

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6326
February 27, 2020

To Shareholders

Yuichi Kitao
President and Representative Director
KUBOTA Corporation
2-47, Shikitsuhigashi 1-chome,
Naniwa-ku, Osaka, 556-8601 Japan

CONVOCAION NOTICE FOR THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Kubota Corporation hereby notifies you that the 130th Ordinary General Meeting of Shareholders will be held as follows. Your attendance is respectfully requested.

If you are unable to attend the meeting, Kubota Corporation cordially requests that you make sure to study the reference materials annexed hereto, indicate your approval or disapproval on each of the proposals on the voting instruction card and return it to us.

Date and time	Thursday, March 19, 2020, at 10:00 a.m. (JST) (Reception desk opens at 9:00 a.m.)
Place	Convention Hall of Kubota Corporation 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, Japan
Matters for which the meeting is held	<u>Matters to Be Reported</u> <ol style="list-style-type: none">1. Business report, the consolidated financial statements and the non-consolidated financial statements for the 130th business term (from January 1, 2019 to December 31, 2019)2. The results of the audits of the consolidated financial statements by the Independent Auditor and by the Audit & Supervisory Board <u>Matters Requiring Resolutions</u> Proposal 1: Election of Nine Directors Proposal 2: Election of One Audit & Supervisory Board Member Proposal 3: Bonus Payments for Directors Proposal 4: Revision of the Transfer Restriction Period Under the Restricted Stock Compensation Plan for Directors (excluding Outside Directors)

Exercising Voting Rights

Attending the Ordinary General Meeting of Shareholders in person

- Exercise of voting rights at the Ordinary General Meeting of Shareholders

Date and time of the Ordinary General Meeting of Shareholders:

Thursday, March 19, 2020, at 10:00 a.m. (JST) (Reception desk opens at 9:00 a.m.)

Please submit the enclosed voting instruction card at the reception desk at the venue. Please bring this document as well, as it contains the agenda for the meeting. Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

Not attending the Ordinary General Meeting of Shareholders in person

- Exercise of voting rights by mail (in writing)

Deadline for exercising voting rights:

No later than Wednesday, March 18, 2020, at 5:00 p.m. (JST)

Please indicate your approval or disapproval on each of the proposals on the enclosed voting instruction card and return the said form to us so that it is received no later than the deadline for exercising your voting rights.

- Exercise of voting rights via the internet

Deadline for exercising voting rights:

No later than Wednesday, March 18, 2020, at 5:00 p.m. (JST)

Please access the designated site for exercising your voting rights and indicate your approval or disapproval on each of the proposals no later than the deadline.

* If you duplicate the vote by exercising the voting rights both in writing and via the internet, only the internet vote will be valid.

Designated site for exercising voting rights:

<https://www.web54.net>

- Consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in net assets (non-consolidated) and notes to financial statements (non-consolidated) are posted on our following internet website in accordance with laws and regulations, and the provision in Article 16 of the Articles of Incorporation.
- Consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in net assets (non-consolidated) and notes to financial statements (non-consolidated) are part of the consolidated financial statements and non-consolidated financial statements that were audited by the Independent Auditor and the Audit & Supervisory Board Members in preparing the audit reports.
- Any revision of the reference materials for the meeting, business report, or the consolidated financial statements and the non-consolidated financial statements will be posted on our following internet website.

Website for Convocation Notices for General Meeting of Shareholders:

https://www.kubota.com/company/ir/sh_info/meeting/convocation/

For Institutional investors

For institutional investors, the electronic voting platform operated by ICJ, Inc., is available for exercising your voting rights for this meeting.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information


Proposal 1: Election of Nine Directors

The term of office of all nine Directors will expire at the conclusion of this meeting. At this juncture, Kubota Corporation proposes to elect nine Directors to maintain the number of Directors at an appropriate level for carrying on effective discussions at meetings of the Board of Directors, while strengthening the Group management base with an eye to the expansion of the overseas business activities, thereby realizing sustainable growth and increasing the trust that society places in the Kubota Group (hereinafter the “Group”), and also strengthening the corporate governance framework. If this proposal is approved and passed as proposed, three out of the nine Directors will be Outside Directors.

The candidates for Director are as described below. Among the candidates, Yuzuru Matsuda, Koichi Ina, and Yutaro Shintaku are candidates for Outside Director.

No.	Name		Position and Responsibility at Kubota Corporation and Important Concurrent Positions	Attendance of the Meetings of the Board of Directors
1	Masatoshi Kimata	Reappointment	Chairman and Representative Director of Kubota Corporation	100% (12 of 12)
2	Yuichi Kitao	Reappointment	President and Representative Director of Kubota Corporation	100% (12 of 12)
3	Masato Yoshikawa	Reappointment	Director and Executive Vice President of Kubota Corporation, General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters	100% (12 of 12)
4	Shinji Sasaki	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Research and Development Headquarters	100% (12 of 12)
5	Toshihiko Kurosawa	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Water and Environment Infrastructure Consolidated Division, General Manager of Tokyo Head Office	100% (10 of 10)
6	Dai Watanabe	Reappointment	Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center	100% (10 of 10)
7	Yuzuru Matsuda	Reappointment Independent Outside	Director of Kubota Corporation, Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation, Director Emeritus of Kato Memorial Bioscience Foundation	100% (12 of 12)
8	Koichi Ina	Reappointment Independent Outside	Director of Kubota Corporation, Director of Sansha Electric Manufacturing Co., Ltd.	100% (12 of 12)
9	Yutaro Shintaku	Reappointment Independent Outside	Director of Kubota Corporation, Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Executive Trustee of Tonen International Scholarship Foundation, Special Professor of Hitotsubashi University Business School, Director of KOZO KEIKAKU ENGINEERING Inc.	100% (12 of 12)

- (Notes) 1. The candidates for Director have been nominated at the meeting of the Board of Directors based on the regulations of the Nomination Advisory Committee and the nomination requirements set forth in the rules governing the Board of Directors. In a process that is objective and transparent, the Board of Directors discuss and nominate candidates after receiving the appropriate involvement and advice from the Nomination Advisory Committee (half or more of its members are Outside Directors). The candidates for internal Director have been nominated for their in-depth insights regarding the business environment and the Group's business activities. Candidates for Outside Director have been nominated from among persons with extensive management experience and specialized expertise who have strong knowledge and judgment.
2. Mr. Kurosawa's and Mr. Watanabe's attendance of the meetings of the Board of Directors is only counted for the meetings held after their assumption of office as Director on March 22, 2019.

No. 1	Masatoshi Kimata (Date of Birth: June 22, 1951)	Reappointment	
Number of Kubota Corporation's Shares Owned: 106,866 shares			
Tenure as Director: 7 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1977	Joined Kubota Corporation
October 2001	General Manager of Tsukuba Plant, General Manager of Tsukuba Training Center of Kubota Corporation
June 2005	Director of Kubota Corporation
April 2007	Deputy General Manager of Sales Headquarters in Farm and Industrial Machinery Consolidated Division of Kubota Corporation
April 2008	Managing Director of Kubota Corporation
April 2009	Director and Managing Executive Officer of Kubota Corporation
April 2009	Deputy General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Sales Headquarters in Farm and Industrial Machinery Consolidated Division of Kubota Corporation
June 2009	Managing Executive Officer of Kubota Corporation
July 2010	Senior Managing Executive Officer of Kubota Corporation
August 2010	President of SIAM KUBOTA Corporation Co., Ltd.
April 2012	General Manager of Water and Environment Domain, General Manager of Tokyo Head Office of Kubota Corporation
June 2012	Director and Senior Managing Executive Officer of Kubota Corporation
August 2012	Administrative Officer - Corporate Staff, General Manager of Water Engineering and Solution Division of Kubota Corporation
April 2013	General Manager of Procurement Headquarters of Kubota Corporation
April 2014	Representative Director and Executive Vice President of Kubota Corporation
July 2014	President and Representative Director of Kubota Corporation
January 2020	Chairman and Representative Director of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Masatoshi Kimata has broad-ranging knowledge on the overall workings of the Company's Farm and Industrial Machinery business and Water and Environment business, and he possesses an ability to provide comprehensive and sound judgment relating to the management of the Group as a whole based on his long-standing experience in carrying out business in both manufacturing and sales operations, in Japan and overseas. He assumed office as Director in 2012, and since July 2014, as President and Representative Director, he has been spearheading the Group's growth while forging ahead with the enhancement of management structure and globalization of business. In addition, after assuming office as Chairman and Representative Director in January 2020, he continues to conduct management oversight of the Company as the Chairman of the Board of Directors, while striving to strengthen the functions of the Board of Directors by promoting constructive discussions among other efforts. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value, drawing on his experience and record of accomplishments.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Kimata.
 2. The tenure as Director of Mr. Kimata shows the most recent consecutive time period served as a Director.

No. 2	Yuichi Kitao (Date of Birth: July 15, 1956)	Reappointment	
Number of Kubota Corporation's Shares Owned: 67,244 shares			
Tenure as Director: 5 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1979	Joined Kubota Corporation
April 2005	General Manager of Tractor Engineering Dept. of Kubota Corporation
April 2009	Executive Officer of Kubota Corporation
April 2009	General Manager of Tractor Division of Kubota Corporation
January 2011	President of Kubota Tractor Corporation
April 2013	Managing Executive Officer of Kubota Corporation
October 2013	General Manager of Farm and Utility Machinery Division, General Manager of Farm and Utility Machinery International Operations Headquarters of Kubota Corporation
June 2014	Director and Managing Executive Officer of Kubota Corporation
April 2015	Director and Senior Managing Executive Officer of Kubota Corporation
April 2015	General Manager of Farm and Industrial Machinery Domain of Kubota Corporation
January 2019	Representative Director and Executive Vice President of Kubota Corporation
January 2019	General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation
June 2019	General Manager of Innovation Center of Kubota Corporation
January 2020	President and Representative Director of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Yuichi Kitao has extensive knowledge and experience that has accumulated while being in charge of the Farm and Industrial Machinery Domain over many years, in which role he has expanded this domain's business operations, which has included M&A, and grown the overseas business. He assumed office as Director in June 2014 and as Representative Director and Executive Vice President in January 2019, and he has demonstrated his skills in the creation of new businesses such as by providing direction in the establishment of Innovation Center. As President and Representative Director from January 2020, he has promoted the further expansion of globalization and business operations by accelerating innovation, and has contributed to strengthening the functions of the Board of Directors, drawing on his experience and record of accomplishments. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Kitao.

No. 3	Masato Yoshikawa (Date of Birth: January 27, 1959)	Reappointment	
Number of Kubota Corporation's Shares Owned: 31,324 shares			
Tenure as Director: 3 years, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1981	Joined Kubota Corporation
February 2008	General Manager of Ductile Iron Pipe Planning Dept. of Kubota Corporation
October 2009	General Manager of Pipe Systems Planning Dept., General Manager of Ductile Iron Pipe Planning Dept. of Kubota Corporation
October 2010	General Manager of Corporate Planning and Control Dept. of Kubota Corporation
April 2012	Executive Officer of Kubota Corporation
October 2013	President of Kubota Tractor Corporation
April 2015	Managing Executive Officer of Kubota Corporation
March 2017	Director and Managing Executive Officer of Kubota Corporation
January 2018	Director and Senior Managing Executive Officer of Kubota Corporation
January 2019	General Manager of Planning and Control Headquarters of Kubota Corporation (to present)
	General Manager of Global IT Management Dept. of Kubota Corporation
April 2019	General Manager of Global ICT Headquarters of Kubota Corporation (to present)
January 2020	Director and Executive Vice President of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Masato Yoshikawa is highly proficient in corporate management from a global perspective based on his experience in the business planning operations and as a president of a sales company in North America, an important market. He assumed office as Director in March 2017 and as Director and Executive Vice President in January 2020, and he has contributed from multiple perspectives to strengthening the functions of the Board of Directors, drawing on his knowledge and experience. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Yoshikawa.

No. 4	Shinji Sasaki (Date of Birth: September 11, 1954)	Reappointment	
Number of Kubota Corporation's Shares Owned: 51,024 shares			
Tenure as Director: 2 years, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1978	Joined Kubota Corporation
April 2004	General Manager of Engine Engineering Dept. of Kubota Corporation
April 2009	Executive Officer of Kubota Corporation
April 2009	General Manager of Engine Division of Kubota Corporation
April 2013	Managing Executive Officer of Kubota Corporation
April 2015	Senior Managing Executive Officer of Kubota Corporation
January 2017	Deputy General Manager of Farm and Industrial Machinery Domain, General Manager of Construction Machinery Division of Kubota Corporation
January 2018	General Manager of Research and Development Headquarters of Kubota Corporation (to present)
March 2018	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
June 2019	Deputy General Manager of Innovation Center of Kubota Corporation

Reasons for Nomination as Candidate for Director

Shinji Sasaki has been instrumental in the global expansion of the engine business, our core business operations, and he has also worked tirelessly to develop the Group's technological infrastructure by driving forward efforts to expand and enhance the Group's research and development structure. He assumed office as Director in March 2018, and he has contributed to strengthening the functions of the Board of Directors, drawing on his extensive experience and record of accomplishments. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Sasaki.

No. 5	Toshihiko Kurosawa (Date of Birth: August 14, 1955)	Reappointment	
Number of Kubota Corporation's Shares Owned: 48,042 shares			
Tenure as Director: 1 year, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (10 of 10)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1979	Joined Kubota Corporation
May 2003	General Manager of Pump Sales Dept. I of Kubota Corporation
April 2005	General Manager of Pump Sales Dept. II of Kubota Corporation
April 2006	General Manager of Pump Division of Kubota Corporation
April 2010	Executive Officer of Kubota Corporation
April 2012	Deputy General Manager of Business Development Headquarters, General Manager of International Business Promotion Dept. of Kubota Corporation
April 2013	General Manager of Strategic Business Promotion Dept. of Kubota Corporation
April 2014	Managing Executive Officer of Kubota Corporation
April 2014	General Manager of Water Engineering and Solution Division of Kubota Corporation
January 2018	General Manager of Tokyo Head Office of Kubota Corporation (to present)
January 2018	Deputy General Manager of Water and Environmental Infrastructure Domain, General Manager of Environmental Solutions Division of Kubota Corporation
January 2019	Senior Managing Executive Officer of Kubota Corporation
January 2019	General Manager of Water and Environment Infrastructure Consolidated Division of Kubota Corporation (to present)
March 2019	Director and Senior Managing Executive Officer of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Toshihiko Kurosawa has high-level expertise and broad-ranging knowledge, which he has accumulated through his long-standing involvement in the pump business and his experience in promoting overseas business development and new business as the person in charge of the Water and Environment business. He assumed office as Director in March 2019, and he has contributed to strengthening the functions of the Board of Directors, drawing on his knowledge and experience. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Kurosawa.
 2. Mr. Kurosawa's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 22, 2019.

No. 6	Dai Watanabe (Date of Birth: October 2, 1958)	Reappointment	
Number of Kubota Corporation's Shares Owned: 48,742 shares			
Tenure as Director: 1 year, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (10 of 10)			


Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1984	Joined Kubota Corporation
June 2008	General Manager of Farm and Industrial Machinery International Planning and Control Dept. of Kubota Corporation
January 2012	President of Kubota Europe S.A.S.
April 2013	Executive Officer of Kubota Corporation
February 2014	President of Kubota Farm Machinery Europe S.A.S.
December 2014	President of Kverneland AS
September 2016	General Manager of Agricultural Implement Business Unit of Kubota Corporation
January 2017	Managing Executive Officer of Kubota Corporation
January 2017	General Manager of Agricultural Implement Division of Kubota Corporation
October 2017	President of Kubota Holdings Europe B.V.
January 2018	General Manager of Agricultural Implement Division of Kubota Corporation
January 2019	Senior Managing Executive Officer of Kubota Corporation
January 2019	General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters of Kubota Corporation
March 2019	Director and Senior Managing Executive Officer of Kubota Corporation (to present)
June 2019	Deputy General Manager of Innovation Center of Kubota Corporation
January 2020	General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation (to present)
January 2020	General Manager of Innovation Center of Kubota Corporation (to present)

Reasons for Nomination as Candidate for Director

Dai Watanabe has extensive experience as a president at a regional headquarters company and sales companies in Europe, and he has established inroads for a full-scale entry into the upland farming market by the Company's farming machinery business through orchestrating the market entry into the Agricultural Implement business. He assumed office as Director in March 2019, and he has contributed to strengthening the functions of the Board of Directors, drawing on his experience and record of accomplishments. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Watanabe.
 2. Mr. Watanabe's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 22, 2019.

No. 7	Reappointment / Independent / Outside Yuzuru Matsuda (Date of Birth: June 25, 1948)	
Number of Kubota Corporation's Shares Owned: 14,700 shares		
Tenure as Outside Director: 5 years and 9 months, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1977	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Kirin Co., Ltd.)
June 1999	Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.
June 2000	Executive Officer of Kyowa Hakko Kogyo Co., Ltd.
June 2000	Executive Director of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.
June 2002	Executive Director of Kyowa Hakko Kogyo Co., Ltd.
June 2002	Director of Corporate Planning Department of Kyowa Hakko Kogyo Co., Ltd.
June 2003	President and Chief Operating Officer of Kyowa Hakko Kogyo Co., Ltd.
October 2008	President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd. (currently, Kyowa Kirin Co., Ltd.)
March 2012	Senior Advisor of Kyowa Hakko Kirin Co., Ltd.
June 2012	President of Kato Memorial Bioscience Foundation
June 2014	Director of Kubota Corporation (to present)
June 2014	Director of BANDAI NAMCO Holdings Inc. (to present)
June 2015	Director of JSR Corporation (to present)
June 2019	Director Emeritus of Kato Memorial Bioscience Foundation (to present)


Reasons for Nomination as Candidate for Outside Director

Yuzuru 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 Kubota Corporation 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 was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Matsuda. Moreover, Kubota Corporation has no special relationship with Kato Memorial Bioscience Foundation, BANDAI NAMCO Holdings Inc., and JSR Corporation, of which Mr. Matsuda currently holds important posts.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Matsuda to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the Tokyo Stock Exchange (hereinafter the "TSE") that Mr. Matsuda has been appointed as an Independent Director as defined by the TSE.

No. 8	Reappointment / Independent / Outside Koichi Ina (Date of Birth: May 6, 1948)	
Number of Kubota Corporation's Shares Owned: 15,300 shares		
Tenure as Outside Director: 4 years and 9 months, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1973	Joined Toyota Motor Corporation
January 1998	General Manager of Motomachi Plant Machining Division of Toyota Motor Corporation
June 2000	Division General Manager of Motomachi Plant Administration Division of Toyota Motor Corporation
June 2002	Board of Director of Toyota Motor Corporation
June 2002	Plant Manager, Honsha Plant, Plant Manager, Motomachi Plant of Toyota Motor Corporation
June 2003	Managing Officer of Toyota Motor Corporation
June 2003	General Manager of Global Production Center of Toyota Motor Corporation
June 2004	Plant Manager, Myochi Plant of Toyota Motor Corporation
June 2005	Plant Manager, Takaoka Plant, Plant Manager, Tsutsumi Plant of Toyota Motor Corporation
June 2006	Plant Manager, Miyoshi Plant of Toyota Motor Corporation
June 2007	Senior Managing Director of Toyota Motor Corporation
June 2007	Chief Officer, Production Planning Group, Chief Officer, Manufacturing Group of Toyota Motor Corporation
June 2009	Adviser of Toyota Motor Corporation
June 2009	Executive Vice President of Daihatsu Motor Co., Ltd.
June 2010	President of Daihatsu Motor Co., Ltd.
June 2013	Chairman of Daihatsu Motor Co., Ltd.
June 2015	Director of Kubota Corporation (to present)
June 2016	Advisor to the Board of Daihatsu Motor Co., Ltd.
June 2019	Director of Sansha Electric Manufacturing Co., Ltd. (to present)

Reasons for Nomination as Candidate for Outside Director


Koichi Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge in the field of manufacturing as an engineer and from having been engaged in various management positions in plant operations. Since his assumption of office as Outside Director of Kubota Corporation 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 was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Ina. Moreover, Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr.

Ina currently holds an important post.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Ina to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the TSE that Mr. Ina has been appointed as an Independent Director as defined by the TSE.

No. 9	Reappointment / Independent / Outside Yutaro Shintaku (Date of Birth: September 19, 1955)	
Number of Kubota Corporation's Shares Owned: 4,300 shares		
Tenure as Outside Director: 2 years, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation, and Important Concurrent Positions

April 1979	Joined Toa Nenryo Kogyo K.K. (currently, JXTG Nippon Oil & Energy Corporation)
January 1999	Joined Terumo Corporation
June 2005	Executive Officer of Terumo Corporation
June 2006	Director and Executive Officer of Terumo Corporation
June 2007	Director and Senior Executive Officer of Terumo Corporation
June 2007	In charge of R&D Center, Intellectual Property Dept. and Legal Dept. of Terumo Corporation
June 2009	Director and Managing Executive Officer of Terumo Corporation
June 2009	General Manager of Strategy Planning Dept., In charge of Human Resources Dept. and Accounting & Finance Dept. of Terumo Corporation
June 2010	President and Representative Director of Terumo Corporation
April 2017	Director and Adviser of Terumo Corporation
June 2017	Corporate Adviser of Terumo Corporation
June 2017	Director of Santen Pharmaceutical Co., Ltd. (to present)
June 2017	Director of J-Oil Mills, Inc. (to present)
June 2017	Executive Trustee of Tonen International Scholarship Foundation (to present)
March 2018	Director of Kubota Corporation (to present)
April 2018	Visiting Professor of Hitotsubashi University Business School
April 2019	Special Professor of Hitotsubashi University Business School (to present)
September 2019	Director of KOZO KEIKAKU ENGINEERING Inc. (to present)

Reasons for Nomination as Candidate for Outside Director

Yutaro Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. Since his assumption of office as Outside Director of Kubota Corporation in March 2018, 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 was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Shintaku. Moreover, Kubota Corporation has no special relationship with Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Tonen International Scholarship Foundation and Hitotsubashi University Business School, of which Mr. Shintaku currently holds important posts. Although Kubota Corporation has business transactions with KOZO KEIKAKU ENGINEERING Inc., of which Mr. Shintaku currently holds an


important post, the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of KOZO KEIKAKU ENGINEERING Inc.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Shintaku to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the TSE that Mr. Shintaku has been appointed as an Independent Director as defined by the TSE.

Proposal 2: Election of One Audit & Supervisory Board Member

Kubota Corporation proposes to elect one Audit & Supervisory Board Member to strengthen the audit system. Consent for this proposal has been obtained from the Audit & Supervisory Board. If this proposal is approved and passed as proposed, three out of the five Audit & Supervisory Board Members will be Outside Audit & Supervisory Board Members.

The candidate for Audit & Supervisory Board Member is as described below. Yuichi Yamada is a candidate for Outside Audit & Supervisory Board Member.

New Nomination / Independent / Outside Yuichi Yamada (Date of Birth: March 25, 1954)	
Number of Kubota Corporation's Shares Owned: 0 shares	

Career Summary and Position at Kubota Corporation, and Important Concurrent Positions

- October 1984 Joined Asahi & Co. (currently, KPMG AZSA LLC)
- March 1988 Registered as a Certified Public Accountant of Japan
- August 2003 Representative Partner of Asahi & Co. (currently, KPMG AZSA LLC)
- June 2008 Board Member of KPMG AZSA & Co. (currently, KPMG AZSA LLC)
- September 2011 Deputy Tokyo Office Managing Partner of KPMG AZSA LLC
- July 2015 Chairman of Tokyo Partnership Meeting of KPMG AZSA LLC
- June 2016 Audit & Supervisory Board Member of Japan Finance Corporation (to present)
- July 2016 Representative of Yuichi Yamada Certified Public Accountant Firm (to present)
- June 2017 Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd. (to present)

Reasons for Nomination as Candidate for Outside Audit & Supervisory Board Member

Yuichi Yamada has considerable knowledge relating to accounting and financial matters as a certified public accountant. He has gained extensive experience and record of accomplishments in corporate auditing while serving at a major audit firm, and possesses extensive expertise on auditing in general, such as through working as outside audit & supervisory board member for other companies. Therefore, although he has not been directly involved in corporate management, Kubota Corporation deems that he can contribute to further enhance its auditing processes through his expert viewpoints and from an independent standpoint, and nominates him as a candidate for Outside Audit & Supervisory Board Member.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Yamada. Moreover, Kubota Corporation has no special relationship with Yuichi Yamada Certified Public Accountant Firm, Japan Finance Corporation and Sumitomo Metal Mining Co., Ltd., of which Mr. Yamada currently holds important posts.

(Notes) 1. Upon the approval of Mr. Yamada's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to enter into an agreement with him to limit his liability for damages, pursuant to Article 427, paragraph 1 of the Companies Act. However, the maximum amount of his liability under this agreement is to be the amount provided for in laws and regulations.

2. Upon the approval of Mr. Yamada's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to report to the TSE that he has been appointed as an Independent Audit & Supervisory Board Member as defined by the TSE.

(Reference) Management Structure After Approval of Proposals 1, 2 (Planned)

Name	Position	Outside	Areas of specialization					Nomination Advisory Committee	Compensation Advisory Committee
			Manufacturing /R&D	Sales/ Marketing	Finance	Legal affairs/ Risk management	Over-seas experience		
Masatoshi Kimata	Chairman and Representative Director		•	•			•	•	
Yuichi Kitao	President and Representative Director		•	•			•	•	
Masato Yoshikawa	Director and Executive Vice President			•	•	•	•	•	
Shinji Sasaki	Director and Senior Managing Executive Officer		•	•					
Toshihiko Kurosawa	Director and Senior Managing Executive Officer			•					
Dai Watanabe	Director and Senior Managing Executive Officer			•	•		•		
Yuzuru Matsuda	Director	•	•	•			•	•	
Koichi Ina	Director	•	•	•			•	•	
Yutaro Shintaku	Director	•		•	•	•	•	•	
Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)				•	•	•		
Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)			•			•		

Name	Position	Outside	Areas of specialization					Nomination Advisory Committee	Compensation Advisory Committee
			Manufacturing /R&D	Sales/ Marketing	Finance	Legal affairs/ Risk management	Overseas experience		
Masaki Fujiwara	Audit & Supervisory Board Member	•			•		•		
Kumi Arakane	Audit & Supervisory Board Member	•	•	•					
Yuichi Yamada	Audit & Supervisory Board Member	•			•	•			

- (Notes)
1. Full-time Audit & Supervisory Board Members will be determined at the Audit & Supervisory Board meeting held after this General Meeting of Shareholders, and Directors with special titles will be determined at the Board of Directors meeting held after that.
 2. All Directors shown above have expertise in corporate management (including planning and human resources).
 3. The above table, considering each person's experience and other factors, shows areas in which they have more specialized expertise, and is not an exhaustive list of the areas of expertise that they can offer.
 4. Other than members of the Compensation Advisory Committee in the above table, Mr. Kazuhiro Kimura, a Managing Executive Officer, also serves as a member of that committee.

(Reference) Policy for Nomination of Candidates for Director and Audit & Supervisory Board Member

Policy for Nomination of Candidates for Directors

In its wide-ranging business domains encompassing the areas of food, water, and the environment, Kubota Corporation aims to bring about sustainable growth and increase corporate value on a Group-wide basis, thereby engaging in appropriate decision-making and supervising operations. To such ends, Kubota Corporation nominates persons from inside Kubota Corporation who have a wide perspective and extensive experience relating to Kubota Corporation's business management, and nominates persons from outside Kubota Corporation who have a practical and objective perspective along with deep knowledge, having satisfied requirements for an independent officer as stipulated by the TSE and requirements of the independence criteria set forth by Kubota Corporation.

Regarding the composition of the Board of Directors, Kubota Corporation works to ensure diversity in terms of business area, knowledge, experience, field of specialization, and so forth while maintaining an appropriate number of members to enable effective discussions.

In accordance with above policy and the rules governing the Board of Directors, candidates for Director shall be resolved at the meeting of the Board of Directors after they have been deliberated on in the Nomination Advisory Committee.

Policy for Nomination of Candidates for Audit & Supervisory Board Member

In order to ensure Audit & Supervisory Board Members' role of auditing and supervising is carried out appropriately, the individuals nominated to serve as Audit & Supervisory Board Members have diverse experience, knowledge, specialization and insight. When considering the composition of the Audit & Supervisory Board, Kubota Corporation nominates a group of individuals with one who has a suitable degree of knowledge and experience pertaining to accounting and finance, and whose majority of members fulfill the requirements of an independent officer stipulated by the TSE.

In accordance with above policy and the Regulations of the Audit & Supervisory Board, candidates for Audit & Supervisory Board Member shall be decided with the agreement of the Audit & Supervisory Board.

Independence Criteria for Outside Directors

Kubota Corporation has established the Independence Criteria for Outside Directors, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company. Kubota Corporation shall deem that an Outside Director does not satisfy independence from Kubota Corporation 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 Ordinance for Enforcement of the Companies Act. It includes executive director, executive officer (*shikkoyakuin*) and employee who executes 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 revenue 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 revenue 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 Kubota Corporation*, or if the major shareholder is a corporation, an executive of such a corporation.

* The term “major shareholder of Kubota Corporation” herein refers to a shareholder who holds more than 10% of Kubota Corporation’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.

Proposal 3: Bonus Payments for Directors

Kubota Corporation proposes to pay Directors' bonuses (¥201.40 million) for six Directors (excluding Outside Directors) in office as of December 31, 2019, in consideration of results of operations for the fiscal year ended December 31, 2019.

The amount payable for each Director shall be decided by the Board of Directors after the matter has undergone deliberation by the Compensation Advisory Committee.

Proposal 4: Revision of the Transfer Restriction Period Under the Restricted Stock Compensation Plan for Directors (excluding Outside Directors)

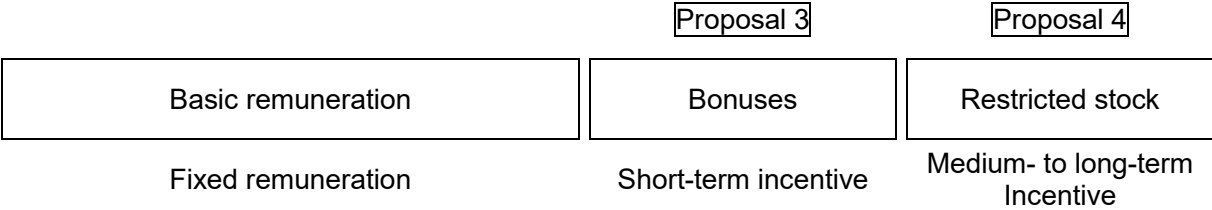
Kubota Corporation proposes to revise the transfer restriction period for granting restricted stock approved at the 127th Ordinary General Meeting of Shareholders held on March 24, 2017.

At the 127th Ordinary General Meeting of Shareholders, Kubota Corporation received approval to pay compensation to grant restricted stock to Kubota Corporation’s Directors (excluding the Outside Directors; hereinafter the “eligible Directors”) with the objectives of offering incentives for the eligible Directors to achieve sustained improvement of the corporate value of Kubota Corporation and to share more of that value with the shareholders; and at the same time, approval to establish the Transfer Restriction Period as the “period stipulated in advance by the Board of Directors of Kubota Corporation that is between three and five years after the payment date of the monetary compensation claims.”

Kubota Corporation proposes to change the Transfer Restriction Period to the “period from the payment date of the monetary compensation claims to the date of the eligible Director’s retirement from the position of Director or Executive Officer of Kubota Corporation” with the objectives of further increasing the motivation of the eligible Directors to contribute toward achieving sustained improvement of the corporate value of Kubota Corporation and ensuring they share value with the shareholders over as long a time as possible by having the eligible Directors hold restricted stock until their retirement. In addition, Kubota Corporation proposes to make the necessary revisions regarding the lifting of the transfer restrictions and the treatment on retirement from the position in line with the change to the Transfer Restriction Period.

The aforementioned changes apply to the restricted stock to be granted from this time forward, and it shall not change the Transfer Restriction Period for the restricted stock already granted. Also, the current number of Directors is nine (9) (including three (3) Outside Directors), and will remain at nine (9) (including three (3) Outside Directors) if Proposal 1 “Election of Nine Directors” is approved as originally proposed.

(Reference) Image of Remuneration Plan for Directors



Please refer to page 46 of Business Report for the policy for determination of remuneration, etc. and its calculation method for Directors and Audit & Supervisory Board Members.

(Reference) Overview of the Restricted Stock Compensation Plan of Kubota Corporation

(The underlined portions state the details if this proposal is approved.)

(1) Allotment of and payment of restricted stock

The eligible Directors shall pay all monetary compensation claims to be provided by Kubota Corporation in the form of property contributed in kind, and shall, in return, receive common shares of Kubota Corporation that shall be issued or disposed of by Kubota Corporation.

(2) Total amount of monetary compensation claims and upper limit on amount of shares to be issued or disposed of

The total amount of monetary compensation claims to be paid to the eligible Directors shall be not more than ¥0.3 billion per year, and the total number of common shares to be newly issued or disposed of shall be not more than 400,000 shares per year (provided, however, that if Kubota Corporation conducts a share split (including allotment of common shares without contribution) or a share consolidation, the aforesaid total number shall be adjusted as necessary and to the extent reasonable in accordance with the share split or share consolidation ratio).

(3) Transfer restriction period

The period from the payment date of the monetary compensation claims to the date of the eligible Director's retirement from the position of Director or Executive Officer of Kubota Corporation.

(4) Lifting of the transfer restrictions

Kubota Corporation shall lift the transfer restrictions for all of the restricted stock granted to an eligible Director (hereinafter the "Allotted Shares") on the condition that (i) the eligible Director has been in the either position of Director or Executive Officer of Kubota Corporation during the Transfer Restriction Period, and (ii) the eligible Director has retired from the position of Director or Executive Officer of Kubota Corporation because of the expiration of the term of his/her office, death or other reason that the Board of Directors of Kubota Corporation deems justifiable; provided, however, that the number of the Allotted Shares for which the transfer restriction is lifted shall be reasonably adjusted as necessary in accordance with the schedule of the expiration of the Transfer Restriction Period.

(5) Treatment in the event that a Director retires from his/her position

Kubota Corporation shall automatically acquire without contribution all of the Allotted Shares on which the transfer restrictions have not been lifted in accordance with the provisions of (4) stated above at the time of the expiration of the Transfer Restriction Period.

(6) Treatment in the event of organizational restructuring, etc.

If, during the Transfer Restriction Period, matters relating to a merger agreement in which Kubota Corporation is the disappearing company, a share exchange agreement or share transfer plan in which Kubota Corporation becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the General Meeting of Shareholders of Kubota Corporation (or at a meeting of Board of Directors of Kubota Corporation in cases where approval at the General Meeting of Shareholders of Kubota Corporation is not required in relation to the reorganization, etc.), Kubota Corporation shall lift the transfer restrictions on all or part of the Allotted Shares prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of Kubota Corporation. In cases specified above, Kubota Corporation shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(7) Other matters determined by the Board of Directors

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

ATTACHMENT TO THE CONVOCAION NOTICE FOR THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

BUSINESS REPORT FOR THE 130TH PERIOD (FROM JANUARY 1, 2019 TO DECEMBER 31, 2019)

1. Item of Overview of Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

For the year ended December 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") hit a record high due to expanded demand in the domestic and overseas markets as well as the results of company-wide efforts to expand sales. In addition, operating profit also increased steadily.

Revenue of the Company increased by ¥69.7 billion [3.8%] from the prior year to ¥1,920.0 billion. In the domestic market, revenue in Water & Environment, whose businesses are mainly related to public works projects, increased mainly due to significantly increased sales of environment-related products and strong sales of ductile iron pipes. In addition, revenue in Farm & Industrial Machinery also increased mainly due to solid sales of farm equipment and engines. In overseas market, revenue increased from the prior year mainly due to strong sales of tractors and construction machinery along with gradual economic expansion in the United States while there were some negative impacts mainly of the yen appreciation and inclement weather. As a result, overseas revenue accounted for 67.4% of consolidated revenue, which decreased by 1.4 percentage points from the prior year.

Operating profit increased by ¥12.3 billion [6.5%] from the prior year to ¥201.7 billion. Operating profit in Farm & Industrial Machinery increased due to some positive effects mainly from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States, which compensated for some negative effects from increased fixed costs and the yen appreciation. Operating profit in Water & Environment also increased mainly due to significantly increased sales in the domestic markets. Profit before income taxes increased by ¥11.8 billion [6.0%] from the prior year to ¥209.0 billion. Income tax expenses were ¥53.0 billion. Share of profits of investments accounted for using the equity method was ¥3.1 billion. Profit for the year increased by ¥8.9 billion [6.0%] from the prior year to ¥159.1 billion. Profit attributable to owners of the parent increased by ¥10.5 billion [7.6%] from the prior year to ¥149.1 billion.

2) Review of Operations by Reportable Segments

(a) Farm & Industrial Machinery

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

Revenue in this segment increased by 2.9% from the prior year to ¥1,572.6 billion, and accounted for 81.9% of consolidated revenue.

Domestic revenue increased by 3.8% from the prior year to ¥320.6 billion because sales of farm equipment and engines increased. In addition, sales of construction machinery, whose production and shipment had been delayed due to typhoon, also increased from the prior year.

Overseas revenue increased by 2.7% from the prior year to ¥1,252.0 billion. In North America, sales of construction machinery and tractors increased significantly because the solid market condition continued. In addition, there were some positive effects mainly from the realization in shipments of some products, which had been delayed due to typhoon in the prior year, in this year and newly introduced model of construction machinery. In Europe, revenue decreased due to a negative effect from the yen

appreciation against the Euro and the British pound sterling. Revenue on a local currency basis was almost at the same level as the prior year due to strong sales of tractors and construction machinery in France and Germany, while there were some negative impacts of adverse reaction from rushed demand for engines caused by tightening of emission regulations in the prior year and stagnated demand for construction machinery in the United Kingdom along with a concern about economic downturn caused by Brexit. In Asia outside Japan, revenue decreased from the prior year mainly due to stagnant sales of combine harvesters and construction machinery in China while sales of farm equipment and construction machinery increased in Thailand. In Other areas, sales of construction machinery and tractors in Australia decreased because of drought and economic downturn.

(b) Water & Environment

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves, industrial castings, ceramics, spiral-welded steel pipes, and other products) and environment-related products (environmental control plants, pumps, and other products).

Revenue in this segment increased by 8.0% from the prior year to ¥315.7 billion, and accounted for 16.4% of consolidated revenue.

Domestic revenue increased by 14.7% from the prior year to ¥273.5 billion. In pipe- and infrastructure-related products, revenue from ductile iron pipes and construction business related to clean water business & sewage water business increased. Revenue in environment-related products increased significantly due to sales of construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture.

Overseas revenue decreased by 21.6% from the prior year to ¥42.3 billion mainly due to a decrease in export sales of ductile iron pipes to the Middle East and sales of wastewater treatment plants (Johkasou) in China.

(c) Other

Other is mainly comprised of a variety of services.

Revenue in this segment increased by 4.1% from the prior year to ¥31.6 billion, and accounted for 1.7% of consolidated revenue.

(2) Initiatives of the Company Going Forward

The Company's long-term goal is to become a Global Major Brand, or in other words a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers. The Company aims to establish the Global Major Brand Kubota, make the greatest contribution to success of the Sustainable Development Goals (SDGs) promoted by the United Nations, and achieve sustainable development over the long term. To these ends, the Company will team up and work together with various players across its business domains encompassing the areas of food, water and the environment, and provide society with total solutions created through those synergies.

1) More Flexible and Proactive Task Setting

As our planet and social environment undergo increasingly serious changes, the Company will use lens with wider perspective and more angles, discover looming issues a few steps ahead of society and customers, and proactively set tasks that only the Company can tackle. To achieve this, the Company will focus on the spirit of "On Your Side," which is an approach to create new innovation through being on our customers' side, picking up their issues ahead of the rest of the world, and solving them. As a result, the Company will be able to provide value not only in our traditional business domains, but also through solutions that extend from the upstream to the downstream of the value chain of its customers' businesses.

2) Development of Open and Innovative Technologies and Business Schemes

The Company will proactively develop innovative technologies and business schemes by adopting a more open attitude to utilize ideas from other business fields and sometimes collaborating with external partners based on the foundation of advanced R&D. As a first step, the Company has started establishing the new Sakai R&D Center, which will serve as a core base for controlling R&D worldwide, including the integration of IoT and ICT technologies and the development of key components to be supplied to overseas sites. The Company will improve the quality and efficiency of R&D significantly by incorporating new initiatives such as Design Process Innovation in order to win the global development competition for the future. In addition to its existing R&D centers in North America, Europe, Thailand, and China, the Company is also under consideration of establishing a new R&D center in India. The Company will establish a global R&D structure in six regions around the world including Japan, so that engineers around the world can engage in efficient and creative development sharing the same Kubota values.

Moreover, the Company has established innovation centers in Japan and Europe aimed at creating new value that exceeds customers' expectations, through planning businesses, products and services all beyond the existing business domains, while promoting open innovation. Going forward, the Company will expand this initiative into more regions and actively invest in products and services, which the Company cannot provide on its own, with an eye toward building necessary businesses in the future. Through these initiatives, the Company will create new value not only by itself, but also with its business partners who possess elemental technologies that will have a major impact on society in the future (Deep Tech). The Company will also strive to form alliances with industry, government, academia, and startups to promote projects that cannot bring success to customers by the effort of a single company alone, such as technological research required for next-generation farm equipment and the establishment of smart food value chains involving the sixth industry and distribution.

3) Creation and Provision of Total Solutions Through Promotion of DX by Utilizing New IT

The cloud, AI, 5G, and other fundamental technologies for DX (Digital Transformation) are evolving continuously. By transforming the Company's behavior, knowledge, experience, and products through this greater access to data and digital technologies, the Company aims to contribute to society through creating and providing total solutions. In order to achieve this, the Company will utilize ICT technologies such as IoT and AI to revolutionize its business structure itself in addition to maximizing the efficiency of its operations. The Company will strive to provide not only products, repairs, and services, but also total solutions by engaging in its customers' businesses from the beginning to the end in order to deliver success to their businesses.

4) Issues Upon Which the Company Should Implement Countermeasures

(Actions for the health hazard of asbestos)

The Company will continuously cope with this issue faithfully from the view point of Corporate Social Responsibility as one of manufacturers that once manufactured asbestos-containing products.

Initiatives to date

- Relief payment

The Company has established "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant" on April 17, 2006 and paid the relief payments to 341 parties up to December 31, 2019.

- Support for medical research on asbestos-related diseases

The Company has made the decision to furnish financial support for treatment and research regarding asbestos-related diseases carried out by Hyogo College of Medicine

and Otemae Hospital. The support will amount to a total of ¥550 million over the five-year period from 2018 to 2022, of which the Company has paid its portion of the contribution earmarked for fiscal year 2019.

The worldwide economy is expected to bottom out of the lowest growth rate after the financial crisis due to the easing of trade friction between the United States and China and the growing tendency of monetary easing in Europe and the United States. However, the economy is in an extremely unstable situation due to a number of risks, including the negative effect from coronavirus to the world economy, a resurgence of the U.S.-China conflict, growing tension in the Middle East, and uncertainties associated with the Brexit. Furthermore, extreme weather has been increasing all over the world in recent years, and damage from natural disasters such as typhoons and torrential rains is expanding in Japan as well. Under these circumstances, the business environment surrounding the Company is expected to become even more severe. However, the Company aims to achieve long-term growth and further increase its corporate value by steadily carrying out medium- to long-term measures to establish the Global Major Brand Kubota and by becoming a platformer that is truly needed by society as a result of its contribution to resolve the issues in the areas of food, water and the environment.

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

(3) Initiatives for Improving Corporate Value

1) Corporate Governance

(Basic Policy for Corporate Governance)

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

(Basic Strategy for Capital Policy)

Kubota Corporation's basic strategy for capital policy is to fully utilize capital in order to improve profitability, maintain an adequate level of capital to support future business expansion, and work to further enhance shareholder returns. Kubota Corporation will strive to sustainably enhance shareholder value with the well-balanced promotion of the three aforementioned policies.

(Policy on Decision of Appropriation of Surplus)

Kubota Corporation's basic policy for the returns of profit to shareholders is to maintain stable dividends and raise dividends together with flexible share buy-backs and retirement of treasury shares. Kubota Corporation recognizes appropriate returns of profit to shareholders is one of the most important management issues and will strive to expand it going forward, considering requirements of maintaining sound business operations as well as adapting to the future business environment.

Under this basic policy, the Company sets its consolidated dividend payout ratio target at 30%, and will work to achieve a total consolidated shareholder return ratio, including share buy-backs and retirement of treasury shares, that exceeds 30% every year.

Kubota Corporation decided at the meeting of the Board of Directors held on February 14, 2020 that it would pay ¥19 of the year-end dividend per common share commencing its payment on March 23, 2020. As a result, including the interim dividend of ¥17 per common share already paid, the annual dividend per common share for the year ended December 31, 2019 is ¥36.

2) Commitment to the Environment

The Group will contribute to the achievement of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

(Engaging in Environmental Management Practices)

The Group aims to balance both business growth and contribution to environmental conservation, and to achieve ongoing synergistic development with society. The Group formulates medium- to long-term targets pertaining to environmental conservation so that it is able to practice environmental management, and promotes initiatives globally.

Long-Term Environmental Conservation Targets 2030 (excerpt)

Increase the sales ratio of Eco-Products-certified-products* to 80% or over

* Environment-friendly products that satisfy the Group’s internal standards.

Medium-Term Environmental Conservation Targets 2020 (excerpt)

Global production sites (compared to the base year 2014)

Improve CO₂ emissions per unit of production by 14%

Improve waste discharge per unit of production by 10%

Improve water consumption per unit of production by 10%

(Expanding Environment-friendly Products and Services)

The Group conducts environmental assessment of products in the design and development stages, and promotes environment-friendliness over the entire product life cycle, from the procurement of raw materials to the disposal of products. The Group also internally certifies exceptionally environment-friendly products as Eco-Products, and is working to expand its lineup of certified products.

Supporting the recommendations* of the Task Force on Climate-related Financial Disclosures (TCFD)

* Recommendations for the voluntary disclosure by companies of the status of tackling climate change and its impacts on business, etc.

- For more details on the Group’s environmental conservation activities, please visit our website

<https://www.kubota.com/company/environment/index.html>

3) Involvement with Stakeholders

(a) Constructive Dialogue with Shareholders

Kubota Corporation promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the mid to long term. Kubota Corporation holds results briefings for domestic and foreign institutional investors,

company information sessions for individual investors, and factory tours. Going forward, Kubota Corporation will continue to actively engage in dialogue with all stakeholders.

(Dialogue with Individual Shareholders)

During the fiscal year ended December 31, 2019, Kubota Corporation held tours for shareholders at the Keiyo Plant (Chiba, Japan), which manufactures ductile iron pipes, at the Genmai Genkido (Kumamoto, Japan), which manufactures brown rice paste, and at a Kubota Farm (Kumamoto, Japan). As the result of participating in the tours and seeing a real manufacturing site, Kubota Corporation made shareholders' understanding of its business operations deeper. In addition, Kubota Corporation held corporate information sessions where the President and individual shareholders can communicate interactively and directly. Furthermore, Kubota Corporation participated in investor forums to explain the Group's business activities and management strategy widely.

(Dialogue with Institutional Investors and Analysts)

Kubota Corporation has approximately 320 individual and group meetings per year with institutional investors and analysts. In addition, Kubota Corporation holds a new product exhibition and a briefing on business operations in January, a results briefing for the year-end in February, and a results briefing for the first half in August. Furthermore, Kubota Corporation makes timely disclosure of its financial and other information in Japanese and English. Moreover, in accordance with the intent of fair disclosure rules, Kubota Corporation is working on early and fair disclosure of information by releasing on the corporate website the details of explanations and Q&A summaries from the results briefings for the first half and year-end, as well as supplementary information for results for the first quarter and third quarter.

In addition, Kubota Corporation regularly conducts tours of its domestic sites and overseas subsidiaries and briefings on business operations, etc. In 2019, Kubota Corporation held briefings on business operations themed on research and development at its Tokyo Head Office.

(b) Ties with Our Local Communities

The Group respects the cultures and customs of each country and region in which it conducts business, and endeavors to establish relationships of trust with local communities. Moreover, we proactively engage in activities geared to fulfilling our responsibilities as a corporate citizen.

(Kubota e-Project)

In an effort to contribute to society in the areas of food, water and the environment, the Group commenced the "Kubota e-Project" in FY 2008.

The Group engages in social contribution activities geared to contributing to the creation of a sustainable society, premised on its promises that it will keep supporting prosperous lives of humans while protecting the environment of this beautiful earth.

- For Developing the Next Generation -

◆ Visiting lectures (Japan)

The Group has hosted visiting lectures on subjects such as the "Relationship Between Kubota and SDGs" and "Agriculture in the Present and the Future" at schools and events throughout Japan.

◆ Drawing contests for elementary school students (France)

Kubota Farm Machinery Europe S.A.S. (France) has hosted a drawing contest in which drawings of tractors were submitted by 55 students from a nearby elementary school.

The submitted works were displayed within the plant, and employees voted for the best drawings; winners were presented with awards and miniature tractors at a school festival.

◆ Donating books for children (China)

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) donates books for children to provide the children in its neighborhoods with opportunities to read books.

- For the Better Environment -

◆ Kubota Forest (Japan)

The Group approved of the “Plan to Implement a Water Source Forest Created by Everyone,” which was formulated by the Tokyo Waterworks Bureau in order to respond to the urgent issue faced by the forest in the upper river basin of the Tama River, and concluded the “Tokyo Waterworks Bureau ~ Company Forest” agreement.

With this agreement, Kubota was offered a portion of forest in a drinking water catchment area (approx. 3 ha) and named it as “Kubota Forest,” and is creating a forest through forest conservation work experience, etc.

◆ Cooperation in rural community development programs (India)

Kubota Agricultural Machinery India Pvt. Ltd. has a cooperative arrangement with a local Rotary Club to regenerate wells for irrigation and for household water use, and to install facilities for water treatment to produce potable water.

(c) Creating a Lively Workplace

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 and consequently promotes initiatives to derive creativity from diversity.

(Creating Employment and Supporting the Creation of Working Environments for Persons with Disabilities)

The Group is engaged in the employment of persons with disabilities aimed at self-reliance support mainly at its special subsidiaries (Kubota Works Co., Ltd., Kubota Sun-Vege Farm Co., Ltd.) and Diversity Promotion Department of Kubota Staff Corporation. The Group works to create employment by proactively hiring persons with disabilities for work including cleaning operations at its business sites, safely and securely growing vegetables through hydroponic cultivation for use in and sales at company cafeterias, and clerical work agency.

(Working on the Promotion of Female Employees)

Kubota Corporation makes an effort to provide more opportunities for female employees, and has instituted job systems that enable both female and male employees to take childcare leave easily and work a reduced schedule, to promote an improved work-life balance among employees. In addition, Kubota Corporation has introduced the “Re-entry assistance” system that enables some employees, who retired previously from Kubota Corporation out of necessity when it became difficult to balance work with their home life, to have the opportunity to return to work at Kubota Corporation.

(Initiatives Aimed at Workstyle Reform)

Kubota Corporation launched the “Workstyle Reform Promotion Project Team (HKPT)” in 2018. The HKPT promotes activities to reduce and improve operations by allowing employees to “visualize operations” using IT and has realized increases in productivity of greater than 25% in operations that have already implemented these activities. Furthermore, Kubota Corporation proactively encourages employees to use their annual paid leave days, succeeding in having employees use 94.0% of their annual paid leave days in FY 2019.

(Initiatives Related to Sexual Minorities Including LGBT)

Working to create a workplace where diverse personnel can thrive regardless of sexual orientation or gender identity, in FY 2019, Kubota Corporation won “Silver” rating in the

“PRIDE Index” for LGBT-related internal corporate initiatives created by the voluntary association “work with Pride.”

(4) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

(IFRS)

Fiscal period (Business term)	Year ended December 31, 2017 (128th)	Year ended December 31, 2018 (129th)	Year ended December 31, 2019 (130th)
Revenue (in billions of yen)	1,751.0	1,850.3	1,920.0
Operating profit (in billions of yen)	200.0	189.3	201.7
Profit before income taxes (in billions of yen)	214.0	197.2	209.0
Profit attributable to owners of the parent (in billions of yen)	134.2	138.6	149.1
Earnings per share attributable to owners of the parent—Basic (in yen)	108.45	112.44	121.59
Total assets (in billions of yen)	2,832.4	2,895.7	3,139.3
Total equity (in billions of yen)	1,375.6	1,426.4	1,537.2
Equity attributable to owners of the parent (in billions of yen)	1,291.1	1,339.9	1,442.8
Equity attributable to owners of the parent per share (in yen)	1,046.55	1,087.44	1,182.72
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)	10.8	10.5	10.7

(U.S. GAAP)

Fiscal period (Business term)	Year ended December 31, 2016 (127th)	Year ended December 31, 2017 (128th)
Revenues (in billions of yen)	1,596.1	1,751.5
Operating income (in billions of yen)	188.8	198.8
Income before income taxes and equity in net income of affiliated companies (in billions of yen)	197.0	212.9
Net income attributable to Kubota Corporation (in billions of yen)	132.5	136.4
Net income attributable to Kubota Corporation per common share—Basic (in yen)	106.58	110.30
Total assets (in billions of yen)	2,670.6	2,853.9
Total equity (in billions of yen)	1,271.9	1,385.4
Kubota Corporation shareholders' equity (in billions of yen)	1,198.8	1,301.3
Kubota Corporation shareholders' equity per common share (in yen)	966.19	1,054.86
Ratio of net income attributable to Kubota Corporation to shareholders' equity (%)	11.3	10.9

(Notes) 1. The consolidated financial statements of the Company have been prepared in accordance with IFRS effective from the 129th business term. Financial statements for fiscal years predating the application of IFRS were prepared in accordance with U.S. GAAP.

2. Amounts less than presentation units are rounded.

2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended December 31, 2016 (127th)	Year ended December 31, 2017 (128th)	Year ended December 31, 2018 (129th)	Year ended December 31, 2019 (130th)
Net sales (in billions of yen)	754.7	844.1	885.3	897.5
Operating income (in billions of yen)	41.9	82.1	48.4	25.1
Ordinary income (in billions of yen)	68.0	127.4	90.7	73.2
Net income (in billions of yen)	51.7	95.4	73.8	58.2
Net income per common share— Basic (in yen)	41.58	77.12	59.92	47.51
Total assets (in billions of yen)	1,084.3	1,181.5	1,171.2	1,166.2
Total net assets (in billions of yen)	570.2	619.0	626.7	622.5
Net assets per common share (in yen)	459.49	501.66	508.51	510.16

(Notes) 1. Amounts less than presentation units are rounded down.

2. Kubota Corporation adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances from the 130th business term. To reflect the impact of these changes, Kubota Corporation has retrospectively adjusted the amounts for the 129th business term.

(5) Main Offices and Factories, and Material Affiliates

1) Kubota Corporation (As of December 31, 2019)

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

2) Material Affiliates (As of December 31, 2019)

Business name	Location	Common stock	Percentage of investment shares (%)	Principal business activity	
(Subsidiaries)					
Japan	Kubota Credit CO., LTD.	Osaka, Japan	¥ 0.5 billion	77.8 [22.9]	Retail financing to purchasers of farm equipment and related products
	Kubota ChemiX Co., Ltd.	Osaka, Japan	¥ 3.1 billion	100.0 [0.2]	Manufacturing and sales of plastic pipes and fittings
North America	Kubota North America Corporation	U.S.A.	US\$ 597 million	100.0	Administration of subsidiaries in North America
	Kubota Tractor Corporation	U.S.A.	US\$ 37 million	100.0 [100.0]	Sales of tractors, outdoor power equipment, construction machinery and implements
	Kubota Credit Corporation U.S.A.	U.S.A.	US\$ 8 million	100.0 [90.0]	Retail financing to purchasers of tractors, outdoor power equipment, construction machinery and implements
	Kubota Manufacturing of America Corporation	U.S.A.	US\$ 10 million	100.0 [100.0]	Manufacturing of tractors and outdoor power equipment
	Kubota Industrial Equipment Corporation	U.S.A.	US\$ 70 million	100.0 [100.0]	Manufacturing of tractors and implements, construction machinery
	Kubota Engine America Corporation	U.S.A.	US\$ 10 million	100.0 [100.0]	Sales, engineering and after-sales service of engines, engine parts and engine accessories
	Great Plains Manufacturing, Inc.	U.S.A.	US\$ 0.1 million	100.0 [100.0]	Manufacturing and sales of implements
	Kubota Canada Ltd.	Canada	Can\$ 6 million	100.0	Sales of tractors, outdoor power equipment, construction machinery and implements
Europe	Kubota Holdings Europe B.V.	Netherlands	EUR 532 million	100.0	Administration of subsidiaries in Europe
	Kubota Europe S.A.S.	France	EUR 56 million	100.0 [100.0]	Sales of construction machinery, tractors, outdoor power equipment and engines
	Kubota Baumaschinen GmbH	Germany	EUR 14 million	100.0 [100.0]	Manufacturing and sales of construction machinery
	Kverneland AS	Norway	EUR 53 million	100.0 [100.0]	Manufacturing and sales of implements
Asia	Kubota China Holdings Co., Ltd.	China	RMB 1,701 million	100.0	Administration of subsidiaries in China
	Kubota Agricultural Machinery (Suzhou) Co., Ltd.	China	RMB 170 million	100.0 [100.0]	Manufacturing and sales of combine harvesters, rice transplanners and tractors
	Kubota Construction Machinery (Wuxi) Co., Ltd.	China	RMB 289 million	100.0 [100.0]	Manufacturing of construction machinery

Business name		Location	Common stock	Percentage of investment shares (%)	Principal business activity
Asia	Kubota China Financial Leasing Ltd.	China	RMB 527 million	100.0 [100.0]	Finance leasing of construction machinery and farm equipment, and factoring service
	SIAM KUBOTA Corporation Co., Ltd.	Thailand	THB 2,739 million	60.0	Manufacturing and sales of tractors, combine harvesters, implements and horizontal type diesel engines, and sales of construction machinery
	Siam Kubota Leasing Co., Ltd.	Thailand	THB 2,000 million	100.0 [100.0]	Retail financing to purchasers of tractors and combine harvesters
	Kubota Engine (Thailand) Co., Ltd.	Thailand	THB 1,400 million	100.0	Manufacturing of vertical type diesel engines
Australia	Kubota Australia Pty Ltd.	Australia	A\$ 21 million	100.0	Sales of tractors, outdoor power equipment, construction machinery and engines
(Equity method affiliate)					
Japan	KMEW Co., Ltd.	Osaka, Japan	¥ 8.0 billion	50.0	Manufacturing and sales of roofing, siding materials and rain gutters

- (Notes) 1. Figures in square brackets represent ratio of indirect holding shares to total shares of each subsidiary, which is included in total percentage of investment shares.
2. As of December 31, 2019, the Company had 174 consolidated subsidiaries (including the 22 companies listed above).
3. Consolidated financial results for the year ended December 31, 2019 were described in "1. Item of Overview of Operations, (1) Review of Operations."

3) Other Major Affiliates

Business name		Location
Japan	Hokkaido Kubota and other sales companies of farm equipment	
	KUBOTA Construction Machinery Japan Corporation	Osaka, Osaka
	Kubota Air Conditioner, Ltd.	Chuo-ku, Tokyo
	Nippon Plastic Industry Co., Ltd.	Komaki, Aichi
	Kubota Environmental Service Co., Ltd.	Chuo-ku, Tokyo
	Kubota Construction Co., Ltd.	Osaka, Osaka
North America	Kubota Materials Canada Corporation	Canada
Europe	Kubota Farm Machinery Europe S.A.S	France
	Kubota (Deutschland) GmbH	Germany
	Kubota (U.K.) Ltd.	U.K.
Middle East	Kubota Saudi Arabia Company, LLC	Kingdom of Saudi Arabia

(6) Main Line of Business (As of December 31, 2019)

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

Segment	Primary products and services
Farm & Industrial Machinery	
Farm equipment and agricultural-related products	Tractors, Power tillers, Combine harvesters, Rice transplanters, Turf equipment, Utility vehicles, Other agricultural machineries, Implements, Attachments, Post-harvest machineries, Vegetable production equipment, Other equipment for agricultural use, Cooperative drying facilities, Rice seedling facilities, Rice mill plants, Gardening facilities, Scales, Weighing and measuring control systems, Air-conditioning equipment, and Air purifier with humidification function
Engines	Engines (for farming, construction, industrial machinery and generators)
Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders and Other construction machinery related products
Water & Environment	
Pipe- and Infrastructure-related products	Ductile iron pipes, Plastic pipes, Valves, Single stack drain fittings, Design and construction of construction works, Reformer & Cracking tubes, Hearth rolls, Rolls for steel mills, Ceramics, TXAX (friction materials), and Spiral welded steel pipes (steel pipe pile, steel pipe sheet pile)
Environment-related products	Waste water treatment equipment and plants, Pumps and plants, Membrane solutions, Water purification plants, Night-soil treatment plants, Waste incinerating and melting plants, Waste shredding and sorting plants, Flue gas desulfurization apparatus, Membrane methane fermentation plants, Wastewater Treatment Plant (Johkasou), and Bathtubs
Other	
Services such as logistics, financing, and Roofing and siding materials	

(7) Capital Expenditures

For the year ended December 31, 2019, the Company made capital expenditures totaling ¥86.7 billion, including investments for the establishment of a new R&D center in Japan, enhancement of IT infrastructure, and manufacturing of new products.

(8) Financing

Funds for capital expenditures were obtained mainly from the Company's internal resources. On the other hand, funds for sales financing operations were obtained mainly from borrowings.

(9) Employees (As of December 31, 2019)**1) Consolidated Basis**

Number of employees	Change from prior fiscal year-end
41,027	+825

(Note) The number of employees indicates the number of full-time employees.

2) Kubota Corporation

Number of employees	Change from prior fiscal year-end
11,396	+170

(Note) The number of employees indicates the number of full-time employees.

(10) Main Financing Bank (As of December 31, 2019)

Name	Balance of the loan
Mizuho Bank, Ltd.	¥169.5 billion
The Norinchukin Bank	¥103.3 billion
MUFG Bank, Ltd.	¥96.6 billion

2. Item on Shares of Kubota Corporation

(1) Information on the Shares (As of December 31, 2019)

- 1) **Total Number of Authorized Common Shares:** 1,874,700,000 shares
- 2) **Total Number of Common Shares Issued:** 1,220,576,846 shares
(including 311,515 shares of treasury shares)
- 3) **Number of Shareholders:** 44,523 shareholders
- 4) **Number of Shares Per Unit of Shares:** 100 shares
- 5) **Major Shareholders (Top 10)**

Name	Number of Shares Held (thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	113,678	9.32
Nippon Life Insurance Company	62,542	5.13
Meiji Yasuda Life Insurance Company	59,929	4.91
Japan Trustee Services Bank, Ltd. (Trust Account)	52,882	4.33
Sumitomo Mitsui Banking Corporation	36,006	2.95
Mizuho Bank, Ltd.	31,506	2.58
Moxley & Co. LLC	24,838	2.04
BNYM TREATY DTT 15	24,688	2.02
Japan Trustee Services Bank, Ltd. (Trust Account 5)	21,533	1.76
Japan Trustee Services Bank, Ltd. (Trust Account 7)	21,375	1.75

(Note) Holding ratio is calculated excluding treasury shares as of December 31, 2019.

(2) Acquisition, Retirement, and Holding of Treasury Share

1) Treasury Share Acquired during This Fiscal Year

- Common share: 12,253,502 shares
Total amount of shares acquired: ¥ 20,002,535,352

2) Treasury Share Retired during This Fiscal Year

- Common share: 11,980,000 shares
Date of retirement: September 30, 2019

3) Treasury Share Held as of December 31, 2019

- Common share: 311,515 shares

(3) Other Important Matters Concerning Shares of Kubota Corporation

Kubota Corporation has disposed of 64,250 treasury shares as of April 19, 2019, in order to grant restricted stock to six Directors (excluding Outside Directors) under the restricted stock compensation plan.

(4) Policy for Cross-shareholdings

Kubota Corporation 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, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration

of business relationships and the business strategies. Kubota Corporation'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 the fiscal year ended December 31, 2019, Kubota Corporation sold ¥19.7 billion of its listed equity securities.

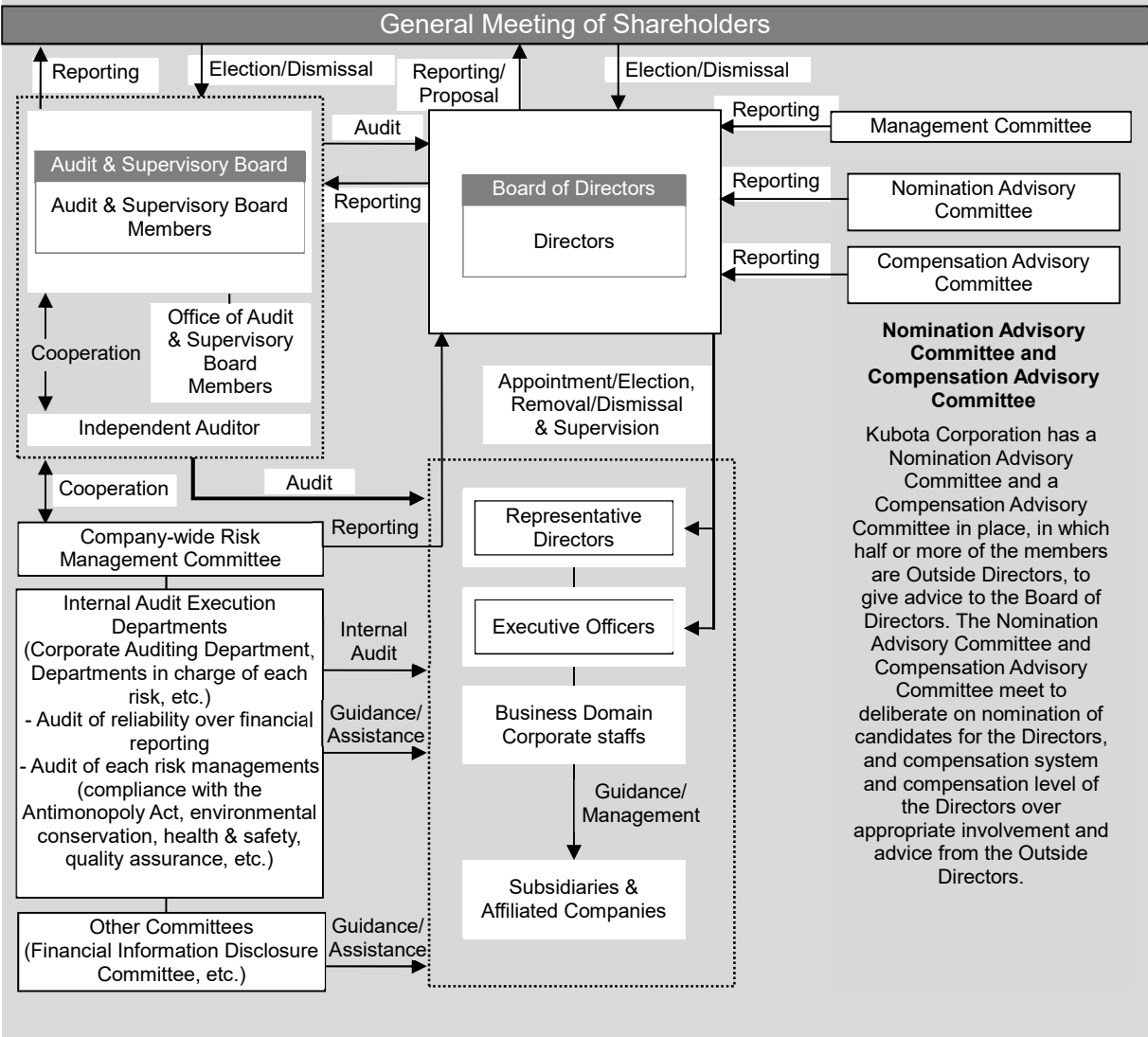
3. Item of Directors, Audit & Supervisory Board Members and Executive Officers of Kubota Corporation

(1) Policy of Organization Structure

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

	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objectives	To make strategic decisions and oversee the execution of duties by the Executive Officers	To oversee and audit the execution of duties by the Directors	To check the status of execution of duties by the Executive Officers and make prompt and proper management decisions
Members	Nine Directors (three of whom are the Outside Directors)	Four Audit & Supervisory Board Members (two of whom are the Outside Audit & Supervisory Board Members)	President and Representative Director and 36 Executive Officers
Frequency of meetings	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	Executive Officers are instructed on and notified of policies and decisions made by the Board of Directors. The Executive Officers report the status of their execution of duties.

Corporate Governance Structure (As of January 1, 2020)



Nomination Advisory Committee and Compensation Advisory Committee
 Kubota Corporation has a Nomination Advisory Committee and a Compensation Advisory Committee in place, in which half or more 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.

(2) Activity Report of the Nomination Advisory Committee and the Compensation Advisory Committee

The Nomination Advisory Committee met once during the fiscal year for the purpose of deliberating the nomination of candidates for Directors and the nomination of Advisers. Meanwhile, the Compensation Advisory Committee met three times during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors, Executive Officers and Advisers, and the adequacy of the stock compensation system. (Including one resolution in writing).

Composition of Members (as of January 1, 2020)

Those in brackets [] indicate percentage of attendance.

■ Nomination Advisory Committee

• Chairman and Representative Director	Masatoshi Kimata	[100%]
• President and Representative Director	Yuichi Kitao	[*]
• Director and Executive Vice President	Masato Yoshikawa	[100%]
• Outside Director	Yuzuru Matsuda	[100%]
• Outside Director	Koichi Ina	[100%]
• Outside Director	Yutaro Shintaku	[100%]

* No committee meetings were held after his appointment on January 1, 2020.

■ Compensation Advisory Committee

• Director and Executive Vice President	Masato Yoshikawa	[100%]
• Managing Executive Officer	Kazuhiro Kimura	[100%]
• Outside Director	Yuzuru Matsuda	[100%]
• Outside Director	Koichi Ina	[100%]
• Outside Director	Yutaro Shintaku	[100%]
(Observer)		
• Outside Audit & Supervisory Board Member	Masaki Fujiwara	[100%]

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

Position	Name	Their Activities
Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.
Director	Koichi Ina	Mr. Koichi Ina attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.
Director	Yutaro Shintaku	Mr. Yutaro Shintaku attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. He exercised his considerable experience and extensive knowledge mainly in corporate management and provided various statements about overall management based on his viewpoints of business management and business strategy.
Audit & Supervisory Board Member	Masaki Fujiwara	Mr. Masaki Fujiwara attended all 12 meetings of the Board of Directors and all 15 Audit & Supervisory Board Meetings held during the fiscal year, and attended every meeting of the Compensation Advisory Committee as observer. He mainly provided various statements such as opinions based on his considerable experience as an executive of listed company in management, accounting, and overseas operations and his expert viewpoints. Furthermore, he also attended regular meetings with Representative Directors and regular meetings with Outside Directors and expressed opinions.
Audit & Supervisory Board Member	Kumi Arakane	Ms. Kumi Arakane attended all 10 meetings of the Board of Directors and all 12 Audit & Supervisory Board Meetings held after her appointment on March 22, 2019. She mainly provided various statements such as opinions based on her considerable experience as an executive of listed company in product development, research, quality control and purchasing and her expert viewpoints. Furthermore, she also attended regular meetings with Representative Directors and regular meetings with Outside Directors and expressed opinions.
Audit & Supervisory Board Member	Masato Hinenoya	Mr. Masato Hinenoya attended 1 of 3 meetings of the Board of Directors and 3 of 4 Audit & Supervisory Board Meetings held after his appointment on March 22, 2019 until his resignation effective May 31, 2019. He mainly provided various statements such as opinions based on his considerable experience in accounting and financial matters and his expert viewpoints. Furthermore, he also attended regular meetings with Outside Directors and expressed opinions.

(4) Evaluating the Effectiveness of the Board of Directors

At the end of each fiscal year, Kubota Corporation holds an evaluation of the effectiveness of the Board of Directors for the continuous improvement of its corporate governance.

A self-evaluation was conducted for fiscal year 2019 in December 2019 using a questionnaire created by a third-party organization. The appropriate number of questions on the questionnaire was revised based on the opinions of the previous fiscal year's questionnaire results, and individual questions were added.

Evaluation method

Evaluation format:	Questionnaire (Multiple choice <17 items, 38 questions>) and free-response questions <two questions>)
Respondents:	All Directors and Audit & Supervisory Board Members (total 13 persons)
Questionnaire items:	Composition of the Board of Directors/ members' roles and contributions/ leadership of the Chairman/ operations of the Board of Directors/ setting of corporate strategy and trajectory/ risk management/ analysis of management decisions/ sound decisions/ response to stakeholders/ monitoring of management resources (people, things, money)/ monitoring of execution and performance/ culture of the Board/ generation of synergies/ supervision of advisory committee/ effectiveness of committees corresponding to nomination and compensation/ supervision of succession planning/ application of the effectiveness evaluation

The results of the questionnaire were discussed at the December 2019 meeting of the Board of Directors, and future issues and measures for improvement were confirmed. The results of the evaluation indicate that Kubota Corporation's Board of Directors is functioning effectively, sufficiently exercising both its decision-making function and supervisory function. In particular, the evaluation showed that reporting the progress of important matters and improvement of Board of Directors materials improved from the previous fiscal year. On the other hand, recommendations were provided on securing more diversity of the Board of Directors, as well as improving discussion regarding medium- to long-term growth strategies. Going forward, Kubota Corporation will make improvements based on these results to maximize the utilization of the Board of Directors' supervisory function.

(5) Training for Executives

Kubota Corporation holds annual executive forums related to CSR, human rights, health and safety, the environment, quality and other topics, for all of its Directors, Audit & Supervisory Board Members and Executive Officers. In the fiscal year ended December 31, 2019, such forums were held on four occasions. Visiting lecturers were brought in, and those in attendance were provided with opportunities to acquire and update knowledge necessary for supervising operations. Kubota Corporation also conducts training hosted by external organizations for all newly appointed Executive Officers, featuring content pertaining to laws and regulations, and corporate governance. Moreover, Kubota Corporation conducts inspections and engages in discussions with on-site executives at its overseas affiliates, and at the regional offices in Japan, so that those in attendance can gain a deeper understanding of the Group's business activities and make appropriate management decisions.

(6) Remuneration, etc. for Directors and Audit & Supervisory Board Members

Title	Number of recipients (persons)	Total amount of remuneration, etc. (millions of yen)	Total amount by type (millions of yen)		
			Basic remuneration	Bonuses	Restricted stock compensation
Directors (excluding Outside Directors)	9	662	372	201	88
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	71	71	–	–
Outside Directors and Outside Audit & Supervisory Board Members	8	81	81	–	–

- (Notes)
1. The amounts of restricted stock compensation are those shown as expenses for the fiscal year ended December 31, 2019.
 2. Directors' bonuses of ¥201 million are planned to be resolved at the 130th Ordinary General Meeting of Shareholders to be held on March 19, 2020.
 3. The above includes the remuneration of three Directors and two Outside Audit & Supervisory Board Members who retired due to expiration of the terms of office at the conclusion of the 129th Ordinary General Meeting of Shareholders held on March 22, 2019 and one Outside Audit & Supervisory Board Member who resigned on May 31, 2019.

(7) Policy for Determination of Remuneration, etc. and its Calculation Method for Directors and Audit & Supervisory Board Members

The remuneration for the Directors (excluding Outside Directors) consists of basic remuneration, which is set by corporate rank, variable remuneration (bonuses for Directors) which acts as a short-term incentive linked to performance in a single fiscal year, and restricted stock compensation which is regarded as a medium- to long-term incentive. 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 basic remuneration 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, in consideration of operating results, compensation levels of other companies, and other factors.

The total amount of bonuses is decided by the General Meeting of Shareholders after setting, for each corporate rank, the bonus amount linked to "profit attributable to owners of the parent," which represents results of business activities and is an indicator of capital for shareholder returns, and taking into consideration the degree of performance achievement in organizations of which the individual is in charge.

Moreover, the amount of stock compensation is decided within the limits established by the total amount of the monetary compensation claims and the total number of common shares to be issued or disposed of as approved at the General Meeting of Shareholders.

When the bonuses for Directors proposed at this General Meeting of Shareholders are paid, they will generally be at a ratio of 6:4 between non-performance linked remuneration (basic remuneration, stock compensation) and performance-linked remuneration for the fiscal year (bonuses).

Note that, each fiscal year, the Compensation Advisory Committee reviews the appropriateness of the Company's compensation level based mainly on surveys about compensation level of other major domestic corporations provided by external organizations.

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

(8) Overview of Agreements on Limitation of Liabilities of Outside Directors and Outside Audit & Supervisory Board Members

Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation enters into agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members to limit their liabilities for damages. The maximum amount of their liabilities under these agreements is the amount provided for in laws and regulations.

(9) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2019)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
President and Representative Director	Masatoshi Kimata	
Representative Director and Executive Vice President	Yuichi Kitao	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center
Director and Senior Managing Executive Officer	Masato Yoshikawa	General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters
Director and Senior Managing Executive Officer	Shinji Sasaki	General Manager of Research and Development Headquarters, Deputy General Manager of Innovation Center
Director and Senior Managing Executive Officer	Toshihiko Kurosawa *	General Manager of Water and Environment Infrastructure Consolidated Division, General Manager of Tokyo Head Office
Director and Senior Managing Executive Officer	Dai Watanabe *	General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, Deputy General Manager of Innovation Center
Director	Yuzuru Matsuda	Director of BANDAI NAMCO Holdings Inc., Director of JSR Corporation, Director Emeritus of Kato Memorial Bioscience Foundation
Director	Koichi Ina	Director of Sansha Electric Manufacturing Co., Ltd.
Director	Yutaro Shintaku	Director of Santen Pharmaceutical Co., Ltd., Director of J-Oil Mills, Inc., Executive Trustee of Tonen International Scholarship Foundation, Special Professor of Hitotsubashi University Business School, Director of KOZO KEIKAKU ENGINEERING Inc.
Audit & Supervisory Board Member (Full-time)	Toshikazu Fukuyama	
Audit & Supervisory Board Member (Full-time)	Yasuhiko Hiyama	
Audit & Supervisory Board Member	Masaki Fujiwara	Director and Senior Managing Executive Officer of Sansha Electric Manufacturing Co., Ltd.
Audit & Supervisory Board Member	Kumi Arakane *	

(Notes) 1. Messrs. Yuzuru Matsuda, Koichi Ina and Yutaro Shintaku are Outside Directors.

2. Mr. Masaki Fujiwara and Ms. Kumi Arakane are Outside Audit & Supervisory Board Members.

3. Kubota Corporation reported to the TSE that all Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors/Audit & Supervisory Board Members defined by the TSE.

4. Mr. Masaki Fujiwara has sufficient knowledge relating to accounting and finance.

5. Kubota Corporation has no special relationship with BANDAI NAMCO Holdings Inc., JSR Corporation, and Kato Memorial Bioscience Foundation, of which Mr. Yuzuru Matsuda currently holds important posts.

Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Koichi Ina currently holds an important post.

Kubota Corporation has no special relationship with Santen Pharmaceutical Co., Ltd., J-Oil Mills, Inc., Tonen International Scholarship Foundation and Hitotsubashi University Business School, of which Mr. Yutaro Shintaku currently holds important posts. Although Kubota Corporation has business transactions with KOZO KEIKAKU ENGINEERING Inc., the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of KOZO KEIKAKU ENGINEERING Inc.

Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Masaki Fujiwara currently holds an important post.

Ms. Kumi Arakane was an Audit & Supervisory Board Member of KOSÉ Corporation, and she retired the company on June 27, 2019. Kubota Corporation has no special relationship with the company.

Audit & Supervisory Board Member Mr. Masato Hinenoya, who resigned on May 31, 2019, was Representative of Hinenoya CPA Office. Kubota Corporation has no special relationship with the office.

6. Changes of Directors and Audit & Supervisory Board Members during the fiscal year ended December 31, 2019
- 1) Each Director or Audit & Supervisory Board Member indicated by an asterisk (*) in the above table was newly elected at the 129th Ordinary General Meeting of Shareholders held on March 22, 2019 and assumed their office.
 - 2) Director Messrs. Toshihiro Kubo, Shigeru Kimura and Kenshiro Ogawa, Audit & Supervisory Board Member Messrs. Akira Morita and Teruo Suzuki retired at the conclusion of the 129th Ordinary General Meeting of Shareholders held on March 22, 2019. Audit & Supervisory Board Member Mr. Masato Hinenoya retired on May 31, 2019. He was a certified public accountant and had sufficient knowledge relating to accounting and finance.
7. The following changes have been effective as of January 1, 2020.

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Chairman and Representative Director	Masatoshi Kimata	
President and Representative Director	Yuichi Kitao	
Director and Executive Vice President	Masato Yoshikawa	General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters
Director and Senior Managing Executive Officer	Shinji Sasaki	General Manager of Research and Development Headquarters
Director and Senior Managing Executive Officer	Dai Watanabe	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center

8. Kubota Corporation appointed Executive Officers who do not hold concurrent position as Director as follows on January 1, 2020.

Executive Officers indicated by an asterisk (*) in the below table were newly appointed on January 1, 2020.

Executive Officers who do not hold concurrent position as Director (as of January 1, 2020)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Senior Managing Executive Officer	Haruyuki Yoshida	President of Kubota Tractor Corporation, President of Kubota North America Corporation
Senior Managing Executive Officer	Yuji Tomiyama	General Manager of Tractor Division
Managing Executive Officer	Kunio Suwa	General Manager of CSR Planning and Coordination Headquarters
Managing Executive Officer	Kaoru Hamada	Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment R&D
Managing Executive Officer	Yasuo Nakata	General Manager of Quality Assurance Headquarters
Managing Executive Officer	Kazuhiro Kimura	General Manager of Human Resources and General Affairs Headquarters, General Manager of Head Office, General Manager of Kubota Technical Training Center
Managing Executive Officer	Takao Shomura	General Manager of Procurement Headquarters
Managing Executive Officer	Kazunari Shimokawa	President of Kverneland AS, President of Kubota Holdings Europe B.V.
Managing Executive Officer	Mutsuo Uchida	Deputy General Manager of Water and Environment Infrastructure Consolidated Division
Managing Executive Officer	Nobuyuki Ishii	General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, General Manager of ASEAN Farm and Industrial Machinery Strategy and Operations Headquarters, Deputy General Manager of Innovation Center
Managing Executive Officer	Kazuhiro Shinabe	General Manager of Environmental Solutions Division
Managing Executive Officer	Ryuichi Minami	General Manager of Harvester and Transplanter Division
Managing Executive Officer	Yoshimitsu Ishibashi	Deputy General Manager of Tractor Division, General Manager of Compact Tractor Division

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Managing Executive Officer	Yasukazu Kamada	General Manager of Engine Division
Managing Executive Officer	Katsuhiko Yukawa	General Manager of Construction Machinery Division
Managing Executive Officer	Ryoji Kuroda	General Manager of Health and Safety Promotion Headquarters
Managing Executive Officer	Eiji Yoshioka	General Manager of Pipe Systems and Infrastructure Division
Managing Executive Officer	Hiroto Kimura	Deputy General Manager of Research and Development Headquarters, Deputy General Manager of Innovation Center, Deputy General Manager of ASEAN Farm and Industrial Machinery Strategy and Operations Headquarters
Executive Officer	Muneji Okamoto	General Manager of Farm and Industrial Machinery Engineering Headquarters
Executive Officer	Koichiro Kan	General Manager of Agricultural Tractor Division
Executive Officer	Hirohiko Arai	President of Kubota Manufacturing of America Corporation, President of Kubota Industrial Equipment Corporation
Executive Officer	Tomohiro Iitsuka	General Manager of Farm Machinery Japan Operation, President of Kubota Agri Service Corporation
Executive Officer	Kazushi Ito	Deputy General Manager of Planning and Control Headquarters, General Manager of Corporate Planning and Control Department
Executive Officer	Koichi Yamamoto	General Manager of Manufacturing Headquarters
Executive Officer	Mampe Yamamoto	General Manager of Sakai Plant, General Manager of Sakai Training Center
Executive Officer	Hitoshi Inada	Deputy General Manager of Pipe Systems and Infrastructure Division, General Manager of Pipe Systems Business Unit
Executive Officer	Shingo Hanada	General Manager of Outdoor Power Equipment Division
Executive Officer	Nobushige Ichikawa	President of KUBOTA EUROPE S.A.S., Vice President of Kubota Holdings Europe B.V.
Executive Officer	Shinichi Fukuhara *	Deputy General Manager of Environmental Solutions Division, General Manager of Environmental Engineering Business Unit
Executive Officer	Hideki Mori *	General Manager of Customer Solutions Division, General Manager of Customer Solutions Division, Business Strategy Planning Department
Executive Officer	Junji Ota *	General Manager of Farm and Industrial Machinery Strategy and Operations Department
Executive Officer	Takanobu Azuma *	President of SIAM KUBOTA Corporation Co., Ltd., President of Kubota Research & Development Asia Co., Ltd.

4. Independent Auditor

(1) Name of the Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation, etc. for the Independent Auditor for the Fiscal Year Ended December 31, 2019

1) Amount of compensation, etc. paid to the Independent Auditor for the fiscal year ended December 31, 2019	¥302 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥325 million

- (Notes)
1. The Audit & Supervisory Board confirmed and deliberated the content of the Independent Auditor's audit plans, the appropriateness of the status of the duties executed on audit, and calculation base of estimated amount of compensation, with related materials and reports from the Directors, relevant divisions of Kubota Corporation, and the Independent Auditor. Consequently, the Audit & Supervisory Board concluded that they were appropriate and agreed to the above amount.
 2. The compensation for audit is not divided into the compensation related to the Companies Act and the compensation related to the Financial Instruments and Exchange Act in the audit contract between Kubota Corporation and the Independent Auditor, as it is substantially impossible. Therefore, the amount 1) described above is a total amount of the compensation of both audits.
 3. Among Kubota Corporation's material subsidiaries, Kubota Tractor Corporation and other 19 material subsidiaries are audited by the accounting firms other than the Independent Auditor of Kubota Corporation.

(3) Policies for Determining Dismissal or Non-Reappointment of the Independent Auditor

- 1) In the case that the Independent Auditor falls under any of the items of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the Independent Auditor by unanimous approval of the Audit & Supervisory Board Members.
- 2) In the case that the Independent Auditor is not qualified or eligible to execute duties as the accounting auditor pursuant to disqualifying reasons of Article 337, paragraph 3 of the Companies Act, and that it is appropriate not to reappoint it as the Independent Auditor, comprehensively taking into account the status of the duties executed on audit and other factors, the Audit & Supervisory Board may submit a proposal to dismiss or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.

5. Item of Systems to be Developed to Establish Internal Control Systems

Kubota Corporation has set and is implementing the following ten systems to ensure the appropriateness of its business operations.

(1) System to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws and Regulations, and the Articles of Incorporation

As the basis of this system to ensure that the Directors, the Executive Officers, and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct” to be observed by all Directors, the Executive Officers, and employees of Kubota Corporation and its subsidiaries.

Under the Company-Wide Risk Management Committee, the department in charge designated for each category of management risks (hereinafter referred to as the “department in charge”) undertakes such activities as education and training to promote compliance with laws and ethical norms, and performs internal audits.

In addition, based on the operational regulations of “Operation of the Whistle Blowing System,” which includes rules to protect whistle blowers, Kubota Corporation has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation. The aim of this system is to discover at an early stage any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring.

(2) System Related to the Safekeeping and Management of Information Regarding Kubota Corporation Directors’ Execution of Duties

Kubota Corporation properly holds in custody and controls information on the execution of duties by the Directors and Executive Officers in accordance with its in-house rules and regulations, which include the “Regulations on Custody of Documents” and other items. Kubota Corporation also maintains a system for making such documents available for examination, as necessary.

(3) Rules and Regulations on the Management of Risks of Losses and Other Systems

Kubota Corporation manages risks of compliance, environment, health and safety, disasters, quality, and other matters relating to the performance of business operations of the Group as a whole by having departments in charge or committees under the control of the Company-Wide Risk Management Committee provide internal rules and regulations, manuals, and other guidelines to respond to the risks of the Group as a whole.

In order to respond to new risks arising in the Group, the Company-Wide Risk Management Committee will determine the department in charge, and the new risks will be managed by the said department.

(4) System to Ensure the Efficient Execution of Duties by Directors

The Board of Directors decides management execution policies, matters set forth in laws and regulations, and other important matters regarding management, while also overseeing the execution of duties by the Directors and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the Executive Officers about policies and resolutions decided by the Board of Directors. The progress of execution of their duties is reported to the President and Representative Director by the Executive Officers.

Kubota Corporation enhances efficiency of its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and

Representative Director and other Executive Officers, to decide important management matters. Kubota Corporation also implements multifaceted deliberations in the “Investment Council,” mainly consisting of the Executive Officers in charge of administrative departments, to discuss other important investment projects. The results of these discussions are reported to the Board of Directors or the like to enhance the effectiveness of the system, in accordance with the operational regulations of “Operation of the Management Committee and Investment Council.”

(5) System to Ensure Proper Business Operations within the Group, Consisting of Kubota Corporation and Its Subsidiaries

- (a) To create a Group-Wide control environment, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct,” and the philosophies contained in this charter and code of conduct are shared throughout the Group. To ensure proper business operations of the Group, Kubota Corporation sets its in-house rules and regulations and establishes proper internal control systems. The status of the design and operation of internal control systems related to management risks, including the internal control systems over financial reporting, is audited by the internal auditing department, and departments in charge, after self-audits performed by each department of Kubota Corporation and its subsidiaries, and the results of such audits are reported to the Directors in charge, the Chairman of the Company-Wide Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.
- (b) Kubota Corporation manages its subsidiaries in accordance with the subsidiary management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties by their executives to the department in charge at Kubota Corporation. Kubota Corporation emphasizes the business connections between the subsidiaries and the operating divisions of Kubota Corporation and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. Kubota Corporation then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

(6) System for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems Related to Reports to Audit & Supervisory Board Members

Kubota Corporation has established a system for the Directors, the Executive Officers, and employees of Kubota Corporation and its subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay. This is in addition to the matters that need to be reported in accordance with laws and regulations. Persons who have reported to the Audit & Supervisory Board Members will not be treated disadvantageously as a result of making their reports.

- (a) Matters that could affect Kubota Corporation’s management;
- (b) Contents of internal audits performed by the internal auditing department and departments in charge;
- (c) Contents of whistle blowing revealed through the “Kubota Hotline”; and
- (d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members

(7) Matters Related to Employees who are Requested to Assist Audit & Supervisory Board Members in Their Duties

Kubota Corporation has established the Office of Audit & Supervisory Board Members and assigns employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

(8) Matters Related to the Independence of the Employees, as Defined in Item (7) Above, from Directors and Matters Related to Ensuring the Effectiveness of the Instructions Given by Audit & Supervisory Board Members to Those Employees

The employees defined in Item (7) above fully comply with the instructions given by the Audit & Supervisory Board Members and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment and evaluation of the employees defined in Item (7) are made after consultation and agreement between the Director in charge of the Human Resources Department and the Audit & Supervisory Board Members.

(9) Policy Related to the Processing of Expenses Incurred in the Execution of the Duties of Audit & Supervisory Board Members

To pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, Kubota Corporation prepares a budget each year and also processes the payment smoothly based on the requests from the Audit & Supervisory Board Members for the processing of any emergency or incidental expenses, or repayments incurred in their execution of the duties.

(10) Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (a) The President and Representative Director of Kubota Corporation has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that Kubota Corporation must deal with, the improvement of audit environments, and other issues.
- (b) The Audit & Supervisory Board Members explain their audit policies and audit plans to the Board of Directors, and the Directors make efforts to improve communication with the Audit & Supervisory Board Members to enhance the exchange of information and establish effective cooperation with the Audit & Supervisory Board Members.

Main Measures Implemented This Period

The Following Is an Outline of the Measures Implemented This Period Based on the Item of Systems to be Developed to Establish Internal Control Systems.

- The Company-Wide Risk Management Committee took a central role and implemented education and internal audits for legal and ethical compliance directed toward the Group including its overseas subsidiaries, in accordance with the activity policies decided at the start of the period based on the operational regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board Members, and others.
- Revisions of the in-house rules, regulations, and manuals, in response to the enactment and revision of laws and regulations as well as changes in management risks were promoted.
- The “Kubota Hotline” was instituted as a whistle blowing system, which accepted reports from and provided consultation to Group employees and others and implemented the responses necessary in the departments in charge. A contact point of the Kubota Hotline to outside lawyers was established as a point of contact for improved accessibility. Each company is also carrying out operations in stages to arrange whistle blowing systems and consultation offices, even at overseas subsidiaries.
- Based on the Regulations of the Board of Directors, the Board of Directors met and decided matters such as the management execution policies. Also, reports were presented and deliberations were conducted at the Executive Officers’ Meeting, Management Committee, and Investment Council to improve the efficiency of the execution of duties. Also, three Outside Directors, who are independent from the execution of duties, have been appointed to reinforce the supervisory functions of the Board of Directors regarding the execution of duties by the Directors and Executive Officers. Furthermore, Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee met to deliberate on nomination of candidates for the Directors, and the compensation system of the Directors over appropriate involvement and advice from the Outside Directors.
- In accordance with the subsidiary management regulations, Kubota Corporation received reports from these companies on the status of their business operations, and their management plans were also discussed in the management review committees. In addition, the departments in charge worked together with the primary managing departments to instruct the subsidiaries to develop and operate internal control systems and to continuously observe and execute them, as well as perform audits based on the risk management activity policy and action plan.
- The necessary reports were made appropriately to the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members, by reporting on items thought to affect management at important meetings such as the Board of Directors and by reporting on the details reported on the “Kubota Hotline.” To ensure the effectiveness of the execution of duties by the Audit & Supervisory Board Members, the Office of Audit & Supervisory Board Members has been staffed with dedicated employees, and the payment of the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members was performed smoothly. In addition, the President and Representative Director met regularly with the Audit & Supervisory Board Members to work to improve mutual understanding between the Directors and the Audit & Supervisory Board Members and to perform any exchange of information necessary. Accordingly, the monitoring of Kubota Corporation’s Internal Control Systems overall was implemented by the Audit & Supervisory Board Members.

Consolidated Statement of Financial Position

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

December 31:	2019	2018 (Reference)
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 199,665	¥ 229,123
Trade receivables	682,596	660,401
Finance receivables	293,933	267,262
Other financial assets	71,968	54,373
Inventories	382,401	370,698
Income taxes receivable	6,287	4,416
Other current assets	82,034	53,250
Total current assets	1,718,884	1,639,523
Noncurrent assets:		
Investments accounted for using the equity method	33,729	30,611
Finance receivables	699,238	621,886
Other financial assets	148,936	151,198
Property, plant, and equipment	405,349	330,034
Goodwill and intangible assets	60,986	49,948
Deferred tax assets	46,984	50,055
Other noncurrent assets	25,212	22,400
Total noncurrent assets	1,420,434	1,256,132
Total assets	¥ 3,139,318	¥ 2,895,655

(Continued on the following page)

(Unit: millions of yen)

December 31:	2019	2018 (Reference)
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings	¥ 386,538	¥ 349,060
Trade payables	293,774	306,759
Other financial liabilities	78,860	57,402
Income taxes payable	18,611	9,353
Provisions	31,001	22,415
Other current liabilities	192,959	177,834
Total current liabilities	1,001,743	922,823
Noncurrent liabilities:		
Bonds and borrowings	516,443	490,205
Other financial liabilities	30,247	4,727
Retirement benefit liabilities	15,773	14,498
Deferred tax liabilities	32,984	29,308
Other noncurrent liabilities	4,914	7,661
Total noncurrent liabilities	600,361	546,399
Total liabilities	1,602,104	1,469,222
Equity:		
Equity attributable to owners of the parent:		
Share capital	84,130	84,130
Share premium	84,671	85,305
Retained earnings	1,238,824	1,135,395
Other components of equity	35,849	35,343
Treasury shares	(637)	(323)
Total equity attributable to owners of the parent	1,442,837	1,339,850
Noncontrolling interests	94,377	86,583
Total equity	1,537,214	1,426,433
Total liabilities and equity	¥ 3,139,318	¥ 2,895,655

* The accompanying notes are an integral part of these statements.

Consolidated Statement of Profit or Loss

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

Year ended December 31:	2019	2018 (Reference)
Revenue	¥ 1,920,042	¥ 1,850,316
Cost of sales	(1,360,115)	(1,322,930)
Selling, general, and administrative expenses	(351,986)	(332,617)
Other income	3,648	5,040
Other expenses	(9,935)	(10,495)
Operating profit	201,654	189,314
Finance income	8,866	9,816
Finance costs	(1,498)	(1,900)
Profit before income taxes	209,022	197,230
Income tax expenses	(53,002)	(49,119)
Share of profits of investments accounted for using the equity method	3,071	2,034
Profit for the year	¥ 159,091	¥ 150,145
Profit attributable to:		
Owners of the parent	¥ 149,061	¥ 138,595
Noncontrolling interests	¥ 10,030	¥ 11,550

* The accompanying notes are an integral part of these statements.

(Reference)

Consolidated Statement of Cash Flows

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

Year ended December 31:	2019	2018
Net cash provided by operating activities	¥ 82,410	¥ 89,148
Net cash used in investing activities	(91,470)	(58,756)
Net cash used in financing activities	(21,515)	(27,816)
Effect of exchange rate changes on cash and cash equivalents	1,117	(4,173)
Net decrease in cash and cash equivalents	(29,458)	(1,597)
Cash and cash equivalents, at the beginning of the year	229,123	230,720
Cash and cash equivalents, at the end of the year	¥ 199,665	¥ 229,123

* The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Equity

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of January 1, 2018	¥ 84,100	¥ 85,037	¥ 1,040,207	¥ 81,924	¥ (174)	¥ 1,291,094	¥ 84,474	¥ 1,375,568
Cumulative effects of new accounting standards applied			1,377	3,262		4,639	1,014	5,653
Profit for the year			138,595			138,595	11,550	150,145
Total other comprehensive income, net of income tax				(51,051)		(51,051)	(1,489)	(52,540)
Comprehensive income for the year			138,595	(51,051)		87,544	10,061	97,605
Transfer to retained earnings			(1,233)	1,233		—		—
Dividends paid			(40,697)			(40,697)	(6,384)	(47,081)
Purchases and sales of treasury shares					(3,003)	(3,003)		(3,003)
Retirement of treasury shares			(2,854)		2,854	—		—
Share-based payments with transfer restrictions	30	30				60		60
Changes in ownership interests in subsidiaries		238		(25)		213	(2,582)	(2,369)
Balance as of December 31, 2018	¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the year			149,061			149,061	10,030	159,091
Total other comprehensive income, net of income tax				17,987		17,987	4,122	22,109
Comprehensive income for the year			149,061	17,987		167,048	14,152	181,200
Transfer to retained earnings			17,018	(17,018)		—		—
Dividends paid			(43,065)			(43,065)	(3,984)	(47,049)
Purchases and sales of treasury shares					(20,002)	(20,002)		(20,002)
Retirement of treasury shares			(19,566)		19,566	—		—
Share-based payments with transfer restrictions		(9)	(19)		122	94		94
Changes in ownership interests in subsidiaries		(625)		(463)		(1,088)	(2,374)	(3,462)
Balance as of December 31, 2019	¥ 84,130	¥ 84,671	¥ 1,238,824	¥ 35,849	¥ (637)	¥ 1,442,837	¥ 94,377	¥ 1,537,214

* The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

Amounts less than the presentation unit are rounded.

Matters Regarding Preparation of Consolidated Financial Statements

Significant Accounting Policies

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") under Article 120, Paragraph 1 of the Ordinance on Company Accounting. However, certain supplementary material and notes required under IFRS are omitted pursuant to the second sentence of the same paragraph.

2. Scope of Consolidation and Application of Equity Method

174 entities are consolidated. 13 entities are accounted for using the equity method.

3. Valuation Policies and Methods of Financial Assets

(1) Financial assets (excluding derivatives)

Financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, or equity financial assets measured at fair value through other comprehensive income.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if both of the following conditions are met:

- (a) the financial assets are held within a business model with the objective of collecting contractual cash flows, and
- (b) the contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets measured at fair value through other comprehensive income

Financial assets are classified as debt financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial assets are held within a business model with the objective of collecting contractual cash flows and selling financial assets, and
- (b) the contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Equity financial assets measured at fair value through other comprehensive income

With regard to equity financial assets, the Company has made an election to recognize changes in fair value in other comprehensive income. The accumulated amounts of net changes in the fair value of the equity financial assets are transferred to retained earnings, not to profit or loss, when the equity financial assets are derecognized, or the fair value of equity financial assets declines from the acquisition cost and its decline is deemed to be more than temporary.

Impairment of financial assets measured at amortized cost

The Company evaluates and recognizes an allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost at the end of each reporting period. If the credit risk on financial assets is deemed not to have significantly increased since the initial recognition, an allowance for doubtful accounts is recognized for the 12-month expected credit losses. An allowance for doubtful accounts is recognized for the lifetime expected credit losses if the credit risk on financial assets has

significantly increased since the initial recognition. In regards to trade receivables, contract assets, and lease receivables, an allowance for doubtful accounts is always recognized for the lifetime expected credit losses.

(2) Derivatives

The Company initially recognizes derivatives at fair value at the date the contracts are entered into and subsequently remeasures them at fair value. Changes in fair value of these derivatives are all recognized in profit or loss.

4. Valuation Policies and Methods of Inventories

Inventories are stated at the lower of cost or net realizable value and are principally determined by the moving average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and those necessary to sell inventories.

5. Depreciation of Property, Plant, and Equipment

Property, plant, and equipment, except for right-of-use assets, are principally depreciated using the straight-line method over the respective estimated useful lives.

Use-of-right assets are depreciated using the straight-line method over the period of the shorter of their useful lives or their lease terms.

6. Amortization of Goodwill and Intangible Assets

Intangible assets with definite useful lives are amortized over their respective estimated useful lives by using the straight-line method.

Goodwill and intangible assets with indefinite useful lives are not amortized, but are instead tested for impairment at least annually.

7. Basis of Provision for Allowance

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations. Provisions are measured based on the best estimate of expenditure required to settle the present obligation at the end of the reporting period. When the effect of the time value of money is material, a provision is measured at the present value of the expenditures required to settle the obligation.

8. Revenue Recognition

The Company recognizes revenue from contracts with customers based on the following five steps:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has determined that control over the products is transferred to customers, and that the Company satisfies a performance obligation when the products are delivered to customers. Therefore, revenue from sales of products is recognized at that point in time. Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates depending on sales volume, and other items.

9. Other Significant Accounting Policies

Postemployment benefits

The Company has defined benefit pension plans and defined contribution pension plans as postemployment benefit plans for employees. The net defined benefit liability and asset in the consolidated statement of financial position is measured as the difference between the present value of the defined benefit obligation and the fair value of plan assets.

The defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by discounting future estimated cash outflows.

Prior service costs resulting from plan amendments are recognized in profit or loss when the plan is amended. Remeasurement of the net defined liability and asset is recognized in other comprehensive income when such remeasurement is made and transferred immediately to retained earnings.

Contributions to defined contribution plans are expensed in profit or loss for the period when employees render the related services.

10. Changes in Accounting Policies

The Company adopted IFRS 16, *Leases* (hereinafter, "IFRS 16") on January 1, 2019 (hereinafter, the "date of initial application").

IFRS 16 requires a lessee to recognize right-of-use assets and lease liabilities for all leases at the commencement date instead of classifying leases as either finance leases or operating leases stipulated in the previous accounting standard, International Accounting Standards 17, *Leases*. IFRS 16 provides exemptions allowing a lessee not to apply the requirements to short-term leases (with a lease term of 12 months or less) and leases for low-value assets.

The Company elects these exemptions. For the transition to IFRS 16, the company elects to recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

In applying IFRS 16, the Company uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and the Company also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

As a result of the application of IFRS 16, property, plant, and equipment, other financial liabilities (current liabilities), and other financial liabilities (noncurrent liabilities) increased by ¥39,472 million, ¥13,856 million, and ¥25,616 million, respectively, as of January 1, 2019.

Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts and credit losses directly deducted from trade receivables and finance receivables were ¥27,986 million for the year ended December 31, 2019.

2. Property, plant, and equipment was comprised of the following at December 31, 2019:

(Unit: millions of yen)

Land	¥	102,205
Buildings and structures		368,491
Machinery and other equipment		555,223
Construction in progress		19,864
Accumulated depreciation and accumulated impairment losses		(640,434)
Total	¥	405,349

3. Assets pledged as collateral were comprised of the following at December 31, 2019:

(Unit: millions of yen)

Trade receivables	¥	211
Finance receivables—current		91,924
Other financial assets—current		13,283
Finance receivables—noncurrent		161,674
Property, plant, and equipment		1,480
Total	¥	268,572

Liabilities secured by the above assets were comprised of the following:

(Unit: millions of yen)

Bonds and borrowings	¥	216,234
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4. The Company is contingently liable as guarantor of the indebtedness of certain distributors, including associates and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2019 was ¥3,642 million.

Notes to Consolidated Statements of Changes in Equity

1. The number of shares issued was as follows at December 31, 2019:

Common shares 1,220,577 thousand shares

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2019	Common shares	¥ 22,184	¥ 18.00	December 31, 2018	March 25, 2019
The Meeting of the Board of Directors on August 7, 2019	Common shares	¥ 20,880	¥ 17.00	June 30, 2019	September 2, 2019

(2) Dividends with a record date in the year ended December 31, 2019 and with an effective date after December 31, 2019

Resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2020	Common shares	¥ 23,185	¥ 19.00	December 31, 2019	March 23, 2020

Notes to Financial Instruments

1. Description of Financial Instruments

The Company is exposed to certain risks, such as credit risk, liquidity risk, foreign currency exchange rate risk, and interest rate risk, etc., in the ordinary course of business. The Company engages in risk management to mitigate these risks.

2. Fair Values of Financial Instruments

The carrying amounts and fair values of financial instruments at December 31, 2019 were as follows:

(Unit: millions of yen)

	Carrying amount	Fair value
Financial assets and liabilities measured at amortized cost:		
Finance receivables *1	¥ 993,171	¥ 1,016,423
Long-term trade accounts receivable *1	66,863	71,829
Bonds and borrowings *1	(902,981)	(901,316)
Financial assets and liabilities measured at fair value:		
Debt financial assets *2	8,180	8,180
Equity financial assets *2	108,850	108,850
Derivatives: *3		
Foreign exchange contracts	(2,167)	(2,167)
Cross-currency swap contracts	(86)	(86)
Interest rate swap contracts	(1,215)	(1,215)
Cross-currency interest rate swap contracts	(5,566)	(5,566)

The figures in parentheses are liabilities.

Method of determining fair value:

*1. The fair value is stated at the present value of future cash flows as obtained by discounting the amount at the current market rate.

The carrying amount of long-term trade accounts receivable in the table includes the current portion, which is included in trade receivables in the consolidated statement of financial position.

*2. Marketable debt financial assets and equity financial assets are measured at fair value using quoted prices for identical assets in active markets. Nonmarketable equity financial assets are measured at fair value using methods such as the comparable company comparison method.

*3. The fair value of derivatives is the market price presented by major international financial institutions.

*4. The carrying amounts of cash and cash equivalents, trade receivables (excluding the current portion of long-term trade accounts receivable), other financial assets (excluding debt financial assets measured at fair value, equity financial assets, and derivatives),

trade payables, and other financial liabilities (excluding lease liabilities and derivatives) approximate fair value due to their short-term maturity.

Notes to Per Common Share Information

1. Total equity per share attributable to owners of the parent	¥ 1,182.72
2. Earnings per share attributable to owners of the parent:	
Basic	¥ 121.59

Balance Sheets (Non-consolidated)

Kubota Corporation

	(Unit: millions of yen)	
December 31:	2019	2018 (Reference)
ASSETS		
Current assets:		
Cash and deposits	¥ 78,059	¥ 97,235
Trade notes receivable	2,229	2,418
Electronically recorded accounts receivable	38,948	34,178
Trade accounts receivable	275,238	309,434
Marketable securities	—	20,000
Finished goods	45,503	41,892
Work in process	27,444	25,804
Raw materials and supplies	10,483	9,965
Other	93,066	71,145
Allowance for doubtful receivables	(40)	(40)
Total current assets	570,933	612,035
Fixed assets:		
Property, plant, and equipment—net:		
Buildings	45,428	45,390
Machinery and equipment	39,523	33,635
Land	68,110	53,576
Construction in progress	6,685	6,628
Other	16,283	12,879
Total property, plant, and equipment—net	176,030	152,108
Intangibles—net:		
Software	14,999	10,849
Other	643	720
Total intangibles—net	15,643	11,569
Investments and other assets:		
Investment securities	105,809	108,318
Investments in affiliates	198,899	180,760
Long-term loans receivable	46,110	51,706
Prepaid pension costs	24,357	26,096
Other	28,566	28,935
Allowance for doubtful receivables	(109)	(245)
Total investments and other assets	403,632	395,571
Total fixed assets	595,306	559,250
Total assets	¥ 1,166,239	¥ 1,171,285

(Continued on the following page)

(Unit: millions of yen)

December 31:	2019	2018 (Reference)
LIABILITIES AND EQUITY		
Current liabilities:		
Trade notes payable	¥ 462	¥ 735
Electronically recorded accounts payable	148,532	150,823
Trade accounts payable	63,634	69,894
Short-term borrowings	30,000	—
Current portion of bonds	20,000	—
Other accounts payable	14,796	12,895
Income taxes payable	9,944	1,023
Accrued expenses	26,319	25,313
Deposits received	118,078	125,127
Provision for warranty costs	15,013	7,693
Provision for bonuses	8,588	8,450
Provision for directors' bonuses	201	232
Other	17,982	19,333
Total current liabilities	473,553	421,523
Long-term liabilities:		
Bonds	—	20,000
Long-term borrowings	60,000	90,000
Deferred tax liabilities	9,046	11,948
Other	1,101	1,096
Total long-term liabilities	70,148	123,045
Total liabilities	543,702	544,569
Shareholders' equity:		
Common stock	84,130	84,130
Capital surplus:		
Additional paid-in capital	73,117	73,117
Total capital surplus	73,117	73,117
Retained earnings:		
Legal reserve	19,539	19,539
Other retained earnings:		
Reserve for special depreciation	2	7
Reserve for reduction entry of land	171	171
General reserve	349,542	321,642
Unappropriated retained earnings	38,847	71,131
Total other retained earnings	388,564	392,952
Total retained earnings	408,103	412,492
Treasury stock	(508)	(194)
Total shareholders' equity	564,843	569,545
Valuation and translation adjustments:		
Unrealized holding gains on securities	57,712	57,115
Unrealized gains from hedging activities	(17)	56
Total valuation and translation adjustments	57,694	57,171
Total net assets	622,537	626,716
Total liabilities and net assets	¥ 1,166,239	¥ 1,171,285

* The accompanying notes are an integral part of these statements.

Statements of Income (Non-consolidated)

Kubota Corporation

	(Unit: millions of yen)			
For the years ended December 31:	2019		2018	
			(Reference)	
Net sales	¥	897,574	¥	885,385
Cost of sales		741,590		717,224
Gross profit		155,983		168,161
Selling, general, and administrative expenses		130,814		119,719
Operating income		25,169		48,442
Non-operating income:		57,749		54,157
Interest and dividend income		17,442		20,436
Royalty income		15,862		20,087
Gain on sales of investment securities		16,195		4,952
Other		8,249		8,681
Non-operating expenses:		9,673		11,897
Interest expenses		354		375
Other		9,319		11,521
Ordinary income		73,245		90,702
Extraordinary loss		3,281		—
Loss from disaster		3,281		—
Income before income taxes		69,963		90,702
Income taxes:		11,701		16,812
Current		14,572		15,320
Deferred		(2,870)		1,491
Net income	¥	58,261	¥	73,890

* The accompanying notes are an integral part of these statements.

Statements of Changes in Net Assets (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

	Shareholders' equity							
	Capital surplus				Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappropriated retained earnings
Balance as of January 1, 2019	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 7	¥ 171	¥ 321,642	¥ 71,131
Changes in the year								
Transfer of reserve for special depreciation					(5)			5
Appropriation to general reserve							27,900	(27,900)
Dividends								(43,064)
Net income								58,261
Purchase of treasury stock								
Retirement of treasury stock								(19,566)
Share-based payments with transfer restrictions				(19)				
Transfer to capital surplus from retained earnings				19				(19)
Net change of items other than shareholders' equity								
Total changes in the year	-	-	-	-	(5)	-	27,900	(32,283)
Balance as of December 31, 2019	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 2	¥ 171	¥ 349,542	¥ 38,847

	Shareholders' equity			Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized gains (losses) from hedging activities	Total valuation and translation adjustments		
Balance as of January 1, 2019	¥ (194)	¥ 569,545	¥ 57,115	¥ 56	¥ 57,171	¥ 626,716	
Changes in the year							
Transfer of reserve for special depreciation		-			-	-	
Appropriation to general reserve		-			-	-	
Dividends		(43,064)			-	(43,064)	
Net income		58,261			-	58,261	
Purchase of treasury stock	(20,002)	(20,002)			-	(20,002)	
Retirement of treasury stock	19,566	-			-	-	
Share-based payments with transfer restrictions	122	102			-	102	
Transfer to capital surplus from retained earnings		-			-	-	
Net change of items other than shareholders' equity		-	597	(73)	523	523	
Total changes in the year	(314)	(4,702)	597	(73)	523	(4,179)	
Balance as of December 31, 2019	¥ (508)	¥ 564,843	¥ 57,712	¥ (17)	¥ 57,694	¥ 622,537	

(Unit: millions of yen)

	Shareholders' equity							
	Capital surplus				Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Reserve for special depreciation	Reserve for reduction entry of land	General reserve	Unappropriated retained earnings
Balance as of January 1, 2018	¥ 84,100	¥ 73,087	¥ -	¥ 19,539	¥ 12	¥ 171	¥ 280,042	¥ 82,387
Changes in the year								
Transfer of reserve for special depreciation					(5)			5
Appropriation to general reserve							41,600	(41,600)
Dividends								(40,697)
Net income								73,890
Purchase of treasury stock								
Disposal of treasury stock				(0)				
Retirement of treasury stock								(2,854)
Share-based payments with transfer restrictions	30	30						
Transfer to capital surplus from retained earnings			0					(0)
Net change of items other than shareholders' equity								
Total changes in the year	30	30	-	-	(5)	-	41,600	(11,255)
Balance as of December 31, 2018	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 7	¥ 171	¥ 321,642	¥ 71,131

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized gains from hedging activities	Total valuation and translation adjustments	
Balance as of January 1, 2018	¥ (46)	¥ 539,294	¥ 79,760	¥ -	¥ 79,760	¥ 619,055
Changes in the year						
Transfer of reserve for special depreciation		-			-	-
Appropriation to general reserve		-			-	-
Dividends		(40,697)			-	(40,697)
Net income		73,890			-	73,890
Purchase of treasury stock	(3,003)	(3,003)			-	(3,003)
Disposal of treasury stock	0	0			-	0
Retirement of treasury stock	2,854	-			-	-
Share-based payments with transfer restrictions		60			-	60
Transfer to capital surplus from retained earnings		-			-	-
Net change of items other than shareholders' equity		-	(22,645)	56	(22,589)	(22,589)
Total changes in the year	(148)	30,250	(22,645)	56	(22,589)	7,661
Balance as of December 31, 2018	¥ (194)	¥ 569,545	¥ 57,115	¥ 56	¥ 57,171	¥ 626,716

* The accompanying notes are an integral part of these statements.

Notes to Financial Statements (Non-consolidated)

Kubota Corporation

Amounts less than the presentation unit are rounded down.

Significant Accounting Policies

1. Basis and Methods of Asset Valuation

(1) Securities

Investments in affiliates are stated at cost, which is determined by the moving-average method.

Marketable securities within securities classified as other securities under Japanese GAAP are stated at fair value based on market prices at the fiscal year end. Any changes in unrealized holding gains or losses are included directly in net assets, and cost of securities sold is determined by the moving-average method.

Nonmarketable securities within securities classified as other securities under Japanese GAAP are stated at cost, which is determined by the moving-average method.

(2) Derivatives

Derivatives are stated at fair value.

(3) Inventories

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

2. Methods of Depreciation and Amortization of Fixed Assets

Property, plant, and equipment, except for leased assets, are depreciated by using the straight-line method.

Intangible assets are amortized by the straight-line method. Internal-use software is amortized over the useful life of five years.

Leased assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method, using the lease term as the useful life.

3. Basis of Provisions

The allowance for doubtful receivables is provided for possible losses from bad debt at an estimated uncollectible amount determined based on the historical experience of bad debt loss for general receivables and is evaluated individually for specific doubtful receivables from customers who are experiencing financial difficulties.

Provision for warranty costs is provided to prepare for free repair for damaged products already sold based on an analysis of the Kubota Corporation's historical data of costs expensed under product warranties and estimations individually made.

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

Provision for directors' bonuses is provided to prepare for payment of bonuses to directors based on an estimated amount to be paid to directors for the duties executed during the current fiscal year.

Accrued retirement and pension costs (prepaid pension costs) are provided to prepare for payments of retirement benefits based on the retirement benefit obligation and the fair value of the pension plan assets at the fiscal year end.

Since the fair value of pension assets as of December 31, 2019 exceeded retirement benefit obligations, after deduction of unrecognized prior-year service costs and actuarial gains or losses, prepaid pension costs were recorded on the balance sheets.

Prior-year service costs are amortized over the estimated average remaining service period (14.2 to 16.3 years) of employees as incurred by using the straight-line method.

Actuarial gains or losses are amortized over the estimated average remaining service period of employees by using the declining-balance method from the year following the year in which they were incurred.

The average remaining service period of employees as a basis of amortization ratio is 17.6 years.

4. Basis of Recognition of Revenue and Costs

Kubota Corporation applies the percentage-of-completion method to construction contracts when it is possible to develop reasonably dependable estimates of the extent of progress toward completion of individual contracts. Otherwise, Kubota Corporation applies the completed-contract method to construction contracts. In measuring the extent of progress toward completion, Kubota Corporation uses the cost-to-cost method.

5. Other Significant Accounting Policies

(1) Translation of assets and liabilities denominated in foreign currencies

Monetary claims and debts denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at each balance sheet date, and gains and losses arising from exchange rate changes are recorded in earnings.

(2) Hedge accounting

All short-term foreign exchange forward contracts are measured at fair value. Except for the forward contracts entered into for forecasted transactions, such contracts are recorded in earnings for the current fiscal year by netting foreign exchange gains or losses on receivables and payables denominated in foreign currencies that are hedged items.

Interest rate swap contracts are not recorded on the balance sheets as Kubota Corporation applies exceptional treatment to the contracts.

(3) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes in the statements of income.

(4) Consolidated taxation system

Kubota Corporation adopts the consolidated taxation system.

6. Changes in Presentation

Kubota Corporation adopted "Partial Amendment of Accounting Standards for Effective Tax Accounting" (Issue No. 28 of Accounting Standards for Business Enterprises, February 16, 2018) on January 1, 2019 and changed to present deferred tax assets in the investments and other assets category and deferred tax liabilities in the long-term liabilities category.

Notes to Balance Sheets

1. Monetary claims from and debts to affiliates	
Short-term receivables from affiliates	¥ 319,760 million
Long-term receivables from affiliates	¥ 46,100 million
Short-term payables to affiliates	¥ 132,225 million
2. Accumulated depreciation of property, plant, and equipment	¥ 393,664 million
3. Contingent liabilities:	
Guarantees	
Guarantees for borrowings of affiliates from financial institutions	
Kubota Saudi Arabia Company, LLC	¥ 761 million
Credit guarantees for group financing	
Kubota Credit Co., Ltd.	¥ 3,750 million
4. The following notes that matured on December 31, 2019, the current fiscal year end, were included in the corresponding note accounts in the balance sheets because that day fell on a bank holiday.	
Trade notes receivable	¥ 127 million
Electronically recorded accounts receivable	¥ 2,892 million
Trade notes payable	¥ 91 million
Electronically recorded accounts payable	¥ 38,892 million

Notes to Statements of Income

1. Transactions with affiliates	
Sales to affiliates	¥ 740,759 million
Purchases from affiliates	¥ 152,646 million
Transactions with affiliates other than operating transactions	¥ 33,938 million
2. Loss from disaster	
Loss from disaster was mainly fixed costs during the temporarily shut down of factories caused by typhoons.	

Notes to Statements of Changes in Net Assets

1. The number of treasury stock at December 31, 2019 was as follows:

Common stock 311 thousand shares

Notes to Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

Accrued enterprise tax	¥	734 million
Provision for warranty costs		4,594 million
Provision for bonuses		2,628 million
Valuation losses on investment securities and investments affiliates		2,447 million
Other		11,031 million
Subtotal		21,436 million
Valuation allowance		(3,756) million
Total deferred tax assets	¥	17,679 million

2. Significant components of deferred tax liabilities

Prepaid pension costs	¥	(4,645) million
Unrealized holding gains on securities		(21,513) million
Other		(567) million
Total deferred tax liabilities		(26,726) million
Net deferred tax liabilities	¥	(9,046) million

Note to Related-Party Transactions

Type	Name	Location	Common stock	Operations	Ownership of voting shares	Relationship	Contents of transactions	Amount of transactions (millions of yen)	Accounts	Balance at December 31, 2019 (millions of yen)
Subsidiary	Kubota Tractor Corporation	Texas, U.S.A.	US\$37 million	Sales of tractors, outdoor power equipment, construction machinery, and implements	100.0*	Sales of products of Kubota Corporation Interlocking directors	Sales of tractors and other machinery (Note 1)	207,142	Trade accounts receivable	58,567
	Kubota Engine America Corporation	Illinois, U.S.A.	US\$10 million	Sales, engineering, and after-sales services of engines, engine parts, and engine accessories	100.0*	Sales of products of Kubota Corporation	Sales of engines (Note 1)	79,691	Trade accounts receivable	23,945
	SIAM KUBOTA Corporation Co., Ltd.	Pathomtani, Thailand	THB 2,739 million	Manufacturing and sales of tractors, combine harvesters, implements, and horizontal-type diesel engines Sales of small-sized construction machinery	60.0	Sales of products of Kubota Corporation Interlocking directors	Patent royalty (Note 2)	3,958	Other (Current assets)	2,324
							Management advice fee (Note 2)	3,432	Other (Current assets)	1,731
	Kubota Baumaschinen GmbH	Zweibrucken, Germany	EUR 14 million	Manufacturing and sales of construction machinery	100.0*	Sales of products of Kubota Corporation	Sales of construction machinery (Note 1)	39,192	Trade accounts receivable	8,878
	Kubota Europe S.A.S.	Val-d'Oise, France	EUR 56 million	Sales of construction machinery, tractors, outdoor power equipment, and engines	100.0*	Sales of products of Kubota Corporation	Sales of tractors and other machinery (Note 1)	31,040	Trade accounts receivable	9,446
	KUBOTA Construction Machinery Japan Corporation	Osaka, Japan	¥300 million	Sales of construction machinery, etc.	100.0	Sales of products of Kubota Corporation	Sales of construction machinery (Note 1)	23,600	Trade accounts receivable	14,531
							Depositing (Notes 3 and 4)	10,465	Deposits received	11,981
							Interest payment (Note 3)	3	Other (Current liabilities)	-
	Kubota Credit Co., Ltd.	Osaka, Japan	¥500 million	Retail financing to purchasers of farm equipment and related products	55.0 22.9*	Financial assistance Credit guarantee Interlocking directors	Lending (Notes 3 and 4)	75,757	Short-term loans receivable	26,250
Interest receipt (Note 3)							181	Other (Current assets)	37	
Depositing (Notes 3 and 4)							19,921	Deposits received	22,920	
Interest payment (Note 3)							13	Other (Current liabilities)	2	
Credit guarantee (Note 5)							3,750	-	-	
Kverneland AS	Rogaland, Norway	EUR 53 million	Manufacturing and sales of agricultural implements	100.0*	Financial assistance	Lending (Notes 3 and 4)	7,551	Short-term loans receivable	24,508	

Type	Name	Location	Common stock	Operations	Ownership of voting shares	Relationship	Contents of transactions	Amount of transactions (millions of yen)	Accounts	Balance at December 31, 2019 (millions of yen)
						Interlocking directors	Interest receipt (Note 3)	8	Other (Current assets)	6
	Kubota Environmental Service Co., Ltd.	Tokyo, Japan	¥90 million	Operation, maintenance, design, construction, remodeling, repair, and modifying of water and waste treatment facilities	100.0	Maintenance, remodeling, and repair of facilities constructed by Kubota Corporation	Depositing (Notes 3 and 4)	14,902	Deposits received	2,204
Interest payment (Note 3)							10	Other (Current liabilities)	–	

* Indirect holding

Amount of transactions do not include consumption taxes, while balance at December 31, 2019 include consumption taxes in the above table.

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

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

Note to Per Common Share Information

- | | |
|--|----------|
| 1. Net assets per common share | ¥ 510.16 |
| 2. Net income per common share – basic | ¥ 47.51 |

Copy of
the Independent Auditor's Report Concerning Consolidated Financial Statements
(Translation)

INDEPENDENT AUDITOR'S REPORT

February 12, 2020

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takeshi Ito

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2019 of Kubota Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statements of profit or loss and changes in equity for the fiscal year from January 1, 2019 to December 31, 2019, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its

consolidated subsidiaries as of December 31, 2019, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of
the Independent Auditor's Report Concerning Financial Statements (Non-consolidated)
(Translation)

INDEPENDENT AUDITOR'S REPORT

February 12, 2020

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC		
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Koichiro Tsukuda
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Akihiro Okada
Designated Unlimited Liability Partner, Engagement Partner	Certified Public Accountant:	Takeshi Ito

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the balance sheet (Non-consolidated) as of December 31, 2019 of Kubota Corporation (the "Company"), and the related statements of income (Non-consolidated) and changes in net assets (Non-consolidated) for the 130th fiscal year from January 1, 2019 to December 31, 2019, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and the accompanying supplemental

schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of the Audit Report of the Audit & Supervisory Board

(Translation)

AUDIT REPORT

In respect of the execution of duties of the Directors during the 130th business term, from January 1, 2019 to December 31, 2019, the Audit & Supervisory Board (hereinafter “we”), following the discussion among ourselves, have prepared this audit report based on the audit report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Methods and details of audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

We have formulated an audit policy to share duties among the Audit & Supervisory Board Members and other audit-related items. We have received reports from each Audit & Supervisory Board Member on the implementation and results of audits, and received reports from the Directors of Kubota Corporation, the Independent Auditor, and other parties on their execution of duties, and requested explanations from them when necessary.

In accordance with the audit policies, division of duties, and standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with the Directors, the internal audit department, employees, and others; committed to gathering information and enhancing the audit environment; attended meetings of the Board of Directors and other important meetings; received reports from the Directors, employees, and others regarding the performance of their duties; requested explanations as necessary; inspected important documents supporting decisions and other records; and examined the status of operations and assets at the head office and important operating locations. In addition, each Audit & Supervisory Board Member periodically received reports from the Directors, employees, and others; requested explanation as necessary; inspected important documents supporting decisions and other records; and expressed opinions regarding the details of the Board of Directors’ resolutions and the system that is developed and operated in accordance with such resolutions concerning the development of systems to ensure that Directors’ performance of duties are in compliance with laws and regulations, the Articles of Incorporation, and the system to ensure the adequacy of operations of the Kubota Group, consisting of Kubota Corporation and its subsidiaries, as stipulated under Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (internal control system). In addition, as to internal controls over financial reporting, we have received reports from the Directors and the Independent Auditor regarding the assessment of internal controls and the status of audits, and requested explanations from them as necessary. As for the subsidiaries, each Audit & Supervisory Board Member promoted communications with the Directors and the Audit & Supervisory Board Members, etc. of the subsidiaries and received reports on the business of the subsidiaries as necessary. Through these methods, each Audit & Supervisory Board Member examined the business report and the accompanying supplementary schedules for the fiscal year under review.

In addition, we monitored and verified whether the Independent Auditor made appropriate audits while maintaining its independence. We received reports from the Independent Auditor on its operations and requested explanations when necessary. The Independent Auditor notified us, and we requested explanations when necessary, concerning its establishment of a “System for Ensuring the Appropriate Execution of Duties” (the Ordinance on Company Accounting Article 131) in accordance with the “Quality Control Standards for Audits” (issued by the Business Accounting Council on October 28, 2005). Through these methods, we examined the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements); and the non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules for the fiscal year under review.

2. Results of the Audit:

(1) Results of the Audit of the Business Report

- 1) We have found that the business report and the supplementary schedules present fairly, the current financial position of Kubota Corporation in conformity with applicable laws and regulations and the Articles of Incorporation.
- 2) With respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.
- 3) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be highlighted concerning the content of the business report and the Directors' performance of duties regarding the internal control system.

(2) Results of the Audit of the Consolidated Financial Statements, the Non-consolidated Financial Statements, and the Supplementary Schedules

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

February 13, 2020

The Audit & Supervisory Board of Kubota Corporation

Audit & Supervisory Board Member (full time)	Toshikazu Fukuyama
Audit & Supervisory Board Member (full time)	Yasuhiko Hiyama
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Masaki Fujiwara
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Kumi Arakane

The above represents a translation, for convenience only, of the original report issued in the Japanese language.