

April 20,2007

Company name: Fuji Heavy Industries Ltd.

Representative: Mr. Ikuo Mori, President and CEO

Code number: 7270(1st section of Tokyo Stock Exchange)

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Revision of Performance Projection for Fiscal Year Ended March 31, 2007

Fuji Heavy Industries Ltd. (FHI) announced the revision of performance projection on non-consolidated basis for Fiscal Year ended March 31, 2007 (from April 1, 2006 to March 31, 2007), which was released at the timing of 1st half financial results announcement on October 31, 2006.

1. Revision of Performance Projection for Fiscal Year Ended March 31, 2007

(From April 1, 2006 to March 31, 2007)

(1)Non-consolidated Basis

(Unit: Millions of yen)

	Net sales	Ordinary income	Net income
Previous projection (A)	950,000	31,000	14,000
Revised projection (B)	960,000	27,000	-6,500
Increase and decrease (B-A)	10,000	-4,000	-20,500
Change of percentage (%)	1.1	-12.9	-
Actual results of the previous fiscal year (Ended March, 2006)	976,143	41,379	10,274

(2)Consolidated Basis

(Unit: Millions of yen)

	Net sales	Ordinary income	Net income
Previous projection	1,500,000	42,000	30,000

There is no change from the previous projection released on October 31, 2007.

2.Reasons of revision of non-consolidated basis performance projection

Though net sales was slightly increased compared to the previous projection mainly because of yen depreciation in exchange rate, in terms of ordinary income and net income, we have revised the projection according to the following factors.

(Unit: 100 million yen)

	Factors of revision	F Y2007 (ended March 31, 2007)
Ordinary income	Deterioration of sales volume and mixture	-70
	Gain on foreign exchange	30
Net income	Valuation allowance for deferred tax asset *1	-205

*1(Valuation allowance for deferred tax assets)

Since the introduction of the accounting for financial instruments, FHI has conservatively recorded impairment losses on its investments in subsidiaries. In accordance with our accounting policy, we recognized deferred tax assets for the resulting deductible temporary difference between the carrying amounts of its investments in subsidiaries and their respective tax bases, since we considered those deferred tax assets to be fully realizable through a tax-planning strategy such as regional integration or reorganization of domestic distributor subsidiaries as provided in our revised FDR-1 (Fuji Dynamic Revolution-1) management plan.

However, pursuant to our new mid-term management plan announced in February, we re-evaluated the tax-planning strategy including the possibility of regional integration or reorganization and the timing of related tax deductions, and have concluded the scheduling of the reversal of deductible temporary differences related to impairment losses on investments in subsidiaries became no longer feasible. As a result, a valuation allowance against such deferred tax assets of 19.9 billion yen has been recognized.

The increase in income tax-deferred (19.9 billion yen) for the current year reflects this one-time provision for valuation allowance.

In addition, the provision does not have any impact on our consolidated results of operations as it is solely related to the impairment of shares in subsidiaries.

*Above-mentioned projection is based on the assumptions and management's judgment in light of currently available information; therefore, actual results may differ from this projection.

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