

January 16, 2009

**The President of Fuji Heavy Industries Ltd.
made a speech at New Year Press conference**
- FHI to revise the performance projection of financial year ending March 2009,
business alliance with Toyota Group is progressed smoothly-

Mr. Ikuo Mori, President & CEO of Fuji Heavy Industries Ltd. (FHI), today made a speech at New Year press conference in Tokyo. FHI has announced the revision of business performance projection of fiscal year ending March 2009, the alliance relationship with Toyota group and the new cars introduction in 2009.

The summary is as follows;

<Automobile Sales of Calendar year 2008>

- * In 2008, Subaru sold more cars than 2007 in main overseas markets thanks to the new car effect of Impreza and Forester despite the global economic downturn impacted after autumn.
- * Retail sales in United States were 188 thousand units, 100.3% year on year basis (yoy). Subaru was the only full line manufacturer to have sales increase for 2008.
- * Sales in main nine European markets were 39 thousand units, 100.0% yoy, enjoying the advantage of launching the cars equipped with Boxer Diesel engine.
- * Other markets sales were: Russia; 22 thousand units, 139.3% yoy, Canada; 20 thousand units, 120.5% yoy, Australia; 38 thousand units, 100.1% yoy, China; 19 thousand units, 205.9% yoy. In Japan, passenger car sales were 85 thousand units, 100.3% yoy, which shows the shift from minicars to passenger cars sales.

<Production Adjustments>

- * In response to the global demands downturn arising from credit crisis, FHI revised the production plan in Japan. Further flexible adjustments will be ready if needed. In Main plant, where minicars are currently produced, its operation will be changed from two work shifts to one shift from February. Additionally, Gunma manufacturing division plans to implement one non-operating day in all plants in February.

<Revision of business performance>

- * FHI announced the revision of business performance in response to the rapid change of management environment.
Revised figures are: sales; 1, 440 billion yen, operating loss; 9 billion yen, ordinary loss; 9 billion yen, net loss; 19 billion yen.
- * The main factors of revision are reduction of sales volume and foreign exchange loss due to the rapid appreciation of yen.
For the revised consolidated automobile sales plan, 22 thousand units decreases in domestic market and 39 thousand units decrease in overseas markets are expected compared to the previous plan.

- * In terms of operating income and loss, compared to the previous plan, 32 billion yen deteriorated in total. The each analysis of increase and decrease in operating income and loss are as elaborated; loss on currency exchange; -6.5 billion yen, deterioration of sales volume and mixture; -37 billion yen, cost reduction mainly by decline of precious metal price; 3 billion yen, decrease of R&D expense; 2 billion yen, decrease of SG&A expenses and other; 6.5 billion yen.
- * As extraordinary losses, FHI will account for the uncollectible receivables incurring from the Eclipse Aviation Corporation which applied Chapter 11, loss occurring from the withdrawal from WRC (World Rally Championship) and so on. Therefore, the net loss is expected for the first time in 15 fiscal years.
- * The payment of year-end dividends has not yet been determined.

<Emergency countermeasures>

- * Capital expenditure plan is reviewed, considering the urgency and maximization of the return of investments. Target will be more than 20% reduction of the current plan
- * SG&A expenses will be reduced further.
- * Review personnel expenses. Directors of board will give up their bonus and compensation of all Directors, Senior Vice Presidents and Vice Presidents will be reduced by 10% from January.

<Business alliance with Toyota Group>

- * As planned, Daihatsu will supply minicars on an OEM basis from the second half of 2009. Each minicar lineup will be supplied sequentially.
- * Toyota will provide a compact car on an OEM basis as planned.
- * Project with Toyota to jointly develop Compact FR Sporty Car has been progressed with no change from basic plan.
In addition to the original development concept, enhancement of driving performance and environmental friendliness will be promoted.
- * Instead of building a new plant for producing this Compact FR Sporty Car, FHI will renew an existed plant in order to reduce the total capital expenditure. Production facilities will be update sequentially.
- * Each project has been progressed steadily in response to the rapid change of management environment. To keep Win-Win relationship with Toyota group, FHI will overcome the current adverse circumstance by making its best effort.

<New Legacy>

- * This year, at the timing of the 20th anniversary since the first generation model introduction, Legacy, the Subaru flagship car, is to be fully redesigned. FHI will make this 5th generation of Legacy a leading force on sales.

<Environmental and safety technology / Electric Vehicle>

- * R&D for the future, especially the technology in environmental friendliness and safety, continues to remain focused, while increasing further efficiency in the development.

- * This year, called “First Year of Electric Vehicle,” FHI plans to start the delivery of Plug-in STELLA from summer. More than 100 units are to be delivered mainly in metropolitan area of Japan. FHI will try to reduce the environmental burden by promoting the spread and enlightenment of the Subaru EV.
- * Subaru vehicles were proved to keep the top-level of safety awarded by the crash test held in all over the world last year.
- * FHI has joined the big scale public road test held by ITS (Integrated Transport System) Japan together with other car manufacturers since January, with its own developed ASV (Advanced Safety Vehicle).

<Measures for future growth>

- * FHI will keep its direction established in its mid-term management plan and continue to promote each theme in this plan such as: “To provide a distinctive Subaru experience for drivers and passengers,” “To increase sales globally” and “To strengthen competitiveness in quality and cost” with more speed and flexibility.
- * FHI will start structural reconstruction to survive under this dramatic environmental change.
- * The target of FHI mid-term management plan is now under review, considering the assumption of foreign exchange rates, sales volume planning and so on.

End.