For Earth, For Life
Kubota

CONVOCATION NOTICE FOR THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

KUBOTA Corporation

OSAKA, JAPAN

(Translation)

March 3, 2017

To: Shareholders

CONVOCATION NOTICE FOR THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams:

Kubota Corporation hereby notifies you that the 127th 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 24, 2017**
Place: Convention Hall of Kubota Corporation
2-47, Shikitsuhigashi 1-chome, Naniwa-ku Osaka, Japan

Matters for which the meeting is held:

Matters to be Reported:

1. Business report for the 127th period (from January 1, 2016 to December 31, 2016), the consolidated financial statements and the non-consolidated financial statements for the 127th 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:

1st Subject for Discussion:
Matters Concerning Election of Nine (9) Directors

2nd Subject for Discussion:
Matters Concerning Election of One (1) Substitute Audit & Supervisory Board Member

3rd Subject for Discussion:
Matters Concerning Bonus Payments for Directors

4th Subject for Discussion:
Matters Concerning Compensation for Granting Restricted Stock to the Directors Other Than the Outside 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/)

Yours very truly,

木股昌俊

Masatoshi Kimata
President and Representative Director
KUBOTA Corporation
2-47, Shikitsuhigashi 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 Election of Nine (9) Directors

The term of office of all eight Directors of Kubota Corporation will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it's proposed to elect nine Directors of Kubota Corporation. The objectives of their election will be to maintain the number of Directors at an appropriate level for carrying on effective discussions, strengthening the management base of Kubota Corporation with an eye to the expansion of the overseas business activities, and, thereby, realizing sustainable growth and increasing the trust that society places in 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, General Manager of Water and Environmental infrastructure Domain, General Manager of CSR Planning and Coordination Headquarters, General Manager of Human Resources and 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 and Control Headquarters, General Manager of Global IT Management Department
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, General Manager of Farm and Industrial Machinery Domain, General Manager of Farm and Utility Machinery Division
6 [Reappointment]	Satoshi Iida	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Research and Development Headquarters
7 [New Nomination]	Masato Yoshikawa	Managing Executive Officer of Kubota Corporation, President of Kubota Tractor Corporation
8 [Reappointment]	Yuzuru Matsuda	Director of Kubota Corporation, President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation
9 [Reappointment]	Koichi Ina	Director of Kubota Corporation, Advisor to the Board of Daihatsu Motor Co., Ltd.

[Reason for Election of each candidate for Director and Attendance of the Meeting of the Board of Directors]

Name	Attendance of the Meetings of the Board of Directors	Reasons for Election of the Candidate for Director
1. Masatoshi Kimata	100% (12 of 12)	Masatoshi Kimata served office as Director in June 2012, and, since July 2014, as President and Representative Director, he has shown excellent management skills and contributed to strengthening the functions of the Board of Directors. He was selected as candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
2. Toshihiro Kubo	100% (12 of 12)	Toshihiro Kubo served office as Director in June 2011 and has drawn on his extensive experience and high level of specialized knowledge to serve as the Director in charge of the Water and Environment business, human resources, general affairs, CSR, and other areas, and has contributed to strengthening the functions of the Board of Directors. He was selected as candidate for Director based on the judgment that he has the ability to continue to properly oversee the

		management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
3. Shigeru Kimura	100% (12 of 12)	Shigeru Kimura served office as Director in June 2012 and has drawn on his extensive experience and high level of specialized knowledge to serve as Director in charge of planning and control, finance, and other areas, and has contributed to strengthening the functions of the Board of Directors. He was selected as candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
4. Kenshiro Ogawa	100% (12 of 12)	Kenshiro Ogawa served office as Director in June 2014 and has drawn on his extensive experience and high level of specialized knowledge to serve as the Director in charge of manufacturing engineering, environmental management, and other areas and has contributed to strengthening the functions of the Board of Directors. He was selected as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
5. Yuichi Kitao	100% (12 of 12)	Yuichi Kitao served office as Director in June 2014 and has drawn on his extensive experience and high level of specialized knowledge to serve as the Director in charge of the global development of the Farm and Industrial Machinery business, and has contributed to strengthening the functions of the Board of Directors. He was selected as candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
6. Satoshi Iida	100% (10 of 10)	Satoshi Iida served office as Director in March 2016 and has drawn on his extensive experience and high level of specialized knowledge as Director in charge of research and development, and has contributed to strengthening the functions of the Board of Directors. He was selected as candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value.
7. Masato Yoshikawa		Masato Yoshikawa has extensive experience and a record of accomplishments across a broad range of businesses including planning and control, and overseas business. He was selected as candidate for Director based on the judgment that he can properly oversee the management of Kubota Corporation as a whole and contribute to its sustainable growth and improvement of corporate value with his experience and accomplishments.
8. Yuzuru Matsuda	100% (12 of 12)	Yuzuru Matsuda has extensive experience in management and a wide perspective as well as broad experience as outside director of other companies. Since his selection as Outside Director of Kubota Corporation in June 2014, he has made major contributions by overseeing decision making on major management matters and the conduct of business operations. He was selected as candidate for Outside Director based on the judgment that he can continue to provide recommendations on overall management and contribute to strengthening Kubota Corporation's governance system.
9. Koichi Ina	83.3% (10 of 12)	Koichi Ina has extensive experience in management and a wide perspective as well as deep knowledge in the field of manufacturing. Since his selection as Outside Director in June 2015, he has made major contributions by overseeing decision making on major management matters and the conduct of business operations. He was selected as candidate for Outside Director based on the judgment that he can continue to provide recommendations on overall management and contribute to strengthening Kubota Corporation's governance system.

[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) [4 years and 9 months, at the conclusion of this meeting]	58,400 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) [5 years and 9 months, at the conclusion of this meeting]	33,000 shares	January 2017:	General Manager of Water and Environmental Infrastructure Domain (to present)
			January 2016	In charge of Water & Environment Domain
			October 2014:	General Manager of CSR Planning and 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 and 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 and 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) [4 years and 9 months, at the conclusion of this meeting]	27,400 shares	April 2016:	General Manager of Global IT Management Dept. (to present)
			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 and 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 and Control Dept. (assistant)
			June 2008:	Director of Kubota Corporation
			December 2002:	General Manager of Finance and Accounting Dept.
			April 1977:	Joined Kubota Corporation
4 [Reappointment]	Kenshiro Ogawa (July 23, 1953) [2 years and 9 months, at the conclusion of this meeting]	43,500 shares	April 2015:	General Manager of Manufacturing Engineering Headquarters (to present)
			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) [2 years and 9 months, at the conclusion of this meeting]	42,900 shares	April 2015:	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
			April 2015:	In charge of Farm and Industrial Machinery Domain (to present)
			June 2014:	Director and Managing Executive Officer of Kubota Corporation
			October 2013:	General Manager of Farm and 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 [Reappointment]	Satoshi Iida (March 5, 1953) [1year, at the conclusion of this meeting]	29,600 shares	March 2016	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
			April 2015:	Senior Managing Executive Officer of Kubota Corporation
			April 2014:	General Manager of Research and Development Headquarters(to present) , General Manager of Water & Environment R&D
			October 2013:	Deputy General Manager of Research and 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 [New Nomination]	Masato Yoshikawa (January 27,1959)	12,800 shares	April 2015:	Managing Executive Officer of Kubota Corporation(to present)
			October 2013:	President of Kubota Tractor Corporation (to present)
			April 2012:	Executive Officer of Kubota Corporation
			October 2010:	General Manager of Corporate Planning & Control Dept.
			October 2009:	General Manager of Pipe Systems Planning Dept. , General Manager of Ductile Iron Pipe Planning Dept.
			February 2008:	General Manager of Ductile Iron Pipe Planning Dept.
			April 1981:	Joined Kubota Corporation
8 [Reappointment, Candidate for Independent Director defined by the TSE and Outside Director]	Yuzuru Matsuda (June 25, 1948) [2 years and 9 months, at the conclusion of this meeting]	3,800 shares	June 2015:	Director of JSR Corporation (to present)
			June 2014:	Director of Kubota Corporation (to present)
			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:	Executive 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 of Kyowa Hakko Kogyo Co., Ltd.
			April 1977:	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Hakko Kirin Co., Ltd.)
9 [Reappointment, Candidate for Independent Director defined by the TSE and Outside Director]	Koichi Ina (May 6,1948) [1 year and 9 months, at the conclusion of this meeting]	6,100 shares	June 2016:	Advisor to the Board of Daihatsu Motor Co., Ltd. (to present)
			June 2015:	Director of Kubota Corporation (to present)
			June 2013:	Chairman of Daihatsu Motor Co., Ltd.
			June 2010:	President of Daihatsu Motor Co., Ltd.
			June 2009:	Executive Vice President of Daihatsu Motor Co., Ltd.
			June 2009:	Adviser of Toyota Motor Corporation
			June 2007:	Senior Managing Director of Toyota Motor Corporation
			June 2007:	Chief Officer, Production Planning Group, Chief Officer, Manufacturing Group of Toyota Motor Corporation
			June 2006:	Plant Manager, Miyoshi Plant of Toyota Motor Corporation
			June 2005:	Plant Manager, Takaoka Plant, Plant Manager, Tsutsumi Plant of Toyota Motor Corporation
			June 2004:	Plant 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:	Board of Director of Toyota Motor Corporation
			June 2002:	Plant Manager, Honsha Plant, Plant 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. Although Kubota Corporation has business transactions with Daihatsu Motor Co., Ltd. of which Mr. Koichi Ina currently holds an important post, the transactions are less than 0.1% of consolidated revenues of either Kubota Corporation or Daihatsu Motor Co., Ltd.
3. The term of office shows most recent consecutive time period served as a Director at the conclusion of 127th Ordinary General Meeting of Shareholders.
4. Attendance of the Meetings of the Board of Directors of Mr. Iida is counted after his assumption of office as the Director at the 126th Ordinary General Meeting of Shareholders held on March 25, 2016.
5. 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.
6. Kubota Corporation has reported to the TSE that Messrs. Yuzuru Matsuda and Koichi Ina have been Independent Directors defined by the TSE.
7. The candidates for Directors have been selected in the Meeting of the Board of Directors based on the regulations of the Nomination Advisory Committee and the nomination requirements set forth in the rules governing the Board of Directors. Candidates have been discussed and selected through an objective and transparent process by the Nomination Advisory

Committee (in which more than half of the members are the Outside Directors) with the proper guidance and advice. The candidates for internal Director have been selected for their in-depth insights regarding the business environment and the Company's business activities. Candidates for Outside Director have been selected from among persons with extensive management experience and specialized expertise who have strong knowledge and judgment.

2nd 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)

[Reason for election Substitute Statutory Audit & Supervisory Board Member]

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 procedures of audit as a part of supervisory function, and nominates him as a candidate for Substitute Audit & Supervisory Board Member.

Notes:

1. No conflict of interest exists between Kubota Corporation and the above candidate for Substitute Audit & Supervisory Board Member.
2. 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.
3. 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.
4. 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.

3rd Subject for Discussion:

Matters Concerning Bonus Payments for Directors

Kubota Corporation will pay Directors' bonuses (¥190.4 million) for six Directors (excluding Outside Directors) as of the end of the fiscal year ended December 31, 2016, in consideration of results of operations for the fiscal year ended December 31, 2016.

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

4th Subject for Discussion:

Matters Concerning Compensation for Granting Restricted Stock to the Directors Other Than the Outside Directors

In the 119th Ordinary General Meeting of Shareholders held on June 19, 2009, approval was received for an amount of basic remuneration, etc. for the Directors of Kubota Corporation of 510 million yen or less per year (including 30 million yen or less per year for the Outside Directors)

Recently, as part of the revision of Director and Executive officer compensation plan, with the objectives of offering incentives to the Company's Directors (excluding the Outside Directors; hereinafter the "Directors Covered by the Plan") to achieve sustained improvement of the corporate value of Kubota Corporation and sharing more of that value with our shareholders, Kubota Corporation proposes that, with a separate limit from the said existing limit of compensation for the Directors of Kubota Corporation, Kubota Corporation will create a compensation plan that will newly grant restricted stock to the Directors Covered by the Plan.

The compensation paid in order to grant restricted stock to the Directors Covered by the Plan (Based on this Subject for discussion) shall be a monetary compensation claim, and its total amount shall be 300 million yen or less per year, the amount to be appropriate based on the above objectives. Furthermore, the specific payment timing and allocation for each of the Directors Covered by the Plan shall be decided in a Meeting of the Board of Directors. However, compensation in order to grant restricted stock shall not be paid to Outside Directors.

Currently there are eight Directors (including two Outside Directors), but if 1st Subject for Discussion "Election of Nine (9) Directors" is approved and passed as proposed, there will be nine Directors (including two Outside Directors).

Furthermore, based on resolution of the Board of Directors of Kubota Corporation, the Directors Covered by the Plan shall make in-kind contribution of all monetary compensation claim paid under this Subject for Discussion and shall, in return, receive the issuance or disposal of the common shares of Kubota Corporation, and the total number of common shares of Kubota Corporation to be issued or disposed of through this process shall be 400,000 shares or less per year. (However, in case that Kubota Corporation conducts stock splits (including free allocations of its common shares) or reverse stock splits of its common shares which are effective on or after the date of the approval of this Subject for Discussion, the total number of shares should be adjusted in a reasonable fashion as necessary.)

Note that the amount paid in per share shall be the amount determined by the Board of Directors within the scope that is not an amount that is particularly advantageous to the Directors Covered by the Plan who underwrite said common shares, based on the closing price of the common shares of Kubota Corporation in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (in the case that the transaction has not been established on that day, the closing price on the most recent trading day preceding that day). Furthermore, when issuing or disposing of the common shares of Kubota Corporation through this process, a contract for allocation of restricted stock (hereinafter the "Allocation Contract") containing the overview and the following contents shall be concluded between Kubota Corporation and the Directors Covered by the Plan.

(1) Transfer Restriction Period

The Directors Covered by the Plan must not transfer the common shares of Kubota Corporation for which allocation is received under the Allocation Contract (hereinafter the "Allocated Shares"), neither create a security interest on the Allocated Shares, nor dispose of the Allocated Shares in any other way (hereinafter the "Transfer Restrictions") during the period stipulated in advance by the Board of Directors of Kubota Corporation that is between three and five years after the payment date of the monetary compensation claim (hereinafter the "Transfer Restriction Period").

(2) Treatment in the Event that a Director Leaves His/Her Post or Retires

In the case that Directors Covered by the Plan leave their posts as Directors and Executive Officers before the end of the Transfer Restriction Period, Kubota Corporation shall acquire the Allocated Shares at no cost except in the case of expiration of term of office, death, or any other reason that the Board of Directors of Kubota Corporation recognizes to be a legitimate reason for the Directors Covered by the Plan to leave their posts.

(3) Cancellation of the Transfer Restrictions

Notwithstanding the provision in (1) above, Kubota Corporation shall cancel the Transfer Restrictions for all of the Allocated Shares as of the time when the Transfer Restriction Period expires, on the condition that the Directors Covered by the Plan have maintained the status of Directors or Executive Officers continuously during the Transfer Restriction Period. However, in the case that said Directors Covered by the Plan leave the posts stipulated in (2) above before the Transfer Restriction Period expires for any of the reasons that the

Board of Directors of the Company recognizes to be legitimate stipulated in (2) above, the number of the Allocated Shares for which the Transfer Restrictions are cancelled and the timing of the cancellation of the Transfer Restrictions shall be reasonably adjusted as necessary.

(4) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provision in (1) above, in the case that matters regarding merger contracts under which Kubota Corporation becomes the disappearing company, share exchange agreements or share transfer plans under which Kubota Corporation becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a Meeting of the Board of Directors of Kubota Corporation in the case that approval by the General Meeting of Shareholders of Kubota Corporation is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, Kubota Corporation shall cancel, based on the resolution of the Board of Directors of Kubota Corporation, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all or some of the Allocated Shares. Furthermore, in the case provided for above, Kubota Corporation shall acquire at no cost the Allocated Shares for which the Transfer Restrictions have not been cancelled, at the time immediately after the cancellation of Transfer Restrictions.

(5) Other Matters Determined by the Board of Directors

In addition to the above, the method of manifestation of intention and notification in the Allocation Contract, the method of revision of the Allocation Contract, and any other matters determined by the Board of Directors shall be included in the contents of the Allocation Contract.

Note:

At present, Kubota Corporation pays its Directors basic remuneration not exceeding the 510 million yen per year total allocation which was approved by the 119th Ordinary General Meeting of Shareholders held on June 19, 2009 (including 30 million yen or less per year for the Outside Directors). In addition, each time such bonus payments for Directors are made, they are approved in the General Meeting of Shareholders before payment is made. Under the new compensation system, existing bonus compensation with cash will be paid as a short-term incentive for Directors while the new bonus compensation with restricted stock will be paid as a medium- to long-term incentive. In this Motion, Kubota Corporation wishes to obtain the approval by the shareholders to create a new bonus compensation portion payable with restricted stock as a medium- to long-term incentive in addition to the existing portion.

REFERENTIAL MATERIALS FOR THE CONVOCATION NOTICE FOR THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

BUSINESS REPORT FOR THE 127TH PERIOD

(FROM JANUARY 1, 2016 TO DECEMBER 31, 2016)

Kubota Corporation changed its fiscal year-end from March 31 to December 31 from the last fiscal year. For this reason, the business term for the last fiscal year, a transitional period for the change in the fiscal year-end, was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the year ended December 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on December 31, 2015.

1. Item of Overview of Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

For the year ended December 31, 2016, revenues and operating income of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased mainly due to the negative impact of weak farm equipment market in Japan, severe competition in overseas, and the sharp yen appreciation.

Revenues of the Company decreased by ¥92.5 billion [5.5%] from the same period in the prior year to ¥1,596.1 billion. In the domestic market, revenues decreased due to lower sales of farm equipment and construction machinery as well as the negative effects of weak sales related to public works spending. In overseas markets, revenues decreased from the same period in the prior year because of the significant negative effects of foreign exchange rate conversion due to yen appreciation. Sales of construction machinery in North America and combines in Asia were strong while sales of tractors in North America and ductile iron pipes in the Middle East decreased sharply. As a result, overseas revenues accounted for 65.5% of consolidated revenues, 0.1 percent lower than in the same period in the prior year.

Operating income decreased by ¥34.1 billion [15.3%] from the same period in the prior year to ¥188.8 billion. Operating income in Farm & Industrial Machinery decreased since the effect of increased overseas revenues on a local currency basis could not offset the negative effects of decreased domestic revenues and yen appreciation. Operating income in Water & Environment also decreased due to the negative impact of lower revenues in domestic and overseas markets. However, operating income in Other resulted in a slight increase.

Income before income taxes and equity in net income of affiliated companies decreased by ¥27.1 billion [12.1%] to ¥197.0 billion. Income taxes were ¥56.5 billion, and equity in net income of affiliated companies was ¥2.4 billion. Furthermore, after deduction of net income attributable to non-controlling interests of ¥10.4 billion, net income attributable to Kubota Corporation was ¥132.5 billion, ¥16.9 billion [11.3%] lower than in the prior year.

2) Review of Operations by Reporting Segments

(a) Farm & Industrial Machinery

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

Revenues in this segment decreased by 5.1% from the same period in the prior year to ¥1,272.1 billion and accounted for 79.7% of consolidated revenues.

Domestic revenues decreased by 7.0% to ¥281.5 billion. Sales of farm equipment and construction machinery decreased mainly due to the adverse reaction to the front-loaded demand caused by the strengthening of emissions regulations last fiscal year.

Overseas revenues decreased by 4.6% to ¥990.7 billion. Overseas sales grew steadily on a local currency basis, without foreign currency translation effects, in all regions. In North America, significantly increased sales of construction machinery, due to the full-scale introduction of new products, offset a decline in sales of tractors,

which was caused by stagnation in the agricultural market and inventory control by dealers. Revenues in Europe expanded due to the higher sales of tractors, engines, and construction machinery owing to the effect of full-scale entry into the large-scale tractor business and market recovery along with the bottoming out of the economy and the investment promotional tax policy. On the other hand, the implements business for the agriculture-related market stagnated. Revenues in Asia outside Japan were higher than in the prior year. In Thailand, revenues in the first half were weak due to a water shortage caused by drought, and revenues in the second half also were weak due to the sharp reduction in rice prices, despite normal rainfall. Revenues in China were strong due to the favorable sales of head-feeding combines and rice transplanters. In addition, revenues also increased in ASEAN countries where agricultural mechanization has been proceeding. However, revenues translated into yen in all regions, North America, Europe, and Asia outside Japan, decreased due to the effects of considerable yen appreciation against all foreign currencies.

(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 decreased by 7.5% from the same period in the prior year to ¥294.5 billion and accounted for 18.5% of consolidated revenues.

Domestic revenues decreased by 3.2% to ¥240.9 billion. Revenues from pipe-related products decreased due to lower sales of pumps and plastic pipes mainly related to public works spending. Revenues from environment-related products and social infrastructure-related products also decreased compared with the corresponding period in the prior year.

Overseas revenues decreased by 22.8% to ¥53.7 billion mainly due to a large drop in shipments of ductile iron pipes to the Middle East for large-scale projects while revenues from environment-related products expanded.

(c) Other

Other is comprised of a variety of services and housing materials.

Revenues in this segment decreased by 0.1% from the same period in the prior year to ¥29.4 billion and accounted for 1.8% of consolidated revenues.

(2) Initiatives of the Company Going Forward

The Company is working to substantially upgrade all aspects of management and steadily implements its growth strategy, which is based on a long-term perspective, with the objective of becoming a “Global Major Brand Kubota.” Going forward, through continuing activities to become a “Global Major Brand Kubota,” the Company will work to attain long-term sustainable growth by providing solutions to issues in the fields of food, water, and the environment and promote activities that contribute to society. To realize these objectives, the Company is currently taking on the following four initiatives.

1) Accelerating Business Development in Strategic Fields

As a result of the impact of substantial yen appreciation during the current fiscal year, the Company regrettably, did not attain its targets for performance. However, in strategic fields, the Company made steady progress in strategic businesses with the aim of improving performance in the med-to-long term. Looking ahead, the Company will work to accelerate this improvement.

To further penetration of the upland farming equipment market, the Company will put production, sales, and service activities for large-scale tractors, which the Company actively introduced in the previous year, on the right track quickly and hasten improvements in products and development activities to reflect the customer’s feedbacks on

products in the market. In addition, the Company will accelerate the development of new products by drawing on the capabilities of marketing offices and R&D departments in Europe and the United States. In the implements business, the Company will pursue synergies between its European subsidiary, Kverneland AS, and its U.S. subsidiary, Great Plains Manufacturing, Inc., which the Company acquired in 2016, and realign its implements businesses in Europe and the U.S. Moreover, in Asia, the Company has identified India, which has the largest demand for tractors in the world, as a major market in the Company's overseas strategy and will work to establish the Kubota brand as quickly as possible.

In the overseas markets for construction machinery, skid steer loaders, which the Company actively introduced in the North American market, received a highly favorable appraisal in the market. This has enabled the Company to take another major step in developing its position as a comprehensive manufacturer of small construction machinery. Looking ahead, the Company will proceed to further expand its lineup, and move toward consolidating its position as the No. 1 manufacturer of small construction machinery in North America. In addition, in Europe and Asia, the Company will also proceed with the major expansion of its business and aim to become globally established.

Engines are crucial components for both farm equipment and construction machinery, and the Company is strengthening its position both for engines used in the Company's equipment and the external sales. The Company is strengthening its capabilities for meeting the emissions regulations of world markets and supplying eco-friendly products, and expanding engine lineup to respond to a wide range of customer demands. Moreover, as for utility vehicles (multipurpose four-wheel-drive vehicles), mowers, and other, the Company is working to enter new markets where the Company does not currently have a presence to tap into their high growth potential.

2) Increasing Profitability and Strengthening Business and Financial Positions

In a challenging business environment, the Company must expand income sustainably for growth in the mid-to-long term, and for an expansion of its customer base. The Company is aiming for "expansion in revenues" through acceleration of the development of strategic fields while also placing emphasis on "expansion in income", and increasing profitability and strengthening business and financial positions.

In the Company's farm equipment business in Japan, it is promoting the expansion and upgrading of KSAS (Kubota Smart Agri System), an agricultural support system which is an innovative new system using ICT (Information & Communication Technology), and "Kubota's Farm" (a testing plant for profitable farming). The Company is also strengthening agriculture-related products, including farm equipment for growing vegetables and post-harvest products, while also improving the productivity of its sales companies and realigning its distribution network through the use of IT applications. Through these initiatives, the Company is planning to revitalize its agricultural machinery business in Japan and aims to gain overwhelming share of the domestic market. Moreover, the Company will also put new business functions and organizations into place with the goal of strengthening profitability in the agricultural machinery business in Japan.

In the Water & Environment business, the Company is aiming to increase profitability without relying on increases in revenues, and is focusing on strengthening its business position. In addition to creating organizational systems suited to the market that are efficient and effective as well as moving forward with reforms in low-profitability businesses, the Company will review the regions and technologies that the Company believes it should focus on going forward from the viewpoints of growth potential and profitability.

In both the Farm & Industrial Machinery and the Water & Environment businesses, the Company is continuing to work to reduce notes and accounts receivable and inventories to increase management efficiency. The Company's aim is to have each business location and subsidiary meet their targets for reduction and implement measures for structural and continual reductions in tandem with reductions in total lead times through the implementation of the Kubota Production System.

The Company's fixed costs were on a rising trend because of investments for future business growth, but, with the assumption that the business environment will become more challenging for the time being, the Company has conducted a full-scale review costs to achieve a fixed cost structure appropriate for its business growth and profitability.

3) Raising Capabilities for and Improving Efficiency of Technology Development

To cope with the sharp rise in technology development issues and provide quality and prices that exceed customers' expectations through product development in line with regional needs, the Company is moving rapidly to raise the level of its technology development capabilities and efficiency. To respond appropriately and promptly, the Company will substantially increase emphasis on structuring global development systems, including R&D centers in Thailand, strengthen staff of young technicians through the introduction of human resource development programs, make major reductions in development lead times through reforms in R&D processes, and strengthen hiring and training of R&D personnel. Also, the Company will aim to be the industry leader in commercialization through upgrading the sophistication of KSAS and applying that technology in the Water & Environment business, while also placing strong priority on developing advanced technology, including precision farming and use of robotics.

4) Globalizing All Aspects of Management

The Company will substantially upgrade a range of management functions to realize the globalization for all aspects of management as a "Global Major Brand." The "Kubota Production Method" will be indispensable in continuing to improve the Company's standards of excellence in manufacturing and realizing winning levels of quality and price competitiveness. The Company will aim for greater sophistication of this system and expansion of its application throughout its supply chains to realize major cost reductions. The Company will also take initiatives to increase productivity throughout all of its business processes.

Moreover, the Company will take initiatives to apply IT to cope effectively with leading overseas competitors. The Company will realign its supply chain base and strengthen customer relationship management to structure IT systems that will support its regional strategies. Also, through realignments, including concentrating and strengthening governance within IT organization, the Company will drive business reforms.

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 300 parties up to December 31, 2016.

Against a background of stagnation in the economies of the emerging countries, the U.K. leaving from the European Union, and the election of a new president in the United States, uncertainty in the world economy is rising. The prolonged stagnation of agricultural markets in Europe and the United States, the accompanying intensification of competition, unseasonable climate conditions around the world, and weakness in domestic agricultural machinery market have made Kubota's business environment even more challenging as well. The speed and magnitude of the above mentioned changes are without precedent. Even in the midst of these challenging conditions, the company will continue to implement the initiatives as announced, and, based on its priority measures of "Customer First" and "Priority Onsite," each and every member of management and staff is working together to fulfill their responsibilities to achieve long-term growth and raise corporate value substantially.

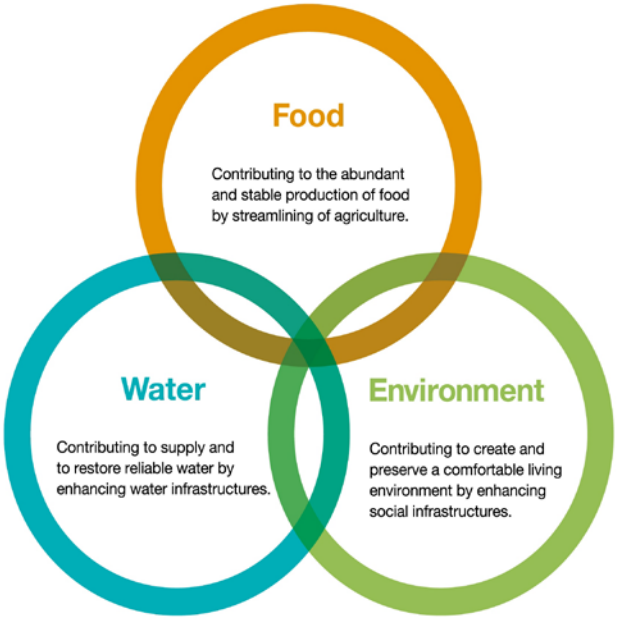
The Company earnestly looks forward to the continuing support from the Company's shareholders in the years to come.

(3) Act for Corporate Governance Code

1) Corporate Philosophy

The Kubota Group positions the corporate philosophy of "Kubota Global Identity" as the foundation of management. To be true to this philosophy, we must be a corporation in which all executives and employees foster awareness of whether or not Kubota Group activities are helping to resolve food, water and environmental issues, and contributing to the development of society

Based on this corporate philosophy, the Company's long-term objective is to build the Kubota brand as a "Global Major Brand Kubota" and we will strive to continue to be a company that has a global presence and that is truly needed everywhere in the world. A "Global Major Brand Kubota" means "The brand that contributes the most to society as it is the most trusted by its customers".



Kubota Global Loop

"Kubota Global Identity"

Spirits

- Work for the development of society by drawing on all of our capabilities and know-how to offer superior products and technologies.
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees.
- Challenge the unknown with creativity and courage.

Brand Statement

For Earth, For Life

Kubota

Mission

Food, water and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.

2) Basic Policy for Corporate Governance Code

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

3) Policy for Cross-shareholdings

Kubota Corporation 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, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies. From time to time, Kubota Corporation 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 the fiscal year ended December 31, 2016, Kubota Corporation sold ¥9.5billion of its equity securities, and will continue to review and decrease these equity securities going forward.

4) Basic Strategy for Capital Policy

As a basic strategy for capital policy, Kubota Corporation aim to use effectively shareholder's equity in order to strengthen Kubota Corporation's profitability, and to maintain enough level of Kubota Corporation's capital for the perspective of business expansion in the future, as well as to enhance shareholder returns continuously.

Kubota Corporation will endeavor to ensure sustainable growth of shareholder's value promoting well-balanced these 3 contents.

(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 appropriate return of 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, the Company 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 14, 2017 that Kubota Corporation would pay ¥16 of the year-end dividend per common share on March 27, 2017. As a result, including the interim dividend of ¥14 per common share already paid, the annual dividend per common share for the year ended December 31, 2016 is ¥30.

Notice of year-end dividend	
1) Amount of year-end dividend	¥16 per common share (Total ¥ 19,857,508,160)
2) Record date of year-end dividend	December 31, 2016
3) Payment date	Monday, March 27, 2017
4) Resource of year-end dividend	Retained earnings

5) Constructive Dialogue with Shareholders

Kubota Corporation promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the mid-to-long term. Kubota Corporation holds results briefings for institutional investor, company information sessions for individual investors, and factory tours with the aim of promoting constructive dialogue with domestic and foreign institutional and individual investors. Kubota Corporation will continue organizing these events actively for interactive dialogue with all its stakeholders.

(Interactive dialogue with individual shareholders)

During the fiscal year ended December 31, 2016, Kubota Corporation held factory tours for its individual shareholders at the Tsukuba Plant (Ibaraki, Japan) where it manufactures tractors and engines. As the result of participating in the factory tours and seeing a real manufacturing site, Kubota Corporation made shareholder's understanding about it deeper. In addition, Kubota Corporation holds corporate information sessions where the President and individual shareholders can communicate interactively and directly. Furthermore, Kubota Corporation participates in investor forums to explain to larger groups of individual investors about its business activities and management strategy.

(Interactive dialogue with institutional investors and analysts)

Kubota Corporation has approximately 480 individual and group meetings per year with institutional investors and analysts. In addition, Kubota Corporation holds a new product exhibition and a briefing on business operations in January, a results briefing for the year-end in February, and a briefing for the first half in August. Furthermore, Kubota Corporation makes timely disclosure of its financial and other information in Japanese and English to all stakeholders through active use of the its website. Moreover, Kubota Corporation conducts tours of its domestic factories and overseas subsidiaries regularly. During the fiscal year ended December 31, 2016, factory tours and briefings on business operations were held in the Sakai Plant (Osaka, Japan) for institutional investors and analysts.

6) Promoting Diversity in Personnel

As a business group operating on a global scale, the Company considers recognizing diverse values and ways of thinking and having multiple viewpoints as essential for its sustainable growth. The Company's diversity management aims at accepting individual differences, finding new value and strength in them, and turning diversity into creativity.

(Working on the promotion of women)

Kubota Corporation makes an effort to promote the activities of women in its organization, and has instituted job systems that enable both female and male employees to take childcare leave easily and work a reduced number of hours, to

promote an improved work-life balance among employees.

In addition, Kubota Corporation has introduced training for the purpose of supporting career advancement of women and a "Re-entry assistance" system that enables some employees, who retired previously from Kubota Corporation for personal reasons, to have the opportunity to return to work with it.

The Company intends to continue to pursue creating a better work environment, not only for female employees but also all its individual employees, to enhance their motivation and enable them to work to the best of their abilities.

(Promotion of employment of persons with disabilities)

The Company established Kubota Sun-Vege Farm Co., Ltd. in February 2010 to support the attainment of autonomy by persons with disabilities and their sound livelihood in local communities, as well as to revitalize agriculture in Japan by making use of abandoned farmlands. Kubota Sun-Vege Farm Co., Ltd. is engaged in hydroponic cultivation of vegetables, which are sold and used in the Kubota Group's company cafeterias, and used in the lunch programs of neighboring schools.

(4) Capital Expenditures

For the year ended December 31, 2016, the Company made capital expenditures totaling ¥65.4 billion, including investments regarding relocation of sales company and expanding of productive capacity in the U.S., and investments in establishment of R&D facilities in Japan and investments to respond manufacturing of new products.

(5) Financing

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

(6) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

Fiscal period (Business term)	Year ended March 31, 2013 (123rd)	Year ended March 31, 2014 (124th)	Year ended March 31, 2015 (125th)	Nine months ended December 31, 2015 (126th)	Year ended December 31, 2016 (127th)
Revenues (in billions of yen)	1,221.5	1,510.5	1,584.3	1,244.8	1,596.1
Operating income (in billions of yen)	120.6	203.9	203.1	166.9	188.8
Income before income taxes and equity in net income of affiliated companies (in billions of yen)	126.8	212.4	210.7	169.5	197.0
Net income attributable to Kubota Corporation (in billions of yen)	77.8	132.7	139.5	110.1	132.5
Net income attributable to Kubota Corporation per common share —Basic (in yen)	61.91	105.74	111.68	88.47	106.58
Total assets (in billions of yen)	1,852.6	2,110.7	2,472.2	2,532.9	2,670.6
Total equity (in billions of yen)	853.2	1,001.6	1,178.5	1,218.6	1,271.9
Kubota Corporation shareholders' equity (in billions of yen)	794.5	935.8	1,100.1	1,140.3	1,198.8
Kubota Corporation shareholders' equity per common share (in yen)	632.59	748.76	883.10	916.28	966.19
Ratio of net income attributable to Kubota Corporation to shareholders' equity (%)	10.6	15.3	13.7	9.8	11.3

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. Kubota Corporation adopted the new accounting standard related to debt issuance costs from the 127th business term. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for the prior years.
7. Amounts less than presentation units are rounded.

2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended March 31, 2013 (123rd)	Year ended March 31, 2014 (124th)	Year ended March 31, 2015 (125th)	Nine months ended December 31, 2015 (126th)	Year ended December 31, 2016 (127th)
Net sales (in billions of yen)	674.7	765.3	776.5	575.1	754.7
Operating income (in billions of yen)	51.1	75.4	66.9	42.8	41.9
Ordinary income (in billions of yen)	63.8	99.8	92.7	64.4	68.0
Net income (in billions of yen)	41.8	66.4	65.9	47.4	51.7
Net income per common share —Basic (in yen)	33.30	52.97	52.76	38.09	41.58
Total assets (in billions of yen)	882.6	953.2	1,007.5	1,027.4	1,084.3
Total net assets (in billions of yen)	479.5	521.4	558.5	555.8	570.2
Net assets per common share (in yen)	381.71	417.10	448.27	446.47	459.49

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 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. Amounts less than presentation units are rounded down.

(7) Material Subsidiaries and Affiliated Companies (As of December 31, 2016)

	Name	Issued capital	Percentage of voting shares	Major operations
(Subsidiaries)				
Japan	Kubota Credit CO., LTD.	¥ 0.5 billion	72.3 【17.3】	Retail financing to purchasers of farm equipment and related products in Japan
	Kubota ChemiX Co., Ltd.	¥ 3.0 billion	100.0	Manufacturing and sales of plastic pipes and fittings
North America	Kubota U.S.A., Inc.	US$ 597 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, small-sized construction machinery
	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.	EUR 11 million	100.0	Sales of tractors, engines and small-sized construction machinery in Europe, mainly in France
	Kubota Baumaschinen GmbH	EUR 14 million	100.0	Manufacturing and sales of small-sized construction machinery in Europe, mainly in Germany
	Kverneland AS	EUR 17 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.
2. As of December 31, 2016, the company had 172 subsidiaries (including above 22 companies), an increase of 19 companies from the prior year-end.
3. Consolidated financial results for the year ended December 31, 2016 were described in "1. Item of Overview of Operations, (1) Review of Operations".

(8)Main Line of Business (As of December 31, 2016)

Kubota Corporation conducts its businesses in the following three fields: "Farm & Industrial Machinery", "Water & Environment" and "Other".

Farm & Industrial Machinery		
	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
Water & Environment		
	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, Wastewater Treatment Plant (Johkasou), 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)
Other		
	Services, Roofing and siding materials	

(9) Main Offices and Factories (As of December 31, 2016)

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

Main Subsidiaries and Affiliated Companies (Location)

Farm and 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 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 Farm Machinery 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 and Environment	Japan	Kubota ChemiX Co., Ltd. (Osaka, Japan) Nippon Plastic Industry Co., Ltd. (Komaki, Japan) Kubota Environmental Service Co., Ltd. (Taito-ku, Tokyo, Japan) Kubota Construction Co., Ltd. (Osaka, 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)

(10) Employees (As of December 31, 2016)

	Number of employees	Change from previous period
Consolidated:	38,291	+2,058
Non-consolidated:	11,123	+293

(11) Main Financing Bank (As of December 31, 2016)

Name	Balance of the loan
Mizuho Bank, Ltd.	¥ 135.5 billion
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 120.5 billion
Sumitomo Mitsui Banking Corporation	¥ 99.1 billion
Sumitomo Mitsui Trust Bank, Limited	¥ 80.6 billion

2. Item on Shares of Kubota Corporation

(1) Stock Data (As of December 31, 2016)

1) Total Number of Authorized Common Shares: 1,874,700,000 shares

2) Total Number of Common Shares Issued: 1,241,119,180 shares
(including 24,920 shares of treasury stock)

3) Number of Shareholders: 36,121 Shareholders

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

* 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)	109,137	8.79
Nippon Life Insurance Company	62,542	5.03
Meiji Yasuda Life Insurance Company	59,929	4.82
Japan Trustee Services Bank, Ltd. (Trust Account)	50,021	4.03
Sumitomo Mitsui Banking Corporation	45,006	3.62
Mizuho Bank, Ltd.	45,006	3.62
GIC PRIVATE LIMITED	21,289	1.71
Moxley & Co. LLC	19,011	1.53
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,156	1.46
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	17,872	1.44

Note: Percentage of issued shares is calculated excluding treasury stock as of December 31, 2016.

(2) Purchase, Sale and Possession of Treasury Stock

1) Total Amount of Shares Purchased during This Fiscal Year

Total number of treasury stock purchased: 3,800,127 shares
Total amount of treasury stock purchased: ¥ 6,005,430,875

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: 3,798,200 shares
Total amount of treasury stock purchased: ¥ 6,002,438,950

(b) Total amount of shares purchased less than the minimum unit
Total number of shares purchased: 1,927 shares
Total amount of shares purchased: ¥ 2,991,925

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

Total number of shares sold: 71 shares
Total amount of shares sold: ¥ 129,656

3) Total Amount of Shares Retired during This Fiscal Year

Total number of shares retired: 3,800,000 shares
Date of retirement: December 30, 2016

4) Total Number of Treasury Stock on December 31, 2016: 24,920 shares
(Total number of treasury stock on December 31, 2015: 24,864 shares)

Categorized Distribution by the number of shares

Japanese individuals	8.0 percent
Japanese financial institutions	48.5 percent
Other Japanese companies and public entities	4.0 percent
Foreign holders	39.5 percent

3. Item of Directors, Audit & Supervisory Board Members and Executive Officers of Kubota Corporation

(1) Policy of Organization Structure

Kubota Corporation has a wide business domain areas food, water, and the environment. In this areas, the Kubota Corporation believes that the most-appropriate governance structure is one in which the Board of Directors, which is composed primarily of the Directors with in-depth experience in each of Kubota Corporation's businesses, obtains appropriate advice from the Outside Directors, and makes decisions on major fundamental management policies. The Board of Directors then supervises and oversees the conduct of business by the Executive Officers. On the other hand, the Audit & Supervisory Board Members, who are legally independent, provide a monitoring function. Kubota Corporation also adopts the Audit & Supervisory Board governance approach and believes this governance system is appropriate for attaining sustainable growth and increasing corporate value in the mid-to-long term by securing sound, efficient, and effective management.

1) Board of Directors

The Board of Directors 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 relating to management planning, financial planning, investment, business restructuring and other important management issues.

2) Audit & Supervisory Board

Audit & Supervisory Board consists of four Audit & Supervisory Board Members (two of whom are the Outside Audit & Supervisory Board Members). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions with regard to auditing policy, audit reports, and other matters.

3) Executive Officers' Meeting

Kubota Corporation adopts the Executive Officer System in order to strengthen on-site business execution at any location and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the President and Representative Director (the President) and 34 Executive Officers. In addition to its regular monthly board 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 their execution of duties.

4) Nomination Advisory Committee and Compensation Advisory Committee

Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory committee and Compensation Advisory Committee 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.

(2) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2016)

Title	Name	Responsibilities and important concurrent offices
President and Representative Director	Masatoshi Kimata	
Representative Director and Executive Vice President	Toshihiro Kubo	General Manager 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	Shigeru Kimura	General Manager of Planning & Control Headquarters, General Manager of Global IT Management Department
Director and Senior Managing Executive Officer	Kenshiro Ogawa	General Manager of Manufacturing Engineering Headquarters
Director and Senior Managing Executive Officer	Yuichi Kitao	General Manager of Farm & Industrial Machinery Domain, General Manager of Farm & Utility Machinery Division
Director and Senior Managing Executive Officer	Satoshi Iida*	General Manager of Research & Development Headquarters, General Manager of Water & Environment R&D
Director	Yuzuru Matsuda	President of Kato Memorial Bioscience Foundation, Director of BANDAI NAMCO Holdings, Inc., Director of JSR Corporation
Director	Koichi Ina	Adviser to the Board of Daihatsu Motor Co., Ltd.
Audit & Supervisory Board Member	Toshikazu Fukuyama	Full-time
Audit & Supervisory Board Member	Satoru Sakamoto	Full-time
Audit & Supervisory Board Member	Akira Morita	Professor of Law, Doshisha Law School, Visiting attorney at law of Miyake & Partners Law Firm
Audit & Supervisory Board Member	Teruo Suzuki	Certified Public Accountant, Adviser of Seven-Eleven Japan Co., Ltd.

Notes:

1. Messrs. Yuzuru Matsuda and Koichi Ina are Outside Directors.
2. Messrs. Akira Morita and Teruo Suzuki are Outside Audit & Supervisory Board Members.
3. 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.
4. 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.
5. Kubota Corporation has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings, Inc., and JSR Corporation of which Mr. Yuzuru Matsuda currently holds an important post.
   Although Kubota Corporation has business transactions with Daihatsu Motor Co., Ltd. of which Mr. Koichi Ina currently holds an important post , the transactions are less than 0.1% of consolidated revenues of either Kubota Corporation or Daihatsu Motor Co., Ltd.
   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 Seven-Eleven Japan Co., Ltd. of which Mr. Teruo Suzuki currently holds an important post.
6. Changes of Directors and Audit & Supervisory Board Members during the fiscal year ended December 31, 2016
   1) Mr. Satoshi Iida indicated by an asterisk (*) in the above table, was newly elected at the 126th Ordinary General Meeting of Shareholders held on March 25, 2016 and assumed his office.
   2) Audit & Supervisory Board Members of Kubota Corporation, namely Mr. Masaharu Kawachi retired at the conclusion of the 126th Ordinary General Meeting of Shareholders held on March 25, 2016.

7. The following changes have been effective as of January 1, 2017.

Title	Name	Responsibilities and important concurrent offices
Representative Director and Executive Vice President	Toshihiro Kubo	General Manager of Water and Environmental Infrastructure Domain,

		General Manager of CSR Planning and Coordination Headquarters, General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office
Director and Senior Managing Executive Officer	Satoshi Iida	General Manager of Research and Development Headquarters

8. Kubota Corporation appointed Executive Officers who do not hold concurrent position as Director as follows on January 1, 2017.
Executive Officers indicated by an asterisk (*) in the below table were newly appointed on January 1, 2017.

Executive Officers who do not hold concurrent position as Director (as of January 1, 2017)

Title	Name	Responsibilities and important concurrent offices
Senior Managing Executive Officer	Shinji Sasaki	Deputy General Manager of Farm and Industrial Machinery Domain, General Manager of Construction Machinery Division
Managing Executive Officer	Hiroshi Matsuki	General Manager of Water and Environmental Infrastructure Headquarters, General Manager of Tokyo Head Office
Managing Executive Officer	Kunio Suwa	Deputy General Manager of CSR Planning and Coordination Headquarters
Managing Executive Officer	Toshihiko Kurosawa	General Manager of Water Engineering and Solution Division
Managing Executive Officer	Hiroshi Kawakami	Deputy General Manager of Manufacturing Engineering Headquarters
Managing Executive Officer	Yoshiyuki Fujita	Deputy General Manager of Planning and 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
Managing Executive Officer	Kaoru Hamada	Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment R&D, General Manager of Materials Center
Managing Executive Officer	Yasuo Nakata	General Manager of Quality Assurance Headquarters
Managing Executive Officer	Kazuhiro Kimura	General Manager of Electronic Equipped Machinery Division
Managing Executive Officer	Dai Watanabe	General Manager of Agricultural Implement Division, President of Kverneland AS
Managing Executive Officer	Haruyuki Yoshida	General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters
Executive Officer	Junji Ogawa	Deputy General Manager of CSR Planning and Coordination Headquarters
Executive Officer	Takao Shomura	General Manager of Procurement Headquarters, General Manager of Sakai Plant
Executive Officer	Yuji Tomiyama	General Manager of Tractor Division, General Manager of Agricultural Tractor Business Unit
Executive Officer	Kazunari Shimokawa	President of Kubota Europe S.A.S.
Executive Officer	Mutsuo Uchida	General Manager of Pipe Systems Division, General Manager of Pipe Systems Business Unit
Executive Officer	Nobuyuki Ishii	Deputy General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters, General Manager of Farm and Industrial Machinery Strategy and Operations Department
Executive Officer	Kazuhiro Shinabe	Deputy General Manager of Water Engineering and Solution Division, General Manager of Water Engineering and Solution Business Unit
Executive Officer	Ryuichi Minami	General Manager of Harvester and Transplanter Division

Executive Officer	Yoshimitsu Ishibashi	General Manager of Farm Machinery Japan Operation, General Manager of Farm Machinery Services Headquarters, President of Kubota Agri Service Corporation
Executive Officer	Ryoji Kuroda	General Manager of Health and Safety Promotion Headquarters
Executive Officer	Yasuhiko Hiyama	General Manager of Compact Tractor, Turf and Utility Vehicle Business Unit
Executive Officer	Eiji Yoshioka	General Manager of Materials Division
Executive Officer	Yasukazu Kamada	General Manager of Engine Division
Executive Officer	Muneji Okamoto*	General Manager of Farm and Utility Machinery Engineering Headquarters
Executive Officer	Hiroto Kimura*	President of SIAM KUBOTA Corporation Co., Ltd.
Executive Officer	Katsuhiko Yukawa*	Deputy General Manager of Construction Machinery Division , General Manager of Construction Machinery Engineering Department for Excavator

(3) Remuneration for Directors and Audit & Supervisory Board Members

Title	Number	Total
Directors	8	¥ 556 million (including ¥ 29 million for two Outside Directors)
Audit & Supervisory Board Members	5	¥ 101 million (including ¥ 33 million for three Outside Audit & Supervisory Board Members)

Notes:

1. The above remuneration for Directors and Audit & Supervisory Board Members includes remuneration for one Outside Audit & Supervisory Board Member who retired at the conclusion of the 126th Ordinary General Meeting of Shareholders held on March 25, 2016.
2. Remuneration for Directors includes ¥190 million of bonuses for Directors to be proposed on the 127th Ordinary General Meeting of Shareholders.

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

The remuneration for the Directors consists of basic remuneration, which is set by corporate rank, and a variable portion that is linked to performance for the fiscal year (bonuses for Directors). However, the remuneration for the Outside Directors consists of basic remuneration only because of the roles they play and the need to preserve their independence. At the Meetings of the Board of Directors, the 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 Advisory Committee, in which more than half of the members are the Outside Directors and which is attended by the Outside Audit & Supervisory Board Members as observers, in consideration of the Company's operating results, compensation levels of other companies, and other factors. In addition, the total amount of bonuses for Directors is decided by the General Meeting of Shareholders. Note that, each fiscal year, the Compensation Advisory Committee reviews the appropriateness of the Company's compensation level in the light of surveys and other information on the compensation level among other major domestic corporations, as provided by external organizations.

The remuneration for the Audit & Supervisory Board members consists solely of basic remuneration because of the roles they play and the need to preserve their independence. The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

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

Position	Name	Their Activities
Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all 12 Meetings of the Board of Directors. 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 10 Meetings of the Board of Directors (out of 12 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.
Audit & Supervisory Board Member	Akira Morita	Mr. Akira Morita attended all 12 Meetings of the Board of Directors and all 14 Audit & Supervisory Board Meetings. 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 12 Meetings of the Board of Directors and all 14 Audit & Supervisory Board Meetings. 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.

(6) Activity report of the Nomination Advisory Committee and the Compensation Advisory Committee

The Nomination Advisory Committee met once during the fiscal year for the purpose of discussing the election of newly selected candidates for the Board of Directors and the reappointment of existing Directors. The Compensation Advisory Committee met three times to revise the compensation system for Directors and Executive Officers and discussed the introduction of a system for compensation through the granting of shares of Kubota Corporation. (One of these meetings was for the approval of written resolutions.)

(7) 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 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.

4. Independent Auditor

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation for the Independent Auditor for the Year Ended December 31, 2016

1) Amount of compensation provided for the year ended December 31, 2016	¥ 244 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥ 398 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 Corporation 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 Corporation.

(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 3 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.

(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 Implemented This Period

The following is an outline of the measures implemented this period based on the item of systems to be developed to establish internal control systems.

The Company-Wide Risk Management Committee took a central role and implemented education on legal compliance and internal audits in accordance with the activity policies decided at the start of the period based on the operational regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board, and others. Also, in addition to revisions of the in-house rules, regulations, and manuals in response to the enactment and revision of laws and regulations as well as changes in management risks, the Kubota Hotline was instituted as a "Whistle Blowing System". The Hotline accepted reports from and provided consultation to Group employees and others and implemented the responses necessary in the departments in charge.

Based on the Regulations of the Board of Directors, the Board of Directors met and decided matters such as the management execution policies. Also, reports were presented and deliberations were conducted at the Executive Officers' Meeting, Management Committee, and Investment Council to improve the efficiency of the execution of duties. Also, two Outside Directors, who are independent from the execution of duties, have been appointed to reinforce the supervisory functions of the Board of Directors regarding the execution of duties by the Directors and Executive Officers. Furthermore, Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee met to deliberate on nomination of candidates for the Directors, and the compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

In accordance with the subsidiary management regulations, Kubota Corporation received reports from these companies on the status of their business operations, and their management plans were also discussed in the management review committees. In addition, the departments in charge worked together with the primary managing departments to instruct the subsidiaries to develop and operate internal control systems and to continuously observe and execute them, as well as perform audits based on the risk management activity policy and action plan.

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

(Translation)

Consolidated Balance Sheet

December 31, 2016 (In millions of yen)

Assets		Liabilities and Equity	
Current assets:		**Current liabilities:**	
Cash and cash equivalents	169,416	Short-term borrowings	193,883
Notes and accounts receivable:		Trade notes payable	157,471
Trade notes	75,798	Trade accounts payable	98,388
Trade accounts	559,488	Advances received from customers	6,927
Less: Allowance for doubtful notes and accounts receivable	(2,472)	Notes and accounts payable for capital expenditures	24,321
Total notes and accounts receivable—net	**632,814**	Accrued payroll costs	35,902
		Accrued expenses	64,662
Short-term finance receivables—net	244,184	Income taxes payable	19,650
Inventories	356,180	Other current liabilities	90,197
Other current assets	160,480	Current portion of long-term debt	145,212
Total current assets	**1,563,074**	**Total current liabilities**	**836,613**
Investments and long-term finance receivables:		**Long-term liabilities:**	
Investments in and loan receivables from affiliated companies	28,517	Long-term debt	478,894
Other investments	140,667	Accrued retirement and pension costs	12,091
Long-term finance receivables—net	508,289	Other long-term liabilities	71,059
Total investments and long-term finance receivables	**677,473**	**Total long-term liabilities**	**562,044**
Property, plant, and equipment:		**Equity:**	
Land	82,104	**Kubota Corporation shareholders' equity:**	
Buildings	292,898	Common stock	84,070
Machinery and equipment	491,040	Capital surplus	84,605
Construction in progress	17,378	Legal reserve	19,539
Total property, plant, and equipment	**883,420**	Retained earnings	961,403
Less: Accumulated depreciation	(569,189)	Accumulated other comprehensive income	49,336
Net property, plant, and equipment	**314,231**	Treasury stock, at cost	(192)
		Total Kubota Corporation shareholders' equity	**1,198,761**
Other assets:			
Goodwill and intangible assets—net	46,057	**Non-controlling interests**	**73,164**
Long-term trade accounts receivable	39,852	**Total equity**	**1,271,925**
Other	30,658		
Less: Allowance for doubtful non-current receivables	(763)		
Total other assets	**115,804**		
Total assets	**2,670,582**	**Total liabilities and equity**	**2,670,582**

(Translation)

Consolidated Statement of Income

Year ended December 31, 2016 (In millions of yen)

Revenues	1,596,091
Cost of revenues	1,122,546
Selling, general, and administrative expenses	283,849
Other operaing expenses —net	919
Operating income	**188,777**
Other income (expenses):	
Interest and dividend income	7,049
Interest expense	(503)
Gain on sales of securities—net	6,826
Foreign exchange loss—net	(3,556)
Other—net	(1,622)
Other income (expenses)—net	8,194
Income before income taxes and equity in net income of affiliated companies	**196,971**
Income taxes:	
Current	56,114
Deferred	432
Total income taxes	56,546
Equity in net income of affiliated companies	2,440
Net income	**142,865**
Less: Net income attributable to non-controlling interests	10,380
Net income attributable to Kubota Corporation	**132,485**

(Translation)

(Reference)

Consolidated Statement of Cash Flows

Year ended December 31, 2016 (In millions of yen)

Net cash provided by operating activities	184,978
Net cash used in investing activities	(167,525)
Net cash provided by financing activities	11,364
Effect of exchange rate changes on cash and cash equivalents	(5,687)
Net increase in cash and cash equivalents	23,130
Cash and cash equivalents, beginning of year	146,286
Cash and cash equivalents, end of year	169,416

(Translation)

Consolidated Statement of Changes in Equity

(In millions of yen)

	Shares of common stock outstanding (thousands of shares)	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 January 1, 2016	1,244,504	84,070	87,838	19,539	869,769	79,292	(198)	78,248	1,218,558
Net income					132,485			10,380	142,865
Other comprehensive loss						(29,765)		(501)	(30,266)
Cash dividends paid to Kubota Corporation shareholders, ¥28.00 per common share					(34,839)				(34,839)
Cash dividends paid to non-controlling interests								(2,270)	(2,270)
Purchases and sales of treasury stock	(3,801)				(1)		(6,005)		(6,006)
Retirement of treasury stock					(6,011)		6,011		—
Changes in ownership interests in subsidiaries			(3,233)			(191)		(12,693)	(16,117)
Balance at December 31, 2016	1,240,703	84,070	84,605	19,539	961,403	49,336	(192)	73,164	1,271,925

(Translation)

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 provisions of the second sentence in the first paragraph of Article 120 of the Ordinance on Company Accounting, which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting. 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
172 subsidiaries are consolidated. 17 affiliated companies are accounted for using the equity method.

3. Valuation of Inventories
Inventories are 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 Property, Plant, and Equipment, Goodwill, and Intangible 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. Intangible assets with definite useful lives is amortized by a method reflecting the pattern in which the economic benefits of the intangibe assets are comnsumed over 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. Kubota Corporation and its subsidiaries (the "Company") recognize 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 the year 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 by the tax exclusion method.

8. Changes in Accounting Policies
The Company adopted a new accounting standard related to debt issuance costs on January 1, 2016. The standard requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. The adoption of this standard did not have a material impact on the consolidated financial statements.

(Translation)

Notes to Consolidated Balance Sheet

1. Amounts less than presentation units are rounded.

2. At December 31, 2016, the balances of each classification within accumulated other comprehensive income were as follows:

		(In millions of yen)
Foreign currency translation adjustments	¥	26,009
Unrealized gains on securities		49,551
Pension liability adjustments		(26,224)
Accumulated other comprehensive income	¥	49,336

3. At December 31, 2016, secured assets are comprised of the following:

		(In millions of yen)
Trade accounts	¥	327
Short-term finance receivables		60,361
Other current assets		9,277
Long-term finance receivables		104,928
Property, plant, and equipment		1,819
Total	¥	176,712

The above assets were secured against the following liabilities:

		(In millions of yen)
Short-term borrowings	¥	578
Current portion of long-term debt		51,112
Long-term debt		92,486
Total	¥	144,176

4. The Company is contingently liable as guarantor of the indebtedness of certain distributors, including affiliated companies and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2016 was ¥11,703 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, 2016, the number of shares issued was as follows:

Common stock	1,241,119	thousand shares

3. The components of other comprehensive loss for the year ended December 31, 2016 were as follows:

					(In millions of yen)	
	Attributable to Kubota Corporation		Attributable to the non-controlling interests		Total	
Foreign currency translation adjustments	¥	(23,818)	¥	(506)	¥	(24,324)
Unrealized gains(losses) on securities		2,596		(9)		2,587
Pension liability adjustments		(8,543)		14		(8,529)
Other comprehensive loss	¥	(29,765)	¥	(501)	¥	(30,266)

(Translation)

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. The Company reviews such securities 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 of its international operations. The Company entered into foreign exchange 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 speculative 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, 2016 were as follows:

(In millions of yen)

		Carrying Value	Fair Value
Financial assets:			
Finance receivables-net	***1**	¥ 589,170	¥ 579,710
Other investments	***2**	137,017	137,017
Long-term trade accounts receivable	***1**	69,174	74,366
Financial liabilities:			
Long-term debt	***1**	(621,476)	(612,453)
Derivative financial instruments	***3**		
Foreign exchange contracts		(5,091)	(5,091)
Interest rate swap contracts		(9)	(9)
Cross-currency interest rate swap contracts		6,930	6,930

***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 sheet. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in the current portion of long-term debt on the consolidated balance sheet.

***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 (¥3,650 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	¥ 966.19
2. Net income attributable to Kubota Corporation per common share	¥ 106.58

(Translation)

Balance Sheet (Non-consolidated)

December 31, 2016 (In millions of yen)

Assets		Liabilities and net assets	
Current assets:		**Current liabilities:**	
Cash and deposits	73,964	Trade notes payable	369
Trade notes receivable	5,854	Electronically-recorded accounts payable	116,646
Electronically-recorded accounts receivable	37,049	Trade accounts payable	44,475
Trade accounts receivable	260,545	Other accounts payable	9,480
Finished goods	43,057	Income taxes payable	10,315
Work in process	22,272	Accrued expenses	22,452
Raw materials and supplies	7,454	Deposits received	116,097
Deferred tax assets	8,981	Provision for warranty costs	4,634
Other	69,880	Provision for bonuses	8,114
Allowance for doubtful receivables	(40)	Provision for directors' bonuses	184
Total current assets	**529,019**	Other	21,941
		Total current liabilities	**354,710**
Fixed assets:			
Property, plant, and equipment-net:		**Long-term liabilities:**	
Buildings	39,295	Bonds	40,000
Machinery and equipment	28,386	Long-term borrowings	90,000
Land	55,124	Deferred tax liabilities	28,266
Construction in progress	4,190	Other	1,137
Other	9,323	**Total long-term liabilities**	**159,404**
Total property, plant, and equipment-net	**136,320**		
		Total liabilities	**514,114**
Intangibles:		**Shareholders' equity:**	
Software	7,451	**Common stock**	**84,070**
Other	251	**Capital surplus:**	
Total intangibles	**7,703**	Additional paid-in capital	73,057
		Total capital surplus	**73,057**
Investments and other assets:			
Investment securities	137,143	**Retained earnings:**	
Investments in subsidiaries and affiliated companies	164,325	Legal reserve	19,539
Long-term loans receivable	50,678	Other retained earnings:	
Prepaid pension cost	26,752	Reserve for special depreciation	18
Other	32,668	Reserve for reduction entry of land	171
Allowance for doubtful receivables	(218)	General reserve	272,842
Total investments and other assets	**411,348**	Unappropriated retained earnings	45,762
		Total other retained earnings	**318,793**
Total fixed assets	**555,371**		
		Total retained earnings	**338,333**
		Treasury stock	**(39)**
		Total shareholders' equity	**495,421**
		Valuation and translation adjustments:	
		Unrealized holding gains on securities	74,855
		Total valuation and translation adjustments	**74,855**
		Total net assets	**570,276**
Total assets	**1,084,391**	**Total liabilities and net assets**	**1,084,391**

(Translation)

Statement of Income (Non-consolidated)

Year ended December 31, 2016 (In millions of yen)

Net sales	**754,753**
Cost of sales	608,378
Gross profit	**146,375**
Selling, general, and administrative expenses	104,407
Operating income	**41,968**
Non-operating income:	**36,864**
Interest and dividend income	9,376
Royalty income	13,190
Other	14,297
Non-operating expenses:	**10,782**
Interest expense	742
Other	10,039
Ordinary income	**68,049**
Income before income taxes	**68,049**
Income taxes:	**16,345**
Current	17,334
Deferred	(988)
Net income	**51,704**

(Translation)

Statement of Changes in Net Assets (Non-consolidated)

(In millions of yen)

	Shareholders' equity										Valuation and translation adjustments			Total net assets
	Common stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized gains (losses) from hedging activities	Total valuation and translation adjustments	
		Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings									
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappro-priated retained earnings						
Balance at January 1, 2016	84,070	73,057	—	19,539	22	167	260,242	47,508	(46)	484,561	71,248	—	71,248	555,810
Changes in this fiscal year														
Transfer of reserve for special depreciation					(3)			3		—			—	—
Appropriation to reserve for reduction entry of land						3		(3)		—			—	—
Appropriation to general reserve							12,600	(12,600)		—			—	—
Dividends								(34,839)		(34,839)			—	(34,839)
Net income								51,704		51,704			—	51,704
Purchase of treasury stock									(6,005)	(6,005)			—	(6,005)
Disposal of treasury stock								(0)	0	0			—	0
Retirement of treasury stock								(6,011)	6,011	—			—	—
Net change of items other than shareholders' equity										—	3,606	—	3,606	3,606
Total changes in this fiscal year	—	—	—	—	(3)	3	12,600	(1,746)	6	10,859	3,606	—	3,606	14,466
Balance at December 31, 2016	84,070	73,057	—	19,539	18	171	272,842	45,762	(39)	495,421	74,855	—	74,855	570,276

(Translation)

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) Delivatives
Delivatives are stated at fair value.

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

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

Intangible assets amortized by the straight-line method. With regard to internal-use software, amortization is computed by using the straight-line method based on a useful life of five years.

Lease assets for transactions of non-transfer of ownership finance leases are amortized by the straight-line method over the lease term.

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 general receivables and evaluated individually for specific doubtful receivables from customers who 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.

Provision for bonuses is provided for an estimated amount to be paid to employees for services rendered during the current fiscal year.

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 costs) are 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, 2016 exceeded retirement benefit obligations, after deduction of unrecognized prior year service costs and actuarial gains or losses, prepaid pension costs were recorded on the balance sheet.
Prior year service costs are 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 year following the year in which they were incurred.
The average remaining service period of employees as a basis of amortization ratio is 17.5 years.

(Translation)

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 the completed-contract method to construction contracts. In measuring the extent of progress toward completion, Kubota Corporation uses the cost-to-cost method.

5. Other Significant Accounting Policies
(1) Translation of assets and liabilities in foreign currency
Receivables and payables in foreign currency are translated into Japanese yen using the current exchange rate at each balance sheet date and gains and losses arising from exchange rate changes are recorded in earnings.

(2) Hedge accounting
All short-term foreign exchange forward contracts are measured at fair value. Except for the valuation difference on forward contracts entered into for forecated trasnsations, such contracts are recorded in earnings, net of foreign exchange gains or losses of receivables and payable dominated in foreign currency.
Interest rate swap contracts for which exceptional treatments are permitted are not recorded on the balance sheet .

(3) Consumption taxes
Consumption taxes are accounted by the tax exclusion method.

(Translation)

Notes to Balance Sheet

1. Amounts in the balance sheet are rounded down to the nearest million yen.

2. Receivables from and payables to subsidiaries and affiliated companies

Short-term receivables from subsidiaries and affiliated companies	¥	279,469	million
Long-term receivables from subsidiaries and affiliated companies	¥	50,671	million
Short-term payables to subsidiaries and affiliated companies	¥	114,570	million

3. Accumulated depreciation of property, plant, and equipment

	¥	376,720	million

4. Contingent Liabilities:

(1) Guarantees

Guarantees for borrowings of subsidiaries and affiliated companies from financial institutions

Kubota Saudi Arabia Company, LLC	¥	960	million

Guarantees for group financing

Kubota Credit Co., Ltd.	¥	6,750	million

(2) Notes discounted

	¥	973	million

5. The following notes that matured on December 31, 2016 were included in the corresponding note accounts in the balance sheet since the day at the end of the current fiscal year falls on a bank holiday.

Trade notes receivable	¥	587	million
Electronically-recorded accounts receivable	¥	1,393	million
Trade notes payable	¥	54	million
Electronically-recorded accounts payable	¥	24,557	million

Notes to Statement of Income

1. Amounts in the statement are rounded down to the nearest million yen.

2. Transactions with subsidiaries and affiliated companies:

Sales to subsidiaries and affiliated companies	¥	556,935	million
Purchases from subsidiaries and affiliated companies	¥	88,310	million
Transactions with subsidiaries and affiliated companies other than operating transactions	¥	20,905	million

Notes to Statement of Changes in Net Assets

1. Amounts in the statement are rounded down to the nearest million yen.

2. Type and number of shares issued

Type of shares	Number of shares as of January 1, 2016 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2016 (thousands)
Common stock	1,244,919	—	3,800	1,241,119

Note:

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 21, 2016 — 3,800 thousand shares

(Translation)

3. Type and number of treasury stock

Type of shares	Number of shares as of January 1, 2016 (thousands)	Number of shares increased (thousands)	Number of shares decreased (thousands)	Number of shares as of December 31, 2016 (thousands)
Common stock	24	3,800	3,800	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 May 10, 2016 3,798 thousand shares

Shares purchased less than the minimum unit 1 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 21, 2016 3,800 thousand shares

Shares sold less than the minimum unit 0 thousand shares

4. Dividends

(1) Details of dividends 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 February 16, 2016	Common stock	¥ 17,428	¥ 14.00	December 31, 2015	March 28, 2016
Board of Directors' Meeting on August 3, 2016	Common stock	¥ 17,411	¥ 14.00	June 30, 2016	September 1, 2016

(2) Dividends of which the 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 14, 2017	Common Stock	¥ 19,857	Retained earnings	¥ 16.00	December 31, 2016	March 27, 2017

Notes to Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

Accrued enterprise tax	¥	888	million
Provision for warranty costs		1,427	million
Provision for bonuses		2,499	million
Valuation losses on securities		2,052	million
Other		10,413	million
Subtotal		17,280	million
Valuation allowance		(3,593)	million
Total deferred tax assets	¥	13,687	million

2. Significant components of deferred tax liabilities

Prepaid pension costs	¥	(5,396)	million
Unrealized holding gains on securities		(26,965)	million
Other		(610)	million
Total deferred tax assets		(32,972)	million
Net deferred tax liabilities	¥	(19,285)	million

(Translation)

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 of engines, engine parts, and engine accessories, and engineering and after-sales service of engines	Manufacturing and sales of tractors, combine harvesters, implement, horizontal type 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 transactions	Sales of tractors and other machinery (Note 1)	Sales of engines (Note 1)	Patent royalty (Note 2)	Management advice fee (Note 2)
Amount of transactions (¥ million)	139,960	55,416	3,341	2,641
Accounts	Trade accounts receivable	Trade accounts receivable	Other (Current assets)	Other (Current assets)
Balance at December 31, 2016 (¥ million)	57,547	17,367	2,388	1,557

* Indirect holding

Type	Subsidiary	Subsidiary
Name	Kubota Baumaschinen GmbH	KUBOTA Construction Machinery Japan Corporation
Location	Zweibrucken, Germany	Hyogo, Japan
Common stock	EUR 14 million	¥300 million
Operations	Manufacturing and sales of small-sized construction machinery in Europe, mainly in Germany	Sales of construction machinery, etc.
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 transactions	Sales of construction machinery (Note 1)	Sales of construction machinery (Note 1)
Amount of transactions (¥ million)	23,799	16,388
Accounts	Trade accounts receivable	Trade accounts receivable
Balance at December 31, 2016 (¥ million)	10,045	11,911

(Translation)

Type	Subsidiary						Subsidiary	
Name	Kubota Credit Co., Ltd.						Kubota Environmental Service Co., Ltd.	
Location	Osaka, Japan						Tokyo, Japan	
Common stock	¥500 million						¥90 million	
Operations	Retail financing to purchasers of farm equipment and related products in Japan						Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical and other supplies; analysis of water quality, air, waste, etc.	
Percentage of voting shares	55.0 17.3*						100.0	
Relationship	Financial assistance, Credit Guarantee, Interlocking Directors						Maintenance of facilities constructed by Kubota Corporation, Analysis of water quality, waste, etc, Interlocking Directors	
Contents of transactions	Lending (Note 3 and 4)		Interest receipt (Note 3)	Depositing (Note 3 and 4)	Interest payment (Note 3)	Credit Guarantee (Note 5)	Depositing (Note 3 and 4)	Interest payment (Note 3)
Amount of transactions (¥ million)	82,734		266	11,006	10	6,750	20,081	14
Accounts	Short-term loans receivable	Long-term loans receivable	Other (Current assets)	Deposits received	Other (Current liabilities)	—	Deposits received	Other (Current liabilities)
Balance at December 31, 2015 (¥ million)	34,235	45,171	59	15,397	1	—	17,946	0

* Indirect holding

Regarding amounts in the above table, the amounts of transactions do not include consumption taxes, while balances at December 31, 2016 include consumption taxes.

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

Notes:

1. Regarding product sales, suggested prices are proposed by Kubota Corporation and transaction prices are determined after price negotiations in consideration of market prices and total costs.
2. Patent royalty and management advisory fees are determined based on a percentage of sales of SIAM KUBOTA Corporation Co., Ltd.
3. Interest rates are reasonably decided in consideration of market interest rates.
4. Amount of transactions is stated at the average balance during the fiscal year.
5. Kubota Corporation provides guarantee for group financing of Kubota Credit Co., Ltd.

Notes to Per Common Share Information

1. Net assets per common share	¥	459.49
2. Net income per common share	¥	41.58

Transcript Copy of the Independent Auditors' Report concerning Consolidated Financial Statements
(Translation)

INDEPENDENT AUDITORS' REPORT

February 7, 2017

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takashige Ikeda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2016 of Kubota Corporation ("the Company") and its consolidated subsidiaries, and the consolidated statements of income, and changes in equity for the year ended December 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 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 of the Ordinance on Company Accounting, which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2016, and the results of their operations for the year ended December 31, 2016.

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 7, 2017

To the Board of Directors of Kubota Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takashige Ikeda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2016 of Kubota Corporation ("the Company"), and the related statements of income and changes in net assets for the year ended December 31, 2016, and the related notes 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 and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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, 2016, and the results of its operations for the year ended December 31, 2016 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 127th period from January 1, 2016 to December 31, 2016, 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 Auditors, and other parties on their execution of duties, and requested explanations from them 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, and 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 explanations from them 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 a system prescribed in the Ordinance for Enforcement of the Companies Act, Article 100, Clauses 1 and 3 to ensure that the operation of joint-stock companies and their 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 Auditors regarding the assessment of said internal control and the status of audits and requested explanations from them 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 127th period and the supplementary schedules for the fiscal period under consideration.

In addition, we monitored and verified whether the Independent Auditors made appropriate audits while maintaining their independence. We received reports from the Independent Auditors on its operations, and requested them for explanations when necessary. The Independent Auditors notified us and we requested their explanations when necessary, concerning their 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 sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) and the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules for the period under consideration.

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 financial position of Kubota Corporation in conformity with applicable laws and regulations and the Articles of Incorporation.
2) With respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.
3) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be 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 of the consolidated financial statements, the non-consolidated financial statements and the supplementary schedules

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

February 10, 2017

The Audit & Supervisory Board of Kubota Corporation

Audit & Supervisory Board Member (full time)	Toshikazu Fukuyama
Audit & Supervisory Board Member (full time)	Satoru Sakamoto
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.