

## **Fuji Heavy Industries dissolves alliance with General Motors, entering a new business collaboration with Toyota**

Tokyo, October 5, 2005 - Fuji Heavy Industries, Ltd. (FHI), a global manufacturer of transportation and aerospace-related products and the maker of Subaru automobiles, today released its plan of their alliance changes.

FHI and General Motors Corp. (GM) agreed to dissolve its strategic alliance and capital relationship and GM, the top shareholder of FHI, will sell all the FHI stocks they hold.

In December 1999, FHI and GM agreed upon a capital and strategic alliance. Since GM purchased about 20% of FHI shares and became the top shareholder of FHI, 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.

Out of the 157 million FHI stocks that GM holds, which accounts for about 20% of the FHI outstanding common stocks, GM will sell 68 million stocks, 8.7%, to Toyota Motor Corp. (TMC). GM will sell the remaining 89 million stocks, 11.4%, in the market. At the same time, FHI plans to purchase 90 million stocks as Treasury Stock.

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, which was announced last year, FHI and GM have basically agreed to stop the development. FHI has decided to record extraordinary loss of 5,000 million yen, which is a part of the development cost, in this fiscal year.

At the same time, FHI has revised its annual profit estimate announced on May 12, after reviewing the recent circumstances such as weaker yen, sales momentum, etc. The revised figures are; Operating profit at 36,000 million yen (up 5,000 million from the previous estimate), Ordinary profit at 29,000 million yen (up 2,000 million yen), and Net profit at 12,000 million yen (down 3,000 million).

Upon TMC obtaining FHI's shares, TMC and FHI agreed to start studying business collaboration. The two companies plan to set up a joint steering committee to study possible joint projects to seek synergic effects in the areas of research & development and production, and to supplement each other's technological development.

FHI is going ahead with the 5-year business plan ending March 2007, the FDR-1 plan, and the situation change this time will not affect FHI's relentlessness to achieve the target.