

**KUBOTA Corporation**

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**Notice of the issuance of new shares**  
**under the restricted stock compensation plan**

Kubota Corporation (hereinafter, “the Company”) has resolved by a resolution in writing by the Board of Directors dated March 30, 2018 (This resolution in writing is regarded as an official decision pursuant to Article 370 of the Companies Act and the provision in Article 24, Paragraph 2 of the Articles of Incorporation.) to issue new shares (hereinafter, “New Share Issuance”) under the restricted stock compensation plan as follows.

**1. Outline of the New Share Issuance**

(1) Payment date	April 20, 2018
(2) Class and number of shares to be issued	32,630 common shares of the Company
(3) Issuance price	¥1,845 per share
(4) Total value of the issuance	¥60,202,350
(5) Recipients and number thereof; number of shares to be allotted	Six Directors of the Company (excluding Outside Directors and non-residents in Japan); 32,630 shares
(6) Others	The New Share Issuance is conditional on the effectuation of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

**2. Purpose and reasons for the issuance**

The Company has resolved at the Meeting of the Board of Directors held on February 14, 2017 to newly introduce a restricted stock compensation plan (hereinafter, “Plan”) for the Company’s Directors other than the Outside Directors (hereinafter, “Directors Covered by the Plan”) with the objectives of offering incentives to achieve sustained improvement of the corporate value of the Company and sharing more of that value with shareholders. Furthermore, at the 127th Ordinary General Meeting of Shareholders, it was approved by the shareholders that under the Plan, the amount of monetary compensation claims to be granted to the Directors Covered by the Plan for the granting of restricted shares shall be ¥300 million or less per year and that the transfer restriction period for the restricted shares shall be based on a decision made by the Board of Directors of the Company and be between three and five years.

**3. Overview of the Plan**

Directors Covered by the Plan shall pay in as property contributed in kind all the monetary compensation claims paid from the Company based on the Plan, and receive the issuance or disposal of common shares of the Company.

Based on the Plan, the total amount of the monetary compensation claims to be paid to Directors Covered by the Plan shall be ¥300 million or less per year. The specific payment timing and allotment for each of the Directors Covered by the Plan will be decided by the Board of Directors. In addition, the total number of common shares of the Company newly issued to the Directors Covered by the Plan or disposed of by the Company under the Plan shall be 400,000 shares or less per year\*, and the amount to be paid in per share shall be the amount determined by the Board of Directors within the scope that will not be particularly advantageous to the Directors Covered by the Plan who subscribe to said common shares, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange market on the business day immediately prior to the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day).

When the Company's shares are to be issued or disposed of under this Plan, the Company and the Directors Covered by the Plan shall conclude an agreement for allotment of restricted shares (hereinafter, "Allotment Agreement") with the following contents: (i) Directors Covered by the Plan must not, for a fixed period, transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement and (ii) in the case of occurrence of specified event(s), the Company shall acquire said common shares at no cost, etc.

During any period in which Directors Covered by the Plan are regarded as non-residents in Japan, the Company will temporarily withhold the issuance or disposal of common shares as stock compensation to such Directors. However, once a Director Covered by the Plan becomes a resident in Japan, the Company will provide the Director with the withheld monetary compensation claims, and the Director shall pay in as property contributed in kind all the monetary compensation claims received, and receive the issuance or disposal of common shares of the Company.

\*Note: Regarding the Company's common shares, in the event of the conduct of share splits or reverse share splits, after the effective date of such events in proportion to the share splits or reverse share splits, adjustments will be made in the total number of common shares within a reasonable scope as necessary.

#### **4. Details of the New Share Issuance this time**

This time, after the consideration of the objectives of the Plan, the Company's business performance, and the scope and nature of the performance of duties of individual Directors Covered by the Plan, the Company decided to pay a total amount of ¥60,202,350 in monetary compensation claims (hereinafter, "Monetary Compensation Claims") for the granting of 32,630 common shares of the Company (hereinafter, "Allotted Shares") to the six Directors Covered by the Plan.

Based on the Plan, the six Directors Covered by the Plan to whom newly issued shares are scheduled to be allotted will pay in as property contributed in kind all the Monetary Compensation Claims and receive the issuance of Allotted Shares.

The Monetary Compensation Claims shall be paid as a portion of compensation for continuing services over the next one-year period. On the other hand, since the purpose of introducing this Plan is to provide incentives to achieve sustained improvement of the corporate value of the Company and to share more of that value with shareholders, the transfer restriction period for the Allotted Shares has been set at three years.

#### **5. Summary of the Allotment Agreement**

The Company and the Directors Covered by the Plan will conclude the Allotment Agreement individually, and the summary of the Allotment Agreement is as follows:

(1) Transfer restriction period: April 20, 2018 to April 19, 2021

(2) Cancellation of the transfer restrictions

(i) General rules

On the condition that the Directors Covered by the Plan have maintained the status of Directors or Executive Officers continuously during the transfer restriction period, the transfer restrictions for all of the Allotted Shares shall be cancelled at the expiration date of the transfer restriction period.

(ii) In case that the Director resigns due to the completion of his/her term of office or other legitimate reasons

On the condition that the Director Covered by the Plan has maintained the status of Director or Executive Officer continuously until his/her resignation, the figure obtained by dividing the number of months passed from the month including the payment date to the month including the date of resignation by 12 (However, when the resulting number is more than 1, the number shall be set at 1.) and then multiplying this figure by the number of shares allotted to the Director who resigns, the transfer restrictions for that number of Allotted Shares (However, as a result of the calculation, the number of shares less than one share shall be truncated.) shall be cancelled at the time immediately after the resignation.

(iii) In case that the Director resigns due to death

On the condition that the Director Covered by the Plan has maintained the status of Director or Executive Officer continuously until his/her resignation, the figure obtained by dividing the number of months passed from the month including the payment date to the month including the date of resignation by 12 (However, when the resulting number is more than 1, the number shall be set at 1.) and then multiplying this figure by the number of shares allotted to the Director who resigns, the transfer restrictions for that number of Allotted Shares (However, as a result of the calculation, the number of shares less than one share shall be truncated.) shall be cancelled at the time immediately after the resignation.

(3) The Company's acquisition of the shares at no cost

The Company will naturally acquire at no cost all of the Allotted Shares for which the transfer restrictions have not been cancelled at the time immediately after the determination not to cancel the transfer restrictions.

(4) Administration of shares

To prevent the transfer, creation of a security interest on, or disposal of the Allotted Shares for as long as the restrictions are in effect, the Directors Covered by the Plan open dedicated accounts with Nomura Securities Co., Ltd. for the administration of the Allotted Shares during the transfer restriction period. To ensure the effectiveness of the restrictions on the Allotted Shares, the Company enters into an agreement with Nomura Securities Co., Ltd. regarding the administration of the accounts for the Allotted Shares held by the Directors Covered by the Plan. In addition, the Directors Covered by the Plan agree to the administration details for the accounts.

(5) Treatment in the event of organizational restructuring, etc.

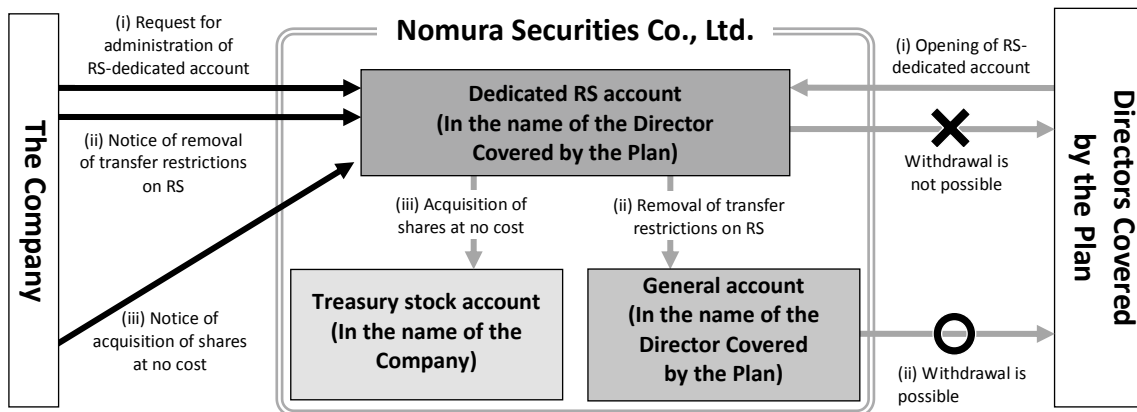
During the transfer restriction period, in the case that matters regarding merger agreements under which the Company becomes the disappearing company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.), the figure obtained by dividing the number of months passed from the month including the payment date to the month including the approval date of organizational restructuring by 12 (However, when the resulting number is more than 1, the number will be set at 1.) and then multiplying this figure by the number of Allotted Shares held on the day of that approval, the transfer restrictions

for that number of Allotted Shares (However, as a result of the calculation, the number of shares less than one share will be truncated.) shall be cancelled immediately before the business day immediately prior to the effective date of the said organizational restructuring by resolution of the Board of Directors of the Company.

**6. Basis for calculating the amount to be paid in for the Allotted Shares and other specific details**

The New Share Issuance to the prospective recipients of the allotted shares will be made by way of in-kind contribution of the monetary compensation claims paid for granting restricted shares under the Plan for the Company’s 129th business term. To avoid issuing the shares based on arbitrary decisions on price, the closing price of the common shares of the Company on the First Section of the Tokyo Stock Exchange of ¥1,845 on March 29, 2018 (the business day immediately prior to the date of the resolution by the Board of Directors), is taken to be the issuance price. Since this was the market price immediately before the date of the resolution of the Board of Directors, it is believed to be reasonable.

For reference: Managerial flow of restricted shares (RS) in the restricted stock compensation plan



**< Cautionary Statements with Respect to Forward-Looking Statements >**  
 This document may contain forward-looking statements that are based on management’s expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company’s markets, particularly government agricultural policies, levels of capital expenditures, both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company’s ability to continue to gain acceptance of its products.

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