

## Consolidated Statements of Cash Flows

Kubota Corporation and Subsidiaries Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	2008
<b>Operating activities:</b>				
Net income	¥ 68,026	¥ 76,457	¥ 81,034	\$ 680,260
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	30,565	27,097	25,821	305,650
Gain on sales of securities	(704)	(1,313)	(4,703)	(7,040)
Gain on nonmonetary exchange of securities	—	(997)	(15,901)	—
Valuation loss on other investments	6,715	524	403	67,150
Loss from disposal of fixed assets	925	1,172	23	9,250
Minority interests in earnings of subsidiaries	6,790	6,214	4,938	67,900
Equity in net income of affiliated companies	(94)	(1,353)	(1,633)	(940)
Deferred income taxes	4,115	953	21,634	41,150
Change in assets and liabilities:				
Decrease in notes and accounts receivable	31,750	35	11,099	317,500
Increase in inventories	(6,656)	(24,255)	(11,736)	(66,560)
Increase in other current assets	(20,072)	(3,935)	(10,559)	(200,720)
Increase (decrease) in trade notes and accounts payable	(23,311)	11,999	(4,060)	(233,110)
Increase (decrease) in income taxes payable	(10,842)	11,305	(167)	(108,420)
Increase in other current liabilities	7,539	5,085	4,408	75,390
Decrease in accrued retirement and pension costs	(10,998)	(10,942)	(12,514)	(109,980)
Other	6,362	(1,216)	(230)	63,620
Net cash provided by operating activities	90,110	96,830	87,857	901,100
<b>Investing activities:</b>				
Purchases of fixed assets	(35,735)	(34,286)	(25,680)	(357,350)
Purchases of investments and change in loan receivables	3,337	(1,311)	442	33,370
Proceeds from sales of property, plant, and equipment	115	3,709	5,568	1,150
Proceeds from sales of investments	490	2,391	8,717	4,900
Increase in finance receivables	(196,494)	(190,098)	(142,393)	(1,964,940)
Collection of finance receivables	155,202	129,442	80,163	1,552,020
Sales of finance receivables	—	—	11,753	—
Other	741	146	138	7,410
Net cash used in investing activities	(72,344)	(90,007)	(61,292)	(723,440)
<b>Financing activities:</b>				
Proceeds from issuance of long-term debt	113,962	86,434	88,829	1,139,620
Repayments of long-term debt	(84,895)	(73,654)	(71,719)	(848,950)
Net increase (decrease) in short-term borrowings	(15,840)	(5,937)	335	(158,400)
Cash dividends	(16,777)	(14,274)	(11,769)	(167,770)
Purchases of treasury stock	(7,997)	(8,515)	(14,898)	(79,970)
Other	(133)	(889)	(964)	(1,330)
Net cash used in financing activities	(11,680)	(16,835)	(10,186)	(116,800)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>97</b>	<b>755</b>	<b>916</b>	<b>970</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,183</b>	<b>(9,257)</b>	<b>17,295</b>	<b>61,830</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>82,601</b>	<b>91,858</b>	<b>74,563</b>	<b>826,010</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 88,784</b>	<b>¥ 82,601</b>	<b>¥ 91,858</b>	<b>\$ 887,840</b>

See notes to consolidated financial statements.