To Our Shareholders and Friends

In fiscal 2002, ended March 31, 2002, Kubota Corporation's consolidated net sales fell 1.8% compared with the previous fiscal year, to ¥976.1 billion ($7,339 million).

By business segment, in the Internal Combustion Engine and Machinery segment, the Company recorded a decrease in domestic sales due to the transfer of a few of the domestic consolidated subsidiaries engaged in agricultural and construction machinery sales to affiliated companies and the worsening economy, which was reflected in a decrease in new demand. However, in the United States, a major market for Kubota, tractor sales were supported by high levels of housing construction and strong consumer spending and continued to show strength.

Osamu Okamoto
Chairman and Representative Director

Yoshikuni Dobashi
President and Representative Director

In the Industrial Products and Engineering segment, due to such factors as reductions in investment in the public works sector, Kubota faced a downtrend in sales of its mainstay ductile iron pipes as well as such products as pumps. In the Company's environmental engineering business, where steady growth can be anticipated, sales of incinerators increased, reflecting the high level of orders received in the previous year and contributing favorably to segment sales.

In the Building Materials and Housing segment, although sales of prefabricated houses and roofing and siding materials decreased due to sluggish new (owner occupied) housing starts, a pickup in sales of condominiums pushed segment sales upward slightly. In March 2002, Kubota House Co., Ltd., was sold to Sanyo Electric Co., Ltd., and Kubota withdrew from the prefabricated housing business.

Although Kubota continued to work to reduce costs through such measures as curtailing human resources expenses and other expenditures, due in part to a loss from disposal of businesses and fixed assets which amounted to ¥12.8 billion ($96 million), operating income fell 20.3%, to ¥34.4 billion ($259 million). Net income was ¥9.5 billion ($72 million).

Diluted net income per 20 common shares declined to ¥133 ($1.00), from ¥137. Kubota plans to pay year-end cash dividends per share of ¥3, or ¥60 per 20 common shares. Together with interim cash dividends, cash dividends per share for the entire fiscal year will amount to ¥6, or ¥120 per 20 common shares.

Medium-Term Management Strategy

Fiscal 2004 will be the final year covered by Kubota's Medium-Term Management Strategy, and the effort to achieve the objectives established therein is Companywide. However, the negative impact of changes in the business environment has been greater than first expected. The slump in demand in public works related markets, a sector which accounts for 40% of the Company's domestic net sales, and stagnant demand for agricultural machinery as a result of the worsening economy were major factors causing business results for fiscal 2002 to fall short of initial goals. Although there will be no change in its basic Medium-Term Management Strategy, Kubota will concentrate efforts on 1) recovering and increasing profitability through Companywide cost reductions and cutbacks in fixed expenses aimed at lowering its break-even point and 2) speeding up the implementation of solutions to the major problems the Company is facing in each business segment.

In closing, we ask our friends and shareholders for their continued support.

June 2002

Osamu Okamoto
Chairman and Representative Director

Yoshikuni Dobashi
President and Representative Director