SUBARU

Presentation of Business Results for the 1st Quarter of FYE 2012 Fuji Heavy Industries Ltd.

August 2, 2011

A Summary of Business Results

1st Quarter : Consolidated Automobile Sales

(thousand units)

		1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
	Passenger Car	12.7	15.7	+3.0
	Minicar	22.7	15.1	-7.6
Domestic Total		**35.5**	**30.8**	**-4.7**
	U.S.	58.2	51.8	-6.4
	Canada	8.4	8.9	+0.6
	Russia	1.5	1.6	+0.2
	Europe	11.3	7.7	-3.6
	Australia	11.8	6.9	-4.9
	China	16.5	5.9	-10.6
	Others	7.2	4.7	-2.5
Overseas Total		**114.9**	**87.6**	**-27.3**
Total		**150.3**	**118.3**	**-32.0**

http://www.fhi.co.jp/ir/index.html

Canada figures are consolidated on the calendar year basis from Jan. to Mar.

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Total consolidated sales for the first quarter of the fiscal year ending March 2012 came to 118.3 thousand units. This was a drop of 32 thousand units year on year due to declined production and shipment volumes as a result of the delayed supply of some components in the wake of the massive earthquake that hit northeastern Japan on March 11.

The total number of passenger cars sold in the domestic market jumped 3 thousand units to total 15.7 thousand units. This increase was largely due to the launch of an additional Impreza model. The launch was part of our strategy to enhance product capability on top of efforts to fill order backlogs. Minicar sales unfortunately fell 7.6 thousand units, bringing total domestic sales down 4.7 thousand units to hit 30.8 thousand units.

Sales in overseas markets also declined. The lack of exports in the aftermath of the earthquake resulted in a 27.3 thousand unit drop for a total of 87.6 thousand units sold.

1st Quarter : Consolidated Statements of Income

(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Net Sales	**3,703**	**3,004**	-699
Domestic	1,045	988	-56
Overseas	2,658	2,016	-643
Operating Income	**226**	**107**	-120
Ordinary Income	**242**	**117**	-125
Income Before Income Taxes and Minority Interests	**245**	**323**	+78
Net Income	**191**	**285**	+93
FHI Exchange Rate	¥92/US$	¥82/US$	-¥10/US$

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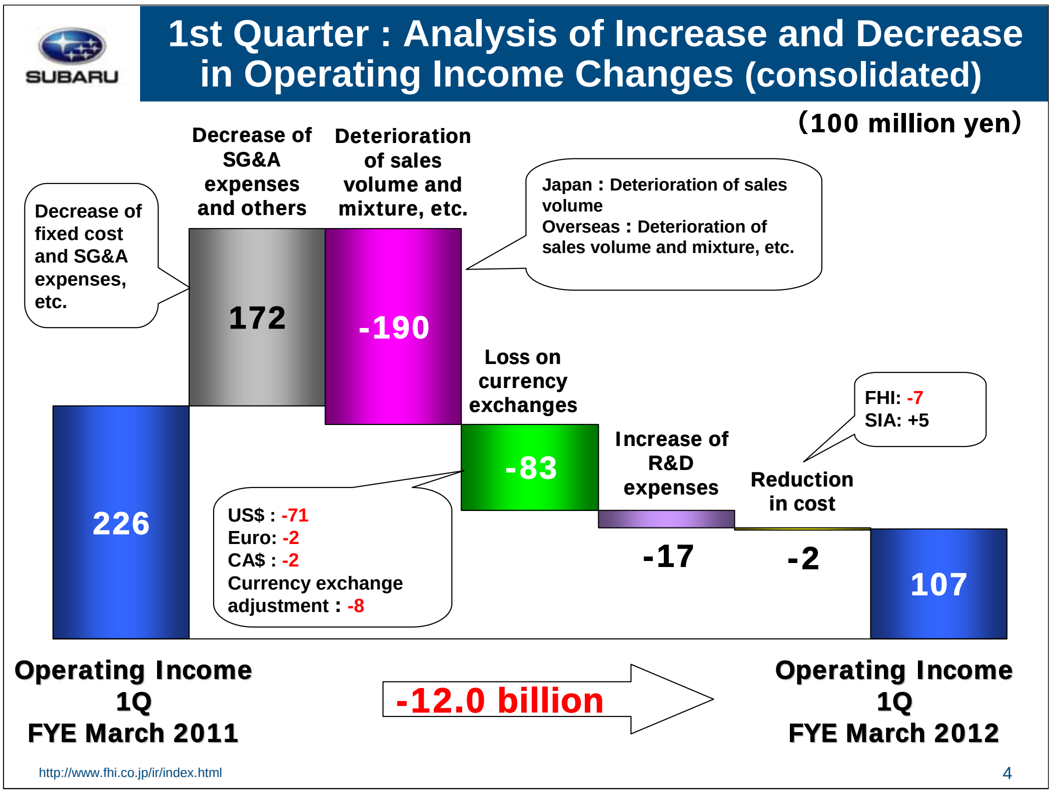
Net sales for the first quarter of the fiscal year ending March 2012 fell 69.9 billion yen, or 18.9%, year on year to total 300.4 billion yen. This decline includes a loss of 53.2 billion yen due to a poor sales mix variance and a foreign exchange loss of 18.0 billion yen due to the strong yen. These losses were unfortunately not offset by the revenue increases at our three internal companies which generated an overall gain of 1.3 billion yen.

Operating income, totaling 10.7 billion yen, dropped 12.0 billion yen, or 52.9%, year on year. Despite a boost from lower SG&A expenses, operating income fell due to an unfavorable sales mix variance, foreign exchange losses, increased R&D expenses, and hikes in material prices. This will be looked at in further detail later on.

Ordinary income also declined with a drop of 12.5 billion yen, or 51.7%, leaving a total of 11.7 billion yen. This will also be looked at in further detail later on.

Earnings before income taxes and minority interests rose 7.8 billion yen, or 31.6%, to reach 32.3 billion yen. This was due to an extraordinary gain from the sale of the Subaru Building which offset the extraordinary loss associated with the recent earthquake.

Net income totaled 28.5 billion yen, a year-on-year increase of 9.3billion yen, or 48.7%, owing to increased earnings before income taxes and minority interests as well as the newly introduced consolidated tax system.



Now let's look at the factors behind the12.0 billion yen year-on-year drop that saw operating income fall from 22.6 billion yen to 10.7 billion yen.

The primary reason for the increase in operating income was a gain of 17.2 billion yen due to reduced SG&A expenses. This gain can be broken down into the following three areas. First, we see that a reduction in fixed manufacturing costs generated a gain of 6.8 billion yen, with a gain of 5.3 billion yen coming from FHI and another gain of 1.5 billion yen at SIA. FHI yielded a gain of 2.8 billion yen due to cost cuts for suppliers' dies and a gain of 2.5 billion yen due to lower fixed processing costs. SIA gained 0.2 billion yen due to cost cuts for suppliers' dies and 1.3 billion yen due to a reduction in fixed processing costs. Next we see that a drop in SG&A expenses produced a gain totaling 8.4 billion yen. FHI generated a gain of 3.1 billion yen due to reduced advertising, transportation, and packing costs. Domestic dealers also generated 0.5 billion yen as a result of their efforts to cut SG&A expenses. SOA yielded a gain of 3.9 billion yen. While our Canadian subsidiary generated a loss of 0.2 billion yen, our other subsidiaries saw combined gains totaling 1.1 billion yen. The figure for SOA includes a gain of 0.7 billion yen due to reduced advertising costs, etc. in addition to a gain of 3.2 billion yen. This latter gain comes from an approximate 550 dollar drop in the per-unit rebate that brought the 1,050 dollar cash-back incentive for April through June 2010 down to 500 dollars for April through June 2011. Finally, the third factor includes a decrease in costs associated with warranty claims that led to a gain of 2.0 billion yen.

Major factors leading to the profit downturn included a loss of 19.0 billion yen due to unhealthy sales mix variances. This loss can be broken down into the following three areas. First we saw a loss of 0.2 billion yen in domestic operations. Although the sales mix improved once we began filling our order backlog for passenger cars, the declining sales volume had a major impact on performance. Next, our overseas operations generated a loss of 26.8 billion yen due to production and shipment declines following on the heels of the devastating earthquake. Finally, among these losses we did realize a gain of 8.0 billion yen due to inventory adjustments.

Another contributing factor that brought operating income down was a foreign exchange loss of 8.3 billion yen. This included a loss of 7.1 billion yen due to an approximate 10 yen appreciation against the U.S. dollar, a loss of 0.2 billion yen due to an approximate 4 yen appreciation against the euro, and a loss of 0.2 billion yen due to an approximate 2 yen appreciation against the Canadian dollar. A loss of 0.8 billion yen was seen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Increases in R&D expenses resulted in a loss of 1.7 billion yen.

Despite efforts to reduce material costs, we saw an overall loss of 0.2 billion yen, with a loss of 0.7 billion yen at FHI and a gain of 0.5 billion yen at SIA. While FHI generated a gain of 2.0 billion yen from reduced material costs, it experienced a loss of 2.7 billion yen due to hikes in material prices, etc. SIA gained 1.2 billion yen from reduced material costs but lost 0.7 billion yen due to adverse market conditions of raw materials.

These factors combined brought first quarter operating income down 12.0 billion yen to total 10.7 billion yen.

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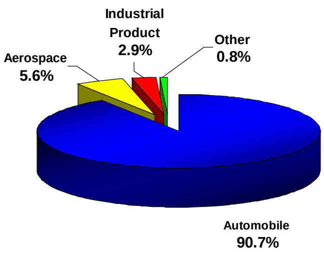
1st Quarter : Net Sales by Business Segment (consolidated)

(100 million yen)

Percentage of total sales



	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Automobile	3,421	2,725	-697
Aerospace	175	169	-6
Industrial Products	80	86	+7
Other	27	24	-3
Total	**3,703**	**3,004**	**-699**

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Looking at net sales by business segment, we saw sales in the automobile business fall by 69.7 billion yen, or 20.4%, year on year to total 272.5 billion yen due to declining sales volumes in the wake of the earthquake as well as foreign exchange losses due to the strong yen.

Aerospace Division sales were down 0.6 billion yen, or 3.5%, year on year to total 16.9 billion yen due to foreign exchange losses.

Industrial Products Division sales were up 0.7 billion yen, or 8.5%, year on year to reach 8.6 billion yen due to increased sales of power generators used for reconstruction efforts following the March 11 earthquake.

1st Quarter : Operating Income by Business Segment (consolidated)

(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Automobile	219	96	-123
Aerospace	0	7	+7
Industrial Products	-1	0	+1
Other	6	3	-4
Elimination and Corporate	1	0	-1
Total	226	107	-120

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Looking at operating income by business segment, we see that the operating income for the automobile business totaled 9.6 billion yen, down 12.3 billion yen, or 56.2%, year on year. This decline was essentially due to an unfavorable sales mix variance and foreign exchange losses caused by the appreciation of the Japanese yen despite reductions in SG&A expenses.

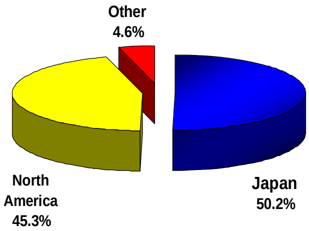
Operating income for the Aerospace Division rose 0.7 billion yen (a 73-fold increase) to reach 0.7 billion yen thanks to an improved sales mix variance that offset foreign exchange losses.

The Industrial Products Division also saw a 0.1 billion yen increase in operating income that brought the operating income total to 27 million yen. This uptick was largely due to increased sales of power generators, which offset foreign exchange losses.

1st Quarter : Net sales by Geographic Area (consolidated) <Appendix>

(100 million yen)

Percentage of total sales



	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Japan	1,993	1,507	-486
North America	1,584	1,360	-225
Other	126	138	+12
Total	3,703	3,004	-699

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1st Quarter : Operating Income by Geographic Area (consolidated) <Appendix>

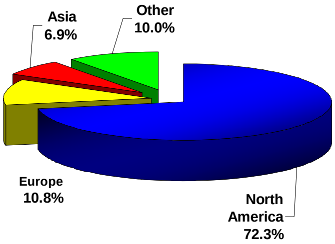
(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Japan	131	25	-106
North America	123	28	-95
Other	2	0	-2
Elimination and Corporate	-30	53	+83
Total	226	107	-120

1st Quarter : Overseas Net Sales <Appendix>

(100 million yen)

Percentage of total sales



	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase/ Decrease
North America	1,686	1,457	-230
Europe	281	218	-63
Asia	354	139	-215
Other	337	202	-135
Total	2,658	2,016	-643

Operating Results of Subsidiaries in U.S.

(million US$)

SOA	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Net Sales	$1,402	$1,313	-89
Operating Income	61	36	-25
Net Income	37	24	-13
Retail Sales (thousand units)	68.4	64.5	-3.9

SIA	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Net Sales	$868	$747	-121
Operating Income/Loss	46	-19	-65
Net Income/Loss	27	-11	-38
Subaru Production (thousand units)	39.9	33.3	-6.6

Non-Operating Income & Expenses

(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Non-Operating Income	**80**	**36**	**-43**
Interest & dividends income	6	6	+0
Equity in earnings of affiliates	11	5	-7
Non-Operating Expenses	**64**	**26**	**-37**
Interest expenses	13	9	-4
Net	**16**	**10**	**-6**
Financial Revenue and Expenditure	**-7**	**-3**	**+4**
FOREX Effects	**14**	**11**	**-4**
Net of gain and loss on valuation of derivatives	54	17	-37
Net of FOREX gains and losses	-40	-6	+33

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Net non-operating income and expenses fell 0.6 billion yen on a year-on-year basis while financial revenue and expenditures rose 0.4 billion yen.

Foreign exchange fluctuations had a significant impact on non-operating income and expenses mainly in the following two areas: (1) gains and losses on revaluation of derivatives, and (2) foreign exchange gains and losses.

Net gains and losses on valuation of derivatives were down 3.7 billion yen year on year, falling from 5.4 billion yen to 1.7 billion yen.

Net foreign exchange gains increased 3.3 billion yen year on year. This figure includes a year-on-year increase of 2.5 billion yen due to the difference between market and hedge rates [market rate: 82 yen / hedge rate: 82 yen] as well as a year-on-year increase of 0.8 billion yen due to the foreign exchange variance at overseas subsidiaries.

Extraordinary Income & Expenses

(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Extraordinary Income	**9**	**265**	**+256**
Gain on sales noncurrent assets	0	263	+263
Reversal of allowance for doubtful accounts	3	-	-3
Gain on sale of loans receivable	3	-	-3
Other	2	2	-0
Extraordinary Loss	**6**	**59**	**+53**
Loss on sales and retirement of noncurrent assets	2	2	+0
Loss on disaster	-	57	+57
Loss on adjustment for changes of accounting standard for asset retirement obligations	4	-	-4
Other	1	0	-0
Net	**3**	**206**	**+203**

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Looking at net extraordinary income and loss, we see that net extraordinary income totaled 20.6 billion yen. That's a 20.3 billion yen year-on-year increase.

The biggest extraordinary income gain was 26.1 billion yen from the sale of the Subaru Building. This gain brought extraordinary income up 25.6 billion yen year on year to total 26.5 billion yen.

Extraordinary losses increased 5.3 billion yen to reach 5.9 billion yen since a loss on disaster totaling 5.7 billion yen was posted to cover fixed costs incurred from reduced operations in the wake of the 3-11 earthquake.

Consolidated Balance Sheets

(100 million yen)

	As of March 31, 2011	As of June 30, 2011	Increase / Decrease
Total Assets	**11,883**	**12,597**	+714
Current Assets	6,103	6,876	+773
Noncurrent Assets	5,780	5,721	-59
Interest Bearing Debts	**3,306**	**3,965**	+659
Net Assets	**4,140**	**4,390**	+251
Retained Earnings	1,569	1,819	+250
Shareholder's Equity	4,127	4,377	+250
Shareholder's Equity to Total Assets	**34.7%**	**34.7%**	±0
D/E ratio	**0.80**	**0.91**	+0.10

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The balance sheet shows total assets as of the end of June 2011 increasing by 71.4 billion yen year on year to total 1,259.7 billion yen. This jump includes an increase in cash and cash equivalents acquired through long-term loans as well as a gain on the sale of the Subaru Building. The loans were taken out to secure sufficient cash on hand needed to provide post-quake support to our subsidiaries.

Interest-bearing debts rose 65.9 billion yen to reach 396.5 billion yen. This surge is due to the increase in loans payable despite the redemption of corporate bonds amounting to 20.0 billion yen this past April. We plan to bring debt down to 370.0 billion yen by the end of the fiscal year ending in March 2012.

Our debt-to-equity ratio dropped 0.10 points to reach 0.91 due to increased loans.

Net assets totaled 439.0 billion yen, up 25.1 billion yen, due primarily to a 25.0 billion yen increase in retained earnings.

The shareholders' equity to total assets ratio remained at a steady 34.7% since the end of the previous fiscal year.

1st Quarter : Consolidated Statement of Cash Flows

(100 million yen)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Net Cash Provided by (used in) Operating Activities	337	-197	-534
Net Cash Provided by (used in) Investing Activities	-91	275	+366
Free Cash Flows	246	78	-168
Net Cash Provided by (used in) Financing Activities	-193	624	+816
Effect of Exchange Rate Change on Cash and Cash Equivalents	-45	-8	+37
Net Increase (Decrease) in Cash and Cash Equivalents	8	693	+685
Cash and Cash equivalents at End of Period	1,923	2,971	+1,048

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Moving on to cash flows, we see that net cash provided by operating activities declined 53.4 billion yen year on year to total a negative 19.7 billion yen. This drop is due to an approximate 34.0 billion yen decrease in working capital as a result of stagnant production on top of a decline in overall profitability.

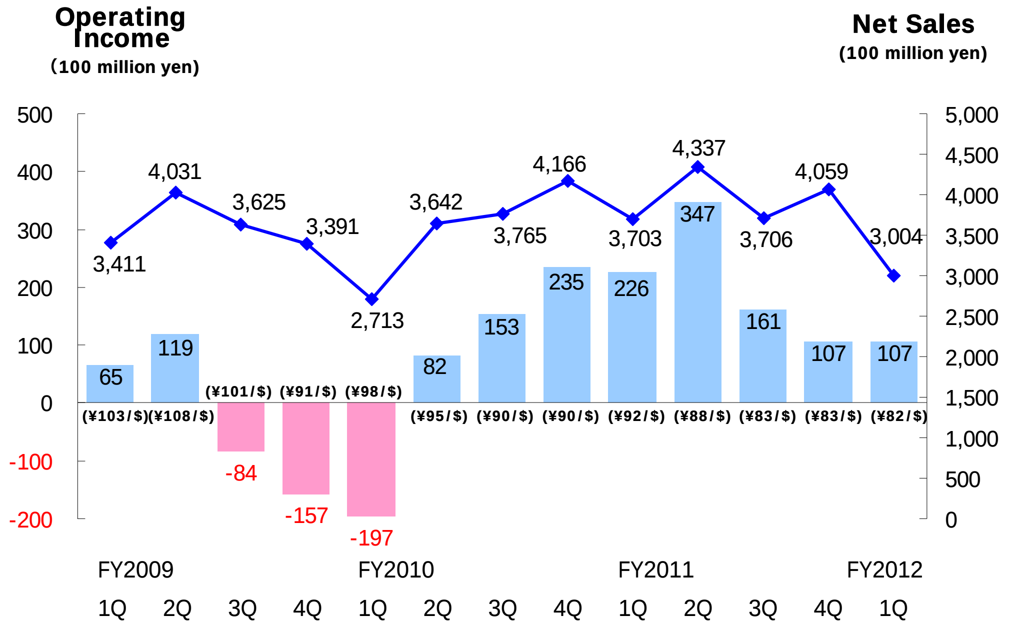
Net cash used in investment activities rose 36.6 billion yen year on year to 27.5 billion yen due to a gain on the sale of the Subaru Building.

Free cash flows decreased by 16.8 billion to reach 7.8 billion yen.

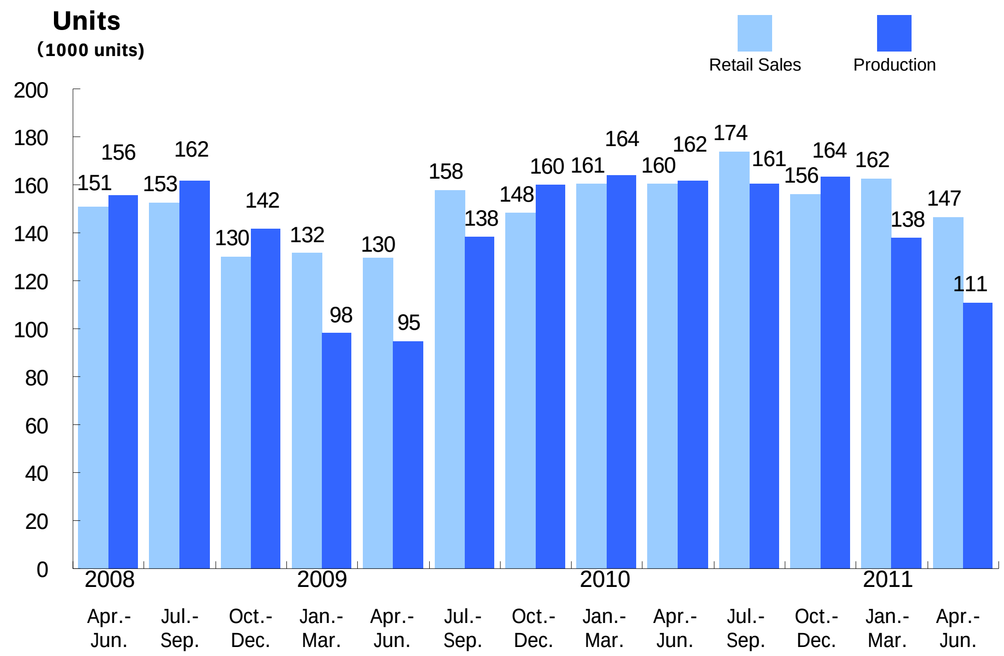
Net cash used in financing activities increased 81.6 billion yen to total 62.4 billion yen as a result of an increase in loans payable.

Cash and cash equivalents increased 104.8 billion to total 297.1 billion yen.

Net Sales & Operating Income <Appendix>



Retail Sales & Complete Cars Production <Appendix>



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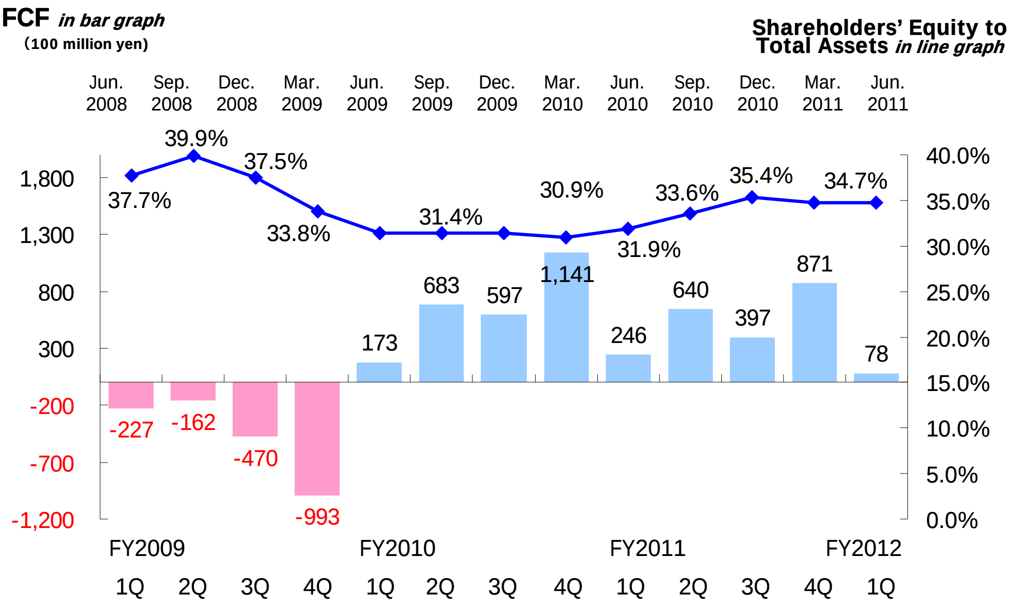
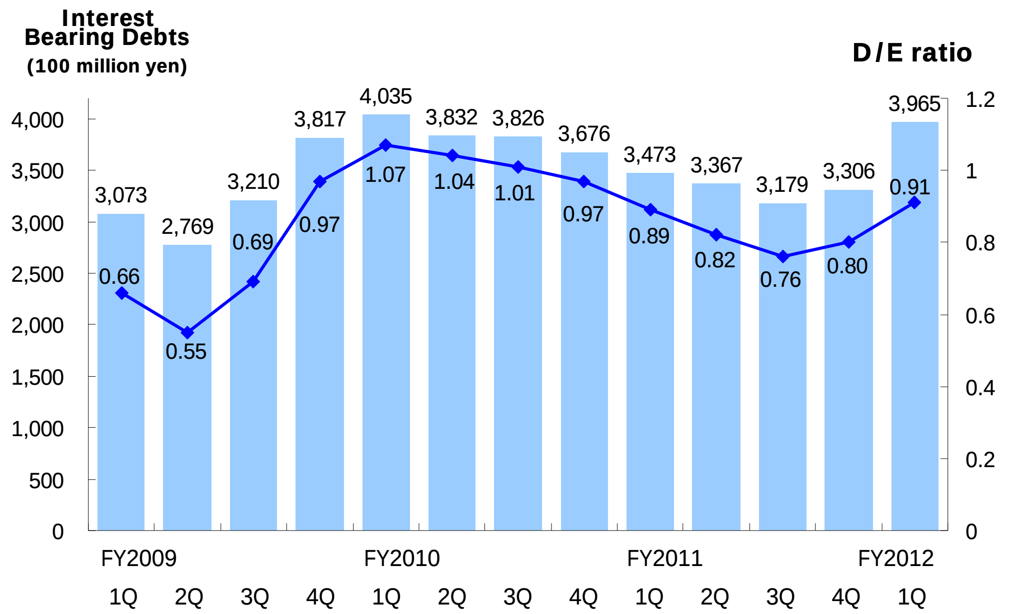
Free Cash Flows & Shareholders' Equity to Total Assets <Appendix>



Interest Bearing Debts & D/E Ratio <Appendix>



1st Quarter : Non- Consolidated Automobile Sales
<Appendix>

(thousand units)

	1Q Actual Results FYE March 2011	1Q Actual Results FYE March 2012	Increase / Decrease
Domestic Production	121.9	77.7	-44.2
Domestic Sales	39.9	33.0	-6.9
Passenger Car	14.9	17.7	+2.8
Minicar	25.0	15.3	-9.7
Number of Vehicles Exported	85.1	46.9	-38.2
Components for Overseas Production	37.1	33.1	-4.1
Total	162.1	113.0	-49.2

Outlook for the term Ending March 2012

1st Half : Consolidated Automobile Sales Plan
<Appendix>

(thousand units)

		Actual Results 1st Half FYE March 2011	Plan 1st Half FYE March 2012	Increase / Decrease
	Passenger Car	37.7	33.3	-4.4
	Minicar	50.8	37.1	-13.7
Domestic Total		**88.5**	**70.4**	**-18.1**
	U.S.	129.1	111.0	-18.1
	Canada	15.0	14.7	-0.3
	Russia	4.7	5.7	+1.0
	Europe	24.6	14.9	-9.7
	Australia	21.5	16.1	-5.4
	China	32.0	17.4	-14.6
	Others	15.8	9.3	-6.5
Overseas Total		**242.7**	**189.1**	**-53.5**
Total		**331.2**	**259.5**	**-71.6**

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Canada figures are consolidated on the calendar year basis.

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Consolidated domestic and overseas automobile sales for the first six months of the fiscal year ending March 2012 is projected to fall by 71.6 thousand units on a year-on-year basis to total 259.5 thousand units.

Stagnant production in the aftermath of the catastrophic March 11 earthquake is directly to blame for this major year-on-year drop for the first fiscal half.

The domestic market will see sales dip by 18.1 thousand units to reach 70.4 thousand units, with passenger car sales falling by 4.4 thousand units to total 33.3 thousand units, and minicar sales also declining 13.7 thousand units to total 37.1 thousand units.

Overseas sales are projected to fall by 53.5 thousand units to 189.1 thousand units as we foresee decline in year-on-year sales in most markets. These estimates add up to a 71.6 thousand unit year-on-year drop that will bring the total sales volume down to 259.5 thousand units.

1st Half : Consolidated Operating Plan <Appendix>

(100 million yen)

	Actual Results 1st Half FYE March 2011	Plan 1st Half FYE March 2012	Increase / Decrease
Net Sales	**8,040**	**6,500**	-1,540
Domestic	2,520	2,105	-415
Overseas	5,520	4,395	-1,125
Operating Income	**573**	**100**	-473
Ordinary Income	**588**	**80**	-508
Income Before Income Taxes and Minority Interests	**557**	**280**	-287
Net Income	**446**	**230**	-216
FHI Exchange Rate	¥90/US$	¥81/US$	-¥9/US$

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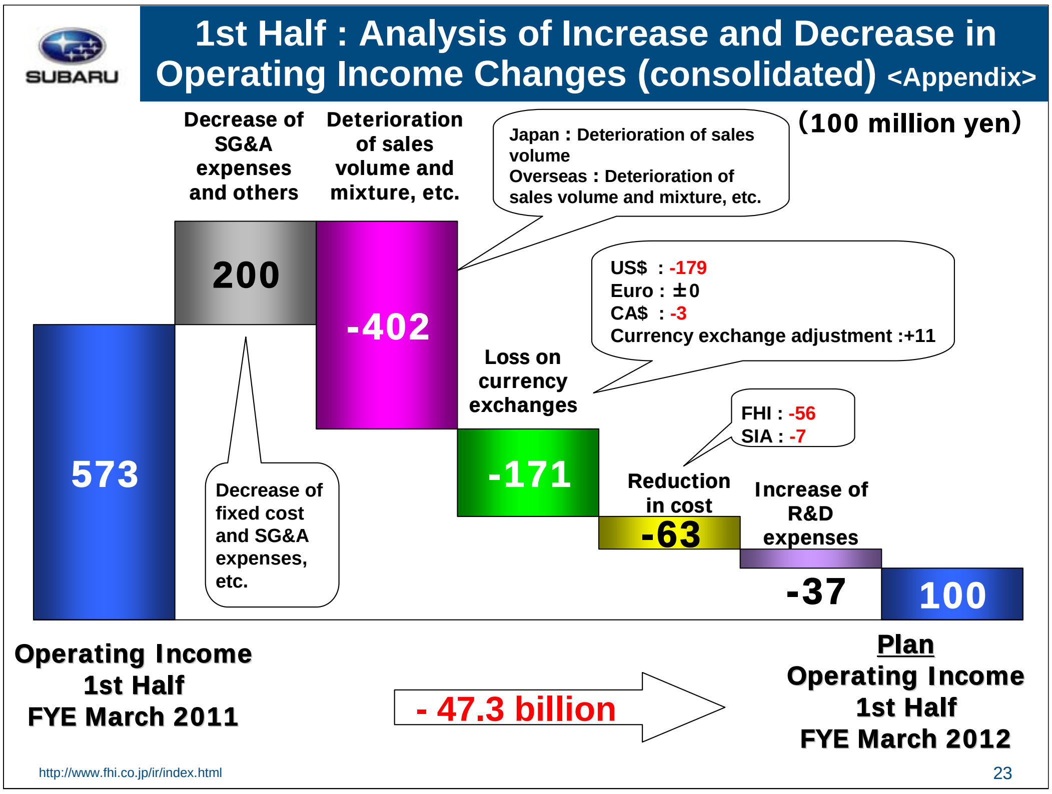
Looking at our net sales forecast for the first half of the fiscal year ending March 2012, we expect net sales to decline 154.0 billion yen, or 19.2%, year on year to total 650.0 billion yen. We project a 125.5 billion yen loss due to an unfavorable sales mix and a 33.5 billion yen foreign exchange loss despite a 5.0 billion yen gain from our three internal companies and other operations.

Operating income is projected to drop by 47.3 billion yen, or 82.6%, year on year, to reach 10.0 billion yen. This downturn is due to the adverse effect of the strong yen, an increase in R&D expenses, a disadvantageous sales mix caused by reduced production, and hikes in material prices despite cost cutting efforts aimed at increasing profits.

Ordinary income will total 8.0 billion yen, down 50.8 billion yen, or 86.4%, year on year.

Income before income taxes and minority interests is projected to fall by 28.7 billion yen, or 51.5%, year on year to reach 27.0 billion yen. The major impact on our bottom line will come from the gain on the sale of the Subaru Building and the loss on disaster, both posted during the first quarter.

Net income is projected to total 23.0 billion yen, a year-on-year drop of 21.6 billion yen or 48.4%.



Now let’s look at the reasons for the projected year-on-year 47.3 billion yen decrease in operating income that will take us from 57.3 billion yen to 10.0 billion yen.

The main factor to push operating income up will be a gain of 20.0 billion yen from reductions in SG&A expenses. This gain can be broken down into the following three areas. (1) A gain of 9.5 billion yen in fixed manufacturing costs will come from a gain of 8.1 billion yen at FHI and a gain of 1.4 billion yen at SIA. FHI will generate a gain of 4.5 billion yen due to cost cuts for suppliers’ dies and a gain of 3.6 billion yen due to lower fixed processing costs. SIA will gain 1.5 billion yen from reduced processing costs while increased expenses for suppliers’ dies are expected to yield a loss of 0.1 billion yen. Next we expect to see a gain of 9.2 billion yen from reductions in SG&A expenses. This gain will include a gain of 6.3 billion yen at FHI, a gain of 1.4 billion yen at domestic dealers, a gain of 2.9 billion yen at SOA, and a loss of 1.4 billion yen from other operations. SOA will see a loss of 0.9 billion yen due to advertising costs but generate a gain of 3.8 billion yen due to a 250 dollar drop in the per-unit rebate. The drop will bring the 950 dollar cash-back incentive for the first half (April through September) of 2010 down to 700 dollars for the same period in 2011. Finally, the third factor includes a decrease in costs associated with warranty claims that will result in a gain of 1.3 billion yen.

The main factor that will lead to a decrease in operating income will be a loss of 40.2 billion yen due to a poor sales mix. This loss can be broken down into the following three areas. We will see a loss of 10.7 billion yen in domestic operations and another loss of 36.9 billion yen in overseas operations. Finally, we expect a gain of 7.4 billion yen due to inventory adjustments.

Another factor to bring our operating income down will be a likely foreign exchange loss of 17.1 billion yen. This includes a projected loss of 17.9 billion yen due to an approximate 9 yen appreciation against the U.S. dollar as the exchange rate for the euro remains unchanged at 116 yen. We also see a projected loss of 0.3 billion yen due to an approximate 2 yen appreciation against the Canadian dollar. We expect a gain of 1.1 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Despite lower material costs, we expect to see an overall loss of 6.3 billion yen, with a loss of 5.6 billion yen at FHI and a loss of 0.7 billion yen at SIA. FHI is expected to generate a loss of 5.6 billion yen due to increased material prices, etc. SIA will see a gain of 1.2 billion yen due to a reduction in costs while rising raw material prices will lead to a loss of 1.9 billion yen.

Increasing R&D expenses is expected to result in an overall loss of 3.7 billion yen.

These factors combined should bring operating income for the first fiscal half down 47.3 billion yen for a total 10.0 billion yen.

Full Year : Consolidated Automobile Sales Plan

(thousand units)

		Actual Results FYE March 2011	Plan FYE March 2012	Increase / Decrease
	Passenger Car	68.1	70.7	+2.5
	Minicar	90.0	93.2	+3.2
Domestic Total		**158.1**	**163.8**	**+5.7**
	U.S.	279.0	274.3	-4.6
	Canada	28.1	27.2	-0.9
	Russia	11.3	13.6	+2.2
	Europe	48.2	37.8	-10.5
	Australia	41.2	36.4	-4.7
	China	62.4	54.9	-7.5
	Others	28.7	23.8	-4.9
Overseas Total		**498.9**	**468.0**	**-30.8**
Total		**657.0**	**631.8**	**-25.1**

http://www.fhi.co.jp/ir/index.html

Canada figures are consolidated on the calendar year basis from Jan. to Dec.

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Consolidated domestic and overseas automobile sales for the fiscal year ending March 2012 is projected to fall by 25.1 thousand units year on year to total 631.8 thousand units.

Domestic passenger car sales are expected to jump 2.5 thousand units to 70.7 thousand units. Sales will be driven up by the Impreza which is scheduled to have a major facelift during the second fiscal half. Minicar sales will rise by 3.2 thousand units to 93.2 thousand units since we expect to see demand for the Sambar increase since this year is the model's last year. These figures combined will bring domestic automobile sales up 5.7 thousand units to total 163.8 thousand units.

Overseas sales, on the other hand, are expected to be lower than they were last year in most markets since the earthquake put a major dent in exports during the first half of the fiscal year. Overall, sales are expected to fall 30.8 thousand units to total 468 thousand units.

SUBARU

Full Year : Consolidated Operating Plan

(100 million yen)

	Actual Results FYE March 2011	Plan FYE March 2012	Increase / Decrease
Net Sales	**15,806**	**14,800**	-1,006
Domestic	4,673	4,500	-173
Overseas	11,132	10,300	-832
Operating Income	**841**	**300**	-541
Ordinary Income	**822**	**250**	-572
Income Before Income Taxes and Minority Interests	**632**	**430**	-202
Net Income	**503**	**350**	-153
FHI Exchange Rate	¥86/US$	¥81/US$	-¥5/US$

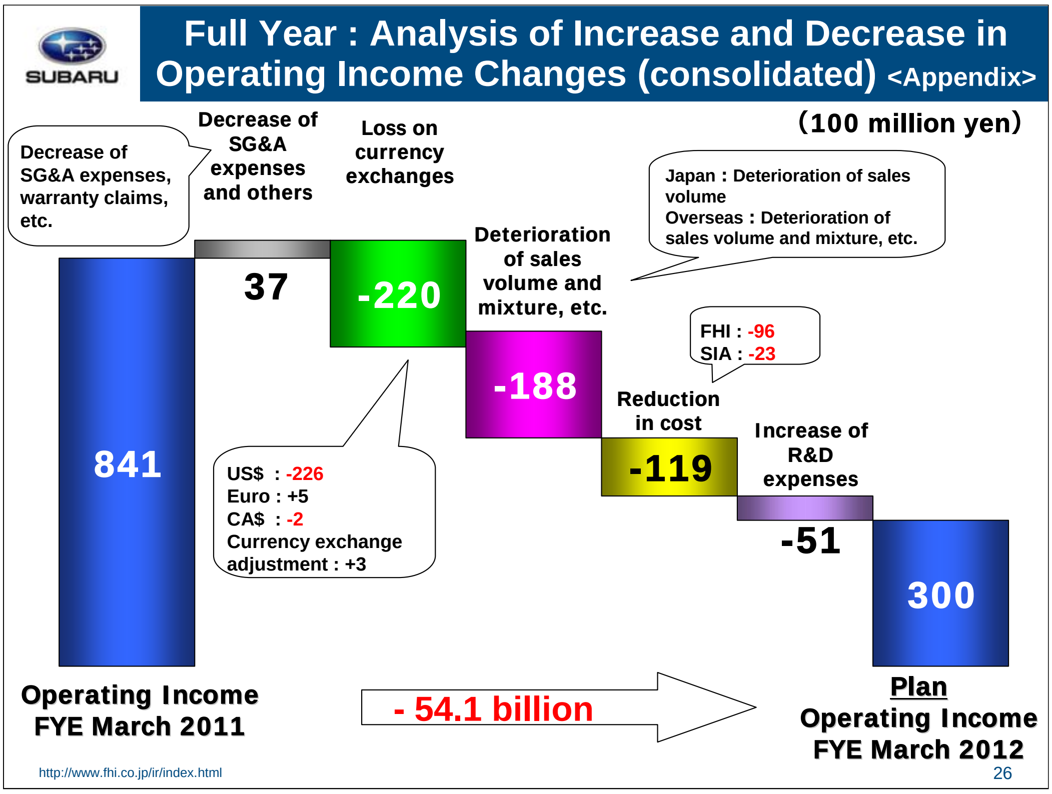
Net sales will decline 100.6 billion yen, or 6.4%, year on year to total 1,480 billion yen. We project a 45.1 billion yen foreign exchange loss due to the strong yen and a 58.1 billion yen loss due to an unfavorable sales mix despite a 2.6 billion yen gain at our three internal companies and other operations.

Operating income is projected to total 30.0 billion yen, down 54.1 billion yen, or 64.3%, year on year. Factors behind this decline include an unfavorable sales mix variance due to a decrease in sales volume, foreign exchange losses resulting from the strong yen, and increased R&D expenses, which will fail to be offset by gains from reductions in SG&A expenses. Further details will be provided later on.

Ordinary income is projected to total 25.0 billion yen, down 57.2 billion yen, or 69.6%, year on year.

Earnings before income taxes and minority interests will fall 20.2 billion yen, or 32.0%, to reach 43.0 billion yen. We do not expect any major impact on our bottom line other than the gain on the sale of the Subaru Building and the loss on disaster posted during the first quarter.

Net income will amount to 35.0 billion yen, for a drop of 15.3 billion yen, or 30.5%, due to tax expenses related to our subsidiaries, etc.



Now let's look at the factors behind the projected year-on-year 54.1 billion yen decrease in operating income that will take us from 84.1 billion yen to 30.0 billion yen.

The primary reason for the increase in operating income was a gain of 3.7 billion yen due to reduced SG&A expenses. This gain can be broken down into the following three areas. First off there will be a loss of 4.7 billion yen in fixed manufacturing costs, including a loss of 6.2 billion yen at FHI and a gain of 1.5 billion yen at SIA. FHI will see no change in expenses for suppliers' dies but lose 6.2 billion yen due to increased fixed processing costs. SIA will see a loss of 0.2 billion yen due to increased costs for suppliers' dies while reduced processing costs will generate a gain of 1.7 billion yen. Next we see that a drop in SG&A expenses will yield a gain totaling 3.5 billion yen. This gain will include a gain of 2.2 billion yen at FHI, a loss of 0.4 billion yen at domestic dealers, a loss of 1.8 billion yen at SOA, a loss of 1.0 billion yen at our Canadian subsidiary, and a gain of 4.5 billion yen from other operations. While SOA will generate a gain of 0.4 billion yen, advertising costs will generate a loss of 2.2 billion yen and the FY 2012 sales volume will drop as the per unit incentive remains unchanged from last year at 1,000 dollars. Finally, the third factor includes a decrease in costs associated with warranty claims that will come to a gain of 4.9 billion yen.

The main factor that will lead to a decrease in operating income will be a foreign exchange loss of 22.0 billion yen. This includes a loss of 22.6 billion yen due to an approximate 5 yen appreciation against the U.S. dollar, a gain of 0.5 billion yen due to an approximate 1 yen depreciation against the euro, and a loss of 0.2 billion yen due to an approximate 1 yen appreciation against the Canadian dollar. This figure also includes a gain of 0.3 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Sales mix variances will lead to a loss of 18.8 billion yen. This loss can be broken down into the following three areas. We will see a loss of 4.2 billion yen in domestic operations and another loss of 25.0 billion yen in overseas operations. There will also be an estimated gain of 10.4 billion yen related to inventory adjustments.

Another factor behind the expected decrease in operating income will be a loss of 11.9 billion yen related to material costs. FHI will experience a loss of 9.6 billion yen while SIA will lose 2.3 billion yen. FHI will gain only a mere 0.3 billion yen from cuts to material costs since the impact of its cost reduction efforts will be blunted by the production cutbacks during the first half. FHI will also see a loss of 9.9 billion yen due to higher material prices, etc. SIA is expected to generate a gain of 2.7 billion yen due to cost cuts and a loss of 5.0 billion yen related to rising material prices.

An increase in R&D expenses is expected to result in a loss of 5.1 billion yen.

These factors combined will bring operating income for the fiscal year ending March 2012 down 54.1 billion yen to total 30.0 billion yen.

Operating Plans of Subsidiaries in U.S.

(million US$)

SOA	Actual Results FYE March 2011	Plan FYE March 2012	Increase/ Decrease
Net Sales	$6,758	$6,789	+31
Operating Income	116	123	+7
Net Income	83	78	-5
Retail Sales (thousand units)	272.5	260.0	-12.5

SIA	Actual Results FYE March 2011	Plan FYE March 2012	Increase/ Decrease
Net Sales	$3,748	$3,794	+46
Operating Income/Loss	94	64	-30
Net Income/Loss	57	37	-20
Subaru Production (thousand units)	164.8	167.2	+2.4

Capex / Depreciation / R&D <Appendix>

(100 million yen)

	Actual Results 1Q FYE 2011	Actual Results FYE 2011 (a)	Actual Results 1Q FYE 2012	Plan FYE 2012 (b)	Increase / Decrease (b) – (a)
Capex	82	431	140	600	+169
Depreciation	116	498	116	550	+52
R&D	89	429	106	480	+51
Interest Bearing Debt	3,473	3,306	3,965	3,700	+394

Appendix

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2nd Quarter : Consolidated Automobile Sales Plan
<Appendix>

(thousand units)

		Actual Results 2nd Quarter FYE March 2011	Plan 2nd Quarter FYE March 2012	Increase / Decrease
	Passenger Car	25.0	17.7	-7.3
	Minicar	28.0	21.9	-6.1
Domestic Total		**53.1**	**39.6**	**-13.4**
	U.S.	70.9	59.2	-11.7
	Canada	6.6	5.8	-0.9
	Russia	3.2	4.1	+0.8
	Europe	13.3	7.3	-6.1
	Australia	9.7	9.1	-0.6
	China	15.5	11.5	-4.0
	Others	8.6	4.7	-3.9
Overseas Total		**127.8**	**101.6**	**-26.2**
Total		**180.8**	**141.2**	**-39.6**

http://www.fhi.co.jp/ir/index.html

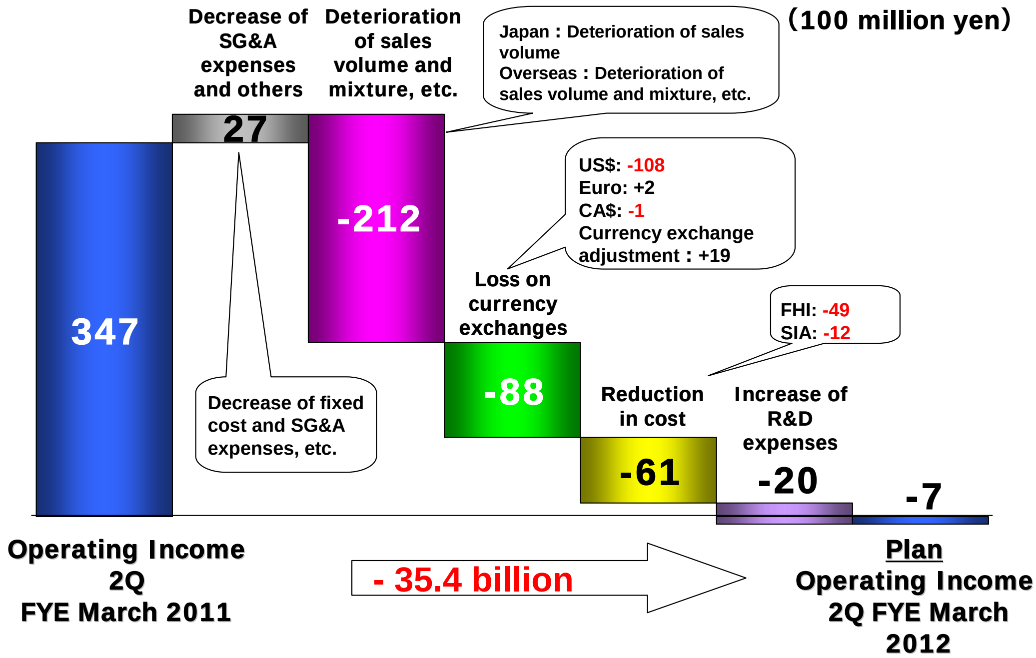
Canada figures are consolidated on the calendar year basis from Apr. to Jun.

2nd Quarter : Consolidated Operating Plan
<Appendix>

(100 million yen)

	Actual Results 2nd Quarter FYE March 2011	Plan 2nd Quarter FYE March 2012	Increase / Decrease
Net Sales	**4,337**	**3,496**	-841
Domestic	1,475	1,117	-359
Overseas	2,862	2,380	-482
Operating Income/Loss	**347**	**-7**	-353
Ordinary Income/Loss	**346**	**-37**	-382
Income/Loss Before Income Taxes Minority Interests	**312**	**-43**	-355
Net Income/Loss	**254**	**-55**	-309
FHI Exchange Rate	¥88/US$	¥80/US$	¥8/US$

2nd Quarter : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>



2nd Half : Consolidated Automobile Sales Plan
<Appendix>

(thousand units)

		Actual Results 2nd Half FYE March 2011	Plan 2nd Half FYE March 2012	Increase / Decrease
	Passenger Car	30.4	37.3	+6.9
	Minicar	39.2	56.1	+16.9
Domestic Total		**69.6**	**93.4**	**+23.8**
	U.S.	149.8	163.3	+13.5
	Canada	13.1	12.5	-0.6
	Russia	6.6	7.8	+1.2
	Europe	23.6	22.8	-0.8
	Australia	19.7	20.4	+0.7
	China	30.4	37.5	+7.1
	Others	12.9	14.5	+1.6
Overseas Total		**256.2**	**278.9**	**+22.7**
Total		**325.8**	**372.3**	**+46.5**

Canada figures are consolidated on the calendar year basis from Jul. to Dec.

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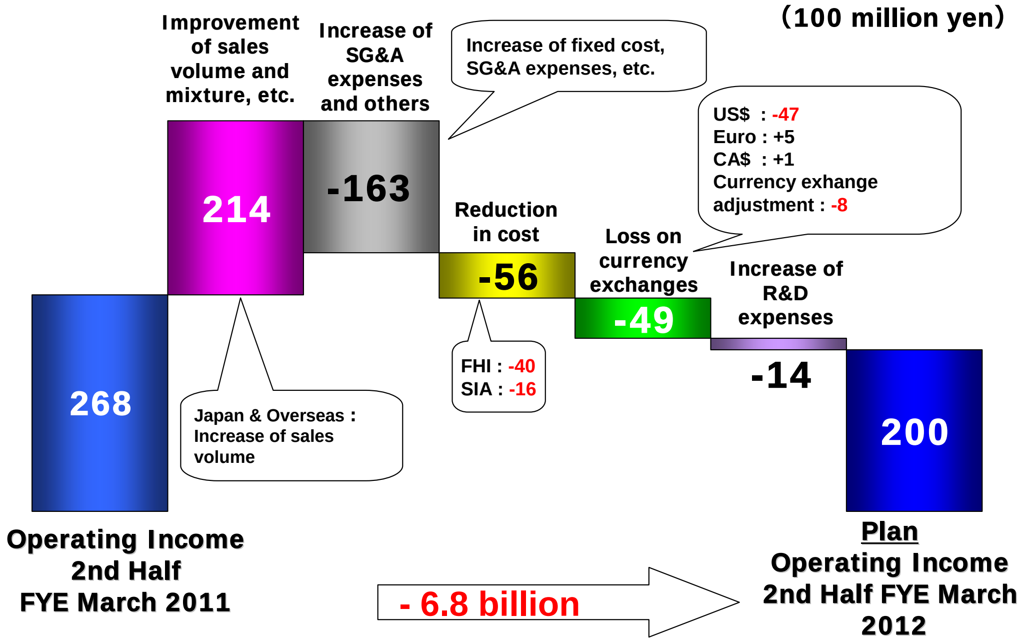
2nd Half : Consolidated Operating Plan
<Appendix>

(100 million yen)

	Actual Results 2nd Half FYE March 2011	Plan 2nd Half FYE March 2012	Increase / Decrease
Net Sales	**7,766**	**8,300**	+534
Domestic	2,153	2,395	+242
Overseas	5,612	5,905	+293
Operating Income	**268**	**200**	-68
Ordinary Income	**234**	**170**	-64
Income Before Income Taxes and Minority Interests	**75**	**150**	+75
Net Income	**58**	**120**	+62
FHI Exchange Rate	¥83/US$	¥81/US$	-¥2/US$

2nd Half : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>

(100 million yen)



Thank you !