

[Translation]

Quarterly Report

(The First Quarter of 125th Business Term)
From April 1, 2014 to June 30, 2014

2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN

KUBOTA Corporation

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Confirmation Letter

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[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, President and Representative Director
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Phone No.]	+81-6-6648-2622
[Contact Person]	Hironori Mitani, General Manager of Accounting Dept.
[Contact Address]	1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN, KUBOTA Corporation, Tokyo Head Office
[Phone No.]	+81-3-3245-3026
[Contact Person]	Yusuke Uchida, General Manager of Tokyo Administration Dept.
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

As used in this Quarterly Report herein, the “Company” refers to Kubota Corporation and its subsidiaries unless the context otherwise indicates.

References in this document to the “Financial Instruments and Exchange Act of Japan” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

1. Overview of the Company

1. Key Financial Data

(¥ in millions, except per share amounts)

	Three months ended June 30, 2014	Three months ended June 30, 2013	Year ended March 31, 2014
Revenues	¥ 360,725	¥ 361,754	¥ 1,508,590
Income before income taxes and equity in net income of affiliated companies	53,357	50,037	211,293
Net income attributable to Kubota Corporation	33,425	30,847	131,661
Comprehensive income	31,741	50,964	188,338
Total Kubota Corporation Shareholders' equity	941,345	829,853	934,811
Total equity	1,009,276	891,014	1,000,613
Total assets	2,090,985	1,891,002	2,104,657
Net income attributable to Kubota Corporation per common share:			
Basic	26.75	24.56	104.94
Diluted	—	—	—
Total Kubota Corporation shareholders' equity ratio (%)	45.0	43.9	44.4
Net cash provided by operating activities	33,849	64,459	83,322
Net cash used in investing activities	(43,902)	(34,191)	(104,209)
Net cash provided by (used in) financing activities	10,481	(12,952)	3,214
Cash and cash equivalents, end of period	86,985	119,881	87,022

(Notes)

1. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").
2. Revenues do not include consumption taxes.
3. "Net income attributable to Kubota Corporation per common share—Diluted" is not stated because Kubota Corporation did not have potential dilutive common shares that were outstanding for the period.
4. Amounts less than presentation units are rounded.

2. Description of Business

The Company's consolidated financial statements are prepared in accordance with U.S. GAAP. The scope of consolidation is also defined in accordance with these accounting principles. The same applies to "2. Business Overview".

The Company engages in various fields of business and industries by providing products and services which are categorized into the following three segments: Farm & Industrial Machinery, Water & Environment, and Other.

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "construction" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Other" segment, in conformity with the change in business reporting structure of the Company.

2. Business Overview

1. Risk Factors

During the three months ended June 30, 2014, none of event or fact described in 2. Business Overview or 4. Financial Information which may have a significant influence on investor's investment decisions was identified. There was no significant change from the information described in the Risk Factors' section of the Annual Securities Report for the year ended March 31, 2014.

In addition, any significant concerns or events do not exist as of the filing date.

2. Material Contracts

There was no material contract decided to be concluded or concluded during the three months ended June 30, 2014.

3. Analyses of Consolidated Financial Condition, Results of Operations, and Status of Cash Flows

(1) Analyses of Results of Operations

For the three months ended June 30, 2014, revenues of the Company were ¥360.7 billion, the same level as in the corresponding period in the prior year.

Domestic revenues decreased by ¥14.8 billion (11.8%) from the corresponding period in the prior year, to ¥111.4 billion, due to a decrease in revenues in Farm & Industrial Machinery and Water & Environment.

Overseas revenues rose by ¥13.8 billion (5.9%) from the corresponding period in the prior year, to ¥249.4 billion. In Farm & Industrial Machinery, expanded revenues in North America and Europe exceeded decreased revenues in Asia outside Japan. Revenues in Water & Environment and Other also increased.

Operating income increased by ¥5.3 billion (11.3%) from the corresponding period in the prior year, to ¥52.4 billion. The effects of yen depreciation and the impact of increased revenues in overseas markets exceeded the negative impact of decreased revenues in domestic markets.

Income before income taxes and equity in net income of affiliated companies, equivalent to operating income plus other income of ¥0.9 billion, amounted to ¥53.4 billion, which was ¥3.3 billion (6.6%) higher than in the corresponding period in the prior year.

Income taxes were ¥17.6 billion and net income increased by ¥2.6 billion (7.8%) from the corresponding period in the prior year, to ¥36.4 billion.

Net income attributable to Kubota Corporation increased by ¥2.6 billion (8.4%) from the corresponding period in the prior year, to ¥33.4 billion

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "construction" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Other" segment, in conformity with the change in business reporting structure of the Company. The segment information for the first quarter of the prior year has been retrospectively adjusted to conform to the current year presentation.

Revenues from external customers and operating income by each reporting segment were as follows:

1) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, engines, and construction machinery.

Revenues in this segment were ¥300.4 billion, almost the same level as in the corresponding period in the prior year, and accounted for 83.3% of consolidated revenues.

Domestic revenues decreased by 17.1 % from the corresponding period in the prior year, to ¥61.1 billion. Sales of engines and construction machinery grew due to steady demand. However, sales of farm equipment showed a decline due to an adverse reaction to the front-loaded demand before Japan's consumption tax hike.

Overseas revenues increased by 5.8% from the corresponding period in the prior year, to ¥239.3 billion. In North America, sales of tractors recorded a major expansion mainly due to the effects of launching a new line of products. Sale of engines and construction machinery also grew due to the steady economy. Revenues in Europe reported a significant growth due to increased sales of tractors, construction machinery, and engines which were realized from the positive impact of yen depreciation with the continuing economic recovery trend. Revenues in Asia outside Japan decreased due to weak sales of farm equipment in Thailand and China, while sales of construction machinery remained at almost the

same level as in the corresponding period in the prior year.

Operating income in Farm & Industrial Machinery increased by 11.6% from the corresponding period in the prior year, to ¥55.1 billion mainly due to the effects of yen depreciation.

2) 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, spiral-welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products).

Revenues in this segment decreased by 3.3% from the corresponding period in the prior year, to ¥53.8 billion, and accounted for 14.9% of consolidated revenues.

Domestic revenues decreased by 5.5% from the corresponding period in the prior year, to ¥44.0 billion. Revenues from pipe-related products showed a decline due to decreased sales of ductile iron pipes and pumps, while revenues from environment-related products and social infrastructure-related products remained at almost the same level as in the corresponding period in the prior year.

Overseas revenues increased by 7.5% from the corresponding period in the prior year, to ¥9.9 billion. Revenues from pipe-related products decreased due to sluggish sales of ductile iron pipes. Revenues from environment-related products rose, and revenues from social infrastructure-related products expanded substantially due to increased sales of industrial castings.

Operating income in Water & Environment decreased by 28.8% from the corresponding period in the prior year, to ¥1.7 billion.

3) Other

Other is comprised of services and other businesses.

Revenues in this segment increased by 7.1% from the corresponding period in the prior year, to ¥6.4 billion, and accounted for 1.8% of consolidated revenues.

Operating income in Other increased by 52.8% from the corresponding period in the prior year, to ¥0.5 billion.

(2) Analyses of Financial Condition

Total assets at June 30, 2014 amounted to ¥2,091.0 billion, a decrease of ¥13.7 billion from March 31, 2014.

Among assets, notes and accounts receivable decreased by large margins. On the other hand, inventories increased and short- and long-term finance receivables also increased along with an expansion in sales financing programs.

Among liabilities, trade notes and accounts payable decreased. However, the aggregated amount of interest-bearing debt, which is composed of short-term borrowings, current portion of long-term debt, and long-term debt, rose due to an expansion in sales financing programs.

Equity increased because of the accumulation of retained earnings, while accumulated other comprehensive income deteriorated. The shareholders' equity ratio was 45.0%, 0.6 percentage points higher than at the prior fiscal year-end.

(3) Analyses of Status of Cash Flows

Net cash provided by operating activities during the three months ended June 30, 2014 was ¥33.8 billion, a decrease of ¥30.6 billion in cash inflow from the corresponding period in the prior year. This decrease resulted from changes in working capital, such as notes and accounts receivables, inventories, and trade notes and accounts payable as well as a larger decrease in income taxes payable, while net income increased.

Net cash used in investing activities was ¥43.9 billion, an increase of ¥9.7 billion in cash outflow from the corresponding period in the prior year. This increase was mainly due to an increase finance receivables, while cash outflow related to purchases of fixed assets decreased.

Net cash provided by financing activities was ¥10.5 billion, an increase of ¥23.4 billion in cash inflow from the corresponding period in the prior year. This increase was mainly due to proceeds from the issuance of long-term debt and an increase in short-term borrowings.

As a result, after taking account of the effect of exchange rate changes on cash and cash equivalents, cash and cash

equivalents at June 30, 2014 were ¥87.0 billion, almost the same amount as the beginning of the year.

(4) Issues to Address on Business and Finance

There was no material change in the issues for the Company to address and challenge during the three months ended June 30, 2014. Also, no additional issue rose.

(5) Research and Development

The Company's research and development expenses for the three months ended June 30, 2014 were ¥9.5 billion.

3. Information on Kubota Corporation

1. Information on the Stock of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,874,700,000
Total	1,874,700,000

2) Issued Shares

Class	Number of shares issued as of end of period (shares) (June 30, 2014)	Number of shares issued as of filing date (shares) (August 11, 2014)	Stock exchange on which Kubota Corporation is listed	Description
Common stock	1,250,219,180	1,250,219,180	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 1,000 shares.
Total	1,250,219,180	1,250,219,180	—	—

(2) Information on the Stock Acquisition Rights

Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

(4) Information on Shareholder Right Plans

Not applicable

(5) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common stock (¥ in millions)	Balance of common stock (¥ in millions)	Changes in capital reserve (¥ in millions)	Balance of capital reserve (¥ in millions)
From: April 1, 2014	—	1,250,219	¥ —	¥ 84,070	¥ —	¥ 73,057
To: June 30, 2014	—	1,250,219	¥ —	¥ 84,070	¥ —	¥ 73,057

(6) Major Shareholders

Not applicable

(7) Information on Voting Rights

Information on voting rights on the shareholder's list as of March 31, 2014 is stated in this item since Kubota Corporation does not identify the number of voting rights as of June 30, 2014 due to the lack of information.

1) Issued Shares

(As of March 31, 2014)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury stock)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury stock)	(Treasury stock) Common stock:	84,000	—	—
	(Reciprocal share holding) Common stock:	829,000	—	—
Shares with full voting rights (others)	Common stock:	1,246,912,000	1,246,912	—
Shares less than one unit	Common stock:	2,394,180	—	Shares less than one unit (1,000 shares)
Number of issued shares		1,250,219,180	—	—
Total number of voting rights		—	1,246,912	—

(Note)

The "Shares with full voting rights (others)" column includes 1,000 shares (1 voting right) registered in the name of Japan Securities Depository Center, Incorporated.

2) Treasury Stock

(As of March 31, 2014)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury stock)					
Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	84,000	—	84,000	0.00
(Reciprocal share holding)					
Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,000	—	41,000	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.00
Toyama Kubota Corporation	1540, Nishitoheizo, Takaoka-shi, Toyama, JAPAN	9,000	—	9,000	0.00
Chugoku Kubota Corporation	275, Shijikai, Higashi-ku, Okayama, JAPAN	111,000	—	111,000	0.00
Fukuokakyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total reciprocal share holding	—	829,000	—	829,000	0.06
Total	—	913,000	—	913,000	0.07

2. Changes in Directors and Senior Management

There has been no change in the Directors nor senior management since the filing date of the Annual Securities Report for the 124th business term pursuant to the Financial Instruments and Exchange Act of Japan to June 30, 2014.

(Reference Information)

Kubota Corporation adopts the Executive Officer System. There has been no change in the Executive Officers who do not hold the post of Director, since the filing date of the Annual Securities Report for the 124th business term pursuant to the Financial Instruments and Exchange Act of Japan to June 30, 2014.

4. Financial Information

1. Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

(1) Consolidated Balance Sheets

(¥ in millions)

	June 30, 2014	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 86,985	¥ 87,022
Notes and accounts receivable:		
Trade notes	60,195	69,974
Trade accounts	467,663	534,921
Less: Allowance for doubtful notes and accounts receivable	(3,189)	(3,186)
Short-term finance receivables—net	171,743	162,983
Inventories	317,043	299,765
Other current assets	93,673	82,482
Total current assets	1,194,113	1,233,961
Investments and long-term finance receivables:		
Investments in and loan receivables from affiliated companies	23,257	22,631
Other investments	141,631	137,641
Long-term finance receivables—net	354,504	334,112
Total investments and long-term finance receivables	519,392	494,384
Property, plant, and equipment:		
Land	93,111	93,308
Buildings	256,502	255,657
Machinery and equipment	427,491	424,478
Construction in progress	9,760	11,300
Total	786,864	784,743
Less: Accumulated depreciation	(505,264)	(502,042)
Net property, plant, and equipment	281,600	282,701
Other assets:		
Goodwill and intangible assets—net	33,585	34,628
Long-term trade accounts receivable	37,804	35,737
Other	25,031	23,824
Less: Allowance for doubtful non-current receivables	(540)	(578)
Total other assets	95,880	93,611
Total	¥ 2,090,985	¥ 2,104,657

(¥ in millions)

	June 30, 2014	March 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ 185,136	¥ 181,573
Trade notes payable	114,228	40,561
Trade accounts payable	107,579	200,145
Advances received from customers	8,723	7,873
Notes and accounts payable for capital expenditures	16,295	15,262
Accrued payroll costs	30,576	36,829
Accrued expenses	41,859	48,939
Income taxes payable	7,199	36,349
Other current liabilities	68,264	61,626
Current portion of long-term debt	62,315	89,766
Total current liabilities	642,174	718,923
Long-term liabilities:		
Long-term debt	366,223	315,598
Accrued retirement and pension costs	12,128	13,026
Other long-term liabilities	61,184	56,497
Total long-term liabilities	439,535	385,121
Commitments and contingencies		
Equity:		
Kubota Corporation shareholders' equity:		
Common stock, authorized 1,874,700,000 shares and issued 1,250,219,180 shares at June 30, and March 31, 2014	84,070	84,070
Capital surplus	88,650	88,753
Legal reserve	19,539	19,539
Retained earnings	714,663	703,740
Accumulated other comprehensive income	34,722	38,996
Treasury stock (481,958 shares and 473,439 shares at June 30, and March 31, 2014, respectively), at cost	(299)	(287)
Total Kubota Corporation shareholders' equity	941,345	934,811
Non-controlling interests	67,931	65,802
Total equity	1,009,276	1,000,613
Total	¥ 2,090,985	¥ 2,104,657

See notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)

Consolidated Statements of Income

(¥ in millions, except per share amounts)

For the three months ended June 30:	2014	2013
Revenues	¥ 360,725	¥ 361,754
Cost of revenues	248,764	256,781
Selling, general, and administrative expenses	59,351	57,818
Other operating expenses—net	178	65
Operating income	52,432	47,090
Other income (expenses):		
Interest and dividend income	2,026	1,544
Interest expense	(524)	(341)
Gain on sales of securities—net	3	1,356
Foreign exchange gain (loss)—net	115	(2,597)
Other—net	(695)	2,985
Other income (expenses)—net	925	2,947
Income before income taxes and equity in net income of affiliated companies	53,357	50,037
Income taxes:		
Current	9,758	13,074
Deferred	7,830	4,183
Total income taxes	17,588	17,257
Equity in net income of affiliated companies	665	1,028
Net income	36,434	33,808
Less: Net income attributable to non-controlling interests	3,009	2,961
Net income attributable to Kubota Corporation	¥ 33,425	¥ 30,847
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 26.75	¥ 24.56

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

For the three months ended June 30:	2014	2013
Net income	¥ 36,434	¥ 33,808
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(7,303)	13,281
Unrealized gains on securities	2,583	3,804
Unrealized gains on derivatives	10	57
Pension liability adjustments	17	14
Total other comprehensive income (loss)	(4,693)	17,156
Comprehensive income	31,741	50,964
Less: Comprehensive income attributable to non-controlling interests	2,590	3,144
Comprehensive income attributable to Kubota Corporation	¥ 29,151	¥ 47,820

See notes to consolidated financial statements.

(3) Consolidated Statements of Changes in Equity

(¥ in millions, except per share amounts)

	Kubota Corporation shareholders' equity								
	Shares of common stock outstanding (thousands of shares)	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury Stock, at cost	Non-controlling interests	Total equity
Balance at March 31, 2014	1,249,746	¥ 84,070	¥ 88,753	¥ 19,539	¥ 703,740	¥ 38,996	¥ (287)	¥ 65,802	¥ 1,000,613
Net income					33,425			3,009	36,434
Other comprehensive loss						(4,274)		(419)	(4,693)
Cash dividends paid to Kubota Corporation shareholders (¥18 per common share)					(22,502)				(22,502)
Cash dividends paid to non-controlling interests								(563)	(563)
Purchases and sales of treasury stock	(9)						(12)		(12)
Changes in ownership interests in subsidiaries			(103)					102	(1)
Balance at June 30, 2014	1,249,737	¥ 84,070	¥ 88,650	¥ 19,539	¥ 714,663	¥ 34,722	¥ (299)	¥ 67,931	¥ 1,009,276
Balance at March 31, 2013	1,255,951	¥ 84,070	¥ 88,919	¥ 19,539	¥ 605,962	¥ (4,976)	¥ (203)	¥ 58,654	¥ 851,965
Net income					30,847			2,961	33,808
Other comprehensive income						16,973		183	17,156
Cash dividends paid to Kubota Corporation shareholders (¥9 per common share)					(11,307)				(11,307)
Cash dividends paid to non-controlling interests								(595)	(595)
Purchases and sales of treasury stock	(14)						(19)		(19)
Changes in ownership interests in subsidiaries			48					(42)	6
Balance at June 30, 2013	1,255,937	¥ 84,070	¥ 88,967	¥ 19,539	¥ 625,502	¥ 11,997	¥ (222)	¥ 61,161	¥ 891,014

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

(¥ in millions)		
For the three months ended June 30:	2014	2013
Operating activities:		
Net income	¥ 36,434	¥ 33,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,876	8,530
Gain on sales of securities—net	(3)	(1,356)
Equity in net income of affiliated companies	(665)	(1,028)
Deferred income taxes	7,830	4,183
Changes in assets and liabilities:		
Decrease in notes and accounts receivable	71,869	35,204
(Increase) decrease in inventories	(21,386)	7,382
Increase in other current assets	(19,254)	(6,144)
Decrease in trade notes and accounts payable	(18,053)	(5,151)
Decrease in income taxes payable	(28,977)	(6,962)
Decrease in other current liabilities	(3,372)	(3,322)
Decrease in accrued retirement and pension costs	(2,667)	(2,469)
Other	3,217	1,784
Net cash provided by operating activities	33,849	64,459
Investing activities:		
Purchases of fixed assets	(7,895)	(13,096)
Proceeds from sales of property, plant, and equipment	37	446
Proceeds from sales and redemption of investments	10	6,572
Increase in finance receivables	(97,421)	(79,300)
Collection of finance receivables	59,768	48,680
Net decrease in short-term loan receivables from affiliated companies	1,320	2,535
Net (increase) decrease in time deposits	283	(265)
Other	(4)	237
Net cash used in investing activities	(43,902)	(34,191)
Financing activities:		
Proceeds from issuance of long-term debt	138,950	28,613
Repayments of long-term debt	(105,946)	(15,389)
Net increase (decrease) in short-term borrowings	555	(14,252)
Payments of cash dividends	(22,502)	(11,307)
Purchases of treasury stock	(12)	(19)
Purchases of non-controlling interests	-	(3)
Other	(564)	(595)
Net cash provided by (used in) financing activities	10,481	(12,952)
Effect of exchange rate changes on cash and cash equivalents	(465)	2,776
Net increase (decrease) in cash and cash equivalents	(37)	20,092
Cash and cash equivalents, beginning of year	87,022	99,789
Cash and cash equivalents, end of period	¥ 86,985	¥ 119,881

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Kubota Corporation (the "Parent Company") and its subsidiaries (collectively called the "Company") are one of Japan's leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and social infrastructure-related products.

The Company manufactures its products not only in Japan but also in overseas such as in the U.S., Germany, China, Thailand, and other countries, and sales its products in Japan, North America, Europe, Asia, and other countries.

Basis of Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adoption of Specific Accounting Procedures for Quarterly Consolidated Financial Statements

The provision for income taxes is computed by multiplying quarterly income before income taxes and equity in net income of affiliated companies by the estimated annual effective tax rate.

2. INVENTORIES

Inventories are comprised of the following:

(¥ in millions)		
	June 30, 2014	March 31, 2014
Finished products	¥ 192,646	¥ 182,048
Spare parts	40,332	38,690
Work in process	43,029	38,849
Raw materials and supplies	41,036	40,178
	¥ 317,043	¥ 299,765

3. OTHER INVESTMENTS

The following table presents the cost, fair value, and gross unrealized holding gains and losses for securities by major security type:

(¥ in millions)								
	June 30, 2014				March 31, 2014			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	¥ 22,732	¥ 52,070	¥ 29,338	¥ —	¥ 22,732	¥ 51,582	¥ 28,858	¥ 8
Other equity securities	16,486	85,873	69,388	1	16,492	82,380	65,888	—
	¥ 39,218	¥ 137,943	¥ 98,726	¥ 1	¥ 39,224	¥ 133,962	¥ 94,746	¥ 8

The following table presents the gross unrealized losses on, and related fair value of, the Company's available-for-sale securities, aggregated by the length of time that individual equity securities have been in a continuous unrealized loss position:

(¥ in millions)

	June 30, 2014				March 31, 2014			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	¥ —	¥ —	¥ —	¥ —	¥ 161	¥ 8	¥ —	¥ —
Other equity securities	81	1	—	—	—	—	—	—
	¥ 81	¥ 1	¥ —	¥ —	¥ 161	¥ 8	¥ —	¥ —

The following table presents proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales:

(¥ in millions)

	2014	2013
For the three months ended June 30:		
Proceeds from sales of available-for-sale securities	¥ 9	¥ 557
Gross realized gains	3	334
Gross realized losses	—	—

Investments in nonmarketable equity securities of ¥3,688 million and ¥3,679 million were recorded in other investment on the consolidated balance sheets at June 30, and March 31, 2014, respectively. Investments in nonmarketable equity securities for which there is no readily determinable fair value are accounted for using the cost method. Such investments in nonmarketable equity securities were not evaluated for impairment because the Company determined that it was not practicable to estimate the fair value of these investments and did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments.

4. SALES FINANCING RECEIVABLES AND OTHER LOAN RECEIVABLES

Sales Financing Receivables

The Company classifies sales financing receivables into the following three types:

(1) Retail finance receivables

The Company provides retail finance to customers who purchase the Company's farm equipment products from dealers in North America and other areas. Retail finance receivables are purchased under agreements between the Company and dealers in relation to the products offered to individual and corporate end-users. These receivables are recorded at the principal amount and are subsequently carried at amortized cost, less any allowance for credit losses.

(2) Finance lease receivables

The Company also provides finance leases in Japan and Asia outside Japan. Finance lease receivables in Japan relate to the Company's products leased to individual and corporate end-users. Finance lease receivables in Asia outside Japan relate to the Company's farm equipment and construction machinery products leased to individual and corporate end-users. These receivables are recorded at the aggregate of lease payments receivable plus the estimated residual value of the leased property, less unearned income and allowance for credit losses. There was no unguaranteed residual value related to finance leases at June 30, 2014.

(3) Long-term trade accounts receivable

Long-term trade accounts receivable is generated mainly from direct sale to individual end-users in the farm equipment market in Japan and Asia outside Japan.

Retail finance receivables and finance lease receivables are collectively reported as short-term finance receivables—net and long-term finance receivables—net on the consolidated balance sheets. Long-term trade accounts receivable in this note includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. These receivables are secured by the products being sold or financed.

The Company analyzes sales financing receivables by four regions: North America, Japan, Asia outside Japan, and other areas. Credit risks on these receivables are affected by economic conditions, such as consumer demand, unemployment level, and the level of government subsidies, which differ from location to location.

(Credit Quality Indicator)

The Company classifies sales financing receivables into risk categories based on relevant information about the ability of borrowers to service their debt, such as the collection status of receivables, customers’ financial health, historical credit loss experiences, and economic trends. Subsequent to origination, the credit quality indicator of these receivables is updated based on the information available at balance sheet dates and the Company reviews it on a quarterly basis. The Company’s credit quality ratings for these receivables are defined as follows:

- Rank A – These receivables are performing on schedule under their terms. They are not likely to incur losses arising from customers’ inability to repay and the Company expects to collect all amounts due.
- Rank B – These receivables require management’s attention to potential losses but are not categorized as rank C. Such receivables do not indicate that it is individually probable that losses will be incurred arising from customers’ inability to repay.
- Rank C – The Company becomes aware of a customer’s inability to repay, such as a customer’s long-term nonperformance, a bankruptcy filing, or deterioration in a customer’s results of operations or financial position. In such cases, it is probable that losses will be incurred arising from customers’ inability to repay.

The following table presents the recorded investment in sales financing receivables by types of receivables, region, and credit quality indicator:

(¥ in millions)

Credit risk profile by internally assigned rank:	Retail finance receivables		Finance lease receivables		Long-term trade accounts receivable	
	North America	Other areas	Japan	Asia outside Japan	Japan	Asia outside Japan
At June 30, 2014:						
Rank A	¥ 354,114	¥ 10,099	¥ 9,001	¥ 134,917	¥ 71,342	¥ 752
Rank B	16,478	—	141	13,592	1,259	—
Rank C	125	17	—	—	379	—
Total	¥ 370,717	¥ 10,116	¥ 9,142	¥ 148,509	¥ 72,980	¥ 752
At March 31, 2014:						
Rank A	¥ 332,128	¥ 8,990	¥ 9,164	¥ 127,790	¥ 62,562	¥ 883
Rank B	13,456	—	140	16,576	2,232	—
Rank C	65	18	—	—	344	—
Total	¥ 345,649	¥ 9,008	¥ 9,304	¥ 144,366	¥ 65,138	¥ 883

(Aging)

All sales financing receivables are considered past due when a scheduled payment, including principal and interest, has not been received by the contractual due date. If any installment payments have not been received by the contractual due date, the entire remaining balance is classified as being past due.

The following table presents an aging analysis of past due sales financing receivables by types of receivables and region:

(¥ in millions)

Type of receivables	Region	Up to 30 days past due	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total past due	Current	Total
At June 30, 2014:								
Retail finance receivables	North America	¥ 14,769	¥ 1,259	¥ 213	¥ 362	¥ 16,603	¥ 354,114	¥ 370,717
Retail finance receivables	Other areas	—	—	17	—	17	10,099	10,116
Finance lease receivables	Japan	34	19	14	50	117	9,025	9,142
Finance lease receivables	Asia outside Japan	1,274	2,787	1,489	8,042	13,592	134,917	148,509
Long-term trade accounts receivable	Japan	390	227	91	754	1,462	71,518	72,980
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	752	752
Total		¥ 16,467	¥ 4,292	¥ 1,824	¥ 9,208	¥ 31,791	¥ 580,425	¥ 612,216
At March 31, 2014:								
Retail finance receivables	North America	¥ 11,942	¥ 1,071	¥ 139	¥ 368	¥ 13,520	¥ 332,129	¥ 345,649
Retail finance receivables	Other areas	—	—	18	—	18	8,990	9,008
Finance lease receivables	Japan	61	15	17	45	138	9,166	9,304
Finance lease receivables	Asia outside Japan	3,052	2,457	2,718	8,349	16,576	127,790	144,366
Long-term trade accounts receivable	Japan	963	261	147	1,025	2,396	62,742	65,138
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	883	883
Total		¥ 16,018	¥ 3,804	¥ 3,039	¥ 9,787	¥ 32,648	¥ 541,700	¥ 574,348

(Nonaccrual)

Retail finance receivables in North America are placed on nonaccrual status at the earlier of when the contractual principal and interest are determined to be uncollectible or when these receivables become greater than 90 days past the contractual due date. For these receivables on the nonaccrual status, interest income is subsequently recognized only to the extent a cash payment is received. These receivables are restored to accrual status as of the date the principal and interest become 90 days or less past the contractual due date. Nonaccrual retail finance receivables at June 30, and March 31, 2014, amounted to ¥362 million and ¥368 million, respectively.

Retail finance receivables in other areas, finance lease receivables in Japan and Asia outside Japan and long-term trade accounts receivable in Japan and Asia outside Japan are not placed on nonaccrual status, but these receivables are charged off against the allowance for doubtful accounts and credit losses when payments due are no longer expected to be received.

(Troubled Debt Restructuring and Impaired Loans)

The amounts of debts restructured or impaired loans were not material for the three months ended June 30, 2014 and the year ended March 31, 2014.

Loan Receivables from Affiliated Companies

The Company finances loans to affiliated companies mainly through group financing and records such loan receivables from affiliated companies at the principal on the consolidated balance sheets. The amounts of these loan receivables from affiliated companies were ¥3,470 million and ¥4,792 million at June 30, and March 31, 2014, respectively, and such amounts are recorded in other current assets and investment in and loan receivables from affiliated companies on the consolidated balance sheets. These loans are financings provided to the affiliated companies which sell farm equipment products in Japan and historically both the principal and interest have been fully collected by the contractual due date. The Company reviews the credit quality of these loan receivables based on relevant information about the ability of borrowers to service their debt. Since no negative factors in the borrowers' financial condition or collection status of receivables have been identified for the three month ended June 30, 2014 and the year ended March 31, 2014, these loan receivables are expected to be fully collectible by the Company. The credit risk of these loan receivables is primarily developed from the borrowers' business environment such as market demand of farm equipment products.

Other Receivables

The amounts of other receivables and related allowance were not material for the three months ended June 30, 2014 and the year ended March 31, 2014.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDIT LOSSES

An allowance for doubtful accounts and credit losses is established to cover probable losses arising from customers' inability to repay by type of receivables and region.

The allowance for doubtful accounts and credit losses on receivables which will probably not be collected is maintained at a level that is adequate to cover probable losses based on a combination of various factors, such as a customer's ability to repay and collateral values. The allowance for smaller-balance homogeneous receivables is collectively evaluated using reserve rates, which are calculated depending on the period past due, reflecting the collection status of these receivables, historical credit loss experience, economic trends and other factors. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations. Loan receivables from affiliated companies are individually evaluated based on the relevant information, such as historical credit loss experience, and economic trends and conditions.

When amounts due are determined to be uncollectible or the related collateral is repossessed, receivables and the related allowance are charged off. Repossessed assets are recorded at their estimated fair value less costs to sell and reported in other current assets on the consolidated balance sheets, which amounted to ¥254 million and ¥318 million at June 30, and March 31, 2014, respectively. Recoveries on receivables previously charged off as uncollectible are credited to the allowance for doubtful accounts and credit losses.

The following table presents the changes in allowance for doubtful accounts and credit losses and the recorded investment in finance receivables and long-term trade accounts receivable:

(¥ in millions)

Allowance for doubtful accounts and credit losses for the three months ended June 30, 2014:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	¥ 361	¥ 10,871	¥ 416	¥ 11,648
Provision (Reversal)	121	1,431	(1)	1,551
Charge-offs	(125)	(358)	—	(483)
Recoveries	2	—	—	2
Other	114	(180)	—	(66)
Balance at end of period	¥ 473	¥ 11,764	¥ 415	¥ 12,652
Individually evaluated for impairment	142	—	348	490
Collectively evaluated for impairment	331	11,764	67	12,162
Recorded Investment at June 30, 2014:				
Balance at end of period	¥ 380,833	¥ 157,651	¥ 73,732	¥ 612,216
Individually evaluated for impairment	142	—	379	521
Collectively evaluated for impairment	380,691	157,651	73,353	611,695
Allowance for doubtful accounts and credit losses for the three months ended June 30, 2013:				
Balance at beginning of year	¥ 697	¥ 7,608	¥ 594	¥ 8,899
Provision	339	768	49	1,156
Charge-offs	(635)	—	—	(635)
Recoveries	1	—	—	1
Other	27	(124)	—	(97)
Balance at end of period	¥ 429	¥ 8,252	¥ 643	¥ 9,324
Individually evaluated for impairment	55	—	466	521
Collectively evaluated for impairment	374	8,252	177	8,803
Recorded Investment at June 30, 2013:				
Balance at end of period	¥ 324,483	¥ 142,502	¥ 67,727	¥ 534,712
Individually evaluated for impairment	55	—	479	534
Collectively evaluated for impairment	324,428	142,502	67,248	534,178

Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets.

There was no related allowance for loan receivables from affiliated companies for the three months ended June 30, 2014 and 2013.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
At June 30, 2014:					
Financial assets:					
Finance receivables—net	¥ 380,360	¥ —	¥ 376,320	¥ —	¥ 376,320
Long-term trade accounts receivable	73,317	—	77,554	—	77,554
Financial liabilities:					
Long-term debt	(424,435)	—	(422,709)	—	(422,709)
At March 31, 2014:					
Financial assets:					
Finance receivables—net	¥ 354,296	¥ —	¥ 352,753	¥ —	¥ 352,753
Long-term trade accounts receivable	65,605	—	69,618	—	69,618
Financial liabilities:					
Long-term debt	(401,186)	—	(399,059)	—	(399,059)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is based on discounted cash flows using the current market rate. The carrying value of finance receivables—net in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in current portion of long-term debt on the consolidated balance sheets.

The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), short-term borrowings, and other current financial assets and liabilities approximate the fair value because of the short maturity of those instruments. The fair value measurements of these assets and liabilities are categorized into Level 2, except for cash which is categorized into Level 1. The carrying value and fair value of other investments and derivatives are disclosed in Note 7. FAIR VALUE MEASUREMENTS.

7. FAIR VALUE MEASUREMENTS

Assets and liabilities that are measured at fair value on a recurring basis

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

(¥ in millions)

	Level 1	Level 2	Level 3	Total
At June 30, 2014:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 52,070	¥ —	¥ —	¥ 52,070
Other equity securities	85,873	—	—	85,873
Derivatives:				
Foreign exchange contracts	—	513	—	513
Cross-currency swap contracts	—	1,135	—	1,135
Interest rate swap contracts	—	1	—	1
Cross-currency interest rate swap contracts	—	2,945	—	2,945
Total assets	¥ 137,943	¥ 4,594	¥ —	¥ 142,537
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 79	¥ —	¥ 79
Cross-currency swap contracts	—	26	—	26
Interest rate swap contracts	—	59	—	59
Cross-currency interest rate swap contracts	—	163	—	163
Total liabilities	¥ —	¥ 327	¥ —	¥ 327
At March 31, 2014:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 51,582	¥ —	¥ —	¥ 51,582
Other equity securities	82,380	—	—	82,380
Derivatives:				
Foreign exchange contracts	—	160	—	160
Cross-currency swap contracts	—	1,643	—	1,643
Interest rate swap contracts	—	18	—	18
Cross-currency interest rate swap contracts	—	3,262	—	3,262
Total assets	¥ 133,962	¥ 5,083	¥ —	¥ 139,045
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 289	¥ —	¥ 289
Cross-currency swap contracts	—	23	—	23
Interest rate swap contracts	—	64	—	64
Cross-currency interest rate swap contracts	—	207	—	207
Total liabilities	¥ —	¥ 583	¥ —	¥ 583

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions. The reconciliation to the line items presented in the consolidated balance sheets of available-for-sale securities and derivatives are disclosed in Note 3. OTHER INVESTMENTS and Note 8. DERIVATIVE FINANCIAL INSTRUMENTS, respectively.

Assets and liabilities that are measured at fair value on a nonrecurring basis

There were no assets and liabilities that were measured at fair value on a nonrecurring basis for the three months ended June 30, 2014.

The assets and liabilities that were measured at fair value on a nonrecurring basis were not material for the year ended March 31, 2014.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

Foreign Currency Exchange Risks

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets and liabilities in its international operations. The Company entered into foreign exchange forward contracts, foreign currency option contracts (collectively "foreign exchange contracts"), cross-currency swap contracts, and cross-currency interest rate swap contracts which are designated to mitigate its exposure to foreign currency exchange risks.

Interest Rate Risks

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to manage the risks of its fixed and variable rate exposures.

Cash Flow Hedges

The accounting treatments of changes in the fair value of foreign exchange contracts, interest rate swap contracts and cross-currency interest rate swap contracts depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income. As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swap contracts, the amounts are reclassified into earnings when the related interest expense is recognized. In the case of cross-currency interest rate swap contracts, the amounts are reclassified into earnings through interest expense and foreign exchange gain (loss) when the related earnings are recognized. The unrecognized net loss (net of tax) of approximately ¥11 million on derivatives included in accumulated other comprehensive income at June 30, 2014 will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

Derivatives Not Designated as Hedging Instruments

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, cross-currency swap contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Values of Derivative Instruments and Income Effect of Derivative Instruments

The following table presents fair values of derivative instruments:

(¥ in millions)

	Other current assets		Other assets — Other		Other current liabilities		Other long-term liabilities		
	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014	
Derivatives designated as hedging instruments:									
Interest rate swap contracts	¥ 1	¥ 18	¥ —	¥ —	¥ 18	¥ 46	¥ —	¥ 2	
Total derivatives designated as hedging instruments	¥ 1	¥ 18	¥ —	¥ —	¥ 18	¥ 46	¥ —	¥ 2	
Derivatives not designated as hedging instruments:									
Foreign exchange contracts	¥ 513	¥ 160	¥ —	¥ —	¥ 79	¥ 289	¥ —	¥ —	
Cross-currency swap contracts	860	1,234	275	409	26	23	—	—	
Interest rate swap contracts	—	—	—	—	38	16	3	—	
Cross-currency interest rate swap contracts	1,470	1,610	1,475	1,652	35	99	128	108	
Total derivatives not designated as hedging instruments	¥ 2,843	¥ 3,004	¥ 1,750	¥ 2,061	¥ 178	¥ 427	¥ 131	¥ 108	
Total	¥ 2,844	¥ 3,022	¥ 1,750	¥ 2,061	¥ 196	¥ 473	¥ 131	¥ 110	

The following table presents income effects of derivatives:

(¥ in millions)

For the three months ended June 30:	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax		
	Effective portion recognized in other comprehensive income (loss)	Consolidated statements of income line item	Effective portion reclassified from accumulated other comprehensive income to net income
Derivative instruments in cash flow hedges			
2014:			
Interest rate swap contracts	¥ 6	Interest expense	¥ (7)
Total	¥ 6		¥ (7)
2013:			
Interest rate swap contracts	¥ 81	Interest expense	¥ (7)
Total	¥ 81		¥ (7)

(¥ in millions)

For the three months ended June 30:	Gain (Loss) recognized in net Income, before tax	
Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income
2014:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ 1,170
Cross-currency swap contracts	Foreign exchange gain (loss)—net	(540)
Interest rate swap contracts	Other—net	(6)
Cross-currency interest rate swap contracts	Other—net	(614)
Total		¥ 10
2013:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (3,092)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	488
Interest rate swap contracts	Other—net	2
Cross-currency interest rate swap contracts	Other—net	3,048
Total		¥ 446

The amount of gain or loss related to the hedging ineffectiveness was not material.

9. PLEDGED ASSETS

Assets pledged as collateral are comprised of the following:

(¥ in millions)

	June 30, 2014	March 31, 2014
Trade notes	¥ 100	¥ 58
Trade accounts	556	561
Short-term finance receivables	25,366	19,680
Other current assets ^{*1}	3,756	746
Long-term finance receivables	56,458	38,653
Property, plant, and equipment	1,617	1,482
Total	¥ 87,853	¥ 61,180

^{*1} Other current assets represent the restricted cash which is pledged as collateral in accordance with the terms of borrowings.

The above assets were pledged against the following liabilities:

(¥ in millions)

	June 30, 2014	March 31, 2014
Short-term borrowings	¥ 835	¥ 807
Current portion of long-term debt	22,602	17,436
Long-term debt	50,744	34,632
Total	¥ 74,181	¥ 52,875

10. RETIREMENT AND PENSION PLANS

The following table presents the components of the total net periodic benefit cost:

(¥ in millions)				
For the three months ended June 30:				
	2014		2013	
Service cost	¥	1,695	¥	1,850
Interest cost		713		750
Expected return on plan assets		(1,076)		(955)
Amortization of prior service benefit		(86)		(184)
Amortization of actuarial loss		124		270
Total	¥	1,370	¥	1,731

11. SUPPLEMENTAL EXPENSE INFORMATION

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation and amortization included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions)				
For the three months ended June 30:				
	2014		2013	
Research and development expenses	¥	9,477	¥	8,079
Advertising costs		3,017		2,536
Shipping and handling costs		14,989		12,582
Depreciation and amortization		8,876		8,530

Other operating expenses—net for the three months ended June 30, 2014 included a loss from sales and disposals of fixed assets of ¥178 million.

Other operating expenses—net for the three months ended June 30, 2013 included a loss from sales and disposals of fixed assets of ¥63 million.

12. NET INCOME ATTRIBUTABLE TO KUBOTA CORPORATION PER COMMON SHARE

The following table presents the numerator and the denominator to calculate net income attributable to Kubota Corporation per common share—Basic:

For the three months ended June 30:				
	2014		2013	
Net income attributable to Kubota Corporation (¥ in millions)		¥33,425		¥ 30,847
Weighted average number of shares (in thousands)		1,249,740		1,255,940

There are no potentially dilutive shares outstanding for the three months ended June 30, 2014 and 2013.

13. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and non-controlling interests—net of tax:

(¥ in millions)

For the three months ended June 30:	2014			2013		
	Kubota Corporation	Non- controlling interests	Total	Kubota Corporation	Non- controlling interests	Total
Foreign currency translation adjustments	¥ (6,923)	¥ (380)	¥ (7,303)	¥ 13,246	¥ 35	¥ 13,281
Unrealized gains on securities	2,621	(38)	2,583	3,660	144	3,804
Unrealized gains on derivatives	10	—	10	57	—	57
Pension liability adjustments	18	(1)	17	10	4	14
Other comprehensive income (loss)	¥ (4,274)	¥ (419)	¥ (4,693)	¥ 16,973	¥ 183	¥ 17,156

The following table presents the changes in the accumulated balances for each component of accumulated other comprehensive income attributable to the Company:

(¥ in millions)

For the three months ended June 30:	Foreign currency translation adjustments	Unrealized gains on securities	Unrealized losses on derivatives	Pension liability adjustments	Total
2014:					
Beginning balance	¥ 8,361	¥ 44,869	¥ (21)	¥ (14,213)	¥ 38,996
Other comprehensive income (loss) before reclassification	(6,923)	2,623	5	(7)	(4,302)
Reclassification to net income	—	(2)	5	25	28
Net gain	(6,923)	2,621	10	18	(4,274)
Ending balance	¥ 1,438	¥ 47,490	¥ (11)	¥ (14,195)	¥ 34,722
2013:					
Beginning balance	¥ (22,650)	¥ 35,127	¥ (76)	¥ (17,377)	¥ (4,976)
Other comprehensive income (loss) before reclassification	13,246	3,875	53	(41)	17,133
Reclassification to net income	—	(215)	4	51	(160)
Net gain	13,246	3,660	57	10	16,973
Ending balance	¥ (9,404)	¥ 38,787	¥ (19)	¥ (17,367)	¥ 11,997

The following table presents the effect of the reclassifications out of accumulated other comprehensive income on the consolidated statements of income:

(¥ in millions)

For the three months ended June 30:

	Amount reclassified from accumulated other comprehensive income		*1 Affected line item in the statement where net income is presented
2014:			
Unrealized gains on securities	¥	(3)	Gain on sales of securities—net
		1	Income taxes
		(2)	Net income attributable to Kubota Corporation
Unrealized gains on derivatives		7	Interest expense
		(2)	Income taxes
		5	Net income attributable to Kubota Corporation
Pension liability adjustments		38	*2
		(14)	Income taxes
		24	Net income
		1	Net income attributable to non-controlling interests
		25	Net income attributable to Kubota Corporation
Total	¥	28	
2013:			
Unrealized gains on securities	¥	(334)	Gain on sales of securities—net
		119	Income taxes
		(215)	Net income attributable to Kubota Corporation
Unrealized gains on derivatives		7	Interest expense
		(3)	Income taxes
		4	Net income attributable to Kubota Corporation
Pension liability adjustments		86	*2
		(31)	Income taxes
		55	Net income
		(4)	Net income attributable to non-controlling interests
		51	Net income attributable to Kubota Corporation
Total	¥	(160)	

*1 Indicates decrease (increase) earnings in the consolidated statements of income.

*2 Included in net periodic benefit costs (See Note 10. RETIREMENT AND PENSION PLANS).

14. DIVIDENDS

Dividends Paid

Resolution	Class of shares	Appropriation from	Cash dividends (¥ in millions)	Cash dividends per share	Record date	Effective date
The Meeting of the Board of Directors on May 13, 2014	Common stock	Retained earnings	¥22,502	¥18.00	March 31, 2014	June 23, 2014

Dividends of which Record Date is in the Three Months Ended June 30, 2014 and of which Effective Date is after June 30, 2014

Not applicable

15. COMMITMENTS AND CONTINGENCIES

Guarantees

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of one to four years. The maximum potential amount of undiscounted future payments of these financial guarantees at June 30, 2014 was ¥14,400 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

Legal Proceedings

Since May 2007, the Company has been subject to 27 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese Government and asbestos-related companies including the Company. The claims for compensation totaling ¥25,039 million consisted mostly of 23 lawsuits, which concerned a total of 647 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese Government and 44 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 23 lawsuits. The Company discloses the aggregate claimed amount of the above ¥25,039 million as the maximum within the reasonably possible range of loss because the expected loss will be between zero and the aggregate claimed amount. The Company is currently unable to develop an amount that appears at this time to be a better estimate than any other amount within the range.

Among the major 23 lawsuits, two district courts ruled in favor of 44 asbestos-related companies including the Company, but the plaintiff appealed the court ruling right after the judgment. Since the above cases will be also continued until the ultimate outcome is reached, the Company believes that the current developments in the cases do not provide any additional information that would facilitate the Company to expect the ultimate outcome and the timing of termination of these asbestos related lawsuits as a whole.

Matters Related to the Health Hazard of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, used to produce asbestos-related products in the past. The Company established a relief payment program in place of the consolation payment to the residents who lived near the Company's plant and suffered from asbestos-related diseases in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides the compensation which is not required by law but is made in accordance with the Company's internal policies.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases ("the New Asbestos Law") was established by the Japanese government, and the contribution made by business entities includes a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

The Company expenses payments to certain residents who lived near the Company's plant and current and former employees when the Company determines that a payment is warranted.

The Company also accrues an estimated loss from asbestos-related matters by a charge to income if both of the following conditions are met:

- (a) It is probable that a liability has been incurred at the date of financial statements.
- (b) The amount of loss can be reasonably estimated.

The Company has accrued balances for the asbestos-related expenses of ¥269 million and ¥285 million at June 30, and March 31, 2014, respectively. The accrual includes possible payments to certain residents who lived near the Company's plant current and former employees, and the special contribution in accordance with the New Asbestos Law.

Though the Company is not certain if the claimants who are currently under review will meet the Company's specified criteria at the time of their filing claims with the Company, the Company accrued the possible payments calculated by using the historical designation rate of the Company's payment program since the payments to those claimants are considered to be probable. The Company believes it is not possible to reasonably estimate the number of residents who lived near the Company's plant and current and former employees will apply for payments in the future. Accordingly, such payments are not included in the accrued amounts as described above.

The Company believes it is not possible to reasonably estimate the possible loss or range of loss relating to this contingency.

Segment Information

KUBOTA Corporation and its Subsidiaries

16. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services which are categorized into the following three segments: Farm & Industrial Machinery; Water & Environment; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, and construction machinery. The Water & Environment segment manufactures and distributes 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, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products). The Other segment includes services and other businesses.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief operating decision maker in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "construction" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Other" segment, in conformity with the change in business reporting structure of the Company. The segment information for the first quarter of the prior year has been retrospectively adjusted to conform to the current year presentation.

Reporting Segments

Information by reporting segment is summarized as follows:

(¥ in millions)

For the three months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2014:					
Revenues:					
External customers	¥ 300,447	¥ 53,845	¥ 6,433	¥ —	¥ 360,725
Intersegment	12	633	5,125	(5,770)	—
Total	300,459	54,478	11,558	(5,770)	360,725
Operating income	¥ 55,098	¥ 1,714	¥ 512	¥ (4,892)	¥ 52,432
2013:					
Revenues:					
External customers	¥ 300,047	¥ 55,698	¥ 6,009	¥ —	¥ 361,754
Intersegment	13	716	4,825	(5,554)	—
Total	300,060	56,414	10,834	(5,554)	361,754
Operating income	¥ 49,373	¥ 2,407	¥ 335	¥ (5,025)	¥ 47,090

(Notes)

1. "Adjustments" include the elimination of intersegment transfers and the unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those in the consolidated statements of income. Refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment transfers are recorded at values that approximate market prices.

Geographic Information

Information about revenues from external customers by destination is summarized as follows:

(¥ in millions)

For the three months ended June 30:		2014	2013
Revenues from external customers by destination:			
Japan	¥	111,368	¥ 126,199
North America		112,431	91,076
Europe		58,150	46,703
Asia outside Japan		68,965	87,436
Other areas		9,811	10,340
Total	¥	360,725	¥ 361,754

(Notes)

1. Revenues from North America include those from the United States of ¥97,291 million and ¥77,863 million for the three months ended June 30, 2014 and 2013, respectively.
2. There is no single customer from whom revenues exceeds 10% of total consolidated revenues of the Company.

17. SUBSEQUENT EVENT

Not applicable

2. Other

On May 13, 2014, the Company's Board of Directors resolved to pay cash dividends as follows:

1) Shareholders to Be Paid Cash Dividends

Shareholders of record on March 31, 2014

2) Amount of Dividends

¥18 per common share, a total of ¥22,502 million

3) Effective Date of Claim of Payment and Start Date of Payment

June 23, 2014

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 11, 2014
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, President and Representative Director
[Title and Name of CFO]	Shigeru Kimura, Director and Senior Managing Executive Officer General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Masatoshi Kimata, President and Representative Director and Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters confirmed that statements contained in the Quarterly Report for the first quarter of 125th fiscal year (from April 1, 2014 to June 30, 2014) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable