

(Translation)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6326
March 2, 2018

To Shareholders

Masatoshi Kimata
President and Representative Director
KUBOTA Corporation
2-47, Shikitsuhigashi 1-chome,
Naniwa-ku, Osaka, 556-8601 Japan

CONVOCAION NOTICE FOR THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Kubota Corporation hereby notifies you that the 128th Ordinary General Meeting of Shareholders will be held as follows. Your attendance is respectfully requested.

If you are unable to attend the meeting, Kubota Corporation cordially requests that you make sure to study the reference materials annexed hereto, indicate your approval or disapproval on each of the proposals on the voting instruction card and return it to us.

Date and time	Friday, March 23, 2018, at 10:00 a.m. (JST) (Reception desk opens at 9:00 a.m.)
Place	Convention Hall of Kubota Corporation 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, Japan
Matters for which the meeting is held	<u>Matters to Be Reported</u> 1. Business report, the consolidated financial statements and the non-consolidated financial statements for the 128th business term (from January 1, 2017 to December 31, 2017) 2. The results of the audits of the consolidated financial statements by the Independent Auditors and by the Audit & Supervisory Board <u>Matters Requiring Resolutions</u> Proposal 1: Election of Ten Directors Proposal 2: Election of Three Audit & Supervisory Board Members Proposal 3: Revision of the Amount of Remuneration for Directors Proposal 4: Bonus Payments for Directors

(Translation)

Exercising Voting Rights

Attending the Ordinary General Meeting of Shareholders in person

- Exercise of voting rights at the Ordinary General Meeting of Shareholders

Date and time of the Ordinary General Meeting of Shareholders:

Friday, March 23, 2018, at 10:00 a.m. (JST) (Reception desk opens at 9:00 a.m.)

Please submit the enclosed voting instruction card at the reception desk at the venue. Please bring this document as well, as it contains the agenda for the meeting. Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

Not attending the Ordinary General Meeting of Shareholders in person

- Exercise of voting rights by mail (in writing)

Deadline for exercising voting rights:

No later than Thursday, March 22, 2018, at 5:00 p.m. (JST)

Please indicate your approval or disapproval on each of the proposals on the enclosed voting instruction card and return the said form to us so that it is received no later than the deadline for exercising your voting rights.

- Exercise of voting rights via the internet

Deadline for exercising voting rights:

No later than Thursday, March 22, 2018, at 5:00 p.m. (JST)

Please access the designated site for exercising your voting rights and indicate your approval or disapproval on each of the proposals no later than the deadline.

* If you duplicate the vote by exercising the voting rights both in writing and via the internet, only the internet vote will be valid.

Designated site for exercising voting rights:

<https://www.web54.net>

- Consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in net assets (non-consolidated) and notes to financial statements (non-consolidated) are posted on our following internet website in accordance with laws and regulations, and the provision in Article 16 of the Articles of Incorporation.
- Consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in net assets (non-consolidated) and notes to financial statements (non-consolidated) are part of the consolidated financial statements and non-consolidated financial statements that were audited by the Independent Auditors and the Audit & Supervisory Board Members in preparing the audit reports.
- Any revision of the reference materials for the meeting, business report, or the consolidated financial statements and the non-consolidated financial statements will be posted on our following internet website.

Website for Convocation Notices for General Meeting of Shareholders:

https://www.kubota.com/company/ir/sh_info/meeting/convocation/

For Institutional investors

For institutional investors, the electronic voting platform operated by ICJ, Inc., is available for exercising your voting rights for this meeting.

(Translation)

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal 1: Election of Ten Directors

The term of office of all nine Directors will expire at the conclusion of this meeting. At this juncture, Kubota Corporation proposes to elect ten Directors to maintain the number of Directors, with the inclusion of one additional new Outside Director, at an appropriate level for carrying on effective discussions at meetings of the Board of Directors, while strengthening the Group management base with an eye to the expansion of the overseas business activities, thereby realizing sustainable growth and increasing the trust that society places in the Kubota Group (hereinafter the "Group"), and also strengthening the corporate governance framework. If this proposal is approved and passed as proposed, three out of the ten Directors will be Outside Directors.

The candidates for Director are as described below. Among the candidates, Yuzuru Matsuda, Koichi Ina, and Yutaro Shintaku are candidates for Outside Director.

No.	Name		Position and Responsibility at Kubota Corporation and Important Concurrent Positions	Attendance of the Meetings of the Board of Directors
1	Masatoshi Kimata	Reappointment	President and Representative Director of Kubota Corporation	100% (12 of 12)
2	Toshihiro Kubo	Reappointment	Representative Director and Executive Vice President of Kubota Corporation, General Manager of Water and Environmental Infrastructure Domain, General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center	100% (12 of 12)
3	Shigeru Kimura	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Planning and Control Headquarters, General Manager of Global IT Management Dept.	100% (12 of 12)
4	Kenshiro Ogawa	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Manufacturing Headquarters	100% (12 of 12)
5	Yuichi Kitao	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Farm and Industrial Machinery Domain, General Manager of Farm and Utility Machinery Division	100% (12 of 12)
6	Masato Yoshikawa	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, President of Kubota Tractor Corporation	100% (10 of 10)
7	Shinji Sasaki	New Nomination	Senior Managing Executive Officer of Kubota Corporation, General Manager of Research and Development Headquarters	—
8	Yuzuru Matsuda	Reappointment Independent Outside	Director of Kubota Corporation, President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation	100% (12 of 12)
9	Koichi Ina	Reappointment Independent Outside	Director of Kubota Corporation, Advisor to the Board of Daihatsu Motor Co., Ltd.	100% (12 of 12)
10	Yutaro Shintaku	New Nomination Independent Outside	Corporate Advisor of Terumo Corporation, Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Executive Trustee of Tonen International Scholarship Foundation	—


(Notes) 1. The candidates for Director have been nominated at the meeting of the Board of Directors based on the regulations of the Nomination Advisory Committee and the nomination requirements set forth in the rules governing the Board of Directors. In a process that is objective and transparent, the Board of Directors discuss and nominate candidates after receiving the appropriate involvement and advice from the Nomination Advisory Committee (half or more of its members are the Outside Directors). The candidates for internal Director have been nominated for their in-depth

(Translation)

insights regarding the business environment and the Group's business activities. Candidates for Outside Director have been nominated from among persons with extensive management experience and specialized expertise who have strong knowledge and judgment.

2. Mr. Yoshikawa's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 24, 2017.

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No. 1	Masatoshi Kimata (Date of Birth: June 22, 1951)	Reappointment	
Number of Kubota Corporation's Shares Owned: 71,440 shares			
Tenure as Director: 5 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions


April 1977	Joined Kubota Corporation
October 2001	General Manager of Tsukuba Plant, General Manager of Tsukuba Training Center of Kubota Corporation
June 2005	Director of Kubota Corporation
April 2007	Deputy General Manager of Sales Headquarters in Farm and Industrial Machinery Consolidated Division of Kubota Corporation
April 2008	Managing Director of Kubota Corporation
April 2009	Director and Managing Executive Officer of Kubota Corporation
April 2009	Deputy General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Sales Headquarters in Farm and Industrial Machinery Consolidated Division of Kubota Corporation
June 2009	Managing Executive Officer of Kubota Corporation
July 2010	Senior Managing Executive Officer of Kubota Corporation
August 2010	President of SIAM KUBOTA Corporation Co., Ltd.
April 2012	General Manager of Water and Environment Domain, General Manager of Tokyo Head Office of Kubota Corporation
June 2012	Director and Senior Managing Executive Officer of Kubota Corporation
August 2012	Administrative Officer - Corporate Staff, General Manager of Water Engineering and Solution Division of Kubota Corporation
April 2013	General Manager of Procurement Headquarters of Kubota Corporation
April 2014	Representative Director and Executive Vice President of Kubota Corporation
July 2014	President and Representative Director of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Masatoshi Kimata has many years of involvement in managing areas such as the manufacturing operations and sales operations as part of the business operations in Japan and overseas. He has broad insight and extensive experience related to the Company's Farm and Industrial Machinery business and Water and Environment business. He assumed office as Director in 2012, and since July 2014, as President and Representative Director, he has been spearheading the Group's growth while forging ahead with the globalization of business and management reforms. In addition, while serving as the Chairman of the Board of Directors, he strives to strengthen the functions of the Board of Directors by promoting constructive discussions among other efforts. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes) 1. There is no special interest between Kubota Corporation and Mr. Kimata.
2. The tenure as Director of Mr. Kimata shows the most recent consecutive time period served as a Director.

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No. 2	Toshihiro Kubo (Date of Birth: April 5, 1953)	Reappointment	
Number of Kubota Corporation's Shares Owned: 40,904 shares			
Tenure as Director: 6 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1979	Joined Kubota Corporation
April 2003	General Manager of Duct Iron Pipe R&D Dept. of Kubota Corporation
October 2005	General Manager of Planning Dept. in Ductile Iron Pipe Division of Kubota Corporation
June 2007	Director of Kubota Corporation
June 2007	General Manager of Coordination Dept. in Water, Environment and Infrastructure Consolidated Division, General Manager of Production Control Headquarters in Water, Environment and Infrastructure Consolidated Division of Kubota Corporation
April 2009	Director and Executive Officer of Kubota Corporation
April 2009	Deputy General Manager of Water and Environment Systems Consolidated Division, General Manager of Water and Environment Systems, Social Infrastructure Business Promotion Headquarters, General Manager of Water and Environment Systems, Social Infrastructure Production Control Dept. of Kubota Corporation
June 2009	Executive Officer of Kubota Corporation
April 2010	General Manager of Head Office of Kubota Corporation (to present), General Manager of Kubota Technical Training Center of Kubota Corporation (to present), In charge of Personnel Dept., Secretary and Public Relations Dept., General Affairs Dept. and Tokyo Administration Dept. of Kubota Corporation
June 2010	In charge of Secretary Dept., Corporate Communications Dept. of Kubota Corporation
April 2011	Managing Executive Officer of Kubota Corporation
June 2011	Director and Managing Executive Officer of Kubota Corporation
April 2012	General Manager of Human Resources and General Affairs Headquarters of Kubota Corporation (to present)
April 2013	Director and Senior Managing Executive Officer of Kubota Corporation
July 2014	Representative Director and Executive Vice President of Kubota Corporation (to present)
October 2014	General Manager of CSR Planning and Coordination Headquarters of Kubota Corporation
January 2016	General Manager of Water and Environment Domain of Kubota Corporation
January 2017	General Manager of Water and Environmental Infrastructure Domain of Kubota Corporation (to present)


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Reasons for Nomination as Candidate for Director

Toshihiro Kubo assumed office as Director in June 2011. He has contributed to strengthening the functions of the Board of Directors, drawing on his extensive knowledge and experience involving the Company's Water and Environment business as well as human resources, general affairs and CSR. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Kubo.
 2. The tenure as Director of Mr. Kubo shows the most recent consecutive time period served as a Director.

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No. 3	Shigeru Kimura (Date of Birth: September 10, 1953)	Reappointment	
Number of Kubota Corporation's Shares Owned: 33,498 shares			
Tenure as Director: 5 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions


April 1977	Joined Kubota Corporation
December 2002	General Manager of Finance and Accounting Dept. of Kubota Corporation
April 2003	President of Kubota Accounting Corporation
June 2008	Director of Kubota Corporation
April 2009	Director and Executive Officer of Kubota Corporation
April 2009	In charge of Corporate Planning and Control Dept. of Kubota Corporation (assistant)
June 2009	Executive Officer of Kubota Corporation
October 2010	General Manager of Planning and Control Headquarters of Kubota Corporation (to present)
April 2011	Managing Executive Officer of Kubota Corporation
June 2012	Director and Managing Executive Officer of Kubota Corporation
October 2013	General Manager of Corporate Planning and Control Dept. of Kubota Corporation
April 2014	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
April 2016	General Manager of Global IT Management Dept. of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Shigeru Kimura assumed office as Director in June 2012. He has contributed to strengthening both the financial aspects of management and functions of the Board of Directors, drawing on his extensive knowledge and experience as Director in charge of planning and control, finance, IT, and other areas. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Kimura.
 2. The tenure as Director of Mr. Kimura shows the most recent consecutive time period served as a Director.

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No. 4	Kenshiro Ogawa (Date of Birth: July 23, 1953)	Reappointment	
Number of Kubota Corporation's Shares Owned: 49,898 shares			
Tenure as Director: 3 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions


April 1979	Joined Kubota Corporation
April 2003	General Manager of Sakai Engine Manufacturing Dept., General Manager of Rinkai Engine Manufacturing Dept. of Kubota Corporation
April 2007	General Manager of Tsukuba Plant, General Manager of Tsukuba Training Center, General Manager of Production Engineering Center of Emission of Kubota Corporation
June 2007	Director of Kubota Corporation
April 2009	Director and Executive Officer of Kubota Corporation
June 2009	Executive Officer of Kubota Corporation
April 2010	General Manager of Sakai Plant, General Manager of Sakai Training Center of Kubota Corporation
April 2011	Managing Executive Officer of Kubota Corporation
April 2011	General Manager of Construction Machinery Division, General Manager of Construction Machinery Planning and Coordinate Dept. of Kubota Corporation
April 2012	General Manager of Quality Assurance and Manufacturing Headquarters of Kubota Corporation
January 2013	General Manager of Health and Safety Promotion Headquarters of Kubota Corporation
April 2014	Senior Managing Executive Officer of Kubota Corporation
June 2014	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
July 2014	General Manager of Procurement Headquarters of Kubota Corporation
April 2015	General Manager of Manufacturing Engineering Headquarters of Kubota Corporation
January 2018	General Manager of Manufacturing Headquarters of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Kenshiro Ogawa assumed office as Director in June 2014. He has contributed to strengthening the functions of the Board of Directors acting as Director in charge of manufacturing engineering, environmental management, and other areas, drawing on his extensive knowledge and experience in areas such as manufacturing operations, factory management and production engineering in the Company's Farm and Industrial Machinery business and Water and Environment business. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Ogawa.
 2. The tenure as Director of Mr. Ogawa shows the most recent consecutive time period served as a Director.

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No. 5	Yuichi Kitao (Date of Birth: July 15, 1956)	Reappointment	
Number of Kubota Corporation's Shares Owned: 49,898 shares			
Tenure as Director: 3 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

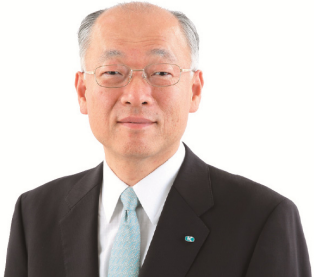
April 1979	Joined Kubota Corporation
April 2005	General Manager of Tractor Engineering Dept. of Kubota Corporation
April 2009	Executive Officer of Kubota Corporation
April 2009	General Manager of Tractor Division of Kubota Corporation
January 2011	President of Kubota Tractor Corporation
April 2013	Managing Executive Officer of Kubota Corporation
October 2013	General Manager of Farm and Utility Machinery Division of Kubota Corporation (to present), General Manager of Farm and Utility Machinery International Operations Headquarters of Kubota Corporation
June 2014	Director and Managing Executive Officer of Kubota Corporation
April 2015	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
April 2015	General Manager of Farm and Industrial Machinery Domain of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Yuichi Kitao assumed office as Director in June 2014. He has contributed to strengthening the functions of the Board of Directors from a unique perspective gained while being in charge of the Farm and Industrial Machinery business operations, a core business for the Company, drawing on his extensive knowledge and experience with expanding the Company's Farm and Industrial Machinery business operations, which included M&A. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Kitao.

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No. 6	Masato Yoshikawa (Date of Birth: January 27, 1959)	Reappointment	
Number of Kubota Corporation's Shares Owned: 14,100 shares			
Tenure as Director: 1 year, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (10 of 10)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions


April 1981	Joined Kubota Corporation
February 2008	General Manager of Ductile Iron Pipe Planning Dept. of Kubota Corporation
October 2009	General Manager of Pipe Systems Planning Dept., General Manager of Ductile Iron Pipe Planning Dept. of Kubota Corporation
October 2010	General Manager of Corporate Planning and Control Dept. of Kubota Corporation
April 2012	Executive Officer of Kubota Corporation
October 2013	President of Kubota Tractor Corporation (to present)
April 2015	Managing Executive Officer of Kubota Corporation
March 2017	Director and Managing Executive Officer of Kubota Corporation
January 2018	Director and Senior Managing Executive Officer of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Masato Yoshikawa assumed office as Director in March 2017. He has contributed from a global perspective to strengthening the functions of the Board of Directors, drawing on his extensive knowledge and experience which has included management of planning and control operations, and overseas businesses. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Yoshikawa.
 2. Mr. Yoshikawa's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 24, 2017.

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No. 7	Shinji Sasaki (Date of Birth: September 11, 1954)	New Nomination	
Number of Kubota Corporation's Shares Owned: 34,200 shares			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions


April 1978	Joined Kubota Corporation
April 2004	General Manager of Engine Engineering Dept. of Kubota Corporation
April 2009	Executive Officer of Kubota Corporation
April 2009	General Manager of Engine Division of Kubota Corporation
April 2013	Managing Executive Officer of Kubota Corporation
April 2015	Senior Managing Executive Officer of Kubota Corporation (to present)
January 2017	Deputy General Manager of Farm and Industrial Machinery Domain, General Manager of Construction Machinery Division of Kubota Corporation
January 2018	General Manager of Research and Development Headquarters of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Shinji Sasaki has been involved in business execution in the Farm and Industrial Machinery business operations spanning many years in the Company. He has extensive experience and a record of accomplishments mainly promoting the globalization of the Company's Engine business and forward-looking research and development. He was nominated as a candidate for Director based on the judgment that he has the ability to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value, drawing on that experience and record of accomplishments.

(Note) There is no special interest between Kubota Corporation and Mr. Sasaki.

(Translation)

No. 8	Reappointment / Independent / Outside Yuzuru Matsuda (Date of Birth: June 25, 1948)	
Number of Kubota Corporation's Shares Owned: 6,500 shares		
Tenure as Outside Director: 3 years and 9 months, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1977	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Hakko Kirin Co., Ltd.)
June 1999	Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.
June 2000	Executive Officer of Kyowa Hakko Kogyo Co., Ltd.
June 2000	Executive Director of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.
June 2002	Executive Director of Kyowa Hakko Kogyo Co., Ltd.
June 2002	Director of Corporate Planning Department of Kyowa Hakko Kogyo Co., Ltd.
June 2003	President and Chief Operating Officer of Kyowa Hakko Kogyo Co., Ltd.
October 2008	President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.
March 2012	Senior Advisor of Kyowa Hakko Kirin Co., Ltd.
June 2012	President of Kato Memorial Bioscience Foundation (to present)
June 2014	Director of Kubota Corporation (to present)
June 2014	Director of BANDAI NAMCO Holdings Inc. (to present)
June 2015	Director of JSR Corporation (to present)

Reasons for Nomination as Candidate for Outside Director

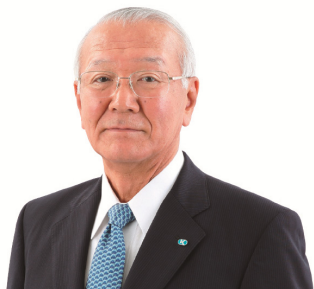
Yuzuru Matsuda has extensive experience in managing a comprehensive manufacturer of biotechnology and offers a wide perspective on matters. He is of good character, possesses a high level of knowledge, and has experience as an outside director of other companies. Since his assumption of office as Outside Director of Kubota Corporation in June 2014, he has been actively voicing his views from a managerial perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Matsuda. Moreover, Kubota Corporation has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings Inc., and JSR Corporation, of which Mr. Matsuda currently holds important posts.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Matsuda to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the Tokyo Stock Exchange (hereinafter the "TSE") that Mr. Matsuda has been appointed as an Independent Director as defined by the TSE.

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No. 9	Koichi Ina (Date of Birth: May 6, 1948)	Reappointment / Independent / Outside	
Number of Kubota Corporation's Shares Owned: 9,500 shares			
Tenure as Outside Director: 2 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1973	Joined Toyota Motor Corporation
January 1998	General Manager of Motomachi Plant Machining Division of Toyota Motor Corporation
June 2000	Division General Manager of Motomachi Plant Administration Division of Toyota Motor Corporation
June 2002	Board of Director of Toyota Motor Corporation
June 2002	Plant Manager, Honsha Plant, Plant Manager, Motomachi Plant of Toyota Motor Corporation
June 2003	Managing Officer of Toyota Motor Corporation
June 2003	General Manager of Global Production Center of Toyota Motor Corporation
June 2004	Plant Manager, Myochi Plant of Toyota Motor Corporation
June 2005	Plant Manager, Takaoka Plant, Plant Manager, Tsutsumi Plant of Toyota Motor Corporation
June 2006	Plant Manager, Miyoshi Plant of Toyota Motor Corporation
June 2007	Senior Managing Director of Toyota Motor Corporation
June 2007	Chief Officer, Production Planning Group, Chief Officer, Manufacturing Group of Toyota Motor Corporation
June 2009	Adviser of Toyota Motor Corporation
June 2009	Executive Vice President of Daihatsu Motor Co., Ltd.
June 2010	President of Daihatsu Motor Co., Ltd.
June 2013	Chairman of Daihatsu Motor Co., Ltd.
June 2015	Director of Kubota Corporation (to present)
June 2016	Advisor to the Board of Daihatsu Motor Co., Ltd. (to present)

Reasons for Nomination as Candidate for Outside Director

Koichi Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge and broad experience in the field of manufacturing. Since his assumption of office as Outside Director of Kubota Corporation in June 2015, he has been actively voicing his views mainly from a manufacturing perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.


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Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Ina. Although Kubota Corporation has business transactions with Daihatsu Motor Co., Ltd., of which Mr. Ina currently holds an important post, the transactions are less than 0.1% of consolidated revenues of either Kubota Corporation or Daihatsu Motor Co., Ltd.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Ina to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the TSE that Mr. Ina has been appointed as an Independent Director as defined by the TSE.

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No. 10	Yutaro Shintaku (Date of Birth: September 19, 1955) New Nomination / Independent / Outside	
	Number of Kubota Corporation's Shares Owned: 0 shares	

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1979	Joined Toa Nenryo Kogyo K.K. (currently, JXTG Nippon Oil & Energy Corporation)
January 1999	Joined Terumo Corporation
June 2005	Executive Officer of Terumo Corporation
June 2006	Director and Executive Officer of Terumo Corporation
June 2007	Director and Senior Executive Officer of Terumo Corporation
June 2007	In charge of R&D Center, Intellectual Property Dept. and Legal Dept. of Terumo Corporation
June 2009	Director and Managing Executive Officer of Terumo Corporation
June 2009	General Manager of Strategy Planning Dept., In charge of Human Resources Dept. and Accounting & Finance Dept. of Terumo Corporation
June 2010	President and Representative Director of Terumo Corporation
April 2017	Director and Adviser of Terumo Corporation
June 2017	Corporate Adviser of Terumo Corporation (to present)
June 2017	Director of Santen Pharmaceutical Co., Ltd. (to present)
June 2017	Director of J-Oil Mills, Inc. (to present)
June 2017	Executive Trustee of Tonen International Scholarship Foundation (to present)

Reasons for Nomination as Candidate for Outside Director

Yutaro Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as top management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to contribute to improving Kubota Corporation's medium- to long-term corporate value and strengthening its governance framework, as a result of him providing his opinions with a perspective focused on the big picture, drawing on his experience and accomplishments.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Shintaku. Moreover, Kubota Corporation has no special relationship with Terumo Corporation, Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc. and Tonen International Scholarship Foundation, of which Mr. Shintaku currently holds important posts.


- (Notes)
1. Upon the approval of Mr. Shintaku's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to enter into an agreement with him to limit his liability for damages, pursuant to Article 427, paragraph 1 of the Companies Act. However, the maximum amount of his liability under this agreement is to be the amount provided for in laws and regulations.
 2. Upon the approval of Mr. Shintaku's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to report to the TSE that he has been appointed as an Independent Director as defined by the TSE.

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Proposal 2: Election of Three Audit & Supervisory Board Members

The term of office of two Audit & Supervisory Board Members, Toshikazu Fukuyama and Satoru Sakamoto, will expire at the conclusion of this meeting. The purpose of this proposal is to increase the number of Outside Audit & Supervisory Board Members by one and elect three Audit & Supervisory Board Members to enhance the audit system. Consent for this proposal has been obtained from the Audit & Supervisory Board. If this proposal is approved and passed as proposed, three out of the five Audit & Supervisory Board Members will be Outside Audit & Supervisory Board Members.

The candidates for Audit & Supervisory Board Member are as described below. Among the candidates, Masaki Fujiwara is a candidate for Outside Audit & Supervisory Board Member.

No. 1	Toshikazu Fukuyama (Date of Birth: June 11, 1955)	Reappointment	
Number of Kubota Corporation's Shares Owned: 10,700 shares			
Tenure as Audit & Supervisory Board Member: 3 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			
Attendance of the Audit & Supervisory Board Meetings: 100% (14 of 14)			

Career Summary, Position at Kubota Corporation, and Important Concurrent Positions


April 1979	Joined Kubota Corporation
October 2005	General Manager of Corporate Planning and Control Dept. of Kubota Corporation
October 2009	Vice President of The Siam Kubota Industry Co., Ltd. (currently, SIAM KUBOTA Corporation Co., Ltd.) Director of Siam Kubota Leasing Co., Ltd.
August 2010	Vice President of SIAM KUBOTA Corporation Co., Ltd. Director of Siam Kubota Leasing Co., Ltd.
June 2014	Audit & Supervisory Board Member of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Audit & Supervisory Board Member

Having served as a manager in charge of corporate planning and control operations and a member of the executive team of an overseas headquarters, Toshikazu Fukuyama has a good feel for global business and considerable insight regarding administration and corporate accounting. Therefore, Kubota Corporation expects him to utilize his experience gained while holding the position of full-time Audit & Supervisory Board Member since 2014 to further contribute to its auditing procedures, and nominates him as a candidate for Audit & Supervisory Board Member.

(Note) There is no special interest between Kubota Corporation and Mr. Fukuyama.

(Translation)

No. 2	Yasuhiko Hiyama (Date of Birth: December 25, 1957)	New Nomination	
Number of Kubota Corporation's Shares Owned: 16,800 shares			

Career Summary, Position at Kubota Corporation, and Important Concurrent Positions


April 1981	Joined Kubota Corporation
April 2008	President of Kubota Industrial Equipment Corporation
April 2010	General Manager of Tractor Planning and Sales Promotion Dept. of Kubota Corporation
April 2012	General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. of Kubota Corporation
April 2014	General Manager of Farm and Utility Machinery Business Unit I, General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. I, General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. II of Kubota Corporation
April 2015	General Manager of Tractor and Utility Machinery Business Unit of Kubota Corporation
January 2016	Executive Officer of Kubota Corporation (to present)
January 2017	General Manager of Compact Tractor, Turf and Utility Vehicle Business Unit of Kubota Corporation
January 2018	Deputy General Manager of Tractor Division of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Audit & Supervisory Board Member

Having served as a manager in charge of farm equipment business, a core business for the Company, and top management of an overseas headquarters subsequent to his service in the administrative operations, Yasuhiko Hiyama has a global business perspective and broad insight relating to administration and corporate management. Therefore, Kubota Corporation expects him to utilize his experience and insight to contribute to its auditing procedures, and nominates him as a candidate for Audit & Supervisory Board Member.

(Note) There is no special interest between Kubota Corporation and Mr. Hiyama.

(Translation)

New Nomination / Independent / Outside	No. 3 Masaki Fujiwara (Date of Birth: December 23, 1953)	
Number of Kubota Corporation's Shares Owned: 3,000 shares		

Career Summary, Position at Kubota Corporation, and Important Concurrent Positions

April 1977	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
January 2000	Director of Malaysia Matsushita Television Co., Ltd
November 2004	General Manager of Technical Accounting Center of Matsushita Electric Industrial Co., Ltd.
December 2006	General Manager of Accounting Center of Panasonic Corporation AVC Networks Company
May 2010	President and Representative Director of Panasonic Insurance Services Japan Co., Ltd.
March 2014	Joined Sansha Electric Manufacturing Co., Ltd.
March 2014	Adviser of Sansha Electric Manufacturing Co., Ltd.
June 2014	Director and Senior Managing Executive Officer of Sansha Electric Manufacturing Co., Ltd. (to present)
June 2014	General Manager of Administrative Division of Sansha Electric Manufacturing Co., Ltd. (to present)

Reasons for Nomination as Candidate for Outside Audit & Supervisory Board Member

Having served in key administrative and executive roles at Panasonic Corporation and its subsidiaries and affiliated companies, Masaki Fujiwara has both considerable knowledge relating to administration and corporate accounting, and a good feel for global business through his long-standing experience stationed overseas. Therefore, Kubota Corporation expects him to further enhance its auditing procedures during this period of further global advancement, and nominates him as a candidate for Audit & Supervisory Board Member.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Fujiwara. Moreover, Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Fujiwara currently holds an important post.

- (Notes)
1. Upon the approval of Mr. Fujiwara's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to enter into an agreement with him to limit his liability for damages, pursuant to Article 427, paragraph 1 of the Companies Act. However, the maximum amount of his liability under this agreement is to be the amount provided for in laws and regulations.
 2. Upon the approval of Mr. Fujiwara's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to report to the TSE that he has been appointed as an Independent Audit & Supervisory Board Member as defined by the TSE.

(Translation)

Proposal 3: Revision of the Amount of Remuneration for Directors

At the 119th Ordinary General Meeting of Shareholders held on June 19, 2009, approval was obtained, and still stands, for the amount of basic remuneration, etc. for the Directors of Kubota Corporation of ¥510 million or less per year (including ¥30 million or less per year for the Outside Directors).

At this General Meeting of Shareholders, Kubota Corporation is submitting Proposal 1 “Election of Ten Directors,” calling for an increase in the number of Outside Directors in order to reinforce the supervisory functions of the Board of Directors (strengthening corporate governance). Accordingly, Kubota Corporation would like to leave the amount of basic remuneration, etc. for the Directors unchanged at ¥510 million or less per year, while revising the amount of basic remuneration, etc. for the Outside Directors to ¥60 million per year or less, taking into consideration factors such as the notion that the Outside Directors will have increasingly greater responsibilities and roles expected of them going forward.

As before, in the case of persons concurrently serving as employees and Directors, the amount of basic remuneration, etc. for the Directors will not include the employee salary portion.

Currently there are nine Directors (including two Outside Directors), but if Proposal 1 “Election of Ten Directors” is approved and passed as proposed, there will be ten Directors (including three Outside Directors).

Proposal 4: Bonus Payments for Directors

Kubota Corporation proposes to pay Directors’ bonuses (¥217.9 million) for seven Directors (excluding Outside Directors) in office as of December 31, 2017, in consideration of results of operations for the fiscal year ended December 31, 2017.

The amount for each Director shall be decided by resolution of the Board of Directors.

(Translation)

ATTACHMENT TO THE CONVOCAION NOTICE FOR THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

BUSINESS REPORT FOR THE 128TH PERIOD (FROM JANUARY 1, 2017 TO DECEMBER 31, 2017)

1. Item of Overview of Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

For the year ended December 31, 2017, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") hit a record high, and operating income increased as well from the prior year due to the strong sales of construction machinery, and engines. A business acquired in the prior year also contributed to this result.

Revenues of the Company increased by ¥155.4 billion [9.7%] from the prior year to ¥1,751.5 billion. In the domestic market, revenues increased because of increased revenues in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products, and tractors. Meanwhile, revenues in Water & Environment, whose businesses are mainly related to public works projects, remained at almost the same level as in the prior year. In overseas markets, revenues increased from the prior year because sales of construction machinery and engines increased significantly due to worldwide favorable business conditions, and strong demand in the construction industry. Sales of tractors increased steadily as well. On the other hand, sales of ductile iron pipes (mainly sold in the Middle East) were weak due to stagnant crude oil prices. As a result, overseas revenues accounted for 67.8% of consolidated revenues, 2.3 percent higher than in the same period in the prior year.

Operating income increased by ¥10.0 billion [5.3%] from the prior year to ¥198.8 billion. Operating income in Farm & Industrial Machinery increased mainly due to the positive impact of increased sales in domestic and overseas markets, which compensated for some negative impacts, such as increased selling expenses. Operating income in Water & Environment also increased due to improved profitability as the Company reduced fixed costs and selected orders based strictly on profitability. Income before income taxes and equity in net income of affiliated companies increased by ¥15.9 billion [8.1%] to ¥212.9 billion. Income taxes increased by ¥13.4 billion [8.1%] to ¥69.9 billion mainly because the federal corporate tax rate cut in the United States has been determined. Equity in net income of affiliated companies was ¥2.4 billion, and net income attributable to non-controlling interests was ¥8.9 billion. Net income attributable to Kubota Corporation was ¥136.4 billion, which was ¥4.0 billion [3.0%] higher than at the prior year.

2) Review of Operations by Reportable Segments

(a) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, agricultural-related products, engines, construction machinery, and electronic equipped machinery.

Revenues in this segment increased by 12.9% from the prior year to ¥1,436.6 billion, and accounted for 82.0% of consolidated revenues.

Domestic revenues increased by 4.6% to ¥294.5 billion, as sales of tractors recovered from stagnating sales caused by stronger emissions regulations. Sales of agricultural-related products and construction machinery also increased.

Overseas revenues increased by 15.3% to ¥1,142.1 billion. In North America, sales of compact tractors remained strong due to the expanding market for compact tractors used by home owners, and others. Sales of construction machinery and engines grew as well. A business acquired in the prior year also contributed to higher revenues. In Europe, sales of construction machinery and engines grew in response to steady demand for

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construction of housing and infrastructure, as well as higher sales in the implements business in the agriculture-related market. In Asia outside Japan, revenues in Thailand resulted in a minor increase. Sales of farm equipment were strong over the first half of the year, but severe rain caused second-half sales to stagnate. Revenues in China increased significantly due to an increase in sales of rice transplanters, construction machinery, and engines. Sales of combines were weak due to the reduction in budgeted government subsidies.

(b) Water & Environment

Water & Environment is comprised of pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, ceramics, spiral-welded steel pipes, and other products).

Revenues in this segment decreased by 2.9% from the prior year to ¥286.1 billion, and accounted for 16.3% of consolidated revenues.

Domestic revenues increased by 0.1% from the prior year to ¥241.1 billion. Revenues from pipe-related products decreased slightly mainly due to lower revenues from the construction business, although revenues from plastic pipes increased. Revenues from environment-related products decreased as well, due to a decrease in sales in operations and maintenance related to facilities business. On the other hand, revenues from social infrastructure-related products increased in response to increased sales from spiral-welded steel pipes business.

Overseas revenues decreased by 16.2% to ¥45.0 billion, mainly due to lower export sales of ductile iron pipes to the Middle East.

(c) Other

Other is comprised of a variety of services.

Revenues in this segment decreased by 1.9% from the prior year to ¥28.9 billion, and accounted for 1.7% of consolidated revenues.

(2) Initiatives of the Company Going Forward

The Company's long-term goal is to become a "Global Major Brand," or in other words a "brand that can make the greatest social contribution as a result of being trusted by the largest number of customers." The Company has been promoting key measures, listed below, aiming at achieving that objective, and is accordingly working to further enhance its competences for resolving challenges in the fields of food, water and the environment. As the Company strives to contribute to the maximum extent possible toward success of the Sustainable Development Goals (SDGs) promoted by the United Nations, it also aims to achieve sustainable development acting as a "Global Major Brand."

1) Pursuit of Renewed Growth Opportunities by Expanding the Business Domains

Previously, the Company has been forging ahead with respect to introducing new products in strategic fields, and establishing business foundations in areas such as production, sales and services, having cited the "acceleration of business development in strategic fields" as a key measure to pursue. Currently, the Company is extending and redoubling such efforts toward achieving "pursuit of renewed growth opportunities by expanding the business domains," thereby aiming to link such efforts to sound accomplishments.

In the upland farming machinery business, the Company's full-scale entry into the market for large tractors has enabled it to pinpoint customer needs and business challenges that differ from those in the past. As such, the Company will work to expand business and increase profitability by swiftly implementing specific measures to address such needs and challenges. Moreover, the Company will create new opportunities with respect to developing business in emerging markets such as those of India, Eastern Europe, Turkey

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and Mexico, as well as in frontier markets such as those of Brazil and Kenya, by tapping diverse needs in respective geographic areas through efforts that involve tirelessly pursuing its “Priority Onsite” approach, unfettered by conventional practices. Through these initiatives, the Company aims to make great strides toward becoming a leading manufacturer of full-line farming machinery throughout the world.

In the overseas construction machinery business, the Company has achieved high rates of growth as a result of a succession of new model introductions aiming at offering a good selection of small-sized construction machinery. Going forward, the Company will pick up its pace in areas that include further expansion of its product lineup, strengthening local production and adopting innovative technologies, while also placing focus on ASEAN economies and other emerging markets. The Company will work on developing its construction machinery business into another pillar of the Company along with its farming machinery business.

In the engine business, the Company has been steadily developing the technologies to satisfy emissions regulations in respective geographic regions, and achieving growth stemming from its efforts to carry out product development answering market needs. As a result, the Company recorded all-time-high results with respect to shipment volume in the fiscal year ended December 31, 2017. Going forward, the Company aims to become the world’s top manufacturer of industrial engines in the under-200 horsepower range, while redoubling efforts that involve developing larger engines, addressing needs for clean engine exhaust systems that meet or exceed environmental regulations, and expanding its lineup of small engines.

The Company will also embark on the task of making further strides with respect to its turf and utility vehicle (multipurpose four-wheel-drive vehicles) business. This will involve working toward substantially expanding the Company’s customer base primarily with respect to its growing lineup of lawn mowers and gasoline engine-equipped high-speed utility vehicles being introduced in 2018 by leveraging its U.S. operations which have ramped up production capacity.

2) Improvement of Profitability and Enhancement of the Business Structure

The Company will work scrupulously to increase profitability and enhance its business structure with the aim of ensuring that the Company prevails against competition intensifying year after year, and achieves sustainable growth.

In the overseas farming machinery business, the Company will place focus on substantially cutting costs at its plants in Japan, its core manufacturing base, while also fully leveraging its overseas plants which have ramped up production capacity. In addition, with respect to Kverneland AS whose sales of agricultural implements have begun to recover, the Company will forge ahead with efforts in terms of boosting profitability and further giving rise to synergies with Great Plains Manufacturing, Inc.

Amid a persistently severe business environment, the farming machinery business in Japan will painstakingly manage operations with a focus on ensuring profits, particularly by heightening productivity of sales and distribution channels. The Company will also pursue differentiation by providing carefully crafted, high-quality services and solutions, while also striving to bring about commercial applications geared to addressing various needs pertaining to farming, farmers and agricultural produce, and working to transform into a “comprehensive agricultural services business.”

In the Water & Environment business, the Company has been attaining positive results with respect to structural improvement and reforms which have been implemented thus far, and has achieved an increase in profits in the fiscal year ended December 31, 2017, despite lower revenues. In addition to redoubling such efforts, the Company will also enhance its product strengths by implementing innovative pricing and boost competitive strengths by bolstering ties among related products. Overseas, momentum has been gaining with respect to environment-related businesses such as wastewater treatment plant (Johkasou) and membrane solutions in Asia where demand with respect to water

(Translation)

engineering and solutions is growing. The Company will further accelerate integrated operations of its business locations in Japan and overseas, including group companies of the Kubota Corporation. By making use of its Kubota Smart Infrastructure System (KSIS) services which involve providing comprehensive solutions that make use of IoT technologies in the field of water and environment, the Company will generate new forms of value acting as a “water environment solution provider,” thereby addressing customer needs with respect to saving energy, reducing labor and achieving greater convenience.

Meanwhile, the Company is working to substantially reduce inventories as part of its policy to improve its business efficiency. Going forward, the Company will promote specific measures on the basis of global supply chain management geared to swiftly achieving objectives that have been set for its respective business locations. The Company is also redoubling efforts to boost productivity, and aims to dramatically improve productivity by carrying out thorough operational streamlining based on the Kubota Production System that extends to our sales and support services operations, beyond manufacturing operations.

In the fiscal year ended December 31, 2017, management made the decision to withdraw from the vending machine business. They came to the conclusion that the move was unavoidable given the Company’s aim of increasing the entire Group’s profitability. Consequently, by redistributing operational resources related to the vending machine business, the Company will be able to further promote growth of other businesses.

3) Enhancement of Technology Development and Improvement of Efficiency

The Company’s aim of becoming a “Global Major Brand” capable of addressing diverse customer needs calls for further improvement in the Company’s capability to develop technologies. As such, the Company will build on its global development methodology and structure through sweeping improvements to such systems in Europe, after such efforts in North America and Thailand. Moreover, the Company will expand its recruitment and training programs with its sights set on improving skill levels of its research and development workforce who form the basis for that methodology and structure, and will also take steps to reduce development periods of new products through efforts taken under its Product Development Process Reform Project.

On the technology front, the Company will swiftly respond to changing customer needs by placing priority on developing advanced technologies in select strategic fields, and through efforts that include expanding and upgrading autonomous vehicle operation and enhancing energy-saving plant technologies.

4) Globalization of Corporate Management as a Whole

The Company will develop more sophisticated management functions with its sights set on achieving increasingly global operations as a whole, commensurate with its “Global Major Brand” approach.

Efforts to spread the Kubota Production System involve instilling the basic concept of “thorough elimination of waste” into all operational processes. In addition, the Company will build a highly efficient production system that is world-class, through efforts that entail developing mechanisms that realize shorter lead times and production of only those items that have generated sales.

With respect to promoting use of information technologies, the Company’s past efforts have instilled notions of standardizing, integrating and centralizing its IT infrastructure across the Group overall, and as such a path toward developing sophisticated mission-critical systems has come into view. Cutting-edge IT infrastructure is essential in underpinning the Company’s regional strategies and promoting its operational reforms. The Company will accelerate efforts geared to building an IT infrastructure that outperforms those of its competitors.

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5) Issues Upon Which the Company Should Implement Countermeasures

(Actions for the health hazard of asbestos)

The Company will continuously cope with this issue faithfully from the view point of Corporate Social Responsibility as one of manufacturers that once manufactured asbestos-containing products.

Initiatives to date

- Relief payment

The Company has established "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant" on April 17, 2006 and paid the relief payments to 315 parties up to December 31, 2017.

The economies of Japan and the U.S. are going through a long-term expansionary phase, while business conditions in Europe and China are also holding firm. On the other hand, the worldwide economy is by no means on a solid footing amid issues that include mounting geopolitical risks and frequent instances of unseasonable weather conditions. Moreover in the automotive sector, increasingly apparent social issues and needs have brought about drastic changes in the industry, which has been particularly evident with respect to manufacturers drastically picking up the pace in rolling out electric-vehicle and autonomous operation features. The Company now finds itself in a business environment that is changing at an increasingly rapid pace and substantial magnitude. The Company embraces such changes as major business opportunities, given of the sense of mission it has had with respect to finding solutions to social challenges ever since it was founded. The Company will address such changes with precision and speed, thereby bringing about long-term growth while further increasing its corporate value.

The Company earnestly looks forward to the continuing support from the Company's shareholders in the years to come.

(3) Initiatives for Improving Corporate Value

1) Corporate Governance

(Basic Policy for Corporate Governance)

Kubota Corporation has designated "long-term and stable growth of corporate value" as its highest management priority. To realize this aim, Kubota Corporation considers enhancement of the satisfaction of all the Company's stakeholders and improvement of overall corporate value, while balancing economic value, social value, and corporate value, to be important. Especially, in order to achieve the long-term objectives of building "Global Major Brand Kubota" on the basis of its corporate philosophy "Kubota Global Identity," Kubota Corporation must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

(Basic Strategy for Capital Policy)

Kubota Corporation's basic strategy for capital policy is to fully utilize capital in order to improve profitability, maintain an adequate level of capital to support future business expansion, and work to further enhance shareholder returns. Kubota Corporation will strive to sustainably enhance shareholder value with the well-balanced promotion of the three aforementioned policies.

(Policy on Decision of Appropriation of Surplus)

Kubota Corporation's basic policy for the returns of profit to shareholders is to maintain stable dividends and raise dividends together with flexible share buy-backs and retirement of treasury stock. Kubota Corporation recognizes appropriate returns of profit to

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shareholders is one of the most important management issues and will strive to expand it going forward, considering requirements of maintaining sound business operations as well as adapting to the future business environment.

Under this basic policy, the Company sets its consolidated dividend payout ratio target at 30%, and will work to achieve a total consolidated shareholder return ratio, including share buy-backs and retirement of treasury stock, that exceeds 30% every year.

Kubota Corporation decided at the meeting of the Board of Directors held on February 14, 2018 that it would pay ¥17 of the year-end dividend per common share commencing its payment on March 26, 2018. As a result, including the interim dividend of ¥15 per common share already paid, the annual dividend per common share for the year ended December 31, 2017 is ¥32.

Notice of year-end dividend	
1) Amount of year-end dividend	¥17 per common share (Total ¥20,977,987,386)
2) Record date of year-end dividend	December 31, 2017
3) Payment date	Monday, March 26, 2018
4) Resource of year-end dividend	Retained earnings

2) Commitment to the Environment

Ever since it was founded, the Group has been contributing to the development of society and the conservation of the global environment through its business activities, underpinned by a sense of mission with respect to pinpointing solutions to social issues.

We have been stepping up to challenges posed by environmental management, and will continue striving for our “For Earth, For Life” from this point forward.

(Concept of Corporate Environmental Management)

With the aim of living up to the “For Earth, For Life” slogan, the Group endeavors to strike a balance between attaining business growth and contributing to environmental conservation, and furthermore strives for ongoing synergistic development of society and the Group, through environment-friendly products, technologies, services and corporate activities.

We group our environmental conservation into the five basic categories of, “Responding to Climate Change,” “Working towards a Recycling-based Society,” “Conserving Water Resources,” “Controlling Chemical Substances” and “Conserving biodiversity,” and accordingly engage in efforts that involve reducing the impact our business activities have on the environment and reducing environmental risks. This enables us to help conserve our global environment by offering products, technologies and services that contribute to addressing social issues in the areas of food, water, and the living environment.

(Medium- and Long-Term Environmental Conservation Targets (excerpt))

FY 2030: Reduce CO2 emissions from the Group in Japan by 30% compared to the base year 2014

Increase the sales ratio of Eco-Products certified products to 80%

FY 2020: Reduce CO2 emissions per unit of production at global production sites by 14% compared to the base year 2014

The Group has formulated Long-Term Environmental Conservation Targets for 2030 and Medium-Term Environmental Conservation Targets for 2020. Toward achieving these targets, the Group is advancing systematic initiatives in both the production and product development stages.

(Examples of Activities to Reduce Environmental Loads)

- Considering the environment by improving operational efficiency of zero-turn mowers -
The ZD1500 series of zero-turn mower is a diesel riding lawnmower deployed in North America.

The mower's proprietary cutting system results in vastly improved operational efficiency, and it consumes 17% less fuel than conventional riding mowers.

In addition, its on-board engine complies with the Environmental Protection Agency's (EPA) Tier 4 regulations for gas emissions (for engine outputs over 19kW and under 37kW), which are the latest regulations in North America.

3) Involvement with Stakeholders

(a) Constructive Dialogue with Shareholders

Kubota Corporation promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the mid-to-long term. Kubota Corporation holds results briefings for domestic and foreign institutional investors, company information sessions for individual investors, and factory tours. Going forward, Kubota Corporation will continue to actively engage in dialogue with all stakeholders.

(Dialogue with Individual Shareholders)

During the fiscal year ended December 31, 2017, Kubota Corporation held factory tours for shareholders at the Sakai Plant (Osaka, Japan) which manufactures products such as tractors and engines, and at the Hanshin Plant (Hyogo, Japan) which manufactures products such as ductile iron pipes. As the result of participating in the factory tours and seeing a real manufacturing site, Kubota Corporation made shareholders' understanding of its business operations deeper. In addition, Kubota Corporation held corporate information sessions where the President and individual shareholders can communicate interactively and directly. Furthermore, Kubota Corporation participated in investor forums to explain the Group's business activities and management strategy widely.

(Dialogue with Institutional Investors and Analysts)

Kubota Corporation has approximately 430 individual and group meetings per year with institutional investors and analysts. In addition, Kubota Corporation holds a new product exhibition and a briefing on business operations in January, a results briefing for the year-end in February, and a results briefing for the first half in August. Furthermore, Kubota Corporation makes timely disclosure of its financial and other information in Japanese and English through its website. In addition, Kubota Corporation regularly conducts tours of its domestic factories and overseas subsidiaries and briefings on business operations. In 2017, factory tours and briefings on business operations were held at the Amata Nakorn Plant of Kubota Corporation's Thai subsidiary SIAM KUBOTA Corporation.

(b) Ties with Our Local Communities

The Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, we proactively engage in activities geared to fulfilling our responsibilities as a corporate citizen.

(Kubota e-Project)

In an effort to contribute to society in the areas of food, water and the environment, the Group commenced the "Kubota e-Project" in FY 2008.

The Group engages in social contribution activities geared to contributing to the creation of a sustainable society, premised on its promises that it will keep supporting prosperous lives of humans while protecting the environment of this beautiful earth.

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- Well construction in India -

The Group is carrying out initiatives to as much as possible reduce the number of people without access to safe water. We do so with “India Well Construction Aid,” which supports local communities through NGO that has been active in the Asian region for many years.

(Supporting Disaster-affected Areas)

- Distribution of brown rice bread to residents of temporary housing in Kumamoto Prefecture -

The Group distributed brown rice bread manufactured and sold by Nakakyushu KUBOTA Group to disaster victims who still have no choice but to live in temporary housing, in hopes that such efforts will help lift their spirits.

(Corporate Sporting Events)

The Group is part of the Japan Rugby Top League, the top rugby league in Japan, and manages the Kubota Spears, a rugby team based in Funabashi City, Chiba Prefecture. In 2017, we concluded a “Hometown Agreement” with Funabashi City, and we are working to build a team that is adored by the local community.

(c) Creating a Vibrant Workplace

As a business group operating on a global scale, the Group considers recognizing diverse values and ways of thinking and having multiple viewpoints as essential for its sustainable growth. The Company places emphasis on accepting individual differences and utilizing them to create new value. The Company’s diversity management aims to derive creativity from the diversity in the Company’s personnel.

(Promotion of Employment of Persons with Disabilities)

Kubota Corporation established Kubota Sun-Vege Farm Co., Ltd. in February 2010 to support persons with disabilities to become self-reliant, as well as to revitalize Japanese agriculture by making use of abandoned farmlands. Kubota Sun-Vege Farm Co., Ltd. is engaged in the hydroponic cultivation of vegetables, which is unaffected by the seasons. These vegetables are sold and used in the Group’s company cafeterias, and used in the lunch programs of neighboring schools.

(Promoting the Use of Annual Paid Leave)

Kubota Corporation encourages employees to use their paid leave days, particularly from the standpoint of maintaining their mental and physical health, preventing excessively long working hours and securing a good work-life balance.

(Working on the Promotion of Female Employees)

Kubota Corporation makes an effort to provide more opportunities for female employees, and has instituted job systems that enable both female and male employees to take childcare leave easily and work a reduced schedule, to promote an improved work-life balance among employees.

In addition, Kubota Corporation has introduced training for the purpose of supporting the career advancement of women and a “Re-entry assistance” system that enables some employees, who retired previously from Kubota Corporation out of necessity when it became difficult to balance work with their home life, to have the opportunity to return to work at Kubota Corporation.

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(4) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

Fiscal period (Business term)	Year ended March 31, 2014 (124th)	Year ended March 31, 2015 (125th)	Nine months ended December 31, 2015 (126th)	Year ended December 31, 2016 (127th)	Year ended December 31, 2017 (128th)
Revenues (in billions of yen)	1,510.5	1,584.3	1,244.8	1,596.1	1,751.5
Operating income (in billions of yen)	203.9	203.1	166.9	188.8	198.8
Income before income taxes and equity in net income of affiliated companies (in billions of yen)	212.4	210.7	169.5	197.0	212.9
Net income attributable to Kubota Corporation (in billions of yen)	132.7	139.5	110.1	132.5	136.4
Net income attributable to Kubota Corporation per common share—Basic (in yen)	105.74	111.68	88.47	106.58	110.30
Total assets (in billions of yen)	2,110.7	2,472.2	2,532.9	2,670.6	2,853.9
Total equity (in billions of yen)	1,001.6	1,178.5	1,218.6	1,271.9	1,385.4
Kubota Corporation shareholders' equity (in billions of yen)	935.8	1,100.1	1,140.3	1,198.8	1,301.3
Kubota Corporation shareholders' equity per common share (in yen)	748.76	883.10	916.28	966.19	1,054.86
Ratio of net income attributable to Kubota Corporation to shareholders' equity (%)	15.3	13.7	9.8	11.3	10.9

- (Notes)
- The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America.
 - Net income attributable to Kubota Corporation per common share—Basic is calculated based on the weighted-average number of outstanding common shares for the period. Kubota Corporation shareholders' equity per common share is calculated based on the number of outstanding common shares at the end of the period. The weighted-average number of outstanding common shares for the period and the number of outstanding common shares at the end of the period are calculated after deducting the number of shares of treasury stock.
 - Kubota Corporation shareholders' equity and Kubota Corporation shareholders' equity per common share are calculated based on total amount of Kubota Corporation shareholders' equity in consolidated balance sheets.
 - Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. The same changes in the fiscal year-ends were made to subsidiaries in Japan that had fiscal year-ends other than December 31. Accordingly, the 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. In addition, certain subsidiaries and affiliated company aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for the prior years.
 - Kubota Corporation adopted the new accounting standard related to debt issuance costs from the 127th business term. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for the prior years.
 - Amounts less than presentation units are rounded.

(Translation)

2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended March 31, 2014 (124th)	Year ended March 31, 2015 (125th)	Nine months ended December 31, 2015 (126th)	Year ended December 31, 2016 (127th)	Year ended December 31, 2017 (128th)
Net sales (in billions of yen)	765.3	776.5	575.1	754.7	844.1
Operating income (in billions of yen)	75.4	66.9	42.8	41.9	82.1
Ordinary income (in billions of yen)	99.8	92.7	64.4	68.0	127.4
Net income (in billions of yen)	66.4	65.9	47.4	51.7	95.4
Net income per common share— Basic (in yen)	52.97	52.76	38.09	41.58	77.12
Total assets (in billions of yen)	953.2	1,007.5	1,027.4	1,084.3	1,181.5
Total net assets (in billions of yen)	521.4	558.5	555.8	570.2	619.0
Net assets per common share (in yen)	417.10	448.27	446.47	459.49	501.66

- (Notes)
1. Net income per common share—Basic is calculated based on the weighted-average number of outstanding common shares for the period. Net assets per common share is calculated based on the number of outstanding common shares at the end of the period. The weighted-average number of outstanding common shares for the period and the number of outstanding common shares at the end of the period are calculated after deducting the number of shares of treasury stock.
 2. Due to the change in the fiscal year-end, the results of operations for the 126th business term represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.
 3. Amounts less than presentation units are rounded down.

(5) Main Offices and Factories, and Material Subsidiaries and Affiliated Companies

1) Kubota Corporation (As of December 31, 2017)

	Business name	Location
Offices	Head Office Tokyo Head Office Hokkaido Regional Office Tohoku Regional Office Chubu Regional Office Chushikoku Regional Office Kjusyu Regional Office Hanshin Office Yokohama Branch Shikoku Sales Office	Osaka (Osaka) Chuo-ku (Tokyo) Sapporo (Hokkaido) Sendai (Miyagi) Nagoya (Aichi) Hiroshima (Hiroshima) Fukuoka (Fukuoka) Amagasaki (Hyogo) Yokohama (Kanagawa) Takamatsu (Kagawa)
Plants	Sakai Plant Hirakata Plant Utsunomiya Plant Tsukuba Plant Sakai-Rinkai Plant Hanshin Plant Keiyo Plant Ichikawa Plant Shiga Plant Okajima Business Center Kyuhoji Business Center	Sakai (Osaka) Hirakata (Osaka) Utsunomiya (Tochigi) Tsukubamirai (Ibaraki) Sakai (Osaka) Amagasaki (Hyogo) Funabashi (Chiba) Ichikawa (Chiba) Konan (Shiga) Osaka (Osaka) Yao (Osaka)

(Translation)

2) Material Subsidiaries and Affiliated Companies (As of December 31, 2017)

Business name	Location	Common stock	Percentage of investment shares (%)	Principal business activity	
(Subsidiaries)					
Japan	Kubota Credit CO., LTD.	Osaka, Japan	¥ 0.5 billion	77.8 [22.9]	Retail financing to purchasers of farm equipment and related products
	Kubota ChemiX Co., Ltd.	Osaka, Japan	¥ 3.2 billion	100.0 [0.2]	Manufacturing and sales of plastic pipes and fittings
North America	Kubota North America Corporation	U.S.A.	US\$ 597 million	100.0	Administration of subsidiaries in North America
	Kubota Tractor Corporation	U.S.A.	US\$ 37 million	100.0 [100.0]	Sales of tractors, outdoor power equipment, construction machinery and implements
	Kubota Credit Corporation U.S.A.	U.S.A.	US\$ 8 million	100.0 [90.0]	Retail financing to purchasers of tractors, outdoor power equipment, construction machinery and implements
	Kubota Manufacturing of America Corporation	U.S.A.	US\$ 11 million	100.0 [100.0]	Manufacturing of tractors and outdoor power equipment
	Kubota Industrial Equipment Corporation	U.S.A.	US\$ 70 million	100.0 [100.0]	Manufacturing of tractors and implements, construction machinery
	Kubota Engine America Corporation	U.S.A.	US\$ 10 million	100.0 [100.0]	Sales, engineering and after-sales service of engines, engine parts and engine accessories
	Great Plains Manufacturing, Inc.	U.S.A.	US\$ 0.1 million	100.0 [100.0]	Manufacturing and sales of implements
	Kubota Canada Ltd.	Canada	Can\$ 6 million	100.0	Sales of tractors, outdoor power equipment, construction machinery and implements
Europe	Kubota Holdings Europe B.V.	Netherlands	EUR 451 million	100.0	Administration of subsidiaries in Europe
	Kubota Europe S.A.S.	France	EUR 11 million	100.0 [100.0]	Sales of construction machinery, tractors, outdoor power equipment and engines
	Kubota Baumaschinen GmbH	Germany	EUR 14 million	100.0 [100.0]	Manufacturing and sales of construction machinery
	Kverneland AS	Norway	EUR 17 million	100.0 [100.0]	Manufacturing and sales of implements
Asia	Kubota China Holdings Co., Ltd.	China	RMB 1,702 million	100.0	Administration of subsidiaries in China
	Kubota Agricultural Machinery (Suzhou) Co., Ltd.	China	RMB 171 million	100.0 [100.0]	Manufacturing and sales of combine harvesters, rice transplanters and tractors
	Kubota Construction Machinery (Wuxi) Co., Ltd.	China	RMB 289 million	100.0 [100.0]	Manufacturing of construction machinery
	Kubota China Financial Leasing Ltd.	China	RMB 527 million	100.0 [100.0]	Finance leasing of construction machinery and farm equipment, and factoring service

(Translation)

Business name	Location	Common stock	Percentage of investment shares (%)	Principal business activity	
SIAM KUBOTA Corporation Co., Ltd.	Thailand	THB 2,739 million	60.0	Manufacturing and sales of tractors, combine harvesters, implements, horizontal type diesel engines and construction machinery	
	Siam Kubota Leasing Co., Ltd.	Thailand	THB 2,000 million	100.0 [100.0]	Retail financing to purchasers of tractors and combine harvesters
	Kubota Engine (Thailand) Co., Ltd.	Thailand	THB 1,400 million	100.0	Manufacturing of vertical type diesel engines
Australia	Kubota Tractor Australia Pty Ltd	Australia	A\$ 6 million	80.0	Sales of tractors, outdoor power equipment, construction machinery and engines
(Affiliated Company)					
Japan	KMEW Co., Ltd.	Osaka, Japan	¥ 8.0 billion	50.0	Manufacturing and sales of roofing, siding materials and rain gutters

- (Notes)
1. Figures in square brackets represent ratio of indirect holding shares to total shares of each subsidiary, which is included in total percentage of investment shares.
 2. As of December 31, 2017, the Company had 173 consolidated subsidiaries (including the 22 companies listed above).
 3. Consolidated financial results for the year ended December 31, 2017 were described in "1. Item of Overview of Operations, (1) Review of Operations."

3) Other Major Subsidiaries and Associated Companies

	Business name	Location
Japan	15 domestic sales companies of farm equipment	
	KUBOTA Construction Machinery Japan Corporation	Amagasaki, Hyogo
	Kubota Air Conditioner, Ltd.	Chuo-ku, Tokyo
	Nippon Plastic Industry Co., Ltd.	Komaki, Aichi
	Kubota Environmental Service Co., Ltd.	Chuo-ku, Tokyo
	Kubota Construction Co., Ltd.	Osaka, Osaka
North America	Kubota Materials Canada Corporation	Canada
Europe	Kubota Farm Machinery Europe S.A.S	France
	Kubota (Deutschland) GmbH	Germany
	Kubota (U.K.) Ltd.	U.K.
Middle East	Kubota Saudi Arabia Company, LLC	Kingdom of Saudi Arabia

(Translation)

(6) Main Line of Business (As of December 31, 2017)

The Company conducts its businesses in the following three fields: “Farm & Industrial Machinery,” “Water & Environment” and “Other.”

Segment	Primary products and services
Farm & Industrial Machinery	
Farm equipment	Tractors, Power tillers, Combine harvesters, Rice transplanters, Lawn mowers, Utility vehicles and other agricultural machineries, Implements, Attachments, Post-harvest machineries, Vegetable production equipment and other equipment for agricultural use, Cooperative drying facilities, Rice seedling facilities, Rice mill plants and Gardening facilities
Engines	Engines (for farming, construction, industrial machinery and generators)
Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders and other construction machinery related products
Electronic equipped machinery	Scales, Weighing and measuring control systems, Air-conditioning equipment, Air purifier with humidification function
Water & Environment	
Pipe-related products	Ductile iron pipes, Plastic pipes, Pumps and plants, Valves, Single stack drain fittings, Design and construction of construction works
Environment-related products	Waste water treatment equipment and plants, Membrane solutions, Water purification plants, Night-soil treatment plants, Waste incinerating and melting plants, Waste shredding and sorting plants, Flue gas desulfurization apparatus, Membrane methane fermentation plants, Wastewater Treatment Plant (Johkasou), Bathtubs
Social Infrastructure-related products	Reformer & Cracking tubes, Hearth rolls, Rolls for steel mills, Ceramics, TXAX (friction materials), Spiral welded steel pipes (Steel pipe pile, Steel pipe sheet pile)
Other	
	Services, Roofing and siding materials

(7) Capital Expenditures

For the year ended December 31, 2017, the Company made capital expenditures totaling ¥52.2 billion, including investments for expanding of production capacity in China and Thailand, strengthening IT infrastructure, and manufacturing of new products.

(8) Financing

Funds for capital expenditures were obtained mainly from the Company’s internal resources. On the other hand, funds for sales financing operations were obtained mainly from borrowings.

(9) Employees (As of December 31, 2017)

1) Consolidated Basis

Number of employees	Change from prior fiscal year-end
39,410	+1,119

(Note) The number of employees indicates the number of full-time employees.

2) Kubota Corporation

Number of employees	Change from prior fiscal year-end
11,266	+143

(Note) The number of employees indicates the number of full-time employees.

(Translation)

(10) Main Financing Bank (As of December 31, 2017)

Name	Balance of the loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 111.4 billion
Sumitomo Mitsui Banking Corporation	¥ 102.7 billion
Mizuho Bank, Ltd.	¥ 102.6 billion

(Translation)

2. Item on Shares of Kubota Corporation

(1) Information on the Shares (As of December 31, 2017)

- 1) **Total Number of Authorized Common Shares:** 1,874,700,000 shares
- 2) **Total Number of Common Shares Issued:** 1,234,024,216 shares (including 24,958 shares of treasury stock)
- 3) **Number of Shareholders:** 37,855 shareholders
- 4) **Number of Shares Per Unit of Shares:** 100 shares
- 5) **Major Shareholders (Top 10)**

Name	Number of Shares Held (thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	106,071	8.59
Nippon Life Insurance Company	62,542	5.06
Meiji Yasuda Life Insurance Company	59,929	4.85
Japan Trustee Services Bank, Ltd. (Trust Account)	56,496	4.57
Sumitomo Mitsui Banking Corporation	36,006	2.91
Mizuho Bank, Ltd.	36,006	2.91
GIC PRIVATE LIMITED-C	22,056	1.78
Moxley & Co. LLC	21,014	1.70
Japan Trustee Services Bank, Ltd. (Trust Account 5)	20,572	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 7)	19,789	1.60

(Note) Holding ratio is calculated excluding treasury stock as of December 31, 2017.

(2) Acquisition, Retirement, and Holding of Treasury Stock

1) Treasury Stock Acquired during This Fiscal Year

- Common share: 7,130,125 shares
Total amount of shares acquired: ¥ 13,197,413,226

2) Treasury Stock Retired during This Fiscal Year

- Common share: 7,130,000 shares
Date of retirement: December 29, 2017

3) Treasury Stock Held as of December 31, 2017

- Common share: 24,958 shares

(3) Other Important Matters Concerning Shares of Kubota Corporation

Kubota Corporation has issued 35,036 common shares as of March 24, 2017, in order to grant restricted stock to six Directors (excluding Outside Directors) under the restricted stock compensation plan.

(4) Policy for Cross-shareholdings

Kubota Corporation believes it is necessary to cooperate with various companies in every process of development, manufacturing, distribution, sales, service, and funding to succeed in global competition and grow sustainably. From this perspective, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies. From time to time, Kubota Corporation reviews the significance of each equity security from the viewpoints of improvement of asset

(Translation)

efficiency, avoidance of equity risk, and necessity of cooperation, and decreases its cross-shareholdings when it determines that maintaining them is no longer appropriate. In the fiscal year ended December 31, 2017, Kubota Corporation sold ¥11.8 billion of its equity securities.

(Translation)

3. Item of Directors, Audit & Supervisory Board Members and Executive Officers of Kubota Corporation

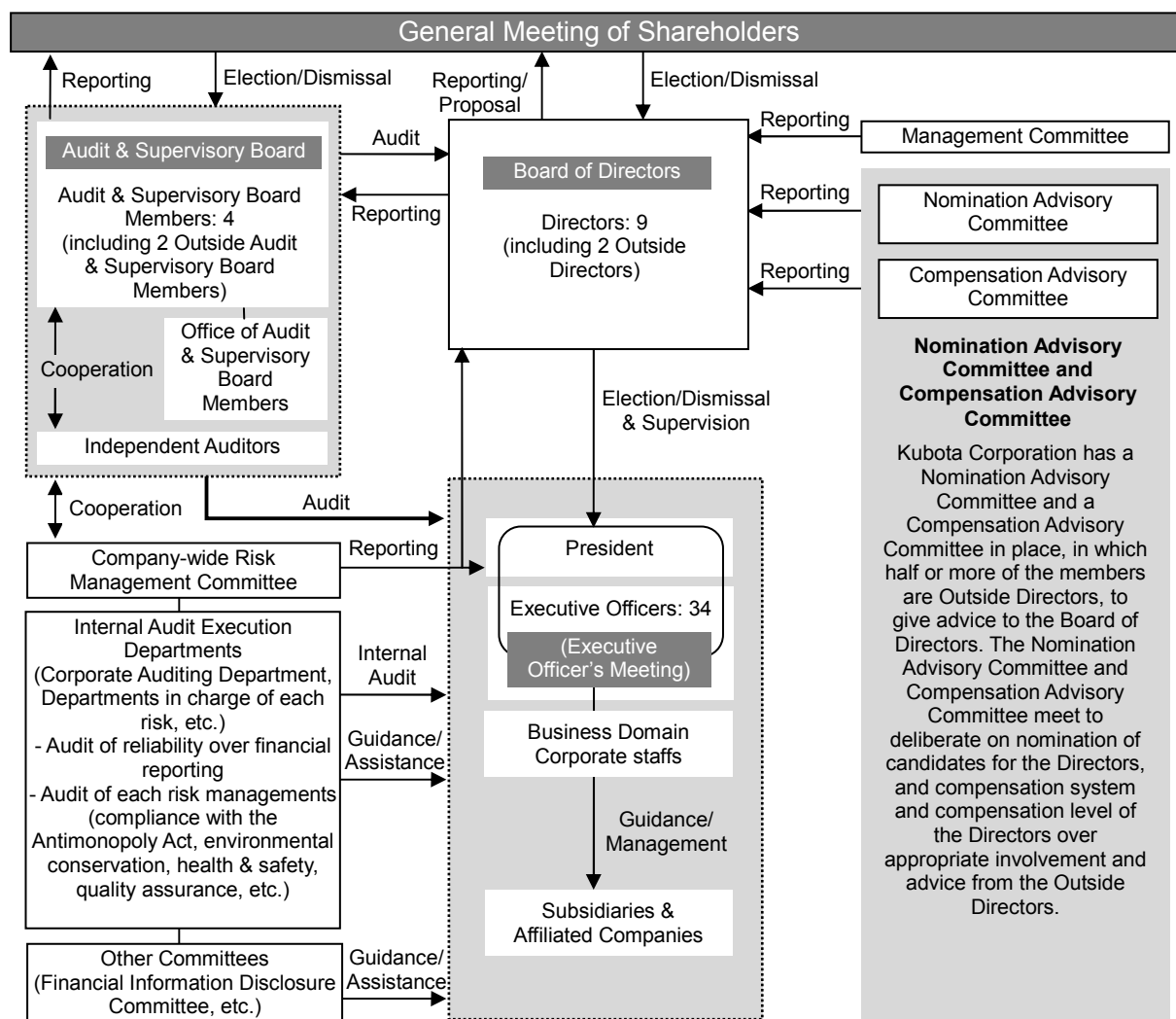
(1) Policy of Organization Structure

Kubota Corporation has a wide range of business domain that includes the areas of food, water, and the environment. Considering the scope of this domain, Kubota Corporation believes that the most appropriate governance structure is one in which the Board of Directors, which is composed primarily of Directors with in-depth experience and knowledge in particular areas of the Company's businesses, obtains appropriate advice from the Outside Directors, and makes decisions on major fundamental management policies. The Board of Directors also supervises and oversees the Executive Officers' conduct of business. On the other hand, the Audit & Supervisory Board Members, who are legally independent from the Board of Directors, provide a monitoring function through the highly effective, independent audit function. Kubota Corporation also adopts the Audit & Supervisory Board governance approach because Kubota Corporation believes this governance system is appropriate for attaining sustainable growth and increasing corporate value in the medium to long term in addition to securing sound, efficient, and effective management.

	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objectives	To make strategic decisions and oversee the execution of duties by the Executive Officers	To oversee and audit the execution of duties by the Directors	To enhance the execution of duties in regions or operation sites and make prompt and proper management decisions
Members	Nine Directors (two of whom are the Outside Directors)	Four Audit & Supervisory Board Members (two of whom are the Outside Audit & Supervisory Board Members)	President and Representative Director (hereinafter, the "President") and 34 Executive Officers
Frequency of meetings	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

(Translation)

Corporate Governance Structure (As of January 1, 2018)



(2) Activity Report of the Nomination Advisory Committee and the Compensation Advisory Committee

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the nomination of new candidates for Directors and the reappointment of existing Directors. Meanwhile, the Compensation Advisory Committee met twice during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors and Executive Officers, and the adequacy of the stock compensation plan adopted the previous year. (Including one resolution in writing).

(Translation)

(3) Activity Report for Outside Directors and Outside Audit & Supervisory Board Members

Position	Name	Their Activities
Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all 12 meetings of the Board of Directors held during the fiscal year. When necessary, he made use of considerable experience and extensive knowledge of corporate management, and provided various statements such as opinions about overall management based on his viewpoints of business management and business strategy.
Director	Koichi Ina	Mr. Koichi Ina attended all 12 meetings of the Board of Directors held during the fiscal year. When necessary, he made use of considerable experience and extensive knowledge of corporate management, and provided various statements such as opinions about overall management based on his viewpoints of business management and business strategy.
Audit & Supervisory Board Member	Akira Morita	Mr. Akira Morita attended all 12 meetings of the Board of Directors and all 14 Audit & Supervisory Board Meetings held during the fiscal year. When necessary, he provided various statements such as opinions based on his long experience of legal scholarship and his expert viewpoints. He also attended the regular meetings with Representative Directors and expressed opinions.
Audit & Supervisory Board Member	Teruo Suzuki	Mr. Teruo Suzuki attended all 12 meetings of the Board of Directors and all 14 Audit & Supervisory Board Meetings held during the fiscal year. When necessary, he provided various statements such as opinions based on his considerable experience as a Certified Public Accountant and his professional viewpoints, regarding accounting and financial matters, including generally accepted accounting principles in the United States of America. He also attended the regular meetings with Representative Directors and expressed opinions.

(Translation)

(4) Evaluating the Effectiveness of the Board of Directors

To evaluate the effectiveness of the Board of Directors, a self-evaluation using a questionnaire prepared based on advice from a third-party organization was conducted geared for all of the Directors and Audit & Supervisory Board Members in January 2018, as was done in the previous fiscal year. Subsequently, the aggregate results of the questionnaires were reported at the Meeting of the Board of Directors held in February 2018, and the effectiveness of the Board of Directors was discussed based on those findings.

Respondents: All Directors and Audit & Supervisory Board Members

Reply format: Non-anonymous basis

Evaluation method: Multiple choice on an assessment scale from 1 to 5

Main items evaluated: The following items concerning the Board of Directors: composition, operations, supervisory function, risk management, decision-making function, culture of the Board, etc.

The results of the evaluation indicate that, as was the case in the previous fiscal year, Kubota Corporation's Board of Directors is functioning appropriately, with the respondents having given generally high marks with respect to the items evaluated. On the other hand, opinions and recommendations were provided regarding the necessity of enhancing the provision of information concerning topics such as market trends and the business environment to improve discussion regarding the medium- to long-term management strategy and business risks, and to better utilize outside officers' knowledge. Going forward, Kubota Corporation will make improvements based on these results to maximize the utilization of the Board of Directors' supervisory function.

(5) Training for Executives

Kubota Corporation holds annual executive forums related to CSR, human rights, health and safety, the environment, quality, public relations and other topics, for all of its Directors, Audit & Supervisory Board Members and Executive Officers. In the fiscal year ended December 31, 2017, such forums were held on five occasions. Visiting lecturers were brought in, and those in attendance were provided with opportunities to acquire and update knowledge necessary for supervising operations. Kubota Corporation also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. Moreover, Kubota Corporation conducts inspections and engages in discussions with on-site executives at its overseas subsidiaries and affiliated companies, and at the regional offices in Japan, so that those in attendance can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

(Translation)

(6) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2017)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
President and Representative Director	Masatoshi Kimata	
Representative Director and Executive Vice President	Toshihiro Kubo	General Manager of Water and Environmental Infrastructure Domain, General Manager of CSR Planning and Coordination Headquarters, General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center
Director and Senior Managing Executive Officer	Shigeru Kimura	General Manager of Planning and Control Headquarters, General Manager of Global IT Management Department
Director and Senior Managing Executive Officer	Kenshiro Ogawa	General Manager of Manufacturing Engineering Headquarters
Director and Senior Managing Executive Officer	Yuichi Kitao	General Manager of Farm and Industrial Machinery Domain, General Manager of Farm and Utility Machinery Division
Director and Senior Managing Executive Officer	Satoshi Iida	General Manager of Research and Development Headquarters
Director and Managing Executive Officer	Masato Yoshikawa *	President of Kubota Tractor Corporation
Director	Yuzuru Matsuda	President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation
Director	Koichi Ina	Advisor to the Board of Daihatsu Motor Co., Ltd.
Audit & Supervisory Board Member (Full-time)	Toshikazu Fukuyama	
Audit & Supervisory Board Member (Full-time)	Satoru Sakamoto	
Audit & Supervisory Board Member	Akira Morita	Professor of Law, Doshisha Law School, Visiting attorney at law of Miyake & Partners Law Firm
Audit & Supervisory Board Member	Teruo Suzuki	Certified Public Accountant, Adviser of Seven-Eleven Japan Co., Ltd.

- (Notes)
1. Messrs. Yuzuru Matsuda and Koichi Ina are Outside Directors.
 2. Messrs. Akira Morita and Teruo Suzuki are Outside Audit & Supervisory Board Members.
 3. Kubota Corporation reported to the TSE that all Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors/Audit & Supervisory Board Members defined by the TSE.
 4. Mr. Teruo Suzuki, an Outside Audit & Supervisory Board Member, is a Certified Public Accountant and has an adequate knowledge regarding accounting and finance including generally accepted accounting principles in the United States of America.
 5. Kubota Corporation has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings Inc., and JSR Corporation, of which Mr. Yuzuru Matsuda currently holds an important post.
Although Kubota Corporation has business transactions with Daihatsu Motor Co., Ltd., of which Mr. Koichi Ina currently holds an important post, the transactions are less than 0.1% of consolidated revenues of either Kubota Corporation or Daihatsu Motor Co., Ltd.
Kubota Corporation has no special relationship with Miyake & Partners Law Firm, of which Mr. Akira Morita currently holds an important post.
Kubota Corporation has no special relationship with Seven-Eleven Japan Co., Ltd., of which Mr. Teruo Suzuki currently holds an important post.
 6. Changes of Directors during the fiscal year ended December 31, 2017
Mr. Masato Yoshikawa, indicated by an asterisk (*) in the above table, was newly elected at the 127th Ordinary General Meeting of Shareholders held on March 24, 2017 and assumed his office.

(Translation)

7. The following changes have been effective as of January 1, 2018.

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Representative Director and Executive Vice President	Toshihiro Kubo	General Manager of Water and Environmental Infrastructure Domain, General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center
Director and Senior Managing Executive Officer	Kenshiro Ogawa	General Manager of Manufacturing Headquarters
Director and Senior Managing Executive Officer	Masato Yoshikawa	President of Kubota Tractor Corporation
Director	Satoshi Iida	

8. Kubota Corporation appointed Executive Officers who do not hold concurrent position as Director as follows on January 1, 2018.

Executive Officers indicated by an asterisk (*) in the below table were newly appointed on January 1, 2018.

Executive Officers who do not hold concurrent position as Director (as of January 1, 2018)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Senior Managing Executive Officer	Shinji Sasaki	General Manager of Research and Development Headquarters
Managing Executive Officer	Kunio Suwa	General Manager of CSR Planning and Coordination Headquarters, General Manager of Legal Department
Managing Executive Officer	Toshihiko Kurosawa	Deputy General Manager of Water and Environmental Infrastructure Domain, General Manager of Environmental Solutions Division, General Manager of Tokyo Head Office
Managing Executive Officer	Yoshiyuki Fujita	Deputy General Manager of Planning and Control Headquarters
Managing Executive Officer	Kaoru Hamada	Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment R&D
Managing Executive Officer	Yasuo Nakata	General Manager of Quality Assurance Headquarters
Managing Executive Officer	Kazuhiro Kimura	Deputy General Manager of Human Resources and General Affairs Headquarters
Managing Executive Officer	Dai Watanabe	General Manager of Agricultural Implement Division, President of Kverneland AS, President of Kubota Holdings Europe B.V.
Managing Executive Officer	Haruyuki Yoshida	General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters
Managing Executive Officer	Takao Shomura	General Manager of Procurement Headquarters, General Manager of Sakai Plant, General Manager of Sakai Training Center
Managing Executive Officer	Yuji Tomiyama	General Manager of Tractor Division
Managing Executive Officer	Kazunari Shimokawa	President of Kubota Europe S.A.S., Vice President of Kubota Holdings Europe B.V.
Managing Executive Officer	Mutsuo Uchida	General Manager of Pipe Systems Division, General Manager of Pipe Systems Business Unit
Managing Executive Officer	Nobuyuki Ishii	Deputy General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters, General Manager of Farm and Industrial Machinery Strategy and Operations Department
Executive Officer	Junji Ogawa	Deputy General Manager of CSR Planning and Coordination Headquarters
Executive Officer	Kazuhiro Shinabe	Deputy General Manager of Environmental Solutions Division, General Manager of Environmental Engineering Business Unit
Executive Officer	Ryuichi Minami	General Manager of Harvester and Transplanter Division
Executive Officer	Yoshimitsu Ishibashi	Deputy General Manager of Tractor Division, General Manager of Compact Tractor, Turf and Utility Vehicle Business Unit

(Translation)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Executive Officer	Ryoji Kuroda	General Manager of Health and Safety Promotion Headquarters
Executive Officer	Yasuhiko Hiyama	Deputy General Manager of Tractor Division
Executive Officer	Eiji Yoshioka	General Manager of Materials Division
Executive Officer	Yasukazu Kamada	General Manager of Engine Division
Executive Officer	Muneji Okamoto	General Manager of Farm and Utility Machinery Engineering Headquarters
Executive Officer	Hiroto Kimura	President of SIAM KUBOTA Corporation Co., Ltd.
Executive Officer	Katsuhiko Yukawa	General Manager of Construction Machinery Division
Executive Officer	Koichiro Kan *	General Manager of Agricultural Tractor Business Unit
Executive Officer	Hirohiko Arai *	President of Kubota Manufacturing of America Corporation, President of Kubota Industrial Equipment Corporation
Executive Officer	Tomohiro Iitsuka *	General Manager of Farm Machinery Japan Operation, President of Kubota Agri Service Corporation
Executive Officer	Kazushi Ito *	Deputy General Manager of Planning and Control Headquarters, General Manager of Global Management Promotion Department, General Manager of Strategic Planning Department

(7) Remuneration, etc. for Directors and Audit & Supervisory Board Members

Title	Number	Total
Directors	9	¥657 million (including ¥30 million for two Outside Directors)
Audit & Supervisory Board Members	4	¥95 million (including ¥24 million for two Outside Audit & Supervisory Board Members)

- (Notes) 1. Remuneration for the Directors includes ¥217 million of bonuses for the Directors to be proposed on the 128th Ordinary General Meeting of Shareholders to be held on March 23, 2018.
2. Remuneration for the Directors includes expenses related to granting of restricted stock under the restricted stock compensation plan with respect to the fiscal year ended December 31, 2017 (¥45 million for six Directors excluding the Outside Directors).

(8) Policy for Determination of Remuneration, etc. and its Calculation Method for Directors and Audit & Supervisory Board Members

The remuneration for the Directors consists of basic remuneration, which is set by corporate rank, variable remuneration (bonuses for Directors) which acts as a short-term incentive linked to performance in a single fiscal year, and restricted stock compensation which is regarded as a medium- to long-term incentive. However, the remuneration for the Outside Directors consists of basic remuneration only because of the roles they play and the need to preserve their independence. At the Meetings of the Board of Directors, the basic remuneration for the Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors and internal Directors (half or more of the members are Outside Directors and meetings are attended by the Outside Audit & Supervisory Board Members as observers), in consideration of the Company's operating results, compensation levels of other companies, and other factors. In addition, the total amount of bonuses for Directors is decided by the General Meeting of Shareholders. Moreover, the amount of stock compensation is decided within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

Note that, each fiscal year, the Compensation Advisory Committee reviews the appropriateness of the Company's compensation level based mainly on surveys about compensation level of other major domestic corporations provided by external organizations.

(Translation)

The remuneration for the Audit & Supervisory Board Members consists solely of basic remuneration because of the roles they play and the need to preserve their independence. The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

(9) Overview of Agreements on Limitation of Liabilities of Outside Directors and Outside Audit & Supervisory Board Members

Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation enters into agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members to limit their liabilities for damages. The maximum amount of their liabilities under these agreements is the amount provided for in laws and regulations.

Reference

Independence Criteria for Outside Directors

Kubota Corporation has established the Independence Criteria for Outside Directors, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company. Kubota Corporation shall deem that an Outside Director does not satisfy independence from Kubota Corporation if any of the following items applies to that person.

1. A person who is an executive* of the Company, or who was such an executive within the 10-year period prior to the appointment as Outside Director.
 - * The term “executive” herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act. It includes executive director, executive officer (*shikkoyakuin*) and employee who executes business, but it does not include audit & supervisory board member.
2. A person who is an audit & supervisory board member of the Company, or who was such an audit & supervisory board member within the 10-year period prior to the appointment as Outside Director.
3. A major business partner of the Company*, or an executive of such an organization.
 - * The term “major business partner of the Company” herein refers to a business partner such as a major purchaser of the Company’s goods and services in the recent three fiscal years, whose amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the Company for the same fiscal year.
4. An organization whose major business partner is the Company*, or an executive of such an organization.
 - * The term “organization whose major business partner is the Company” herein refers to an organization of which the Company is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Company) in the recent three fiscal years, and the amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the organization for the same fiscal year.
5. A major lender to the Company*, or an executive of such an organization.
 - * The term “major lender to the Company” herein refers to a financial institution from whom the Company has obtained loans in the recent three fiscal years, and the outstanding amount of the loans from the lender at the end of that fiscal year exceeded 2% of the consolidated total assets of the Company thereat.
6. A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Company in the recent three fiscal years (or, in the case where the receiver of such benefits was an organization such as a corporation or partnership, a person affiliated with such an organization).
7. A major shareholder of Kubota Corporation*, or if the major shareholder is a corporation, an executive of such a corporation.
 - * The term “major shareholder of Kubota Corporation” herein refers to a shareholder who holds more than 10% of Kubota Corporation’s shares on a voting-right ownership basis at the end of the relevant fiscal year, regardless of whether the shares are held in the shareholder’s own name or in another name.
8. A director, audit & supervisory board member, accounting advisor, executive officer

(Translation)

(shikkoyaku) or executive officer (*shikkoyakuin*) of a corporation with a relationship with the Company concerning mutual outside director appointments.

9. A receiver of endowments of economic benefits exceeding ¥10 million annually from the Company in the recent three fiscal years (or, in the case where the receiver of such endowments was an organization such as a corporation or partnership, an executive of such an organization).
10. A spouse or a relative within two degrees of kinship of a person (limited to persons of important position*) set forth in above items 1 to 9.

* The term "person of important position" herein refers to a director, executive officer (*shikkoyaku*), executive officer (*shikkoyakuin*) or any person holding a position equivalent thereto.

(Translation)

4. Independent Auditors

(1) Name of the Independent Auditors

Deloitte Touche Tohmatsu LLC

(2) Compensation, etc. for the Independent Auditors for the Fiscal Year Ended December 31, 2017

1) Amount of compensation, etc. paid to Independent Auditors for the fiscal year ended December 31, 2017	¥ 332 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditors	¥ 402 million

- (Notes)
1. The Audit & Supervisory Board confirmed and deliberated the content of the Independent Auditors' audit plans, the appropriateness of the status of the duties executed on audit, and calculation base of estimated amount of compensation, with related materials and reports from the Directors, relevant divisions of Kubota Corporation, and the Independent Auditors. Consequently, the Audit & Supervisory Board concluded that they were appropriate and agreed to the above amount.
 2. The compensation for audit is not divided into the compensation related to the Companies Act and the compensation related to the Financial Instruments and Exchange Act in the audit contract between Kubota Corporation and the Independent Auditors, as it is substantially impossible. Therefore, the amount 1) described above is a total amount of the compensation of both audits.
 3. Kubota Corporation paid fees to the Independent Auditors for the support services related to consultations on accounting and finance, which are not services specified in Article 2, paragraph 1 of the Certified Public Accountants Act.
 4. Among Kubota Corporation's material subsidiaries, Kubota Tractor Corporation and other 19 material subsidiaries are audited by the accounting firms other than the Independent Auditors of Kubota Corporation.

(3) Policies for Determining Appointment, Dismissal or Non-Reappointment of Independent Auditors

- 1) In the case that the Independent Auditors fall under any of the items of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the Independent Auditors by unanimous approval of the Audit & Supervisory Board Members.
- 2) In the case that the Independent Auditors are not qualified or eligible to execute duties as the accounting auditor, pursuant to disqualifying reasons of Article 337, paragraph 3 of the Companies Act, and, comprehensively taking into account the status of the duties executed on audit and other factors, it is appropriate not to reappoint it as the Independent Auditors, the Audit & Supervisory Board may submit a proposal to appoint, dismiss, or not to reappoint the Independent Auditors by the resolution of the Audit & Supervisory Board.
- 3) In the case that the Directors seek consent to the Audit & Supervisory Board about submitting a proposal to the General Meeting of Shareholders to dismiss or not to reappoint the Independent Auditors, the Audit & Supervisory Board deliberates the proposal. Consequently if it is appropriate to dismiss or not to reappoint the Independent Auditors, the Audit & Supervisory Board may submit a proposal to dismiss or not to reappoint the Independent Auditors by the resolution of the Audit & Supervisory Board.

(Translation)

5. Item of Systems to be Developed to Establish Internal Control Systems

Kubota Corporation has set and is implementing the following ten systems to ensure the appropriateness of its business operations.

(1) System to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws and Regulations, and the Articles of Incorporation

As the basis of this system to ensure that the Directors, the Executive Officers, and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct” to be observed by all Directors, the Executive Officers, and employees of Kubota Corporation and its subsidiaries.

Under the Company-Wide Risk Management Committee, the department in charge designated for each category of management risks (hereinafter referred to as the “department in charge”) undertakes such activities as education and training to promote compliance with laws and ethical norms, and performs internal audits.

In addition, based on the operational regulations of “Operation of the Whistle Blowing System,” Kubota Corporation has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation that is based on rules to protect whistle blowers. The aim of this system is to discover at an early stage any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring.

(2) System Related to the Safekeeping and Management of Information Regarding Kubota Corporation Directors’ Execution of Duties

Kubota Corporation properly holds in custody and controls information on the execution of duties by the Directors and Executive Officers in accordance with its in-house rules and regulations, which include the “Regulations on Custody of Documents” and other items. Kubota Corporation also maintains a system for making such documents available for examination, as necessary.

(3) Rules and Regulations on the Management of Risks of Losses and Other Systems

Kubota Corporation manages risks of compliance, environment, health and safety, disasters, quality, and other matters relating to the performance of business operations of the Group as a whole by having departments in charge or committees under the control of the Company-Wide Risk Management Committee provide internal rules and regulations, manuals, and other guidelines to respond to the risks of the Group as a whole.

In order to respond to new risks arising in the Group, the Company-Wide Risk Management Committee will determine the department in charge, and the new risks will be managed by the said department.

(4) System to Ensure the Efficient Execution of Duties by Directors

The Board of Directors decides management execution policies, matters set forth in laws and regulations, and other important matters regarding management, while also overseeing the execution of duties by the Directors and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the Executive Officers about policies and resolutions decided by the Board of Directors. The progress of execution of their duties is reported to the President and Representative Director by the Executive Officers.

Kubota Corporation enhances its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and Representative

(Translation)

Director and other Executive Officers, to decide important management matters. Kubota Corporation also implements multifaceted deliberations in the "Investment Council," mainly consisting of the Executive Officers in charge of administrative departments, to discuss other important investment projects. The results of these discussions are reported to the Board of Directors or the like to enhance the effectiveness of the system, in accordance with the operational regulations of "Operation of the Management Committee and Investment Council."

(5) System to Ensure Proper Business Operations within the Group, Consisting of Kubota Corporation and Its Subsidiaries

- (a) To create a Group-Wide control environment, Kubota Corporation has established the "Kubota Group Charter for Action" and "Kubota Group Code of Conduct," and the philosophies contained in this charter and code of conduct are shared throughout the Group. To ensure proper business operations of the Group, Kubota Corporation sets its in-house rules and regulations and establishes proper internal control systems. The status of the design and operation of internal control systems related to management risks, including the internal control systems over financial reporting, is audited by the internal auditing department, and departments in charge, after self-audits performed by each department of Kubota Corporation and its subsidiaries, and the results of such audits are reported to the Directors in charge, the Chairman of the Company-Wide Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.
- (b) Kubota Corporation manages its subsidiaries in accordance with the subsidiary management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties of their executives to the department in charge at Kubota Corporation. Kubota Corporation emphasizes the business connections between the subsidiaries and the operating divisions of Kubota Corporation and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. Kubota Corporation then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

(6) System for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems Related to Reports to Audit & Supervisory Board Members

Kubota Corporation has established a system for the Directors, the Executive Officers, and employees of Kubota Corporation, and the Directors, the Executive Officers, and employees of subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay. This is in addition to the matters that need to be reported in accordance with laws and regulations. Persons who have reported to the Audit & Supervisory Board Members will not be treated disadvantageously as a result of making their reports.

- (a) Matters that could affect Kubota Corporation's management;
- (b) Contents of internal audits performed by the internal auditing department and departments in charge;
- (c) Contents of whistle blowing revealed through the "Kubota Hotline"; and
- (d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members

(Translation)

(7) Matters Related to Employees who are Requested to Assist Audit & Supervisory Board Members in Their Duties

Kubota Corporation has established the Office of Audit & Supervisory Board Members and assigns employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

(8) Matters Related to the Independence of the Employees, as Defined in Item (7) Above, from Directors and Matters Related to Ensuring the Effectiveness of the Instructions Given by Audit & Supervisory Board Members to Those Employees

The employees defined in Item (7) above fully comply with the instructions given by the Audit & Supervisory Board Members and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment and evaluation of the employees defined in Item (7) are made after consultation and agreement between the Director in charge of the Human Resources Department and the Audit & Supervisory Board Members.

(9) Policy Related to the Processing of Expenses Incurred in the Execution of the Duties of Audit & Supervisory Board Members

To pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, Kubota Corporation prepares a budget each year and also processes the payment smoothly based on the requests from the Audit & Supervisory Board Members for the processing of any emergency or incidental expenses, or repayments incurred in their execution of the duties.

(10) Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (a) The President and Representative Director of Kubota Corporation has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that Kubota Corporation must deal with, the improvement of audit environments, and other issues.
- (b) The Audit & Supervisory Board Members explain their audit policies and audit plans to the Board of Directors, and the Directors make efforts to improve communication with the Audit & Supervisory Board Members to enhance the exchange of information and establish effective cooperation with the Audit & Supervisory Board Members.

Main Measures Implemented This Period

The Following Is an Outline of the Measures Implemented This Period Based on the Item of Systems to be Developed to Establish Internal Control Systems.

- The Company-Wide Risk Management Committee took a central role and implemented education and internal audits for legal and ethical compliance directed toward the Group including its overseas subsidiaries, in accordance with the activity policies decided at the start of the period based on the operational regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board Members, and others.
- Revisions of the in-house rules, regulations, and manuals in response to the enactment and revision of laws and regulations as well as changes in management risks were promoted.
- The Kubota Hotline was instituted as a “Whistle Blowing System,” which accepted reports from and provided consultation to Group employees and others and implemented the responses necessary in the departments in charge. A contact point of the Kubota Hotline to outside lawyers was established as a point of contact for improved accessibility. Each company is also carrying out operations in stages to arrange whistle blowing systems and consultation offices, even at overseas subsidiaries.
- Based on the Regulations of the Board of Directors, the Board of Directors met and decided matters such as the management execution policies. Also, reports were presented and deliberations were conducted at the Executive Officers’ Meeting, Management Committee, and Investment Council to improve the efficiency of the execution of duties. Also, two Outside Directors, who are independent from the execution of duties, have been appointed to reinforce the supervisory functions of the Board of Directors regarding the execution of duties by the Directors and Executive Officers. Furthermore, Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee met to deliberate on nomination of candidates for the Directors, and the compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.
- In accordance with the subsidiary management regulations, Kubota Corporation received reports from these companies on the status of their business operations, and their management plans were also discussed in the management review committees. In addition, the departments in charge worked together with the primary managing departments to instruct the subsidiaries to develop and operate internal control systems and to continuously observe and execute them, as well as perform audits based on the risk management activity policy and action plan.
- The necessary reports were made appropriately to the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members, by reporting on items thought to affect management at important meetings such as the Board of Directors and by reporting on the details reported on the “Kubota Hotline.” To ensure the effectiveness of the execution of duties by the Audit & Supervisory Board Members, the Office of Audit & Supervisory Board Members has been staffed with dedicated employees, and the payment of the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members was performed smoothly. In addition, the President and Representative Director met regularly with the Audit & Supervisory Board Members to work to improve mutual understanding between the Directors and the Audit & Supervisory Board Members and to perform any exchange of information necessary. Accordingly, the monitoring of Kubota Corporation’s Internal Control Systems overall was implemented by the Audit & Supervisory Board Members.

(Translation)

Consolidated Balance Sheets

Kubota Corporation and its subsidiaries

	(In millions of yen)	
At December 31:	2017	2016
		(Reference)
Assets		
Current assets:		
Cash and cash equivalents	¥ 230,720	¥ 169,416
Notes and accounts receivable:		
Trade notes	77,618	75,798
Trade accounts	573,337	559,488
Less: Allowance for doubtful notes and accounts receivable	(2,792)	(2,472)
Total notes and accounts receivable - net	648,163	632,814
Short-term finance receivables - net	264,748	244,184
Inventories	362,518	356,180
Other current assets	109,375	160,480
Total current assets	1,615,524	1,563,074
Investments and long-term finance receivables:		
Investments in and loans receivable from affiliated companies	29,362	28,517
Other investments	145,683	140,667
Long-term finance receivables - net	578,185	508,289
Total investments and long-term finance receivables	753,230	677,473
Property, plant, and equipment:		
Land	89,884	82,104
Buildings	313,303	292,898
Machinery and equipment	506,828	491,040
Construction in progress	9,229	17,378
Total property, plant, and equipment	919,244	883,420
Less: Accumulated depreciation	(585,007)	(569,189)
Net property, plant, and equipment	334,237	314,231
Other assets:		
Goodwill and intangible assets - net	47,804	46,057
Long-term trade accounts receivable	40,423	39,852
Other	63,609	30,658
Less: Allowance for doubtful non-current receivables	(897)	(763)
Total other assets	150,939	115,804
Total assets	¥ 2,853,930	¥ 2,670,582

(Continued on the following page)

(Translation)

	(In millions of yen)	
At December 31:	2017	2016
		(Reference)
Liabilities and Equity		
Current liabilities:		
Short-term borrowings	¥ 182,461	¥ 193,883
Trade notes payable	176,987	157,471
Trade accounts payable	109,134	98,388
Advances received from customers	9,075	6,927
Notes and accounts payable for capital expenditures	17,852	24,321
Accrued payroll costs	37,657	35,902
Accrued expenses	67,003	64,662
Income taxes payable	37,221	19,650
Other current liabilities	99,984	90,197
Current portion of long-term debt	181,698	145,212
Total current liabilities	919,072	836,613
Long-term liabilities:		
Long-term debt	472,422	478,894
Accrued retirement and pension costs	12,804	12,091
Other long-term liabilities	64,197	71,059
Total long-term liabilities	549,423	562,044
Equity:		
Kubota Corporation shareholders' equity:		
Common stock	84,100	84,070
Capital surplus	85,037	84,605
Legal reserve	19,539	19,539
Retained earnings	1,046,237	961,403
Accumulated other comprehensive income	66,606	49,336
Treasury stock, at cost	(174)	(192)
Total Kubota Corporation shareholders' equity	1,301,345	1,198,761
Non-controlling interests	84,090	73,164
Total equity	1,385,435	1,271,925
Total liabilities and equity	¥ 2,853,930	¥ 2,670,582

* The accompanying notes are an integral part of these statements.

(Translation)

Consolidated Statements of Income

Kubota Corporation and its subsidiaries

	(In millions of yen)	
For the years ended December 31:	2017	2016
		(Reference)
Revenues	¥ 1,751,535	¥ 1,596,091
Cost of revenues	1,240,707	1,122,546
Selling, general, and administrative expenses	311,737	283,849
Other operating expenses - net	265	919
Operating income	198,826	188,777
Other income (expenses):		
Interest and dividend income	7,383	7,049
Interest expense	(916)	(503)
Gain on sales of securities - net	8,403	6,826
Foreign exchange gain (loss) - net	8,112	(3,556)
Other - net	(8,907)	(1,622)
Other income (expenses) - net	14,075	8,194
Income before income taxes and equity in net income of affiliated companies	212,901	196,971
Income taxes:		
Current	69,856	56,114
Deferred	66	432
Total income taxes	69,922	56,546
Equity in net income of affiliated companies	2,366	2,440
Net income	145,345	142,865
Less: Net income attributable to non-controlling interests	8,900	10,380
Net income attributable to Kubota Corporation	¥ 136,445	¥ 132,485

* The accompanying notes are an integral part of these statements.

(Translation)

(Reference)

Consolidated Statements of Cash Flows

Kubota Corporation and its subsidiaries

(In millions of yen)

For the years ended December 31:	2017	2016
Net cash provided by operating activities	¥ 222,288	¥ 184,978
Net cash used in investing activities	(130,339)	(167,525)
Net cash (used in) provided by financing activities	(32,575)	11,364
Effect of exchange rate changes on cash and cash equivalents	1,930	(5,687)
Net increase in cash and cash equivalents	61,304	23,130
Cash and cash equivalents, beginning of year	169,416	146,286
Cash and cash equivalents, end of year	¥ 230,720	¥ 169,416

* The accompanying notes are an integral part of these statements.

(Translation)

Consolidated Statements of Changes in Equity

Kubota Corporation and its subsidiaries

(In millions of yen, except per common share amounts)

	Shares of common stock outstanding (thousands of shares)	Kubota Corporation shareholders' equity						Treasury stock, at cost	Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income				
Balance at January 1, 2017	1,240,703	¥ 84,070	¥ 84,605	¥ 19,539	¥ 961,403	¥ 49,336	¥ (192)	¥ 73,164	¥1,271,925	
Net income					136,445			8,900	145,345	
Other comprehensive income						17,270		3,826	21,096	
Cash dividends paid to Kubota Corporation shareholders, ¥31.00 per common share					(38,421)				(38,421)	
Cash dividends paid to non-controlling interests								(3,744)	(3,744)	
Purchases and sales of treasury stock	(7,076)		144				(13,172)		(13,028)	
Retirement of treasury stock					(13,190)		13,190		–	
Restricted stock compensation	35	30	15						45	
Changes in ownership interests in subsidiaries			273					1,944	2,217	
Balance at December 31, 2017	1,233,662	¥ 84,100	¥ 85,037	¥ 19,539	¥1,046,237	¥ 66,606	¥ (174)	¥ 84,090	¥1,385,435	

(In millions of yen, except per common share amounts)

(Reference)	Shares of common stock outstanding (thousands of shares)	Kubota Corporation shareholders' equity						Treasury stock, at cost	Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income /loss				
Balance at January 1, 2016	1,244,504	¥ 84,070	¥ 87,838	¥ 19,539	¥ 869,769	¥ 79,292	¥ (198)	¥ 78,248	¥1,218,558	
Net income					132,485			10,380	142,865	
Other comprehensive loss						(29,765)		(501)	(30,266)	
Cash dividends paid to Kubota Corporation shareholders, ¥28.00 per common share					(34,839)				(34,839)	
Cash dividends paid to non-controlling interests								(2,270)	(2,270)	
Purchases and sales of treasury stock	(3,801)				(1)		(6,005)		(6,006)	
Retirement of treasury stock					(6,011)		6,011		–	
Changes in ownership interests in subsidiaries			(3,233)				(191)	(12,693)	(16,117)	
Balance at December 31, 2016	1,240,703	¥ 84,070	¥ 84,605	¥ 19,539	¥ 961,403	¥ 49,336	¥ (192)	¥ 73,164	¥1,271,925	

* The accompanying notes are an integral part of these statements.

(Translation)

Notes to Consolidated Financial Statements

Kubota Corporation and its subsidiaries

Matters regarding Preparation of Consolidated Financial Statements

Significant Accounting Policies

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to the provisions of Article 120-3, paragraph 1 of the Ordinance on Company Accounting; provided, however, that certain supplementary material and notes required under U.S. GAAP are omitted under the provisions of the second sentence of Article 120, paragraph 1 of the same Ordinance, as applied *mutatis mutandis* pursuant to Article 120-3, paragraph 3 of the same Ordinance.

2. Scope of Consolidation and Application of Equity Method

173 subsidiaries are consolidated. 14 affiliated companies are accounted for using the equity method.

3. Valuation of Inventories

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

4. Valuation of Securities

Available-for-sale securities are stated at fair value based on market prices at the fiscal year-end. Any changes in unrealized holding gains or losses are included directly in equity, and cost of securities sold is determined by the moving-average method.

5. Depreciation of Property, Plant, and Equipment and Amortization of Goodwill and Intangible Assets

Depreciation of property, plant, and equipment is mainly computed by using the straight-line method.

Goodwill is not amortized, but is instead tested for impairment at least annually.

Intangible assets with definite useful lives are amortized over their respective estimated useful lives by a method reflecting the pattern in which the economic benefits of the intangible assets are consumed.

6. Basis of Provision for Allowance

The allowance for doubtful accounts is determined based on the collection status of receivables, historical credit loss experience, economic trends, customer's ability to repay, and collateral values. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely reviewed by management, and any adjustment needed is made to the estimate of required allowance.

7. Other Significant Accounting Policies

(1) Retirement and pension plans

The prior service costs (or benefits) are amortized by the straight-line method over the average remaining years of service of the participants as incurred. Kubota Corporation and its subsidiaries (the "Company") recognize any net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation and plan assets in the year following the year in which such gains and losses were incurred, and the portion between 10% and 20% is amortized over the average participants' remaining service period while the portion of less than 10% is not amortized.

(Translation)

(2) Consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes in the consolidated statements of income.

8. Changes in Accounting Policies

On January 1, 2017, the Company adopted a new accounting standard related to simplifying the measurement of inventory. This standard simplifies the subsequent measurement of inventory by requiring the entities to measure inventory at the lower of cost or net realizable value. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

On January 1, 2017, the Company adopted a new accounting standard related to the classification of deferred taxes on the consolidated balance sheets. This standard requires that deferred tax assets and deferred tax liabilities be classified as non-current in a classified statement of financial position. The Company did not retrospectively adjust the consolidated financial statements. The carrying amounts of the current portion of deferred tax assets and deferred tax liabilities included in the Company's consolidated balance sheet at December 31, 2016 were ¥46,798 million and ¥160 million, respectively.

9. Changes in Accounting Estimates

Previously, the Company used the declining-balance method for calculating the depreciation of property, plant, and equipment; however, effective from the beginning of the current fiscal year, the Company changed its depreciation method to the straight-line method. Based on the mid-to-long term management plan, the Company has been accelerating its expansion of overseas production and R&D. In light of this expansion, the Company examined how its property, plant, and equipment would be used and concluded that it was reasonable to change its depreciation method to the straight-line method since its property, plant, and equipment would be used consistently for the foreseeable future. In accordance with Accounting Standards Codification 250, "Accounting Changes and Error Corrections," the change in depreciation method represents a change in accounting estimate affected by a change in accounting principle and, therefore, it is applied prospectively. This change resulted in an increase in net income attributable to Kubota Corporation and net income attributable to Kubota Corporation per common share—basic for the year ended December 31, 2017 by ¥1,050 million and ¥0.85, respectively, as compared to the amounts computable under the previous method.

(Translation)

Notes to Consolidated Balance Sheets

1. Amounts less than presentation units are rounded.
2. At December 31, 2017, accumulated other comprehensive income was comprised of the following:

(In millions of yen)

Foreign currency translation adjustments	¥	31,386
Unrealized gains on securities		55,354
Pension liability adjustments		(20,134)
Accumulated other comprehensive income	¥	66,606

3. At December 31, 2017, assets pledged as collateral were comprised of the following:

(In millions of yen)

Trade accounts	¥	333
Short-term finance receivables		70,791
Other current assets		11,433
Long-term finance receivables		120,870
Property, plant, and equipment		3,249
Total	¥	206,676

Liabilities secured by the above assets were comprised of the following:

(In millions of yen)

Short-term borrowings	¥	580
Current portion of long-term debt		62,207
Long-term debt		108,511
Total	¥	171,298

4. The Company is contingently liable as guarantor of the indebtedness of certain distributors, including affiliated companies and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2017 was ¥15,429 million.

Notes to Consolidated Statements of Income

Amounts less than presentation units are rounded.

Notes to Consolidated Statements of Changes in Equity

1. Amounts less than presentation units are rounded.
2. At December 31, 2017, the number of shares issued was as follows:
Common stock 1,234,024 thousand shares

(Translation)

3. The components of other comprehensive income for the fiscal year ended December 31, 2017 were as follows:

(In millions of yen)

	Attributable to Kubota Corporation	Attributable to the non-controlling interests	Total
Foreign currency translation adjustments	¥ 5,377	¥ 3,722	¥ 9,099
Unrealized gains on securities	5,803	92	5,895
Pension liability adjustments	6,090	12	6,102
Other comprehensive income	¥ 17,270	¥ 3,826	¥ 21,096

Financial Instruments

1. Description of Financial Instruments

A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. However, the Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

Other investments are classified as available-for-sale securities, which consist mainly of equity securities. As they are subject to risks, such as stock market fluctuation, the Company tests such securities for impairment periodically.

The Company is exposed to interest rate risks inherent in borrowing from financial institutions and issuance of bonds. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts.

The Company's exposure to the foreign currency exchange rate risk relates primarily to its foreign currency denominated assets and liabilities associated with its international operations. The Company enters into foreign exchange forward contracts, foreign currency option contracts (collectively, the "foreign exchange contracts"), cross-currency swap contracts, and cross-currency interest rate swap contracts designated to mitigate its exposure to this risk.

The Company manages these derivatives in accordance with established policies and procedures. The Company does not hold or enter into derivative transactions for speculative purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness from an international standpoint.

2. Fair Values of Financial Instruments

The carrying amounts and fair values of financial instruments at December 31, 2017 were as follows:

(In millions of yen)

	Carrying amount	Fair value
Financial assets:		
Finance receivables - net *1	¥ 660,885	¥ 645,198
Other investments *2	142,265	142,265
Long-term trade accounts receivable *1	69,127	74,336
Financial liabilities:		
Long-term debt *1	(651,640)	(639,780)
Derivatives *3		
Foreign exchange contracts	(426)	(426)
Interest rate swap contracts	(284)	(284)
Cross-currency interest rate swap contracts	(1,403)	(1,403)

The figures in parentheses are liabilities.

(Translation)

Method of determining fair value

- *1. The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is stated at the present value of future cash flows as obtained by discounting the amount at the current market rate. The carrying amount of finance receivables - net 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 sheets. The carrying amount of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in the current portion of long-term debt on the consolidated balance sheets.
- *2. The fair value of other investments is based on market prices for identical instruments at the fiscal year-end. The fair value of other investments in the table excludes investments in nonmarketable equity securities of which the fair values are deemed extremely difficult to determine (¥3,418 million).
- *3. The fair value of derivatives is the market price based on observable market inputs from major international financial institutions.
- *4. The carrying amounts of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), short-term borrowings, and other current financial assets and liabilities approximate fair value because of the short maturity of those instruments.

Per Common Share Information

- | | |
|---|------------|
| 1. Kubota Corporation shareholders' equity per common share | ¥ 1,054.86 |
| 2. Net income attributable to Kubota Corporation per common share | ¥ 110.30 |

(Translation)

Balance Sheets (Non-consolidated)

Kubota Corporation

	(In millions of yen)	
At December 31:	2017	2016
		(Reference)
Assets		
Current assets:		
Cash and deposits	¥ 103,269	¥ 73,964
Trade notes receivable	4,083	5,854
Electronically-recorded accounts receivable	37,283	37,049
Trade accounts receivable	303,689	260,545
Marketable securities	20,000	-
Finished goods	48,040	43,057
Work in process	20,682	22,272
Raw materials and supplies	8,365	7,454
Deferred tax assets	9,919	8,981
Other	74,793	69,880
Allowance for doubtful receivables	(40)	(40)
Total current assets	630,087	529,019
Fixed assets:		
Property, plant, and equipment-net:		
Buildings	38,089	39,295
Machinery and equipment	29,642	28,386
Land	54,333	55,124
Construction in progress	3,926	4,190
Other	10,326	9,323
Total property, plant, and equipment-net	136,318	136,320
Intangibles-net:		
Software	8,068	7,451
Other	798	251
Total intangibles-net	8,866	7,703
Investments and other assets:		
Investment securities	141,884	137,143
Investments in subsidiaries and affiliated companies	171,036	164,325
Long-term loans receivable	40,091	50,678
Prepaid pension cost	25,645	26,752
Other	27,869	32,668
Allowance for doubtful receivables	(248)	(218)
Total investments and other assets	406,279	411,348
Total fixed assets	551,464	555,371
Total assets	¥ 1,181,552	¥ 1,084,391

(Continued on the following page)

(Translation)

	(In millions of yen)	
At December 31:	2017	2016
		(Reference)
Liabilities and net assets		
Current liabilities:		
Trade notes payable	¥ 764	¥ 369
Electronically-recorded accounts payable	133,743	116,646
Trade accounts payable	59,450	44,475
Current portion of bonds	20,000	-
Other accounts payable	9,264	9,480
Income taxes payable	27,671	10,315
Accrued expenses	22,805	22,452
Deposits received	122,871	116,097
Provision for warranty costs	6,967	4,634
Provision for bonuses	8,135	8,114
Provision for directors' bonuses	210	184
Other	10,770	21,941
Total current liabilities	422,653	354,710
Long-term liabilities:		
Bonds	20,000	40,000
Long-term borrowings	90,000	90,000
Deferred tax liabilities	28,729	28,266
Other	1,112	1,137
Total long-term liabilities	139,842	159,404
Total liabilities	562,496	514,114
Shareholders' equity:		
Common stock	84,100	84,070
Capital surplus:		
Additional paid-in capital	73,087	73,057
Total capital surplus	73,087	73,057
Retained earnings:		
Legal reserve	19,539	19,539
Other retained earnings:		
Reserve for special depreciation	12	18
Reserve for reduction entry of land	171	171
General reserve	280,042	272,842
Unappropriated retained earnings	82,387	45,762
Total other retained earnings	362,613	318,793
Total retained earnings	382,153	338,333
Treasury stock	(46)	(39)
Total shareholders' equity	539,294	495,421
Valuation and translation adjustments:		
Unrealized holding gains on securities	79,760	74,855
Total valuation and translation adjustments	79,760	74,855
Total net assets	619,055	570,276
Total liabilities and net assets	¥ 1,181,552	¥ 1,084,391

* The accompanying notes are an integral part of these statements.

(Translation)

Statements of Income (Non-consolidated)

Kubota Corporation

	(In millions of yen)	
For the years ended December 31:	2017	2016
		(Reference)
Net sales	¥ 844,115	¥ 754,753
Cost of sales	650,202	608,378
Gross profit	193,912	146,375
Selling, general, and administrative expenses	111,751	104,407
Operating income	82,161	41,968
Non-operating income:	49,520	36,864
Interest and dividend income	17,004	9,376
Royalty income	15,612	13,190
Other	16,903	14,297
Non-operating expenses:	4,279	10,782
Interest expense	546	742
Other	3,733	10,039
Ordinary income	127,401	68,049
Income before income taxes	127,401	68,049
Income taxes:	31,969	16,345
Current	34,997	17,334
Deferred	(3,027)	(988)
Net income	¥ 95,431	¥ 51,704

* The accompanying notes are an integral part of these statements.

(Translation)

Statements of Changes in Net Assets (Non-consolidated)

Kubota Corporation

(In millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappropriated retained earnings
Balance at January 1, 2017	¥ 84,070	¥ 73,057	¥ -	¥ 19,539	¥ 18	¥ 171	¥272,842	¥ 45,762
Changes in this fiscal year								
Transfer of reserve for special depreciation					(5)			5
Appropriation to general reserve							7,200	(7,200)
Dividends								(38,421)
Net income								95,431
Purchase of treasury stock								
Disposal of treasury stock				0				
Retirement of treasury stock				(0)				(13,190)
Restricted stock compensation	30	30						
Net change of items other than shareholders' equity								
Total changes in this fiscal year	30	30	-	-	(5)	-	7,200	36,625
Balance at December 31, 2017	¥ 84,100	¥ 73,087	¥ -	¥ 19,539	¥ 12	¥ 171	¥280,042	¥ 82,387

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Total valuation and translation adjustments	
Changes in this fiscal year					
Transfer of reserve for special depreciation		-		-	-
Appropriation to general reserve		-		-	-
Dividends		(38,421)		-	(38,421)
Net income		95,431		-	95,431
Purchase of treasury stock	(13,197)	(13,197)		-	(13,197)
Disposal of treasury stock	0	0		-	0
Retirement of treasury stock	13,190	-		-	-
Restricted stock compensation		60		-	60
Net change of items other than shareholders' equity		-	4,905	4,905	4,905
Total changes in this fiscal year	(6)	43,873	4,905	4,905	48,778
Balance at December 31, 2017	¥ (46)	¥ 539,294	¥ 79,760	¥ 79,760	¥ 619,055

(Translation)

(In millions of yen)

(Reference)	Shareholders' equity							
	Capital surplus				Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappropriated retained earnings
Balance at January 1, 2016	¥ 84,070	¥ 73,057	¥ -	¥ 19,539	¥ 22	¥ 167	¥260,242	¥ 47,508
Changes in this fiscal year								
Transfer of reserve for special depreciation					(3)			3
Appropriation to reserve for reduction entry of land						3		(3)
Appropriation to general reserve							12,600	(12,600)
Dividends								(34,839)
Net income								51,704
Purchase of treasury stock								
Disposal of treasury stock								(0)
Retirement of treasury stock								(6,011)
Net change of items other than shareholders' equity								
Total changes in this fiscal year	-	-	-	-	(3)	3	12,600	(1,746)
Balance at December 31, 2016	¥ 84,070	¥ 73,057	¥ -	¥ 19,539	¥ 18	¥ 171	¥272,842	¥ 45,762

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Total valuation and translation adjustments	
	Balance at January 1, 2016	¥ (46)	¥ 484,561	¥ 71,248	
Changes in this fiscal year					
Transfer of reserve for special depreciation		-		-	-
Appropriation to reserve for reduction entry of land		-		-	-
Appropriation to general reserve		-		-	-
Dividends		(34,839)		-	(34,839)
Net income		51,704		-	51,704
Purchase of treasury stock	(6,005)	(6,005)		-	(6,005)
Disposal of treasury stock	0	0		-	0
Retirement of treasury stock	6,011	-		-	-
Net change of items other than shareholders' equity		-	3,606	3,606	3,606
Total changes in this fiscal year	6	10,859	3,606	3,606	14,466
Balance at December 31, 2016	¥ (39)	¥ 495,421	¥ 74,855	¥ 74,855	¥ 570,276

* The accompanying notes are an integral part of these statements.

(Translation)

Notes to Financial Statements (Non-consolidated)

Kubota Corporation

Significant Accounting Policies

1. Basis and Methods of Assets' Valuations

(1) Securities

Investments in subsidiaries and affiliated companies are stated at cost, which is determined by the moving-average method.

Marketable securities within securities classified as other securities under Japanese GAAP are stated at fair value based on market prices at the fiscal year-end. Any changes in unrealized holding gains or losses are included directly in net assets, and cost of securities sold is determined by the moving-average method.

Nonmarketable securities within securities classified as other securities under Japanese GAAP are stated at cost, which is determined by the moving-average method.

(2) Derivatives

Derivatives are stated at fair value.

(3) Inventories

Inventories are stated at cost (method of lowering carrying amount due to a decline in profitability), which is determined by the moving-average method. Finished goods and work-in-process manufactured under specific production orders are stated at cost, which is determined by the specific identification method.

2. Methods of Depreciation and Amortization of Fixed Assets

Depreciation of property, plant, and equipment, except for leased assets is computed by using the straight-line method.

Intangible assets are amortized by the straight-line method. With regard to internal-use software, amortization is computed by using the straight-line method based on an internally expected useful life of five years.

Leased assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method assuming the lease term as the useful life.

3. Basis of Provisions

The allowance for doubtful receivables is provided for possible losses from bad debt at an estimated uncollectible amount determined based on the historical experience of bad debt loss for general receivables and evaluated individually for specific doubtful receivables from customers who are experiencing financial difficulties.

Provision for warranty costs is provided to prepare for free repair for damaged products already sold based on an analysis of the Kubota Corporation's historical data of costs expensed under product warranties.

Provision for bonuses is provided to prepare for payment of bonuses to employees at an estimated amount to be paid to employees for services rendered during the current fiscal year.

Provision for directors' bonuses is provided to prepare for payment of bonuses to directors based on an estimated amount to be paid to directors for the duties executed during the current fiscal year.

Accrued retirement and pension costs (prepaid pension cost) are provided to prepare for payments of retirement benefits based on the retirement benefit obligation and the fair value of the pension plan assets at the fiscal year-end.

(Translation)

Since the fair value of pension assets as of December 31, 2016 and 2017 exceeded retirement benefit obligations, after deduction of unrecognized prior year service costs and actuarial gains or losses, prepaid pension costs were recorded on the balance sheets.

Prior year service costs are amortized over the estimated average remaining service period (14.2 to 16.3 years) of employees as incurred by using the straight-line method.

Actuarial gains or losses are amortized over the estimated average remaining service period of employees by using the declining-balance method from the year following the year in which they were incurred.

The average remaining service period of employees as a basis of amortization ratio is 17.7 years.

4. Basis of Recognition of Revenue and Costs

Kubota Corporation applies the percentage-of-completion method to construction contracts, when it is possible to develop reasonably dependable estimates of the extent of progress towards completion of individual contracts. Otherwise, Kubota Corporation applies the completed-contract method to construction contracts. In measuring the extent of progress toward completion, Kubota Corporation uses the cost-to-cost method.

5. Other Significant Accounting Policies

(1) Translation of assets and liabilities denominated in foreign currency

Monetary claims and debts denominated in foreign currency are translated into Japanese yen using the spot exchange rate at each balance sheet date and gains and losses arising from exchange rate changes are recorded in earnings.

(2) Hedge accounting

All short-term foreign exchange forward contracts are measured at fair value. Except for the forward contracts entered into for forecasted transactions, such contracts are recorded in earnings for the current fiscal year by netting foreign exchange gains or losses on receivables and payables denominated in foreign currency that are hedged items.

Interest rate swap contracts are not recorded on the balance sheets as Kubota Corporation applies exceptional treatment to the contracts.

(3) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes in the statements of income.

6. Changes in Accounting Policies

Previously, Kubota Corporation used the declining-balance method for calculating the depreciation of property, plant, and equipment; however, effective from the beginning of the current fiscal year, Kubota Corporation changed its depreciation method to the straight-line method. Based on the mid-to-long term management plan, Kubota Corporation has been accelerating its expansion of overseas production and R&D. In light of this expansion, the Kubota Corporation examined how its property, plant, and equipment would be used and concluded that it was reasonable to change its depreciation method to the straight-line method since its property, plant, and equipment would be used consistently for the foreseeable future. This change resulted in an increase in operating income, ordinary income, and income before income taxes for the year ended December 31, 2017 by ¥1,187 million, ¥892 million, and ¥892 million, respectively, as compared to the amounts computable under the previous method.

(Translation)

Notes to Balance Sheets

1. Amounts less than presentation units are rounded down.
2. Monetary claims from and debts to subsidiaries and affiliated companies

Short-term receivables from subsidiaries and affiliated companies	¥ 331,324 million
Long-term receivables from subsidiaries and affiliated companies	¥ 40,086 million
Short-term payables to subsidiaries and affiliated companies	¥ 129,189 million
3. Accumulated depreciation of property, plant, and equipment ¥ 382,772 million
4. Contingent Liabilities:
 - (1) Guarantees

Guarantees for borrowings of subsidiaries and affiliated companies from financial institutions	
Kubota Saudi Arabia Company, LLC	¥ 785 million
Credit guarantees for group financing	
Kubota Credit Co., Ltd.	¥ 3,820 million
 - (2) Discounted trade notes receivable ¥ 1,357 million
5. The following notes that matured on December 31, 2017, the current fiscal year-end, were included in the corresponding note accounts in the balance sheets since that day falls on a bank holiday.

Trade notes receivable	¥ 406 million
Electronically-recorded accounts receivable	¥ 1,659 million
Trade notes payable	¥ 123 million
Electronically-recorded accounts payable	¥ 28,724 million

Notes to Statements of Income

1. Amounts less than presentation units are rounded down.
2. Transactions with subsidiaries and affiliated companies

Sales to subsidiaries and affiliated companies	¥ 671,998 million
Purchases from subsidiaries and affiliated companies	¥ 114,597 million
Transactions with subsidiaries and affiliated companies other than operating transactions	¥ 31,346 million

(Translation)

Notes to Statements of Changes in Net Assets

1. Amounts less than presentation units are rounded down.

2. Class and number of shares regarding issued shares

Class of shares	Number of shares as of January 1, 2017 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2017 (thousands)
Common stock	1,241,119	35	7,130	1,234,024

(Notes) 1. Details of shares increased in the current fiscal year are as follows:

Shares issued related to restricted stock compensation pursuant to the resolution of the Board of Directors' Meeting held on March 24, 2017 35 thousand shares

2. Details of shares decreased in the current fiscal year are as follows:

Shares retired pursuant to the resolution of the Board of Directors' Meeting held on December 21, 2017 7,130 thousand shares

3. Class and number of shares of treasury stock

Class of shares	Number of shares as of January 1, 2017 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2017 (thousands)
Common stock	24	7,130	7,130	24

(Notes) 1. Details of shares increased in the current fiscal year are as follows:

Shares purchased pursuant to the resolution of the Board of Directors' Meeting held on May 10, 2016 1,755 thousand shares

Shares purchased pursuant to the resolution of the Board of Directors' Meeting held on May 10, 2017 5,372 thousand shares

Shares purchased less than the minimum unit 2 thousand shares

2. Details of shares decreased in the current fiscal year are as follows:

Shares retired pursuant to the resolution of the Board of Directors' Meeting held on December 21, 2017 7,130 thousand shares

Shares sold less than the minimum unit 0 thousand shares

4. Dividends

(1) Details of dividends paid

Date of resolution	Class of shares	Cash dividends (million)	Cash dividends per share	Record date	Effective date
Board of Directors' Meeting on February 14, 2017	Common stock	¥ 19,857	¥ 16.00	December 31, 2016	March 27, 2017
Board of Directors' Meeting on August 3, 2017	Common stock	¥ 18,563	¥ 15.00	June 30, 2017	September 1, 2017

(2) Dividends of which the record date is in the current fiscal year and of which the effective date is in the next fiscal year

Date of resolution	Class of shares	Cash dividends (million)	Appropriation from	Cash dividends per share	Record date	Effective date
Board of Directors' Meeting on February 14, 2018	Common Stock	¥ 20,977	Retained earnings	¥ 17.00	December 31, 2017	March 26, 2018

(Translation)

Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

Accrued enterprise tax	¥ 1,549 million
Provision for warranty costs	2,145 million
Provision for bonuses	2,505 million
Valuation losses on securities	2,082 million
Other	12,027 million
Subtotal	20,311 million
Valuation allowance	(3,628) million
Total deferred tax assets	¥ 16,682 million

2. Significant components of deferred tax liabilities

Prepaid pension cost	¥ (5,056) million
Unrealized holding gains on securities	(29,659) million
Other	(777) million
Total deferred tax liabilities	(35,493) million
Net deferred tax liabilities	¥ (18,810) million

(Translation)

Related Party Transactions

Type	Name	Location	Common stock	Operations	Ownership of voting shares	Relationship	Contents of transactions	Amount of transactions (¥ million)	Accounts	Balance at December 31, 2017 (¥ million)
Subsidiary	Kubota Tractor Corporation	Texas, U.S.A.	US\$37 million	Sales of tractors, outdoor power equipment, small-sized construction machinery and implements	100.0*	Sales of products of Kubota Corporation, Interlocking Directors	Sales of tractors and other machinery (Note 1)	170,866	Trade accounts receivable	72,194
	Kubota Engine America Corporation	Illinois, U.S.A.	US\$10 million	Sales, engineering and after-sales service of engines, engine parts and engine accessories	100.0*	Sales of products of Kubota Corporation	Sales of engines (Note 1)	68,656	Trade accounts receivable	26,242
	SIAM KUBOTA Corporation Co., Ltd.	Pathomtani, Thailand	THB 2,739 million	Manufacturing and sales of tractors, combine harvesters, implement, horizontal type diesel engines and small-sized construction machinery	60.0	Manufacturing and sales of products of Kubota Corporation, Interlocking Directors	Patent royalty (Note 2)	3,639	Other (Current assets)	2,241
							Management advice fee (Note 2)	3,053	Other (Current assets)	1,612
	Kubota Baumaschinen GmbH	Zweibrucken, Germany	EUR 14 million	Manufacturing and sales of construction machinery	100.0*	Sales of products of Kubota Corporation	Sales of construction machinery (Note 1)	44,306	Trade accounts receivable	17,833
	KUBOTA Construction Machinery Japan Corporation	Hyogo, Japan	¥300 million	Sales of construction machinery, etc.	100.0	Sales of products of Kubota Corporation	Sales of construction machinery (Note 1)	20,781	Trade accounts receivable	13,908
	Kubota Credit Co., Ltd.	Osaka, Japan	¥500 million	Retail financing to purchasers of farm equipment and related products	55.0 22.9*	Financial assistance, Credit Guarantee, Interlocking Directors	Lending (Notes 3 and 4)	80,560	Short-term loans receivable	39,005
									Long-term loans receivable	35,585
							Interest receipt (Note 3)	242	Other (Current assets)	56
							Depositing (Notes 3 and 4)	14,068	Deposits received	17,807
Interest payment (Note 3)							9	Other (Current liabilities)	1	
Credit Guarantee (Note 5)	3,820	-	-							
Kubota Environmental Service Co., Ltd.	Tokyo, Japan	¥90 million	Operation, maintenance, design, construction, remodeling, repair and modifying of water and waste treatment facilities.	100.0	Maintenance of facilities constructed by Kubota Corporation, Analysis of water quality, waste, etc., Interlocking Directors	Depositing (Notes 3 and 4)	21,452	Deposits received	19,005	
						Interest payment (Note 3)	11	Other (Current liabilities)	0	

* Indirect holding

Regarding amounts in the above table, the amounts of transactions do not include consumption taxes, while the balances at December 31, 2017 include consumption taxes.

<Terms and conditions of business; and decision-making policies of terms and conditions of business; and others>

- (Notes)
- Regarding product sales, suggested prices are proposed by Kubota Corporation in consideration of market prices and total costs and transaction prices are determined after price negotiations.
 - Patent royalty and management advisory fees are determined based on a percentage of sales of SIAM KUBOTA Corporation Co., Ltd.
 - Interest rates are reasonably decided in consideration of market interest rates.

(Translation)

4. The amount of transactions is stated at the average balance during the fiscal year.
5. Kubota Corporation provides a guarantee for group financing of Kubota Credit Co., Ltd.

Per Common Share Information

1. Net assets per common share	¥ 501.66
2. Net income per common share	¥ 77.12

Transcript Copy of the Independent Auditors' Report concerning Consolidated Financial Statements
(Translation)

INDEPENDENT AUDITORS' REPORT

February 7, 2018

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takeshi Ito

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2017 of Kubota Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statements of income, and changes in equity for the year ended December 31, 2017, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which is applied *mutatis mutandis* pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which is applied *mutatis mutandis* pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2017, and the results of their operations for the year ended December 31, 2017.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Transcript Copy of the Independent Auditors' Report concerning Financial Statements (Non-consolidated)
(Translation)

INDEPENDENT AUDITORS' REPORT

February 7, 2018

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takeshi Ito

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2017 of Kubota Corporation (the "Company"), and the related statements of income and changes in net assets for the year ended December 31, 2017, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations for the year ended December 31, 2017 in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Transcript Copy of the Audit Report of the Audit & Supervisory Board

(Translation)

AUDIT REPORT

In respect of the execution of duties of the Directors during the 128th business term from January 1, 2017 to December 31, 2017, the Audit & Supervisory Board (hereinafter “we”), following the discussion among ourselves, have prepared this audit report based on the audit report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Methods and details of audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

We have formulated an audit policy, sharing of duties among Audit & Supervisory Board Members, and other audit-related items. We have received reports from each Audit & Supervisory Board Member on the implementation and results of audits, and received reports from the Directors of Kubota Corporation, the Independent Auditors, and other parties on their execution of duties, and requested explanations from them when necessary.

In accordance with the Standards for Auditing by Audit & Supervisory Board Members, the audit policy, sharing of duties among Audit & Supervisory Board Members, and other audit-related items that were determined by us, each Audit & Supervisory Board Member: communicated well with the Directors, the internal auditing department, and other employees; gathered information and improved the audit environment; attended the meetings of the Board of Directors and other important meetings; received reports from the Directors and other employees on their execution of duties; requested explanations from them when necessary; reviewed documents concerning matters such as important decisions; and conducted inspections of the business and financial condition at Kubota Corporation’s head office and other principle offices. Each Audit & Supervisory Board Member periodically received reports regarding the status of establishment and operation from the Directors and other employees, requested explanations from them when necessary, and expressed opinions regarding the Board of Directors’ resolution on a system to ensure that the Directors’ execution of their duties comply with laws and Kubota Corporation’s Articles of Incorporation, and also comply with a system prescribed in the Ordinance for Enforcement of the Companies Act, Article 100, paragraphs 1 and 3 to ensure that the operation of joint-stock companies and their subsidiaries are carried out appropriately and a system (internal control systems) established based on the said resolution. In addition, as to internal control over financial reporting, we have received reports from the Directors and the Independent Auditors regarding the assessment of said internal control and the status of audits and requested explanations from them when necessary. Each Audit & Supervisory Board Member strove to communicate well and exchange information with the subsidiaries’ Directors and Audit & Supervisory Board Members, and inspected some subsidiaries whenever necessary. Through these methods, each Audit & Supervisory Board Member examined the business report for the 127th business term and the supplementary schedules for the fiscal period under consideration.

In addition, we monitored and verified whether the Independent Auditors made appropriate audits while maintaining their independence. We received reports from the Independent Auditors on its operations, and requested them for explanations when necessary. The Independent Auditors notified us and we requested their explanations when necessary, concerning their establishment of a “System for Ensuring the Appropriate Execution of Duties” (the Ordinance on Company Accounting Article 131) in accordance with the “Quality Control Standards for Audits” (issued by the Business Accounting Council on October 28, 2005). Through these methods, we reviewed the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) and the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules for the term under consideration.

2. Results of the Audit:

(1) Results of the Audit of the Business Report

- 1) We have found that the business report and the supplementary schedules present fairly the current financial position of Kubota Corporation in conformity with applicable laws and regulations and the Articles of Incorporation.
- 2) With respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.
- 3) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be pointed out concerning the content of the business report and the Directors' performance of their duties regarding the internal control system.

(2) Results of the Audit of the consolidated financial statements, the non-consolidated financial statements and the supplementary schedules

We have found that the auditing methods employed by Deloitte Touche Tohmatsu LLC, Independent Auditors, and the results thereof are appropriate and sufficient.

February 9, 2018

The Audit & Supervisory Board of Kubota Corporation

Audit & Supervisory Board Member (full time)	Toshikazu Fukuyama
Audit & Supervisory Board Member (full time)	Satoru Sakamoto
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Akira Morita
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Teruo Suzuki

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