[Translation]

Annual Securities Report

(The 124th Business Term)
From April 1, 2013 to March 31, 2014

2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN

KUBOTA Corporation

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[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, Representative Director
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Phone No.]	+81-6-6648-2622
[Contact Person]	Hironori Mitani, General Manager of Finance & Accounting Dept.
[Contact Address]	1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN, KUBOTA Corporation, Tokyo Head Office
[Phone No.]	+81-3-3245-3026
[Contact Person]	Yusuke Uchida, General Manager of Tokyo Administration Dept.
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, JAPAN)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan.

The translations of the Independent Auditors' Report (filed under the Financial Instruments and Exchange Act of Japan), the Confirmation Letter, and the Management's Report on Internal Control over Financial Reporting for the original Annual Securities Report are included at the end of this document.

As used in this Annual Securities Report herein, the "Company" refers to Kubota Corporation and its subsidiaries unless the context otherwise indicates.

References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

Cautionary Statement with respect to Forward-Looking Statements

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

1. Overview of the Company

1. Key Financial Data

Fiscal year		124th business term	123rd business term	122nd business term	121st business term	120th business term
Year end		March 2014	March 2013	March 2012	March 2011	March 2010
Revenues	(¥ in millions)	1,508,590	1,210,566	1,021,573	946,834	940,826
Income before income taxes and equity in net income of affiliated companies	(¥ in millions)	211,293	127,178	99,791	94,297	77,765
Net income attributable to Kubota Corporation	(¥ in millions)	131,661	78,054	61,288	56,794	44,873
Comprehensive income	(¥ in millions)	188,338	158,078	56,650	35,141	70,022
Total Kubota Corporation Shareholders' equity	(¥ in millions)	934,811	793,311	674,400	648,682	633,753
Total equity	(¥ in millions)	1,000,613	851,965	732,363	697,800	681,534
Total assets	(¥ in millions)	2,104,657	1,846,602	1,550,704	1,398,366	1,423,287
Total Kubota Corporation stockholders' equity per share	(¥)	748.00	631.64	536.97	510.09	498.31
Net income attributable to Kubota Corporation per common share:						
—basic	(¥)	104.94	62.15	48.54	44.66	35.28
—diluted	(¥)	—	—	—	—	—
Total Kubota Corporation shareholders' equity ratio	(%)	44.42	42.96	43.49	46.39	44.53
Return on equity	(%)	15.24	10.64	9.26	8.86	7.31
Price earnings ratio	(times)	13.03	21.53	16.38	17.55	24.15
Net cash provided by operating activities	(¥ in millions)	83,322	49,323	67,972	81,255	135,539
Net cash used in investing activities	(¥ in millions)	(104,209)	(79,061)	(63,390)	(47,331)	(47,222)
Net cash provided by (used in) financing activities	(¥ in millions)	3,214	28,894	(16,485)	(33,113)	(47,140)
Cash and cash equivalents, end of year	(¥ in millions)	87,022	99,789	93,390	106,376	108,556
Number of employees (Average number of part-time employees)	(number of persons)	33,845 (4,623)	31,436 (4,558)	29,185 (3,150)	25,409 (3,043)	24,778 (—)

(Notes)

1. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").
2. Revenues do not include consumption taxes.
3. "Net income attributable to Kubota Corporation per common share—diluted" is not stated because the Company did not have potential dilutive common shares that were outstanding for the period.
4. Amounts less than presentation units are rounded.
5. Beginning with the current fiscal year, the Company aligned the reporting periods of certain subsidiaries and affiliated companies with different financial statement closing dates to that of Kubota Corporation. To reflect the impact of these changes, the Company retrospectively adjusted the consolidated financial statements for all periods presented.
6. The average number of part-time employees is not stated for the 120th business term since it was less than 10% of the number of employees.

2. History

Month/Year	History
February, 1890	Founder Gonshiro Kubota established Kubota Tekko-jo in Okuraato-cho, Minami-ku, Osaka, JAPAN and started manufacturing and sales of various cast metal products.
July, 1893	Started production of cast iron pipes for water supply.
February, 1922	Started production of compact engines for agro-industrial purposes.
February, 1927	Acquired Sumidagawa Seitetsuzyo K.K. and expanded cast iron pipes business.
December, 1930	Established K.K. Kubota Tekko-jo and K.K. Kubota Tekko-jo Machinery Department.
March, 1937	Consolidated K.K. Kubota Tekko-jo Machinery Department with K.K. Kubota Tekko-jo.
November, 1937	Established Sakai Plant and started mass-production of engines for agro-industrial purposes.
October, 1940	Established Mukogawa Plant and expanded industrial machinery business. And started production of casting of centrifugal cast-iron pipes the following October.
May, 1949	Listed on the Tokyo Stock Exchange and Osaka Securities Exchange (integrated with Tokyo Stock Exchange in July, 2013).
August, 1950	Adopted divisionalized organization by product.
December, 1952	Started production of pumps in Mukogawa Machinery Plant.
June, 1953	Changed its corporate name to Kubota Tekko K.K.
April, 1954	Established a plant for vinyl pipes and started full production of vinyl pipes.
November, 1957	Established Kubota Kenzai Kogyo K.K. and advanced into the housing materials business.
December,1960	Established Funabashi Plant (relocated from Sumidagawa Plant) and completed building mass-production system of cast iron pipes.
May, 1961	Established Water Laboratory. And established the Water Treatment Division for full-scale entry into the environmental improvement business the following December.
May, 1962	Established Hirakata machinery Plant and Hirakata cast steel Plant and completed building an integrated system for industrial machinery and cast steel products.
January, 1967	Established Odawara Plant. Absorbed manufacturing sector of Kubota Kenzai Kogyo K.K. for full-scale entry into the housing materials business in June of the same year.
May, 1969	Established Utsunomiya Plant and completed building mass-production system of rice transplanters and reaper binders.
June, 1972	Absorbed Kanto Daikei Koukan K.K. Changed its name to Ichikawa Plant and continued to manufacture spiral-welded steel pipes.
September, 1972	Established Kubota Tractor Corporation in the U.S. and strengthened selling system of tractors in North America.
September, 1973	Established Kyuhoji Plant as a plant for precision equipment by relocating manufacturing facilities from Funademachi Plant.
March, 1974	Established Kubota Tractor Europe S.A. (currently Kubota Europe S.A.S.) in France and strengthened selling system for agricultural machinery in Europe.
August, 1975	Established Tsukuba Plant, as a specialized mass production factory for tractors.
November, 1976	Listed on the New York Stock Exchange.
April, 1980	Established Kashima Plant, as a specialized factory for siding materials.
January, 1985	Established Sakai-Rinkai Plant in Sakai Plant, as a specialized factory for engines.
March, 1989	Established Ryugasaki Plant, as a specialized mass production factory for vending machines.
April, 1990	Changed its corporate name to Kubota Corporation.
October, 2002	Established Hanshin Office as a hub for environmental engineering in the Kansai area.
December, 2003	Separated the housing materials business and Kubota Matsushitadenko Exterior Works, Ltd. (currently KMEW Co., Ltd.) took over its business.
August, 2004	Acquired additional shares of The Siam Kubota Industry Co., Ltd. (currently SIAM KUBOTA Corporation Co., Ltd.), which had been an affiliated company in Thailand, to transform into a subsidiary and strengthened development, manufacturing, and sales of agricultural machinery in Southeast Asia.
April, 2005	Established Kubota-C.I. Co., Ltd. by business integration of plastic pipes with C.I. Kasei Co., Ltd.
September, 2007	Established Siam Kubota Tractor Co., Ltd. (currently SIAM KUBOTA Corporation Co., Ltd.) as a manufacturing base for tractors in Thailand.
December, 2009	Established Kubota Saudi Arabia Company, LLC as a hub for cast steel business in Saudi Arabia.
March, 2012	Acquired ownership interest of Kverneland ASA (currently Kverneland AS), a manufacturer of upland farming tractor in Norway, and transformed it into a subsidiary.
July, 2013	Delisted from the New York Stock Exchange.
December, 2013	Established Kubota Farm Machinery Europe S.A.S. in France as a manufacturing base for upland farming tractors.

3. Description of Business

The Company's consolidated financial statements are prepared in accordance with U.S. GAAP. The scope of consolidation is also defined in accordance with these accounting principles. The same applies to "2. Business Overview" and "3. Property, Plants, and Equipment".

The Company is comprised of Kubota Corporation and affiliates (as of March 31, 2014, 162 subsidiaries and 18 affiliated companies). Ever since its establishment, the Company has worked to provide various products that contribute to people's lives and communities around the world, such as iron piping for modern water service facilities, agricultural machinery, and equipment for increased food production and labor savings, and environmental facilities that improve harmony between humankind and the environment.

The Company engages in various fields of business and industries by providing products and services which are categorized into the following three segments: Farm & Industrial Machinery, Water & Environment, and Other as of March 31, 2014.

The business and role of the Company by reporting segment are as follows:

(1) Farm & Industrial Machinery

Farm & Industrial Machinery mainly engages in manufacturing and sales of products which are comprised of farm equipment, ancillary tools and implements for agriculture, engines, and construction machinery.

1) Main Products

Farm equipment	Tractors, Tillers, Power tillers, Combine harvesters, Reaper binders, Harvesters, and Rice transplanters
Ancillary tools and implements for agriculture	Implements, Attachments, Rice dryers, Mowers, Pesticide sprayers, Vegetable production equipment, Rice mills, Refrigerators, Electric carts, Automatic rice cookers, and other equipment for agricultural use
Farm facilities	Cooperative drying facilities, Gardening facilities, Joint collecting, sorting and forwarding facilities for fruits and vegetables, Rice mill plants, and Farming sheds
Outdoor power equipment	Lawn and garden equipment, Lawn mowers, and Utility vehicles
Engines	Engines (for farming, construction, industrial machinery, and generators)
Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Carriers, Power shovels, Generators, and other construction machinery related products

2) Main Subsidiaries and Affiliated Companies

(Manufacturing and Sales)

(Overseas) Kubota Manufacturing of America Corporation,
Kubota Industrial Equipment Corporation,
Kubota Baumaschinen GmbH,
Kverneland AS and its 37 subsidiaries,
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.,
Kubota Construction Machinery (Wuxi) Co., Ltd.,
SIAM KUBOTA Corporation Co., Ltd.,
SIAM KUBOTA Metal Technology Co., Ltd.,
KUBOTA Engine (Thailand) Co., Ltd.

(Sales and Other Services)

(Domestic) 18 agricultural machinery sales companies including Hokkaido KUBOTA Corporation,
KUBOTA Construction Machinery Japan Corporation,
Kubota Agri Service Corporation,
Kubota Farm & Industrial Machinery Service Ltd.

(Overseas) Kubota U.S.A., Inc.,
Kubota Tractor Corporation,
Kubota Engine America Corporation,
Kubota Canada Ltd.,
Kubota Europe S.A.S.,
Kubota (Deutschland) GmbH,
Kubota (U.K.) Ltd.,
Kubota Tractor Australia Pty Ltd

(Financial Leasing)

(Domestic) Kubota Credit Co., Ltd.,

(Overseas) Kubota Credit Corporation, U.S.A.,
Siam Kubota Leasing Co., Ltd.

(2) Water & Environment

Water & Environment mainly engages in manufacturing and sales of pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial casting, spiral-welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products).

1) Main Products

Pipe-related products	Ductile iron pipes, Plastic pipes (Unplasticized polyvinyl chloride pipes, Polyethylene pipes, Fittings and accessories), Pumps (Furnishing and commissioning of pumping equipment for water supply, sewerage, irrigation and various fields), Valves (for water supply and sewerage systems, etc.), Small scale hydraulic power generating facilities, Cast-iron drainage pipes, and Single stack drain fittings
Environment-related products	Waste water treatment equipment and plants, Water purification facilities, Sludge incineration and melting plants, Membrane solutions (Submerged membrane systems for night-soil and wastewater purification), Membrane methane fermentation units, Flue gas desulfurization systems, Waste shredding, sorting and recycling plants, Waste incinerating and melting plants, Night-soil treatment plants, Johkasou systems (Septic tanks), and Bathtubs
Social infrastructure-related products	Reformer and cracking tubes, Hearth rolls, G-Columns, G-Piles, Rolls for steel mills, Ceramics, TXAX (friction materials), Spiral welded steel pipes (Steel pipe piles, Steel pipe sheet piles), Vending machines (for drinks and cigarettes), Scales, Weighing and measuring control systems, and Air-conditioning equipment

2) Main Subsidiaries and Affiliated Companies

(Manufacturing and Sales)

(Domestic) Kubota-C.I. Co., Ltd.,
NIPPON PLASTIC INDUSTRY CO., LTD.,
Kubota Air Conditioner, Ltd.

(Overseas) Kubota Materials Canada Corporation,
Kubota Saudi Arabia Company, LLC

(Maintenance and Repair)

(Domestic) Kubota Environmental Service Co., Ltd.

(3) Other

Other mainly engages in design and construction of a variety of works, offering a variety of other services, and sales of housing materials.

1) Main Products

Other	Design and construction of water supply and sewerage systems, engineering works and architecture, Services, and Roofing and siding materials

2) Main Subsidiaries and Affiliated Companies

(Manufacturing and Sales)

(Domestic) KMEW Co., Ltd.

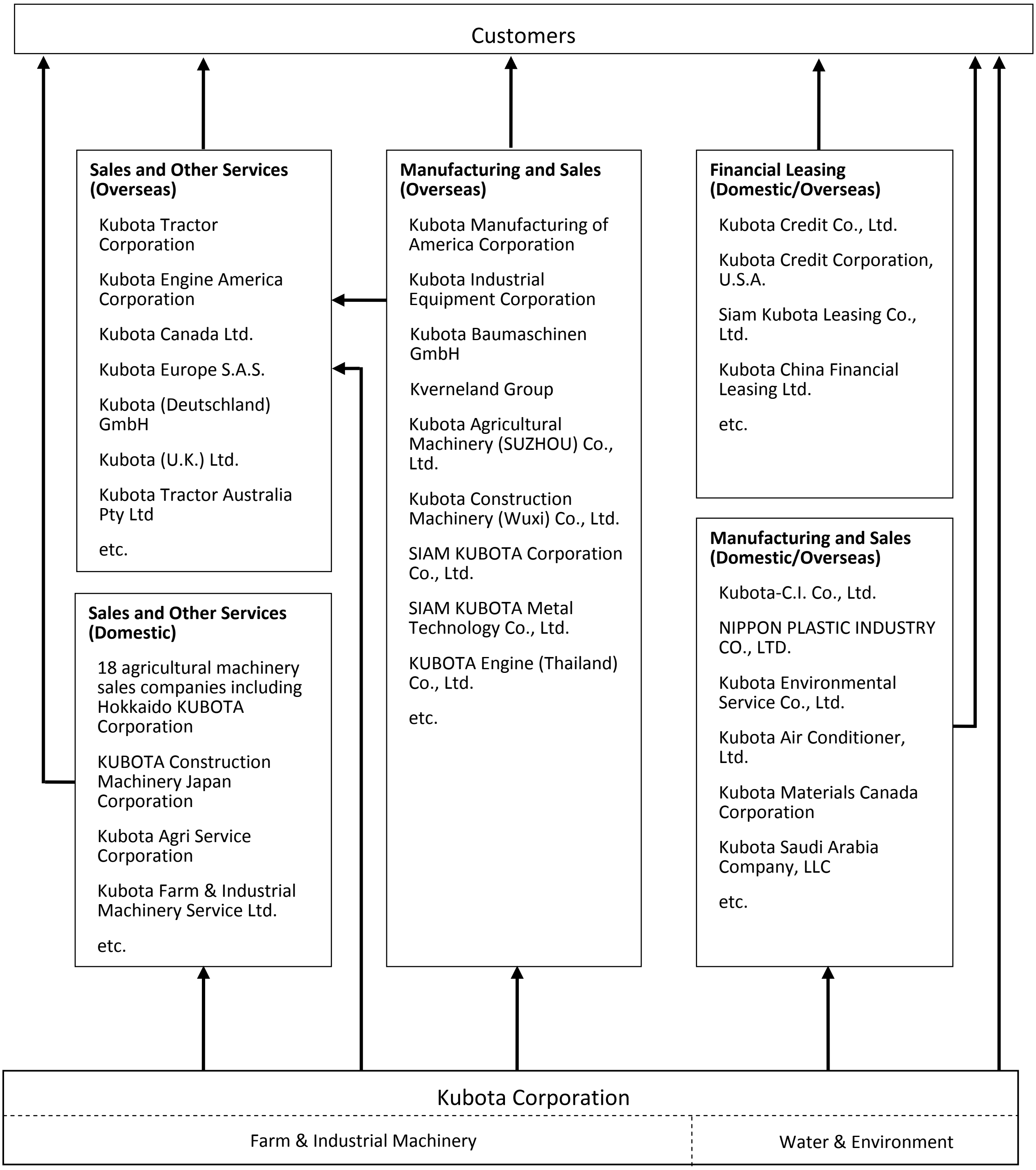
(Design and Construction)

(Domestic) Kubota Construction Co., Ltd.

(Other Services)

(Overseas) Kubota China Holdings Co., Ltd.,
Kubota China Financial Leasing Ltd.

(Business distribution diagram)



4. Information on Subsidiaries and Affiliated Companies

(As of March 31, 2014)

Company Name	Location	Issued capital (¥ in millions)	Principal business	Ownership percentage of voting rights (%)	Relationship: Officer/employee from Kubota (number of persons) officer	employee	Business transaction etc.
(Subsidiaries)							
9 domestic agricultural machinery sales companies including Hokkaido KUBOTA Corporation	Sapporo-shi, Hokkaido, JAPAN	100	Sales of agricultural machinery, etc.	79.5	—	2	Lease of facilities from Kubota, sales of Kubota products
KUBOTA Construction Machinery Japan Corporation	Amagasaki-shi, Hyogo, JAPAN	300	Sales of construction machinery, etc.	100.0	1	2	Lease of facilities from Kubota, sales of Kubota products
Kubota Credit Co., Ltd.	Naniwa-ku, Osaka, JAPAN	350	Retail financing to purchasers of farm equipment and related products in Japan	(18.4) 70.1	1	1	Advance from Kubota, lease of facilities from Kubota, credit guarantee
Kubota Agri Service Corporation	Naniwa-ku, Osaka, JAPAN	90	Technical and sales guidance, and sales promotion on agricultural machinery	100.0	—	14	Lease of facilities from Kubota, representative service and sales for Kubota
Kubota Farm & Industrial Machinery Service, Ltd.	Sakai-ku, Sakai-shi, JAPAN	100	Integrated agricultural machinery service	100.0	1	7	Representative service for Kubota
KUBOTA Precision Machinery Co., Ltd.	Mihara-ku, Sakai-shi, JAPAN	480	Manufacturing and sales of agricultural machinery parts, agricultural machinery related products, construction facilities, etc.	100.0	2	—	Material supply to Kubota
Kubota Machinery Trading Co., Ltd.	Naniwa-ku, Osaka, JAPAN	30	Export and import of repair parts related to agricultural machinery, engines, and construction machinery	100.0	—	1	Lease of facilities from Kubota, material supply to Kubota
Kubota Engine Japan Corporation	Naniwa-ku, Osaka, JAPAN	310	Sales of engines	100.0	1	1	Lease of facilities from Kubota, sales of Kubota products
Kubota U.S.A., Inc. (Note 3)	Delaware, U.S.	(thousands of US$) 167,100	Administration of subsidiaries in the U.S.	100.0	5	1	
Kubota Tractor Corporation (Note 3) (Note 4)	California, U.S.	(thousands of US$) 37,000	Sales of tractors, small-sized construction machinery, and related products in the U.S.	(100.0) 100.0	3	2	Sales of Kubota products
Kubota Credit Corporation U.S.A.	California, U.S.	(thousands of US$) 8,000	Retail financing to purchasers of tractors, small-sized construction machinery, and related products in the U.S.	(90.0) 100.0	1	2	
Kubota Manufacturing of America Corporation	Georgia, U.S.	(thousands of US$) 10,900	Manufacturing of small-sized tractors, lawn mowers, and utility vehicles	(100.0) 100.0	2	3	
Kubota Industrial Equipment Corporation	Georgia, U.S.	(thousands of US$) 70,000	Manufacturing of implements for tractors and tractors	(100.0) 100.0	2	3	Purchase of Kubota products

Kubota Engine America Corporation	Illinois, U.S.	(thousands of US$) 10,000	Sales, engineering and after-sales service of engines, engine parts, and engine accessories	(100.0) 100.0	—	4	Sales of Kubota products
Kubota Insurance Corporation	Hawaii, U.S.	(thousands of US$) 2,000	Underwriting non-life insurance in the U.S.	(100.0) 100.0	1	—	
Kubota Tractor Acceptance Corporation	California, U.S.	(thousands of US$) 500	Business of insurance agencies in the U.S.	(100.0) 100.0	1	1	
Kubota Canada Ltd.	Ontario, CANADA	(thousands of CAN$) 6,000	Sales of tractors, engines, small-sized construction machinery, etc., in Canada	80.0	1	1	Sales of Kubota products
Kubota Europe S.A.S.	Argenteuil, FRANCE	(thousands of EUR) 11,167	Sales of tractors, engines, small-sized construction machinery, etc., in Europe, mainly in France	100.0	1	2	Sales of Kubota products
Kubota Farm Machinery Europe S.A.S.	Nord, FRANCE	(thousands of EUR) 57,000	Manufacturing of upland farming tractors for Europe, North America, Australia, and Japan	100.0	1	—	
Kubota Baumaschinen GmbH	Zweibrucken, GERMANY	(thousands of EUR) 14,316	Manufacturing and sales of small-sized construction machinery in Europe, mainly in Germany	100.0	—	3	Purchase of Kubota products
Kubota (Deutschland) GmbH	Rodgau, GERMANY	(thousands of EUR) 3,579	Sales of tractors, tillers, engines, etc., in Germany	80.0	—	2	Sales of Kubota products
Kubota (U.K.) Ltd.	Oxfordshire, U.K.	(thousands of £STG) 2,000	Sales of tractors, engines, small-sized construction machinery, etc., in U.K. and Ireland	60.0	1	—	Sales of Kubota products
Kubota España S.A.	Madrid, SPAIN	(thousands of EUR) 4,207	Sales of tractors, spare parts, etc., in Spain	(0.1) 100.0	—	2	Sales of Kubota products
Kubota Norway Holdings AS	Oslo, NORWAY	(thousands of NOK) 1,300	A subsidiary established for acquisition	100.0	1	—	
Kverneland AS and its 37 subsidiaries	Kvernaland, NORWAY	(thousands of EUR) 17,424	Manufacturing and sales of agricultural implements	(100.0) 100.0	3	2	
SIAM KUBOTA Corporation Co., Ltd. (Note 3)	Pathumthani, THAILAND	(thousands of THB) 2,739,000	Manufacturing and sales of tractors, combine harvesters, implement, horizontal type diesel engines, power tillers, etc., in Thailand and neighboring countries	60.0	3	3	Purchase of Kubota products
SIAM KUBOTA Metal Technology Co., Ltd.	Chachoengsao, THAILAND	(thousands of THB) 900,000	Manufacturing of casting parts for tractors and engines	(100.0) 100.0	1	2	
Siam Kubota Leasing Co., Ltd.	Pathumthani, THAILAND	(thousands of THB) 2,000,000	Retail financing to purchasers of tractors, combine harvesters, etc., in Thailand	(100.0) 100.0	1	2	Debt guarantee
KUBOTA Engine (Thailand) Co., Ltd.	Chachoengsao, THAILAND	(thousands of THB) 1,400,000	Manufacturing and sales of diesel engines	100.0	1	4	
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.	Jiangsu, CHINA	(thousands of RMB) 170,999	Manufacturing and sales of combine harvesters, rice transplanters, tractors, and related parts in China	(100.0) 100.0	2	3	Purchase of Kubota products

Kubota Construction Machinery (SHANGHAI) Co., Ltd.	Shanghai, CHINA	(thousands of RMB) 8,277	Sales of construction machinery, etc., in China	(100.0) 100.0	1	4	Sales of Kubota products
Ha'erbin Kubota Agricultural Machinery Co., Ltd.	Heirongjiang, CHINA	(thousands of RMB) 10,000	Manufacturing, sales, and other services of agricultural machinery in China	(100.0) 100.0	2	3	
Kubota Construction Machinery (Wuxi) Co., Ltd.	Jiangsu, CHINA	(thousands of RMB) 289,035	Manufacturing of small-sized construction machinery in China	(100.0) 100.0	1	4	
Kubota China Holdings Co., Ltd. (Note 3)	Shanghai, CHINA	(thousands of RMB) 1,701,861	Administration of subsidiaries in China	100.0	6	—	
Kubota Engine (Wuxi) Co., Ltd.	Jiangsu, CHINA	(thousands of RMB) 508,461	Manufacturing and sales of diesel engines	(100.0) 100.0	1	4	
Kubota China Financial Leasing Ltd.	Shanghai, CHINA	(thousands of RMB) 527,092	Finance leasing of Kubota products centering on agricultural machinery and construction machinery	(100.0) 100.0	3	1	
Kubota Engine (SHANGHAI) Co., Ltd.	Shanghai, CHINA	(thousands of RMB) 7,190	Sales of diesel engines	(100.0) 100.0	1	4	Sales of Kubota products
P.T. Kubota Indonesia	Jawa Tengah, INDONESIA	(thousands of IDR) 3,954,950	Manufacturing and sales of horizontal type diesel engines	84.2	—	5	Purchase of Kubota products
Kubota Korea Co., Ltd.	Seoul, KOREA	(thousands of KRW) 200,000	Sales of agricultural machinery, etc., in Korea	80.0	—	4	Sales of Kubota products
Kubota Vietnam Co., Ltd.	Binh Duong, VIETNAM	(thousands of VND) 151,456,000	Manufacturing and sales of tractors, combine harvesters, and implement, etc.	(20.0) 100.0	—	1	Purchase of Kubota products
Kubota Tractor Australia Pty Ltd	Victoria, AUSTRALIA	(thousands of A$) 6,000	Sales of tractors, engines, small-sized construction machinery, etc., in Australia	80.0	—	3	Sales of Kubota products
Kubota-C.I. Co., Ltd.	Naniwa-ku, Osaka, JAPAN	3,000	Manufacturing and sales of plastic pipes and fittings	70.0	1	—	Lease of facilities from Kubota
Kubota Environmental Service Co., Ltd.	Taito-ku, Tokyo, JAPAN	90	Operation, maintenance, design, construction, remodeling and repair of water and waste treatment facilities, along with sales of pharmaceutical, etc., and analysis of water quality, air, waste, etc.	100.0	2	2	Lease of facilities from Kubota, maintenance of facilities constructed by Kubota, analysis of water quality, waste, etc.
SAPPORO TAISEI KIKO CORPORATION	Shiroishi-ku, Sapporo-shi, Hokkaido, JAPAN	95	Sales of cast iron pipes, other pipes, and their attachments	100.0	—	1	Sales of Kubota products
NIPPON PLASTIC INDUSTRY CO., LTD.	Komaki-shi, Aichi, JAPAN	175	Manufacturing, processing, and sales of plastics product	67.0	1	1	
Kubota Kikou Corporation	Hirakata-shi, Osaka, JAPAN	50	Installation work, repair, and maintenance of pumps	100.0	—	3	Lease of facilities from Kubota, installation work, repair, and maintenance of Kubota products

KUBOTA KASUI Corporation and its 6 subsidiaries	Minato-ku, Tokyo, JAPAN	400	Environmental engineering related to treatment of industrial drainage and exhaust gas	100.0	—	4	Advance from Kubota
KUBOTA JOHKASOU SYSTEM CO.,LTD.	Naniwa-ku, Osaka, JAPAN	30	Sales of housing equipment such as septic tanks, etc., and contracting on related construction	100.0	—	2	Lease of facilities from Kubota, construction control, maintenance, sale, and related construction for Kubota products
KUBOTA VENDING SERVICE INC.	Ryugasaki-shi, Ibaraki, JAPAN	25	Sales, installation, repair, and technical guidance for vending machines and their devices	100.0	—	3	Lease of facilities from Kubota, installation and after-sales service of Kubota products
KUBOTA KEISO Corporation	Funabashi-shi, Chiba, JAPAN	15	Sales of various industrial scales and providing maintenance service	100.0	—	2	Lease of facilities from Kubota, sales of Kubota products
Kubota Air Conditioner, Ltd.	Chuo-ku, Tokyo, JAPAN	100	Manufacturing of air conditioning equipment, refrigerating, etc.	100.0	1	2	Lease of facilities from Kubota, sales of its products to Kubota
Kubota Materials Canada Corporation	Ontario, CANADA	(thousands of CAN$) 15,000	Manufacturing and sales of cast steel products in North America, mainly in Canada	100.0	—	1	Purchase of Kubota products
Kubota Saudi Arabia Company, LLC	Dammam, SAUDI ARABIA	(thousands of SR) 56,250	Manufacturing and sales of reformer & cracking tubes for Middle East, North Africa, and Europe	51.0	1	1	Purchase of Kubota products, debt guarantee
P. T. Metec Semarang	Jawa Tengah, INDONESIA	(thousands of US$) 5,000	Manufacturing of vending machine parts of Kubota products and procurement of primary materials and equipment necessary for manufacturing	100.0	—	3	Material supply to Kubota
Kubota Construction Co., Ltd.	Naniwa-ku, Osaka, JAPAN	400	Design and construction of water and sewage, civil engineering, etc.	100.0	1	—	Advance from Kubota, lease of facilities from Kubota, contracting and construction of Kubota's works
KUBOTA SYSTEMS INC.	Naniwa-ku, Osaka, JAPAN	400	Design and development of information system and data processing service, and sales of hardware	100.0	—	3	Lease of facilities from Kubota, development of information system and data processing service
KUBOTA LOGISTICS CORPORATION	Naniwa-ku, Osaka, JAPAN	75	Warehousing business, service related to transportation, coastal shipping, and forwarding business	100.0	—	—	Lease of facilities from Kubota, transportation and storage of Kubota products
Kubota Eight Corporation	Naniwa-ku, Osaka, JAPAN	40	Contracting on binding and printing, sales of office automation equipment, and business of travel agencies	(5.0) 100.0	—	3	Lease of facilities from Kubota, contracting on copying, binding, and printing for Kubota
Heiwa Kanzai Co., Ltd.	Chuo-ku, Tokyo, JAPAN	50	Cleaning and controlling of building, security guarding, business of real-estate, and underwriting non-life insurance	60.0	—	—	Lease of facilities from Kubota, contracting on building maintenance of Kubota
Other 52 companies							

(Affiliated Company)							
9 domestic agricultural machinery sales companies including Akita KUBOTA Corporation	Akita-shi, Akita, JAPAN	60	Sales of agricultural machinery, etc.	35.7	—	2	Sales of Kubota products
Jiangsu Biaoxin Kubota Industrial Co., Ltd.	Jiangsu, CHINA	(thousands of RMB) 51,482	Manufacturing and sales of cast steel products	27.3	—	2	
KMEW Co., Ltd.	Chuo-ku, Osaka, JAPAN	8,000	Manufacturing and sales of roofing and siding materials	50.0	1	1	Lease of facilities from Kubota
Other 7 companies							

(Notes)

1. There is no company which files an annual securities report.
2. The amounts in parentheses in the upper row of the "Ownership percentage of voting rights" column represent the percentage of voting rights owned by subsidiaries, of the total ownership percentage.
3. The companies with (Note 3) in the "Company name" column are specified companies under the Financial Instruments and Exchange Act of Japan.
4. Revenues of Kubota Tractor Corporation (excluding intercompany transfers) exceeded 10% of total consolidated revenues of the Company. Its major financial data for the year ended March 31, 2014 were: revenues; ¥249,183 million; income before income taxes; ¥26,831 million; and net income ¥16,768 million and at March 31, 2014 were: total equity; ¥122,957 million and total assets; ¥227,239 million.

5. Employees

(1) Consolidated basis

(As of March 31, 2014)

Reporting segment	Number of employees	
Farm & Industrial Machinery	22,660	(3,428)
Water & Environment	8,264	(931)
Other	1,731	(259)
Corporate	1,190	(5)
Total	33,845	(4,623)

(Note)

The number of employees refers solely to full-time employees of the Company on a consolidatated basis. In addition, the number in parenthesis in the “Number of employees” column is the average number of part-time employees for the fiscal year.

(2) Kubota Corporation

(As of March 31, 2014)

Number of employees	Average age	Average length of service	Average annual salary
10,387	40.4	17.0 years	¥ 7,615,241

Reporting segment	Number of employees
Farm & Industrial Machinery	5,789
Water & Environment	3,408
Corporate	1,190
Total	10,387

(Notes)

1. The number of employees refers solely to full-time employees of Kubota Corporation.
2. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor unions

The relationship between management and labor unions is quite stable and smooth.

2. Business Overview

1. Summary of Business Results

(1) Analyses of Results of Operations

For the year ended March 31, 2014, revenues of the Company increased by ¥298.0 billion (24.6%) to ¥1,508.6 billion from the prior year.

Domestic revenues increased by a large margin due to sales expansion in Farm & Industrial Machinery (farm equipment, construction machinery, engines, and other products) as well as steady growth in sales in Water and Environment, which earns a majority of its sales from products related to public works spending, and resulted in ¥638.3 billion in total, with an increase of ¥95.3 billion (17.6%) from the prior year.

Overseas revenues showed a remarkable increase as revenues in Farm & Industrial Machinery increased in North America, Asia outside Japan, and Europe and revenues in Water & Environment and Other also showed an expansion mainly in Asia outside Japan. As a result, overseas revenues amounted to ¥870.2 billion with an increase of ¥202.7 billion (30.4%) from the prior year, and accounted for 57.7% of the consolidated revenues, 2.6 percentage points higher than in the prior year.

Operating income increased by ¥81.1 billion (66.8%) to ¥202.4 billion from the prior year due to an increase of both of domestic and overseas revenues and the effect of yen depreciation.

Income before income taxes and equity in net income of affiliated companies, equivalent to operating income plus other income of ¥8.9 billion, amounted to ¥211.3 billion, which was ¥84.1 billion (66.1%) higher than in the prior year. Income taxes were ¥71.9 billion, and equity in net income of affiliated companies was ¥3.0 billion. Furthermore, after deduction of net income attributable to non-controlling interests of ¥10.8 billion, net income attributable Kubota Corporation was ¥131.7 billion, ¥53.6 billion (68.7%) higher than in the prior year.

Revenues from external customers and operating income by each reporting segment were as follows:

1) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, engines, and construction machinery.

Revenues in this segment increased by 29.3% to ¥1,153.1 billion from the prior year, and accounted for 76.4% of consolidated revenues.

Domestic revenues rose by 24.9 % to ¥332.6 billion from the prior year. Sales of farm equipment marked a record increase due to front-loaded demand prior to the consumption tax hike and the agricultural-related supplemental budget. Sales of construction machinery showed a significant expansion due to increased public works spending and other factors. Sales of engines also grew.

Overseas revenues increased by 31.1% to ¥820.5 billion from the prior year. In North America, as economic recovery trends continued, sales of tractors increased favorably due to the effect of launching a new line of products and other factors. Sales of construction machinery grew along with the recovery of housing starts, while sales of engines resulted in a slight increase. Revenues in Europe recorded a major expansion as sales of tractors and construction machinery increased significantly due to the bottoming out of the economy and sales of engines also showed steady growth. Revenue in Asia outside Japan increased sharply due to higher sales of farm equipment and recovery in sales of construction machinery in China.

Operating income in this segment increased by 69.2% to ¥196.9 billion from the prior year due to an increase of both domestic and overseas revenues and the effects of yen depreciation.

2) Water & Environment

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

Revenues in this segment increased by 10.6% to ¥313.9 billion from the prior year and accounted for 20.8% of consolidated revenues.

Domestic revenues grew by 9.5% to ¥268.9 billion from the prior year. Revenues in pipe-related products rose mainly due to higher sales of plastic pipes. In addition, revenues in environment-related products and social infrastructure-related products also increased.

Overseas revenues expanded by 17.6% to ¥45.0 billion from the prior year due to increased sales of pumps and industrial castings.

Operating income in this segment increased by 6.5% to ¥24.9 billion from the prior year as the increase in revenues mitigated an increase in material cost.

3) Other

Other is comprised of construction, services, and other businesses.

Revenues in this segment increased by 20.1% to ¥41.6 billion from the prior year and accounted for 2.8% of consolidated revenues. Construction, services, and other businesses all reported sales growth.

Operating income in this segment increased by 57.7% to ¥3.8 billion from the prior year.

(2) Analyses of Status of Cash Flows

Net cash provided by operating activities during the year ended March 31, 2014 was ¥83.3 billion, an increase of ¥34.0 billion in cash inflows compared with the prior year. This increase resulted from the increase in net income and income tax payable as well as changes in working capital, such as notes and accounts receivable and trade notes and accounts payable.

Net cash used in investing activities was ¥104.2 billion, an increase of ¥25.1 billion in cash outflows from the prior year. This increase was mainly due to an increase in cash outflows for purchases of fixed assets and an increase in finance receivables, while proceeds from sales of investments increased.

Net cash provided by financing activities was ¥3.2 billion, a decrease of ¥25.7 billion in cash inflows compared with the prior year. This decrease was mainly due to a decrease in fund procurement and an increase in purchases of treasury stock, payments of cash dividends, and other factors. Meanwhile, the cash outflow related purchases of non-controlling interests decreased.

As a result, after taking account of the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at March 31, 2014 were ¥87.0 billion, a decrease of ¥12.8 billion from the prior year-end.

2. Production, Orders Received, and Sales

(1) Production Results

Consolidated production results by reporting segment for the year ended March 31, 2014 were as follows:

Reporting segment	Amount (¥ in millions)	Change from the prior year (%)
Farm & Industrial Machinery	¥ 1,170,119	27.8
Water & Environment	314,769	8.7
Other	40,114	8.4
Total	¥ 1,525,002	22.7

(Notes)

1. Intersegment transfers are elminated.
2. Amounts are recorded at sales price.
3. Amounts do not include consumption taxes.

(2) Orders Received

Consolidated orders received by reporting segment for the year ended March 31, 2014 were as follows:

Farm & Industrial Machinery products are not made-to-order and a part of Water & Environment and Other products are not made-to-order, either.

Reporting segment		Amount of orders received (¥ in millions)	Change from the prior year (%)		Balance amount of orders received (¥ in millions)	Change from the prior year (%)
Water & Environment	¥	240,129	13.0	¥	107,613	13.5
Other		16,975	(1.8)		16,149	(5.0)
Total	¥	257,104	11.8	¥	123,762	10.7

(Notes)

1. Intersegment transfers are elminated.
2. Amounts do not include consumption taxes.

(3) Revenues

Consolidated revenues by reporting segment for the year ended March 31, 2014 were as follows:

Reporting segment		Amount (¥ in millions)	Change from the prior year (%)
Farm & Industrial Machinery	¥	1,153,088	29.3
Water & Environment		313,931	10.6
Other		41,571	20.1
Total	¥	1,508,590	24.6

(Notes)

1. Intersegment transfers are elminated.
2. There was no single customer from whom revenues exceeded 10% or more of total consolidated revenues of the Company's for the year ended March 31, 2014 and 2013.
3. Amounts do not include consumption taxes.

3. Issues to Address on Business

The Company is aiming to be an enterprise that can grow sustainably in the long term by accelerating its initiatives to expand its overseas business activities, entering new businesses, and expanding the geographical coverage of its operations. To realize these objectives, the Company is implementing the following policies on a priority basis.

(1) Accelerating Business Development in Strategic Markets

The Company is accelerating the development of its large-scale agricultural machinery for up-land farming. Thus far, the Company has expanded its overseas business activities by building on the base it has developed in Japan in agricultural machinery for rice paddy cultivation. To realize growth in the medium-to-long term, the Company will dramatically expand its agricultural machinery business by making a full-scale entry into the market for up-land farming, where the area under cultivation is estimated to be more than four times larger than the rice cultivation market. Following the Company's acquisition of a tractor implement manufacturer for up-land farming based in Europe in 2012, the Company made the decision in December 2013 to establish a manufacturing plant for up-land farming machinery in Europe, and is thus taking its first step toward becoming a comprehensive manufacturer of agricultural machinery. The Company will accelerate the development of its business in this field by expanding its lineup of products at an early date, strengthening and expanding its sales and service network with the aim of building a strong position in the market for up-land farming machinery, and implementing other measures to rank alongside existing European and U.S. manufacturers in this field. As the members of the Company implement this policy, they will act as a team, and the Company will consider a range of options, including alliances with other companies.

The Company is accelerating the development of its Water and Environment business activities in Asia. In China, the Company is moving forward with further development of its operations in that country through the subsidiaries it has already established in the engineering, pumps, and other businesses there. In Southeast Asia, the Company is entering new business fields, including its initiatives to obtain such orders as those for palm oil mill effluent treatment systems it has received in Malaysia and Indonesia. However, to accelerate the development of business throughout Southeast Asia, the Company is utilizing the business locations of subsidiaries that it acquired in 2012. The Company will allocate management resources on a priority basis, and, as it employs local resources, move ahead with the development of business activities without restricting these to existing products, technologies, or business models.

(2) Strengthening Global Business Operating Systems

In addition to entering the market for up-land farming machinery and expanding its Water and Environment business activities in Asia, the Company will pursue growth opportunities in global markets. To do this, the Company is expanding and upgrading its R&D (research and development) systems. With an eye to developing products meeting the needs of local markets, the Company is already implementing such development initiatives locally in North America, Thailand, China, and elsewhere, and these are generating results. Going forward, to implement more widely and thoroughly the approach of "being in the markets where it sells its products," the Company will strengthen its R&D systems by clarifying the roles and functions of product development centers in Japan and those located overseas. Since human resources are the wellspring of development capabilities, the Company will not hesitate to invest ample resources in furthering the development and upgrading the capabilities of its R&D personnel. Also, to speed up R&D activities, the Company will not insist solely on in-house development initiatives, but will also actively participate in alliances with other companies and other joint arrangements.

In the field of production, the Company is working to increase the ratio of overseas manufacturing. With the basic policy of manufacturing products that are sold overseas at plants that are located overseas, the Company has added to its overseas production plant network. In 2012, the Company began the production of engines, which are the core of its machinery business, in Thailand. Also, in 2013, the Company expanded its production of tractors in the United States and opened tractor production facilities in China. The Company will also begin engine manufacturing in China this year. Going forward, the Company will further expand its overseas production capacity. At the same time, the Company is working to expand and upgrade the functions of its production plants in Japan with the aim of promoting the further development of its established core technologies and management techniques that form the basis for its excellence in manufacturing. To maintain the same standards of quality, cost, and on-time delivery that "Made by Kubota" represents, at all its production plants around the world, the Company is working to implement the manufacturing excellence it has nurtured in Japan in all its facilities worldwide.

In its procurement activities, the Company is putting a global purchasing system in place. Last year, a company-wide procurement headquarters was formed, and it is working to strengthen teamwork among all its business departments and business locations. In addition, to make information related to procurement available on a shared basis throughout the organization, the Company is taking initiatives to structure the required information systems. The objective of these activities is to create a globally optimal procurement structure based on both the strengthening of the procurement organization and its functions as well as the upgrading of IT systems.

(3) Realigning Water and Environment Business

In comparison with Farm & Industrial Machinery business, the development of overseas operations in Water and Environment business has lagged behind. The Company will, therefore, work to expand the business in global markets while, at the same time, realigning the business with a long-term perspective. The Company will reexamine its business units and products from the point of view of growth and profitability, and aggressively allocate management resources to those units and products that should be strengthened. The Company will reconsider those business units and products that are judged to have little growth potential or have limited prospects for improving profitability with a view to realignments, including exiting such business units and products as one option.

4. Risk Factors

The Company considers that the following risks may adversely affect the Company's results of operations and financial conditions. Forward-looking statements contained in this section are made based on the assumptions as of the filing date.

<u>(1) Declines in economic conditions in the Company's major markets, including private-sector capital expenditures, construction investment, and domestic public investment, may adversely impact the results of operations of the Company.</u>

Industrial and capital goods make up a substantial portion of the Company's products. Accordingly, the Company may see reduced demand resulting from declines in general economic conditions, including private-sector capital expenditures, construction investment, and domestic public investment. In addition, the agricultural policies by the national government may adversely affect domestic sales of agriculture-related products. In overseas markets, especially those of North America and Europe, sales of the Company's products, such as utility/compact tractors, may decrease due to declines in general economic conditions, including private consumption and residential construction investment in those regions.

(2) Fluctuations in foreign currency exchange rates, in particular a stronger yen, may adversely affect the Company's results of operations.

The Company has overseas revenues and foreign subsidiaries which significantly contribute to the Company's results of operations and impact on the Company's financial conditions. Since the transactions between the Kubota Corporation and foreign subsidiaries or customers are generally denominated in the local currencies and also the foreign subsidiaries' financial results of operations which are prepared in the local currencies are consolidated into the Company's consolidated results of operations after translation into Japanese yen, fluctuations in foreign currency exchange rates, in particular a stronger yen against other currencies, may adversely affect the Company's results of operations and financial condition. In order to minimize adverse effects from fluctuations in foreign currency exchange rates, the Company has been transferring its production bases to those countries and regions where its products are actually sold. Also, the Company enters into foreign exchange forward contracts, foreign currency option contracts, cross-currency swap contracts, and cross-currency interest rate swap contracts to mitigate its exposure to these risks. Despite the Company's efforts, fluctuations in foreign currency exchange rates may adversely affect the Company's consolidated financial results and financial condition.

(3) If the prices of raw materials increase or the Company has difficulties in procuring adequate supplies of them, there may be a material adverse effect on the Company's results of operations.

The Company purchases substantial raw materials and parts from outside suppliers. If the prices of raw materials substantially increase due to the supply and demand gap and changes in market conditions and stay at high levels for a long time, they may impair the Company's profitability. Also, if the Company has difficulties in procuring adequate supplies of raw materials, there may be a material adverse effect on the Company's results of operations due to difficulties in production and sales activities.

(4) The risks associated with international operations may adversely affect the Company results of operations.

In some businesses of the Company, substantial overseas operations are conducted. Accordingly, the Company is subject to a number of risks inherent in conducting business in those markets. If such risks occur, the Company may face difficulties in stable production and sales of products in overseas markets that may affect the Company's results of operations or they may hinder growth of the Company in specific countries. The following risks are serious concerns for the Company:

- Unexpected changes in international or an individual country's tax regulations;
- Unexpected legal or regulatory changes in a country;
- Unexpected results of transfer pricing issues or negotiation for Advanced Pricing Agreement;
- Difficulties in retaining qualified personnel;
- Underqualified technological skills or instability between management and employee unions in developing countries; and
- Political instability in those countries.

Among North America, Europe, and Asian countries, which are important markets for the Company, the above mentioned risks seem to be higher in Asian countries than in other regions.

(5) If strategic alliances, mergers, and acquisitions do not generate successful results as planned, then the Company's profitability may deteriorate.

The Company expects to use strategic alliances, mergers, and acquisitions to seek further growth. The success of these activities depends on factors such as the Company's business environment, the abilities of its business counterparts, and whether the Company and its counterparts share common goals. Therefore, if these activities are not successful and returns on related investments are lower than expected, the Company's profitability may deteriorate.

(6) Stock market fluctuations may have a material adverse effect on the Company's results of operations and financial position.

Stock market declines may cause impairment losses on the Company's investments in marketable securities or cause an increase in actuarial loss of the Company's retirement and pension plans as a result of a decline in the fair value of pension plan assets, which may have a material adverse effect on the Company's results of operations and financial position.

(7) The Company is subject to intensifying competitive pressures. Unless the Company performs better than other companies in each of its businesses, the Company's results of operations may decrease in the future.

The Company is exposed to severe competition in each of its businesses. Unless the Company performs better than other companies in areas such as terms of trade conditions, R&D, and quality of goods or services, the Company's results of operations may decrease in the future.

(8) If the Company's products and services are alleged to have serious defects, such allegations may have a material adverse effect on the Company's results of operations and financial position.

If the Company's products and services are alleged to have serious defects, the Company may have liability for significant damages, and there may be a material adverse effect on the Company's results of operations and financial position. If such claims are asserted, the Company's reputation and brand value may be damaged, which may cause a decline in demand for its products and result in decreased revenues.

(9) The Company may be required to incur considerable expenses in order to comply with various environmental laws and regulations. Such expenses may have a material adverse effect on the Company's results of operations and financial position.

The Company is subject to various environmental laws and regulations that apply to its products and activities. If these environmental laws and regulations, such as those that impose carbon dioxide emission controls, other emission controls, and usage restrictions for certain materials which are used in the Company's products, are strengthened or newly established in jurisdictions in which the Company conducts its businesses, the Company may be required to incur considerable expenses in order to comply with such laws and regulations. Such expenses may have a material adverse effect on the Company's results of operations and financial position. To the extent that the Company determines that it is not economical to continue to comply with such laws and regulations, the Company may have to curtail or discontinue its activities in the affected business areas.

(10) The Company may be required to incur significant expenses in connection with environmental damage that its activities may allegedly cause. Such expenses may have a material adverse effect on the Company's results of operations and financial position.

Claims may arise that the Company's activities have caused environmental contamination, including the emission of hazardous materials, air pollution, water pollution, and/or soil contamination. In such an event, the Company may elect or be required to implement costly corrective actions to resolve any issues associated with the emission or presence of such hazardous materials or contamination and may face associated litigation. These factors may have a material adverse effect on the Company's results of operations and financial position.

(11) If the Company is required to incur significant expenses relevant to asbestos-related issues, then there may be a material adverse effect on the Company's results of operations, financial position and liquidity.

The Company previously manufactured products containing asbestos from 1954 to 2001. If the Company is required to incur additional expenses, including payments to the individuals concerned or expenses arising from litigation related to the asbestos-related health hazards and such expenses become significant, they may result in a material adverse effect on the Company's results of operations, financial position and liquidity.

(12) The Company may experience a material effect on its results of operations and financial position if it faces issues related to compliance.

The Company has declared its intention to conduct its corporate activities in compliance with legal regulations and ethical principles, and to exert efforts to cause all management and staff of the group companies not to act in violation of various legal regulations, ethical standards, or internal regulations. However, in the event that compliance issues arise, there is a possibility that the Company may be subject to disciplinary action by government ministries supervising its activities or to lawsuits, or may suffer a loss of public confidence, any of which could have a material adverse effect on the Company’s results of operations and financial position.

(13) If the Company is damaged by natural disasters or other unpredictable events, it may have an adverse effect on the Company’s results of operations and financial position.

The Company conducts business activities in Japan, North America, Europe, Asia and other regions. If natural disasters or other unpredictable events, such as earthquakes, tsunamis, floods, typhoons, pandemic, wars, terrorist attacks, fires, information system or communication network breakdown or improper operation occur in countries and regions in which the Company operates, the Company’s production, distribution, and sales activities may be disrupted, which could have an adverse effect on the Company’s results of operations and financial position. In particular, Japan is a country with frequent earthquakes, and as a result, the Company has a reasonable probability of suffering from a strong earthquake or tsunami.

(14) Security breaches and other disruptions in the Company’s IT system and networks may have a material adverse effect on the Company’s results of operations and financial position.

The Company faces certain security threats, including threats to the confidentiality, availability and integrity of our data and systems. If the Company’s IT system and networks are disrupted or experience a security breach, the Company may suffer from an opportunity loss due to production downtime or may be subject to litigation or threat of litigation for information leakage, which in turn may cause a material adverse effect on the Company’s results of operations and financial position. If such security breaches and other disruptions occur, the Company’s reputation and brand value may be damaged, which may cause a decline in demand for its products and result in decreased revenues.

5. Material Contracts

(1) As Licensee

The details of licensors for which the Company is a licensee are as follows:

Licensee	Licensor	Country	Contract description	Contract period
Kubota Environmental Services Co., Ltd.	Fisia Babcock Environment GmbH	Germany	Technology introduction regarding boiler for waste incineration plant	From: Oct. 22, 1998 To: Oct. 21, 2014 (automatic extension clause)
Kubota Corporation	NOVA Chemicals Corporation	Canada	Technology introduction regarding film-forming technology based on surface modification of the casting tube	From: Mar. 20, 2002 To: Dec. 31, 2014 (automatic extension clause)

(Note)

The Company principally pays royalities depending on sales amount or sales quantity.

(2) As Licensor

The details of licensee for which the Company is a licensor are as follows:

Licensor	Licensee	Country	Contract description	Contract period
Kubota Corporation	Daedong Industrial Co., Ltd.	The Republic of Korea	Licensing production and assembly method of combined harvester and granting of marketing rights	From: Sep. 2, 1991 To: Aug. 31, 2014

(Note)

The Company principally receives royalities depending on sales amount or sales quantity.

(3) Committed Line of Credit

For the purpose of efficient financing in working capital, a committed line of credit with five financial institutions is available as of March 31, 2014. For further details, refer to Note 9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT on page F-21.

6. Research and Development (R&D)

The Company's corporate mission is "with considering "food", "water", and "environment" to be a singular theme and linked closely each other, to continue to support the future of the earth and humanity by solving problems through its superior products, technologies and services". Being motivated by this mission, each R&D department attached to each business, takes a strong initiative to make efforts to develop products and technologies directly linked to each business and to develop medium-to-long term R&D which supports their continuous growth.

The total R&D expenses for the year ended March 31, 2014 were ¥35.6 billion. The R&D expenses and major achievements of R&D activities by reporting segment were as follows. The R&D expenses in Other and basic research expenses which are difficult to link to a particular reporting segment are collectively reported in Other and Adjustments.

(1) Farm & Industrial Machinery

The R&D department in this segment conducts product development of farm equipment, which includes agricultural-related products, engines, and construction machinery and advanced research related to aforementioned products. Its major achievements are as follows:

<u>Development of combine harvesters and rice transplanters that assist farmers through information and communication technology ("ICT")</u>

More efforts are expected in Japanese agriculture; such as adding more value to food to meet consumer needs of security, safety, and taste; and strengthening the competitive edge of farmers, which is realized by efficient management in faming. The Company newly developed combine harvesters with a taste sensing function (protein and moisture) and a measuring function for crop yields and rice transplanters with a quantity control function for fertilizing, both of which correspond to "Kubota Smart Agricultural System (KSAS)" by making full use of ICT. Communicating with KSAS makes it possible to obtain, store, and analyze the data, such as the operational status information of farm equipment and the harvest status information by each field. Consequently, it allows for the improvement of taste and quantity of rice in the following years by planning the quality of soil and the quantity of fertilizer, which results in improving the quality and quantity of rice and contributing to consumer satisfaction and profitability in farming.

<u>Development of Small-sized Tractors for the Asia Market</u>

The Company developed a new line of small-sized tractors for the Asia market. The demand for small-sized tractors has been expanding due to mechanization of weeding and pest control for sugar cane and grape farming because of a lack of human power in farming. The markets in these areas demand the width of tractors to be narrow so that they can move easily among crops and tractors to have enough staying power to endure long operation hours under severe circumstances. With repeated on-site trials along with customer feedback, the Company developed tractors which meet local specifications of demand such as high workability and strength. As the Company succeeded in lowering the prices and improving profitability by strengthening existing small-sized models and shifting the production site to Thailand, the Company's products became popular not only with large scale farmers but also medium-to-small scale farmers.

<u>Development of riding type rice transplaters, "RACWEL α series"</u>

In Japan, It is expected that the number of small-scale farmers will decline due to retirement and commissioned farming accompanying the aging of famers and, instead, the number of designated farmers who are strongly supported by the government will increase. With this change in the farming population, domestic agriculture needs to be more efficient, labor saving, and cost saving. In order to meet these needs, taking over the current function of "planting easily and well in lines", the Company developed the "RACWEL α series" which realizes higher travelling performance and workability with a newly equipped high-power gasoline engine. The "RACWEL α series" can fertilize and automatically level the land while transplanting. Moreover, higher specification models in this line of products are able to transplant at 1.8 meters per second – the fastest in the industry. With attachments, they can also spray pesticides, bactericides, and herbicides simultaneously.

The R&D expenses in this segment were ¥27.1 billion.

(2) Water & Environment

The R&D department in this segment conducts product development of pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plans and other products), social infrastructure-related products (industrial castings, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products) and advanced research related to the aforementioned products. Its major achievements are as follows:

<u>Development of a "Site Innovation" system for shortening construction time of water pipelines</u>

Currently in Japan, while more and more water pipelines have been becoming old, not many of them have been replaced due to lack of skilled contractors and expected smaller budgets for water pipes projects. The Company developed a "Site Innovation" system which can efficiently replace water pipelines, and which helps to reduce the problems in labor and budget related to water pipeline construction. The system has the following three merits:

1) Makes it possible to join the pipes in narrow trenches using a machine;
2) Makes it possible to join the pipes firmly by using a miniature camera; and
3) Makes it possible to automatically draw a chart by recognizing the location of each pipeline with GPS.

<u>Development of the "Pure Washer" air purifier</u>

Recently, more people in Japan have been suffering from hay fever and increasing their awareness of health hazards such as new influenza, yellow sand, and PM2.5, thus demand for air purifiers has increased in public spaces such as waiting rooms in hospitals, welfare facilities for the aged, nursery schools, offices, hotels, movie theaters, etc. In order to meet these needs, the Company developed a "Pure Washer" air purifier. It can absorb dust, viruses, molds, and bacteria floating in the air through water using the water spraying technologies that the Company has developed in air conditioning for clean rooms and filtering technology. Moreover, it can also sanitize viruses, molds, and bacteria using slightly acidic hypochlorous acid water which is generated in the "Pure Washer". With its deodorization and humidification, it can provide a safe and comfortable indoor environment.

<u>Development of middle range weighing feeders for foreign countries</u>

The Company developed a new line of middle range weighing feeders, which are designed to continuously supply plastic materials in plastic production lines for foreign countries, especially for China and Southeast Asia markets. Its original design makes it possible to keep supplying various kinds of plastic materials, such as powders, pellets, and etc., at a constant flow rate to the next process. As feeders and controllers are designed to be integrated and compact, it is easily to be installed in the factory and the integrated controller makes it possible for central control of multiple feeders. Furthermore, using a maintenance-free-system where a brushless AC servo-motor is introduced, stable operating is realized for feeders. It is easy to disassemble the main parts, such as screws, the agitator, etc., and also easy to clean when the kinds of materials need to be changed. The product has already become popular amongst users in various industries.

The R&D expenses in this segment were ¥6.1 billion.

(3) Other and Adjustments

In order to strengthen the Company's fundamentals as a whole, R&D activities in Other and Adjustments focus on the development of measurement and control technology. The Company has been developing control units embedded in the products of each business and advanced inspection technology equipped with cameras and lights in order to improve the quality of products. The Company also focuses on developing monitoring systems for waste treatment plants as well as our factories and food inspection technology.

The R&D expenses in this segment were ¥2.4 billion.

7. Analyses of Consolidated Financial Condition, Results of Operations, and Status of Cash Flows

Forward-looking statements contained in this section are made based on the assumptions as of the filing date.

(1) Results of Operations

See "(1) Analyses of Results of Operations" of "1. Summary of Business Results" of "2. Business Overview".

(2) Liquidity and Capital Resources

1) Finance and Liquidity Management

The Company's financial policy is to ensure adequate financing and liquidity for its operations and to maintain the strength of its balance sheet. Through cash and cash equivalents, other current assets, cash flows provided by operating activities, and borrowings, the Company is in a position to fully finance the expansion of its business, R&D, and capital expenditures for current and future business projects. The specific methods of financing available to the Company are borrowings from financial institutions, establishing committed lines of credit, and the issuance of bonds and commercial paper (CP) in the capital markets.

The Company utilizes group financing in Japan and North America. With group financing, the Company centralizes and pursues the efficiency of cash management in each region, and the excess or shortage of cash at most of its subsidiaries and affiliated companies in Japan and its subsidiaries in North America is invested or funded, as necessary.

To maintain the strength of its balance sheet and help secure adequate funding resources, the Company carefully monitors its interest-bearing debt, excluding debt related to sale financing programs. The Company provides retail financing programs to facilitate sales of farm equipment in Japan, North America, Asia outside Japan and other areas; and the Company believes an increase of debt related to sales financing programs is a result of business expansion.

At March 31, 2014, the amount of interest-bearing debt increased ¥76.9 billion from the prior fiscal year, to ¥586.9 billion mainly due to an increase in finance receivables resulting from increased revenues. Of the ¥586.9 billion, ¥523.0 billion was borrowings from financial institutions, and the remaining ¥63.9 billion consisted of corporate bonds.

The currencies in which the Company borrows are mainly Japanese yen, U.S. dollars, Thai Baht, and Euro. There are no restrictions regarding the manner in which the funds may be used. The amount of short-term borrowings at March 31, 2014 was ¥181.6 billion and the weighted average interest rate was 1.0% (U.S. dollar 0.5%, Euro 0.4%, others 1.8%). The amount of long-term debt excluding capital lease obligations at March 31, 2014 was ¥401.2 billion and the weighted average interest rate, which included both fixed and floating rates was, 1.4% (Japanese yen 0.8%, U.S. dollar 1.4%, others 2.8%). As for corporate bonds, the outstanding issue was ¥63.9 billion at March 31, 2014.

The Company has established committed lines of credit totaling ¥20.0 billion with certain Japanese banks. However, the Company currently does not use these lines.

There are restrictive covenants related to the borrowings including negative pledges, a rating trigger and minimum net worth. The rating trigger states that the Company shall keep or be higher than the "BBB－" rating by Rating and Investment Information, Inc. and the minimum net worth covenant states that the Company shall maintain total equity of more than ¥567.5 billion on the consolidated financial statement and more than ¥335.7 billion on the separate financial statement of Kubota Corporation. The Company is in compliance with these restrictive covenants as of March 31, 2014.

The Company plans its capital expenditures considering future business demand and cash flows. The Company intends to fund its investment basically through cash provided by operating activities and to also utilize available borrowings from financial institutions. The Company's current commitments for capital expenditures are not material.

The Company has underfunded pension liabilities of ¥13.0 billion in the defined benefit pension and severance indemnity plan, which relate primarily to Kubota Corporation, as of March 31, 2014. If the funded status of the plan declines below the required level, the Company would need to make an additional contribution as a special contribution. The Company's contributions to pension plans for the year ending March 31, 2015 are expected to be ¥14.9 billion, including special contribution.

The Company's basic policy for the return of profit to shareholders is to maintain stable dividends or raise dividends together with repurchases of treasury stock. The Company uses net cash provided by operating activities for these dividends and repurchases.

The amount of working capital increased by ¥69.6 billion from the prior fiscal year-end to ¥515.0 billion. Accordingly, the ratio of current assets to current liabilities increased by 1.4 percentage points to 171.6% due to an increase in current assets resulting from increases in notes and accounts receivables and inventories. There is some seasonality to the Company's liquidity and capital resources because a high percentage of the notes and accounts receivable from local governments is collected during April through June each year. Currently, the Company believes its working capital is sufficient for the Company's current requirements.

All things considered, the Company believes that it can support its current and anticipated capital and operating requirements for the foreseeable future.

2) Assets, Liabilities, and Equity

Assets

Total assets at March 31, 2014 amounted to ¥2,104.7 billion, an increase of ¥258.1 billion (14.0%) from the prior fiscal year-end.

As for assets, notes and accounts receivable, inventories, and short- and long-term finance receivables increased due to higher revenues and the yen depreciation from the prior fiscal year-end.

Liabilities

Total liabilities amounted to ¥1,104.0 billion, an increase of ¥109.4billion (11.0%) from the end of the prior fiscal year-end.

Among liabilities, while trade accounts payable decreased, short-term borrowings and long-term debt increased with an expansion in sales financing programs.

Equity

Total equity amounted to ¥1,000.6 billion, an increase of ¥148.6 billion (17.4%) from the end of the prior fiscal year-end.

Equity increased because of the accumulation of retained earnings and a significant improvement in accumulated other comprehensive loss. The shareholders' equity ratio was 44.4%, 1.5 percentage points higher than the prior fiscal year-end.

(3) Cash Flows

See "(2) Analyses of Status of Cash Flows" of "1. Summary of Business Results" of "2. Business Overview".

3. Property, Plants, and Equipment

1. Summary of Capital Investment

The Company mainly makes capital investment in order to match increasing demand, promote rationalization for enhancement of competitiveness in market, and develop new products for business expansion in the future. Also, the Company makes investment related to environment conservation and safety sanitation.

The capital investment for the year ended March 31, 2014 was ¥51,229 million, which was comprised of the following:

	For the year ended March 31,2014 (¥ in millions)	For the year ended March 31, 2013 (¥ in millions)	Change from the prior year (%)
Farm & Industrial Machinery	¥ 36,541	¥ 38,587	94.7
Water & Environment	10,038	8,024	125.1
Other	748	742	100.8
Corporate	3,902	3,102	125.8
Total	¥ 51,229	¥ 50,455	101.5

(Note)

The amounts do not include consumption taxes.

The details of major investment were as follows:

Farm & Industrial Machinery

In Japan, the Company invested in manufacturing facilities for farm machinery in response to increasing demand. Also, the Company invested in the construction of new production facilities for diesel engines in China and for compact tractors in the U.S.

Water & Environment

The Company invested in the production facilities of plastic pipes in response to increasing demand.

Corporate

The Company invested in information systems.

For the year ended March 31, 2014, there was no sale, removal, or damage to property, plants, and equipment that resulted in a significant adverse impact on productive capacity.

Also, loss from sales and disposals for routine upgrades were ¥963 million, ¥913 million, and ¥736 million for the years ended March 31, 2014, 2013, and 2012, respectively.

2. Major Property, Plants, and Equipment

The Company's major property, plants, and equipment at March 31, 2014 were as follows:

The amounts in each table do not include consumption taxes. Also, the "Machinery and equipment and others" column includes "machinery and equipment", "tools, furniture, and fixtures", and "motor vehicles and transport equipment".

(1) Kubota Corporation

(As of March 31, 2014)

Facility (Main location)	Reporting segment	Details of production item or business contents	Book value (¥ in millions)						Number of employees
			Buildings and structures	Machinery and equipment and others	Land		Construction in progress	Total	
					Area (m² in thousands)	Amount			
Hanshin Plant (Amagasaki-shi, Hyogo, JAPAN)	Water & Environment	Ductile iron pipes and mill rolls	2,557	5,527	(9) 365	2,254	514	10,853	826
Keiyo Plant (Funabashi-shi, Chiba, JAPAN etc.)	Water & Environment	Ductile iron pipes and spiral-welded steel pipes	3,196	2,535	(13) 506	12,117	646	18,494	523
Okajima Business Center (Taisho-ku, Osaka, JAPAN)	Farm & Industrial Machinery and Water & Environment	Casting parts and drainage pipes	1,129	1,313	78	42	265	2,749	332
Sakai Plant (Sakai-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Farm equipment and engines	7,483	8,763	(15) 597	7,811	1,399	25,456	2,893
Utsunomiya Plant (Utsunomiya-shi, Tochigi, JAPAN)	Farm & Industrial Machinery	Farm equipment	856	1,457	146	188	143	2,644	445
Tsukuba Plant (Tsukubamirai-shi, Ibaraki, JAPAN)	Farm & Industrial Machinery	Farm equipment and engines	4,596	6,858	(30) 321	1,086	157	12,697	1,731
Hirakata Plant (Hirakata-shi, Osaka, JAPAN)	Farm & Industrial Machinery and Water & Environment	Construction machinery, pumps, valves, and steel castings	3,453	3,663	306	672	264	8,051	1,375
Shiga Plant (Konan-shi, Shiga, JAPAN)	Water & Environment	Septic tanks	501	229	178	1,032	28	1,790	65
Kyuhoji Business Center (Yao-shi, Osaka, JAPAN)	Water & Environment	Precision equipment	584	272	38	661	22	1,538	238
Ryugasaki Plant (Ryugasaki-shi, Ibaraki, JAPAN)	Water & Environment	Vending machines	617	195	85	2,315	27	3,153	99
Head Office, Tokyo Head Office, and Other regional Offices, etc. (Naniwa-ku, Osaka, JAPAN, etc.) (Note 2)	Farm & Industrial Machinery, Water & Environment, and Corporate	Administration, sales, research and development, etc.	15,699	923	(2) 2,444	40,501	582	57,705	1,860

(Notes)

1. Kubota Corporation leases parts of its land and buildings and the related rental expenses for such assets were ¥1.4 billion for the year ended March 31, 2014. The areas of the leased land are stated in parentheses. Also, leased land and buldings are mainly used for storage yards for iron pipes and sales bases.
2. Land is used for factories, distribution and sales bases, recreation facilities, and other purposes.

(2) Domestic subsidiaries

(As of March 31, 2014)

Company name	Facility (Main location)	Reporting segment	Details of production item or business contents	Book value (¥ in millions) Buildings and structures	Machinery and equipment and others	Land Area (m² in thousands)	Land Amount	Construction in progress	Total	Number of employees
Kubota-C.I. Co., Ltd.	Head office, regional offices (Naniwa-ku, Osaka, JAPAN, etc.)	Water & Environment	Plastic pipes	130	1,799	(124) —	—	777	2,706	613

(Note)

The area of the leased land is stated in parentheses. Leased land and buldings are mainly used for the head office, regional offices, and manufacturing bases.

(3) Overseas subsidiaries

(As of March 31, 2014)

Company name	Facility (Main location)	Reporting segment	Details of production item or business contents	Book value (¥ in millions) Buildings and structures	Machinery and equipment and others	Land Area (m² in thousands)	Land Amount	Construction in progress	Total	Number of employees
Kubota Tractor Corporation	Head office, regional offices (California, U.S.A. etc.)	Farm & Industrial Machinery	Administration and sales, etc.	3,492	406	833	1,772	115	5,785	494
Kubota Manufacturing of America Corporation	Head office and factory (Georgia, U.S.A.)	Farm & Industrial Machinery	Tractors	3,733	4,403	766	204	366	8,706	854
Kubota Industrial Equipment Corporation	Head office and factory (Georgia, U.S.A.)	Farm & Industrial Machinery	Implements Tractors	4,286	5,209	356	305	306	10,106	490
SIAM KUBOTA Corporation Co., Ltd.	Head office, Factories (Pathumthani, etc., THAILAND)	Farm & Industrial Machinery	Tractors, combine harvesters, and engines	5,379	8,897	498	2,465	714	17,455	3,003

3. Plans for Capital Investment, Disposals of Property, Plants, and Equipment

The Company plans its capital investments considering its forecast for future business demand and cash flows comprehensively.

As of March 31, 2014, the Company plans capital investment of approximately ¥64.0 billion for the year ending March 31, 2015. The Company intends to fund capital investment mainly through internal financing and partially through available borrowings from financial institutions.

Major plans for new construction, expansion, renovation, disposition, and sale as of March 31, 2014 were as follows:

New Construction

			Estimated amount of expenditures		Schedule	
Company name (Location)	Reporting segment	Description	Total amount of expenditures	Amount already paid	Commenced	To be completed
Kubota Engine (Wuxi) Co., Ltd. (Jiangsu, CHINA)	Farm & Industrial Machinery	Building of new production facility for diesel engines in China	(millions of RMB) 344	(millions of RMB) 301	Nov. 2012	Dec. 2014
Kubota Farm Machinery Europe S.A.S. (Nord, FRANCE)	Farm & Industrial Machinery	Building of new production facility for upland farming tractors	(millions of EUR) 40	(millions of EUR) 6	Dec. 2013	Nov. 2014

There are no major plans for expansion, renovation, disposition, or sale.

4. Information on Kubota Corporation

1. Information on the Stock of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,874,700,000
Total	1,874,700,000

2) Issued Shares

Class	Number of shares issued as of end of year (shares) (March 31, 2014)	Number of shares issued as of filing date (shares) (June 23, 2014)	Stock exchange on which Kubota Corporation is listed	Description
Common stock	1,250,219,180	1,250,219,180	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 1,000 shares.
Total	1,250,219,180	1,250,219,180	—	—

(Note)
American Depositary Shares (ADSs) of Kubota Corporation were delisted from the New York Stock Exchange on July 16, 2013.

(2) Information on the Stock Acquisition Rights

Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

(4) Information on Shareholder Right Plans

Not applicable

(5) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common stock (¥ in millions)	Balance of common stock (¥ in millions)	Changes in capital reserve (¥ in millions)	Balance of capital reserve (¥ in millions)
March 31, 2014	(6,200)	1,250,219	¥ —	¥ 84,070	¥ —	¥ 73,057

(Note)
Kubota Corporation retired its treasury stocks.

(6) Shareholders' Composition

(As of March 31, 2014)

Class of shareholders	Status of shares (one unit of stock: 1,000 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations: Non-individuals	Foreign corporations: Individuals	Individuals and others	Total	
Number of shareholders	—	146	76	870	616	16	37,393	39,117	—
Share Ownership (units)	—	594,355	24,909	55,373	454,638	39	118,511	1,247,825	2,394,180
Ownership percentage of shares (%)	—	47.63	2.00	4.44	36.43	0.00	9.50	100.00	—

(Notes)

1. Of 84,325 shares of treasury stock, 84 units are included in the "Individuals and others" column, while 325 shares are included in the "Number of shares less than one unit" column.
2. The "Other institution" column includes 1,000 shares (1 voting right) registered in the name of Japan Securities Depository Center, Incorporated.

(7) Major Shareholders

(As of March 31, 2014)

Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsucho 2-chome, Minato-ku Tokyo, JAPAN	113,954	9.11
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	69,175	5.53
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	4.79
Japan Trustee Services Bank, Ltd. (Trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	58,630	4.68
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	45,006	3.59
Mizuho Bank, Ltd.	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	45,006	3.59
Japan Trustee Services Bank, Ltd. (Mitsui Sumitomo Trust and Banking Co., Ltd. Retirement benefit trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	22,982	1.83
Moxley & Co. LLC (Standing proxy: Sumitomo Mitsui Banking Corporation)	270 Park Avenue New York N.Y. 10017-2070 U.S.A. (2-3, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN)	20,687	1.65
State Street Bank and Trust Company (Standing proxy: The Hongkong Shanghai Banking Corporation Limited, Tokyo Branch)	P.O. BOX 351 Boston Massachusetts 02101 U.S.A. (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo, JAPAN)	19,100	1.52
Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	18,156	1.45
Total	—	472,628	37.80

(Notes)

1. Numbers less than presentation units are rounded down in the columns of "Share ownership" and "Ownership percentage to the total number of issued shares."
2. The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank Ltd. (Trust account), and Japan Trustee Services Bank, Ltd. (Mitsui Sumitomo Trust and Banking Co., Ltd. Retirement benefit trust account) are invested as their fiduciary services.

3. Kubota Corporation received copies of change reports pertaining to large shareholding reports from Nippon Life Insurance Company dated November 8, 2013. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of March 31, 2014. Summary of the reports as of October 31, 2013 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Nippon Life Insurance Company	71,655	5.70
Nissay Asset Management Corporation	2,415	0.19
Total	74,070	5.90

4. Kubota Corporation received copies of change reports pertaining to large shareholding reports from Sumitomo Mitsui Trust Holdings Inc. dated January 9, 2014. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of March 31, 2014. Summary of the reports as of December 31, 2013 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	68,026	5.41
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2,283	0.18
Nikko Asset Management Co., Ltd.	19,547	1.56
Total	89,856	7.15

5. Kubota Corporation received copies of change reports pertaining to large shareholding reports from Mizuho Bank, Ltd. dated May 22, 2014. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of March 31, 2014 except that of Mizuho Bank, Ltd. Summary of the reports as of May 15, 2014 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	45,006	3.60
Mizuho Securities Co., Ltd.	1,277	0.10
Mizuho Trust & Banking Co., Ltd.	20,205	1.62
Shinko Asset Management Co, Ltd.	1,905	0.15
Total	68,393	5.47

(8) Information on Voting Rights

1) Issued Shares

(As of March 31, 2014)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury stock)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury stock)	(Treasury stock) Common stock:	84,000	—	—
	(Reciprocal share holding) Common stock:	829,000		
Shares with full voting rights (others)	Common stock:	1,246,912,000	1,246,912	—
Shares less than one unit	Common stock:	2,394,180	—	Shares less than one unit (1,000 shares)
Number of issued shares		1,250,219,180	—	—
Total number of voting rights		—	1,246,912	—

(Note)
The "Shares with full voting rights (others)" column includes 1,000 shares (1 voting right) registered in the name of Japan Securities Depository Center, Incorporated.

2) Treasury Stock

(As of March 31, 2014)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury stock)					
Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	84,000	—	84,000	0.00
(Reciprocal share holding)					
Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,000	—	41,000	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.00
Toyama Kubota Corporation	1540, Nishitoheizo, Takaoka-shi, Toyama, JAPAN	9,000	—	9,000	0.00
Chugoku Kubota Corporation	275, Shijikai, Higashi-ku, Okayama-shi, Okayama, JAPAN	111,000	—	111,000	0.00
Fukuokakyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka-shi, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total reciprocal share holding	—	829,000	—	829,000	0.06
Total	—	913,000	—	913,000	0.07

(9) Details of Stock Option Plans

Not applicable

2. Information on Acquisition of Treasury Stock

Class of Shares: Acquisition of common stock under article 155, paragraph 3 & 7 of the Corporate Law of Japan

(1) Acquisition of Treasury Stock Resolved at the General Meeting of Shareholders

Not applicable

(2) Acquisition of Treasury Stock Resolved at the Meetings of the Board of Directors

Acquisition of common stock under Article 155, Paragraph 3 of the Corporate Law of Japan

Classification	Number of shares (shares)	Total amount (¥)
Details on resolution at the Meeting of Board of Directors held on December 18, 2013 (Term of validity: from Dec. 19, 2013 to Mar. 19, 2014)	12,000,000	¥ 15,000,000,000
Treasury stock acquired before the year ended March 31, 2014	—	—
Treasury stock acquired during the year ended March 31, 2014	6,142,000	10,001,399,968
Treasury stock not acquired during the year ended March 31, 2014	5,858,000	4,998,600,032
The percentage of remaining treasury stock not acquired as of March 31, 2014 (%)	48.8	33.3
Treasury stock acquired during the current period	—	—
The percentage of remaining treasury stock not acquired as of filing date (%)	48.8	33.3

(3) Details of Acquisition of Treasury Stock Not Based on the Resolutions of the General Meeting of Shareholders or the Meetings of the Board of Directors

Acquisition of common stock under Article 155, Paragraph 7 of the Corporate Law of Japan

Classification	Number of shares (shares)	Total amount (¥)
Treasury stock acquired during the year ended March 31, 2014	63,133	¥ 97,619,785
Treasury stock acquired during the current period	6,018	¥ 8,156,452

(Note)

Treasury stock acquired during the current period does not include stocks consisting of less than one full unit purchased during the period from June 1, 2014 to the filing date of this report.

(4) Status of the Disposition and Holding of Acquired Treasury Stock

	Year ended March 31, 2014		Current period	
Classification	Number of shares (shares)	Total disposition amount (¥)	Number of shares (shares)	Total disposition amount (¥)
Acquired treasury stock for which subscribers were solicited	—	¥ —	—	¥ —
Acquired treasury stock which was retired	6,200,000	10,013,992,000	—	—
Acquired treasury stock for which transfer of shares was conducted due to merger, share exchange or company separation	—	—	—	—
Others (Sold due to demand for sale of shares consisting less than one unit shares)	1,117	973,554	—	—
Total number of treasury stock held	84,325	¥ —	90,343	¥ —

(Note)

The number of shares and total disposition amount for the current period does not include stocks consisting of less than one full unit purchased or sold during the period from June 1, 2014 to the filing date of this report.

3. Dividend Policy

Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and increase dividends. Kubota Corporation decides how to allocate its retained earnings in consideration of maintaining sound business operations and accommodating the future business environment.

Based on the above policy, ¥10 per share was resolved for an interim and ¥18 per share was resolved for a year-end dividend for the current fiscal year, resulting in the total amount of annual dividend of ¥28 per share.

In accordance with its basic policy, Kubota Corporation pays dividends twice a year, an interim and a year-end, with appropriation from retained earnings. Dividends are resolved at the Meetings of the Board of Directors.

Kubota Corporation stipulates in its Article of Incorporation the possibility of resolution of interim dividends which is defined under Article 454, Paragraph 5 of the Company Law.

Dividends of which record dates are during the current fiscal year are as follows:

Date of resolution	Cash dividends (¥ in millions)	Cash dividends per share (¥)
The Meeting of the Board of Directors on November 8, 2013	¥ 12,563	¥ 10.00
The Meeting of the Board of Directors on May 13, 2014	¥ 22,502	¥ 18.00

4. Share Prices

(1) Highest and Lowest Share Prices in Each of the Recent Five Fiscal Years

Fiscal year	120th business term	121st business term	122nd business term	123rd business term	124th business term
Year end	March 2010	March 2011	March 2012	March 2013	March 2014
Highest (¥)	¥ 945	¥ 923	¥ 832	¥ 1,390	¥ 1,852
Lowest (¥)	¥ 540	¥ 648	¥ 561	¥ 630	¥ 1,202

(Note)

The share prices are market prices on the first section of the Tokyo Stock Exchange (the "TSE").

(2) Highest and Lowest Share Prices in Each of the Recent Six Months

Month	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
Highest (¥)	¥ 1,497	¥ 1,779	¥ 1,750	¥ 1,852	¥ 1,568	¥ 1,442
Lowest (¥)	¥ 1,385	¥ 1,422	¥ 1,623	¥ 1,585	¥ 1,378	¥ 1,267

(Note)

The share prices are market prices on the first section of the TSE.

5. Directors and Senior Management

Position	Responsibility	Name	Date of birth	Business experience		Term of office	Share ownership (shares)
Representative Director and Executive Vice President of Kubota Corporation	General Manager of Procurement Headquarters	Masatoshi Kimata	Jun. 22, 1951	Apr. 1977	Joined Kubota Corporation	Note 4	52,000
				Oct. 2001	General Manager of Tsukuba Plant		
				Jun. 2005	Director of Kubota Corporation		
				Apr. 2007	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division		
				Apr. 2008	Managing Director of Kubota Corporation		
				Apr. 2009	Director and Managing Executive Officer of Kubota Corporation, Deputy General Manager of Farm & Industrial Machinery Consolidated Division, General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division		
				Jun. 2009	Managing Executive Officer of Kubota Corporation		
				Jul. 2010	Senior Managing Executive Officer of Kubota Corporation		
				Aug. 2010	President of SIAM KUBOTA Corporation Co., Ltd.		
				Apr. 2012	In charge of Water & Environment Domain, General Manager of Tokyo Head Office		
				Jun. 2012	Director and Senior Managing Executive Officer of Kubota Corporation		
				Aug. 2012	Administrative Officer- Corporate Staff, General Manager of Water Engineering & Solution Division		
				Apr. 2013	General Manager of Procurement Headquarters (to present)		
				Apr. 2014	Representative Director and Executive Vice President of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (shares)
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Human Resources & General Affairs Headquarters, General Manager of Head Office	Toshihiro Kubo	Apr. 5, 1953	Apr. 1979	Joined Kubota Corporation	Note 4	25,000
				Oct. 2005	General Manager of Planning Dept. in Ductile Iron Pipe Division		
				Jun. 2007	Director of Kubota Corporation, General Manager of Coordination Dept. in Water, Environment & Infrastructure Consolidated Division, General Manager of Production Control Headquarter in Water, Environment & Infrastructure Consolidated Division		
				Apr. 2009	Director and Executive Officer of Kubota Corporation, Deputy General Manager of Water & Environment Systems Consolidated Division, General Manager of Water & Environment Systems, Social Infrastructure Business Promotion Headquarters, General Manager of Water & Environment Systems, Social Infrastructure Production Control Dept.		
				Jun. 2009	Executive Officer of Kubota Corporation		
				Apr. 2010	General Manager of Head Office (to present), In charge of Personnel Dept., Secretary & Public Relations Dept., General Affairs Dept., and Tokyo Administration Dept.		
				Jun. 2010	In charge of Secretary Dept. and Corporate Communications Dept.		
				Apr. 2011	Managing Executive Officer of Kubota Corporation		
				Jun. 2011	Director and Managing Executive Officer of Kubota Corporation		
				Apr. 2012	General Manager of Human Resources & General Affairs Headquarters (to present)		
				Apr. 2013	Director and Senior Managing Executive Officer of Kubota Corporation (to present)		
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Planning & Control Headquarters, General Manager of Corporate Planning & Control Dept.	Shigeru Kimura	Sep. 10, 1953	Apr. 1977	Joined Kubota Corporation	Note 4	23,000
				Dec. 2002	General Manager of Finance & Accounting Dept.		
				Jun. 2008	Director of Kubota Corporation		
				Apr. 2009	Director and Executive Officer of Kubota Corporation, In charge of Corporate Planning & Control Dept. (assistant)		
				Jun. 2009	Executive Officer of Kubota Corporation		
				Oct. 2010	General Manager of Planning & Control Headquarters (to present)		
				Apr. 2011	Managing Executive Officer of Kubota Corporation		
				Jun. 2012	Director and Managing Executive Officer of Kubota Corporation		
				Oct. 2013	General Manager of Corporate Planning & Control Dept. (to present)		
				Apr. 2014	Director and Senior Managing Executive Officer of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (shares)
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Quality Assurance & Manufacturing Headquarters, General Manager of Health & Safety Promotion Headquarters	Kenshiro Ogawa	Jul. 23, 1953	Apr. 1979	Joined Kubota Corporation	Note 4	37,000
				Apr. 2007	General Manager of Tsukuba Plant, General Manager of Production Engineering Center of Emission		
				Jun. 2007	Director of Kubota Corporation		
				Apr. 2009	Director and Executive Officer of Kubota Corporation		
				Jun. 2009	Executive Officer of Kubota Corporation		
				Apr. 2010	General Manager of Sakai Plant		
				Apr. 2011	Managing Executive Officer of Kubota Corporation, General Manager of Construction Machinery Division, General Manager of Construction Machinery Planning and Coordinate Dept.		
				Apr. 2012	General Manager of Quality Assurance & Manufacturing Headquarters (to present)		
				Jan. 2013	General Manager of Health & Safety Promotion Headquarters (to present)		
				Apr. 2014	Senior Managing Executive Officer of Kubota Corporation		
				Jun. 2014	Director and Senior Managing Executive Officer of Kubota Corporation (to present)		
Director and Managing Executive Officer of Kubota Corporation	General Manager of Farm & Utility Machinery Division	Yuichi Kitao	Jul. 15, 1956	Apr. 1979	Joined Kubota Corporation	Note 4	36,000
				Apr. 2005	General Manager of Tractor Engineering Dept.		
				Apr. 2009	Executive Officer of Kubota Corporation General Manager of Tractor Division		
				Jan. 2011	President of Kubota Tractor Corporation		
				Apr. 2013	Managing Executive Officer of Kubota Corporation		
				Oct. 2013	General Manager of Farm & Utility Machinery International Operation Headquarters, General Manager of Farm & Utility Machinery Division (to present)		
				Jun. 2014	Director and Managing Executive Officer of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (shares)
Director of Kubota Corporation		Yukitoshi Funo	Feb. 1, 1947	Apr. 1970	Joined Toyota Motor Sales Co., Ltd. (currently, Toyota Motor Corporation)	Note 4	—
				Jun. 2000	Director of Toyota Motor Corporation		
				Jun. 2003	Managing Officer of Toyota Motor Corporation, President of Toyota Motor Sales, U.S.A., Inc.		
				Jun. 2004	Director of Toyota Motor Corporation		
				Jun. 2005	Senior Managing Director of Toyota Motor Corporation, Chairman of Toyota Motor Sales, U.S.A., Inc.		
				May. 2006	Chairman of Toyota Motor North America, Inc.		
				Jun. 2009	Executive Vice President of Toyota Motor Corporation		
				Jun. 2012	Audit & Supervisory Board Member of Hino Motors, Ltd. (to present)		
				Jun. 2013	Senior Advisor to the Board of Toyota Motor Corporation (to present)		
				Jun. 2014	Director of Kubota Corporation (to present)		
Director of Kubota Corporation		Yuzuru Matsuda	Jun. 25, 1948	Apr. 1977	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Hakko Kirin Co., Ltd.)	Note 4	—
				Jun. 1999	Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute		
				Jun. 2000	Executive Officer of Kyowa Hakko Kogyo Co., Ltd., Executive Director of Pharmaceutical Research Institute		
				Jun. 2002	Managing Director of Kyowa Hakko Kogyo Co., Ltd., Director of Corporate Planning Department		
				Jun. 2003	President and Chief Operating Officer of Kyowa Hakko Kogyo Co., Ltd.		
				Oct. 2008	President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.		
				Mar. 2012	Senior Advisor of Kyowa Hakko Kirin Co., Ltd.		
				Jun. 2012	President of Kato Memorial Bioscience Foundation (to present)		
				Jun. 2014	Director of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (shares)
Audit & Supervisory Board Member of Kubota Corporation (Full-time)		Satoru Sakamoto	Jul. 18, 1952	Apr. 1976	Joined Kubota Corporation	Note 5	36,000
				Apr. 2006	General Manager of Air Condition Equipment Division and President of Kubota Air Conditioner, Ltd.		
				Jun. 2006	Director of Kubota Corporation		
				Apr. 2009	Director and Managing Executive Officer of Kubota Corporation, In charge of Corporate Planning & Control Dept. and Finance & Accounting Dept.		
				Oct. 2010	In charge of Planning & Control Headquarters		
				Apr. 2011	Director and Senior Managing Executive Officer of Kubota Corporation		
				Jun. 2011	In charge of Global IT Management Office		
				Apr. 2012	In charge of Farm & Industrial Machinery Domain, General Manager of Business Development Headquarters		
				Aug. 2012	In charge of China Operation		
				Apr. 2014	Director of Kubota Corporation		
				Jun. 2014	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Full-time)		Toshikazu Fukuyama	Jun. 11, 1955	Apr. 1979	Joined Kubota Corporation	Note 5	5,000
				Oct. 2005	General Manager of Corporate Planning & Control Dept.		
				Oct. 2009	Vice President of The Siam Kubota Industry Co., Ltd. (currently, SIAM KUBOTA Corporation Co., Ltd.), Director of Siam Kubota Leasing Co., Ltd.		
				Aug. 2010	Vice President of SIAM KUBOTA Corporation Co., Ltd.		
				Oct. 2013	Corporate Planning & Control Dept.		
				Jun. 2014	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Full-time)		Masaharu Kawachi	Feb. 4, 1953	Apr. 1975	Joined Sumitomo Chemical Co., Ltd. (currently, Sumitomo Chemical Company, Limited)	Note 6	—
				Feb. 2002	Senior Manager of Specialty Chemicals Division		
				Apr. 2005	General Manager of Planning & Coordination Office of Fine Chemicals Sector		
				Mar. 2008	General Manager of Pharmaceutical Bulk Division		
				Apr. 2010	General Manager of Pharmaceutical Chemicals Division		
				Feb. 2013	Retired from Sumitomo Chemical Company, Limited		
				Jun. 2013	Audit & Supervisory Board Member of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (shares)
Audit & Supervisory Board Member of Kubota Corporation (Part-time)		Akira Negishi	Mar. 23, 1943	Apr. 1965	19th Legal Apprenticeship	Note 7	10,000
				Apr. 1969	Assistant professor of faculty of law in Kobe University		
				Apr. 1978	Professor of faculty of law in Kobe University		
				Apr. 1996	Head of faculty of law in Kobe University		
				Apr. 1998	Vice President of Kobe University		
				Mar. 2006	Retired from Kobe University		
				Apr. 2006	Honorary Professor of Kobe University (to present), Professor of Konan Law School (to present) Registered as an attorney with Osaka Bar Association (to present)		
				Jun. 2011	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Part-time)		Ryoji Sato	Dec. 7, 1946	Oct. 1971	Joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC)	Note 7	3,000
				Apr. 1975	Registered as a Certified Public Accountant with the Japanese Institute of Certified Public Accountants (to present)		
				Jun. 1997	Board member of Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)		
				Jun. 2001	Managing Partner, Tokyo Office of Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)		
				Jun 2004	Representative Partner and Managing Partner, Tokyo Office of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)		
				Jun. 2007	Chief Executive Officer of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC) Executive Member of Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu Limited)		
				Nov. 2010	Senior Advisor of Deloitte Touche Tohmatsu LLC		
				May 2011	Retired from Senior Advisor of Deloitte Touche Tohmatsu LLC		
				Jun. 2011	Audit & Supervisory Board Member of Kubota Corporation (to present)		
				Apr. 2012	Professor of Graduate School of Accountancy in Waseda University (to present)		

(Notes)

1. Among the Directors, Yukitoshi Funo and Yuzuru Matsuda are the Outside Directors.
2. Among the Audit & Supervisory Board Members, Masaharu Kawachi and Akira Negishi, and Ryoji Sato are the Outside Audit & Supervisory Board Members.
3. Yasuo Masumoto, Representative Director, Chairman, President & CEO passed away on June 4, 2014, and therefore resigned from Representative Director, Chairman, President & CEO on the same day.
4. The terms of office of the Directors will expire at the close of the Ordinary General Meeting of Shareholders for the year ending March 31, 2015 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2014.
5. The terms of office of the Audit & Supervisory Board Members will expire at the close of the Ordinary General Meeting of Shareholders for the year ending March 31, 2018 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2014.
6. The term of office of the Audit & Supervisory Board Member will expire at the close of the Ordinary General Meeting of Shareholders for the year ending March 31, 2017 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2013.

7. The terms of office of the Audit & Supervisory Board Members will expire at the close of the Ordinary General Meeting of Shareholders for the year ending March 31, 2015 from the election at the Ordinary General Meeting of Shareholders for the year ended March 31, 2011.
8. Kubota Corporation adopts the Executive Officer System. The Executive Officers excluding persons who also hold the post of Director as of the filing date are as follows:

Title	Name	Responsibility
Managing Executive Officer	Satoshi Iida	General Manager of Research & Development Headquarters, General Manager of Water & Environment R&D
Managing Executive Officer	Yujiro Kimura	General Manager of Pipe Systems Division
Managing Executive Officer	Shinji Sasaki	General Manager of Engine Division
Managing Executive Officer	Hiroshi Matsuki	General Manager of Water & Environment Business Promotion Headquarters, Deputy General Manager of Human Resources & General Affairs Headquarters, General Manager of Tokyo Head Office
Managing Executive Officer	Kunio Suwa	General Manager of CSR Planning & Coordination Headquarters
Managing Executive Officer	Toshihiko Kurosawa	General Manager of Water Engineering & Solution Division
Managing Executive Officer	Hiroshi Kawakami	President of SIAM KUBOTA Corporation Co., Ltd.
Executive Officer	Taichi Itoh	Deputy General Manager of Human Resources & General Affairs Headquarters
Executive Officer	Yoshiyuki Fujita	General Manager of Global Management Promotion Dept.
Executive Officer	Kaoru Hamada	General Manager of Materials Division, General Manager of Materials Center
Executive Officer	Hironobu Kubota	President of Kubota Manufacturing of America Corporation, President of Kubota Industrial Equipment Corporation
Executive Officer	Junji Ogawa	In charge of China Operation
Executive Officer	Yasuo Nakata	General Manager of Farm & Industrial Machinery Services Headquarters
Executive Officer	Masato Yoshikawa	President of Kubota Tractor Corporation
Executive Officer	Kazuhiro Kimura	General Manager of Electronic Equipped Machinery Division
Executive Officer	Dai Watanabe	President of Kubota Europe S.A.S.
Executive Officer	Haruyuki Yoshida	General Manager of Farm & Industrial Machinery International Operations Headquarters, General Manager of Farm and Industrial Machinery Planning and Control Dept.
Executive Officer	Takao Shomura	President of Kubota Agricultural Machinery (Suzhou) Co., Ltd.
Executive Officer	Yuji Tomiyama	General Manager of Farm & Utility Machinery Engineering Headquarters
Executive Officer	Kazunari Shimokawa	General Manager of Construction Machinery Division, General Manager of Construction Machinery Planning & Sales Promotion Dept.
Executive Officer	Mutsuo Uchida	General Manager of Pipe Systems Business Unit
Executive Officer	Nobuyuki Ishii	Deputy General Manager of Engine Division, General Manager of Engine Planning & Sales Promotion Dept.

6. Corporate Governance

(1) Corporate Governance

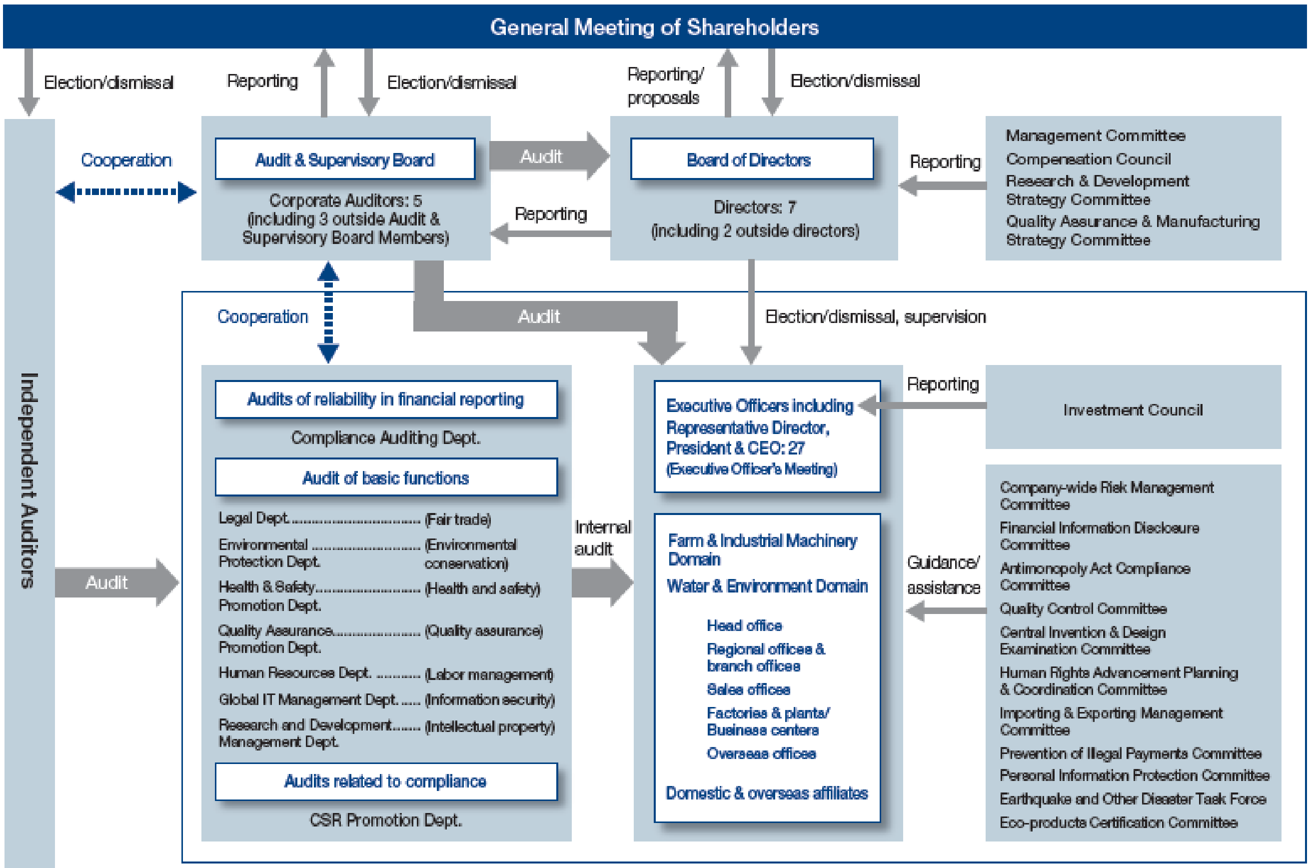
Among various tasks for management, Kubota Corporation puts the highest priority on stable and sustainable enhancement of corporate value. To realize the above, Kubota Corporation considers it critical to enhance its corporate value as a whole by satisfying various stakeholders and by maintaining the balance of the following three values: economic value, social value, and environmental value. Being more competitive as a global company, Kubota Corporation places its top priority on the enhancement of the corporate governance in particular and has been endeavoring to work on it.

To increase the confidence and understanding by shareholders, investors, and society, Kubota Corporation will make accurate and timely disclosures of corporate information, such as results of operations on quarterly basis and management policies, and fulfill its responsibilities for transparency and accountability in corporate activities.

1) Corporate Governance Structure

a) Outline of Corporate Governance Structure and Reasons to Adopt this Structure

In order to speed up its response to management conditions and achieve enhanced transparency in management, Kubota Corporation has adopted the following corporate governance structure (as of June 23, 2014).



The Board of Directors makes strategic decisions and oversees the execution of duties by the Executive Officers. It is made up of seven Directors (two of whom are the Outside Directors). In addition to its regular monthly board meetings, it also meets as and when required, to discuss and make decisions relating to management planning, financial planning, investment, business restructuring and other important management issues.

Kubota Corporation adopts the Executive Officer System in order to be able to strengthen on-site business execution at any locations and make prompt and appropriate business decisions. The Executive Officers' Meeting consists of the Representative Director, President & CEO (the "President") and 27 Executive Officers. In addition to its regular monthly meetings, it also meets as and when required. The President instructs the Executive Officers on policies and decisions made by the Board of Directors. The Executive Officers report to the President regarding the status of their execution of duties.

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

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

Pursuant to Article 427, Paragraph 1 of the Corporate Law of Japan, Kubota Corporation enters into Liability Limitation Agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members, acting in good faith and without significant negligence, which limit the maximum amount of their liabilities owed to Kubota Corporation arising in connection with their failure to perform their duties to the extent permitted by the Corporate Law of Japan.

b) Status of the Development of Internal Control System

As a basis of the system to ensure that the Directors, the Executive Officers and employees perform their duties in compliance with laws and regulations and its articles of incorporation, Kubota Corporation established the KUBOTA Group Charter for Action & Code of Conduct to be observed by all Directors, Executive Officers, and employees of Kubota group.

Kubota Corporation has a Company-wide Risk Management Committee in place in order to properly control material risks the Kubota group might face and ensure its appropriate growth and development based on the management principles.

Under the Company-wide Risk Management Committee, a department in charge designated for each risk category of management risks (the "Department in Charge") undertakes activities such as education and training to promote compliance with laws and ethics, and performs internal audits. Kubota Corporation set up the KUBOTA Hot Line, a service counter for in-house whistle-blowing and consultations, to discover at an early stage of any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring. The interest and privacy of the informant are fully protected by internal rules and regulations.

Kubota Corporation has a Financial Information Disclosure Committee in place in order to review and assess the adequacy of significant financial reporting, such as Annual Securities Report, etc. and the effectiveness of internal controls over financial reporting.

c) Status of Risk Control Structure and Development of Information Risk Control Structure

Kubota Corporation manages risks related to compliance with laws and regulations, environment, health and safety, disasters, quality, and other risks related to the performance of business operations by establishing the Department in Charge or relevant committees which are supervised by the Company-wide Risk Management Committee; and by providing internal rules, regulations, and manuals and other guidelines to address such risks. In order to address new risks, the Company-wide Risk Management Committee will assign a Department in Charge which will control such new risks.

Kubota Corporation properly keeps and controls information on the execution of duties by the Directors and the Executive Officers in accordance with its in-house rules and regulations, such as the regulations on custody of documents. Kubota Corporation also maintains a standard by which such documents are available for examination, as necessary.

2) Status of Internal Audit, Audit by Audit & Supervisory Board Members, and Audit by Independent Auditors

Internal audit on the Company's internal control over financial reporting is conducted by the Compliance Auditing Department which is independent from any other departments of the Company and made up of 14 employees with the necessary expertise. Internal audits on other risks are conducted by the relevant Department in Charge and secondary internal audits are conducted by the independent Compliance Auditing Department in order to ensure the adequacy of preceding internal audits. Internal audits are conducted on site or remotely through documentation reviews, based on audit plans previously approved by the President.

The Audit & Supervisory Board Members attend important meetings such as the Meetings of the Board of Directors and strictly audit the execution of the duties by the Directors, business operation departments, indirect departments, subsidiaries and affiliated companies in accordance with the auditing principles determined in the Audit & Supervisory Board. They also supervise Kubota Corporation's financial reporting system and accounting principles and periodically examine its material documents such as (consolidated) financial statements pursuant to the fourth paragraph of Article 444 of the Corporate Law of Japan. Kubota Corporation establishes Office of Audit & Supervisory Board Members and assigns four employees to exclusively support the Audit & Supervisory Board Members in performing their duties. Mr. Ryoji Sato, an Outside Audit & Supervisory Board Member of Kubota Corporation, is a certified public accountant and has adequate knowledge regarding accounting and finance including U.S. GAAP.

Kubota Corporation appoints Deloitte Touche Tohmatsu LLC ("DTT") as Independent Auditors of Kubota Corporation. The certified public accountants ("CPA(s)") belonging to DTT, Mr. Seiichiro Azuma, Mr. Teruhisa Tamai, and Mr. Akihiro Okada, audit the financial statements of Kubota Corporation. 23 other CPAs, 10 junior accountants, and 19 other staff members assist execution of the audits as instructed by the above three CPAs.

Internal audit departments and Independent Auditors of Kubota Corporation report audit plans and the results of audits to the Audit & Supervisory Board periodically, and as needed, to collaborate with each other. An effective cooperation in the auditing activities between the internal audit departments and Independent Auditors of Kubota Corporation is also established, whereby they are able to exchange information with each other, if such need arises.

Audit findings are discussed for improvements by each department and the Department in Charge and audits are reimplemented to ensure that the necessary improvements are being made. Risk control activities, such as awareness-raising, educational activities, audits, identifications, improvements, and reimplemented audits are conducted during these audits and by each department. The results and countermeasures developed are reported to the Company-wide Risk Management Committee, which is responsible for internal controls. The Company-wide Risk Management Committee reports the status of Kubota Corporation's internal controls to the President and the Board of Directors. Through these activity cycles, Kubota Corporation makes efforts to establish and strengthen its internal controls and enhances the quality of business execution.

3) Outside Directors and Outside Audit & Supervisory Board Members

Kubota Corporation elects two Outside Directors and three Outside Audit & Supervisory Board Members. For selecting candidates for the positions of the Outside Directors and the Outside Audit & Supervisory Board Members, Kubota Corporation considers their experiences outside Kubota Corporation, professional insights, and other qualifications, and recommends them to the General Meeting of Shareholders after approval by the Board of Directors. Kubota Corporation does not establish detailed policies or standards as to criteria for independency in electing them; however, Kubota Corporation elects those who have no possibility of a conflict of interest with ordinary shareholders by reference to the rules for Independent Executives defined by the TSE.

Kubota Corporation elected Yukitoshi Funo as an Outside Director since Kubota Corporation wishes to receive his advice about general management based on his adequate experience and considerable insight as a professional in overseas operation and corporate strategy. Kubota Corporation has business relationships with Toyota Motor Corporation Ltd., which he concurrently serves for, but the amount arising from the above transactions for the year ended March 31, 2014 was less than 1% of the total consolidated revenues of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Yuzuru Matsuda as an Outside Director since Kubota Corporation wishes to receive his advice about general management based on his adequate experience and considerable insight as a management which he learned through his duties as a president of a listed company for a long time. Kubota Corporation has a business relationship with Kyowa Hakko Kirin Co., Ltd., which he concurrently serves for, but the amount arising from the above transactions for the year ended March 31, 2014 was less than 1% of the total consolidated revenues of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Masaharu Kawachi as an Outside Audit & Supervisory Board Member since Kubota Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a professional in business planning and control. Kubota Corporation has a business relationship with Sumitomo Chemical Company, Limited where he initially started his career, but the amount arising from the above transactions for the year ended March 31, 2014 was less than 1% of the total consolidated revenues of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Akira Negishi as an Outside Audit & Supervisory Board member since Kubota Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a jurist. Kubota Corporation has a business relationship with Kobe University where he initially started his career as a professor, but the amount arising from the above transactions for the year ended March 31, 2014 was less than 1% of the total consolidated revenues of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Kubota Corporation elects Ryoji Sato as an Outside Audit & Supervisory Board Member since Kubota Corporation wishes him to conduct audits from a broad-ranging and high-level perspective based on his adequate experience and considerable insight as a CPA in corporate accounting and finance. Kubota Corporation has a business relationship with Deloitte Touche Tohmatsu where he initially started his career as a CPA, but the amount arising from the above transactions for the year ended March 31, 2014 was less than 1% of the total consolidated revenues of the Company. Kubota Corporation places him as an Independent Executive since there is no particular vested interest between Kubota Corporation and him and there is no possibility for a conflict of interest with ordinary shareholders.

Share ownership of Kubota Corporation by the Outside Directors and the Outside Audit & Supervisory Board Members is stated in "5. Directors and Senior Management" in "4. Information on Kubota Corporation". There is no material vested interest which might have a conflict of interest with ordinary shareholders. Kubota Corporation has notified the TSE that all Outside Directors and Audit & Supervisory Board members are Independent Executives as defined by the TSE.

The Outside Directors also collaborate with Independent Auditors and internal control departments as described in "2) Status of Internal Audit, Audit by Audit & Supervisory Board Members, and Audit by Independent Auditors" of "(1) Corporate Governance" in "6. Corporate Governance".

4) Compensation

a) Compensation by Position

The aggregate compensation paid by Kubota Corporation during the year ended March 31, 2014 to the Directors and the Audit & Supervisory Board Members were as follows:

Position	Number of persons	Total amount of compensation (¥ in millions)	Total amount by type (¥ in millions)	
			Remunerations	Bonuses
Directors (excluding Outside Directors)	6	¥ 519	¥ 316	¥ 202
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	60	60	—
Outside Directors and Outside Audit & Supervisory Board Members	6	72	72	—

(Notes)

1. The above includes the compensation of one Outside Audit & Supervisory Board Memeber who retired due to expiration of his term of office at the close of the 123rd Ordinary General Meeting of Shareholders held on June 21, 2013.
2. The remunerations for the Directors are determined at the Meetings of Board of Directors based on the rerpot from Compensation Council within the range of the maximum aggregate amounts of remunerations approved at the General Meeting of Shareholders in consideration of operating results of the Company, compensation levels of other companies, and the wage level of employees of Kubota Corporation. The Compensation Council is composed of Representative Directors excluding the President and Executive Officers in charge of indirect departments. The report of the Compensation Council is submitted to the Meetings of the Board of Directors after an approval of the President. The remuneration for the Audit & Supervisory Board Members is determined upon consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amounts of remunerations approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

b) Consolidated Compensation by Directors and Audit & Supervisory Board Members

The aggregate compensation paid by the Company during the year ended March 31, 2014 to the Directors and the Audit & Supervisory Board Members was as follows:

Name	Total amount of consolidated compensation (¥ in millions)	Position	Company	Total amount by type (¥ in millions)	
				Remunerations	Bonuses
Yasuo Masumoto	¥ 151	Director	Kubota Corporation	¥ 102	¥ 49

(Note) The above includes only Directors and Audit & Supervisory Board Members who received ¥100 million or more as total consolidated compensation.

5) Information on Shareholdings

a) Equity Securities Held for Purposes Other than Pure Investment

The number of issues and the amount of equity securities held for purpose other than pure investment recorded on the balance sheets are as follows:

Number of issues	130
Amount recorded on balance sheets (¥ in millions)	¥ 133,247

b) Information on Equity Securities Held for Purposes Other than Pure Investment

The Issues, the number of shares, the amount of equity securities held for purpose other than pure investments recorded on the balance sheets by purpose of holding are as follows:

(The year ended March 31, 2013)

Specified Investment Securities

Issue	Number of shares (thousands of shares)	Balance sheet amount (¥ in millions)	Purpose of holding
Cummins Inc.	2,300	¥ 25,051	Maintaining and enhancing business relationships
Sumitomo Mitsui Trust Holdings, Inc.	32,756	14,510	Maintaining and enhancing business relationships
Sumitomo Mitsui Financial Group, Inc.	3,759	14,193	Maintaining and enhancing business relationships
Mitsubishi UFJ Financial Group, Inc.	15,205	8,484	Maintaining and enhancing business relationships
Mizuho Financial Group, Inc.	39,698	7,900	Maintaining and enhancing business relationships
Osaka Gas Co., Ltd.	15,629	6,470	Maintaining and enhancing business relationships
Toho Gas Co., Ltd.	7,197	4,411	Maintaining and enhancing business relationships
MS & AD Insurance Group Holdings, Inc.	1,592	3,289	Maintaining and enhancing business relationships
Mitsubishi Corporation	1,714	2,988	Maintaining and enhancing business relationships
Shin-Etsu Chemical Co., Ltd.	464	2,903	Maintaining and enhancing business relationships
Sumitomo Corporation	2,354	2,773	Maintaining and enhancing business relationships
Mitsubishi Estate Home Co., Ltd.	1,052	2,730	Maintaining and enhancing business relationships
Saibu Gas Co., Ltd.	5,863	1,266	Maintaining and enhancing business relationships
Nissin Foods Holdings Co., Ltd.	275	1,205	Maintaining and enhancing business relationships
Daiwa House Industry Co., Ltd.	609	1,108	Maintaining and enhancing business relationships
Nippon Steel & Sumitomo Metal Corporation	4,280	1,005	Maintaining and enhancing business relationships
Hankyu Hanshin Holdings, Inc.	1,650	939	Maintaining and enhancing business relationships

Hiroshima Bank, Ltd.	1,959	901	Maintaining and enhancing business relationships
Nankai Electric Railway Co., Ltd.	1,832	719	Maintaining and enhancing business relationships
Tokyo Gas Co., Ltd.	1,387	712	Maintaining and enhancing business relationships
J. Front Retailing Co., Ltd.	910	663	Maintaining and enhancing business relationships
Yamazen Corporation	1,055	651	Maintaining and enhancing business relationships
Yakult Honsha Co., Ltd.	166	631	Maintaining and enhancing business relationships
Denyo Co., Ltd.	500	614	Maintaining and enhancing business relationships

Deemed Shareholdings

Issue	Number of shares (thousands of shares)	Balance sheet amount (¥ in millions)	Purpose of holding
Shin-Etsu Chemical Co., Ltd.	620	¥ 3,875	Having a right to exercise of voting rights
Mizuho Financial Group, Inc.	17,201	3,422	Having a right to exercise of voting rights
Sumitomo Mitsui Financial Group, Inc.	641	2,423	Having a right to exercise of voting rights
Mitsubishi UFJ Financial Group, Inc.	3,344	1,866	Having a right to exercise of voting rights
Sumitomo Corporation	1,000	1,178	Having a right to exercise of voting rights
Kaneka Corporation	1,039	566	Having a right to exercise of voting rights

(Notes)

1. In specifying the major issues in light of the amount recorded on the balance sheets, specified investment securities and deemed shareholdings have not been combined.
2. Deemed shareholdings are held through retirement benefit trust. The amounts stated in the "Balance sheet amount" column are calculated by multiplying market price as of the balance sheet date and the number of shares of related securities. The detailes of rights that Kubota Corporation holds to related securities are stated in the "Purpose of holding"column.

(The year ended March 31, 2014)

Specified Investment Securities

Issue	Number of shares (thousands of shares)	Balance sheet amount (¥ in millions)	Purpose of holding
Cummins Inc.	2,300	¥ 35,268	Maintaining and enhancing business relationships
Sumitomo Mitsui Financial Group, Inc.	3,485	15,367	Maintaining and enhancing business relationships
Sumitomo Mitsui Trust Holdings, Inc.	32,756	15,264	Maintaining and enhancing business relationships
Mizuho Financial Group, Inc.	39,698	8,098	Maintaining and enhancing business relationships
Mitsubishi UFJ Financial Group, Inc.	13,332	7,559	Maintaining and enhancing business relationships
Osaka Gas Co., Ltd.	15,629	6,110	Maintaining and enhancing business relationships
Toho Gas Co., Ltd.	7,197	4,044	Maintaining and enhancing business relationships
MS & AD Insurance Group Holdings, Inc.	1,592	3,763	Maintaining and enhancing business relationships
Mitsubishi Corporation	1,714	3,284	Maintaining and enhancing business relationships
Sumitomo Corporation	2,354	3,090	Maintaining and enhancing business relationships
Shin-Etsu Chemical Co., Ltd.	464	2,740	Maintaining and enhancing business relationships

Mitsubishi Estate Home Co., Ltd.	1,052	2,573	Maintaining and enhancing business relationships
Daikin Industries, Ltd.	350	2,027	Maintaining and enhancing business relationships
Saibu Gas Co., Ltd.	5,863	1,530	Maintaining and enhancing business relationships
Nissin Foods Holdings Co., Ltd.	275	1,280	Maintaining and enhancing business relationships
Nippon Steel & Sumitomo Metal Corporation	4,280	1,206	Maintaining and enhancing business relationships
Daiwa House Industry Co., Ltd.	609	1,066	Maintaining and enhancing business relationships
Hankyu Hanshin Holdings, Inc.	1,620	910	Maintaining and enhancing business relationships
Denyo Co., Ltd.	500	869	Maintaining and enhancing business relationships
Yakult Honsha Co., Ltd.	167	867	Maintaining and enhancing business relationships
Hiroshima Bank, Ltd.	1,959	844	Maintaining and enhancing business relationships
Nankai Electric Railway Co., Ltd.	1,832	732	Maintaining and enhancing business relationships
Tokyo Gas Co., Ltd.	1,387	726	Maintaining and enhancing business relationships
Yamazen Corporation	1,055	718	Maintaining and enhancing business relationships

Deemed Shareholdings

Issue	Number of shares (thousands of shares)	Balance sheet amount (¥ in millions)	Purpose of holding
Shin-Etsu Chemical Co., Ltd.	620	¥ 3,656	Having a right to exercise of voting rights
Mizuho Financial Group, Inc.	17,201	3,509	Having a right to exercise of voting rights
Sumitomo Mitsui Financial Group, Inc.	641	2,830	Having a right to exercise of voting rights
Mitsubishi UFJ Financial Group, Inc.	3,344	1,896	Having a right to exercise of voting rights
Sumitomo Corporation	1,000	1,313	Having a right to exercise of voting rights
Kaneka Corporation	1,039	650	Having a right to exercise of voting rights

(Notes)
1. In specifying the major issues in light of the amount recorded on the balance sheets, specified investment securities and deemed shareholdings have not been combined.
2. Deemed shareholdings are held through retirement benefit trust. The amounts stated in the "Balance sheet amount" column are calculated by multiplying market price as of the balance sheet date and the number of shares of related securities. The detailes of rights that Kubota Corporation holds to related securities are stated in the "Purpose of holding"column.

c) Equity Securities Held for Pure Investment

Not applicable

6) Others

a) Quorum of Directors

The articles of Incorporation of Kubota Corporation state that the number of Directors is ten or less.

b) Requirement for the Adoption of Resolutions for Electing Directors

Kubota Corporation stipulates in its Articles of Corporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and a majority of the votes held by those shareholders are required for the adoption of resolutions for the approval of elected Directors.

c) Acquisition of Treasury Stock
Kubota Corporation stipulates in its Articles of Corporation that the resolutions at the Meetings of the Board of Directors enable Kubota Corporation to acquire its treasury stock under Article 165, Paragraph 2 of the Corporate Law of Japan, which facilitates Kubota Corporation exercising acquisition of treasury stock flexibly.

d) Dividend Appropriated from Surplus
Kubota Corporation stipulates in its Articles of Corporation that dividend appropriated from surplus, which is defined by Articles 459, Paragraph 1 of the Corporate Law of Japan, is declared by the resolutions at the Meetings of the Board of Directors unless otherwise stipulated by law so that Kubota Corporation can return profit to its shareholders flexibly.

e) Semiannual Interim Dividends
Kubota Corporation stipulates in its Article of Incorporation that semiannual dividends shall be paid to shareholders of record on September 30 upon resolution of the Meetings of Board of Directors.

f) Requirement for the Adoption of Special Resolution of General Meeting of Shareholders
Kubota Corporation stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and two-thirds of the votes held by those shareholders are required for the adoption of special resolutions of General Meeting of Shareholders under Article 309, Paragraph 2 of the Corporate Law of Japan. By relaxing the requirements for a quorum for special resolutions of General Meeting of Shareholders, deliberations for those resolutions can be made in a quick and efficient manner.

(2) Details of Auditing Fees and Other Matters

1) Details of Fees paid to Independent Auditors

	Year ended March 31, 2014		Year ended March 31, 2013	
Company	Fees for auditing services (¥ in millions)	Fees for non-auditing services (¥ in millions)	Fees for auditing services (¥ in millions)	Fees for non-auditing services (¥ in millions)
Kubota Corporation	¥ 230	¥ 4	¥ 278	¥ —
Consolidated subsidiaries	24	1	20	1
Total	¥ 254	¥ 5	¥ 298	¥ 1

2) Details of Other Significant Fees
Year Ended March 31, 2014
Kubota Corporation and 33 consolidated subsidiaries, such as Kubota Tractor Corporation, paid fees for audit certification work of ¥507 million and other non-auditing work, such as tax related work, of ¥92 million to the member firms of Deloitte Touche Tohmatsu LLC (including group firms, such as tax accountant corporations), the Company’s Independent Auditors, for the year ended March 31, 2014.

Year Ended March 31, 2013
Kubota Corporation and 31 consolidated subsidiaries, such as Kubota Tractor Corporation, paid fees for audit certification work of ¥461 million and other non-auditing work, such as tax related work, of ¥343 million to the member firms of Deloitte Touche Tohmatsu LLC (including group firms, such as tax accountant corporations), the Company’s Independent Auditor, for the year ended March 31, 2013.

3) Details of Non-Auditing Work Performed by Independent Auditor of Kubota Corporation
Year Ended March 31, 2014
Fees related to non-auditing work, such as consulting services on finance, were paid to Deloitte Touche Tohmatsu LLC by Kubota Corporation.

Year Ended March 31, 2013
Fees related to non-auditing work, such as consulting services on finance, were paid to Deloitte Touche Tohmatsu LLC by Kubota Corporation.

4) Policy for Determining Audit Fees

In determining audit fees, factors such as the number of days required for auditing are taken into account. The approval of the Audit & Supervisory Board is obtained and consideration is taken not to impair the independence of certified public accounting firms when decisions on fees are made.

5. Stock-Related Administration of Kubota Corporation

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	During June
Record date	March 31
Record date for distribution of surplus	September 30 and March 31
Number of shares constituting one unit	1,000 shares
Purchase and sale of shares less than one unit	
Handling office	(Special account) 5-33, Kitahama 4-chome, Chuo-ku, Osaka, Japan Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Dept.
Transfer agent	(Special account) 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Forward office	—
Purchasing and selling fee	Amount equivalent to fees for entrusting sale or purchase of stock
Method of public notice	Kubota Corporation carries out its public notifications through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper). URL of Kubota Corporation where electronic public notice is carries out is as follows: http://www.kubota.co.jp
Special benefit for shareholders	Not applicable

(Note)

A holder of shares of Kubota Corporation representing less than one unit cannot excute the rights except the following:

1. Rights under each item of Article 189, Paragraph 2 of the Corporate Law of Japan,
2. Rights to claim under Article 166, Paragraph 1 of the Corporate Law of Japan,
3. Rights to receive an allocation of share offerings and stock acquisition rights in proportion to the number of shares held, and
4. Rights to claim for the sale of shares by combining a share representing less than one unit.

6. Reference Information on Kubota Corporation

(1) Information on Parent Company of Kubota Corporation

Kubota Corporation has no parent company.

(2) Other Reference Information

Kubota Corporation filed the following documents during the period from the commencing date of the year ended March 31, 2014 to the filing date of the Annual Securities Report.

(1)	Annual Securities Report and the attachments thereto, and Confirmation Letter	Fiscal Year (the 123rd business term)	From April 1, 2012 To March 31, 2013	Filed with the Director of the Kanto Local Finance Bureau on June 21, 2013
(2)	Internal Control Report and the attachments thereto	Fiscal Year (the 123rd business term)	From April 1, 2012 To March 31, 2013	Filed with the Director of the Kanto Local Finance Bureau on June 21, 2013
(3)	Quarterly Report and Confirmation Letter	(First Quarter of the 124th business term)	From April 1, 2013 To June 30, 2013	Filed with the Director of the Kanto Local Finance Bureau on August 12, 2013
		(Second Quarter of the 124th business term)	From July 1, 2013 To September 30, 2013	Filed with the Director of the Kanto Local Finance Bureau on November 12, 2013
		(Third Quarter of the 124th business term)	From October 1, 2013 To December 31, 2013	Filed with the Director of the Kanto Local Finance Bureau on February 13, 2014
(4)	Extra Ordinary Report	Pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Results of Execution of Voting Rights)		Filed with the Director of the Kanto Local Finance Bureau on June 25, 2013
		Pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Changes of Representative Directors)		Filed with the Director of the Kanto Local Finance Bureau on February 13, 2014
		Pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Changes of Representative Directors)		Filed with the Director of the Kanto Local Finance Bureau on June 9, 2014
(5)	Revised Registration Form of Bond Issuance			Filed with the Director of the Kanto Local Finance Bureau on June 21, 2013
				Filed with the Director of the Kanto Local Finance Bureau on June 25, 2013
				Filed with the Director of the Kanto Local Finance Bureau on August 12, 2013
				Filed with the Director of the Kanto Local Finance Bureau on November 12, 2013
				Filed with the Director of the Kanto Local Finance Bureau on February 13, 2014
				Filed with the Director of the Kanto Local Finance Bureau on February 13, 2014
				Filed with the Director of the Kanto Local Finance Bureau on June 9, 2014
(6)	Status Report of Acquisition of Treasury Stock			Filed with the Director of the Kanto Local Finance Bureau on January 15, 2014
				Filed with the Director of the Kanto Local Finance Bureau on February 5, 2014
				Filed with the Director of the Kanto Local Finance Bureau on March 5, 2014
				Filed with the Director of the Kanto Local Finance Bureau on April 4, 2014

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Consolidated Financial Statements
KUBOTA Corporation and its Subsidiaries
(1) Consolidated Balance Sheets

(¥ in millions)

At March 31:		2014		2013
ASSETS				
Current assets:				
Cash and cash equivalents	¥	87,022	¥	99,789
Notes and accounts receivable:				
Trade notes		69,974		73,895
Trade accounts		534,921		436,642
Less: Allowance for doubtful notes and accounts receivable		(3,186)		(2,712)
Short-term finance receivables—net		162,983		141,157
Inventories		299,765		263,217
Other current assets		82,482		68,476
Total current assets		1,233,961		1,080,464
Investments and long-term finance receivables:				
Investments in and loan receivables from affiliated companies		22,631		19,535
Other investments		137,641		126,715
Long-term finance receivables—net		334,112		275,815
Total investments and long-term finance receivables		494,384		422,065
Property, plant, and equipment:				
Land		93,308		91,367
Buildings		255,657		243,327
Machinery and equipment		424,478		397,213
Construction in progress		11,300		12,844
Total		784,743		744,751
Less: Accumulated depreciation		(502,042)		(480,968)
Net property, plant, and equipment		282,701		263,783
Other assets:				
Goodwill and intangible assets—net		34,628		30,475
Long-term trade accounts receivable		35,737		32,010
Other		23,824		18,461
Less: Allowance for doubtful non-current receivables		(578)		(656)
Total other assets		93,611		80,290
Total	¥	2,104,657	¥	1,846,602

(¥ in millions)

At March 31:		2014		2013
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	¥	181,573	¥	140,324
Trade notes payable		40,561		19,655
Trade accounts payable		200,145		228,178
Advances received from customers		7,873		10,122
Notes and accounts payable for capital expenditures		15,262		15,871
Accrued payroll costs		36,829		32,846
Accrued expenses		48,939		39,725
Income taxes payable		36,349		18,097
Other current liabilities		61,626		51,580
Current portion of long-term debt		89,766		78,589
Total current liabilities		718,923		634,987
Long-term liabilities:				
Long-term debt		315,598		291,085
Accrued retirement and pension costs		13,026		29,050
Other long-term liabilities		56,497		39,515
Total long-term liabilities		385,121		359,650
Commitments and contingencies				
Equity:				
Kubota Corporation shareholders' equity:				
Common stock, authorized 1,874,700,000 shares and issued 1,250,219,180 in 2014 and 1,256,419,180 shares in 2013		84,070		84,070
Capital surplus		88,753		88,919
Legal reserve		19,539		19,539
Retained earnings		703,740		605,962
Accumulated other comprehensive income (loss)		38,996		(4,976)
Treasury stock (473,439 shares and 468,372 shares in 2014 and 2013, respectively), at cost		(287)		(203)
Total Kubota Corporation shareholders' equity		934,811		793,311
Non-controlling interests		65,802		58,654
Total equity		1,000,613		851,965
Total	¥	2,104,657	¥	1,846,602

See notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)

Consolidated Statements of Income

(¥ in millions, except per share amounts)

For the years ended March 31:	2014	2013	2012
Revenues	¥ 1,508,590	¥ 1,210,566	¥ 1,021,573
Cost of revenues	1,057,003	880,891	747,737
Selling, general, and administrative expenses	247,865	208,605	174,316
Other operating expenses (income)—net	1,291	(289)	(3,656)
Operating income	202,431	121,359	103,176
Other income (expenses):			
Interest and dividend income	4,446	3,799	3,723
Interest expense	(1,500)	(1,330)	(1,728)
Gain on sales of securities—net	4,700	154	111
Valuation loss on other investments	(6)	(360)	(2,570)
Foreign exchange gain (loss)—net	(4,150)	8,753	(1,888)
Other—net	5,372	(5,197)	(1,033)
Other income (expenses)—net	8,862	5,819	(3,385)
Income before income taxes and equity in net income of affiliated companies	211,293	127,178	99,791
Income taxes:			
Current	74,024	41,376	35,192
Deferred	(2,108)	284	816
Total income taxes	71,916	41,660	36,008
Equity in net income of affiliated companies	3,034	1,606	1,645
Net income	142,411	87,124	65,428
Less: Net income attributable to non-controlling interests	10,750	9,070	4,140
Net income attributable to Kubota Corporation	¥ 131,661	¥ 78,054	¥ 61,288
Net income attributable to Kubota Corporation per common share:			
Basic	¥ 104.94	¥ 62.15	¥ 48.54

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Net income	¥ 142,411	¥ 87,124	¥ 65,428
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	32,522	48,766	(4,262)
Unrealized gains on securities	10,065	16,205	3,224
Unrealized gains on derivatives	55	135	561
Pension liability adjustments	3,285	5,848	(8,301)
Total other comprehensive income (loss)	45,927	70,954	(8,778)
Comprehensive income	188,338	158,078	56,650
Less: Comprehensive income attributable to non-controlling interests	12,643	17,071	2,933
Comprehensive income attributable to Kubota Corporation	¥ 175,695	¥ 141,007	¥ 53,717

See notes to consolidated financial statements.

(3) Consolidated Statements of Changes in Equity

(¥ in millions, except per share amounts)

	Kubota Corporation shareholders' equity								
	Shares of common stock outstanding (thousands)	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Non-controlling interests	Total equity
Balance at March 31, 2011	1,271,713	¥ 84,070	¥ 89,145	¥ 19,539	¥ 523,573	¥ (58,304)	¥ (9,341)	¥ 49,118	¥ 697,800
Net income					61,288			4,140	65,428
Other comprehensive loss						(7,571)		(1,207)	(8,778)
Cash dividends paid to Kubota Corporation shareholders (¥14 per common share)					(17,700)				(17,700)
Cash dividends paid to non-controlling interests								(289)	(289)
Purchases and sales of treasury stock	(15,772)						(10,004)		(10,004)
Increase in non-controlling interests related to contribution								198	198
Changes in ownership interests in subsidiaries			(276)			(19)		6,003	5,708
Balance at March 31, 2012	1,255,941	¥ 84,070	¥ 88,869	¥ 19,539	¥ 567,161	¥ (65,894)	¥ (19,345)	¥ 57,963	¥ 732,363
Net income					78,054			9,070	87,124
Other comprehensive income						62,953		8,001	70,954
Cash dividends paid to Kubota Corporation shareholders (¥16 per common share)					(20,102)				(20,102)
Cash dividends paid to non-controlling interests								(420)	(420)
Purchases and sales of treasury stock	10						(10)		(10)
Retirement of treasury stock			(1)		(19,151)		19,152		–
Increase in non-controlling Interests related to contribution								175	175
Changes in ownership interests in subsidiaries			51			(2,035)		(16,135)	(18,119)
Balance at March 31, 2013	1,255,951	¥ 84,070	¥ 88,919	¥ 19,539	¥ 605,962	¥ (4,976)	¥ (203)	¥ 58,654	¥ 851,965
Net income					131,661			10,750	142,411
Other comprehensive income						44,034		1,893	45,927
Cash dividends paid to Kubota Corporation shareholders (¥19 per common share)					(23,870)				(23,870)
Cash dividends paid to non-controlling interests								(970)	(970)
Purchases and sales of treasury stock	(6,205)						(10,097)		(10,097)
Retirement of treasury stock					(10,013)		10,013		–
Increase in non-controlling interests related to contribution								207	207
Changes in ownership interests in subsidiaries			(166)			(62)		(4,732)	(4,960)
Balance at March 31, 2014	1,249,746	¥ 84,070	¥ 88,753	¥ 19,539	¥ 703,740	¥ 38,996	¥ (287)	¥ 65,802	¥1,000,613

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Operating activities:			
Net income	¥ 142,411	¥ 87,124	¥ 65,428
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,344	29,942	23,969
Gain on sales of securities—net	(4,700)	(154)	(111)
Valuation loss on other investments	6	360	2,570
(Gain) loss from disposal of fixed assets—net	737	851	(6,684)
Impairment loss on long-lived assets	885	296	1,531
Equity in net income of affiliated companies	(3,034)	(1,606)	(1,645)
Deferred income taxes	(2,108)	284	816
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(82,602)	(61,445)	(52,502)
Increase in inventories	(16,932)	(19,651)	(21,424)
Increase in other current assets	(178)	(2,853)	(4,496)
Increase (decrease) in trade notes and accounts payable	(13,013)	15,824	44,893
Increase (decrease) in income taxes payable	17,570	(2,267)	11,070
Increase in other current liabilities	13,075	8,347	13,342
Decrease in accrued retirement and pension costs	(10,302)	(4,533)	(8,702)
Other	6,163	(1,196)	(83)
Net cash provided by operating activities	83,322	49,323	67,972
Investing activities:			
Purchases of fixed assets	(53,157)	(49,175)	(29,690)
Purchases of investments	(2,125)	(234)	(592)
Proceeds from sales of property, plant, and equipment	1,050	1,228	13,052
Proceeds from sales and redemption of investments	11,563	412	193
Acquisition of business, net of cash acquired	–	642	(17,211)
Increase in finance receivables	(258,945)	(200,614)	(163,125)
Collection of finance receivables	198,923	167,992	137,040
Net (increase) decrease in short-term loan receivables from affiliated companies	(360)	1,680	(5,565)
Net (increase) decrease in time deposits	(1,075)	31	860
Other	(83)	(1,023)	1,648
Net cash used in investing activities	(104,209)	(79,061)	(63,390)
Financing activities:			
Proceeds from issuance of long-term debt	140,068	148,685	104,422
Repayments of long-term debt	(121,334)	(114,218)	(100,203)
Net increase in short-term borrowings	24,170	32,830	8,028
Payments of cash dividends	(23,870)	(20,102)	(17,700)
Purchases of treasury stock	(10,097)	(10)	(10,016)
Purchases of non-controlling interests	(4,753)	(18,048)	(905)
Other	(970)	(243)	(111)
Net cash provided by (used in) financing activities	3,214	28,894	(16,485)
Effect of exchange rate changes on cash and cash equivalents	4,906	7,243	(1,083)
Net increase (decrease) in cash and cash equivalents	(12,767)	6,399	(12,986)
Cash and cash equivalents, beginning of year	99,789	93,390	106,376
Cash and cash equivalents, end of year	¥ 87,022	¥ 99,789	¥ 93,390

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Kubota Corporation (the “Parent Company”) and its subsidiaries (collectively called the “Company”) are one of Japan’s leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and social infrastructure-related products.

The Company manufactures its products not only in Japan but also in overseas such as in the U.S., Germany, China, Thailand, and other countries, and sales its products in Japan, North America, Europe, Asia, and other countries.

Basis of Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and all majority-owned subsidiaries. The accounts of variable interest entities (“VIE”) are included in the consolidated financial statements, as applicable. Intercompany items have been eliminated in consolidation. Investments in affiliated companies in which the Company has the ability to exercise significant influence over their operating and financial policies but where the Company does not have a controlling financial interest, are accounted for using the equity method.

As of March 31, 2014, the Company had 162 consolidated subsidiaries and 18 affiliated companies with an increase of five and a decrease of one from the prior fiscal year end, respectively. The accounts of certain subsidiaries and affiliated companies have December 31 fiscal year-ends, which are different from Parent Company’s year-end.

The Company has a VIE which engages in farming by water culture. The VIE has been consolidated since the Company is the primary beneficiary. Total assets of the VIE at March 31, 2014 and 2013 were ¥165 million and ¥170 million, respectively. There are no restrictions on the use of the VIE’s assets. Also, the creditors or beneficial interest holders of the consolidated VIE have no recourse to the general credit of the Company. The Company is not a primary beneficiary of the unconsolidated VIEs and does not hold any significant variable interests in these VIEs.

Use of Estimates

Preparing financial statements in accordance with U.S. GAAP requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. Significant estimates and assumptions are used primarily in the areas of inventory valuation, impairment of investments, allowance for doubtful accounts and credit losses, impairment of long-lived assets, product warranties, accruals for employee retirement and pension plans, valuation allowance for deferred tax assets, uncertain tax positions, revenue recognition for long-term contracts, and loss contingencies. Actual results could differ from those estimates.

Foreign Currency Translation

The assets and liabilities of subsidiaries located in the countries other than Japan are translated to Japanese yen based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in accumulated other comprehensive income (loss). Revenues and expenses are translated into Japanese yen using the average exchange rates prevailing for each period presented.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Time deposits with original maturities of three months or less amounting to ¥4,463 million, ¥4,791 million, and ¥3,619 million, respectively, were included in cash and cash equivalents at March 31, 2014, 2013, and 2012. The restricted cash, which is pledged as collateral and received as advance payment for public works projects, is not included in cash and cash equivalents but included in other current assets and amounted to ¥2,570 million, ¥2,315 million, and ¥2,314 million at March 31, 2014, 2013, and 2012, respectively.

Inventories

Inventories are stated at the lower of cost or market. Cost is generally determined by the moving-average method.

Investments

The Company classifies all its marketable equity securities as available-for-sale and carries them at fair value with a corresponding recognition of the net unrealized holding gains or losses (net of tax) as an item of accumulated other comprehensive income (loss) in equity. The fair values of those securities are determined based on quoted market prices.

When a decline in value of a marketable security is deemed to be other-than-temporary, the Company recognizes an impairment loss to the extent of the decline. In determining if and when such a decline in value is other-than-temporary, the Company evaluates the extent to which cost exceeds market value, the duration of the market decline, and other key measures. Other nonmarketable securities are stated at cost and reviewed periodically for impairment.

Gains and losses on sales of available-for-sale securities as well as other nonmarketable equity securities which are carried at cost are computed on the average-cost method.

Allowance for Doubtful Accounts and Credit Losses

The Company provides an allowance for doubtful accounts and credit losses. The allowance for doubtful accounts and credit losses is determined on the basis of the collection status of receivables, historical credit loss experience, economic trends, the customer's ability to repay, and collateral values. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation expenses related to manufacturing activities are included in cost of revenues, and the other depreciation expenses are classified in selling, general, and administrative expenses. Depreciation expenses of those assets are principally computed by using the declining-balance method based on the estimated useful lives of the assets. The estimated useful lives range from ten to 50 years for buildings and from two to 14 years for machinery and equipment.

Goodwill and Intangible Assets

Goodwill is not amortized, but is instead tested for impairment annually or whenever events occur or circumstances change, which indicates the possibility of the impairment. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company's evaluation of goodwill completed during the current year resulted in no impairment losses.

Intangible assets with definite useful lives are amortized by a method reflecting the pattern in which the economic benefits of the intangible asset are consumed if that pattern can be reliably determined. If that pattern cannot be reliably determined, the straight−line method of amortization is used.

Long-Lived Assets

The Company evaluates long-lived assets (including property, plant, equipment and intangible assets with definite useful lives) to be held and used for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the estimate of undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded based on the fair value of the assets. The Company evaluates long-lived assets to be disposed of by sale at the lower of carrying amount or fair value less cost to sell.

Retirement and Pension Plans

The funded status of the Company's defined benefit pension plans and severance indemnity plans are recognized as an asset or a liability on the consolidated balance sheets with a corresponding adjustment to pension liability adjustment in accumulated other comprehensive income (loss), net of tax. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at March 31, the measurement date.

The Company amortizes the prior service costs (benefits) due to the amendments of the benefit plans over the average remaining service period of the participants at the time of amendments. The Company recognizes any net actuarial gains and losses in excess of 20% of the larger of the projected benefit obligation or plan assets in the year following the year in which such gains and losses were incurred and the portion between 10% and 20% is amortized over the average participants' remaining service period while the portion of less than 10% is not amortized.

Income Taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statement and the income tax bases of assets and liabilities and tax loss and other carryforwards using the enacted tax rate. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized.

The Company recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more likely than not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of income.

Consumption Taxes

Revenues are presented exclusive of consumption taxes.

Revenue Recognition

The Company recognizes revenue related to product sales when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. The Company records estimated reductions to sales at the time of sale for sales incentive programs including product discounts, customer promotions, and volume-based rebates.

The sales of environmental and other plant and equipment are recorded when the installation of plant and equipment is completed and accepted by the customer for short-term contracts, and recorded under the percentage-of-completion method of accounting for long-term contracts (See Note 11. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS). Estimated losses on sales contracts are charged to income in the period in which they are identified. The percentages of revenues to consolidated revenues for the years ended March 31, 2014, 2013, and 2012 that pertain to long-term contracts were 2.0%, 2.3%, and 2.3%, respectively.

Finance income is recognized over the terms of the receivables using the interest method.

Research and Development and Advertising

Research and development and advertising costs are expensed as incurred.

Shipping and Handling Costs

Shipping and handling costs are included in selling, general, and administrative expenses.

Expense from the Payments for Health Hazard of Asbestos

The Company expenses payments to certain residents who lived near the Company's plant and current and former employees when the Company determines that a payment is warranted.

The Company also accrues an estimated loss from asbestos-related matters by a charge to income if both of the following conditions are met:

(a) It is probable that a liability has been incurred at the date of financial statements.

(b) The amount of loss can be reasonably estimated.

(See Note 19. COMMITMENTS AND CONTINGENCIES)

Derivative Financial Instruments

All derivatives are recognized in the consolidated balance sheets at fair value and are reported in other current assets, other assets, other current liabilities, or other long-term liabilities. The Company does not offset fair value of contracts in gain and loss positions.

On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (a cash flow hedge).

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets or to specific firm commitments or forecasted transactions. The Company considers its hedges to be highly effective in offsetting changes in cash flows of hedged items, because the currency, index of interest rates, amount, and terms of the derivatives correspond to those of the hedged items in accordance with the Company's policy.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in accumulated other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

The Company also uses derivatives not designated as cash flow hedges in certain relationships for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Value Measurement

Certain assets and liabilities that fall within the scope of the fair value measurements are categorized into three levels by inputs used for measurements. The Company determines transfers between their levels at the date of the event or change in circumstances that caused the transfer.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities. These are measured using the entity's own assumptions and inputs that are reasonably available or inputs many market participants use with reasonable confidence because observable inputs are not available.

Net income attributable to Kubota Corporation per common share

Net income attributable to Kubota Corporation per common share is computed by dividing net income attributable to Kubota Corporation by the weighted-average number of common shares outstanding during each year. The weighted average numbers of common shares outstanding for the years ended March 31, 2014, 2013, and 2012 were 1,254,590,484, 1,255,946,117, and 1,262,512,459, respectively. There were no potentially dilutive shares outstanding for the years ended March 31, 2014, 2013, and 2012.

Changes in Accounting Policies

Beginning with the current fiscal year, the Company aligned the reporting periods of certain subsidiaries and affiliated companies with different financial statement closing dates to that of the Parent Company (as of March 31, 2013, 64 subsidiaries and 10 affiliated companies among 110 subsidiaries and 13 affiliated companies with different closing dates) to enhance the quality of disclosure and management of the Company's financial results. To reflect the impact of these changes, the Company retrospectively adjusted the consolidated financial statements for all periods presented.

With these retrospective adjustments, the amount of retained earnings at the beginning of the fiscal year ended March 31, 2012 was adjusted from ¥516,858 million to ¥523,573 million.

The following tables present the effects of retrospective adjustments as of March 31, 2013 and for the years ended March 31, 2013 and 2012:

(¥ in millions)

	March 31, 2013	
	Before retrospective adjustments	After retrospective adjustments
Consolidated Balance Sheets:		
Total current assets	¥ 1,014,675	¥ 1,080,464
Total investments and long-term finance receivables	395,090	422,065
Net property, plant, and equipment	255,526	263,783
Total other assets	78,379	80,290
Total current liabilities	594,856	634,987
Total long-term liabilities	338,206	359,650
Total equity	810,608	851,965

(¥ in millions, except per share amounts)

	For the year ended March 31, 2013			
	Before retrospective adjustments		After retrospective adjustments	
Consolidated Statements of Income:				
Net income	¥	81,149	¥	87,124
Net income attributable to Kubota Corporation		73,688		78,054
Consolidated Statements of Cash Flows:				
Net cash provided by operating activities	¥	50,984	¥	49,323
Net cash used in investing activities		(69,245)		(79,061)
Net cash provided by financing activities		21,655		28,894
Cash and cash equivalents, end of year		110,535		99,789
Net income attributable to Kubota Corporation per common share:				
Basic	¥	58.67	¥	62.15

(¥ in millions, except per share amounts)

	For the year ended March 31, 2012			
	Before retrospective adjustments		After retrospective adjustments	
Consolidated Statements of Income:				
Net income	¥	66,019	¥	65,428
Net income attributable to Kubota Corporation		61,552		61,288
Consolidated Statements of Cash Flows:				
Net cash provided by operating activities	¥	79,896	¥	67,972
Net cash used in investing activities		(69,929)		(63,390)
Net cash used in financing activities		(13,264)		(16,485)
Cash and cash equivalents, end of year		100,559		93,390
Net income attributable to Kubota Corporation per common share:				
Basic	¥	48.75	¥	48.54

New Accounting Standards

In February 2013, the Financial Accounting Standards Board (the "FASB") issued a new accounting standard related to the presentation for the net income effects of amounts reclassified out of accumulated other comprehensive income (loss). This standard requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income (loss) by component as well as to present, either on the face of the statement of income or in the notes, significant amounts reclassified out of accumulated other comprehensive income (loss) by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The standard is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2012 and the Company adopted this standard on April 1, 2013. The adoption of this standard did not have a material impact on the consolidated financial statements.

In December 2011, the FASB issued a new accounting standard related to the presentation of offsetting assets and liabilities in financial statements. Subsequently, in February 2013, the FASB issued a new accounting standard related to the above standard to clarify its intended scope of the disclosures. These standards require entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The purpose of this issuance is to eliminate differences between U.S. GAAP and International Financial Reporting Standards ("IFRS") in order to enhance the comparability of statements prepared on the basis of U.S. GAAP and IFRS. These standards are effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods, and should be applied retrospectively for all comparative periods presented. The Company adopted these standards on April 31, 2013 and the adoptions of the standards did not have a material impact on the consolidated financial statements.

In March 2013, the FASB issued a new accounting standard related to a parent's accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The purpose of this standard is to resolve the diversity in practice which included application of either a deconsolidation or derecognition model for releasing the related cumulative translation adjustment into net income. The FASB concluded that the cumulative transaction adjustments should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiaries or group of asset had resided. This standard is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In April 2014, the FASB issued a new accounting standard related to the reporting of discontinued operations and disclosures of disposals of an entity. The purpose of this standard is to change the criteria for the reporting discontinued operations and to enhance convergence of the FASB's and the International Accounting Standard Board's reporting requirements for discontinued operations. This standard should be applied prospectively to both of the following:

1. All disposal (or classification as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years
2. All business or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years.

The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In May 2014, the FASB issued a new accounting standard related to revenue recognition. This standard is based on the principle that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The purpose of this standard is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. This standard is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The early adoption is not permitted. The Company is currently calculating the impact of adoption of this standard on the consolidated financial statements.

2. INVENTORIES

Inventories are comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Finished products	¥ 182,048	¥ 159,262
Spare parts	38,690	33,129
Work in process	38,849	35,451
Raw materials and supplies	40,178	35,375
	¥ 299,765	¥ 263,217

3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFILIATED COMPANIES

Investments in and loan receivables from affiliated companies in which the Company has the ability to exercise significant influence over their operating and financial policies are comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Loan receivables－current	¥ 4,630	¥ 4,272
Loan receivables－noncurrent	162	258
Investments	22,469	19,277
	¥ 27,261	¥ 23,807

The amounts of loan receivables-current are recorded in other current assets on the consolidated balance sheets. The amounts of loan receivables-noncurrent and investments are recorded in investments in and loan receivables from affiliated companies on the consolidated balance sheets.

The following table presents a summary of financial information of affiliated companies:

(¥ in millions)

At March 31:	2014	2013
Current assets	¥ 92,236	¥ 70,300
Noncurrent assets	51,653	53,469
Total assets	143,889	123,769
Current liabilities	82,625	67,191
Long-term liabilities	10,167	12,899
Net assets	¥ 51,097	¥ 43,679

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Revenues	¥ 260,900	¥ 231,516	¥ 230,092
Cost of revenues	188,394	169,913	167,212
Net income	7,356	3,487	3,323

Trade notes and accounts receivable from affiliated companies at March 31, 2014 and 2013 were ¥36,968 million and ¥24,043 million, respectively.

Revenues from affiliated companies aggregated ¥88,465 million, ¥63,808 million and ¥64,868 million for the years ended March 31, 2014, 2013, and 2012, respectively.

Cash dividends received from affiliated companies were ¥51 million, ¥41 million and ¥71 million for the years ended March 31, 2014, 2013, and 2012, respectively.

Retained earnings included net undistributed earnings of affiliated companies in the amount of ¥17,151 million and ¥13,776 million at March 31, 2014 and 2013, respectively.

4. OTHER INVESTMENTS

The following table presents the cost, fair value, and gross unrealized holding gains and losses for securities by major security type:

(¥ in millions)

	2014				2013			
At March 31:	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	¥ 22,732	¥ 51,582	¥ 28,858	¥ 8	¥ 24,110	¥ 50,247	¥ 26,137	¥ —
Other equity securities	16,492	82,380	65,888	—	14,743	67,716	52,973	—
	¥ 39,224	¥ 133,962	¥ 94,746	¥ 8	¥ 38,853	¥ 117,963	¥ 79,110	¥ —

The following table presents the gross unrealized losses on, and related fair value of, the Company's available-for-sale securities, aggregated by the length of time that individual equity securities have been in a continuous unrealized loss position:

(¥ in millions)

	2014				2013			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
At March 31:	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Other investments:								
Available-for-sale:								
Equity securities of financial institutions	¥ 161	¥ 8	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Other equity securities	—	—	—	—	87	—	—	—
	¥ 161	¥ 8	¥ —	¥ —	¥ 87	¥ —	¥ —	¥ —

For the years ended March 31, 2014, 2013, and 2012, valuation losses on other investments were recognized to reflect the decline in fair value considered to be other-than-temporary totaling ¥6 million, ¥360 million, and ¥2,570 million respectively.

The following table presents proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Proceeds from sales of available-for-sale securities	¥ 4,403	¥ —	¥ —
Gross realized gains	2,680	—	—
Gross realized losses	—	—	—

Investments in nonmarketable equity securities of ¥3,679 million and ¥8,752 million were recorded in other investment on the consolidated balance sheets at March 31, 2014 and 2013, respectively. Investments in nonmarketable equity securities for which there is no readily determinable fair value are accounted for using the cost method. Substantially all such investments in nonmarketable equity securities were not evaluated for impairment because the Company determined that it was not practicable to estimate the fair value of these investments and did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments for the years ended March 31, 2014, 2013, and 2012.

5. SALES FINANCING RECEIVABLES AND OTHER LOAN RECEIVABLES

Sales Financing Receivables

The Company classifies sales financing receivables into the following three types:

(1) Retail finance receivables

The Company provides retail finance to customers who purchase the Company's farm equipment products from dealers in North America and other areas. Retail finance receivables are purchased under agreements between the Company and dealers in relation to the products offered to individual and corporate end-users. These receivables are recorded at the principal amount and are subsequently carried at amortized cost, less any allowance for credit losses.

(2) Finance lease receivables

The Company also provides finance leases in Japan and Asia outside Japan. Finance lease receivables in Japan relate to the Company's products leased to individual and corporate end-users. Finance lease receivables in Asia outside Japan relate to the Company's farm equipment and construction machinery products leased to individual and corporate end-users. These receivables are recorded at the aggregate of lease payments receivable plus the estimated residual value of the leased property, less unearned income and allowance for credit losses. There was no unguaranteed residual value related to finance leases at March 31, 2014.

(3) Long-term trade accounts receivable

Long-term trade accounts receivable is generated mainly from direct sale to individual end-users in the farm equipment market in Japan and Asia outside Japan.

Retail finance receivables and finance lease receivables are collectively reported as short-term finance receivables—net and long-term finance receivables—net on the consolidated balance sheets. Long-term trade accounts receivable in this note includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. These receivables are secured by the products being sold or financed.

Finance receivables—net are comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Retail finance receivables	¥ 354,657	¥ 286,100
Less: Allowance for credit losses	(361)	(697)
Retail—net	354,296	285,403
Finance lease receivables	182,437	163,212
Less: Unearned income	(28,767)	(24,035)
Less: Allowance for credit losses	(10,871)	(7,608)
Finance leases—net	142,799	131,569
Total finance receivables—net	497,095	416,972
Less: Current portion	(162,983)	(141,157)
Long-term finance receivables—net	¥ 334,112	¥ 275,815

Long-term trade accounts receivable—net is comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Long-term trade accounts receivable		
Current	¥ 30,284	¥ 28,247
Non-current	35,737	32,010
Total long-term trade accounts receivable	66,021	60,257
Less: Allowance for doubtful accounts	(416)	(594)
Long-term trade accounts receivable—net	¥ 65,605	¥ 59,663

The following table presents the annual maturities of retail finance receivables, long-term trade accounts receivable, and future minimum lease payments on finance leases:

(¥ in millions)

Years ending March 31:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable
2015	¥ 118,498	¥ 65,808	¥ 30,284
2016	106,312	46,153	14,214
2017	79,661	30,093	9,761
2018	44,415	19,161	6,332
2019	4,540	14,140	3,395
2020 and thereafter	1,231	7,082	2,035
Total	¥ 354,657	¥ 182,437	¥ 66,021

The Company includes finance income and expenses in revenue and cost of revenues in the consolidated statements of income.

The following table presents the amounts of finance income and expenses included in revenues and cost of revenues:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Finance income	¥ 28,372	¥ 22,309	¥ 19,144
Finance expenses	7,748	6,398	6,301

The Company also analyzes sales financing receivables by four regions: North America, Japan, Asia outside Japan, and other areas. Credit risks on these receivables are affected by economic conditions, such as consumer demand, unemployment level, and the level of government subsidies, which differ from location to location.

(Credit Quality Indicator)

The Company classifies sales financing receivables into risk categories based on relevant information about the ability of borrowers to service their debt, such as the collection status of receivables, customers' financial health, historical credit loss experiences, and economic trends. Subsequent to origination, the Company reviews the credit quality of these receivables on a quarterly basis. The Company's credit quality ratings for these receivables are defined as follows:

Rank A – These receivables are performing on schedule under their terms. They are not likely to incur losses arising from customers' inability to repay and the Company expects to collect all amounts due.

Rank B – These receivables require management's attention to potential losses but are not categorized as rank C. Such receivables do not indicate that it is individually probable that losses will be incurred arising from customers' inability to repay.

Rank C – The Company becomes aware of a customer's inability to repay, such as a customer's long-term nonperformance, a bankruptcy filing, or deterioration in a customer's results of operations or financial position. In such cases, it is probable that losses will be incurred arising from customers' inability to repay.

The following table presents the recorded investment in sales financing receivables by types of receivables, region, and credit quality indicator based on the information available at the end of each fiscal year:

(¥ in millions)

At March 31:	Retail finance receivables		Finance lease receivables		Long-term trade accounts receivable	
Credit risk profile by internally assigned rank:	North America	Other areas	Japan	Asia outside Japan	Japan	Asia outside Japan
2014:						
Rank A	¥ 332,128	¥ 8,990	¥ 9,164	¥ 127,790	¥ 62,562	¥ 883
Rank B	13,456	—	140	16,576	2,232	—
Rank C	65	18	—	—	344	—
Total	¥ 345,649	¥ 9,008	¥ 9,304	¥ 144,366	¥ 65,138	¥ 883
2013:						
Rank A	¥ 267,568	¥ 6,533	¥ 7,379	¥ 115,677	¥ 57,745	¥ 578
Rank B	11,606	—	154	15,967	1,505	—
Rank C	360	33	—	—	429	—
Total	¥ 279,534	¥ 6,566	¥ 7,533	¥ 131,644	¥ 59,679	¥ 578

(Aging)

All sales financing receivables are considered past due when a scheduled payment, including principal and interest, has not been received by the contractual due date. If any installment payments have not been received by the contractual due date, the entire remaining balance is classified as being past due.

The following table presents an aging analysis of past due sales financing receivables by types of receivables and region:

(¥ in millions)

At March 31: Type of receivables	Region	Up to 30 days past due	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total past due	Current	Total
2014:								
Retail finance receivables	North America	¥ 11,942	¥ 1,071	¥ 139	¥ 368	¥ 13,520	¥ 332,129	¥ 345,649
Retail finance receivables	Other areas	—	—	18	—	18	8,990	9,008
Finance lease receivables	Japan	61	15	17	45	138	9,166	9,304
Finance lease receivables	Asia outside Japan	3,052	2,457	2,718	8,349	16,576	127,790	144,366
Long-term trade accounts receivable	Japan	963	261	147	1,025	2,396	62,742	65,138
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	883	883
Total		¥ 16,018	¥ 3,804	¥ 3,039	¥ 9,787	¥ 32,648	¥ 541,700	¥ 574,348
2013:								
Retail finance receivables	North America	¥ 10,434	¥ 747	¥ 95	¥ 690	¥ 11,966	¥ 267,568	¥ 279,534
Retail finance receivables	Other areas	—	—	—	—	—	6,566	6,566
Finance lease receivables	Japan	50	13	20	69	152	7,381	7,533
Finance lease receivables	Asia outside Japan	2,147	2,390	2,015	9,415	15,967	115,677	131,644
Long-term trade accounts receivable	Japan	338	155	366	522	1,381	58,298	59,679
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	578	578
Total		¥ 12,969	¥ 3,305	¥ 2,496	¥ 10,696	¥ 29,466	¥ 456,068	¥ 485,534

(Nonaccrual)

Retail finance receivables in North America are placed on nonaccrual status at the earlier of when the contractual principal and interest are determined to be uncollectible or when these receivables become greater than 90 days past the contractual due date. For these receivables on the nonaccrual status, interest income is subsequently recognized only to the extent a cash payment is received. These receivables are restored to accrual status as of the date the principal and interest become 90 days or less past the due date. Nonaccrual retail finance receivables in North America at March 31, 2014 and 2013, amounted to ¥368 million and ¥690 million, respectively.

Retail finance receivables in other areas, finance lease receivables in Japan and Asia outside Japan and long-term trade accounts receivable in Japan and Asia outside Japan are not placed on nonaccrual status, but these receivables are charged off against the allowance for doubtful accounts and credit losses when payments due are no longer expected to be received.

(Troubled Debt Restructuring and Impaired Loans)

The amounts of debts restructured or impaired loans were not material for the years ended March 31, 2014, 2013, and 2012.

Loan Receivables from Affiliated Companies

The Company finances loans to affiliated companies mainly through group financing and records such loan receivables from affiliated companies at the principal on the consolidated balance sheets. The amounts of these loan receivables from affiliated companies were ¥4,792 million and ¥4,530 million at March 31, 2014 and 2013, respectively, and such amounts are recorded in other current assets and investment in and loan receivables from affiliated companies on the consolidated balance sheets. These loans are financings provided to the affiliated companies which sell farm equipment products in Japan and historically both the principal and interest have been fully collected by the contractual due date. The Company reviews the credit quality of these loan receivables based on relevant information about the ability of borrowers to service their debt. Since no negative factors in the borrowers' financial condition or collection status of receivables have been identified, these loan receivables are expected to be fully collectible by the Company. The credit risk of these loan receivables is primarily developed from the borrowers' business environment such as market demand of farm equipment products (See Note 3. INVESTMENTS IN AND LOAN RECEIVABLES FROM AFFILIATED COMPANIES).

Other Receivables

The amounts of other receivables and related allowance were not material for the years ended March 31, 2014, 2013, and 2012.

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDIT LOSSES

An allowance for doubtful accounts and credit losses is established to cover probable losses arising from customers' inability to repay by type of receivables and region.

The allowance for doubtful accounts and credit losses on receivables which will probably not be collected is maintained at a level that is adequate to cover probable losses based on a combination of various factors, such as a customer's ability to repay and collateral values. The allowance for smaller-balance homogeneous receivables is collectively evaluated using reserve rates, which are calculated depending on the period past due, reflecting the collection status of these receivables, historical credit loss experience, economic trends and other factors. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations. Loan receivables from affiliated companies are individually evaluated based on the relevant information, such as historical credit loss experience, and economic trends and conditions.

When amounts due are determined to be uncollectible or the related collateral is repossessed, receivables and the related allowance are charged off. Repossessed assets are recorded at their estimated fair value less costs to sell and reported in other current assets on the consolidated balance sheets, which amounted to ¥318 million and ¥215 million at March 31, 2014 and 2013, respectively. Recoveries on receivables previously charged off as uncollectable are credited to the allowance for doubtful accounts and credit losses.

The following table presents the changes in allowance for doubtful accounts and credit losses:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Allowance for doubtful notes and accounts receivable:			
Balance at beginning of year	¥ 2,712	¥ 2,658	¥ 2,939
Provision (Reversal)	(214)	98	363
Charge-offs	(32)	(270)	(225)
Other	720	226	(419)
Balance at end of year	¥ 3,186	¥ 2,712	¥ 2,658
Allowance for doubtful non-current receivables:			
Balance at beginning of year	¥ 656	¥ 877	¥ 934
Reversal	(79)	(222)	(43)
Charge-offs	(5)	—	(13)
Other	6	1	(1)
Balance at end of year	¥ 578	¥ 656	¥ 877
Allowance for credit losses on finance receivables:			
Balance at beginning of year	¥ 8,305	¥ 4,897	¥ 3,625
Provision	5,018	2,557	2,436
Charge-offs	(2,049)	(473)	(1,122)
Other	(42)	1,324	(42)
Balance at end of year	¥ 11,232	¥ 8,305	¥ 4,897

The following table presents the changes in allowance for doubtful accounts and credit losses and the recorded investments in finance receivables and long-term trade accounts receivable:

(¥ in millions)

Allowance for doubtful accounts and credit losses for the year ended March 31, 2014:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	¥ 697	¥ 7,608	¥ 594	¥ 8,899
Provision (Reversal)	603	4,415	(178)	4,840
Charge-offs	(990)	(1,059)	—	(2,049)
Recoveries	8	—	—	8
Other	43	(93)	—	(50)
Balance at end of year	¥ 361	¥ 10,871	¥ 416	¥ 11,648
Individually evaluated for impairment	83	—	371	454
Collectively evaluated for impairment	278	10,871	45	11,194
Recorded Investment at March 31, 2014:				
Balance at end of year	¥ 354,657	¥ 153,670	¥ 66,021	¥ 574,348
Individually evaluated for impairment	83	—	401	484
Collectively evaluated for impairment	354,574	153,670	65,620	573,864
Allowance for doubtful accounts and credit losses for the year ended March 31, 2013:				
Balance at beginning of year	¥ 679	¥ 4,218	¥ 1,027	¥ 5,924
Provision (Reversal)	345	2,212	(433)	2,124
Charge-offs	(423)	(50)	—	(473)
Recoveries	9	—	—	9
Other	87	1,228	—	1,315
Balance at end of year	¥ 697	¥ 7,608	¥ 594	¥ 8,899
Individually evaluated for impairment	393	—	415	808
Collectively evaluated for impairment	304	7,608	179	8,091
Recorded Investment at March 31, 2013:				
Balance at end of year	¥ 286,100	¥ 139,177	¥ 60,257	¥ 485,534
Individually evaluated for impairment	393	—	429	822
Collectively evaluated for impairment	285,707	139,177	59,828	484,712

Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets.

There was no related allowance for loan receivables from affiliated companies for the years ended March 31, 2014, 2013, and 2012.

7. BUSINESS COMBINATION

On March 13, 2012, the Company acquired 78.95% of the total outstanding shares of Kverneland ASA ("Kverneland"), listed on the Oslo Stock Exchange, through a tender offer. The consideration, all in cash, paid for the acquired shares of Kverneland was ¥18,105 million and the acquisition-date fair value of the non-controlling interest in Kverneland was measured at ¥4,993 million mainly based on the quoted price of share on the Oslo's Stock Exchange.

Kverneland has well-established brands in European regions along with technological competence and a wide range of implement products. The Company expects to realize synergies including development of implements for its existing line of tractors and utilization of each other's sales channels. The Company expects the acquisition to be an important milestone in establishing a significant presence in the agricultural machinery market for dry fields.

Acquisition-related costs of ¥524 million were included in selling, general, and administrative expenses on the consolidated statement of income for the year ended March 31, 2012.

The following table presents the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed:

(¥ in millions)

At March 13, 2012:		
Current assets	¥	28,059
Investments and long-term finance receivables		637
Property, plant, and equipment		8,198
Goodwill		3,966
Intangible assets		12,584
Other assets		1,950
Total assets acquired	¥	55,394
Current liabilities		22,940
Long-term liabilities		9,356
Total liabilities assumed	¥	32,296
Total net assets acquired	¥	23,098

Trade accounts receivable of ¥7,129 million recorded at fair value is included in current assets in the table above, and the gross contractual amount is ¥7,366 million.

Intangible assets acquired are subject to amortization and mainly consist of customer relationships of ¥6,441 million, technological know-how of ¥3,037 million, and trademarks of ¥1,391 million with weighted-average amortization periods of 13 years, six years, and ten years, respectively. Total weighted-average amortization period for the entire group of intangibles is nine years.

The aggregated amount of goodwill is all assigned to the Farm & Industrial Machinery segment and is not deductible for tax purposes.

Revenues or net income from Kverneland and its subsidiaries are not included in the consolidated statements of income for the year ended March 31, 2012.

The pro forma results are not disclosed as the amounts are immaterial.

8. GOODWILL AND INTANGIBLE ASSETS

The following table presents the components of intangible assets subject to amortization:

	2014			2013		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Software	¥ 26,873	¥ (13,439)	¥ 13,434	¥ 21,596	¥ (10,459)	¥ 11,137
Customer relationships	8,568	(1,499)	7,069	6,795	(566)	6,229
Technological know-how	4,474	(1,546)	2,928	3,368	(458)	2,910
Others	6,555	(1,679)	4,876	6,429	(1,470)	4,959
Total	¥ 46,470	¥ (18,163)	¥ 28,307	¥ 38,188	¥ (12,953)	¥ 25,235

Intangible assets subject to amortization acquired for the year ended March 31, 2014 was ¥7,341 million, which mainly consist of software of ¥6,555 million. Intangible assets subject to amortization acquired for the year ended March 31, 2013 was ¥6,434 million, which mainly consist of software of ¥4,699 million. The amortization periods for the acquired software for the year ended March 31, 2014 and 2013 are both mainly five years.

The amounts of intangible assets not subject to amortization were not material at March 31, 2014 and 2013.

The aggregate amortization expenses of intangible assets subject to amortization for the years ended March 31, 2014, 2013, and 2012 were ¥6,714 million, ¥5,134 million, and ¥2,019 million, respectively.

The following table presents the estimated aggregate amortization expenses for intangible assets for each of the next five years:

(¥ in millions)

Years ending March 31:	
2015	¥ 5,860
2016	5,361
2017	4,889
2018	3,837
2019	3,058

The goodwill is allocated to the reporting unit in which the business that created the goodwill resides, and the goodwill resides in the Farm and Industrial Machinery segment. The carrying amounts of goodwill in the Farm & Industrial Machinery segment were ¥6,116 million, ¥5,033 million and ¥4,876 million at March 31, 2014, 2013, and 2012, respectively.

The changes in the carrying amount of goodwill in Farm & Industrial Machinery segment for the years ended March 31, 2014 and 2013 were as a result of fluctuation in exchange rates.

Accumulated impairment losses on goodwill were not recognized for the years ended March 31, 2014, 2013, and 2012.

9. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings were comprised of notes payable to banks of ¥181,573 million at March 31, 2014 and notes payable to banks of ¥140,324 million at March 31, 2013.

Stated annual interest rates on short-term borrowings ranged primarily from 0.07% to 8.80% and from 0.21% to 6.50% at March 31, 2014 and 2013, respectively. The weighted average interest rates on such short-term borrowings at March 31, 2014 and 2013 were 0.99% and 1.23%, respectively.

Available committed lines of credit with five banks totaled ¥20,000 million both at March 31, 2014 and 2013.

The terms of committed lines of credit are one year. The Company had no outstanding borrowings as of March 31, 2014 and 2013 related to committed lines of credit.

Long-term debt is comprised of the following:

(¥ in millions)

At March 31:	Due in years ending March 31:	2014	2013
Unsecured bonds (interest rate):			
U.S. $ notes (floating rate 0.65%)	2014	¥ —	¥ 4,708
Yen notes (fixed rate 1.53%)	2015	10,000	10,000
U.S. $ notes (floating rate 0.52%)	2016	5,157	4,699
U.S. $ notes (floating rate 0.50%)	2016	3,609	3,289
U.S. $ notes (floating rate 0.49%)	2017	5,150	4,692
Yen notes (fixed rate 0.30%)	2018	20,000	20,000
Yen notes (fixed rate 0.51%)	2020	20,000	20,000
Loans, principally from banks and insurance companies, maturing on various dates through 2019:			
Collateralized		52,068	47,042
Unsecured		285,202	251,020
Capital lease obligations		4,178	4,224
Total		405,364	369,674
Less: Current portion		(89,766)	(78,589)
		¥ 315,598	¥ 291,085

Both fixed and floating rates were included in the interest rates of the long-term loans from banks and insurance companies. The weighted average rates at March 31, 2014 and 2013 were 1.53% and 1.56%, respectively.

The following table presents the annual maturities of long-term debt at March 31, 2014.

(¥ in millions)

Years ending March 31:	
2015	¥ 89,766
2016	89,383
2017	125,114
2018	53,299
2019	26,672
2020 and thereafter	21,130
Total	¥ 405,364

Assets pledged as collateral are comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Trade notes	¥ 58	¥ 71
Trade accounts	561	1,054
Short-term finance receivables	19,680	15,880
Other current assets *1	746	612
Long-term finance receivables	38,653	37,129
Property, plant, and equipment	1,482	2,116
Total	¥ 61,180	¥ 56,862

*1 Other current assets represent the restricted cash which is pledged as collateral in accordance with the terms of borrowing.

The above assets were pledged against the following liabilities:

(¥ in millions)

At March 31:	2014	2013
Short-term borrowings	¥ 807	¥ 1,407
Current portion of long-term debt	17,436	13,970
Long-term debt	34,632	33,072
Total	¥ 52,875	¥ 48,449

Both short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future indebtedness will be given upon request from the bank, and that the bank has the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Long-term agreements with lenders other than banks also generally provide that the Company must give additional security upon request from the lender.

There are restrictive covenants related to the borrowings including negative pledges, a rating trigger and minimum net worth. The rating trigger requires that the Company shall keep or be higher than the “BBB－”rating by Rating and Investment Information, Inc. The minimum net worth covenant requires that total equity shall be maintained at more than ¥567.5 billion on the consolidated financial statement basis and more than ¥335.7 billion on the separate financial statement of the Parent Company. The Company was in compliance with these restrictive covenants at March 31, 2014.

10. RETIREMENT AND PENSION PLANS

The Parent Company and most subsidiaries mainly in Japan have defined benefit pension plans and/or severance indemnity plans covering substantially all of their employees. In the Parent Company and certain subsidiaries, employees who terminate their employment have the option to receive benefits in the form of a lump-sum payment or annuity payments from defined benefit pension plans. The benefits are mainly calculated based on accumulated “points” under the point-based benefits system. The “points” consist of “service period points” which are attributed to the length of service, “job title points” which are attributed to the job title of each employee, and “performance points” which are attributed to the annual performance evaluation of each employee.

Certain subsidiaries have defined contribution pension plans covering most of their employees.

Funded Status

The following table presents the funded status and the amounts recognized in the consolidated balance sheets:

(¥ in millions)

At March 31:	2014	2013
Funded status:		
Benefit obligations	¥ 193,209	¥ 190,883
Fair value of plan assets	180,808	161,833
Funded status-net	¥ (12,401)	¥ (29,050)
Amounts recognized in the consolidated balance sheets:		
Accrued retirement and pension costs	¥ (13,026)	¥ (29,050)
Prepaid expenses for benefit plans, included in other assets—other	625	—
Amounts recognized in the consolidated balance sheets-net	¥ (12,401)	¥ (29,050)

The following table presents the amounts recognized in accumulated other comprehensive income (loss), before tax:

(¥ in millions) At March 31:	2014	2013
Actuarial loss	¥ (22,222)	¥ (29,969)
Prior service benefit	552	2,012
Total recognized in accumulated other comprehensive income (loss), before tax	¥ (21,670)	¥ (27,957)

The following table presents the projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets:

(¥ in millions) At March 31:	2014	2013
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	¥ 183,253	¥ 190,883
Fair value of plan assets	170,227	161,833
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	¥ 175,476	¥ 184,168
Fair value of plan assets	164,065	157,143

Benefit Obligations

The following table presents the changes in benefit obligations, the balances of accumulated benefit obligations, and the weighted-average assumptions used in calculating benefit obligation:

(¥ in millions) For the years ended March 31:	2014	2013
Change in benefit obligations:		
Benefit obligations at beginning of year	¥ 190,883	¥ 181,416
Service cost	6,942	6,802
Interest cost	3,031	3,683
Amendments	699	—
Actuarial loss	2,646	10,055
Benefits paid (lump-sum payments)	(7,938)	(7,818)
Benefits paid (annuity payments)	(4,599)	(4,572)
Addition from acquisition	—	342
Foreign currency exchange rate changes	1,545	975
Benefit obligations at end of year	¥ 193,209	¥ 190,883
Accumulated benefit obligations at March 31	¥ 189,806	¥ 188,055
Weighted-average assumptions used in calculating benefit obligation at March 31 *1:		
Discount rate	1.7%	1.7%

*1 The rate of compensation increase is not used in the calculations of benefit obligations under the point-based benefits system.

Plan Assets

The following table presents the changes in plan assets:

(¥ in millions)

For the years ended March 31:	2014	2013
Fair value of plan assets at beginning of year	¥ 161,833	¥ 139,336
Actual return on plan assets	13,876	17,485
Employer contributions	14,108	13,570
Benefits paid (lump-sum payments)	(5,217)	(4,762)
Benefits paid (annuity payments)	(4,599)	(4,572)
Addition from acquisition	—	53
Foreign currency exchange rate changes	807	723
Fair value of plan assets at end of year	¥ 180,808	¥ 161,833

The Company's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which the Company considers permissible. To mitigate any potential concentration risk, careful consideration is given to balancing the portfolio among industry sectors, companies and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. The Company's target allocation is 33% equity securities, 48% debt securities, and 19% other investment vehicles, mainly consisting of cash and short-term investments and the general accounts of insurance companies.

A large portion of the plan assets is managed by trust banks and investment advisors. Those fund managers are bound by the Company's plan asset management guidelines which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management, and are measured against specific benchmarks. To measure the performance of the plan asset management, the Company establishes benchmark return rates for each individual investment, combines these individual benchmark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table presents the fair value of plan assets by category:

(¥ in millions)

At March 31	Level 1	Level 2	Level 3	Total
2014:				
Equity securities:				
Financial institutions (Japanese companies)	¥ 8,235	¥ —	¥ —	¥ 8,235
Other industries (Japanese companies)	5,716	—	—	5,716
Pooled funds (Japanese companies) *1	—	15,734	—	15,734
Pooled funds (foreign companies) *1	—	30,784	—	30,784
Debt securities:				
Pooled funds (Japanese issuers) *2	—	72,339	—	72,339
Pooled funds (foreign issuers) *3	—	19,025	—	19,025
Cash and short-term investments	1,195	1,563	—	2,758
General accounts of insurance companies	—	24,651	—	24,651
Other assets *4	—	1,401	165	1,566
Fair value of plan assets	¥ 15,146	¥ 165,497	¥ 165	¥ 180,808
2013:				
Equity securities:				
Financial institutions (Japanese companies)	¥ 7,712	¥ —	¥ —	¥ 7,712
Other industries (Japanese companies)	5,682	—	—	5,682
Pooled funds (Japanese companies) *1	—	17,505	—	17,505
Pooled funds (foreign companies) *1	—	27,902	—	27,902
Debt securities:				
Pooled funds (Japanese issuers) *2	—	57,210	—	57,210
Pooled funds (foreign issuers) *3	—	17,247	—	17,247
Cash and short-term investments	1,183	2,142	—	3,325
General accounts of insurance companies	—	24,284	—	24,284
Other assets *4	—	804	162	966
Fair value of plan assets	¥ 14,577	¥ 147,094	¥ 162	¥ 161,833

*1 These funds are invested in listed equity securities.

*2 These funds were invested in approximately 89% Japanese government and municipal bonds and 11% Japanese corporate bonds at March 31, 2014, and 89% Japanese government and municipal bonds and 11% Japanese corporate bonds at March 31, 2013.

*3 These funds are invested in foreign government bonds.

*4 This class includes the pooled funds invested in private equity.

Plan assets are categorized by level based on the inputs used to measure the fair value of each asset.

The equity securities of financial institutions and other industries are valued at the closing price reported on the stock exchange on which the individual securities are traded. Pooled funds and the general accounts of insurance companies are typically valued using the net asset value per share (“NAV”) provided by the administrator of the fund or insurance companies. The NAV is based on the value of the underlying assets owned by the fund or insurance companies, minus liabilities and divided by the number of shares or units outstanding. Cash and short-term investments are valued at their cost plus imputed interest. These assets were classified as Level 1 or Level 2, depending on availability of quoted market prices.

The ending balance of, and the change in, the other assets categorized as Level 3 were not material for the year ended March 31, 2014 and 2013.

Net Periodic Benefit Cost

The following table presents the components of the total net periodic benefit cost for the defined benefit pension plans and the severance indemnity plans:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Net periodic benefit cost:			
Service cost	¥ 6,942	¥ 6,802	¥ 6,549
Interest cost	3,031	3,683	3,589
Expected return on plan assets	(3,893)	(3,373)	(2,657)
Amortization of prior service benefit	(761)	(808)	(808)
Amortization of actuarial loss	1,026	6,010	886
Total	¥ 6,345	¥ 12,314	¥ 7,559
Weighted-average assumptions used in calculating net periodic benefit cost [*1] :			
Expected long-term rate of return on plan assets	2.5%	2.5%	2.5%
Discount rate	1.7%	2.2%	2.6%

[*1] The rate of compensation increase is not used in the calculations of net periodic benefit cost under the point-based benefits system.

Amortization of actuarial loss of ¥6,010 million for the year ended March 31, 2013 included net actuarial loss in excess of 20% of the benefit obligation, which arose mainly due to the decline in the discount rates.

The expected long-term rate of return on plan assets is determined after considering several applicable factors including the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, the Company's principal policy for plan asset management, and forecasted market conditions.

The following table presents the amounts recognized in other comprehensive income (loss), before tax, and the reclassification adjustments realized in net income, before tax:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Actuarial gain (loss) recognized in other comprehensive income	¥ 6,910	¥ 4,254	¥ (12,627)
Prior service benefit	(699)	—	—
Reclassification adjustment for prior service benefit realized in net income	(761)	(808)	(808)
Reclassification adjustment for actuarial loss realized in net income	1,026	6,010	886
Net recognized in other comprehensive income (loss), before tax	¥ 6,476	¥ 9,456	¥ (12,549)

The following table presents the estimated prior service benefit and actuarial loss that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost for the year ending March 31, 2015:

(¥ in millions)

Prior service benefit	¥ (343)
Actuarial loss	372

Expected Cash Flows

The Company estimates contributions to its defined benefit pension plans for the year ending March 31, 2015, to be approximately ¥14,900 million.

The following table presents the total expected benefit payments to the participants of the defined benefit pension plans and the severance indemnity plans:

(¥ in millions)

Years ending March 31:	
2015	¥ 12,764
2016	12,435
2017	12,660
2018	11,464
2019	11,002
2020-2024	50,935

Defined Contribution Pension Plans

Costs recognized for defined contribution pension plans for the years ended March 31, 2014, 2013, 2012 were ¥1,735 million, ¥1,296 million, and ¥870 million, respectively.

11. REVENUE RECOGNITION FOR LONG-TERM CONTRACTS

Long-term contracts accepted by the Company consist mainly of construction works with the Japanese national government and local governments, such as construction of environmental control plants and facilities for water supply. These contracts are generally completed within two to three years.

The contracts, which are fully executed before the commencement of construction projects, include the terms of the contract price, expected completion date and critical milestone dates, and acceptance inspections (e.g., performance tests and external appearance inspections). The contracts are legally enforceable and the parties are expected to perform their obligations under the contracts. The Company is able to develop reasonably dependable estimates of the total contract cost based on the construction order that includes details on every single component unit, labor hour costs, and all overhead. Further, the Company believes that it is able to develop reasonably dependable estimates of the extent of progress towards completion of individual contracts and, therefore, the long-term contracts are accounted for using the percentage-of-completion method. Concerning the method of measuring the extent of progress toward completion, the Company uses the cost-to-cost method. In most cases, the Company's contracts with customers include the delivery and installation of component units.

In the situation where an option or an addition which has separate content from an existing contract has occurred, it is treated as a separate contract. Otherwise, it is combined with the original contract. Additional contract revenue arising from any claims for customer-caused overruns or delays is recognized when the contract modification is approved by the customer. Any revisions in revenue, cost, and profit estimates or in measurements of the extent of progress toward completion are accounted for in the consolidated statements of income in the fiscal year in which those revisions are determined. A disclosure is made of the effect of such revisions in the financial statements, if significant.

The following table details notes and accounts receivable related to the long-term contracts accounted for under the percentage-of-completion method, by maturities:

(¥ in millions)

	2014			2013		
At March 31:	Less than 1 year	1-2 years	Over 2 years	Less than 1 year	1-2 years	Over 2 years
Trade notes	¥ 367	¥ —	¥ —	¥ 205	¥ —	¥ —
Trade accounts	15,578	1,421	333	13,523	1,849	41
	¥ 15,945	¥ 1,421	¥ 333	¥ 13,728	¥ 1,849	¥ 41

A large portion of such receivables has already been billed to customers. The total aggregated amounts which had not been billed or were not billable were not material at March 31, 2014 and 2013. The total aggregated amounts subject to uncertainty were not material.

With respect to the inventories related to the long-term contracts, the aggregated amounts of manufacturing or production costs which exceed the aggregated estimate costs of all in-process, the total aggregated amounts subject to uncertainty, and advances received offset with inventories were not material at March 31, 2014 and 2013.

12. INCOME TAXES

Income before income taxes and equity in net income of affiliated companies and income taxes are comprised of the following:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Income before income taxes and equity in net income of affiliated companies:			
Domestic	¥ 118,382	¥ 80,298	¥ 63,551
Foreign	92,911	46,880	36,240
Total	¥ 211,293	¥ 127,178	¥ 99,791
Income taxes:			
Current—			
Domestic	¥ 43,510	¥ 26,276	¥ 24,099
Foreign	30,514	15,100	11,093
	74,024	41,376	35,192
Deferred—			
Domestic	1,961	2,833	1,054
Foreign	(4,069)	(2,549)	(238)
	(2,108)	284	816
Total	¥ 71,916	¥ 41,660	¥ 36,008

A reconciliation of the differences between the Japanese statutory tax rate and the effective tax rate is as follows:

For the years ended March 31:	2014	2013	2012
Normal Japanese statutory tax rates applied to income before income taxes and equity in net income of affiliated companies	38.0%	38.0%	40.6%
Increase (decrease) in taxes resulting from:			
Increase (decrease) in valuation allowance	(0.2)	0.3	(0.4)
Permanently nondeductible expenses	0.6	0.2	0.3
Nontaxable dividend income	(0.5)	(0.4)	(0.5)
Extra tax deduction on expenses for research and development	(2.0)	(2.7)	(2.4)
Difference in statutory tax rates of foreign subsidiaries	(1.1)	(0.1)	(1.0)
Other—net	(0.8)	(2.5)	(0.5)
Effective income tax rates applied to income before income taxes and equity in net income of affiliated companies	34.0%	32.8%	36.1%

Deferred tax assets and liabilities are included in the consolidated balance sheets as follows:

(¥ in millions)

At March 31:	2014	2013
Other current assets	¥ 44,105	¥ 36,855
Other assets—Other	11,379	10,203
Other current liabilities	(115)	(132)
Other long-term liabilities	(43,134)	(27,492)
Net deferred tax assets	¥ 12,235	¥ 19,434

The significant components of deferred tax assets and liabilities are as follows:

(¥ in millions)

At March 31:	2014	2013
Deferred tax assets:		
Allowance for doubtful accounts and credit losses	¥ 3,243	¥ 736
Intercompany profits	14,259	11,278
Adjustment of investment securities	6,852	7,797
Write-downs of inventories and fixed assets	2,628	2,645
Accrued bonus	6,803	6,049
Retirement and pension costs	7,182	11,472
Accrued expenses	7,922	5,330
Tax loss and credit carryforwards	5,516	4,840
Other temporary differences	23,217	23,657
Gross deferred tax assets	77,622	73,804
Less: Valuation allowance	(6,612)	(5,900)
Net deferred tax assets	¥ 71,010	¥ 67,904
Deferred tax liabilities:		
Adjustment of investment securities	¥ 32,915	¥ 27,539
Unremitted earnings of foreign subsidiaries and affiliates	16,946	13,049
Other temporary differences	8,914	7,882
Gross deferred tax liabilities	¥ 58,775	¥ 48,470

Due to the revision of the tax law during the year ended March 31, 2014, the statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities was decreased from 38.0% to 35.6% for deferred tax assets and liabilities to be realized or settled between April 1, 2014 and March 31, 2015. The revision resulted in a decrease of net deferred tax assets and an increase of income taxes-deferred by ¥1,264 million.

Deferrals of income taxes relating to intercompany profits of ¥14,259 million and ¥11,278 million at March 31, 2014 and 2013, respectively, included in the above table are accounted for in accordance with ASC 810, "Consolidation." The movement of ¥2,981 million, ¥2,975 million and ¥716 million for the years ended March 31, 2014, 2013, and 2012 in such deferral of income taxes is presented as "Income taxes – Deferred" in the consolidated statements of income. The total amounts of deferred tax assets recorded in accordance with ASC 740, "Income Taxes" were ¥56,751 million and ¥56,626 million at March 31, 2014 and 2013, respectively.

Deferred tax liabilities have been recorded for unremitted earnings of all foreign subsidiaries and affiliates since their earnings are not considered to be permanently reinvested. Substantially all of the undistributed earnings of domestic subsidiaries and affiliates would not, under present Japanese tax law, be subject to tax through tax-free distributions.

The following table presents the reconciliation of the beginning and ending balances of the valuation allowance:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Balance at beginning of year	¥ 5,900	¥ 3,939	¥ 1,027
Addition	1,157	2,032	742
Deduction	(1,587)	(414)	(896)
Addition from acquisition	—	—	3,066
Foreign currency exchange rate changes	1,142	343	—
Balance at end of year	¥ 6,612	¥ 5,900	¥ 3,939

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the net deductible temporary differences are expected to reverse and/or the tax losses and credits are carried forward, management believes it is more likely than not that the Company will realize the benefits of these deferred tax assets, net of the existing valuation allowances at March 31, 2014.

At March 31, 2014, the tax loss carryforwards which are available to offset future taxable income in the aggregate amounted to ¥22,890 million, ¥6,832 million of which will expire in the period from 2015 through 2028, while ¥16,058 million of which has no limitation.

The following table presents the reconciliation of unrecognized tax benefits:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Balance at beginning of year	¥ 2,244	¥ 1,770	¥ 377
Gross increase for tax positions taken in prior years	29	464	1,641
Gross decrease for tax positions taken in prior years	(19)	(9)	(4)
Settlements	—	(2)	(231)
Lapse of statute of limitations	(77)	—	—
Other	14	21	(13)
Balance at end of year	¥ 2,191	¥ 2,244	¥ 1,770

The total amounts of unrecognized tax benefits that would affect the effective tax rate, if recognized, were not material at March 31, 2014, 2013, and 2012.

Based on the information available as of March 31, 2014, a change to the unrecognized tax benefits within the next 12 months is not expected to be material.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued at March 31, 2014, and 2013, and interest and penalties included in income taxes for the years ended March 31, 2014, 2013, and 2012, were not material.

The Company files income tax returns in Japan, the U.S., and various foreign tax jurisdictions, and their open tax years vary across countries. At March 31, 2014, the Company is no longer subject, with limited exception, to regular income tax examinations by the tax authorities for the years on or before March 31, 2012 in Japan, and for the years on or before December 31, 2008 in the U.S. While the tax authority could conduct a transfer pricing examination for the years on and after April 1, 2007, the intercompany transactions between related parties in the U.S. and Japan for the years on or before March 31, 2015 are less likely to be subject to a tax examination since the Advance Pricing Agreement between the U.S. and Japan has been concluded.

13. SHAREHOLDERS' EQUITY

Dividends

The Corporate Law of Japan (the "Corporate Law") permits companies to pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution of General Meeting of Shareholders. Semiannual interim dividends may also be paid once a year upon resolution of the Board of Directors' meeting if the articles of incorporation of the companies so stipulate. For those companies that meet certain criteria such as (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, (4) the term of service of the directors is one year rather than two years of normal term, and (5) prescribing that the Board of Directors may declare dividends in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind). The Company meets all the above criteria.

The Corporate Law also provides certain limitations on the amounts available for dividends. Under the Corporate Law, the amount available for dividends is based on other retained earnings, less treasury stock, as recorded on the books of the Parent Company. At March 31, 2014, other retained earnings, less treasury stock, recorded on the Parent Company's books of account were ¥279,529 million.

Purchase of Treasury Stock

The Corporate Law also allows companies to purchase treasury stock. Companies may purchase treasury stock through market transactions by a resolution at the Meeting of the Board of Directors if companies have prescribed so in their articles of incorporation. The Company meets this condition. The same limitations as those for dividends exist in the amount available for this purchase of treasury stock.

Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as additional paid-in capital or as a legal reserve depending on the equity account charged upon the payment of such dividends until the total of additional paid-in capital and legal reserve equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law also provides that common stock, capital surplus, legal reserve, and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the General Meeting of Shareholders.

Effects of Changes in Ownership Interests in Subsidiaries

The following table presents the effects of changes in Kubota Corporation's ownership interests in its subsidiaries on Kubota Corporation shareholders' equity:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Net income attributable to Kubota Corporation	¥131,661	¥ 78,054	¥ 61,288
Transfers from (to) the non-controlling interests:			
Increase in capital surplus for purchases of non-controlling interests	270	759	318
Decrease in capital surplus for purchases of non-controlling interests	(448)	(948)	(722)
Increase in capital surplus for changes in ownership interests in subsidiaries from other transactions	12	240	137
Decrease in capital surplus for changes in ownership interests in subsidiaries from other transactions	—	—	(9)
Net transfers from (to) the non-controlling interests	(166)	51	(276)
Change from net income attributable to Kubota Corporation and transfer from (to) non-controlling interests	¥131,495	¥ 78,105	¥ 61,012

In May 2012, the Company conducted a mandatory offer and a compulsory acquisition for all the remaining shares, representing 21%, in Kverneland AS for the purpose of its conversion into a wholly-owned subsidiary. In December 2012, the Company purchased the remaining non-controlling interests, representing 10%, of Kubota Tractor Corporation and Kubota Engine America Corporation for the purpose of their conversion into wholly-owned subsidiaries.

In March 2014, the Company purchased the remaining non-controlling interest, representing 26%, of Kubota Europe A.S.A. for the purpose of its conversion into a wholly-owned subsidiary.

14. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss), including reclassification adjustments and tax effects:

(¥ in millions)

For the years ended March 31:	2014 Before-tax amount	2014 Tax benefit (expense)	2014 Net-of-tax amount	2013 Before-tax amount	2013 Tax benefit (expense)	2013 Net-of-tax amount	2012 Before-tax amount	2012 Tax benefit (expense)	2012 Net-of-tax amount
Foreign currency translation adjustments:									
Foreign currency translation adjustments arising during period	¥ 33,350	¥ (828)	¥ 32,522	¥ 50,124	¥ (1,638)	¥ 48,486	¥ (4,257)	¥ (5)	¥ (4,262)
Reclassification adjustment for losses realized in net income	—	—	—	280	—	280	—	—	—
	33,350	(828)	32,522	50,404	(1,638)	48,766	(4,257)	(5)	(4,262)
Unrealized gains on securities:									
Unrealized gains (losses) on securities arising during period	18,330	(6,543)	11,787	24,838	(8,846)	15,992	1,899	9	1,908
Reclassification adjustment for losses (gains) realized in net income	(2,674)	952	(1,722)	331	(118)	213	2,043	(727)	1,316
	15,656	(5,591)	10,065	25,169	(8,964)	16,205	3,942	(718)	3,224
Unrealized gains on derivatives:									
Unrealized gains (losses) on derivatives arising during period	(14)	6	(8)	(67)	24	(43)	216	(73)	143
Reclassification adjustments for gains (losses) realized in net income	103	(40)	63	275	(97)	178	630	(212)	418
	89	(34)	55	208	(73)	135	846	(285)	561
Pension liability adjustments:									
Pension liability adjustments arising during period	6,211	(3,121)	3,090	4,254	(1,847)	2,407	(12,627)	4,265	(8,362)
Reclassification adjustment for gains(losses) realized in net income	265	(70)	195	5,202	(1,761)	3,441	78	(17)	61
	6,476	(3,191)	3,285	9,456	(3,608)	5,848	(12,549)	4,248	(8,301)
Other comprehensive income (loss)	¥ 55,571	¥ (9,644)	¥ 45,927	¥ 85,237	¥ (14,283)	¥ 70,954	¥ (12,018)	¥ 3,240	¥(8,778)

The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and non-controlling interests—net of tax:

(¥ in millions)

For the years ended March 31:	2014 Kubota Corporation	2014 Non-controlling interests	2014 Total	2013 Kubota Corporation	2013 Non-controlling interests	2013 Total	2012 Kubota Corporation	2012 Non-controlling interests	2012 Total
Foreign currency translation adjustments	¥ 31,073	¥ 1,449	¥ 32,522	¥ 41,211	¥ 7,555	¥ 48,766	¥ (3,195)	¥ (1,067)	¥ (4,262)
Unrealized gains on securities	9,742	323	10,065	16,009	196	16,205	3,194	30	3,224
Unrealized gains on derivatives	55	—	55	135	—	135	514	47	561
Pension liability adjustments	3,164	121	3,285	5,598	250	5,848	(8,084)	(217)	(8,301)
Other comprehensive income (loss)	¥ 44,034	¥ 1,893	¥ 45,927	¥ 62,953	¥ 8,001	¥ 70,954	¥ (7,571)	¥ (1,207)	¥ (8,778)

The following table presents the changes in the accumulated balances for each component of accumulated other comprehensive income (loss) attributable to the Company:

(¥ in millions)

	2014				
For the year ended March 31:	Foreign currency translation adjustments	Unrealized gains on securities	Unrealized gains on derivatives	Pension liability adjustments	Total
Beginning balance	¥ (22,650)	¥ 35,127	¥ (76)	¥ (17,377)	¥ (4,976)
Changes in ownership interests in subsidiaries	(62)	—	—	—	(62)
Other comprehensive income (loss) before reclassification	31,073	11,464	(8)	2,984	45,513
Reclassification to net income	—	(1,722)	63	180	(1,479)
Net gain	31,011	9,742	55	3,164	43,972
Ending balance	¥ 8,361	¥ 44,869	¥ (21)	¥ (14,213)	¥ 38,996

The following table presents the effect of the reclassifications out of accumulated other comprehensive income (loss) on the consolidated statements of income:

(¥ in millions)

	2014	
For the year ended March 31:	Amount reclassified from accumulated other comprehensive income (loss) *1	Affected line item in the statement where net income is presented
Unrealized gains on securities	¥ (2,680)	Gain on sales of securities—net
	6	Valuation loss on other investments
	952	Income taxes
	(1,722)	Net income attributable to Kubota Corporation
Unrealized gains on derivatives	103	Interest expense
	(40)	Income taxes
	63	Net income attributable to Kubota Corporation
Pension liability adjustments	265 *2	
	(70)	Income taxes
	195	Net income
	(15)	Net income attributable to non-controlling interests
	180	Net income attributable to Kubota Corporation
Total	¥ (1,479)	

*1 Indicates decrease (increase) earnings in the consolidated statements of income.

*2 Included in net periodic benefit costs (See Note 10. RETIREMENT AND PENTION PLANS).

15. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

Foreign Currency Exchange Risks

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets and liabilities in its international operations. The Company entered into foreign exchange forward contracts, foreign currency option contracts (collectively the "foreign exchange contracts"), cross-currency swap contracts, and cross-currency interest rate swap contracts which are designated to mitigate its exposure to foreign currency exchange risks.

Interest Rate Risks

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to manage the risks of its fixed and variable rate exposures.

Cash Flow Hedges

The accounting treatments of changes in the fair value of foreign exchange contracts, interest rate swap contracts and cross-currency interest rate swap contracts depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income (loss). As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swap contracts, the amounts are reclassified into earnings when the related interest expense is recognized. In the case of cross-currency interest rate swap contracts, the amounts are reclassified into earnings through interest expense and foreign exchange gain (loss) when the related earnings are recognized. The unrecognized net loss (net of tax) of approximately ¥17 million on derivatives included in accumulated other comprehensive income (loss) at March 31, 2014 will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

Derivatives Not Designated as Hedging Instruments

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, cross-currency swap contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Values of Derivative Instruments and Income Effect of Derivative Instruments

The following table presents fair values of derivative instruments:

(¥ in millions)

	Other current assets		Other assets — Other		Other current liabilities		Other long-term liabilities	
At March 31:	2014	2013	2014	2013	2014	2013	2014	2013
Derivatives designated as hedging instruments:								
Interest rate swap contracts	¥ 18	¥ —	¥ —	¥ —	¥ 46	¥ 96	¥ 2	¥ 23
Total derivatives designated as hedging instruments	¥ 18	¥ —	¥ —	¥ —	¥ 46	¥ 96	¥ 2	¥ 23
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	¥ 160	¥ 255	¥ —	¥ —	¥ 289	¥ 3,373	¥ —	¥ —
Cross-currency swap contracts	1,234	223	409	142	23	—	—	—
Interest rate swap contracts	—	—	—	—	16	25	—	3
Cross-currency interest rate swap contracts	1,610	—	1,652	—	99	1,981	108	1,668
Total derivatives not designated as hedging instruments	¥ 3,004	¥ 478	¥2,061	¥ 142	¥ 427	¥ 5,379	¥ 108	¥1,671
Total	¥ 3,022	¥ 478	¥2,061	¥ 142	¥ 473	¥ 5,475	¥ 110	¥1,694

The following table presents income effects of derivatives:

(¥ in millions)

Derivative instruments in cash flow hedges	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax: Effective portion recognized in other comprehensive income (loss)	Consolidated statements of income line item	Effective portion reclassified from accumulated other comprehensive income (loss) to net income
For the year ended March 31, 2014:			
Interest rate swap contracts	¥ (14)	Interest expense	¥ (103)
Total	¥ (14)		¥ (103)
For the year ended March 31, 2013:			
Interest rate swap contracts	¥ (67)	Interest expense	¥ (275)
Total	¥ (67)		¥ (275)
For the year ended March 31, 2012:			
Foreign exchange contracts	¥ —	Revenues	¥ 3
Interest rate swap contracts	(147)	Interest expense	(665)
Cross-currency interest rate swap contracts	363	Interest expense	(136)
		Foreign exchange gain (loss)—net	168
Total	¥ 216		¥ (630)

(¥ in millions)

Derivative instruments not designated as hedging instruments	Gain (Loss) recognized in net Income, before tax: Consolidated statements of income line item	Gain (Loss) recognized in net income
For the year ended March 31, 2014:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (6,076)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	1,053
Interest rate swap contracts	Other—net	1
Cross-currency interest rate swap contracts	Other—net	6,247
Total		¥ 1,225
For the year ended March 31, 2013:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (8,936)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	(112)
Interest rate swap contracts	Other—net	(33)
Cross-currency interest rate swap contracts	Other—net	(4,862)
Total		¥(13,943)
For the year ended March 31, 2012:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (21)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	84
Interest rate swap contracts	Other—net	(61)
Cross-currency interest rate swap contracts	Other—net	393
Total		¥ 395

The amount of gain or loss related to the hedging ineffectiveness was not material for the years ended March 31, 2014, 2013, and 2012.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Fair Value of Financial Instruments

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

		Fair value			
At March 31:	Carrying value	Level 1	Level 2	Level 3	Total
2014:					
Financial assets:					
Finance receivables—net	¥ 354,296	¥ —	¥ 352,753	¥ —	¥ 352,753
Long-term trade accounts receivable	65,605	—	69,618	—	69,618
Financial liabilities:					
Long-term debt	(401,186)	—	(399,059)	—	(399,059)
2013:					
Financial assets:					
Finance receivables—net	¥ 285,403	¥ —	¥ 285,934	¥ —	¥ 285,934
Long-term trade accounts receivable	59,663	—	63,532	—	63,532
Financial liabilities:					
Long-term debt	(365,450)	—	(365,260)	—	(365,260)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is based on discounted cash flows using the current market rate. The carrying value of finance receivables—net in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in current portion of long-term debt on the consolidated balance sheets.

The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), short-term borrowings, and other current financial assets and liabilities approximate the fair value because of the short maturity of those instruments. The fair value measurements of these assets and liabilities are categorized into Level 2, except for cash which is categorized into Level 1. The carrying value and fair value of other investments and derivatives are disclosed in Note 17.

Concentration of Credit Risks

A large portion of trade accounts receivable and retail finance receivables are from dealers or customers in the farm equipment market in North America. Trade accounts receivable and retail finance receivables arise from the sales of the Company's products to a large number of dealers and to retail customers, respectively. The Company considers that credit risks on these receivables are limited since no single dealer or customer represents a significant concentration of credit risks.

17. FAIR VALUE MEASUREMENTS

Assets and liabilities that are measured at fair value on a recurring basis

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

(¥ in millions)

At March 31:	Level 1	Level 2	Level 3	Total
2014:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 51,582	¥ —	¥ —	¥ 51,582
Other equity securities	82,380	—	—	82,380
Derivatives:				
Foreign exchange contracts	—	160	—	160
Cross-currency swap contracts	—	1,643	—	1,643
Interest rate swap contracts	—	18	—	18
Cross-currency interest rate swap contracts	—	3,262	—	3,262
Total assets	¥ 133,962	¥ 5,083	¥ —	¥139,045
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 289	¥ —	¥ 289
Cross-currency swap contracts	—	23	—	23
Interest rate swap contracts	—	64	—	64
Cross-currency interest rate swap contracts	—	207	—	207
Total liabilities	¥ —	¥ 583	¥ —	¥ 583
2013:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 50,247	¥ —	¥ —	¥ 50,247
Other equity securities	67,716	—	—	67,716
Derivatives:				
Foreign exchange contracts	—	255	—	255
Cross-currency swap contracts	—	365	—	365
Total assets	¥ 117,963	¥ 620	¥ —	¥118,583
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 3,373	¥ —	¥ 3,373
Interest rate swap contracts	—	147	—	147
Cross-currency interest rate swap contracts	—	3,649	—	3,649
Total liabilities	¥ —	¥ 7,169	¥ —	¥ 7,169

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions. The reconciliation to the line items presented in the consolidated balance sheets of available-for-sale securities and derivatives are disclosed in Note 4 and Note 15, respectively.

Assets and liabilities that are measured at fair value on a nonrecurring basis

The assets and liabilities that are measured at fair value on a nonrecurring basis were not material at March 31, 2014 and 2013, respectively.

18. SUPPLEMENTAL EXPENSE INFORMATION

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation and amortization included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Research and development expenses	¥ 35,602	¥ 31,985	¥ 27,861
Advertising costs	11,640	9,284	7,093
Shipping and handling costs	57,515	47,101	40,440
Depreciation and amortization	35,344	29,942	23,969

Other operating expenses (income)-net for the year ended March 31, 2014 included a loss from disposal of fixed assets of ¥737 million, a loss from impairment of long-lived assets of ¥885 million, a loss resulting from the floodding in Thailand in 2011 of ¥1,708 million, and a gain from related insurance proceeds of ¥2,073 million.

Other operating expenses (income)-net for the year ended March 31, 2013 included a loss from disposal of fixed assets of ¥851 million, a loss from impairment of long-lived assets of ¥296 million, a loss resulting from the flooding in Thailand in 2011 of ¥722 million and a gain from related insurance proceeds of ¥1,897 million.

Other operating expenses (income)-net for the year ended March 31, 2012 included a gain from disposal of fixed assets of ¥6,684 million, a loss from impairment of long-lived assets of ¥1,531 million, a loss resulting from the flooding in Thailand in 2011 of ¥3,900 million and a gain from related insurance proceeds of ¥3,108 million.

The flooding in Thailand in 2011 submerged one of the consolidated subsidiary's plants in Thailand, damaged its inventories and fixed assets and brought the plant to a temporary shutdown. The main components of the disaster related losses were a loss from the disposal of inventories and fixed assets and fixed costs incurred during the shutdown.

19. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain office space and equipment and employee housing under cancelable and noncancelable lease agreements. Leased assets under capital leases are comprised of the following:

(¥ in millions)

At March 31:	2014	2013
Land	¥ 87	¥ 66
Buildings	1,737	1,377
Machinery and equipment	3,512	2,950
Accumulated depreciation	(1,696)	(849)
Software	237	240
Total	¥ 3,877	¥ 3,784

Amortization expenses under capital leases for the years ended March 31, 2014, 2013, and 2012 were ¥388 million, ¥478 million and ¥789 million, respectively.

The following table presents the annual maturities of future minimum lease commitments under capital and non-cancelable operating leases at March 31, 2014:

(¥ in millions)

Years ending March 31:	Capital leases	Operating leases
2015	¥ 1,021	¥ 2,118
2016	884	1,615
2017	809	536
2018	353	355
2019	283	154
2020 and thereafter	1,282	318
Total minimum lease payments	4,632	¥ 5,096
Less: Amounts representing interest	(454)	
Present value of net minimum capital lease payments	¥ 4,178	

Capital lease obligations are included in the current portion of long-term debt and long-term debt on the consolidated balance sheets. Rental expenses under operating leases for the years ended March 31, 2014, 2013, and 2012 were ¥6,983 million, ¥5,972 million, and ¥4,423 million, respectively.
Commitments for capital expenditures outstanding at March 31, 2014 amounted to ¥2,274 million.

Guarantees

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of one to five years. The maximum potential amount of undiscounted future payments of these financial guarantees at March 31, 2014 was ¥11,562 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

The Company provides contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a specified period or term. The Company determines its reserve for product warranties based on an analysis of the historical data of costs to perform under product warranties.

The following table presents the reconciliation of the beginning and ending balances of accrued product warranty cost:

(¥ in millions)

For the years ended March 31:	2014	2013
Balance at beginning of year	¥ 8,076	¥ 6,205
Addition	6,284	6,332
Utilization	(5,272)	(4,870)
Other	525	409
Balance at end of year	¥ 9,613	¥ 8,076

Accrued product warranty cost is included in other current liabilities on the consolidated balance sheets.

Legal Proceedings

Since May 2007, the Company has been subject to 26 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese Government and asbestos-related companies including the Company. The claims for compensation totaling ¥20,641 million consisted mostly of 22 lawsuits, which concerned a total of 532 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese Government and 44 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 26 lawsuits. The Company discloses the aggregate claimed amount of the above ¥20,641 million as the maximum within the reasonably possible range of loss because the expected loss will be between zero and the aggregate claimed amount. Though the Company is currently unable to develop an amount that appears at this time to be a better estimate than any other amount within the range, the Company has continued its efforts to develop the amount or narrow the range of loss by quantifying the effects of key assumptions such as the probability of losing lawsuits, the total amount of ultimate compensation when lost, and the allocation rate among defendants, which includes both the government and other asbestos-related companies. In quantifying the key assumptions, the Company reviews the status of each lawsuit and assesses its potential financial exposure on a regular basis. Each quarter, representatives from the accounting and legal departments meet to discuss and assess outstanding claims. The legal department consults outside legal counsel about the progress and potential ultimate outcome of the cases. Among the major 22 lawsuits, two district courts ruled in favor of 44 asbestos-related companies including the Company, but the plaintiffs appealed the court ruling immediately after the judgment. Since the above cases will also continue until an ultimate outcome is reached, the Company believes that the current developments in the cases do not provide any additional information that would facilitate a better estimation for any of the above key assumptions. The Company expects that the degree of uncertainty related to each of the assumptions will decrease as the lawsuits progress, but is currently unable to predict the ultimate outcome of all lawsuits or when any of them will be finally resolved. Finally, because similar asbestos-related cases in Japan are still pending and have not been finally concluded, the Company is not able to use them as a reference in estimating the above assumptions.

Matters Related to the Health Hazard of Asbestos
(Background)
Until 1995, the Company's plant in Amagasaki, Hyogo Prefecture, Japan, had produced asbestos-related products, although the Company had other plants which also produced asbestos-related products and completely ceased such production by 2001. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established a relief payment program in place of the consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides compensation which is not required by law but is made in accordance with the Company's internal policies.

The Japanese government established the Law for the Relief of Patients Suffering from Asbestos-Related Diseases ("the New Asbestos Law") in March 2006. This law was enacted for the purpose of promptly providing relief to the people suffering from asbestos-related diseases who are not eligible for relief by compensation from Insurance in accordance with the Workers' Accident Compensation Insurance Law ("the Insurance"). The relief aid payments are contributed by the national government, municipal governments, and business entities. The contribution made by business entities includes a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

(Accounting for Asbestos-Related Expenses)
The Company expenses all the payments for the health hazard of asbestos based on the Company's significant accounting policies (See Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES). The recorded expenses are in total ¥825 million, ¥850 million, and ¥1,131 million for the years ended March 31, 2014, 2013, and 2012, respectively, which are included in selling, general, and administrative expenses. The expenses include payments to certain residents who lived near the Company's plant and current and former employees, and the special contribution in accordance with the New Asbestos Law.

The Company has accrued balances for the asbestos-related expenses of ¥285 million, ¥440 million, and ¥530 million at March 31, 2014, 2013, and 2012 respectively. The accrual includes possible payments to certain residents who lived near the Company's plant current and former employees, and the special contribution in accordance with the New Asbestos Law.

The payments to those residents and current and former employees are each made in a lump sum and their accounting policies and procedures are the same. Though the Company is not certain if the claimants who are currently under review will meet the Company's specified criteria at the time of their filing claims with the Company, the Company accrued the possible payments calculated by using the historical designation rate of the Company's payment program since the payments to those claimants are considered to be probable. The Company believes it is not possible to reasonably estimate the number of current and former employees and residents who lived near the Company's plant who will apply for payments in the future. Accordingly, such payments are not included in the accrued amounts as described above.

In its effort to develop an estimate of a reasonably possible loss or range of loss, the Company has considered all available data, including historical claims (period and cumulative) and the average payments made and public information related to asbestos-related disease. In addition, the Company has considered various methods, including: 1) estimating future payments by using the rate of incidence of asbestos related disease, and 2) estimating future payments directly based on a time series of data of historical payments. However, reliable statistics of the rate of incidence in asbestos-related disease are not available to the Company.

Furthermore, there have not been any asbestos-related events impacting other companies in Japan which achieved final outcomes of the events, and became available to the Company, for estimation of the rate of incidence. In addition, although the Company recorded the voluntary consolation payments, relief payments and compensation payments totaling ¥503 million, ¥977 million, ¥951 million, ¥671 million, and ¥756 million for the years ended March 31, from 2010 to 2014, respectively, any correlation can not be reasonably established between time and payment history. The Company believes it is not possible to reasonably estimate the amount of its ultimate liability relating to this contingency. As a result, the Company concluded that it was not able to develop a reasonable estimate as to the possible loss or range of loss.

The Company’s share of special contributions is determined based on the ratio of the Company’s historical usage of asbestos to the total quantity of asbestos imported into Japan in the past. The Company accrued ¥69 million and ¥179 million for the years ended March 31, 2014 and 2013, respectively. The Company received the most recent notification of ¥69 million dated April 3, 2014.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows is as follows:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Cash paid during the year:			
Interest	¥ 11,493	¥ 8,483	¥ 7,069
Income taxes, net of refunds	56,510	43,517	22,253
Non-cash investing and financing activities:			
Retirement of treasury stock	10,013	19,152	—
Obtaining assets by entering into capital leases	132	772	471

During the years ended March 31, 2014, 2013 and 2012, the Company purchased non-controlling interests reported in the Farm & Industrial Machinery segment. The Company retains the controlling interests before and after the transaction, the cash flow of which is classified in financing activities as purchases of non-controlling interests.

21. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services which are categorized into the following three segments: Farm & Industrial Machinery; Water & Environment; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, and construction machinery. The Water & Environment segment manufactures and distributes pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, spiral welded steel pipes, vending machines, precision equipment, air-conditioning equipment, and other products). The Other segment includes construction, services, and other businesses.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Reporting Segments

Information by reporting segment is summarized as follows:

(¥ in millions)

For the years ended March 31:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2014:					
Revenues:					
External customers	¥ 1,153,088	¥ 313,931	¥ 41,571	¥ —	¥ 1,508,590
Intersegment	76	6,147	23,676	(29,899)	—
Total	1,153,164	320,078	65,247	(29,899)	1,508,590
Operating income	¥ 196,891	¥ 24,878	¥ 3,791	¥ (23,129)	¥ 202,431
Identifiable assets at March 31, 2014	¥ 1,584,062	¥ 269,272	¥ 92,703	¥ 158,620	¥ 2,104,657
Depreciation and amortization	25,272	6,995	749	2,328	35,344
Capital Expenditures	36,541	10,038	748	3,902	51,229
2013:					
Revenues:					
External customers	¥ 892,018	¥ 283,921	¥ 34,627	¥ —	¥ 1,210,566
Intersegment	59	5,497	22,075	(27,631)	—
Total	892,077	289,418	56,702	(27,631)	1,210,566
Operating income	¥ 116,387	¥ 23,352	¥ 2,404	¥ (20,784)	¥ 121,359
Identifiable assets at March 31, 2013	¥ 1,344,365	¥ 260,258	¥ 83,582	¥ 158,397	¥ 1,846,602
Depreciation and amortization	20,811	6,213	741	2,177	29,942
Capital Expenditures	38,587	8,024	742	3,102	50,455
2012:					
Revenues:					
External customers	¥ 727,496	¥ 263,287	¥ 30,790	¥ —	¥ 1,021,573
Intersegment	69	4,830	18,015	(22,914)	—
Total	727,565	268,117	48,805	(22,914)	1,021,573
Operating income	¥ 95,383	¥ 17,412	¥ 2,392	¥ (12,011)	¥ 103,176
Identifiable assets at March 31, 2012	¥ 1,101,636	¥ 247,237	¥ 49,659	¥ 152,172	¥ 1,550,704
Depreciation and amortization	14,661	6,609	708	1,991	23,969
Capital Expenditures	23,108	6,008	1,083	3,888	34,087

(Notes)

1. The unallocated corporate expense included in “Adjustments” amounted to ¥23,070 million, ¥20,770 million, and ¥12,030 million for the years ended March 31, 2014, 2013, and 2012, respectively. The unallocated corporate assets included in “Adjustments” amounted to ¥214,134 million, ¥211,839 million, and ¥171,372 million at March 31, 2014, 2013, and 2012, respectively, which consisted mainly of cash and cash equivalents, securities, and corporate properties held or used by the administration department of the Parent Company. “Adjustments” also included the elimination of intersegment transfers.
2. The aggregated amounts of operating income are equal to those in the consolidated statements of income, and refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment transfers are recorded at values that approximate market prices.

Revenues from External Customers by Product Group

Information for revenues from external customers by product group is summarized as follows:

(¥ in millions)

For the years ended March 31:	2014	2013	2012
Farm & Industrial Machinery:			
Farm equipment and engines	¥ 1,002,913	¥ 781,911	¥ 631,664
Construction machinery	150,175	110,107	95,832
	1,153,088	892,018	727,496
Water & Environment:			
Pipe-related products	167,741	151,032	142,504
Environment-related products	73,180	64,917	55,571
Social Infrastructure-related products	73,010	67,972	65,212
	313,931	283,921	263,287
Other	41,571	34,627	30,790
Total	¥ 1,508,590	¥ 1,210,566	¥ 1,021,573

Geographic Information

Information for revenues from external customers by destination and property, plant, and equipment based on physical location are summarized as follows:

(¥ in millions)

	2014	2013	2012
Revenues from external customers by destination for the years ended March 31:			
Japan	¥ 638,346	¥ 543,027	¥ 503,205
North America	356,890	278,976	225,335
Europe	177,466	118,305	89,491
Asia outside Japan	283,971	226,367	172,051
Other areas	51,917	43,891	31,491
Total	¥ 1,508,590	¥ 1,210,566	¥ 1,021,573
Property, plant, and equipment based on physical location at March 31:			
Japan	¥ 180,735	¥ 178,672	¥ 177,003
North America	29,859	25,566	16,844
Europe	19,661	14,274	9,671
Asia outside Japan	47,941	41,101	23,633
Other areas	4,505	4,170	3,409
Total	¥ 282,701	¥ 263,783	¥ 230,560

(Notes)

1. Revenues from North America included those from the United States of ¥315,688 million, ¥244,448 million and ¥193,616 million for the years ended March 31, 2014, 2013, and 2012, respectively.
2. There was no single customer from whom revenues exceeded 10% or more of total consolidated revenues of the Company.

22. SUBSEQUENT EVENT

The Company evaluated subsequent events through June 20, 2014, on which the financial statements were available to be issued.

On May 13, 2014, the Company's Board of Directors resolved to pay a cash dividend to shareholders of record on March 31, 2014 of ¥18 per common share (¥90 per 5 common shares), a total of ¥22,502 million.

Deloitte.

Deloitte Touche Tohmatsu LLC
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka-shi, Osaka 541-0042
Japan

Tel: +81 (6) 4560 6000
Fax: +81 (6) 4560 6001
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Kubota Corporation:

We have audited the accompanying consolidated financial statements of Kubota Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended March 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kubota Corporation and its subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditors' Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

Osaka, Japan
June 20, 2014

Member of
Deloitte Touche Tohmatsu Limited

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT
(Filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS:
The following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICDR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately two thirds of total consolidated revenues for the selection of significant business units.

June 20, 2014

To the Board of Directors of
Kubota Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Seiichiro Azuma

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Teruhisa Tamai

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Akihiro Okada

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2014 of Kubota Corporation and its consolidated subsidiaries (the "Company"), and the related consolidated statements of income, comprehensive income (loss), changes in equity and cash flows for the fiscal year from April 1, 2013 to March 31, 2014 , and a summary of significant accounting policies and other explanatory information, and consolidated supplementary schedules.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America pursuant to the third paragraph of Supplementary Provisions of Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (No.11 of the Cabinet Office Ordinance in 2002), 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.

Auditors' 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 present fairly, in all material respects, the financial position of Kubota Corporation and its consolidated subsidiaries as of March 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Kubota Corporation and its consolidated subsidiaries as of March 31, 2014.

Management's Responsibility for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

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

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Kubota Corporation and its consolidated subsidiaries as of March 31, 2014 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting 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.

COVER

[Document Filed]	Confirmation Letter
[Applicable law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 23, 2014
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, Representative Director
[Title and Name of CFO]	Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho Chuo-ku, Tokyo, JAPAN)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Masatoshi Kimata, Representative Director and Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters confirmed that statements contained in the Annual Securities Report for the 124th fiscal year (from April 1, 2013 to March 31, 2014) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

None

COVER

[Document Filed]	Internal Control Report
[Applicable law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 23, 2014
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, Representative Director
[Title and Name of CFO]	Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho Chuo-ku, Tokyo, JAPAN)

(TRANSLATION)

Management's Report on Internal Control over Financial Reporting

NOTE TO READERS
The following in an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.
There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").
In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of the management assessment of ICFR such as quantitative guidance on business unit selection and/or account selection. In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately two thirds of total consolidated revenues for the selection of significant business units.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Masatoshi Kimata, Representative Director, and Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters are responsible for designing and operating effective internal control over financial reporting of Kubota Corporation and its subsidiaries ("the Company"), and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2014, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level-controls") and based on the result of this assessment, we appropriately selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for Kubota Corporation, as well as its subsidiaries and affiliated companies from the perspective of the materiality that may affect the reliability of our financial reporting. This materiality that may affect reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-leveled controls conducted for Kubota Corporation, as well as its subsidiaries and affiliated companies. We did not include those subsidiaries and affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we selected business units to be tested, and the business units whose combined revenues (after elimination of intercompany transfers) reaches approximately two thirds of total consolidated revenues for the prior fiscal year were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, those business processes leading to revenue, accounts receivable, finance receivables, and inventories as significant accounts that may have a material impact on the business objectives of the Company. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, those business processes relating to a greater likelihood of material misstatements and significant accounts involving estimates and management's judgment, and those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2014.

4. Supplementary Matters

Not applicable

5. Special Information

Because we had registered our American Depositary Shares (“ADSs”) with the U.S. Securities and Exchange Commission (the “SEC”), and had listed our ADSs on the New York Stock Exchange (the “NYSE”) until the last fiscal year, we prepared management's report on internal control over financial reporting pursuant to the regulations of Section 404 of the Sarbanes-Oxley Act of 2002. In July, 2013, we delisted of our ADSs from the NYSE and in October, 2013, the registration of our ADSs with the SEC was terminated. Further, reporting obligations under the Securities Exchange Act of 1934 were terminated in October 2013. Consequently, we have conducted the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.