[Translation]

Corporate Governance Report

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KUBOTA Corporation

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http://www.kubota.com/company/ir/index.html

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

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

1. Basic Policy

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

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

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

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

[Principle 1.4 Cross-Shareholdings]

- Policy for cross-shareholdings

The Company believes it is necessary to cooperate with various companies in every business process, such as product development, manufacturing, distribution, sales, service, and funding, to succeed in global competition and realize its sustainable growth and improvement of corporate value over the medium to long term. From this perspective, the Company maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies.

The Company's policy for cross-shareholdings is to examine each individual share at the Meetings of the Board of Directors every year to see whether or not the shareholding is appropriate, based on comprehensive consideration of the holding purpose, benefits and risks involved in the shareholdings and others, and decrease its shareholdings gradually in light of the market environment and other factors when it determines that maintaining them is no longer appropriate. In fiscal 2017, the Company sold ¥11.8 billion of its equity securities. In fiscal 2018, the Company sold ¥5.7 billion of its equity securities by the end of third quarter.

- Standards for exercise of voting rights

When the Company exercises voting rights, it does not make its decisions uniformly by criteria based on a short-term perspective but rather comprehensively considers the proposals from the perspective of whether they will contribute to sustainable growth of the issuing company and improvement of corporate value over the medium to long term, whether they could be detrimental to shareholder value, and others.

[Principle 1.7 Related Party Transactions]

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

[Principle 2.6 Responsibilities of Corporate Pension Funds as Asset Owners]

To ensure pension payments to its employees, the Company manages plan assets through Kubota Corporate Pension Fund from the medium- to long-term perspective.

Decisions on asset management are made at the Executive Board of Kubota Corporate Pension Fund in consideration of deliberations and reports by the Asset Management Committee.

Personnel such as department heads of the accounting department and the human resources department of the Company, who have appropriate qualifications, and executive members of the labor union, as a representative of beneficiaries, have been assigned to the Asset Management Committee and the Executive Board of Kubota Corporate Pension Fund. In addition, specialist capabilities and insight are supplemented through the use of external advisers.

The Asset Management Committee monitors the entrusted asset management companies semiannually from the perspectives of investment products, their performance and others.

[Principle 3.1 Full Disclosure]

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

- Corporate philosophy

The Kubota Group (hereinafter, the "Group") positions its corporate philosophy, the "Kubota Global Identity," as the foundation of its corporate management. In keeping with this philosophy, the Group makes it its mission to continue 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.
Kubota Global Identity: http://www.kubota.com/company/c-data/identity/

- Business strategies and business plans

Based on its corporate philosophy, the Company sets a long-term goal of building "Global Major Brand Kubota" and aims to continue to be an organization with a strong presence that is truly needed throughout the world.

Aiming to achieve this long-term goal, the Company drew up action plans in fiscal 2017 for each operating division to clarify the respective mid-term milestone goals and the road maps for achieving them. The period for these respective action plans was in principal set to five years, but for the machinery businesses which are core to the Company's "Global Major Brand Kubota" policy, the periods were set to seven to ten years. Entering fiscal 2018, the Group is now beginning to execute these strategies and plans.

(2) Basic views and guidelines on corporate governance

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

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

The remuneration for the Directors consists of basic remuneration, which is set by the Director's position in the rank of corporate officers, and a variable remuneration (bonuses for Directors) which acts as an incentive linked to performance in a single fiscal year. 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 has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors and internal Directors (more than half of the members are Outside Directors and meetings are 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.

It was approved at the General Meeting of Shareholders in March 2017 to offer remuneration to the Company's Directors other than Outside Directors, for the granting of restricted shares with the objective of offering incentives to achieve sustained improvement of the corporate value of the Company and sharing that value with shareholders more.

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

(4) Policies and procedures in the election, nomination and dismissal of Directors and Audit & Supervisory Board Members

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

In the nomination of candidates for the Directors, the Nomination Advisory Committee (more than half of the members are Outside Directors) conducts deliberations with appropriate involvement and advice from the Outside Directors from the perspectives of each candidate's eligibility (such as experience, abilities, expertise, and internationality) and diversity of the Board of Directors.

To elect the Audit & Supervisory Board Members, the candidates for Audit & Supervisory Board Members are determined from among the candidates who are selected in accordance with the policy for selecting candidates for Audit & Supervisory Board Members set forth in the Standards for Auditing by Audit & Supervisory Board Members after approval of the Audit & Supervisory Board. The candidates are elected by resolution of the General Meeting of Shareholders.

Dismissal of Directors is implemented by resolution of the General Meeting of Shareholders after resolution of the Board of Directors in accordance with the rules governing the Board of Directors. Dismissal of Audit & Supervisory Board Members is implemented by special resolution of the General Meeting of Shareholders in accordance with the Companies Act. Appointment and dismissal of Executive Officers are implemented by resolution of the Board of Directors in accordance with the rules governing Executive Officers.

The Company continues to examine the policies and procedures in the election, nomination, dismissal, etc. of Directors to seek the optimal corporate governance system for the Company.

(5) Explanations of each individual nomination and dismissal of Directors and Audit & Supervisory Board Members

For information regarding each individual nomination of individual Directors and Audit & Supervisory Board Members, please refer to the Convocation Notice for the General Meeting of Shareholders on the Company website. If any reason for dismissal arises, the Company makes a necessary explanation each time.

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

To determine the scope for matters requiring resolution by the Board of Directors, the Company has stipulated, in addition to those specified within the scope by laws and regulations and the Articles of Incorporation, the important matters that affect the management, setting them forth in the Regulations of the Board of Directors. The Company has stipulated the matters requiring the decisions made by Executive Officers and each member of management and criteria for them in the final decision rules, and it delegates decision-making to persons in charge of each department.

[Principle 4.8 Effective Use of Independent Directors]

Of ten Directors, three are Independent Outside Directors.

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

In addition, the Company has a Nomination Advisory Committee and a Compensation Advisory Committee in place (more than half of the members are Outside Directors) as the advisory body of 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 with extensive management experience and wide perspective on matters.

The Company continues to examine the approach to corporate governance, including the function of the Board of Directors, the roles that Independent Outside Directors are expected to play and the ratio of Independent Outside Directors, to seek the optimal corporate governance system for the Company.

[Principle 4.9 Independence Criteria and Qualifications for Independent Directors]

The Independent Outside Directors are appointed in accordance with the requirements for the Outside Directors set forth in the Companies Act, the independence criteria set forth by the financial instruments exchange, and the Company's own independence criteria for Outside Directors, from among those who have the experience and expertise needed to provide constructive advice and to supervise forthrightly for the operations of the Company.

[Independence Criteria for Outside Directors]

The Company has established the Independence Criteria for Outside Directors, considering laws and regulations, and provisions of Tokyo Stock Exchange (hereinafter the "TSE"), among other regulations, to ensure transparency and objectivity in the governance of the Company. The Company shall deem that an Outside Director does not satisfy independence from the Company if any of the following items applies to that person.

1. A person who is an executive* of the Company, or who was such an executive within the 10-year period prior to the appointment as Outside Director.
   * The term "executive" herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act. It includes executive director, executive officer (shikkoyakuin) and employee who execute business, but it does not include audit & supervisory board member.

2. A person who is an audit & supervisory board member of the Company, or who was such an audit & supervisory board member within the 10-year period prior to the appointment as Outside Director.

3. A major business partner of the Company*, or an executive of such an organization.
   * The term "major business partner of the Company" herein refers to a business partner such as a major purchaser of the Company's goods and services in the recent three fiscal years, whose amount of trade with the Company in that fiscal year exceeded 2% of the consolidated revenues of the Company for the same fiscal year.

4. An organization whose major business partner is the Company*, or an executive of such an organization.
   * The term "organization whose major business partner is the Company" herein refers to an organization of which the Company is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Company) in the recent three fiscal years, and the amount of trade

with the Company in that fiscal year exceeded 2% of the consolidated revenues of the organization for the same fiscal year.

5. A major lender to the Company*, or an executive of such an organization.
   * The term "major lender to the Company" herein refers to a financial institution from whom the Company has obtained loans in the recent three fiscal years, and the outstanding amount of the loans from the lender at the end of that fiscal year exceeded 2% of the consolidated total assets of the Company thereat.

6. A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Company in the recent three fiscal years (or, in the case where the receiver of such benefits was an organization such as a corporation or partnership, a person affiliated with such an organization).

7. A major shareholder of the Company*, or if the major shareholder is a corporation, an executive of such a corporation.
   * The term "major shareholder of the Company" herein refers to a shareholder who holds more than 10% of the Company's shares on a voting-right ownership basis at the end of the relevant fiscal year, regardless of whether the shares are held in the shareholder's own name or in another name.

8. A director, audit & supervisory board member, accounting advisor, executive officer (shikkoyaku) or executive officer (shikkoyakuin) of a corporation with a relationship with the Company concerning mutual outside director appointments.

9. A receiver of endowments of economic benefits exceeding ¥10 million annually from the Company in the recent three fiscal years (or, in the case where the receiver of such endowments was an organization such as a corporation or partnership, an executive of such an organization).

10. A spouse or a relative within two degrees of kinship of a person (limited to persons of important position*) set forth in above items 1 to 9.
    * The term "person of important position" herein refers to a director, executive officer (shikkoyaku), executive officer (shikkoyakuin) or any person holding a position equivalent thereto.

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

The Company limits the Board of Directors members to a small number in order to keep active and effective discussions at the Meetings of the Board of Directors. The Company also strives to maintain soundness and transparency in management through the participation of six Outside Directors and Outside Audit & Supervisory Board Members out of a total of 15 participants at the Meetings of the Board of Directors. The basic policy for the nomination of Directors is to secure diversity, while taking the balance of knowledge, experience, and ability of the whole Board of Directors into consideration.

[Supplementary Principle 4.11.2]

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

[Supplementary Principle 4.11.3]

The number of participants at the Meetings of the Board of Directors is appropriate for active and effective discussion. The participants at the Meetings of the Board of Directors are the ten Directors and five Audit & Supervisory Board Members who have extensive experiences. These participants include the three Outside Directors and three Outside Audit & Supervisory Board Members. Meetings of the Board of Directors were held 12 times in fiscal 2017, that commenced on January 1, 2017 and ended on December 31, 2017, and the attendance rate was 100%.

Subjects for discussion and presentation materials for the Meetings of the Board of Directors are sent at least a week before the meetings, and management gives the prior explanations regarding material matters. Accordingly the Company provides adequate materials and information for deliberation of the subjects to be discussed. The Outside Directors deliberate about the subjects beforehand and give advice based on their experience and professional viewpoints at the Meetings of the Board of Directors. Their opinions are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers.

The Audit & Supervisory Board Members deliberate the subjects beforehand and give opinions at the Meetings of the Board of Directors from the perspective of compliance with laws and regulations and risk management based on their experience and professional viewpoints. Their opinions are reflected in the decisions made at the Meetings of the Board of Directors and in the conduct of business by the Directors and Executive Officers.

To evaluate the effectiveness of the Board of Directors, a self-evaluation using a questionnaire prepared based on advice from a third-party organization was conducted geared for all of the Directors and Audit & Supervisory Board Members in January 2018, as was done in the previous fiscal year. Subsequently, the aggregate results of the questionnaires were reported at the Meeting of the Board of Directors held in February 2018, and the effectiveness of the Board of Directors was discussed based on those findings.

1. Details of Evaluation

Respondents	All Directors and Audit & Supervisory Board Members (total 13 members)
Reply format	Non-anonymous basis
Evaluation method	Multiple choice on an assessment scale from 1 to 5 and a box in which to freely write comments (total 33 questions)
Main items evaluated	The following items concerning the Board of Directors: composition, operations, supervisory function, risk management, decision-making function, culture of the Board, etc.

2. Overview of the Evaluation Results

The results of the evaluation indicate that, as was the case in the previous fiscal year, the Company's Board of Directors is functioning appropriately, with the respondents having given generally high marks with respect to the items evaluated. The Board of Directors, under the Chairman's appropriate leadership, has received evaluation that it has established a climate of free and open exchange of opinions, and that sufficient discussions are taking place.

On the other hand, the opinions and recommendations that were provided to highlight issues addressed the necessity of expanding discussion regarding the medium- to long-term management strategy and business risks, and enhancing the provision of information on topics such as market trends and the business environment for outside directors to better utilize outside officers' knowledge. They also addressed other issues such as future methods for evaluating the effectiveness of the Board of Directors.

Going forward, the Company will make improvements based on these results to maximize the utilization of the Board of Directors' supervisory function.

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

Every year, the Company holds executive forums given by visiting lecturers for all of its Directors, Audit & Supervisory Board Members, and Executive Officers to provide opportunities to acquire and update knowledge necessary for supervising operations. (In fiscal 2017, forums were held on five occasions on the themes of CSR, human rights, health and safety, environmental quality and public relations)

The Company also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. Moreover, for Outside Directors, the Company conducts inspections and engages in discussions with on-site executives at the regional offices, and subsidiaries and affiliated companies in Japan and overseas, so that those in

attendance can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

(In fiscal 2017, on-site visits were taken to a tractor manufacturing company in Europe, an implement manufacturing company, a farming machinery exhibition in Europe, and the Company's domestic exhibition, and other places.)

For Outside Audit & Supervisory Board Members, the Company holds regular meetings attended by all Audit & Supervisory Board Members and the President to share in the management issues.
(In fiscal 2017, meetings were held on four occasions.)

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company, recognizing that constructive dialog with shareholders and investors contributes to the improvement of the Company's sustainable growth and medium- to long-term corporate value, regularly stays abreast of the shareholder composition, makes timely and appropriate disclosure of a wide range of information ranging from financial information to non-financial information and promotes constructive dialog with shareholders and investors.

The policies for development of systems and operations for this activity are as follows.

(1) Basic policy

The Company holds briefings where the President and General Manager of Planning & Control Headquarters present the basic management policy, priority measures, and results of operation, with the aim of promoting constructive dialogue with domestic and foreign institutional investors.

Furthermore, the Company promotes two-way communication, such as timely disclosure to all stakeholders including individual investors through active use of the Company website and executing questionnaire surveys.

(2) IR organizational structure

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

(3) Feedback to management

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

(4) Dialog with institutional investors and analysts

The Company holds individual and group meetings, product exhibitions and briefings on business operations, and results briefings with institutional investors and analysts. In addition, the Company discloses the results materials and the results briefings materials in both English and Japanese at the same time, and regularly holds tours and briefings on business operations in Japan and overseas.

(5) Dialog with individual shareholders and investors

The Company aims to promote lively communication through such means as holding on-site factory tours for individual shareholders and inviting them to product exhibitions.
Also, in addition to holding company information sessions for individual investors to provide an opportunity for the President and individual investors to directly engage in dialog, the Company also works on public relations to improve understanding of the Company's business activities through such activities as exhibiting in investor forums.

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

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

1) Financial Information Disclosure Committee

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

In accordance with the intent and meaning of fair disclosure rules set out in the Financial Instruments and Exchange Act, the Company takes all reasonable care to avoid selective disclosure of information, such as by simultaneously releasing Japanese and English versions of results briefing materials with attached explanations and the minutes of question and answer sessions via the corporate website, and by working to enhance the timely and fair disclosure of information in order to promote proactive dialogue with investors.

2) Company regulations for information disclosure

The Company has declared that "The Kubota Group makes appropriate and timely disclosure of corporate information and fulfills its responsibilities for transparency and accountability in corporate activities" in the "Kubota Group Charter for Action" and has stipulated "Appropriate and Timely Disclosure of Corporate Information" and "Prohibition of Insider Trading" in the "Kubota Group Code of Conduct."

The Company strives to promote awareness and ensure thorough efforts in regard to the "Kubota Group Code of Conduct" and prevention of insider trading before it occurs through conducting education tailored to each management level within the Company.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Held (thousands of shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	106,071,200	8.59
Nippon Life Insurance Company	62,542,265	5.06
Meiji Yasuda Life Insurance Company	59,929,501	4.85
Japan Trustee Services Bank, Ltd. (Trust Account)	56,496,800	4.57
Sumitomo Mitsui Banking Corporation	36,006,000	2.91
Mizuho Bank, Ltd.	36,006,000	2.91
GIC PRIVATE LIMITED-C	22,056,200	1.78
Moxley & Co. LLC	21,014,163	1.70
Japan Trustee Services Bank, Ltd. (Trust Account 5)	20,572,300	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 7)	19,789,300	1.60

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

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	TSE First Section
Fiscal Year-End	December
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Revenues (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

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

* Categories for "Relationship with the Company"

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

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

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

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationships	Reasons for Appointment
Yuzuru Matsuda	○	There is no special interest between the Company and Yuzuru Matsuda. Moreover, the Company has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings Inc., and JSR Corporation, of which Mr. Matsuda currently holds important posts.	Mr. Matsuda has extensive experience in managing a comprehensive manufacturer of biotechnology and offers a wide perspective on matters. He is of good character, possesses a high level of knowledge, and has experience as an outside director of other companies. Since his assumption of office as Outside Director of the Company in June 2014, he has been actively voicing his views from a managerial perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He has been appointed as Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of the Company's Board of Directors.
Koichi Ina	○	There is no special interest between the Company and Koichi Ina. Although the Company has business transactions with Daihatsu Motor Co., Ltd., of which Mr. Ina currently holds an important post, the transactions are less than 0.1% of consolidated revenues of either the Company or Daihatsu Motor Co., Ltd.	Mr. Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge and broad experience in the field of manufacturing. Since his assumption of office as Outside Director of the Company in June 2015, he has been actively voicing his views mainly from a manufacturing perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He has been appointed as Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of the Company's Board of Directors.

Yutaro Shintaku	○	There is no special interest between the Company and Yutaro Shintaku. Moreover, the Company has no special relationship with Terumo Corporation, Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc. and Tonen International Scholarship Foundation, of which Mr. Shintaku currently holds important posts.	Mr. Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as top management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. He has been appointed as Outside Director based on the judgment that he has the ability to contribute to improving the Company's medium- to long-term corporate value and strengthening its governance framework, as a result of him providing his opinions with a perspective focused on the big picture, drawing on his experience and accomplishments.

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

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
All Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	None	None

Supplementary Explanation

A Nomination Advisory Committee, in which more than half of the members are Outside Directors, was formed in March 2016. In the committee, members deliberate the nomination of candidates for the Directors over appropriate involvement and advice from the Outside Directors.

Also in March 2016, a Compensation Advisory Committee, in which more than half of the members are Outside Directors, was formed. In the committee, members deliberate the compensation system and compensation level of the Directors over appropriate involvement and advice from the Outside Directors.

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

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	5

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

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

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

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

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

* Categories for "Relationship with the Company"

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

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

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

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

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

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationships	Reasons for Appointment
Akira Morita	○	The Company has no business transactions with Doshisha University and Miyake & Partners, of which Akira Morita concurrently holds an important post.	Mr. Morita has a wealth of experience and knowledge as a legal scholar, and in particular possesses insight into the Companies Act and the Financial Instruments and Exchange Act. Therefore, the Company expects him to utilize his experience and insight to contribute to its auditing procedures, and has appointed him as Outside Audit & Supervisory Board Member.
Teruo Suzuki	○	The Company has no business transactions with Seven-Eleven Japan Co., Ltd. of which Teruo Suzuki currently holds an important post.	As a certified public accountant, Mr. Suzuki has a wealth of experience and knowledge into accounting and finance, and in particular possesses abundant insight concerning Generally Accepted Accounting Principles in the United States and International Financial Reporting Standards (IFRS). Therefore, the Company expects him to utilize his experience and insight to contribute to its auditing procedures, and has appointed him as Outside Audit & Supervisory Board Member.
Masaki Fujiwara	○	There is no special interest between the Company and Masaki Fujiwara. Moreover, the Company has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Fujiwara currently holds an important post.	Having served in key administrative and executive roles at Panasonic Corporation and its subsidiaries and affiliated companies, Mr. Fujiwara has both considerable knowledge relating to administration and corporate accounting, and a good feel for global business through his longstanding experience stationed overseas. Therefore, the Company expects him to further enhance its auditing procedures during this period of further global advancement, and has appointed him as Outside

			Audit & Supervisory Board Member.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	6

Matters relating to Independent Directors/Audit & Supervisory Board Members

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

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration and others

Supplementary Explanation

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

Under the new remuneration system, existing bonus remuneration with cash will be paid as a short-term incentive for Directors while the new bonus remuneration with restricted stock will be paid as a medium- to long-term incentive.

Recipients of Stock Options	-

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

Title	Number	Total
Directors	9	¥657 million (including ¥30 million for 2 Outside Directors)
Audit & Supervisory Board Members	4	¥95 million (including ¥24 million for 2 Outside Audit & Supervisory Board Members)

The Company discloses the remunerations for the Directors who received ¥100 million or more as total consolidated compensation in the Annual Securities Report ("Yukashoken Hokokusho").

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the Meetings of the Board of Directors, remuneration for Directors is determined within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders after it has been deliberated on in the Compensation Advisory Committee, which is composed of Outside Directors and internal Directors (more than half of the members are Outside Directors and meetings are 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. (Please refer to "I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information 1. Basic Policy [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 3.1 Full Disclosure] (3) Policies and procedures in determining the remuneration of Directors and Audit & Supervisory Board Members" in this report.) In addition, the total amount of bonuses for Directors is decided by the General Meeting of Shareholders.

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

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

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

The Company has established a system under which Audit & Supervisory Board Members from within the Company and five employees constantly support the audits conducted by the Outside Audit & Supervisory Board Members.

[Status of Persons Who Have Retired from a Position Such as President and Representative Director]

Advisors, Counselors, etc. Who Have Once Served as President and Representative Director, etc. of the Company

Name	Position/Title	Operational Details	Working Form, Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from a Position Such as President	Term of Office
-	-	-	-	-	-

Total Number of Advisors, Counselors, etc. Who Have Once Served as President and Representative Director, etc.	0

Other Matters

At the moment, there is no person who has retired as President and Representative Director or Chairman of the Company and is taking office of Advisor or Counselor.

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

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

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

- The Company adopts the Executive Officer System in order to be able to enhance the execution of duties in regions or operation sites and make prompt and proper management decisions. The Executive Officers' Meeting consists of the President and Representative Director (hereinafter the "President") and 34 Executive Officers.
  In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of the execution of their duties.

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

- In addition, the Company has a Nomination Advisory Committee and a Compensation Advisory Committee in place, in which more than half of the members are 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.

- The Company appointed Deloitte Touche Tohmatsu LLC ("DTT") as Independent Auditors of the Company. The certified public accountants (CPAs) belonging to DTT, Mr. Koichiro Tsukuda, Mr. Akihiro Okada, and Mr. Takeshi Io, audit the financial statements of the Company. In addition, 30 other CPAs, 7 successful candidates of CPAs, and 26 other staff members assist in the execution of the audits as instructed by the above three CPAs.

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

3. Reasons for Adoption of Current Corporate Governance System

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

The Company has appointed three persons, who have a wealth of experience in corporate management and considerable insight, as the Outside Directors.

In addition, the Company also has appointed one independent expert in finance and accounting, and one independent expert in laws as the Outside Audit & Supervisory Board Members.

The supervision system of the Board of Directors, including the Outside Directors, and the auditing system of the Audit & Supervisory Board Members are functioning adequately in monitoring the Company's management. Accordingly, the judgment of the Company is that its current corporate governance system is the most suitable for the corporate management of the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

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

2. IR Activities

	Supplementary Explanation	Explanation by the President
Regular Investor Briefings for Analysts and Institutional Investors	The President presents the basic management policy and priority measures at the fiscal year-end results briefings. [Interactive dialogue with institutional investors and analysts] The Company has conducted individual and group meetings with institutional investors and analysts (around 430 meetings in 2017), as well as held a new product exhibition, a briefing on business operations, and results briefings for the year-end and first half. [Events for individual shareholders and private investors] The Company has been making aggressive efforts since 2016 to establish communication and trust with individual shareholders and private investors. Such efforts include factory tours for individual shareholders, corporate information sessions by the President for private investors, and participating in investor forums. Please follow the link below ("Information for Private Investors") for details. http://www.kubota.co.jp/ir/sh_info/personal/index.html (in Japanese)	With
Regular Investor Briefings for Overseas Investors	General Manager of Planning & Control Headquarters, who is the Director and Senior Managing Executive Officer, participates in conferences held for overseas investors two or more times a year.	Without
Posting of IR Materials on the Company Website	The Company posts earning releases, presentation materials, *the KUBOTA REPORT*, annual securities report, materials of the Ordinary General Meeting and other information on its website. English : http://www.kubota.com/company/ir/index.html Japanese: http://www.kubota.co.jp/ir/index.html	-
Establishment of Department and/or Manager in Charge of IR	IR Group, Global Management Promotion Dept.	-

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

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Interests of Stakeholders	All employees in the Group share the corporate philosophy "Kubota Global Identity" which was established to manifest corporate attitudes, the Company's promises to society, and the missions of the Group. Furthermore, the Group will contribute to its stakeholders and society by conducting corporate activities in which each individual fulfills his or her role and responsibilities. By doing so, the Group is aiming for the ongoing synergistic development of itself and society.

Implementation of Environmental Activities, CSR Activities, Etc.	The Company has established CSR Planning & Coordination Headquarters and aggressively promotes social contribution activities in the areas of food, water, and the environment. (These activities include the KUBOTA e-Project, support and reconstruction of areas affected by natural disasters, and other activities.) As part of CSR management, the Company positions global environmental conservation measures as a top management priority. The Company also sets mid-term targets and works toward the achievement of them as an "Eco-First Company" certified by Japan's Ministry of the Environment. These activities are disclosed in the "*KUBOTA REPORT*" (a business and CSR report) on its website.
Development of Policies on Information Disclosure to Stakeholders	In the "Kubota Group Charter for Action" and "Kubota Group Code of Conduct," the Group states that it discloses the proper corporate information about business management, business operations, and other matters in a timely and appropriate manner in accordance with related laws and regulations, and promotes proactive communication with its broad stakeholder base, including shareholders and investors, consumers, employees, and local communities. Through this disclosure, the Group fulfills its responsibilities for transparency and accountability in corporate activities.
Other Measures	Diversity and creating a vibrant workplace - Promoting diversity as a priority commitment As a business group operating on a global scale, the Group considers recognizing diverse values and ways of thinking and having multiple viewpoints as essential for its sustainable growth. As the start for promoting diversity of personnel, the Company has thus far worked on achieving the full potential of women in its organization, actively making efforts to (1) increase the number of new women recruits, (2) improve the work environment so as to encourage women to continue working, and (3) create more opportunities for women's personal development. Based on the importance of the diversity of personnel (in terms of gender, age, disabilities, nationality, sexual orientation, gender identity and more) of the Company, the Company will continue its aims to further improve the work environment so that each and every employee can demonstrate his or her abilities to the fullest. In addition, the Company aims to be a corporation where employees provide even greater mutual support to one another with regard to childcare, nursing of aged or ailing family members, and other situations that could hinder employees from performing at their best in the workplace. Please follow the link below ("Promoting Diversity Management among Personnel") for details. http://www.kubota.co.jp/csr/office/diversity.html (in Japanese) - Signatory to the Women's Empowerment Principles (WEPs) (July 2012) The Women's Empowerment Principles (WEPs) are a set of principles developed jointly by the UN Global Compact and UN Women in March 2010. The principles set out ways of creating workplace and social conditions to fully harness the potential of women in corporate activities. The Group supports the principles, becoming a signatory in July 2012. By signing up to these principles, the Group positions gender equality and women's empowerment at the core of business management and commits to implementing voluntary measures to achieve those goals.

	- Working on promotion of women's participation and advancement in the workplace The Company has provided various support to help women build their career advancement, such as supporting participation in external forums and establishing internal groups to encourage interaction among female employees. In fiscal 2017, the Company held leadership training courses for female employees with the potential to become future leaders, and ran training courses to help women who have been on childcare leave return to the workplace. - Securing a work-life balance The Company encourages employees to use their paid leave days, particularly from the standpoint of maintaining their mental and physical health, preventing excessively long working hours and securing a good work-life balance. (employees used 90.8% of their annual paid leave for fiscal 2017). Also, the Company has instituted job systems that enable both female and male employees to take childcare leave easily and work a reduced schedule, (since 2009 the Company has received "Kurumin Mark" certification, which recognizes the Company's efforts in creating workplace environments and labor conditions that allow employees to balance work and child-raising commitments with peace of mind. In 2017, the Company also received a special prize in the Osaka Mayor's Awards for its role as a Leading Company with Actively Participating Women in Osaka City). In addition, the Company has introduced a "Re-entry assistance" system that enables some employees, who retired previously from the Company out of necessity when it became difficult to balance work with their home life, to have the opportunity to return to work at the Company. - Maintaining and enhancing mental health Based on the Safety and Health Guidelines of the Kubota Group, the Company has formulated the Kubota Mental Health Improvement Targets, which specify objectives and goals that need to be undertaken in order to realize them. Based on these targets, the Company's aim is to prevent mental health issues from arising, and detecting those that do at the earliest possible stage, from the perspectives of self-care and line-care. - Promotion of employment of persons with disabilities In July 2002, the Company established Kubota Works Co., Ltd. as a special subsidiary of the Group. The subsidiary, which mainly operates cleaning and printing businesses, aims to give people with disabilities more opportunities to contribute to society through work by increasing employment opportunities and actively helping them move into the workforce. Also, the Company established Kubota Sun-Vege Farm Co., Ltd. in February 2010 to support persons with disabilities to become self-reliant, as well as to revitalize Japanese agriculture by making use of abandoned farmlands. Kubota Sun-Vege Farm Co., Ltd. is engaged in the hydroponic cultivation of vegetables, which is unaffected by the seasons. These vegetables are sold and used in the Group's company cafeterias, and used in the lunch programs of neighboring schools.

IV. Matters Related to the Internal Control System

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

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

The Company partly revised these systems at the Meetings of the Board of Directors held on May 12, 2015.

1. System to ensure that Directors and employees perform their duties in compliance with laws and regulations, and the Articles of Incorporation

As the basis of this system to ensure that the Directors, the Executive Officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Company 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 the Company 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," the Company 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 the Company Directors' execution of duties

The Company 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. The Company 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

The Company 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.

The Company 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. The Company 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 the Company and its subsidiaries

(a) To create a Group-Wide control environment, the Company 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, the Company 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 the Company 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) The Company 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 the Company. The Company emphasizes the business connections between the subsidiaries and the operating divisions of the Company and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. The Company then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

6. System for Directors and employees to report to Audit & Supervisory Board Members and other systems related to reports to Audit & Supervisory Board Members

The Company has established a system for the Directors, the Executive Officers and employees of the Company, 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 the Company's management;
(b) Contents of internal audits performed by the internal auditing department and departments in charge;
(c) Contents of whistle blowing revealed 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

The Company 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, the Company 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 the Company has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that the Company 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.

2. Basic Policy on Eliminating Antisocial Forces

1. Basic policy on eliminating antisocial forces

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

"Elimination of Relationships with Antisocial Elements"

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

2. Status of development of the system
(a) The Company has established CSR Planning & Coordination Headquarters and has created a framework for the promotion of compliance with laws and regulations through cooperation with Corporate Compliance Dept., Legal Dept., and Corporate Auditing Dept. The Company also reviews the donations and memberships in other organizations and monitors the advertising and promotional expenses.
(b) The Company participates in the regional activities and the meetings held by the Osaka Prefectural Center for the Elimination of Boryokudan (Criminal Elements), the Osaka Countermeasure Association, and other groups, and strives to eliminate antisocial forces.
(c) The Company distributes the "Kubota Group Code of Conduct" portable card to all employees in the Group, and encourages them to carry it with them at all times.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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2. Other Matters Concerning to Corporate Governance System

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