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FOR IMMEDIATE RELEASE

KUBOTA Corporation

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Notice regarding the introduction of a performance-linked stock compensation plan (RS Trust) for Directors

Kubota Corporation (hereinafter, the “Company”) has resolved to introduce a performance-linked stock compensation plan using a trust (hereinafter, the “Plan”) for the Company’s Directors (excluding Outside Directors; the same applies hereinafter) at the meeting of the Board of Directors held today. It plans to submit a proposal regarding the introduction of the Plan to the 132nd Ordinary General Meeting of Shareholders scheduled to be held on March 18, 2022 (hereinafter, the “Ordinary General Meeting of Shareholders”). The details are as follows.

1. Regarding the introduction of the Plan

The Company recently announced its long-term vision, “GMB 2030,” and is making major changes to its business operations with Kubota’s unique ESG management at its core, aiming to further enhance corporate value from a global perspective. As such, the Company has decided to review the Remuneration Plan for Directors with the aim of strongly motivating its Directors and accelerating the achievement of performance targets for each fiscal year, and enhancing corporate value over the medium to long term through these efforts.

The remuneration for the Company’s Directors is presently made up of basic remuneration, annual bonuses, and restricted stock compensation. However, the Company has decided to discontinue granting restricted stock compensation and introduce a new stock compensation plan under the Plan.

(For information regarding the remuneration plan for Directors other than the Plan, please refer to “Notice regarding revision to the remuneration plan for Directors” separately disclosed today.)

The Plan is intended to make the link between the remuneration of the Directors and the Company’s operating results and stock value clearer. Another aim is to raise Directors’ awareness of the need to help improve operating results and corporate value over the medium to long term by sharing the benefits and risks arising from fluctuations in the stock price with shareholders. Another goal of the Plan is to incentivize Directors to sustainably improve corporate value even after the delivery of shares by placing restrictions on the transfer of shares to be delivered to the Directors until they leave office as Director (which means they are no longer in a position of Director nor Executive Officer of the Company; the same applies hereinafter). With the introduction of the Plan, the remuneration for the Company’s Directors will consist of basic remuneration, annual bonuses, and stock compensation under the Plan.

The introduction of the Plan is subject to approval of a proposal regarding the introduction of the Plan at the Ordinary General Meeting of Shareholders.

If the introduction of the Plan is approved at the Ordinary General Meeting of Shareholders, the Company plans to introduce a performance-linked stock compensation plan similar to that for the Directors to the Executive Officers who have entered into a mandate contract with the Company (hereinafter, “Mandated Executive Officers”). In such a case, the Mandated Executive Officers will be beneficiaries of the Trust as described in 2. (1) below, as will the Company’s Directors. In addition, the Company will also entrust funds for the acquisition of shares to be delivered to the Mandated Executive Officers.

2. Outline of the Plan

(1) Structure of the Plan

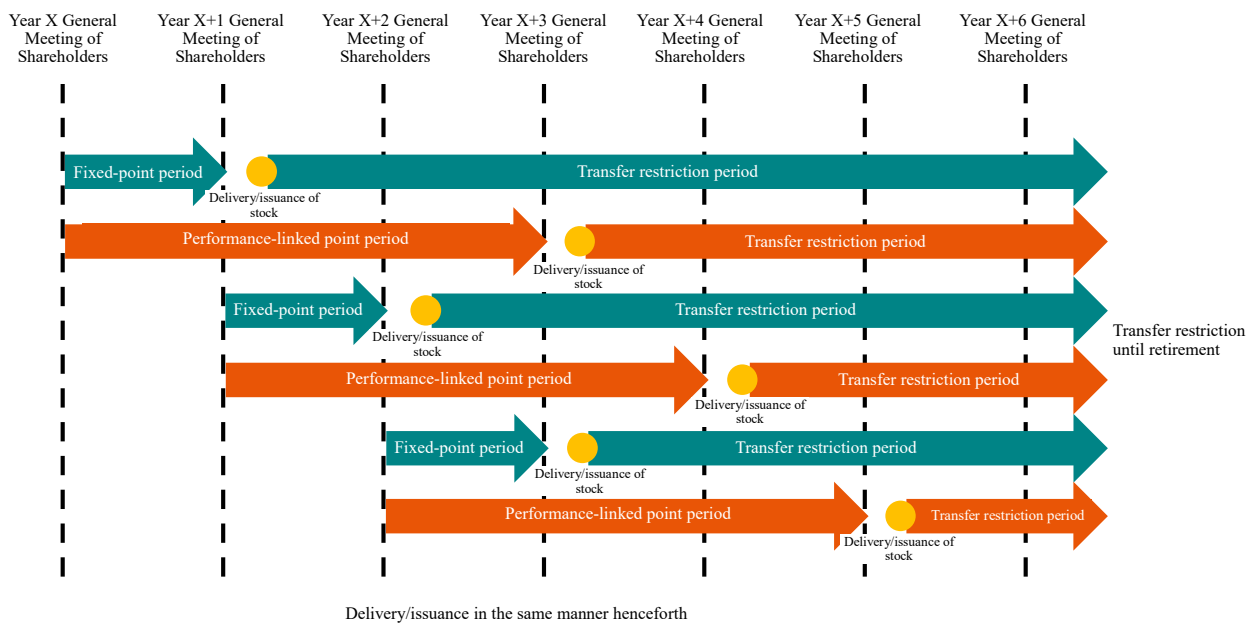
The Plan is a stock-based compensation plan in which a trust that the Company will establish and contribute cash to (hereinafter, the “Trust”) will acquire the common shares of the Company (hereinafter, the “Company’s shares”). Then, the Company’s shares in a number corresponding to the number of points granted by the Company to each Director will be delivered to each Director through the Trust (however, as described in 3. below, a restriction on the transfer of such shares shall be imposed until they leave office as Director, by concluding a transfer restriction agreement between the Company and each Director).

There are two types of points granted based on the Plan: fixed points and performance-linked points. Fixed points are granted for each period of one year whose start date is the day after the date of the Company’s Ordinary General Meeting of Shareholders in and after 2022 and end date is the date of the Company’s Ordinary General Meeting of Shareholders in the following year (however, the first period shall be from March 19, 2022 to the date of the Company’s Ordinary General Meeting of Shareholders in 2023; hereinafter called the “fixed-point period”) based on the corporate ranks, the tenure, etc. in the corresponding period. In principle, fixed points are granted each time the fixed-point period ends, and the Company’s shares in a number corresponding to those points shall be delivered to respective Directors from the Trust.

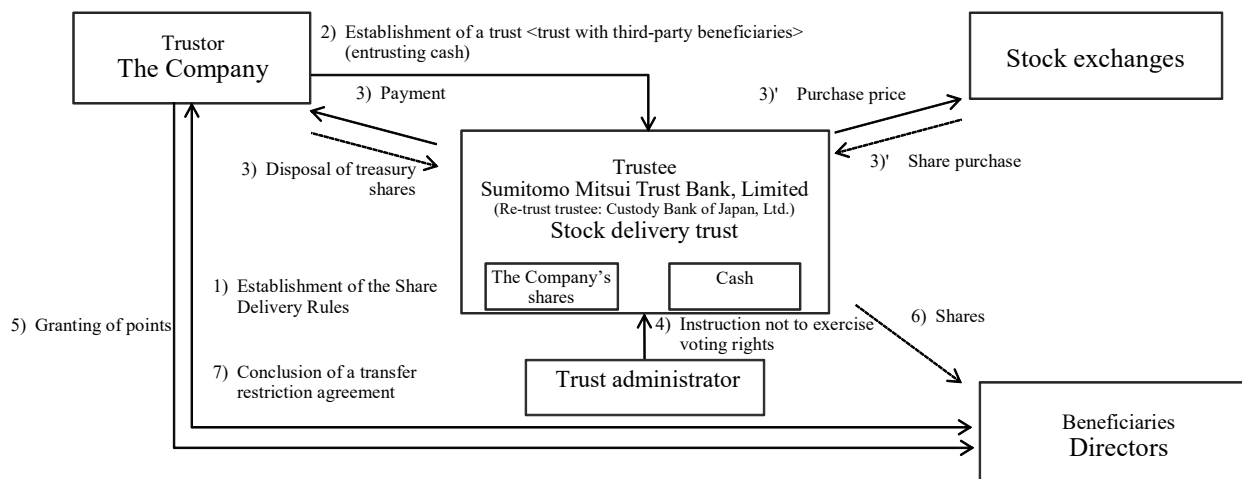
Performance-linked points are granted for each period of three years whose start date is the day after the date of the Company’s Ordinary General Meeting of Shareholders in and after 2022 and end date is the date of the Company’s Ordinary General Meeting of Shareholders three years later (however, the first period shall be from March 19, 2022 to the date of the Company’s Ordinary General Meeting of Shareholders in 2025; hereinafter called “performance-linked point period”) based on the corporate ranks, tenure, performance of the three consecutive fiscal years from the fiscal year which starts immediately before the start date of the corresponding period to the fiscal year which ends immediately before the end date of the corresponding period, etc. in the corresponding period. In principle, performance-linked points are granted each time the performance-linked point period ends, and the Company’s shares in a number corresponding to those points shall be delivered to respective Directors from the Trust.

However, for Directors who are expected to (i) retire or (ii) stop being residents in Japan during any fixed-point period or performance-linked point period, the points may be granted based on the corporate ranks, tenure, etc. in each period before the end of the fixed-point period or the performance-linked point period.

Conceptual image of point periods and transfer restriction period



Outline of the structure of the Plan



- 1) The Company will establish Share Delivery Rules for the Directors.
- 2) The Company will establish a stock delivery trust (trust with third-party beneficiaries) with the Directors as beneficiaries (the Trust). In doing so, the Company will entrust an amount of cash equivalent to funds for the acquisition of shares (however, funds for the acquisition of shares to be delivered to the Directors of the Company shall be within an amount approved by a general meeting of shareholders) to the trustee.
- 3) The trustee will acquire the number of the Company's shares that are expected to be delivered in the future in a lump sum (by being the acquirer of treasury shares disposed of and by acquiring through trading on stock exchanges (including off-auction trading)).
- 4) The Company will appoint a trust administrator (who shall be a person independent from the Company and its Directors) who works to protect the interests of the beneficiaries covered by the Share Delivery Rules and supervise the trustee throughout the trust period. The trust administrator shall give an instruction to the trustee not to exercise voting rights with respect to the Company's shares in the Trust, and the trustee shall not exercise voting rights throughout the trust period based on such instruction.
- 5) The Company will grant points to the Directors in accordance with the Share Delivery Rules.
- 6) Directors who satisfy the requirements set forth in the Share Delivery Rules and a trust agreement pertaining to the Trust (including the conclusion of a transfer restriction agreement described in 7) below) will be sent by the trustee the Company's shares in accordance with the points granted as the beneficiaries of the Trust.
- 7) With respect to the Company's shares to be delivered, the Company and a relevant Director will enter into a transfer restriction agreement for the transfer restriction period which is from the date of delivery to the date of his/her retirement. The Company will lift the transfer restriction on the delivered restricted shares, at the time of the relevant Director's retirement. (The Company will acquire the shares on which the transfer restriction is not lifted, free of charge.)

Of the residual assets of the Trust upon the termination of the Trust, all of the Company's shares will be acquired by the Company at no cost and cancelled by resolution of the Board of Directors.

In addition, the Share Delivery Rules and the trust agreement provide in advance that a certain amount of cash from the residual assets of the Trust upon its termination will be donated to a special public interest corporation in which the Company's Directors have no interest.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the Plan, will entrust (re-entrust) the administration of the trust assets to the Custody Bank of Japan, Ltd.

(2) Establishment of a trust

Subject to approval of a proposal regarding the introduction of the Plan at the Ordinary General Meeting of Shareholders, the Company will establish the Trust by contributing funds necessary for the Trust to acquire, in advance, the Company's shares in a number reasonably expected to be necessary for the delivery over a certain period of time in accordance with (6) below. As described in (5) below, the Trust will acquire the Company's shares using funds contributed by the Company.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the Plan, will entrust (re-entrust) the administration of the trust assets to the Custody Bank of Japan, Ltd.

(3) Trust period

The trust period shall be approximately five years from May 2022 (planned) to May 2027 (planned). However, the trust period may be extended as described in (4) below.

(4) Maximum amount of trust funds to be contributed to the Trust as funds for the acquisition of shares

The maximum amount of money that the Company will contribute to fund the acquisition of the Company's shares required for delivery to Directors under the Plan shall be 160 million yen for the acquisition of the Company's shares corresponding to the gross fixed points granted for the fixed-point period of <1>, and 740 million yen for the acquisition of the Company's shares corresponding to the gross performance-linked points granted for the performance-linked point period of <1>.

The initial period of the Trust shall be approximately 5 years, an amount of money within the upper limit of the above amounts shall be contributed as compensation to Directors, and the Trust shall be established with Directors who meet the specified requirements as beneficiaries. The Company plans to set the fixed-point and performance-linked point periods of <3> and entrust the fund to acquire the Company's shares equivalent to the gross points of each type to be granted for these periods. The Trust shall acquire the Company's shares by disposition of Company's treasury shares or acquisition from the exchange market (including off-floor trading) using the cash entrusted by the Company.

Note: The actual amount of monies entrusted by the Company to the Trust will be a sum of the estimated amounts for necessary costs including trust fees and trust administrator fees, in addition to the funds to acquire the Company's shares as above. In addition, if a stock-based compensation plan similar to the Plan is introduced for Mandated Executive Officers as described above, funds for the acquisition of the Company's shares, which are required to be delivered to the Mandated Executive Officers under the plan, will also be entrusted.

With a decision by the Company's Board of Directors, the trust period of the Trust may be extended (including virtual extension of the trust period by transferring the trust assets of the Trust to a trust whose purpose is the same as that of the Trust set by the Company; hereinafter the same applies) or the Plan may be continued. In this case, the Company shall contribute extra cash within the range of the upper limit amount above to the Trust as the fund to additionally acquire the Company's shares for issuance to Directors based on the Plan and continue to grant points and issue the Company's shares as described in (6) below.

(5) Method, etc. of the acquisition of the Company's shares by the Trust

It is planned to initially acquire the Company's shares by the Trust through the acquisition of treasury shares disposed of by the Company or acquisition on stock exchanges (including off-auction trading) within the upper limit of funds for the acquisition of shares described in (4) above. Details of the acquisition method will be determined and disclosed after the resolution of the Ordinary General Meeting of Shareholders.

During the trust period, if a possibility arises that the number of the Company's shares in the Trust may become short of the number of shares corresponding to the number of points to be granted to the

Directors during the trust period due to an increase in the number of the Directors, etc., additional cash may be entrusted with the Trust within the upper limit of trust funds specified in (4) above to additionally acquire the Company's shares.

(6) Method for determining the Company's shares to be delivered to the Directors and the upper limit

1) Method, etc. of granting points to the Directors

The Company shall grant fixed points based on the corporate ranks and tenure and performance-linked points based on the corporate ranks, tenure, and the degree of achievement of the performance targets set for the three consecutive business years from the business year starting immediately before the start date of the performance-linked point period to the business year ending immediately before the end date of the performance-linked point period, etc. to each Director on the point granting day specified in the share issuance rules during the trust period based on the share issuance rules set up at the meeting of the Company's Board of Directors.

However, the upper limit of the total points that the Company grants to each Director shall be 140,000 points for the fixed-point period of <1> and 630,000 points for the performance-linked point period of <1>.

2) Delivery of the Company's shares corresponding to the number of points granted

A Director shall be given the Company's shares based on the number of points granted in 1) above in accordance with the procedure in 3) below. One point shall be equal to one share of the Company's shares. However, in the case where it is considered reasonable to adjust the number of the Company's shares per point such as a share split or share consolidation, an adjustment will be made to the relevant split or consolidation ratio, etc.

3) Delivery of the Company's shares to the Directors

In principle, each Director shall acquire the beneficiary right of the Trust and receive the Company's shares subject to conclusion of the transfer restriction agreement of 3. below with the Company and compliance to the other specified procedures each time the points are granted following the end of each fixed-point period and each performance-linked point period during the trust period.

However, in the case that the Company's shares in the Trust have been liquidated for cash, including where the Company's shares in the Trust have been applied for a tender offer and settled, cash (the relevant liquidation amount) may be delivered in lieu of the Company's shares.

(7) Exercise of voting rights

None of the voting rights with respect to the Company's shares in the Trust shall be exercised based on an instruction of the trust administrator who is independent of the Company and its officers. This is intended to ensure neutrality to the Company's corporate management with respect to the exercise of voting rights regarding the Company's shares in the Trust.

(8) Treatment of dividends

Dividends with respect to the Company's shares in the Trust shall be received by the Trust and used to acquire the Company's shares and pay trust fees for the trustee of the Trust.

(9) Treatment of the Company's shares and cash upon the termination of the Trust

Of the residual assets of the Trust upon the termination of the Trust, all of the Company's shares will be acquired by the Company at no cost and cancelled by resolution of the Board of Directors.

In addition, the Share Delivery Rules and the trust agreement provide in advance that a certain amount of cash from the residual assets of the Trust upon its termination will be donated to a special public interest corporation in which the Company's Directors have no interest.

3. Transfer restriction agreement pertaining to the Company's shares to be delivered to the Directors
The Company shall enter into a transfer restriction agreement whose details are summarized below (hereinafter, "Transfer Restriction Agreement") with a Director in delivering the Company's shares pursuant to 2. (6) 3) above (the delivery of the Company's shares to each Director is conditional on the conclusion of the Transfer Restriction Agreement).

However, the Company may issue the Company's unrestricted stocks without concluding the Transfer Restriction Agreement when the Director is expected to retire or stop being a resident in Japan before issuance of shares. Moreover, in this case, the Company may sell a certain proportion of the Company's shares in the number as set forth in 2. (6) 2) above for the purpose of withholding the fund for payment of taxes such as withholding income tax, and issue cash instead of the Company's shares.

- 1) The Director must not transfer, create a security interest on, or otherwise dispose of the delivered Company's shares for a period from the date of such delivery to the date of retirement.
- 2) If the Director retires due to a certain illegal activity or any reason other than (i) or (ii) of 3) below, the Company shall acquire the shares free of charge.
- 3) The transfer restriction shall be lifted when the Director retires if the retirement is based on (i) a valid reason or for a reason judged by the Company to be unavoidable or (ii) death.
- 4) Notwithstanding 1) and 3) above, (i) when the Director is expected to stop being a resident in Japan prior to retirement, or (ii) when a merger agreement whereby the Company becomes an absorbed entity or any other matters relating to reorganization, etc. approved by the General Meeting of Shareholders of the Company come into effect, the transfer restriction may be lifted at the time in accordance with the Transfer Restriction Agreement.

The Company's shares subject to transfer restriction under the Transfer Restriction Agreement will be managed in the dedicated accounts that eligible Directors open with Daiwa Securities Co., Ltd. so that they cannot be transferred, collateralized, or disposed of in other ways during the transfer restriction period. The contents of the Transfer Restriction Agreement shall include how to indicate intention and make a notification under the Transfer Restriction Agreement, how to revise the Transfer Restriction Agreement, and other matters to be set up at the meeting of the Board of Directors.

(Reference) Outline of the trust agreement pertaining to the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Those who satisfy the beneficiary requirements among the Company's Directors (and Mandated Executive Officers)
Trust administrator	Plan to select a third party independent from the Company and its Directors
Exercise of voting rights	No voting rights pertaining to the shares in the Trust shall be exercised throughout the term of the Trust
Type of the trust	Cash in trust other than money trusts (with third-party beneficiaries)
Trust agreement date	May 2022 (planned)
Term of the trust	May 2022 – May 2027 (planned)
Purpose of the trust	To deliver the Company's shares to beneficiaries in accordance with the Share Delivery Rules

< 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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