Notes to Consolidated Financial Statements
KUBOTA Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business
Kubota Corporation (the "parent company") and subsidiaries (collectively the "Company") are one of Japan's leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and industrial castings.

The manufacturing operations of the Company are conducted primarily at 20 plants in Japan and at 10 overseas plants located in the United States and certain other countries. Farm equipment, construction machinery, ductile iron pipe, and certain other products are sold both in Japan and in overseas markets which consist mainly of North America, Europe, and Asia.

Basis of Financial Statements
The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

In September 2008, the Securities and Exchange Commission amended the foreign issuer reporting requirements to eliminate an option which permitted foreign private issuers to omit segment disclosures in accordance with U.S. GAAP. This amendment is effective for fiscal years ended on or after December 15, 2009, and was adopted by the Company in the year ended March 31, 2010 for all periods presented.

Principles of Consolidation
The consolidated financial statements include the accounts of the parent company and all majority-owned subsidiaries. The accounts of certain consolidated subsidiaries that have December 31 fiscal year-ends have been included in the March 31 consolidated financial statements. The accounts of variable interest entity ("VIE") are included in the consolidated financial statements, as applicable.

The Company is involved with a VIE which engages in farming by water culture. The VIE has been consolidated since the Company is the primary beneficiary. Total assets of the VIE at March 31, 2010 were ¥219 million. There are no restrictions on the use of the VIE's assets. Also, the creditors or beneficial interest holders of the consolidated VIE have no recourse to the general credit of the Company. The Company is not a primary beneficiary of the unconsolidated VIEs and does not hold any significant variable interests in these VIEs.

Intercompany items have been eliminated in consolidation.

Investments in affiliates in which the Company has the ability to exercise significant influence over their operating and financial policies, but where the Company does not have a controlling financial interest are accounted for using the equity method.

Use of Estimates
Preparing financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. Significant estimates and assumptions are used primarily in the area of inventory valuation, impairment of investments, collectability of notes and receivables, impairment of long-lived assets, accruals for employee retirement and pension plans, valuation allowance for deferred tax assets, uncertain tax positions, revenue recognition for long-term contracts, and loss contingencies. Actual results could differ from those estimates.

Foreign Currency Translation
The assets and liabilities of foreign subsidiaries, using the local currency as their functional currency, are translated to Japanese yen based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in accumulated other comprehensive income (loss). Revenues and expenses are translated into Japanese yen using the average exchange rates prevailing for each period presented.

Cash Equivalents
The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Time deposits with original maturities of three months or less amounting to ¥24,230 million, ¥4,022 million, and ¥3,915 million, respectively, were included in cash and cash equivalents at March 31, 2010, 2009, and 2008,.

Inventories
Inventories are stated at the lower of cost or market. Cost is determined by the average-cost method.

Investments

The Company classifies all its marketable equity securities as available for sale and carries them at fair value with a corresponding recognition of the net unrealized holding gains or losses (net of tax) as an item of other comprehensive income (loss) in equity. The fair values of those securities are determined based on quoted market prices.

Gains and losses on sales of available-for-sale securities as well as other nonmarketable equity securities which are carried at cost are computed on the average-cost method. When a decline in a value of the marketable security is deemed to be other than temporary, the Company recognizes an impairment loss to the extent of the decline. In determining if and when such a decline in value is other than temporary, the Company evaluates the extent to which cost exceeds market value, the duration of market declines, and other key measures. Other non-marketable securities are stated at cost and reviewed periodically for impairment.

Allowance for Doubtful Receivables

The Company provides an allowance for doubtful notes and receivables. The allowance for these doubtful receivables is based on historical collection trends and management's judgement on the collectability of these accounts. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation expenses related to manufacturing activities are included in cost of revenues, and the other depreciation expenses are classified in selling, general, and administrative expenses. Depreciation of those assets is principally computed using the declining-balance method based on the estimated useful lives of the assets. The estimated useful lives range from 10 to 50 years for buildings and from 2 to 14 years for machinery and equipment.

Long-Lived Assets

The Company evaluates long-lived assets to be held and used for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the estimate of undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded based on the fair value of the assets. The Company evaluates long-lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell.

Retirement and Pension Plans

The funded status of the Company's defined benefit pension plans and severance indemnity plans are recognized as an asset or a liability in the consolidated balance sheets with a corresponding adjustment to pension liability adjustment in accumulated other comprehensive income (loss), net of tax. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at March 31, the measurement date.

The Company amortizes the prior service costs (benefits) due to the amendments of the benefit plans over the average remaining service period of the participants at the time of amendments. The Company immediately recognizes net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following the year in which such gains and losses were incurred, while the portion between10% and 20% is amortized over the average participants' remaining service period.

Income Taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statement and the income tax bases of assets and liabilities and tax loss and other carry forwards using the enacted tax rate. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that management believes will more likely than not be realized.

The Company recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of income.

Sales Tax

Revenues are presented exclusive of sales tax.

Revenue Recognition

The Company recognizes revenue related to product sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the sales price is fixed or determinable, and (4) collectibility is reasonably assured. The Company records estimated reductions to sales at the time of sale for sales incentive programs including product discounts, customer promotions, and volume-based rebates.

The sales of environmental and other plant and equipment are recorded when the installation of plant and equipment is completed and accepted by the customer for short-term contracts, and recorded under the percentage-of-completion method of accounting for long-term contracts. (See Note 9. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS.) Estimated losses on sales contracts are charged to income in the period in which they are identified. The percentages of revenues to consolidated revenues for the years ended March 31, 2010, 2009, and 2008 that pertain to long-term contracts were 2.1%, 1.9%, and 1.7%, respectively.

Housing real estate sales are recorded when the title is legally transferred to the customer in accordance with the underlying contract and real estate laws and regulations.

In October 2007, Kubota Maison Co., Ltd., subsidiary of housing real estate, was excluded from consolidated subsidiaries and became an affiliated company. As a result, there were no housing real estate sales for the year ended March 31, 2010 and 2009. The percentage of revenues to consolidated revenues for the years ended March 31, 2008 that pertain to housing real estate sales was 0.3%.

Finance receivables are composed of the total arrangement fee less unamortized discounts. Based on imputed interest for the time value of money and reserve for credit losses, income is recorded over the terms of the receivables using the interest method.

Research and Development and Advertising

Research and development and advertising costs are expensed as incurred.

Shipping and Handling Costs

Shipping and handling costs are included in selling, general, and administrative expenses.

Expense from the Payments for Health Hazard of Asbestos

The Company expenses payments to certain residents who lived near the Company's plant and current and former employees when the Company determines that a payment is warranted based on the medical condition of the individual concerned and in accordance with the Company's policies and procedures.

The Company also accrues an estimated loss from asbestos-related matters by a charge to income if both of the following conditions are met:

(a) It is probable that a liability has been incurred at the date of financial statements.

(b) The amount of loss can be reasonably estimated.

(See Note 18. COMMITMENTS AND CONTINGENCIES.)

Derivative Financial Instruments

All derivatives are recognized in the consolidated balance sheets at fair value and are reported in other current assets, other assets, other current liabilities, or other long-term liabilities.

On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge). The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets or to specific firm commitments or forecasted transactions. The Company considers its hedges to be highly effective in offsetting changes in cash flows of hedged items, because the currency, index of interest rates, amount, and terms of the derivatives correspond to those of the hedged items in accordance with the Company's policy.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

The Company also uses derivatives not designated as cash flow hedges in certain relationships for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Value Measurement

Certain assets and liabilities that fall within the scope of the fair value measurements are classified into three levels.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities. These are measured using entity's own assumptions and inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available due to lack of similar assets or liabilities in active markets or inappropriate market price by a decline of liquidity.

Securitization of Receivables

The Company sold trade receivables to investors through independent securitization trusts until the year ended March 31, 2009. At the time the receivables are sold to the securitization trusts, the balances are removed from the consolidated balance sheets of the Company. The investment in the sold receivables pool is allocated between the portion sold and the portion retained based on their relative fair values on the date of sale. The gain or loss for each qualifying sale of receivables is determined based on book value allocated to the portion sold. If forecasted future cash flows result in an other-than-temporary decline in the fair value of the retained interests, then an impairment loss is recognized to the extent that the fair value is less than the carrying amount. Such losses would be included in the consolidated statements of income. The Company estimates fair value based on the present value of expected future cash flows less credit losses.

Discontinued Operations

The results of discontinued operations are reported as a separate line item in the consolidated statements of income under income (loss) from discontinued operations, net of taxes.

Net income attributable to Kubota Corporation per common share

Net income attributable to Kubota Corporation per common share is computed by dividing net income attributable to Kubota Corporation by the weighted-average number of common shares outstanding during each year. The weighted average number of common shares outstanding for the years ended March 31, 2010, 2009, and 2008 was 1,271,985,454, 1,275,574,702 and 1,288,336,590, respectively. There were no potentially dilutive shares outstanding for the years ended March 31, 2010, 2009, and 2008.

New Accounting Standards

In December 2007, the Financial Accounting Standards Board ("FASB") issued a new accounting standard related to business combinations. This standard requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. This standard also requires recognition of contingent consideration and capitalization of in-process research and development at fair values as well as expensing of acquisition-related costs as incurred. This standard is effective in fiscal years beginning after December 15, 2008 and was adopted by the Company on April 1, 2009. The adoption of this statement did not have a material impact on the Company's consolidated results of operations and financial position.

In December 2007, the FASB issued a new accounting standard related to noncontrolling interests in consolidated financial statements. This standard establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard is effective in fiscal years beginning after December 15, 2008 and was adopted by the Company on April 1, 2009. Upon the adoption of this standard, noncontrolling interests, which were previously referred to as minority interests and classified between total liabilities and shareholders' equity on the consolidated balance sheets, are now included as a separate component of total equity. Net income is classified and attributed between noncontrolling interests and Kubota Corporation in the consolidated statements of income, and related presentation of consolidated statements of cash flows and other consolidated financial statements has been changed. Amounts in the prior consolidated financial statements have been reclassified or adjusted to conform to the current presentation. In addition, changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary are accounted for as equity transactions. The adoption of this standard resulted in a ¥3,909 million decrease of capital surplus at March 31, 2010.

In December 2008, the FASB issued a new accounting standard related to employers' disclosures about postretirement benefit plan assets. This standard requires more detailed disclosures about plan assets including investment allocation, each class of plan assets, valuation techniques used to measure the fair value of plan assets, and concentrations of risk within plan assets. This standard is effective for fiscal years ending after December 15, 2009 and was adopted by the Company for the year ended March 31, 2010. The adoption of this standard did not have a material impact on the Company's consolidated results of operations and financial position.

In May 2009, the FASB issued a new accounting standard related to subsequent events. This standard establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This standard is effective for interim or annual financial periods ending after June 15, 2009. In February 2010, the FASB amended this standard to remove the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated. The Company adopted this standard for the first quarter ended June 30, 2009. The adoption of this standard did not have an impact on the Company's consolidated result of operations and financial position.

In June 2009, the FASB issued the FASB Accounting Standards Codification ("ASC"). The ASC restructured the previous U.S. GAAP by providing the authoritative literature in a topical structure. The ASC is effective for interim and annual periods ending after September 15, 2009 and was adopted by the Company for the second quarter ended September 30, 2009. The adoption of the ASC did not have an impact on the Company's consolidated results of operations and financial position.

In June 2009, the FASB issued a new accounting standard related to improvements to financial reporting by enterprises involved with VIE. This standard requires an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. This standard also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE and eliminates the quantitative approach previously required for determining the primary beneficiary of a VIE. This standard is effective for fiscal years beginning after November 15, 2009. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In September 2009, the FASB issued a new accounting standard related to investments in certain entities that calculate net asset value per share (or its equivalent). This standard creates a practical expedient to measure the fair value of an investment on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. This standard is effective for the interim and annual periods ending after December 15, 2009 and was adopted by the Company for the third quarter ended December 31, 2009. The adoption of this standard did not have a material impact on the Company's consolidated results of operations and financial position.

In October 2009, the FASB issued a new accounting standard related to revenue recognition for multiple-deliverable arrangements. This standard requires arrangement consideration be allocated to all deliverables using a selling price or estimated selling price and eliminates the residual method of allocation. This standard also requires additional qualitative and quantitative disclosures. This standard is effective for fiscal years beginning on or after June 15, 2010 and can be applied prospectively for revenue arrangements entered into or materially modified, or retrospectively for all prior periods. The Company is currently calculating the impact of the applying this standard on the consolidated financial statements.

2. INVENTORIES

Inventories are comprised of the following:

(¥ in millions)

At March 31:	2010	2009
Finished products	**¥111,280**	¥132,125
Spare parts	**23,544**	23,848
Work in process	**22,498**	31,165
Raw materials and supplies	**15,001**	20,263
	¥172,323	¥207,401

3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFILIATED COMPANIES

Investments in and loan receivables from affiliated companies in which the Company has the ability to exercise significant influence over their operating and financial policies are comprised of the following:

(¥ in millions)

At March 31:	2010	2009
Investments	**¥15,667**	¥14,443
Loan receivables	**278**	68
	¥15,945	¥14,511

The following table presents a summary of financial information of affiliated companies:

(¥ in millions)

At March 31:	2010	2009
Current assets	**¥55,958**	¥68,841
Noncurrent assets	**62,414**	62,858
Total assets	**118,372**	131,699
Current liabilities	**61,495**	74,758
Noncurrent liabilities	**19,441**	20,794
Net assets	**¥37,436**	¥36,147

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Revenues	**¥210,492**	¥216,430	¥215,574
Cost of revenues	**155,350**	160,690	162,533
Net income	**873**	419	482

Trade notes and accounts receivable from affiliated companies at March 31, 2010 and 2009 were ¥24,827 million and ¥21,302 million, respectively.

Revenues from affiliated companies aggregated ¥65,246 million, ¥55,374 million, and ¥48,847 million for the years ended March 31, 2010, 2009, and 2008, respectively.

Cash dividends received from affiliated companies were ¥72 million, ¥46 million, and ¥31 million for the years ended March 31, 2010, 2009, and 2008, respectively.

Retained earnings include net undistributed earnings of affiliated companies in the amount of ¥10,652 million and ¥9,719 million at March 31, 2010 and 2009, respectively.

4. OTHER INVESTMENTS

The following table presents the cost, fair value, and gross unrealized holding gains and losses for securities by major security type:

(¥ in millions)

At March 31:	2010 Cost	2010 Fair Value	2010 Gross Unrealized Holding Gains	2010 Gross Unrealized Holding Losses	2009 Cost	2009 Fair Value	2009 Gross Unrealized Holding Gains	2009 Gross Unrealized Holding Losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	**¥24,422**	**¥44,186**	**¥19,775**	**¥ 11**	¥24,412	¥40,275	¥15,864	¥ 1
Other equity securities	**16,080**	**54,985**	**38,946**	**41**	17,665	40,653	23,304	316
	¥40,502	**¥99,171**	**¥58,721**	**¥ 52**	¥42,077	¥80,928	¥39,168	¥317

The following table presents the gross unrealized losses on, and related fair value of, the Company's available-for-sale securities, aggregated by the length of time that individual investment securities have been in a continuous unrealized loss position:

(¥ in millions)

At March 31:	2010 Less than 12 months Fair Value	2010 Less than 12 months Gross Unrealized Holding Losses	2010 12 months or longer Fair Value	2010 12 months or longer Gross Unrealized Holding Losses	2009 Less than 12 months Fair Value	2009 Less than 12 months Gross Unrealized Holding Losses	2009 12 months or longer Fair Value	2009 12 months or longer Gross Unrealized Holding Losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	**¥ 22**	**¥ 11**	**¥ —**	**¥ —**	¥ 2	¥ 1	¥ —	¥ —
Other equity securities	**700**	**41**	**—**	**—**	1,958	316	—	—
	¥722	**¥ 52**	**¥ —**	**¥ —**	¥1,960	¥317	¥ —	¥ —

For the years ended March 31, 2010, 2009, and 2008, valuation losses on other investments were recognized to reflect the decline in fair value considered to be other-than-temporary totaling ¥143 million, ¥8,618 million, and ¥6,715 million, respectively.

The following table presents proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Proceeds from sales of available-for-sale securities	**¥3,588**	¥182	¥2,001
Gross realized gains	**1,821**	20	705
Gross realized losses	**—**	(132)	(1)

Investments in non-traded and unaffiliated companies, for which there is no readily determinable fair value, were stated at cost of ¥10,135 million and ¥15,269 million at March 31, 2010 and 2009, respectively. Investments in non-marketable equity securities for which there is no readily determinable fair value were accounted for using the cost method. Each investment in non-marketable equity securities is reviewed annually for impairment or upon the occurrence of an event on change in circumstances that may have a significant adverse effect on the carrying value of the investment.

5. FINANCE RECEIVABLES

The Company provides retail finance and finance leases to customers mainly in order to facilitate sales of farm equipment and construction machinery.

Finance receivables—net are comprised of the following:

(¥ in millions)

At March 31:	2010	2009
Retail	¥ 211,875	¥ 218,745
Finance leases	106,774	59,442
Total finance receivables	318,649	278,187
Less:		
Unearned income	(15,630)	(10,052)
Allowance for credit losses	(1,706)	(1,586)
Total finance receivables—net	301,313	266,549
Less: current portion	(104,840)	(97,292)
Long-term finance receivables—net	¥ 196,473	¥ 169,257

The following table presents the annual maturities of retail finance receivables and future minimum lease payments on finance leases:

(¥ in millions)

Years ending March 31:	Retail	Finance Leases
2011	¥ 78,568	¥ 32,413
2012	61,158	28,336
2013	42,488	21,548
2014	23,698	13,407
2015	4,328	6,897
2016 and thereafter	1,635	4,173
Total	¥211,875	¥106,774

There are no unguaranteed residual values related to finance leases at March 31, 2010.

The Company includes finance income and expenses in revenues and cost of revenues in the consolidated statements of income.

The following table presents the amounts of finance income and expenses included in revenues and cost of revenues:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Finance income	¥21,364	¥23,242	¥27,539
Finance expenses	10,029	11,578	15,363

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following table presents the changes in allowance for doubtful notes and accounts receivable:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Balance at beginning of year	¥2,512	¥1,983	¥2,011
Provision for doubtful accounts	636	1,041	482
Write-offs	(46)	(32)	(531)
Other	(281)	(480)	21
Balance at end of year	¥2,821	¥2,512	¥1,983

The following table presents the changes in allowance for doubtful non-current receivables:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Balance at beginning of year	**¥859**	¥981	¥2,811
Provision for doubtful accounts	**59**	50	140
Write-offs	**(74)**	(1)	(137)
Other	**(74)**	(171)	(1,833)
Balance at end of year	**¥770**	¥859	¥ 981

The following table presents the changes in allowance for finance receivables:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Balance at beginning of year	**¥1,586**	¥1,380	¥1,072
Provision for doubtful accounts	**855**	914	542
Write-offs	**(327)**	(308)	(133)
Other	**(408)**	(400)	(101)
Balance at end of year	**¥1,706**	¥1,586	¥1,380

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2010 consisted of notes payable to banks of ¥88,333 million. Short-term borrowings at March 31, 2009 consisted of notes payable to banks of ¥125,600 million and commercial paper of ¥6,500 million.

Stated annual interest rates on short-term borrowings ranged primarily from 0.50% to 4.78% and from 0.20% to 5.41% at March 31, 2010 and 2009, respectively. The weighted average interest rates on such short-term borrowings at March 31, 2010 and 2009 were 1.5% and 3.1%, respectively.

Available committed lines of credit with certain banks at March 31, 2010 and 2009 totaled ¥20,000 million and ¥25,000 million, respectively. The terms of committed lines of credit are 1 year. The Company had no outstanding borrowings as of March 31, 2010 and 2009 related to committed lines of credit.

Long-term debt is comprised of the following:

(¥ in millions)

At March 31:	Due in years ending March 31:	2010	2009
Unsecured bonds:			
Yen notes（fixed rate 1.20%）	2011	**¥ 10,000**	¥ 10,000
Yen notes（floating rate 0.83%）	2012	**4,000**	4,000
Yen notes（floating rate 0.92%）	2013	**4,000**	—
Yen notes（floating rate 0.91%）	2013	**2,000**	—
Yen notes（floating rate 0.65%）	2013	**5,000**	—
U.S.$ notes（floating rate 0.73%）	2013	**4,600**	—
Yen notes（fixed rate 1.54%）	2013	**10,000**	10,000
Yen notes（fixed rate 1.27%）	2013	**10,000**	10,000
Yen notes（fixed rate 1.53%）	2015	**10,000**	10,000
Loans, principally from banks and insurance companies, maturing on various dates through 2018:			
Collateralized		**24,216**	37,320
Unsecured		**224,963**	181,125
Capital lease obligations		**5,986**	6,521
Total		**314,765**	268,966
Less: current portion		**(71,432)**	(60,378)
		¥ 243,333	¥ 208,588

Both fixed and floating rates were included in the interest rates of the long-term loans from banks and insurance companies. The weighted average rates at March 31, 2010 and 2009 were 2.0% and 2.9%, respectively.

The following table presents the annual maturities of long-term debt at March 31, 2010:

(¥ in millions)

Years ending March 31:	
2011	**¥ 71,432**
2012	**95,545**
2013	**92,329**
2014	**17,343**
2015	**25,258**
2016 and thereafter	**12,858**
Total	**¥314,765**

Assets pledged as collateral are comprised of the following:

(¥ in millions)

At March 31:	2010	2009
Trade notes	**¥ —**	¥ 2,061
Trade accounts	**17,806**	14,214
Short-term finance receivables	**18,445**	23,797
Other current assets [*1]	**573**	566
Long-term finance receivables	**12,447**	21,416
Property, plant, and equipment	**6,233**	8,782
Total	**¥55,504**	¥70,836

[*1] Other current assets represent the restricted cash which are pledged as collateral in accordance with the terms of borrowing.

The above assets were pledged against the following liabilities:

(¥ in millions)

At March 31:	2010	2009
Short-term borrowings	**¥20,751**	¥28,233
Current portion of long-term debt	**14,137**	17,416
Long-term debt	**10,079**	19,904
Total	**¥44,967**	¥65,553

Both short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future indebtedness will be given upon request of the bank, and that the bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Long-term agreements with lenders other than banks also generally provide that the Company must give additional security upon request of the lender.

There are restrictive covenants related to its borrowings including clauses of the negative pledges, rating trigger and minimum net worth. The financial covenants are as follows: the rating trigger states that the Company shall keep or be higher than the “BBB–” rating by Rating and Investment Information, Inc. and the minimum net worth covenant states that the Company shall keep the amount of total equity of more than ¥405.0 billion on consolidated financial statement and more than ¥287.0 billion on separate financial statement of a parent company. The Company is compliant with those restrictive covenants at March 31, 2010.

8. RETIREMENT AND PENSION PLANS

The parent company and most subsidiaries mainly in Japan have defined benefit pension plans and/or severance indemnity plans covering substantially all of their employees. In the parent company and certain subsidiaries, employees who terminate their employment have the option to receive benefits in the form of a lump-sum payment or annuity payments from defined benefit pension plans. The benefits are mainly calculated based on accumulated “points” under the point-based benefits system. The “points” consist of “service period points” which are attributed to the length of service, “job title points” which are attributed to the job title of each employee, and “performance points” which are attributed to the annual performance evaluation of each employee.

Certain subsidiaries have defined contribution pension plans covering most of their employees.

Funded Status

The following table presents the funded status and the amounts recognized in the consolidated balance sheets:

(¥ in millions)

At March 31:	2010	2009
Funded status:		
Benefit obligations	**¥ 168,974**	¥ 167,277
Fair value of plan assets	**129,156**	111,006
Funded status-net	**¥ (39,818)**	¥ (56,271)
Amounts recognized in the consolidated balance sheets:		
Accrued retirement and pension costs	**¥ (40,177)**	¥ (56,591)
Prepaid expenses for benefit plans, included in other assets	**359**	320
Amounts recognized in the consolidated balance sheets-net	**¥ (39,818)**	¥ (56,271)

The following table presents the amounts recognized in accumulated other comprehensive income, before tax:

(¥ in millions)

At March 31:	2010	2009
Actuarial loss	**¥ 24,192**	¥ 41,371
Prior service benefit	**(4,436)**	(5,244)
Total recognized in accumulated other comprehensive income, before tax	**¥ 19,756**	¥ 36,127

The following table presents the projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets:

(¥ in millions)

At March 31:	2010	2009
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	**¥ 166,643**	¥ 165,625
Fair value of plan assets	**126,466**	109,034
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	**¥ 165,148**	¥ 164,556
Fair value of plan assets	**125,074**	109,034

Benefit Obligations

The following table presents the changes in benefit obligations, the balances of accumulated benefit obligations, and the weighted-average assumptions used in calculating benefit obligation:

(¥ in millions)

	2010	2009
Change in benefit obligations:		
Benefit obligations at beginning of year	**¥ 167,277**	¥ 173,689
Service cost	**5,933**	5,944
Interest cost	**3,646**	3,730
Actuarial loss (gain)	**3,729**	(2,554)
Benefits paid (lump-sum payments)	**(7,913)**	(7,736)
Benefits paid (annuity payments)	**(4,247)**	(4,079)
Foreign currency exchange rate changes	**549**	(1,717)
Benefit obligations at end of year	**¥ 168,974**	¥ 167,277
Accumulated benefit obligations at March 31	**¥ 168,377**	¥ 166,850
Weighted-average assumptions used in calculating benefit obligation at March 31 [*1] :		
Discount rate	**2.4%**	2.5%

[*1] The rate of compensation increase is not used in the calculations of benefit obligations under the point-based benefits system.

Plan Assets

The following table presents the changes in plan assets:

(¥ in millions)

For the years ended March 31:	2010	2009
Fair value of plan assets at beginning of year	**¥ 111,006**	¥ 130,360
Actual return on plan assets	**13,064**	(22,073)
Employer contributions	**13,830**	13,374
Benefits paid (lump-sum payments)	**(5,053)**	(4,819)
Benefits paid (annuity payments)	**(4,247)**	(4,079)
Foreign currency exchange rate changes	**556**	(1,757)
Fair value of plan assets at end of year	**¥ 129,156**	¥ 111,006

The Company's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which the Company considers permissible. To mitigate any potential concentration risk, careful consideration is given to balancing the portfolio among industry sectors, companies and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. The Company's target allocation is 40% equity securities, 58% debt securities, and 2% other investment vehicles, mainly consisting of cash and short-term investments and the general accounts of insurance company.

A large portion of the plan assets is managed by trust banks and investment advisors. Those fund managers are bound by the Company's plan asset management guidelines which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management, and are measured against specific benchmarks.

To measure the performance of the plan asset management, the Company establishes bench mark return rates for each individual investment, combines these individual bench mark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table presents the fair value of plan assets by category at March 31, 2010:

(¥ in millions)

	Level 1	Level 2	Level 3	Total
Equity securities:				
Financial institutions (Japanese companies)	¥ 6,805	¥ —	¥ —	¥ 6,805
Other industries (Japanese companies)	5,129	—	—	5,129
Pooled funds (Japanese companies) *1	—	20,284	—	20,284
Pooled funds (foreign companies) *1	—	22,764	—	22,764
Debt securities:				
Pooled funds (Japanese issuers) *2	—	58,377	—	58,377
Pooled funds (foreign issuers) *3	—	10,998	—	10,998
Cash and short-term investments	1,056	1,509	—	2,565
General accounts of insurance company	—	1,717	—	1,717
Other assets *4	—	205	312	517
Fair value of plan assets	¥ 12,990	¥ 115,854	¥ 312	¥ 129,156

*1 These funds are invested in listed equity securities.

*2 These funds are invested in approximately 85% Japanese government and municipal bonds, and 15% Japanese corporate bonds.

*3 These funds are invested in foreign government bonds.

*4 This class includes the pooled funds which invest in private equity.

Plan assets are categorized by level based on the inputs used to measure the fair value of each asset.

The equity securities of financial institutions and other industries are valued at the closing price reported on the stock exchange on which the individual securities are traded. Pooled funds and the general accounts of insurance company are typically valued using the net asset value per share (“NAV”) provided by the administrator of the fund or insurance company. The NAV is based on the value of the underlying assets owned by the fund or insurance company, minus liabilities and divided by the number of shares or units outstanding. Cash and short-term investments are valued at their cost plus imputed interest. These assets were classified as Level 1 or Level 2 at March 31, 2010, depending on availability of quoted market prices.

The ending balance of, and the change in, the other assets categorized as Level 3 were not material for the year ended March 31, 2010.

Net Periodic Benefit Cost

The following table presents the components of the total net periodic benefit cost for the defined benefit pension plans and the severance indemnity plans:

(¥ in millions)

For the years ended March 31:	**2010**	2009	2008
Net periodic benefit cost:			
Service cost	**¥ 5,933**	¥ 5,944	¥ 5,830
Interest cost	**3,646**	3,730	3,751
Expected return on plan assets	**(2,200)**	(2,428)	(3,023)
Amortization of prior service benefit	**(808)**	(808)	(808)
Amortization of actuarial loss	**9,611**	128	—
Total	**¥16,182**	¥ 6,566	¥ 5,750
Weighted-average assumptions used in calculating net periodic benefit cost *1 :			
Expected return on plan assets	**2.5%**	2.5%	3.0%
Discount rate	**2.5%**	2.5%	2.5%

*1 The rate of compensation increase is not used in the calculations of net periodic benefit cost under the point-based benefits system.

The amortization of actuarial loss of ¥9,611million for the year ended March 31, 2010 contained the immediate recognition amount of net actuarial losses in excess of 20% of the projected benefit obligation. This actuarial loss was derived from significant decline on fair value of plan assets during the years ended March 31, 2009 and March 31, 2008 due to financial crisis.

The expected rate of return on plan assets is determined after considering several applicable factors including the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, the Company's principal policy for plan asset management, and forecasted market conditions.

The following table presents the amounts recognized in other comprehensive income (loss), before tax, and the reclassification adjustments for the loss (benefit) realized in net income, before tax:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Actuarial gain (loss) recognized in other comprehensive income	¥ 7,712	¥ (22,897)	¥ (26,868)
Reclassification adjustment for prior service benefit realized in net income	(808)	(808)	(808)
Reclassification adjustment for actuarial loss realized in net income	9,611	128	—
Net recognized in other comprehensive income (loss), before tax	¥16,515	¥ (23,577)	¥ (27,676)

The following table presents the estimated prior service benefit and actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ending March 31, 2011:

(¥ in millions)

Prior service benefit	¥ (808)
Actuarial loss	472

Expected Cash Flows

The Company estimates contributions to its defined benefit pension plans for the year ending March 31, 2011, to be approximately ¥14,300 million.

The following table presents the total expected benefit payments to the participants of the defined benefit pension plans and the severance indemnity plans:

(¥ in millions)

Years ending March 31:	
2011	¥12,477
2012	12,095
2013	12,140
2014	11,686
2015	11,687
2016-2020	50,238

9. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS

Long-term contracts accepted by the Company consist mainly of construction works with the Japanese national government and local governments, such as construction of environmental control plants and facilities for water supply. These contracts are generally completed within two to three years.

The contracts, which are fully executed before the commencement of construction projects, include the terms of the contract price, expected completion date and critical milestone dates, and acceptance inspections (e.g., performance tests and external appearance inspections). The contracts are legally enforceable and the parties are expected to perform their obligations under the contracts. The Company is able to develop reasonably dependable estimates of the total contract cost based on the construction order, that includes details on every single component unit, labor hour costs, and all overhead. Further, the Company believes that it is able to develop reasonably dependable estimates of the extent of progress towards completion of individual contracts and, therefore, the long-term contracts are accounted for using the percentage of completion method. Concerning the method of measuring the extent of progress toward completion, the Company uses the cost-to-cost method in measuring the extent of progress toward completion. In most cases, the Company's contracts with customers include the delivery and installation of component units.

In the situation where an option or an addition which has separate content from an existing contract has occurred, it is treated as a separate contract. Otherwise, it is combined with the original contract. Additional contract revenue arising from any claims for customer-caused overruns or delays is recognized when the contract modification is approved by the customer. Any revisions in revenue, cost, and profit estimates or in measurements of the extent of progress toward completion are accounted for in the consolidated statements of income in the fiscal year in which those revisions are determined. A disclosure is made of the effect of such revisions in the financial statements, if significant.

The following table details the notes receivable and accounts receivable related to the long-term contracts accounted for under the percentage of completion method, by maturities:

(¥ in millions)

	2010			2009		
At March 31:	Less than 1 year	1-2 years	Over 2 years	Less than 1 year	1-2 years	Over 2 years
Notes receivable	**¥ 176**	**¥ —**	**¥ —**	¥ 99	¥ —	¥ —
Accounts receivable	**7,945**	**236**	**—**	8,930	40	—
	¥8,121	**¥ 236**	**¥ —**	¥9,029	¥ 40	¥ —

A large portion of such receivables have already been billed to customers. The total aggregated amounts which had not been billed or were not billable were not material at March 31, 2010 and 2009. The total aggregated amounts subject to uncertainty were not material.

With respect to the inventories related to the long-term contracts, the aggregated amounts of manufacturing or production costs which exceed the aggregated estimate costs of all in-process, the total aggregated amounts subject to uncertainty, and advances received offset with inventories were not material at March 31, 2010 and 2009.

10. INCOME TAXES

Income from continuing operations before income taxes and equity in net income of affiliated companies and income taxes are comprised of the following:

(¥ in millions)

For the years ended March 31:	**2010**	2009	2008
Income from continuing operations before income taxes and equity in net income of affiliated companies:			
Domestic	**¥42,208**	¥35,739	¥ 65,172
Foreign	**31,275**	47,520	57,405
Total	**¥73,483**	¥83,259	¥122,577
Income taxes:			
Current—			
Domestic	**¥16,462**	¥ 5,719	¥26,550
Foreign	**12,078**	17,918	17,379
	28,540	23,637	43,929
Deferred—			
Domestic	**(2,090)**	7,073	3,537
Foreign	**(473)**	(1,964)	578
	(2,563)	5,109	4,115
Total	**¥25,977**	¥28,746	¥48,044

A reconciliation of the differences between the Japanese statutory tax rate and the effective tax rate is as follows:

For the years ended March 31:	2010	2009	2008
Normal Japanese statutory tax rates applied to income from continuing operations before income taxes and equity in net income of affiliated companies	**40.6%**	40.6%	40.6%
Increase (decrease) in taxes resulting from:			
Increase (decrease) in valuation allowance	**(0.2)**	0.4	0.1
Permanently nondeductible expenses *1	**0.4**	4.1	0.4
Nontaxable dividend income	**(0.4)**	(0.7)	(0.4)
Extra tax deduction on expenses for research and development	**(2.8)**	(0.5)	(1.7)
Reversal of taxes provided on unremitted earnings of foreign subsidiaries and affiliates *2	**—**	(8.3)	—
Other—net	**(2.2)**	(1.1)	0.2
Effective income tax rates applied to income from continuing operations before income taxes and equity in net income of affiliated companies	**35.4%**	34.5%	39.2%

*1 Permanently nondeductible expenses for the year ended March 31, 2009 consisted primarily of nondeductible surcharge expense of ¥2,958 million for the alleged violation of the Anti-Monopoly Law.

*2 Reversal of taxes provided on unremitted earnings of foreign subsidiaries and affiliates for the year ended March 31, 2009 amounting to ¥6,870 million was due to Japanese tax law revision related to the taxation of dividends from overseas subsidiaries and affiliates.

Net deferred tax assets are included in the consolidated balance sheets as follows:

(¥ in millions)

At March 31:	2010	2009
Other current assets	**¥29,938**	¥26,583
Other assets	**4,199**	16,683
Other current liabilities	**(4)**	(2)
Other long-term liabilities	**(3,119)**	(254)
Net deferred tax assets	**¥31,014**	¥43,010

The significant components of deferred tax assets and liabilities are as follows:

(¥ in millions)

At March 31:	2010	2009
Deferred tax assets:		
Allowance for doubtful receivables	**¥ 1,030**	¥ 1,069
Intercompany profits	**7,483**	6,121
Adjustment of investment securities	**8,334**	8,445
Write-downs of inventories and fixed assets	**1,404**	1,988
Accrued bonus	**5,847**	5,938
Retirement and pension costs	**19,115**	25,960
Tax loss and credit carryforwards	**4,025**	3,991
Other temporary differences	**21,737**	21,086
Gross deferred tax assets	**68,975**	74,598
Less: valuation allowance	**(1,509)**	(1,631)
Net deferred tax assets	**¥67,466**	¥72,967
Deferred tax liabilities:		
Adjustment of investment securities	**¥25,554**	¥17,570
Unremitted earnings of foreign subsidiaries and affiliates	**7,284**	5,878
Other temporary differences	**3,614**	6,509
Gross deferred tax liabilities	**¥36,452**	¥29,957

Deferral of income taxes relating to intercompany profits of ¥7,483 million and ¥6,121 million at March 31, 2010 and 2009 included in the above table is accounted for in accordance with ASC 810,"Consolidation." The movements of ¥1,362 million, ¥(5,672) million, and ¥(547) million for the years ended March 31, 2010, 2009, and 2008 in such deferral of income taxes are presented as "Income taxes – Deferred" in the consolidated statements of income. The total amounts of deferred tax assets recorded in accordance with ASC 740,"Income Taxes" were ¥59,983 million and ¥66,846 million at March 31, 2010 and 2009, respectively.

Provisions have been recorded for unremitted earnings of all foreign subsidiaries and affiliates where earnings are not deemed to be permanently reinvested. Substantially all of the undistributed earnings of domestic subsidiaries and affiliates would not, under present Japanese tax law, be subject to tax through tax-free distributions.

The following table presents the reconciliation of the beginning and ending balances of the valuation allowance:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Balance at beginning of year	**¥1,631**	¥1,326	¥1,212
Addition	**391**	565	421
Deduction	**(513)**	(260)	(307)
Balance at end of year	**¥1,509**	¥1,631	¥1,326

Based upon the level of historical taxable income and projections for future taxable income over the periods which the net deductible temporary differences are expected to reverse and/or the tax losses and credits are carried forward, management believes it is more likely than not that the Company will realize the benefits of these deferred tax assets, net of the existing valuation allowances at March 31, 2010.

At March 31, 2010, the tax loss carryforwards in the aggregate amounted to ¥10,048 million, which are available to offset future taxable income, and will expire in the period from 2011 through 2017.

The following table presents the reconciliation of unrecognized tax benefits:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Balance at beginning of year	**¥6,759**	¥6,950	¥3,491
Gross increase for tax positions taken in prior years	**26**	31	3,535
Gross decrease for tax positions taken in prior years	**(2,029)**	(23)	(40)
Settlements	**(4,534)**	(108)	(11)
Lapse of statute of limitations	**(27)**	(15)	(9)
Other	**5**	(76)	(16)
Balance at end of year	**¥ 200**	¥6,759	¥6,950

The total amount of unrecognized tax benefits that would affect the effective tax rate, if recognized, is not material at March 31, 2010, 2009, and 2008.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued at March 31, 2010, 2009, and 2008, and interest and penalties included in income taxes for the years ended March 31, 2010, 2009, and 2008 were not material.

During the year ended March 31, 2008, the U.S. Internal Revenue Service (“IRS”) and the National Taxation Agency in Japan (“NTA”) reached an agreement on a bilateral Advance Pricing Agreement (“APA”), for which the Company had submitted requests with respect to certain intercompany transactions between related parties in U.S. and Japan. The Company accrued an estimated additional tax payment to the NTA of ¥6,500 million and ¥6,521 million in other long-term liabilities at March 31, 2009 and 2008, respectively, and recognized an estimated tax refund from the IRS of ¥4,647 million and ¥5,941 million in other assets at March 31, 2009 and 2008, respectively.

The Company accrued a tax payment to the NTA of ¥4,534 million in income taxes payable and recognized a tax refund from the IRS of ¥2,807 million in other current assets at March 31, 2010 by settling the related unrecognized tax benefits due to the expiration of the period covered by the APA. This difference between estimates and actual results is attributed to decline in operating profit ratio of the U.S. subsidiaries, and is included in Gross decrease for tax positions taken in prior year in the above table.

Based on the information available as of March 31, 2010, a change to the unrecognized tax benefits within the next 12 months is not material.

The Company files income tax returns in Japan, U.S., and various foreign tax jurisdictions. At March 31, 2010, the Company is no longer subject, with limited exception, to regular income tax examinations by the tax authorities for the years on or before March 31, 2008 in Japan, and for the years on or before December 31, 2001 in U.S., respectively. While the tax authority could conduct a transfer pricing examination for the years on and after April 1, 2001, the intercompany transactions between related parties in U.S. and Japan will not be subject to a tax examination since the Advance Pricing Agreement between U.S. and Japan has been agreed.

11. SHAREHOLDERS' EQUITY

Dividends

The Corporate Law of Japan (the "Corporate Law") permits companies to pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of the shareholders meeting. Semiannual interim dividends may also be paid once a year upon resolution of the Board of Directors if the articles of incorporation of the companies so stipulate. For companies that meet certain criteria such as (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, (4) the term of service of the directors is one year rather than two years of normal term, and (5) prescribing that the Board of Directors may declare dividends in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind). The Company meets all the above criteria.

The Corporate Law also provides certain limitations on the amounts available for dividends. Under the Corporate Law, the amount available for dividends is based on other retained earnings, less treasury stock, as recorded on the books of the parent company. At March 31, 2010, other retained earnings, less treasury stock, recorded on the parent Company's books of account were ¥218,109 million.

Purchase of Treasury Stock

The Corporate Law also provides for companies to purchase treasury stock. Companies may purchase its treasury stock through market transactions by resolution of the Board of Directors if companies have prescribed so in its articles of incorporation. The Company meets this condition. The same limitations as dividends exist in the amount available for this purchase of treasury stock.

Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as additional paid-in capital or as a legal reserve depending on the equity account charged upon the payment of such dividends until the total of additional paid-in capital and legal reserve equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law also provides that common stock, capital surplus, legal reserve, and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders meeting.

Accumulated Other Comprehensive Income (Loss)

The following table presents the components of accumulated other comprehensive income (loss), net of taxes:

(¥ in millions)

At March 31:	**2010**	2009
Foreign currency translation adjustments	**¥(42,215)**	¥(47,887)
Unrealized gains on securities	**21,050**	9,322
Unrealized losses on derivatives	**(1,592)**	(2,162)
Pension liability adjustments	**(11,734)**	(21,457)
Total accumulated other comprehensive loss	**¥(34,491)**	¥(62,184)

Effects of Changes in Ownership Interests in Subsidiaries

The following table presents the effects of changes in Kubota Corporation's ownership interests in its subsidiaries on Kubota Corporation shareholder's equity for the year ended March 31, 2010:

(¥ in millions)

Net income attributable to Kubota Corporation	**¥42,326**
Transfers from (to) the noncontrolling interests:	
Increase in capital surplus for purchases of noncontrolling interests	**125**
Decrease in capital surplus for purchases of noncontrolling interests	**(3,828)**
Decrease in capital surplus for changes in ownership interests in subsidiaries from other transactions	**(206)**
Net transfers to the noncontrolling interests	**(3,909)**
Change from net income attributable to Kubota Corporation and transfer to noncontrolling interests	**¥38,417**

12. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss), including reclassification adjustments and tax effects:

(¥ in millions)

	2010			2009			2008		
For the years ended March 31:	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount	Before-tax Amount	Tax Benefit (Expense)	Net-of-tax Amount
Foreign currency translation adjustments:									
Foreign currency translation adjustments arising during period	**¥ 8,248**	**¥ 2**	**¥ 8,250**	¥ (62,293)	¥ 461	¥ (61,832)	¥ (1,794)	¥ 1,231	¥ (563)
Reclassification adjustment for losses (gains) realized in net income	**—**	**—**	**—**	—	—	—	—	—	—
	8,248	**2**	**8,250**	(62,293)	461	(61,832)	(1,794)	1,231	(563)
Unrealized gains (losses) on securities:									
Unrealized gains (losses) on securities arising during period	**21,476**	**(8,718)**	**12,758**	(53,868)	21,870	(31,998)	(68,025)	27,615	(40,410)
Reclassification adjustment for losses (gains) realized in net income	**(1,678)**	**681**	**(997)**	8,734	(3,019)	5,715	6,011	(2,440)	3,571
	19,798	**(8,037)**	**11,761**	(45,134)	18,851	(26,283)	(62,014)	25,175	(36,839)
Unrealized gains (losses) on derivatives:									
Unrealized losses on derivatives arising during period	**(1,310)**	**472**	**(838)**	(2,378)	1,054	(1,324)	(916)	322	(594)
Reclassification adjustments for losses (gains) realized in net income	**2,179**	**(785)**	**1,394**	(316)	128	(188)	795	(327)	468
	869	**(313)**	**556**	(2,694)	1,182	(1,512)	(121)	(5)	(126)
Pension liability adjustments:									
Pension liability adjustments arising during period	**7,712**	**(3,133)**	**4,579**	(22,897)	9,356	(13,541)	(26,868)	10,943	(15,925)
Reclassification adjustment for losses (gains) realized in net income	**8,803**	**(3,574)**	**5,229**	(680)	276	(404)	(808)	328	(480)
	16,515	**(6,707)**	**9,808**	(23,577)	9,632	(13,945)	(27,676)	11,271	(16,405)
Other comprehensive income (loss)	**¥45,430**	**¥(15,055)**	**¥30,375**	¥(133,698)	¥30,126	¥(103,572)	¥(91,605)	¥37,672	¥(53,933)

The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and noncontrolling interests:

(¥ in millions)

	2010			2009			2008		
For the years ended March 31:	Kubota Corporation	Non-controlling Interests	Total	Kubota Corporation	Non-controlling Interests	Total	Kubota Corporation	Non-controlling Interests	Total
Foreign currency translation adjustments	**¥ 6,408**	**¥ 1,842**	**¥ 8,250**	¥(51,789)	¥(10,043)	¥ (61,832)	¥ (1,425)	¥ 862	¥ (563)
Unrealized gains (losses) on securities	**11,728**	**33**	**11,761**	(26,270)	(13)	(26,283)	(36,834)	(5)	(36,839)
Unrealized gains (losses) on derivatives	**570**	**(14)**	**556**	(1,512)	—	(1,512)	(485)	359	(126)
Pension liability adjustments	**9,723**	**85**	**9,808**	(13,790)	(155)	(13,945)	(16,326)	(79)	(16,405)
Other comprehensive income (loss)	**¥28,429**	**¥ 1,946**	**¥30,375**	¥(93,361)	¥(10,211)	¥(103,572)	¥(55,070)	¥1,137	¥(53,933)

13. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

Foreign Currency Exchange Risks

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets in its international operations. The Company entered into foreign exchange forward contracts and foreign currency option contracts (foreign exchange contracts) designated to mitigate its exposure to foreign currency exchange risks.

Interest Rate Risks

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. Debt obligations that are sensitive to interest rate changes are disclosed in Note 7. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to change the characteristics of its fixed and variable rate exposures.

Cash Flow Hedges

The accounting treatments of changes in the fair value of foreign exchange contracts and interest rate swap agreements depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income. As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swaps, the amounts are reclassified into earnings when the related interest expense is recognized. The unrecognized net loss (net of tax) of approximately ¥ 1,019 million on derivatives included in accumulated other comprehensive income (loss) at March 31, 2010 will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

Derivatives Not Designated as Hedging Instruments

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Values of Derivative Instruments

(¥ in millions)

	Other current assets		Other current liabilities		Other long-term liabilities	
At March 31:	**2010**	2009	**2010**	2009	**2010**	2009
Derivatives designated as hedging instruments:						
Foreign exchange contracts	**¥ 14**	¥ —	**¥ —**	¥ 139	**¥ —**	¥ —
Interest rate swap contracts	**—**	—	**1,688**	3,153	**704**	48
Cross-currency interest rate swap contracts	**—**	—	**41**	—	**52**	—
Total derivatives designated as hedging instruments	**¥ 14**	¥ —	**¥ 1,729**	¥ 3,292	**¥ 756**	¥ 48
Derivatives not designated as hedging instruments:						
Foreign exchange contracts	**¥ 2**	¥ 7	**¥ 474**	¥ 1,939	**¥ —**	¥ —
Interest rate swap contracts	**—**	—	**230**	223	**142**	511
Cross-currency interest rate swap contracts	**—**	—	**1,032**	72	**1,491**	137
Total derivatives not designated as hedging instruments	**¥ 2**	¥ 7	**¥ 1,736**	¥ 2,234	**¥ 1,633**	¥ 648
Total	**¥ 16**	¥ 7	**¥ 3,465**	¥ 5,526	**¥ 2,389**	¥ 696

Income Effect of Derivative Instruments

(¥ in millions)

	Gain (Loss) (before tax) Recognized in Other Comprehensive Income and Realized in Net Income		
Derivative instruments in cash flow hedges	Effective Portion Recognized in OCI	Consolidated Statements of Income Line Item	Effective Portion Reclassified from Accumulated OCI to Net Income
For the year ended March 31, 2010:			
Foreign exchange contracts	**¥ 356**	Revenues	**¥ 203**
Interest rate swap contracts	**(1,495)**	Interest expense	**(2,304)**
Cross-currency interest rate swap contracts	**(171)**	Interest expense	**(78)**
Total	**¥ (1,310)**		**¥ (2,179)**
For the three months ended March 31, 2009:			
Foreign exchange contracts	¥ (139)	Revenues	¥ 563
Interest rate swap contracts	(1,637)	Interest expense	(177)
Total	¥ (1,776)		¥ 386

(¥ in millions)

Derivative instruments not designated as hedging instruments	Gain (Loss) (before tax) Recognized in Net Income: Consolidated Statements of Income Line Item	Gain (Loss) Recognized in Net Income
For the year ended March 31, 2010:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	**¥ 1,346**
Interest rate swap contracts	Other—net	**(175)**
Cross-currency interest rate swap contracts	Other—net	**(2,525)**
Total		**¥(1,354)**
For the three months ended March 31, 2009:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥(5,026)
Interest rate swap contracts	Other—net	(340)
Cross-currency interest rate swap contracts	Other—net	(209)
Total		¥(5,575)

The amount of gain or loss related to the hedging ineffectiveness was not material for the year ended March 31, 2010.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

	2010		2009	
At March 31:	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Finance receivables—net	**¥ 211,363**	**¥ 212,021**	¥ 217,503	¥ 223,508
Long-term trade accounts receivable	**47,610**	**50,409**	50,004	52,616
Financial liabilities:				
Long-term debt	**(308,779)**	**(309,258)**	(262,445)	(261,891)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is based on discounted cash flows using the current market rate. The carrying value of finance receivables—net at March 31, 2010 and 2009 in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheet.

The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), and short-term borrowings approximate the fair value because of the short maturity of those instruments. The carrying value and fair value of other investments and derivatives are disclosed in Note 15.

Concentration of Credit Risks

A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. Trade accounts receivable and retail finance receivables arise from the sales of the Company's products to a large number of dealers and to retail customers, respectively. The Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

15. FAIR VALUE MEASUREMENTS

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

(¥ in millions)

At March 31:	Level 1	Level 2	Level 3	Total
2010:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	**¥ 44,186**	**¥ —**	**¥ —**	**¥ 44,186**
Other equity securities	**54,985**	**—**	**—**	**54,985**
Derivatives:				
Foreign exchange contracts	**—**	**16**	**—**	**16**
Total assets	**¥ 99,171**	**¥ 16**	**¥ —**	**¥ 99,187**
Liabilities:				
Derivatives:				
Foreign exchange contracts	**¥ —**	**¥ 474**	**¥ —**	**¥ 474**
Interest rate swap contracts	**—**	**2,764**	**—**	**2,764**
Cross-currency interest rate swap contracts	**—**	**2,616**	**—**	**2,616**
Total liabilities	**¥ —**	**¥ 5,854**	**¥ —**	**¥ 5,854**
2009:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 40,275	¥ —	¥ —	¥ 40,275
Other equity securities	40,653	—	—	40,653
Derivatives:				
Foreign exchange contracts	—	7	—	7
Total assets	¥ 80,928	¥ 7	¥ —	¥ 80,935
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 2,078	¥ —	¥ 2,078
Interest rate swap contracts	—	3,935	—	3,935
Cross-currency interest rate swap contracts	—	209	—	209
Total liabilities	¥ —	¥ 6,222	¥ —	¥ 6,222

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions.

16. SUPPLEMENTAL EXPENSE INFORMATION

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions)

For the years ended March 31:	**2010**	2009	2008
Research and development expenses	**¥25,241**	¥26,290	¥24,784
Advertising costs	**7,658**	9,721	9,550
Shipping and handling costs	**36,497**	49,172	51,068
Depreciation	**28,903**	30,467	30,119

Other operating expenses for the year ended March 31, 2009 included a loss from impairment of fixed assets of ¥748 million.

Other operating expenses for the year ended March 31, 2008 included a loss from disposal of fixed assets of ¥925 million and a gain on disposal of business of ¥314 million resulting from a partial sale of the shares of a company which conducts condominium business.

17. SECURITIZATION OF RECEIVABLES

The Company sold trade receivables to investors through independent securitization trusts until the year ended March 31, 2009. The Company has no sold receivables at March 31, 2010 and 2009.

The Company recognized pretax losses resulting from the sales of trade receivables of ¥679 million and ¥3,008 million for the years ended March 31, 2009 and 2008, respectively. The Company recognized pretax gains resulting from the sales of finance receivables of ¥77 million for the year ended March 31, 2008.

The Company continued to service the receivables for a fee based on a percentage of the receivables transferred. The investors and the securitization trusts had no recourse to the Company's assets for failure of debtors to pay when due. The amount of servicing assets or liabilities was not material at March 31, 2008.

The following table summarizes certain cash flows received from securitization trusts:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Proceeds from collections reinvested in revolving-period securitizations	¥—	¥55,561	¥160,468
Servicing fees received	—	230	413

18. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain office space and equipment and employee housing under cancelable and noncancelable lease agreements. Leased assets under capital leases are comprised of the following:

(¥ in millions)

At March 31:	**2010**	2009
Machinery and equipment	**¥ 11,633**	¥ 12,415
Accumulated depreciation	**(7,572)**	(6,961)
Software	**302**	350
	¥ 4,363	¥ 5,804

Amortization expenses under capital leases for the years ended March 31, 2010, 2009, and 2008 were ¥4,550 million, ¥4,840 million, and ¥3,861 million, respectively.

The following table presents the annual maturities of future minimum lease commitments under capital and non-cancelable operating leases at March 31, 2010:

(¥ in millions)

Years ending March 31:	Capital Leases	Operating Leases
2011	¥3,201	¥1,088
2012	1,983	775
2013	753	647
2014	97	554
2015	55	263
2016 and thereafter	23	181
Total minimum lease payments	6,112	¥3,508
Less: amounts representing interest	(126)	
Present value of net minimum capital lease payments	¥5,986	

Capital lease obligations are included in the current portion of long-term debt and long-term debt in the consolidated balance sheets. Rental expenses under operating leases for the years ended March 31, 2010, 2009, and 2008 were ¥4,942 million, ¥5,281 million, and ¥5,619 million, respectively.

Commitments for capital expenditures outstanding at March 31, 2010 amounted to ¥1,616 million.

Guarantees

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of 1 year to 10 years. The maximum potential amount of undiscounted future payments of these financial guarantees at March 31, 2010 was ¥5,991 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

The Company issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a specified period or term. The Company determines its reserve for product warranties based on an analysis of the historical data of costs to perform under product warranties.

The following table presents the reconciliation of the beginning and ending balances of accrued product warranty cost:

(¥ in millions)

For the years ended March 31:	2010	2009
Balance at beginning of year	**¥6,031**	¥6,457
Addition	**4,284**	4,503
Utilization	**(3,739)**	(3,984)
Other	**131**	(945)
Balance at end of year	**¥6,707**	¥6,031

Accrued product warranty cost is included in other current liabilities in the consolidated balance sheets.

Legal Proceedings

The Company is subject to various legal actions arising in the ordinary course of business. The following is a summary of the significant legal proceedings.

(Anti-Trust)

In December 1999, the Company received a surcharge order from the Fair Trade Commission of Japan for a violation of the Anti-Monopoly Law relating to participation in fixing the shares of ductile iron straight pipe orders in Japan. In June 2009, the Company received, as a result of the hearing procedure, the ultimate decision which ordered the Company to pay the surcharge of ¥ 7,072 million, and the Company paid the surcharge during the year ended March 31, 2010. However, the Company filed a revocation suit to the Tokyo High Court considering the ultimate decision unacceptable in July 2009.

The Company recorded the surcharge as selling, general, and administrative expenses for the year ended March 31, 2009 based on the preliminary decision of the commission.

(Asbestos-Related Lawsuits)

Since May 2007, the Company has been subject to seven asbestos-related lawsuits in Japan, which were filed against the Company or defendant party consisting of the Japanese Government and asbestos-related companies including the Company. The claims for compensation totaling ¥15,196 million consisted mostly of four lawsuits, which concerned a total of 388 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese Government and 46 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these seven lawsuits.

The Company is not able to predict the ultimate outcome of these lawsuits or the timing of settlement due to inherent uncertainties in lawsuits.

Matters Related to Health Hazard of Asbestos

(Background)

Until 1995, the Company's plant in Amagasaki, Hyogo Prefecture, Japan, had produced asbestos-containing products. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established the relief payment system in place of the consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company will make the compensation which is not required by law but is made in accordance with the Company's internal policies.

The Japanese government established the Law for the Relief of Patients Suffering from Asbestos-Related Diseases (Asbestos Law) in March 2006. This law was enacted for the purpose of promptly providing relief to the people suffering from asbestos-related diseases who are not eligible for relief by compensation from the Insurance in accordance with the Workers' Accident Compensation Insurance Law. The relief aid payments are contributed by the national government, municipal governments, and business entities. The contribution made by business entities includes a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

(Accounting for Asbestos-Related Expenses)

The Company expenses the consolation payments, the relief payments, and the compensation for employees, based on the Company's accounting policies and procedures. The Company accrues in those cases where the conditions of loss contingencies are met. (See Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.) The recorded expenses totaled ¥503 million, ¥1,155 million, and ¥1,090 million for the years ended March 31, 2010, 2009, and 2008, respectively, which were included in selling, general, and administrative expenses. The Company accrued the asbestos-related expenses of ¥352 million, ¥721 million, and ¥968 million at March 31, 2010, 2009, and 2008, respectively. Though the Company believes that this amount appears to be a better estimate than any other amount within a reasonably estimable range of amounts, the additional exposure to loss in excess of this accrued amount of ¥760 million exists.

Since the Company has no basis or information to estimate the number of current and former employees and residents that are going to apply for payments, such payments are not included in the accrued amounts. The Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to this contingency. However, the Company believes the asbestos-related issues contain potentially material risks for the Company's consolidated results of operations, financial position, and its liquidity.

19. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows is as follows:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Cash paid during the year:			
Interest	**¥ 9,614**	¥ 12,768	¥ 12,875
Income taxes	**15,336**	38,472	56,535
Non-cash investing and financing activities:			
Retirement of treasury stock	**¥ —**	¥ —	¥ 4,398
Obtaining assets by entering into capital leases	**2,740**	2,916	3,678

During the year ended March 31, 2010, the Company purchased noncontrolling interests reported in the Farm & Industrial Machinery segment. The Company retains the controlling interests before and after the transaction, the cash flow of which is classified in financing activities as Purchases of noncontrolling interests.

20. DISCONTINUED OPERATIONS

During the year ended March 31, 2007, Kubota Retex Corp., a subsidiary reported in the Social Infrastructure Segment, decided to liquidate and withdraw from the industrial waste treatment market. During the year ended March 31, 2008, the Company completed liquidation.

The following table presents the operating results of the discontinued operation for the year ended March 31, 2008:

(¥ in millions)

Revenues	¥ —
Income from discontinued operations before income taxes	¥ 316
Income taxes	(127)
Income from discontinued operations	¥ 189

21. SEGMENT INFORMATION

The Company's major operations comprise: Farm & Industrial Machinery; Water & Environment Systems; Social Infrastructure; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, and construction machinery. The Water & Environment Systems segment manufactures and distributes pipe-related products and environment-related products. The Social Infrastructure segment manufactures and distributes industrial castings, spiral welded steel pipes, vending machines, electronic equipped machinery, and air-conditioning equipment. The Other segment includes construction and other services.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Reporting Segments

Information by reporting segment is summarized as follows:

(¥ in millions)

For the years ended March 31:	Farm & Industrial Machinery	Water & Environment Systems	Social Infrastructure	Other	Adjustments	Consolidated
2010:						
Revenues:						
External customers	**¥ 616,726**	**¥ 222,949**	**¥ 63,293**	**¥ 27,676**	**¥ —**	**¥ 930,644**
Intersegment	**77**	**611**	**2,710**	**14,091**	**(17,489)**	**—**
Total	**616,803**	**223,560**	**66,003**	**41,767**	**(17,489)**	**930,644**
Operating income	**¥ 60,485**	**¥ 19,723**	**¥ 2,699**	**¥ 2,629**	**¥ (15,834)**	**¥ 69,702**
Identifiable assets at March 31, 2010	**¥ 930,480**	**¥ 186,768**	**¥ 65,519**	**¥ 42,246**	**¥ 184,020**	**¥ 1,409,033**
Depreciation	**18,489**	**6,033**	**1,933**	**552**	**1,896**	**28,903**
Capital expenditures	**14,820**	**5,969**	**1,992**	**741**	**2,516**	**26,038**
2009:						
Revenues:						
External customers	¥ 754,416	¥ 234,275	¥ 86,480	¥ 32,311	¥ —	¥ 1,107,482
Intersegment	52	1,748	2,872	14,085	(18,757)	—
Total	754,468	236,023	89,352	46,396	(18,757)	1,107,482
Operating income	¥ 103,831	¥ 3,121	¥ 8,004	¥ 1,812	¥ (13,953)	¥ 102,815
Identifiable assets at March 31, 2009	¥ 899,104	¥ 206,793	¥ 73,947	¥ 45,225	¥ 160,755	¥ 1,385,824
Depreciation	20,040	6,062	1,953	485	1,927	30,467
Capital expenditures	24,072	5,285	1,988	618	1,374	33,337
2008:						
Revenues:						
External customers	¥ 793,654	¥ 224,697	¥ 96,929	¥ 39,294	¥ —	¥ 1,154,574
Intersegment	16	1,312	2,889	13,971	(18,188)	—
Total	793,670	226,009	99,818	53,265	(18,188)	1,154,574
Operating income	¥ 132,961	¥ 3,744	¥ 11,657	¥ 3,379	¥ (14,866)	¥ 136,875
Identifiable assets at March 31, 2008	¥ 932,231	¥ 211,577	¥ 80,420	¥ 39,381	¥ 200,661	¥ 1,464,270
Depreciation	19,791	5,879	1,933	423	2,093	30,119
Capital expenditures	26,798	4,750	2,408	478	729	35,163

(Notes)

1. The unallocated corporate expenses included in “Adjustments” amounted to ¥15,834 million, ¥13,953 million, and ¥14,866 million for the years ended March 31, 2010, 2009, and 2008, respectively. The unallocated corporate assets included in “Adjustments” amounted to ¥190,282 million, ¥167,079 million, and ¥208,180 million at March 31, 2010, 2009, and 2008, respectively, which consisted mainly of cash and cash equivalents, investment securities, and corporate properties held or used by the administration departments of the parent company. “Adjustments” also included the elimination of intersegment transactions.
2. The aggregated amounts of operating income equal to those in the consolidated statements of income, and please refer to the consolidated statements of income for the reconciliation of operating income to income from continuing operations before income taxes and equity in net income of affiliated companies.
3. Intersegment revenues are recorded at values that approximate market prices.

Revenues from External Customers by Product Groups

Information for revenues from external customers by product groups is summarized as follows:

(¥ in millions)

For the years ended March 31:	2010	2009	2008
Farm & Industrial Machinery:			
Farm Equipment and Engines	**¥ 561,165**	¥ 671,292	¥ 677,074
Construction Machinery	**55,561**	83,124	116,580
	616,726	754,416	793,654
Water & Environment Systems:			
Pipe-related Products	**144,465**	153,514	146,806
Environment-related Products	**78,484**	80,761	77,891
	222,949	234,275	224,697
Social Infrastructure	**63,293**	86,480	96,929
Other	**27,676**	32,311	39,294
Total	**¥ 930,644**	¥1,107,482	¥1,154,574

Geographic Segments

Information for revenues from external customers by destination and long-lived assets based on physical location are summarized as follows:

(¥ in millions)

	2010	2009	2008
Revenues from external customers by destination for the years ended March 31:			
Japan	**¥ 501,663**	¥ 549,189	¥ 572,236
North America	**174,371**	274,151	329,495
Europe	**67,791**	108,742	125,388
Asia	**148,589**	139,069	93,014
Other Areas	**38,230**	36,331	34,441
Total	**¥ 930,644**	¥ 1,107,482	¥1,154,574
Long-lived assets based on physical location at March 31:			
Japan	**¥ 183,042**	¥ 190,662	¥ 199,806
North America	**20,210**	21,442	26,889
Other Areas	**17,641**	13,517	11,378
Total	**¥ 220,893**	¥ 225,621	¥ 238,073

(Notes)

1. Revenues from North America include those from the United States of ¥146,319 million, ¥236,473 million, and ¥281,590 million for the years ended March 31, 2010, 2009, and 2008, respectively.
2. There is no single customer, revenues from whom exceed 10% of total consolidated revenues of the Company.

Supplemental Geographic Information

In addition to the disclosure required by U.S. GAAP, the Company provides the following supplemental information of revenues, cost of revenues and operating expenses, operating income, and identifiable assets based on physical location as required by Financial Instruments and Exchange Law of Japan, to which the Company is subject as a Japanese public company:

(¥ in millions)

For the years ended March 31:	Japan	North America	Europe	Asia	Other Areas	Total	Corporate & Eliminations	Consolidated
2010:								
Revenues:								
External customers	**¥544,141**	**¥174,069**	**¥ 64,561**	**¥135,384**	**¥12,489**	**¥ 930,644**	**¥ —**	**¥ 930,644**
Intersegment	**178,670**	**6,196**	**1,707**	**850**	**—**	**187,423**	**(187,423)**	**—**
Total	**722,811**	**180,265**	**66,268**	**136,234**	**12,489**	**1,118,067**	**(187,423)**	**930,644**
Cost of revenues and operating expenses	**667,762**	**167,075**	**63,488**	**121,558**	**10,724**	**1,030,607**	**(169,665)**	**860,942**
Operating income	**¥ 55,049**	**¥ 13,190**	**¥ 2,780**	**¥ 14,676**	**¥ 1,765**	**¥ 87,460**	**¥ (17,758)**	**¥ 69,702**
Identifiable assets at March 31, 2010	**¥644,611**	**¥401,106**	**¥ 60,387**	**¥177,509**	**¥14,487**	**¥1,298,100**	**¥ 110,933**	**¥1,409,033**
2009:								
Revenues:								
External customers	¥588,236	¥280,231	¥102,746	¥122,248	¥14,021	¥1,107,482	¥ —	¥1,107,482
Intersegment	259,324	9,588	3,420	1,153	—	273,485	(273,485)	—
Total	847,560	289,819	106,166	123,401	14,021	1,380,967	(273,485)	1,107,482
Cost of revenues and operating expenses	795,095	262,515	99,520	108,600	11,930	1,277,660	(272,993)	1,004,667
Operating income	¥ 52,465	¥ 27,304	¥ 6,646	¥ 14,801	¥ 2,091	¥ 103,307	¥ (492)	¥ 102,815
Identifiable assets at March 31, 2009	¥675,623	¥429,974	¥ 69,960	¥118,220	¥ 7,908	¥1,301,685	¥ 84,139	¥1,385,824
2008:								
Revenues:								
External customers	¥607,377	¥332,042	¥121,114	¥ 79,483	¥14,558	¥1,154,574	¥ —	¥1,154,574
Intersegment	292,371	9,160	4,142	1,623	—	307,296	(307,296)	—
Total	899,748	341,202	125,256	81,106	14,558	1,461,870	(307,296)	1,154,574
Cost of revenues and operating expenses	806,786	305,194	114,224	71,808	12,444	1,310,456	(292,757)	1,017,699
Operating income	¥ 92,962	¥ 36,008	¥ 11,032	¥ 9,298	¥ 2,114	¥ 151,414	¥ (14,539)	¥ 136,875
Identifiable assets at March 31, 2008	¥716,207	¥487,654	¥ 82,992	¥ 88,882	¥11,314	¥1,387,049	¥ 77,221	¥1,464,270

(Note) Major countries or regions outside Japan in each geographic area:

North America	United States, Canada
Europe	Germany, France, United Kingdom
Asia	Thailand, China, South Korea
Other Areas	Australia

22. SUBSEQUENT EVENTS

On May 11, 2010, the Company's Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2010 of ¥5 per common share (¥25 per 5 common shares) or a total of ¥6,361 million.