

Translation

Fuji Heavy Industries Ltd.

7-2, Nishi-Shinjuku 1-chome,
Shinjuku-ku, Tokyo

June 4, 2004

Notice of the 73rd Ordinary General Meeting of Shareholders

To our shareholders:

You are cordially invited to attend the 73rd Ordinary General Meeting of Shareholders of Fuji Heavy Industries Ltd. (the “Company”), to be held as set forth below.

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

Sincerely,

Kyoji Takenaka, President and Chief Operating Officer

1. Date and time of meeting

Friday, June 25, 2004; 10:00 am

2. Place of meeting

Park Tower Hall

7-1, Nishi-Shinjuku 3-chome,
Shinjuku-ku, Tokyo

3. Agenda

Presentation of the Business Report, Balance Sheet and Statement of Income for the 73rd Fiscal Period (April 1, 2003 through March 31, 2004).

Propositions to be Voted On

Proposition 1: Approval of the Proposed Appropriation of Retained Earnings for the 73rd Fiscal Period

Proposition 2: Amendment to the Articles of Incorporation

Proposition 3: Election of Eight (8) Directors

Proposition 4: Election of Two (2) Corporate Auditors

Proposition 5: Gratis Granting of Reservation Rights for New Shares as Stock Options

Proposition 6: Approval of Retirement Allowances to Retiring Corporate Auditors

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

INFORMATION RELATING TO EXERCISE OF VOTING RIGHTS

1. Total number of voting rights owned by all the shareholders:

775,834 rights

2. Propositions and information:

Proposition No. 1: Approval of the Proposed Appropriation of Retained Earnings for the 73rd Fiscal Period

In order to strengthen the Company's financial position and taking into consideration future business development, it is hereby proposed that retained earnings for the period under review be appropriated as described below. With regard to the year-end dividend for the period under review, it is hereby proposed that a dividend of ¥4.5 per share be paid, resulting in a full-year dividend for the period of ¥9 per share, including the interim dividend paid.

Proposed appropriation of retained earnings

(Yen)

Contents	Amount
Unappropriated retained earnings at end of the year	90,656,742,967
Reversal of dividends reserve	6,000,000,000
Reversal of retirement reserve	1,000,000,000
Total:	97,656,742,967
To be appropriated as follows:	
Dividends to shareholders (¥4.5 per share)	3,504,535,709
Directors' bonuses	100,000,000
(Corporate Auditors)	(14,000,000)
Advanced depreciation reserve	687,091,838
Other reserve	7,000,000,000
Retained earnings to be carried forward	86,365,115,420

(Notes) 1. Cash dividend for Fiscal 2004 is ¥9 per share, which includes interim dividend of ¥4.5 per share.

2. Advanced depreciation reserve is based on Special Tax Treatment Law.

Proposition No. 2: Amendment to the Articles of Incorporation

The enactment of the “Amendments to the Commercial Code and the Law for Special Exceptions to the Commercial Code Concerning Audit, Etc.” (Law No. 132 in 2003) has enabled a company to repurchase its own shares through a Board of Directors’ resolution in accordance with the provisions of the Articles of Incorporation. Accordingly, the Company intends to establish a new Article 6 as a draft amendment and make other necessary changes, in order to pursue a flexible capital policy in response to changes in the economic environment. In addition, in connection with the enactment of the “Amendments to the Commercial Code” (Law No. 44 in 2002) which has established a system for the additional purchase of shares constituting less than one full unit (*tangen*), the Company intends to establish a new Article 9 as a draft amendment and make necessary changes, in order to introduce such system and strengthen its services to its shareholders. Furthermore, the Company intends to delete the Supplementary Provisions on the extension of terms of office of Corporate Auditors, due to expiry of the provision.

The details of the revision are as follows:

(The underlined indicate amendment.)	
The existing Articles of Incorporation	Proposed amendment to the Articles of Incorporation
Chapter II. Shares (newly established)	Chapter II. Shares <u>(Repurchase of Its Own Shares)</u> <u>Article 6.</u> <u>The Company may repurchase its own shares through a Board of Directors resolution, in accordance with Article 211-3, Section 1-2 of the Commercial Code.</u>

The existing Articles of Incorporation	Proposed amendment to the Articles of Incorporation
<p>(Share Transfer Agent) Article 6.</p> <p>The Company will establish a transfer agent for its shares. The transfer agent and its place of operation will be decided by a resolution of the Board of Directors and will be publicly announced. The register of shareholders and the register of the actual shareholders (hereinafter referred to as the “Registers of Shareholders”) and the register of loss of share certificates will be placed at the transfer agent’s place of operation. Matters related to shares, including the registration of the transfer of shares, registration of pledge, indication of assets in trust or erasure thereof, purchase of shares less than a unit (hereinafter referred to as “Odd Unit Shares”), delivery of share certificates and acceptance of reports will be handled by the transfer agent, and will not be handled by the Company.</p> <p>(Number of Shares per Unit) Article 7. (text of Article omitted)</p> <p>(newly established)</p>	<p>(Share Transfer Agent) Article 7.</p> <p>The Company will establish a transfer agent for its shares. The transfer agent and its place of operation will be decided by a resolution of the Board of Directors and will be publicly announced. The register of shareholders and the register of the actual shareholders (hereinafter referred to as the “Registers of Shareholders”) and the register of loss of share certificates will be placed at the transfer agent’s place of operation. Matters related to shares, including the registration of the transfer of shares, registration of pledge, indication of assets in trust or erasure thereof, purchase <u>and additional purchase</u> of shares less than a unit (hereinafter referred to as “Odd Unit Shares”), delivery of share certificates and acceptance of reports will be handled by the transfer agent, and will not be handled by the Company.</p> <p>(Number of Shares per Unit) Article 8. (same as the current Article.)</p> <p><u>(Additional Purchase of Odd Unit Shares)</u> <u>Article 9.</u></p> <p><u>A Shareholder of the Company holding Odd Unit Shares (including a beneficial shareholder: This applies hereinafter) may demand a sale of the number of shares which, together with Odd Unit Shares, shall constitute one full unit, in accordance with the provisions set forth in Regulations for Handling of Shares.</u></p>

The existing Articles of Incorporation	Proposed amendment to the Articles of Incorporation
<p>(Regulations for Handling of Shares) Article 8.</p> <p>Types of shares, registration of the transfer of shares, registration of pledge, indication of assets in trust, purchase of Odd Unit Shares, redelivery of share certificates, and other procedures and charges related to shares will be as provided in the Regulations for Handling of Shares, which shall be decided by the Board of Directors.</p> <p>(Record Date) Article 9.</p> <p>The Company shall consider shareholders <u>(hereinafter, this term shall also include actual shareholders)</u> who have voting rights and are listed or recorded in the Registers of Shareholders as of the end of every accounting term as the shareholders who should exercise their rights in the Annual General Meeting of Shareholders for such accounting term. In addition to the preceding paragraph, in order to determine recipients of interim dividends in accordance with Article 35, and at other times as required, an extraordinary record date can be set based on the resolution of the Board of Directors with a prior public announcement of such extraordinary record date.</p> <p>Article 10 through Article 37 (text of Article omitted)</p> <p><u>Supplementary Provisions</u> <u>Notwithstanding the provisions in Article 26, regarding an auditor who is in his/her post before the closing of the general meeting of the first accounting term after May 1, 2002, his/her term of office shall be 3 years as in the past.</u></p>	<p>(Regulations for Handling of Shares) Article 10.</p> <p>Types of shares, registration of the transfer of shares, registration of pledge, indication of assets in trust, purchase <u>and additional purchase</u> of Odd Unit Shares, redelivery of share certificates, and other procedures and charges related to shares will be as provided in the Regulations for Handling of Shares, which shall be decided by the Board of Directors.</p> <p>(Record Date) Article 11.</p> <p>The Company shall consider shareholders who have voting rights and are listed or recorded in the Registers of Shareholders as of the end of every accounting term as the shareholders who should exercise their rights in the Annual General Meeting of Shareholders for such accounting term. In addition to the preceding paragraph, in order to determine recipients of interim dividends in accordance with Article 37, and at other times as required, an extraordinary record date can be set based on the resolution of the Board of Directors with a prior public announcement of such extraordinary record date.</p> <p>Article 12 through Article 39 (same as the current Article.)</p> <p>(Supplementary Provisions shall be deleted.)</p>

Proposition No. 3: Election of Eight (8) Directors

Fredrick A. Henderson resigned as a Director of the Company as of May 31, 2004. The terms of office of Directors, seven in all, will expire at the close of this Ordinary General Meeting of Shareholders. It is hereby proposed that eight Directors be elected.

The candidates for Directors are as follows.

Troy A Clarke, candidate for the position of Director, meets the requirements for outside Director as per Article 188, Section 2-7-2 of the Commercial Code.

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
1.	Kyoji Takenaka (November 28, 1946)	Apr. 1969	Joined the Company	93,000 shares
		June 1988	Staff General Manager of Product Planning Office	
		Feb. 1991	Staff General Manager of Product Planning Division	
		July 1995	Project General Manager (PLEO) of Subaru Development & Engineering Division	
		June 1999	Vice President, Project General Manager (PLEO) of Product Planning Office and General Manager of Special Version Development Department	
		Apr. 2000	Vice President, Senior General Manager of Corporate Planning Division and General Manager of Alliance Promotion Office	
		June 2001	Senior Vice President, Senior General Manager of Corporate Planning Division and General Manager of Alliance Promotion Office	
		June 2001	President and Chief Operating Officer Representative Director of the Board (present post)	
2.	Hideo Wada (March 12, 1943)	Apr. 1966	Joined the Company	22,000 shares

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
		June 1988	General Manager of Overseas Planning Department, Subaru Overseas Business Division	
		Mar. 1989	Staff General Manager to Senior Managing Director, Subaru Overseas Division	
		June 1990	General Manager of North American Sales & Marketing Department, Subaru Overseas Division	
		June 1996	General Manager of Overseas Planning Department, Subaru Overseas Division	
		June 1997	Director, Senior General Manager of Subaru Overseas Division and General Manager of Overseas Planning Department	
		June 1999	Senior Vice President, Chief General Manager of Subaru Overseas Division	
		June 2001	Director of the Board, Executive Vice President and Chief General Manager of Subaru Sales & Marketing Division	
		June 2003	Representative Director of the Board Senior Executive Vice President (present post)	
3.	Hiroshi Suzuki (May 27, 1942)	Apr. 1966	Joined The Industrial Bank of Japan, Ltd.	29,000 shares
		June 1986	Deputy General Manager, London Branch, The Industrial Bank of Japan, Ltd.	
		June 1991	General Manager, Hong Kong Branch, The Industrial Bank of Japan, Ltd.	
		June 1994	Director and General Manager, Corporate Banking Department No.7., The Industrial Bank of Japan, Ltd.	
		June 1997	Managing Director, The Industrial Bank of Japan, Ltd.	
		June 1999	Managing Director and Executive Officer, The Industrial Bank of Japan, Ltd.	

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
		June 2001	Joined the Company Director of the Board and Executive Vice President (present post)	
4.	Koichi Arasawa (January 28, 1942)	Apr. 1965	Joined the Company	19,000 shares
		June 1989	Staff General Manager to Director of Subaru Engineering Division	
		Oct. 1989	General Manager of Cost Planning Department	
		June 1993	General Manager of Chassis Design Department, Subaru Engineering Division	
		June 1995	General Manager of Product Planning Office, Subaru Development & Engineering Division	
		June 1996	Director and General Manager of Product Planning Office, Subaru Development & Engineering Division	
		June 1999	Senior Vice President and Chief General Manager of Subaru Development & Engineering Division	
		July 2001	Director of the Board, Executive Vice President and Chief General Manager of Quality Assurance Division	
		June 2003	Director of the Board, Corporate Executive Vice President (present post)	
5.	Takao Tsuchiya (August 27, 1943)	Apr. 1967	Joined the Company	18,468 shares
		Jan. 1990	Project General Manager (LEGACY), Product Planning & Management Division	
		July 1995	Staff General Manager of Product Planning Department., Subaru Development Division	
		June 1997	Director and General Manager of Engineering Management Department	

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
		June 1999	Vice President, Senior General Manager of Subaru Development and Engineering Division, and General Manager of the Engineering Administration Department and Chassis Design Department	
		Apr. 2000	Senior Vice President and Senior General Manager of Subaru Engineering Division	
		June 2003	Director of the Board, Corporate Executive Vice President (present post)	
6.	Hiroyuki Nakatsubo (July 28, 1942)	Apr. 1966	Joined the Company	21,420 shares
		Oct. 1992	General Manager of Fixed Wing Aircraft Engineering Department, Utsunomiya Plant, Aerospace Division	
		June 1995	General Manager of Business Operations Department, Utsunomiya Plant, Aerospace Division	
		June 1997	Senior General Manager of Utsunomiya Plant, and General Manager of Manufacturing Department, Utsunomiya Plant, Aerospace Division	
		June 1998	Director, Senior General Manager of Aerospace Division, Chief General Manager of Utsunomiya Plant, and General Manager of Quality Assurance Department of Utsunomiya Plant	
		June 1999	Vice President, Senior General Manager of Aerospace Division, and Chief General Manager of Utsunomiya Plant	
		Apr. 2000	Senior Vice President and Chief General Manager of Aerospace Division	
		June 2002	Senior Vice President and President of Aerospace Company	

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
		June 2003	Director of the Board, Corporate Executive Vice President (present post)	
7.	Shunsuke Takagi (October 28, 1946)	Apr. 1969	Joined the Company	20,060 shares
		Apr. 1991	Deputy General Manager of Budget & Accounting Department	
		Apr. 1994	Staff General Manager of Corporate Planning Department	
		June 1999	Vice President and General Manager of General Administration Department and Real Estate Department	
		Apr. 2000	Vice President, General Manager of Human Resources Department, General Administration Department, and Real Estate Department	
		June 2001	Senior Vice President and General Manager of Finance & Accounting Department	
		June 2003	Corporate Executive Vice President (present post)	
8.	Troy A. Clarke (May 10, 1955)	Aug. 1973	Joined General Motors Corp.	0 shares
		June 2002	Executive Vice President of General Motors Corp.	
		June 2004	Executive Vice President of General Motors Corp. and President of General Motors Asia Pacific (PTE) (current post)	
			○ President, General Motors Asia Pacific (PTE)	

* The mark “○” shows the company name and title when the candidate represents any company other than the Company.

(Note) General Motors Asia Pacific (PTE) Ltd. is an integrated manufacturing and sales company for GM cars in Asia, and has a competitive relations with the Company

Proposition No. 4: Election of Two (2) Corporate Auditors

The term of office of Corporate Auditor Takayoshi Yoshihashi will expire as of the close of this Ordinary General Meeting of Shareholders. Kunitake Nomura will resign as Corporate Auditor as of the close of this Ordinary General Meeting of Shareholders. It is hereby proposed that two Corporate Auditors be elected.

The candidates for Corporate Auditors are as follows.

Masatake Yashiro and Morihiko Tashiro, candidates for the position of Corporate Auditor, meet the requirements for outside Auditor as per Article 18, Section 1 of the Law for Special Exceptions to the Commercial Code Concerning Audit, Etc. of Kabushiki-Kaisha, and the Board of Auditors has given its consent to their nomination.

No.	Name (Date of birth)	Brief history		Number of shares of the Company held by candidate
1.	Masatake Yashiro (December 11, 1943)	Apr. 1967	Joined The Industrial Bank of Japan, Ltd.	0 shares
		Apr. 1988	Deputy General Manager of International Dept. of The Industrial Bank of Japan, Ltd.	
		June 1993	Deputy General Manager of Los Angeles Branch of the Industrial Bank of Japan, Ltd.	
		June 1996	Standing Corporate Auditor of the Industrial Bank of Japan, Ltd.	
		June 1999	Managing Executive Officer of the Industrial Bank of Japan, Ltd.	
		Apr. 2002	○Deputy President of UC Card Co., Ltd. (present post)	
2.	Morihiko Tashiro (April 16, 1938)	Apr. 1961	Enter Toyo Menka Kaisha. (currently, Tomen Corp.)	0 shares
		Oct. 1990	General Manager of Electric Information Equipment Division of Tomen Corp.	
		June 1991	Director of Tomen Corp.	
		June 1995	Managing Director of Tomen Corp.	
		June 1997	Senior Managing Director of Tomen Corp.	

No.	Name (Date of birth)	Brief history	Number of shares of the Company held by candidate
		April 2000 President of Tomen Corp.	
		June 2003 Retirement from Tomen Corp.	

* The mark “○” shows the company name and title when the candidate represents any company other than the Company.

(Note) There is no relation of special interests between the candidates and the Company.

Proposition No. 5: Gratis Granting of Reservation Rights for New Shares as Stock Options

Shareholder approval is requested to grant reservation rights for new shares as stock options to Directors, Executive Officers, Corporate Auditors and employees of the Company, as outlined below, as per Article 280, Sections 20-21 of the Commercial Code.

1. Reason for granting reservation rights for new shares with preferential conditions to persons other than shareholders.

Reservation rights for new shares will be issued gratis, as stock options, to provide incentive and raise the morale of the Company's directors, executive officers, corporate auditors and employees, in order to enhance the soundness of management and raise the level of the Company's social trustworthiness.

2. Overview of the stock option plan

- (1) Type and number of shares to be used for stock options

Up to 2,000,000 ordinary shares of the Company.

However, in the event the Company carries out a stock split or reverse stock split, the number of shares to be used for stock options not yet exercised at that time will be adjusted according to the following formula, and amounts of less than one share arising from the adjustment will be disregarded.

Adjusted no. of shares = Pre-adjustment no. of shares x (Reverse) Stock split ratio

In addition, if the Company enters into a merger with another company through absorption or the establishment of a new company and these stock options remain in effect, or if the Company carries out a spin-off through

absorption or the establishment of a new company, the number of shares will be adjusted as deemed necessary by the Company.

(2) Number of stock options

Up to 2,000 stock options (with 1 stock option representing 1,000 shares, to be adjusted as necessary as per the preceding provision).

(3) Issuing price of stock options

These stock options are to be issued gratis.

(4) Exercise price for stock options

The exercise price for a stock option will be the per share exercise price as calculated below, multiplied by the number of shares per stock option as per the provisions of (2) above.

The per share exercise price will be the average closing price for the Company's ordinary shares on the Tokyo Stock Exchange of each day (excluding days on which no trades are concluded) of the month preceding the month during which the stock option is exercised, multiplied by 1.05 (with amounts of less than ¥1 rounded up to the nearest yen).

However, if this amount is less than the closing price of the Company's ordinary shares on the on the Tokyo Stock Exchange on the exercise date, the closing price on the exercise date will be the exercise price.

In the event the Company carries out a stock split or reverse stock split after issuing these stock options, the exercise price will be adjusted according to the following formula (with amounts of less than ¥1 rounded up to the nearest yen).

$$\text{Adjusted exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{(\text{Reverse}) \text{ Stock split ratio}}$$

However, in the event the Company issues new shares or disburses treasury stock shares at a price less than the market price, the exercise price will be adjusted according to the following formula (with amounts of less than ¥1 rounded up to the nearest yen).

$$\text{Adjusted exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of previously issued shares} + \text{Number of new shares issued}}{\text{Number of previously issued shares} + \text{Number of new shares issued}} \times \frac{\text{Subscription price per share}}{\text{Market price}}$$

(5) Exercise period for stock options

These stock options may be exercised from August 1, 2006, until July 31, 2011.

(6) Conditions for the exercise of stock options

1. Persons who receive a stock option allotment may exercise those options after they cease to be a Director, Executive Officer, Corporate Auditor or employee of the Company. However, in the event a person retires voluntarily from the Company prior to reaching the age of 50, that person will forfeit the right to exercise their stock options.
2. In the event of the death of a person who has received a stock option allocation, the stock options will be transferred to that person's legal heir.
3. These stock options may not be pledged or otherwise disposed of in any manner.
4. Other conditions will be governed by a Stock Option Contract to be concluded between the Company and the Directors, Executive Officers, Corporate Auditors or employees to whom stock options are allotted, based on a resolution or resolutions of this Ordinary General Meeting of Shareholders or the Board of Directors.

(7) Cancellation of stock options

1. The Company may cancel these stock options in the event a merger contract in which the Company would cease to exist, a contract for the exchange of shares in which the Company would become the full subsidiary of another company, or the transfer of shares are approved at a general meeting of shareholders.
2. In the event a person who has received a stock option allocation forfeits the right to exercise those stock options as

per the provisions of (6)1. above, those stock options may be cancelled gratis. In this case, however, the cancellation procedure may be carried out collectively at the end of the exercise period.

(8) Restrictions on the transfer of stock options

The transfer of these stock options requires the approval of the Board of Directors.

Proposition No. 6: Granting of retirement gratuities to the retiring Corporate Auditors

It is hereby proposed that retirement gratuities be granted to Corporate Auditors, Takayoshi Yoshihashi who will retire at the close of this Ordinary General Meeting of Shareholders and Kunitake Nomura, who will resign at the close of this Ordinary General Meeting of Shareholders, in appreciation of services rendered by them while in office, within the extent of a reasonable amount in accordance with the established standards of the Company according and that determination of the actual amount, the time and method of presentation, etc. be left to consultation among the Corporate Auditors.

The brief histories of the retiring Corporate Auditors are as follows:

Name	Brief history
Takayoshi Yoshihashi	June 2001 Corporate Auditor of the Company (present post)
Kunitake Nomura	June 1999 Corporate Auditor of the Company (present post)

- END -