



**Notice of Convocation of
the 88th Ordinary General Meeting of Shareholders**

SUBARU CORPORATION

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 88th Ordinary General Meeting of Shareholders of Subaru Corporation. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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(Securities Code: 7270)

May 30, 2019

SUBARU CORPORATION

1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

Notice of Convocation of the 88th Ordinary General Meeting of Shareholders

To our Shareholders:

You are cordially invited to attend the 88th Ordinary General Meeting of Shareholders of Subaru Corporation (the “Company”), to be held as set forth below.

If you are unable to attend, your voting rights may be exercised using one of the following methods; please review the below reference documents for the general meeting of shareholders and exercise your voting rights

Sincerely,
Tomomi Nakamura,
President and CEO

1 Date	June 21, 2019 (Friday) 10 a.m. (Reception to open at 9 a.m.)				
2 Venue	The Westin Tokyo, B2F Galaxy Room 4-1 Mita 1-chome, Meguro-ku, Tokyo (at Yebisu Garden Place)				
3 Purpose of Meeting	<table><tr><td>Matters for Reporting</td><td><ol style="list-style-type: none">1. Business report, consolidated financial statements and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 88th fiscal period (April 1, 2018 to March 31, 2019)2. Report on non-consolidated financial statements for the 88th fiscal period (April 1, 2018 to March 31, 2019)</td></tr><tr><td>Matters for Resolution</td><td>Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of Three (3) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor</td></tr></table>	Matters for Reporting	<ol style="list-style-type: none">1. Business report, consolidated financial statements and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 88th fiscal period (April 1, 2018 to March 31, 2019)2. Report on non-consolidated financial statements for the 88th fiscal period (April 1, 2018 to March 31, 2019)	Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of Three (3) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor
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Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of Three (3) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor				
4 Exercise of Voting Rights	<p>[Exercise of Voting Rights by Mail]</p> <p>Please indicate your vote for or against each of the proposals on the enclosed voting form, and return the form to the Company so that it arrives no later than 6:00 p.m., Thursday, June 20, 2019 (Japan time).</p> <p>[Exercise of Voting Rights via the Internet]</p> <p>Please access the “Website for the exercise of voting rights (https://soukai.mizuho-tb.co.jp/)” designated by the Company. This site is provided in Japanese only. Once on the site, please enter the Voting Code and the Password provided on the right-hand side of the enclosed voting form and follow the instructions on screen to complete your vote for or against each of the proposals no later than 6:00 p.m., Thursday, June 20, 2019 (Japan time).</p> <p>[Matters for Acknowledgment]</p> <p>In case the voting rights are exercised in duplicate via the form and on internet, exercise of voting rights on the internet will be deemed to be the effective vote.</p> <p>In case the voting right is exercised multiple times via the internet, the last exercise shall be deemed to be the effective vote.</p>				

[Translation for Reference and Convenience Purposes Only]

	[To Institutional Investors] An electronic voting platform is available as a method for exercising a vote right.
5 Other matters concerning General Meeting of Shareholders	<p>Of the documents to be provided to shareholders in relation to this notice, information concerning matters to be stated or displayed on consolidated notes to financial statements and notes to the non-consolidated financial statements are not included in this notice, as they are made available on our website pursuant to the provisions of laws and Article 15 of the Articles of Incorporation.</p> <p>Company Website https://www.subaru.co.jp/en/ir/stock/meeting.html</p> <p>Consolidated financial statements and financial statements audited for preparation of the audit report by the Board of Corporate Auditors and accounting audit report by the accounting auditors included matters to be displayed as part of such notes to consolidated financial statements and notes to the non-consolidated financial statements in addition to matters stated on attachments to this notice.</p>

- * If you will be attending the meeting, please submit the attached voting form at the reception.
- * **Please note that agents and companions who are not shareholders will not be permitted to attend the meeting of general shareholders.**
- * In case amendments are made to reference documents for the meeting of general shareholders, business report, consolidated financial statements and/or non-consolidated financial statements, such information will be posted in the company website.
- * The contents of this notice have been posted on the company website prior to dispatch by mail from the perspective of early provision of information.

No gifts will be offered to shareholders participating in the meeting of general shareholders. We appreciate your understanding.

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings

As for the appropriation of surplus for the year under review, it is proposed as follows.

The Company positions the return to shareholders as an important managerial issue and have adopted performance linked approach based on continuous and stable dividend payouts, taking into account the business performance, investment plans, and business environment for each fiscal period.

In the new medium-term management vision “STEP” announced in July 2018, we have indicated the following policies:

- 1) Position dividends as the main form of return to shareholders, with an emphasis on stable, continuous returns; and
- 2) Yearly dividend for the next three years at 144 yen per share. Conduct share repurchases flexibly depending on cash flow.

Upon consideration of the Company’s business performance for the year under review and future business possibilities, as well as its management environment and other factors, it is hereby proposed that the year-end dividend for the 88th fiscal period be as follows.

1. Type of Dividend:

Cash

2. Regarding Dividends to Shareholders and their Amount:

¥72 per share of the Company’s common stock

Total dividends: ¥55,235,594,304

The annual dividend for the year under review would be ¥144 per share including the paid interim dividend of ¥72 per share, the same amount as the previous fiscal year.

3. Effective Date:

June 24, 2019

(Reference) Trends of Dividends, etc.

Term		85 th	86 th	87 th	88 th
		FYE2016	FYE2017	FYE2018	(Current) FYE2019
Annual dividend per share	(Yen)	144	144	144	144 (Planned)
Annual dividends	(Millions of yen)	112,432	110,460	110,466	110,471 (Planned)
Consolidated dividend payout ratio	(%)	25.7	39.4	50.1	74.7 (Planned)

Note: The annual dividend per share and annual dividends for the 88th fiscal period (the year under review) are predicated on the approval and adoption of the proposal as proposed.

Proposal No. 2: Election of Nine (9) Directors of the Board

Among the eight (8) Directors of the Board elected at the 87th Ordinary General Meeting of Shareholders of the Company held on June 22, 2018, Masaki Okawara resigned as Director on December 31, 2018, and the terms of office of all other seven (7) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, we would like to add one (1) Outside Director of the Board to enhance the management supervisory function, and it is hereby proposed that nine (9) Directors of the Board be elected.

The Company nominates as the candidates for Directors individuals who have abundant experience, superior abilities and knowledge, and high expertise appropriate for a Director of the Company in order to realize our corporate philosophy, effective corporate governance, sustainable growth, and corporate value improvement for the medium and long term. To ensure fairness and transparency of appointments concerning corporate officers, candidates for Directors are fully deliberated at the Executive Nomination Meeting composed of the Representative Directors, Director in charge of Secretarial Office, and Outside Directors based on the advice from the Board of Directors. The approved nomination proposal is submitted to the Board of Directors and finalized with a resolution of the Board.

Candidates for the position of Director of the Board are as follows:

No.		Name	Current title in the company	Attendance at the Board of Directors meetings for the year	Tenure as Director
1	Reelection	Yasuyuki Yoshinaga	Director of the Board and Chairman	16 of 16 meetings (100%)	10 years
2	Reelection	Tomomi Nakamura	Representative Director of the Board and President	12 of 12 meetings (100%)	1 year
3	New	Kazuo Hosoya	Deputy President	-	-
4	Reelection	Toshiaki Okada	Director of the Board, Corporate Executive Vice President	16 of 16 meetings (100%)	2 years
5	Reelection	Yoichi Kato	Director of the Board, Corporate Executive Vice President	16 of 16 meetings (100%)	2 years
6	Reelection	Tetsuo Onuki	Director of the Board, Corporate Executive Vice President	12 of 12 meetings (100%)	1 year
7	Reelection Outside Independent	Shigehiro Aoyama	Outside Director	16 of 16 meetings (100%)	3 years
8	New Outside Independent	Yasuyuki Abe	Outside Corporate Auditor	-	-
9	New Outside Independent	Natsunosuke Yago	-	-	-

Notes:

1. The candidates have no special interest relationships with the Company.
2. As for the attendance at the Board of Directors meetings for the year, the status of candidates for reappointment is indicated. The attendance at the Board of Directors meetings of Tomomi Nakamura and Tetsuo Onuki shows figures covering the meetings held after their assumption of office on June 22, 2018.
3. As Outside Corporate Auditor, Yasuyuki Abe attended 14 out of 16 Board of Directors meetings held this year.
4. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	 <p>Yasuyuki Yoshinaga (March 5, 1954)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1977 Joined the Company</p> <p>Oct. 1999 General Manager, Sales Planning Department, Domestic Sales Division</p> <p>Apr. 2005 Corporate Vice President, Senior General Manager, Strategy Development Division</p> <p>Jun. 2006 General Manager, Corporate Planning Department Corporate Vice President, Chief General Manager, Strategy Development Division</p> <p>Apr. 2007 Corporate Vice President, Chief General Manager, Subaru Japan Sales & Marketing Division and General Manager of Sales Promotion Department</p> <p>Jun. 2007 Corporate Senior Vice President, Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Jun. 2009 Director of the Board, Corporate Executive Vice President Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Jun. 2011 President and Chief Operating Officer Representative Director of the Board</p> <p>Jun. 2012 President and Chief Executive Officer Representative Director of the Board</p> <p>Jun. 2018 President and Chief Executive Officer Representative Director of the Board (to the present)</p>	60,296 shares


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	Yasuyuki Yoshinaga (March 5, 1954) Candidate for reelection Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u></p> <p>None applicable</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u></p> <p>Mr. Yasuyuki Yoshinaga has led the management of the Company as Representative Director of the Board and President from 2011 to 2018. He has abundant experience and knowledge as a long-serving member of the management team of the Company and its Group companies. Since assuming the office as Director of the Board and Chairman in June 2018, he has led the “Tadashii-Kaisha” Promotion Department and Compliance Office and has contributed to paving the way to the next step by steadily advancing corporate culture reforms through activities such as a “general self-inspection” and an “emergency survey on violation of laws and regulations/compliance.” Also, as Chairman of the Board of Directors, Mr. Yoshinaga has facilitated unrestricted discussion while drawing knowledge from Outside Directors. His way of leading the discussion is highly acclaimed by the members of the Board of Directors from inside and outside the company. As Chairman, we expect him to continue to facilitate unrestricted discussion at the Board of Directors meetings and further improve effectiveness of the Board of Directors meetings based on abundant experience and knowledge as a long-serving member of the management team. Therefore, we have selected him as a candidate for Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>16 of 16 meetings (100%)</p>	60,296 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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2	 Tomomi Nakamura (May 17, 1959) New candidate Male	Apr. 1982 Joined the Company Jun. 2004 General Manager, Marketing Planning Department, Subaru Japan Sales & Marketing Division Apr. 2011 Corporate Vice President, Senior General Manager, Strategy Development Division General Manager, Corporate Planning Department Jun. 2011 Corporate Vice President, Chief General Manager, Strategy Development Division General Manager, Corporate Planning Department Apr. 2013 Corporate Vice President, Senior General Manager, Subaru Global Marketing Division Senior General Manager, Subaru Overseas Sales & Marketing Division 1 Senior General Manager, Subaru Overseas Sales & Marketing Division 2 Apr. 2014 Corporate Senior Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. Apr. 2016 Corporate Executive Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. Apr. 2018 Corporate Executive Vice President Jun. 2018 President and Chief Operating Officer Representative Director of the Board (to the present)	12,198 shares

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	Tomomi Nakamura (May 17, 1959) New candidate Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u></p> <p>CEO (Chief Executive Officer), Aerospace Company, Quality <u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u></p> <p>Mr. Tomomi Nakamura has abundant experience and knowledge acquired through extensive service at the Company and Group companies mainly in sales, marketing, corporate planning, and overseas operation areas. Since assuming the office as Representative Director of the Board and President in June 2018, he has been committed to preventing any reoccurrence of nonconforming conduct relating to final vehicle inspections; he has promoted measures and improvements steadily and on a timely basis while reviewing the production system to make quality the top priority as well as closely communicating with employees by visiting the final vehicle inspection sites. On October 26, 2018, the Company stopped its Gunma production lines to verify the effect of recurrence prevention measures under his decision, and acknowledged that the measures were effectively functioning and that the soundness of the final inspection process was ensured. We have confirmed that actions similar to the nonconforming actions identified in the investigative report issued in September 2018 have not occurred since the resumption of operations on the day following October 26, 2018. Moreover, Mr. Nakamura established the Vehicle Inspection Department in the Quality Assurance Division effective from December 1, 2018 to secure independence of the operation of vehicle inspections from the manufacturing organization. Then on April 1, 2019, he revised the Subaru Quality Policy and has been leading the Company to work on developing organizational structure and corporate culture with quality as the top priority. In order to restore trust of all stakeholders as quickly as possible for the achievement of Group companies' sustainable growth under the leadership taken by Mr. Nakamura such as the above, we have selected him as a candidate for Director, expecting him to advance the key initiatives of the medium-term management vision "STEP": corporate culture reforms, quality reforms, and "Make-a-Subaru" initiative.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>12 of 12 meetings (100%)</p>	12,198 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
3	 <p>Kazuo Hosoya (July 29, 1957)</p> <p>New candidate</p> <p>Male</p>	<p>Apr. 1982 Joined the Company</p> <p>May 2006 General Manager, Corporate Planning Department at Subaru</p> <p>Jan. 2009 Corporate Deputy General Manager, Subaru Japan Sales & Marketing Division</p> <p>Jun. 2010 President, Tokyo Subaru Inc.</p> <p>Apr. 2012 Corporate Executive Officer; General Manager, Human Resources Department</p> <p>Apr. 2014 Corporate Senior Vice President; General Manager, Human Resources Department; General Manager, Career Support Office; President of Subaru Bloom Co.Ltd</p> <p>Apr. 2015 Corporate Senior Vice President, Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Apr. 2016 Corporate Executive Vice President; Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Aug. 2018 Retired from Corporate Executive Vice President</p> <p>Apr. 2018 President, Tokyo Subaru Inc.</p> <p>Dec. 2018 Retired from President of Tokyo Subaru Inc.</p> <p>Jan. 2019 Corporate Deputy President; General Manager, Manufacturing Division; Head of Gunma Plant (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Manufacturing, China Project Preparatory Office</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA)</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Kazuo Hosoya has long experience at the manufacturing sector as well as abundant experience and knowledge acquired through extensive service at the Company and Group companies mainly in human resources, corporate planning, and sales areas. We have selected him as a candidate for Director, expecting him to supervise management with consideration of interests of all stakeholders and properly conduct corporate culture reforms, to realize sustainable growth for the Group.</p>	10,421 shares

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4	 <p>Toshiaki Okada (October 30, 1960)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1984 Joined the Company</p> <p>Oct. 2004 General Manager, Sales Planning Department, Manager, 1st Sales Planning Section, Subaru Marketing Division</p> <p>Apr. 2013 Corporate Vice President, General Manager, Corporate Planning Department</p> <p>Apr. 2015 Corporate Senior Vice President, General Manager, Corporate Planning Department</p> <p>Apr. 2017 Corporate Executive Vice President & CFO</p> <p>Jun. 2017 Director of the Board, Corporate Executive Vice President & CFO (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> CFO (Chief Financial Officer), Secretarial Office, Finance & Accounting Dept., Human Resources Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>Reasons for nominating the candidate for Director of the Board)</u> Mr. Toshiaki Okada has abundant experience and knowledge acquired through extensive service at the Company and Group companies mainly in sales, procurement, and corporate planning areas. We have selected him as a candidate for Director, expecting him to supervise management with consideration of interests of all stakeholders and properly enhance financial strength and corporate governance for the whole Group, to realize sustainable growth for the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 16 of 16 meetings (100%)</p>	10,233 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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5	 <p>Yoichi Kato (September 14, 1959)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1983 Joined the Ministry of International Trade and Industry (MITI), Japanese government (Present Ministry of Economy, Trade and Industry)</p> <p>Jul. 2010 Director-General, Chubu Bureau of Economy, Trade and Industry</p> <p>Aug. 2011 Director-General, Business Environment Department, Small and Medium Enterprise Agency</p> <p>Sep. 2012 Councillor, Cabinet Secretariat</p> <p>Dec. 2012 Deputy Director-General for Policy Evaluation, (METI)</p> <p>Jun. 2013 Director-General for Regional Economic and Industry Policy</p> <p>Oct. 2014 Corporate Vice President of the Company</p> <p>Apr. 2015 Corporate Vice President General Manager, External Relations Department</p> <p>Apr. 2016 Corporate Senior Vice President General Manager, External Relations Department</p> <p>Apr. 2017 Corporate Senior Vice President General Manager, External Relations Department Chief General Manager, Corporate Administration Division</p> <p>Jun. 2017 Director of the Board, Corporate Senior Vice President General Manager, External Relations Department Chief General Manager, Corporate Administration Division</p> <p>Apr. 2018 Director of the Board, Corporate Executive Vice President General Manager, Legal Department</p> <p>Jun. 2018 Director of the Board, Corporate Executive Vice President (to the present)</p>	4,660 shares


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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
5	Yoichi Kato (September 14, 1959) Candidate for reelection Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> CRMO (Chief Risk Management Officer), Risk Management Group, External Relations Dept., Intellectual Property Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Yoichi Kato has served in significant positions at the Ministry of Economy, Trade and Industry, and accumulated experience from a non-insider viewpoint mainly in the areas of external relationship and business management at the Company and Group companies. We have selected him as a candidate for Director, expecting him to supervise management with consideration of interests of all stakeholders and properly enhance external relationship and internal control/corporate governance for the whole Group based on abundant experience and broad knowledge and expertise, as well as deep insight into corporate social responsibility, to realize sustainable growth for the Group</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 16 of 16 meetings (100%)</p>	4,660 shares


Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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6	 Tetsuo Onuki (November 15, 1960) New candidate Male	Apr. 1984 Joined the Company Apr. 2006 General Manager, Subaru Product & Portfolio Planning Division, Design Department Sep. 2008 General Manager, Subaru Engineering Division, Body Design Department Apr. 2014 Corporate Vice President, Senior General Manager, Subaru Engineering Division General Manager, Subaru Engineering Division, Body Design Department Apr. 2016 Corporate Senior Vice President, Chief General Manager, Subaru Engineering Division 1 Chief General Manager, Subaru Technical Research Center Apr. 2018 Corporate Executive Vice President & CTO Chief General Manager, Engineering Management Division Chief General Manager, Engineering Division 1 Jun. 2018 Director of the Board, Corporate Executive Vice President & CFO, General Manager of Engineering Management Division Apr. 2019 Director of the Board, Corporate Executive Vice President & CFO (to the present) <i>(Main fields of responsibilities in the Company)</i> CTO (Chief Technology Officer) <i>(Significant Positions Concurrently Held)</i> President, Subaru Research & Development, Inc.(SRD) <i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Tetsuo Onuki has abundant experience and knowledge acquired through extensive service at the Company and Group companies mainly in technology and product planning areas. We have selected him as a candidate for Director, expecting him to supervise management with consideration of interests of all stakeholders and properly enhance customer value centering on “Enjoyment and Peace of Mind”, to realize sustainable growth for the Group. <i>(Attendance at the Board of Directors meetings during the year under review)</i> 12of 12 meetings (100%)	9,602 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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7	 <p>Shigehiro Aoyama (April 1, 1947)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Male</p>	<p>Apr. 1969 Joined Suntory Limited</p> <p>Mar. 1994 Director, Manager of the Board, Spirits Division, Suntory Limited</p> <p>Mar. 1999 Managing Director, Member of the Board, Sales Development & Marketing Promotion Division, Suntory Limited</p> <p>Mar. 2001 Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited</p> <p>Mar. 2003 Senior Managing Director, Member of the Board, Corporate Planning Division, Suntory Limited</p> <p>Sep. 2005 Senior Managing Director, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited</p> <p>Mar. 2006 Executive Vice President, Member of the Board, President of Spirits, Wine & Beer Company, Suntory Limited</p> <p>Feb. 2009 Executive Vice President, COO, Member of the Board, Suntory Holdings Limited</p> <p>Mar. 2010 Executive Vice President, COO, Member of the Board, Representative Director, Suntory Holdings Limited</p> <p>Oct. 2014 Vice Chairman of the Board, Representative Director, Suntory Holdings Limited</p> <p>Apr. 2015 Supreme Advisor, Suntory Holdings Limited</p> <p>Jun. 2016 Outside Director of the Company (to the present)</p> <p>Apr. 2018 Senior Adviser, Suntory Holdings Limited</p> <p>Mar. 2019 Retired from Senior Adviser of Suntory Holdings Limited (to the present)</p>	1,400 shares

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[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	Shigehiro Aoyama (April 1, 1947) Candidate for reelection Candidate for Outside Director Candidate for Independent Director Male	<p>[Continued from the previous page] <u>(Significant Positions Concurrently Held)</u> External Director, Takamatsu Construction Group, Co., Ltd. Outside Director, Miraca Holdings Inc. President, The Distribution Economics Institute of Japan <u>(Reasons for nominating the candidate for Outside Director of the Board)</u> Mr. Shigehiro Aoyama has served in significant positions at Suntory Holdings Limited. He has abundant experience and broad knowledge and expertise as a business administrator as well as advanced knowledge in the marketing area. He has served three years as Independent Outside Director of the Company at the conclusion of the Ordinary General Meeting of Shareholders. During his tenure, Mr. Aoyama has provided valuable advice on management of the Company based on his abundant experience and extensive knowledge as well as his deep insight into corporate social responsibility. We have selected him as a candidate for Outside Director, expecting that he will continue to provide sufficient advice and supervision on all aspects of the Company's management from an independent perspective as Outside Director. <u>(Attendance at the Board of Directors meetings during the year under review)</u> 16 of 16 meetings (100%)</p>	1,400 shares

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Shigehiro Aoyama which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.
3. The Company designates Shigehiro Aoyama as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved, the Company will continue the designation.
4. During Shigehiro Aoyama's term of office as Outside Director, improper conduct cases of sample tests of fuel economy and emissions and other final vehicle inspections were identified. He had no prior knowledge of such facts. Based on his extensive experience and sharp insights, Shigehiro Aoyama has routinely provided advice regarding compliance and internal control. After the aforementioned facts were identified, he received reports concerning our efforts towards investigation of the causes of the improper conduct cases and preventive measures therefor, and made various suggestions. Based on a proposal by Outside Officers, including Mr. Aoyama, the Company established the position of Chief Risk Management Officer (CRMO) on April 1, 2019, with the aim of enhancing the effectiveness of its internal control and risk management. As Outside Corporate Auditor, he has fulfilled his responsibilities by actively providing advice necessary to reform the Company on topics such as corporate culture reforms of the organization, including that of group companies, quality reforms, and further enhancement and thorough implementation of compliance in the discussions held in management meetings among Directors and Corporate Auditors on the themes of corporate culture reforms and quality reforms as well as in Board of Directors meetings.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
8	 Yasuyuki Abe (April 17, 1952) New candidate Candidate for Outside Director Candidate for Independent Director Male	<p>Apr. 1977 Joined Sumitomo Corporation</p> <p>Jun. 2002 President and Representative Director, Sumisho Electronics Co., Ltd. (current SCSK Corporation)</p> <p>Apr. 2005 President and Representative Director, Sumisho Information System Co., Ltd. (current SCSK Corporation)</p> <p>Jun. 2009 Representative Director and Managing Executive Officer, General Manager of Financial & Logistics Business Unit, Sumitomo Corporation</p> <p>Apr. 2010 Representative Director and Managing Executive Officer, General Manager of New Industry Development & Cross-Function Business Unit, Sumitomo Corporation</p> <p>Apr. 2011 Representative Director and Senior Executive Operating Officer, General Manager of New Industry Development & Cross-Function Business Unit and General Manager of Finance Department, Sumitomo Corporation</p> <p>Apr. 2013 Representative Director and Senior Executive Operating Officer, General Manager of Corporate Planning & Coordination Department, Sumitomo Corporation</p> <p>Jun. 2015 Advisor, Sumitomo Corporation</p> <p>Jun. 2016 Outside Corporate Auditor, Subaru Corporation (scheduled to retire in June 2019)</p> <p>Jun. 2018 Retired from Advisor to Sumitomo Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u> Director of the Board(External), JVC KENWOOD Corporation Advisor, ORANGE AND PARTNERS CO., LTD.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> As Representative Director and Senior Executive Operating Officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executorial capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the field of IT. As of the conclusion of this Annual General Meeting of Shareholders, Mr. Abe will have served for three years as an independent Outside Corporate Auditor of the Company. Since during this period, he has supervised the execution of duties by Directors, as well as grasped the essence of the problems the Company faces and offered his frank opinions to the management team in a timely and appropriate manner; we judged that he would be able to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and have thus proposed him as a candidate for Outside Director.</p>	1,700 shares


Notes:

1. Yasuyuki Abe assumed the position of Outside Corporate Auditor of the Company on June 28, 2016, and he will retire from his position as of the conclusion of this Annual General Meeting of Shareholders.

[Translation for Reference and Convenience Purposes Only]

2. As Outside Corporate Auditor, Yasuyuki Abe attended 14 out of 16 Board of Directors meetings held this year.
3. The Company designates Shigehiro Aoyama as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved, the Company will continue the designation.
4. To allow the Company's Directors and Corporate Auditors to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) and Corporate Auditors to limit their liabilities for the compensation of damages under Article 423, paragraph 1 of the Companies Act. Based on this provision, the Company concluded a contract for limitation of liability with Yasuyuki Abe which limits his liability for the compensation of damages as Corporate Auditor to the amount stipulated in Article 425, paragraph 1 of the Companies Act. If his election as Director is approved in this Annual General Meeting of Shareholders, we intend to conclude a contract for limitation of liability with Yasuyuki Abe which will limit his liability for the compensation of damages as Outside Director to the amount stipulated in Article 425, paragraph 1 of the Companies Act.
5. During Yasuyuki Abe's term of office as Outside Corporate Auditor, improper conduct cases of sample tests of fuel economy and emissions and other final vehicle inspections were identified. He had no prior knowledge of such facts. Based on his extensive experience and sharp insights, Mr. Abe has routinely provided advice regarding compliance and internal control. After the aforementioned facts were identified, he received reports concerning our efforts towards investigation of the causes of the improper conduct cases and preventive measures therefor, and made various suggestions. Based on a proposal by Outside Officers, including Mr. Abe, the Company established the position of Chief Risk Management Officer (CRMO) on April 1, 2019, with the aim of enhancing the effectiveness of its internal control and risk management. As Outside Corporate Auditor, he has fulfilled his responsibilities by actively providing advice necessary to reform the Company on topics such as corporate culture reform of the organization, including that of group companies, quality reform, and further enhancement and thorough implementation of compliance in the discussions held in management meetings among Directors and Corporate Auditors on the theme of corporate culture reform and quality reform as well as in Board of Directors meetings.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
9	 Natsunosuke Yago (May 16, 1951) New candidate Candidate for Outside Director Candidate for Independent Director Male	<p>Apr. 1977 Joined Ebara Corporation</p> <p>Jun. 2002 Executive Officer, Ebara Corporation</p> <p>Apr. 2004 Senior Executive Officer and General Manager of Precision Machinery Department, Ebara Corporation, Chairman and Representative Director, Ebara Precision Machinery Europe GmbH, Chairman and Representative Director, Ebara Technologies Inc., Chairman, Shanghai Ebara Precision Machinery Co., Ltd.</p> <p>Jun. 2004 Director, Ebara Corporation</p> <p>Apr. 2005 Director, Ebara Corporation, Chairman, Ebara-Densan Taiwan Manufacturing Co., Ltd.</p> <p>Jun. 2005 Director and President of Precision Machinery Company, Ebara Corporation, Director, Fujisawa Plant</p> <p>Apr. 2006 Director and Managing Executive Officer and President of Precision Machinery Company, Ebara Corporation</p> <p>Apr. 2007 President and Representative Director, Ebara Corporation</p> <p>May 2007 President and Representative Director and General Manager of Internal Control Promotion Division, Ebara Corporation</p> <p>Jul. 2009 President and Representative Director and General Manager of Internal Control Division, Ebara Corporation</p> <p>Apr. 2013 Chairman of the Board, Ebara Corporation</p> <p>Mar. 2019 Retired from Chairman of the Board, Ebara Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u> President, Ebara Hatakeyama Memorial Foundation</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Natsunosuke Yago served as President and Representative Director and Chairman of the Board at Ebara Corporation and has extensive experience and knowledge in business management. As he is especially knowledgeable in the areas of internal control and governance, we judged that he would be able to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and have thus proposed him as a candidate for Outside Director.</p>	0 shares

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Natsunosuke Yago's election as Outside Director is approved in this Annual General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with him which will limit his liability for the compensation of damages to the amount stipulated in

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Article 425, paragraph 1 of the Companies Act.

2. Natsunosuke Yago satisfies the conditions of Independent Officer as provided for in the regulations of the Tokyo Stock Exchange. If his election is approved in this Annual General Meeting of Shareholders, the Company intends to notify the Tokyo Stock Exchange of his status as Independent Officer.
3. In September 2016, when Natsunosuke Yago was serving as Director of Ebara Corporation, it was identified that regarding the construction work mainly carried out by an affiliate company of Ebara Corporation involving changing existing sewage pipes in an apartment building, some of the employed construction methods did not conform to the Building Standards Act. He had no prior knowledge of such facts. Based on his extensive experience and sharp insights, Mr. Yago routinely provided advice regarding compliance and internal control. After the aforementioned facts were identified, he received reports concerning our efforts towards investigation of the causes of the problems and preventive measures therefor, and made various suggestions. He fulfilled his responsibilities by implementing the necessary improvement measures in response to guidance by the Ministry of Land, Infrastructure and Transport (MLIT) and local authorities, and other means.

[Translation for Reference and Convenience Purposes Only]


Proposal No. 3: Election of Three (3) Corporate Auditor

As of the conclusion of this Annual General Meeting of Shareholders, the term of office of Corporate Auditors Mr. Akira Mabuchi and Mr. Shinichi Mita will expire, and Mr. Yasuyuki Abe will retire. Accordingly, the election of three (3) Corporate Auditors is proposed.

The proposal has been approved by the Board of Corporate Auditors.

The candidates for Corporate Auditor are as follows.

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
1	 <p>Akira Mabuchi (September 11, 1953)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1979 Joined the Company</p> <p>Jul. 2000 Manager of Chassis Design Division, Subaru Technical Department</p> <p>Apr. 2005 Executive Officer, Vice-General Manager of Subaru Technical Department, Manager of Technical Management Department</p> <p>Jun. 2007 Managing Executive Officer, General Manager of Subaru Technical Department</p> <p>Apr. 2009 Managing Executive Officer, General Manager of Strategy Development Division</p> <p>Jun. 2010 Director of the Board, Corporate Executive Vice President & CFO, General Manager of Strategy Development Division</p> <p>Jun. 2011 Director of the Board, Corporate Executive Vice President & CFO</p> <p>Oct. 2011 Director of the Board, Corporate Executive Vice President & CFO, Head of China Project Office</p> <p>Apr. 2015 Director of the Board, Corporate Executive Vice President & CFO</p> <p>Jul. 2015 Standing Corporate Auditor of the Company (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Corporate Auditor, Subaru Kohsan Co., Ltd.</p> <p>Corporate Auditor, Tokyo Subaru Inc.</p> <p><u>(Reasons for nominating the candidate for Corporate Auditor)</u></p> <p>Mr. Akira Mabuchi has extensive experience and knowledge especially in fields such as technology and management strategy through his long service in the Company and its group companies. Starting from 2010, as Director of the Board, Corporate Executive Vice President & CFO, he was involved in the Company's management in both a supervisory and executional capacity, and he has been involved in supervision of the Company's management as Standing Corporate Auditor since 2015. He had no prior knowledge of the improper conduct cases relating to final vehicle inspections, and he routinely provided advice regarding compliance and internal control. After the aforementioned facts were identified, he received reports concerning our efforts towards investigation of the causes of the problems and preventive measures therefor, and made various suggestions. In view of Mr. Mabuchi's background and activities mentioned above, we have proposed him as a candidate for Corporate Auditor with the expectation that he will continue to perform his duties as Corporate Auditor in an appropriate manner.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>13 of 13 meetings (100%)</p>	43,800 shares

Notes: To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract for

[Translation for Reference and Convenience Purposes Only]

limitation of liability with Akira Mabuchi which limits his liability for the compensation of damages to the amount stipulated in Article 425, paragraph 1 of the Companies Act. If his reelection as Corporate Auditor is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
2	 Shigeru Nosaka (September 22, 1953) New candidate Candidate for Outside Director Candidate for Independent Director Male	Apr. 1976 Joined Marubeni Corporation Dec. 1989 Joined Apple Computer Japan Co., Ltd. Mar. 1996 Joined Allergan Japan KK Nov. 1996 Senior Executive Officer and CFO, Japan Communications Inc. Apr. 2002 Vice President for Finance under the CEO of Oracle Corporation Japan Aug. 2002 Director and Managing Executive Officer and CFO, Oracle Corporation Japan Jun. 2004 Director and Managing Executive Officer, CFO for Finance, Infrastructure Development, and Application IT, and General Manager of Finance, Oracle Corporation Japan Nov. 2005 Left Oracle Corporation Japan Oct. 2007 Managing Executive Officer, CFO for Finance and IT and General Affairs, and General Manager of Finance, Oracle Corporation Japan Aug. 2008 Director and Managing Executive Officer, CFO for Finance, Facilities, IT, and Management Auditing, Oracle Corporation Japan Jun. 2011 Director & Executive Vice President, and CFO, Oracle Corporation Japan Aug. 2018 Vice Chairman of the Board, Oracle Corporation Japan (to the present) <u>(Significant Positions Concurrently Held)</u> Outside Director, Yamaha Corporation (scheduled to retire in June 2019) <u>(Reasons for nominating the candidate for Corporate Auditor)</u> As Director & Executive Vice President and Vice Chairman of the Board of Oracle Corporation Japan, Mr. Shigeru Nosaka has been involved in management in both a supervisory and executorial capacity and possesses extensive experience and knowledge in business management. He has served as CFO of Oracle Corporation Japan for many years and has ample knowledge on finance and accounting. We have proposed him as a candidate for Outside Corporate Auditor with the expectation that he will perform the duties as Outside Corporate Auditor of the Company in an appropriate manner.	0 shares

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Shigeru Nosaka's election as Outside Corporate Auditor is approved in this Annual General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with him which will limit his liability for the compensation of damages to the amount stipulated in Article 425, paragraph 1 of the Companies Act.
2. Mr. Nosaka satisfies the conditions of Independent Officer as provided for in the regulations of the Tokyo Stock Exchange. If his election is approved in this Annual General Meeting of Shareholders, the Company intends to notify the Tokyo Stock Exchange of his status as Independent Officer.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
3	 Kyoko Okada (July 26, 1959) New candidate Candidate for Outside Director Candidate for Independent Director Female	Apr. 1982 Joined Shiseido Co., Ltd. Sep. 2004 CSR Division, Shiseido Co., Ltd. Apr. 2006 Corporate Culture Department, Shiseido Co., Ltd. Oct. 2011 Manager of Corporate Culture Division, Shiseido Co., Ltd. Oct. 2012 Manager of Corporate Culture Department, Group Leader for the 150-Year History Compilation Project, Shiseido Co., Ltd. Apr. 2015 Manager of General Affairs Department Secretariat, Shiseido Co., Ltd. Jun. 2015 Standing Corporate Auditor, Shiseido Co., Ltd. Mar. 2019 Retired from Standing Corporate Auditor, Shiseido Co., Ltd. (to the present) <u>(Significant Positions Concurrently Held)</u> Director, Japan Cancer Society <u>(Reasons for nominating the candidate for Corporate Auditor)</u> Ms. Kyoko Okada has accumulated extensive experience and knowledge in areas such as CSR and corporate culture at Shiseido Co., Ltd. and has also been involved in reviewing the company's management as Corporate Auditor. She has worked at a company that handles numerous products for women, and we have proposed her as a candidate for Outside Corporate Auditor with the expectation that she will perform the duties as Outside Corporate Auditor of the Company in an appropriate manner, including providing advice concerning the Company's challenges from a viewpoint unique to women.	0 shares

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Kyoko Okada's election as Outside Corporate Auditor is approved in this Annual General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with her which will limit her liability for the compensation of damages to the amount stipulated in Article 425, paragraph 1 of the Companies Act.
2. Kyoko Okada satisfies the conditions of Independent Officer as provided for in the regulations of the Tokyo Stock Exchange. If her election is approved in this Annual General Meeting of Shareholders, the Company intends to notify the Tokyo Stock Exchange of her status as Independent Officer.

Proposal No. 4: Election of One (1) Substitute Corporate Auditor

At the commencement of the 88th Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 87th Ordinary General Meeting of Shareholders held on June 22, 2018, expires. Therefore, it is proposed that one (1) Substitute Auditor for Outside Corporate Auditor be elected in case a vacancy of the statutory number of Corporate Auditors arises.

The candidate for the position of Substitute Auditor for Outside Corporate Auditor is as follows:

The validity of the resolution on the election of Hirohisa Ryu shall expire at the opening of the first Ordinary General Meeting of Shareholders to be held after said resolution is made, and can be nullified by resolution of the Board of Directors, with the consent of the Board of Corporate Auditors Meeting, only before he assumes office.

The proposal has been approved by the Board of Corporate Auditors Meeting.

Name (Date of Birth)	Biography, Significant Positions Concurrent Held, and Reasons for Nominating the Candidate for Substitute Corporate Auditor	Number of the Company's Shares Held
Hirohisa Ryu (August 4, 1964) Male	<p>Apr. 1994 Certified as an attorney and joined Tokyo Hatchobori Law Office.</p> <p>Apr. 2001 Assistant Chief of Financial Crisis Response Office, Planning and Management Division, Supervision Bureau of Finance Services Agency (under fixed-term contract).</p> <p>Apr. 2003 Returned to Tokyo Hatchobori Law Office.</p> <p>Apr. 2004 Partner at Tokyo Hatchobori Law Office (to the present)</p> <p>Jun. 2013 Outside Corporate Auditor, eGuarantee, Inc.</p> <p>May. 2017 Outside Auditor, Renown Incorporated (to the present)</p> <p><u>(Reasons for nominating the candidate for Outside Substitute Corporate Auditor)</u></p> <p>With his long career as an attorney, and having worked as an outside corporate auditor and a fixed-term official of FSA, Mr. Hirohisa Ryu has both scholarly knowledge and practical experience regarding corporate legal affairs. Although he has no experience dealing directly with corporate management other than as an outside auditor, he has expert knowledge of corporate management acquired through his extensive hands-on experience in corporate legal, accounting and financial affairs.</p> <p>Based on the above, the Company concluded that he is capable as an Outside Corporate Auditor and should be able to fulfill the relevant duties appropriately if he takes office.</p>	0 shares

Notes:

- Hirohisa Ryu has no special interest relationship with the Company.
- Hirohisa Ryu is nominated for Substitute Auditor for Outside Corporate Auditor.
- To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if he assumes office as the Corporate Auditor, the Company will conclude the above contract to set the upper limit for their liabilities at the amount stipulated under Article 425, Item 1 of the Companies Act with him.
- After Mr. Ryu assumes office, the Company will register him as the Independent Corporate Auditor set forth by Tokyo Stock Exchange.

[Translation for Reference and Convenience Purposes Only]

(Reference) Structure of the Board of Directors and Board of Corporate Auditors after approval of Proposals Nos. 2 and 3

If Proposals Nos. 2 and 3 are approved without amendment, the structure of the Board of Directors and Board of Corporate Auditors will be as follows.

- Structure of the Board of Directors (tentative)

Name	Date of birth Sex	Position (tentative)	
Yasuyuki Yoshinaga	(March 5, 1954) Male	Director of the Board and Chairman	Chairman of the Board
Tomomi Nakamura	(May 17, 1959) Male	Representative Director of the Board, President and CEO	Chairman of the Executive Nomination Meeting Chairman of the Executive Compensation Meeting
Kazuo Hosoya	(July 29, 1957) Male	Representative Director of the Board & Executive Vice President	Member of the Executive Nomination Meeting Member of the Executive Compensation Meeting
Toshiaki Okada	(October 30, 1960) Male	Director of the Board, Corporate Executive Vice President & CFO	Member of the Executive Nomination Meeting Member of the Executive Compensation Meeting
Yoichi Kato	(September 14, 1959) Male	Director of the Board, Corporate Executive Vice President & CRMO	
Tetsuo Onuki	(November 15, 1960) Male	Director of the Board, Corporate Executive Vice President & CTO	
Shigehiro Aoyama	(April 1, 1947) Male	Outside Independent Directors	Member of the Executive Nomination Meeting Member of the Executive Compensation Meeting
Yasuyuki Abe	(April 17, 1952) Male	Outside Independent Directors	Member of the Executive Nomination Meeting Member of the Executive Compensation Meeting
Natsunosuke Yago	(May 16, 1951) Male	Outside Independent Directors	Member of the Executive Nomination Meeting Member of the Executive Compensation Meeting

- Structure of the Board of Corporate Auditors (tentative)

Name	Date of birth Sex	Position (tentative)	
Akira Mabuchi	(September 11, 1953) Male	Standing Corporate Auditor	
Shuzo Haimoto	(June 27, 1954) Male	Standing Corporate Auditor	
Shigeru Nosaka	(September 12, 1953) Male	Outside Independent Corporate Auditors	
Kyoko Okada	(July 26, 1959) Female	Outside Independent Corporate Auditors	

[Translation for Reference and Convenience Purposes Only]

(Reference) Criteria for Independence of Outside Officers

The Company considers that it is desirable for outside directors and outside corporate auditors (hereafter, collectively referred to as “outside officers”) to maintain independence to the maximum extent possible, in order to ensure corporate management with high levels of objectivity and transparency and a strong management oversight function, and to improve corporate value.

Accordingly, the Company shall set the criteria for independence and conduct an investigation to the extent reasonably possible. If any of the following items apply to an outside officer, the Company deems that the relevant outside officer does not maintain adequate independence.

1. A person engaged in business execution^{*1} of the Company and its current consolidated subsidiaries (hereafter, referred to as the “Group”)
2. A major shareholder^{*2} of the Company or a person engaged in business execution of a major shareholder
3. A major business partner^{*3} of the Group or a person engaged in business execution of such business partner, or a business partner for whom the Group is a major business partner^{*4} or a person engaged in business execution of such business partner
4. A person engaged in business execution of the Group’s major lender^{*5}
5. A party whose shares corresponding to 5% or more of the voting rights the Group holds, or a person engaged in business execution of such party
6. A person who belongs to the accounting firm that performs statutory audits of the Company
7. A consultant, accounting professional or legal professional obtaining large amounts^{*6} of money or other financial benefits other than officers’ compensation from the Company (if such financial benefits are obtained by an organization, such as an incorporated entity and union, a person belonging to such organization)
8. A person or a person who belongs to a corporation or association receiving a large donation^{*6} from the Group and who is directly engaged in the activity for the donation
9. If a person engaged in business execution of the Group is concurrently holding the position of outside officer at another company, a person engaged in business execution of such company
10. Close relatives^{*7} of a person who fall within any of items 1. through 9. above
11. A person who fall within any of items 2. through 10. above during the past 5 years
12. A person who has been holding the position of outside officer of the Company for a cumulative total of eight or more years
13. A person for whom a substantial conflict of interest may constantly occur with the Company’s general shareholders as a whole for reasons other than those considered in items 1. through 12. above

^{*1} A person engaged in business execution refers to executive directors, executive officers, corporate vice presidents or other persons performing an equivalent function and employees who belong to the Group currently.

^{*2} A major shareholder refers to a shareholder holding 5% or more of the voting rights of the Company in their own name or another person’s name as of the end of the most recent fiscal year. If a major shareholder is an organization such as an incorporated entity and union, a person engaged in business execution of item 2. refers to such person who belongs to said organization.

^{*3} A major business partner of the Group refers to a business partner with which the Company conducts business transactions for which net sales, etc., in any one fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the Group’s annual consolidated net sales, etc., in the relevant fiscal year.

^{*4} A business partner to which the Group is a major business partner refers to a business partner with which the Company or its consolidated subsidiaries conduct business transactions for which net sales, etc., in any one fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the annual net sales, etc., of the said company group.

^{*5} A major lender refers to a financial institution from which the Group borrows funds for which the outstanding borrowings as of the end of the most recent fiscal year exceed 2% of the consolidated total assets of the Company.

^{*6} A large amount refers to a case in which the amount of consideration or donation received from the Company exceeds 10 million yen for an individual and either higher amount of followings 10 million yen or 2% of annual gross income or consolidated net sales for an incorporated entity or association per year.

^{*7} Close relatives refer to spouses and first- and second-degree relatives.

Attachments

Business Report for the Fiscal Year Ended 2019 (April 1, 2018 to March 31, 2019)

1. Matters concerning the status of SUBARU GROUP

(1) Progress and Results

The global economy remained stable for the current fiscal year although uncertainties continued for reasons such as trends in trade issues. As the employment and income environment improved and consumer spending recovered, the Japanese economy also continued on a gradual recovery path. Given this backdrop, the exchange rate was mostly stable.

With the aim of gaining the sympathy and confidence of customers through the provision of “Peace of mind and enjoyment”, the SUBARU Group set out a mid-term management vision called “STEP” which was released in July 2018. Based on the slogan: “From a company making things, to a company making people smile”, the following set of three goals was established as a vision for 2025:

Vision for 2025

1. Become a brand that is “different” from others by enhancing distinctiveness.
2. Engage in business activities that resonate with customers by putting them center-stage.
3. Fulfill corporate social responsibilities by contributing to diversifying social needs.

Based on the “STEP” prioritizing the corporate culture reforms to enhance the corporate quality (including with regard to the product quality) and dedicated to the protection of human life through safety measures aiming to achieve zero fatal road accidents* by 2030, the Group will intensify its efforts to build a strong brand and sustainable growth based on focus strategy.

*Reducing to zero the number of fatal accidents occurring while a driver or passenger in a Subaru and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a Subaru.

Net sales in the period under review decreased by ¥72.2billion (2.2%) from the previous fiscal year to ¥3,160.5 billion due to the fall in automobile unit sales.

The increase in quality-related expenses triggered by the recall of Engine parts in November 2018 and the decrease in automobile unit sales affected both operating income and ordinary income, which respectively dropped by ¥183.9 billion (48.5%) to ¥195.5 billion and by ¥183.7 billion (48.3%) to ¥196.2 billion compared with the previous fiscal year. Net income attributable to owners of the parent also fell by ¥72.5 billion (32.9%) from the previous fiscal year to ¥147.8 billion.

	Amount of money (Million yen)	Change from end of previous fiscal year (%)
Net Sales	3,160,514	(2.2)
Operating Income	195,529	(48.5)
Ordinary Income	196,239	(48.3)
Net Income Attributable to Owners of the Parent	147,812	(32.9)

The Company reported the improper conduct cases of final vehicle inspections identified in October 2017 to the MLIT twice, on December 19, 2017 and April 27, 2018, and the MLIT required us to conduct a thorough investigation and establish recurrence prevention measures with respect to the improper conduct cases of sample tests of fuel economy and emissions and other final vehicle inspections on June 5, 2018. In response to this, the Company retained a team of external experts including attorneys to conduct a thorough investigation from an objective and neutral standpoint and released an investigation report on September 28, 2018. As improper conducts in final vehicle inspections were newly identified by this investigation, we reported a recall on October 11, 2018. In addition, as it was found that a part of improper conducts continued in an internal investigation triggered by the on-site inspection conducted by MLIT in October 2018, we reported a recall on November 8, 2018.

The Company has implemented various measures such as the thorough reinforcement of education to final vehicle inspectors, review of personnel deployment, immediately feasible improvement of facilities, and software changes for inspection devices since the end of 2017. In view of this situation, management level personnel took much time in participating in on-site final vehicle inspections, held discussions with on-site final vehicle

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inspectors, and verified the effects of various recurrence prevention measures that had already been implemented, and ensured compliance. Subsequently, after stopping the production line and verifying the effects of the recurrence prevention measures on October 26, 2018, it was recognized that the recurrence prevention measures were functioning effectively and that the soundness of final vehicle inspection processes had been ensured, and on the same day, it was confirmed that the previously identified improper conducts had ceased.

Since the next operation day following October 26, 2018, no conducts similar to the improper conducts identified in previous investigations have been confirmed.

Due to the situation relating to the series of improper conduct cases mentioned above, the Company received a recommendation of actions such as review and thorough implementation of recurrence prevention measures from the MLIT on November 14, 2018. The MLIT notified the Tokyo District Court to apply a civil fine against the Company in accordance with the Road Transport Vehicle Act on December 19, 2018, as part of the improper sample tests constituted a case of partial non-implementation of important final vehicle inspections. As a result, on March 8, 2019, the Tokyo District Court imposed a non-penal fine of 83.4 million yen on the Company.

The Company takes this situation caused as a result of a series of improper conduct cases extremely seriously. We made organizational changes such as new establishment of the Vehicle Inspection Department in the Quality Assurance Division on December 1, 2018, and reshuffled the officers in charge of the Manufacturing Division on January 1, 2019, in order to steadily and more vigorously promote recurrence prevention against the series of improper conduct cases. All employees will strive together toward a workplace having high normative consciousness, and we are determined to make our utmost efforts to restore trust of all stakeholders including customers and shareholders as soon as possible.

*Please refer to our website (<https://www.subaru.co.jp/kensa/top.html>) for the details of our release.

(Automobile Division)

Total automobile demand in the United States, which is a priority market for us, was 17.16 million units (decrease on 0.9% year-on-year) with decrease in passenger vehicle and increase in light trucks including SUVs compared with the previous fiscal year. As to the total automobile demand in Japan, compared with the previous fiscal year, passenger cars remained steady year-on-year while minicars increased to 5.26 million units (an increase of 1.2% from the previous fiscal year).

With such trends of total demand, overseas retail sales remained stable in North America, which is a priority market for us, contributed by strong sales of Ascent, a new model vehicle newly launched. However, total unit sales dropped by 39 thousand units (4.3%) from the previous fiscal year to 865 thousand units due to the decrease in shipment of Forester, which had not been fully remodeled for the first half of this fiscal year. Overall domestic sales also decreased by 28 thousand units (17.2%) from the previous fiscal year to 135 thousand units due to the decline in sales of Impreza, SUBARU XV and Levorg, while the sales of Forester, which was fully remodeled in July, grew steadily.

Combined domestic and overseas unit sales thus decreased by 67 thousand units (6.3%) from the previous fiscal year to 1 million units, with net sales dropping by ¥47.9 billion (1.6%) to ¥3,014.5 billion. Segment income also decreased by ¥176.5 billion (48.8%) from the previous fiscal year to ¥184.9 billion.

Unit sales by region in the period under review are as shown below.

(Units in thousands and percentage change from the previous period)

	FYE2019	Change	Change (%)
Total in Japan	135	(28)	(17.2)
Passenger cars	110	(23)	(17.2)
Minicars	26	(05)	(17.1)
Total Overseas	865	(39)	(4.3)
North America	717	(11)	(1.5)
Europe/Russia	40	(8)	(16.1)
Australia	42	(14)	(25.0)
China	23	(4)	(15.2)
Other regions	43	(2)	(4.3)
Total	1,000	(67)	(6.3)

[Translation for Reference and Convenience Purposes Only]

With respect to product and safety, SUBARU's safety performance was highly appreciated by third party agencies.

In the US, Ascent, Outback, Legacy, Crosstrek (Japanese name: SUBARU XV), Impreza (sedan), Impreza (5 door), WRX, and Forester (8 models all equipped with EyeSight) were awarded the Top Safety Pick+ award by the Insurance Institute for Highway Safety (IIHS) in the latest 2019 safety evaluation.

In Japan, Forester was awarded the highest rank of Preventive Safety Evaluation ASV+++ in the automobile assessment for comparing and evaluating automobile safety performance that was conducted by the MLIT and the National Agency for Automotive Safety and Victims' Aid (NASVA). Additionally, in the 68th JSAE Awards held by the Society of Automotive Engineers of Japan, Inc., five of our engineers won the Technological Contribution Award for creating a pedestrian protection airbag which significantly enhances safety, and which has a simple structure enabling it to be used widely.

Aiming to contribute to the conservation of the global environment, we released our first ever plug-in hybrid model Crosstrek Hybrid in the US.

(Aerospace Division)

Deliveries to the Japan Ministry of Defense saw sales decrease from the previous fiscal year, partly because the performance of a contract for the test production of a new multi-purpose helicopter for the Ground Self-Defense Force had been completed.

Affected by the decline in production of Boeing 777 aircraft, the sales in the civilian market also fell below the previous fiscal year.

As a result, overall sales decreased by ¥10.5 billion (7.4%) from the previous fiscal year to ¥131.7 billion. Segment income also fell by ¥6.2 billion (50.7%) from the previous fiscal year to ¥6 billion.

This year, our Company and Bell Helicopter Textron Inc. (US) announced collaboration on the development of the SUBARU BELL 412 EPX, our latest commercial helicopter that was type-certified by the US Federal Aviation Administration on July 5, 2018. In Japan, we received approval for type-design modification from the MLIT's Civil Aviation Bureau on January 18, 2019. We also developed and manufactured a prototype model of a new multipurpose helicopter for the Japan Ground Self-Defense Force which uses the same platform as the SUBARU BELL 412 EPX and delivered it to the Ministry of Defense on February 28, 2019.

(Other Businesses)

The net sales was 14.4 billion yen, a decrease of 13.8 billion yen (49.0%) compared to the previous fiscal year. Segment income also dropped by 1.2 billion yen (24.1%) from the previous fiscal year to 3.8 billion yen.

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

	Net Sales				Segment Income			
	87 th FYE2018	88 th FYE2019	Change	Change (%)	87 th FYE2018	88 th FYE2019	Change	Change (%)
Automobile Div.	3,062,340	3,014,476	(47,864)	(1.6)	361,454	184,947	(176,506)	(48.8)
Aerospace Div.	142,163	131,669	(10,494)	(7.4)	12,259	6,047	(6,212)	(50.7)
Other Businesses	28,192	14,369	(13,823)	(49.0)	5,066	3,846	(1,220)	(24.1)
Adjustments	—	—	—	—	668	689	21	3.1
Total	3,232,695	3,160,514	(72,181)	(2.2)	379,447	195,529	(183,918)	(48.5)

Notes: 1. Net sales are sales to outside customers.

2. Adjustment to segment income refers to the elimination of intersegment transactions.

3. The display method has been partially changed from this term, and for the 87th term, they have been recorded with the numerical values from after the retroactive applications.

(2) Status of Assets and Profit/Loss

Category		85 th	86 th	87 th	88 th
		FYE2016	FYE2017	FYE2018	(Current) FYE2019
Net Sales	(Million yen)	3,232,258	3,325,992	3,232,695	3,160,514
Operating Income	(Million yen)	565,589	410,810	379,447	195,529
Ordinary Income	(Million yen)	576,972	394,330	379,934	196,239
Net Income Attributable to Owners of Parent	(Million yen)	436,654	282,354	220,354	147,812
Operating Margin	(%)	17.5	12.4	11.7	6.2
Net Income Per Share	(Yen)	559.54	365.77	287.40	192.78
Total Assets	(Million yen)	2,592,410	2,762,321	2,866,474	2,982,725
Net Assets	(Million yen)	1,349,411	1,464,888	1,561,023	1,612,825
Net Assets Per Share	(Yen)	1,721.90	1,902.56	2,025.31	2,093.60
Return on Equity	(%)	36.9	20.2	14.6	9.4
Shareholders' Equity	(%)	51.8	52.8	54.2	53.8

Notes:

1. The display method has been partially changed from this term, and for the 87th term, they have been recorded with the numerical values from after the retroactive applications.
2. The net income per share has been calculated with the average number of shares during the year, and the net asset value per share has been calculated with the number of shares issued at the end of the period, and the calculations were made by deducting the treasury stock.

(3) Issues That Must Be Addressed

[1] Measures against improper conducts pertaining to final inspections

The Company determined that the soundness of the completion inspection process on October 26, 2018, and confirmed that the improper conduct that was ascertained on the same day had ended, and conducts similar to the improper conducts that were ascertained in the investigations until now were not confirmed. The Company are determined to restore trust of all stakeholders as soon as possible by further accelerating the efforts to become a company that truly does the right thing in the right way and executing corporate culture reform. We have implemented various recurrence prevention measures, which are divided into the following four categories:

- Enhancement of a sense of ownership and clarification of roles and responsibilities of the management personnel for compliance and quality assurance
- Measures to detect and prevent improper works
- Establishment of readiness to promptly correct improper works when occurred
- Measures that are promptly implemented and continuously operated in the future

The Company subdivided the above recurrence prevention measures into 65 items and implemented them. We have completed the implementation of 57 items until the present time. The Company will be united in its efforts to enhance and improve all the time the recurrence prevention measures and make them more reliable.

*Please refer to our website (<https://www.subaru.co.jp/kensa/top.html>) for the details of our release.

[2] Promotion of the “STEP” mid-term management vision

While the automobile industry has entered a revolutionary period, we recognize that it is necessary to identify the significant changes in the business environment and comply with them with a sense of speed. As mentioned above, the Company announced a mid-term management vision called STEP in July 2018 with the aim of becoming a presence that is sympathized and trusted by our customers by providing “a peace of mind and joy”. We are engaged in activities by considering corporate culture reforms, quality reforms, and “Subaru-zukuri” (Make-a-Subaru) project as the highest priority themes in this vision.

The overview of the “STEP” activities, the new mid-term management vision, is explained on the following page.

(Corporate culture reforms)

We aim to become a company that can respond swiftly and flexibly to change by being more sensitive to the times and the outside world while preserving Subaru’s DNA. The initiatives include a reform of human resources/organization and promotion of IT utilization to overall business activities as well as enhancement of both quality and quantity of communication with the top executive and management team with an aim to accelerate the initiatives.

[Translation for Reference and Convenience Purposes Only]

(Quality reforms)

We strive to be No.1 for the quality that enables customers to enjoy long-term ownership with peace of mind.

The initiatives include a review of all quality-related processes from product planning to production, improvement of manufacturing plants through means such as IT utilization, reinforcement of quality management systems, and maintenance of service operations to customers. We have set an investment framework of 150 billion yen (5 years) to enhance overall quality. In addition, we revised the Quality Policies on April 1, 2019, and we will implement specific actions with a slogan of Quality as a Top Priority being a milestone shared by all employees.

(Launch “Make-a-Subaru” project)

We launched the “Make-a-Subaru” project aimed at raising customer value with high quality, high added value, and low costs. It is a new initiative to elevate car-making to “a-Subaru-making” that goes beyond manufacturing, involving the whole process of raising customer value ranging from product planning to service activities.

We aim to achieve sustainable growth and corporate value improvement for the medium and long term for SUBARU Group through the above initiatives. We would like to ask for our shareholders’ continued support and guidance in the future.

“STEP” mid-term management vision: Initiatives overview (9 Boxes + 1)

0	“Change the Culture” Corporate culture reforms	<ul style="list-style-type: none"> - Accelerate efforts to become “a company that does the right thing in the right way.” - Continuous efforts aimed at corporate culture reforms. 		
		“Mono-zukuri” (Car-making)	Sales and service	New mobility domain
1	Enhance corporate quality	Quality reforms	Enhance quality at customer contact points	Alliance enhancement
2	Build a strong brand	More enjoyment, more peace of mind	From “A car you can love” to “A car, a brand, and people you can love”	Generate new value through connected car technologies
3	Sustainable growth based on focus strategy	Launch “Make-a-Subaru” project	-Target 5% share in the U.S. - Steady growth in each region	Initiatives to create new technologies and businesses

*Please refer to our website (<https://www.subaru.co.jp/en/ir/management/plan/>) for the details of STEP, the Company’s mid-term management vision.

(4) Capital Expenditures

The amount of capital expenditure for FYE2019 was 113.5 billion yen. Main investments included enhancement of existing production facilities for automotive business, facilities related to production of new model vehicles, sales facilities, research and development facilities, as well as production facilities for aerospace business.

(5) Financing

[1] The Company secured total long-term loans payable of ¥74.7 billion during the period under review.

[2] The Company securitized approximately 104 million US dollars of accounts receivables^{*1} during the period under review.

[3] The Company has entered into commitment line contracts^{*2} (jointly with our subsidiary Subaru of America Inc. (SOA)) for a total of 213 billion yen and 150 million US dollars.

*1 Securitization of accounts receivables refers to monetization of uncollected accounts receivables by transfer of the claims to banks.

*2 Commitment line contracts promise extension of loans by banks and other lenders at the request by the borrower up to the predetermined amount which is to be made available for a set period of time.

[Translation for Reference and Convenience Purposes Only]

(6) Main Businesses (as of March 31, 2019)

By Business Segment	Main Products
Automotive Div.	Legacy, Levorg, WRX, Impreza, SUBARU XV, Forester, ASCENT, SUBARU BRZ, Justy, Chiffon, Stella, Pleo, Dias Wagon, Sambar
Aerospace Div.	Airplane, aerospace related machinery and components
Other Businesses	Real estate leasing

(7) Main Facilities (as of March 31, 2019)

[1] Company

Name	Address
Head Office	Shibuya-ku, Tokyo
Tokyo Office	Mitaka-shi, Tokyo
Gunma Plant	Ota-shi, Gunma; Oizumi-machi, Oura-gun, Gunma
Utsunomiya Plant	Utsunomiya-shi, Tochigi; Handa-shi, Aichi
SUBARU Test & Development Center	Sano-shi, Tochigi; Bifuka-cho, Nakagawa-gun, Hokkaido

[2] Domestic Subsidiaries/Overseas Subsidiaries

Refer to “(9) Significant Subsidiaries

(8) Major Lenders (as of March 31, 2019)

Lender	Amount of Borrowings (Million yen)
Mizuho Bank, Ltd.	37,500
MUFG Bank, Ltd.	10,100
Sumitomo Mitsui Banking Corporation	10,000
Sumitomo Mitsui Trust Bank, Limited	9,000
The Gunma Bank, Ltd.	6,400

[Translation for Reference and Convenience Purposes Only]

(9) Significant Subsidiaries (as of March 31, 2019)

[1] Significant Subsidiaries

Name	Address	Capital	Equity Interest	Main Businesses
Fuji Machinery Co., Ltd.	Gunma	480 Million yen	100.0%	Manufacture and sales of automotive parts
Ichitan Co., Ltd.	Gunma	480 Million yen	100.0%	Manufacture and sales of automotive parts
KIRYU INDUSTRY Co., Ltd.	Gunma	400 Million yen	100.0%	Manufacturing of repair parts for Subaru cars, Subaru vehicle rust prevention works, Manufacture of custom-build car, etc.
Subaru Logistics Co., Ltd.	Gunma	96 Million yen	100.0%	Shipping, land freight and warehousing of Subaru vehicles, etc.
H.B.C. Co., Ltd.	Kanagawa	490 Million yen	68.0%	Storing and shipping of Subaru vehicles
Hokkaido Subaru Inc.	Hokkaido	98 Million yen	100.0%	Sales of Subaru vehicles and components
Miyagi Subaru Inc.	Miyagi	80 Million yen	100.0%	Sales of Subaru vehicles and components
Niigata Subaru Inc.	Niigata	100 Million yen	100.0%	Sales of Subaru vehicles and components
Kanagawa Subaru Inc.	Kanagawa	100 Million yen	100.0%	Sales of Subaru vehicles and components
Chiba Subaru Inc.	Chiba	100 Million yen	100.0%	Sales of Subaru vehicles and components
Tokyo Subaru Inc.	Tokyo	100 Million yen	100.0%	Sales of Subaru vehicles and components
Nagoya Subaru Inc.	Aichi	100 Million yen	100.0%	Sales of Subaru vehicles and components
Osaka Subaru Inc.	Osaka	100 Million yen	100.0%	Sales of Subaru vehicles and components
Hiroshima Subaru Inc.	Hiroshima	92 Million yen	100.0%	Sales of Subaru vehicles and components
Fukuoka Subaru Inc.	Fukuoka	50 Million yen	100.0%	Sales of Subaru vehicles and components
Subaru Finance Co., Ltd.	Tokyo	2,000 Million yen	100.0%	Leasing and rental of Subaru vehicles; credit and financing related to Subaru vehicles

[Translation for Reference and Convenience Purposes Only]

Name	Address	Capital	Equity Interest	Main Businesses
Subaru of Indiana Automotive, Inc. (SIA)	US	USD 794,045,000	100.0%	Purchasing of production parts for Subaru vehicles, sales of completed vehicles to Subaru of America Inc. (SOA) and others
Subaru of America, Inc. (SOA)	US	USD 241,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Canada, Inc. (SCI)	Canada	CND 30,000,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Europe N.V./S.A. (SE)	Belgium	EUR 87,504,000	100.0%	Sales of Subaru vehicles and components
Subaru of China Ltd. (SOC)	China	CNY 187,354,000	60.0%	Sales of Subaru vehicles and components
North America Subaru Inc. (NASI)	US	USD 5,000	100.0%	Technical investigation for Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles in North America market, automobile related regulatory compliance in the US
Yusoki Kogyo K.K.	Aichi	100 Million yen	100.0%	Manufacture and sales of aircraft parts to Subaru
Fuji Aircraft Maintenance Co., Ltd.	Tokyo	30 Million yen	100.0%	Inspection, service and maintenance of aircrafts
Subaru Kohsan Co., Ltd.	Tokyo	675 Million yen	100.0%	Rental and management of real estate
SUBARU IT CREATIONS CORPORATIONS	Saitama	100 Million yen	100.0%	IT system development and operation for Subaru Group

Notes: As of end of March 2019, there are 78 consolidated subsidiaries including the above 26 companies, and 10 equity method affiliates

[2] Other

The Company has reached a basic agreement on business affiliation with Toyota Motor Corporation in October 2005. We currently manufacture jointly developed sports car “SUBARU BRZ” and “TOYOTA 86” at our domestic production facility, Gunma Plant. In addition, the Company receives OEM vehicle supplies from Daihatsu Motor Co, Ltd., a subsidiary of Toyota Motor Corporation.

As of the end of March 2019, the number of SUBARU shares held by Toyota Motor Corporation was 129,000,000 shares, or 16.82% of total shares (the percentage of total shares held is calculated based on the number of shares excluding treasury stock of 2,014,841 shares).

[Translation for Reference and Convenience Purposes Only]

(10) Employees (as of March 31, 2019)

[1] SUBARU Group

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automotive Div.	30,799	(7,734)	+695	(+492)
Aerospace Div.	2,712	(549)	-29	(-84)
Other Businesses	689	(574)	-10	(-5)
Total	34,200	(8,857)	+656	(+403)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

[2] Company Employees

	Number of Employees	(change from end of previous fiscal year)	Average Age	Average Length of Service
Male	14,187	(+333)	38.5	15.7 years
Female	1,087	(+62)	36.6	15.1 years
Total	15,274	(+395)	38.4	15.7 years

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automotive Div.	13,110	(5,340)	+436	(+337)
Aerospace Div.	2,164	(465)	-41	(-78)
Total	15,274	(5,805)	+395	(+259)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

(Reference) Diversity promotion activities

In order to enable employees who possess different personalities and values to demonstrate their individual abilities, the SUBARU Group values all genders, nationalities, cultures, and lifestyles of employees and strives to create a comfortable workplace environment. We also promote initiatives related to diversity at affiliated companies in Japan and overseas in accordance as a central core of the CSR activities that are mentioned later based on the regional characteristics and the business contents of each company.

The Diversity Promotion Office, which was established in January 2015, has designated “promoting active roles for female employees,” “employing people with disabilities,” “planning and promoting employment of non-Japanese,” and “promoting employment of the elderly” as priority themes. Based on the “The Act on Promotion of Women’s Participation and Advancement in the Workplace”, the Company is currently establishing an action plan towards promoting the activities of female employees. The goal of the action plan is to increase the number of female managers by five times or more by the year 2020 as of 2014 when the promotion target was determined, and the achievement rate for the number of female managers has reached 90% as of March 2019. In the future, we will continue to expand the number of female candidates as board members, directors and managers, and promote the active participation of females.

[Translation for Reference and Convenience Purposes Only]

2. Information on Shares Issued by the Company (as of March 31, 2019)

(1) Common stock authorized 1,500,000,000 shares

(2) Common stock issued 769,175,873 shares

(3) Number of Shareholders 140,393 persons

(4) Major Shareholders (top 10)

Name of shareholder	Number of shares held (in thousands)	Percentage of total shares held (%)
Toyota Motor Corporation	129,000	16.82
The Master Trust Bank of Japan, Ltd. (trust account)	58,090	7.57
Japan Trustee Services Bank, Ltd. (trust account)	40,855	5.33
BNYM TREATY DTT 15	24,933	3.25
Japan Trustee Services Bank, Ltd. (trust account 5)	12,183	1.59
Japan Trustee Services Bank, Ltd. (trust account 9)	10,974	1.43
Mizuho Bank, Ltd.	10,078	1.31
MIZUHO SECURITIES ASIA LIMITED - CLIENT A/C	10,062	1.31
Sompo Japan Nipponkoa Insurance Inc.	9,726	1.27
STATE STREET BANK WEST CLIENT - TREATY 505234	9,535	1.24

Notes:

1. Number of shares held are rounded down to the nearest thousand shares.
2. The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 2,014,841 shares.

3. Information on Shares Held by the Company (as of March 31, 2019)

(1) Basic policy regarding cross-shareholdings (changed in November 2018)

Regarding listed stocks held by the Company as cross-shareholdings, each year the Company shall have the Board of Directors examine each cross-shareholding to determine primarily whether its purpose and the benefits derived from it justify the associated capital cost. If the Board of Directors judges that a cross-shareholding will contribute to management and business strategies in the medium and long term, the Company shall continue to hold that shareholding.

The Company has been steadily reducing the number of listed stocks held as cross-shareholdings since the introduction of the Corporate Governance Code. The number of issues has changed as follows: 60 at the end of March 2015, 32 at the end of March 2016, 30 at the end of March 2017, 18 at the end of March 2018, 10 at the end of March 2019.

(2) Number of shares and total amount of stock investment reported on the balance sheet which are held primarily for strategic purposes

		84 th FYE2015	85 th FYE2016	86 th FYE2017	87 th FYE2018	88 th (Current) FYE2019
Number of Issues	Listed	60	32	30	18	10
	Unlisted	31	31	32	31	31
	Total	91	63	62	49	41
Amount reported on Balance Sheet (Million yen)	Listed	30,503	28,238	12,795	8,836	3,138
	Unlisted	552	526	544	535	535
	Total	39,055	28,764	13,339	9,371	3,673

4. Directors and Corporate Auditors

(1) Policy and procedures on nomination of candidates for Directors and Corporate Auditors

When nominating candidates for directors and corporate auditors, the Board of Directors nominates individuals who have abundant experience, superior abilities and knowledge, and high expertise appropriate for a director/corporate auditor of the Company in order to realize the Company's corporate philosophy, effective corporate governance, and sustainable growth, and to improve mid- to long-term corporate value.

The Board of Directors will nominate several outside directors considering the diversity of the Board, and to enhance the shareholder value and transparency of management by assuming the responsibility for monitoring and oversight of corporate management from an independent position.

To ensure fairness and transparency of appointments concerning candidates for Corporate Officer or Director positions, the Executive Nomination Meeting shall submit the proposals for the candidates approved based on careful considerations by committee members including independent outside directors and make a decision based on the resolution of the Board.

The Executive Nomination Meeting is composed of the Representative Directors, Director in charge of Secretarial Office, and Outside Directors. Its chairman is elected from the Representative Directors and it is currently chaired by Tomomi Nakamura, Representative Director.

Approval from the Board of Corporate Auditors shall be obtained for when nominating Corporate Auditor candidates.

When nominating candidates for Directors and corporate auditors, each candidate's career history, concurrent posts, views and the roles expected by the Company shall be explained at the Board of Directors Meeting.

[Translation for Reference and Convenience Purposes Only]

(2) Name of Directors and Corporate Auditors (as of March 31, 2019)

Title	Name	Responsibilities	Significant Positions Concurrently Held
Director of the Board and Chairman [Chairman of the Board]	Yasuyuki Yoshinaga	“TADASHII-KAISHA” Promotion Dept., Compliance Office	-
Representative Director of the Board and President [Chairman of the Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Tomomi Nakamura	CEO (Chief Executive Officer), Aerospace Company, Quality	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Director of the Board, Corporate Executive Vice President [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Toshiaki Okada	CFO (Chief Financial Officer), Corporate Planning Dept., Secretarial Office, Finance & Accounting Dept., Human Resources Dept., “TADASHII-KAISHA” Promotion Dept., Compliance Office, Subaru Next Story Promotion Office	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Director of the Board, Corporate Executive Vice President	Yoichi Kato	External Relations Dept., General Administration Dept., CSR & Environment Dept., Group Company Management Dept., Legal Dept., Internal Audit Dept.	-
Director of the Board, Corporate Executive Vice President	Tetsuo Onuki	CTO (Chief Technology Officer), Engineering Management Div., Engineering Division 1, Engineering Division 2, Intellectual Property Dept.	President, Subaru Research & Development, Inc. (SRD)
Outside Director <Independent> [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Yoshinori Komamura	-	-
Outside Director <Independent> [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Shigehiro Aoyama	-	Senior Adviser, Suntory Holdings Limited External Director, Takamatsu Construction Group, Co., Ltd. Outside Director, Miraca Holdings Inc. President, The Distribution Economics Institute of Japan

[Translation for Reference and Convenience Purposes Only]

Title	Name	Responsibilities	Significant Positions Concurrently Held
Standing Corporate Auditor	Akira Mabuchi	-	Corporate Auditor, Subaru Kohsan Co., Ltd. Corporate Auditor, Tokyo Subaru Inc.
Standing Corporate Auditor	Shuzo Haimoto	-	Corporate Auditor, Subaru Finance Co., Ltd.
Outside Corporate Auditor <Independent>	Shinichi Mita	-	Advisor, Mizuho Capital Partners Co. Ltd. Member of the Board, Japan Association for Chief Financial Officers (JACFO)
Outside Corporate Auditor <Independent>	Yasuyuki Abe	-	Director of the Board(External), JVC KENWOOD Corporation Advisor, ORANGE AND PARTNERS CO., LTD.

Notes:

1. Directors Tomomi Nakamura, Masaki Okawara, and Tetsuo Onuki were newly elected and appointed at the 87th Ordinary General Meeting of Shareholders held on June 22, 2018.
2. Directors Jun Kondo, Takeshi Tachimori, and Masahiro Kasai retired at the end of their terms at the conclusion of the 87th Ordinary General Meeting of Shareholders held on June 22, 2018.
3. Mr. Masaki Okawara left office on December 31, 2018 by resigning from Board of Directors. At the time of his resignation, he was mainly responsible of information affairs as CIO (Chief Information Officer), IT strategies and manufacturing, while concurrently serving as a board member of Subaru of Indiana Automotive, Inc. (SIA)
4. Directors Yoshinori Komamura and Shigehiro Aoyama are outside directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has no significant transaction relationship with Komatsu Ltd., for which Yoshinori Komamura had concurrently served as an Adviser until June 30, 2018. The Company has no significant transaction relationship with Suntory Holdings Limited, for which Shigehiro Aoyama concurrently serves as a Senior Advisor; Takamatsu Construction Group Co., Ltd., for which he concurrently serves as an External Director; Miraca Holdings Inc., for which he concurrently serves as an Outside Director; or The Distribution Economics Institute of Japan, for which he concurrently serves as President.
5. Corporate Auditors Shinichi Mita and Yasuyuki Abe are outside statutory auditors as prescribed in Article 2, Item 16 of the Companies Act. The Company has no significant transactions with Mizuho Capital Partners Co., Ltd., for which Shinichi Mita concurrently serves as an Adviser, or Japan Association for Chief Financial Officers (JACFO), for which he concurrently serves as a Member of the Board. The Company has no significant transactions with JVC KENWOOD Corporation, for which Yasuyuki Abe concurrently serves as an External Director; Orange and Partners Co., Ltd., for which he concurrently serves as an Advisor; or Sumitomo Corporation, for which he had concurrently served as an Advisor until June 29, 2018.
6. Corporate Auditor Shinichi Mita has extensive experience in Accounting and Finance Department at Kao Corporation, and has significant knowledge in finance and accounting.
7. Corporate Auditor Yasuyuki Abe has abundant experience at Financial & Logistics Business Unit and New Industry Cross-function Business Unit at Sumitomo Corporation, with extensive knowledge in general global management and IT related matters.
8. The Company has reported Directors Yoshinori Komamura, and Shigehiro Aoyama, and Corporate Auditors Shinichi Mita and Yasuyuki Abe as independent directors to the Tokyo Stock Exchange.
9. Key responsibilities of the directors as of April 1, 2019 are as shown in the below table.

[Translation for Reference and Convenience Purposes Only]

Title	Name	Main fields of responsibilities in the Company
Director of the Board and Chairman	Yasuyuki Yoshinaga	-
Representative Director of the Board and President	Tomomi Nakamura	CEO (Chief Executive Officer), Aerospace Company, Quality
Director of the Board, Corporate Executive Vice President	Toshiaki Okada	CFO (Chief Financial Officer), Secretarial Office, Finance & Accounting Dept., Human Resources Dept.
Director of the Board, Corporate Executive Vice President	Yoichi Kato	CRMO (Chief Risk Management Officer), Risk Management Group, External Relations Dept., Intellectual Property Dept.
Director of the Board, Corporate Executive Vice President	Tetsuo Onuki	CTO (Chief Technology Officer)

(3) Summary of Contract for Limitation of Liability

The Company has executed a contract for limitation of damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the same Act with Yoshinori Komamura, Shigehiro Aoyama, Akira Mabuchi, Shuzo Haimoto, and Yasuyuki Abe. The maximum liability for damages pursuant to such contract shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

(4) Outside Directors and Corporate Auditors

Key activities for current fiscal year

Title	Name	Key activities
Outside Director	Yoshinori Komamura	Attended all sixteen meetings of the Board of Directors held during the period under review, served as a member of the Executive Nomination Meeting and the Executive Compensation Meeting, and fulfilled his role as a sound advisor on the Company's management, with comments based on his abundant experience and broad knowledge gained from his corporate management positions, and his excellent insight on corporate social responsibility.
Outside Director	Shigehiro Aoyama	Attended all sixteen meetings of the Board of Directors held during the period under review, served as a member of the Executive Nomination Meeting and the Executive Compensation Meeting, and fulfilled his role as a sound advisor on the Company's management, with comments based on his abundant experience and broad knowledge gained from his corporate management positions, and his excellent insight on corporate social responsibility.
Outside Corporate Auditor	Shinichi Mita	Attended all sixteen meetings of the Board of Directors and all thirteen meetings of the Board of Corporate Auditors held during the period under review and fully performed his auditing function, participating in management as an executive officer of a listed company, particularly with comments based on his broad experience and knowledge on accounting and finance among corporate activities.
Outside Corporate Auditor	Yasuyuki Abe	Attended fourteen of the sixteen meetings of the Board of Directors and twelve of the thirteen meetings of the Board of Corporate Auditors held during the period under review and fully performed his auditing function, with comments based on his abundant experience and knowledge gained from management responsibilities on wide range of business units as an executive officer for a trading company.

[Translation for Reference and Convenience Purposes Only]

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. As stated in “1. (1) Progress and Results,” improper conduct cases of sample test of fuel economy and emissions and other final vehicle inspections were identified. Outside Directors and Outside Corporate Auditors had no prior knowledge of such facts. The Outside Directors and Outside Auditors routinely provided advice on the importance of compliance and internal control based on their abundant experience and extensive knowledge, but after learning of the facts, they have received reports about investigation of causes of these improper conduct cases and efforts to prevent recurrence from time to time and provided various advice. With such advice as trigger, the Company established the CRMO (Chief Risk Management Officer) and executed organizational change on April 1, 2019 in order to enhance the effectiveness of internal control and risk management. Outside Directors and Outside Corporate Auditors have fulfilled their responsibilities by actively providing advice necessary to reform the Company from an external viewpoint on the topics such as corporate culture reforms for the organization including group companies, quality improvement, further enhancement and thorough implementation of compliance in the discussions held in management meetings among Directors and Corporate Auditors on the theme of corporate culture reforms and quality reforms and in the Board of Directors meetings.

(5) Summary of Evaluation of the Effectiveness of the Board of Directors

The Subaru Corporation Board of Directors conduct (“BoD”) analysis and evaluation on the effectiveness of the Board of Directors in accordance with the Corporate Governance Guideline, and review and implement improvement measures for the issues identified. For this term, in addition to fixed point observations from the previous term’s evaluations, analysis and assessments were carried out by confirming the efforts towards the challenges identified with the previous year’s evaluations, and those results have been reported as seen below.

1. Methods of Evaluation and Analysis

- [1] Timing: March 2019
- [2] Respondents: All Directors and Auditors (11 in total, including Outside Directors)
- [3] Process: Self-evaluation using a questionnaire prepared by a third-party body
 - (a) Third-party body conducts anonymous self-evaluation survey of all directors and auditors
 - (b) Third-party body aggregates and analyzes responses
 - (c) BoD verifies and discusses report received from third-party body
- [4] Questions:
 - I. BoD management structure
 - II. BoD supervisory function
 - III. Shareholder dialogue
 - IV. Efforts to address issues recognized in the previous year’s evaluation

2. Evaluation Results

- As in previous fiscal years, the results confirmed that BoD management entails the conduct of free and open discussion from a Company-wide perspective.
- However, this fiscal year’s results tended to be on a par with, or below, those of the previous year (see Attachment 1). The results are believed to reflect stronger recognition of the need for further improvements amid a series of instances of inappropriate conduct and efforts to address such misconduct.
- The results also confirmed strong awareness of several points expected to improve the BoD and enhance its functions, including successor development and provision of information to outside directors.

Issues Recognized in the Previous Fiscal Year’s Evaluation

During FYE2019, the BoD addressed the following issues recognized in the previous fiscal year’s evaluation:

- (1) Reinforcing risk identification and management systems
Progress has been made with efforts to review and reinforce systems prompted by the need to address instances of inappropriate conduct, and the BoD recognized the importance of continuing such efforts and helping those measures take root throughout the organization.
- (2) Enhancing discussion of medium- to long-term management strategy
The BoD confirmed its shared recognition of the need for more opportunities to discuss the Company’s medium- to long-term vision and business strategy.

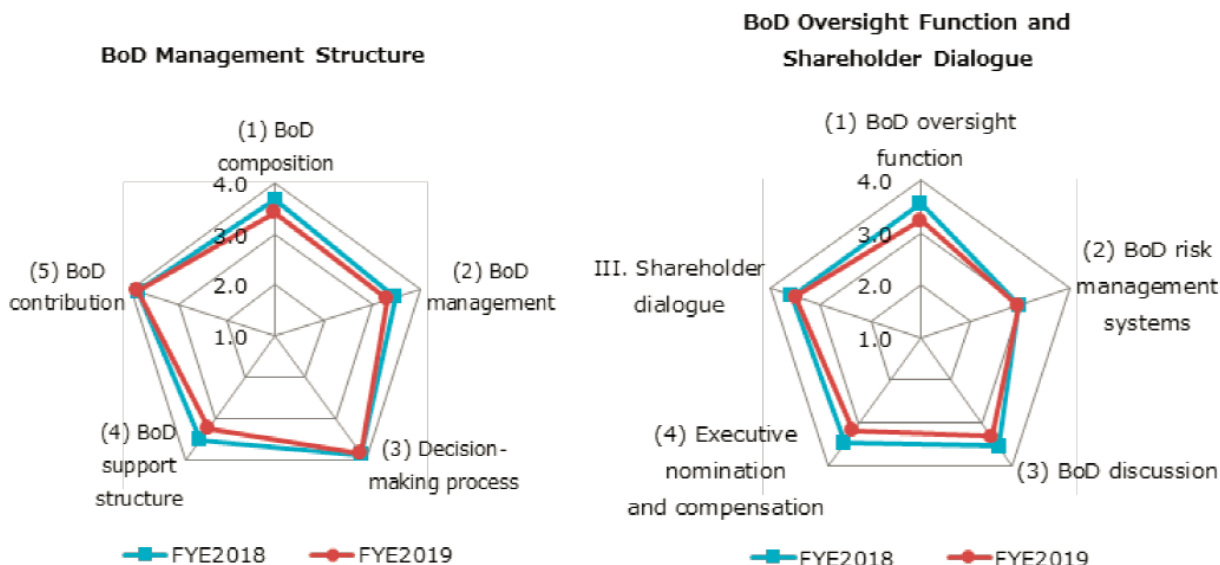
3. Future Initiatives

- The BoD verified and discussed the report received from the third-party body. As a result, the BoD confirmed that it will continue its efforts to reinforce risk identification, bolster management systems, and establish a firm foundation for the corresponding practices and enhance discussion of medium- to long-term management strategy. It also confirmed that it will discuss policy for succession planning and successor development.
- With effect from April 1, 2019, the Company has established a new Corporate Planning Division to accelerate management strategy planning and implementation, together with a new Market Strategy Department and Logistics Management Department belonging to this division. To raise the effectiveness of internal controls and risk management, from the same date the Company has also established the new position of Chief Risk Management Officer (CRMO), together with a new Risk Management & Compliance Office under the control of the CRMO.

By continuing to evaluate Board of Directors effectiveness, the Company Board of Directors will enhance its functions, strengthen corporate governance, and continually improve corporate value.

[Translation for Reference and Convenience Purposes Only]

(Reference) Aggregated questionnaire responses
Comparison of FYE2018 and FYE2019 Results



(Reference) Questions

Category	Matters Examined		
I. BoD management structure			
(1) BoD composition	BoD size	BoD composition (proportion of inside and outside directors)	BoD composition (diversity and specialty)
(2) BoD management	Frequency, duration, and distribution of meetings	Appropriateness of agenda	Quality and quantity of documents
	Timing of document distribution	Pre-meeting explanation	Content of explanations and reports
(3) Decision-making process	Chair’s leadership	Adequate discussion	
(4) BoD support structure	Environment and systems for providing information	Provision of information to outside directors	Training of outside directors
	Training of inside directors		
(5) BoD contribution	Stance toward initiatives	Company-wide perspective	Mutual respect
	Diverse values	Stakeholder perspective	
II. BoD oversight function			
(1) BoD supervisory function	Reporting systems	Supervision of management	
(2) BoD risk management systems	Risk management systems	Subsidiary management systems	Information-sharing on risks and risk response
	Systems for managing progress of response measures	Thorough awareness of compliance issues	
(3) BoD discussion	Discussion of management strategy	Discussion of capital policy	Discussion of cross holdings
	Discussion on strengthening governance	Responses to social and environmental issues	
(4) Executive nomination and compensation	Composition of Executive Nomination Meeting and Executive Compensation Meeting	Successor development	Incentive-based compensation
III. Shareholder dialogue			
(1)Shareholder dialogue	Sharing shareholder and investor views	Enhancement of shareholder and investor dialogue	

(6) Policy and Procedure for Determination of Remuneration for Directors

Executive compensation is determined from the perspective of the following items:

- Compensation, etc., shall be of levels commensurate with the roles and responsibilities, as well as being proper, fair and balanced.
- The compensation structure shall be determined with consideration for incentive to sustainable improvement in corporate value and performance and securing excellent human resources.

The specific components of the compensation, etc., shall be as follows. The total amount and the levels of compensation of each item shall be set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies. Furthermore, the total amount of monetary compensation related to long-term incentives shall be up to 200 million yen per year.

[1] Base salary:

Fixed compensation for which specific amounts are determined based on job positions and with consideration given to elements such as the business environment.

[2] Short-term performance-linked compensation:

Performance-linked compensation for which specific amounts are determined based on the actual amount of consolidated ordinary income for the current fiscal year and with consideration given to elements such as ROE, the degree of improvement in net assets to total assets, the cultivation of human resources and business environment.

[3] Long-term incentives:

Compensation consisting of granting restricted stock intended to provide an incentive to achieve sustained improvement of the corporate value of the Company and to share more of that value with our shareholders.

Performance-linked compensation shall not be given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

The total annual amount of compensation, etc., paid to directors shall be limited to 1.2billion yen (of which an amount within 200 million yen is for Outside Directors) based on the resolution at the 85th Ordinary General Meeting of Shareholders held on June 28, 2016. The amount shall be determined by the Executive Compensation Meeting within the limit based on a delegation by the Board of Directors.

The Executive Compensation Meeting is composed of the Representative Directors, Director in charge of Secretarial Office, and Outside Directors. Its chairman is elected from the Representative Directors and it is currently chaired by Tomomi Nakamura, Representative Director.

The Executive Compensation Meeting shall determine the compensation of directors and corporate vice presidents by considering various elements such as properly comparable compensation levels of other companies, compensation of the Company's employees, social situations and performance evaluation of corporate vice presidents.

(7) Total Compensation for Directors and Corporate Auditors for the Fiscal Period

Classification	Number of persons	Total Compensation (Million yen)
Directors	11	448
(of which Outside Directors)	(2)	(25)
Corporate Auditors	4	77
(of which Outside Corporate Auditors)	(2)	(21)
Total	15	525
(of which Outside Directors and Outside Corporate Auditors)	(4)	(46)

Notes: The above table includes four directors who resigned before the last day of the current fiscal period. At the end of the current fiscal period, the Company had seven incumbent directors (including two outside directors) and four incumbent corporate auditors (including two outside corporate auditors)

5. Accounting Auditors

(1) Accounting Auditors KPMG AZSA LLC

(2) Accounting Auditor Compensation

(i) Compensation for current fiscal period	217 million yen
(ii) Total amount of money and other property interests payable by the Company and its subsidiaries	235 million yen

Notes:

1. The audits based on the Co fees based on the Companies Act and the audit fees based on the Financial Instruments and Exchange Act have not been classified in the Audit Agreement between the Company and accounting auditors, so the audit fees based on the Financial Instruments and Exchange Act have not been included in the amount of (i).
2. Of the Company's important subsidiaries, the foreign subsidiaries receive audits by a certified accounting or auditing company other than the Company's accounting auditors (including those who possess equivalent certifications overseas).

(3) Reason for Agreement on Accounting Auditors Compensation by Board of Corporate Auditors

The Board of Corporate Auditors scrutinized the Accounting Auditors' explanation of the contents of the audit including the planned number of days required for the accounting audit for the current fiscal period; review and assessment of the audit for the previous fiscal period; reasonableness of progress in audit by the Accounting Auditors, and the grounds for calculation of quotes underlying the compensation, and agreed to the amount of compensation for the Accounting Auditors.

(4) Non-audit business

Non-audit business includes advisory business related to financial reporting.

(5) Policy on dismissal or refusal of reappointment of Accounting Auditors

The Board of Corporate Auditors shall dismiss accounting auditors in case any of the events prescribed in the Items in Article 340, Paragraph 1 occur, and determine the agenda concerning dismissal or refusal of reappointment of accounting auditors, and the Board of Directors will propose such agenda to the meeting of shareholders pursuant to such decision.

6. Initiatives to improve corporate value

(1) Basic approach to corporate governance

The Company aims to become “from a company making things, to a company making people smile” based on the corporate and management philosophies, and by improving sustainable growth and medium- and long-term corporate value, we are engaging in the strengthening of corporate governance as the most important challenge for management in order to obtain the satisfaction and trust of all stakeholders.

We aim to achieve efficient management by clearly separating management decision-making and oversight from business execution and increasing the speed of decision-making. Furthermore, through monitoring of business operations and advice provided by outside officers, we ensure appropriate management decision-making, oversight and business execution, and work to improve compliance and the risk management system. To increase management transparency, we provide timely and appropriate disclosure of information.

(2) Company Organizational Bodies

As corporate governance system, we have adopted a Board of Corporate Auditors system, in which Board of Directors perform decision making and oversight of the execution of important business operations.

Regarding the system for the execution of business operations, important issues that require consultation with the Board of Directors are thoroughly discussed at the Executive Management Board Meeting, a preliminary consultation body for the Board of Directors which deliberates on company-wide management strategy and the execution of key business operations. In addition to employing an executive officer system and establishing Executive Meetings as decision making body for the business divisions, we have introduced an in-house company system for the Aerospace Division with the aim of clarifying responsibility and speeding up execution of business operations.

The Board of Directors and the Board of Corporate Auditors perform decision-making of the execution of important business operations, and supervision and auditing of the execution of duties. The Board of Directors is composed of seven (7) Directors at the end of March 2019, two (2) of whom are highly independent Outside Directors for further strengthening governance. The Board of Corporate Auditors is composed of four corporate auditors, two of whom are outside corporate auditors to provide objective oversight of management.

(3) CSR of SUBARU GROUP

<CSR Policy>

1. We respect the laws and regulations, human rights, international standards of behavior and rights and morals of stakeholders under our Corporate Code of Conduct.
2. We become involved as a corporate citizen in addressing social issues facing society today.

The Subaru Group believes that in order to contribute to society through our businesses and meet the expectations and needs of our stakeholders, it is necessary to promote CSR initiatives globally and make them penetrate within the entire Group. Thus we have established the “Six Priority Areas for CSR” in accordance with “STEP”, the mid-term management vision.

Six Priority Areas for CSR and Basic Concept

People-oriented Car Culture	SUBARU believes that cars are more than a mere means of transportation. SUBARU places importance on how people feel “Enjoyment and Peace of Mind,” delivers high-added-value products and services to customers as a partner that enriches people’s hearts and lives, and fosters a sustainable mobility culture.
Resonance and Coexistence	SUBARU will become a company that is trusted by, resonates with, and coexists with people by expanding personal communication and sincerely listening to the views and opinions of each customer and society as a whole.
Peace of Mind	SUBARU will become a company that allows all stakeholders to feel ultimate peace of mind.
Diversity	The SUBARU Group promotes diversity, which we define as providing products that reflect respect for diverse market value and respecting and reflecting the diverse values of everyone who works in the SUBARU Group.
Environment	“The earth, the sky and nature” form our fields of business. In order to bequeath these to future generations, SUBARU will consider its effect on the environment across the entire spectrum of corporate activities.
Compliance	SUBARU will become a company where business operations conform to laws, regulations, and social norms and where a mindset of respecting and prioritizing compliance permeates everything and everyone in the SUBARU Group.

[Translation for Reference and Convenience Purposes Only]

By adopting the concept of Six Priority Areas for CSR while conducting business, we will contribute to the increasingly diverse range of social needs and fulfill our social responsibility as a corporation and will continue to deliver “Enjoyment and Peace of Mind” to all of our stakeholders including our customers. The Subaru Group will become a company trusted by society as a truly global company and will contribute to the creation of a more affluent and sustainable society.

(4) Environmental Actions

“The earth, the sky and nature” are Subaru’s fields of business.

With the automotive and aerospace businesses as the pillars of Subaru’s operations, our fields of business are the earth, the sky and nature. Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization. We align our business strategy to enhance these global goals in all our operations.

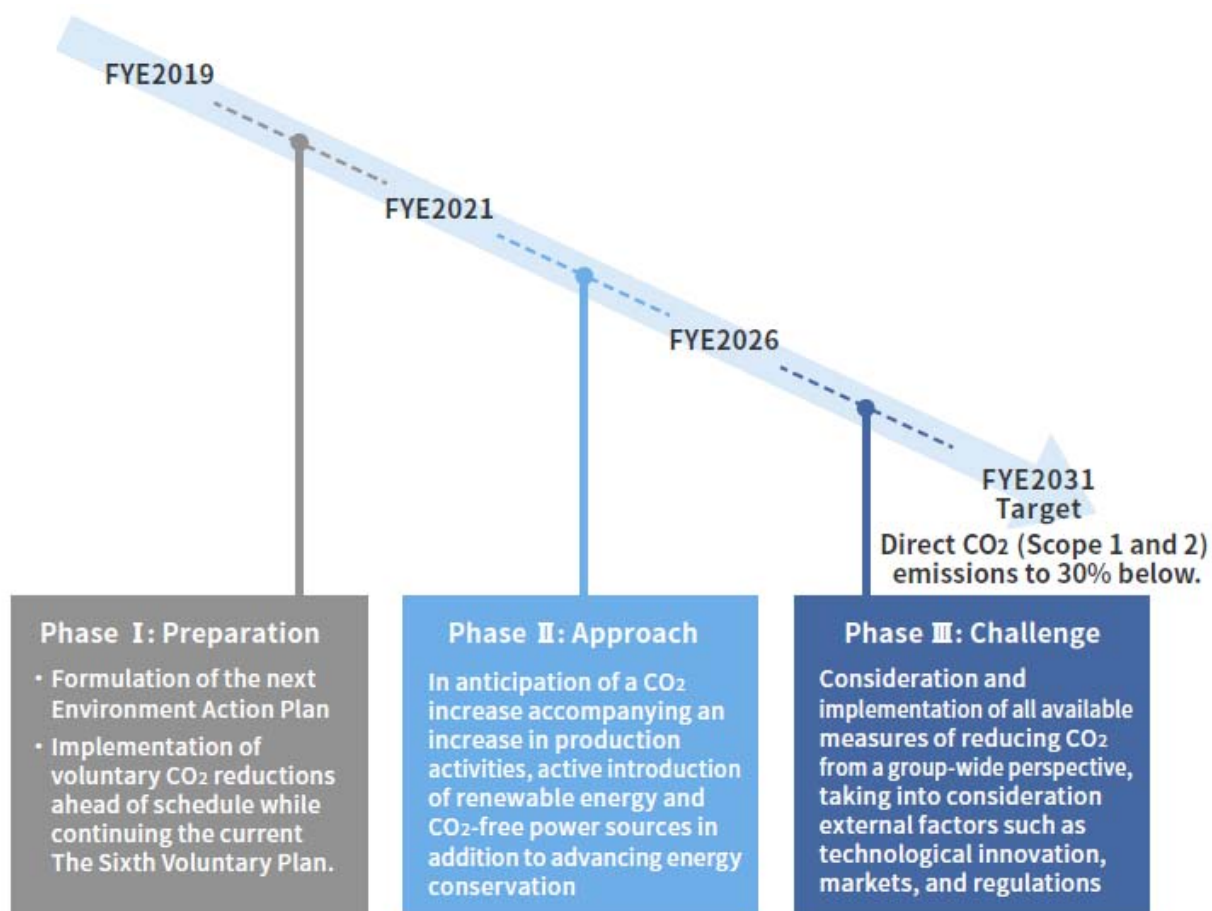
[1] Approach to Climate Change (Global Warming)

The Company believes that the approach to climate change is one of the most important actions and respects the goal set in the Paris Agreement to keep a global average temperature rise below two degrees Celsius above pre-industrial levels.

Specifically, we have positioned climate change as one of the most critical issues in the Environmental Policies, and the Subaru Group has announced during the period under review that it aims to reduce its direct CO₂ emissions (Scope 1 and 2) by 30% by FYE 2030 (compared with FYE 2016, on a total emissions volume basis). We are currently formulating an environmental plan (the Subaru Environmental Action Plan*) that will commence in FYE 2022 and concurrently undertaking feasible initiatives earlier than the schedule (refer to the next page).

The Company will contribute to the formation of low carbon and decarbonized society while giving consideration to economic efficiency to realize the sustainable growth of local community and the Company.

* Road Map of Environmental Action



[2] Initiative examples for the significant decrease of CO₂

The “Tochigi Furusato Denki”, Japan’s first program for the local production and local consumption of CO₂-free electricity, was adopted in a portion of the Aerospace Company Utsunomiya Plant from April 2018 (approximately 11,500MWh/year), with the aim of reducing approximately 5,400t-CO₂ per year.

At the Oizumi Plant of the Gunma Manufacturing Division, the country’s largest (power output: approximately 5.6MW, annual power generation volume: approximately 6,100MWh/year) solar power facilities are scheduled to be adopted in 2019. A reduction of approximately 2,600t-CO₂/year, which is equivalent to approximately 2% of the plant’s total annual emissions, is expected.

* Studies conducted by Japan Facility Solutions Inc., who install and operate the facilities.



Adoption of “Tochigi Furusato Denki”

Power generated at the Tochigi Prefecture Hydroelectric Power Station was introduced, and a portion of the electricity charges are used for environmental conservation projects in Tochigi Prefecture (pictured is the “Tochigi Furusato Denki” certification)



The adoption of the country’s largest solar power facilities for self-consumption is scheduled

With the adoption of solar power energy, the Oizumi Plant of the Gunma Manufacturing Division aims to create a cleaner plant (pictured is the conceptional drawing of the Oizumi Plant solar power facilities at completion)

(5) Policy for Constructive Dialogue with Shareholders

The Company shall endeavor to develop a long-term relationship of trust with shareholders by holding constructive dialogue with them to contribute to the achievement of sustainable growth and improvement in corporate value in the medium and long term.

The overall constructive dialogue with shareholders shall be supervised by the CEO and CFO and taken charge by the Investor Relations Department. In addition, relevant departments, including the Corporate Planning Department, Secretarial Office, Finance & Accounting Department, Legal Department and Audit Department, shall cooperate organically to enhance dialogue. The Company shall proactively disseminate clear information to shareholders through such means as timely holding various briefing meetings and utilizing its website, to deepen shareholders’ understanding about management strategy, description of business, products, performance, etc.

The Company shall periodically update directors, corporate auditors and corporate vice presidents, as well as relevant departments, on the details of opinions and concerns of shareholders obtained through dialogue with them. The Company shall thoroughly implement information management in accordance with the “Insider Trading Prevention Rules” and “Company Information Disclosure Rules” to prevent the leakage of undisclosed important internal information (insider information) through dialogue with shareholders. In addition, the Company shall hold appropriate dialogue with shareholders through fair disclosure in accordance with the disclosure policy specified separately.

7. Company Framework and Policies

Framework for ensuring conformity of performance of duties by the directors to the laws and articles of incorporation, and other frameworks for ensuring appropriateness of business (as of March 31, 2019)

(I) Framework to ensure that the performance of duties by the directors comply with the laws and articles of incorporation

Following framework shall be established as a preventative measure against illegal acts by directors:

- [1] Directors shall establish a framework for effective supervision of performance of duties by other directors and effective audits by the corporate auditors, through activities such as attendance of various meetings, review of approval forms, and receiving business reports from corporate vice presidents and employees by the directors and corporate auditors.
- [2] Establish Compliance Rules and a framework for directors to comply with laws, articles of incorporation and internal rules.
- [3] Establish whistle blowing system (Compliance Hotline) as internal reporting framework where violation of laws/articles of Incorporation by directors in performing their duties have been identified by executive officers/employees.
- [4] Conduct compliance related trainings by external experts for directors as necessary.
- [5] A director who identifies violation of laws/articles of incorporation by another director shall immediately report such violation to the Board of Corporate Auditors and Board of Directors, and implement corrective measures.

(II) Establishment of other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company and the business of the corporate group comprising of the stock company and its subsidiaries

[1] Structure concerning storage and management of information related to performance of duties of directors

- i Establish internal rules on storage and management of minutes of the Board of Directors, approval forms, other documents related to performance of duties by directors, and other information, and appropriately store and manage such information in accordance with such rules and laws.

[2] Rules and other frameworks on management of risk of loss

- i. The Company shall establish rules, manuals and guidelines corresponding to the business of each division to prevent materialization and spread of risks.
- ii. Business-related risks shall be scrutinized by the directors and corporate vice presidents in accordance with certain approval rules, and the Corporate Planning Department shall lead the management by each division/company and shared corporate operation departments at the headquarters.
- iii Establish a company-wide emergency communication network to ensure prompt response to emergencies and prevent spreading of losses.

[3] Framework to ensure efficient performance of duties by Directors

- i. An executive officer system shall be implemented to delegate the business execution authorities of directors to corporate vice presidents. Chief Operating Officer (COO) shall supervise the business execution. Chief Executive Officer (CEO) shall supervise the overall management.
- ii. Directors shall supervise the business execution of corporate vice presidents and employees through attendance of various meetings and by receiving business reports.
- iii Discuss projects to be deliberated at the Board of Directors meeting in advance at Management Meetings (a preliminary consultation body for the Board of Directors to deliberate on company-wide business projects) and Executive Meetings (decision making body for each executive unit) to clarify issues for efficient deliberation at the Board of Directors meeting.
- iv. Board of Directors shall establish the medium- to long-term management goals, promote sharing of such goals, and periodically review the progress.
- v. Board of Directors shall periodically conduct self-evaluation and analysis, to ensure effective performance of roles and obligations of the directors both in terms of decision making and supervision over business execution.

[4] System to ensure conformity of execution of operations of executive officers and employees with laws and articles of incorporation

[Translation for Reference and Convenience Purposes Only]

- i Establish Compliance Rules and a framework for executive directors and employees to comply with laws, articles of incorporation and internal rules.
- ii To promote compliance, establish Compliance Committee to deliberate/discuss, decide, exchange/communicate information on significant compliance matters.
- iii Structured education shall be conducted for executive directors and employees such as compliance lectures, to promote compliance awareness.
- iv Establish a whistle blowing system (Compliance Hotline) as an internal reporting framework in case executive officer or employees identify illegal business acts, etc.
- v. Establish Audit Department as an internal audit unit.

[5] Framework for securing appropriateness of business in corporate group

- i Establish subsidiary management rules, and manage/support subsidiaries mainly through the Company's department in charge of management of business or management of each subsidiary pursuant to such rules. At the same time, create a framework where subsidiaries are to make periodic reports as well as extraordinary reports as required on necessary matters to the Company.
- ii. The Company shall encourage its subsidiaries to establish rules, manuals and guidelines, etc. and build risk management systems corresponding to the characteristics of each subsidiary's business, to prevent materialization and spread of risks.
- iii The Company shall ensure efficiency of performance of duties by directors of subsidiaries by receiving business reports from subsidiaries pursuant to the subsidiary management rules, and conducting preliminary discussions on business for significant matters, etc.
- iv The Company shall establish Audit Department as an organization that performs internal audits, and perform periodic business audits for affiliates including subsidiaries and related companies, and extraordinary audits for necessary matters as required.
- v The Company shall periodically convene Corporate Auditors of domestic affiliates and exchange opinions with the Company's Corporate Auditors to enhance audit functions at domestic affiliates.
- vi The Company shall concurrently appoint the Company's executive directors and employees as Corporate Auditors of some of the domestic affiliates to enhance the audit function.
- vii The Company shall apply the whistle blowing system (Compliance Hotline) in [4] above to domestic affiliates.
- viii Overseas subsidiaries are to comply with the local laws, and follow a framework pursuant to this policy to the extent possible.

[6] Matters concerning an employee where Corporate Auditors request for an employee to support his/her duties

- i In response to request by Corporate Auditors, one or more staffs shall be allocated from the Company's employees to support the duties of the Corporate Auditors.

[7] Matters related to securing independence of the employee from directors and effectiveness of instruction to the employee from Corporate Auditors

- i. In case such supporting staff is to be concurrently appointed to a position involving business execution, directors and executive units shall not intervene with the staff's performance of tasks supporting the Corporate Auditors; ensure the staff's independence from directors; and notify the Company's officers and employees that such supporting staff is to follow the instructions and orders of the Corporate Auditors.
- ii. Appointment of such supporting staff shall require consent by the Board of Corporate Auditors.

[8] Framework for reporting by directors, executive officers, and employees of the Company and its subsidiaries to the Company's Corporate Auditors; frameworks for other reports to the Company's Corporate Auditors; and the framework for securing effective audit by the Company's Corporate Auditors

- i. A system shall be established to ensure that the Company's Corporate Auditors can receive periodic reports on performance of duties from the directors, executive officers and employees of the Company or its subsidiaries.
- ii. A system shall be established to ensure that the Company's Corporate Auditors can collect information on the status of performance of obligations relating to each business division, etc. by the directors, executive officers and employees of the Company and its subsidiaries.
- iii Directors of the Company or its subsidiaries shall report to the Company's Corporate Auditors where matters that may cause significant damages to the Company, material violation of laws/articles of incorporation, or other material compliance matters occur.

[Translation for Reference and Convenience Purposes Only]

- iv. Corporate Auditors of the Company may attend the Compliance Committee, which is an organizational body that deliberates/discusses, determines, exchange/communicate information on, important compliance matters.
- v. The Company and its subsidiary's Representative Directors, Directors, or Accounting Auditors shall attend meetings to exchange opinions held by the Company's Corporate Auditor at the request of such Corporate Auditor.
- vi. A framework shall be established to ensure that the person reporting to the Company's Corporate Auditors shall not receive disadvantageous treatment for the reason of making the report in the preceding Item.
- vii. A framework shall be established with respect to procedures for advance payment or repayment of expenses arising from performance of duties of Corporate Auditors and processing or repayment of other expenses arising from performance of such duties, to enable smooth processing in accordance with the invoice, etc. from the Corporate Auditors.

(III) Summary of operation of framework for securing appropriateness of business

In the investigation report released on September 28, 2018 in connection with the improper practices of final vehicle inspection at our Gunma Plant, outside experts (Nagashima Ohno & Tsunematsu) pointed out that the internal control system operations that restrain and detect improper conducts are inadequate in terms of check-and-balance function of system to prevent improper conducts, follow-up verification process of inspection results, notifying and reporting function from the site to managers, and monitoring function such as audit.

The Company took these pointed out issues seriously and already implemented measures such as introduction of inspection system that disables improper performance inspection and rewriting of measurement results, introduction of biometrics verification system to final vehicle inspectors, and introduction of monitoring cameras in the final vehicle inspection lines. We enhanced the final vehicle inspection system by enhancing the educational system for final vehicle inspectors, increasing the number of managers at the site, and increasing the opportunities for discussion with the management personnel.

Furthermore, we have revised the internal control system operations by making the management team further acknowledge and be involved in the final vehicle inspection work through information sharing of issues related to such work between the site and the management team, for instance through adding a report on management issues in connection with the final vehicle inspection work and the evaluation results of legality of such work to the existing progress reports that are made periodically in the Board of Directors meetings and other meetings.

In addition to the above, the following shows a summary of the operation status of frameworks for ensuring sound business practices

[1] Compliance

To comply with laws, articles of incorporation and internal rules, the Company is continuously engaging in company-wide compliance activities by appointment of compliance manager and compliance officers at each business unit, and operating a program where compliance plans for each business unit is prepared, implemented and reported based on the overall annual compliance plan. The "Compliance Office" (changed to the Risk Management and Compliance Office from April 2019) that was newly established in April 2018 independent from the Legal Department supports the overall management from the activities listed above, as well as for proposals and the execution of compliance plans at each department.

Furthermore, overall activities to create a truly "Proper Company" have been implemented through the planning and promotion of the "Proper Company Promotion Department", which was newly established in April 2018. From there, an inventory of the tasks was taken from a compliance perspective, and the tasks were reviewed and shared with management. Since April 2019, the functions of the department were transferred to the Corporate Planning Department, and positioned as an important initiative to ensure the appropriateness of the business in order to maintain and deepen them.

The Company conducted periodic Compliance Committee meetings chaired by a Director in accordance with the Compliance Rules to oversee such compliance activities, and engaged in deliberation/discussion, decision making, information exchange/communication on important compliance matters.

The Company conducted information and opinion exchanges on significant issues at the Planning Department Meeting, a preliminary deliberation body, to ensure the efficiency and effectiveness of the Compliance Committee, and carried out discussions for the further permeation of the overall compliance of the Subaru Group.

For the purpose of improving the compliance level of overall SUBARU Group, we also promote information exchange on problematic cases with the management team and operational personnel of domestic affiliates.

To further enhance effectiveness of our compliance activities, the Company is dedicated to early identification and correction of issues by overall SUBARU Group through active and proper operation of the internal reporting system (Compliance Hotline) that is established and operated by the Company and domestic and overseas affiliates.

[Translation for Reference and Convenience Purposes Only]

[2] Risk Management

The Company has established rules, manuals and guidelines corresponding to each business division's business to prevent materialization and spread of risks. Reviews are performed as necessary on the operation of such rules while ensuring consistency with the laws. During the period under review, addition/revision/abolishment were made to the rules and similar instruments. Approval Rules are strictly applied to business-related risks, and all approved items were reviewed, scrutinized and confirmed to have no issues in each description by Directors and Corporate Auditors. Business-related risks were also managed by deliberation at the Executive Meeting and Board of Directors meeting depending on their significance.

In addition, the Board of Directors decided to further enhance reports and discussions on the internal control such as on the status of risk management of SUBARU Group in the Board of Directors meetings in light of the results of effectiveness evaluation of the Board of Directors meetings made in March 2018.

Status of establishment of a company-wide emergency communication is being inspected periodically, and information is being shared as needed using the emergency communication network in case of a disaster that may affect the Company.

We have newly established the Risk Management Group supervised by CRMO (Chief Risk Management Officer: newly established) since April 2019 and we intend to further ensure risk management by properly operating this Group.

[3] Securing efficient performance of duties

The Company has introduced an Executive Officer System with the aim of ensuring speedy business executions by the Directors through the delegation of business executions to the Executive Officers and supervising the Executive Officers by attending various meeting bodies and receiving periodic business reports.

In order to further clarify the roles and responsibilities assigned to directors and executive officers, the Company has changed its Articles of Incorporation to position the president and other executive roles as executive officers, instead of directors, , and revised the related Board of Directors and Executive Officer regulations accordingly. In addition, in order to further strengthen the supervisory functions of the Board of Directors, we have decided to shift to an Executive System that takes into consideration the increase and diversity of the Outside Directors.

Significant projects requiring submission to the Board of Directors were deliberated at the Executive Meeting to deepen the discussion and provide directionality. Deeper and efficient discussion at the Board of Directors meeting is being promoted by early distribution of materials and providing preliminary explanations where necessary.

Documents regarding performance of duties by the directors and other information is being stored and maintained appropriately in accordance with the internal rules.

[4] Securing appropriateness of business by the corporate group comprising of the Company and its subsidiaries

The Company is enhancing the audit and supervisory functions by appointing executive directors and employees of the Company to concurrently work as directors or Corporate Auditors of domestic affiliates.

In addition, the Company received periodic and ad hoc reporting from subsidiaries through designated management departments, had discussions where necessary, and issues that have significant impact on the Company were reported to the Executive Meeting.

To ensure that business activities are carried out strictly in accordance with the subsidiaries' management rules, the subsidiaries' projects that should be subject to preliminary discussions with the Company and projects to be determined at the discretion of subsidiaries were clearly distinguished. In addition, the information communication routes from each subsidiary to the Company were confirmed for each type of projects, and ongoing confirmation is being made on the establishment of rules at domestic subsidiaries.

Furthermore, the Company's internal audit division performed business audits for the Company and its affiliates in accordance with the Internal Audit Rules. Their results were reported at the Executive Meeting, and corrective measures were implemented where necessary.

The Company and main subsidiaries have completed preparation of relevant rules to cope with the implementation of the EU General Data Protection Rules (GDPR) and started applying such rules.

[5] Securing effectiveness of Corporate Auditors' Audit

The Company has established a framework where the Corporate Auditors can gather information from directors and employees in case of matters that may cause significant damages to the Company, significant violation of laws/articles of incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of Corporate Auditors' duties by allocating the Company's employees to provide support for duties of Corporate Auditors.

The Company's Corporate Auditors attend important meetings including the Board of Directors meeting,

[Translation for Reference and Convenience Purposes Only]

Executive Meeting, and Compliance Committee, and state their opinions as necessary to secure effectiveness of the audit.

In addition, periodic semi-annual interviews with directors and executive officers as well as on-site audits of key offices and affiliates are performed to confirm the status of establishment and operation of the internal control system.

Monthly reports are received from Internal Audit and Legal Divisions, and reports on subsidiaries are received as necessary from departments in charge of managing the subsidiaries. Furthermore, discussion meetings are held with Corporate Auditors of key group subsidiaries.

Collaboration with Accounting Auditors were sought with quarterly information and opinion exchange, and discussion was held on the nomination of Accounting Auditors.

Consolidated Financial Statements

Consolidated Balance sheet

Item	(Unit: Million yen)	
	FYE2019 (as of March 31, 2019)	(Reference) FYE2018 (as of March 31, 2018)
Assets		
Current Assets	1,826,219	1,770,444
Cash and deposits	831,700	765,397
Notes and accounts receivable-trade	148,832	155,247
Lease investment assets	14,731	17,120
Short-term investment securities	119,963	242,573
Merchandise and finished goods	249,558	202,435
Work in process	74,711	52,307
Raw materials and supplies	66,431	42,448
Short-term loans receivable	198,737	185,364
Other	121,903	107,893
Allowance for doubtful accounts	(347)	(340)
Noncurrent Assets	1,156,506	1,096,030
Property, plant and equipment	717,394	703,108
Buildings and structures, net	218,664	207,133
Machinery, equipment and vehicles, net	193,624	169,814
Land	187,052	184,339
Vehicles and equipment on operating leases, net	15,809	18,638
Construction in progress	31,334	55,908
Other, net	70,911	67,276
Intangible Assets	33,754	28,293
Other	33,754	28,293
Investments and other assets	405,358	364,629
Investment securities	122,453	113,465
Net defined benefit asset	—	82
Deferred tax assets	151,019	139,171
Other	135,132	115,273
Allowance for doubtful accounts	(3,246)	(3,362)
Total Assets	2,982,725	2,866,474

[Translation for Reference and Convenience Purposes Only]

Item	(Unit: Million yen)	
	FYE2019 (as of March 31, 2019)	(Reference) FYE2018 (as of March 31, 2018)
Liabilities		
Current Liabilities	1,012,171	1,051,006
Notes and accounts payable-trade	315,026	320,137
Electronically recorded obligations-operating	63,772	64,863
Short-term loans payable	4,352	22,082
Current portion of long-term loans payable	7,592	42,982
Income taxes payable	5,367	45,372
Accrued expenses	161,661	148,945
Provision for bonuses	22,650	24,131
Provision for product warranties	256,814	206,423
Provision for loss on construction contracts	666	160
Provision for loss on business liquidation	1,575	3,098
Other	172,696	172,813
Noncurrent liabilities	357,729	254,445
Long-term loans payable	88,452	21,138
Deferred tax liabilities	5,040	2,466
Provision for product warranties	43,934	35,801
Provision for directors' retirement benefits	488	447
Net defined benefit liability	22,900	19,337
Long-term unearned revenue	157,446	132,270
Other	39,469	42,986
Total liabilities	1,369,900	1,305,451
Net Assets		
Shareholders' equity	1,627,254	1,590,477
Capital stock	153,795	153,795
Capital surplus	160,192	160,197
Retained earnings	1,320,177	1,283,539
Treasury stock	(6,910)	(7,054)
Accumulated other comprehensive income	(21,963)	(37,633)
Valuation difference on available-for-sale securities	6131	7,038
Foreign currency translation adjustment	(20,687)	(36,193)
Remeasurements of defined benefit plans	(10,631)	(10,136)
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	3,224	1,658
Non-controlling interests	7,534	8,179
Total net assets	1,612,825	1,561,023
Total liabilities and net assets	2,982,725	2,866,474

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of (Comprehensive) Income

Items	(Unit: Million yen)	
	FYE2019 April 1, 2018 to March 31, 2019	(Reference) FYE2018 April 1, 2017 to March 31, 2018
Net Sales	3,160,514	3,232,695
Cost of Sales	2,561,753	2,442,706
Gross Profit	598,761	789,989
Selling, general and administrative expenses	403,232	410,542
Operating Income	195,529	379,447
Non-operating income	17,580	14,301
Interest income	12,350	6,812
Dividends income	1,244	1,374
Equity in earnings of affiliates	377	778
Gain on valuation of derivatives	—	2,266
Other	3,609	3,071
Non-operating expenses	16,870	13,814
Interest expenses	732	1,379
Foreign exchange losses	199	7,395
Loss on valuation of derivatives	6,993	—
Depreciation	1,287	1,025
Plant shutdown related costs	2,532	—
Other	5,127	4,015
Ordinary income	196,239	379,934
Extraordinary income	6,953	5,940
Gain on sales of noncurrent assets	1,274	563
Gain on sales of investment securities	3,659	4,618
Gain on sales of business	1,294	—
Other	726	759
Extraordinary Loss	7,354	88,534
Loss on sales and retirement of noncurrent assets	5,610	5,400
Loss related to airbags	—	81,261
Other	1,744	1,873
Income before income taxes	195,838	297,340
Income taxes-current	56,942	113,155
Income taxes-deferred	(8,443)	(37,554)
Net income	147,339	221,739
Net income (loss) attributable to non-controlling interests	(473)	1,385
Net income attributable to owners of parent	147,812	220,354

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net Assets
(April 1, 2018 to March 31, 2019)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	153,795	160,197	1,283,539	(7,054)	1,590,477
Changes of items during the period					
Dividends from surplus	—	—	(110,468)	—	(110,468)
Net income attributable to owners of parent	—	—	147,812	—	147,812
Purchase of treasury stock	—	—	—	(5)	(5)
Disposal of treasury stock	—	(5)	—	149	144
Change of the scope of equity method	—	—	158	—	158
Other	—	—	(864)	—	(864)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	(5)	36,638	144	36,777
Balance at the end of current period	153,795	160,192	1,320,177	(6,910)	1,627,254

	Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	Total accumulated other comprehensive income		
Balance at the beginning of current period	7,038	(36,193)	(10,136)	1,658	(37,633)	8,179	1,561,023
Changes of items during the period							
Dividends from surplus	—	—	—	—	—	—	(110,468)
Net income attributable to owners of parent	—	—	—	—	—	—	147,812
Purchase of treasury stock	—	—	—	—	—	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	144
Change of the scope of equity method	—	—	—	—	—	—	158
Other	—	—	—	—	—	—	(864)
Net changes of items other than shareholders' equity	(907)	15,506	(495)	1,566	15,670	(645)	15,025
Total changes of items during the period	(907)	15,506	(495)	1,566	15,670	(645)	51,802
Balance at the end of current period	6,131	(20,687)	(10,631)	3,224	(21,963)	7,534	1,612,825

[Translation for Reference and Convenience Purposes Only]

[Reference]

Consolidated Statements of Cash Flows

(Unit: Million yen)

Item	FYE2019 April 1, 2018 to March 31, 2019	FYE2018 April 1, 2017 to March 31, 2018
Net cash provided by (used in) operating activities	174,006	366,298
Net cash provided by (used in) investing activities	(158,327)	(150,711)
Net cash provided by (used in) financing activities	(96,617)	(170,937)
Effect of exchange rate on cash and cash equivalents	17,675	(10,831)
Net increase (decrease) in cash and cash equivalents	(63,263)	33,819
Cash and cash equivalents at beginning of period	765,591	728,616
Increase (decrease) in cash and cash equivalents resulting from change of the scope of consolidation	—	(534)
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	—	3,690
Cash and cash equivalents at end of period	702,328	765,591

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

Item	(Unit: Million yen)	
	FYE2019 (as of March 31, 2019)	(Reference) FYE2018 (as of March 31, 2018)
Assets		
Current Assets	1,407,113	1,236,184
Cash and deposits	742,751	601,440
Accounts receivable-trade	261,785	244,157
Short-term investment securities	80,997	102,499
Merchandise and finished goods	48,330	39,307
Work in process	66,718	47,567
Raw materials and supplies	20,016	15,663
Advance payments-trade	14,924	6,644
Prepaid expenses	4,801	6,957
Short-term loans receivable to subsidiaries and affiliates	58,704	56,195
Current portion of long-term loans receivable from subsidiaries and affiliates	18,000	22,500
Deposits paid	30,540	30,759
Accounts receivable-other	38,594	36,845
Other	20,964	25,683
Allowance for doubtful accounts	(11)	(32)
Noncurrent assets	740,499	707,767
Property, plant and equipment	327,636	322,751
Buildings, net	90,496	86,423
Structures, net	13,725	12,469
Machinery and equipment, net	118,217	99,248
Vehicles, net	2,774	1,771
Tools, furniture and fixtures, net	10,078	7,608
Land	81,612	80,002
Construction in progress	7,684	33,493
Other	3,050	1,737
Intangible assets	29,621	25,676
Software	22,863	20,008
Other	6,758	5,668
Investments and other assets	383,242	359,340
Investment securities	3,673	9,371
Stocks of subsidiaries and affiliates	148,828	147,657
Investments in capital of subsidiaries and affiliates	3,634	2,436
Long-term loans receivable	504	604
Long-term loans receivable from subsidiaries and affiliates	80,949	71,885
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,660	2,690
Prepaid pension cost	11,638	12,506
Deferred tax assets	111,639	94,129
Other	22,989	22,099
Allowance for doubtful accounts	(3,272)	(4,037)
Total Assets	2,147,612	1,943,951

[Translation for Reference and Convenience Purposes Only]

(Unit: Million yen)

Item	FYE2019 (as of March 31, 2019)	(Reference) FYE2018 (as of March 31, 2018)
Liabilities		
Current liabilities	913,487	735,601
Notes payable-trade	507	1,270
Accounts payable-trade	237,125	263,317
Electronically recorded obligations-operating	63,954	63,841
Current portion of long-term loans payable	5,500	40,100
Lease obligations	1,831	909
Accounts payable-other	17,398	29,374
Accrued expenses	38,269	37,638
Income taxes payable	912	42,294
Advances received	33,416	33,937
Deposits received	237,943	1,468
Provision for bonuses	14,294	15,686
Provision for product warranties	255,836	192,915
Provision for loss on construction contracts	666	160
Provision for loss on business liquidation	1,575	3,098
Asset retirement obligations	—	0
Other	4,261	9,594
Noncurrent liabilities	123,316	52,282
Long-term loans payable	85,200	16,000
Lease obligations	1,603	1,345
Provision for product warranties	33,046	30,380
Provision for retirement benefits	261	381
Asset retirement obligations	16	16
Other	3,190	4,160
Total liabilities	1,036,803	787,883
Net Assets		
Shareholders' equity	1,110,934	1,153,260
Capital stock	153,795	153,795
Capital surplus	160,085	160,090
Legal capital surplus	160,071	160,071
Other capital surplus	14	19
Retained earnings	803,964	846,429
Legal retained earnings	7,901	7,901
Other retained earnings	796,063	838,528
Reserve reduction entry of land	990	990
General reserve	35,335	35,335
Retained earnings brought forward	759,738	802,203
Treasury stock	(6,910)	(7,054)
Valuation and translation adjustments	(125)	2,808
Valuation difference on available-for-sale securities	(125)	2,808
Total net assets	1,110,809	1,156,068
Total liabilities and net assets	2,147,612	1,943,951

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

Item	(Unit: Million yen)	
	FYE2019 April 1, 2018 to March 31, 2019	(Reference) FYE2018 April 1, 2017 to March 31, 2018
Net Sales	1,929,791	2,083,284
Cost of Sales	1,641,311	1,604,246
Gross Profit	288,480	479,038
Selling, general and administrative expenses	208,658	223,023
Operating income	79,822	256,015
Non-operating income	22,825	29,282
Interest income	8,814	1,362
Interest on securities	37	38
Dividends income	3,531	19,523
Foreign exchange income	3,031	-
Real estate rent	2,868	2,835
Gain on valuation of derivatives	—	2,266
Other	4,544	3,258
Non-operating expenses	20,028	19,272
Interest expenses	3,926	311
Depreciation	1,233	966
Foreign exchange losses	—	14,242
Loss on valuation of derivatives	6,993	—
Plant shutdown related costs	2,532	—
Other	5,344	3,753
Ordinary income	82,619	266,025
Extraordinary income	4,688	5,677
Gain on sales of noncurrent assets	95	46
Gain on sales of investment securities	3,214	4,256
Other	1,379	1,375
Extraordinary loss	4,175	85,772
Loss on sales and retirement of noncurrent assets	3,609	3,092
Loss related to airbags	—	81,261
Other	566	1,419
Income before income taxes	83,132	185,930
Income tax-current	31,362	72,913
Income taxes-deferred	(16,233)	(40,479)
Net Income	68,003	153,496

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Changes in Net Assets
(April 1, 2018 to March 31, 2019)

(Unit: Million yen)

(Unit: Million yen)

	Shareholders' equity								
	Capital stock	Capital Surplus			Retained earnings				
		Capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for reduction entry of land	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	153,795	160,071	19	160,090	7,901	990	35,335	802,203	846,429
Changes of items during the period									
Dividends from surplus	—	—	—	—	—	—	—	(110,468)	(110,468)
Net income	—	—	—	—	—	—	—	68,003	68,003
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(5)	(5)	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	(5)	(5)	—	—	—	(42,465)	(42,465)
Balance at the end of current period	153,795	160,071	14	160,085	7,901	990	35,335	759,738	803,964

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(7,054)	1,153,260	2,808	2,808	1,156,068
Changes of items during the period					
Dividends from surplus	—	(110,468)	—	—	(110,468)
Net income	—	68,003	—	—	68,003
Purchase of treasury stock	(5)	(5)	—	—	(5)
Disposal of treasury stock	149	144	—	—	144
Net changes of items other than shareholders' equity	—	—	(2,933)	(2,933)	(2,933)
Total changes of items during the period	144	(42,326)	(2,933)	(2,933)	(45,259)
Balance at the end of current period	(6,910)	1,110,934	(125)	(125)	1,110,809

Audit Report

Accounting Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 14, 2019

The Board of Directors
SUBARU CORPORATION

KPMG AZSA LLC

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ryoichi Isashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yumiko Hosoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SUBARU CORPORATION as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of SUBARU CORPORATION and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Accounting Audit Report on Non-consolidated Financial Statements

Independent Auditor's Report

May 14, 2019

The Board of Directors
SUBARU CORPORATION.

KPMG AZSA LLC

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Ryoichi Isashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yumiko Hosoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SUBARU CORPORATION as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

[Translation for Reference and Convenience Purposes Only]

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SUBARU CORPORATION for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Board of Corporate Auditors' Report

Audit Report

The Board of Corporate Auditors have prepared this Audit Report by analyzing the Audit Report prepared by the auditors concerning the performance of duties by the directors for the 88th fiscal period between April 1, 2018 and March 31, 2019, and report as follows.

1. The Corporate Auditors, and the Methods and Contents of Audit by the Board of the Corporate Auditors

- [1] The Board of the Corporate Auditors determined the audit policy and allocation of duties, received reports on the status and results of audits from each auditor, received reports on the status of performance of duties from directors, etc., and accounting auditors, and requested explanation where necessary.
- [2] In accordance with the standards for auditor's audit prescribed by the Board of the Corporate Auditors, each auditor attempted to communicate with the directors, internal control division and other employees, etc., following the audit policy and allocation of duties, etc., strove to gather information and establish audit environment, and performed the audit using the following methods.

As stated in the Business Report, the Board of Corporate Auditors confirmed the implementation status of recurrence prevention measures against a series of improper conduct cases through actions such as discussions with the management team and the site personnel including final vehicle inspectors and inspection of the Gunma Plant in response to the reinvestigation of improper conduct case of final vehicle inspections and release of investigation report within the relevant fiscal year.
- (i) Participated in board of directors' meetings and other important meetings, received reports from the directors and employees, etc., on the status of performance of their duties, requesting explanations where necessary, inspected important approval documents, etc., and examined the status of the business and assets at the headquarters and major offices. With respect to subsidiaries, the Corporate Auditors sought communication and exchange of information with the directors and corporate auditors, etc., of the subsidiaries, and received reports on business from the subsidiaries where necessary.
- (ii) With respect to the content of the board of directors' resolution concerning the establishment of the system prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Rule for the Company Act as necessary for securing the system to ensure that the performance of duties by the directors described in the Business report comply with the laws and articles of incorporation and appropriateness of the business of the corporate group comprising of the stock company and its subsidiaries, as well as the status of the system established based on the resolution of the board of directors' meeting (internal control system), the Corporate Auditors received periodic reports on the status of establishment and operation of such system, requested explanation and stated our opinions where necessary.
- (iii) We monitored and reviewed that the accounting auditors maintained independence and performed appropriate audits and received reports from the accounting auditors on the status of performance of their duties, and requested explanation where necessary. We also received a notice from the Accounting Auditors that the "system to secure appropriate performance of duties" (matters listed in the Items of Article 131 of Company Calculation Rules) were established in accordance with the "Quality Control Standards for Audit" (October 28, 2005 Business Accounting Council), etc. and requested explanation where necessary.

Based on the above methods, we reviewed the Business Report and its supporting documents, Non-consolidated Financial Statements (the Non-consolidated Balance Sheet, Non-consolidated Statements of Comprehensive Income, Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements) and their supporting documents as well as Consolidated Financial Statements (the Consolidated Balance Sheet, Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Net Assets, and the Notes to the Consolidated Financial Statements).

[Translation for Reference and Convenience Purposes Only]

2. Audit Results

[1] Audit Result for the Business Report, etc.

- (i) The business report and its supporting documents correctly represent the status of the Company in accordance with the laws and the Articles of Incorporation.
- (ii) There were no unlawful acts or material facts in violation of laws or the Articles of Incorporation in relation to the performance of duties of the directors.
- (iii) We acknowledge that the resolutions of the Board of Directors with respect to the internal control system are appropriate. We have found no matters to point out for the description of Business Report and the execution of duties by Directors with respect to the internal control systems. The Board of Corporate Auditors have confirmed that the Company are making efforts toward further commitment to quality assurance by the management team, thorough compliance with laws and regulations and review of final vehicle inspection work in response to the improper conduct case of final vehicle inspections and that it is appropriate for the Company to determine that soundness of final vehicle inspections has been secured until the present time. The Board of Corporate Auditors will continue to pay attention to the efforts of the Board of Directors.

[2] Audit Results for the Non-consolidated Financial Statements and Supporting Documents

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

[3] Audit Results for Consolidated Financial Statements

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

May 14, 2019

SUBARU CORPORATION Board of Corporate Auditors

Standing Corporate Auditor Akira Mabuchi (seal)

Standing Corporate Auditor Shuzo Haimoto (seal)

Outside Corporate Auditor Shinichi Mita (seal)

Outside Corporate Auditor Yasuyuki Abe (seal)

Notes to the Reader of Audit Report:

The Audit Report herein is the English translation of the Auditor's Report as required by the Companies Act.