

[Translation]

Quarterly Report

(The Third Quarter of 125th Business Term)
From October 1, 2014 to December 31, 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.]	+81-3-3245-3111
[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)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013	Year ended March 31, 2014
Revenues	¥ 1,144,694 [399,633]	¥ 1,085,867 [356,810]	¥ 1,508,590
Income before income taxes and equity in net income of affiliated companies	158,087	155,495	211,293
Net income attributable to Kubota Corporation	101,393 [35,302]	96,009 [28,605]	131,661
Comprehensive income	192,633	160,915	188,338
Total Kubota Corporation Shareholders' equity	1,073,591	920,020	934,811
Total equity	1,155,055	988,224	1,000,613
Total assets	2,462,291	2,092,864	2,104,657
Net income attributable to Kubota Corporation per common share:			
Basic	81.13 [28.25]	76.44 [22.78]	104.94
Diluted	—	—	—
Total Kubota Corporation shareholders' equity ratio (%)	43.6	44.0	44.4
Net cash provided by operating activities	70,237	90,215	83,322
Net cash used in investing activities	(109,790)	(86,275)	(104,209)
Net cash provided by financing activities	65,118	2,958	3,214
Cash and cash equivalents, end of period	120,576	112,883	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. The figures of "Revenues," "Net income attributable to Kubota Corporation," and "Net income attributable to Kubota Corporation per common share—basic" in square brackets are those for the three months ended December 31, 2014 and 2013, respectively.
3. Revenues do not include consumption taxes.
4. "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.
5. 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 the business reporting structure of the Company.

2. Business Overview

1. Risk Factors

For the nine months ended December 31, 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 for the three months ended December 31, 2014.

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

(1) Analyses of Results of Operations

For the nine months ended December 31, 2014, revenues of the Company increased by ¥58.8 billion (5.4%) from the corresponding period in the prior year, to ¥1,144.7 billion.

Domestic revenues decreased by ¥48.4 billion (11.2%) from the corresponding period in the prior year, to ¥382.7 billion, due to a decrease in revenues in all segments of Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenues rose by ¥107.2 billion (16.4%) from the corresponding period in the prior year, to ¥762.0 billion. In Farm & Industrial Machinery, revenues increased due to growing sales in North America and Europe and the effect of yen depreciation. Revenues in Water & Environment also increased.

Operating income increased by ¥4.7 billion (3.2%) from the corresponding period in the prior year, to ¥149.3 billion. The impact of higher revenues in overseas markets and the effect of yen depreciation exceeded the negative impact of lower revenues in domestic markets. Income before income taxes and equity in net income of affiliated companies increased by ¥2.6 billion (1.7%) from the corresponding period in the prior year, to ¥158.1 billion, due to a higher operating income and improvement in the foreign exchange gain (loss)-net account, which surpassed a decrease in gain on sales of securities. Income taxes were ¥49.6 billion and net income increased by ¥6.3 billion (6.1%) from the corresponding period in the prior year, to ¥110.3 billion. Net income attributable to Kubota Corporation increased by ¥5.4 billion (5.6%) from the corresponding period in the prior year, to ¥101.4 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 the business reporting structure of the Company. The segment information for the nine and three months ended December 31, 2013 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 grew by 5.7% from the corresponding period in the prior year, to ¥904.4 billion, and accounted for 79.0% of consolidated revenues.

Domestic revenues decreased by 19.8% from the corresponding period in the prior year, to ¥188.1 billion. Sales of farm equipment showed a decline due to an adverse reaction to the front-loaded demand before Japan's consumption tax hike in the prior year, and lower motivation to buy farm equipment among customers due to the reduction in rice prices. On the other hand, sales of construction machinery and engines increased due to a rise in public works spending and firm demand supported by economic recovery.

Overseas revenues increased by 15.4% from the corresponding period in the prior year, to ¥716.3 billion. In North America, sales of tractors increased mainly due to market expansion and the effect of launching new lines of products. Sales of construction machinery and engines also increased significantly due to the rise in demand from the civil engineering and construction industry along with the economic recovery and steady demand in the housing markets. In Europe, sales of tractors, construction machinery, and engines rose significantly due to the effect of yen depreciation,

and the favorable economic situation in the UK and the expansion in new markets, such as Poland. Revenues in Asia outside Japan showed a slight increase, due to increasing sales in Thailand and the growth of farm equipment business in some countries in Southeast Asia and India, while sales in China, which is one of the principal markets, were weak.

Operating income in Farm & Industrial Machinery increased by 1.7% from the corresponding period in the prior year, to ¥148.1 billion. Increased revenues in North America and Europe, and the effect of yen depreciation, compensated for the decrease in revenues in domestic markets.

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 grew by 4.7% from the corresponding period in the prior year, to ¥220.3 billion, and accounted for 19.2% of consolidated revenues.

Domestic revenues decreased by 0.9% from the corresponding period in the prior year, to ¥175.2 billion. Revenues from pipe-related products decreased due to lower sales of ductile iron pipes and pumps, while sales of valves and construction increased. Revenues from environment-related products rose slightly due to higher sales of waste water treatment equipment and plants. Revenues from social infrastructure-related products also increased due to higher sales of spiral-welded steel pipes.

Overseas revenues rose by 34.7% from the corresponding period in the prior year, to ¥45.1 billion. Revenues from pipe-related products increased sharply due to higher sales of ductile iron pipes and valves. Revenues from environment-related products and social infrastructure-related products also increased due to higher sales of membrane systems, industrial casting and vending machines.

Operating income in Water & Environment increased by 13.2% from the corresponding period in the prior year, to ¥14.7 billion.

3) Other

Other is comprised of services and other businesses.

Revenues in this segment decreased by 1.0% from the corresponding period in the prior year, to ¥20.0 billion, and accounted for 1.8% of consolidated revenues.

Operating income in Other decreased by 7.7% from the corresponding period in the prior year, to ¥1.8 billion.

(2) Analyses of Financial Condition

Total assets at December 31, 2014 amounted to ¥2,462.3 billion, an increase of ¥357.6 billion from March 31, 2014.

Among assets, notes and accounts receivable, inventories, and short- and long-term finance receivables increased from the prior year-end due to the yen's sharp depreciation, expansion of sales, and other factors.

Among liabilities, the aggregated amount of interest-bearing debt, which is composed of short-term borrowings, current portion of long-term debt, and long-term debt, increased due to the effect of yen depreciation, an expansion in sales financing operations in overseas market, and other factors.

Equity increased because of the accumulation of retained earnings and changes in accumulated other comprehensive income. The shareholders' equity ratio was 43.6%, 0.8 percentage points lower than at the prior fiscal year-end.

(3) Analyses of Status of Cash Flows

Net cash provided by operating activities for the nine months ended December 31, 2014 was ¥70.2 billion, a decrease of ¥20.0 billion in cash inflow from the corresponding period in the prior year. This decrease resulted from a decrease in income taxes payable, while net income increased.

Net cash used in investing activities was ¥109.8 billion, an increase of ¥23.5 billion in cash outflow from the corresponding period in the prior year. This increase was mainly due to a decrease in proceeds from sales of investments and an increase in finance receivables.

Net cash provided by financing activities was ¥65.1 billion, an increase of ¥62.2 billion in cash inflow from the corresponding period in the prior year. This increase was mainly due to proceeds from issuance of long-term debt, while payments of cash dividends increased.

As a result, after taking account of the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at December 31, 2014 were ¥120.6 billion, an increase of ¥33.6 billion from 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 on and challenge for the nine months ended December 31, 2014. Also, no additional issue rose.

(5) Research and Development

The Company's research and development expenses for the nine months ended December 31, 2014 were ¥29.8 billion.

(6) Major Property, Plants, and Equipment

The following table presents a plan for new construction of material property, plants, and equipment which was newly decided during the nine months ended December 31, 2014:

Company name Facility (Location)	Reporting segment	Description	Estimated amount of expenditures (¥ in millions)		Schedule	
			Total amount of expenditures	Amount already paid	Commenced	To be completed
Kubota Corporation Sakai Plant (Sakai-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Building of a new research and development facility for Farm & Industrial Machinery	4,890	—	October 2014	June 2017

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) (December 31, 2014)	Number of shares issued as of filing date (shares) (February 12, 2015)	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: October 1, 2014	—	1,250,219	¥ —	¥ 84,070	¥ —	¥ 73,057
To: December 31, 2014						

(6) Major Shareholders

Not applicable

(7) Information on Voting Rights

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

1) Issued Shares

(As of September 30, 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:	103,000	—	—
	(Reciprocal share holding) Common stock:	829,000		
Shares with full voting rights (others)	Common stock:	1,246,933,000	1,246,933	—
Shares less than one unit	Common stock:	2,354,180	—	Shares less than one unit (1,000 shares)
Number of issued shares		1,250,219,180	—	—
Total number of voting rights		—	1,246,933	—

(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 September 30, 2014)

Name of shareholder (Treasury stock)	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 (%)
Kubota Corporation	2-47, Shikitsuhashi 1-chome, Naniwa-ku, Osaka, JAPAN	103,000	—	103,000	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	—	932,000	—	932,000	0.07

2. Changes in Directors and Senior Management

Changes in Directors and 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 December 31, 2014 are as follows:

Changes in positions and responsibilities of senior managements

New positions and responsibilities		Former positions and responsibilities		Name	Date of changes
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Planning & Control Headquarters	Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Planning & Control Headquarters, General Manager of Corporate Planning & Control Dept.	Shigeru Kimura	July 1, 2014
President and Representative Director of Kubota Corporation	—	Representative Director and Executive Vice President of Kubota Corporation	General Manager of Procurement Headquarters	Masatoshi Kimata	July 8, 2014
Representative Director and Executive Vice President of Kubota Corporation	General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office	Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office	Toshihiro Kubo	July 8, 2014
Representative Director and Executive Vice President of Kubota Corporation	General Manager of CSR Planning & Coordination Headquarters, General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center	Representative Director and Executive Vice President of Kubota Corporation	General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center		October 1, 2014
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Procurement Headquarters, General Manager of Quality Assurance & Manufacturing Headquarters, General Manager of Health & Safety Promotion Headquarters	Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Quality Assurance & Manufacturing Headquarters, General Manager of Health & Safety Promotion Headquarters	Kenshiro Ogawa	July 8, 2014

(Reference Information)

Kubota Corporation adopts the Executive Officer System. Changes 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 December 31, 2014 are as follows:

Changes in positions and responsibilities of senior managements

New positions and responsibilities		Former positions and responsibilities		Name	Date of changes
Executive Officer of Kubota Corporation	General Manager of Corporate Planning & Control Dept.	Executive Officer of Kubota Corporation	General Manager of Global Management Promotion Department	Yoshiyuki Fujita	July 1, 2014
Executive Officer of Kubota Corporation	Deputy General Manager of Planning & Control Headquarters, General Manager of Corporate Planning & Control Dept.	Executive Officer of Kubota Corporation	General Manager of Corporate Planning & Control Dept.		October 1, 2014
Managing Executive Officer of Kubota Corporation	Deputy General Manager of CSR Planning & Coordination Headquarters	Managing Executive Officer of Kubota Corporation	General Manager of CSR Planning & Coordination Headquarters	Kunio Suwa	October 1, 2014
Executive Officer of Kubota Corporation	President of Kverneland AS	Executive Officer of Kubota Corporation	President of Kubota Europe S.A.S.	Dai Watanabe	December 1, 2014
Executive Officer of Kubota Corporation	President of Kubota Europe S.A.S.	Executive Officer of Kubota Corporation	Deputy General Manager of Engine Division, General Manager of Engine Planning & Sales Promotion Dept.	Nobuyuki Ishii	December 1, 2014

4. Financial Information

1. Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

(1) Consolidated Balance Sheets

(¥ in millions)

	December 31, 2014	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 120,576	¥ 87,022
Notes and accounts receivable:		
Trade notes	86,084	69,974
Trade accounts	552,985	534,921
Less: Allowance for doubtful notes and accounts receivable	(4,007)	(3,186)
Short-term finance receivables—net	210,483	162,983
Inventories	354,756	299,765
Other current assets	119,270	82,482
Total current assets	1,440,147	1,233,961
Investments and long-term finance receivables:		
Investments in and loan receivables from affiliated companies	24,457	22,631
Other investments	150,124	137,641
Long-term finance receivables—net	447,159	334,112
Total investments and long-term finance receivables	621,740	494,384
Property, plant, and equipment:		
Land	94,395	93,308
Buildings	269,361	255,657
Machinery and equipment	452,055	424,478
Construction in progress	9,771	11,300
Total	825,582	784,743
Less: Accumulated depreciation	(525,933)	(502,042)
Net property, plant, and equipment	299,649	282,701
Other assets:		
Goodwill and intangible assets—net	33,229	34,628
Long-term trade accounts receivable	35,344	35,737
Other	32,791	23,824
Less: Allowance for doubtful non-current receivables	(609)	(578)
Total other assets	100,755	93,611
Total	¥ 2,462,291	¥ 2,104,657

(¥ in millions)

	December 31, 2014	March 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ 217,801	¥ 181,573
Trade notes payable	150,821	40,561
Trade accounts payable	105,091	200,145
Advances received from customers	9,364	7,873
Notes and accounts payable for capital expenditures	13,715	15,262
Accrued payroll costs	31,464	36,829
Accrued expenses	55,342	48,939
Income taxes payable	8,456	36,349
Other current liabilities	73,836	61,626
Current portion of long-term debt	116,843	89,766
Total current liabilities	782,733	718,923
Long-term liabilities:		
Long-term debt	438,992	315,598
Accrued retirement and pension costs	12,583	13,026
Other long-term liabilities	72,928	56,497
Total long-term liabilities	524,503	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 December 31, and March 31, 2014	84,070	84,070
Capital surplus	88,691	88,753
Legal reserve	19,539	19,539
Retained earnings	767,630	703,740
Accumulated other comprehensive income	113,994	38,996
Treasury stock (503,343 shares and 473,439 shares at December 31, and March 31, 2014, respectively), at cost	(333)	(287)
Total Kubota Corporation shareholders' equity	1,073,591	934,811
Non-controlling interests	81,464	65,802
Total equity	1,155,055	1,000,613
Total	¥ 2,462,291	¥ 2,104,657

See notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)
For the nine months ended December 31, 2014 and 2013

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2014	2013
Revenues	¥ 1,144,694	¥ 1,085,867
Cost of revenues	800,396	760,316
Selling, general, and administrative expenses	196,513	180,350
Other operating expenses (income)—net	(1,526)	551
Operating income	149,311	144,650
Other income (expenses):		
Interest and dividend income	4,492	3,861
Interest expense	(1,041)	(1,208)
Gain on sales of securities—net	676	4,696
Foreign exchange gain (loss)—net	6,233	(2,274)
Other—net	(1,584)	5,770
Other income (expenses)—net	8,776	10,845
Income before income taxes and equity in net income of affiliated companies	158,087	155,495
Income taxes:		
Current	41,908	48,496
Deferred	7,709	6,022
Total income taxes	49,617	54,518
Equity in net income of affiliated companies	1,789	2,985
Net income	110,259	103,962
Less: Net income attributable to non-controlling interests	8,866	7,953
Net income attributable to Kubota Corporation	¥ 101,393	¥ 96,009
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 81.13	¥ 76.44

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2014	2013
Net income	¥ 110,259	¥ 103,962
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	73,937	39,645
Unrealized gains on securities	8,512	17,335
Unrealized gains (losses) on derivatives	11	(14)
Pension liability adjustments	(86)	(13)
Total other comprehensive income	82,374	56,953
Comprehensive income	192,633	160,915
Less: Comprehensive income attributable to non-controlling interests	16,242	10,544
Comprehensive income attributable to Kubota Corporation	¥ 176,391	¥ 150,371

See notes to consolidated financial statements.

For the three months ended December 31, 2014 and 2013

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2014	2013
Revenues	¥ 399,633	¥ 356,810
Cost of revenues	281,239	245,323
Selling, general, and administrative expenses	71,067	66,790
Other operating expenses (income)—net	(1,800)	371
Operating income	49,127	44,326
Other income (expenses):		
Interest and dividend income	1,802	1,722
Interest expense	(158)	(535)
Gain on sales of securities—net	496	1,007
Foreign exchange gain—net	1,259	122
Other—net	2,003	2,885
Other income (expenses)—net	5,402	5,201
Income before income taxes and equity in net income of affiliated companies	54,529	49,527
Income taxes:		
Current	14,081	15,150
Deferred	2,044	3,780
Total income taxes	16,125	18,930
Equity in net income of affiliated companies	569	813
Net income	38,973	31,410
Less: Net income attributable to non-controlling interests	3,671	2,805
Net income attributable to Kubota Corporation	¥ 35,302	¥ 28,605
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 28.25	¥ 22.78

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2014	2013
Net income	¥ 38,973	¥ 31,410
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	49,602	27,115
Unrealized gains on securities	6,497	8,364
Unrealized gains (losses) on derivatives	1	(67)
Pension liability adjustments	(106)	(22)
Total other comprehensive income	55,994	35,390
Comprehensive income	94,967	66,800
Less: Comprehensive income attributable to non-controlling interests	8,228	5,056
Comprehensive income attributable to Kubota Corporation	¥ 86,739	¥ 61,744

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					101,393			8,866	110,259
Other comprehensive income						74,998		7,376	82,374
Cash dividends paid to Kubota Corporation shareholders (¥30 per common share)					(37,503)				(37,503)
Cash dividends paid to non-controlling interests								(636)	(636)
Purchases and sales of treasury stock	(30)						(46)		(46)
Changes in ownership interests in subsidiaries			(62)					56	(6)
Balance at December 31, 2014	1,249,716	¥ 84,070	¥ 88,691	¥ 19,539	¥ 767,630	¥ 113,994	¥ (333)	¥ 81,464	¥ 1,155,055
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					96,009			7,953	103,962
Other comprehensive income						54,362		2,591	56,953
Cash dividends paid to Kubota Corporation shareholders (¥19 per common share)					(23,870)				(23,870)
Cash dividends paid to non-controlling interests								(611)	(611)
Purchases and sales of treasury stock	(50)						(76)		(76)
Changes in ownership interests in subsidiaries			284					(383)	(99)
Balance at December 31, 2013	1,255,901	¥ 84,070	¥ 89,203	¥ 19,539	¥ 678,101	¥ 49,386	¥ (279)	¥ 68,204	¥ 988,224

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

(¥ in millions)		
For the nine months ended December 31:	2014	2013
Operating activities:		
Net income	¥ 110,259	¥ 103,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,072	25,932
Gain on sales of securities—net	(676)	(4,696)
(Gain) loss from disposal of fixed assets—net	(1,538)	267
Equity in net income of affiliated companies	(1,789)	(2,985)
Deferred income taxes	7,709	6,022
Changes in assets and liabilities:		
(Increase) decrease in notes and accounts receivable	4,705	(17,603)
Increase in inventories	(30,943)	(20,794)
Increase in other current assets	(23,758)	(16,133)
Increase in trade notes and accounts payable	6,696	8,700
Increase (decrease) in income taxes payable	(29,421)	3,153
Increase in other current liabilities	4,803	8,006
Decrease in accrued retirement and pension costs	(8,018)	(7,437)
Other	4,136	3,821
Net cash provided by operating activities	70,237	90,215
Investing activities:		
Purchases of fixed assets	(33,566)	(37,769)
Purchases of investments	(15)	(1,305)
Proceeds from sales of property, plant, and equipment	3,111	967
Proceeds from sales and redemption of investments	1,304	11,502
Increase in finance receivables	(262,814)	(203,442)
Collection of finance receivables	187,162	143,330
Net (increase) decrease in short-term loan receivables from affiliated companies	(2,843)	846
Net (increase) decrease in time deposits	203	(812)
Other	(2,332)	408
Net cash used in investing activities	(109,790)	(86,275)
Financing activities:		
Proceeds from issuance of long-term debt	318,689	91,706
Repayments of long-term debt	(222,447)	(52,393)
Net increase (decrease) in short-term borrowings	7,059	(11,699)
Payments of cash dividends	(37,503)	(23,870)
Purchases of treasury stock	(47)	(76)
Purchases of non-controlling interests	(1)	(99)
Other	(632)	(611)
Net cash provided by financing activities	65,118	2,958
Effect of exchange rate changes on cash and cash equivalents	7,989	6,196
Net increase in cash and cash equivalents	33,554	13,094
Cash and cash equivalents, beginning of year	87,022	99,789
Cash and cash equivalents, end of period	¥ 120,576	¥ 112,883

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)

	December 31, 2014	March 31, 2014
Finished products	¥ 214,435	¥ 182,048
Spare parts	43,957	38,690
Work in process	55,097	38,849
Raw materials and supplies	41,267	40,178
	¥ 354,756	¥ 299,765

3. OTHER INVESTMENTS

The following table presents the cost, fair value, and gross unrealized holding gains and losses of the Company's available-for-sale securities by type:

(¥ in millions)

	December 31, 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 securities:								
Equity securities of financial institutions	¥ 22,274	¥ 52,867	¥ 30,593	¥ —	¥ 22,732	¥ 51,582	¥ 28,858	¥ 8
Other equity securities	16,335	93,576	77,243	2	16,492	82,380	65,888	—
	¥ 38,609	¥ 146,443	¥ 107,836	¥ 2	¥ 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)

	December 31, 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 securities:								
Equity securities of financial institutions	¥ —	¥ —	¥ —	¥ —	¥ 161	¥ 8	¥ —	¥ —
Other equity securities	80	2	—	—	—	—	—	—
	¥ 80	¥ 2	¥ —	¥ —	¥ 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 nine months ended December 31:		
Proceeds from sales of available-for-sale securities	¥ 1,295	¥ 4,403
Gross realized gains	676	2,676
Gross realized losses	—	—

(¥ in millions)

	2014	2013
For the three months ended December 31:		
Proceeds from sales of available-for-sale securities	¥ 957	¥ 11
Gross realized gains	496	9
Gross realized losses	—	—

Investments in nonmarketable equity securities of ¥3,681 million and ¥3,679 million were recorded in other investments on the consolidated balance sheets at December 31, and March 31, 2014. 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 December 31, 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 December 31, 2014:						
Rank A	¥ 443,373	¥ 12,981	¥ 8,875	¥ 166,315	¥ 62,230	¥ 556
Rank B	21,260	—	255	20,643	3,046	—
Rank C	88	16	—	—	441	—
Total	¥ 464,721	¥ 12,997	¥ 9,130	¥ 186,958	¥ 65,717	¥ 556
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 December 31, 2014:								
Retail finance receivables	North America	¥ 18,933	¥ 1,624	¥ 332	¥ 460	¥ 21,349	¥ 443,372	¥ 464,721
Retail finance receivables	Other areas	—	—	16	—	16	12,981	12,997
Finance lease receivables	Japan	135	45	4	45	229	8,901	9,130
Finance lease receivables	Asia outside Japan	5,928	3,450	1,666	9,534	20,578	166,380	186,958
Long-term trade accounts receivable	Japan	2,197	488	76	549	3,310	62,407	65,717
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	556	556
Total		¥ 27,193	¥ 5,607	¥ 2,094	¥ 10,588	¥ 45,482	¥ 694,597	¥ 740,079
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 December 31, and March 31, 2014, amounted to ¥460 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 nine months ended December 31, 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 ¥7,534 million and ¥4,792 million at December 31, and March 31, 2014, respectively, and such amounts are recorded in other current assets and investments 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 nine months ended December 31, 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 nine months ended December 31, 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 ¥253 million and ¥318 million at December 31, 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 nine months ended December 31, 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	658	3,902	72	4,632
Charge-offs	(441)	(1,287)	—	(1,728)
Recoveries	6	—	—	6
Other	85	2,009	—	2,094
Balance at end of period	¥ 669	¥ 15,495	¥ 488	¥ 16,652
Individually evaluated for impairment	104	—	411	515
Collectively evaluated for impairment	565	15,495	77	16,137

Recorded Investment at December 31, 2014:

Balance at end of period	¥ 477,718	¥ 196,088	¥ 66,273	¥ 740,079
Individually evaluated for impairment	104	—	441	545
Collectively evaluated for impairment	477,614	196,088	65,832	739,534

Allowance for doubtful accounts and credit losses for the three months ended December 31, 2014:

Balance at beginning of period	¥ 509	¥ 13,227	¥ 420	¥ 14,156
Provision	231	1,566	68	1,865
Charge-offs	(133)	(500)	—	(633)
Recoveries	2	—	—	2
Other	60	1,202	—	1,262
Balance at end of period	¥ 669	¥ 15,495	¥ 488	¥ 16,652

(¥ in millions)

Allowance for doubtful accounts and credit losses for the nine months ended December 31, 2013:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	¥ 697	¥ 7,608	¥ 594	¥ 8,899
Provision	517	3,033	65	3,615
Charge-offs	(857)	(739)	—	(1,596)
Recoveries	6	—	—	6
Other	50	6	—	56
Balance at end of period	¥ 413	¥ 9,908	¥ 659	¥ 10,980
Individually evaluated for impairment	85	—	482	567
Collectively evaluated for impairment	328	9,908	177	10,413

Recorded Investment at December 31, 2013:

Balance at end of period	¥ 361,359	¥ 156,714	¥ 63,795	¥ 581,868
Individually evaluated for impairment	85	—	495	580
Collectively evaluated for impairment	361,274	156,714	63,300	581,288

Allowance for doubtful accounts and credit losses for the three months ended December 31, 2013:

Balance at beginning of period	¥ 391	¥ 8,876	¥ 651	¥ 9,918
Provision	115	1,020	8	1,143
Charge-offs	(121)	(258)	—	(379)
Recoveries	2	—	—	2
Other	26	270	—	296
Balance at end of period	¥ 413	¥ 9,908	¥ 659	¥ 10,980

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 nine months ended December 31, 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 December 31, 2014:					
Financial assets:					
Finance receivables—net	¥ 477,049	¥ —	¥ 470,374	¥ —	¥ 470,374
Long-term trade accounts receivable	65,785	—	70,392	—	70,392
Financial liabilities:					
Long-term debt	(552,134)	—	(547,690)	—	(547,690)
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 recorded at the amounts 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 December 31, 2014:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 52,867	¥ —	¥ —	¥ 52,867
Other equity securities	93,576	—	—	93,576
Derivatives:				
Foreign exchange contracts	—	40	—	40
Cross-currency swap contracts	—	2,286	—	2,286
Cross-currency interest rate swap contracts	—	3,876	—	3,876
Total assets	¥ 146,443	¥ 6,202	¥ —	¥ 152,645
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 2,780	¥ —	¥ 2,780
Cross-currency swap contracts	—	22	—	22
Interest rate swap contracts	—	24	—	24
Cross-currency interest rate swap contracts	—	380	—	380
Total liabilities	¥ —	¥ 3,206	¥ —	¥ 3,206
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

The assets and liabilities that were measured at fair value on a nonrecurring basis were not material for the nine months ended December 31, 2014 and 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 ¥10 million on derivatives included in accumulated other comprehensive income at December 31, 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		
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014	
Derivatives designated as hedging instruments:									
Interest rate swap contracts	¥ —	¥ 18	¥ —	¥ —	¥ 16	¥ 46	¥ —	¥ 2	
Total derivatives designated as hedging instruments	¥ —	¥ 18	¥ —	¥ —	¥ 16	¥ 46	¥ —	¥ 2	
Derivatives not designated as hedging instruments:									
Foreign exchange contracts	¥ 40	¥ 160	¥ —	¥ —	¥ 2,780	¥ 289	¥ —	¥ —	
Cross-currency swap contracts	1,595	1,234	691	409	22	23	—	—	
Interest rate swap contracts	—	—	—	—	8	16	—	—	
Cross-currency interest rate swap contracts	2,532	1,610	1,344	1,652	92	99	288	108	
Total derivatives not designated as hedging instruments	¥ 4,167	¥ 3,004	¥ 2,035	¥ 2,061	¥ 2,902	¥ 427	¥ 288	¥ 108	
Total	¥ 4,167	¥ 3,022	¥ 2,035	¥ 2,061	¥ 2,918	¥ 473	¥ 288	¥ 110	

The following table presents income effects of derivative instruments:

(¥ in millions)

For the nine months ended December 31:	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax		
	Derivative instruments in cash flow hedges	Effective portion recognized in other comprehensive income (loss)	Effective portion reclassified from accumulated other comprehensive income to net income
2014:			
Interest rate swap contracts	¥ 26	Interest expense	¥ 12
Total	¥ 26		¥ 12
2013:			
Interest rate swap contracts	¥ (84)	Interest expense	¥ (64)
Total	¥ (84)		¥ (64)

(¥ in millions)

For the nine months ended December 31:	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	¥ (8,838)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	473
Interest rate swap contracts	Other—net	(2)
Cross-currency interest rate swap contracts	Other—net	(838)
Total		¥ (9,205)
2013:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (7,511)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	783
Interest rate swap contracts	Other—net	1
Cross-currency interest rate swap contracts	Other—net	6,262
Total		¥ (465)

(¥ in millions)

Derivative instruments in cash flow hedges	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
2014:		
Interest rate swap contracts	¥ 2	Interest expense
Total	¥ 2	¥ 1
2013:		
Interest rate swap contracts	¥ (115)	Interest expense
Total	¥ (115)	¥ (11)

(¥ in millions)

Derivative instruments not designated as hedging instruments	Gain (Loss) recognized in net Income, before tax	
	Consolidated statements of income line item	Gain (Loss) recognized in net income
2014:		
Foreign exchange contracts	Foreign exchange gain—net	¥ (6,333)
Cross-currency swap contracts	Foreign exchange gain—net	487
Interest rate swap contracts	Other—net	(13)
Cross-currency interest rate swap contracts	Other—net	2,341
Total		¥ (3,518)
2013:		
Foreign exchange contracts	Foreign exchange gain—net	¥ (4,317)
Cross-currency swap contracts	Foreign exchange gain—net	580
Interest rate swap contracts	Other—net	(1)
Cross-currency interest rate swap contracts	Other—net	3,237
Total		¥ (501)

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)

	December 31, 2014	March 31, 2014
Trade notes	¥ 29	¥ 58
Trade accounts	153	561
Short-term finance receivables	33,882	19,680
Other current assets ^{*1}	3,642	746
Long-term finance receivables	67,413	38,653
Property, plant, and equipment	1,898	1,482
Total	¥ 107,017	¥ 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)

	December 31, 2014	March 31, 2014
Short-term borrowings	¥ 442	¥ 807
Current portion of long-term debt	29,058	17,436
Long-term debt	57,911	34,632
Total	¥ 87,411	¥ 52,875

10. RETIREMENT AND PENSION PLANS

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

(¥ in millions)		
For the nine months ended December 31:	2014	2013
Service cost	¥ 5,085	¥ 5,573
Interest cost	2,178	2,249
Expected return on plan assets	(3,192)	(2,864)
Amortization of prior service benefit	(255)	(554)
Amortization of actuarial loss	372	809
Total	¥ 4,188	¥ 5,213

(¥ in millions)		
For the three months ended December 31:	2014	2013
Service cost	¥ 1,696	¥ 1,858
Interest cost	753	750
Expected return on plan assets	(1,041)	(953)
Amortization of prior service benefit	(84)	(184)
Amortization of actuarial loss	125	269
Total	¥ 1,449	¥ 1,740

11. SUPPLEMENTAL EXPENSE INFORMATION

Research and Development Expenses, Advertising Costs, Shipping and Handling Costs, and Depreciation and Amortization

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 nine months ended December 31:	2014	2013
Research and development expenses	¥ 29,801	¥ 25,457
Advertising costs	10,102	8,540
Shipping and handling costs	47,955	41,975
Depreciation and amortization	28,072	25,932

(¥ in millions)		
For the three months ended December 31:	2014	2013
Research and development expenses	¥ 9,641	¥ 8,535
Advertising costs	3,641	3,172
Shipping and handling costs	16,744	15,106
Depreciation and amortization	9,966	9,210

Other Operating Expenses

Other operating expenses (income)—net for the nine months ended December 31, 2014 included a gain from sales and disposals of fixed assets of ¥1,538 million.

Other operating expenses (income)—net for the nine months ended December 31, 2013 included a loss from sales and disposals of fixed assets of ¥267 million and a loss from impairment of long-lived assets of ¥282 million.

Other operating expenses (income)—net for the three months ended December 31, 2014 included a gain from sales and disposals of fixed assets of ¥1,809 million.

Other operating expenses (income)—net for the three months ended December 31, 2013 included a loss from sales and disposals of fixed assets of ¥89 million and loss from impairment of long-lived assets of ¥282 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 nine months ended December 31:	2014	2013
Net income attributable to Kubota Corporation (¥ in millions)	¥101,393	¥ 96,009
Weighted average number of shares (in thousands)	1,249,730	1,255,926

For the three months ended December 31:	2014	2013
Net income attributable to Kubota Corporation (¥ in millions)	¥35,302	¥ 28,605
Weighted average number of shares (in thousands)	1,249,720	1,255,912

There are no potentially dilutive shares outstanding for the nine months ended December 31, 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)

	2014			2013		
	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
For the nine months ended December 31:						
Foreign currency translation adjustments	¥ 66,459	¥ 7,478	¥ 73,937	¥ 37,459	¥ 2,186	¥ 39,645
Unrealized gains on securities	8,611	(99)	8,512	16,940	395	17,335
Unrealized gains (losses) on derivatives	11	—	11	(14)	—	(14)
Pension liability adjustments	(83)	(3)	(86)	(23)	10	(13)
Other comprehensive income	¥ 74,998	¥ 7,376	¥ 82,374	¥ 54,362	¥ 2,591	¥ 56,953

(¥ in millions)

	2014			2013		
	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
For the three months ended December 31:						
Foreign currency translation adjustments	¥ 45,070	¥ 4,532	¥ 49,602	¥ 24,913	¥ 2,202	¥ 27,115
Unrealized gains on securities	6,470	27	6,497	8,318	46	8,364
Unrealized gains (losses) on derivatives	1	—	1	(67)	—	(67)
Pension liability adjustments	(104)	(2)	(106)	(25)	3	(22)
Other comprehensive income	¥ 51,437	¥ 4,557	¥ 55,994	¥ 33,139	¥ 2,251	¥ 35,390

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 nine months ended December 31:	Foreign currency translation adjustments	Unrealized gains on securities	Unrealized losses on derivatives	Pension liability adjustments	Total
2014:					
Balance at beginning of year	¥ 8,361	¥ 44,869	¥ (21)	¥ (14,213)	¥ 38,996
Other comprehensive income (loss) before reclassification	66,459	9,030	18	(161)	75,346
Reclassification to net income	—	(419)	(7)	78	(348)
Net change	66,459	8,611	11	(83)	74,998
Balance at end of period	¥ 74,820	¥ 53,480	¥ (10)	¥ (14,296)	¥ 113,994
2013:					
Balance at beginning of year	¥ (22,650)	¥ 35,127	¥ (76)	¥ (17,377)	¥ (4,976)
Other comprehensive income (loss) before reclassification	37,459	18,663	(53)	(177)	55,892
Reclassification to net income	—	(1,723)	39	154	(1,530)
Net change	37,459	16,940	(14)	(23)	54,362
Balance at end of period	¥ 14,809	¥ 52,067	¥ (90)	¥ (17,400)	¥ 49,386

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 nine months ended December 31:		
	Amount reclassified from accumulated other comprehensive income	*1 Affected line item in the statement where net income is presented
2014:		
Unrealized gains on securities	¥ (676)	Gain on sales of securities—net
	257	Income taxes
	(419)	Net income attributable to Kubota Corporation
Unrealized gains (losses) on derivatives	(12)	Interest expense
	5	Income taxes
	(7)	Net income attributable to Kubota Corporation
Pension liability adjustments	117	
	(42)	Income taxes
	75	Net income
	3	Net income attributable to non-controlling interests
	78	Net income attributable to Kubota Corporation
Total	¥ (348)	
2013:		
Unrealized gains on securities	¥ (2,676)	Gain on sales of securities—net
	953	Income taxes
	(1,723)	Net income attributable to Kubota Corporation
Unrealized gains (losses) on derivatives	64	Interest expense
	(25)	Income taxes
	39	Net income attributable to Kubota Corporation
Pension liability adjustments	255	
	(91)	Income taxes
	164	Net income
	(10)	Net income attributable to non-controlling interests
	154	Net income attributable to Kubota Corporation
Total	¥ (1,530)	

*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).

(¥ in millions)

For the three months ended December 31:		
	Amount reclassified from accumulated other comprehensive income	*1 Affected line item in the statement where net income is presented
2014:		
Unrealized gains on securities	¥ (496)	Gain on sales of securities—net
	189	Income taxes
	(307)	Net income attributable to Kubota Corporation
Unrealized gains (losses) on derivatives	(1)	Interest expense
	—	Income taxes
	(1)	Net income attributable to Kubota Corporation
Pension liability adjustments	41	
	(15)	Income taxes
	26	Net income
	2	Net income attributable to non-controlling interests
	28	Net income attributable to Kubota Corporation
Total	¥ (280)	
2013:		
Unrealized gains on securities	¥ (9)	Gain on sales of securities—net
	4	Income taxes
	(5)	Net income attributable to Kubota Corporation
Unrealized gains (losses) on derivatives	11	Interest expense
	(5)	Income taxes
	6	Net income attributable to Kubota Corporation
Pension liability adjustments	85	
	(30)	Income taxes
	55	Net income
	(3)	Net income attributable to non-controlling interests
	52	Net income attributable to Kubota Corporation
Total	¥ 53	

*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
The Meeting of the Board of Directors on November 6, 2014	Common stock	Retained earnings	¥15,001	¥12.00	September 30, 2014	December 1, 2014

Dividends of which Record Date is in the Nine Months Ended December 31, 2014 and of which Effective Date is after December 31, 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 December 31, 2014 was ¥14,071 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 28 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 ¥25,155 million consisted mostly of 24 lawsuits, which concerned a total of 650 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 24 lawsuits. The Company discloses the aggregate claimed amount of the above ¥25,155 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 24 lawsuits, three 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 ¥190 million and ¥285 million at December 31, 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 the business reporting structure of the Company. The segment information for the nine and three months ended December 31, 2013 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 nine months ended December 31:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2014:					
Revenues:					
External customers	¥ 904,408	¥ 220,290	¥ 19,996	¥ —	¥ 1,144,694
Intersegment	35	2,440	17,902	(20,377)	—
Total	904,443	222,730	37,898	(20,377)	1,144,694
Operating income	¥ 148,079	¥ 14,667	¥ 1,806	¥ (15,241)	¥ 149,311
2013:					
Revenues:					
External customers	¥ 855,346	¥ 210,317	¥ 20,204	¥ —	¥ 1,085,867
Intersegment	60	3,294	16,212	(19,566)	—
Total	855,406	213,611	36,416	(19,566)	1,085,867
Operating income	¥ 145,643	¥ 12,952	¥ 1,956	¥ (15,901)	¥ 144,650

(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.

(¥ in millions)

For the three months ended December 31:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2014:					
Revenues:					
External customers	¥ 305,151	¥ 87,797	¥ 6,685	¥ —	¥ 399,633
Intersegment	12	746	6,145	(6,903)	—
Total	305,163	88,543	12,830	(6,903)	399,633
Operating income	¥ 45,990	¥ 7,613	¥ 726	¥ (5,202)	¥ 49,127
2013:					
Revenues:					
External customers	¥ 268,029	¥ 81,543	¥ 7,238	¥ —	¥ 356,810
Intersegment	33	1,116	5,926	(7,075)	—
Total	268,062	82,659	13,164	(7,075)	356,810
Operating income	¥ 42,690	¥ 6,341	¥ 930	¥ (5,635)	¥ 44,326

(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 nine months ended December 31:	2014	2013
Revenues from external customers by destination:		
Japan	¥ 382,712	¥ 431,070
North America	340,610	271,953
Europe	154,097	127,811
Asia outside Japan	219,124	216,118
Other areas	48,151	38,915
Total	¥ 1,144,694	¥ 1,085,867

(Notes)

1. Revenues from North America include those from the United States of ¥298,058 million and ¥240,415 million for the nine months ended December 31, 2014 and 2013, respectively.
2. There is no single customer from whom revenues exceeds 10% of total consolidated revenues of the Company.

(¥ in millions)

For the three months ended December 31:	2014	2013
Revenues from external customers by destination:		
Japan	¥ 129,037	¥ 148,736
North America	123,038	90,470
Europe	48,087	41,891
Asia outside Japan	79,217	61,983
Other areas	20,254	13,730
Total	¥ 399,633	¥ 356,810

(Notes)

1. Revenues from North America include those from the United States of ¥109,756 million and ¥83,420 million for the three months ended December 31, 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

On February 6, 2015, pursuant to the Article 165, Paragraph two of Corporate Law of Japan, the Board of Directors resolved the purchase of up to 7.5 million shares, or up to ¥10 billion of the Parent Company's outstanding common stock on and after February 9, 2015 through May 11, 2015.

2. Other

On November 6, 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 September 30, 2014

2) Amount of Dividends

¥12.00 per common share, a total of ¥15,001 million

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

December 1, 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]	February 12, 2015
[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 third quarter of 125th fiscal year (from October 1, 2014 to December 31, 2014) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable