



***Presentation of Business Results  
for the 1st Quarter of Fiscal 2005***

**Fuji Heavy Industries Ltd.**

**August 6, 2004**

# *A summary of Business Results*

# Automobile Sales (Consolidated basis)

(thousand units)

	Actual results for the 1st Quarter of Fiscal 2004	Actual results for the 1st Quarter of Fiscal 2005	Changes from the previous year
Domestic (Passenger Car)	20.3	20.1	-0.1
Domestic (Minicar)	28.9	34.2	+5.2
<b>Domestic Total</b>	<b>49.2</b>	<b>54.3</b>	<b>+5.1</b>
U.S.	32.8	40.9	+8.1
Canada	3.5	3.5	0
Europe	10.5	10.5	0
Australia	6.7	8.0	+1.4
Others	3.3	4.5	+1.2
<b>Overseas Total</b>	<b>56.8</b>	<b>67.4</b>	<b>+10.6</b>
SIA (Isuzu SUV)	6.8	6.4	-0.4
<b>Grand Total</b>	<b>112.8</b>	<b>128.1</b>	<b>+15.3</b>

## P/L (Consolidated basis)

(¥100 million)

	Actual results for the 1st Quarter of Fiscal 2004	Actual results for the 1st Quarter of Fiscal 2005	Changes from the previous year
<b>Net Sales</b>	<b>2,833</b>	<b>3,075</b>	<b>+242</b>
<b>Domestic</b>	<b>1,260</b>	<b>1,365</b>	<b>+105</b>
<b>Overseas</b>	<b>1,573</b>	<b>1,710</b>	<b>+137</b>
<b>Operating Income</b>	<b>92</b>	<b>0</b>	<b>-92</b>
<b>Ordinary Income</b>	<b>117</b>	<b>24</b>	<b>-92</b>
<b>Net Income</b>	<b>59</b>	<b>6</b>	<b>-53</b>
<b>FHI exchange rate</b>	<b>¥120/\$</b>	<b>¥110/\$</b>	<b>-¥10/\$</b>

# Operating Results of Subsidiaries in U.S.

(million US\$)

## SOA

(January to March)

	Actual results for the first quarter of CY2003	Actual results for the first quarter of CY2004	% Changes
<b>Net Sales</b>	\$734	\$854	+120
<b>Operating Income</b>	-16	-35	-18
<b>Net Income</b>	-9	-20	-11

## SIA

(January to March)

	Actual results for the first quarter of CY2003	Actual results for the first quarter of CY2004	% Changes
<b>Net Sales</b>	\$462	\$460	-2
<b>Operating Income</b>	-7	-33	-25
<b>Net Income</b>	-3	-20	-17

# Analysis of increase and decrease in Operating Income (Consolidated basis)

(¥100 million)

Operating Income for the term ended June 2003

Amortization of consolidation adjustment

17

37

Reduction in material costs etc.

92

If adding the amount of amortization of consolidation adjustment

**(109)**

Increase of SG&A expenses and Others

22

Decrease in R&D expenses

-68

Loss on currency exchange

-56

Deterioration of sales volume and mix & others

-27

If adding the amount of amortization of consolidation adjustment

**(18)**

Operating Income for the term ended June 2004

Amortization of consolidation adjustment

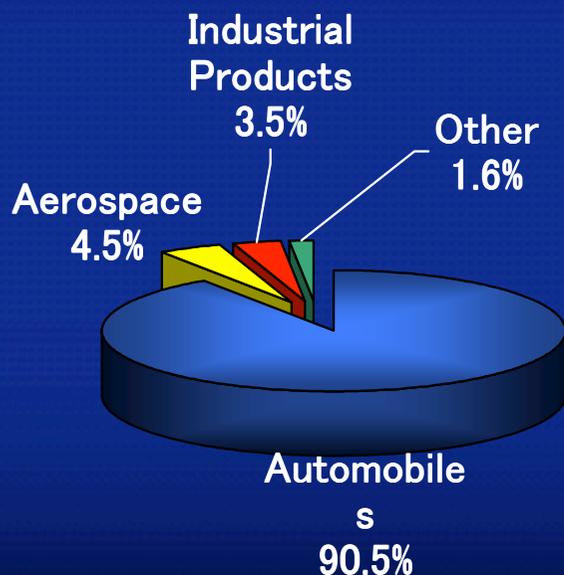
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18

# Consolidated Sales by Business Segment

(¥100 million)

## Percentages of Total sales



	Actual results for the 1st Quarter of FY2004	Actual results for the 1st Quarter of FY2005	% Changes
Automobiles	2,574	2,781	+8.0%
Aerospace	113	137	+21.2%
Industrial Products	94	107	+13.6%
Other	51	49	-3.3%
<b>Total</b>	<b>2,833</b>	<b>3,075</b>	<b>+8.5%</b>

## B/S (Consolidated basis)

(¥100 million)

	As of March, 31 2004	As of June,30 2004	Changes from the previous term
Total Assets	13,497	13,893	+396
Shareholders' Equity	4,537	4,510	-27
Interest Bearing Debt	3,789	4,072	+282
Shareholders' Equity to Total Assets	33.6%	32.5%	-1.2%
Debt-to-Equity Ratio	0.84	0.90	—

***Outlook for the Term  
Ended March 2005***

## Automobile Sales of 1st Half (Consolidated Basis)

<b>(thousand units)</b>	<b>Plan for 1<sup>st</sup> Half of FY2005 in May</b>	<b>Plan for 1<sup>st</sup> Half of FY2005</b>	<b>Changes</b>
Domestic (Passenger Car)	56.9	52.0	-4.9
Domestic (Minicar)	88.5	77.7	-10.8
<b>Domestic Total</b>	<b>145.3</b>	<b>129.6</b>	<b>-15.7</b>
U.S.	91.6	87.5	-4.1
Canada	7.9	6.7	-1.3
Europe	28.0	30.4	+2.4
Australia	15.5	16.8	+1.3
Others	7.8	10.0	+2.2
<b>Overseas Total</b>	<b>150.8</b>	<b>151.3</b>	<b>+0.5</b>
SIA (Isuzu SUV)	12.2	12.2	0
<b>Grand Total</b>	<b>308.3</b>	<b>293.1</b>	<b>-15.2</b>

## Automobile Sales of 1st Half (Consolidated Basis)

(thousand units)	Actual Results for 1 <sup>st</sup> half of FY2004	Plan for 1 <sup>st</sup> Half of FY2005	Changes
Domestic (Passenger Car)	51.9	52.0	+0.1
Domestic (Minicar)	61.0	77.7	+16.7
<b>Domestic Total</b>	<b>112.9</b>	<b>129.6</b>	<b>+16.8</b>
U.S.	85.8	87.5	+1.7
Canada	7.3	6.7	-0.6
Europe	21.8	30.4	+8.6
Australia	13.9	16.8	+2.9
Others	6.6	10.0	+3.4
<b>Overseas Total</b>	<b>135.4</b>	<b>151.3</b>	<b>+15.9</b>
SIA (Isuzu SUV)	13.4	12.2	-1.2
<b>Grand Total</b>	<b>261.7</b>	<b>293.1</b>	<b>+31.4</b>

# Operating Plan of the 1st Half (Consolidated basis)

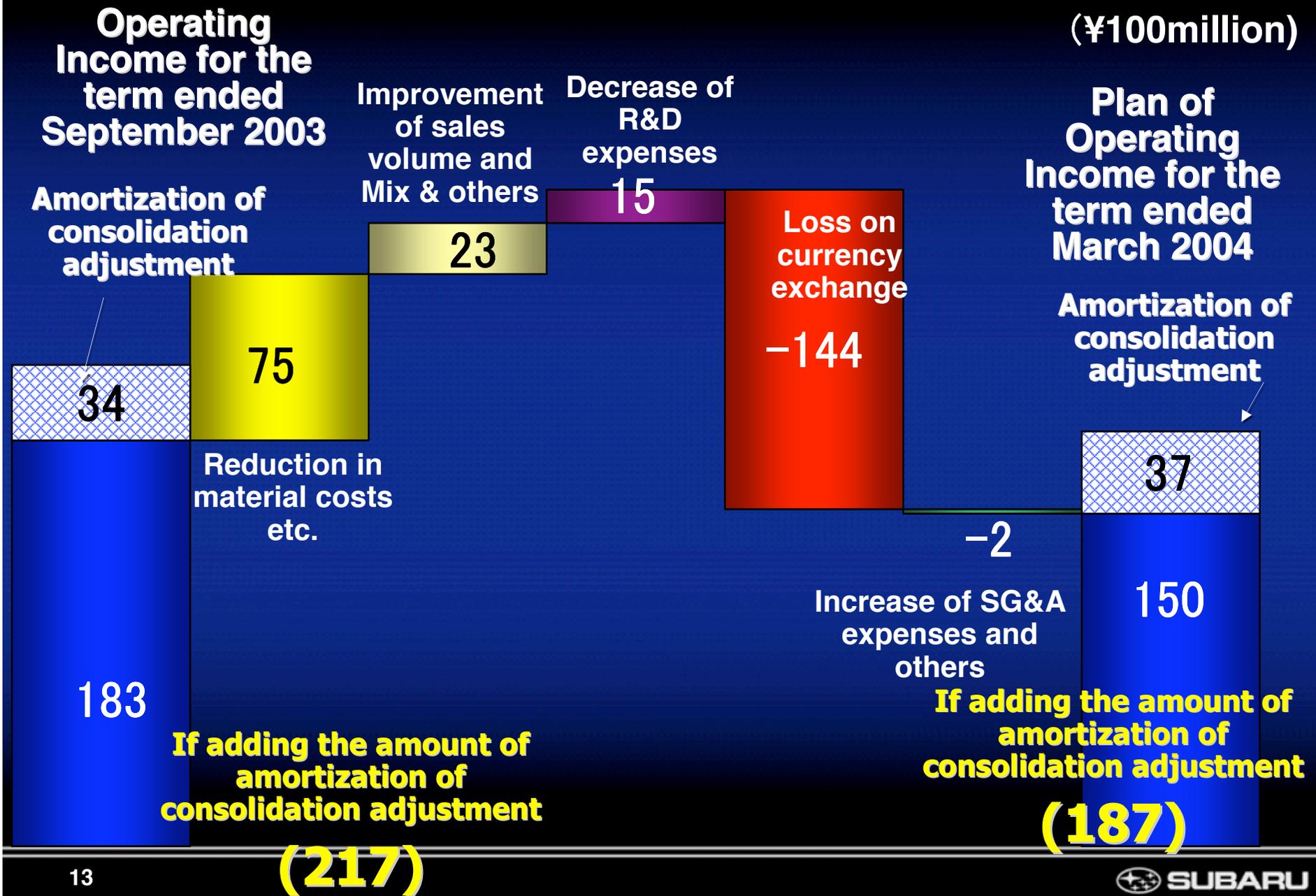
(¥100 million)

	Actual results for the term ended September 2003	Plan for the term ended September 2004	Changes from the previous Year
Net Sales	6,653	7,000	+347
Operating Income	183	150	-33
Ordinary Income	244	170	-74
Net Income	194	80	-114
FHI Exchange Rate	¥120/\$	¥109/\$	-¥11/\$

(Forecast of average TTM  
rate for the 1st half)

# Analysis of increase and decrease in Operating Income (Consolidated basis)

(¥100million)



## Automobile Sales (Consolidated basis)

(thousand units)	Actual results for the term ended March 2004	Plan for the term ended March 2005	Changes from the previous year
Domestic (Passenger Car)	111.1	109.6	-1.5
Domestic (Minicar)	134.4	172.3	+37.9
<b>Domestic Total</b>	<b>245.5</b>	<b>281.9</b>	<b>+36.3</b>
U.S.	189.6	205.4	+15.7
Canada	16.2	16.2	0
Europe	53.6	57.6	+4.0
Australia	30.7	31.9	+1.2
Others	15.7	18.1	+2.4
<b>Overseas Total</b>	<b>305.7</b>	<b>329.1</b>	<b>+23.4</b>
SIA (Isuzu SUV)	25.2	13.2	-12.1
<b>Grand Total</b>	<b>576.5</b>	<b>624.1</b>	<b>+47.7</b>

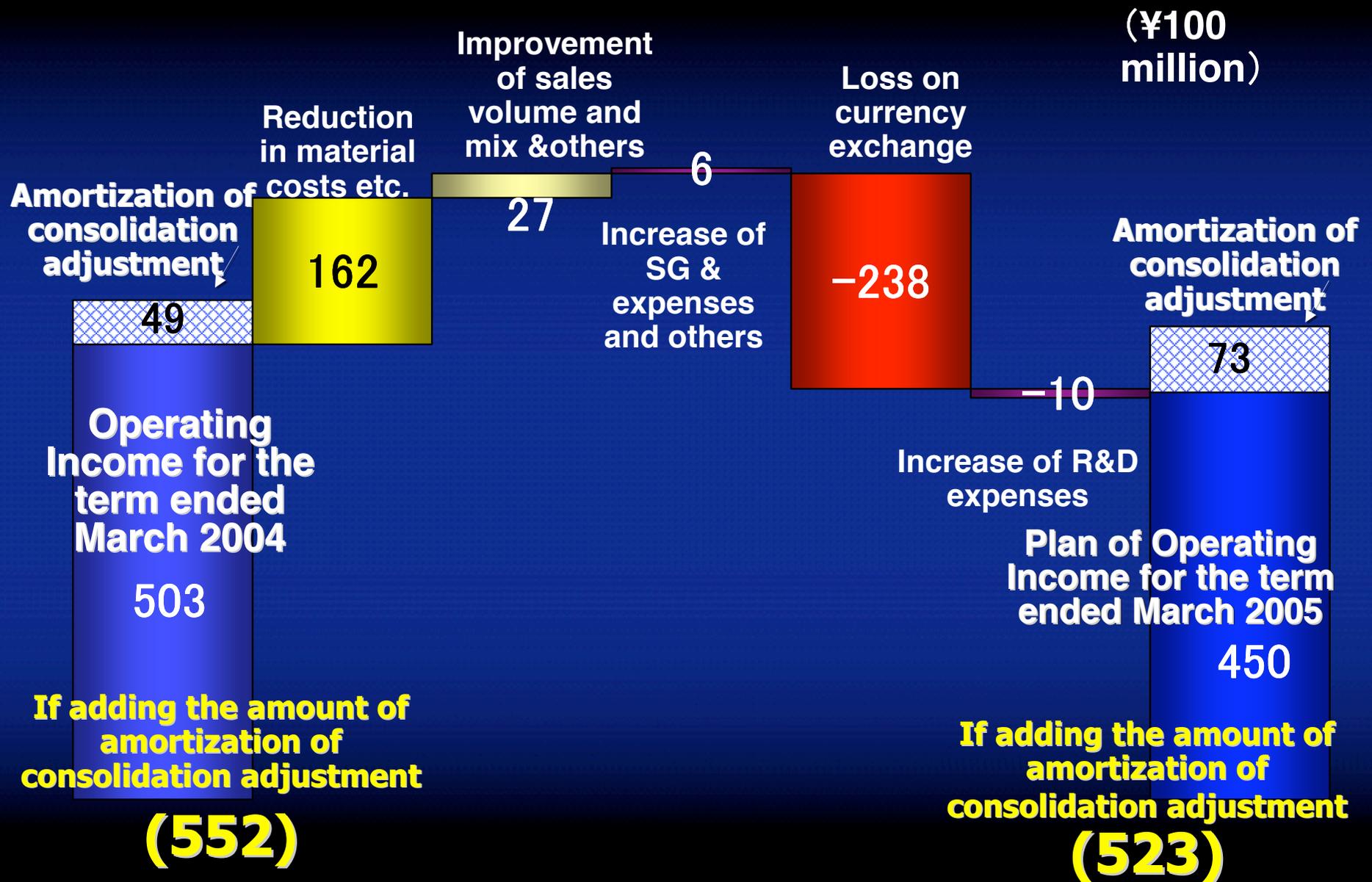
# Operating Plan (Consolidated basis)

(¥100 million)

	Actual results for the term ended March 2004	Plan for the term ended March 2005	Changes from the previous year
Net Sales	<b>14,394</b>	<b>14,700</b>	<b>+306</b>
Domestic	6,279	<b>6,800</b>	<b>+521</b>
Overseas	8,115	<b>7,900</b>	<b>-215</b>
Operating Income	<b>503</b>	<b>450</b>	<b>-53</b>
Ordinary Income	<b>566</b>	<b>470</b>	<b>-96</b>
Net Income	<b>386</b>	<b>320</b>	<b>-66</b>
FHI Exchange Rate	<b>¥116/\$</b>	<b>¥107/\$</b>	<b>-¥9/\$</b>

(Forecast of average TTM rate for the 1st half)

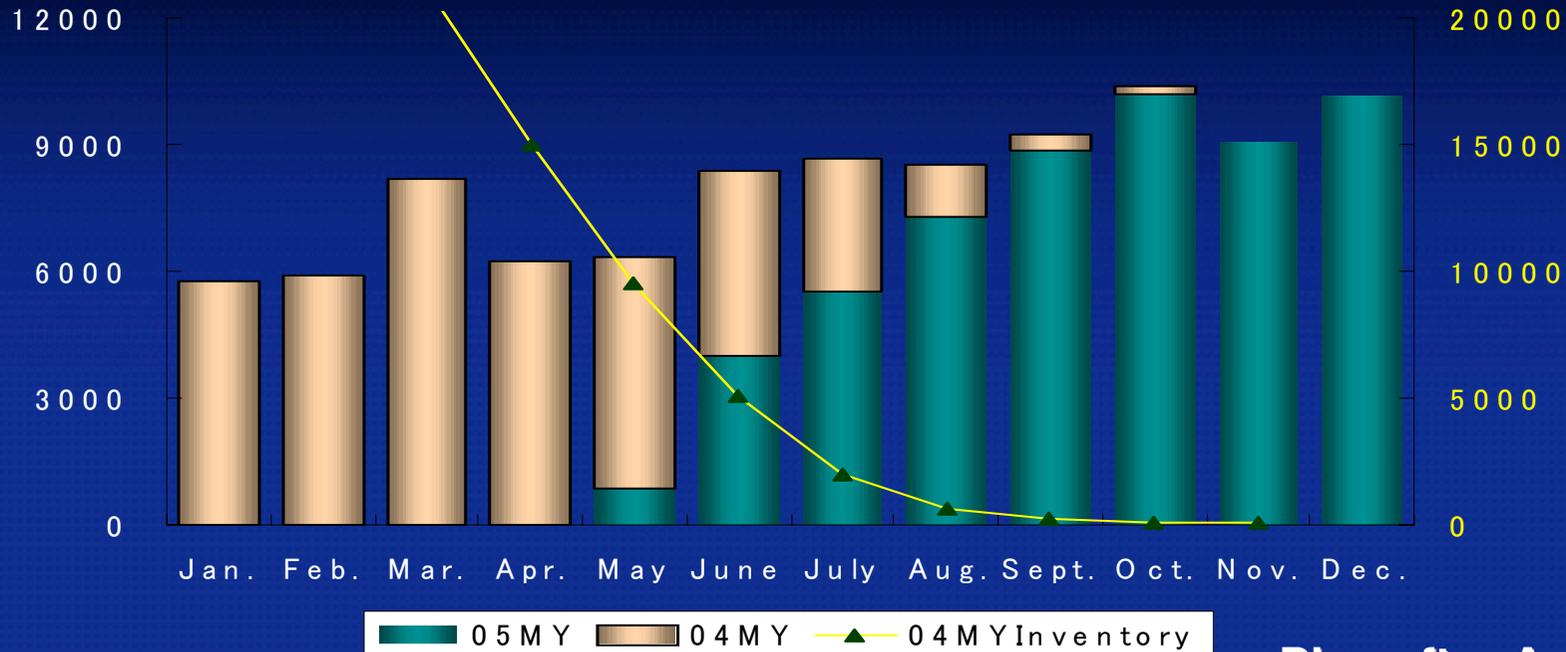
# Analysis of increase and decrease in Operating Income (Consolidated basis)



# The New Legacy Launch in the U.S.

Sales  
Units

Inventory



Plan after August

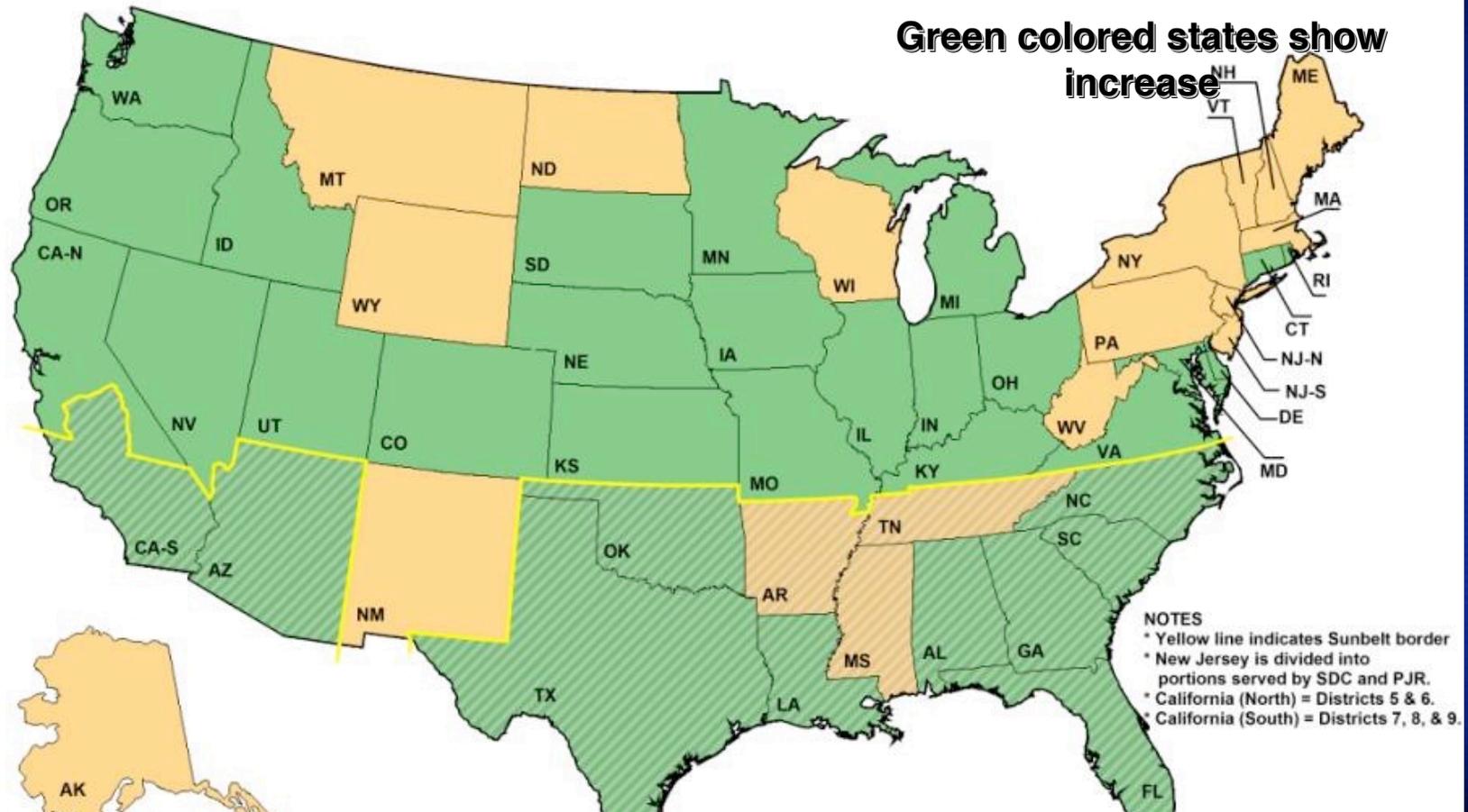
**Cumulative 05MY units; 10,348**

**New turbo model: mix 30%, H6 model: mix 16%**

**= Model mix shift to premium models**

# U.S. Legacy Sales in July by States

## Sales By Dealer State Analysis - 2004 Vs 2003 Legacy Sales Growth - July Only



**High sales growth seen in the Sunbelt states**

**Sunbelt states +48% (Texas +93%, Florida +97%, Southern Cal. +68%)**

**Non-Sunbelt states +4%**

## Automobile Sales (Non-consolidated basis)<sub>(thousand units)</sub>

	Actual results for the 1st quarter of FY2004	Actual results for the 1st Quarter of FY2005	Changes from the previous year
<b>Domestic Production</b>	<b>107.7</b>	<b>124.0</b>	<b>+16.2</b>
For Saab	-	4	+4
<b>Domestic Sales</b>	<b>57</b>	<b>62</b>	<b>+5</b>
Passenger Car	25	22	-3
Minicar	32	40	+8
<b>Number of Vehicles exported</b>	<b>49</b>	<b>49</b>	<b>0</b>
<b>Components for overseas production</b>	<b>18</b>	<b>23</b>	<b>+5</b>
<b>Total</b>	<b>124</b>	<b>134</b>	<b>+9.9</b>
<b>SIA Production (Jan to Mar)</b>	<b>26</b>	<b>17</b>	<b>-8</b>
<b>Isuzu SUV</b>	<b>(7)</b>	<b>(6)</b>	<b>0</b>
<b>SOA Sales (Jan to Mar)</b>	<b>44</b>	<b>44</b>	