

October 5, 2005

Company Name: Fuji Heavy Industries Ltd.
Representative: Mr. Kyoji Takenaka, President and CEO
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Notice of dissolve of strategic alliance with General Motors Corporation

Fuji Heavy Industries Ltd. (“FHI”) announces today that they dissolve the strategic alliance with General Motors Corporation (“GM”) that started on December 10, 1999 as described below.

Announcement

1. Background

FHI and GM agreed upon a strategic alliance and capital relationship allowing a high level of management autonomy to establish win-win situation to develop steady and further growth for the future on December 10, 1999. Since GM purchased about 20% of FHI shares and became the top shareholder of FHI in April 2000, both companies worked together for various synergic effects.

The joint efforts over the past 6 years period resulted in achievements such as global procurement, OEM business, technology exchanges, etc. However, the two companies concluded that mutually beneficial large joint projects are unlikely in future, and came to agree to terminate their strategic and affiliated company relationship.

2. Contents

FHI and GM will discuss on the future direction of ongoing cooperative projects. As for the joint development project of a crossover vehicle between FHI and Saab Automobile AB, which was announced last year, FHI and GM have basically agreed to stop the development.

GM will sell FHI shares of 157, 262, 925, and 20.1% of outstanding common stock, that they own through General Motors of Canada Limited.

3. Outline of GM

Company name: General Motors Corporation
Headquarter: 300 Renaissance Center P.O. Box 300 Detroit, MI 48265-3000
United States of America
Representative: Chairman and CEO G. Richard Wagoner, Jr.
Business: Design, development, production and sales of automobiles,
and auto related Finance & Insurance etc.

4. Effect to our financial conditions

FHI has decided to record extraordinary loss of 5 billion yen, which is a part of the development cost, in this fiscal year.