# Intellectual Property Report 2011


August 2011

**ISEKI & CO., LTD.**

# Contents



## Preamble in Publishing Intellectual Property Report 2011

The business foundations of the ISEKI Group are in agriculture and agricultural machinery. We are constantly endeavoring to improve the functions, performance, quality, and cost and service competitiveness of our products through our development, production, and marketing activities. Through these activities, we are working to strengthen our competitiveness in the market by differentiating our products and securing a superior position. We engage in business activities placing emphasis on intellectual property, through creative activities in core technologies of agricultural machinery, agriculture-related products and others, and securing technical rights and the use of the resultant intellectual achievements of such activities, such as inventions and creations, by strategic intellectual property activities, leading to new creation.

This Intellectual Property Report 2011 covers a wide range of related topics, including our initiatives in core technologies and R&D, management of patent assets, activities to identify and secure patents on viable inventions, product design initiatives and trademark, personnel training, maintenance of secrecy, use of intellectual property rights, response to the globalization, awards received for our patents and inventions, and information on risks related to intellectual property.

[Cautionary Statements]

1. This booklet has been prepared to provide information to the public and is not intended to solicit any kind of action.
2. This booklet contains the results of the Company's analyses, including forward-looking statements regarding the outlook for the Company, its plans, policies, prospects, strategies, interpretations of facts, and other information related to the future. All such statements and other information are based on forecasts, assumptions, plans, and other information collected by the Company at the time of preparation of this booklet.
3. In preparing forecasts, with the exception of known facts, the Company makes use of certain assumptions. There are no guarantees that these assumptions are objective and accurate or will prove to be true in the future. These assumptions are dependent on technology and demand trends in Japan and in other countries, economic conditions, competitive conditions, and other factors. If these assumptions change, it is possible that matters and outcomes, other than known facts, stated in this report may differ from the statements in this publication
4. Data on the number of patents made public stated in this publication, the number of patents held, and other data related to intellectual property are those of Iseki Co., Ltd., and do not include data on subsidiaries or affiliates.

# Message from the President

I express my heartfelt sympathy to the sufferers of the Great East Japan Earthquake that occurred on March 11. ISEKI Group as a whole will lend its utmost support to the restoration and cleanup efforts in response to this unprecedented disaster. We sincerely pray for earliest possible restoration of the disaster areas.

Since its foundation in 1926, Iseki has constantly pursued modernization of Japan's agricultural industry as a comprehensive specialized manufacturer of agricultural machinery. During the process, ISEKI has pioneered a great variety of agricultural machinery and brought them to the market ahead of the others.

In view of the global issues of growing population and food supply, as well as contemporary issues of food self-sufficiency and national land preservation, we are aware that the social mission of agricultural machinery manufacturers will become progressively more important. We will continue our activities based on our fundamental philosophy of contributing to agriculture in Japan and around the world through "offering products that will give satisfaction to users".

At present, the principal business of the Iseki Group is "development, manufacturing and sales of agricultural machinery for the cultivation of rice, vegetables and other crops". In other areas of business, we are also engaged in aggressive business activities in the area of software, such as the proposal of effective agricultural technologies for farmers, like sparse planting cultivation that received an award for excellence in the R&D/New Technology Division of FOOD ACTION NIPPON AWARD. With respect to the fore-mentioned business activities, we are committed to providing active and timely disclosure of corporate information concerning our management strategies, result of activities and other matters with our customers, shareholders, investors, analysts and other stakeholders.

Thus far, we have reported on our research and development (R&D) activities and the achievements in our announcement of financial results and the securities report, and also on the occasions of company presentations and launching events of new products. In this Intellectual Property Report, we intend to report on the Group's basic stance of R&D, its R&D activities, and current state and the use of resultant intellectual properties. We hope this publication will provide you with a good understanding of the commitment of the ISEKI Group, which places much importance on R&D and intellectual property.

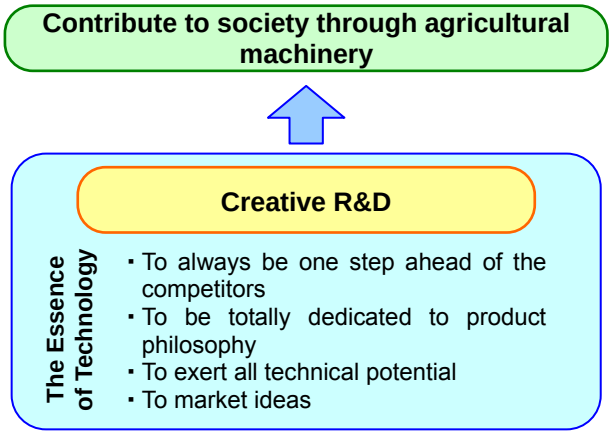
While we continue to promote technological innovation in order to "provide products which will be appreciated by users", we will engage in development of attractive products by effective utilization of intellectual property.

August 2011
President
**Seiichiro Gamo**

# 1 Guideline for Research and Development

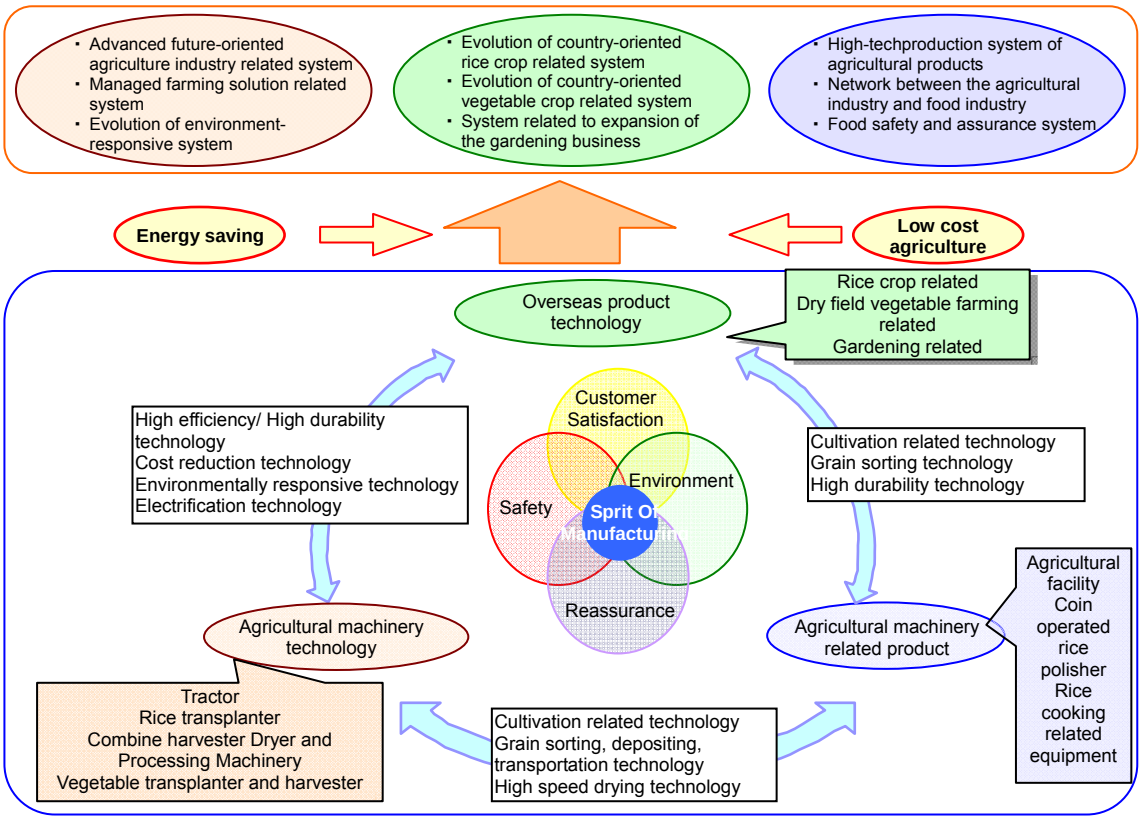
In the midst of the changing environment surrounding the agricultural industry, Iseki Group holds a mission to "contribute to the society through agricultural machinery"; and each one of our technical experts is engaged in creative R&D based on the "technical spirit". By fully mobilizing our accumulated technologies, we will contribute to agriculture through providing products and service with a high level of satisfaction from the stand point of customers. We will continue to keep abreast of the agriculture industry for years to come.

With regard to the R&D investment, we are making a deliberate investment based on a forecast of the demand and market trend in mid to long term perspectives. R&D expenditure for the consolidated fiscal year 2010 was approx. ¥3.9 billion.




# 2 Strategic Directions of R&D

In every sector of agricultural machinery technology, agricultural machinery related product technology and overseas product technology, Iseki has adopted 4 key words, "Customer Satisfaction", "Safety", "Conformability" and "Environment" as "Spirit of Manufacturing", and to promote R&D giving direction in each of the three sectors. In particular, we aim for the realization of "a rich society with sustainable development", by R&D focusing on "low cost agriculture" and "energy saving".



## 1. Agricultural machinery technology:

1) **Tractor:** We are engaged in the R&D of technology to improve the working environment by reducing vibration/ noise; environment-responsive technology by enhanced fuel consumption mainly through reduced weight/ mounting of emission gas treatment equipment, etc.; user friendly new shift transmission technology which excels in transmission operability; technology to enhance the traveling performance and operating accuracy that is excellent in maintenance works of rice and dry field; and management support technology of primary farmers, as well as the technology to enhance traveling and working safety, and technology to enhance operability in pursuit of universal design.

2) **Rice transplanter:** We are engaged in the R&D of autonomous straight move control technology; labor saving control technology to reduce work load; technology to enhance the operability such as transmission operability and turning operability, high-speed/ high-accuracy planting technology for large scale farmers; energy saving/environmentally-conscious technology, mainly by engine control and use of electric operation; low cost agriculture support technology and labor saving technology of anterior/posterior rice planting work.

3) **Combine harvester:** We are engaged in the R&D of environment-responsive technology through enhanced fuel efficiency of engine/ enhanced fuel consumption by lightened machine body / mounting of emission gas cleaning equipment, etc.; and technology mainly to improve the operating environment by noise reduction. Labor saving technology by enhanced threshing capacity/ enhanced grain emission speed/ enhanced grain recovery ratio, and technology to improve working safety is also included in these efforts.

4) **Dryer and rice huller:** We are engaged in the R&D of high-speed drying technology, technology for the efficient use of drying energy, and the working environment improvement technology by pursuing low noise/ low vibration, etc. of dryer, as well as technology to enhance operability and technology to reduce residual rice of the rice huller.

5) **Vegetable transplanter & processing machines:** Taking advantage of know-how nurtured by wet-rice technology, we are promoting integrated vegetable growing systems for seedling raising, soil preparation, transplanting, cultivation control, harvesting and preparation. We are engaged in R&D of low cost/labor saving technology, environment response, support for local consumption of local products, and new crops.

6) **Tiller / Controller:** We engage in R&D of technology whichpursue environmental friendliness as well as easy operability, and various attachments suitable for the mode of work.

7) **Engine:** We are engaged in the R&D of engine control technology which brings out optimum working efficiency peculiar to agricultural machinery, technology of low noise/low vibration, cleaning technology of emission gas by mounting of emission gas cleaning equipment, and low fuel consumption technology by fuel injection control, etc.

## 2. Agricultural machinery related product technology:

We are engaged in the R&D of environment-type plant factories that is a high-techproduction system for agricultural products aiming at high quality / high yielding; information technology of agricultural facilities; biomass related technology; labor saving technology of seeding/raising seedling facilities; general-purpose technology for various species of vegetable seedling, and water saving rice washing/ cooking technology.

## 3. Overseas product technologies:

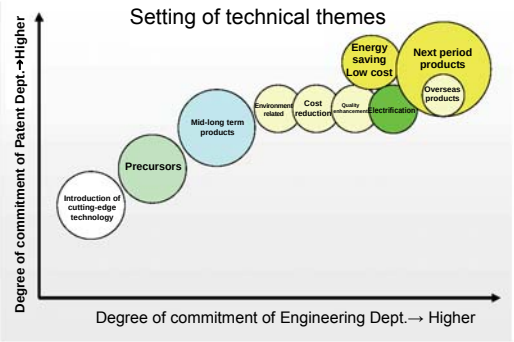
We are engaged in the R&D of tractors in pursuit of enhanced operability in fitting heavy implements such as loaders, and tractors in pursuit of enhanced driving transmission performance of the variable transmission system, low vibration/low noise for Europe and the U.S.; low cost - tractors in pursuit of optimum specification for each country, and gardening machinery with easy removal of collectors; special combine harvesters, rice transplanters and vegetable growing machinery with enhanced adoptability to local crop and field conditions, as well as enhanced work efficiency, precision and labor saving, and in pursuit of low cost mainly by way of achieving higher durability to oil pressure and of working parts, as well as mechanism control technology, for China; tractors, rice transplanters and combine harvesters in pursuit of higher efficiency and functions such as high-speed working technology/high precision working technology for Korea and Taiwan; and highly durable/low cost type tractors/rice transplanters in pursuit of adaptability to the local conditions, for South East Asia.

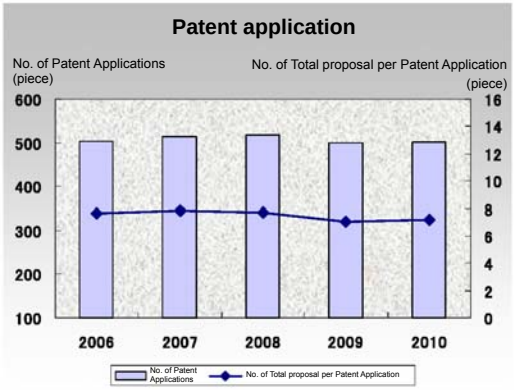
# 3 Current State of Intellectual Property

## 1. Creation of inventions/Patent application strategy

We are striving for "quality" enhancement and "volume" expansion of inventions by promoting unique invention proposal campaigns employing creative methods addressed to each technical theme centering on our core technologies.

Our technical experts have strong adherence and will to invent / create, and as a general trend, proposed inventions regarding technologies which will be put to practical use in the near future are being created actively. Proposed inventions must pass through a vigorous selection process based on our internal regulations and evaluation criteria; furthermore we aggressively apply patents by employing Iseki's unique measures for efficient patent application, thus creating the construction of a patent network.




## 2. Design / Trade mark strategy

We promote stronger design protection and enhancement of Iseki's brand value by product differentiation and discrimination with our competitors through the accumulation of appealing designs as well as affectionate pet names of design rights and trade mark rights respectively.

### Iseki's philosophy for product design

| | |
|---|---|
| **Basis Policy for design** | ・Attractive product which suites the operating environment.<br>・Product which gives bigger attachment in long use. |
| **Design procedure** | ・Confirmation of actual sites of usage, voice of the market.<br>・Analysis of the design trends and building of concept. |
| **Development of design** | ・Progression of Iseki's individuality (product features, product colors)<br>・Creation of fresh appeal with a contemporary feeling. |
| **Direction of design** | ・Appealing design which derives satisfaction from usage.<br>・Design which anticipates the future of agricultural machinery. |

### Iseki's stance for trade marks

**Basic understanding of pet names**

- Agricultural machinery is a helpmate that works together with a farmer.
- Agricultural machinery which allows for familiarity and affection through daily work from land preparation, transplanting of seedlings, maintenance, harvesting and shipping.

**Representative trademarks of Iseki**

- "SANAE" which almost became a pronoun for rice transplanter
- "FRONTIER" which triggered auto threshing combine harvester, unprecedented in the world.
- "GEAS" represents tractor
- "ERENA" represents tiller
- "DRY BOY" for dryer
- "SUPER MATE" for rice huller
- "POLIMATE" for rice weighing and grading machine
- "NAUERU" for vegetable transplanter

**Strategy ahead of its time**

- Creation of pet names associated with the sales strategy responding to bipolarization of the agricultural structure, and low cost agriculture/energy saving.

## 3. Iseki's strategy for intellectual property rights overseas

In overseas markets, Iseki is making steady efforts in securing intellectual property rights such as very strictly selected patents, design rights and trademark rights inventions which is consistent with our business strategy addressed to Asian countries including China, the U.S., and Europe.

# 4 Analysis of Market Superiority of Technology

## 1. Agricultural Machinery Technology

Hereunder, we would like to explain features and associated technologies regarding tractors, rice transplanters, combine harvesters and others.

**1) Tractor** We developed the "T. Japan V series" tractors for large scale farmers that mounted the common rail type electronic controlled fuel injection system.

The series realized high precision operation and traveling being equipped with "green mode" and "maximum speed restriction control" in addition to the well-reputed AT shift/ accelerator shift transmission/accelerator memory with TJW.

A substantial lightening weight reduction was also realized with the semi-crawler type compared with our conventional machines.

**Green mode** An environmentally friendly operation was realized by making the engine output power changeable in 2 patterns between standard mode (output priority mode) and green mode (fuel cost priority mode), choosing the green mode at low load work to restrain fuel consumption with reduced noise and vibration.

**Accelerator shift transmission** By the electronic control of the hydraulic clutch, a smooth shift transmission without interrupted time of power has been realized. Further, comfortable traction work like plowing and road traveling is provided by a smooth acceleration with less transmission shock at an increasing speed by the quick pushing of the acceleration pedal. The control device automatically changes the shift transmission of the main shift transmission to high-speed side while automatically adjusting the engine rotation speed.

**Maximum speed restriction control** Maximum vehicle speed is limited by restricting the upper limit of the number of speed-up stages at accelerator shift transmission, enabling easy traveling in footpaths of rice fields and others.

We developed the TQ series "Tra Q" tractors for small scale farmers that enabled a stable operation with an extended wheel base while remaining compact in size. This series is equipped with an "electric super full turn" in addition to the well-reputed automatic lift/ one touch operation change dial/ finger lever, that provide comfortable work with simple operation.

**Electric super full turn** By making the speed-up operation of the front wheels electric-powered, load applied on the engine is reduced compared with conventional hydraulic operation systems, and it provides agile turning.

**2) Rice transplanter** We developed the "riding rice transplanter PZ3 series" as an evolved version of well-reputed "riding rice transplanters PZ series" with an advanced Z function (Sanae Z turn/ Sanae Z shift/ Sanae rotor). The series was able to achieve energy saving/ operation labor saving/ high precision planting and is equipped with the "New Sanae Z rotor" that further improved the function of Sanae rotor, in addition to the newly equipped "New Sanae Z shift"/ "Electric Sanae Z seedling rail".

**New Sanae Z shift** A mounting motor assist mechanism for electronic control engine throttle operation that automatically controls the suitable speed of the engine rotation both for rice planting work and on the road travelling.

This is achieved by simply operating the shift transmission lever as it enables a smooth starting and stopping and has an improved feel of shift transmission. It realizes a smooth travelling performance either in rice planting work in the rice fields or on the road travelling. Also, a safe backward movement can be secured when by preventing abrupt acceleration slowing the engine rotation speed at the maximum speed shifting position of the shifting transmission lever. Moreover, highly-efficient work is achieved by realizing a high output of maximum 19hp by high-output mode that controls the rotation speed to high rotation speed side. Further, an environmentally friendly rice planting work is provided by the realization of a reduced fuel cost of maximum approx. 15% restricting wasted fuel consumption by the green mode that control the engine rotation speed to low rotation speed side.

**Electric Sanae Z seedling rail** By only one switch action, the spare seedling frame that arranged spare seedling tables vertically in multistage can be changed to a flat seedling rail that connected the seedling tables to the front and rear. It accomplished labor saving of the seedling feeding work enabling easy seed feeding work both for the operator riding on the machine body and the supporter on the footpath.

**New Sanae Z rotor** Being equipped with a "Z flow control" that prevents major undulation by adopting a new shaped drive frame that flows water current from before to backward, it realizes land leveling of the field while preventing pushing/undulating, and neat planting at headland treatment and field with abundant admixtures.

**3) Combine harvester** We developed a highly efficient compact 4 row combine harvester "HFC433" that changed the concept of conventional 4 row combine harvesters. Being equipped with a "sieve scraper", "twin flapper", "leaping visor" in addition to Iseki's unique remote controlled divider/ easy shift/ twin panels and recovery chamber for suck grains, it enables highly-efficient/ high precision work comfortably.

**Sieve scraper** It provides a constantly stable sorting performance by having a resin-made scraper that slides to and from on the sieve of the sorting shelf, and scrapes off straw debris by force that is readily adhered by high-moisture harvesting work.

**Twin flappers** They reduce the threshing loss with an improved sorting capacity by detecting the amount of object to treat on the sorting shelf by sensor to optimize wind direction and volume of the sorting wind automatically.

**Reaping visor** It provides a comfortable working by preventing projection of grain and mud to the side of the operator caused by lifting lug, being equipped with a retractable protection cover above the lifting device of reaping portion.

We developed a powerful 5 row/6 row combine harvester "Frontier Z series HFZ585/690" that satisfies light weight/compactness/high efficiency. It enables work of higher efficiency being equipped with "large twin dust proof screens" in addition to Iseki's unique twin eight threshers/ swing & zoom auger/ i-T.A.C.H./ multi-function power steering.

**Large twin dust proof screens** It enables a stable engine performance even under heavy load condition such as high speed rice harvesting work by preventing the clogging of the dust proof net to secure sucking space and enhancing cooling efficiency of the engine, with equipped 2 rotating plates inside the dust proof screen to eliminate dust.

We developed a large general purpose combine harvester "HC1100" in response to requests from professional farmers. It allows stable heavy load work such as high speed rice harvesting work, fully exerting performance of the 110PS common rail type inter-cooler turbo engine equipped with Iseki's unique "air-intake/exhaust twin fans".

**Air-intake/exhaust twin fans** By equipping an independent exhaust fan to eliminate dust apart from the air-intake fan for cooling of the engine in order to secure cooling wind volume by eliminating dust in the dust proof net and enhance cooling efficiency of the engine, they allow exertion of constantly stable engine performance.

**4) Vegetable transplanting and harvesting machinery** With regard to vegetable transplanting machinery, we developed a feeding device specialized for seed potato of continuous revolution type that can properly feed to planting device, high-efficiency type potato transplanters "PVH1-60JGX"/ "PVH1-90J LLGX" that allow deep planting suitable for seed potato limiting the planting hole to make on the multi film, thus having realized increased work efficiency of 1.2 times higher than before and enhanced planting precision.

With regard to the vegetable processing machinery, we were able to save on labor and we increased operating efficiency by developing low-floor type carrot sorting machine "VSC-212WL" that allows the easy input of carrots by lowering the height of the storage hopper from the ground and equipped with a pumping delivery conveyer that has an improved delivery efficiency of carrots.

We are also engaged in the R&D of an integrated vegetable cultivating system from planting to processing by conducting research and development of vegetable cultivation machinery suitable to local special products in each area.

## 2. Product technology related to agricultural machinery

Hereunder, we introduce features of our products related to coin rice polisher and agricultural facilities and our future commitment.

**1) Coin rice polisher** We developed a coin rice polisher of space saving specification "CPM3" with the installation space similar to an automatic vending machine. The rice polishing process is achievable from a small amount of 1kg and processing of a wide range of grain cleaning from partial polished rice to rinse-free rice, responding to people's fondness of daintiness of freshly polished rice and health orientation. Further, it is equipped with a "clean device" that defecates residual brown rice before rice polishing. We also promote improved convenience by adoption of voice guidance and easy-to-understand display of the operation.

**Space saving specification** We realized an efficient arrangement of the injection hopper/rice polishing machine/rice bran chamber, and reduced the installation space to approx. 1/5 of a house-type coin rice polisher. It can be installed in urban areas and super markets with limited parking space.

**Cleaning device** Clean condition can be maintained by cleaning the inside of the machine before and after the rice cleaning work.

We also developed a house-type coin rice polisher "CP410" with a renewed design and equipped with the above mentioned "cleaning device".

**2) Agricultural facility** We developed a stack device of seedling boxes with simple and inexpensive structure and excellent working efficiency. We also realized the weight reduction and simplification of confirmation/ amendment of conjugation condition of seedlings by developing plant grafting clip suitable for tomato seedling.

Furthermore, we conducted a joint study with Ehime University on an "agricultural product high-techproduction system". We established anew "the design engineering course of plant factory" (sponsored course), promoting the establishment of cultivation technology of high-sugar content tomatoes, and a study on an "intelligent plant factory system, including self-running plant nourishing analysis equipment".

## 3. Overseas product technology

Hereunder, we would like to introduce features of our products introduced in overseas markets and the current situation of development, according to each country.

**1) Europe/North America/Oceania** For Europe/Oceania, we developed a compact tractor TXG with enhanced transmission operability and cost reduction. We also developed riding

mower SXG with improved safety targeting for Europe. We are developing for North America, tractors that pursue improved operability when equipped with heavy work implement such as a loader.

**2) China** We introduced the riding rice transplanter PZ60/80 equipped with the advanced Z function “Sanae Z turn”. We are also developing rice transplanters suitable to the agricultural conditions in China. Furthermore, we are developing technology for threshing/sorting capacity and grain processing capacity to increase the grain recovery ratio and operating efficiency of the high-power/ highly efficient/ highly durable combine harvesters, HF608 and 558. We also introduced vegetable transplanter, the “PVHR2” which is equipped with an adjustment function of space between lanes without stage as well as multi-stage adjustment function between stocks in response to special seedling frame suitable to seedlings in China, and developed transplanters that correspond to cultivation systems of each agricultural product in China.

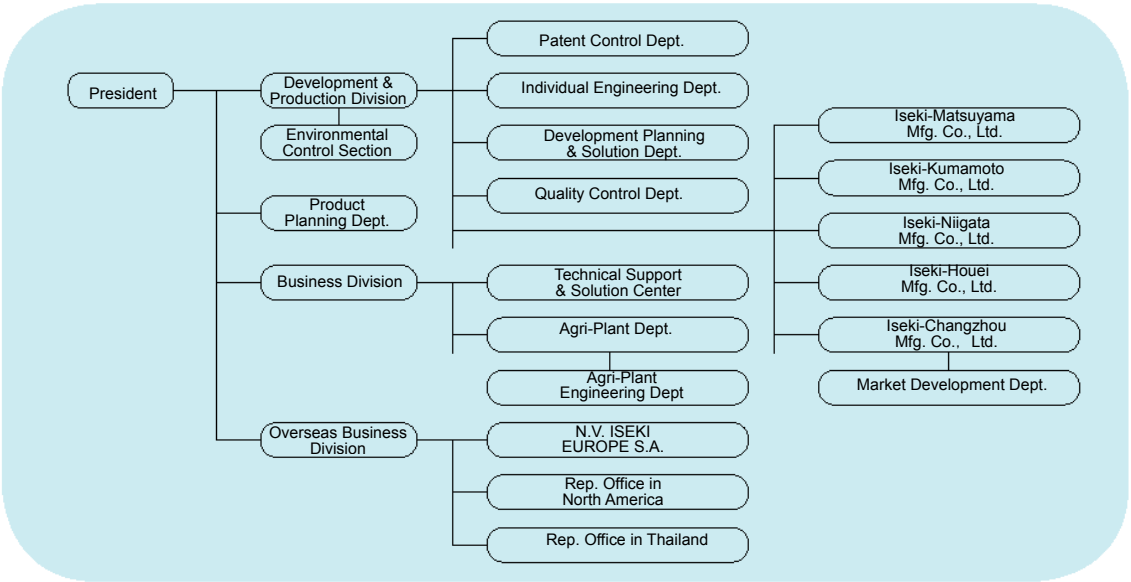
**3) Taiwan** We developed the tractor “TJV” which is suitable to local working conditions mounting highperformance engine that adopted engine output power curve that chooses standard mode and low fuel consumption mode according to the condition. We are also developing large rice transplanters/combine harvesters of high efficiency/high durability.

**4) Korea** We are developing large-scale rice transplanter/combine harvester with high efficiency/high durability/high functionality.

**5) South East Asia** We are developing a low priced rice transplanter with high durability suitable to the working condition/field condition peculiar to the area.

# 5 System for R&D and Intellectual Property

## 1. R&D organization chart



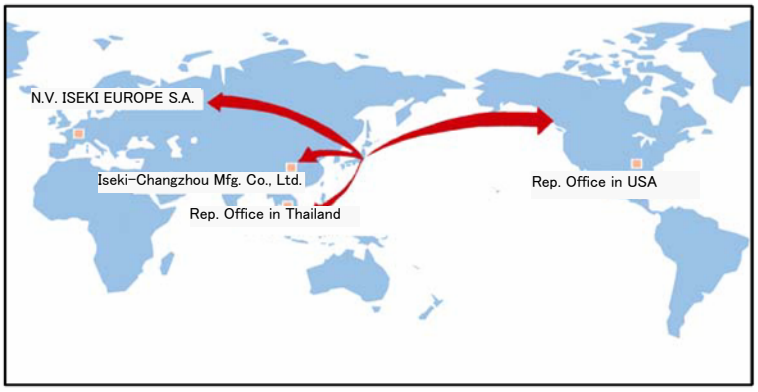

## 2. R&D System

### 1) Product development and technical development

The principal business of the Iseki Group is development, manufacturing and sales of agricultural machinery for the cultivation of rice, vegetables and other crops, and R&D concerning business engaged by the group are primarily conduced by ISEKI.

**2) Network for Development of Overseas Products**

The Company has established a global promotion system of technical development by way of development network between the Company and Europe, USA, China and South East Asian region. In particular, we promote acceleration of R&D speed regarding products for overseas such as establishment of a market development department in China to collect technology related information.




## 3. System for Intellectual Property

**1) Management Systems** We have an integrated administration system to conduct administration / guidance / education of intellectual property of the Iseki Group as a whole by our Patent Control Department which belongs to the Development & Production Division.

**2) Personnel Training** We post the "exhibition of the overall potential of Iseki Group" as a policy of the Group, placing emphasis on training of personnel which is the nucleus of the policy. We endeavor to achieve creativeness and enhancement of the overall technical potential for the Iseki Group as a whole through intellectual property/creativeness education addressed to patent department staff, technical experts, newly-recruited employees, manufacturing companies and sales subsidiaries.

## 4. Industry-academia-government Alliance

As a principle, Iseki uniquely develops its core technologies. However, we promote joint research and development with universities, testing and research institutions and the like in regard to areas related to part of the core technologies or peripheral technology in order to accomplish speedy as well as efficient R&D.


**Joint study with testing & research institutions and universities**

# 6 Acquisition, Management and Secrecy Maintenance

With respect to inventions and ideas, acquisition and management of rights, corporate confidential information, etc, we stipulated their handling in our working regulations, regulations for the handling of inventions created by job assignment, regulations for treatment of trade marks, code of conduct of the Iseki Group, patent business manual, etc. We conduct a thorough compliance and any disregard for the regulations whether intentionally or by sheer accident, the person involved is subject to penalties.

We provide incentives for inventions and creation to the inventors with compensation for transfer of inventions, compensation for implementation, awards and prizes in and outside the company through deliberate interpretation and use of working regulations, regulations for the handling of inventions created by job assignment, evaluation criteria for payment of compensation, etc.

We also manage intellectual property in the strictest of manners by numerous regulations and standards from the time of creation of the invention until its renouncement. For instance, in evaluating the value of patents, we created our "Criteria for Evaluation of Patent Rights" in April 1995, which sets forth methods for calculating the price of patent rights. We conduct periodical

review of these criteria to ensure that they are in accord with common understanding and practices in the society, taking advantage of it in our patent assets management, patent rights negotiations and so forth.

# 7 Use of Patents

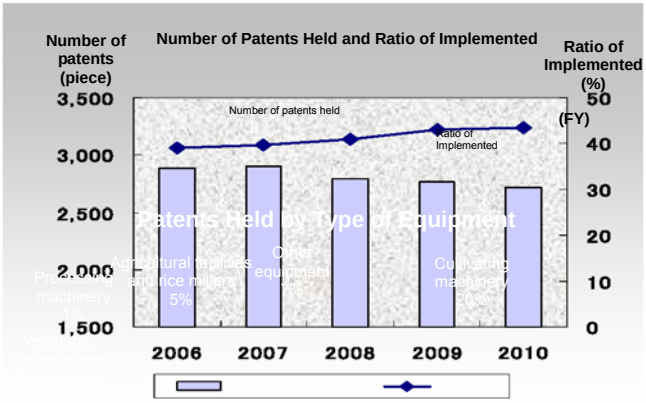
With respect to patent rights related to core technology or area, we place emphasis on success of our business operation either by securing superiority of our company products or by a smooth product development through cross-licensing. Any right outside the above area, we will seek for an optimum method for us such as licensing and evaluating future potential to be commercialized.

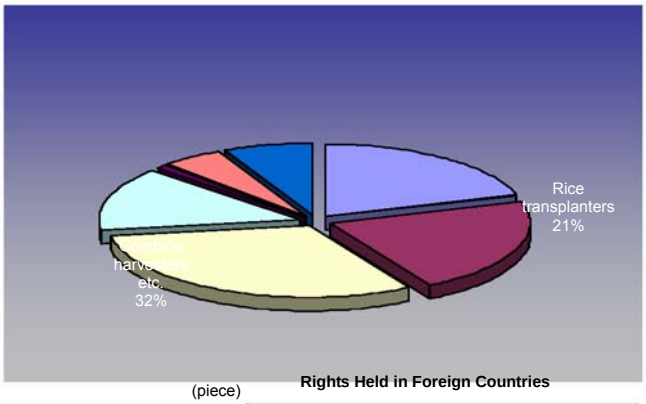
## 1. Patents Held

### 1) In Japan

We make application of inventions that are strictly screened by our internal regulations and the evaluation criteria in a proactive manner, trying to acquire and build up effective patent rights, which reached approx. 2,710 patents in the fiscal year 2010. As of March 31, 2011, the number of patents held for our three major product categories (cultivating machinery, rice transplanters and combine harvesters) as well as vegetable transplanters & harvesters accounted for 87% of the total patents held.

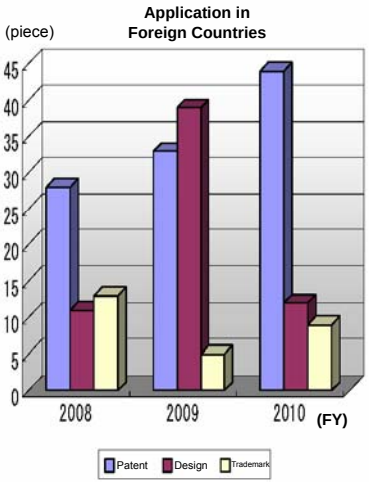
We will implement an intellectual property strategy aiming at the establishment of a “powerful and excellent” patent network focused on our business strategy.

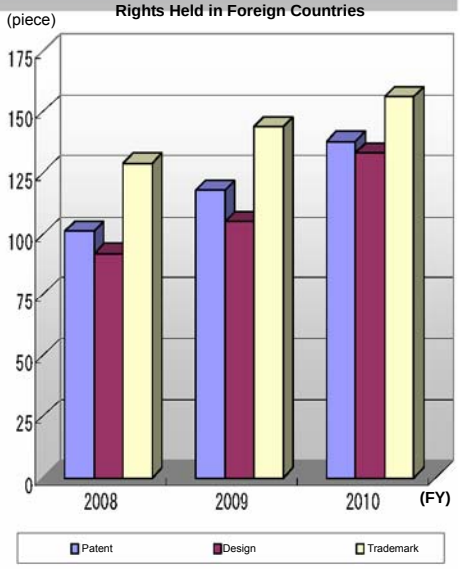



### 2) Overseas

We are making applications for carefully selected intellectual property to Europe, USA and Asian nations including China. The number of intellectual property rights held is on the rise every year. In particular, we make aggressive applications of our design and trade marks in the Asian region in order to eliminate imitation and mockery.



## 2. Patent Assessment Ratio and Applied For

In terms of the patent assessment ratio, Iseki has been ranked top in all industries for 7 consecutive years.

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|
| Patent assessment ratio | 84.6 % | 83.7 % | 90.4 % | 89.3% | 85.8% | 88.5% | 91.8% |
| Rank in all industries | First | First | First | First | First | First | First |

Patent assessment ratio = Number of decision to patent grant / (Number of decision to patent grant + Number of decision of refusal + Number of withdrawals or abandonment)

* Number of withdrawals or abandonment = The number of applications withdrawn or abandoned after notice on the reason of rejection.

In the agriculture and fishery sector among the sectional list of public patents in Japan, Iseki has been ranked top for 7 consecutive years from 2000 to 2006, followed by the top rank in the "other special machinery sector" from 2007 to 2009 when the sector was reclassified. This means top ranking for 10 consecutive years.

| Sector | Agriculture and fisheries | | | | | | | *The other special machinery | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Rank | First | First | First | First | First | First | First | First | First | First |

* Since the 2009 edition, the sector classification has been changed, and agriculture and fisheries were included in [the other special machinery sector].

(Patent Administration Annual Report 2002 edition – 2011 edition)

## 3. Awards and Recognitions

Iseki has produced a long list of prize-winning technical experts who have received national decorations, national medals of honor, citations as contributor to scientific technology, citations for inventions, official commendations by the Minister of Education, Culture, Sports, Science and Technology, official commendations by the Agricultural Machinery Academy for their contribution to the development, improvement and commercialization of agricultural machinery technology.

In 1952, Kunisaburo Iseki, founder of Iseki received a national prize for invention from the Japan Institute of Invention and Innovation. In 1993, Iseki was awarded the Chairman's Prize to Commemorate a Century of Agricultural Experimentation and Research (jointly sponsored by the Ministry of Agriculture, Forestry and Fishery and the Association to Commemorate a Century of Agricultural Experimentation and Research) in recognition of our development and diffusion of head-feeding combine harvesters equipped with automatic threshers of which commercialization was achieved by Iseki for the first time in Japan.

In 2008, Iseki received the "Meritorious Award for Intellectual Property" (Award for Excellent Enterprises Active in the Industrial Property Rights System, Commissioner of the Japan Patent Office Award) in recognition of our traditional management of placing importance on intellectual property rights.

In total Iseki has received 189 awards from the Japan Institute of Invention and Innovation, including 18 national awards. The frontier spirit of the founder towards research and development has been succeeded consistently, which created tradition within the Company to create new technology with practical value through intellectual and creative activities.

**Number of Award-wining Inventions 189 (As of March 31, 2011)**

**Contents of Awards**

○ National Awards for Invention **18**

| | | |
|---|---|---|
| Special Awards | President's Award of the Japan Institute of Invention and Innovation | 1 |
| | The Asahi Shimbun Award | 1 |
| Special Awards | | 2 |
| Invention Awards | | 14 |

○ Regional Awards for Invention **171**

| | | |
|---|---|---|
| Special Awards | Encouragement Award of the Minister of Education, Culture, Sports, Science and Technology (Former Encouragement Award of the Director-General of the Science and Technology Agency) | 9 |
| | Encouragement Award of the Commissioner of the Japan Patent Office | 5 |
| | ward of the Director-General of the Regional Bureau of International Trade and Industry (Award of the Director-General of the Shikoku Regional Bureau of International Trade and Industry) | 7 |
| | Encouragement Award of the President of the Japan Institute of Invention and Innovation | 7 |
| | Encouragement Award of the President of the Japan Patent Attorneys Association | 4 |
| | Total | 32 |
| District Head Awards | | 11 |
| Outstanding Invention Awards etc. | | 37 |
| Invention Encouragement Awards | | 90 |
| Investment Encouragement and Merit Award | | 1 |

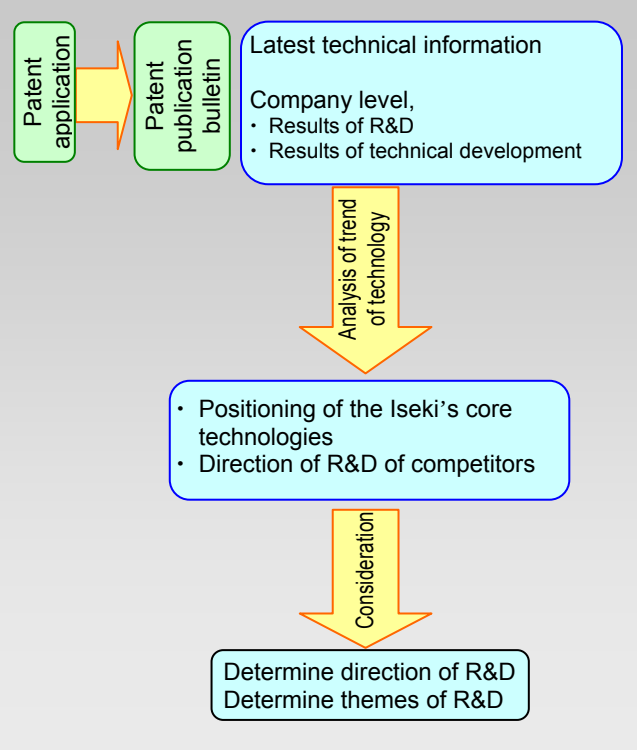
### 4. Main Awards

○Japan Institute of Invention and Innovation Fiscal Year 2010 Shikoku Region Invention Award
Japan Institute of Invention and Innovation Ehime Pref. Chapter Head Award (1 award)
Patent No. 4088780 Automatic rotation control of rice transplanter
Invention Encouragement Prize (2 awards)
Patent No. 4038606 Air-type grain emission device of combine harvester
Patent No. 3684839 Hydraulic device for lifting of implement of tractor

## 8 Policy Regarding the Intellectual Property Portfolio

### 1. Trend in Technology

We conduct analysis of trend of technology of our competitors, clearly define positioning of Iseki's core technologies, identifying the direction of the R&D of our competitors, setting the direction of our R&D themes and R&D, making the results common information to share by the entire company including technical and planning sections in order to exploit such information as a resource to build business strategies and R&D strategies.




### 2. Selection of R&D Themes

Iseki sets technical themes based on consensus of the entire company including development and sales sections out of core technology and promising technology and the market trend related to core technology, establish a network of patents with a clear objective, and secure priority of product development. In furtherance, Iseki analyzes and evaluates the strength of its core technologies accumulated inside the company based on the patent portfolio IPPM in order to contribute to its R&D strategy.

### 3. Establishment of Overseas Intellectual Property

We analyze market trends and the situation of intellectual property in each country to decide intellectual property strategy in line with expansion of Iseki's global business activities in joint efforts with divisions in charge of development and international operations. Furthermore, we utilize our unique overseas patent information searching system in order to evaluate the effectiveness of our company's technologies in light of the situation of intellectual property and technical trends in each country.

Thus, we apply highly effective technologies in each country, trying to secure effective rights and accumulate such rights in each country.

## 9 Information on Legal Actions Related to Intellectual Property

There is no suit at issue related to intellectual property rights which could affect our management in or outside the country. In promoting our business and R&D, we will implement intellectual property strategies steadily with the greatest of care.

## Corporate Data

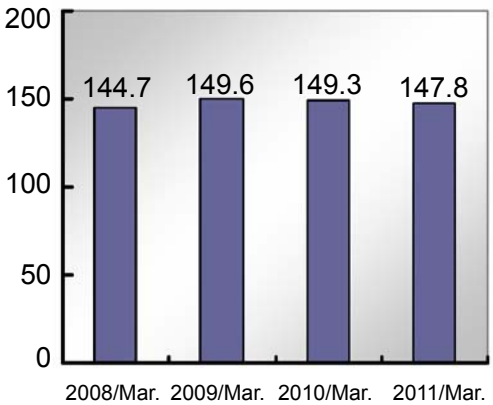
| | |
|---|---|
| Company Name | ISEKI & CO., LTD. |
| Head Office | 700 Umaki-cho, Matsuyama, Ehime , Japan |
| Tokyo Headquarters | 3-14, Nishi-Nippori 5-chome, Arakawa-ku, Tokyo, Japan |
| Foundation | August 1926 |
| Paid-in Capital | 23,344 million yen (as of March 31,2011) |
| Employees | Consolidated: 6,404 (as of March 31, 2011) |
| Principal Business | ISEKI'S principal business is the manufacture and sale of following products |
| | Cultivating machinery ····· Tractors, Tillers, Cultivators, Mowers |
| | Planting machinery ····· Rice transplanters, Vegetable transplanters |
| | Harvesting machinery ····· Combine harvesters, Binders, Harvesters, Vegetable harvesters |
| | Processing machinery ····· Rice hullers, Dryers, Rice polishers, Rice Graders, Vegetable Processing Machinery |
| | Others ····· Farming implements, Repair parts, Agricultural facilities |

## Affiliated companies involved in development & manufacturing

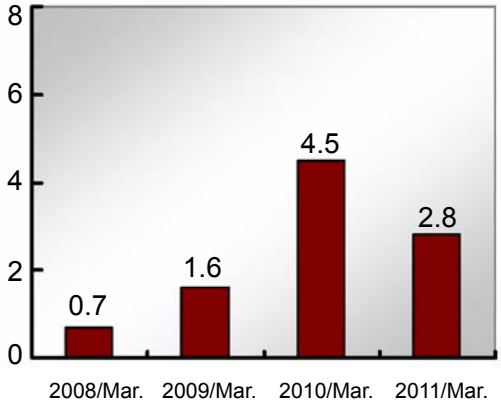
| | |
|---|---|
| Iseki-Matsuyama Mfg. Co., Ltd. | Iseki-Changzou Mfg. Co., Ltd. |
| Iseki-Kumamoto Mfg. Co., Ltd. | Matsuyama Factory Service Co., Ltd. |
| Iseki-Niigata Mfg. Co., Ltd. | Iseki-Ueki Seisakusho Co., Ltd. |
| Iseki-Houei Mfg. Co., Ltd. | |

## Trend of Business Performance

■Net Sales (billion yen)




■Operating Income (billion yen)



***For further information, please use the following contact points.***

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