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FOR IMMEDIATE RELEASE

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Investigation Results of Inappropriate Conduct Relating to Inspection Report and Recurrence Prevention Measures

We sincerely apologize again for causing concern and inconvenience to all our customers and parties concerned regarding "Kubota Corporation's Statement on its Rolling Mill Roll Inspection Process" announced on September 12, 2018.

Upon receipt of the results of the investigation conducted by an external law firm, the Company-wide Risk Management Committee of Kubota Corporation ("Kubota") has established the recurrence prevention measures based on the results. Thus, we will announce the "Report regarding Inappropriate Conduct Relating to Inspection Report (the "Report")." Summary of the Report is as follows. The Report was prepared by Kubota in consideration of the investigation results reported by the external law firm.

We accept with sincerity the investigation results and Kubota Group will implement the recurrence prevention measures and strive fully to recover the trust of our customers and parties concerned as we work to make sure this type of misconduct never occurs again.

Description

<Outline of the Report>

1. Some cases in which values different from actual measurement results were written in the inspection report (the "Inappropriate Conduct") were newly discovered with respect to "shell thickness" and "dimension" of rolling mill rolls (sales in 2017: approximately 4.4 billion yen).
2. The Inappropriate Conduct was discovered with respect to "hardness" and "tensile strength" of "compressor cylinder liner" (sales in 2017: approximately 4 million yen, the number of customers: 2) manufactured in the same with rolling mill rolls division (Roll Manufacturing Section)."
3. With respect to the products other than two (2) products above, no inappropriate conduct was found relating to the official standards and the specifications agreed with the customers.
4. Based on the results of the investigation conducted by the external law firm, "Company-wide Risk Management Committee" of Kubota has established the recurrence prevention measures of the roll business and the entire company.
5. We will conduct internal action in order to clarify the management responsibility for quality assurance relating to the Inappropriate Conduct.
6. The Inappropriate Conduct has a minor impact on the performance.

1. Outline of Investigation

(1) Investigator Nagashima, Ohno & Tsunematsu (the "Investigation Team")

(2) Investigation period August 10, 2018 to November 27, 2018

(3) Method of investigation

(i) Quality inspection

With the involvement of the Investigation Team, with respect to all products manufactured in Hanshin Plant (Amagasaki Division and Mukogawa Division) and cast steel products manufactured in Hirakata Plant under the umbrella of the same business unit, as well as rolling mill rolls, we confirmed (i) the specifications agreed with the customers and the official standards to be satisfied and (ii) whether the inspection report matched the actual inspection results (the "Quality Inspection"). [Table 1] shows the scope of the Quality Inspection.

[Table 1] The Scope of the Quality Inspection

<table>
<tr><th>Unit</th><th>Office</th><th>Division</th><th>Name of Product</th><th>Subject Period</th><th>Subject to be inspected</th><th>Existence of Inappropriate Conduct</th></tr>
<tr><td rowspan="7">Materials Business Unit</td><td rowspan="4">Hanshin Plant Amagasaki Division</td><td rowspan="2">Roll Manufacturing Section</td><td rowspan="2">Rolling mill rolls</td><td>October 2008 to September 2013</td><td>Sample</td><td rowspan="3">Exists</td></tr>
<tr><td>October 2013 to July 2018</td><td>All</td></tr>
<tr><td>Cylinder liner for compressor</td><td>September 2008 to September 2018</td><td>All</td></tr>
<tr><td rowspan="2">TXAX Manufacturing Section</td><td rowspan="2">Potassium titanate</td><td>October 2015 to February 2018</td><td>Sample</td><td rowspan="5">None</td></tr>
<tr><td>March 2018 to September 2018</td><td>All</td></tr>
<tr><td rowspan="3">Hirakata Plant</td><td rowspan="3">Materials Manufacturing Section</td><td>Cast Steel Products for Iron and Steel Industries</td><td rowspan="3">January 2016 to September 2018</td><td rowspan="3">Sample</td></tr>
<tr><td>Cast Steel Products for Paper Manufacture</td></tr>
<tr><td>Cracking coil, Reformer tube</td></tr>
</table>

Pipe System Business Unit	Hanshin Plant Mukogawa Division	Ductile Iron Pipe Manufacturing Section	Ductile iron pipe	October 2015 to September 2018	Sample	
			Soft-seal valve			

- Employees of Kubota compared the inspection report with the actual inspection results following the designated method under the direction, supervision and in the presence (in some cases) of the Investigation Team.

(ii) Review of internal materials

The Investigation Team broadly collected and carefully reviewed the materials determined to be necessary for the investigation including the minutes of the internal meetings at Amagasaki Division, records regarding the quality audit of rolling mill rolls, manuals regarding the Quality Inspection and the internal rules.

(iii) Analysis and review of electronic data

The Investigation Team analyzed and reviewed electronic data saved in PCs and electronic mail servers, etc. that were used in the course of rolling mill rolls business, in order to investigate whether or not employees who are currently working or previously worked at Amagasaki Division were aware of or even concealed the Inappropriate Conduct.

(iv) Interviews with concerned persons by the Investigation Team

The Investigation Team conducted the interviews with the employees or former employees, etc. who have experience of working for manufacturing, technology development, quality assurance or sales of rolling mill rolls and who were possibly aware of or involved in the Inappropriate Conduct.

(v) Internal questionnaires

In the entire Kubota Group, with the help of the Investigation Team, we conducted internal questionnaires asking employees (approximately 3,700 employees, mainly employees belonging to divisions of development, manufacturing and quality assurance) who were involved in public standards certification and inspection, etc., questions regarding whether or not they know any other instances similar to the Inappropriate Conduct.

2. Outline of Facts

(1) Rolling mill rolls and cylinder liners for compressor

- In addition to “hardness,” “component” and “micrograph” of rolling mill rolls at Amagasaki Division announced on September 12, 2018, the Inappropriate Conduct was newly discovered with respect to “shell thickness” and “dimension.”
- In addition, with respect to “hardness (including “hardness measured based on the method designated by the customers” as well as general “hardness;” hereinafter the same)” and “tensile strength” of “cylinder liners for compressor” manufactured in the division same with rolling mill rolls (Roll Manufacturing

Section), the Inappropriate Conduct was newly discovered.

- Based on the interviews with the concerned persons including former-employees, it can be said that the Inappropriate Conduct regarding “hardness” of rolling mill rolls started from 1977 at the latest. In addition, with respect to “hardness” and “tensile strength” of cylinder liners for compressor, the Inappropriate Conduct started from 2008 at the latest.
- [Table 2] and [Table 3] show the number of rolling mill rolls and cylinder liners for compressor relating to the Inappropriate Conduct we found.

[Table 2] Percentage of the number of rolling mill rolls (the number of products relating to the Inappropriate Conduct / the number of products shipped) and the Inappropriate Conduct

Shipping Period	Subject Item (Unit : roll)				
	Hardness	Component	Photo	Shell thickness	Dimension
October 2008 to September 2013 *Sampling Investigation	900/4,833 (18.6%)	237/4,833 (4.9%)	1,727/1,741 (99.2%)	172/1,685 (10.2%)	16/4,833 (0.3%)
October 2013 to July 2018 *Investigation covering all products	3,521/16,770 (21.1%)	121/16,670 (0.7%)	898/1,473 (61.0%)	181/6,988 (2.6%)	26/16,670 (0.2%)
Year when the Inappropriate Conduct started	1977	1991	1995	2001	2002

[Table 3] Percentage of the number of cylinder liners for compressor (the number of products relating to the Inappropriate Conduct / the number of products shipped) and the Inappropriate Conduct

Shipping Period	Subject Item (Unit : roll)		
	Hardness	Hardness based on the method designated by the customers	Tensile strength
September 2008 to September 2018 *Investigation covering all products	10/164 (6.1%)	2/135 (1.5%)	22/151 (14.6%)
Year when the Inappropriate Conduct started	2008		

- At this point, although no quality incidents in the customer’s production have been confirmed with regards to the use of the products in question, we will sincerely respond to the customers’ requests in the future.

(2) Other products

- As described in [Table 1], no Inappropriate Conduct was found with respect to the products subject to the

Quality Inspection other than rolling mill rolls and cylinder liners for compressor.

- With respect to the major products of Kubota, such as agricultural machinery, construction machinery and engines, no inappropriate conduct was found relating to the official standards and the specifications agreed with the customers as a result of internal quality audit sequentially conducted by the Quality Assurance Headquarters and internal questionnaires conducted by Kubota in cooperation with the external law firm.

3. Analysis of the Causes of the Inappropriate Conduct

We believe that the main causes of the Inappropriate Conduct and its long continuance are a combination of the matters (1) through (5) below.

(1) Low levels of awareness in respect of compliance with the customer specifications

- The persons who were involved and participated in the Inappropriate Conduct misunderstood that, if just product functions and performance are secured, product quality is automatically secured. They lacked the basic understanding that any request for quality assurance includes compliance with the specifications agreed with the customers.

(2) Setting of the specifications that did not match the manufacturing capacity and the management system being insufficient where the content of the specifications that were agreed with the customers were not reflected in the manufacturing process

- Although we did not sufficiently consider whether or not it was possible to manufacture products satisfying the specifications demanded by the customers from the beginning in light of the plant's manufacturing capacity, we agreed the specifications with the customers. Especially with respect to the results of the hardness measurements, etc., despite the fact that there were some cases where the customer specifications were not satisfied, we hesitated to discuss adjusting the specifications with the customers because we were overly conscious of the competitive environment with other companies.
- The management system with respect to chemical components was insufficient where the targets and internal standards were set and changed without sufficiently confirming the specifications agreed with the customers and there were some instances where the component analysis results did not meet the customer specifications.

(3) Procedural and organizational insufficiencies with respect to securing the appropriateness of the quality assurance operations

- During the period from the inspection until the preparation of the inspection reports in respect of the manufacturing process for the rolling mill rolls and cylinder liners for compressors in the Amagasaki Division, there were many handwritten and manual input procedures and therefore, it was easy to rewrite reports.
- The inspection reports were prepared alone by the person in charge and such reports were not double-checked, etc. by his superiors or other employees.
- The person in charge of preparing the inspection reports belonged to the development divisions of

products other than the rolling mill rolls and the Quality Assurance Section managers, who were originally responsible for supervision of the inspection reports, held additional posts in other offices, etc. Thus, the supervisory functions of such organization were not sufficiently carried out. It was confirmed that some former Quality Assurance Section managers themselves participated in or overlooked the Inappropriate Conduct and the supervisory functions were not appropriately carried out.

- The independence of the Quality Assurance Division from the Manufacturing Division was not secured for a long period and it did not have the ability to check the Manufacturing Division as originally expected.
- Due to the low fluidity of human resources system in which the same person continued to engage in the same operations for a long period, the perception that " I am just carrying out the inappropriate conduct as the other employees are" was created. The perception that the specifications agreed with the customers are to be complied with degenerated. In the person-to-person manual for the inspection reports prepared for taking over tasks, the practice of rewriting inspection results was included, etc. Thus, the Inappropriate Conduct was successively passed down.

(4) Problems regarding headquarters and managers

- Due to the organizational change in 2001, which was intended to break the deficit, the independence of the Quality Assurance Division was lost. Managers, including head of each business division, did not sufficiently recognize the quality risks inherent in such organizational change and take necessary measures. We consider the above to be the remote cause of the longtime continuance of the Inappropriate Conduct.
- The Kubota Group's corporate behavior charter and standards of conduct and our business rules (the quality assurance portion) did not stipulate that the customer specifications should be also complied with, etc.
- Although an employee of the Amagasaki Division gave hints in respect of inappropriate conduct in 2013 and 2016, the Materials Division and the Corporate staffs could not recognize the matters pointed out by such employee as being material problems in respect of quality. As a result, onsite workers were relied on to handle the Inappropriate Conduct, the Inappropriate Conduct was not reported to headquarters and managers and the opportunity was lost to uncover the entire truth of the Inappropriate Conduct as the material problems related to the entire Kubota Group in terms of quality and to correct them. We believe that one of the causes of this trend was the harmful influence of the excessively silo mentality with which the directors, officers and employees' thoughts had been preoccupied.

(5) Vulnerable audit functions

- With respect to the quality audits by the Quality Assurance Promotion Department, at least in or before September 2017, the audits that focused on whether or not falsified inspection results existed were not conducted and the time taken for such audits was limited.

4. Recurrence Prevention Measures

Based on the above-mentioned investigation results and analysis of the causes, we will implement the following recurrence prevention measures established by the Company-Wide Risk Management Committee.

[Main Recurrence Prevention Measures regarding Roll Business]

(1) Boosting awareness regarding quality assurance

- Upon revising our standards of conduct and business rules as set forth in [Main Recurrence Prevention Measures on a Company-Wide Basis], (1), (i) below, we will thoroughly disseminate the idea underlying such new rules to the entire Kubota Group. In addition, in order not to forget what we learned from this incident with the passage of time, we will establish September 12, when we announced the existence of the Inappropriate Conduct, as the "Quality Day for Materials Division," and we will review the impact of the Inappropriate Conduct on society, the causes of the Inappropriate Conduct, and preventative measures.

(2) Clarification of the rules for determining whether or not an order is to be accepted and full-scale review of existing specifications (to be implemented by the end of March 2019)

- With respect to rolling mill rolls, the rules for determining whether or not an order is to be accepted had become nominal. Therefore, we will re-clarify the rules and thoroughly disseminate such new rules throughout our directors, officers and employees, as well as establish a system to discuss whether or not an order is to be accepted on an organizational basis.

(3) Establishing a process to prevent inappropriate conducts (to be implemented by the end of September 2019)

- With respect to rolling mill rolls, the preparation process of inspection reports will be reviewed, the review process of the management status of quality assurance by the heads of business units will be standardized, and the recording of inspection results will be computerized and a non-manual system for the preparation of inspection reports will be implemented.

[Main Recurrence Prevention Measures on a Company-Wide Basis]

(1) Boosting awareness regarding quality assurance

(i) Revision of the standards of conduct and business rules (to be implemented by January 2019)

- Though our standards of conduct, which applies to the entire Kubota Group, provide for compliance with laws, regulations, specifications and standards; "Matters Agreed with Customers" will be added to and stipulated in the standards of Conduct.

(ii) Issuing messages from the top management (to be regularly implemented)

- In the management policies or messages from the top management during the Quality Month, the top management will regularly inform all directors, officers and employees of the Kubota Group of the meaning and significance of quality assurance, and our policy that, under the quality assurance requirements, we must comply with not only "laws, regulations, and public standards similar thereto," but also "matters agreed with customers (the customer specifications)".

(iii) Full dissemination of the corporate behavior charter and the standards of conduct

- After the discovery of the Inappropriate Conduct, pursuant to the President's instruction and CSR Division's notice, at each division, the principles of the corporate behavior charter and the standards of conduct were fully disseminated again by October 31 this year. We will regularly disseminate the corporate behavior charter and standards of conduct throughout our directors, officers and employees.

(iv) Improvement of education on quality (to be implemented from April 2019)

- Up to now, we have been providing education on quality in training programs based on career stage to new employees, candidates for heads of divisions/business units and managers at the plants. Meanwhile, we have not been able to sufficiently provide all employees with comprehensive education on quality compliance. The Quality Assurance Division will establish a company-wide education program on quality, and provide scheduled trainings hereafter.

(v) Review of work rules (to be implemented by the end of December 2018)

- Our work rules did not have a clear rule, under which we can take a disciplinary action against an employee who conducts or is involved in a wrongful act or inappropriate conduct on quality. We will thoroughly comply with the quality assurance requirements, and will create a clear rule in the work rule, under which "those who offered products/services in violation of laws and regulations on quality and/or public standards similar thereto, or the customer specifications" shall be subject to disciplinary actions.

(2) Review of the company-wide work process and work standards (to be implemented by the end of March 2019)

- All of the business divisions of Kubota will re-examine its work process in order to investigate whether or not there is any act or work process that deviates from the internal work standards, regardless of whether the existence of any laws, regulations, public standards, and/or customer specifications exist, and, if we find any doubts, We will establish specific countermeasures to prevent the occurrence of inappropriate conducts.

(3) Review of governance regarding quality assurance

(i) Securing independence of Quality Assurance Division from the Manufacturing Division (to be implemented by April 1, 2019)

- As of November 1, 2018, we implemented the restructure of the organization so that a part of the Quality Assurance Divisions, which belonged to the Manufacturing and Engineering Division, could be independent from the Manufacturing and Engineering Division. By April 1, 2019, we will implement the similar reorganization for subsidiaries and affiliates of Kubota.

(ii) Taking measures against the low fluidity of human resource system (to be implemented by the end of March 2021)

- We will establish a system which prohibits the same person at Quality Assurance Division from continuing to engage in the same operations for more than five years in order to prevent closed organization formation due to the low fluidity of human resources system and implement a more effective quality assurance system by deploying employees with technical and professional knowledge on our products in Quality Assurance Division. We will also implement job rotation among Quality Assurance Division at other business divisions or Quality Assurance Division in other offices, and among different divisions such as engineering, manufacturing, procurement and production engineering divisions.

(iii) Enhancement of audit functions (to be implemented by the end of January 2019)

- We will conduct the certified products audit not only for the products certified under public standards, but also for products and services with the specifications agreed with customers under contracts every year, and the name of such audit will be changed to the "Quality Compliance Audit.". To secure

independence and appropriateness of the audit, we will establish a system of mutual audits conducted by auditors outside the business divisions, which will be called “Cross Audit.”

(iv) Review and reinforcement of operation flow regarding risk information on quality (to be implemented by the end of December 2018)

- If any risk information on quality is pointed out, the heads of offices or business divisions will report such risk information to the corporate staff department, including Quality Assurance Promotion Department and the management. We will add some cases regarding the quality of products to the “Internal Policy on Report of Suspected Information on Violation of Compliance,” and thoroughly disseminate such cases throughout our directors, officers and employees. If in the CSS survey, any opinion regarding important item on quality, safety and environment, etc., upon clarifying the importance of such opinion, we will report it to the management without clarifying the source of the opinion, and discuss and implement countermeasures.

(v) Implementation of questionnaire on quality (to be regularly implemented)

- As a method for motivating employees to voluntarily report some information on problems regarding quality, we will regularly conduct internal questionnaires on quality. If any problematic case is found, upon reporting it to the management, the Quality Assurance Headquarters will mainly examine necessary countermeasures and carry them out.

5. Internal Actions

To clarify management responsibility for quality assurance relating to the Inappropriate Conduct, the following directors and officers will voluntarily return part of their remuneration.

<table>
<tr><th>Personnel</th><th>Details of Internal Actions</th></tr>
<tr><td>Masatoshi Kimata (President and Representative Director)</td><td rowspan="2">Return of 30% of the monthly remuneration for two months</td></tr>
<tr><td>Toshihiro Kubo (Representative Director and Executive Vice President, General Manager of Water and Environmental Infrastructure Domain)</td></tr>
<tr><td>Kunio Suwa (Managing Executive Officer, General Manager of CSR Planning and Coordination Headquarters)</td><td rowspan="3">Return of 20% of the monthly remuneration for two months</td></tr>
<tr><td>Yasuo Nakata (Managing Executive Officer, General Manager of Quality Assurance Headquarters)</td></tr>
<tr><td>Eiji Yoshioka (Executive Officer, General Manager of Materials Division)</td></tr>
</table>

6. Impact on the Performance

We consider that the Inappropriate Conduct has a minor impact on the performance at present.

7. In Closing

Since inauguration, the Kubota Group’s principle has continued to provide the products, technique, and services helpful to all of society, and it has conducted business activities based on the “customer first” policy.

However, it is a matter of the greatest regret that we have caused our customers and the public in general considerable inconvenience due to the Inappropriate Conduct. We have clarified the facts and analyzed the causes of the Inappropriate Conduct. We express our sincere regret that we were not thorough in our awareness and behavior with respect to compliance with quality, especially the customer specifications.

The causes resulting in the above are diverse, including the manner of the inspection process, governance system, organizational structure, staffing, etc. We have determined recurrence prevention measures by receiving instructions from the customers and parties concerned. Under the strong leadership of the top management, all directors, officers and employees of the Kubota Group will steadily perform recurrence prevention measures one by one. Especially, the management personnel, will take the words “the workplace is a mirror that reflects who we are” to heart, and, as such, will work toward achieving thorough completion of the recurrence prevention measures through interactive communication with our employees.

We will thoroughly conduct *monodzukuri* (product manufacturing), considering quality as our top priority, and aimed for the recovery of trust that we lost due to the Inappropriate Conduct.

< 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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