

Translation

Fuji Heavy Industries Ltd.
7-2, Nishi-Shinjuku 1-chome,
Shinjuku-ku, Tokyo

June 7, 2001

NOTICE OF THE Ordinary General Meeting of Shareholders

To our shareholders:

Please be advised that the 70th annual Ordinary General Meeting of Shareholders of Fuji Heavy Industries Ltd. (“Company”) will be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposals by proxy. Please refer to the attached materials, complete the enclosed proxy form, indicating your approval or disapproval of each of the proposals in the space provided, affix your seal or signature, and return the proxy form to the Company by mail.

Sincerely,

Takeshi Tanaka, President

1. Date and time of meeting

Wednesday, June 27, 2001; 10:00 am

2. Place

Park Tower Hall
7-1, Nishi-Shinjuku 3-chome,
Shinjuku-ku, Tokyo

If you attend the meeting in person, please submit your proxy form, completed and affixed with your signature or seal, at the reception desk.

3. Agenda

Presentation of the Business Report, Balance Sheets and Statements of Income for the 70th business term (April 1, 2000 through March 31, 2001).

Proposals to be Voted On

Proposal 1: Approval of the proposed appropriation of retained earnings for the 70th fiscal period

Proposal 2: Election of 8 directors

Proposal 3: Election of 3 statutory auditors

Proposal 4: Selection of an external auditor

Proposal 5: Approval of retirement allowances to retiring directors and statutory auditors

Voting Information

1. Total number of shares held by shareholders entitled to vote: **740,746,000**

2. Proposals to be voted on

Proposal 1: Approval of the proposed appropriation of retained earnings for the 70th fiscal period

In order to strengthen the company's financial position and taking into consideration future business development, it is proposed that retained earnings for the period be appropriated as outlined below. With regard to the year-end dividend for the period under review, it is proposed that an ordinary interim dividend of ¥4.50 per share be paid, resulting in a total dividend for the period of ¥9 per share.

Proposed Appropriation of Retained Earnings

(Million yen)

	FY 2001	FY 2000	Increase / (Decrease)
Unappropriated Retained Earnings	76,624	53,492	23,132
To be appropriated as follows:			
Additional Paid-in Capital	346	318	28
Dividends	3,346	3,072	274
Directors' Bonuses	110	100	10
(Portion for statutory auditors)	(15)	(15)	(-)
Additional Reserve	25,000	-	25,000
Retained Earnings Carried Forward	47,821	50,001	(2,179)

Note: The total FY 2001 dividend, including the interim dividend, is ¥9.00 per share.

(Details of dividend per share)

(Yen)

	FY 2001	FY 2000	Increase / (Decrease)
Common Stock	9.00	9.00	-
(Anniversary Dividend Portion)	-	(1.00)	(1.00)

Proposal 2: Election of 8 directors

The terms of office of seven directors will expire at the close of this ordinary general meeting of shareholders. With the addition of one new director, shareholders are requested to elect eight directors.

Candidates for the director positions are as follows:

	Name (Date of Birth)	Personal History (“○” denotes positions with other companies)	No. of Company Shares Owned
1	Takeshi Tanaka (December 15, 1935)	Apr. 1958 Joined Nissan Motor Co., Ltd. June 1987 Director June 1990 Managing Director, Fuji Heavy Industries Ltd. June 1993 Senior Managing Director June 1995 Executive Vice President June 1996 President June 1999 President and Chief Executive Officer (current) ○ Representative Director & President, COMMERCIAL AIRPLANE COMPANY	50,000
2	Kyoji Takenaka (November 28, 1946)	Apr. 1969 Joined Fuji Heavy Industries Ltd. June 1999 Vice President June 2001 Senior Vice President (current)	62,000
3	Teruo Hanada (October 24, 1937)	Apr. 1960 Joined Fuji Heavy Industries Ltd. June 1991 Director June 1995 Managing Director June 1998 Senior Managing Director June 1999 Senior Executive Vice President (current) ○ Representative Director, Subaru Kosan Co., Ltd.	13,617
4	Hiroshi Suzuki (May 27, 1942)	Apr. 1966 Joined The Industrial Bank of Japan, Ltd. June 1994 Director June 1997 Managing Director June 1999 Managing Director, Member of the Board of Directors June 2001 Senior Advisor, Fuji Heavy Industries Ltd. (current)	0
5	Koichi Arasawa (January 28, 1942)	Apr. 1965 Joined Fuji Heavy Industries Ltd. June 1996 Director June 1999 Senior Vice President (current)	7,000
6	Hideo Wada (March 12, 1943)	Apr. 1966 Joined Fuji Heavy Industries Ltd. June 1997 Director June 1999 Senior Vice President (current)	6,000
7	Hideshige Gomi (September 1, 1943)	Apr. 1966 Joined Fuji Heavy Industries Ltd. June 1997 Director June 1999 Vice President Apr. 2000 Senior Vice President (current)	8,000

8	Rudolph A. Schlais, Jr. (September 30, 1940)	1960 Joined General Motors Corp. 1987 General Manager, New Departure Hyatt Division 1994 Vice President, General Motors Corp and President, GM China Operations 1998 Group Vice President (current) ○ General Motors President, General Motors Asia Pacific (PTE) Ltd.	0
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(Note)

The candidates have no special interests with relation to the company.

Proposal 3: Election of 3 statutory auditors

The terms of office of statutory auditors Eiichi Hongo, Toshio Hirai and Hiroshi Takaku will expire at the close of this ordinary general meeting of shareholders. Accordingly, shareholders are requested to elect three statutory auditors.

Candidates for the statutory auditor positions are as follows.

Hiroshi Takaku is a candidate for the position of external statutory auditor as per Article 18.1 of the “Law on Special Cases Under the Commercial Code on the Audit of Kabushiki Kaisha.”

	Name (Date of Birth)	Personal History	No. of Company Shares Owned
1	Takayoshi Yoshihashi (May 27, 1936)	Apr. 1960 Joined The Industrial Bank of Japan, Ltd. June 1988 Director June 1991 Managing Director June 1995 Senior Managing Director, Fuji Heavy Industries Ltd. June 1996 Executive Vice President June 1999 Senior Executive Vice President (current)	36,000
2	Hiroshi Takaku (March 1, 1935)	Apr. 1957 Joined Fuji Heavy Industries Ltd. June 1987 Director Jan. 1990 Managing Director June 1991 President, Tokyo Subaru Inc. June 1999 Statutory auditor, Fuji Heavy Industries Ltd. (current)	5,554
3	Akira Furuya (July 20, 1943)	Apr. 1968 Joined Fuji Heavy Industries Ltd. June 1999 Vice President (current)	1,000

(Note)

The candidates have no special interests with relation to the company.

Proposal 4: Selection of an external auditor

The term of appointment of Meiji Audit Corporation as the Company's external auditor will expire at the close of this ordinary general meeting of shareholders. Accordingly, shareholders are requested to elect a new external auditor.

The proposed candidate has been approved by the auditors committee.

The candidate for appointment as external auditor is as follows.

Name	Asahi & Co.
Offices	(Primary Office) 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo (Field Offices) 30 domestic offices
History	Asahi & Co. was established on October 1, 1993 through the merger of Asahi Shinwa & Co. (established July 1, 1985) and Inoue Saito Eiwa Audit Corporation (established April 5, 1978).
Profile (As of 3/31/01)	(Personnel) CPA – 1,317 Junior CPA – 557 Other – 550 Total – 2,424 (No. of Audit Clients) – 3,839 (Capital) – 2,440 million yen

Proposal 5: Approval of retirement allowances to retiring directors and statutory auditors

It is proposed that, in appreciation for services rendered while in office by directors Takayoshi Yoshihashi, Mamoru Morinaga, Fukuji Inada, Kazuhiro Miyake and Hitoshi Maeda, and statutory auditors Eiichi Hongo and Toshio Hirai, who will retire from their positions at the close of this ordinary general meeting of shareholders, retirement gratuities be granted to them upon their retirement in accordance with Company guidelines. It is also proposed that the specific amounts, timing and method of granting gratuities for the retiring directors will be decided at a meeting of the board of directors, and for the retiring statutory auditors will be decided by an agreement between the statutory auditors.

The retiring directors and statutory auditors are as follows:

Name	Personal History (at the Company)
Takayoshi Yoshihashi	June 1995 Senior Managing Director June 1996 Executive Vice President June 1999 Senior Executive Vice President (current)
Mamoru Morinaga	June 1989 Director June 1995 Managing Director June 1999 Executive Vice President (current)
Fukuji Inada	June 1992 Director June 1997 Managing Director June 1999 Executive Vice President (current)
Kazuhiro Miyake	June 1995 Director June 1998 Managing Director June 1999 Executive Vice President (current)
Hitoshi Maeda	June 1995 Director June 1999 Executive Vice President (current)
Eiichi Hongo	June 1999 Statutory auditor (current)
Toshio Hirai	June 1995 Statutory auditor (current)