



SUBARU

Presentation of Business Results for the 1st Quarter of FYE 2007



Fuji Heavy Industries Ltd.

July 31, 2006

<http://ir.fhi.co.jp/english/index.html>



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A Summary of Business Results

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1st Quarter : Automobile Sales (consolidated)

(Thousand Units)

	Actual Results 1Q FYE March 2006	Actual Results 1Q FYE March 2007	Changes
Domestic (Passenger Car)	18.5	16.0	- 2.5
Domestic (Minicar)	31.0	29.1	- 1.9
Domestic Total	49.6	45.1	- 4.4
U.S.	39.7	42.8	+3.1
Canada	3.6	4.0	+0.4
Europe	11.7	15.6	+3.8
Australia	10.0	10.5	+0.4
Others	5.5	6.1	+0.6
Overseas Total	70.6	78.9	+8.3
Grand Total	120.2	124.0	+3.9

(U.S and Canada figures are on the calendar year basis from Jan. to March)

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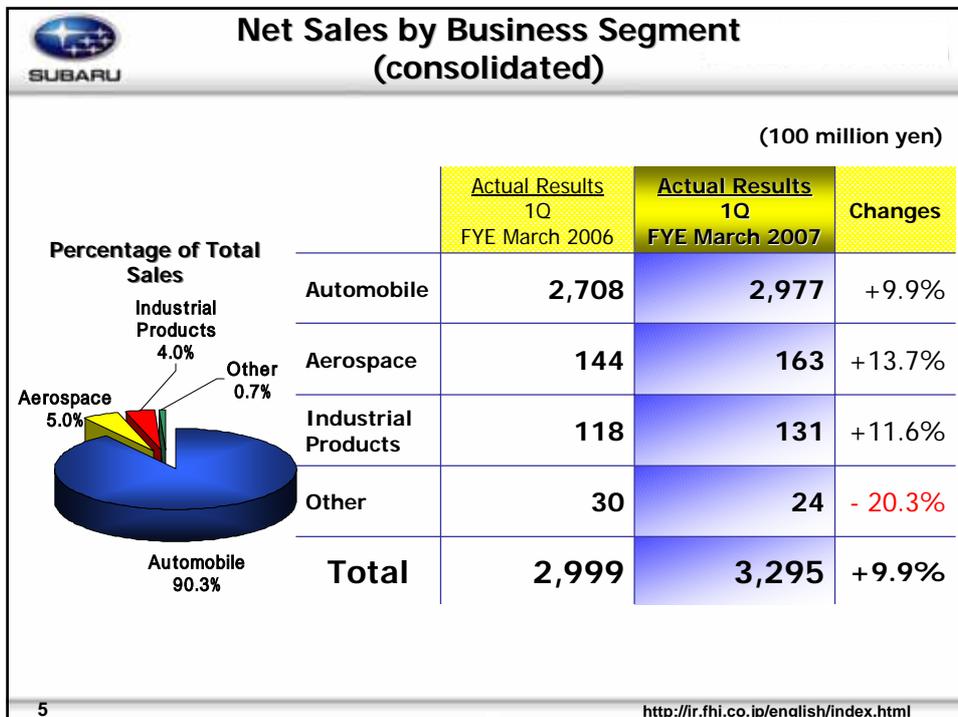
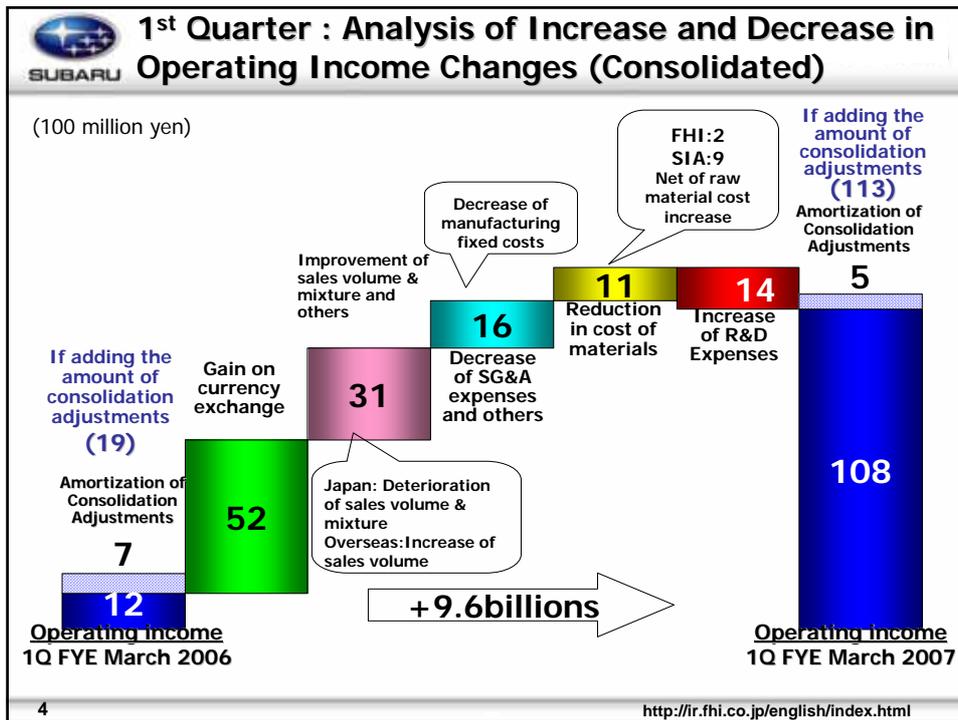
1st Quarter: Consolidated Statements of Income

(100 million yen)

	Actual Results 1Q FYE March 2006	Actual Results 1Q FYE March 2007	Changes
Net Sales	2,999	3,295	+ 296
Domestic	1,292	1,213	- 79
Overseas	1,707	2,082	+375
Operating Income	12	108	+96
Ordinary Income	4	96	+92
Net Income	- 12	46	+58
FHI Exchange Rate	¥107/\$	¥115/\$	+¥8/\$

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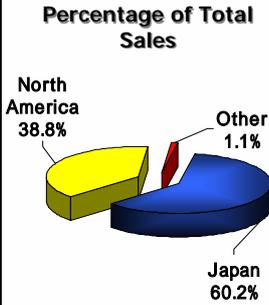




Net Sales by Geographic Area (consolidated)

(100 million yen)

Percentage of Total Sales		Actual Results 1Q FYE March 2006	Actual Results 1Q FYE March 2007	Changes
Japan		1,863	1,929	+3.5%
North America		1,096	1,328	+21.1%
Other		40	39	- 3.7%
Total		2,999	3,295	+9.9%



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Operating Results of Subsidiaries in U.S.

(million US\$)

SOA (Jan. to Mar.)	Actual results 1Q of CY 2005	Actual results 1Q of CY 2006	Changes
Net Sales	\$940	\$1,011	+71
Operating Loss	- 23	- 30	- 7
Net Loss	- 13	- 17	- 5
Retail Sales (Thousand units)	44.0	44.7	+0.7

SIA (Jan. to Mar.)	Actual results 1Q of CY 2005	Actual results 1Q of CY 2006	Changes
Net Sales	\$493	\$480	- 13
Operating Income & Loss	- 27	+17	+44
Net Income& Loss	* - 201	+9	+209
Production (Thousand Units)	27.0	29.5	+2.5

*The extraordinary loss was offset by the consolidation adjustment account in the FYE 2005.
(U.S. Subsidiaries were consolidated on calendar year basis)

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Consolidated Balance Sheets (100 million yen)

	As of March 31, 2006	As of June 30, 2006	Changes
Total Assets	13,484	13,570	+86
Current Assets	6,192	6,395	+203
Fixed Assets	7,292	7,175	- 117
Leased Assets	643*	639	- 4
Interest Bearing Debt	3,741	3,834	+93
Shareholders' Equity	4,655		-
Less Treasury Stock, at cost	- 415		-
Shareholders' Equity to Total Assets	34.5%		-
Net Assets**		4,660	-
Less Treasury Stock, at cost		- 415	-
Net Assets to Total Assets		34.2%	-
D/E Ratio	0.80	0.83	+0.02

*"Leased Assets" in Fixed Assets has been described separately from the 1st quarter of FY2007, whereas in FY 2006 "Leased Assets" was for reference.

**In accordance with the enforcement of Corporate Law since May 1, 2006, "Shareholders' Equity" was changed to "Net assets."

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<Appendix> 1st Quarter: Automobile Sales (Non-consolidated)

(Thousand Units)

	Actual Results 1Q FYE March 2006	Actual Results 1Q FYE March 2007	Changes
Domestic Production	107.9	116.2	+8.3
for SAAB	0	0.1	+0.1
Domestic Sales	55.5	51.1	- 4.4
Passenger Car	21.9	17.8	- 4.0
Minicar	33.6	33.3	- 0.4
Number of Vehicles Exported	47.2	56.0	+8.8
Components for Overseas Production	32.2	29.1	- 3.1
Total	134.9	136.2	+1.3

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Outlook for the Term Ending March 2007

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Full Year: Operating Plan (consolidated basis)

(100 million yen)

	Actual Results FYE March 2006	Plan FYE March 2007	Change
Net Sales	14,764	15,500	+ 736
Domestic	6,041	6,400	+ 359
Overseas	8,723	9,100	+ 377
Operating Income	583	500	- 83
Ordinary Income	468	500	+ 32
Net Income	156	300	+ 144
FHI Exchange Rate	¥112/\$	¥110/\$	- ¥2/\$

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The advertisement features a collage of images. At the top left, a white Subaru Stella is shown with a woman standing by the open driver-side door. Below this, two more Stella cars are displayed: a white one and a pink one. The word "STELLA" is written in a large, stylized, italicized font across the middle of the collage. To the right of the Stella images, the text "NEW LEGACY" is written in a bold, black, sans-serif font. Below the "NEW LEGACY" text is a photograph of a silver Subaru Legacy driving on a winding road through a scenic, hilly landscape under a blue sky with clouds. At the bottom of the advertisement, the Subaru logo is on the left, followed by the word "SUBARU" in a bold, black, sans-serif font. To the right of the logo and name is the URL <http://ir.fhi.co.jp/english/index.html>.