

**CONVOCATION NOTICE FOR THE 126TH  
ORDINARY GENERAL MEETING  
OF SHAREHOLDERS**

This is a translation of a notice in Japanese  
circulated to shareholders in Japan.

**KUBOTA Corporation**

**OSAKA, JAPAN**

To: Shareholders

## **CONVOCATION NOTICE FOR THE 126TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Sirs and Madams:

Kubota Corporation hereby notifies you that the 126th Ordinary General Meeting of Shareholders will be held as follows. Your attendance is respectfully requested.

**Date and Time: 10:00 a.m. on Friday, March 25, 2016**

**Place:** Convention Hall of Kubota Corporation  
2-47, Shikitsu Higashi 1-chome, Naniwa-ku Osaka, Japan

### **Matters for which the meeting is held:**

#### **Matters to be Reported:**

1. Business report for the 126th period (from April 1, 2015 to December 31, 2015), the consolidated financial statements and the non-consolidated financial statements for the 126th period
2. The results of the audits of the consolidated financial statements by the Independent Auditors and by the Audit & Supervisory Board

#### **Matters Requiring Resolutions:**

##### **1<sup>st</sup> Subject for Discussion:**

Matters Concerning Amendment of a Part of the Articles of Incorporation

##### **2<sup>nd</sup> Subject for Discussion:**

Matters Concerning Election of Eight (8) Directors

##### **3<sup>rd</sup> Subject for Discussion:**

Matters Concerning Election of One (1) Substitute Audit & Supervisory Board Member

##### **4<sup>th</sup> Subject for Discussion:**

Matters Concerning Bonus Payments for Directors

If you are unable to attend the meeting, Kubota Corporation cordially requests that you study the referential materials annexed hereto, indicate your approval or disapproval on each of the proposals on the voting instruction card with your signature thereon and return it to us.

When you attend the meeting, please present the enclosed voting instruction card to the receptionist at the meeting. Early arrival will be recommended because the reception desk will be crowded at the opening time of the meeting.

Any revision of the referential materials for the meeting, business report, or the consolidated financial statements and the non-consolidated financial statements will be posted on our following internet website.

([http://www.kubota-global.net/company/ir/sh\\_info/meeting/convocation/](http://www.kubota-global.net/company/ir/sh_info/meeting/convocation/))

Yours very truly,



Masatoshi Kimata  
President and Representative Director  
**KUBOTA Corporation**  
2-47, Shikitsu Higashi 1-chome,  
Naniwa-ku Osaka, 556-8601 JAPAN

**REFERENTIAL MATERIALS FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**1. Subjects for Discussion and Referential Materials**

**1st Subject for Discussion:**

**Matters Concerning Amendment of a Part of the Articles of Incorporation**

1. Purposes of amendments  
In preparation for the prospect of failing to meet the minimum number of the Audit & Supervisory Board Members required by laws and regulations, Kubota Corporation proposes the partial amendments to its Articles of Incorporation that pertain to election of Substitute Audit & Supervisory Board Members.
  
2. Details of amendments  
Details of the amendments are as described below.

(Underlining indicates portions changed.)

Current Articles	Proposed amendments to the Articles
<p align="center"><b>CHAPTER V. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</b></p>	<p align="center"><b>CHAPTER V. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</b></p>
<p><b>Article 28. (Number of Audit &amp; Supervisory Board Members and Method of Election)</b> 1) The Company shall have no more than six (6) Audit &amp; Supervisory Board Members, who shall be elected at a General Meeting of Shareholders.</p> <p>[Newly established]</p> <p>2) With respect to a resolution for election provided in the preceding paragraph, there shall be present thereat shareholders aggregately holding one-third (1/3) or more of the total number of voting rights of all shareholders who would be entitled to exercise their voting rights thereat and such a resolution shall be adopted by a majority of the votes of such shareholders present.</p> <p><b>Article 29. (Term of Office of Audit &amp; Supervisory Board Members)</b> The term of office of Audit &amp; Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last accounting year ending within four (4) years after their election as Audit &amp; Supervisory Board Member; <u>provided, however, that the term of office of any Audit &amp; Supervisory Board Member who is elected to fill a vacancy shall be the remaining term of office of his predecessor.</u></p> <p>[Newly established]</p>	<p><b>Article 28. (Number of Audit &amp; Supervisory Board Members and Method of Election)</b> [Same as at present]</p> <p>2) <u>Pursuant to Article 329, Paragraph 3 of the Corporate Law, the Company is able to elect Substitute Audit &amp; Supervisory Board Members at a General Meeting of Shareholders in preparation for the prospect of failing to meet the minimum number of the Audit &amp; Supervisory Board Members required by laws and regulations.</u></p> <p>3) With respect to a resolution for election <u>as provided for in the preceding two paragraphs</u>, there shall be present thereat shareholders aggregately holding one-third (1/3) or more of the total number of voting rights of all shareholders who would be entitled to exercise their voting rights thereat and such a resolution shall be adopted by a majority of the votes of such shareholders present.</p> <p><b>Article 29. (Term of Office of Audit &amp; Supervisory Board Members)</b> 1) The term of office of Audit &amp; Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last accounting year ending within four (4) years after their election as Audit &amp; Supervisory Board Member.</p> <p>2) <u>The term of office of any Substitute Audit &amp; Supervisory Board Member elected as Audit &amp; Supervisory Board Member to fill a vacancy due to retirement of a member</u></p>

Current Articles	Proposed amendments to the Articles
	<u>before the end of his/her term shall be the remaining term of office of his/her predecessor.</u>

## 2nd Subject for Discussion:

### Matters Concerning Election of Eight (8) Directors

The term of office of all seven Directors of Kubota Corporation will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it's proposed to elect eight Directors of Kubota Corporation. Among the candidates for Directors, Messrs. Yuzuru Matsuda and Koichi Ina are candidates for Outside Directors.

The candidates for Directors are as described below.

	Name	Current Positions at Kubota Corporation and Material Concurrent Positions
1 [Reappointment]	Masatoshi Kimata	President and Representative Director of Kubota Corporation
2 [Reappointment]	Toshihiro Kubo	Representative Director and Executive Vice President of Kubota Corporation, In charge of Water & Environment Domain, General Manager of CSR Planning & Coordination Headquarters, General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office
3 [Reappointment]	Shigeru Kimura	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Planning & Control Headquarters
4 [Reappointment]	Kenshiro Ogawa	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Manufacturing Engineering Headquarters
5 [Reappointment]	Yuichi Kitao	Director and Senior Managing Executive Officer of Kubota Corporation, In charge of Farm & Industrial Machinery Domain, General Manager of Farm & Utility Machinery Division
6 [New Nomination]	Satoshi Iida	Senior Managing Executive Officer of Kubota Corporation, General Manager of Research & Development Headquarters, General Manager of Water & Environment R&D
7 [Reappointment]	Yuzuru Matsuda	Director of Kubota Corporation, President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation
8 [Reappointment]	Koichi Ina	Director of Kubota Corporation, Chairman of Daihatsu Motor Co., Ltd.

[Detailed information about each candidate]

	Name (Birthday) [Term of office ]	Shares Ownership	Current Positions and Brief Occupational History (including important concurrent offices)	
1 [Reappointment]	Masatoshi Kimata (June 22, 1951) [3 years and 9 months, at the conclusion of this meeting]	55,700 Shares	July 2014:	President and Representative Director of Kubota Corporation (to present)
			April 2014:	Representative Director and Executive Vice President of Kubota Corporation
			April 2013:	General Manager of Procurement Headquarters
			August 2012:	Administrative Officer- Corporate Staff, General Manager of Water Engineering & Solution Division
			June 2012:	Director and Senior Managing Executive Officer of Kubota Corporation
			April 2012:	In charge of Water & Environment Domain, General Manager of Tokyo Head Office
			August 2010:	President of SIAM KUBOTA Corporation Co., Ltd.
			July 2010:	Senior Managing Executive Officer of Kubota Corporation
			June 2009:	Managing Executive Officer of Kubota Corporation
			April 2009:	Director and Managing Executive Officer of Kubota Corporation
			April 2009:	Deputy General Manager of Farm & Industrial Machinery Consolidated Division, General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division
			April 2008:	Managing Director of Kubota Corporation

			April 2007:	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division
			June 2005:	Director of Kubota Corporation
			October 2001:	General Manager of Tsukuba Plant
			April 1977:	Joined Kubota Corporation
2 [Reappointment]	Toshihiro Kubo (April 5, 1953) [4 years and 9 months, at the conclusion of this meeting]	30,200 Shares	January 2016:	In charge of Water & Environment Domain (to present)
			October 2014:	General Manager of CSR Planning & Coordination Headquarters (to present)
			July 2014:	Representative Director and Executive Vice President of Kubota Corporation (to present)
			April 2013:	Director and Senior Managing Executive Officer of Kubota Corporation
			April 2012:	General Manager of Human Resources & General Affairs Headquarters (to present)
			June 2011:	Director and Managing Executive Officer of Kubota Corporation
			April 2011:	Managing Executive Officer of Kubota Corporation
			June 2010:	In charge of Secretary Dept. and Corporate Communications Dept.
			April 2010:	General Manager of Head Office (to present)
			April 2010:	In charge of Personnel Dept., Secretary & Public Relations Dept., General Affairs Dept. and Tokyo Administration Dept.
			June 2009:	Executive Officer of Kubota Corporation
			April 2009:	Director and Executive Officer of Kubota Corporation
			April 2009:	Deputy General Manager of Water & Environment Systems Consolidated Division, General Manager of Water & Environment Systems, Social Infrastructure Business Promotion Headquarters, General Manager of Water & Environment Systems, Social Infrastructure Production Control Dept.
			June 2007:	Director of Kubota Corporation
			June 2007:	General Manager of Coordination Dept. in Water, Environment & Infrastructure Consolidated Division, General Manager of Production Control Headquarter in Water, Environment & Infrastructure Consolidated Division
			October 2005:	General Manager of Planning Dept. in Ductile Iron Pipe Division
			April 1979:	Joined Kubota Corporation
3 [Reappointment]	Shigeru Kimura (September 10, 1953) [3 years and 9 months, at the conclusion of this meeting]	25,600 Shares	April 2014:	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
			October 2013:	General Manager of Corporate Planning & Control Dept.
			June 2012:	Director and Managing Executive Officer of Kubota Corporation
			April 2011:	Managing Executive Officer of Kubota Corporation
			October 2010:	General Manager of Planning & Control Headquarters (to present)
			June 2009:	Executive Officer of Kubota Corporation
			April 2009:	Director and Executive Officer of Kubota Corporation
			April 2009:	In charge of Corporate Planning & Control Dept. (assistant)
			June 2008:	Director of Kubota Corporation
			December 2002:	General Manager of Finance & Accounting Dept.
			April 1977:	Joined Kubota Corporation
4 [Reappointment]	Kenshiro Ogawa (July 23, 1953)	40,800 Shares	April 2015:	General Manager of Manufacturing Engineering Headquarters (to present)

	[1 year and 9 months, at the conclusion of this meeting]		July 2014:	General Manager of Procurement Headquarters
			June 2014:	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
			April 2014:	Senior Managing Executive Officer of Kubota Corporation
			January 2013:	General Manager of Health & Safety Promotion Headquarters
			April 2012:	General Manager of Quality Assurance & Manufacturing Headquarters
			April 2011:	General Manager of Construction Machinery Division, General Manager of Construction Machinery Planning and Coordinate Dept.
			April 2011:	Managing Executive Officer of Kubota Corporation
			April 2010:	General Manager of Sakai Plant
			June 2009:	Executive Officer of Kubota Corporation
			April 2009:	Director and Executive Officer of Kubota Corporation
			June 2007:	Director of Kubota Corporation
			April 2007:	General Manager of Tsukuba Plant, General Manager of Production Engineering Center of Emission
			April 1979:	Joined Kubota Corporation
5 [Reappointment]	Yuichi Kitao ( July 15, 1956) [1 year and 9 months, at the conclusion of this meeting]	40,100 Shares	April 2015:	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
			April 2015:	In charge of Farm & Industrial Machinery Domain (to present)
			June 2014:	Director and Managing Executive Officer of Kubota Corporation
			October 2013:	General Manager of Farm & Utility Machinery Division (to present)
			October 2013:	General Manager of Farm & Utility Machinery International Operations Headquarters
			April 2013:	Managing Executive Officer of Kubota Corporation
			January 2011:	President of Kubota Tractor Corporation
			April 2009:	Executive Officer of Kubota Corporation
			April 2009:	General Manager of Tractor Division
			April 2005:	General Manager of Tractor Engineering Dept.
			April 1979:	Joined Kubota Corporation
6 [New Nomination]	Satoshi Iida (March 5, 1953) [ - ]	27,800 Shares	April 2015:	Senior Managing Executive Officer of Kubota Corporation (to present)
			April 2014:	General Manager of Research & Development Headquarters, General Manager of Water & Environment R&D (to present)
			October 2013:	Deputy General Manager of Research & Development Headquarters
			April 2012:	General Manager of Farm & Utility Machinery Division, General Manager of Farm & Industrial Machinery International Operations Headquarters
			April 2011:	Managing Executive Officer of Kubota Corporation
			January 2011:	General Manager of Farm & Industrial Machinery International Operations Headquarters
			June 2009:	Executive Officer of Kubota Corporation
			April 2009:	Director and Executive Officer of Kubota Corporation
			April 2009:	President of Kubota Tractor Corporation
			June 2008:	Director of Kubota Corporation
			April 2004:	President of Kubota Europe S.A.S.
			April 1980:	Joined Kubota Corporation
7 [Reappointment,	Yuzuru Matsuda (June 25, 1948)	1,800 Shares	June 2015:	Director of JSR Corporation (to present)
			June 2014:	Director of Kubota Corporation (to present)

Candidate for Independent Director defined by the TSE and Outside Director]	[1 year and 9 months, at the conclusion of this meeting]		June 2014:	Director of BANDAI NAMCO Holdings, Inc. (to present)
			June 2012:	President of Kato Memorial Bioscience Foundation (to present)
			March 2012:	Senior Advisor of Kyowa Hakko Kirin Co., Ltd.
			October 2008:	President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.
			June 2003:	President and Chief Operating Officer of Kyowa Hakko Kogyo Co., Ltd.
			June 2002:	Managing Director of Kyowa Hakko Kogyo Co., Ltd.
			June 2002:	Director of Corporate Planning Department of Kyowa Hakko Kogyo Co., Ltd.
			June 2000:	Executive Officer of Kyowa Hakko Kogyo Co., Ltd.
			June 2000:	Executive Director of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.
			June 1999:	Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute in Fuji Plant of Kyowa Hakko Kogyo Co., Ltd.
			April 1977:	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Hakko Kirin Co., Ltd.)
8 [Reappointment, Candidate for Independent Director defined by the TSE and Outside Director]	Koichi Ina (May 6, 1948) [9 months, at the conclusion of this meeting]	1,500 Shares	June 2015:	Director of Kubota Corporation (to present)
			June 2013:	Chairman of Daihatsu Motor Co., Ltd. (to present)
			June 2010:	President of Daihatsu Motor Co., Ltd.
			June 2009:	Director and Executive Vice President of Daihatsu Motor Co., Ltd.
			June 2009:	Advisor of Toyota Motor Corporation
			June 2007:	Director and Senior Managing Director of Toyota Motor Corporation
			June 2007:	General Manager of Manufacturing Group, General Manager of Strategic Production Planning Group of Toyota Motor Corporation
			June 2006:	Plant General Manager, Miyoshi Plant of Toyota Motor Corporation
			June 2005:	Plant General Manager, Takaoka Plant, Plant General Manager, Tsutsumi Plant of Toyota Motor Corporation
			June 2004:	Plant General Manager, Myochi Plant of Toyota Motor Corporation
			June 2003:	Managing Officer of Toyota Motor Corporation
			June 2003:	General Manager of Global Production Center of Toyota Motor Corporation
			June 2002:	Director of Toyota Motor Corporation
			June 2002:	Plant General Manager, Honsha Plant, Plant General Manager, Motomachi Plant of Toyota Motor Corporation
			April 1973:	Joined Toyota Motor Corporation

Notes:

1. No conflict of interest exists between Kubota Corporation and the above candidates for Directors.
2. The term of office shows most recent consecutive time period served as a Director at the conclusion of 126th Meeting.
3. Mr. Yuzuru Matsuda served as President of Kyowa Hakko Kirin Co., Ltd. listed on the first section of the Tokyo Stock Exchange (hereinafter the "TSE") for a long time. Therefore, Kubota Corporation expects him to give advice on the globalization, corporate management and strategy through his wealth of experience and considerable insight, and nominates him as a candidate for Outside Director. Kubota Corporation has no business transaction with Kyowa Hakko Kirin Co., Ltd.
4. Mr. Koichi Ina served as the plant and manufacturing manager in TOYOTA Motor Corporation, and has also served as both President and Chairman of Daihatsu Motor Co., Ltd. Therefore, Kubota Corporation expects him to give advice on the globalization, corporate management and strategy through his wealth of experience and considerable insight, and nominates him as a candidate for Outside Director. Kubota Corporation has no business transaction with



Daihatsu Motor Co., Ltd and Toyota Motor Corporation.

5. Due to the change in the fiscal year-end, the business term for 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015 irregularly. For this reason, the Meetings of the Board of Directors were held nine times during the 126th business term.  
Mr. Yuzuru Matsuda attended all nine meetings of the Board of Directors during the 126th business term.  
Mr. Koichi Ina attended five out of seven meetings of the Board of Directors after his assuming office on June 19, 2015. His attendance rate was 71.4%.
6. Pursuant to Article 427, Paragraph 1 of the Corporate Law of Japan, Kubota Corporation enters into Liability Limitation Agreements with Messrs. Yuzuru Matsuda and Koichi Ina, which limit the maximum amount of their liabilities owed to Kubota Corporation arising in connection with their failure to perform their duties as long as they are acting in good faith and without significant negligence, to the extent permitted by the Corporate Law of Japan. Upon the approval of the election pursuant to this subject for discussion, Kubota Corporation will continue the agreements with Messrs. Yuzuru Matsuda and Koichi Ina.
7. Kubota Corporation has reported to the TSE that Messrs. Yuzuru Matsuda and Koichi Ina have been Independent Directors defined by the TSE.

### 3rd Subject for Discussion:

#### Matters Concerning Election of One (1) Substitute Statutory Audit & Supervisory Board Member

In preparation for the prospect of failing to meet the minimum number of the Audit & Supervisory Board Members required by laws and regulations, it's proposed to elect one Substitute Outside Audit & Supervisory Board Member.

Consent for this subject has been obtained from the Audit & Supervisory Board.

The candidate for Substitute Audit & Supervisory Board Member is as described below.

	Name (Birthday)	Shares Ownership	Current Positions and Brief Occupational History (including important concurrent offices)	
1 [Candidate for Substitute Outside Audit & Supervisory Board Member]	Masao Morishita (January 22, 1949)	0 Shares	June 2013:	Retired from Audit & Supervisory Board Member of Kubota Corporation
			June 2009:	Audit & Supervisory Board Member of Kubota Corporation
			June 2009:	Retired from MT Picture Display Co., Ltd.
			April 2006:	Director and CFO of MT Picture Display Co., Ltd., In charge of Administration Dept.
			April 2003:	Director and General Manager of Administrative Headquarter of Matsushita Toshiba Picture Display Co., Ltd. (currently, MT Picture Display Co., Ltd.)
			April 1998:	General Manager of Accounting Dept. and Business Planning Dept. in Compressor Division of Matsushita Electric Industrial Co., Ltd.
			June 1994	President and Director of Matsushita Compressor Corporation of America
			April 1971:	Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)

#### Notes:

1. No conflict of interest exists between Kubota Corporation and the above candidate for Substitute Audit & Supervisory Board Member.
2. Mr. Masao Morishita has wealth of experience and considerable insight as served for the corporate accounting and finance in business company for a long time, and experienced Outside Audit & Supervisory Board Member of Kubota Corporation for four years. Therefore, Kubota Corporation expects him to ensure the company's accounting procedures, and nominates him as a candidate for Substitute Audit & Supervisory Board Member. Although Kubota Corporation has business transactions with Panasonic Corporation, the transactions are less than 0.1% of consolidated revenues of either Kubota Corporation or Panasonic Corporation.  
In case that he will be elected as Outside Audit & Supervisory Board Member, Pursuant to Article 427, Paragraph 1 of the Corporate Law of Japan, Kubota Corporation will enters into Liability Limitation Agreement with him, which limits the maximum amount of his liability owed to Kubota Corporation arising in connection with his failure to perform his duties as long as he is acting in good faith and without significant negligence, to the extent permitted by the Corporate Law of Japan.  
In case that he will be elected as Outside Audit & Supervisory Board Member, Kubota Corporation will report to the TSE that he will be an Independent Audit & Supervisory Board Member defined by the TSE.

### 4th Subject for Discussion:

#### Matters Concerning Bonus Payments for Directors

Kubota Corporation will pay Directors' bonuses (¥184.6 million) for five Directors (excluding Outside Directors) as of the end of the fiscal year ended December 31, 2015, in consideration of results of operations for the fiscal year ended December 31, 2015.

The amount for each Director shall be decided by the Board of Directors.

End of documents

## REFERENTIAL MATERIALS FOR THE MATTERS TO BE REPORTED

### BUSINESS REPORT FOR THE 126TH PERIOD

(FROM APRIL 1, 2015 TO DECEMBER 31, 2015)

In order for the Kubota Group to strengthen and refine its financial reporting and management systems throughout the world in response to globalization, Kubota Corporation changed its fiscal year-end from March 31 to December 31. For this reason, the 126th business term, a transitional period for the change in the fiscal year-end, is the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the nine months ended December 31, 2015 are compared with the results for the same period in the prior year that commenced on April 1, 2014 and ended on December 31, 2014.

#### **1. Item of Overview of Operations**

##### **(1) Review of Operations**

###### **1) General Condition of Kubota Corporation and Subsidiaries**

For the nine months ended December 31, 2015, revenues and operating income of Kubota Corporation and its subsidiaries (hereinafter, the "Company") over the same period in the prior year mainly due to the recovery trend in farm equipment market in Japan, and business expansion in North America and China.

For the nine months ended December 31, 2015, revenues of the Company increased by ¥104.4 billion [9.2%] from the same period in the prior year, to ¥1,244.8 billion. Domestic revenues in Farm & Industrial Machinery increased due to higher sales of farm equipment and construction machinery. Domestic revenues in Water & Environment also increased slightly. Overseas revenues in Farm & Industrial Machinery rose significantly mainly in North America, where economic recovery has been continuing. Overseas revenues in Water & Environment also increased mainly due to expansion in exports of ductile iron pipes to the Middle East. As a result, the ratio of overseas revenues to consolidated revenues was 67.7%, 1.3 percentage points higher than in the same period in the prior year.

Operating income increased by ¥19.8 billion [13.4%] from the same period in the prior year, to ¥166.9 billion. Operating income in Farm & Industrial Machinery rose significantly as the impact of increased domestic and overseas revenues, and the positive effect of yen depreciation exceeded the negative impact of increased fixed costs and sales promotion expenses. Operating income in Water & Environment decreased mainly due to the decrease of deferred sales expenses in relation to the change in fiscal year-end.

Income before income taxes and equity in net income of affiliated companies increased by ¥13.3 billion [8.5%] from the same period in the prior year, to ¥169.5 billion. Income taxes were ¥54.3 billion, and equity in net income of affiliated companies was ¥2.0 billion. Furthermore, after the deduction of net income attributable to non-controlling interests of ¥7.1 billion, net income attributable to Kubota Corporation was ¥110.1 billion, ¥9.8 billion [9.8%] higher than in the same period in the prior year.

###### **2) Review of Operations by Reporting Segments**

###### **(a) Farm & Industrial Machinery**

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

Revenues in this segment increased by 10.6% from the same period in the prior year to ¥1,020.3 billion, and accounted for 82.0% of consolidated revenues.

Domestic revenues increased by 7.7%, to ¥225.3 billion. Sales of farm equipment showed a substantial increase owing to an adverse reaction to the decline in the prior year caused by Japan's consumption tax hike, and sales promotion activities timed to coincide with the strengthening of emission regulations. Sales of construction machinery also increased due to the strengthening of emission regulations and preferential taxation systems. However, sales of engines decreased due to the overseas production transfer of clients.

Overseas revenues increased by 11.4%, to ¥795.0 billion. In North America, revenues increased because of

higher sales of compact tractors for home owners along with the strong housing markets, while sales of midscale tractors for farming decreased due to the negative impact of declines in agricultural prices. In addition, sales of construction machinery rose significantly due to the favorable market demand in the construction industry. Revenues in Europe expanded due to higher sales of tractors, construction machinery, and engines along with the economic recovery, while the implement business for the agriculture-related market stagnated. As for Asia outside Japan, severe drought caused a substantial decline in the sales of compact tractors in Thailand. However, sales of combine harvesters in China rose significantly due to the effect of the resumption of government subsidies. In Vietnam, Myanmar and other countries, where agricultural mechanization has been proceeding, sales of compact tractors and combine harvesters expanded.

#### (b) Water & Environment

Water & Environment is comprised of pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, ceramics, spiral-welded steel pipes, and other products).

Revenues in this segment increased by 2.9% from the same period in the prior year, to ¥203.7 billion, and accounted for 16.4% of consolidated revenues.

Domestic revenues increased by 1.3%, to ¥156.2 billion. Revenues from environment-related products and social infrastructure-related products increased, while revenues from pipe-related products, such as ductile iron pipes, decreased slightly. Overseas revenues increased by 8.6%, to ¥47.5 billion owing to increased sales of ductile iron pipes.

#### (c) Other

Other is comprised of services and other business.

Revenues in this segment increased by 3.8% from the same period in the prior year, to ¥20.7 billion, and accounted for 1.6% of consolidated revenues.

#### Revenues by Reporting Segment

	<u>Revenues</u> (in billions of yen*)	<u>Percentage</u> <u>change</u>	<u>Percentage of</u> <u>total revenues</u>
Farm Equipment and Engines	849.9	+10.2	68.2
Construction Machinery	148.8	+15.4	12.0
Electronic Equipped Machinery	21.6	(3.4)	1.8
Farm & Industrial Machinery	1,020.3	+10.6	82.0
Pipe-related Products	126.0	+2.2	10.1
Environment-related Products	44.9	+8.8	3.6
Social Infrastructure-related Products	32.9	(1.5)	2.7
Water & Environment	203.7	+2.9	16.4
Other	20.7	+3.8	1.6
Total	1,244.8	+9.2	100.0

(\*) The amounts have been rounded off to the nearest ¥0.1 billion.

### 3) Capital Expenditures

For the nine months ended December 31, 2015, the Company made capital expenditures totaling ¥35.3 billion, including investments in establishment of R&D facilities in Japan and Thailand and investments to respond manufacturing of new products.

#### **4) Financing**

Funds for capital expenditures were obtained mainly from the Company's internal resources. On the other hand, funds for sales finance were obtained mainly from borrowings.

#### **(2) Initiatives of the Company Going Forward**

The Company's long-term objective is to build "Global Major Brand Kubota", that the Company strives to be, does not mean "the top brand in terms of sales and profit" but "the brand that contributes the most to society as it is the most trusted by its customers". To build "Global Major Brand Kubota", it is necessary to raise many elements of the Company's management to a higher level, including its business structure, QCD (quality, cost, and delivery), personnel, and dignity. The Company will pursue the attainment of our objective of building "Global Major Brand Kubota" by continuing to work toward even more-effective implementation of the priority strategies explained in the following paragraphs. By pursuing the goal of building "Global Major Brand Kubota" the Company intends to steadily fulfill our mission of "contributing to the world in the fields of food, water, and the environment".

#### **1) Development in Strategic Businesses**

The Company will develop its business activities by expanding its presence in the farm machinery market for upland farming as the core of its growth strategy. In 2015, the Company began the production and distribution of its largest, 170-horsepower class tractor and made a full-scale entry into the farm machinery market for upland farming. Along with this, the Company introduced a series of new products for the farm machinery market for upland farming in emerging countries, including multi-purpose tractors and wheel drive combine harvesters. The full-scale delivery of these new products starts in 2016. The Company is currently working to strengthen its production, sales, and services capabilities to enable it to supply these high-quality products speedily and on a stable basis to satisfy both its dealers and customers.

The key to building "Global Major Brand Kubota" will be the Farm & Industrial Machinery business in North America. The Company is expanding its lineup of products not only in the farm machinery business for upland farming but also in construction machinery, including its new skid steer loader, and in utility vehicles for which the Company currently has a dedicated plant under construction, and other products. In 2015, the Company decided to move its U.S. sales company to a location near upland farming regions and expand its business functions and capabilities. The Company is strengthening its local production, product development, and its human resources and business infrastructure to support business activities. In this way, the Company is planning to substantially expand its business operations in North America.

In the Water & Environment business, the Company is focusing on business development in Asia. With the receipt of multiple orders for water treatment facilities in the Thilawa Special Economic Zone in Myanmar as an example of its success in this region, the Company will sharpen the focus of its activities on the regions and technologies that the Company should aim for, and actively pursue business development based on the strengths of the Kubota Group. Going forward, the Company will endeavor to realize further synergies through strengthening collaboration among various business regions.

#### **2) Globalize All Aspects of Management**

In R&D activities, the Company is establishing new R&D centers both in Japan and overseas, and expanding our R&D personnel, including the hiring of non-Japanese personnel. Looking ahead, the Company will also be working to secure R&D personnel, both in terms of numbers and quality, and, while collaborating with outside parties, the Company is aiming to review and structure its R&D activities to enable it to win out over major global competitors.

In production, the Company is moving forward quickly to establish the "Kubota Production Method" on a

global basis. In 2015, the Company established a basic policy that combines the production methods of advanced companies with the Company's unique approach and methods. Moving forward, the Company will promote the full-scale application of this basic policy in Kubota Group plants, and expand application to the plants of partner companies with the aim of further improving the level of excellence in manufacturing of the Group as a whole.

In management, the Company is working to promote the efficiency of working capital by reducing assets and improving cash flows. Among these initiatives, the Company is focusing especially on activities to reduce inventories as efforts to further improve its many management functions from orders to sales. Through unceasing efforts, the Company is working to raise its comprehensive strengths and maximize cash to provide funding for growth.

### **3) Revitalize the Farm Equipment Business in Japan**

As for the domestic farm equipment market in 2015, demand for tractors has recovered to the level prior to Japan's consumption tax hike; however, demand for rice planters and combine harvesters has not recovered, and the market as a whole is stagnant. This has not been due to temporary factors such as the consumption tax hike and suggests that structural changes are under way. Looking to the future, the Company is moving forward with initiatives to understand the directions of these market changes more so than in the past. The Company is also endeavoring to provide products and services as well as implement marketing activities that are clearly superior to those of competitors. In addition, the Company is taking initiatives to increase its organizational efficiency to respond to market changes and to restructure its operating systems. The Company is using its products and services to the fullest extent to contribute to providing solutions for the issues confronting farmers as the Company also works to create new business opportunities. The initiatives include expanding its ICT-based agricultural support system, KUBOTA Smart Agri System (KSAS), establishing agricultural production companies, and working to expand rice exports and others.

### **4) Increase Profitability in the Water & Environment Business**

In the Water & Environment business, on the one hand, the Company is working to create new markets, principally in Asia. On the other hand, the Company is focusing on maximizing profitability in existing markets in order to generate resources for creating new markets. The market in Japan for pipe-related products has reached maturity, and the Company is taking steps to establish profitable operations without relying on expansion in sales. Conditions in the domestic market for environment-related products are intensely competitive, and, to respond to this, the Company is making a shift from selling plants and equipment to offering packages of operating, management, and maintenance services. In the industrial castings business, the Company is moving forward with the overall optimization of its overseas production plant network and implementing measures to restructure these locations and further upgrade their business infrastructure. Looking forward, by pursuing these measures decisively, the Company will aim to make major improvements in profitability in the Water & Environment business.

### **5) Issues Upon Which the Company Should Implement Countermeasures**

(Actions for the health hazard of asbestos)

The Company will continuously cope with this issue faithfully from the view point of Corporate Social Responsibility as one of manufacturers that once manufactured asbestos-containing products.

#### *Initiatives to date*

- Relief payment

The Company has established "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant" on April 17, 2006 and paid the relief payments to 282 parties up to December 31, 2015.

- Actions for medical support for asbestos-related diseases

The Company has paid a contribution to Hyogo College of Medicine for the purpose of medical

treatment and research of asbestos-related diseases, which was allocated for the 126th period.

-----

Last year, although the United States took steps to normalize its monetary policy, issues arose in other parts of the world. Due to a slowdown in growth in the Chinese economy, deterioration in the economies of resource and emerging countries due to the sharp drop of resource prices, and increasing geopolitical risks, mainly in the Middle East, global economy was getting more confusing and chaotic. Amid this business environment, the business environment for the Company became increasingly challenging. However, the Company has an unchanging objective, and that is to build “Global Major Brand Kubota.” The Company is working to realize this objective and is endeavoring to substantially enhance the management resources that the Company has created so far, and, working in unison in the Kubota Group as a whole, will continue to tackle the challenges and to overcome numerous difficulties that lie ahead.

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

### (3) The Financial Position and the Results of Operations

#### 1) Consolidated Financial Summary

Fiscal period ( <u>Business term</u> )	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Nine months ended December 31, 2015
	( <u>122nd</u> )	( <u>123rd</u> )	( <u>124th</u> )	( <u>125th</u> )	( <u>126th</u> )
Revenues (in billions of yen)	1,029.4	1,221.5	1,510.5	1,584.3	1,244.8
Operating income (in billions of yen)	104.5	120.6	203.9	203.1	166.9
Income before income taxes and equity in net income of affiliated companies (in billions of yen)	100.7	126.8	212.4	210.7	169.5
Net income attributable to Kubota Corporation (in billions of yen)	62.1	77.8	132.7	139.5	110.1
Net income attributable to Kubota Corporation per common share —Basic (in yen)	49.15	61.91	105.74	111.68	88.47
Total assets (in billions of yen)	1,555.2	1,852.7	2,110.8	2,472.3	2,533.0
Total equity (in billions of yen)	734.1	853.2	1,001.6	1,178.5	1,218.6
Kubota Corporation shareholders' equity (in billions of yen)	676.0	794.5	935.8	1,100.1	1,140.3
Kubota Corporation shareholders' equity per common share (in yen)	538.28	632.59	748.76	883.10	916.28
Ratio of net income attributable to Kubota Corporation to shareholders' equity (%)	9.4	10.6	15.3	13.7	9.8

#### Notes:

1. The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America.
2. Net income attributable to Kubota Corporation per common share is calculated based on the weighted average number of outstanding common shares for the period. Kubota Corporation shareholders' equity per common share is calculated based on the number of outstanding common shares at the end of the period. The weighted average number of outstanding common share for the period and the number of outstanding common share at the end of the period are calculated after deducting the number of shares of treasury stock.
3. Kubota Corporation shareholders' equity per common share is calculated based on total amount of Kubota Corporation shareholders' equity in consolidated balance sheets.
4. Beginning with the 124th business term, the Company aligned the reporting periods of certain subsidiaries and affiliated companies with different financial statement closing dates to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for the prior years.
5. Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. The same changes in the fiscal year-ends were made to subsidiaries in Japan that had fiscal year-ends other than December 31. Accordingly, the 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. In addition, certain subsidiaries and affiliated company aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for the prior years.
6. The amounts are rounded off to the nearest ¥0.1 billion except per common share amounts, and per common share amounts are rounded off to the nearest ¥0.01.



## 2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Nine months ended December 31, 2015
	(122nd)	(123rd)	(124th)	(125th)	(126th)
Net sales (in billions of yen)	622.8	674.7	765.3	776.5	575.1
Operating income (in billions of yen)	35.2	51.1	75.4	66.9	42.8
Ordinary income (in billions of yen)	41.6	63.8	99.8	92.7	64.4
Net income (in billions of yen)	29.7	41.8	66.4	65.9	47.4
Net income per common share					
—Basic (in yen)	23.52	33.30	52.97	52.76	38.09
Total assets (in billions of yen)	798.1	882.6	953.2	1,007.5	1,027.5
Total net assets (in billions of yen)	438.8	479.5	521.4	558.5	555.8
Net assets per common share (in yen)	349.30	381.71	417.10	448.27	446.47

### Notes:

1. Net income per common share is calculated based on the weighted average number of outstanding common shares for the period. Net assets per common share is calculated based on the number of outstanding common shares at the end of the period. The weighted average number of outstanding common share for the period and the number of outstanding common share at the end of the period are calculated after deducting the number of shares of treasury stock.
2. Due to the change in the fiscal year-end, the results of operations for the 126th business term represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.
3. The amounts are rounded down to the nearest ¥0.1 billion except per common share amounts and per common share amounts are rounded down to the nearest ¥0.01.

**(4) Material Subsidiaries and Affiliated Companies (As of December 31, 2015)**

	Name	Issued capital	Percentage of voting shares	Major operations
<b>(Subsidiaries)</b>				
Japan	Kubota Credit Co., Ltd.	¥0.5 billion	72.0 【17.0】	Retail financing to purchasers of farm equipment and related products in Japan
	Kubota-C.I. Co., Ltd.	¥3.0 billion	70.0	Manufacturing and sales of plastic pipes and fittings
North America	Kubota U.S.A., Inc.	US\$167 million	100.0	Administration of subsidiaries in the U.S.A.
	Kubota Tractor Corporation	US\$37 million	100.0 【100.0】	Sales of tractors, small-sized construction machinery and related products in the U.S.A.
	Kubota Credit Corporation U.S.A.	US\$8 million	100.0 【90.0】	Retail financing to purchasers of tractors, small-sized construction machinery and related products in the U.S.A.
	Kubota Manufacturing of America Corporation	US\$10 million	100.0 【100.0】	Manufacturing of small-sized tractors, lawn mowers and utility vehicles
	Kubota Industrial Equipment Corporation	US\$70 million	100.0 【100.0】	Manufacturing of tractors and implements for tractors
	Kubota Engine America Corporation	US\$10 million	100.0 【100.0】	Sales, engineering and after-sales service of engines, engine parts and engine accessories
	Kubota Canada Ltd.	Can\$6 million	100.0	Sales of tractors and small-sized construction machinery and other machinery in Canada
	Kubota Materials Canada Corporation	Can\$15 million	100.0	Manufacturing and sales of cast steel products in North America
Europe	Kubota Europe S.A.S.	EUR11 million	100.0	Sales of tractors, engines and small-sized construction machinery in Europe, mainly in France
	Kubota Baumaschinen GmbH	EUR14 million	100.0	Manufacturing and sales of small-sized construction machinery in Europe, mainly in Germany
	Kverneland AS	EUR17 million	100.0 【100.0】	Manufacturing and sales of agricultural implements
Asia and Middle East	Kubota China Holdings Co., Ltd.	RMB 1,701 million	100.0	Administration of subsidiaries in China
	Kubota Agricultural Machinery (Suzhou) Co., Ltd.	RMB 170 million	100.0 【100.0】	Manufacturing and sales of combine harvesters, rice transplanters, tractors and parts in China
	Kubota Construction Machinery (Wuxi) Co., Ltd.	RMB 289 million	100.0 【100.0】	Manufacturing small-sized construction machinery in China
	Kubota China Financial Leasing Ltd.	RMB 527 million	100.0 【100.0】	Finance leasing of Kubota products centering on farm equipment and construction machinery
	SIAM KUBOTA Corporation Co., Ltd.	THB 2,739 million	60.0	Manufacturing and sales of tractors, combine harvesters, implement, horizontal type diesel engines, power tillers and other machinery in Thailand and neighboring countries
	Siam Kubota Leasing Co., Ltd.	THB 2,000 million	100.0 【100.0】	Retail financing to purchasers of tractors and combine harvesters
	SIAM KUBOTA Metal Technology Co., Ltd.	THB 900 million	100.0 【100.0】	Manufacturing of casting parts for tractors and engines

	Kubota Engine (Thailand) Co., Ltd.	THB 1,400 million	100.0	Manufacturing of diesel engines mounted on tractors and combine harvesters of Kubota and diesel engines for external customers
	Kubota Saudi Arabia Company, LLC	SAR 56 million	51.0	Manufacturing and sales of reformer & cracking tubes for Middle East, North Africa and Europe
(Affiliated Company)				
Japan	KMEW Co., Ltd.	¥8.0 billion	50.0	Manufacturing and sales of roofing and siding materials

Notes:

1. Figures inside【 】represents ratio of indirect holding shares to total shares of each subsidiary, which is included in total percentage of voting shares described above【 】.
2. As of December 31, 2015, the company had 153 subsidiaries (including above 22 companies), decrease of three companies from the prior year-end.
3. Consolidated financial results for nine months ended December 31, 2015 are described in “1. Item of Overview of Operations, (1) Review of Operations”.

**(5) Main Line of Business (As of December 31, 2015)**

1) Main Line of Business

The Company is conducting its businesses in three fields: "Farm & Industrial Machinery", "Water & Environment" and "Other".

<b>Farm &amp; Industrial Machinery</b>		
	Farm equipment	Tractors, Power tillers, Combine harvesters, Rice transplanters, Lawn mowers, Utility vehicles and other agricultural machineries, Implements, Attachments, Post-harvest Machineries, Vegetable production equipments and other equipment for agricultural use, Cooperative drying facilities, Rice seedling facilities, Rice mill plants and gardening facilities
	Engines	Engines (for farming, construction, industrial machinery and generators)
	Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders and other construction machinery related products
	Electronic equipped machinery	Scales, Weighing and measuring control systems, Vending machines for drinks, Air-conditioning equipment, Air purifier with humidification function
<b>Water &amp; Environment</b>		
	Pipe-related Products	Ductile iron pipes, Plastic pipes, Pumps and plants, Valves, Single stack drain fittings, Design and construction of construction works
	Environment-related Products	Waste water treatment equipments and plants, Membrane solutions, Water purification plants, Night-soil treatment plants, Waste incinerating and melting plants, Waste shredding and sorting plants, Flue gas desulfurization apparatus, Membrane methane fermentation plants, Johkasou systems (Septic tanks), Bathtubs
	Social Infrastructure-related Products	Reformer & Cracking tubes, Hearth rolls, Rolls for steel mills, Ceramics, TXAX (friction materials), Spiral welded steel pipes (Steel pipe pile, Steel pipe sheet pile)
<b>Other</b>		
	Services, Roofing and siding materials	

**(6) Main Offices and Factories (As of December 31, 2015)**

	<u>Name</u>	<u>Location</u>
Offices	Head Office Tokyo Head Office Hokkaido Regional Office Tohoku Regional Office Chubu Regional Office Chugoku Shikoku Regional Office Kyusyu Regional Office Hanshin Office Okajima Business Center Kyuhoji Business Center Yokohama Branch Shikoku Sales Office	Osaka [ Osaka ] Chuo-ku [ Tokyo ] Sapporo [ Hokkaido ] Sendai [ Miyagi ] Nagoya [ Aichi ] Hiroshima [ Hiroshima ] Fukuoka [ Fukuoka ] Amagasaki [ Hyogo ] Osaka [ Osaka ] Yao [ Osaka ] Yokohama [ Kanagawa ] Takamatsu [ Kagawa ]
Plants	Sakai Plant Hirakata Plant Utsunomiya Plant Tsukuba Plant Sakai-Rinkai Plant Hanshin Plant Keiyo Plant Shiga Plant Ryugasaki Plant	Sakai [ Osaka ] Hirakata [ Osaka ] Utsunomiya [ Tochigi ] Tsukubamirai [ Ibaraki ] Sakai [ Osaka ] Amagasaki [ Hyogo ] Funabashi and Ichikawa [ Chiba ] Konan [ Shiga ] Ryugasaki [ Ibaraki ]

**Main Subsidiaries and Affiliated Companies (Location)**

Farm & Industrial Machinery	Japan	17 domestic sales companies of farm equipment Kubota Agri Service Corporation (Osaka, Japan) KUBOTA Construction Machinery Japan Corporation (Amagasaki, Japan) Kubota Credit Co., Ltd. (Osaka, Japan) Kubota Farm & Industrial Machinery Service Ltd. (Sakai, Japan) Kubota Air Conditioner, Ltd. (Chuo-ku, Tokyo, Japan)
	North America	Kubota U.S.A., Inc. (U.S.A.) Kubota Tractor Corporation (U.S.A.) Kubota Credit Corporation U.S.A. (U.S.A.) Kubota Manufacturing of America Corporation (U.S.A.) Kubota Industrial Equipment Corporation (U.S.A.) Kubota Engine America Corporation (U.S.A.) Kubota Canada Ltd. (Canada)
	Europe	Kubota Europe S.A.S. (France) Kubota Baumaschinen GmbH (Germany) Kubota (Deutschland) GmbH (Germany) Kubota(U.K.) Ltd. (U.K.) Kverneland AS (Norway)
	Asia outside Japan	Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) Kubota Construction Machinery (Wuxi) Co., Ltd. (China) SIAM KUBOTA Corporation Co., Ltd. (Thailand) Siam Kubota Leasing Co., Ltd. (Thailand) SIAM KUBOTA Metal Technology Co.,Ltd. (Thailand) Kubota Engine (Thailand) Co., Ltd. (Thailand)
	Australia	Kubota Tractor Australia Pty Ltd. (Australia)
	Water & Environment	Japan
North America		Kubota Materials Canada Corporation (Canada)
Middle East		Kubota Saudi Arabia Company, LLC (Kingdom of Saudi Arabia)
Other	Japan	KMEW Co., Ltd. (Osaka, Japan)
	Asia outside Japan	Kubota China Holdings Co., Ltd. (China) Kubota China Financial Leasing Ltd. (China)

**(7) Employees (As of December 31, 2015)**

	Number of employees	Change from previous period
Consolidated:	36,233	+746
Non-consolidated:	10,830	+151

**(8) Main Financing Bank (As of December 31, 2015)**

Name	Balance of the loan
Sumitomo Mitsui Banking Corporation	¥105.2 billion
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥105.1 billion
Mizuho Bank, Ltd.	¥101.2 billion
Sumitomo Mitsui Trust Bank, Limited	¥80.0 billion

## 2. Item on Shares of Kubota Corporation

### (1) Stock Data (As of December 31, 2015)

1) Total Number of Authorized Common Shares:	1,874,700,000 shares
2) Total Number of Common Shares Issued:	1,244,919,180 shares (including 24,864 shares of treasury stock)

\* Because Kubota Corporation retired common shares on December 30, 2015, total number of common shares issued decreased 1,300,000 from the prior year-end.

3) Number of Shareholders: 31,207 Shareholders

4) Number of Shares Constituting One Full Unit of Shares of Kubota Corporation Shall be One Thousand.

\* Kubota Corporation changed the number of shares constituting one share unit to 100 shares on January 1, 2016.

### 5) Principal Shareholders (Top 10)

Name	Number of Shares (thousand of shares)	Percentage of Issued Shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	120,054	9.64
Nippon Life Insurance Company	62,542	5.02
Meiji Yasuda Life Insurance Company	59,929	4.81
Japan Trustee Services Bank, Ltd. (Trust Account)	59,793	4.80
Sumitomo Mitsui Banking Corporation	45,006	3.61
Mizuho Bank, Ltd.	45,006	3.61
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	19,582	1.57
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,156	1.45
The Bank of New York Mellon SA/NV 10	17,913	1.43
State Street Bank and Trust Company 505223	17,651	1.41

Note: Percentage of issued shares is calculated excluding treasury stock as of December 31, 2015.

### (2) Purchase, Sale and Possession of Treasury Stock

#### 1) Total Amount of Shares Purchased during This Fiscal Year

Total number of treasury stock purchased:	1,195,233 shares
Total amount of treasury stock purchased:	¥2,314,231,921

Notes:

(a) Total amount of treasury stock purchased, pursuant to the resolution at the Meeting of Board of Directors

Total number of treasury stock purchased:	1,159,000 shares
Total amount of treasury stock purchased:	¥2,243,779,000

(b) Total amount of shares purchased less than the minimum unit

Total number of shares purchased:	36,233 shares
Total amount of shares purchased:	¥70,452,921

#### 2) Total Amount of Shares Sold Less than the Minimum Unit during This Fiscal Year

Total number of shares sold:	0 share
Total amount of shares sold:	¥0

#### 3) Total Amount of Shares Retired during This Fiscal Year

Total number of shares retired:	1,300,000 shares
Date of retirement:	December 30, 2015

4) Total Number of Treasury Stock on December 31, 2015:	24,864 shares
(Total number of treasury stock on March 31, 2015:	129,631 shares)

**3. Item of Directors, Audit & Supervisory Board Members and Executive Officers of Kubota Corporation**  
**(1) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2015)**

<u>Title</u>	<u>Name</u>	<u>Responsibilities and important concurrent offices</u>
President and Representative Director	Masatoshi Kimata	
Representative Director and Executive Vice President	Toshihiro Kubo	General Manager of CSR Planning & Coordination Headquarters, General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office
Director and Senior Managing Executive Officer	Shigeru Kimura	General Manager of Planning & Control Headquarters
Director and Senior Managing Executive Officer	Kenshiro Ogawa	General Manager of Manufacturing Engineering Headquarters, General Manager of Health & Safety Promotion Headquarters
Director and Senior Managing Executive Officer	Yuichi Kitao	In charge of Farm & Industrial Machinery Domain, General Manager of Farm & Utility Machinery Division
Director	Yuzuru Matsuda	President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings, Inc., Director of JSR Corporation
Director	Koichi Ina*	Chairman of Daihatsu Motor Co., Ltd.
Audit & Supervisory Board Member	Satoru Sakamoto	Full-time
Audit & Supervisory Board Member	Toshikazu Fukuyama	Full-time
Audit & Supervisory Board Member	Masaharu Kawachi	Full-time
Audit & Supervisory Board Member	Akira Morita*	Attorney, Professor of Law, Doshisha Law School, Visiting attorney at law of Miyake & Partners Law Firm
Audit & Supervisory Board Member	Teruo Suzuki*	Certified Public Accountant, Audit & Supervisory Board Member of Kao Corporation, Adviser of Seven-Eleven Japan Co., Ltd.

Notes:

- Messrs. Yuzuru Matsuda and Koichi Ina are Outside Directors.
- Messrs. Masaharu Kawachi, Akira Morita, and Teruo Suzuki are Outside Audit & Supervisory Board Members.
- Kubota Corporation reported to the TSE that all Outside Directors and Outside Audit & Supervisory Board Members of Kubota Corporation are Independent Directors/Audit & Supervisory Board Members defined by the TSE.
- Mr. Teruo Suzuki, an Outside Audit & Supervisory Board Member of Kubota Corporation, is a Certified Public Accountant and has an adequate knowledge regarding accounting and finance including generally accepted accounting principles in the United States of America.
- Kubota Corporation has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings, Inc., and JSR Corporation of which Mr. Yuzuru Matsuda currently holds an important post. Kubota Corporation has no special relationship with Daihatsu Motor Co., Ltd. of which Mr. Koichi Ina currently holds an important post. Kubota Corporation has no special relationship with Miyake & Partners Law Firm of which Mr. Akira Morita currently holds an important post. Kubota Corporation has no special relationship with Kao Corporation and Seven-Eleven Japan Co., Ltd. of which Mr. Teruo Suzuki currently holds an important post.
- Changes of Directors and Audit & Supervisory Board Members during the nine months ended December 31, 2015
  - Persons indicated by an asterisk (\*) in the above table, were newly elected at the 125th Ordinary General Meeting of Shareholders held on June 19, 2015 and assumed their offices.
  - Director of Kubota Corporation, namely Mr. Yukitoshi Funo, and Audit & Supervisory Board Members of Kubota Corporation, namely Messrs. Akira Negishi and Ryoji Sato retired at the conclusion of the 125th Ordinary General Meeting of Shareholders held on June 19, 2015.
- Kubota Corporation changed title and responsibilities and principal position of Directors as follows on January 1, 2016.

<u>Title</u>	<u>Name</u>	<u>Responsibilities and principal position</u>
Representative Director and Executive Vice President	Toshihiro Kubo	In charge of Water & Environment Domain, General Manager of CSR Planning & Coordination



		Headquarters, General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office
Director and Senior Managing Executive Officer	Kenshiro Ogawa	General Manager of Manufacturing Engineering Headquarters

8. Kubota Corporation appointed Executive Officers as follows on January 1, 2016.

Executive Officers indicated by an asterisk (\*) in the below table were newly appointed on January 1, 2016.

2 Executive Officers of Kubota Corporation, namely Messrs. Yujiro Kimura and Taichi Ito retired due to the expiration of the terms of office on December 31, 2015.

Executive Officers (as of January 1, 2016)

<u>Title</u>	<u>Name</u>	<u>Responsibilities and important concurrent offices</u>
Senior Managing Executive Officer	Satoshi Iida	General Manager of Research & Development Headquarters, General Manager of Water & Environment R&D
Senior Managing Executive Officer	Shinji Sasaki	General Manager of Engine Division
Managing Executive Officer	Hiroshi Matsuki	General Manager of Water & Environment Business Promotion Headquarters, General Manager of Tokyo Head Office
Managing Executive Officer	Kunio Suwa	Deputy General Manager of CSR Planning & Coordination Headquarters
Managing Executive Officer	Toshihiko Kurosawa	General Manager of Water Engineering & Solution Division
Managing Executive Officer	Hiroshi Kawakami	President of SIAM KUBOTA Corporation Co., Ltd.
Managing Executive Officer	Yoshiyuki Fujita	Deputy General Manager of Planning & Control Headquarters
Managing Executive Officer	Hironobu Kubota	President of Kubota Manufacturing of America Corporation, President of Kubota Industrial Equipment Corporation
Managing Executive Officer	Masato Yoshikawa	President of Kubota Tractor Corporation
Executive Officer	Kaoru Hamada	Deputy General Manager of Research & Development Headquarters, General Manager of Material Center
Executive Officer	Junji Ogawa	Deputy General Manager of CSR Planning & Coordination Headquarters
Executive Officer	Yasuo Nakata	General Manager of Quality Assurance Headquarters
Executive Officer	Kazuhiro Kimura	General Manager of Electronic Equipped Machinery Division
Executive Officer	Dai Watanabe	President of Kverneland AS
Executive Officer	Haruyuki Yoshida	General Manager of Farm & Industrial Machinery International Operations Headquarters
Executive Officer	Takao Shomura	General Manager of Procurement Headquarters, General Manager of Sakai Plant
Executive Officer	Yuji Tomiyama	Deputy General Manager of Farm and Utility Machinery Division
Executive Officer	Kazunari Shimokawa	General Manager of Construction Machinery Division
Executive Officer	Mutsuo Uchida	General Manager of Pipe Systems Division, General Manager of Pipe Systems Business Unit
Executive Officer	Nobuyuki Ishii	President of Kubota Europe S.A.S.
Executive Officer	Kazuhiro Shinabe	Deputy General Manager of Water Engineering & Solution Division, General Manager of Water Engineering & Solution Business Unit
Executive Officer	Ryuichi Minami	President of Kubota Agricultural Machinery (Suzhou) Co., Ltd.
Executive Officer	Yoshimitsu Ishibashi	General Manager of Farm Machinery Japan Operation, President of Kubota Agri Service Corporation
Executive Officer	Ryoji Kuroda*	General Manager of Health & Safety Promotion Headquarters

Executive Officer	Yasuhiko Hiyama*	General Manager of Tractor and Utility Machinery Business Unit
Executive Officer	Eiji Yoshioka*	General Manager of Materials Division
Executive Officer	Yasukazu Kamada*	Deputy General Manager of Engine Division, General Manager of Engine Planning & Sales Promotion Department

## (2) Remuneration for Directors and Audit & Supervisory Board Members

<u>Title</u>	<u>Number</u>	<u>Total</u>
Directors	8	¥ 428 million (including ¥ 19 million for three Outside Directors)
Audit & Supervisory Board Members	7	¥ 83 million (including ¥ 38 million for five Outside Audit & Supervisory Board Members)

Notes:

1. The above remuneration for Directors and Audit & Supervisory Board Members includes remuneration for one Outside Director and two Outside Audit & Supervisory Board Members who retired at the conclusion of the 125th Ordinary General Meeting of Shareholders held on June 19, 2015.
2. Remuneration for Directors includes ¥184 million of bonuses for Directors to be proposed on the 126th Ordinary General Meeting of Shareholders.

## (3) Policy for Determination of Remuneration and its Calculation Method for Directors and Audit & Supervisory Board Members

At the Meetings of the Board of Directors, the remuneration for the Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it is deliberated on in the Compensation Council in consideration of the Company's operating results, compensation levels of other companies, and other factors. The Compensation Council consists of Representative Directors, excluding the President, and Executive Officers in charge of administrative departments.

The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

## (4) Activity Report for Outside Directors and Outside Audit & Supervisory Board Members

<u>Position</u>	<u>Name</u>	<u>Their Activities</u>
Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all nine Board of Directors' Meetings. He made use of considerable experience and extensive knowledge of business management, and expressed opinions about corporate management based on viewpoint of business management and business strategy.
Director	Koichi Ina	Mr. Koichi Ina attended five Meetings of Board of Directors (out of seven meetings) after his assuming office on June 19, 2015. He made use of considerable experience and extensive knowledge of business management, and expressed opinions about corporate management based on viewpoint of business management and business strategy.
Audit & Supervisory Board Member	Masaharu Kawachi	Mr. Masaharu Kawachi, who is an Audit & Supervisory Board Member (full-time), attended all nine Meetings of Board of Directors and all twelve Meetings of Audit & Supervisory Board. He expressed opinions based on long experience in corporate administration and management and wide-ranging viewpoint. He also attended the regular meetings with Representative Directors and expressed opinions.
Audit & Supervisory Board Member	Akira Morita	Mr. Akira Morita attended all seven Board of Directors' Meetings and all eight Audit & Supervisory Board Meetings after his assuming office on June 19, 2015. He expressed opinions based on long experience of legal scholar and expert viewpoint. He also attended the regular meetings with Representative Directors and expressed opinions.

Audit & Supervisory Board Member	Teruo Suzuki	Mr. Teruo Suzuki attended all seven Board of Directors' Meetings and all eight Audit & Supervisory Board Meetings after his assuming office on June 19, 2015. He expressed opinions based on considerable experience as Certified Public Accountant and professional viewpoint, regarding accounting and financial matters, including generally accepted accounting principles in the United States of America. He also attended the regular meetings with Representative Directors and expressed opinions.
----------------------------------	--------------	--

**(5) Overview of Agreements on Limitation of Liabilities of Outside Directors and Outside Audit & Supervisory Board Members**

Pursuant to Article 427, Paragraph 1 of the Corporate Law of Japan, Kubota Corporation enters into Liability Limitation Agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members, which limit the maximum amount of their liabilities owed to the Company arising in connection with their failure to perform their duties as long as they are acting in good faith and without significant negligence, to the extent permitted by the Corporate Law of Japan.

#### 4. Independent Auditor

##### (1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

##### (2) Compensation for the Independent Auditor for the Nine Months Ended December 31, 2015

1) Amount of compensation provided for the nine months ended December 31, 2015	¥ 248 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥ 270 million

##### Notes:

1. The Audit & Supervisory Board confirmed and deliberated the content of the Independent Auditor's audit plans, the status of the duties executed on audit, and calculation base of estimated amount of compensation, with related materials and reports from Directors, relevant divisions of Kubota, and the Independent Auditor. Consequently, the Audit & Supervisory Board concluded that they are appropriate and agreed to the above amount.
2. The compensation for audit is not divided into the compensation related to the Corporate Law of Japan and the compensation related to the Financial Instruments and Exchange Act of Japan in the audit contract between Kubota and the Independent Auditor, as it is substantially impossible. Therefore, the amount 1) described above is a total amount of the compensation of both audits.
3. Kubota paid fees to the Independent Auditor for the support services related to consultations on accounting and finance, which are not services specified in Article 2 Paragraph 1 of the Certified Public Accountant Act.
4. Kubota Tractor Corporation and other 19 principal subsidiaries are audited by the accounting firms other than the Independent Auditor of Kubota.

##### (3) Policies for Determining Dismissal or Non-Reelection of Independent Auditor

1. In the case that the Independent Auditor falls under any provisions of Article 340, Paragraph 1 of the Corporate Law of Japan, the Audit & Supervisory Board may dismiss the Independent Auditor by unanimous approval of Audit & Supervisory Board Members.
2. In the case that the Independent Auditor is not qualified or eligible to execute duties as the accounting auditor, pursuant to disqualifying reasons of Article 337, Paragraph 1 of the Corporate Law of Japan, and, comprehensively taking into account the status of the duties executed on audit and other factors, it is appropriate not to reappoint it as the Independent Auditor, the Audit & Supervisory Board may submit a proposal to the General Meeting of Shareholders to appoint, dismiss, or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.
3. In the case that the Directors seek consent to the Audit & Supervisory Board about submitting a proposal to the General Meeting of Shareholders to dismiss or not to reappoint the Independent Auditor, the Audit & Supervisory Board deliberates the proposal. Consequently if it is appropriate to dismiss or not to reappoint the Independent Auditor, the Audit & Supervisory Board may submit a proposal to the General Meeting of Shareholders to dismiss or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.

## **5. Item of Systems to be Developed to Establish Internal Control Systems**

Kubota Corporation has set and is implementing the following ten systems to ensure the appropriateness of its business operations.

Kubota Corporation partially revised these systems at the Meeting of the Board of Directors held on May 12, 2015.

### **(1) System to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws and Regulations, and the Articles of Incorporation**

As the basis of this system to ensure that the Directors, the Executive Officers, and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct” to be observed by all Directors, the Executive Officers, and employees of Kubota Corporation and its subsidiaries.

Under the Company-Wide Risk Management Committee, the department in charge designated for each category of management risks (hereinafter referred to as the “department in charge”) undertakes such activities as education and training to promote compliance with laws and ethical norms, and performs internal audits.

In addition, based on the operational regulations of “Operation of the Whistle Blowing System,” Kubota Corporation has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation that is based on rules to protect whistle blowers. The aim of this system is to discover at an early stage any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring.

### **(2) System Related to the Safekeeping and Management of Information Regarding Kubota Corporation Directors’ Execution of Duties**

Kubota Corporation properly holds in custody and controls information on the execution of duties by the Directors and Executive Officers in accordance with its in-house rules and regulations, which include the “Regulations on Custody of Documents” and other items. Kubota Corporation also maintains a system for making such documents available for examination, as necessary.

### **(3) Rules and Regulations on the Management of Risks of Losses and Other Systems**

Kubota Corporation manages risks of compliance, environment, health and safety, disasters, quality, and other matters relating to the performance of business operations of the Group as a whole by having departments in charge or committees under the control of the Company-Wide Risk Management Committee provide internal rules and regulations, manuals, and other guidelines to respond to the risks of the Group as a whole.

In order to respond to new risks arising in the Group, the Company-Wide Risk Management Committee will determine the department in charge, and the new risks will be managed by the said department.

### **(4) System to Ensure the Efficient Execution of Duties by Directors**

The Board of Directors decides management execution policies, matters set forth in laws and regulations, and other important matters regarding management, while also overseeing the execution of duties by the Directors and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the Executive Officers about policies and resolutions decided by the Board of Directors. The progress of execution of their duties is reported to the President and Representative Director by the Executive Officers.

Kubota Corporation enhances its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and Representative Director and other Executive Officers, to decide important management matters. Kubota Corporation also implements multifaceted deliberations in the “Investment Council,” mainly consisting of the Executive Officers in charge of administrative departments, to discuss other important investment projects. The results of these discussions are reported to the Board of Directors or the like to enhance the effectiveness of the system, in accordance with the operational regulations of “Operation of the Management Committee and Investment Council.”

### **(5) System to Ensure Proper Business Operations within the Group, Consisting of Kubota Corporation and Its Subsidiaries**

(a) To create a Group-Wide control environment, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct”, and the philosophies contained in this charter and code of

conduct are shared throughout the Group. To ensure proper business operations of the Group, Kubota Corporation sets its in-house rules and regulations and establishes proper internal control systems. The status of the design and operation of internal control systems related to management risks, including the internal control systems over financial reporting, is audited by the internal auditing department, and departments in charge, after self-audits performed by each department of Kubota Corporation and its subsidiaries, and the results of such audits are reported to the Directors in charge, the Chairman of the Company-Wide Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.

(b) Kubota Corporation manages its subsidiaries in accordance with the subsidiary management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties of their executives to the department in charge at Kubota Corporation. Kubota Corporation emphasizes the business connections between the subsidiaries and the operating divisions of Kubota Corporation and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. Kubota Corporation then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

**(6) System for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems Related to Reports to Audit & Supervisory Board Members**

Kubota Corporation has established a system for the Directors, the Executive Officers, and employees of Kubota Corporation, and the Directors, the Executive Officers, and employees of subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay. This is in addition to the matters that need to be reported in accordance with laws and regulations. Persons who have reported to the Audit & Supervisory Board Members will not be treated disadvantageously as a result of making their reports.

- (a) Matters that could affect Kubota Corporation's management;
- (b) Contents of internal audits performed by the internal auditing department and departments in charge;
- (c) Contents of whistle blowing revealed through the "Kubota Hotline"; and
- (d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members

**(7) Matters Related to Employees who are Requested to Assist Audit & Supervisory Board Members in Their Duties**

Kubota Corporation has established the Office of Audit & Supervisory Board Members and assigns employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

**(8) Matters Related to the Independence of the Employees, as Defined in Item (7) Above, from Directors and Matters Related to Ensuring the Effectiveness of the Instructions Given by Audit & Supervisory Board Members to Those Employees**

The employees defined in Item (7) above fully comply with the instructions given by the Audit & Supervisory Board Members and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment and evaluation of the employees defined in Item (7) are made after consultation and agreement between the Director in charge of the Human Resources Department and the Audit & Supervisory Board Members.

**(9) Policy Related to the Processing of Expenses Incurred in the Execution of the Duties of Audit & Supervisory Board Members**

To pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, Kubota Corporation prepares a budget each year and also processes the payment smoothly based on the requests from the Audit & Supervisory Board Members for the processing of any emergency or incidental expenses, or repayments incurred in their execution of the duties.

**(10) Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members**

- (a) The President and Representative Director of Kubota Corporation has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that Kubota Corporation must deal with, the improvement of audit environments, and other issues.
- (b) The Audit & Supervisory Board Members explain their audit policies and audit plans to the Board of Directors, and the Directors make efforts to improve communication with the Audit & Supervisory Board Members to

enhance the exchange of information and establish effective cooperation with the Audit & Supervisory Board Members.

**<Main Measures in This Period>**

**The Following is an Outline of the Measures in This Period Based on the Item of Systems to be Developed to Establish Internal Control Systems.**

The outline of the status of the operation in this period of the Internal Control Systems established by Kubota Corporation was that the Company-Wide Risk Management Committee took a central role and implemented education on legal compliance and internal audits in accordance with the activities policy decided at the start of the period based on the operation regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board Members and others. Also, based on the subsidiary management regulations, in addition to receiving reports on the status of the business of the subsidiaries, the management plan for the subsidiaries was also discussed at the management review committees. Furthermore, in addition to revisions of the in-house rules, regulations and manuals in response to the enactment and revision of laws and regulations and changes in the management risks, the "Kubota Hotline" has been also established as a whistle blowing system. The Hotline accepted reports and consultation from the Group employees and others and implemented the response necessary at the department in charge.

Based on the Regulations on the Board of Directors, the Board of Directors met and decided matters such as the management execution policies. Also, reports and deliberations were implemented at the Executive Officers' Meeting, Management Committee and Investment Council to improve the efficiency of the execution of duties. Also, two Outside Directors who are independent from the execution of duties have been appointed to reinforce the supervisory function of the Board of Directors regarding the execution of duties by the Directors and Executive Officers.

The reporting necessary was implemented appropriately to the Audit & Supervisory Board Members including the Outside Audit & Supervisory Board Members by reporting on items thought to affect management at important meetings such as the Board of Directors and by reporting on the details reported on the "Kubota Hotline." To ensure the effectiveness of the execution of duties by the Audit & Supervisory Board Members, the Office of Audit & Supervisory Board Members has been prepared with dedicated employees assigned to it and the payment of the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members was performed smoothly. In addition, the President and Representative Director met regularly with the Audit & Supervisory Board Members to work to improve the mutual understanding between the Directors and the Audit & Supervisory Board Members and to perform any exchange of information necessary, so monitoring of Kubota Corporation's Internal Control Systems overall was implemented by the Audit & Supervisory Board Members.

## 6. Policy on Appropriation of Retained Earnings

Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends together with share buy-backs and retirement of treasury stock. Kubota Corporation recognizes returning profit to shareholders is one of the most important missions and will strive to expand it, considering requirements of maintaining sound business operations as well as adapting to the future business environment.

Based on the basic policy, Kubota Corporation sets 30 % of payout ratio target, and work to over 30% of shareholder return ratio calculated from dividends and retirement of own shares.

Kubota Corporation decided at the Meeting of Board of Directors held on February 16, 2016 that Kubota Corporation would pay ¥14 of the year-end dividend per common share on March 28, 2016. As a result, including the interim dividend of ¥12 per common share already paid, the annual dividend per common share for the nine months ended December 31, 2015 is ¥28, which is the same amount as for the previous fiscal year.

<b>Notice of year-end dividend</b>	
1) Amount of year-end dividend	¥14 per common share (Total ¥ 17,428,520,424)
2) Record date of year-end dividend	December 31, 2015
3) Payment date	Monday, March 28, 2016
4) Resource of year-end dividend	Retained earnings



## Consolidated Balance Sheet

December 31, 2015

(In millions of yen)

<b>Assets</b>	<b>Liabilities and Equity</b>
<b>Current assets:</b>	<b>Current liabilities:</b>
Cash and cash equivalents 146,286	Short-term borrowings 186,216
Notes and accounts receivable:	Trade notes payable 157,165
Trade notes 78,928	Trade accounts payable 103,169
Trade accounts 551,905	Advances received from customers 7,475
Less: Allowance for doubtful notes and accounts receivable (3,216)	Notes and accounts payable for capital expenditures 15,470
<b>Total notes and accounts receivable—net 627,617</b>	Accrued payroll costs 33,099
Short-term finance receivables—net 224,058	Accrued expenses 61,494
Inventories 356,441	Income taxes payable 5,544
Other current assets 136,444	Other current liabilities 80,152
<b>Total current assets 1,490,846</b>	Current portion of long-term debt 158,117
	<b>Total current liabilities 807,901</b>
<b>Investments and long-term finance receivables:</b>	<b>Long-term liabilities:</b>
Investments in and loan receivables from affiliated companies 26,416	Long-term debt 424,446
Other investments 139,636	Accrued retirement and pension costs 12,148
Long-term finance receivables—net 482,482	Other long-term liabilities 69,949
<b>Total investments and long-term finance receivables 648,534</b>	<b>Total long-term liabilities 506,543</b>
<b>Property, plant, and equipment:</b>	<b>Equity:</b>
Land 81,915	<b>Kubota Corporation shareholders' equity:</b>
Buildings 268,965	Common stock 84,070
Machinery and equipment 465,425	Capital surplus 87,838
Construction in progress 11,252	Legal reserve 19,539
<b>Total property, plant, and equipment 827,557</b>	Retained earnings 869,769
Less: Accumulated depreciation (541,687)	Accumulated other comprehensive income 79,292
<b>Net property, plant, and equipment 285,870</b>	Treasury stock, at cost (198)
	<b>Total Kubota Corporation shareholders' equity 1,140,310</b>
<b>Other assets:</b>	<b>Non-controlling interests 78,248</b>
Goodwill and intangible assets—net 29,430	
Long-term trade accounts receivable 36,758	<b>Total equity 1,218,558</b>
Other 42,363	
Less: Allowance for doubtful non-current receivables (799)	
<b>Total other assets 107,752</b>	
<b>Total asset 2,533,002</b>	<b>Total liabilities and equity 2,533,002</b>

## Consolidated Statement of Income

Nine months ended December 31, 2015

(In millions of yen)

Revenues	1,244,775
Cost of revenues	848,397
Selling, general, and administrative expenses	224,564
Other operating expenses —net	4,940
<b>Operating income</b>	<b>166,874</b>
Other income (expenses):	
Interest and dividend income	5,782
Interest expense	(698)
Gain on sales of securities—net	1,559
Foreign exchange loss—net	(11,935)
Other—net	7,922
Other income (expenses)—net	2,630
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>169,504</b>
Income taxes:	
Current	47,614
Deferred	6,647
Total income taxes	54,261
Equity in net income of affiliated companies	2,009
<b>Net income</b>	<b>117,252</b>
Less: Net income attributable to the non-controlling interests	7,145
<b>Net income attributable to Kubota Corporation</b>	<b>110,107</b>

(Reference)

**Consolidated Statement of Cash Flows**

Nine months ended December 31, 2015

(In millions of yen)

Net cash provided by operating activities	197,040
Net cash used in investing activities	(130,307)
Net cash used in financing activities	(27,671)
Effect of exchange rate changes on cash and cash equivalents	(5,204)
Net increase in cash and cash equivalents	<b>33,858</b>
Cash and cash equivalents, beginning of period	112,428
Cash and cash equivalents, end of period	146,286

## Consolidated Statement of Changes in Equity

Nine months ended December 31, 2015

(In millions of yen)

	Shares of common stock outstanding (thousands)	Kubota Corporation shareholders' equity						Non- controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost		
Balance at April 1, 2015	1,245,700	84,070	87,880	19,539	799,545	109,446	(401)	78,387	1,178,466
Net income					110,107			7,145	117,252
Other comprehensive loss						(30,038)		(5,154)	(35,192)
Cash dividends paid to Kubota Corporation shareholders, ¥30.00 per common share					(37,366)				(37,366)
Cash dividends paid to non-controlling interests								(1,797)	(1,797)
Purchases and sales of treasury stock	(1,196)						(2,314)		(2,314)
Retirement of treasury stock					(2,517)		2,517		—
Increase in non-controlling interests related to contribution								141	141
Changes in ownership interests in subsidiaries			(42)				(116)	(474)	(632)
Balance at December 31, 2015	1,244,504	84,070	87,838	19,539	869,769	79,292	(198)	78,248	1,218,558

## Notes to Consolidated Financial Statements

### Significant Accounting Policies

#### 1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to the provision of paragraph 1, Article 120-2 of the Company Accounting Regulations of Japan. Certain supplementary material and notes required under U.S. GAAP are omitted pursuant to the second sentence in the same provision.

#### 2. Scope of Consolidation and Application of Equity Method

153 subsidiaries are consolidated. 18 affiliated companies are accounted for using the equity method.

#### 3. Valuation of Inventories

Inventories are mainly stated at the lower of cost or market. Cost is generally determined by the moving-average method.

#### 4. Valuation of Securities

Available-for-sale securities are stated at fair value based on market prices at fiscal year-end. Any changes in unrealized holding gains or losses are included directly in equity, and cost of securities sold is determined by the moving-average method.

#### 5. Depreciation and Amortization of Fixed Assets

Depreciation of property, plant, and equipment is mainly computed by using the declining-balance method. Goodwill is not amortized, but is instead tested for impairment at least annually. Amortization of intangible assets with definite useful lives is mainly computed by using the straight-line method based on their respective estimated useful lives.

#### 6. Basis of Provision for Allowance

The allowance for doubtful accounts and credit losses is determined on the basis of the collection status of receivables, historical credit loss experience, economic trends, customer's ability to repay, and collateral values. 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.

#### 7. Other Significant Accounting Policies

##### (1) Retirement and Pension Plans

The prior service costs (benefits) are amortized by the straight-line method over the average remaining years of service of the participants. The Company recognizes any net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following in which such gains and losses were incurred, and the portion between 10% and 20% is amortized over the average participants' remaining service period while the portion of less than 10% is not amortized.

##### (2) Consumption Taxes

Consumption taxes are accounted for tax exclusion method.

#### 8. Change in fiscal year-end

At the 125th Ordinary General Meeting of Shareholders held on June 19, 2015, a partial amendment to the Articles of Incorporation was resolved. Accordingly, Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. The same changes in the fiscal year-ends were made to subsidiaries in Japan that had fiscal year-ends other than December 31. For this reason, the results of operations for the 126th business term, a transitional period for the change in the fiscal year-end, represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

## 9. Changes in Accounting Policies

From the current fiscal year, certain subsidiaries and affiliated company (as of December 31, 2015, 36 subsidiaries and one affiliated company) aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements. Retrospectively adjusted net income attributable to Kubota Corporation for the year ended March 31, 2015 and total equity and total assets as of March 31, 2015, were as follows:

(In millions of yen)			
	Before retrospective adjustment	Adjustment	After retrospective adjustment
Net income attributable to Kubota Corporation	140,012	(478)	139,534
Total equity	1,179,393	(927)	1,178,466
Total assets	2,476,820	(4,562)	2,472,258

## **Notes to Consolidated Balance Sheet**

1. Amounts less than presentation units are rounded.

2. At December 31, 2015, the balances of each classification within accumulated other comprehensive income were as follows:

(In millions of yen)	
Foreign currency translation adjustments	¥ 50,112
Unrealized gains on securities	46,955
Pension liability adjustments	(17,775)
Accumulated other comprehensive income	¥ 79,292

3. At December 31, 2015, secured assets are comprised of the following:

(In millions of yen)	
Trade accounts	¥ 349
Short-term finance receivables	46,869
Other current assets	4,814
Long-term finance receivables	84,644
Property, plant, and equipment	2,047
Total	¥ 138,723

The above assets were secured against the following liabilities:

(In millions of yen)	
Short-term borrowings	¥ 611
Current portion of long-term debt	40,483
Long-term debt	74,554
Total	¥ 115,648

4. The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2015 was ¥12,659 million.

## **Notes to Consolidated Statement of Income**

1. Amounts less than presentation units are rounded.

## **Notes to Consolidated Statement of Changes in Equity**

1. Amounts less than presentation units are rounded.

2. At December 31, 2015, the number of shares issued was as follows:

Common stock 1,244,919 thousand shares

3. The components of other comprehensive loss for the nine months ended December 31, 2015 were as follows:

	(In millions of yen)		
	Attributable to Kubota Corporation	Attributable to the non-controlling	Total
Foreign currency translation adjustments	¥ (12,648)	¥ (4,964)	¥ (17,612)
Unrealized losses on securities	(10,528)	(147)	(10,675)
Unrealized gains on derivatives	10	-	10
Pension liability adjustments	(6,872)	(43)	(6,915)
Other comprehensive loss	¥ (30,038)	¥ (5,154)	¥ (35,192)

## **Notes to Financial Instruments**

### 1. Description of Financial Instruments

A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. However, the Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

Other investments are classified as available-for-sale securities, which consist mainly of equity securities. They are subject to risks, such as stock market fluctuation. Therefore, the Company reviews them for impairment periodically.

The Company is exposed to interest rate risks inherent in borrowing from financial institutions and issuance of bonds. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts.

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 contracts, cross-currency swap contracts, and cross-currency interest rate swap contracts designated to mitigate its exposure to foreign currency exchange risks.

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.

## 2. Fair Value of Financial Instruments

The carrying value and fair value of financial instruments at December 31, 2015 were as follows:

			(In millions of yen)	
			Carrying Value	Fair Value
Financial assets:				
Finance receivables-net	*1	¥	534,461	¥ 528,410
Other investments	*2		135,983	135,983
Long-term trade accounts receivable	*1		68,519	73,419
Financial liabilities:				
Long-term debt	*1		(579,859)	(565,606)
Derivative financial instruments				
Foreign exchange contracts			450	450
Cross-currency swaps contracts			1,327	1,327
Interest rate swaps contracts			(42)	(42)
Cross-currency interest rate swaps contracts			8,705	8,705

\*1 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.

\*2 Available-for-sale securities are stated at fair value based on market prices for identical instruments at fiscal year-end. The amount of other investments in the table excludes investments in nonmarketable equity securities (¥3,653 million) for which there is no readily determinable fair value.

\*3 Derivative financial instruments are stated at fair value based on observable market inputs from major international financial institutions.

\*4 The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), and short-term borrowings, and other current financial assets and liabilities approximate the fair value because of the short maturity of those instruments.

### Notes to Per Common Share Information

1. Kubota Corporation shareholders' equity per common share	¥ 916.28
2. Net income attributable to Kubota Corporation per common share	¥ 88.47



## Balance Sheet (Non-consolidated)

December 31, 2015

( In millions of yen)

Assets		Liabilities and net assets	
<b>Current assets:</b>		<b>Current liabilities:</b>	
Cash and deposits	51,656	Trade notes payable	930
Trade notes receivable	9,864	Electronically recorded accounts payable	122,434
Electronically recorded accounts receivable	33,976	Trade accounts payable	44,647
Trade accounts receivable	263,128	Short-term borrowings	10,000
Finished goods	63,345	Other accounts payable	5,569
Work in process	30,152	Income tax payable	1,260
Raw materials and supplies	7,322	Accrued expenses	21,908
Deferred tax assets	8,493	Deposits received	97,923
Other	83,203	Provision for warranty costs	5,120
Allowance for doubtful receivables	(40)	Provision for bonuses	7,974
		Provision for directors' bonuses	190
<b>Total current assets</b>	<b>551,104</b>	Other	23,556
		<b>Total current liabilities</b>	<b>341,517</b>
<b>Fixed asset:</b>		<b>Long-term liabilities:</b>	
<b>Property, plant, and equipment-net:</b>		Bonds	40,000
Buildings	33,596	Long-term borrowings	60,000
Machinery and equipment	26,563	Deferred tax liabilities	29,012
Land	55,126	Other	1,121
Construction in progress	2,683	<b>Total long-term liabilities</b>	<b>130,134</b>
Other	8,907		
<b>Total property, plant, and equipment-net</b>	<b>126,877</b>	<b>Total liabilities</b>	<b>471,651</b>
<b>Intangibles:</b>		<b>Shareholders' equity:</b>	
Software	7,899	<b>Common stock</b>	<b>84,070</b>
Other	257	<b>Capital surplus:</b>	
<b>Total intangibles</b>	<b>8,157</b>	Additional paid-in capital	73,057
		<b>Total capital surplus</b>	<b>73,057</b>
<b>Investments and other assets:</b>		<b>Retained earnings:</b>	
Investment securities	136,051	Legal reserve	19,539
Investments in subsidiaries and affiliated companies	114,740	Other retained earnings:	
Long-term loans receivable	32,971	Reserve for special depreciation	22
Prepaid pension cost	26,988	Reserve for reduction entry of land	167
Other	30,791	General reserve	260,242
Allowance for doubtful receivables	(220)	Unappropriated retained earnings	47,508
<b>Total investments and other assets</b>	<b>342,321</b>	<b>Total other retained earnings</b>	<b>307,939</b>
		<b>Total retained earnings</b>	<b>327,479</b>
<b>Total fixed asset</b>	<b>476,356</b>	<b>Treasury stock</b>	<b>(46)</b>
		<b>Total shareholders' equity</b>	<b>484,561</b>
		<b>Valuation and translation adjustments:</b>	
		Unrealized holding gain on securities	71,248
		<b>Total valuation and translation adjustments</b>	<b>71,248</b>
		<b>Total net assets</b>	<b>555,810</b>
<b>Total assets</b>	<b>1,027,461</b>	<b>Total liabilities and net assets</b>	<b>1,027,461</b>

## Statement of Income (Non-consolidated)

Nine months ended December 31, 2015

(In millions of yen)

Net sales	<b>575,127</b>
Cost of sales	446,815
<b>Gross profit</b>	<b>128,311</b>
Selling, general, and administrative expenses	85,500
<b>Operating income</b>	<b>42,811</b>
<b>Non-operating income:</b>	<b>27,737</b>
Interest and dividend income	8,066
Royalty income	10,172
Other	9,497
<b>Non-operating expenses:</b>	<b>6,136</b>
Interest expense	443
Other	5,693
<b>Ordinary income</b>	<b>64,411</b>
<b>Extraordinary losses:</b>	<b>3,603</b>
Impairment losses on fixed assets	3,603
<b>Income before income taxes</b>	<b>60,807</b>
<b>Income taxes:</b>	<b>13,380</b>
Current	10,401
Previous years	(1,032)
Deferred	4,011
<b>Net income</b>	<b>47,426</b>

## Statement of Changes in Net Assets (Non-consolidated)

Nine months ended December 31, 2015

(In millions of yen)

	Shareholders' equity									Valuation and translation adjustments			Total net assets	
	Common stock	Capital surplus		Legal reserve	Retained earnings				Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Unrealized gain from hedging activities		Total valuation and translation adjustments
		Additional paid-in capital	Other capital surplus		Other retained earnings									
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappropriated retained earnings						
Balance at April 1, 2015	84,070	73,057	—	19,539	34	167	234,442	65,753	(249)	476,815	81,781	0	81,781	558,596
Changes in this fiscal year														
Transfer of reserve for special depreciation					(12)			12		—				—
Appropriation to general reserve							25,800	(25,800)		—				—
Dividends								(37,366)		(37,366)				(37,366)
Net income								47,426		47,426				—
Purchase of treasury stock									(2,314)	(2,314)				—
Retirement of treasury stock									(2,517)	2,517				—
Net change of items other than shareholders' equity										—	(10,533)	(0)	(10,533)	(10,533)
Total changes in this fiscal year	—	—	—	—	(12)	—	25,800	(18,244)	203	7,746	(10,533)	(0)	(10,533)	(2,786)
Balance at December 31, 2015	84,070	73,057	—	19,539	22	167	260,242	47,508	(46)	484,561	71,248	—	71,248	555,810

## Notes to Financial Statements (Non-consolidated)

### Significant Accounting Policies

#### 1. Standards and Methods of Valuation of Assets

##### (1) Securities

Investments in subsidiaries and affiliated companies are stated at cost, which is determined by the moving-average method.

Marketable securities are stated at fair value based on market prices at fiscal year-end. Any changes in unrealized holding gains or losses are included directly in net assets, and cost of securities sold is determined by the moving-average method.

Nonmarketable securities are stated at cost, which is determined by the moving-average method.

##### (2) Derivatives

Derivatives are stated at fair value.

##### (3) Inventories

Inventories are stated at cost (method of lowering carrying amount due to a decline in profitability), which is determined by the moving-average method. Finished goods and work-in-process manufactured under specific production orders are stated at cost, which is determined by the specific cost method.

#### 2. Methods of Depreciation and Amortization of Fixed Assets

Depreciation of property, plant, and equipment except for lease assets is computed by using the declining-balance method.

Amortization of intangible assets is computed by using the straight-line method. With regard to internal-use software, amortization is computed by using the straight-line method based on useful life in Kubota Corporation (five years).

Amortization of lease assets for transactions of non-transfer ownership finance lease is computed by using the straight-line method over the leased term. Among the afore-mentioned transactions of non-transfer ownership finance lease, lease transactions started on and before March 31, 2008 are accounted as ordinary rental transactions.

#### 3. Standards of Provision for Allowances

The allowance for doubtful receivables is provided for possible bad debt at an amount determined based on the historical experience of bad debt for normal receivables and evaluated individually for specific doubtful receivables from customers which are experiencing financial difficulties.

Provision for warranty costs is provided based on an analysis of the historical data of costs to perform under product warranties, in which Kubota Corporation generally guarantees for products delivered.

Provision for bonuses is provided for an estimated amount to be paid to employees.

(Additional information)

An amount to be paid to employees was previously included in accrued expenses. Due to the timing difference between accounting period and the applicable service period caused by the change in the fiscal year-end from March 31 to December 31, Kubota Corporation is no longer able to calculate a definite amount to be paid to employees at the end of fiscal year. Accordingly, an estimated amount to be paid to employees was disclosed as provision for bonuses from the 126th business term.

Provision for directors' bonuses is provided based on an estimated amount to be paid to directors for the duties executed during the current fiscal year.

Accrued retirement and pension costs (prepaid pension cost) is provided for payments of retirement benefits based on the retirement benefit obligation and the fair value of the pension plan assets at fiscal year-end.

Since the fair value of pension assets as of December 31, 2015 exceeded retirement benefit obligations, after deduction of unrecognized prior year service cost and actuarial gains or losses, prepaid pension cost was recorded on the balance sheet.

Unrecognized prior year service cost is amortized over the estimated average remaining service period (14.2-16.3 years) of employees by using the straight-line method.

Actuarial gains or losses are amortized over the estimated average remaining service period of employees by using the declining balance method from the following year in which they are incurred.

Average remaining service period of employees as a basis of amortization ratio is 16.4 years.

#### 4. Standards of Recognition of Revenue and Costs

Kubota Corporation applies the percentage-of-completion method to construction contracts commencing on and after April 1, 2009, when it is possible to develop reasonably dependable estimates of the extent of progress towards completion of individual contracts. Otherwise, Kubota Corporation applies completed-contract method to them. In measuring the extent of progress toward completion, Kubota Corporation uses the cost-to-cost method.

#### 5. Other Significant Accounting Policies

##### (1) Translation of assets and liabilities in foreign currency

Receivables and payables in foreign currency are translated to Japanese yen based on the current exchange rate prevailing at each balance sheet date and gains and losses arising from exchange rate changes are recorded in earnings.

##### (2) Hedge accounting

All short-term foreign exchange forwards contract are measured at fair value. Except that the amounts are traded as planned, they are recorded in earnings after being offset with foreign exchange gain or loss of foreign currency receivables and payables.

Interest rate swap contracts for which exceptional treatments permitted are not recorded on the balance sheet .

##### (3) Consumption taxes

Consumption taxes are accounted for tax exclusion method.

#### 6. Change in fiscal year-end

At the 125th Ordinary General Meeting of Shareholders held on June 19, 2015, a partial amendment to the Articles of Incorporation was resolved. Accordingly, Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. For this reason, the results of operations for the 126th business term, a transitional period for the change in the fiscal year-end, represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

## Notes to Balance Sheet

1. Amounts in the statements are rounded down to the nearest million yen.
2. Receivables from and payable to subsidiaries and affiliated companies
  - Short-term receivables from subsidiaries and affiliated companies ¥ 275,331 million
  - Long-term receivables from subsidiaries and affiliated companies ¥ 32,967 million
  - Short-term payables to subsidiaries and affiliated companies ¥ 97,066 million
3. Accumulated depreciation of property, plant, and equipment ¥ 369,366million
4. Contingent Liabilities:
  - (1) Guarantees
    - Guarantees for borrowings of subsidiaries and affiliated companies from financial institutions
    - Kubota Saudi Arabia Company, LLC ¥ 1,493million
  
    - Guarantees for group financing
    - Kubota Credit Co., Ltd. ¥ 7,930 million
  - (2) Notes discounted ¥ 4,544 million
5. The following notes that matured on December 31, 2015 were included in the corresponding notes account in the balance sheet since the day at the end of the current fiscal year falls on a bank holiday.
  - Notes receivable ¥ 1,919 million
  - Notes payable ¥ 30,101 million

## Notes to Statements of Income

1. Amounts in the statements are rounded down to the nearest million yen.
2. Transactions with subsidiaries and affiliated companies
  - Sales to subsidiaries and affiliated companies ¥ 404,357 million
  - Purchases from subsidiaries and affiliated companies ¥ 77,983 million
  - Transactions with subsidiaries and affiliated companies other than operating transactions ¥ 19,331 million
3. Income taxes-previous years  
Income taxes-previous years includes a tax refund related to the past transaction between Kubota Corporation and its overseas subsidiary.

## Notes to Statement of Changes in Net Assets

1. Amounts in the statements are rounded down to the nearest million yen.
2. Type and number of shares issued

Type of shares	Number of shares as of April 1, 2015 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2015 (thousands)
Common stock	1,246,219	—	1,300	1,244,919

Note:

The number of shares decreased reflects the retirement of shares under the resolution at the Board of Directors' Meeting held on December 18, 2015:

1,300 thousand shares

### 3. Type and number of treasury stock

Type of shares	Number of shares as of April 1, 2015 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2015 (thousands)
Common stock	129	1,195	1,300	24

Notes:

1. Details of shares increased in the current fiscal year are as follows:

Shares purchased pursuant to the resolution of Board of Directors' Meeting held on February 6, 2015:	1,159 thousand shares
Shares purchased less than the minimum unit:	36 thousand shares

2. Details of shares decreased in the current fiscal year are as follows:

Shares retired pursuant to the resolution of Board of Directors' Meeting held on December 18, 2015:	1,300 thousand shares
---	-----------------------

### 4. Dividend

(1) Details of dividend paid

Date of resolution	Type of shares	Total amount of dividend (million)	Dividend per share	Record date	Date of payment
Board of Directors' Meeting on May 12, 2015	Common stock	¥ 19,937	¥ 16.00	March 31, 2015	June 22, 2015
Board of Directors' Meeting on November 5, 2015	Common stock	¥ 17,428	¥ 14.00	September 30, 2015	December 1, 2015

(2) Dividend of which record date is in the current fiscal year and of which effective date is in the next fiscal year.

Date of resolution	Type of shares	Total amount of dividend (million)	Resource of dividend	Dividend per share	Record date	Date of payment
Board of Directors' Meeting on February 16, 2016	Common Stock	¥ 17,428	Retained earnings	¥ 14.00	December 31, 2015	March 28, 2016

### Notes to Deferred Tax

#### 1. Significant components of deferred tax assets

Accrued enterprise tax	¥ 180 million
Provision for warranty costs	¥ 1,689 million
Provision for bonuses	¥ 2,631 million
Valuation losses on securities	¥ 2,055 million
Other	¥ 10,097 million
Subtotal	¥ 16,654 million
Valuation allowance	¥ (3,521) million
Total deferred tax assets	¥ 13,133 million

#### 2. Significant components of deferred tax liabilities

Prepaid pension costs	¥ (5,755) million
Unrealized holding gain on securities	¥ (27,050) million
Other	¥ (847) million
Total deferred tax liabilities	¥ (33,652) million
Net deferred tax liabilities	¥ (20,519) million

**Notes to related party transactions**

Type	Subsidiary	Subsidiary	Subsidiary	
Name	Kubota Tractor Corporation	Kubota Engine America Corporation	SIAM KUBOTA Corporation Co., Ltd.	
Location	California, U.S.A.	Illinois, U.S.A.	Pathomtani, Thailand	
Common stock	US\$37 million	US\$10 million	THB 2,739 million	
Operations	Sales of tractors, small-sized construction machinery and related products in the U.S.A.	Sales, engineering and after-sales service of engines, engine parts and engine accessories	Manufacturing and sales of tractors, combine harvesters, implement, diesel engines, power tillers and other machinery in Thailand and neighboring countries	
Percentage of voting shares	100.0*	100.0*	60.0	
Relationship	Sales of products of Kubota Corporation	Sales of products of Kubota Corporation	Manufacturing and sales of products of Kubota Corporation, Interlocking Directors	
Contents of transaction	Sales of tractors and other machinery (Note 1)	Sales of engines (Note 1)	Patent royalty (Note 2)	Management advice fee (Note 2)
Amount of transaction (¥ million)	98,899	49,396	2,652	2,193
Accounts	Trade accounts receivable	Trade accounts receivable	Other (Current assets)	Other (Current assets)
Balance at December 31, 2015 (¥ million)	53,218	20,530	1,105	1,475

\* Indirect holding

Type	Subsidiary	Subsidiary
Name	Kubota Baumaschinen GmbH	KUBOTA Construction Machinery Japan Corporation
Location	Zweibrucken, Germany	Hyogo, Japan
Common stock	EUR14 million	¥300 million
Operations	Manufacturing and sales of small-sized construction machinery in Europe, mainly in Germany	Sales of construction machinery, etc in Japan
Percentage of voting shares	100.0	100.0
Relationship	Manufacturing and sales of products of Kubota Corporation	Sales of products of Kubota Corporation
Contents of transaction	Sales of construction machinery (Note 1)	Sales of construction machinery (Note 1)
Amount of transaction (¥ million)	20,824	25,253
Accounts	Trade accounts receivable	Trade accounts receivable
Balance at December 31, 2015 (¥ million)	10,518	16,947





**Transcript copy of the independent auditors' report concerning Consolidated Financial Statements**  
(Translation)

**INDEPENDENT AUDITORS' REPORT**

February 9, 2016

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Seiichiro Azuma
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Teruhisa Tamai
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada

Pursuant to the fourth paragraph of Article 444 of the Corporate Law of Japan, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2015 of Kubota Corporation and its consolidated subsidiaries ("the Company"), and the related consolidated statements of income and changes in equity, and the related notes for the nine months ended December 31, 2015.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120-2 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120-2 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and the results of their operations for the nine months ended December 31, 2015.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

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

**Transcript copy of the independent auditors' report concerning Financial Statements (Non-consolidated)**  
(Translation)

**INDEPENDENT AUDITORS' REPORT**

February 9, 2016

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Seiichiro Azuma
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Teruhisa Tamai
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada

Pursuant to the first item, second paragraph of Article 436 of the Corporate Law of Japan, we have audited the financial statements, namely, the balance sheet as of December 31, 2015 of Kubota Corporation ("the Company") and the related statements of income and changes in net assets, and the related notes for the nine months ended December 31, 2015, and the accompanying supplemental schedules.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and the results of its operations for the nine months ended December 31, 2015 in conformity with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

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

## Transcript Copy of the Audit Report of the Audit & Supervisory Board

(TRANSLATION)

### AUDIT REPORT

In respect of the execution of duties of the Directors during the 126th period from April 1, 2015 to December 31, 2015, the Audit & Supervisory Board (hereinafter “we”), following the discussion among us, have prepared this audit report based on the audit report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

#### 1. Methods and details of audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

We have formulated an audit policy, sharing of duties among Audit & Supervisory Board Members, and other audit-related items. We have received reports from each Audit & Supervisory Board Member on the implementation and results of audits, and received reports from the Directors of Kubota Corporation, the Independent Auditor, and other parties on their execution of duties, and requested them for explanations when necessary.

In accordance with the Standards for Auditing by Audit & Supervisory Board Members, the audit policy, sharing of duties among Audit & Supervisory Board Members, and other audit-related items that were determined by us, each Audit & Supervisory Board Member: communicated well with the Directors, the internal auditing department, other employees; gathered information and improved the audit environment; attended the meetings of the Board of Directors and other important meetings; received reports from the Directors and other employees on their execution of duties; requested explanations from them when necessary; reviewed documents concerning matters such as important decisions; and conducted inspections of the business and financial condition at Kubota Corporation’s Head Office and other principle offices. Each Audit & Supervisory Board Member periodically received reports regarding the status of establishment and operation from the Directors and other employees, requested them for explanations when necessary, and expressed opinions regarding the Board of Directors’ resolution on a system to ensure that the Directors’ execution of their duties comply with laws and Kubota Corporation’s Articles of Incorporation, and also comply with the establishing and improving structure prescribed in the Ordinance for Enforcement of the Companies Act, Article 100 Clauses 1 and 3 to ensure that the operation of joint-stock company’s and its subsidiaries are carried out appropriately and a system (internal control systems) established based on the said resolution. In addition, as to internal control over financial reporting, we have received reports from the Directors and the Independent Auditor regarding the assessment of said internal control and the status of audits and requested them for explanation when necessary. Each Audit & Supervisory Board Member strove to communicate well and exchange information with the subsidiaries’ Directors and Audit & Supervisory Board Members, and inspected some subsidiaries whenever necessary. Through these methods, each Audit & Supervisory Board Member examined the business report for the 126th period and the supplementary schedules for the fiscal period under review.

In addition, we monitored and verified whether the Independent Auditor made appropriate audits while maintaining its independence. We received reports from the Independent Auditor on its operations, and requested them for explanations when necessary. The Independent Auditor notified us and we requested its explanations when necessary, concerning its establishment of a “System for Ensuring the Appropriate Execution of Duties” (the Corporate Calculation Regulations Article 131) in accordance with the “Quality Control Standards for Audits” (issued by the Business Accounting Council on October 28, 2005). Through these methods, we reviewed the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statement of shareholders’ equity and notes of consolidated financial statements) and the financial statements (balance sheets, statements of income, statement of changes in net assets and notes of non-consolidated financial statements) and the supplementary schedules for the period under review.

#### 2. Results of the Audit:

##### (1) Results of the Audit for the Business Report

- 1) We have found that the business report and the supplementary schedules present fairly the current position of Kubota Corporation in conformity with applicable laws and regulations and the Articles of Incorporation.
- 2) In respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.
- 3) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be pointed out concerning the content of the business report and the Directors’ performance of their duties regarding the internal control system.

##### (2) Results of the Audit for the consolidated financial statements and the financial statements and the supplementary schedules

We have found that the auditing methods employed by Deloitte Touche Tohmatsu LLC, Independent Auditor, and the results thereof are appropriate and sufficient.

February 12, 2016

#### The Audit & Supervisory Board of Kubota Corporation

Audit & Supervisory Board Member (full time)	Satoru Sakamoto
Audit & Supervisory Board Member (full time)	Toshikazu Fukuyama
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member, full time)	Masaharu Kawachi
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Akira Morita
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Teruo Suzuki

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