

Financial Results

for the year ended December 31, 2016



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February 20, 2017



Financial Summary

For Earth, For Life


(Billion yen)	Year ended Dec. 31, 2016	Same period * last year (Jan. 2015 - Dec. 2015)	Changes		Variance from forecast (Nov. 2016)	
	Amount	Amount	Amount	%	Amount	%
Revenues	1,596.1	1,688.6	-92.5	-5.5	-3.9	-0.2
Domestic	551.4	580.4	-28.9	-5.0	+12.4	+2.3
Overseas	1,044.7	1,108.3	-63.6	-5.7	-16.4	-1.5
Operating income	11.8% 188.8	13.2% 222.9	-34.1	-15.3	+1.8	+1.0
Net income attributable to Kubota Corp.	8.3% 132.5	8.8% 149.4	-16.9	-11.3	+10.5	+8.6

(Billion yen)	As of Dec. 31, 2016	As of Dec. 31, 2015	Changes	
	Amount	Amount	Amount	%
Total assets	2,670.6	2,532.9	+137.7	+5.4
Shareholders' equity	1,198.8	1,140.3	+58.5	+5.1

* Due to the change in the fiscal year-end from March 31 to December 31, the results of operation for the year ended December 31, 2016 are compared with the same period last year that commenced on January 1, 2015 and ended on December 31, 2015.

Revenues by Reporting Segment

For Earth, For Life
Kubota

(Billion yen)	Year ended Dec. 31, 2016	Same period last year (Jan. 2015 - Dec. 2015)	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	1,272.1	1,340.9	-68.7	-5.1
Domestic	281.5	302.7	-21.2	-7.0
Overseas	990.7	1,038.1	-47.5	-4.6
Water & Environment (Water)	294.5	318.3	-23.8	-7.5
Domestic	240.9	248.7	-7.9	-3.2
Overseas	53.7	69.6	-15.9	-22.8
Other	29.4	29.4	-0.0	-0.1
Domestic	29.1	28.9	+0.2	+0.8
Overseas	0.3	0.6	-0.2	-43.2
Total revenues	1,596.1	1,688.6	-92.5	-5.5

Domestic revenues	551.4	580.4	-28.9	-5.0
Overseas revenues	1,044.7	1,108.3	-63.6	-5.7

(For reference: Changes excluding the effects of fluctuation in exchange
(Machinery: -126.0 billion yen, Total: -129.0 billion yen)

Overseas revenues in Machinery increased by 8%.

Total overseas revenues increased by 6%.

Machinery: -68.7 billion yen (Domestic: -21.2, Overseas: -47.5)

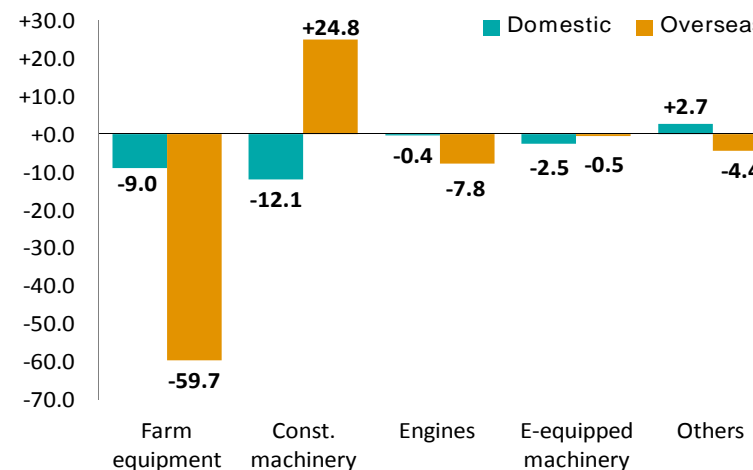
Domestic

- Sales of tractors and construction machinery decreased due to the adverse reaction to the front-loaded demand caused by strengthening emission regulations in the prior year.

Overseas

- Sales of tractors decreased due to the drought in Thailand and stagnation in the North American agriculture-related market.
- Sales of combine harvesters and rice transplanters increased owing to the expansion in China and ASEAN.
- Sales of construction machinery in North America rose due to the favorable market demand and contributions from new products.

Changes in revenues by product (Billion yen)



Water: -23.8 billion yen (Domestic: -7.9, Overseas: -15.9)

Domestic

Sales of pumps and waste water treatment equipments and plants decreased. Revenues from social infrastructure-related products also decreased.

Overseas

Sales of ductile iron pipes sharply declined due to a drop in shipments for large-scale projects in Qatar. Revenues from environment-related products increased.

Other: same level (Domestic: +0.2, Overseas: -0.2)

Operating Income

(Billion yen)	Year ended Dec. 31, 2016		Same period last year (Jan. 2015 - Dec. 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	188.8	11.8	222.9	13.2	-34.1	-15.3

Factors affecting operating income (YoY change -34.1 billion yen)

1. Fluctuation in exchange rates	US\$ (121→109) Euro (134→120) Other currencies	-16.0 billion yen -6.0 billion yen -16.0 billion yen	} -38.0 billion yen
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2. Material	Machinery Water	+6.5 billion yen +2.5 billion yen	} +9.0 billion yen
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3. Personnel expenses	Cost of good sold SG&A expenses	-1.5 billion yen -4.5 billion yen	} -6.0 billion yen
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4. Sales incentive ratio growth			-9.5 billion yen
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5. Specific items

Japan, impairment of idle land (in prior year)	+1.9 billion yen	} +5.8 billion yen
Japan, impairment loss on assets held by vending machine business (in prior year)	+1.4 billion yen	
Decrease of deferred sales expenses of Water segment in relation to the change in fiscal year-end (in prior year)	+3.4 billion yen	
China, sales incentive payment related to suspension of subsidies (in prior year)	+0.4 billion yen	
Amortization of valuation difference between the amount paid and fair market value of net assets of GP[6 months]	-1.3 billion yen	

6. Other		+4.6 billion yen
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Operating Income by Reporting Segment

For Earth, For Life
Kubota

Operating income excluding specific items

(% shows OP margin)

(Billion yen)	Year ended Dec. 31, 2016			Same period last year (Jan. 2015 - Dec. 2015)			Changes	Changes (Adjusted)	Changes in revenues
	Operating income	Specific items	Adjusted operating income	Operating income	Specific items	Adjusted operating income			
			= -			= -	-	-	
Machinery	14.5% 185.0	-1.3	14.6% 186.3	16.5% 221.6	-1.8	16.7% 223.4	-36.6	-37.0	-68.7
Water	7.5% 22.2	-	7.5% 22.2	8.0% 25.6	-3.4	9.1% 29.0	-3.4	-6.8	-23.8
Other	12.3% 3.6	-	12.3% 3.6	10.8% 3.2	-	10.8% 3.2	+0.4	+0.4	-0.0
Adjustment	-22.0	-	-22.0	-27.5	-1.9	-25.6	+5.5	+3.6	
Total	11.8% 188.8	-1.3	11.9% 190.1	13.2% 222.9	-7.1	13.6% 229.9	-34.1	-39.8	-92.5

Other Income (Expenses)

For Earth, For Life
Kubota

(Billion yen)	Year ended Dec. 31, 2016	Same period last year (Jan. 2015 - Dec. 2015)	Changes
	Amount	Amount	Amount
Other income (expenses)	8.2	1.1	+7.0

(Details)

Interests and dividends	6.5	5.7	+0.9
Gain on sales of securities-net	6.8	2.2	+4.6
Foreign exchange loss-net	-3.6	-14.8	+11.2
Other	-1.6	8.0	-9.6
Valuation gain (loss) on derivatives	-1.2	8.1	-9.3
Other-net	-0.5	-0.2	-0.3

} → **+1.9**

Taxable Income/ Net Income

For Earth, For Life
Kubota

(Billion yen)	Year ended Dec. 31, 2016		Same period last year (Jan. 2015 - Dec. 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income *	197.0	12.3	224.0	13.3	-27.1	-12.1
Income taxes	56.5		66.6		+10.0	
(Effective tax rate)	(28.7%)		(29.7%)			
Equity in net income of affiliated companies	2.4		2.0		+0.5	
Net income	142.9	9.0	159.4	9.4	-16.6	-10.4
Less: Net income attributable to non-controlling interests	10.4		10.1		-0.3	
Net income attributable to Kubota Corp.	132.5	8.3	149.4	8.8	-16.9	-11.3

	Year ended Dec. 31, 2016	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Changes
Dividend (Per common share)	30 yen	28 yen	+2 yen
Payout ratio	28 %	32 %	-4 point
Retirement of own shares (Billion yen)	6.0	2.5	+3.5
Shareholder return ratio (Dividends and retirement of shares)	33 %	34 %	-1 point

Kubota Corp. retired 3,800,000 shares of common stock in December 2016.

* Income before income taxes and equity in net income of affiliated companies

Balance Sheets (Assets)

For Earth, For Life
Kubota

(Billion yen)	As of Dec. 31, 2016	As of Dec. 31, 2015	Changes	GP *	Changes ex the effects of fluctuation in exchange
Current assets	1,563.1	1,490.8	+72.2	21.7	
Cash and cash equivalents	169.4	146.3	+23.1		
Trade notes and accounts receivable	632.8	627.6	+5.2	10.1	+24.0
Short-term finance receivables-net	244.2	224.1	+20.1		
Inventories	356.2	356.4	-0.3	7.4	+16.0
Other current assets	160.5	136.4	+24.0		
Investments and long-term finance receivables	677.5	648.5	+28.9	1.2	
Long-term finance receivables-net	508.3	482.5	+25.8		
Other	169.2	166.1	+3.1		
Property, plant, and equipment	314.2	285.9	+28.4	13.3	
Other assets	115.8	107.7	+8.1	18.9	
Total assets	2,670.6	2,532.9	+137.7	55.1	
Total finance receivables-net	752.5	706.5	+45.9	2.7	+74.0

< Reference > Foreign exchange rate at balance sheet date (yen)

U.S. dollar	116	121	-5
Euro	123	132	-9

* In July 2016, Kubota Corp. acquired Great Plains Manufacturing, Inc. ("GP"), a farm implement manufacturer in the U.S.

Balance Sheets (Liabilities)

For Earth, For Life
Kubota

(Billion yen)	As of Dec. 31, 2016	As of Dec. 31, 2015	Changes	GP	Changes ex the effects of fluctuation in exchange
Current liabilities	836.6	807.9	+28.7	6.1	
Short-term borrowings	193.9	186.2	+7.7		
Trade notes and accounts payable	255.9	260.3	-4.5		
Current portion of long-term debt	145.2	158.1	-12.9		
Other current liabilities	241.7	203.2	+38.4		
Long-term liabilities	562.0	506.5	+55.6	2.4	
Long-term debt	478.9	424.4	+54.5		
Accrued retirement and pension costs	12.1	12.1	-0.1		
Other long-term liabilities	71.1	69.9	+1.1		
Total liabilities	1,398.7	1,314.4	+84.3	8.5	
Total interest-bearing debt	818.0	768.7	+49.3	2.0	+78.0
Net debt equity ratio	0.54	0.55	-0.01		
Net debt equity ratio (ex financial services)	-0.06	-0.03	-0.03		

Balance Sheets (Equity)

For Earth, For Life


(Billion yen)	As of Dec. 31, 2016	As of Dec. 31, 2015	Changes
Kubota Corp. shareholders' equity	1,198.8	1,140.3	+58.5
Common stock	84.1	84.1	-
Capital surplus	84.6	87.8	-3.2
Legal reserve	19.5	19.5	-
Retained earnings	961.4	869.8	+91.6
Accumulated other comprehensive income(loss)	49.3	79.3	-30.0
Foreign currency translation adjustments	26.0	50.1	-24.1
Unrealized gains on securities	49.6	47.0	+2.6
Pension liabilities adjustments	-26.2	-17.8	-8.4
Treasury stock, at cost	-0.2	-0.2	+0.0
Non-controlling interests	73.2	78.2	-5.1
Total equity	1,271.9	1,218.6	+53.4
Shareholders' equity to total assets	44.9%	45.0%	-0.1point

Return on Equity (ROE) History

For Earth, For Life


(Billion yen)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Nine months ended Dec. 31, 2015	Year ended Dec. 31, 2016	Changes
Shareholder's equity	794.5	935.8	1,100.1	1,140.3	1,198.8	58.5
Net income attributable to Kubota Corp.	77.8	132.7	139.5	110.1	132.5	-
Return on equity	10.6%	15.3%	13.7%	-	11.3%	-

< Reference (unaudited) >

(Billion yen)	Year ended Dec. 31, 2014 <small>(Jan. 2014 - Dec. 2014, unaudited)</small>	Year ended Dec. 31, 2015 <small>(Jan. 2015 - Dec. 2015, unaudited)</small>	Year ended Dec. 31, 2016	Changes
Shareholder's equity	1,073.0	1,140.3	1,198.8	58.5
Net income attributable to Kubota Corp.	139.3	149.4	132.5	-16.9
Return on equity	14.0%	13.5%	11.3%	-2.2point

Cash Flow Statements

For Earth, For Life


(Billion yen)	Year ended Dec. 31, 2016	Same period last year (Jan. 2015 - Dec. 2015)	Changes
Net cash provided by operating activities	185.0	205.9	-20.9
Net cash used in investing activities	-167.5	-137.2	-30.4
Purchases of fixed assets	-56.1	-51.5	-4.6
Other	-111.4	-85.6	-25.8
Net cash provided by (used in) financing activities	11.4	-37.2	+48.6
Effect of exchange rate changes on cash and cash equivalents	-5.7	-4.3	-1.4
Net increase in cash and cash equivalents	23.1	27.2	-4.1
Free cash flow	128.8	154.4	-25.5

Balance Sheets

(Billion yen)	As of Dec. 31, 2016		As of Dec. 31, 2015	
	Financial services	Equipment operations	Financial services	Equipment operations
Total assets	938.5	1,809.7	885.2	1,721.6
Cash and cash equivalents	12.5	156.9	16.2	130.1
Trade notes and accounts receivable	29.8	603.7	34.1	594.2
Finance receivables	752.5	-	706.5	-
Inventories	-	356.2	-	356.4
Property, plant, and equipment	0.4	313.8	0.3	285.5
Other assets	143.3	379.0	128.1	355.3
Total liabilities	812.4	648.4	770.9	607.7
Interest-bearing debt	744.7	93.2	698.5	99.1
Other liabilities	67.7	555.2	72.4	508.6
Total equity	126.1	1,161.3	114.3	1,113.9

Consolidated statements of income (Financial Services)

(Billion yen)	Year ended Dec. 31, 2016		Same period last year (Jan. 2015 - Dec. 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Revenues	51.0		52.5		-1.5	-2.9
Operating income	20.5	40.3	22.2	42.3	-1.7	-7.5
Net income attributable to Kubota Corp.	13.3	26.2	12.3	23.4	+1.1	+8.7

Market Environment in Machinery

Market Environment in Machinery (North America)

For Earth, For Life
Kubota

U.S.

Sales of compact tractors and construction machinery increase along with the favorable economy and construction demand in the United States.

Tractors

Compact tractors continue to grow due to steady growth of the economy and housing markets, and the strong sales promotion activities in the market. The market for mid-scale tractors remains weak although the scale of decline is becoming smaller. Severe competition has continued.

Const. machinery

Demand increases due to the modest expansion in the housing markets despite the concerns about rising interest rates. Promoting retail sales of SSLs, which were fully launched last year.

Engines

Sales increase due to steady construction market and recovery of demand in industrial machinery including light towers.

YoY growth rate of retail sales units in the tractor market by horsepower

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2015	0-40hp	+1.2%	+5.8%	+10.7%	+14.4%	+4.4%	+8.0%
	40-120hp	-3.3%	-3.0%	-0.2%	-14.5%	-3.1%	-5.4%
	0-120hp	-0.7%	+2.9%	+6.4%	+0.8%	+1.7%	+2.7%
2016	0-40hp	+26.1%	+7.1%	+9.6%	+14.0%	+12.7%	+12.1%
	40-120hp	-0.7%	-4.3%	-10.6%	-2.5%	-2.9%	-4.9%
	0-120hp	+14.9%	+3.5%	+2.3%	+7.4%	+7.3%	+6.0%

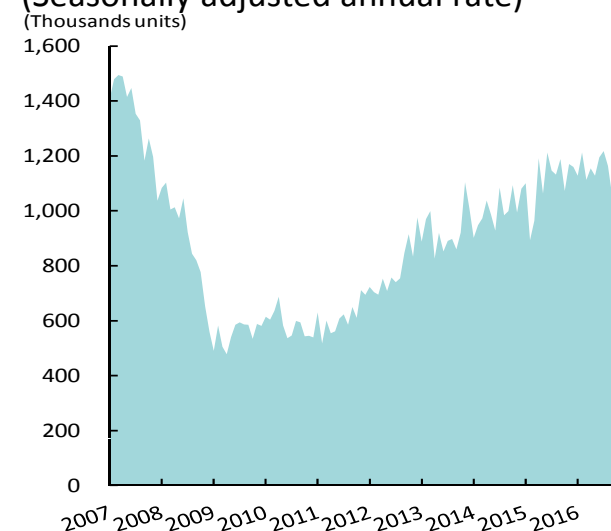
Source: AEM (Association of Equipment Manufacturers)

YoY growth rate of retail sales units in the mini-excavator market (0-8t)

	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2015	+13.6%	+13.7%	+13.2%	+21.4%	+13.6%	+15.5%
2016	+27.6%	+13.0%	+8.9%	+6.2%	+18.4%	+12.7%

Source: AEM (Association of Equipment Manufacturers)

New privately owned housing units started
(Seasonally adjusted annual rate)



Source: U.S. Census Bureau

* RS: Retail sales, WS: Wholesale

Europe

Stagnation in the agricultural market continues in 2017. Although the outlook for economy remains unclear, demand for housing construction and other construction work will remain firm.

Tractors

Although the outlook for the economy is unclear, the market for compact tractors remains at the same level as in the prior year. The market for mid-scale tractors is expected to stay severe due to the decline in farm incomes. Aiming to expand sales of large-scale tractors of M7001 series.

Implements

The market environment has been severe due to the stagnation in the agricultural market. Aiming to expand sales of new products.

Const. machinery

In France, there are concerns regarding a decline in investment along with upcoming elections. In Germany, demand is expanding due to the high levels of housing demand and the policy to expand the high-speed online network. Italian market also stays firm thanks to increased construction work. The sales in the U.K. decrease due to the end of aggressive investment by rental companies.

Engines

Although the outlook for the economy remains unclear, the same level of demand as in the prior year is expected.

Thailand

The agricultural market is recovering from stagnation along with the drought which lasted for two years.

Tractors, combines

Sales of tractors and combines for wet paddies recover substantially owing to the lifting of restrictions on water intake. Demand for upland farming is expected to be firm mainly due to the favorable market conditions for sugarcane supported by the start-up of new sugar mill production lines. Endeavoring to stimulate demand through accelerating the launch of implements for upland farming.

Const. machinery

The market for new machines grows due to increasing construction demand in the urban areas.

Exports to neighboring countries

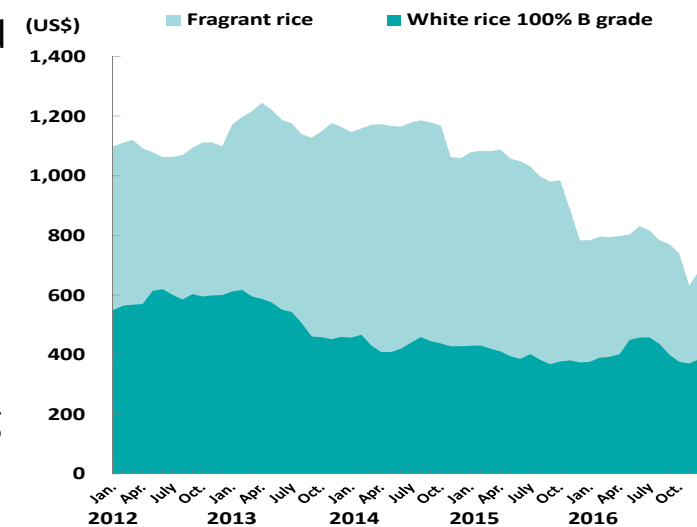
Adding the firm replacement demand for combines, is expected wider spread use of tractors.

Sales of power tillers and engines also increase.

In Myanmar, mechanization is being rapidly introduced due to the labor shortages in rural areas and growing penetration of machinery in the planting and harvesting subcontracting business.

Expand business through sales company established in Myanmar.

Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

Market Environment in Machinery (Asia)

China

In 2017, subsidies from the central government are expected to decrease. Demand for machinery with high performance and high efficiency is developing strongly.

Tractors

Locally manufactured tractors show favorable results. The market demand for larger-scale tractors will expand substantially.

Combines

Transition to demand for highly functional products is occurring. Start sales of highly functional combines after receipt of entitlement to government subsidies, for which sales were frontloaded since the second half of last year without government subsidies. Start full-scale distribution of 4-row type corn combines, which are mainstream.

Rice transplanters

In 2016, authentication for engine emissions was delayed. Expect to increase in sales from customers who restrained their purchases last year and responding to increasing needs for less fertilizer and pesticide usage.

Const. machinery

The market is recovering due to urban redevelopment and the increase in large-scale infrastructure construction projects.

Subsidies of China's central government for purchase of agricultural equipment

(Billion RMB)		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 *
Subsidies	1st stage	-	-	-	-	11.0	13.0	20.0	17.0	21.0	22.8	18.6
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.8	23.8	23.8	23.7	18.6

* The amount in 2017 is forecast.

Market Environment in Machinery (Japan)

Japan

Although the adverse reaction to the front-loaded demand caused by strengthening emission regulations is expected to weaken, the environment surrounding agriculture continues to be severe.

Construction demand is growing due to the increase in infrastructure construction.

Farm machinery

Significant recovery of agricultural machinery that decreased due to the adverse reaction caused by changes in the emission regulations is not expected in 2017. Increase sales along with a stronger response to structural changes that involved implementing both high-class products with high efficiency and performance and products with limited functions and low prices.

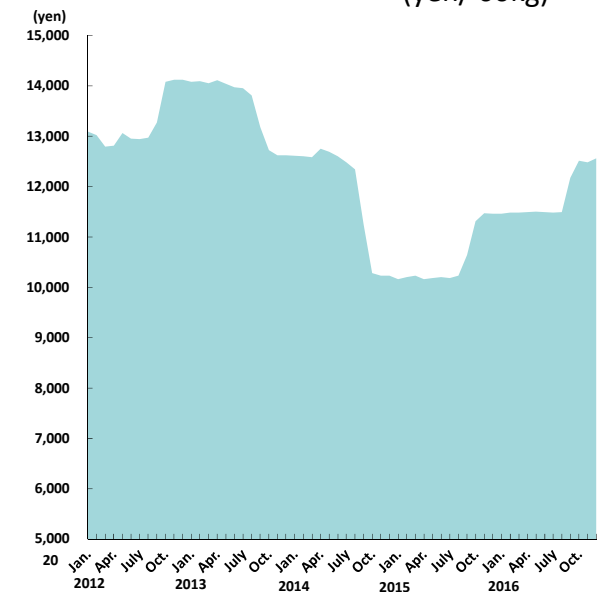
Const. machinery

Sales grow due to the recovery from the adverse reaction caused by changes in the emission regulations and increasing infrastructure investment related to the Tokyo Olympics.

Engines

Although there is increasing demand related to infrastructure construction in advance of the Tokyo Olympics, total demand is expected to stay at the same level because the outlook for the global economy remains unclear.

Producers price of Japanese rice
(yen/ 60kg)



Source: Ministry of Agriculture, Forestry and Fisheries

Forecast

Anticipated Operating Results

For Earth, For Life


(Billion yen)	Year ending Dec. 31, 2017 (Forecast)	Year ended Dec. 31, 2016 (Actual)	Changes		Six months ending June 30, 2017 (Forecast)
	Amount	Amount	Amount	%	Amount
Revenues	1,680.0	1,596.1	+83.9	+5.3	840.0
Domestic	573.0	551.4	+21.6	+3.9	285.0
Overseas	1,107.0	1,044.7	+62.3	+6.0	555.0
Operating income	11.8% 198.0	11.8% 188.8	+9.2	+4.9	11.7% 98.0
Other income (expenses)	7.0	8.2	-1.2	-14.6	5.0
Taxable income*	12.2% 205.0	12.3% 197.0	+8.0	+4.1	12.3% 103.0
Net income attributable to Kubota Corp.	8.2% 138.0	8.3% 132.5	+5.5	+4.2	8.0% 67.0

* Income before income taxes and equity in net income of affiliated companies

Anticipated Revenues by Reporting Segment

(Billion yen)	Year ending Dec. 31, 2017 (Forecast)	Year ended Dec. 31, 2016 (Actual)	Changes	
			Amount	%
Machinery	1,350.0	1,272.2	+77.8	+6.1
Domestic	294.0	281.5	+12.5	+4.4
Overseas	1,056.0	990.7	+65.3	+6.6
Water	300.0	294.5	+5.5	+1.9
Domestic	249.0	240.8	+8.2	+3.4
Overseas	51.0	53.7	-2.7	-5.0
Other	30.0	29.4	+0.6	+2.0
Domestic	30.0	29.1	+0.9	+3.1
Overseas	-	0.3	-0.3	-100.0
Total revenues	1,680.0	1,596.1	+83.9	+5.3
Domestic revenues	573.0	551.4	+21.6	+3.9
Overseas revenues	1,107.0	1,044.7	+62.3	+6.0

For reference: Changes excluding the effects of fluctuation in exchange (Total: -13.0 billion yen)
 Overseas revenues in Machinery are forecast to increase by 8%.
 Total overseas revenues are forecast to increase by 7%.

Anticipated Operating Income

For Earth, For Life
Kubota

(Billion yen)	Year ending Dec. 31, 2017 (Forecast)		Year ended Dec. 31, 2016 (Actual)		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	198.0	11.8	188.8	11.8	+9.2	+4.9

Factors affecting operating income (YoY change +9.2 billion yen)

1. Fluctuation in exchange rates	US\$ (109→110) Euro (120→115) Other currencies	-2.0 billion yen -4.0 billion yen -3.0 billion yen	} -9.0 billion yen
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2. Material	Machinery Water	±0.0 billion yen -1.0 billion yen	} -1.0 billion yen
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3. Personnel expenses	Cost of good sold SG&A expenses	-1.5 billion yen -4.0 billion yen	} -5.5 billion yen
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4. Sales incentive ratio growth			-3.5 billion yen
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5. Specific items			} +1.0 billion yen
	Change in depreciation method	+1.9 billion yen	
	Amortization of valuation difference between the amount paid and fair market value of net assets of GP	-0.9 billion yen	

6. Other			+27.2 billion yen
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Specific items

Change in depreciation method

Beginning with the year ending December 31, 2017, depreciation method of PP&E of parent company has been changed from declining-balance to straight-line.

<Anticipated depreciation amount of PP&E of parent company>

(Billion yen)

Depreciation method	Depreciation amount
Declining-balance (before the change)	17.9
Straight-line (after the change)	15.9
Total impact to operating income (positive)	+1.9

Note: Deprecation amount of straight-line includes the effect of acceleration of depreciation speed of the residual book value of the assets which have reached at the end of the useful life.

Amortization of valuation difference between the amount paid and fair market value of net assets of GP (Great Plains Manufacturing, Inc.)

Substantial amount of valuation difference was recorded in reevaluation of net assets of GP at fair market value under M&A. Assets subject to amortization will be amortized.

(Billion yen)

Net assets acquired	Book value	21.4
	Valuation difference from fair value	20.6
	Intangible assets, etc	20.6
	Land	0.6
	Goodwill	1.7
44.3		22.9

20.6 billion yen will be amortized over a certain period.
1.3 billion yen was amortized for the year ended Dec. 2016(for 6 months).
2.2 billion yen will be amortized for the year ending Dec. 2017.

Not to be amortized

Note: Above amount does not include the deferred tax assets and liabilities resulted from this valuation difference.

Anticipated Operating Income by Reporting Segment

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Anticipated operating income excluding specific items

(% shows OP margin)

(Billion yen)	Year ending Dec. 31, 2017 (Forecast)			Year ended Dec. 31, 2016 (Actual)			Changes	Changes (Adjusted)	Changes in revenues
	Operating income	Specific items	Adjusted operating income = -	Operating income	Specific items	Adjusted operating income = -			
Machinery	14.6% 197.0	-0.4	14.6% 197.4	14.5% 185.0	-1.3	14.6% 186.3	+12.0	+11.1	+77.8
Water	7.7% 23.0	0.5	7.5% 22.5	7.5% 22.2	-	7.5% 22.2	+0.8	+0.3	+5.5
Other	10.0% 3.0	-	10.0% 3.0	12.3% 3.6	-	12.3% 3.6	-0.6	-0.6	+0.6
Adjustment	-25.0	-0.4	-24.6	-22.0	-	-22.0	-3.0	-2.6	
Total	11.8% 198.0	-0.3	11.8% 198.3	11.8% 188.8	-1.3	11.9% 190.1	+9.2	+8.2	+83.9

Exchange Rate, CAPEX, Depreciation and R&D Expenses

Anticipated foreign exchange rate

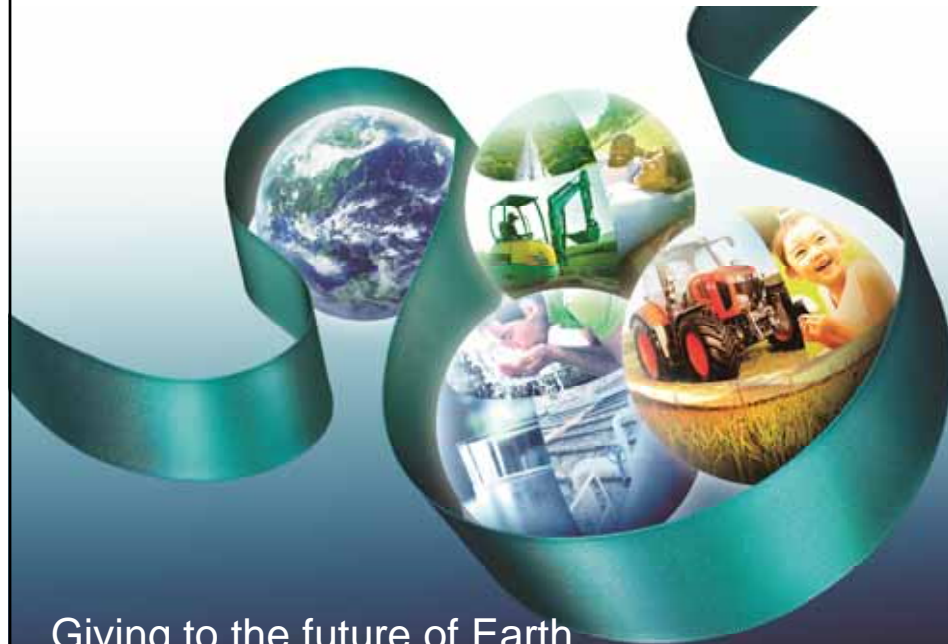
		Year ending Dec. 31, 2017	Year ended Dec. 31, 2016	
		(Forecast)	(Actual)	Same period last year
¥/US\$	1st Half (Jan.-June)	110	112	120
	2nd half (July-Dec.)	110	106	122
	Full year average (Jan.-Dec.)	110	109	121
¥/Euro	1st Half (Jan.-June)	115	125	134
	2nd half (July-Dec.)	115	116	134
	Full year average (Jan.-Dec.)	115	120	134

CAPEX, Depreciation and R&D expenses

Capital expenditures	70.0	65.4	53.9
Depreciation and amortization	49.0	43.4	41.4
R&D expenses	46.0	43.0	39.4

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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