

To Our Shareholders and Friends

For the year ended March 31, 2010, revenues and profit of Kubota Corporation and subsidiaries (hereinafter, the “Company”) substantially decreased from the prior year due mainly to the severe impact of the global economic slowdown and stronger yen. Business in Asia outside Japan expanded on the back of steady market expansion. However, business in North America and Europe faced a severe operating climate due to sluggish demand. Domestic business was dull overall due to shrinkage of demand stemming from the sluggish economy and continued deflation.

For the year ended March 31, 2010, the Company’s revenues decreased ¥176.8 billion (16.0%), to ¥930.6 billion from the prior year. Although revenues in Asia outside Japan increased due to favorable sales of agricultural machinery, revenues in North America and Europe substantially decreased mainly due to the decline in sales of tractors, engines and construction machinery. Domestic revenues also dropped due to lower sales of products related to public investment and private capital spending. The ratio of overseas revenues to consolidated revenues was 46.1%, down 4.3% from the prior year.

Operating income decreased ¥33.1 billion (32.2%), to ¥69.7 billion from the prior year. Operating income in Farm & Industrial Machinery fell substantially due to declines in revenue in North America and Europe, and the appreciation of the yen. On the other hand, operating income in Water & Environment Systems sharply increased due to price declines for raw materials and the absence of recorded losses related to the Anti-Monopoly Law in the prior year. Operating income in Social Infrastructure largely decreased, affected by lower capital spending, while operating income in Other increased.



Yasuo Masumoto

Income before income taxes and equity in net income of affiliated companies declined ¥9.8 billion (11.7%), to ¥73.5 billion. Other income (expenses) improved as the foreign exchange loss in the prior year reversed into a foreign exchange gain, along with a decrease in valuation loss on other investment, while operating income declined. Net income attributable to Kubota Corporation was ¥42.3 billion, ¥5.7 billion (11.9%) lower than the prior year.

Dividends declared in this fiscal year decreased ¥10 per ADS (¥2 per common share) compared with the prior year, from ¥70 per ADS (¥14 per common share) to ¥60 per ADS (¥12 per common share). The Company was forced to lower cash dividends due to the substantial decline in its revenues and operating income for the second consecutive year, the result of the unprecedented world recession. The Company will make every effort to raise its profitability, and aims to restore the dividend to the amount before the reduction, or even increase the dividend.

The global economy appears to have emerged from its crisis situation, but as the recovery remains weak, a strong sense of uncertainty persists regarding the future. The Company, amid this difficult business environment, will seek long-term growth and development, and an increase in its enterprise value by enhancing management emphasizing the front-line of business with focus on technology and manufacturing capabilities, by improving capabilities to respond to fluctuations in the global economy, and by accelerating globalization.

We thank all our shareholders for their continued support.

A handwritten signature in black ink that reads "Yasuo Masumoto". The signature is fluid and cursive, with a large loop at the end.

Yasuo Masumoto
Representative Director, President & CEO