



Mr. Yasuo Masumoto became president of Kubota Corporation on January 1, 2009.

Q1. Mr. Masumoto, what would you say is your “mission” as president?

I believe that, given the timing of my becoming president, my role will be to restructure Kubota by returning the Company to its origins as a manufacturer. I intend to maintain the earnings base that Mr. Daisuke Hatakake, our former president and current chairman, strengthened and enhanced by focusing on the expansion of our international operations during his term as president. In today's harsh operating environment, I believe my mission is to reform and strengthen Kubota's business structure. I am keenly aware of this mission and I want to devote all my energies to steering the Company in the right direction.

In addition, my most important role as president is to indicate clearly what kind of company Kubota should become in the future, for example 10 years from now. My role should be to point all employees in that direction and reach the specified objectives to the maximum extent possible. At the same time that I will be working to create the necessary frameworks for us to attain our objectives, I will also be focusing on revitalizing the Company. We may encounter difficulties in this process, but my motto will be, “There are some things that we think we can do but cannot accomplish, but there is nothing that we think we *cannot* do that we *will* accomplish.” The conclusion to draw from this is, “Always accept a challenge and think ‘We can!’ at all times.”

Q2. Could you please tell us your point of view regarding management?

The first basic management policy is to “manage emphasizing the front lines of business with a focus on technology and manufacturing capabilities.” The most important and most basic functions of manufacturers are their capabilities for developing products and manufacturing them. Strengthening and augmenting these capabilities are indispensable for growth and development. Therefore, in management I will give priority to technology and product development, to improving quality and productivity, and to other related issues. In parallel with the implementation of this policy, I am placing particular emphasis on our various “front lines of business,” which include the places where we develop our technologies, manufacture, market, and provide after-sales service. A front line that is capable of discovering issues and problems on its own initiative, developing solutions, and then putting those solutions into practice is a truly powerful one. To respond nimbly and quickly to severe changes, I will place special emphasis on nurturing the “power of the front lines of business.”

In line with the concepts of “strengthening technological and manufacturing capabilities and emphasizing the front lines of business,” in April this year we formed two committees, the Research & Development Strategy Committee and the Quality Assurance & Manufacturing Strategy Committee. These two committees will discuss the development of technology and manufacturing and then make clear the directions we should take to survive and win in global competition. At the same time, through these activities, we are aiming to cultivate a corporate culture in which younger personnel, including technical staff, will look to the future and proactively address the challenges it will bring.

The second basic management policy is to “enhance our CSR management.” We will win a high appraisal from society if we are responsive to what society expects of us and manage our corporate activities in line with these expectations at all times. I want Kubota to continue to be that kind of company. Specific CSR-related policies will include strengthening our initiatives for preserving the natural environment, managing our operations to draw on the capabilities of a diverse range of human resources, making internal controls an integral part of our operations, and practicing thoroughgoing risk management.

Q3. In what kinds of situations do you think your career and experience at Kubota will be most applicable?

I joined Kubota in 1971. I spent my first three years designing incinerators in the Environmental Engineering business, and then spent about 23 years in the Internal Combustion Engine and Machinery business. After being in production technology related work at plants, which manufacture rice transplanters, combine harvesters, tractors, and engines, I participated in the restructuring of the construction machinery business as a manufacturing manager.

After that, I received an assignment outside the Internal Combustion Engine and Machinery area and was placed in charge of the Pipes, Valves, and Industrial Castings business, which was experiencing unfavorable conditions at that time. I began as general manager of manufacturing in this business and after about six years rose to become general manager of the Water, Environment & Infrastructure Consolidated Division in the parent company. During this period, I was involved in



restructuring and reorganizing the manufacturing base for the Pipes, Valves, and Industrial Castings business and Environmental Engineering business in Japan. I also participated in the development of overseas operations, including the construction of the ductile pipe manufacturing plant in India.

I am proud of the fact that my work has consistently been related to manufacturing, and I believe that I am probably somewhat unusual in having been associated with such a wide range of businesses, spanning Internal Combustion Engine and Machinery, Pipes, Valves, and Industrial Castings, and Environmental Engineering. I believe my experience will be applicable and very useful in helping to appropriately address the major issues that Kubota faces in today's operating environment.

Q4. What do you see as the priority issues that must be addressed for the time being, and what will your strategies be?

We are implementing initiatives to address the issue of "accelerating development of overseas operations" and "strengthening our capabilities for coping with global economic fluctuations."

Along with the development of our overseas business activities, we will become much more susceptible to the effects of trends in the world economy and fluctuations in foreign exchange rates. Therefore, creating a business structure that can adapt quickly to changes in the business environment is an urgent issue. To address this issue, we will move ahead first with the expansion of overseas production and optimize the location of production centers on a global scale. We also will accelerate the globalization of our procurement activities to make it possible to optimize procurement as well. In addition, to respond flexibly to changes in demand, it will be important to have common production methods to make it possible to manufacture the same products with the same methods at any of our production bases around the world. From this perspective, we will implement initiatives to develop "Kubota standard" production systems.

To reduce variable and fixed costs, we will continue cost-cutting activities relentlessly to strengthen our ability for withstanding economic fluctuations. In addition, it has become extremely important for us to maintain sound operation of our retail finance business, which has now reached a substantial scale overseas. At the same time, we will consider procurement of the necessary funding for these activities and credit exposure management as well as work to ensure sound financial supervision.

We have focused on expansion in our overseas activities in recent years. Going forward, we will continue to give priority in allocating resources to our overseas business activities and work toward their further expansion. Thus far, we have concentrated mainly on developing overseas operations in the Internal Combustion Engine and Machinery area, but, looking ahead, we want to accelerate the international development of other businesses and thereby reduce the extremely high dependence on Internal Combustion Engine and Machinery related activities and look for new business opportunities.

Q5. Could you please provide us with further details about “accelerating development of overseas operations”?

We want to take up the challenge of full-scale development of our positions in the water treatment and environmental businesses, where worldwide expansion is forecast. We will focus especially on Asia, including China, where rapid market growth is expected.

Our joint-venture plant for ductile iron pipes for water supply in India, which will be our first overseas plant in the water-related business, will provide a beachhead for international development of this business, and for the time being, with an eye to full-scale overseas development, we will focus on developing sales channels and business partners in the markets we enter. In addition, initially we are scheduled to proceed with the development of this business using machinery sales as a foothold, but going forward we want to develop core business activities, such as engineering, procurement, and construction. In the overseas development of our water treatment and environmental plant businesses, we intend to conduct detailed research on markets and competitors, understand these markets, and proceed cautiously, but in some cases it may be necessary to take quick action. We will take the initiative in new business development with passion and courage.

On the other hand, in the Internal Combustion Engine and Machinery business, Asia outside Japan has taken the place formerly held by North America and Europe as the driving force in our overseas development. Our basic strategy in the agricultural equipment market in Asia will be to leverage our strengths as a full-line manufacturer—supplying a broad range of equipment that includes tractors, combine harvesters, and rice transplanters—and our strong product development capabilities to take aim at the rice cultivation market. We will continue to focus our efforts on developing our positions in the Thai and Chinese markets, where growth rates are high, as well as in the markets of India and Vietnam, where we established subsidiaries last fiscal year. We will also watch for the right timing to enter peripheral markets with potential.

Strengthening Governance through Reforms in Management Structure

Amid the rapidly changing operating environment, for Kubota to seize growth opportunities without fail and win in global competition, it will be necessary to make strategic decisions quickly and strengthen business execution functions. Based on this judgment, under the leadership of Kubota’s new president, who took office in January 2009, 26 executive officers were appointed in April and, at the Annual General Meeting of Shareholders, the number of members of the Board of Directors was reduced sharply from 24 to 8. Among these 8 directors, 2 outside directors were newly appointed to increase the transparency and maintain the soundness of management.

By implementing and making effective the new governance structure that has been created by this series of reforms in Kubota’s management structure at an early date, Kubota is aiming to accelerate the speed of its management and thereby be in a position to respond quickly to changes in the operating environment and increase management efficiency.