

Financial Summary

For Earth, For Life
Kubota

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)	Same period * last year (Jan. 2015 - June 2015)	Changes		Variance from forecast (May 2016)	
	Amount	Amount	Amount	%	Amount	%
Revenues	796.1	854.0	-57.8	-6.8	-63.9	-7.4
Domestic	282.2	295.3	-13.1	-4.4	-14.8	-5.0
Overseas	513.9	558.7	-44.7	-8.0	-49.1	-8.7
Operating income	13.3% 105.6	13.5% 115.3	-9.7	-8.4	-6.4	-5.7
Net income attributable to Kubota Corp.	7.8% 62.3	9.2% 78.5	-16.2	-20.6	-11.2	-15.2

(Billion yen)	As of June 30, 2016	As of Dec. 31, 2015	Changes	
	Amount	Amount	Amount	%
Total assets	2,351.3	2,532.9	-181.6	-7.2
Shareholders' equity	1,071.2	1,140.3	-69.1	-6.1

* Due to the change in the fiscal year-end from March 31 to December 31, the results of operation for the six months ended June 30, 2016 are compared with the same period last year that commenced on January 1, 2015 and ended on June 30, 2015.

Revenues by Reporting Segment

For Earth, For Life
Kubota

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)	Same period last year (Jan. 2015 - June 2015)	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	631.4	670.6	-39.3	-5.9
Domestic	143.4	151.2	-7.8	-5.2
Overseas	488.0	519.4	-31.4	-6.0
Water & Environment (Water)	149.9	168.0	-18.2	-10.8
Domestic	124.1	129.1	-5.0	-3.9
Overseas	25.7	38.9	-13.2	-33.8
Other	14.9	15.3	-0.4	-2.6
Domestic	14.7	15.0	-0.2	-1.7
Overseas	0.2	0.3	-0.2	-45.3
Total revenues	796.1	854.0	-57.8	-6.8
Domestic revenues	282.2	295.3	-13.1	-4.4
Overseas revenues	513.9	558.7	-44.7	-8.0

[For reference: Changes excluding the effects of fluctuation in exchange (-50.0 billion yen)]

Overseas revenues in Machinery increased by 3%.

Total overseas revenues increased by 1%.

Revenues by Reporting Segment

Machinery: -39.3 billion yen (Domestic: -7.8, Overseas: -31.4)

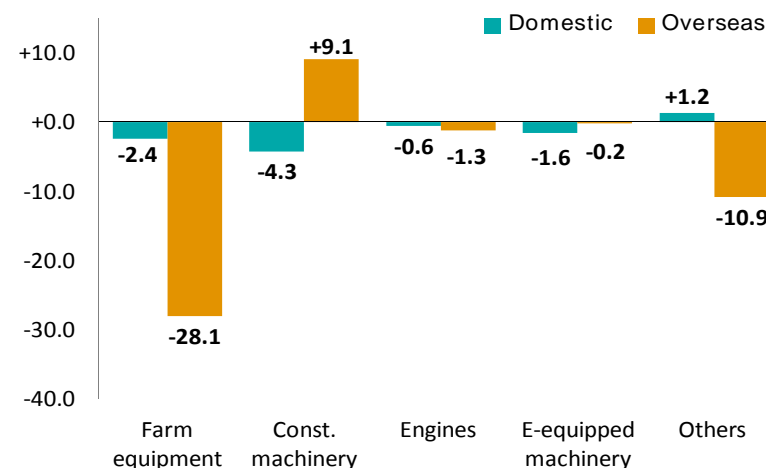
Domestic

- Sales of farm equipment and construction machinery decreased due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations in the prior year.

Overseas

- Sales of tractors decreased due to the drought in Thailand and stagnation in the North American agriculture-related market.
- Sales of combine harvesters and rice transplanters decreased owing to the effect of the market change in China and the negative impact of drought in Vietnam.
- Sales of construction machinery in North America rose due to the favorable market demand and distribution of new products.

Changes in revenues by product (Billion yen)



Water: -18.2 billion yen (Domestic: -5.0, Overseas: -13.2)

Domestic

Revenues from pipe-related products decreased due to lower sales of pumps and plastic pipes. Revenues from social infrastructure-related products also decreased, while revenues from environment-related products increased.

Overseas

Revenues from pipe-related products largely decreased due to a drop in shipments of ductile iron pipes for large-scale projects in Qatar.

Other: -0.4 billion yen (Domestic: -0.2, Overseas: -0.2)

Operating Income

For Earth, For Life
Kubota

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)		Same period last year (Jan. 2015 - June 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	105.6	13.3	115.3	13.5	-9.7	-8.4

Factors affecting operating income (YoY change -9.7 billion yen)

1. Fluctuation in exchange rates	US\$ (120→112) Euro (134→125) Other currencies	-1.5 billion yen -2.0 billion yen -8.5 billion yen	}	-12.0 billion yen
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2. Material	Machinery Water	+3.0 billion yen +2.0 billion yen	}	+5.0 billion yen
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3. Personnel expenses	Cost of good sold SG&A expenses	-0.1 billion yen -2.1 billion yen	}	-2.2 billion yen
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4. Sales incentive ratio growth				-5.4 billion yen
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5. Non-recurring items	Decrease of deferred sales expenses of Water segment in relation to the change in fiscal year-end	+3.1 billion yen	}	+3.5 billion yen
	China, sales incentive payment related to suspension of subsidies (in prior year)	+0.4 billion yen		

6. Other				+1.4 billion yen
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Operating Income by Reporting Segment

For Earth, For Life
Kubota

Operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)			Same period last year (Jan. 2015 - June 2015)			Changes	Changes (Adjusted)	Changes in revenues
	Operating income	Non- recurring items	Adjusted operating income = -	Operating income	Non- recurring items	Adjusted operating income = -			
Machinery	16.1% 101.4	-	16.1% 101.4	16.4% 109.9	-0.4	16.5% 110.3	-8.5	-8.9	-39.3
Water	9.1% 13.7	1.1	8.4% 12.6	9.5% 15.9	-2.1	10.7% 18.0	-2.3	-5.4	-18.2
Other	12.5% 1.9	-	12.5% 1.9	13.0% 2.0	-	13.0% 2.0	-0.1	-0.1	-0.4
Adjustment	-11.4	-	-11.4	-12.6	-	-12.6	+1.2	+1.2	
Total	13.3% 105.6	1.1	13.1% 104.5	13.5% 115.3	-2.5	13.8% 117.7	-9.7	-13.2	-57.8

Other Income (Expenses)

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)	Same period last year (Jan. 2015 - June 2015)	Changes
	Amount	Amount	Amount
Other income (expenses)	-8.5	2.0	-10.4

(Details)

Interests and dividends	2.9	2.6	+0.3
Gain on sales of securities-net	0.9	1.3	-0.4
Foreign exchange loss-net	-9.6	-4.5	-5.1
Other	-2.8	2.5	-5.3
Valuation gain (loss) on derivatives	-2.7	2.4	-5.2
Other-net	-0.0	0.1	-0.1

} → **-10.2**

Taxable Income/ Net Income

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)		Same period last year (Jan. 2015 - June 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income *	97.1	12.2	117.3	13.7	-20.2	-17.2
Income taxes	30.7		33.5		+2.7	
(Effective tax rate)	(31.6%)		(28.5%)			
Equity in net income of affiliated companies	0.8		0.7		+0.1	
Net income	67.1	8.4	84.5	9.9	-17.3	-20.5
Less: Net income attributable to non-controlling interests	4.8		6.0		+1.1	
Net income attributable to Kubota Corp.	62.3	7.8	78.5	9.2	-16.2	-20.6

(Yen)		Year ending Dec. 31, 2016 (Jan. 2016 - Dec. 2016)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Changes
Dividend per common share	Interim	14 yen	14 yen	±0 yen
	Year-end	(Undecided)	14 yen	-
	Total	(Undecided)	28 yen	-

* Income before income taxes and equity in net income of affiliated companies

Target of dividend payout ratio is 30%.

Balance Sheets (Assets)

For Earth, For Life
Kubota

(Billion yen)	As of June 30, 2016	As of Dec. 31, 2015	Changes	Changes ex the effects of fluctuation in exchange
Current assets	1,397.6	1,490.8	-93.2	
Cash and cash equivalents	176.9	146.3	+30.7	
Trade notes and accounts receivable	548.1	627.6	-79.5	-26.0
Short-term finance receivables-net	201.5	224.1	-22.6	
Inventories	330.6	356.4	-25.9	+13.0
Other current assets	140.4	136.4	+4.0	
Investments and long-term finance receivables	574.5	648.5	-74.1	
Long-term finance receivables-net	433.9	482.5	-48.6	
Other	140.6	166.1	-25.5	
Property, plant, and equipment	274.3	285.9	-11.6	
Other assets	104.9	107.7	-2.8	
Total assets	2,351.3	2,532.9	-181.6	
Total finance receivables-net	635.4	706.5	-71.2	+29.0

< Reference > Foreign exchange rate at balance sheet date (yen)

U.S. dollar	103	121	-18
Euro	114	132	-18

Balance Sheets (Liabilities)

For Earth, For Life
Kubota

(Billion yen)	As of June 30, 2016	As of Dec. 31, 2015	Changes	Changes ex the effects of fluctuation in exchange
Current liabilities	764.0	807.9	-43.9	
Short-term borrowings	188.4	186.2	+2.2	
Trade notes and accounts payable	217.0	260.3	-43.3	
Current portion of long-term debt	157.4	158.1	-0.8	
Other current liabilities	201.2	203.2	-2.0	
Long-term liabilities	452.3	506.5	-54.1	
Long-term debt	382.3	424.4	-42.1	
Accrued retirement and pension costs	11.2	12.1	-1.0	
Other long-term liabilities	58.8	69.9	-11.1	
Total liabilities	1,216.3	1,314.4	-98.1	
Total interest-bearing debt	728.0	768.7	-40.7	+54.0
Net debt equity ratio	0.51	0.55	-0.03	
Net debt equity ratio (ex financial services)	-0.03	-0.03	±0.00	

Balance Sheets (Equity)

(Billion yen)	As of June 30, 2016	As of Dec. 31, 2015	Changes
Kubota Corp. shareholders' equity	1,071.2	1,140.3	-69.1
Common stock	84.1	84.1	-
Capital surplus	84.9	87.8	-2.9
Legal reserve	19.5	19.5	-
Retained earnings	914.7	869.8	+44.9
Accumulated other comprehensive income(loss)	-29.7	79.3	-109.0
Foreign currency translation adjustments	-41.7	50.1	-91.8
Unrealized gains on securities	29.7	47.0	-17.3
Pension liabilities adjustments	-17.7	-17.8	+0.0
Treasury stock, at cost	-2.2	-0.2	-2.0
Non-controlling interests	63.7	78.2	-14.5
Total equity	1,135.0	1,218.6	-83.6
Shareholders' equity to total assets	45.6%	45.0%	+0.6point

Cash Flow Statements

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(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)	Same period last year (Jan. 2015 - June 2015)	Changes
Net cash provided by operating activities	92.7	111.8	-19.0
Net cash used in investing activities	-66.1	-53.9	-12.2
Purchases of fixed assets	-24.0	-20.8	-3.1
Other	-42.2	-33.1	-9.1
Net cash provided by (used in) financing activities	18.3	-51.0	+69.3
Effect of exchange rate changes on cash and cash equivalents	-14.3	2.0	-16.3
Net increase in cash and cash equivalents	30.7	8.9	+21.8
Free cash flow	68.8	90.9	-22.2

Balance Sheets

(Billion yen)	As of June 30, 2016		As of Dec. 31, 2015	
	Financial services	Equipment operations	Financial services	Equipment operations
Total assets	800.2	1,621.8	885.2	1,721.6
Cash and cash equivalents	13.1	163.8	16.2	130.1
Trade notes and accounts receivable	37.2	512.9	34.1	594.2
Finance receivables	635.4	-	706.5	-
Inventories	-	330.6	-	356.4
Property, plant, and equipment	0.3	274.0	0.3	285.5
Other assets	114.2	340.5	128.1	355.3
Total liabilities	690.4	581.2	770.9	607.7
Interest-bearing debt	622.2	133.3	698.5	99.1
Other liabilities	68.2	448.0	72.4	508.6
Total equity	109.8	1,040.6	114.3	1,113.9

Consolidated statements of income (Financial Services)

(Billion yen)	Six months ended June 30, 2016 (Jan. 2016 - June 2016)		Same period last year (Jan. 2015 - June 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Revenues	25.2		25.5		-0.3	-1.4
Operating income	10.5	41.6	10.7	42.0	-0.2	-2.3
Net income attributable to Kubota Corp.	6.3	24.9	5.6	22.1	+0.6	+11.2

Recent Developments

In Machinery

Recent Developments in Machinery (North America)

U.S.

Sales of construction machinery were extremely strong. Competition in the compact and midscale tractor market was getting severe.

Market: The compact tractor market expanded along with the economic expansion and vigorous sales promotions by competitors and Kubota. The sales of midscale tractor market decreased due to the decline in agricultural prices.

Construction demand for housing, roads, and offices was steady.

YoY growth rate of retail sales units in the tractor market by horsepower

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2015	0-40hp	+1.2%	+5.8%	+10.7%	+14.4%	+4.4%	+8.0%
	40-120hp	-3.3%	-3.0%	-0.2%	-14.5%	-3.1%	-5.4%
	0-120hp	-0.7%	+2.9%	+6.4%	+0.8%	+1.7%	+2.7%
2016	0-40hp	+26.1%	+7.1%	-	-	+12.7%	-
	40-120hp	-0.7%	-4.3%	-	-	-2.9%	-
	0-120hp	+14.9%	+3.5%	-	-	+7.3%	-

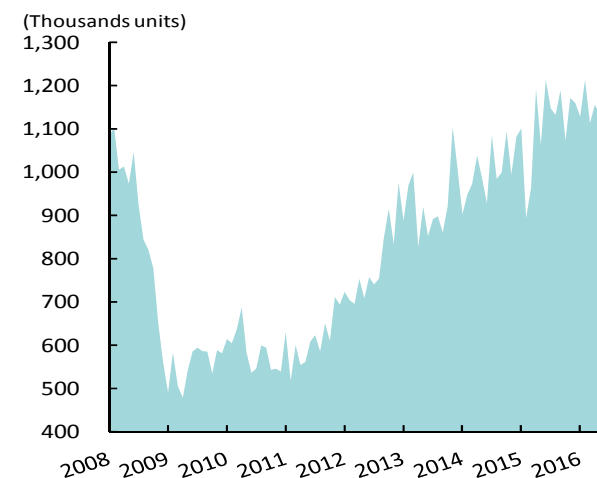
Source: AEM (Association of Equipment Manufacturers)

YoY growth rate of retail sales units in the mini-excavator market (0-8t)

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2015		+13.6%	+13.7%	+13.2%	+21.4%	+13.6%	+15.5%
2016		+27.6%	+13.0%	-	-	+18.4%	-

Source: AEM (Association of Equipment Manufacturers)

New privately owned housing units started
(Seasonally adjusted annual rate)



Source: U.S. Census Bureau

Kubota (unit basis):

Tractors/RS

The market share of compact tractors declined due to stiff competition from competitors.

The market for midscale tractors decreased due to the stagnation of the market and fierce efforts from competitors.

Const. machinery/RS

Sales rose largely due to favorable construction demand and expanded market share.

SSL's full-scale sales also positively contributed.

Engines/WS

Decreased due to the decline in sales for welding machines and light towers along with the stagnation of the oil-gas markets and restraint on capital investment of rental companies.

* RS: Retail sales, WS: Wholesale

Recent Developments in Machinery (North America)

For Earth, For Life
Kubota

U.S. Acquisition of Great Plains Manufacturing, Inc. (GP)

Summary of the transaction

Acquired all of the shares of GP by Kubota's subsidiary in the U.S.
(Kubota U.S.A., Inc.)

Stock purchase price: Approx. 430 million U.S. dollars

Completion date of acquisition: July 1, 2016

About GP (U.S. farm implement manufacturer)

Line of business: Manufacturing and sale of implements

(seeders, tillage, mowers, harrowing implements, etc.)

- Brand of GP: For large-scale upland farming tractors

- Wide selections of seeders and tillage
Support from broad range of users

- Brand of Land Pride (LP): For compact and midscale tractors

- Implements of mowers, harrowing, and snow blowers
contribute Kubota to increase sales of tractors

(started a strategic alliance with Kubota's sales
subsidiary in the U.S., in 2007)

Head office: Salina, Kansas, U.S.

Establishment: 1976

Number of employees: Approx. 1,400 (as of December 2015)

Dealers bases: Brand of GP: Approx. 1,000/ Brand of LP: Approx. 1,600

Locations: Locations across eight cities in Kansas, U.S.

(headquarters/ manufacturing facilities/ R&D facilities)

Recent Developments in Machinery (Europe)

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Kubota

Europe

Although stagnation continued in the agricultural market, sales of tractors, construction machinery, and engines remained strong along with the economic recovery and Investment Promotion Act in France.

Market: The market for construction machinery and engines was steady due to the firm housing market and gradual economic recovery. The market for compact tractors was at almost the same level as in the prior year due to the negative impact of fiscal austerity measures that neutralized the positive impact of the expansion in the housing market. Stagnation in the agricultural market, which was comprised of mid-sized and large-sized tractors and implements, continued owing to the decline in milk and agricultural prices, the embargo on exports to Russia, and a delay of subsidies payments in Eastern Europe.

Kubota (unit basis):

Tractors/RS

Sales increased due to expanded sales in Turkey and economic recovery in Spain. The start of full-scale sales of large tractors also positively contributed.

Implements/WS

Sales decreased due to continuing deterioration in the agricultural market along with a decline in agricultural prices and the embargo on exports to Russia.

Const. machinery/RS

Sales in France recovered rapidly from stagnation last year as a result of the Investment Promotion Act. Sales in Germany and Italy also expanded thanks to the economic recovery. Sales in the U.K. decreased due to the end of aggressive replacement demand from rental companies.

Engines/WS

Sales for refrigerators and construction machinery were firm due to continuing steady market conditions.

Recent Developments in Machinery (Asia)

Thailand

Struggled due to the drought in the first half. Entered rainy season from May and demand has recently been recovering along with the favorable rainfall.

Market: The wet paddy market fell owing to the restrictions on water intake, and the upland farming market also slumped due to the poor growth of crops caused by water shortages. Neighboring countries' markets expanded along with the ongoing mechanization of the agricultural sectors.

Kubota (unit basis):

**Tractors,
combines/RS**

Sales decreased due to the negative impact of water shortages and decline in agricultural prices.

Const. machinery/RS

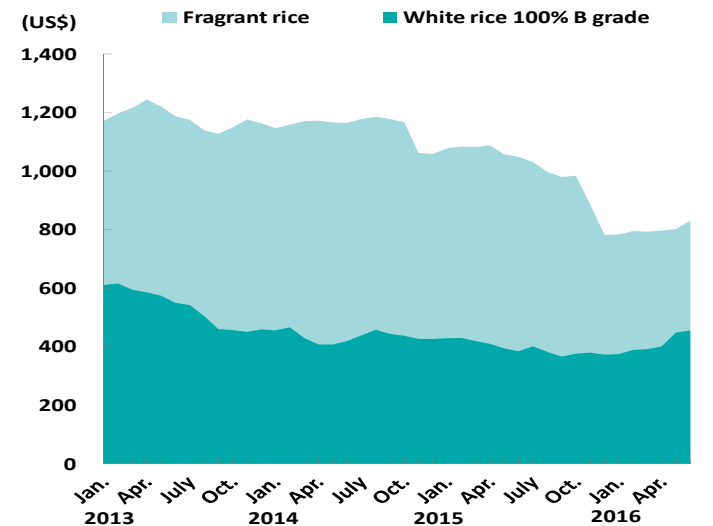
Although real estate construction markets remained stagnant, sales slightly increased due to the expansion of public investment.

**Exports to
neighboring
countries/WS**

Sales of tractors and combines continuously increased because of mechanization.

Although sales of power tillers and engines still decreased due to drought in Cambodia, the market is improving because of the recovery in Myanmar.

Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

Recent Developments in Machinery (Asia)

China

Subsidies of the central government are expected to remain at the same level as in 2015.

Market: The agricultural machinery market remained firm due to the high level of subsidies. Stagnation in the construction machinery market continued owing to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations.

Subsidies of China's central government for purchase of agricultural equipment

(Billion RMB)		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Subsidies	1st stage	-	-	-	-	11.0	13.0	20.0	17.0	21.0	22.8
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.8	23.8	23.8	Undisclosed

Kubota (unit basis):

Tractors/RS

Locally manufactured tractors, launched last year, have maintained high-level sales growth.

Combines/RS

Sales of former products decreased due to a shift in demand towards highly functional products. Highly functional products were launched in May in response to such changing needs.

Rice transplanters/RS

Sales of walk-behind and riding transplanters increased at a double-digit rate along with mechanization. Promoting sales of gasoline-fueled models due to the delay of authentication for engine emissions.

Const. machinery/RS

Substantially decreased due to the continued weak market owing to the economic slowdown and the delay of authentication for engine emissions.

Recent Developments in Machinery (Japan)

Japan

Sales of farm equipment, construction machinery, and engines decreased mainly due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations.

Market: In farm machinery, the market for tractors, combines, and rice transplanters stagnated mainly for mid- and small-size models. In 2016, the agricultural workforce was fewer than 200 million people due to the effect of ongoing demographic aging. The construction machinery market for rental companies substantially dropped due to the negative impact from the adverse reaction caused by emission regulations.

Kubota (monetary basis):

Farm machinery/RS

Sales of tractors decreased due to the adverse reaction caused by the emission regulations. Sales of combines and rice transplanters increased due to the increased market shares that compensated for the negative impact of the shrinking market.

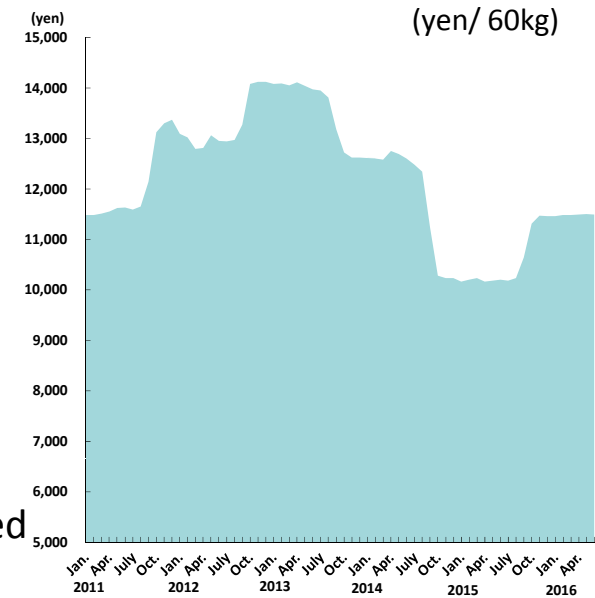
Const. machinery/RS

Sales decreased due to the large negative impact of the adverse reaction caused by the emission regulations, in the main customers, rental companies.

Engines/WS

Sales for domestic products were depressed due to the adverse reaction caused by the emission regulations. Sales for overseas products also decreased due to the negative impact of yen appreciation and the decline of crude oil prices.

Producers price of Japanese rice



Source: Ministry of Agriculture, Forestry and Fisheries

Forecast

Anticipated Operating Results

For Earth, For Life
Kubota

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)	Same period last year (Jan. 2015 - Dec. 2015)	Changes		Previous forecast (May. 2016)
	Amount	Amount	Amount	%	Amount
Revenues	1,660.0	1,688.6	-28.6	-1.7	1,710.0
Domestic	572.0	580.3	-8.3	-1.4	585.0
Overseas	1,088.0	1,108.3	-20.3	-1.8	1,125.0
Operating income	12.0% 200.0	13.2% 222.9	-22.9	-10.3	13.2% 225.0
Other income (expenses)	-5.0	1.1	-6.1	-	2.0
Taxable income*	11.7% 195.0	13.3% 224.0	-29.0	-13.0	13.3% 227.0
Net income attributable to Kubota Corp.	7.7% 128.0	8.8% 149.4	-21.4	-14.3	8.8% 150.0

* Income before income taxes and equity in net income of affiliated companies

[For reference: Changes excluding the effects of fluctuation in exchange]

Overseas revenues in Machinery are forecast to increase by 11 %.

Total overseas revenues are forecast to increase by 10 %.

Anticipated Revenues by Reporting Segment

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(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)	Same period last year (Jan. 2015 - Dec. 2015)	Changes		Previous forecast (May. 2016)	Changes	
			Amount	%		Amount	%
Machinery	1,315.0	1,340.8	-25.8	-1.9	1,355.0	-40.0	-3.0
Domestic	294.0	302.7	-8.7	-2.9	302.0	-8.0	-2.6
Overseas	1,021.0	1,038.1	-17.1	-1.6	1,053.0	-32.0	-3.0
Water	315.0	318.3	-3.3	-1.0	325.0	-10.0	-3.1
Domestic	248.5	248.7	-0.2	-0.1	253.0	-4.5	-1.8
Overseas	66.5	69.6	-3.1	-4.5	72.0	-5.5	-7.6
Other	30.0	29.5	+0.5	+1.7	30.0	-	-
Domestic	29.5	28.9	+0.6	+2.1	30.0	-0.5	-1.7
Overseas	0.5	0.6	-0.1	-16.7	-	+0.5	-
Total revenues	1,660.0	1,688.6	-28.6	-1.7	1,710.0	-50.0	-2.9
Domestic revenues	572.0	580.3	-8.3	-1.4	585.0	-13.0	-2.2
Overseas revenues	1,088.0	1,108.3	-20.3	-1.8	1,125.0	-37.0	-3.3

Anticipated Operating Income

For Earth, For Life
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(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)		Same period last year (Jan. 2015 - Dec. 2015)		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	200.0	12.0	222.9	13.2	-22.9	-10.3

Factors affecting operating income (YoY change -22.9 billion yen)

1. Fluctuation in exchange rates

US\$ (121→108)
Euro (134→120)
Other currencies

-16.0 billion yen
-6.0 billion yen
-15.0 billion yen

-37.0 billion yen

2. Material

Machinery
Water

+5.0 billion yen
+4.0 billion yen

+9.0 billion yen

3. Personnel expenses

Cost of good sold
SG&A expenses

-2.0 billion yen
-3.5 billion yen

-5.5 billion yen

4. Sales incentive ratio growth

-7.0 billion yen

5. Non-recurring items

Japan, impairment of idle land (in prior year)

+1.9 billion yen

Japan, impairment loss on assets held by vending machine business (in prior year)

+1.4 billion yen

Decrease of deferred sales expenses of Water segment in relation to the change in fiscal year-end (in prior year)

+3.4 billion yen

China, sales incentive payment related to suspension of subsidies (in prior year)

+0.4 billion yen

+7.1 billion yen

6. Other

+10.5 billion yen

Anticipated Operating Income by Reporting Segment

Anticipated operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)			Same period last year (Jan. 2015 - Dec. 2015)			Changes	Changes (Adjusted)	Changes in revenues
	Operating income	Non- recurring items	Adjusted operating income = -	Operating income	Non- recurring items	Adjusted operating income = -			
Machinery	14.8% 194.0	-	14.8% 194.0	16.5% 221.6	-1.8	16.7% 223.4	-27.6	-29.4	-25.8
Water	8.7% 27.5	-	8.7% 27.5	8.0% 25.6	-3.4	9.1% 29.0	+1.9	-1.5	-3.3
Other	11.7% 3.5	-	11.7% 3.5	10.8% 3.2	-	10.8% 3.2	+0.3	+0.3	+0.5
Adjustment	-25.0	-	-25.0	-27.5	-1.9	-25.6	+2.5	+0.6	
Total	12.0% 200.0	-	12.0% 200.0	13.2% 222.9	-7.1	13.6% 229.9	-22.9	-29.9	-28.6

Exchange Rate, CAPEX, Depreciation and R&D Expenses

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Anticipated foreign exchange rate

		Year ending Dec. 31, 2016 (Forecast)			Nine months ended Dec. 31, 2015			
		Revised forecast	Previous forecast	Same period last year		Same period last year		
¥/US\$	1st Half	Jan.-June	112	113	120	Apr.-Sept.	122	103
	2nd half	July-Dec.	105	110	122	Oct.-Dec.	122	115
	Full year average	Jan.-Dec.	108	111	121	Apr.-Dec.	122	107
¥/Euro	1st Half	Jan.-June	125	124	134	Apr.-Sept.	135	139
	2nd half	July-Dec.	115	120	134	Oct.-Dec.	133	143
	Full year average	Jan.-Dec.	120	122	134	Apr.-Dec.	134	140

CAPEX, Depreciation and R&D expenses

(Billion yen)

Capital expenditures	71.0	71.0	53.9	35.3	31.8
Depreciation and amortization	49.0	49.0	41.4	31.2	28.1
R&D expenses	42.0	44.0	39.4	29.6	29.8

Cautionary Statements with Respect to Forward-Looking Statements

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



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