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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2007 REPORTED BY KUBOTA CORPORATION

OSAKA, JAPAN, August 3, 2007 --- Kubota Corporation reported its consolidated results of operations for the three months ended June 30, 2007 today.

Consolidated Financial Highlights

(Unaudited)

1. Consolidated Results of Operations for the Three Months Ended June 30, 2007

(1) Results of operations

(In millions of yen and thousands of U.S. dollars except per American Depositary Share ("ADS") amounts)

•						
	Th	ree months ended	%	Three months ended	%	Year ended
		Jun. 30, 2007	(*)	Jun. 30, 2006	(*)	Mar. 31, 2007
Revenues		¥269,021	6.3	¥253,137	13.7	¥1,127,456
	[\$2,187,163]				
Operating income		¥38,185	(1.4)	¥38,710	25.3	¥130,347
	[\$310,447]				
Income from continuing operations before income						
taxes, minority interests in earnings of subsidiaries,		¥42,762	6.4	¥40,177	25.2	¥131,565
and equity in net income (loss) of affiliated companies	[\$347,659]				
Net income		¥23,993	7.0	¥22,425	17.7	¥76,457
	[\$195,065]				
Net income per ADS						
Basic		¥93		¥86		¥295
	[\$0.76]				
Diluted		¥93		¥86		¥295
	[\$0.76]				

Note: (*) represents percentage change from the corresponding period in the prior year.

(In millions of yen and thousands of U.S. dollars

(2) Financial position

(2) Financiai position		ex	cept per ADS amounts)
	Jun. 30, 2007	Jun. 30, 2006	Mar. 31, 2007
Total assets	¥1,503,764 [\$12,225,724]	¥1,402,307	¥1,502,532
Shareholders' equity	¥683,350 [\$5,555,691]	¥611,353	¥659,637
Ratio of shareholders' equity to total assets	45.5%	43.6%	43.9%
Shareholders' equity per ADS	¥2,646 [\$21.51]	¥2,352	¥2,554

2. Anticipated results of operations for the year ending March 31, 2008

(In millions of yen except per ADS amounts)

	<u> </u>		1 1	
	Six months ending	%	Year ending	%
	Sep. 30, 2007	(*)	Mar. 31, 2008	(*)
Revenues	¥560,000	0.4	¥1,140,000	1.1
Operating income	¥64,000	(16.6)	¥131,000	0.5
Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income (loss) of affiliated companies	¥65,000	(17.4)	¥132,000	0.3
Net income	¥37,000	(16.5)	¥76,500	0.1
Net income per ADS	¥143		¥296	

Note.

3. Other

(1) Changes in number of material subsidiaries during the fiscal year : None

(2) Changes in accounting method from the latest consolidated fiscal year : None

^(*) represents percentage change from the corresponding previous period.

<Results of Operations>

During the three months under review, revenues increased ¥15.9 billion (6.3 %), to ¥269.0 billion from the corresponding period in the prior year. Although an increase in domestic revenues was limited, overseas revenues increased largely due to steady growth in Internal Combustion Engine and Machinery.

Total domestic revenues increased ¥1.1 billion (1.0 %), to ¥116.6 billion from the corresponding period in the prior year. Revenues in Internal Combustion Engine and Machinery decreased from the corresponding period in the prior year mainly due to sales downturn of farm equipment. Revenues in Pipes, Valves, and Industrial Castings increased due to substantial sales increase in Industrial Castings Division, while sales of ductile iron pipes and plastic pipes were almost the same level as the corresponding period in the prior year. Revenues in Environmental Engineering sharply decreased due to effect from downsizing of business in Waste Engineering Division and compliance issues. Revenues in "Other" segment substantially increased due to sales increase of vending machine and construction business.

Overseas revenues increased ¥14.8 billion (10.7 %), to ¥152.4 billion from the corresponding period in the prior year. In Internal Combustion Engine and Machinery, sales of tractors, engines and construction machinery increased. Sales of tractors increased because of substantial sales expansion in Europe and Asia, while sales in the U.S. were almost the same level as the corresponding period in the prior year. Sales of engines and construction machinery largely increased in Europe, on the background of its brisk market condition. Revenues in Pipes, Valves, and Industrial Castings decreased mainly due to sales decline in ductile iron pipes, while revenues in Environmental Engineering increased mainly due to sales increase of pumps.

Operating income decreased ¥0.5 billion (1.4 %), to ¥38.2 billion from the corresponding period in the prior year. Operating income in Internal Combustion Engine and Machinery was almost the same level as the corresponding period in the prior year. Operating income in Pipes, Valves, and Industrial Castings decreased due to soaring costs of raw materials, mainly steel scraps. Operating income in Environmental Engineering decreased due to sales decrease and profit deterioration resulting from price decline of sales orders. Operating income in Others increased mainly due to sales expansion in vending machine.

Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income (loss) of affiliated companies increased \(\frac{\frac{1}}{2}\).6 billion (6.4 %), to \(\frac{\frac{1}}{2}\).8 billion from the corresponding period in the prior year, mainly due to increased foreign exchange gains. Income taxes were \(\frac{\frac{1}}{16}\).5 billion (38.6 % of effective tax rate), and net amount of minority interests in earnings of subsidiaries and equity in net income (loss) of affiliated companies to deduct was \(\frac{\frac{1}}{2}\).2 billion. After deduction of loss from discontinued operation, net income increased \(\frac{\frac{1}}{1.6}\) billion (7.0 %), to \(\frac{\frac{1}}{2}\).40 billion from the corresponding period in the prior year.

<Financial Position>

(Comparison with the end of corresponding period in the prior year)

Total assets at the end of the period under review amounted to ¥1,503.8 billion, an increase of ¥101.5 billion (7.2 %) from the end of corresponding period in the prior year. As for assets, notes and accounts receivable and short- and long-term finance receivables increased substantially reflecting expansion of overseas business in Internal Combustion Engine and Machinery. Property, plant, and equipment also increased reflecting an increase in investments to expand production capacity in Internal Combustion Engine and Machinery. As for liabilities, accrued retirement and pension costs decreased substantially as a result of the application of a new accounting standard for

pensions at the end of March 2007. However, interest-bearing debt increased reflecting the increased short- and long-term finance receivables. Other long- term liabilities also increased due to an increase in deferred tax liabilities resulting from the application of the new accounting standard for pensions. Shareholders' equity increased substantially due to recorded net income and an increase of accumulated other comprehensive income resulting from the application of the new accounting standard for pensions.

(Comparison with the end of the prior year)

Total assets remained almost the same level as the end of March 2007. As for assets, notes and accounts receivable decreased due to collection of receivables from public sector, which increase seasonally at the end of fiscal year. However, investments and long-term finance receivables increased due to an increase of unrealized gain of marketable securities. As for liabilities, notes and accounts payable decreased substantially. Other current liabilities also decreased due to the payments of income taxes. On the other hand, shareholders' equity increased due mainly to recorded net income and the increased unrealized gains on securities. Shareholders' equity ratio was 45.5%, 1.6 percentage points higher than that at the prior year end.

<Pre><Pre>rospect for the Fiscal Year>

The forecasts of the anticipated results of operations for the year ending March 31, 2008, and for the six months ending September 30, 2007, which were announced on May 11, 2007, are unchanged.

The forecasts anticipate an exchange rate of ¥116=US\$1.

< 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, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

Consolidated Statements of Income (Unaudited)

(In millions of yen)

	Three month Jun. 30,		Three month Jun. 30,		Chang	ge	Year end Mar. 31,	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	269,021	100.0	253,137	100.0	15,884	6.3	1,127,456	100.0
Cost of revenues	188,152	70.0	173,685	68.6	14,467	8.3	794,687	70.5
Selling, general, and administrative expenses	42,875	15.9	40,084	15.8	2,791	7.0	199,356	17.7
Loss (gain) from disposal and impairment of								
businesses and fixed assets	(191)	(0.1)	658	0.3	(849)	-	3,066	0.2
Operating income	38,185	14.2	38,710	15.3	(525)	(1.4)	130,347	11.6
Other income (expenses):								
Interest and dividend income	2,018		1,517		501		3,283	
Interest expense	(502)		(413)		(89)		(1,219)	
Gain on sales of securities-net	151		700		(549)		1,313	
Gain on nonmonetary exchange of securities	-		-		-		997	
Foreign exchange gain (loss) -net	3,540		(59)		3,599		(442)	
Other-net	(630)		(278)		(352)		(2,714)	
Other income, net	4,577		1,467		3,110		1,218	
Income from continuing operations before income								
taxes, minority interests in earnings of subsidiaries,								
and equity in net income (loss) of affiliated companies	42,762	15.9	40,177	15.9	2,585	6.4	131,565	11.7
Income taxes	16,500		15,987		513		48,961	
Minority interests in earnings of subsidiaries	2,101		1,891		210		6,214	
Equity in net income (loss) of affiliated companies	(146)		141		(287)		1,353	
Income from continuing operations	24,015	8.9	22,440	8.9	1,575	7.0	77,743	6.9
Loss from discontinued operations, net of taxes	(22)		(15)		(7)		(1,286)	
Net income	23,993	8.9	22,425	8.9	1,568	7.0	76,457	6.8

(In yen)

Basic earnings per ADS (five common shares):	93	86	295
Diluted earnings per ADS (five common shares):	93	86	295

Consolidated Balance Sheets (Unaudited)

Assets					(.	In millions	of yen)
	Jun. 30, 2	2007	Jun. 30, 2006		Change	Mar. 31,	2007
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	70,578		92,232		(21,654)	82,601	
Notes and accounts receivable	291,942		266,950		24,992	316,208	
Short-term finance receivables-net	99,355		79,255		20,100	97,798	
Inventories	204,862		195,337		9,525	205,658	
Other current assets	139,612		133,372		6,240	114,835	
Total current assets	806,349	53.6	767,146	54.7	39,203	817,100	54.4
Investments and long-term finance receivables	406,753	27.1	360,600	25.7	46,153	398,915	26.5
Property, plant, and equipment	239,077	15.9	225,282	16.1	13,795	237,646	15.8
Other assets	51,585	3.4	49,279	3.5	2,306	48,871	3.3
Total	1,503,764	100.0	1,402,307	100.0	101,457	1,502,532	100.0

iabilities and Shareholders' Equity					(In millions	of yen
	Jun. 30, 2	2007	Jun. 30, 2006		Change	ange Mar. 31, 20	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Short-term borrowings	142,613		191,996		(49,383)	128,365	
Notes and accounts payable	214,710		207,685		7,025	237,295	
Other current liabilities	124,032		112,116		11,916	139,594	
Current portion of long-term debt	67,106		38,019		29,087	71,429	
Total current liabilities	548,461	36.5	549,816	39.2	(1,355)	576,683	38.4
Long-term liabilities:							
Long-term debt	153,971		116,771		37,200	150,105	
Accrued retirement and pension costs	18,524		50,929		(32,405)	27,306	
Other long-term liabilities	61,219		42,594		18,625	52,732	
Total long-term liabilities	233,714	15.5	210,294	15.0	23,420	230,143	15.
Minority interest	38,239	2.5	30,844	2.2	7,395	36,069	2.4
Shareholders' equity:							
Common stock	84,070		84,070		-	84,070	
Capital surplus	93,150		93,150		-	93,150	
Legal reserve	19,539		19,539		-	19,539	
Retained earnings	391,765		337,742		54,023	376,815	
Accumulated other comprehensive income	95,039		77,054		17,985	86,247	
Treasury stock	(213)		(202)		(11)	(184)	
Total shareholders' equity	683,350	45.5	611,353	43.6	71,997	659,637	43.
Total	1,503,764	100.0	1,402,307	100.0	101,457	1,502,532	100.0

Consolidated Segment Information by Industry Segment (Unaudited)

Three months ended Jun. 30, 2007

(In millions of yen)

		Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Other	Total	Corporate & Eliminations	Consolidated
Revenues	Unaffiliated customers	202,617	38,376	7,891	20,137	269,021	-	269,021
	Intersegment	6	36	17	3,202	3,261	(3,261)	-
	Total	202,623 38,412		7,908	23,339	272,282	(3,261)	269,021
Cost of revenues and operating expenses		165,235	34,793	9,969	20,851	230,848	(12)	230,836
Operating	Operating income (loss)		3,619	(2,061)	2,488	41,434	(3,249)	38,185

Three months ended Jun. 30, 2006

(In millions of yen)

		Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Other	Total	Corporate & Eliminations	Consolidated
	Unaffiliated customers	191,112	37,199	8,736	16,090	253,137	-	253,137
	Intersegment	21	96	46	2,901	3,064	(3,064)	-
	Total	191,133	37,295	8,782	18,991	256,201	(3,064)	253,137
Cost of revenues and operating expenses		153,590	33,464	9,768	17,940	214,762	(335)	214,427
Operating income (loss)		37,543	3,831	(986)	1,051	41,439	(2,729)	38,710

Year ended Mar. 31, 2007 (In millions of yen)

		Internal Combustion Engine & Machinery	Pipes, Valves, & Industrial Castings	Environmental Engineering	Other	Total	Corporate & Eliminations	Consolidated
Revenues	Unaffiliated customers	746,808	194,224	90,613	95,811	1,127,456	-	1,127,456
	Intersegment	22	768	340	16,893	18,023	(18,023)	-
	Total	746,830	194,992	90,953	112,704	1,145,479	(18,023)	1,127,456
Cost of revenues and operating expenses		621,926	172,985	96,568	105,577	997,056	53	997,109
Operating	income (loss)	124,904	22,007	(5,615)	7,127	148,423	(18,076)	130,347

Notes:

- 1. The United States dollar amounts included herein represent translations using the approximate exchange rate on June 29, 2007, of ¥123 = US\$1, solely for convenience.
- 2. Each American Depositary Share ("ADS") represents five common shares.
- 3. 117 subsidiaries are consolidated.

Major consolidated subsidiaries: Domestic Kubota Construction Co., Ltd.

Kubota Credit Co., Ltd. Kubota Maison Co., Ltd.

Kubota Environmental Service Co., Ltd.

Kubota-C.I. Co., Ltd.

Overseas Kubota Tractor Corporation

Kubota Credit Corporation, U.S.A.

Kubota Manufacturing of America Corporation

Kubota Engine America Corporation

Kubota Metal Corporation Kubota Baumaschinen GmbH

Kubota Europe S.A.S.

On July 27, 2007, the Company announced that the Company and Urbanex Co., Ltd. have reached a basic agreement to start negotiations of a transfer of all the shares of Kubota Maison Co., Ltd., which conducts business of sales of condominiums, to Urbanex Co., Ltd. If the companies conclude a final agreement of the transfer, Kubota Maison Co., Ltd. will be excluded from consolidated subsidiaries by a transfer of 70% shares by October 2007, and will be excluded from affiliated companies by a transfer of 30% shares by April 2009.

4. 25 affiliated companies are accounted for under the equity method.

Major affiliated companies: Domestic 17 sales companies of farm equipment,

Kubota Matsushitadenko Exterior Works, Ltd.

5. Summary of accounting policies

- (1). The accompanying consolidated financial information has been prepared in accordance with accounting principles generally accepted in the United States of America except for the presentation for segment information described in (2).
- (2). The consolidated segment information is prepared in accordance with a requirement of the Japanese Securities and Exchange regulations. This disclosure is not consistent with SFAS No.131, "Disclosures about Segments of an Enterprise and Related Information".
- 6. In the consolidated statements of income for the three months ended June 30, 2006, finance income and expenses from retail finance business were classified mainly into "Interest income" and "Interest expense" in other income (expenses). However, from the consolidated statements of income for the year ended March 31, 2007, the Company has classified them into "Revenues" and "Cost of revenues", since the significance of retail finance business has been increasing and the business is becoming one of the major or central operations of the Company. Accordingly, the reclassification has been made to the presentation of the consolidated statements of income for the three months ended June 30, 2006.

Finance income included in "Revenues" for the three months ended June 30, 2007 and 2006 are ¥6,292 million and ¥4,724 million, respectively, and finance expenses included in "Cost of revenues" for the three months ended June 30, 2007 and 2006 are ¥3,535 million and ¥2,557 million, respectively.

7. The Company accounts for discontinued operations in accordance with SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and presents the results of discontinued operations as a separate line item in the consolidated statements of income under loss from discontinued operations, net of taxes. The figures of the consolidated statements of income for the prior year related to the discontinued operations have been separately reported from the ongoing operating results to conform with the current year presentation.

8. Reclassification

The consolidated financial reports for the year ended March 31, 2007 and the three months ended June 30, 2006 have been reclassified to conform to the presentation for the three months ended June 30, 2007.

Consolidated Revenues by Industry Segment (Unaudited)

(In millions of yen)

	Three month		Three month		Chanş	ge	Year en Mar. 31,	
	Amount	%	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	176,906	65.8	166,672	65.8	10,234	6.1	643,214	57.1
Domestic	51,953		56,248		(4,295)	(7.6)	228,155	
Overseas	124,953		110,424		14,529	13.2	415,059	
Construction Machinery	25,711	9.5	24,440	9.7	1,271	5.2	103,594	9.2
Domestic	5,593		5,527		66	1.2	30,122	
Overseas	20,118		18,913		1,205	6.4	73,472	
Internal Combustion Engine & Machinery	202,617	75.3	191,112	75.5	11,505	6.0	746,808	66.3
Domestic	57,546	21.4	61,775	24.4	(4,229)	(6.8)	258,277	22.9
Overseas	145,071	53.9	129,337	51.1	15,734	12.2	488,531	43.4
Pipes and Valves	25,856	9.6	27,797	11.0	(1,941)	(7.0)	155,320	13.8
Domestic	24,731		24,673		58	0.2	143,485	
Overseas	1,125		3,124		(1,999)	(64.0)	11,835	
Industrial Castings	12,520	4.7	9,402	3.7	3,118	33.2	38,904	3.4
Domestic	7,686		5,135		2,551	49.7	19,949	
Overseas	4,834		4,267		567	13.3	18,955	
Pipes, Valves, & Industrial Castings	38,376	14.3	37,199	14.7	1,177	3.2	194,224	17.2
Domestic	32,417	12.1	29,808	11.8	2,609	8.8	163,434	14.5
Overseas	5,959	2.2	7,391	2.9	(1,432)	(19.4)	30,790	2.7
Environmental Engineering	7,891	2.9	8,736	3.4	(845)	(9.7)	90,613	8.0
Domestic	6,734	2.5	7,881	3.1	(1,147)	(14.6)	86,475	7.6
Overseas	1,157	0.4	855	0.3	302	35.3	4,138	0.4
Building Materials & Housing	1,988	0.7	2,137	0.9	(149)	(7.0)	17,247	1.5
Domestic	1,988		2,137		(149)	(7.0)	17,247	
Other	18,149	6.8	13,953	5.5	4,196	30.1	78,564	7.0
Domestic	17,937		13,897		4,040	29.1	78,069	
Overseas	212		56		156	278.6	495	
Other	20,137	7.5	16,090	6.4	4,047	25.2	95,811	8.5
Domestic	19,925	7.4	16,034	6.3	3,891	24.3	95,316	8.5
Overseas	212	0.1	56	0.1	156	278.6	495	0.0
Total	269,021	100.0	253,137	100.0	15,884	6.3	1,127,456	100.0
Domestic	116,622	43.4	115,498	45.6	1,124	1.0	603,502	53.5
Overseas	152,399	56.6	137,639	54.4	14,760	10.7	523,954	46.5