



NEWS RELEASE

No.2007-C-1141
Nov 29, 2007

R&I Affirms A+/a-1, Outlook Positive: Kubota Corp.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Kubota Corp. (Sec. Code: 6326)
Issuer Rating

R&I RATING: A+ (Affirmed)
RATING OUTLOOK: Positive (Changed from Stable)

Domestic Commercial Paper Programme
R&I RATING a-1 (Affirmed)

RATIONALE:

Kubota Corporation has been successful in its global strategy centering on compact industrial diesel engine drawing upon its traditional cast iron techniques. The Internal Combustion Machinery Sector, which deals agricultural equipment, construction equipment and engines, has an excellent record in exporting compact tractors abroad, especially in the North America since 1970s. Backed by the recent growth of the global economy, Kubota's sales are surging not only in tractors and compact construction equipments but also in engine products for use by other manufacturers. It has a good reputation for its small-sized and durable engines, which supports Kubota's product lineups. Kubota provides 70% of the engines to outside manufacturers, and enjoys the world-leading share in the industrial compact engines market.

The Internal Combustion Machinery Sector has grown to bear 70% of the consolidated sales contributing to the growth of profits and cash flows. On the other hand, the Industrial & Material Systems Sector which is producing ductile iron pipes lacks momentum amid the matured domestic market. Furthermore, the performance is sluggish in the Environmental Engineering Sector which constructs plants related to water supply and sewerage systems due to the contraction of demands in the public sector. Even so, the excellent performance of the Internal Combustion Machinery Sector is driving the overall profitability and cash flows above the previous level.

Although the debt is on a rising trend, the net debt which deducts sales finance credits on tractors and construction equipments from total debt has decreased to a level corresponding to cash on hand. R&I also favorably evaluates Kubota's ample equity capital which was accumulated through profits. In consideration of such factors, R&I has affirmed Kubota's Issuer Rating at A+ with a Positive Outlook.

Supported by the engine-oriented global strategy in the Internal Combustion Machinery Sector, R&I considers that Kubota will likely to strengthen financial base by maintaining high profits and cash flows. Nevertheless, since the earnings of the Internal Combustion Machinery Sector highly depend on sales in the North American market, it will be necessary to pay attention to the US economic trends which is currently affected by the subprime crisis. R&I is focusing on whether Kubota can absorb the impact from the declining US economy through diversification to Europe, Asia and Oceania. Furthermore, R&I will confirm whether the company can stabilize its earnings base further by strengthening Industrial & Material Systems Sector and shoring up Environmental Engineering Sector.

R&I RATINGS:

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ISSUER RATING: A+ (Affirmed)
RATING OUTLOOK: Positive (Changed from Stable)

Rating and Investment Information, Inc. Nihonbashi 1-chome Bldg., 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan
Credit Rating Division TEL.03-3276-3419 FAX.03-3276-3420 <http://www.r-i.co.jp>

Ratings are statements of R&I's opinion shown in certain symbols regarding an Issuer's general capacity (credit quality) to repay its financial obligation and individual debts (bonds and loans, etc.) and it is not a statement of recommendations to buy, hold, or sell any securities. Information has been obtained by R&I from sources believed to be reliable, however, its accuracy, adequacy, or completeness is not guaranteed. Therefore, R&I is not responsible for any errors or omissions or the result obtained from the use of the rating. As a general rule, R&I provides the rating services for a rating fee paid by the Issuer.

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NEWS RELEASE

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 8	Feb 28, 2006	Feb 28, 2011	Yen 10,000
Unsec. Str. Bonds No. 9	Feb 28, 2006	Feb 28, 2013	Yen 10,000

R&I RATING: A+ (Affirmed)

PROGRAMME: Domestic Commercial Paper Programme
Issue Limit: Yen 100,000 million

R&I RATING: a-1 (Affirmed)

Issuer Rating is R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and it will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.