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FOR IMMEDIATE RELEASE

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Kubota Corporation's Statement on its Steel Plate Inspection Process

Today Kubota Corporation released the following statement regarding its steel plate inspection process.

We have learned of a number of inappropriate changes made to the inspection reports submitted to our steel plate customers, such as stating values different from those in the actual inspection, in rolling mill rolls which are metal consumable parts used in some of the production equipment for steel plates.

It is most regrettable that such an incident has been discovered, and we sincerely apologize for causing concern and inconvenience to all our customers and concerned parties – and commit to making changes that reduce the likelihood this misbehavior could continue.

An external law firm has begun a thorough investigation, and we will be reporting its findings as soon as we are able.

The following is the general outline of the incident.

1. Outline of the product in question

(1) Product name:

Rolling mill roll

(2) Composition of material:

Alloy such as metal, nickel, chrome and molybdenum. The combination ratio is determined individually with each customer.

(3) Purpose:

Used as consumable parts in some of the production equipment at steel plants, etc., to process solid metal blanks into steel plates and shaped steel. "Rolling" refers to a metal processing technology where heated solid metal blanks are processed into thin, flat, steel plates and shaped steel by running it through two (or more), rotating, rolling mill rolls.

(4) Standards, etc.:

There are no official standards that apply to the product in question; the specifications of the products are determined based on agreements with each customer. The inspection is conducted based on the determined specification, inside the company.

(5) Major customers:

Steel manufacturers inside and outside Japan (99 companies)

(Of this, 85 companies are confirmed to have purchased the product in question.)

(6) Sales (FY2017):

Approx. 4.4 billion yen

(7) Production plant:

Hanshin Plant, Amagasaki Office (64, Nishimukojima-cho, Amagasaki-shi, Hyogo prefecture)

2. Chronology of the Conduct's Discovery

Inappropriate conduct was confirmed in an internal investigation initiated based on a report from an employee made on July 25.

3. How the matter was handled thus far

July 25	Internal investigation initiated
August 9	President informed
August 10	Outside law firm begins investigation
August 28	Kubota started to explain the situation to customers
September 11	Kubota provided a preliminary report to 48 of 99 customer companies
September 11	Kubota provided preliminary report to Ministry of Economy, Trade and Industry

4. Details of the inappropriate conduct (Facts that have come to light up to now with the internal investigation)

(1) Providing incorrect inspection results in report

It was confirmed that when reports were made on the "degree of hardness," which determines the hardness of the surface of the product in question, and "the components' combination ratio" deviates from those determined with the customer, the value written in the inspection results documentation was different from that of the actual inspection result.

(2) Attachment of metallographic structure micrograph that is different from the actual product which was Shipped

It was confirmed that the metallographic structure micrograph associated with the inspection results report of the product in question was a recycled photo of a different product that met the requirements.

(3) Quantity of products confirmed as applicable to date

*Total shipment: 21,035 (Shipped between October 2013 and July 2018)

Item	Hardness data	Component combination data	Micrograph
Applicable product quantity	3,512 (16.7%)	121 (0.6%)	765 (3.6%)

5. Where inaccurate information has been shared on products:

(1) Effect on quality of customer's end product

- The misconduct does not directly affect the quality of the steel plate, etc. Of the products in question, once delivered to the customer, many are used as a part of the customer's production equipment after they are mounted and adjusted for the re-processing of a roll and rolling equipment. The product in question is not typically used in products used by consumers and is not of the type to be incorporated to such.
- At this point, no safety or quality incidents have been confirmed with regards to the product in question.

(2) Effect to customer's production process

At this point, no safety or quality incidents in the customer's production process have been confirmed with regards to the use of the products in question.

6. Corrective measures

Since the discovery of the incident, we have reached out directly to each impacted customer to explain the situation. Meanwhile, we have sought an external law firm to conduct an investigation to analyze the cause and identify facts. We plan to announce these findings as well as corrective measures we will put in place as soon as the investigation is completed. Should the findings of the current investigation etc. raise suspicion of inappropriate acts in other businesses and over other products, we will immediately seek investigations to cover those businesses or products in question. Once the facts and analysis of motivations become clear, we will implement preventative measures and strive fully to recover the trust of our customers as we work to assure this type of behavior never occurs again.

7. Impact on business performance

The impact of this incident on the consolidated financial results of Kubota Corporation for the fiscal year ending December 31, 2018 cannot be determined as the investigation is still in process. As such, we will not revise the consolidated financial forecasts announced on August 2, 2018 at this time, but will disclose any changes to the forecasts should revisions become necessary.

< Cautionary Statements with Respect to Forward-Looking Statements >

This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures, both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

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