥ 28,429	¥ 1,946	¥ 30,375

15. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

Foreign Currency Exchange Risks

The Company s foreign currency exposure relates primarily to its foreign currency denominated assets in its international operations. The Company entered into foreign exchange forward contracts, foreign currency option contracts (collectively foreign exchange contracts), cross-currency swap contracts, and cross-currency interest rate swap contracts which are designated to mitigate its exposure to foreign currency exchange risks.

Interest Rate Risks

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. Debt obligations that are sensitive to interest rate changes are disclosed in Note 9. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to change the characteristics of its fixed and variable rate exposures.

Cash Flow Hedges

The accounting treatments of changes in the fair value of foreign exchange contracts, interest rate swap contracts and cross-currency interest rate swap contracts depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income. As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swaps contracts, the amounts are reclassified into earnings when the related interest expense is recognized. In the case of cross-currency interest rate swaps contracts, the amounts are reclassified into earnings through interest expense and foreign exchange gain (loss) when the related earning is recognized. The unrecognized net loss (net of tax) of approximately ¥197 million on derivatives included in accumulated other comprehensive income (loss) at March 31, 2012 will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

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Derivatives Not Designated as Hedging Instruments

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, cross-currency swap contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Values of Derivative Instruments

(¥ in millions)

At March 31:	Other current assets 2012	Other current assets 2011	Other assets Other 2012	Other assets Other 2011	Other current liabilities 2012	Other current liabilities 2011	Other Long-term liabilities 2012	Other Long-term liabilities 2011
Derivatives designated as hedging instruments:								
Foreign exchange contracts	¥	¥ 3	¥	¥	¥	¥	¥	¥
Interest rate swap contracts					299	908	84	332
Cross-currency interest rate swap contracts	90					288		72
Total derivatives designated as hedging instruments	¥ 90	¥ 3	¥	¥	¥ 299	¥ 1,196	¥ 84	¥ 404
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	¥ 342	¥	¥	¥	¥ 2,155	¥ 982	¥ 6	¥
Cross-currency swap contracts	131		66		43		20	
Interest rate swap contracts					27	110		15
Cross-currency interest rate swap contracts	1,809		1,112		777	1,158	298	1,021
Total derivatives not designated as hedging instruments	¥ 2,282	¥	¥ 1,178	¥	¥ 3,002	¥ 2,250	¥ 324	¥ 1,036
Total	¥ 2,372	¥ 3	¥ 1,178	¥	¥ 3,301	¥ 3,446	¥ 408	¥ 1,440

Income Effect of Derivative Instruments

(¥ in millions)

	Gain (Loss) Recognized in Other Comprehensive Income and Realized in Net Income, before tax		
Derivative instruments in cash flow hedges	**Effective Portion Recognized in OCI**	**Consolidated Statements of Income Line Item**	**Effective Portion Reclassified from Accumulated OCI to Net Income**
For the year ended March 31, 2012:			
Foreign exchange contracts	¥	Revenues	¥ 3
Interest rate swap contracts	(175)	Interest expense	(963)
Cross-currency interest rate swap contracts	276	Interest expense	(175)
		Foreign exchange gain (loss)-net	364
Total	¥ 101		¥ (771)

For the year ended March 31, 2011:					
Foreign exchange contracts	¥	2	Revenues	¥	13
Interest rate swap contracts		(943)	Interest expense		(2,193)
Cross-currency interest rate swap contracts		279	Interest expense		(142)
			Foreign exchange gain (loss)-net		434
Total	¥	(662)		¥	(1,888)
For the year ended March 31, 2010:					
Foreign exchange contracts	¥	356	Revenues	¥	203
Interest rate swap contracts		(1,495)	Interest expense		(2,304)
Cross-currency interest rate swap contracts		(171)	Interest expense		(78)
Total	¥	(1,310)		¥	(2,179)

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(¥ in millions)

Derivative instruments not designated as hedging instruments	Gain (Loss) Recognized in Net Income, before tax: Consolidated Statements of Income Line Item		Gain (Loss) Recognized in Net Income
For the year ended March 31, 2012:			
Foreign exchange contracts	Foreign exchange gain (loss) net	¥	**(373)**
Cross-currency swap contracts	Foreign exchange gain (loss) net		**55**
Interest rate swap contracts	Other net		**(104)**
Cross-currency interest rate swap contracts	Other net		**2,644**
Total		¥	**2,222**
For the year ended March 31, 2011:			
Foreign exchange contracts	Foreign exchange gain (loss) net	¥	2,659
Interest rate swap contracts	Other net		32
Cross-currency interest rate swap contracts	Other net		344
Total		¥	3,035
For the year ended March 31, 2010:			
Foreign exchange contracts	Foreign exchange gain (loss) net	¥	1,346
Interest rate swap contracts	Other net		(175)
Cross-currency interest rate swap contracts	Other net		(2,525)
Total		¥	(1,354)

The amount of gain or loss related to the hedging ineffectiveness was not material for the year ended March 31, 2012, 2011 and 2010.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

At March 31:	Carrying Value	Fair Value: Level 1	Level 2	Level 3	Total
2012:					
Financial assets:					
Finance receivables net	**¥ 203,861**	**¥**	**¥ 205,638**	**¥**	**¥ 205,638**
Long-term trade accounts receivable	**57,283**		**60,583**		**60,583**
Financial liabilities:					
Long-term debt	**(288,272)**		**(288,038)**		**(288,038)**
2011:					
Financial assets:					
Finance receivables net	¥ 193,382	¥	¥ 193,749	¥	¥ 193,749
Long-term trade accounts receivable	50,971		53,725		53,725
Financial liabilities:					
Long-term debt	(274,198)		(274,507)		(274,507)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is based on discounted cash flows using the current market rate. The carrying value of finance receivables net in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in current portion of long-term debt on the consolidated balance sheets.

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The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), short-term borrowings, and other current financial assets and liabilities approximate the fair value because of the short maturity of those instruments. The fair value measurements of these assets and liabilities are categorized into Level 2, except for cash which is categorized into Level 1. The carrying value and fair value of other investments and derivatives are disclosed in Note 17.

Concentration of Credit Risks

A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. Trade accounts receivable and retail finance receivables arise from the sales of the Company s products to a large number of dealers and to retail customers, respectively. The Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

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17. FAIR VALUE MEASUREMENTS

Assets and liabilities that are measured at fair value on a recurring basis

The following table presents the Company s financial assets and financial liabilities that are measured at fair value on a recurring basis:

(¥ in millions) At March 31:	Level 1	Level 2	Level 3	Total
2012:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	**¥ 34,339**	**¥**	**¥**	**¥ 34,339**
Other equity securities	**58,060**			**58,060**
Derivatives:				
Foreign exchange contracts		**342**		**342**
Cross-currency swap contracts		**197**		**197**
Cross-currency interest rate swap contracts		**3,011**		**3,011**
Total assets	**¥ 92,399**	**¥ 3,550**	**¥**	**¥ 95,949**
Liabilities:				
Derivatives:				
Foreign exchange contracts	**¥**	**¥ 2,161**	**¥**	**¥ 2,161**
Cross-currency swap contracts		**63**		**63**
Interest rate swap contracts		**410**		**410**
Cross-currency interest rate swap contracts		**1,075**		**1,075**
Total liabilities	**¥**	**¥ 3,709**	**¥**	**¥ 3,709**
2011:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 34,839	¥	¥	¥ 34,839
Other equity securities	55,634			55,634
Derivatives:				
Foreign exchange contracts		3		3
Total assets	¥ 90,473	¥ 3	¥	¥ 90,476
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥	¥ 982	¥	¥ 982
Interest rate swap contracts		1,365		1,365
Cross-currency interest rate swap contracts		2,539		2,539
Total liabilities	¥	¥ 4,886	¥	¥ 4,886

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions. The reconciliation to the line items presented in the consolidated balance sheets of available-for-sale securities and derivatives are disclosed in Note 4 and Note 15, respectively.

Assets and liabilities that are measured at fair value on a nonrecurring basis

The Company measured a part of long-lived assets at the fair value of ¥ 3,937 million due to the recognition of impairment at March 31, 2012. The fair value is determined using the market approach based on the observable quoted price for similar assets in markets that are not active. The fair value measurement is categorized into Level 2. This long-lived asset is included in land in the consolidated balance sheets.

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18. SUPPLEMENTAL EXPENSE INFORMATION

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation and amortization included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions) For the years ended March 31:	2012	2011	2010
Research and development expenses	**¥ 27,856**	¥ 25,042	¥ 25,241
Advertising costs	**6,979**	7,178	7,658
Shipping and handling costs	**40,033**	37,836	36,497
Depreciation and amortization	**23,861**	26,517	28,903

Other operating income for the year ended March 31, 2012 included a gain from disposal of fixed assets of ¥6,693 million, a loss from impairment of long-lived assets of ¥1,531, a loss resulting from the 2011 Thailand Flood of ¥3,852 million and a gain from related insurance proceeds of ¥3,144 million.

The 2011 Thailand Flood submerged one of the consolidated subsidiary s plants in Thailand, damaged its inventories and fixed assets and brought the plant to a temporary shutdown. The main components of the disaster related losses were a loss from a disposal of inventories and fixed assets and fixed costs incurred during the shutdown.

Other operating expenses for the year ended March 31, 2011 included a loss resulting from the Great East Japan Earthquake of ¥2,544 million and a loss from a disposal of fixed assets of ¥844 million.

The recorded expenses for the disaster related losses from the Great East Japan Earthquake, which occurred on March 11, 2011 were estimated based on information available to the Company as of the reporting date of financial statements.

The Great East Japan Earthquake struck the east part of Japan and negatively impacted the operations. The parent company and some of its domestic subsidiaries sustained damage to property and equipment, which brought certain plants to a temporary shutdown. The main components of the disaster related losses were provision for credit losses, fixed costs during the shutdown, repair costs for damaged property and equipment and a special donation to the Japan Red Cross.

The repair costs, which were expected to be incurred in the subsequent periods, were not recorded as expenses.

19. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain office space and equipment and employee housing under cancelable and noncancelable lease agreements. Leased assets under capital leases are comprised of the following:

(¥ in millions) At March 31:	2012	2011
Land	**¥ 63**	¥
Machinery and equipment	**5,971**	7,616
Accumulated depreciation	**(3,640)**	(5,839)
Software	**180**	237
Total	**¥ 2,574**	¥ 2,014

Amortization expenses under capital leases for the years ended March 31, 2012, 2011, and 2010 were ¥789 million, ¥2,269 million and ¥4,550 million, respectively.

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The following table presents the annual maturities of future minimum lease commitments under capital and non-cancelable operating leases at March 31, 2012:

(¥ in millions) **Years ending March 31:**	**Capital Leases**	**Operating Leases**
2013	¥ 1,285	¥ 1,593
2014	736	1,297
2015	627	858
2016	474	587
2017	369	428
2018 and thereafter	388	461
Total minimum lease payments	3,879	¥ 5,224
Less: amounts representing interest	(539)	
Present value of net minimum capital lease payments	¥ 3,340	

Capital lease obligations are included in the current portion of long-term debt and long-term debt in the consolidated balance sheets. Rental expenses under operating leases for the years ended March 31, 2012, 2011, and 2010 were ¥4,462 million, ¥4,373 million, and ¥4,942 million, respectively.

Commitments for capital expenditures outstanding at March 31, 2012 amounted to ¥2,861 million.

Guarantees

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of one year to 10 years. The maximum potential amount of undiscounted future payments of these financial guarantees at March 31, 2012 was ¥10,987 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

The Company issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a specified period or term. The Company determines its reserve for product warranties based on an analysis of the historical data of costs to perform under product warranties.

The following table presents the reconciliation of the beginning and ending balances of accrued product warranty cost:

(¥ in millions) **For the years ended March 31:**	**2012**	**2011**
Balance at beginning of year	**¥ 5,598**	¥ 6,707
Addition	**3,638**	3,750
Utilization	**(3,788)**	(4,305)
Other	**428**	(554)
Balance at end of year	**¥ 5,876**	¥ 5,598

Accrued product warranty cost is included in other current liabilities in the consolidated balance sheets.

Legal Proceedings

The Company is subject to various legal actions arising in the ordinary course of business. The following is a summary of the significant legal proceedings.

(Anti-Trust)

In December 1999, the Company received a surcharge order from the Fair Trade Commission of Japan for a violation of the Anti-Monopoly Law relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. In June 2009, the Company received, as a result of the hearing procedure, the ultimate decision of the commission which ordered the Company to pay the surcharge of ¥7,072 million, and the Company paid the surcharge during the year ended March 31, 2010. Consequently, the Company filed a revocation suit to the Tokyo High Court considering the ultimate decision unacceptable in July 2009, but it was dismissed on October 28, 2011. Subsequently, the Company then appealed the case to the Supreme Court as it was not satisfied with the decision.

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The Company recorded the surcharge for the year ended March 31, 2009 based on the preliminary decision of the commission.

(Asbestos-Related Lawsuits)

Since May 2007, the Company has been subject to 14 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese Government and asbestos-related companies including the Company. The claims for compensation totaling ¥17,566 million consisted mostly of 11 lawsuits, which concerned a total of 453 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese Government and 44 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 14 lawsuits. The Company discloses the aggregate claimed amount of the above ¥17,566 million as the maximum within the reasonably possible range of loss because the expected loss will be between zero and the aggregate claimed amount. Though the Company is currently unable to develop an amount that appears at this time to be a better estimate than any other amount within the range, the Company has continued its efforts to develop the amount or narrow the range of loss by quantifying the effects of key assumptions such as the probability of losing lawsuits, the total amount of ultimate compensation when lost, and the allocation rate among defendants, which includes both the government and other asbestos-related companies. In quantifying the key assumptions, the Company reviews the status of each lawsuit and assesses its potential financial exposure on a regular basis. Each quarter, representatives from the accounting and legal departments meet to discuss and assess outstanding claims. The legal department consults outside legal counsel about the progress and potential ultimate outcome of the cases. Among the major 11 lawsuits, one district court ruled in favor of Japanese Government and 44 asbestos-related companies including the Company, but the plaintiff appealed the court ruling right after the judgment. Since the above cases will be also continued until the ultimate outcome will be made, the Company believes that the current progress of them have not provided any developments that would facilitate a better estimation for any of the above key assumptions. The Company expects that the degree of uncertainty related to each of the assumptions will decrease as the lawsuits progress, but is currently unable to predict the ultimate outcome of all lawsuits or when any of them will be finally resolved. Finally, because similar asbestos-related cases in Japan are still pending and have not been finally concluded, the Company is not able to use them as a reference in estimating the above assumptions.

Matters Related to Health Hazard of Asbestos

(Background)

Until 1995, the Company s plant in Amagasaki, Hyogo Prefecture, Japan, had produced asbestos-related products, although the Company had other plants which also produced asbestos-related products and completely ceased such production by 2001. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established the relief payment program in place of the consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides the compensation which is not required by law but is made in accordance with the Company s internal policies.

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

(Accounting for Asbestos-Related Expenses)

The Company expenses all the payments for the health hazard of asbestos based on the Company s significant accounting policies. (See Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES) The recorded expenses are in total ¥1,131 million, ¥1,155 million, and ¥503 million for the years ended March 31, 2012, 2011, and 2010, respectively, which are included in selling, general, and administrative expenses. The expenses include payments to certain residents who lived near the Company s plant and current and former employees, and the special contribution in accordance with the New Asbestos Law.

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The Company has accrued balances for the asbestos-related expenses of ¥530 million, ¥390 million, and ¥352 million at March 31, 2012, 2011, and 2010 respectively. The accrual includes possible payments to certain residents who lived near the Company s plant current and former employees, and the special contribution in accordance with the New Asbestos Law.

The payments to those residents and current and former employees are each made in a lump sum and their accounting policies and procedures are the same. Though the Company is not certain if the claimants who are currently under review will meet the Company s specified criteria at the time of their filing claims with the Company, the Company accrued the possible payments calculated by using the historical designation rate of the Company s payment program since the payments to those claimants are considered to be probable. The Company believes it is not possible to reasonably estimate the number of current and former employees and residents who lived near the Company s plant will apply for payments in the future. Accordingly, such payments are not included in the accrued amounts as described above.

The Company s share of special contributions is determined based on the ratio of the Company s historical usage of asbestos to the total quantity of asbestos imported into Japan in the past. The Company recorded expenses and accrued balance, which were ¥180 million and ¥179 million for the years ended March 31, 2012 and 2011, respectively. The Company received the most recent notification of ¥180 million dated April 16, 2012.

In its effort to develop an estimate of a reasonably possible loss or range of loss, the Company has considered all available data, including historical claims (period and cumulative) and the average payments made and public information related to asbestos-related disease. In addition, the Company has considered various methods including 1) estimating future payments by using the rate of incidence in asbestos related disease, and 2) estimating future payments directly based on a time series of data of historical payments. However, reliable statistics of the rate of incidence in asbestos-related disease are not available to the Company.

Furthermore, there have not been any asbestos-related events impacting other companies in Japan which achieved final outcomes of the events, and become available to the Company, for estimation of the rate of incidence. In addition, although the Company recorded the voluntary consolation payments, relief payments and compensation payments totaled, ¥1,090 million, ¥1,155 million, ¥503 million, ¥977 million and ¥951 million for the years ended at March 31, from 2008 to 2012, respectively, any correlation can not be reasonably established between time and payment history. The Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to this contingency. As a result, the Company concluded that it was not able to develop a reasonable estimate at the possible loss or range of loss.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows is as follows:

(¥ in millions) For the years ended March 31:	2012	2011	2010
Cash paid during the year:			
Interest	**¥ 4,732**	¥ 6,914	¥ 9,614
Income taxes	**20,515**	44,207	15,336
Non-cash investing and financing activities:			
Obtaining assets by entering into capital leases	**471**	201	2,740

During the year ended March 31, 2012, 2011 and 2010, the Company purchased noncontrolling interests reported in the Farm & Industrial Machinery segment. The Company retains the controlling interests before and after the transaction, the cash flow of which is classified in financing activities as Purchases of noncontrolling interests.

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21. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services which are categorized into the following segments: Farm & Industrial Machinery; Water & Environment Systems; Social Infrastructure; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, and construction machinery. The Water & Environment Systems segment manufactures and distributes pipe-related products and environment-related products. The Social Infrastructure segment manufactures and distributes industrial castings, spiral welded steel pipes, vending machines, electronic-equipped machinery, and air-conditioning equipment. The Other segment includes construction, services, and other businesses.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer in determining how to allocate the Company s resources and evaluate performance. The segments also represent the Company s organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company s consolidated financial statements.

Reporting Segments

Information by reporting segments is summarized as follows:

(¥ in millions)

For the years ended March 31:	**Farm & Industrial Machinery**	**Water & Environment Systems**	**Social Infrastructure**	**Other**	**Adjustments**	**Consolidated**
2012:						
Revenues:						
External customers	**¥ 713,943**	**¥ 198,511**	**¥ 64,775**	**¥ 30,790**	**¥**	**¥ 1,008,019**
Intersegment	**69**	**2,428**	**2,832**	**18,010**	**(23,339)**	
Total	**714,012**	**200,939**	**67,607**	**48,800**	**(23,339)**	**1,008,019**
Operating income	**¥ 97,776**	**¥ 14,829**	**¥ 2,651**	**¥ 2,450**	**¥ (12,026)**	**¥ 105,680**
Identifiable assets at March 31, 2012	**¥ 1,039,280**	**¥ 184,990**	**¥ 61,282**	**¥ 49,530**	**¥ 152,587**	**¥ 1,487,669**
Depreciation and amortization	**14,582**	**4,768**	**1,806**	**705**	**2,000**	**23,861**
Capital expenditures	**20,077**	**3,390**	**2,686**	**1,071**	**3,888**	**31,112**
2011:						
Revenues:						
External customers	¥ 651,518	¥ 192,768	¥ 60,439	¥ 28,960	¥	¥ 933,685
Intersegment	64	1,594	2,657	15,837	(20,152)	
Total	651,582	194,362	63,096	44,797	(20,152)	933,685
Operating income	¥ 86,487	¥ 13,121	¥ 2,463	¥ 2,096	¥ (18,056)	¥ 86,111
Identifiable assets at March 31, 2011	¥ 918,656	¥ 170,691	¥ 62,092	¥ 39,386	¥ 166,027	¥ 1,356,852
Depreciation and amortization	15,870	6,010	1,931	697	2,009	26,517
Capital expenditures	13,871	4,861	3,764	691	764	23,951
2010:						

Revenues:						
External customers	¥ 616,726	¥ 222,949	¥ 63,293	¥ 27,676	¥	¥ 930,644
Intersegment	77	611	2,710	14,091	(17,489)	
Total	616,803	223,560	66,003	41,767	(17,489)	930,644
Operating income	¥ 60,485	¥ 19,723	¥ 2,699	¥ 2,629	¥ (15,834)	¥ 69,702
Identifiable assets at March 31, 2010	¥ 930,480	¥ 186,768	¥ 65,519	¥ 42,246	¥ 184,020	¥ 1,409,033
Depreciation and amortization	18,489	6,033	1,933	552	1,896	28,903
Capital expenditures	14,820	5,969	1,992	741	2,516	26,038

(Notes)

1. The unallocated corporate expenses included in Adjustments amounted to ¥12,030 million, ¥18,066 million, and ¥15,834 million for the years ended March 31, 2012, 2011, and 2010, respectively. The unallocated corporate assets included in Adjustments amounted to ¥171,354 million, ¥182,602 million, and ¥190,282 million at March 31, 2012, 2011, and 2010, respectively, which consisted mainly of cash and cash equivalents, investment securities, and corporate properties held or used by the administration departments of the parent company. Adjustments also included the elimination of intersegment transactions.
2. The aggregated amounts of operating income equal to those in the consolidated statements of income, and refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment revenues are recorded at values that approximate market prices.

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Revenues from External Customers by Product Groups

Information for revenues from external customers by product groups is summarized as follows:

(¥ in millions) For the years ended March 31:	2012	2011	2010
Farm & Industrial Machinery:			
Farm equipment and engines	¥ **619,989**	¥ 580,671	¥ 561,165
Construction machinery	**93,954**	70,847	55,561
	713,943	651,518	616,726
Water & Environment Systems:			
Pipe-related products	**122,247**	121,836	144,465
Environment-related products	**76,264**	70,932	78,484
	198,511	192,768	222,949
Social Infrastructure	**64,775**	60,439	63,293
Other	**30,790**	28,960	27,676
Total	**¥ 1,008,019**	¥ 933,685	¥ 930,644

Geographic Information

Information for revenues from external customers by destination and property, plant, and equipment based on physical location are summarized as follows:

(¥ in millions)	2012	2011	2010
Revenues from external customers by destination for the years ended March 31:			
Japan	¥ **498,684**	¥ 477,913	¥ 501,663
North America	**219,929**	189,330	174,371
Europe	**88,715**	75,762	67,791
Asia Outside Japan	**169,632**	160,533	148,589
Other Areas	**31,059**	30,147	38,230
Total	**¥ 1,008,019**	¥ 933,685	¥ 930,644
Property, plant, and equipment based on physical location at March 31:			
Japan	¥ **176,987**	¥ 177,460	¥ 183,042
North America	**15,158**	16,146	20,210
Europe	**9,580**	1,733	2,162
Asia Outside Japan	**20,087**	18,794	13,983
Other Areas	**3,255**	3,225	1,496
Total	¥ **225,067**	¥ 217,358	¥ 220,893

(Notes)

1. Revenues from North America include those from the United States of ¥190,243 million, ¥167,553 million, and ¥146,319 million for the years ended March 31, 2012, 2011, and 2010, respectively.
2. There is no single customer, revenues from whom exceed 10% of total consolidated revenues of the Company.

22. SUBSEQUENT EVENTS

On May 10, 2012, the Company s Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2012 of ¥8 per common share (¥40 per 5 common shares), a total of ¥10,051 million.

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INDEX TO EXHIBITS

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

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