

TO OUR SHAREHOLDERS AND FRIENDS

In fiscal 2005, ended March 31, 2005, Kubota Corporation recorded consolidated net sales of ¥983.2 billion, 5.7% higher than in the prior fiscal year. This expansion was led by rapid growth in overseas markets, especially sales of tractors, engines, and construction machinery. Consolidated operating income increased 322.4%, to ¥92.3 billion, driven by the increase in net sales, efforts to reduce costs, and a large decrease in pension costs. Moreover, as a result of the improvement in operating income and a ¥58.6 billion government subsidy, which is the difference between the substitutional portion of accumulated benefit obligations settled and the related plan assets transferred to the Japanese government, income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies surged 496.2%, to ¥161.6 billion. Consequently, the Company's consolidated net income expanded 907.7%, to ¥117.9 billion.

To expand the return to shareholders, the Company has decided to increase the cash dividend applicable to the fiscal year ended March 31, 2005, including dividends to be paid after the end of the fiscal year, to ¥8 per common share, or ¥40 per five common shares, compared with ¥6 per common share, or ¥30 per five common shares applicable to the prior fiscal year. Accordingly, in addition to the interim dividend of ¥3 per common share, or ¥15 per five common shares already paid, the Company will pay ¥5 per common share, or ¥25 per five common shares as a year-end cash dividend.

In order to reduce the number of outstanding shares and create more value for shareholders, the Company retired 69.0 million shares of treasury stock in June 2004 and plans to retire 39.0 million shares of treasury stock at the end of June 2005.

Japan is expected to move out of its recent lull in economic activity, but significant uncertainties will persist. Strong concerns remain about the adverse impact on the global economy of the sharp increases in prices of crude oil and other materials.



Looking forward, the Company forecasts the difficult conditions in its operating environment will remain unchanged.

The Company is progressing with the implementation of its Medium-Term Management Strategy, which calls for expansion strategy in overseas markets and reinforcing profitability in public works related businesses. Under this strategy, we are also aiming to establish a business structure and a profit structure that will enhance growth potential and stability by reforming our operating systems and strengthening our financial position. At the same time, we are working to substantially improve the transparency of management by conducting our operations with an emphasis on corporate governance and fulfillment of social responsibility. Looking ahead, we are committed to increasing corporate value and will devote our fullest energies to moving ahead with the implementation of our business strategies.

We look forward to the continued understanding and support of our shareholders and associates.

June 2005

幡掛大輔

Daisuke Hatakake

President and Representative Director