

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

KUBOTA is aware that strict compliance with laws and corporate ethics is a basic rule for conducting business activities, and, in all aspects of corporate activities, we act in accordance with laws and corporate ethical principles as well as carry out operations honestly and in good faith.

Construction of a legal compliance system

KUBOTA has constructed an internal control system that manages and audits important circumstances regarding observance of the law in accordance with business activities, with operation of that system beginning in April 2007. This system was built to function effectively activities related to observance of the law and the prevention of violations are combined and implemented. Audits centered chiefly on KUBOTA Ltd. were implemented in fiscal 2008, but expansion to our group companies is aimed at for fiscal 2009.

Risks and supervising section for the internal control system

Risk	Supervising section	Risk	Supervising section
Internal control related to the reliability in financial reporting	Compliance Auditing Department	Internal control related to compliance	
		Compliance with equipment-related statutes	Quality Assurance & Manufacturing Promotion Dept.
Internal control related to basic corporate functions		Earthquake and other disaster management	General Affairs Dept.
Fair trade	Legal Dept.	Compliance with the Construction Business Law	General Affairs Dept.
Environmental conservation	Environmental Protection Dept.	Human rights advancement	Human Rights Advancement Dept.
Health and safety	Health & Safety Planning & Promotion Dept.	Observance of safe driving practices	General Affairs Dept.
Quality control	Quality Assurance & Manufacturing Promotion Dept.	Prevention of illegal payments	CSR Planning & Coordination Dept.
Human resource management	Personnel Dept.	Management of confidential information	CSR Planning & Coordination Dept.
Information security	Corporate Planning & Control Dept.	Management of personal information	Legal Dept.
Intellectual property	Research & Development Planning & Promotion Dept.	Security trading management	Quality Assurance & Manufacturing Promotion Dept.
		Import and export management	Quality Assurance & Manufacturing Promotion Dept.

Activities on compliance of the Anti-Monopoly Act and the Subcontracting Law

Along with putting internal controls into practice as the “mechanism to prevention a recurrence of KUBOTA’s violation of the Anti-Monopoly Act (and including observance of the Subcontracting Law)” that we constructed in fiscal 2007, the following were implemented in fiscal 2008 in order to further expand those activities:

- Divisions related to government demands:**
The elimination of cooperative ties with industry and the exclusion of collusion and cartels
In addition to the continuing implementation of step-by-step audits in each division, the consolidated division, and the head office, audits by the general managers of each regional office, our business base, have been incorporated into this mechanism to prevent relapse.
- Divisions related to public demands:**
The exclusion of unfair business actions such as resale price fixing, etc.
An Anti-Monopoly Act Compliance Committee is convened in each consolidated division, the committee

chairman has requested the attention of each consolidated division manager and each division manager, and thorough response is being aimed at. Departmental price revision deliberation meetings have also been set up in order to prevent the malevolent acts of price cartels.

- Materials procurement departments:**
Observance of the Subcontracting Law
Towards “appropriate dealings with subcontractors”, our Subcontracting Law Manual was revised overall and distributed with a focus on divisions related to materials procurement. Step-by-step training has been implemented at KUBOTA and group businesses using this manual since June 2007.



The Subcontracting Law Manual

Activities in compliance with laws related to import and export control

KUBOTA has established the Security Trade Control Committee and the Importing & Exporting Management Committee in compliance with laws related to import and export control. To maintain a high level of compliance, company-wide training is regularly carried out for about 120 members of these committees.

In fiscal 2008, this company-wide training was performed three times and training for individual departments was provided eleven times, with approximately 700 participants in total.



Activities on compliance with the Construction Business Law

Along with performing audits on the provided business procedures in the divisions that carry out work targeted by the Construction Business Law, we are involved in thorough response to revisions in the law through education, etc.

Furthermore, audits and education at domestic group companies are scheduled to begin in fiscal 2009.



Thorough compliance

Protection of personal information

KUBOTA has established the "Personal Information Protection Committee" composed of directors in charge and division managers, etc., and a system is set up to appropriately manage the personal information of all our

Encouraging safe driving

Safe driving education is implemented at least once a year for employees who drive an automobile for business purposes in an aim to raise their awareness towards preventing traffic accidents and traffic violations.



Strengthening of information security

The following measures are being carried out based on our companywide promotion system in order to strengthen security for information property, including our customers' personal information.

1. A person in charge of promoting information security (IT manager) is installed in each division, and a thorough approach by the group as a whole is being aimed at.
2. Security policy decisions and the status of their observance are being audited.
In fiscal 2008, we carried out inspections to check the status of assessing the equipment that is taken out of the company as a measure of the risk of information leaks.
3. The information security of the personal computers in the entire group is continuously being monitored.
4. The education and enlightenment of IT managers and sub-managers, and e-learning for group employees was implemented.

stakeholders, including customers.

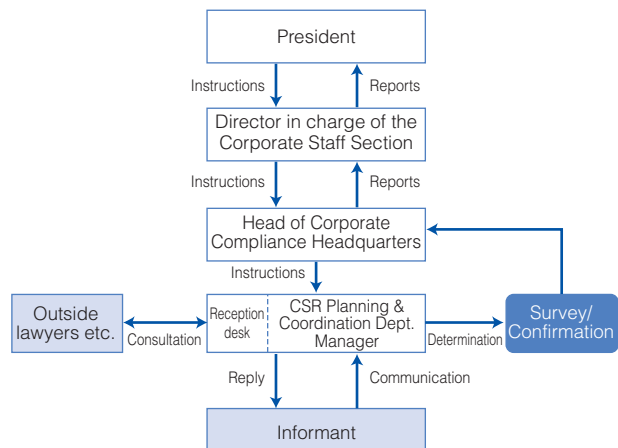
An audit of the status of management was executed in fiscal 2008, and it was confirmed that there were no deficiencies in the system of management.

Thorough implementation of activities for preventing infringement of other companies' intellectual property rights

The KUBOTA Group is thorough in the management of its own intellectual property, but also respects the intellectual property right of other companies. From fiscal 2008 we have begun strengthening the cooperation between the Intellectual Property Management Group and Research and Development Division through the maintenance of an in-house system. Awareness-raising activities are also being advanced in regard to intellectual property using our in-house newsletter, etc.

KUBOTA Hotline

The KUBOTA Hotline was established and is operated at our head office for the purpose of consultation in regard to unfair, illegal, and unethical acts.



About violations of the Anti-Monopoly Act

(1) The supervisory disposition (suspension of business) based on the Construction Business Law

In accordance with the judgment in regard to the violation of the Anti-Monopoly Act related to the construction of night soil treatment facilities, KUBOTA received the following supervisory disposition (suspension of business) from the Ministry of Land, Infrastructure and Transport's Kinki Regional Development Bureau dated September 6, 2007 and based on Article 28 Clause 3 of the Construction Business Law.

- 1) Range for which the suspension of business is ordered
Works that, among those connected to the construction of waste treatment facilities within the Chubu, Kinki, Chugoku, and Kyushu (including Okinawa) areas, are related to public or private construction and that are receiving an allocation of subsidies, etc.
- 2) Period
30 days from September 21, 2007 (Fri.) to October 20, 2007 (Sat.).

(2) General Exclusion Order and Payment Orders from the Fair Trade Commission

On suspicion of a sales cartel regarding polyethylene pipe and fittings for gas, KUBOTA received a Payment Order and our group company Kubota-C.I. Co., Ltd. received a General Exclusion Order and Payment Order from the Fair Trade Commission, both dated June 29, 2007.

(3) On-site inspection by the Fair Trade Commission

- KUBOTA was inspected by the Fair Trade Commission on July 31, 2007 on the suspicion of violating the Anti-Monopoly Act regarding the manufacture and sales of steel sheet piles and steel pipe piles.
- Kubota-C.I. Co., Ltd., our group company was inspected by the Fair Trade Commission on July 10, 2007 on the suspicion of violating the Anti-Monopoly Act regarding rigid PVC pipe and fittings.