[Translation]

Corporate Governance Report

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KUBOTA Corporation

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The corporate governance of Kubota Corporation (hereinafter, the "Company") is described below.

I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Policy

The Company has designated "long-term and stable growth of corporate value" as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the Company's stakeholders and improvement of overall corporate value, while balancing economic value, social value, and corporate value, to be important. Especially, in order to achieve the long-term objectives of building "Global Major Brand Kubota" on the basis of its corporate principles "Kubota Global Identity", the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company implements all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] **updated**

[Principle 1.4 Cross-Shareholdings]

- Policy for cross-shareholdings

The Company believes it is necessary to cooperate with various companies in every process of development, manufacturing, distribution, sales, service, and funding to succeed in global competition and grow sustainably in the long term. From this perspective, the Company maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies. From time to time, the Company reviews each of these equity securities from the viewpoints of improvement of operational efficiency, avoidance of equity risk, and necessity of cooperation, and may decrease its cross-shareholdings when it determines that maintaining them is no longer appropriate.

In fiscal 2015, the Company sold ¥2.3billion of its equity securities, and will continue to review and decrease these equity securities going forward.

- Standards for exercise of proxy voting rights

The Company does not exercise proxy voting rights automatically based on short-term standards. To make its decisions on proxy voting, the Company comprehensively considers whether the exercise of proxy rights will contribute to the sustainable growth and improvement of the medium- to long-term corporate value of the issuing company.

[Principle 1.7 Related Party Transactions]

Based on the Corporate Law of Japan and the rules governing the Board of Directors, the Board of Directors may approve transactions that represent a conflict of interest between the Company and the Directors after receiving reports of material facts, such as the content of transactions and transaction amount (maximum amount). Furthermore, the Company reports the actual results to the Board of Directors. Transactions with major shareholders are reported to the Board of Directors as needed, and the Directors and the Audit & Supervisory Board Members review them so as not to harm the common interests of shareholders.

[Principle 3.1 Full Disclosure]

(1) Company objectives (e.g., corporate principles), business strategies, and business plans

- Corporate principles

The Kubota Group (hereinafter, the "Group") positions its corporate principles, the "Kubota Global Identity," as the foundation of its corporate management. In keeping with these principles, the Group continues to support the future of the earth and humanity by providing products contributing to the abundant and stable production of food, to supply and restore reliable water, and to create a comfortable living environment.

Kubota Global Identity: http://www.kubota-global.net/c-data/identity.html

- Business strategies and business plans

Based on its corporate principles, the Company sets a long-term goal of building "Global Major Brand Kubota" and aims to continue to be an organization with a strong presence that is truly needed throughout the world. The Group prepares mid-term plans, which clarify mid-term milestone goals in order to achieve long-term objectives and also clarify the road map to its mid-term goals. In these mid-term objectives, by drawing on all the strengths of the Group, seeking synergies among businesses and departments, and globalizing management overall, the Group aims to achieve consolidated revenues of ¥2 trillion in fiscal 2017, which will require annual average growth rate of 10%, and to achieve further improvements in the Group's operating margin. (The operating margin in fiscal 2014 was 12. 8%).

(2) Basic views and guidelines on corporate governance

Please see the "1. Basic Policy" section of this report.

(3) Policies and procedures in determining the remuneration of Directors and Audit & Supervisory Board Members

The compensation system is composed of basic monthly compensation based on position and performance-linked remuneration. At the Meetings of the Board of Directors, the bonus for the Directors is determined within the range of the maximum aggregate amount of bonus 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. Also, the total amount of remuneration for the Directors, excluding the Outside Directors, is approved at the General Meeting of Shareholders. It was decided to form a Compensation Advisory Committee, in which more than half of the members are the Outside Directors, at the Meeting of the Board of Directors held in March 2016. Henceforth, the Compensation Advisory Committee will meet to deliberate on the Company's compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

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) Policies and procedures in the election and the nomination of Directors and Audit & Supervisory Board Members

To elect and nominate the Directors, the Board of Directors nominates the candidates from among those who meet the nomination requirements set forth in the rules governing the Board of Directors. Then, the candidates for the Directors are elected and approved at the General Meeting of Shareholders. It was

decided to form a Nomination Advisory Committee, in which more than half of the members are the Outside Directors, at the Meeting of the Board of Directors held in March 2016. Henceforth, the Nomination Advisory Committee will meet to deliberate on nomination of candidates for the Directors over appropriate involvement and advice from the Outside Directors.

To elect the Audit & Supervisory Board Members, the candidates for Audit & Supervisory Board Members are determined from among the candidates who meet the nomination requirements set forth in the rules governing the Audit & Supervisory Board after approval of the Audit & Supervisory Board. The candidates are elected and approved at the General Meeting of Shareholders.

(5) Explanations of the individual elections and nominations of Directors and Audit & Supervisory Board Members

For information regarding the individual elections and nominations of individual Directors and Audit & Supervisory Board Members, please refer to the Convocation Notice for the General Meeting of Shareholders on the Company website.

[Supplementary Principle 4.1.1 Scope of Judgment and Decision Making Delegated from the Directors to Officers in Charge of the Conduct of Business Operations]

The Company stipulates the matters requiring resolution by the Board of Directors, such as the matters specified by laws and the Articles of Incorporation and material matters that affect operations based on the rules governing the Board of Directors. The matters requiring the decisions made by Executive Officers and each member of management and standards for them are described in the final decision rules and the Company delegates decision-making to persons in charge of each department.

[Principle 4.8 Effective Use of Independent Directors]

The Board of Directors consists of two Independent Outside Directors and six Internal Directors. To facilitate cooperation between Independent Outside Directors and management, subjects for discussion and presentation materials for the Meetings of the Board of Directors are sent to Independent Outside Directors at least a week before the meetings. Furthermore, management gives the prior explanations regarding material matters, and the Company strives to create an atmosphere that encourages Independent Outside Directors to make positive contributions to the discussion at the Meetings of the Board of Directors.

In addition, the Company has formed a Nomination Advisory Committee for the nomination of candidates for the Directors and a Compensation Advisory Committee for the compensation system for the Directors. Both of these committees are advisory committees to the Board of Directors, and more than half of the members of these committees are the Outside Directors. Henceforth, these committees will meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

[Principle 4.9 Independence Standards and Qualifications for Independent Directors]

The Independent Outside Directors are elected in accordance with the requirements for the Outside Directors set forth in the Corporate Law of Japan, the independence standards set forth by the TSE, and the Company's own evaluation criteria, such as the experience and expertise needed to provide constructive advice and to supervise forthrightly for the operations of the Company.

[Principle 4.11 Preconditions for Board of Directors and Audit & Supervisory Board Effectiveness]
[Supplementary Principle 4.11.1]

The Company limits the number of the Board of Directors in order to keep active and effective discussions by the Board of Directors. The Company also strives to maintain soundness and transparency in management through the participation of four Outside Directors and Outside Audit & Supervisory Board Members out of a total of 12 participants. The basic policy for the nomination of Directors is to secure diversity, while taking the balance of knowledge, experience, and ability of the whole Board of Directors into consideration.

[Supplementary Principle 4.11.2]

For information regarding the concurrent post of each Director and Audit & Supervisory Board Member, please refer to the Convocation Notice for the General Meeting of Shareholders and the Annual Securities Report ("*Yukashoken Hokokusho*").

[Supplementary Principle 4.11.3]

The number of participants at the Meetings of the Board of Directors is appropriate for active and effective discussion. The participants at the Meetings of the Board of Directors are the eight Directors and four Audit & Supervisory Board Members who have extensive experiences. These participants include the two Outside Directors and two Outside Audit & Supervisory Board Members. The Meetings of the Board of Directors were held 9 times in fiscal 2015, that commenced on April 1, 2015 and ended on December 31, 2015, and the attendance rate was 98.1%. Subjects for discussion and presentation materials for the Meetings of the Board of Directors are sent at least a week before the meetings, and management gives the prior explanations regarding material matters. Accordingly the Company provides adequate materials and information for deliberation of the subjects to be discussed. The Outside Directors deliberate about the subjects beforehand and give advice based on their experience and considerable insight at the Meetings of the Board of Directors. Their advice and statements are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers. The Audit & Supervisory Board Members deliberate the subjects beforehand and give opinions at the Meetings of the Board of Directors from the viewpoints of compliance and risk management based on their experience and considerable insight. Their opinions are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers.

To evaluate the effectiveness of the performance of the Board of Directors, the Chairperson of the Board of Directors will ask the opinions of each Director regarding the evaluation, and once each year, will lead a discussion on this issue at a Meeting of the Board of Directors. At the Meeting of the Board of Directors held in March 2016, it was confirmed that the composition of the Board of Directors and its agenda, discussions, and management of the Board of Directors have been effective.

[Principle 4.14 Director and Audit & Supervisory Board Member Training]

The Company holds executive forums related to CSR, human rights, safety, environment, quality and other subjects, and provides opportunities for acquiring and updating knowledge necessary for the supervision of operations. In overseas subsidiaries and affiliated companies, and at the regional offices in Japan, the Company holds the Meetings of the Board of Directors, conducts inspections and engages in discussions with on-site executives (once or more a year each in Japan and overseas) in order to advance their understanding of the activities of these businesses and make appropriate management decisions.

[5.1 Policy for Constructive Dialogue with Shareholders]

The Company promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in mid-to long-term. The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors. Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

General Manager of Planning & Control Headquarters is in overall charge of directing and promoting IR. The department in charge of IR plays a central role in developing its IR activities through close coordination with each related department, such as Corporate Planning & Control Dept., Accounting Dept., Corporate Communication Dept., General Affairs Dept., Legal Dept. and other departments.

(3) Feedback to management

Subjects of dialogue with investors are reported back to the Board of Directors, the Executive Officers' Meeting, and relevant departments by the President and General Manager of Planning & Control Headquarters as necessary.

(4) Policy for insider information management when engaging in dialogue

Insider information, such as any undisclosed material facts, is not conveyed at the meetings with investors. The following section describes the structure and procedures regarding the timely disclosure of the Company information.

1) Financial Information Disclosure Committee

The Company has established the Financial Information Disclosure Committee so as to monitor and control financial information disclosure and, thereby, ensure its fairness, correctness, timeliness, and comprehensiveness. The committee consists of a committee chairperson, who is General Manager of Planning & Control Headquarters; committee members, who are Deputy General Manager of CSR Planning & Coordination Headquarters, General Manager of Corporate Planning & Control Dept., General Manager of General Affairs Dept., General Manager of Corporate Communication Dept., General Manager of Accounting Dept., General Manager of Global Management Promotion Dept., and General Manager of Corporate Auditing Dept.; and observers, who are full-time Audit & Supervisory Board Members. The committee meets periodically in order to draft, report, and assess the Annual Securities Reports and the Quarterly Reports ("*Shihanki Hokokusho*") pursuant to the Financial Instruments and Exchange Act of Japan. And the committee also meets as necessary when there are material facts that must be disclosed immediately, such as momentous decisions and occurrence of significant events.

2) Company regulations for information disclosure

The Group has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has prepared internal regulations entitled "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct." The Company strives to put forward and ensure compliance with the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through education for various levels within the Company.

2. Capital Structure

Foreign Shareholding Ratio	More than 30% (39% as of December 31, 2015)

[Status of Major Shareholders] **updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	120,054,000	9.64
Nippon Life Insurance Company	62,542,265	5.02
Meiji Yasuda Life Insurance Company	59,929,501	4.81
Japan Trustee Services Bank, Ltd. (Trust Account)	59,793,000	4.80
Sumitomo Mitsui Banking Corporation	45,006,000	3.61
Mizuho Bank, Ltd.	45,006,000	3.61
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	19,582,000	1.57
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,156,729	1.45
The Bank of New York Mellon SA/NV 10	17,913,991	1.43
State Street Bank and Trust Company 505223	17,651,833	1.41

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (hereinafter the "TSE") First Section
Fiscal Year-End	December
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000 (36,233)
Revenues (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion (¥1,244.8billion)
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300 (153)

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors **updated**	8
Election of Outside Directors	Elected
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	j	k
Yuzuru Matsuda	From another company											
Koichi Ina	From another company											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually elected (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationships	Reasons for Appointment
Yuzuru Matsuda	○	The Company has no business transactions with Kyowa Hakko Kirin Co., Ltd., which Mr. Yuzuru Matsuda worked for.	Mr. Yuzuru Matsuda served as President of Kyowa Hakko Kirin Co., Ltd., which has been listed on the First Section of the TSE for an extended period. Therefore, the Company expects him to give advice on globalization, corporate management, and strategy bsed on his wealth of experience and considerable insight. He meets the requirements for being an Independent Director, as defined by the TSE, and the Company determined that there was no risk of conflict of interest with general shareholders.
Koichi Ina	○	The Company has no business transactions with Daihatsu Motor Co., Ltd. and TOYOTA Motor Corporation, which Mr. Koichi Ina has concurrently worked for.	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, the Company expects him to give advice on globalization, corporate management and strategy, based on his wealth of experience and considerable insight. He meets the requirements for being an Independent Director, as defined by the TSE, and the Company determined that there was no risk of conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Advisory Committee or Compensation Advisory Committee **updated**	Established

Committee's Name, Composition, and Attributes of Chairperson **updated**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
All Committee Members	4	4
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	None	None

Supplementary Explanation **updated**

It was decided to form a Compensation Advisory Committee and Nomination Advisory Committee, in which more than half of the members are the Outside Directors, at the Meeting of the Board of Directors held in March 2016. Henceforth, the Nomination Advisory Committee will meet to deliberate on nomination of candidates for the Directors over appropriate involvement and advice from the Outside Directors. The Compensation Advisory Committee will meet to deliberate on the Company's compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

[Audit & Supervisory Board Members/Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members **updated**	4

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

Internal audit departments and Independent Auditors of the Company report audit plans and the results of audits to the Audit & Supervisory Board periodically, and, as needed, collaborate with each other. Furthermore, the Company has a system for exchanging information between internal audit departments and the Independent Auditors as necessary to make audit activities more efficient.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members **updated**	2

Number of Independent Audit & Supervisory Board Members **updated**	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1) **updated**

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akira Morita	Academic													
Teruo Suzuki	CPA													

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲"when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive Director or accounting advisor of the Company or its subsidiaries
c. Non-executive Director or executive of a parent company of the Company
d. Audit & Supervisory Board Members of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2) **updated**

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationships	Reasons for Election
Akira Morita	○	The Company has no business transactions with Doshisha University and Miyake & Partners, which Mr. Akira Morita has concurrently worked for.	Mr. Akira Morita has a wealth of professional experience and considerable insight into laws and regulations, especially the Corporate Law and the Financial Instruments and Exchange Act of Japan. He meets the requirements for being an Independent Audit & Supervisory Board Member, as

			defined by the TSE, and the Company determined that there was no risk of conflict of interest with general shareholders.
Teruo Suzuki	o	The Company has no business transactions with KPMG AZSA LLC, which Mr. Teruo Suzuki worked for.	As a Certified Public Accountant, Mr. Teruo Suzuki has a wealth of experience and considerable insight into accounting and finance, especially concerning Generally Accepted Accounting Principles in the United States and International Financial Reporting Standards (IFRS). He meets the requirements for being an Independent Audit & Supervisory Board Member, as defined by the TSE, and the Company determined that there was no risk of conflict of interest with general shareholders.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members **updated**	4

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company reported to the TSE that all members of the Outside Directors and the Outside Audit & Supervisory Board Members are the Independent Directors and Audit & Supervisory Board Members defined by the TSE.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

To set the remuneration for the Directors, the Company determines the total amount of Directors' bonuses payments, which are performance-linked remuneration based on the consolidated results, and this amount is then approved at the General Meeting of Shareholders. The Company distributes portions of this total amount to individual Directors based on a comprehensive evaluation in consideration of operating results of the Company and other factors.

Recipients of Stock Options	-

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation **updated**

Title	Number	Total
Directors	8	¥ 428 million (including ¥ 19 million for 3 Outside Directors)
Audit & Supervisory Board Members	7	¥ 83 million (including ¥ 38 million for 5 Outside Audit & Supervisory Board Members)

The Company discloses the remunerations for the Directors and the Audit & Supervisory Board Members who received ¥100 million or more as total consolidated compensation in the Annual Securities Report ("Yukashoken Hokokusho").
Please refer to the following URL: http://www.kubota-global.net/ir/financial/yuho/index.html

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining remuneration Amounts and Calculation Methods

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 the wage level of employees of the Company. The Compensation Council consists of Representative Directors, excluding the President, and Executive Officers in charge of administrative departments. The report of the Compensation Council is submitted to the Meetings of the Board of Directors after approval by the President. The Compensation Council was changed to the Compensation Advisory Committee as of March 2016. (Please refer to "I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information 1. Basic Policy [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 3.1 Full Disclosure] (3) Policies and procedures in determining the remuneration of Directors and Audit & Supervisory Board Members" in this report.)

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.

[Support Systems for Outside Directors and/or Audit & Supervisory Board Members]

The Company assigns six employees to support the Outside Directors in performing their duties, and explanations of materials for the Meetings of the Board of Directors are provided beforehand.

The Company has established the Office of Audit & Supervisory Board Members and assigns five employees to this office. The Audit & Supervisory Board Members from within the Company and the members of the Office of Audit & Supervisory Board Members support the Outside Audit & Supervisory Board Members in performing their duties.

2. Matters Related to the Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) updated

The Board of Directors makes strategic decisions and oversees the execution of duties by the Executive Officers. It consists of eight Directors (two of whom are the Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions with regard to management planning, financial planning, investment, business restructuring and other important management issues.

The Audit & Supervisory Board oversees and audits the execution of duties by the Directors. It consists of four Audit & Supervisory Board Members (three of whom are Outside Audit & Supervisory Board Members). In addition to its regular monthly Audit & Supervisory Board Meetings, it also meets as and when required, to discuss and make decisions with regard to auditing policy, audit reports, and other matters.

The Company adopts the Executive Officer System in order to be able to strengthen on-site business execution at all locations and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the President and Representative Director and 31 Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of the execution of their duties.

The Company has the Management Committee and the Investment Council in place in order to discuss and make decisions with regard to specific and important issues. The Management Committee meets to deliberate important management matters such as investments, loans, and mid-term management plans before they are discussed by the Board of Directors. The Investment Council gives the President advice on matters to be decided by the President, except those deliberated by the Management Committee, as well as special matters.

In addition, the Company has formed a Nomination Advisory Committee for the nomination of candidates for the Directors and a Compensation Advisory Committee for the compensation system for the Directors. Both of these committees are advisory committees to the Board of Directors, and more than half of the members of these committees are the Outside Directors. These committees meet to deliberate on nomination of candidates for the Directors, and compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

The Company appoints Deloitte Touche Tohmatsu LLC ("DTT") as Independent Auditors of the Company. The certified public accountants (CPAs) belonging to DTT, Mr. Seiichiro Azuma, Mr.Koichiro Tsukuda, Mr. Teruhisa Tamai, and Mr. Akihiro Okada, audit the financial statements of the Company. In addition, 18 other CPAs, 15 junior accountants, and 17 other staff members assist in the execution of the audits as instructed by the above three CPAs.

Pursuant to Article 427, Paragraph 1 of the Corporate Law of Japan, the Company 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.

3. Reasons for Adoption of Current Corporate Governance System updated

The organizational form of the Company is a Company with Audit & Supervisory Board.

The Company has elected two persons, who have a wealth of experience in corporate management and considerable insight, as the Outside Directors. In addition, the Company also has elected one independent expert in finance and accounting, and one independent expert in laws as the Outside Audit & Supervisory Board Members. The supervision system of the Board of Directors, including the Outside Directors, and the auditing system of the Audit & Supervisory Board are functioning adequately in monitoring the Company's management. Accordingly, the judgment of the Company is that its current corporate governance system is the most suitable for the corporate management of the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Encourage Active Participation and Discussion at the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company sends the Convocation Notice for the General Meeting of Shareholders three weeks before the date of the meeting. Furthermore, the Company posts the Convocation Notice in Japanese and English on its website and TSE before the date of sending.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The Company avoids the day on which many companies hold meetings of shareholders when it sets the date for its General Meeting of Shareholders.
Allowing Electronic Exercise of Voting Rights	The Company adopts a system for exercising voting rights via the Internet and enables shareholders to exercise these rights through their computers.
Participation in Electronic Voting Platform for institutional Investors	The Company enables the use of the electronic voting platform for institutional investors operated by ICJ Corporation.
Providing (Summary) Convocation Notice in English	The Company posts the Convocation Notice (including its business report) in English on its website, the TSE's website and the electronic voting platform for institutional investors.

2. IR Activities updated

	Supplementary Explanation
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds results briefings for the year-end and first half, in which the President and/or General Manager of Planning & Control Headquarters and General Manager of Global Management Promotion Dept. present the results. Furthermore, the President presents the basic management policy and priority measures at the fiscal year-end results briefings. The Company also arranges for plant tours in and outside Japan one or more times a year.
Regular Investor Briefings for Overseas Investors	General Manager of Planning & Control Headquarters, who is the Director and Senior Managing Executive Officer, participates in conferences held for overseas investors two or more times a year.
Posting of IR Materials on the Company Website	The Company posts earning releases, presentation materials, *the KUBOTA REPORT*, annual securities report, materials of the Ordinary General Meeting and other information on its website. English: http://www.kubota-global.net/ir/ Japanese: http://www.kubota.co.jp/ir/index.html
Establishment of Department and/or Manager in Charge of IR	IR Group, Global Management Promotion Dept.

3. Measures to Ensure Due Respect for the Interests of Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Interests of Stakeholders	All employees in the Group share the corporate principles “Kubota Global Identity” which was established to manifest corporate attitudes, the Company’s promises to society, and the missions of the Group. Furthermore, the Group will contribute to its stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, the Group is aiming for the ongoing synergistic development of itself and society.
Implementation of Environmental Activities, CSR Activities, Etc.	The Company has established CSR Planning & Coordination Headquarters and aggressively promotes social contribution activities in the areas of food, water, and the environment. (These activities include the KUBOTA e-Project, support and reconstruction of areas affected by natural disasters, and other activities.) As part of CSR management, the Company positions global environmental conservation measures as a top management priority. The Company also sets mid-term targets and works toward the achievement of them as an “Eco-First Company” certified by Japan’s Ministry of the Environment. These activities are disclosed in the “*KUBOTA REPORT*” (a business and CSR report) on its website. URL: http://www.kubota-global.net/csr/report/index.html
Development of Policies on Information Disclosure to Stakeholders	In the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct,” the Group states that it discloses the proper corporate information about business management, business operations, and other matters in a timely and appropriate manner in accordance with related laws, and promotes proactive communication with its broad stakeholder base, including shareholders and investors, consumers, employees, local communities, and others. Through this disclosure, the Group fulfills its responsibilities for transparency and accountability in corporate activities.
Other Measures	As a focal point of diversity management, the Company supports women in the workplace through various initiatives, such as enhancing the human resources system and offering various training programs. In fiscal 2014, the Company consolidated the previously separate occupational roles of general manager, assistant manager, and administrative worker into "general managerial roles," and began allocating responsibilities to suit the ambitions and skills of employees rather than limiting the scope of their work. This system revision now enables individuals to take up the challenges of broadening the scope of their work activities. The Company also began holding training sessions for women in managerial positions. Furthermore, the Company has established Group-wide activities aimed at women's participation in outside forums and networking for the purpose of supporting career advancement and fostering a corporate culture that empowers women in the workplace. In addition to this, from fiscal 2014, the Company began holding training sessions for all employees who have recently assumed a general managerial role, and Kubota leadership training for those desiring to qualify for higher-level positions. The Company is steadily increasing the number of women in managerial roles by raising the level of motivation among female employees who have such goals.

IV. Matters Related to the Internal Control System

1. Basic Policy on Internal Control Systems and the Progress of System Development

The Company has set and is implementing the following 10 systems to ensure the appropriateness of our business operations.

The Company partly revised these systems at 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 a system to ensure that Directors, Executive Officers and employees perform their duties in compliance with laws and regulations, and the Articles of Incorporation, the Company establishes the "Kubota Group Charter for Action" and "Kubota Group Code of Conduct" to be observed by all Directors, Executive Officers and employees of the Company and its subsidiaries.

Under the Company-Wide Risk Management Committee, the department in charge designated for each risk 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 ethics, and performs internal audits.

In addition, based on the operational regulations "Operation of Whistle Blowing System," the Company sets up the "Kubota Hotline," a service counter for in-house whistle blowing and consultation that is equipped with rules to protect whistle blowers, 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 holding and control of information about the Company's Directors execution of their duties

The Company properly keeps and controls information on the execution of duties by the Directors and Executive Officers in accordance with its in-house rules and regulations, such as the "Regulations on Custody of Documents" and other items. The Company also maintains a standard by which such documents are available for examination, as necessary.

3. Rules and regulations on the management of risks of losses and other systems

The Company manages risks of compliance, environment, health and safety, disasters, quality, and others relating to the performance of business operations of entire groups by providing internal rules and regulations, manuals, and other guidelines to respond to the risks of entire groups by departments in charge or committees under the control of the Company Wide Risk Management Committee.

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 controlled by the said department.

4. System to ensure the efficient execution of duties by the Directors

The Board of Directors decides management execution policy, matters set in laws and regulations and other important matters regarding management, and oversights Directors and Executive Officers execution of their duties.

At the Executive Officers' Meeting, 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 President and Representative Director by the Executive Officers.

The Company enhances its decision-making process by having adequate discussions in "Management Committee," with the participation of the President and other Executive Officers, to decide important management matters. The Company also implements multidimensional studies in an "investment council," mainly consisting of Executive Officers in charge of staff 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 "Operation of Management Committee and Investment Council."

5. System to ensure proper business operations within Kubota Group, consisting of the Company and its subsidiaries

(a) To create a Group-Wide control environment, the Company establishes the "Kubota Group Charter for Action" and "Kubota Group Code of Conduct" and shares these philosophies. To ensure proper business operations of the Company, including its subsidiaries, the Company sets its in-house rules and regulations and establishes proper internal control systems. The status of the establishment and operation of internal control systems related to the 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 the Company and its subsidiaries, and the results of such audits are reported to the Directors in charge, Chairman of the Company-Wide Risk Management Committee, President and Representative Director, the Board of Directors and Audit & Supervisory Board Members.
(b) The Company manages its subsidiaries in accordance with the subsidiary management regulations it has established in order to keep 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 the Company. The Company emphasizes the business connections between the subsidiaries and the operating divisions of the Company and makes the relevant division be primarily in charge of managing the subsidiaries. The Company 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

The Company has established a system for the Directors, Executive Officers and employees of the Company and the Directors, Executive Officers and employees of subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay, 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 the report.
(a) Matters that could affect the Company's management;
(b) Contents of internal audits performed by the internal auditing department and departments in charge
(c) Contents of whistle blowing revealed in 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

The Company establishes an 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 defined in Item 7. above from the Directors and matters related to ensuring the effectiveness of the instructions given by the Audit & Supervisory Board Members to those employees.

The employees defined in Item 7. above will comply with the instructions given by the Audit & Supervisory Board Members entirely and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment or other handling of the employees defined in Item 7. is made after consultation and agreement between the Director in charge of 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 the Audit & Supervisory Board Members

In order to pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, the Company will prepare a budget each year and will also process the payment smoothly based on the request 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 the Audit & Supervisory Board Members
(a) The President and Representative Director of the Company has meetings with the Audit & Supervisory Board Members periodically, and as needed, to exchange views on matters that the Company must deal with, the improvement of audit environments, and other issues.
(b) The Audit & Supervisory Board Members explain the audit policies and audit plan 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 an effective cooperation with the Audit & Supervisory Board Members.

2. Basic Policy on Eliminating Antisocial Forces

1. Basic policy on eliminating antisocial forces

The Company issued its code entitled “Elimination of Relationships with Antisocial Elements” as part of the “Kubota Group Code of Conduct.” The Company also posts it on its website and makes it public both inside and outside the Company.

“Elimination of Relationships with Antisocial Elements”

“We take a strong stance against antisocial elements and groups that threaten the order and safety of society and cooperate with the police and other organizations to ensure the thorough elimination of any relationships of such elements and groups. We never respond to improper requests made by these antisocial elements.”

2. Status of development of the system

(a) The Company has established CSR Planning & Coordination Headquarters and has created a framework for the promotion of compliance with laws and regulations through cooperation with Corporate Compliance Dept., Legal Dept., and Corporate Auditing Dept. The Company also reviews the donations and memberships in other organizations and monitors the advertising and promotional expenses.

(b) The Company participates in the regional activities and the meetings held by the Osaka Prefectural Center for the Elimination of Boryokudan (Criminal Elements), the Osaka Countermeasure Association, and other groups, and strives to eliminate antisocial forces.

(c) The Company distributes the “Kubota Group Code of Conduct” portable card to all employees in the Group, and encourages them to carry it with them at all times.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System updated

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