To Shareholders

Masatoshi Kimata
President and Representative Director

KUBOTA Corporation
2-47, Shikitsuhigashi 1-chome,
Naniwa-ku, Osaka, 556-8601 Japan

CONVOCATION NOTICE FOR
THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Kubota Corporation hereby notifies you that the 129th 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.

<table>
<thead>
<tr>
<th>Date and time</th>
<th>Friday, March 22, 2019, at 10:00 a.m. (JST) (Reception desk opens at 9:00 a.m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place</td>
<td>Convention Hall of Kubota Corporation 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, Japan</td>
</tr>
</tbody>
</table>

**Matters for which the meeting is held**

**Matters to Be Reported**
1. Business report, the consolidated financial statements and the non-consolidated financial statements for the 129th business term (from January 1, 2018 to December 31, 2018)
2. The results of the audits of the consolidated financial statements by the Independent Auditor and by the Audit & Supervisory Board

**Matters Requiring Resolutions**
Proposal 1:
   **Election of Nine Directors**
Proposal 2:
   **Election of Two Audit & Supervisory Board Members**
Proposal 3:
   **Bonus Payments for Directors**
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 22, 2019, 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 Wednesday, March 20, 2019, 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 Wednesday, March 20, 2019, 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 Auditor 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.co/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.
REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal 1: Election of Nine Directors
The term of office of all ten Directors will expire at the conclusion of this meeting. At this juncture, Kubota Corporation proposes to elect nine Directors to maintain the number of Directors 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 nine 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.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position and Responsibility at Kubota Corporation and Important Concurrent Positions</th>
<th>Attendance of the Meetings of the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Masatoshi Kimata</td>
<td>Reappointment President and Representative Director of Kubota Corporation</td>
<td>100% (14 of 14)</td>
</tr>
<tr>
<td>2</td>
<td>Yuichi Kitao</td>
<td>Reappointment Representative Director and Executive Vice President of Kubota Corporation, General Manager of Farm and Industrial Machinery Consolidated Division</td>
<td>100% (14 of 14)</td>
</tr>
<tr>
<td>3</td>
<td>Masato Yoshikawa</td>
<td>Reappointment Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Planning and Control Headquarters, General Manager of Global IT Management Dept.</td>
<td>100% (14 of 14)</td>
</tr>
<tr>
<td>4</td>
<td>Shinji Sasaki</td>
<td>Reappointment Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Research and Development Headquarters</td>
<td>100% (12 of 12)</td>
</tr>
<tr>
<td>5</td>
<td>Toshihiko Kurosawa</td>
<td>New Nomination Senior Managing Executive Officer of Kubota Corporation, General Manager of Water and Environment Infrastructure Consolidated Division, General Manager of Tokyo Head Office</td>
<td>–</td>
</tr>
<tr>
<td>6</td>
<td>Dai Watanabe</td>
<td>New Nomination Senior Managing Executive Officer of Kubota Corporation, General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters</td>
<td>–</td>
</tr>
<tr>
<td>7</td>
<td>Yuzuru Matsuda</td>
<td>Reappointment Independent Outside Director of Kubota Corporation, President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation</td>
<td>100% (14 of 14)</td>
</tr>
<tr>
<td>8</td>
<td>Koichi Ina</td>
<td>Reappointment Independent Outside Director of Kubota Corporation</td>
<td>100% (14 of 14)</td>
</tr>
<tr>
<td>9</td>
<td>Yutaro Shintaku</td>
<td>Reappointment Independent Outside Director of Kubota Corporation, Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Visiting Professor of Hitotsubashi University Business School, Executive Trustee of Tonen International Scholarship Foundation</td>
<td>100% (12 of 12)</td>
</tr>
</tbody>
</table>

(Note) 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 Outside Directors). The candidates for internal Director have been nominated for their in-depth 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. Sasaki’s and Mr. Shintaku’s attendance of the meetings of the Board of Directors is only counted for the meetings held after their assumption of office as Director on March 23, 2018.
No. 1  Masatoshi Kimata  
(Date of Birth: June 22, 1951)  
Reappointment  

Number of Kubota Corporation’s Shares Owner:
84,230 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% (14 of 14) 

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 broad-ranging knowledge on the overall workings of the Company’s Farm and Industrial Machinery business and Water and Environment business, and he possesses an ability to provide comprehensive and sound judgment relating to the management of the Group as a whole based on his long-standing experience in carrying out business in both manufacturing and sales operations, in Japan and overseas. 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.
Yuichi Kitao  
(Date of Birth: July 15, 1956)

Number of Kubota Corporation’s Shares Owned: 55,580 shares

Tenure as Director: 4 years and 9 months, at the conclusion of this meeting

Attendance of the Meetings of the Board of Directors: 100% (14 of 14)

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, 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
April 2015   General Manager of Farm and Industrial Machinery Domain of Kubota Corporation
January 2019 Representative Director and Executive Vice President of Kubota Corporation (to present)
January 2019 General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Yuichi Kitao has extensive knowledge and experience that has accumulated while being in charge of the Farm and Industrial Machinery Domain, in which role he has expanded this domain’s business operations, which has included M&A, and grown the overseas business. He assumed office as Director in June 2014, and 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. 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.
No. 3  

Masato Yoshikawa  

(Date of Birth: January 27, 1959)  

Number of Kubota Corporation’s Shares Owned:  
15,500 shares  

Tenure as Director:  
2 years, at the conclusion of this meeting  

Attendance of the Meetings of the Board of Directors:  
100% (14 of 14)  

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  

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)  

January 2019  
General Manager of Planning and Control Headquarters of Kubota Corporation  
(to present)  

General Manager of Global IT Management Dept. of Kubota Corporation  
(to present)  

Reasons for Nomination as Candidate for Director  

Masato Yoshikawa is highly proficient in corporate management from a global perspective based on his experience in the business planning operations and as a president of a sales company in North America, an important market. He assumed office as Director in March 2017, and he has contributed from multiple perspectives to strengthening the functions of the Board of Directors, drawing on his knowledge and experience. 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. Yoshikawa.
No. 4 Shinji Sasaki
(Date of Birth: September 11, 1954)

Number of Kubota Corporation’s Shares Owned:
40,682 shares

Tenure as Director:
1 year, 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 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
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)
March 2018 Director and Senior Managing Executive Officer of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Shinji Sasaki has been instrumental in the global expansion of the engine business, our core business operations, and he has also worked tirelessly to develop the Group’s technological infrastructure by driving forward efforts to expand and enhance the Group’s research and development structure. He assumed office as Director in March 2018, and he has contributed to strengthening the functions of the Board of Directors, drawing on his extensive experience and record of accomplishments. 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. Sasaki.
2. Mr. Sasaki’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 23, 2018.
No. 5  **Toshihiko Kurosawa**  
(Date of Birth: August 14, 1955)  

Number of Kubota Corporation’s Shares Owned: 36,300 shares

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Position and Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1979</td>
<td>Joined Kubota Corporation</td>
</tr>
<tr>
<td>May 2003</td>
<td>General Manager of Pump Sales Dept. I of Kubota Corporation</td>
</tr>
<tr>
<td>April 2005</td>
<td>General Manager of Pump Sales Dept. II of Kubota Corporation</td>
</tr>
<tr>
<td>April 2006</td>
<td>General Manager of Pump Division of Kubota Corporation</td>
</tr>
<tr>
<td>April 2010</td>
<td>Executive Officer of Kubota Corporation</td>
</tr>
<tr>
<td>April 2012</td>
<td>Deputy General Manager of Business Development Headquarters, General Manager of International Business Promotion Dept. of Kubota Corporation</td>
</tr>
<tr>
<td>April 2013</td>
<td>General Manager of Strategic Business Promotion Dept. of Kubota Corporation</td>
</tr>
<tr>
<td>April 2014</td>
<td>Managing Executive Officer of Kubota Corporation</td>
</tr>
<tr>
<td>April 2014</td>
<td>General Manager of Water Engineering and Solution Division of Kubota Corporation</td>
</tr>
<tr>
<td>January 2018</td>
<td>General Manager of Tokyo Head Office of Kubota Corporation (to present), Deputy General Manager of Water and Environmental Infrastructure Domain, General Manager of Environmental Solutions Division of Kubota Corporation</td>
</tr>
<tr>
<td>January 2019</td>
<td>Senior Managing Executive Officer of Kubota Corporation (to present)</td>
</tr>
<tr>
<td>January 2019</td>
<td>General Manager of Water and Environment Infrastructure Consolidated Division of Kubota Corporation (to present)</td>
</tr>
</tbody>
</table>

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**Reasons for Nomination as Candidate for Director**

Toshihiko Kurosawa has high-level expertise and broad-ranging knowledge concerning the Water and Environment business, which he has accumulated through his long-standing involvement in the pump business and his experience in promoting overseas business development and new business as the person in charge of the aforesaid businesses. 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 his knowledge and experience.

(Note) There is no special interest between Kubota Corporation and Mr. Kurosawa.
No. 6  |  Dai Watanabe  
---|---
| (Date of Birth: October 2, 1958)  

Number of Kubota Corporation’s Shares Owned:  
35,900 shares  

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Position Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1984</td>
<td>Joined Kubota Corporation</td>
</tr>
<tr>
<td>June 2008</td>
<td>General Manager of Farm and Industrial Machinery International Planning and Control Dept.</td>
</tr>
<tr>
<td>January 2012</td>
<td>President of Kubota Europe S.A.S.</td>
</tr>
<tr>
<td>April 2013</td>
<td>Executive Officer of Kubota Corporation</td>
</tr>
<tr>
<td>February 2014</td>
<td>President of Kubota Farm Machinery Europe S.A.S.</td>
</tr>
<tr>
<td>December 2014</td>
<td>President of Kverneland AS</td>
</tr>
<tr>
<td>September 2016</td>
<td>General Manager of Agricultural Implement Business Unit of Kubota Corporation</td>
</tr>
<tr>
<td>January 2017</td>
<td>Managing Executive Officer of Kubota Corporation</td>
</tr>
<tr>
<td>January 2017</td>
<td>General Manager of Agricultural Implement Division of Kubota Corporation</td>
</tr>
<tr>
<td>October 2017</td>
<td>President of Kubota Holdings Europe B.V.</td>
</tr>
<tr>
<td>January 2018</td>
<td>General Manager of Agricultural Implement Division of Kubota Corporation</td>
</tr>
<tr>
<td>January 2019</td>
<td>Senior Managing Executive Officer of Kubota Corporation (to present)</td>
</tr>
<tr>
<td>January 2019</td>
<td>General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters of Kubota Corporation (to present)</td>
</tr>
</tbody>
</table>

Reasons for Nomination as Candidate for Director

Dai Watanabe has extensive experience as a president at a regional headquarters company and sales company in Europe, and he has established inroads for a full-scale entry into the upland farming market by the Company’s farming machinery business through orchestrating the market entry into the Agricultural Implement business. 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 from a global perspective and contribute to its sustainable growth and improvement of corporate value, drawing on his experience and record of accomplishments.

(Note) There is no special interest between Kubota Corporation and Mr. Watanabe.
No. 7 Yuzuru Matsuda  
(Date of Birth: June 25, 1948)

| Number of Kubota Corporation’s Shares Owned: | 9,900 shares |
| Tenure as Outside Director: | 4 years and 9 months, at the conclusion of this meeting |
| Attendance of the Meetings of the Board of Directors: | 100% (14 of 14) |

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

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

**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.
3. Kubota Corporation reported that inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates had taken place during Mr. Matsuda’s term of office as Outside Director. He had been unaware of such inappropriate conduct until it came to light. However, he...
regularly made suggestions at meetings of the Board of Directors and other important meetings from the
perspective of corporate compliance as well as compliance with laws and regulations. After this conduct was
recognized, he took responsibility by ordering a thorough investigation of the root causes, recurrence prevention,
and a review of the inspection system.
No. 8  Koichi Ina
(Date of Birth: May 6, 1948)

Reappointment / Independent / Outside

Number of Kubota Corporation’s Shares Owned:
12,000 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% (14 of 14)

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.

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 in the field of manufacturing as an engineer and from having been engaged in various management positions in plant operations. 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.
Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Ina.

(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.

3. Kubota Corporation reported that inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates had taken place during Mr. Ina’s term of office as Outside Director. He had been unaware of such inappropriate conduct until it came to light. However, he regularly made suggestions at meetings of the Board of Directors and other important meetings from the perspective of corporate compliance as well as compliance with laws and regulations. After this conduct was recognized, he took responsibility by ordering a thorough investigation of the root causes, recurrence prevention, and a review of the inspection system.
No. 9  
Yutaro Shintaku  
(Date of Birth: September 19, 1955)  

Number of Kubota Corporation’s Shares Owned: 2,800 shares  

Tenure as Outside Director: 1 year, 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 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  
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)  
March 2018  Director of Kubota Corporation (to present)  
April 2018  Visiting Professor of Hitotsubashi University Business School (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 management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. Since his assumption of office as Outside Director of Kubota Corporation in March 2018, 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. Shintaku. Moreover, Kubota Corporation has no special relationship with Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Hitotsubashi University Graduate School and Tonen International Scholarship Foundation, of which Mr. Shintaku 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. Shintaku 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. Shintaku has been appointed as an Independent Director as defined by the TSE.

3. Mr. Shintaku’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 23, 2018.

4. Kubota Corporation reported that inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates had taken place during Mr. Shintaku’s term of office as Outside Director. He had been unaware of such inappropriate conduct until it came to light. However, he regularly made suggestions at meetings of the Board of Directors and other important meetings from the perspective of corporate compliance as well as compliance with laws and regulations. After this conduct was recognized, he took responsibility by ordering a thorough investigation of the root causes, recurrence prevention, and a review of the inspection system.
Proposal 2: Election of Two Audit & Supervisory Board Members

The term of office of two Audit & Supervisory Board Members, Akira Morita and Teruo Suzuki, will expire at the conclusion of this meeting. Accordingly, Kubota Corporation proposes to elect two Audit & Supervisory Board Members. 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, Masato Hinenoya and Kumi Arakane are candidates for Outside Audit & Supervisory Board Member.

<table>
<thead>
<tr>
<th>No. 1</th>
<th>Masato Hinenoya (Date of Birth: January 31, 1955)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Nomination / Independent / Outside</td>
</tr>
<tr>
<td></td>
<td>Number of Kubota Corporation’s Shares Owned:</td>
</tr>
<tr>
<td></td>
<td>0 shares</td>
</tr>
</tbody>
</table>

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

October 1978   Joined Asahi & Co. (currently, KPMG AZSA LLC)
March 1982    Registered as a Certified Public Accountant of Japan
May 2002     Representative Partner of Asahi & Co. (currently, KPMG AZSA LLC)
July 2010     Board Member of KPMG AZSA LLC
July 2017     Representative of Hinenoya CPA Office (to present)

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

Masato Hinenoya has gained experience from his involvement in numerous company audits while working at an accounting corporation as a certified public accountant. He also possesses a global sensibility from working for many years in the United States. Therefore, although he has not been directly involved in corporate management, Kubota Corporation deems that he can be expected to further enhance its auditing processes during this period of further global advancement, and nominates him as a candidate for Outside Audit & Supervisory Board Member.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Hinenoya. Moreover, Kubota Corporation has no special relationship with Hinenoya CPA Office, of which Mr. Hinenoya currently holds an important post.

(Notes) 1. Upon the approval of Mr. Hinenoya’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. Hinenoya’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.
<table>
<thead>
<tr>
<th>No.</th>
<th>Nominee</th>
<th>New Nomination / Independent / Outside</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Kumi Arakane</td>
<td>(Date of Birth: July 4, 1956)</td>
</tr>
</tbody>
</table>

Number of Kubota Corporation’s Shares Owned: 1,000 shares

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1981</td>
<td>Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently, KOSÉ Corporation)</td>
</tr>
<tr>
<td>March 2002</td>
<td>Senior Chief Researcher of R&amp;D Headquarters Advanced Cosmetic Research Laboratories of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2004</td>
<td>General Manager of Product Development Dept. of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2006</td>
<td>Executive Officer of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2006</td>
<td>Deputy Director-General of Marketing Headquarters of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2010</td>
<td>General Manager of R&amp;D Laboratories of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2011</td>
<td>General Manager of Quality Assurance Dept. of KOSÉ Corporation</td>
</tr>
<tr>
<td>March 2011</td>
<td>Marketing Supervisor-General of KOSÉ Corporation</td>
</tr>
<tr>
<td>June 2011</td>
<td>Director of KOSÉ Corporation</td>
</tr>
<tr>
<td>June 2011</td>
<td>In charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., Product Designing Dept. of KOSÉ Corporation</td>
</tr>
<tr>
<td>June 2017</td>
<td>Audit &amp; Supervisory Board Member of KOSÉ Corporation (to present)</td>
</tr>
</tbody>
</table>

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

Kumi Arakane’s career at KOSÉ Corporation provided her with the experience of serving as a Director and being in charge of various areas of business including product development, research, quality control and purchasing. She has also a high level of knowledge regarding business execution and company management, and as she presently serves as an Audit & Supervisory Board Member of KOSÉ Corporation, she is also well versed in those duties. Therefore, Kubota Corporation deems that she can be expected to further enhance its auditing processes and nominates her as a candidate for Outside Audit & Supervisory Board Member.

**Independence of the Nominee**

There is no special interest between Kubota Corporation and Ms. Arakane. Moreover, Kubota Corporation has no special relationship with KOSÉ Corporation, of which Ms. Arakane currently holds an important post.

**(Notes)**

1. Upon the approval of Ms. Arakane’s election pursuant to this proposal and her assumption of office, Kubota Corporation intends to enter into an agreement with her to limit her liability for damages, pursuant to Article 427, paragraph 1 of the Companies Act. However, the maximum amount of her liability under this agreement is to be the amount provided for in laws and regulations.

2. Upon the approval of Ms. Arakane’s election pursuant to this proposal and her assumption of office, Kubota Corporation intends to report to the TSE that she has been appointed as an Independent Audit & Supervisory Board Member as defined by the TSE.

3. The name of Kumi Arakane in the family register is Kumi Kameyama.
Proposal 3:  Bonus Payments for Directors

Kubota Corporation proposes to pay Directors' bonuses (¥260.55 million) for seven Directors (excluding Outside Directors) in office as of December 31, 2018, in consideration of results of operations for the fiscal year ended December 31, 2018.

The amount for each Director shall be decided by resolution of the Board of Directors.
ATTACHMENT TO THE CONVOCATION NOTICE FOR THE 129TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

BUSINESS REPORT FOR THE 129TH PERIOD
(FROM JANUARY 1, 2018 TO DECEMBER 31, 2018)

1. Item of Overview of Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

Kubota Corporation and its subsidiaries (hereinafter, the “Company”) have adopted International Financial Reporting Standards (hereinafter, “IFRS”) instead of accounting principles generally accepted in the United States of America (hereinafter, “U.S. GAAP”) since the beginning of the fiscal year ended December 31, 2018. The figures for the fiscal year ended December 31, 2017 used in the following analysis were reclassified into figures in accordance with IFRS.

For the year ended December 31, 2018, revenue of the Company hit a record high due to solid demand for construction and economic expansion in the United States as well as the results of company-wide efforts to expand sales. Profit attributable to owners of the parent increased, as a reduction in income tax expenses offset reduced operating profit mainly caused by a rise in raw material prices.

Revenue of the Company increased by ¥99.3 billion [5.7%] from the prior year to ¥1,850.3 billion. In the domestic market, while there were weaker sales of ductile iron pipes, overall, revenue increased from the prior year because of increased revenue in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products and engines. In the overseas markets, revenue increased significantly due to a significant increase in sales of construction machinery, tractors, and engines along with gradual economic expansion, as well as due to increased sales of industrial castings and ductile iron pipes. As a result, overseas revenue accounted for 68.8% of consolidated revenue, which was an increase of 1.0 percent from the prior year.

Operating profit decreased by ¥10.6 billion [5.3%] from the prior year to ¥189.3 billion. Operating profit in Farm & Industrial Machinery was nearly unchanged from the prior year due to the positive impact of increased sales in domestic and overseas markets, which compensated for some negative impacts, such as a rise in steel prices and increased fixed costs. Operating profit in Water & Environment decreased due to a deterioration in the sales composition resulting from a rise in the prices of raw materials and a significant decrease in domestic sales of ductile iron pipes. In addition, there was a negative effect on operating profit from a deterioration in foreign exchange gain/loss generated by the parent company. Profit before income taxes decreased by ¥16.8 billion [7.8%] from the prior year to ¥197.2 billion, because operating profit decreased and finance income, which had previously included gain on sales of securities, decreased from the prior year. Income tax expenses decreased by ¥24.1 billion from the prior year to ¥49.1 billion mainly due to the federal corporate tax rate cut in the United States. Profit for the year increased by ¥6.8 billion [4.8%] from the prior year to ¥150.1 billion. Profit attributable to owners of the parent increased by ¥4.4 billion [3.3%] from the prior year to ¥138.6 billion.

2) Review of Operations by Reportable Segments

(a) Farm & Industrial Machinery

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

Revenue in this segment increased by 6.3% from the prior year to ¥1,527.6 billion, and accounted for 82.6% of consolidated revenue.
Domestic revenue increased by 4.9% from the prior year to ¥308.9 billion due to increased sales of farm equipment, agricultural-related products, engines, and construction machinery.

Overseas revenue increased by 6.7% from the prior year to ¥1,218.7 billion. In North America, sales of tractors increased due to continuous expansion of demand. Sales of utility vehicles also increased due to the newly introduced model. In addition, sales of construction machinery and engines also increased due to solid demand for construction. In Europe, sales of construction machinery and engines increased significantly, while there was a positive effect of yen depreciation against the Euro and the British pound sterling as well. In Asia outside Japan, revenue decreased from the prior year because sales of farm equipment in China decreased significantly resulting from the drastic shrink in demand. On the other hand, sales of farm equipment in Thailand increased mainly because the prices of agricultural products rose and weather conditions during the rainy seasons were generally favorable and sales for tractors in India increased steadily as well.

(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).

Revenue in this segment increased by 2.3% from the prior year to ¥292.3 billion, and accounted for 15.8% of consolidated revenue.

Domestic revenue decreased by 1.0% from the prior year to ¥238.4 billion. Revenue from pipe-related products decreased significantly due to stagnant sales of ductile iron pipes, while revenue from environment-related products and social infrastructure-related products increased.

Overseas revenue increased by 19.9% from the prior year to ¥53.9 billion, mainly due to increased sales of industrial castings, ductile iron pipes, and wastewater treatment plants (Johkasou).

(c) Other

Other is comprised of a variety of services.

Revenue in this segment increased by 5.3% from the prior year to ¥30.4 billion, and accounted for 1.6% of consolidated revenue.

(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. Going forward, the Company continues to dedicate all its strength to establishing the Global Major Brand Kubota, with the aim of making the greatest contribution to success of the Sustainable Development Goals (SDGs) promoted by the United Nations and achieving sustainable development over the long-term. In order to achieve these goals, the Company will continue striving to thoroughly implement its Priority Onsite approach and Customer First Principle again, and promote the following priority measures.

1) Establishment of a Management Foundation Suitable to Becoming a Global Major Brand

The Company urgently needs to establish a management foundation suitable to becoming a Global Major Brand, and will accordingly take action particularly for promptly upgrading its R&D framework, production and procurement framework, and information systems promptly.
As for its R&D framework, the Company will continue to enhance and expand its R&D resources while also taking steps to shorten development timelines and improve quality by building a framework that enables it to maximize results using limited resources. In Japan, the Company will embark on efforts to establish R&D centers central to its global R&D framework while taking strides toward integrating and streamlining dispersed operations and enhancing its strengths in developing growth businesses and advanced technologies. Overseas, the Company will continue to develop and expand its respective global R&D centers through initiatives such as launching full-scale operations of a new R&D center in Europe.

As for the production and procurement framework, the Company will move forward to establish highly efficient production systems for each business. Furthermore, by working in conjunction with its suppliers to improve quality, reduce costs, and shorten lead time, the Company is working to improve procurement quality and stabilize supply. The Company also aims to complete countermeasures promptly in response to natural disasters that frequently occur as well as large earthquakes that are likely to strike, by revamping its business continuity plans and thoroughly implementing such countermeasures.

As for information systems, the Company will establish new information and communications technology headquarters and steadily carry out development of systems geared to advancing and upgrading cutting-edge mission-critical systems that help enhance the Company’s business structure and competitiveness, and boost customer satisfaction, while strengthening governance of information technology-related organizations.

2) **Steady Development of Growth Businesses and Enhancement of Business Structure in the Farm and Industrial Machinery Businesses**

In the farm equipment business, the Company will take steps to strengthen its foundations by developing new products of large-sized upland farming tractors and enhancing competitiveness and profitability of its current models. Moreover, in order to generate growth resources, we will focus on expanding sales and profitability of small- and mid-sized tractors which have high profitability, while also expanding our lineup of growing products, such as turf-related equipment and utility vehicles (multipurpose four-wheel-drive vehicles). In regard to emerging markets, the Company will intensify efforts with respect to business in India where the decision has been made to have a joint-venture company handle tractor production locally, while also expanding its lineup of tractors for emerging markets. As for combine harvesters and rice transplanters business, the Company will focus on rebuilding the China business for the time being. The Company will secure profits by eliminating waste and cutting costs thoroughly, even if demand is not recovered. In conjunction with that, the Company will strengthen its medium-term growth foundations by improving profitability of its wheel combine harvester, which is a growing product, developing new products that meet market needs, and upgrading its services. With respect to farm equipment business in Japan, the Company aims to substantially improve profitability by boosting its market share and thoroughly enhancing its business structure. Meanwhile, the Company will also accelerate its evolution into a comprehensive services business of agriculture covering not only sales of farm equipment, but also peripherals, maintenance, services, and solutions in terms of agriculture. As part of these efforts, the Company will work to establish a leading position in the ICT agricultural equipment field by promoting efforts that include developing forward-looking technologies, upgrading the Kubota Smart Agri System (KSAS) which draws on information and communications technology, developing global precision farming technologies, and building next-generation integrated control systems for such equipment and implements.

The construction machinery business made solid progress in all major markets and has grown into a business with a global presence in all major markets. The Company will continue to concentrate resources aggressively in the construction machinery business as a field which has high potential for growth in the future. The Company will expand its
business domain and strengthen business structure by steadily expanding its product lineup, promoting model changes, and accelerating R&D.

In the engine business, the Company has expanded its business significantly by steadily working to meet the requirement of emissions regulations in each country and offering an extensive product lineup that meets the various needs of its customers. In order to achieve further growth in the future, the Company will accelerate the development of large-sized engines and responses to the trend toward cleaner and more eco-friendly engines. At the same time, the Company will work to build the most advanced production system in the industry in order to respond to growing demand.

3) Revamping of the Organizational Framework and Enhancement of the Business Structure in Water & Environment Business

In Water & Environment business, the Company will reorganize the organization into the pipe systems and infrastructure business and the environmental business, while also focusing efforts on securing business results by thoroughly enhancing its business structure.

In the pipe systems and infrastructure business, the Company will drastically strengthen its business structure by rationalizing and streamlining operations through integrated management of pipe systems business, and industrial castings and spiral-welded steel pipes business. To address drastically falling domestic demand for ductile iron pipes and other such products, the Company will promptly complete its efforts with respect to innovating processes of manufacturing and logistics as well as revamping overall operations including marketing, installation and other such operations. The Company also aims to improve business performance promptly by continuing to promote conceptual themes that will help secure business results, such as blanket orders for design and installation and pipeline upgrade work, as well as by promoting reform of business structure in response to changes in the market. The Company will also drastically reform overseas production sites of industrial castings business that have been growing overseas.

In the environmental business, the Company aims to establish itself as the top brand of a Comprehensive Environmental Infrastructure Company. The company will leverage its strengths to create projects in the fields of water solutions, environmental conservation and energy generation, and steadily promote large projects currently in progress such as its project for decreasing volume of radioactive-contaminated waste in Fukushima Prefecture. Moreover, the Company will expand sales of plants and equipment, streamline the maintenance business, and shore up relationship with customers by further developing 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 and by creating new customer value. As for membrane solutions and wastewater treatment plants (Johkasou) business where overseas growth is materializing, the Company is focusing its efforts on building an efficient and effective management framework to realize further sales expansion.

4) Improvement of Profitability and Enhancement of the Business Structure

Despite steady increases in sales, the Company has regretted very much that it was unable to achieve improvement in profitability. As such, the Company will more stringently implement its policy of focusing on prioritizing expansion of its profits in order to fulfill its responsibilities to all of its stakeholders through increasing sustainable corporate value.

In order to restore profitability of its domestic operations, the Company will develop and provide products and services that anticipate real needs of customers and work to strengthen its business structure by curbing all business cost drastically through appropriately addressing changes in social structure associated with declining population and aging society. Furthermore, the Company will optimize the allocation of human resources by shifting personnel between business divisions or between domestic and overseas businesses in response to the ongoing contraction of demand.
In deploying the Kubota Production System (KPS), the Company will accelerate efforts geared to building an efficient production framework at the highest level in the world by improving the entire process from front-end process including procurement and logistics to back-end process where products reach customers, from a perspective of overall optimization. Moreover, in deploying KPS throughout the entire Company and all of its departments, including the indirect departments, the Company will seek to maximize value-added operations by thoroughly reducing unnecessary work and standardizing and streamlining operations through the projects in progress.

In terms of reducing inventories, we will promote organizational and structural reductions that are not affected by one-time factors.

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 321 parties up to December 31, 2018.

- **Support for medical research on asbestos-related diseases**
  
  The Company has made the decision to furnish financial support for treatment and research regarding asbestos-related diseases carried out by Hyogo College of Medicine and Otemae Hospital. The support will amount to a total of ¥550 million over the five-year period extending to 2022, of which the Company has paid its portion of the contribution earmarked for fiscal year 2018.

Although the worldwide economy maintains a trajectory of growth, it has also become unstable due to many challenges such as trade friction between the United States and China and the prospect of Brexit by the United Kingdom. In addition, volatility in stock market and foreign exchange market continues to mount. Under these circumstances, the outlook for world economy is becoming increasingly uncertain, and it is necessary to assume a new situation that these factors will have a major impact on the real economy and corporate activities. Despite this severe business environment, however, the Company aims to achieve long-term growth and further increase its corporate value by carrying out medium- to long-term initiatives geared to establishing the Global Major Brand Kubota, identifying changes in the business environment, and quickly and decisively taking appropriate actions.

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

(3) **Initiatives to Prevent Recurrence Amid Inappropriate Conduct**

In the fiscal year ended December 31, 2018, the Company became aware of inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates at steel mills and other facilities. In light of this situation, the Company-wide Risk Management Committee has drawn up recurrence prevention measures, taking into consideration the results of an investigation into the facts that was conducted by the external law firm requested to do so.
Going forward, the Company endeavors to recover the trust that it has lost by thoroughly ensuring that all of its officers and employees steadily perform the recurrence prevention measures one by one, under the strong leadership of the top management.

(4) 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 shares. Kubota Corporation recognizes appropriate returns of profit to 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 shares, that exceeds 30% every year.

Kubota Corporation decided at the meeting of the Board of Directors held on February 14, 2019 that it would pay ¥18 of the year-end dividend per common share commencing its payment on March 25, 2019. As a result, including the interim dividend of ¥16 per common share already paid, the annual dividend per common share for the year ended December 31, 2018 is ¥34.

2) Commitment to the Environment

The Group will contribute to the development of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

(Contributing to Achieving the SDGs through Global Environmental Management)

In the fields of food, water and the environment, the Group aims to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. Our business activities are closely related to the Sustainable Development Goals (SDGs) adopted by the United Nations. As such, the Group will promote environmental management on a global scale in developing our business and furthermore contribute to achieving the SDGs.
(Initiatives of the Corporate Environmental Management)

The Group draws up medium- to long-term targets pertaining to environmental conservation so that it is able to practice environmental management. The Group is to expand the range of environment-friendly products and services in anticipation of social trends and customer needs, and to engage in efforts that involve reducing environmental loads and mitigating environmental risk in manufacturing. Moreover, the Group also endeavors to heighten environmental awareness among its employees who support environmental management.

**Long-Term Environmental Conservation Targets 2030 (excerpt)**

**FY 2030:**

**Efforts to Develop Environment-friendly Products**

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

* Environment-friendly products that satisfy the Group's internal standards. This includes those products certified as Super Eco-Products given that they achieve outstanding performance in terms of environmental friendliness.

**Medium-Term Environmental Conservation Targets 2020 (excerpt)**

**FY 2020:**

**Tackling Climate Change**

Improve CO₂ emissions per unit of production at global production sites by 14% compared to the base year 2014

**Working towards a Recycling-based Society**

Improve waste discharge per unit of production at global production sites by 10% compared to the base year 2014

**Conserving Water Resources**

Improve water consumption per unit of production at global production sites by 10% compared to the base year 2014

**Controlling Chemical Substances**

Improve VOC* emissions per unit of production at global production sites by 10% compared to the base year 2014

* Volatile organic compounds

For more detail on the Company's environmental conservation activities, please visit our website

https://www.kubota.com/company/environment/index.html

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, 2018, Kubota Corporation held factory tours for shareholders at the Utsunomiya Plant (Tochigi, Japan) which manufactures products such as combine harvesters and rice transplanter s, and at the Hirakata Plant (Osaka, Japan) which manufactures products such as construction machinery, pumps and valves. 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.

(Disclosure with Institutional Investors and Analysts)

Kubota Corporation has approximately 370 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. Moreover, in accordance with the intent of fair disclosure rules, starting in 2018, Kubota Corporation is also working to enhance the early and fair disclosure of information by releasing on the corporate website the details of explanations and Q&A summaries from the results briefings for the first half and year-end, as well as supplementary information for results for the first quarter and third quarter.

In addition, Kubota Corporation regularly conducts tours of its domestic factories and overseas subsidiaries and briefings on business operations. In 2018, Kubota Corporation held briefings and factory tours of the construction machinery business at its Hirakata Plant.

(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.

◆ Developing Next Generation

- Kubota TERRA-KOYA summer camp (Japan) -
Kubota Corporation sponsors the “TERRA-KOYA” summer camp, which enables children to experience the abundance of nature as well as learn about the importance of the global environment. Since this program began in 2007, a total of approximately 250 children have participated.

- Supporting the young farming generation (Thailand) -
SIAM KUBOTA Corporation Co., Ltd. (Thailand) is supporting younger-generation farmers to become more knowledgeable of farming, fostering motivation to take up farming by instilling a positive attitude, teaching them various skills, and more.
(Supporting Areas Affected by the Heavy Rains in Western Japan)

(i) Conducting Volunteer Activities

In August 2018, a total of 14 people centered on technical college graduate trainees from the Sakai Plant conducted volunteer activities in Mabi-cho, Kurashiki City, Okayama Prefecture, an area affected by the heavy rains in western Japan. Kubota plans to provide long-term support for the affected areas going forward.

(ii) Supporting Junior High- and High-School Students in Okayama Prefecture through Rugby

In September 2018, the Kubota Spears held a rugby clinic (school) for junior high- and high-school rugby players in the area of Okayama Prefecture affected by the heavy rains in western Japan. Furthermore, the following week, the clinic participants and a female rugby team were also invited to a rugby game held in town.

(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 and promotes initiatives to derive creativity from diversity.

(Creating Employment and Supporting the Creation of Working Environments for Persons with Disabilities)

The Group is engaged in the employment of persons with disabilities aimed at self-reliance support mainly at its special subsidiaries (Kubota Works Co., Ltd., Kubota Sun-Vege Farm Co., Ltd.). The Group works to create employment by proactively hiring persons with disabilities for work including cleaning operations at its business sites and safely and securely growing vegetables through hydroponic cultivation for use in company cafeterias and for sales within the company.

(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 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.

(Initiatives Aimed at Workstyle Reform)

Kubota Corporation launched the “Workstyle Reform Promotion Project Team (HKPT)” in 2018. The HKPT promotes activities to reduce and improve operations by allowing employees to “visualize operations” using IT and has realized increases in productivity of greater than 25% in operations that have already implemented these activities. Furthermore, Kubota Corporation proactively encourages employees to use their annual paid leave days, succeeding in having employees use 94.5% of their annual paid leave days in FY 2018.

(Initiatives Related to Sexual Minorities Including LGBT)

Won “work with Pride Gold 2018”

Working to create a workplace where diverse personnel can thrive regardless of sexual orientation or gender identity, in FY 2018, Kubota Corporation won the highest level “Gold” rating in the “PRIDE Index” for LGBT-related internal corporate initiatives created by the voluntary association “work with Pride.”
(5) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

**IFRS**

<table>
<thead>
<tr>
<th>Fiscal period</th>
<th>Year ended December 31, 2017 (128th)</th>
<th>Year ended December 31, 2018 (129th)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (in billions of yen)</td>
<td>1,751.0</td>
<td>1,850.3</td>
</tr>
<tr>
<td>Operating profit (in billions of yen)</td>
<td>200.0</td>
<td>189.3</td>
</tr>
<tr>
<td>Profit before income taxes (in billions of yen)</td>
<td>214.0</td>
<td>197.2</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent (in billions of yen)</td>
<td>134.2</td>
<td>138.6</td>
</tr>
<tr>
<td>Earnings per share attributable to owners of the parent—Basic (in yen)</td>
<td>108.45</td>
<td>112.44</td>
</tr>
<tr>
<td>Total assets (in billions of yen)</td>
<td>2,832.4</td>
<td>2,895.7</td>
</tr>
<tr>
<td>Total equity (in billions of yen)</td>
<td>1,375.6</td>
<td>1,426.4</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent (in billions of yen)</td>
<td>1,291.1</td>
<td>1,339.9</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent per share (in yen)</td>
<td>1,046.55</td>
<td>1,087.44</td>
</tr>
<tr>
<td>Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)</td>
<td>10.8</td>
<td>10.5</td>
</tr>
</tbody>
</table>

**U.S. GAAP**

<table>
<thead>
<tr>
<th>Fiscal period</th>
<th>Nine months ended December 31, 2015 (126th)</th>
<th>Year ended December 31, 2016 (127th)</th>
<th>Year ended December 31, 2017 (128th)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (in billions of yen)</td>
<td>1,244.8</td>
<td>1,596.1</td>
<td>1,751.5</td>
</tr>
<tr>
<td>Operating income (in billions of yen)</td>
<td>166.9</td>
<td>188.8</td>
<td>198.8</td>
</tr>
<tr>
<td>Income before income taxes and equity in net income of affiliated companies (in billions of yen)</td>
<td>169.5</td>
<td>197.0</td>
<td>212.9</td>
</tr>
<tr>
<td>Net income attributable to Kubota Corporation (in billions of yen)</td>
<td>110.1</td>
<td>132.5</td>
<td>136.4</td>
</tr>
<tr>
<td>Net income attributable to Kubota Corporation per common share—Basic (in yen)</td>
<td>88.47</td>
<td>106.58</td>
<td>110.30</td>
</tr>
<tr>
<td>Total assets (in billions of yen)</td>
<td>2,532.9</td>
<td>2,670.6</td>
<td>2,853.9</td>
</tr>
<tr>
<td>Total equity (in billions of yen)</td>
<td>1,218.6</td>
<td>1,271.9</td>
<td>1,385.4</td>
</tr>
<tr>
<td>Kubota Corporation shareholders' equity (in billions of yen)</td>
<td>1,140.3</td>
<td>1,198.8</td>
<td>1,301.3</td>
</tr>
<tr>
<td>Kubota Corporation shareholders' equity per common share (in yen)</td>
<td>916.28</td>
<td>966.19</td>
<td>1,054.86</td>
</tr>
<tr>
<td>Ratio of net income attributable to Kubota Corporation to shareholders' equity (%)</td>
<td>9.8</td>
<td>11.3</td>
<td>10.9</td>
</tr>
</tbody>
</table>

**Notes**

1. The consolidated financial statements of the Company have been prepared in accordance with IFRS effective from the fiscal year ended December 31, 2018. Financial statements for fiscal years predating the application of IFRS were prepared in accordance with U.S. GAAP.

2. Amounts less than presentation units are rounded.
3. Due to the change in the fiscal year-end, the 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

4. 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.

2) Financial Summary (Non-consolidated)

<table>
<thead>
<tr>
<th>Fiscal period</th>
<th>Nine months ended December 31, 2015 (126th)</th>
<th>Year ended December 31, 2016 (127th)</th>
<th>Year ended December 31, 2017 (128th)</th>
<th>Year ended December 31, 2018 (129th)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (in billions of yen)</td>
<td>575.1</td>
<td>754.7</td>
<td>844.1</td>
<td>885.3</td>
</tr>
<tr>
<td>Operating income (in billions of yen)</td>
<td>42.8</td>
<td>41.9</td>
<td>82.1</td>
<td>48.4</td>
</tr>
<tr>
<td>Ordinary income (in billions of yen)</td>
<td>64.4</td>
<td>68.0</td>
<td>127.4</td>
<td>90.7</td>
</tr>
<tr>
<td>Net income (in billions of yen)</td>
<td>47.4</td>
<td>51.7</td>
<td>95.4</td>
<td>73.8</td>
</tr>
<tr>
<td>Net income per common share—Basic (in yen)</td>
<td>38.09</td>
<td>41.58</td>
<td>77.12</td>
<td>59.92</td>
</tr>
<tr>
<td>Total assets (in billions of yen)</td>
<td>1,027.4</td>
<td>1,084.3</td>
<td>1,181.5</td>
<td>1,180.2</td>
</tr>
<tr>
<td>Total net assets (in billions of yen)</td>
<td>555.8</td>
<td>570.2</td>
<td>619.0</td>
<td>626.7</td>
</tr>
<tr>
<td>Net assets per common share (in yen)</td>
<td>446.47</td>
<td>459.49</td>
<td>501.66</td>
<td>508.51</td>
</tr>
</tbody>
</table>

(Notes) 1. Amounts less than presentation units are rounded down.
2. Due to the change in the fiscal year-end, the 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

(6) Main Offices and Factories, and Material Affiliates

1) Kubota Corporation (As of December 31, 2018)

<table>
<thead>
<tr>
<th>Business name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td></td>
</tr>
<tr>
<td>Head Office</td>
<td>Osaka (Osaka)</td>
</tr>
<tr>
<td>Tokyo Head Office</td>
<td>Chuo-ku (Tokyo)</td>
</tr>
<tr>
<td>Hokkaido Regional Office</td>
<td>Sapporo (Hokkaido)</td>
</tr>
<tr>
<td>Tohoku Regional Office</td>
<td>Sendai (Miyagi)</td>
</tr>
<tr>
<td>Chubu Regional Office</td>
<td>Nagoya (Aichi)</td>
</tr>
<tr>
<td>Chushikoku Regional Office</td>
<td>Hiroshima (Hiroshima)</td>
</tr>
<tr>
<td>Kyusyu Regional Office</td>
<td>Fukuoka (Fukuoka)</td>
</tr>
<tr>
<td>Hanshin Office</td>
<td>Amagasaki (Hyogo)</td>
</tr>
<tr>
<td>Yokohama Branch</td>
<td>Yokohama (Kanagawa)</td>
</tr>
<tr>
<td>Shikoku Sales Office</td>
<td>Takamatsu (Kagawa)</td>
</tr>
<tr>
<td>Plants</td>
<td></td>
</tr>
<tr>
<td>Sakai Plant</td>
<td>Sakai (Osaka)</td>
</tr>
<tr>
<td>Hiranaka Plant</td>
<td>Hiranaka (Osaka)</td>
</tr>
<tr>
<td>Utsunomiya Plant</td>
<td>Utsunomiya (Tochigi)</td>
</tr>
<tr>
<td>Tsukuba Plant</td>
<td>Tsukubamirai (Ibaraki)</td>
</tr>
<tr>
<td>Sakai-Rinkai Plant</td>
<td>Sakai (Osaka)</td>
</tr>
<tr>
<td>Hanshin Plant</td>
<td>Amagasaki (Hyogo)</td>
</tr>
<tr>
<td>Keiyo Plant</td>
<td>Funabashi (Chiba)</td>
</tr>
<tr>
<td>Ichikawa Plant</td>
<td>Ichikawa (Chiba)</td>
</tr>
<tr>
<td>Shiga Plant</td>
<td>Konan (Shiga)</td>
</tr>
<tr>
<td>Okajima Business Center</td>
<td>Osaka (Osaka)</td>
</tr>
<tr>
<td>Kyuhoji Business Center</td>
<td>Yao (Osaka)</td>
</tr>
</tbody>
</table>
## 2) Material Affiliates (As of December 31, 2018)

<table>
<thead>
<tr>
<th>Business name</th>
<th>Location</th>
<th>Common stock</th>
<th>Percentage of investment shares (%)</th>
<th>Principal business activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Subsidiaries)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kubota Credit CO., LTD.</td>
<td>Osaka, Japan</td>
<td>¥ 0.5 billion</td>
<td>77.8 [22.9]</td>
<td>Retail financing to purchasers of farm equipment and related products</td>
</tr>
<tr>
<td>Kubota ChemiX Co., Ltd.</td>
<td>Osaka, Japan</td>
<td>¥ 3.2 billion</td>
<td>100.0 [0.2]</td>
<td>Manufacturing and sales of plastic pipes and fittings</td>
</tr>
<tr>
<td>Kubota North America Corporation</td>
<td>U.S.A.</td>
<td>US$ 597 million</td>
<td>100.0</td>
<td>Administration of subsidiaries in North America</td>
</tr>
<tr>
<td>Kubota Tractor Corporation</td>
<td>U.S.A.</td>
<td>US$ 37 million</td>
<td>100.0 [100.0]</td>
<td>Sales of tractors, outdoor power equipment, construction machinery and implements</td>
</tr>
<tr>
<td>Kubota Credit Corporation U.S.A.</td>
<td>U.S.A.</td>
<td>US$ 8 million</td>
<td>100.0 [90.0]</td>
<td>Retail financing to purchasers of tractors, outdoor power equipment, construction machinery and implements</td>
</tr>
<tr>
<td>Kubota Manufacturing of America Corporation</td>
<td>U.S.A.</td>
<td>US$ 11 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing of tractors and outdoor power equipment</td>
</tr>
<tr>
<td>Kubota Industrial Equipment Corporation</td>
<td>U.S.A.</td>
<td>US$ 70 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing of tractors and implements, construction machinery</td>
</tr>
<tr>
<td>Kubota Engine America Corporation</td>
<td>U.S.A.</td>
<td>US$ 10 million</td>
<td>100.0 [100.0]</td>
<td>Sales, engineering and after-sales service of engines, engine parts and engine accessories</td>
</tr>
<tr>
<td>Great Plains Manufacturing, Inc.</td>
<td>U.S.A.</td>
<td>US$ 0.1 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing and sales of implements</td>
</tr>
<tr>
<td>Kubota Canada Ltd.</td>
<td>Canada</td>
<td>Can$ 6 million</td>
<td>100.0</td>
<td>Sales of tractors, outdoor power equipment, construction machinery and implements</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kubota Holdings Europe B.V.</td>
<td>Netherlands</td>
<td>EUR 451 million</td>
<td>100.0</td>
<td>Administration of subsidiaries in Europe</td>
</tr>
<tr>
<td>Kubota Europe S.A.S.</td>
<td>France</td>
<td>EUR 11 million</td>
<td>100.0 [100.0]</td>
<td>Sales of construction machinery, tractors, outdoor power equipment and engines</td>
</tr>
<tr>
<td>Kubota Baumaschinen GmbH</td>
<td>Germany</td>
<td>EUR 14 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing and sales of construction machinery</td>
</tr>
<tr>
<td>Kverneland AS</td>
<td>Norway</td>
<td>EUR 17 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing and sales of implements</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kubota China Holdings Co., Ltd.</td>
<td>China</td>
<td>RMB 1,702 million</td>
<td>100.0</td>
<td>Administration of subsidiaries in China</td>
</tr>
<tr>
<td>Kubota Agricultural Machinery (Suzhou) Co., Ltd.</td>
<td>China</td>
<td>RMB 171 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing and sales of combine harvesters, rice transplanters and tractors</td>
</tr>
<tr>
<td>Kubota Construction Machinery (Wuxi) Co., Ltd.</td>
<td>China</td>
<td>RMB 289 million</td>
<td>100.0 [100.0]</td>
<td>Manufacturing of construction machinery</td>
</tr>
<tr>
<td>Business name</td>
<td>Location</td>
<td>Common stock</td>
<td>Percentage of investment shares (%)</td>
<td>Principal business activity</td>
</tr>
<tr>
<td>---------------</td>
<td>----------</td>
<td>---------------</td>
<td>-------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Kubota China Financial Leasing Ltd.</td>
<td>China</td>
<td>RMB 527 million</td>
<td>100.0 [100.0]</td>
<td>Finance leasing of construction machinery and farm equipment, and factoring service</td>
</tr>
<tr>
<td>SIAM KUBOTA Corporation Co., Ltd.</td>
<td>Thailand</td>
<td>THB 2,739 million</td>
<td>60.0</td>
<td>Manufacturing and sales of tractors, combine harvesters, implements and horizontal type diesel engines, and sales of construction machinery</td>
</tr>
<tr>
<td>Siam Kubota Leasing Co., Ltd.</td>
<td>Thailand</td>
<td>THB 2,000 million</td>
<td>100.0 [100.0]</td>
<td>Retail financing to purchasers of tractors and combine harvesters</td>
</tr>
<tr>
<td>Kubota Engine (Thailand) Co., Ltd.</td>
<td>Thailand</td>
<td>THB 1,400 million</td>
<td>100.0</td>
<td>Manufacturing of vertical type diesel engines</td>
</tr>
<tr>
<td>Kubota Australia Pty Ltd.</td>
<td>Australia</td>
<td>A$ 6 million</td>
<td>80.0</td>
<td>Sales of tractors, outdoor power equipment, construction machinery and engines</td>
</tr>
</tbody>
</table>

(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, 2018, the Company had 172 consolidated subsidiaries (including the 22 companies listed above).
3. Consolidated financial results for the year ended December 31, 2018 were described in "1. Item of Overview of Operations, (1) Review of Operations."

3) Other Major Affiliates

<table>
<thead>
<tr>
<th>Business name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 domestic sales companies of farm equipment</td>
<td>Japan</td>
</tr>
<tr>
<td>KUBOTA Construction Machinery Japan Corporation</td>
<td>Osaka, Osaka</td>
</tr>
<tr>
<td>Kubota Air Conditioner, Ltd.</td>
<td>Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>Nippon Plastic Industry Co., Ltd.</td>
<td>Komaki, Aichi</td>
</tr>
<tr>
<td>Kubota Environmental Service Co., Ltd.</td>
<td>Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>Kubota Construction Co., Ltd.</td>
<td>Osaka, Osaka</td>
</tr>
<tr>
<td>Kubota Materials Canada Corporation</td>
<td>Canada</td>
</tr>
<tr>
<td>Kubota Farm Machinery Europe S.A.S</td>
<td>France</td>
</tr>
<tr>
<td>Kubota (Deutschland) GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>Kubota (U.K.) Ltd.</td>
<td>U.K.</td>
</tr>
<tr>
<td>Kubota Saudi Arabia Company, LLC</td>
<td>Kingdom of Saudi Arabia</td>
</tr>
</tbody>
</table>
(7) **Main Line of Business (As of December 31, 2018)**

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Primary products and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm &amp; Industrial Machinery</td>
<td></td>
</tr>
<tr>
<td>Farm equipment</td>
<td>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</td>
</tr>
<tr>
<td>Engines</td>
<td>Engines (for farming, construction, industrial machinery and generators)</td>
</tr>
<tr>
<td>Construction machinery</td>
<td>Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders and other construction machinery related products</td>
</tr>
<tr>
<td>Electronic equipped machinery</td>
<td>Scales, Weighing and measuring control systems, Air-conditioning equipment, Air purifier with humidification function</td>
</tr>
<tr>
<td>Water &amp; Environment</td>
<td></td>
</tr>
<tr>
<td>Pipe-related products</td>
<td>Ductile iron pipes, Plastic pipes, Pumps and plants, Valves, Single stack drain fittings, Design and construction of construction works</td>
</tr>
<tr>
<td>Environment-related products</td>
<td>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</td>
</tr>
<tr>
<td>Social Infrastructure-related products</td>
<td>Reformer &amp; Cracking tubes, Hearth rolls, Rolls for steel mills, Ceramics, TXAX (friction materials), Spiral welded steel pipes (Steel pipe pile, Steel pipe sheet pile)</td>
</tr>
<tr>
<td>Other</td>
<td>Services, Roofing and siding materials</td>
</tr>
</tbody>
</table>

(8) **Capital Expenditures**

For the year ended December 31, 2018, the Company made capital expenditures totaling ¥64.1 billion, including investments for the establishment of a new distribution center in the United States, constructing buildings at plant facilities in Japan, and manufacturing of new products.

(9) **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 overseas. In Japan, redemption of bonds and repayments of borrowings were promoted, such as redemptions of ¥20.0 billion in straight bonds in January 2018.

(10) **Employees (As of December 31, 2018)**

1) **Consolidated Basis**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Change from prior fiscal year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,202</td>
<td>+792</td>
</tr>
</tbody>
</table>

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

2) **Kubota Corporation**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Change from prior fiscal year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,226</td>
<td>-40</td>
</tr>
</tbody>
</table>

(Note) The number of employees indicates the number of full-time employees.
(11) Main Financing Bank (As of December 31, 2018)

<table>
<thead>
<tr>
<th>Name</th>
<th>Balance of the loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>¥ 155.6 billion</td>
</tr>
<tr>
<td>MUFG Bank, Ltd.</td>
<td>¥ 120.5 billion</td>
</tr>
</tbody>
</table>
2. Item on Shares of Kubota Corporation

(1) Information on the Shares (As of December 31, 2018)

1) Total Number of Authorized Common Shares: 1,874,700,000 shares
2) Total Number of Common Shares Issued: 1,232,556,846 shares (including 102,263 shares of treasury shares)
3) Number of Shareholders: 43,194 shareholders
4) Number of Shares Per Unit of Shares: 100 shares
5) Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held (thousands of shares)</th>
<th>Holding Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>117,364</td>
<td>9.52</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>62,542</td>
<td>5.07</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>61,839</td>
<td>5.01</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>59,929</td>
<td>4.86</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>36,006</td>
<td>2.92</td>
</tr>
<tr>
<td>Moxley &amp; Co. LLC</td>
<td>34,872</td>
<td>2.82</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>31,506</td>
<td>2.55</td>
</tr>
<tr>
<td>BNYM TREATY DTT 15</td>
<td>21,732</td>
<td>1.76</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>21,050</td>
<td>1.70</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON 140042</td>
<td>18,313</td>
<td>1.48</td>
</tr>
</tbody>
</table>

(Note) Holding ratio is calculated excluding treasury shares as of December 31, 2018.

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

1) Treasury Share Acquired during This Fiscal Year
   Common share: 1,577,371 shares
   Total amount of shares acquired: ¥ 3,003,067,016

2) Treasury Share Retired during This Fiscal Year
   Common share: 1,500,000 shares
   Date of retirement: December 28, 2018

3) Treasury Share Held as of December 31, 2018
   Common share: 102,263 shares

(3) Other Important Matters Concerning Shares of Kubota Corporation

Kubota Corporation has issued 32,630 common shares as of March 30, 2018, in order to grant restricted stock to six Directors (excluding Outside Directors) under the restricted stock compensation plan (hereinafter, the “Plan”).

(4) Policy for Cross-shareholdings

Kubota Corporation believes it is necessary to cooperate with various companies in every business process, such as product development, manufacturing, distribution, sales, service, and funding, to succeed in global competition and realize its sustainable growth and improvement of corporate value over the medium to long term. From this perspective, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration
of business relationships and the business strategies. Kubota Corporation’s policy for cross-shareholdings is to examine each individual share at the meetings of the Board of Directors every year to see whether or not the shareholding is appropriate, based on comprehensive consideration of the holding purpose, benefits and risks involved in the shareholdings and others, and decrease its shareholdings gradually in light of the market environment and other factors when it determines that maintaining them is no longer appropriate. In the fiscal year ended December 31, 2018, Kubota Corporation sold ¥7.0 billion of its listed equity securities.
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.

<table>
<thead>
<tr>
<th></th>
<th>Board of Directors</th>
<th>Audit &amp; Supervisory Board</th>
<th>Executive Officers’ Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td>To make strategic decisions and oversee the execution of duties by the Executive Officers</td>
<td>To oversee and audit the execution of duties by the Directors</td>
<td>To enhance the execution of duties in regions or operation sites and make prompt and proper management decisions</td>
</tr>
<tr>
<td><strong>Members</strong></td>
<td>Ten Directors (three of whom are the Outside Directors)</td>
<td>Five Audit &amp; Supervisory Board Members (three of whom are the Outside Audit &amp; Supervisory Board Members)</td>
<td>President and Representative Director (hereinafter, the “President”) and 33 Executive Officers</td>
</tr>
<tr>
<td><strong>Frequency of meetings</strong></td>
<td>One regular meeting each month (and more as necessary)</td>
<td>One regular meeting each month (and more as necessary)</td>
<td>One regular meeting each month (and more as necessary)</td>
</tr>
<tr>
<td><strong>Contents</strong></td>
<td>Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)</td>
<td>Discuss and make decisions with regard to auditing policy, audit reports, etc.</td>
<td>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.</td>
</tr>
</tbody>
</table>
(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, the reappointment of existing Directors and the nomination of Advisers. 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, Executive Officers and Advisers, and the adequacy of the stock compensation system. (Including one resolution in writing).
## Activity Report for Outside Directors and Outside Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Their Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Yuzuru Matsuda</td>
<td>Mr. Yuzuru Matsuda attended all 14 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.</td>
</tr>
<tr>
<td>Director</td>
<td>Koichi Ina</td>
<td>Mr. Koichi Ina attended all 14 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.</td>
</tr>
<tr>
<td>Director</td>
<td>Yutaro Shintaku</td>
<td>Mr. Yutaro Shintaku attended all 12 meetings of the Board of Directors held after his appointment on March 23, 2018, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Akira Morita</td>
<td>Mr. Akira Morita attended all 14 meetings of the Board of Directors and all 14 Audit &amp; Supervisory Board Meetings held during the fiscal year. He mainly provided various statements such as opinions based on his considerable experience of legal scholarship and his expert viewpoints. Furthermore, he also attended regular meetings with Representative Directors and regular meetings with Outside Directors and expressed opinions.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Teruo Suzuki</td>
<td>Mr. Teruo Suzuki attended all 14 meetings of the Board of Directors and all 14 Audit &amp; Supervisory Board Meetings held during the fiscal year, and attended every meetings of the Compensation Advisory Committee as observer. He mainly 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 International Financial Reporting Standards. Furthermore, he also attended regular meetings with Representative Directors and regular meetings with Outside Directors and expressed opinions.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Masaki Fujiwara</td>
<td>Mr. Masaki Fujiwara attended all 12 meetings of the Board of Directors and all 11 Audit &amp; Supervisory Board Meetings held after his appointment on March 23, 2018. He mainly provided various statements such as opinions based on his considerable experience as an executive of listed company in management, accounting, and overseas operations and his expert viewpoints. Furthermore, he also attended regular meetings with Representative Directors and regular meetings with Outside Directors and expressed opinions.</td>
</tr>
</tbody>
</table>
Kubota Corporation reported that inappropriate conduct relating to inspection reports on expendable components (rolling mill rolls) used by its facilities for producing steel plates had taken place during the fiscal year. Each of the Outside Directors and Outside Audit & Supervisory Board Members had been unaware of such inappropriate conduct until it came to light. However, they regularly made suggestions at meetings of the Board of Directors and other important meetings from the perspective of corporate compliance as well as compliance with laws and regulations. After this conduct was recognized, they took responsibility by ordering a thorough investigation of the root causes, recurrence prevention, and a review of the inspection system.
(4) Evaluating the Effectiveness of the Board of Directors

To evaluate the effectiveness of the Board of Directors, a self-evaluation using a questionnaire created by a third-party organization as well as individual interviews were conducted in December 2018. To conduct a more detailed evaluation, this fiscal year the number of questions in the questionnaire was increased by 20 and individual interviews of Outside Directors and Outside Audit & Supervisory Board Members were conducted. The results were reported at the Meeting of the Board of Directors held in January 2019, and the effectiveness of the Board of Directors was discussed based on those findings.

Questionnaire

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 (17 items, 55 questions) and two free-response questions

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

Individual Interviews

Respondents: All Outside Directors and Outside Audit & Supervisory Board Members

Interview method: 30–45-minute individual interviews conducted by the Director in charge of the Human Resources and General Affairs Department

The results of the evaluation indicate that Kubota Corporation’s Board of Directors is functioning effectively, sufficiently exercising both its decision-making function and supervisory function. In particular, the results showed improvement from the previous fiscal year in discussion regarding business strategy, one issue raised in the evaluation for the previous fiscal year. On the other hand, recommendations were provided on improving discussion regarding specific policies, as well as business risk and governance. 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 and other topics, for all of its Directors, Audit & Supervisory Board Members and Executive Officers. In the fiscal year ended December 31, 2018, such forums were held on three 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 affiliates, 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.
(6) Remuneration, etc. for Directors and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Title</th>
<th>Number</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>11</td>
<td>¥717 million (including ¥41 million for three Outside Directors)</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>6</td>
<td>¥105 million (including ¥33 million for three Outside Audit &amp; Supervisory Board Members)</td>
</tr>
</tbody>
</table>

(Notes)
1. The above includes the remuneration of one Director and one Audit & Supervisory Board Member who retired due to expiration of the terms of office at the conclusion of the 128th Ordinary General Meeting of Shareholders held on March 23, 2018.
2. Remuneration for the Directors includes ¥260 million of bonuses for the Directors to be proposed on the 129th Ordinary General Meeting of Shareholders to be held on March 22, 2019.
3. Remuneration for the Directors includes expenses related to granting of restricted stock under the Plan with respect to the fiscal year ended December 31, 2018 (¥66 million for six Directors excluding the Outside Directors). Furthermore, if the Director covered by the Plan is a domestic non-resident because of the reasons such as playing the role of an overseas representative, the monetary compensation claims are temporarily suspended during the above period, in consideration of local laws and regulations. However once his/her role is over and he/she becomes a domestic resident, the suspended monetary compensation claims are granted to him/her.

(7) 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.

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.

(8) 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.
(9) **Name of Directors and Audit & Supervisory Board Members (As of December 31, 2018)**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Responsibility at Kubota Corporation and Important Concurrent Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>President and Representative Director</td>
<td>Masatoshi Kimata</td>
<td></td>
</tr>
<tr>
<td>Representative Director and Executive Vice President</td>
<td>Toshihiro Kubo</td>
<td>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</td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Shigeru Kimura</td>
<td>General Manager of Planning and Control Headquarters, General Manager of Global IT Management Department</td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Kenshiro Ogawa</td>
<td>General Manager of Manufacturing Headquarters</td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Yuichi Kitao</td>
<td>General Manager of Farm and Industrial Machinery Domain, General Manager of Farm and Utility Machinery Division</td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Masato Yoshikawa</td>
<td>President of Kubota Tractor Corporation</td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Shinji Sasaki *</td>
<td>General Manager of Research and Development Headquarters</td>
</tr>
<tr>
<td>Director</td>
<td>Yuzuru Matsuda</td>
<td>President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation</td>
</tr>
<tr>
<td>Director</td>
<td>Koichi Ina</td>
<td>Advisor to the Board of Daihatsu Motor Co., Ltd.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member (Full-time)</td>
<td>Toshikazu Fukuyama</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member (Full-time)</td>
<td>Yasuhiko Hiyama *</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Akira Morita</td>
<td>Professor of Law, Doshisha Law School, Visiting attorney at law of Miyake &amp; Partners Law Firm</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Teruo Suzuki</td>
<td>Certified Public Accountant, Adviser of Seven-Eleven Japan Co., Ltd.</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Member</td>
<td>Masaki Fujiwara *</td>
<td>Director and Senior Managing Executive Officer of Sansha Electric Manufacturing Co., Ltd.</td>
</tr>
</tbody>
</table>

*(Notes)*

1. Messrs. Yuzuru Matsuda, Koichi Ina and Yutaro Shintaku are Outside Directors.
2. Messrs. Akira Morita, Teruo Suzuki and Masaki Fujiwara 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 Audit & Supervisory Board Member, is a Certified Public Accountant and has an adequate knowledge regarding accounting and finance including International Financial Reporting Standards.
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 important posts.
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 revenue of either Kubota Corporation or Daihatsu Motor Co., Ltd.

Kubota Corporation has no special relationship with Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Hitotsubashi University Graduate School, and Tonen International Scholarship Foundation, of which Mr. Yutaro Shintaku currently holds important posts.

Kubota Corporation has no special relationship with Seven-Eleven Japan Co., Ltd., of which Mr. Teruo Suzuki currently holds an important post.

Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Masaki Fujiwara currently holds an important post.

Kubota Corporation has no special relationship with Doshisha University Graduate School and Miyake & Partners Law Firm, of which Mr. Akira Morita currently holds important posts.

6. Changes of Directors and Audit & Supervisory Board Members during the fiscal year ended December 31, 2018

1) Each Director or Audit & Supervisory Board Member indicated by an asterisk (*) in the above table was newly elected at the 128th Ordinary General Meeting of Shareholders held on March 23, 2018 and assumed their office.

2) Director Mr. Satoshi Iida and Audit & Supervisory Board Member Mr. Satoru Sakamoto retired at the conclusion of the 128th Ordinary General Meeting of Shareholders held on March 23, 2018.

7. The following changes have been effective as of January 1, 2019.

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Responsibility at Kubota Corporation and Important Concurrent Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Yuichi Kitao</td>
<td>General Manager of Farm and Industrial Machinery Consolidated Division</td>
</tr>
<tr>
<td>Director</td>
<td>Masato Yoshikawa</td>
<td>General Manager of Planning and Control Headquarters, General Manager of Global IT Management Dept.</td>
</tr>
<tr>
<td>Director</td>
<td>Toshihiro Kubo</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Shigeru Kimura</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Kenshiro Ogawa</td>
<td></td>
</tr>
</tbody>
</table>

8. Kubota Corporation appointed Executive Officers who do not hold concurrent position as Director as follows on January 1, 2019.

Executive Officers indicated by an asterisk (*) in the below table were newly appointed on January 1, 2019.

Executive Officers who do not hold concurrent position as Director (as of January 1, 2019)

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Responsibility at Kubota Corporation and Important Concurrent Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managing Executive Officer</td>
<td>Toshihiko Kurosawa</td>
<td>General Manager of Water and Environment Infrastructure Consolidated Division, General Manager of Tokyo Head Office</td>
</tr>
<tr>
<td>Senior Managing Executive Officer</td>
<td>Dai Watanabe</td>
<td>General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters</td>
</tr>
<tr>
<td>Senior Managing Executive Officer</td>
<td>Haruyuki Yoshida</td>
<td>President of Kubota Tractor Corporation, President of Kubota North America Corporation</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kunio Suwa</td>
<td>General Manager of CSR Planning and Coordination Headquarters</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kaoru Hamada</td>
<td>Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment R&amp;D</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Yasuo Nakata</td>
<td>General Manager of Quality Assurance Headquarters</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kazuhiro Kimura</td>
<td>General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Takao Shomura</td>
<td>General Manager of Procurement Headquarters</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Yuji Tomiyama</td>
<td>General Manager of Tractor Division</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kazunari Shimokawa</td>
<td>President of Kverneland AS, President of Kubota Holdings Europe B.V.</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Mutsuo Uchida</td>
<td>General Manager of Pipe Systems and Infrastructure Division</td>
</tr>
<tr>
<td>Position</td>
<td>Name</td>
<td>Responsibility at Kubota Corporation and Important Concurrent Positions</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Nobuyuki Ishii</td>
<td>Deputy General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, General Manager of Farm and Industrial Machinery Strategy and Operations Department</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kazuhiro Shinabe</td>
<td>General Manager of Environmental Solutions Division</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Ryuichi Minami</td>
<td>General Manager of Harvester and Transplanter Division</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Yoshimitsu Ishibashi</td>
<td>Deputy General Manager of Tractor Division, General Manager of Compact Tractor Division</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Yasukazu Kamada</td>
<td>General Manager of Engine Division</td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Katsuhiko Yukawa</td>
<td>General Manager of Construction Machinery Division</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Ryoji Kuroda</td>
<td>General Manager of Health and Safety Promotion Headquarters</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Eiji Yoshioka</td>
<td>Responsible for Special Tasks Assigned by President</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Muneji Okamoto</td>
<td>General Manager of Farm and Utility Machinery Engineering Headquarters</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Hiroto Kimura</td>
<td>President of SIAM KUBOTA Corporation Co., Ltd.</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Koichiro Kan</td>
<td>General Manager of Agricultural Tractor Division</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Hirohiko Arai</td>
<td>President of Kubota Manufacturing of America Corporation, President of Kubota Industrial Equipment Corporation</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Tomohiro Iitsuka</td>
<td>General Manager of Farm Machinery Japan Operation, President of Kubota Agri Service Corporation</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Kazushi Ito</td>
<td>Deputy General Manager of Planning and Control Headquarters, General Manager of Global Management Promotion Department, General Manager of Strategic Planning Department</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Koichi Yamamoto *</td>
<td>General Manager of Manufacturing Headquarters</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Mampei Yamamoto *</td>
<td>General Manager of Hirakata Plant</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Hitoshi Inada *</td>
<td>General Manager of Pipe Systems Business Unit</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Shingo Hanada *</td>
<td>General Manager of Outdoor Power Equipment Division</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>Nobushige Ichikawa *</td>
<td>President of KUBOTA EUROPE S.A.S., Vice President of Kubota Holdings Europe B.V., General Manager of Farm Machinery Engineering Europe Department</td>
</tr>
</tbody>
</table>
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 Ordinance 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 revenue 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 revenue 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
(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.
4. Independent Auditor

(1) Name of the Independent Auditor
Deloitte Touche Tohmatsu LLC

(2) Compensation, etc. for the Independent Auditor for the Fiscal Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Amount of compensation, etc. paid to the Independent Auditor for the fiscal year ended December 31, 2018</td>
<td>¥ 250 million</td>
</tr>
<tr>
<td>2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor</td>
<td>¥ 295 million</td>
</tr>
</tbody>
</table>

(Notes) 1. The Audit & Supervisory Board confirmed and deliberated the content of the Independent Auditor’s 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 Auditor. 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 Auditor, 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 Auditor for consultations on accounting, 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 Auditor of Kubota Corporation.

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

1) In the case that the Independent Auditor falls under any of the items of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the Independent Auditor by unanimous approval of the Audit & Supervisory Board Members.

2) In the case that the Independent Auditor is 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 that it is appropriate not to reappoint it as the Independent Auditor, comprehensively taking into account the status of the duties executed on audit and other factors, the Audit & Supervisory Board may submit a proposal to appoint, dismiss, or not to reappoint the Independent Auditor 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 Auditor, the Audit & Supervisory Board deliberates the proposal. Consequently if it is appropriate to dismiss or not to reappoint the Independent Auditor, the Audit & Supervisory Board may submit a proposal to dismiss or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.
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,” which includes rules to protect whistle blowers, Kubota Corporation has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation. 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 efficiency of its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and
Representative 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 by 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 its 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";

(d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members
(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, including Kubota Group Charter for Action and Code of Conduct, and rules and regulations relating to quality assurance, as a part of the recurrence prevention measures for the inappropriate conduct relating to an inspection report and 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, three 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 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.

- Concerning the inappropriate conduct relating to inspection reports on expendable components used by its facilities for producing steel plates that is mentioned in “(3) Initiatives to Prevent Recurrence Amid Inappropriate Conduct” under “1. Item of Overview of Operations,” an
investigation was conducted by an external law firm and a report of the results of that investigation were received by Kubota Corporation. Kubota Corporation accepted the investigation results with sincerity, announced the "Investigation Results of Inappropriate Conduct Relating to Inspection Report and Recurrence Prevention Measures" on November 29, 2018, and is implementing the recurrence measures contained in this investigation results in stages. The entire Group will continue putting in their total effort to recover the trust of our customers and other parties concerned as we work to thoroughly implement the recurrence measures throughout the entire Kubota Group.
## Consolidated Statement of Financial Position
Kubota Corporation and Its Subsidiaries

(Reference)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 229,123</td>
<td>¥ 230,720</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>660,401</td>
<td>639,083</td>
</tr>
<tr>
<td>Finance receivables</td>
<td>267,262</td>
<td>250,684</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>54,373</td>
<td>51,515</td>
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<tr>
<td>Inventories</td>
<td>370,698</td>
<td>358,854</td>
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<tr>
<td>Income taxes receivable</td>
<td>4,416</td>
<td>20,787</td>
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<tr>
<td>Other current assets</td>
<td>53,250</td>
<td>56,783</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>1,639,523</strong></td>
<td><strong>1,608,426</strong></td>
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<tr>
<td><strong>Non-current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>30,611</td>
<td>29,333</td>
</tr>
<tr>
<td>Finance receivables</td>
<td>621,886</td>
<td>559,479</td>
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<tr>
<td>Other financial assets</td>
<td>151,198</td>
<td>188,738</td>
</tr>
<tr>
<td>Property, plant, and equipment</td>
<td>330,034</td>
<td>321,741</td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>49,948</td>
<td>46,983</td>
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<tr>
<td>Deferred tax assets</td>
<td>50,055</td>
<td>48,987</td>
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<tr>
<td>Other noncurrent assets</td>
<td>22,400</td>
<td>28,677</td>
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<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>1,256,132</strong></td>
<td><strong>1,223,938</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥ 2,895,655</td>
<td>¥ 2,832,364</td>
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</tbody>
</table>

(Continued on the following page)
<table>
<thead>
<tr>
<th></th>
<th>December 31:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Unit: millions of yen)</td>
<td>Reference</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>¥</td>
<td>349,060</td>
<td>363,488</td>
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<tr>
<td>Trade payables</td>
<td></td>
<td>306,759</td>
<td>286,121</td>
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<tr>
<td>Other financial liabilities</td>
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<td>57,402</td>
<td>39,561</td>
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<tr>
<td>Income taxes payable</td>
<td></td>
<td>9,353</td>
<td>37,221</td>
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<tr>
<td>Provisions</td>
<td></td>
<td>22,415</td>
<td>21,213</td>
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<tr>
<td>Other current liabilities</td>
<td></td>
<td>177,834</td>
<td>169,849</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>922,823</td>
<td>917,453</td>
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<tr>
<td><strong>Noncurrent liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td></td>
<td>490,205</td>
<td>470,613</td>
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<tr>
<td>Other financial liabilities</td>
<td></td>
<td>4,727</td>
<td>3,621</td>
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<tr>
<td>Retirement benefit liabilities</td>
<td></td>
<td>14,498</td>
<td>12,943</td>
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<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td>29,308</td>
<td>41,175</td>
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<tr>
<td>Other noncurrent liabilities</td>
<td></td>
<td>7,661</td>
<td>10,991</td>
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<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td></td>
<td>546,399</td>
<td>539,343</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>1,469,222</td>
<td>1,456,796</td>
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<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to owners of the parent:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td>84,130</td>
<td>84,100</td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td>85,305</td>
<td>85,037</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>1,135,395</td>
<td>1,040,207</td>
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<tr>
<td>Other components of equity</td>
<td></td>
<td>35,343</td>
<td>81,924</td>
</tr>
<tr>
<td>Treasury shares</td>
<td></td>
<td>(323)</td>
<td>(174)</td>
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<tr>
<td><strong>Total equity attributable to owners of the parent</strong></td>
<td></td>
<td>1,339,850</td>
<td>1,291,094</td>
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<tr>
<td>Noncontrolling interests</td>
<td></td>
<td>86,583</td>
<td>84,474</td>
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<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>1,426,433</td>
<td>1,375,568</td>
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<tr>
<td><strong>Total liabilities and equity</strong></td>
<td></td>
<td>¥ 2,895,655</td>
<td>¥ 2,832,364</td>
</tr>
</tbody>
</table>

* The accompanying notes are an integral part of these statements.
## Consolidated Statement of Profit or Loss
Kubota Corporation and Its Subsidiaries  
(Unit: millions of yen)

<table>
<thead>
<tr>
<th>Year ended December 31:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥ 1,850,316</td>
<td>¥ 1,751,038</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(1,322,930)</td>
<td>(1,238,553)</td>
</tr>
<tr>
<td>Selling, general, and administrative expenses</td>
<td>(332,617)</td>
<td>(313,195)</td>
</tr>
<tr>
<td>Other income</td>
<td>5,040</td>
<td>2,155</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(10,495)</td>
<td>(1,493)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>189,314</td>
<td>199,952</td>
</tr>
<tr>
<td>Finance income</td>
<td>9,816</td>
<td>24,245</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,900)</td>
<td>(10,190)</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong></td>
<td>197,230</td>
<td>214,007</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(49,119)</td>
<td>(73,177)</td>
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<tr>
<td>Share of profits of investments accounted for using the equity method</td>
<td>2,034</td>
<td>2,469</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>¥ 150,145</td>
<td>¥ 143,299</td>
</tr>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>¥ 138,595</td>
<td>¥ 134,160</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>¥ 11,550</td>
<td>¥ 9,139</td>
</tr>
</tbody>
</table>

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

## Consolidated Statement of Cash Flows
Kubota Corporation and Its Subsidiaries  
(Unit: millions of yen)

<table>
<thead>
<tr>
<th>Year ended December 31:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>¥ 89,148</td>
<td>¥ 137,185</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(58,756)</td>
<td>(45,984)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(27,816)</td>
<td>(32,575)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>(4,173)</td>
<td>2,678</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(1,597)</td>
<td>61,304</td>
</tr>
<tr>
<td>Cash and cash equivalents, at the beginning of the year</td>
<td>230,720</td>
<td>169,416</td>
</tr>
<tr>
<td>Cash and cash equivalents, at the end of the year</td>
<td>¥ 229,123</td>
<td>¥ 230,720</td>
</tr>
</tbody>
</table>

* The accompanying notes are an integral part of these statements.
## Consolidated Statement of Changes in Equity

Kubota Corporation and Its Subsidiaries  
(Unit: millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Treasury shares</th>
<th>Total equity attributable to owners of the parent</th>
<th>Noncontrolling interests</th>
<th>Total equity attributable to owners of the parent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of January 1, 2017</strong></td>
<td>¥ 84,070</td>
<td>¥ 84,605</td>
<td>¥ 954,819</td>
<td>¥ 70,463</td>
<td>¥ (192)</td>
<td>¥ 1,155,265</td>
<td>¥ 73,209</td>
<td>¥ 1,228,474</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td>134,160</td>
<td></td>
<td></td>
<td>134,160</td>
<td>9,139</td>
<td>143,299</td>
</tr>
<tr>
<td>Total other comprehensive income, net of income tax</td>
<td></td>
<td></td>
<td>14,300</td>
<td></td>
<td></td>
<td>14,300</td>
<td>3,826</td>
<td>18,126</td>
</tr>
<tr>
<td><strong>Comprehensive income for the year</strong></td>
<td>134,160</td>
<td></td>
<td>14,300</td>
<td></td>
<td></td>
<td>148,460</td>
<td>12,965</td>
<td>161,425</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td></td>
<td>2,839</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(38,421)</td>
<td></td>
<td>(38,421)</td>
<td></td>
<td></td>
<td>(3,744)</td>
<td>(42,165)</td>
<td></td>
</tr>
<tr>
<td>Purchases and sales of treasury shares</td>
<td>144</td>
<td></td>
<td>(13,172)</td>
<td></td>
<td></td>
<td>(13,028)</td>
<td>(13,028)</td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury shares</td>
<td></td>
<td></td>
<td>(13,190)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments with transfer restrictions</td>
<td>30</td>
<td></td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td>273</td>
<td></td>
<td>273</td>
<td></td>
<td></td>
<td>1,944</td>
<td>2,217</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2017</strong></td>
<td>¥ 84,100</td>
<td>¥ 85,037</td>
<td>¥ 1,040,207</td>
<td>¥ 81,924</td>
<td>(174)</td>
<td>¥ 1,291,094</td>
<td>¥ 84,474</td>
<td>¥ 1,375,568</td>
</tr>
<tr>
<td>Cumulative effects due to new accounting standards applied</td>
<td></td>
<td></td>
<td>1,377</td>
<td></td>
<td>3,262</td>
<td>4,639</td>
<td>1,014</td>
<td>5,653</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>138,595</td>
<td></td>
<td>138,595</td>
<td></td>
<td></td>
<td>11,550</td>
<td>150,145</td>
<td></td>
</tr>
<tr>
<td>Total other comprehensive income, net of income tax</td>
<td>(51,051)</td>
<td></td>
<td>(51,051)</td>
<td></td>
<td></td>
<td>(1,489)</td>
<td>(52,540)</td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income for the year</strong></td>
<td>138,595</td>
<td>(51,051)</td>
<td>87,544</td>
<td></td>
<td></td>
<td>10,061</td>
<td>97,605</td>
<td></td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td>(1,233)</td>
<td>1,233</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(40,697)</td>
<td></td>
<td>(40,697)</td>
<td></td>
<td></td>
<td>(6,384)</td>
<td>(47,081)</td>
<td></td>
</tr>
<tr>
<td>Purchases and sales of treasury shares</td>
<td></td>
<td></td>
<td>(3,003)</td>
<td></td>
<td>(3,003)</td>
<td>(3,003)</td>
<td>(3,003)</td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury shares</td>
<td>(2,854)</td>
<td></td>
<td>2,854</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments with transfer restrictions</td>
<td>30</td>
<td>30</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td>238</td>
<td>(25)</td>
<td>213</td>
<td></td>
<td>(2,582)</td>
<td>(2,369)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>¥ 84,130</td>
<td>¥ 85,305</td>
<td>¥ 1,135,395</td>
<td>¥ 35,343</td>
<td>(323)</td>
<td>¥ 1,339,850</td>
<td>¥ 86,583</td>
<td>¥ 1,426,433</td>
</tr>
</tbody>
</table>

* The accompanying notes are an integral part of these statements.
Notes to Consolidated Financial Statements  
Kubota Corporation and Its Subsidiaries  

Amounts less than the presentation unit are rounded.

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 International Financial Reporting Standards (hereinafter, “IFRS”) under Article 120, Paragraph 1 of the Ordinance on Company Accounting. However, certain supplementary material and notes required under IFRS are omitted pursuant to the second sentence of the same paragraph.

2. Scope of Consolidation and Application of Equity Method
   
172 entities are consolidated. 13 entities are accounted for using the equity method.


   (1) Financial assets (excluding derivatives)

   Financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, or equity financial assets measured at fair value through other comprehensive income.

   Financial assets measured at amortized cost

   Financial assets are subsequently measured at amortized cost using the effective interest method if both of the following conditions are met:

   (a) the financial assets are held within a business model with the objective of collecting contractual cash flows, and
   (b) the contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

   Debt financial assets measured at fair value through other comprehensive income

   Financial assets are classified as debt financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

   (a) the financial assets are held within a business model with the objective of collecting contractual cash flows and selling financial assets, and
   (b) the contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

   Equity financial assets measured at fair value through other comprehensive income

   With regard to equity financial assets, the Company has made an election to recognize changes in fair value in other comprehensive income. The accumulated amounts of net changes in the fair value of the equity financial assets are transferred to retained earnings, not to profit or loss, when the equity financial assets are derecognized, or the fair value is declined from the acquisition cost and its decline is deemed to be more than temporary.

   Impairment of financial assets measured at amortized cost

   The Company evaluates and recognizes an allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost at the end of each reporting period. If the credit risk on financial assets is deemed not to have significantly increased since the initial recognition, an allowance for doubtful accounts is recognized for the 12-month expected credit losses. An allowance for doubtful accounts is recognized for the lifetime expected credit losses if the credit risk on financial assets has
significantly increased since the initial recognition. In regards to trade receivables, contract assets, and lease receivables, an allowance for doubtful accounts is always recognized for the lifetime expected credit losses.

(2) Derivatives
The Company initially recognizes derivatives at fair value at the date the contracts are entered into and subsequently remeasures them at fair value. Changes in fair value of these derivatives are all recognized in profit or loss.

4. Valuation Policies and Methods of Inventories
Inventories are stated at the lower of cost or net realizable value and principally determined by the moving-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and those necessary to sell inventories.

5. Depreciation of Property, Plant, and Equipment
Depreciation of property, plant, and equipment is mainly computed by using the straight-line method based on the respective estimated useful lives.

6. Amortization of Goodwill and Intangible Assets
Intangible assets with definite useful lives are amortized over their respective estimated useful lives by using the straight-line method.

Goodwill and intangible assets with indefinite useful lives are not amortized, but are instead tested for impairment at least annually.

7. Basis of Provision for Allowance
Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations. Provisions are measured based on the best estimate of expenditure required to settle the present obligation at the end of the reporting period. When the effect of the time value of money is material, a provision is measured at the present value of the expenditures required to settle the obligation.

8. Revenue Recognition
The Company recognizes revenue from contracts with customers based on the following five steps:

   Step 1: Identify the contract with a customer
   Step 2: Identify the performance obligations in the contract
   Step 3: Determine the transaction price
   Step 4: Allocate the transaction price to the performance obligations in the contract
   Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company determined that control over the products is transferred to customers, and the Company satisfies a performance obligation when the products are delivered to the customers. Therefore, revenue from sales of products is recognized at that time. Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates depending on sales volume, and other items.

9. Other Significant Accounting Policies

   Postemployment benefits
   The Company has defined benefit pension plans and defined contribution pension plans as postemployment benefit plans for employees. The net defined benefit liability and asset in the consolidated statement of financial position is measured as the difference between the present value of the defined benefit obligation and the fair value of plan assets.
Defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by discounting future estimated benefits.

Prior service costs resulting from plan amendments are recognized in profit or loss when the plan is amended. Remeasurement of the net defined liability and asset is recognized in other comprehensive income when such remeasurement is made and transferred immediately to retained earnings.

Contributions to defined contribution plans are expensed in profit or loss for the period when employees render the related services.

10. Changes in Accounting Policies

The Company adopted IFRS 9, “Financial instruments (2014)” (“IFRS 9”), from the current fiscal year started on January 1, 2018. As of January 1, 2018, the application of the changes in Classification and Measurements increased other financial assets, deferred tax liabilities, other components of equity, and noncontrolling interests by ¥4,706 million, ¥1,434 million, ¥3,262 million, and ¥6 million, respectively, and decreased deferred tax assets by ¥4 million. The application of the changes in Impairment increased financial receivables, retained earnings, and noncontrolling interests by ¥2,979 million, 1,377 million, and 1,008 million, respectively, and decreased deferred tax assets by ¥594 million.

The effects of these changes on profit for the year were not material.
Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts and credit losses directly deducted from trade receivables and finance receivables were ¥24,476 million for the year ended December 31, 2018.

2. Property, plant, and equipment was comprised of the following at December 31, 2018:

<table>
<thead>
<tr>
<th></th>
<th>(Unit: millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>¥ 80,108</td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>314,579</td>
</tr>
<tr>
<td>Machinery and other equipment</td>
<td>522,314</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>18,378</td>
</tr>
<tr>
<td>Accumulated depreciation and accumulated impairment losses</td>
<td>(605,345)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥ 330,034</strong></td>
</tr>
</tbody>
</table>

3. Assets pledged as collateral were comprised of the following at December 31, 2018:

<table>
<thead>
<tr>
<th></th>
<th>(Unit: millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>¥ 50</td>
</tr>
<tr>
<td>Finance receivables—current</td>
<td>82,182</td>
</tr>
<tr>
<td>Other financial assets—current</td>
<td>12,622</td>
</tr>
<tr>
<td>Finance receivables—noncurrent</td>
<td>144,131</td>
</tr>
<tr>
<td>Property, plant, and equipment</td>
<td>1,628</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥ 240,613</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>(Unit: millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and borrowings</td>
<td>¥ 199,863</td>
</tr>
</tbody>
</table>

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, 2018 was ¥14,753 million.

Notes to Consolidated Statements of Changes in Equity

1. The number of shares issued was as follows at December 31, 2018:

   Common shares 1,232,557 thousand shares
2. Dividends

(1) Dividends paid

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Class of shares</th>
<th>Dividends (millions of yen)</th>
<th>Dividends per common share (yen)</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Meeting of the Board of Directors on February 14, 2018</td>
<td>Common shares</td>
<td>¥ 20,978</td>
<td>¥ 17.00</td>
<td>December 31, 2017</td>
<td>March 26, 2018</td>
</tr>
<tr>
<td>The Meeting of the Board of Directors on August 2, 2018</td>
<td>Common shares</td>
<td>¥ 19,719</td>
<td>¥ 16.00</td>
<td>June 30, 2018</td>
<td>September 3, 2018</td>
</tr>
</tbody>
</table>

(2) Dividends with a record date in the year ended December 31, 2018 and with an effective date after December 31, 2018

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Class of shares</th>
<th>Dividends (millions of yen)</th>
<th>Dividends per common share (yen)</th>
<th>Record date</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Meeting of the Board of Directors on February 14, 2019</td>
<td>Common shares</td>
<td>¥ 22,184</td>
<td>¥ 18.00</td>
<td>December 31, 2018</td>
<td>March 25, 2019</td>
</tr>
</tbody>
</table>

Notes to Financial Instruments

1. Description of Financial Instruments

The Company is exposed to certain risks, such as credit risk, foreign currency exchange rate risk, liquidity risk, and interest rate risk, etc., in the ordinary course of business. The Company engages in risk management to mitigate these risks.

2. Fair Values of Financial Instruments

The carrying amounts and fair values of financial instruments at December 31, 2018 were as follows:

<table>
<thead>
<tr>
<th>Financial assets and liabilities measured at amortized cost:</th>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance receivables — noncurrent</td>
<td>¥ 889,148</td>
<td>¥ 891,334</td>
</tr>
<tr>
<td>Trade accounts receivable — noncurrent</td>
<td>¥ 67,547</td>
<td>¥ 72,625</td>
</tr>
<tr>
<td>Bonds and borrowings</td>
<td>(839,265)</td>
<td>(829,736)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets and liabilities measured at fair value:</th>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt financial assets</td>
<td>¥ 15,723</td>
<td>¥ 15,723</td>
</tr>
<tr>
<td>Equity financial assets</td>
<td>¥ 111,509</td>
<td>¥ 111,509</td>
</tr>
<tr>
<td>Derivatives:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>1,705</td>
<td>1,705</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>(367)</td>
<td>(367)</td>
</tr>
<tr>
<td>Cross-currency interest rate swap contracts</td>
<td>(2,412)</td>
<td>(2,412)</td>
</tr>
</tbody>
</table>

The figures in parentheses are liabilities.

Method of determining fair value:

*1. The fair value 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 trade accounts receivable — noncurrent in the table includes the current portion, which is included in trade receivables in the consolidated statement of financial position.

*2. Marketable debt financial assets and equity financial assets are measured at fair value using quoted prices for identical assets in active markets. Nonmarketable equity financial assets are measured at fair value using methods such as the comparable company comparison method.

*3. The fair value of derivatives is the market price presented by major international financial institutions.

*4. The carrying amounts of cash and cash equivalents, trade receivables (excluding the current portion of trade accounts receivable — noncurrent), other financial assets (excluding debt financial assets measured at fair value, equity financial assets measured at fair value, trade accounts receivable, and bonds and borrowings), and other financial liabilities (excluding trade payables, short-term borrowings, and other financial liabilities) at December 31, 2018 were as follows: ¥ 578,003,000,000, ¥ 362,003,000,000, and ¥ 110,003,000,000, respectively.
value, and derivatives), trade payables, and other financial liabilities (excluding derivatives) approximate fair value because of the short maturity of those instruments.

**Notes to Per Common Share Information**

1. Total equity per share attributable to owners of the parent  
   ¥ 1,087.44

2. Earnings per share attributable to owners of the parent:
   
   - Basic  
     ¥ 112.44
   
   - Diluted  
     ¥ 112.44
<table>
<thead>
<tr>
<th><strong>ASSETS</strong></th>
<th><strong>2018</strong></th>
<th><strong>2017</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Current assets:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥ 97,235</td>
<td>¥ 103,269</td>
</tr>
<tr>
<td>Trade notes receivable</td>
<td>2,418</td>
<td>4,083</td>
</tr>
<tr>
<td>Electronically recorded accounts receivable</td>
<td>34,178</td>
<td>37,283</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>309,434</td>
<td>303,689</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Finished goods</td>
<td>41,892</td>
<td>48,040</td>
</tr>
<tr>
<td>Work in process</td>
<td>25,804</td>
<td>20,682</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>9,965</td>
<td>8,365</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>9,000</td>
<td>9,919</td>
</tr>
<tr>
<td>Other</td>
<td>71,145</td>
<td>74,793</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(40)</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>621,035</td>
<td>630,087</td>
</tr>
<tr>
<td><em>Fixed assets:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, and equipment—net:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>45,390</td>
<td>38,089</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>33,635</td>
<td>29,642</td>
</tr>
<tr>
<td>Land</td>
<td>53,576</td>
<td>54,333</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>6,628</td>
<td>3,926</td>
</tr>
<tr>
<td>Other</td>
<td>12,879</td>
<td>10,326</td>
</tr>
<tr>
<td><strong>Total property, plant, and equipment—net</strong></td>
<td>152,108</td>
<td>136,318</td>
</tr>
<tr>
<td>Intangibles—net:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>10,849</td>
<td>8,068</td>
</tr>
<tr>
<td>Other</td>
<td>720</td>
<td>798</td>
</tr>
<tr>
<td><strong>Total intangibles—net</strong></td>
<td>11,569</td>
<td>8,866</td>
</tr>
<tr>
<td>Investments and other assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>108,318</td>
<td>141,884</td>
</tr>
<tr>
<td>Investments in subsidiaries and affiliated companies</td>
<td>180,760</td>
<td>171,036</td>
</tr>
<tr>
<td>Long-term loans receivable</td>
<td>51,706</td>
<td>40,091</td>
</tr>
<tr>
<td>Prepaid pension costs</td>
<td>26,096</td>
<td>25,645</td>
</tr>
<tr>
<td>Other</td>
<td>28,935</td>
<td>27,869</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(245)</td>
<td>(248)</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>395,571</td>
<td>406,279</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>559,250</td>
<td>551,464</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥ 1,180,286</td>
<td>¥ 1,181,552</td>
</tr>
</tbody>
</table>

(Continued on the following page)
### LIABILITIES AND EQUITY

#### December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade notes payable</td>
<td>¥ 735</td>
<td>¥ 764</td>
</tr>
<tr>
<td>Electronically recorded accounts payable</td>
<td>¥ 150,823</td>
<td>¥ 133,743</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>¥ 69,894</td>
<td>¥ 59,450</td>
</tr>
<tr>
<td>Current portion of bonds</td>
<td>—</td>
<td>¥ 20,000</td>
</tr>
<tr>
<td>Other accounts payable</td>
<td>¥ 12,895</td>
<td>¥ 9,264</td>
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<tr>
<td>Income taxes payable</td>
<td>¥ 1,023</td>
<td>¥ 27,671</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>¥ 25,313</td>
<td>¥ 22,805</td>
</tr>
<tr>
<td>Deposits received</td>
<td>¥ 125,127</td>
<td>¥ 122,871</td>
</tr>
<tr>
<td>Provision for warranty costs</td>
<td>¥ 7,693</td>
<td>¥ 6,967</td>
</tr>
<tr>
<td>Provision for bonuses</td>
<td>¥ 8,450</td>
<td>¥ 8,135</td>
</tr>
<tr>
<td>Provision for directors’ bonuses</td>
<td>¥ 232</td>
<td>¥ 210</td>
</tr>
<tr>
<td>Other</td>
<td>¥ 19,333</td>
<td>¥ 10,770</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥ 421,523</td>
<td>¥ 422,653</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-term liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>¥ 20,000</td>
<td>¥ 20,000</td>
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<tr>
<td>Long-term borrowings</td>
<td>¥ 90,000</td>
<td>¥ 90,000</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>¥ 20,948</td>
<td>¥ 28,729</td>
</tr>
<tr>
<td>Other</td>
<td>¥ 1,096</td>
<td>¥ 1,112</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>¥ 132,045</td>
<td>¥ 139,842</td>
</tr>
</tbody>
</table>

|                         |            |            |
| **Total liabilities**   | ¥ 553,569  | ¥ 562,496  |

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>¥ 84,130</td>
<td>¥ 84,100</td>
</tr>
<tr>
<td>Capital surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>¥ 73,117</td>
<td>¥ 73,087</td>
</tr>
<tr>
<td><strong>Total capital surplus</strong></td>
<td>¥ 73,117</td>
<td>¥ 73,087</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retained earnings:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal reserve</td>
<td>¥ 19,539</td>
<td>¥ 19,539</td>
</tr>
<tr>
<td>Other retained earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for special depreciation</td>
<td>¥ 7</td>
<td>¥ 12</td>
</tr>
<tr>
<td>Reserve for reduction entry of land</td>
<td>¥ 171</td>
<td>¥ 171</td>
</tr>
<tr>
<td>General reserve</td>
<td>¥ 321,642</td>
<td>¥ 280,042</td>
</tr>
<tr>
<td>Unappropriated retained earnings</td>
<td>¥ 71,131</td>
<td>¥ 82,387</td>
</tr>
<tr>
<td><strong>Total other retained earnings</strong></td>
<td>¥ 392,952</td>
<td>¥ 362,613</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total retained earnings</strong></td>
<td>¥ 412,492</td>
<td>¥ 382,153</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock</td>
<td>(¥ 194)</td>
<td>(¥ 46)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>¥ 569,545</td>
<td>¥ 539,294</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valuation and translation adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized holding gains on securities</td>
<td>¥ 57,115</td>
<td>¥ 79,760</td>
</tr>
<tr>
<td>Unrealized gains from hedging activities</td>
<td>¥ 56</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total valuation and translation adjustments</strong></td>
<td>¥ 57,171</td>
<td>¥ 79,760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net assets</strong></td>
<td>¥ 626,716</td>
<td>¥ 619,055</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥ 1,180,286</td>
<td>¥ 1,181,552</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
**Statements of Income (Non-consolidated)**

Kubota Corporation

(Reference)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥ 885,385</td>
<td>¥ 844,115</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>717,224</td>
<td>650,202</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>168,161</td>
<td>193,912</td>
</tr>
<tr>
<td><strong>Selling, general, and administrative expenses</strong></td>
<td>119,719</td>
<td>111,751</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>48,442</td>
<td>82,161</td>
</tr>
<tr>
<td>Non-operating income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>54,157</td>
<td>49,520</td>
</tr>
<tr>
<td>Royalty income</td>
<td>20,087</td>
<td>15,612</td>
</tr>
<tr>
<td>Other</td>
<td>13,633</td>
<td>16,903</td>
</tr>
<tr>
<td>Non-operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expenses</td>
<td>11,897</td>
<td>4,279</td>
</tr>
<tr>
<td>Other</td>
<td>375</td>
<td>546</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>90,702</td>
<td>127,401</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>90,702</td>
<td>127,401</td>
</tr>
<tr>
<td>Income taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>16,812</td>
<td>31,969</td>
</tr>
<tr>
<td>Deferred</td>
<td>15,320</td>
<td>34,997</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>¥ 73,890</td>
<td>¥ 95,431</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
## Statements of Changes in Net Assets (Non-consolidated)

**Kubota Corporation**

(Units: millions of yen)

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Other retained earnings</th>
<th>Unappropriated retained earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common stock</td>
<td>Additional paid-in capital</td>
<td>Other capital surplus</td>
<td>Legal reserve</td>
</tr>
<tr>
<td><strong>Balance as of January 1, 2018</strong></td>
<td>¥ 84,100</td>
<td>¥ 73,087</td>
<td>¥ –</td>
<td>¥ 19,539</td>
</tr>
<tr>
<td><strong>Changes this fiscal year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of reserve for special depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation to general reserve</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted stock compensation</td>
<td>30</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to capital surplus from retained earnings</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net change of items other than shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total changes this fiscal year</strong></td>
<td>30</td>
<td>30</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>¥ 84,130</td>
<td>¥ 73,117</td>
<td>¥ –</td>
<td>¥ 19,539</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Valuation and translation adjustments</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Treasury stock</td>
<td>Total shareholders’ equity</td>
</tr>
<tr>
<td><strong>Balance as of January 1, 2018</strong></td>
<td>¥ (46)</td>
<td>¥ 539,294</td>
</tr>
<tr>
<td><strong>Changes this fiscal year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of reserve for special depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation to general reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>(¥ 40,697)</td>
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</tr>
<tr>
<td>Net income</td>
<td>¥ 73,890</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(¥ 3,003)</td>
<td>(¥ 3,003)</td>
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<tr>
<td>Disposal of treasury stock</td>
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<tr>
<td>Retirement of treasury stock</td>
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<tr>
<td>Restricted stock compensation</td>
<td>60</td>
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<tr>
<td>Transfer to capital surplus from retained earnings</td>
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<td></td>
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<tr>
<td>Net change of items other than shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total changes this fiscal year</strong></td>
<td>(¥ 148)</td>
<td>30,250</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 2018</strong></td>
<td>¥ (194)</td>
<td>¥ 569,545</td>
</tr>
</tbody>
</table>
(Unit: millions of yen)

<table>
<thead>
<tr>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Other retained earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Additional paid-in capital</td>
<td>Other capital surplus</td>
<td>Legal reserve</td>
</tr>
</tbody>
</table>

### Shareholders' equity

<table>
<thead>
<tr>
<th></th>
<th>Balance as of January 1, 2017</th>
<th>Changes this fiscal year</th>
<th>Balance as of December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>treasury stock</td>
<td>¥ 84,070 ¥ 73,057 ¥ 19,539 ¥ 18 ¥ 171 ¥ 272,842 ¥ 45,762</td>
<td>(5) 7,200 (38,421) 95,431</td>
<td>¥ 84,100 ¥ 73,087 ¥ 19,539 ¥ 12 ¥ 171 ¥ 280,042 ¥ 82,387</td>
</tr>
</tbody>
</table>

### Changes this fiscal year

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of reserve for special depreciation</td>
<td>(5)</td>
</tr>
<tr>
<td>Appropriation to general reserve</td>
<td>7,200</td>
</tr>
<tr>
<td>Dividends</td>
<td>(38,421)</td>
</tr>
<tr>
<td>Net income</td>
<td>95,431</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>0</td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td>(0)</td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td>(13,190)</td>
</tr>
<tr>
<td>Restricted stock compensation</td>
<td>30</td>
</tr>
<tr>
<td>Net change of items other than shareholders' equity</td>
<td>(5)</td>
</tr>
<tr>
<td>Total changes this fiscal year</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>7,200</td>
</tr>
<tr>
<td></td>
<td>36,625</td>
</tr>
</tbody>
</table>

### Shareholders' equity valuation and translation adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock</td>
<td>(39)</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td>495,421</td>
</tr>
<tr>
<td>Unrealized holding gains on securities</td>
<td>74,855</td>
</tr>
<tr>
<td>Total valuation and translation adjustments</td>
<td>74,855</td>
</tr>
<tr>
<td>Total net assets</td>
<td>570,276</td>
</tr>
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### Changes this fiscal year

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of reserve for special depreciation</td>
<td>(6)</td>
</tr>
<tr>
<td>Appropriation to general reserve</td>
<td>43,873</td>
</tr>
<tr>
<td>Dividends</td>
<td>4,905</td>
</tr>
<tr>
<td>Net income</td>
<td>4,905</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>4,905</td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td>4,905</td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td>4,905</td>
</tr>
<tr>
<td>Restricted stock compensation</td>
<td>4,905</td>
</tr>
<tr>
<td>Net change of items other than shareholders' equity</td>
<td>4,905</td>
</tr>
<tr>
<td>Total changes this fiscal year</td>
<td>48,778</td>
</tr>
</tbody>
</table>

### Balance as of December 31, 2017

<table>
<thead>
<tr>
<th>treasury stock</th>
<th>Total shareholders' equity</th>
<th>Unrealized holding gains on securities</th>
<th>Total valuation and translation adjustments</th>
<th>Total net assets (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ 84,100</td>
<td>¥ 73,087</td>
<td>¥ 19,539</td>
<td>¥ 12</td>
<td>¥ 280,042</td>
</tr>
<tr>
<td>¥ 171</td>
<td>¥ 280,042</td>
<td>¥ 280,042</td>
<td>¥ 280,042</td>
<td>¥ 82,387</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
Notes to Financial Statements (Non-consolidated)

Kubota Corporation

Amounts less than the presentation unit are rounded.

Significant Accounting Policies

1. Basis and Methods of Asset Valuation
   (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 over the useful life of five years.
   Leased assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method, using the lease term as the useful life.

   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 costs) 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.
Since the fair value of pension assets as of December 31, 2017 and 2018 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 17.8 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 toward 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 currencies

Monetary claims and debts denominated in foreign currencies 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 currencies 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.

(4) Consolidated taxation system

The consolidated taxation system is adopted.
Notes to Balance Sheets

1. Monetary claims from and debts to subsidiaries and affiliated companies
   - Short-term receivables from subsidiaries and affiliated companies: ¥ 325,745 million
   - Long-term receivables from subsidiaries and affiliated companies: ¥ 51,700 million
   - Short-term payables to subsidiaries and affiliated companies: ¥ 140,025 million

2. Accumulated depreciation of property, plant, and equipment: ¥ 388,775 million

3. Contingent liabilities:
   - Guarantees
     - Guarantees for borrowings of subsidiaries and affiliated companies from financial institutions:
       - Kubota Saudi Arabia Company, LLC: ¥ 771 million
     - Credit guarantees for group financing:
       - Kubota Credit Co., Ltd.: ¥ 3,400 million

4. The following notes that matured on December 31, 2018, the current fiscal year end, were included in the corresponding note accounts in the balance sheets because that day fell on a bank holiday.
   - Trade notes receivable: ¥ 172 million
   - Electronically recorded accounts receivable: ¥ 1,435 million
   - Trade notes payable: ¥ 107 million
   - Electronically recorded accounts payable: ¥ 30,475 million

Notes to Statements of Income

1. Transactions with affiliates
   - Sales to affiliates: ¥ 726,918 million
   - Purchases from affiliates: ¥ 140,148 million
   - Transactions with affiliates other than operating transactions: ¥ 38,972 million
Notes to Statements of Changes in Net Assets

1. The number of treasury stock at December 31, 2018 was as follows:
   - Common stock: 102 thousand shares

Notes to Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued enterprise tax</td>
<td>¥ 285 million</td>
</tr>
<tr>
<td>Provision for warranty costs</td>
<td>¥ 2,346 million</td>
</tr>
<tr>
<td>Provision for bonuses</td>
<td>¥ 2,577 million</td>
</tr>
<tr>
<td>Valuation losses on securities</td>
<td>¥ 3,015 million</td>
</tr>
<tr>
<td>Other</td>
<td>¥ 11,297 million</td>
</tr>
<tr>
<td>Subtotal</td>
<td>¥ 19,523 million</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(¥ 4,362 million)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>¥ 15,161 million</td>
</tr>
</tbody>
</table>

2. Significant components of deferred tax liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid pension costs</td>
<td>(¥ 5,179) million</td>
</tr>
<tr>
<td>Unrealized holding gains on securities</td>
<td>(¥ 21,386) million</td>
</tr>
<tr>
<td>Other</td>
<td>(¥ 543) million</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>(¥ 27,109) million</td>
</tr>
<tr>
<td>Net deferred tax liabilities</td>
<td>(¥ 11,948) million</td>
</tr>
</tbody>
</table>
## Note to Related-Party Transactions

<table>
<thead>
<tr>
<th>Type</th>
<th>Name</th>
<th>Location</th>
<th>Common stock</th>
<th>Operations</th>
<th>Ownership of voting shares</th>
<th>Relationship</th>
<th>Contents of transactions</th>
<th>Amount of transactions (millions of yen)</th>
<th>Accounts</th>
<th>Balance at December 31, 2018 (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary</td>
<td>Kubota Tractor Corporation</td>
<td>Texas, U.S.A.</td>
<td>US$37 million</td>
<td>Sales of tractors, outdoor power equipment, small-sized construction machinery, and implements</td>
<td>100.0*</td>
<td>Sales of products of Kubota Corporation</td>
<td>Sales of tractors and other machinery (Note 1)</td>
<td>181,781</td>
<td>Trade accounts receivable</td>
<td>66,128</td>
</tr>
<tr>
<td></td>
<td>Kubota Engine America Corporation</td>
<td>Illinois, U.S.A.</td>
<td>US$10 million</td>
<td>Sales, engineering, and after-sales services of engines, engine parts, and engine accessories</td>
<td>100.0</td>
<td>Sales of products of Kubota Corporation</td>
<td>Sales of engines (Note 1)</td>
<td>75,581</td>
<td>Trade accounts receivable</td>
<td>25,261</td>
</tr>
<tr>
<td></td>
<td>SIAM KUBOTA Corporation Co., Ltd.</td>
<td>Pathumtani, Thailand</td>
<td>THB 2,739 million</td>
<td>Manufacturing and sales of tractors, combine harvesters, implements, and horizontal-type diesel engines</td>
<td>60.0</td>
<td>Manufacturing and sales of products of Kubota Corporation</td>
<td>Patent royalty (Note 2)</td>
<td>3,989</td>
<td>Other (Current assets)</td>
<td>2,431</td>
</tr>
<tr>
<td></td>
<td>Kubota Baumaschinen GmbH</td>
<td>Zweibrucken, Germany</td>
<td>EUR 14 million</td>
<td>Manufacturing and sales of construction machinery</td>
<td>100.0</td>
<td>Sales of products of Kubota Corporation</td>
<td>Sales of construction machinery (Note 1)</td>
<td>48,288</td>
<td>Trade accounts receivable</td>
<td>16,781</td>
</tr>
<tr>
<td></td>
<td>Kubota Europe S.A.S.</td>
<td>Val-d'Oise, France</td>
<td>EUR 11 million</td>
<td>Sales of construction machinery, tractors, outdoor power equipment, and engines</td>
<td>100.0</td>
<td>Sales of products of Kubota Corporation</td>
<td>Sales of tractors and other machinery (Note 1)</td>
<td>40,553</td>
<td>Trade accounts receivable</td>
<td>14,838</td>
</tr>
<tr>
<td></td>
<td>KUBOTA Construction Machinery Japan Corporation</td>
<td>Osaka, Japan</td>
<td>¥300 million</td>
<td>Sales of construction machinery, etc.</td>
<td>100.0</td>
<td>Sales of products of Kubota Corporation</td>
<td>Sales of construction machinery (Note 1)</td>
<td>23,636</td>
<td>Trade accounts receivable</td>
<td>15,604</td>
</tr>
<tr>
<td></td>
<td>Kubota Credit Co., Ltd.</td>
<td>Osaka, Japan</td>
<td>¥500 million</td>
<td>Retail financing to purchasers of farm equipment and related products</td>
<td>55.0 22.9%</td>
<td>Financial assistance Credit guarantee Interlocking directors</td>
<td>Lending (Notes 3 and 4)</td>
<td>77,170</td>
<td>Short-term loans receivable</td>
<td>23,285</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Long-term loans receivable</td>
<td>48,200</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
<td>Interest receipt (Note 3)</td>
<td>209</td>
<td>Other (Current assets)</td>
<td>44</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Depositing (Notes 3 and 4)</td>
<td>15,732</td>
<td>Deposits received</td>
<td>21,281</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Interest payment (Note 3)</td>
<td>10</td>
<td>Other (Current liabilities)</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Credit guarantee (Note 5)</td>
<td>3,400</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Kubota Environmental Service Co., Ltd.</td>
<td>Tokyo, Japan</td>
<td>¥90 million</td>
<td>Operation, maintenance, design, construction, remodeling, repair, and</td>
<td>100.0</td>
<td>Maintenance of facilities constructed by Kubota</td>
<td>Depositing (Notes 3 and 4)</td>
<td>22,705</td>
<td>Deposits received</td>
<td>19,416</td>
</tr>
<tr>
<td>Type</td>
<td>Name</td>
<td>Location</td>
<td>Common stock</td>
<td>Operations</td>
<td>Owner-ship of voting shares</td>
<td>Relationship</td>
<td>Contents of transactions</td>
<td>Amount of transactions (millions of yen)</td>
<td>Accounts</td>
<td>Balance at December 31, 2018 (millions of yen)</td>
</tr>
<tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>modifying of water and waste treatment facilities</td>
<td>Corporation</td>
<td>Interest payment (Note 3)</td>
<td>13</td>
<td>Other (Current liabilities)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

* Indirect holding

Regarding amounts in the above table, transactions do not include consumption taxes, while balances at December 31, 2018 include consumption taxes.

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

(Notes) 1. 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.
2. Patent royalty and management advisory fees are determined based on a percentage of sales of SIAM KUBOTA Corporation Co., Ltd.
3. Interest rates are reasonably decided in consideration of market interest rates.
4. Amounts of transactions are stated at the average balance during the fiscal year.
5. Kubota Corporation provides a guarantee for group financing of Kubota Credit Co., Ltd.

**Note to Per Common Share Information**

1. Net assets per common share ¥ 508.51
2. Net income per common share – basic ¥ 59.92
3. Net income per common share – diluted ¥ 59.92
INDEPENDENT AUDITOR'S REPORT

February 8, 2019

To the Board of Directors of Kubota Corporation:

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2018 of Kubota Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statements of profit or loss and changes in equity for the fiscal year from January 1, 2018 to December 31, 2018, 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 allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, 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 entity’s 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 entity’s 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 International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 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, 2018, and the results of their operations for the year then ended.

**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.
INDEPENDENT AUDITOR’S REPORT

February 8, 2019

To the Board of Directors of Kubota Corporation:

Management’s Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 entity’s preparation and fair presentation of the non-consolidated 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 entity’s 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 non-consolidated 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 non-consolidated financial statements and the accompanying supplemental schedules...
schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations for the year then ended in accordance 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.
AUDIT REPORT

In respect of the execution of duties of the Directors during the 129th business term, from January 1, 2018 to December 31, 2018, 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 the Audit & Supervisory Board Members and the Audit & Supervisory Board

We have formulated an audit policy to share duties among the 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 Auditor, and other parties on their execution of duties, and requested explanations from them when necessary.

In accordance with the audit policies, division of duties, and standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with the Directors, the internal audit department, employees, and others; committed to gathering information and enhancing the audit environment; attended meetings of the Board of Directors and other important meetings; received reports from the Directors, employees, and others regarding the performance of their duties; requested explanations as necessary; inspected important documents supporting decisions and other records; and examined the status of operations and assets at the head office and important operating locations. In addition, each Audit & Supervisory Board Member periodically received reports from the Directors, employees, and others; requested explanation as necessary; inspected important documents supporting decisions and other records; and expressed opinions regarding the details of the Board of Directors’ resolutions and the system that is developed and operated in accordance with such resolutions concerning the development of systems to ensure that Directors’ performance of duties are in compliance with laws and regulations, the Articles of Incorporation, and the system to ensure the adequacy of operations of the Kubota Group, consisting of Kubota Corporation and its subsidiaries, as stipulated under Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (internal control system). In addition, as to internal controls over financial reporting, we have received reports from the Directors and the Independent Auditor regarding the assessment of internal controls and the status of audits, and requested explanations from them as necessary. As for the subsidiaries, each Audit & Supervisory Board Member promoted communications with the Directors and the Audit & Supervisory Board Members, etc. of the subsidiaries and received reports on the business of the subsidiaries as necessary. Through these methods, each Audit & Supervisory Board Member examined the business report and the accompanying supplementary schedules for the fiscal year under review.

In addition, we monitored and verified whether the Independent Auditor made appropriate audits while maintaining its independence. We received reports from the Independent Auditor on its operations and requested explanations when necessary. The Independent Auditor notified us, and we requested explanations when necessary, concerning its 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 examined the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements); and the non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules for the fiscal year under review.
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 highlighted concerning the content of the business report and the Directors’ performance of duties regarding the internal control system.

As stated in the business report, the Company detected improper conduct related to the inspection report on consumable parts of rolling mill roll used in production equipment for steel plates. We conducted interviews about the issue with the related department and confirmed the process and results of the investigation conducted by an external law firm. In addition, we conducted an interview with the administrators and the quality control department of the factory. We confirmed the content and implementation status of the remediation measures established by the Company.

(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 Auditor, and the results thereof are appropriate and sufficient.

February 12, 2019

The Audit & Supervisory Board of Kubota Corporation
Audit & Supervisory Board Member (full time) Toshikazu Fukuyama
Audit & Supervisory Board Member (full time) Yasuhiko Hiyama
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) Akira Morita
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) Teruo Suzuki
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) Masaki Fujiwara

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