[Translation]

Quarterly Report

(The First Quarter of 127th Business Term)
From January 1, 2016 to March 31, 2016

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

Kubota Corporation

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This is an English translation of the Quarterly 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 translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

As used in this Quarterly 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 of Japan" 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.

1. Overview of the Company

1. Key Financial Data

(¥ in millions, except per share amounts)

	Three months ended March 31, 2016	Three months ended June 30, 2015	Nine months ended December 31, 2015
Revenues	¥ 405,369	¥ 410,103	¥ 1,244,775
Income before income taxes and equity in net income of affiliated companies	54,333	62,762	169,504
Net income attributable to Kubota Corporation	36,353	39,253	110,107
Comprehensive income (loss)	(8,608)	58,479	82,060
Kubota Corporation shareholders' equity	1,112,316	1,133,676	1,140,310
Total equity	1,185,300	1,212,596	1,218,558
Total assets	2,449,843	2,499,790	2,532,926
Net income attributable to Kubota Corporation per common share:			
Basic	29.21	31.54	88.47
Diluted	—	—	—
Kubota Corporation shareholders' equity ratio (%)	45.40	45.35	45.02
Net cash provided by (used in) operating activities	(3,515)	102,898	197,040
Net cash used in investing activities	(17,927)	(47,050)	(130,307)
Net cash used in financing activities	(1,115)	(41,438)	(27,671)
Cash and cash equivalents, end of period	118,752	127,946	146,286

(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. Amounts less than presentation units are rounded.
4. "Net income attributable to Kubota Corporation per common share—Diluted" is not stated because Kubota Corporation did not have potential dilutive common shares that were outstanding for the period.
5. Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. The same change in the fiscal year-end was made to subsidiaries in Japan that had fiscal year-end other than December 31.
   In addition, certain subsidiaries and an affiliated company aligned their reporting periods, which were previously consolidated using their own reporting periods, with that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted the consolidated financial statements for the three months ended June 30, 2015. Accordingly, the 126th business term was the nine-month period that commenced on Arpil1, 2015 and ended on December 31, 2015.
6. Due to the change in the fiscal year-end, the first quarter of the 127th business term was the three-month period that commenced on January 1, 2016 and ended on March 31, 2016, whereas the first quarter of the 126th business term was the three-month period that commenced on April 1, 2015 and ended on June 30, 2015.
7. The Company adopted the new accounting standard related to debt issuance costs on January 1, 2016. To reflect the impact of the adoption, the Company has retrospectively adjusted the consolidated financial statements for all periods presented.

2. Description of Business

There was no material change in businesses of the Company for the three months ended March 31, 2016. There was no material change in its subsidiaries and affiliated companies, either.

2. Business Overview

1. Risk Factors

For the three months ended March 31, 2016, none of the events or facts described in "2. Business Overview" or "4. Financial Information" which may have a material influence on investor's investment decisions was identified. There was no material change in the information described in the Risk Factors' section of the Annual Securities Report for the nine months ended December 31, 2015.

In addition, any material concerns or events do not exist as of the filing date of this report.

2. Material Contracts

There was no material contract which was decided to be concluded or concluded for the three months ended March 31, 2016.

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

In order for the Company to strengthen and refine its financial reporting and management systems throughout the world by aligning the accounting year of Kubota Corporation with its foreign subsidiaries, a partial amendment to the Articles of Incorporation was resolved at the 125th Ordinary General Meeting of Shareholders held on June 19, 2015. Accordingly, Kubota Corporation changed its fiscal year-end from March 31 to December 31. The same change in the fiscal year-end was made to subsidiaries in Japan that had fiscal year-end other than December 31. Therefore, the results of operations for the three months ended March 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on March 31, 2015.

As described in "Alignment of Reporting Periods of Certain Affiliates" of "1. Summary of Significant Accounting Policies" of "Notes to Consolidated Financial Statements", at the last consolidated fiscal year-end, certain subsidiaries and an affiliated company aligned their reporting periods, which were previously consolidated using their own reporting periods, with that of Kubota Corporation. Due to this alignment, the results of operations in the prior years have been retrospectively adjusted.

(1) Analyses of Results of Operations

For the three months ended March 31, 2016, revenues of the Company decreased by ¥38.5 billion (8.7%) from the same period in the prior year, to ¥405.4 billion.

Domestic revenues decreased by ¥19.5 billion (10.9%) from the same period in the prior year, to ¥159.0 billion, due to lower revenues in all segments of Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenues decreased by ¥19.0 billion (7.2%) from the same period in the prior year, to ¥246.4 billion. In Farm & Industrial Machinery, revenues were down due to the effect of yen appreciation. Revenues in Water & Environment also decreased considerably mainly owing to decreased exports of ductile iron pipes.

Operating income increased by ¥1.5 billion (2.6%) from the same period in the prior year, to ¥57.5 billion, because a decrease in selling expenses exceeded the negative impact of a decline in revenues in the domestic and overseas markets, and the effect of yen appreciation.

Income before income taxes and equity in net income of affiliated companies slightly decreased from the same period in the prior year, to ¥54.3 billion, mainly due to an increase in other expenses. Income taxes were ¥15.5 billion, and net income decreased by ¥3.4 billion (8.0%) from the same period in the prior year, to ¥38.8 billion. Net income attributable to Kubota Corporation decreased by ¥2.9 billion (7.4%) from the same period in the prior year, to ¥36.4 billion.

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, agricultural-related products, engines, construction machinery, and electronic equipped machinery.

Revenues in this segment decreased by 5.4% from the same period in the prior year, to ¥303.1 billion, and accounted for 74.8% of consolidated revenues.

Domestic revenues decreased by 8.8% from the same period in the prior year, to ¥70.6 billion. 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 last year.

Overseas revenues decreased by 4.4% from the same period in the prior year, to ¥232.5 billion. Revenues in North America decreased from the same period in the prior year. Significantly increased sales of construction machinery due to the favorable market demand in the construction industry could not offset the negative effect of yen appreciation and lower sales of utility vehicles. In Europe, revenues remained at almost the same level as in the same period in the prior year. Expanded sales in Turkey and higher sales of engines resulted from the positive trend of economic recovery, offset the impact of yen appreciation and decreased sales of implements due to the stagnation in the agriculture-related market. As for Asia outside Japan, although sales of farm equipment in China increased due to the aggressive sales promotion activities timed to coincide with the revisions in strengthening of emission regulations, revenues decreased mainly due to a substantial decline in sales of tractors caused by severe drought in Thailand and currency depreciation in the emerging countries.

Operating income in Farm & Industrial Machinery increased by 3.9% from the same period in the prior year, to ¥48.4 billion. The impact of decreased fixed costs of sales expenses exceeded the negative impact of yen appreciation and higher promotion expenses.

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, ceramics, spiral-welded steel pipes, and other products).

Revenues in this segment decreased by 17.6% from the same period in the prior year, to ¥94.4 billion, and accounted for 23.3% of consolidated revenues.

Domestic revenues decreased by 12.8% from the same period in the prior year, to ¥80.6 billion. Revenues from pipe-related products significantly decreased from the same period in the prior year due to lower sales of ductile iron pipes and pumps. Revenues from environment-related products slightly decreased, as the impact of higher sales of operation and maintenance business of facilities could not offset a decrease in sales of waste water treatment equipment and plants. Revenues from social infrastructure-related products also decreased mainly due to lower sales of spiral welded steel pipes.

Overseas revenues decreased by 37.6% from the same period in the prior year, to ¥13.8 billion. Revenues from pipe-related products significantly decreased mainly due to a drop in shipments of ductile iron pipes for large-scale projects in Qatar. Revenues from social infrastructure-related products decreased owing to lower sales of industrial castings and ceramics. Revenues from environment-related products increased from the same period in the prior year, due to higher sales of membrane systems and water & environment plant business, such as water & gas treatment facilities.

Operating income in Water & Environment decreased by 7.9% from the same period in the prior year, to ¥13.5 billion, due to the negative impact of lower revenues.

3) Other

Other is comprised of a variety of services and housing materials.

Revenues in this segment decreased by 9.7% from the same period in the prior year, to ¥7.9 billion, and accounted for 1.9% of consolidated revenues.

Operating income in Other decreased by 22.3% from the same period in the prior year, to ¥1.1 billion.

(2) Analyses of Financial Condition

Total assets at March 31, 2016 amounted to ¥2,449.8 billion, a decrease of ¥83.1 billion from the prior fiscal year-end. Among assets, trade accounts receivable increased mainly due to the concentration of shipments related to the public works business in March. On the other hand, the yen value of assets denominated in foreign currencies, such as short- and long-term finance receivables, substantially decreased, due to the effect of yen appreciation compared to the prior fiscal year-end.

Among liabilities, trade notes payable significantly decreased. In addition, the aggregated amount of interest-bearing debt, which is composed of short-term borrowings, the current portion of long-term debt, and long-term debt, decreased due to the effect of yen appreciation. Equity decreased as the accumulation of retained earnings could not offset the deterioration in accumulated other comprehensive income due to fluctuations in exchange rates and stock prices. The shareholders' equity ratio was 45.4%, 0.4 percentage points higher than at the prior fiscal year-end.

(3) Analyses of Status of Cash Flows

Net cash used in operating activities during the three months ended March 31, 2016 was ¥3.5 billion. The deterioration of ¥12.4 billion from the same period in the prior year resulted from the decline in net income as well as the changes in working capital, including notes and accounts receivable, inventories, and trade notes and accounts payable.

Net cash used in investing activities was ¥17.9 billion, an increase of ¥11.1 billion in cash outflow from the same period in the prior year. This increase was mainly due to a decrease in proceeds from sales of property, plant, and equipment.

Net cash used in financing activities was ¥1.1 billion, a decrease of ¥8.4 billion in cash outflow from the same period in the prior year. This decrease was mainly due to an increase in cash inflow from fund procurement, while a cash dividend was paid during this period due to the change in the fiscal year-end in the prior fiscal year.

As a result of the above, and after taking into account the effects of exchange rate changes, cash and cash equivalents at March 31, 2016 were ¥118.8 billion, a decrease of ¥27.5 billion from the beginning of the current fiscal year.

(4) Issues to Address on Business and Finance

There was no material change in the issues for the Company to address on and challenge for the three months ended March 31, 2016. Also, no additional issue rose.

(5) Research and Development

The Company's research and development expenses for the three months ended March 31, 2016 were ¥9.5 billion. There was no material change in the Company's activities of research and development for the three months ended March 31, 2016.

(6) Major Property, Plant, and Equipment

The following table presents a plan for new construction of material property, plant, and equipment which was newly decided for the three months ended March 31, 2016:

Company name Facility (Location)	Reporting segment	Description	Estimated amount of expenditures		Schedule	
			Total amount of expenditures	Amount already paid	Commenced	To be completed
			(millions of RMB)	(millions of RMB)		
Kubota Agricultural Machinery (SUZHOU) Co., Ltd. (Jiangsu, CHINA)	Farm & Industrial Machinery	Building of new facilities to increase production of tractors and combine harvesters	297	—	January 2016	November 2017

3. Information on Kubota Corporation

1. Information on the Shares of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

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

2) Issued Shares

Class	Number of shares issued as of end of period (shares) (March 31, 2016)	Number of shares issued as of filing date (shares) (May 13, 2016)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,244,919,180	1,244,919,180	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 100 shares.
Total	1,244,919,180	1,244,919,180	—	—

(2) Information on the Share 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 Shares, 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 shares (¥ in millions)	Balance of common shares (¥ in millions)	Changes in capital reserve (¥ in millions)	Balance of capital reserve (¥ in millions)
From: January 1, 2016 To: March 31, 2016	—	1,244,919	¥ —	¥ 84,070	¥ —	¥ 73,057

(6) Major Shareholders

Not applicable

(7) Information on Voting Rights

Information on voting rights on the shareholder's list as of December 31, 2015 is stated in this item since Kubota Corporation was not able to identify the number of voting rights as of March 31, 2016 due to the lack of information.

1) Issued Shares

(As of December 31, 2015)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury stock, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common shares:	24,000	—	—
	(Crossholding stock) Common shares:	829,000		
Shares with full voting rights (others)	Common shares:	1,241,854,000	1,241,854	—
Shares less than one unit	Common shares:	2,212,180	—	Shares less than one unit (1,000 shares)
Number of issued shares		1,244,919,180	—	—
Total number of voting rights		—	1,241,854	—

(Notes)

1.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. The number of shares per unit of shares was changed from 1,000 to 100 shares as of January 1, 2016.

2) Treasury Stock

(As of December 31, 2015)

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	24,000	—	24,000	0.00
(Crossholding stock) 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
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Chugoku Kubota Corporation	275, Shijikai, Higashi-ku, Okayama, JAPAN	111,000	—	111,000	0.00
Fukuokakyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total crossholding stock	—	829,000	—	829,000	0.06
Total	—	853,000	—	853,000	0.06

2. Changes in Directors and Senior Management

There has been no change in the Directors nor senior management since the filing date of the Annual Securities Report for the 126^{th} business term to March 31, 2016.

(Reference Information)

Kubota Corporation adopts the Executive Officer System. There has been no change in the Executive Officers who do not hold the post of Director, since the filing date of the Annual Securities Report for the 126^{th} business term to March 31, 2016.

4. Financial Information

1. Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

(1) Consolidated Balance Sheets

(¥ in millions)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 118,752	¥ 146,286
Notes and accounts receivable:		
Trade notes	73,835	78,928
Trade accounts	566,641	551,905
Less: Allowance for doubtful notes and accounts receivable	(3,040)	(3,216)
Short-term finance receivables—net	199,598	224,058
Inventories	356,423	356,441
Other current assets	133,986	136,444
Total current assets	1,446,195	1,490,846
Investments and long-term finance receivables:		
Investments in and loan receivables from affiliated companies	26,255	26,416
Other investments	123,255	139,636
Long-term finance receivables—net	462,854	482,482
Total investments and long-term finance receivables	612,364	648,534
Property, plant, and equipment:		
Land	81,367	81,915
Buildings	267,846	268,965
Machinery and equipment	461,470	465,425
Construction in progress	13,661	11,252
Total	824,344	827,557
Less: Accumulated depreciation	(540,590)	(541,687)
Net property, plant, and equipment	283,754	285,870
Other assets:		
Goodwill and intangible assets—net	28,519	29,430
Long-term trade accounts receivable	37,801	36,758
Other	42,003	42,287
Less: Allowance for doubtful non-current receivables	(793)	(799)
Total other assets	107,530	107,676
Total assets	¥ 2,449,843	¥ 2,532,926

(¥ in millions)	March 31, 2016	December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ 199,404	¥ 186,216
Trade notes payable	114,374	157,165
Trade accounts payable	106,872	103,169
Advances received from customers	6,515	7,475
Notes and accounts payable for capital expenditures	16,365	15,470
Accrued payroll costs	40,523	33,099
Accrued expenses	57,677	61,494
Income taxes payable	16,992	5,544
Other current liabilities	76,327	80,152
Current portion of long-term debt	156,798	158,117
Total current liabilities	791,847	807,901
Long-term liabilities:		
Long-term debt	397,258	424,370
Accrued retirement and pension costs	11,880	12,148
Other long-term liabilities	63,558	69,949
Total long-term liabilities	472,696	506,467
Commitments and contingencies		
Equity:		
Kubota Corporation shareholders' equity:		
Common stock,		
authorized 1,874,700,000 shares and issued 1,244,919,180 shares at March 31, 2016 and December 31, 2015	84,070	84,070
Capital surplus	87,521	87,838
Legal reserve	19,539	19,539
Retained earnings	888,694	869,769
Accumulated other comprehensive income	32,691	79,292
Treasury stock (416,185 shares and 415,635 shares at March 31,2016 and December 31, 2015, respectively), at cost	(199)	(198)
Total Kubota Corporation shareholders' equity	1,112,316	1,140,310
Non-controlling interests	72,984	78,248
Total equity	1,185,300	1,218,558
Total liabilities and equity	¥ 2,449,843	¥ 2,532,926

See notes to consolidated financial statements.

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

For the three months ended March 31, 2016 and the three months ended June 30, 2015

Consolidated Statements of Income

(¥ in millions, except per share amounts)

		2016		2015
Revenues	¥	405,369	¥	410,103
Cost of revenues		278,476		282,870
Selling, general, and administrative expenses		69,325		67,819
Other operating expenses —net		116		117
Operating income		57,452		59,297
Other income (expenses):				
Interest and dividend income		974		2,316
Interest expense		(165)		(273)
Gain on sales of securities—net		313		629
Foreign exchange loss—net		(1,276)		(1,654)
Other—net		(2,965)		2,447
Other income (expenses)—net		(3,119)		3,465
Income before income taxes and equity in net income of affiliated companies		54,333		62,762
Income taxes:				
Current		19,667		13,539
Deferred		(4,122)		7,625
Total income taxes		15,545		21,164
Equity in net income of affiliated companies		14		678
Net income		38,802		42,276
Less: Net income attributable to non-controlling interests		2,449		3,023
Net income attributable to Kubota Corporation	¥	36,353	¥	39,253
Net income attributable to Kubota Corporation per common share:				
Basic	¥	29.21	¥	31.54

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

		2016		2015
Net income	¥	38,802	¥	42,276
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments		(35,975)		10,480
Unrealized gains (losses) on securities		(11,110)		6,134
Unrealized losses on derivatives		—		(2)
Pension liability adjustments		(325)		(409)
Total other comprehensive income (loss)		(47,410)		16,203
Comprehensive income (loss)		(8,608)		58,479
Less: Comprehensive income attributable to non-controlling interests		1,070		2,649
Comprehensive income (loss) attributable to Kubota Corporation	¥	(9,678)	¥	55,830

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 of shares)	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Non-controlling interests	Total equity
Balance at December 31, 2015	1,244,504	¥ 84,070	¥ 87,838	¥ 19,539	¥ 869,769	¥ 79,292	¥ (198)	¥ 78,248	¥ 1,218,558
Net income					36,353			2,449	38,802
Other comprehensive loss						(46,031)		(1,379)	(47,410)
Cash dividends paid to Kubota Corporation shareholders (¥14.00 per common share)					(17,428)				(17,428)
Cash dividends paid to non-controlling interests								(945)	(945)
Purchases and sales of treasury stock	(1)						(1)		(1)
Changes in ownership interests in subsidiaries			(317)			(570)		(5,389)	(6,276)
Balance at March 31, 2016	1,244,503	¥ 84,070	¥ 87,521	¥ 19,539	¥ 888,694	¥ 32,691	¥ (199)	¥ 72,984	¥ 1,185,300

Balance at March 31, 2015	1,245,700	¥ 84,070	¥ 87,880	¥ 19,539	¥ 799,545	¥109,446	¥ (401)	¥ 78,387	¥ 1,178,466
Net income					39,253			3,023	42,276
Other comprehensive income (loss)						16,577		(374)	16,203
Cash dividends paid to Kubota Corporation shareholders (¥16.00 per common share)					(19,937)				(19,937)
Cash dividends paid to non-controlling interests								(1,751)	(1,751)
Purchases and sales of treasury stock	(1,171)						(2,266)		(2,266)
Changes in ownership interests in subsidiaries			(30)					(365)	(395)
Balance at June 30, 2015	1,244,529	¥ 84,070	¥ 87,850	¥ 19,539	¥ 818,861	¥126,023	¥ (2,667)	¥ 78,920	¥ 1,212,596

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

For the three months ended March 31, 2016 and the three months ended June 30, 2015

(¥ in millions)

	2016	2015
Operating activities:		
Net income	¥ 38,802	¥ 42,276
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,842	9,933
Gain on sales of securities—net	(313)	(629)
Equity in net income of affiliated companies	(14)	(678)
Deferred income taxes	(4,122)	7,625
Changes in assets and liabilities:		
(Increase) decrease in notes and accounts receivable	(25,036)	77,465
Increase in inventories	(12,035)	(9,991)
(Increase) decrease in other current assets	9,410	(14,582)
Increase (decrease) in trade notes and accounts payable	(35,985)	611
Increase (decrease) in income taxes payable	11,795	(8,265)
Increase (decrease) in other current liabilities	4,378	(2,024)
Decrease in accrued retirement and pension costs	(731)	(3,246)
Other	494	4,403
Net cash provided by (used in) operating activities	(3,515)	102,898
Investing activities:		
Purchases of fixed assets	(12,032)	(8,552)
Proceeds from sales of property, plant, and equipment	119	249
Proceeds from sales and redemption of investments	456	861
Increase in finance receivables	(74,842)	(122,309)
Collection of finance receivables	79,605	78,637
Net (increase) decrease in short-term loan receivables from affiliated companies	(3,064)	4,242
Net (increase) decrease in time deposits	(6,510)	312
Other	(1,659)	(490)
Net cash used in investing activities	(17,927)	(47,050)
Financing activities:		
Proceeds from issuance of long-term debt	32,972	6,979
Repayments of long-term debt	(33,144)	(20,029)
Net increase (decrease) in short-term borrowings	23,731	(4,434)
Payments of cash dividends	(17,428)	(19,937)
Purchases of treasury stock	(1)	(2,266)
Purchases of non-controlling interests	(6,300)	–
Other	(945)	(1,751)
Net cash used in financing activities	(1,115)	(41,438)
Effect of exchange rate changes on cash and cash equivalents	(4,977)	1,108
Net increase (decrease) in cash and cash equivalents	(27,534)	15,518
Cash and cash equivalents, beginning of period	146,286	112,428
Cash and cash equivalents, end of period	¥ 118,752	¥ 127,946

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 and agricultural-related products, engines, construction machinery, electronic equipped 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 countries, such as in the U.S., Germany, China, Thailand, and other countries, and sells 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”).

Change in Fiscal Year-end

The Company changed its fiscal year-end from March 31 to December 31, from the last consolidated fiscal year by the resolution of a partial amendment to the Articles of Incorporation at the Ordinary General Meeting of Shareholders held on June 19, 2015. Accordingly, the first quarter of the 127th business term was the three-month period that commenced on January 1, 2016 and ended on March 31, 2016, whereas the first quarter of the 126th business term was the three-month period that commenced on April 1, 2015 and ended on June 30, 2015.

Alignment of Reporting Periods of Certain Affiliates

At the last consolidated fiscal year-end, certain subsidiaries and an affiliated company (as of December 31, 2015, 36 subsidiaries and one affiliated company) aligned their reporting periods, which were previously consolidated using their own reporting periods, with that of the Parent Company. To reflect the impact of these changes, the Company has retrospectively adjusted the consolidated financial statements for all periods presented.

With these retrospective adjustments, the amounts of retained earnings at the beginning of the nine months ended December 31, 2015 were adjusted from ¥798,547 million to ¥799,545 million.

The following table presents the effects of retrospective adjustments for the three months ended June 30, 2015:

(¥ in millions, except per share amounts)

	Three months ended June 30, 2015	
	Before retrospective adjustments	After retrospective adjustments
Consolidated Statements of Income:		
Net income	¥ 43,638	¥ 42,276
Net income attributable to Kubota Corporation	40,627	39,253
Consolidated Statements of Cash Flows:		
Net cash provided by operating activities	¥ 99,833	¥ 102,898
Net cash used in investing activities	(47,126)	(47,050)
Net cash used in financing activities	(39,655)	(41,438)
Cash and cash equivalents, end of period	127,658	127,946
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 32.64	¥ 31.54

Changes in Accounting Policies

The Company adopted a new accounting standard related to debt issuance costs on January 1, 2016. The standard requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. To reflect the impact of the adoption, the Company has retrospectively adjusted the consolidated financial statements for all periods presented. The adoption of this standard did not have a material impact on the consolidated financial statements.

Adoption of Specific Accounting Procedures for Quarterly Consolidated Financial Statements

The provision for income taxes is computed by multiplying quarterly income before income taxes and equity in net income of affiliated companies by the estimated annual effective tax rate.

2. INVENTORIES

Inventories are comprised of the following:

(¥ in millions)

	March 31, 2016	December 31, 2015
Finished products	¥ 225,190	¥ 219,860
Spare parts	42,115	42,148
Work in process	44,570	52,482
Raw materials and supplies	44,548	41,951
	¥ 356,423	¥ 356,441

3. OTHER INVESTMENTS

The following table presents the costs, fair value of, and gross unrealized holding gains and losses on the Company's available-for-sale securities by type:

(¥ in millions)

	March 31, 2016				December 31, 2015			
	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 securities:								
Equity securities of financial institutions	¥ 21,408	¥ 40,364	¥ 18,986	¥ 30	¥ 21,408	¥ 55,170	¥ 33,762	¥ —
Other equity securities	16,142	79,201	63,066	7	16,242	80,813	64,572	1
	¥ 37,550	¥ 119,565	¥ 82,052	¥ 37	¥ 37,650	¥ 135,983	¥ 98,334	¥ 1

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)

	March 31, 2016				December 31, 2015			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
	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 securities:								
Equity securities of financial institutions	¥ 139	¥ 30	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Other equity securities	75	7	—	—	81	1	—	—
	¥ 214	¥ 37	¥ —	¥ —	¥ 81	¥ 1	¥ —	¥ —

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

(¥ in millions)

	Three months ended March 31, 2016	Three months ended June 30, 2015
Proceeds from sales of available-for-sale securities	¥ 417	¥ 858
Gross realized gains	313	629
Gross realized losses	—	—

Investments in nonmarketable equity securities of ¥3,690 million and ¥3,653 million were recorded in other investments on the consolidated balance sheets at March 31, 2016 and December 31, 2015, respectively. Investments in nonmarketable equity securities for which there is no readily determinable fair value are accounted for using the cost method. 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.

4. 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 in 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, 2016.

(3) Long-term trade accounts receivable

Long-term trade accounts receivable are generated mainly from direct sales to individual end-users in the farm equipment market in 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 include 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.

The Company analyzes sales financing receivables by four regions: North America, Japan, Asia outside Japan, and other areas. Credit risks of 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 credit quality indicator of these receivables is updated based on the information available at balance sheet dates and the Company reviews it on a quarterly basis. The Company's credit quality ratings for these receivables are defined as follows:

Rank A – These receivables are collected 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 individually indicate that it is 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 investments in sales financing receivables by types of receivables, region, and credit quality indicator:

(¥ in millions)

	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
At March 31, 2016:					
Rank A	¥ 466,458	¥ 16,896	¥ 8,071	¥ 143,652	¥ 66,107
Rank B	21,357	—	222	25,424	2,189
Rank C	88	38	—	—	55
Total	¥ 487,903	¥ 16,934	¥ 8,293	¥ 169,076	¥ 68,351
At December 31, 2015:					
Rank A	¥ 492,952	¥ 16,736	¥ 8,157	¥ 155,946	¥ 67,690
Rank B	25,345	—	80	26,841	1,120
Rank C	94	26	—	—	49
Total	¥ 518,391	¥ 16,762	¥ 8,237	¥ 182,787	¥ 68,859

(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)

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
At March 31, 2016:								
Retail finance receivables	North America	¥ 19,114	¥ 1,179	¥ 393	¥ 759	¥ 21,445	¥ 466,458	¥ 487,903
Retail finance receivables	Other areas	—	—	38	—	38	16,896	16,934
Finance lease receivables	Japan	67	24	29	90	210	8,083	8,293
Finance lease receivables	Asia outside Japan	5,406	2,882	3,471	13,523	25,282	143,794	169,076
Long-term trade accounts receivable	Japan	472	242	409	885	2,008	66,343	68,351
Total		¥ 25,059	¥ 4,327	¥ 4,340	¥ 15,257	¥ 48,983	¥ 701,574	¥ 750,557
At December 31, 2015:								
Retail finance receivables	North America	¥ 22,857	¥ 1,421	¥ 446	¥ 715	¥ 25,439	¥ 492,952	¥ 518,391
Retail finance receivables	Other areas	—	26	—	—	26	16,736	16,762
Finance lease receivables	Japan	2	1	9	54	66	8,171	8,237
Finance lease receivables	Asia outside Japan	7,561	3,356	2,074	13,701	26,692	156,095	182,787
Long-term trade accounts receivable	Japan	37	11	111	767	926	67,933	68,859
Total		¥ 30,457	¥ 4,815	¥ 2,640	¥ 15,237	¥ 53,149	¥ 741,887	¥ 795,036

(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 contractual due date. Nonaccrual retail finance receivables at March 31, 2016 and December 31, 2015, amounted to ¥759 million and ¥715 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 are not placed on nonaccrual status, but these receivables are charged off against the allowance for doubtful accounts and credit losses when payments 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 three months ended March 31, 2016 and the nine months ended December 31, 2015.

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 ¥10,694 million and ¥7,607 million at March 31, 2016 and December 31, 2015, respectively, and such amounts are recorded in other current assets and investments 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 repay their debt. Since no negative factors in the borrowers' financial condition or collection status of receivables have been identified for the three months ended March 31, 2016 and the nine months ended December 31, 2015, 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.

Other Receivables

The amounts of other receivables and related allowance were not material for the three months ended March 31, 2016 and the nine months ended December 31, 2015, respectively.

5. 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 types 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 ¥416 million and ¥389 million at March 31, 2016 and December 31, 2015, 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 and the recorded investments in finance receivables and long-term trade accounts receivable:

(¥ in millions)

Allowance for doubtful accounts and credit losses for the three months ended March 31, 2016:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of period	¥ 692	¥ 18,945	¥ 340	¥ 19,977
Provision	310	1,225	20	1,555
Charge-offs	(317)	(199)	—	(516)
Recoveries	5	—	—	5
Other	(38)	(869)	—	(907)
Balance at end of period	¥ 652	¥ 19,102	¥ 360	¥ 20,114
Individually evaluated for impairment	126	—	55	181
Collectively evaluated for impairment	526	19,102	305	19,933
Recorded Investment at March 31, 2016:				
Balance at end of period	¥ 504,837	¥ 177,369	¥ 68,351	¥ 750,557
Individually evaluated for impairment	126	—	55	181
Collectively evaluated for impairment	504,711	177,369	68,296	750,376

(¥ in millions)

Allowance for doubtful accounts and credit losses for the three months ended June 30, 2015:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of period	¥ 608	¥ 16,947	¥ 369	¥ 17,924
Provision	229	1,471	38	1,738
Charge-offs	(196)	(324)	—	(520)
Recoveries	2	—	—	2
Other	13	(374)	—	(361)
Balance at end of period	¥ 656	¥ 17,720	¥ 407	¥ 18,783
Individually evaluated for impairment	147	—	330	477
Collectively evaluated for impairment	509	17,720	77	18,306
Recorded Investment at June 30, 2015:				
Balance at end of period	¥ 517,214	¥ 197,619	¥ 76,314	¥ 791,147
Individually evaluated for impairment	147	—	350	497
Collectively evaluated for impairment	517,067	197,619	75,964	790,650

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 three months ended March 31, 2016 and the three months ended June 30, 2015.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

(¥ in millions)

			Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
At March 31, 2016:					
Financial assets:					
Finance receivables—net	¥ 504,185	¥ —	¥ 502,189	¥ —	¥ 502,189
Long-term trade accounts receivable	67,991	—	73,000	—	73,000
Financial liabilities:					
Long-term debt	(551,634)	—	(548,692)	—	(548,692)
At December 31, 2015:					
Financial assets:					
Finance receivables—net	¥ 534,461	¥ —	¥ 528,410	¥ —	¥ 528,410
Long-term trade accounts receivable	68,519	—	73,419	—	73,419
Financial liabilities:					
Long-term debt	(579,783)	—	(565,606)	—	(565,606)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is recorded at the amounts 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 7. FAIR VALUE MEASUREMENTS.

7. 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)	Level 1	Level 2	Level 3	Total
At March 31, 2016:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 40,364	¥ —	¥ —	¥ 40,364
Other equity securities	79,201	—	—	79,201
Derivatives:				
Foreign exchange contracts	—	832	—	832
Cross-currency interest rate swap contracts	—	5,867	—	5,867
Total assets	¥ 119,565	¥ 6,699	¥ —	¥ 126,264
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 193	¥ —	¥ 193
Interest rate swap contracts	—	126	—	126
Cross-currency interest rate swap contracts	—	877	—	877
Total liabilities	¥ —	¥ 1,196	¥ —	¥ 1,196
At December 31, 2015:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 55,170	¥ —	¥ —	¥ 55,170
Other equity securities	80,813	—	—	80,813
Derivatives:				
Foreign exchange contracts	—	621	—	621
Cross-currency swap contracts	—	1,327	—	1,327
Cross-currency interest rate swap contracts	—	8,705	—	8,705
Total assets	¥ 135,983	¥ 10,653	¥ —	¥ 146,636
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 171	¥ —	¥ 171
Interest rate swap contracts	—	42	—	42
Total liabilities	¥ —	¥ 213	¥ —	¥ 213

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 3. OTHER INVESTMENTS and Note 8. DERIVATIVE FINANCIAL INSTRUMENTS, respectively.

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

The assets and liabilities that were measured at fair value on a nonrecurring basis were not material for the three months ended March 31, 2016 and for the nine months ended December 31, 2015, respectively.

8. 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 "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 interest 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 qualified as cash flow hedges are reported in accumulated other comprehensive income. 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. There were no unrecognized net gains or losses (net of tax) on derivatives included in accumulated other comprehensive income at March 31, 2016 that 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	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Derivatives designated as hedging instruments:								
Total derivatives designated as hedging instruments	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	¥ 832	¥ 621	¥ —	¥ —	¥ 193	¥ 171	¥ —	¥ —
Cross-currency swap contracts	—	1,327	—	—	—	—	—	—
Interest rate swap contracts	—	—	—	—	108	42	18	—
Cross-currency interest rate swap contracts	3,530	4,706	2,337	3,999	186	—	691	—
Total derivatives not designated as hedging instruments	¥ 4,362	¥6,654	¥ 2,337	¥ 3,999	¥ 487	¥ 213	¥ 709	¥ —
Total	¥ 4,362	¥6,654	¥ 2,337	¥ 3,999	¥ 487	¥ 213	¥ 709	¥ —

The following table presents income effects of derivative instruments:

(¥ in millions)

	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax		
Derivative instruments in cash flow hedges	Effective portion recognized in other comprehensive income (loss)	Consolidated statements of income line item	Effective portion reclassified from accumulated other comprehensive income to net income
Three months ended March 31, 2016:			
Total	¥ —		¥ —
Three months ended June 30, 2015:			
Interest rate swap contracts	¥ (9)	Interest expense	¥ (7)
Total	¥ (9)		¥ (7)

(¥ in millions)

Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income, before tax
Three months ended March 31, 2016:		
Foreign exchange contracts	Foreign exchange loss—net	¥ 4,245
Cross-currency swap contracts	Foreign exchange loss—net	(110)
Interest rate swap contracts	Other—net	(69)
Cross-currency interest rate swap contracts	Other—net	(3,526)
Total		¥ 540
Three months ended June 30, 2015:		
Foreign exchange contracts	Foreign exchange loss—net	¥ (2,575)
Cross-currency swap contracts	Foreign exchange loss—net	756
Cross-currency interest rate swap contracts	Other—net	2,470
Total		¥ 651

The amount of gains or losses related to the hedging ineffectiveness was not material for the three months ended March 31, 2016 and the three months ended June 30, 2015, respectively.

9. PLEDGED ASSETS

Pledged assets are comprised of the following:

(¥ in millions)

	March 31, 2016	December 31, 2015
Trade accounts	284	349
Short-term finance receivables [*1]	42,389	46,869
Other current assets [*2]	5,001	4,814
Long-term finance receivables [*1]	72,088	84,644
Property, plant, and equipment	1,844	2,047
Total	¥ 121,606	¥ 138,723

[*1] Short- and long-term finance receivables are pledged in accordance with the terms of securitization transactions.

[*2] Other current assets represent the restricted cash which is pledged in accordance with the terms of borrowings.

The above assets were pledged against the following liabilities:

(¥ in millions)

	March 31, 2016	December 31, 2015
Short-term borrowings	¥ 527	¥ 611
Current portion of long-term debt	36,662	40,483
Long-term debt	63,512	74,554
Total	¥ 100,701	¥ 115,648

10. RETIREMENT AND PENSION PLANS

The following table presents the components of the total net periodic benefit cost:

(¥ in millions)

	Three months ended March 31, 2016	Three months ended June 30, 2015
Service cost	¥ 2,199	¥ 1,662
Interest cost	647	651
Expected return on plan assets	(1,225)	(1,196)
Amortization of prior service benefit	(86)	(86)
Amortization of actuarial loss (gain)	191	(10)
Total	¥ 1,726	¥ 1,021

11. SUPPLEMENTAL EXPENSE INFORMATION

Research and Development Expenses, Advertising Costs, Shipping and Handling Costs, and Depreciation and Amortization

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)

	Three months ended March 31, 2016	Three months ended June 30, 2015
Research and development expenses	¥ 9,474	¥ 10,109
Advertising costs	3,637	4,202
Shipping and handling costs	16,041	16,986
Depreciation and amortization	9,842	9,933

Other Operating Expenses

Other operating expenses—net for the three months ended March 31, 2016 included a loss from sales and disposals of fixed assets of ¥116 million.

Other operating expenses—net for the three months ended June 30, 2015 included a loss from sales and disposals of fixed assets of ¥117 million.

12. NET INCOME ATTRIBUTABLE TO KUBOTA CORPORATION PER COMMON SHARE

The following table presents the numerator and the denominator to calculate net income attributable to Kubota Corporation per common share—basic:

	Three months ended March 31, 2016	Three months ended June 30, 2015
Net income attributable to Kubota Corporation (¥ in millions)	¥ 36,353	¥ 39,253
Weighted average number of shares (in thousands)	1,244,503	1,244,532

There are no potentially dilutive shares outstanding for the three months ended March 31, 2016 and the three months ended June 30, 2015, respectively.

13. OTHER COMPREHENSIVE INCOME (LOSS)

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

(¥ in millions)

	Three months ended March 31, 2016			Three months ended June 30, 2015		
	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
Foreign currency translation adjustments	¥ (34,594)	¥ (1,381)	¥ (35,975)	¥ 10,705	¥ (225)	¥ 10,480
Unrealized gains (losses) on securities	(11,111)	1	(11,110)	6,270	(136)	6,134
Unrealized losses on derivatives	—	—	—	(2)	—	(2)
Pension liability adjustments	(326)	1	(325)	(396)	(13)	(409)
Other comprehensive income (loss)	¥ (46,031)	¥ (1,379)	¥ (47,410)	¥ 16,577	¥ (374)	¥ 16,203

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)

	Foreign currency translation adjustments	Unrealized gains on securities	Unrealized losses on derivatives	Pension liability adjustments	Total
Three months ended March 31, 2016:					
Balance at beginning of period	¥ 50,112	¥ 46,955	¥ —	¥ (17,775)	¥ 79,292
Changes in ownership Interests in subsidiaries	(570)	—	—	—	(570)
Other comprehensive income (loss) before reclassification	(34,594)	(10,894)	—	(398)	(45,886)
Reclassification to net income	—	(217)	—	72	(145)
Net change	(35,164)	(11,111)	—	(326)	(46,601)
Balance at end of period	¥ 14,948	¥ 35,844	¥ —	¥ (18,101)	¥ 32,691
Three months ended June 30, 2015:					
Balance at beginning of period	¥ 62,876	¥ 57,483	¥ (10)	¥ (10,903)	¥ 109,446
Other comprehensive income (loss) before reclassification	10,705	6,691	(7)	(344)	17,045
Reclassification to net income	—	(421)	5	(52)	(468)
Net change	10,705	6,270	(2)	(396)	16,577
Balance at end of period	¥ 73,581	¥ 63,753	¥ (12)	¥ (11,299)	¥ 126,023

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

(¥ in millions)

		Amount reclassified from accumulated other comprehensive income *1	Affected line item in the statement where net income is presented
Three months ended March 31, 2016:			
Unrealized gains (losses) on securities	¥	(313)	Gain on sales of securities—net
		96	Income taxes
		(217)	Net income attributable to Kubota Corporation
Pension liability adjustments		105 *2	
		(32)	Income taxes
		73	Net income
		(1)	Net income attributable to non-controlling interests
		72	Net income attributable to Kubota Corporation
Total	¥	(145)	
Three months ended June 30, 2015:			
Unrealized gains (losses) on securities	¥	(629)	Gain on sales of securities—net
		208	Income taxes
		(421)	Net income attributable to Kubota Corporation
Unrealized losses on derivatives		7	Interest expense
		(2)	Income taxes
		5	Net income attributable to Kubota Corporation
Pension liability adjustments		(96) *2	
		31	Income taxes
		(65)	Net income
		13	Net income attributable to non-controlling interests
		(52)	Net income attributable to Kubota Corporation
Total	¥	(468)	

*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).

14. DIVIDENDS

Dividends Paid

Resolution	Class of shares	Appropriation from	Cash dividends (¥ in millions)	Cash dividends per share	Record date	Effective date
The Meeting of the Board of Directors on February 16, 2016	Common stock	Retained earnings	¥17,428	¥14.00	December 31, 2015	March 28, 2016

Dividends with Record Date falling in the Three Months Ended March 31, 2016 and with Effective Date coming after March 31, 2016

Not applicable

15. COMMITMENTS AND CONTINGENCIES

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, 2016 was ¥11,765 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

Legal Proceedings

Since May 2007, the Company has been subject to 27 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 ¥25,377 million consisted mostly of 25 lawsuits, which concerned a total of 658 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 25 lawsuits. The Company discloses the aggregate claimed amount of the above ¥25,377 million as the maximum within the reasonably possible range of loss because the expected loss will be between zero and the aggregate claimed amount. 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.

Among the major 25 lawsuits, five district courts ruled in favor of the Company, but the plaintiff appealed the court ruling right after the judgment. Since the above cases will be also continued until the ultimate outcome is reached, the Company believes that the current developments in the cases do not provide any additional information that would facilitate the Company to expect the ultimate outcome and the timing of termination of these asbestos related lawsuits as a whole.

Matters Related to the Health Hazard of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, used to produce asbestos-related products in the past. The Company established a relief payment program in place of the consolation payment to the residents who lived near the Company's plant and suffered from asbestos-related diseases in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides the compensation which is not required by law but is made in accordance with the Company's internal policies.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases ("the New Asbestos Law") was established by the Japanese government, and 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.

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.

The Company has accrued balances for the asbestos-related expenses of ¥224 million and ¥311 million at March 31, 2016 and December 31, 2015, respectively. The accrual includes possible 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.

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 residents who lived near the Company's plant and current and former employees will apply for payments in the future. Accordingly, such payments are not included in the accrued amounts as described above.

The Company believes it is not possible to reasonably estimate the possible loss or range of loss relating to this contingency.

16. 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, agricultural-related products, engines, construction machinery, and electronic equipped 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, ceramics, spiral welded steel pipes, and other products). The Other segment offers a variety of services, and manufactures and sales of housing materials.

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 operating decision maker 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)

	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Three months ended March 31, 2016					
Revenues:					
External customers	¥ 303,117	¥ 94,401	¥ 7,851	¥ —	¥ 405,369
Intersegment	222	599	6,322	(7,143)	—
Total	303,339	95,000	14,173	(7,143)	405,369
Operating income	¥ 48,386	¥ 13,514	¥ 1,123	¥ (5,571)	¥ 57,452
Three months ended June 30, 2015					
Revenues:					
External customers	¥ 350,036	¥ 53,473	¥ 6,594	¥ —	¥ 410,103
Intersegment	75	143	5,960	(6,178)	—
Total	350,111	53,616	12,554	(6,178)	410,103
Operating income	¥ 63,370	¥ 1,263	¥ 536	¥ (5,872)	¥ 59,297

(Notes)

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those in the consolidated statements of income. 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.

Geographic Information

Information about revenues from external customers by destination is summarized as follows:

(¥ in millions)

Revenues from external customers by destination:	Three months ended March 31, 2016	Three months ended June 30, 2015
Japan	¥ 159,009	¥ 116,796
North America	98,909	126,930
Europe	55,010	55,298
Asia outside Japan	76,320	93,408
Other areas	16,121	17,671
Total	¥ 405,369	¥ 410,103

(Notes)

1. Revenues from North America include those from the United States of ¥85,683 million and ¥109,945 million for the three months ended March 31, 2016 and the three months ended June 30, 2015, respectively.
2. There is no single customer from whom revenues exceeds 10% of total consolidated revenues of the Company.

17. SUBSEQUENT EVENT

Acquisition of Treasury Stock

On May 10, 2016, pursuant to the provisions of its Article of Incorporation, which is stipulated in the Article 165, Paragraph two of Corporate Law of Japan, the Board of Directors resolved the acquisition of up to 8 million shares, or up to ¥10,000 million of the Parent Company's outstanding common stock on and after May 11, 2016 through May 10, 2017.

Agreement on Acquisition of Great Plains Manufacturing, Inc.

On May 13, 2016, the Company announced an agreement with Great Plains Manufacturing, Inc. ("GP"), a farm implement manufacturer in the U.S., to acquire 100% of GP's outstanding shares via Kubota U.S.A., Inc., the Company's U.S. subsidiary. The consideration will be approximately 430 million U.S. dollars, subject to the adjustment pursuant to the provisions of the share purchase agreement. The acquisition process is due to be completed by July 2016 following the necessary procedures.

2. Other

On February 16, 2016, the Company's Board of Directors resolved to pay cash dividends as follows:

1) Shareholders to Be Paid Cash Dividends
Shareholders of record on December 31, 2015

2) Amount of Dividends
¥14.00 per common share, a total of ¥17,428 million

3) Effective Date of Claim of Payment and Start Date of Payment
March 28, 2016

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	May 13, 2016
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	Kubota Corporation
[Title and Name of Representative]	Masatoshi Kimata, President and 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 Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

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

Masatoshi Kimata, President and Representative Director and Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters confirmed that statements contained in the Quarterly Report for the first quarter of 127th fiscal year (from January 1, 2016 to March 31, 2016) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable