February 7, 2019

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Notice Regarding Year-on-Year Changes in Consolidated Financial Results for the Third Quarter of FYE 2019

Subaru Corporation hereby notifies year-on-year changes between the consolidated financial results for the third quarter of FYE2019 (April 1 – December 31, 2018) announced today and the corresponding third quarter of the previous year. Details are set out below.

1. Year-on-Year Changes in Consolidated Financial Results for the Third Quarter of FYE 2019

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Net income attributable to owners of parent</th>
<th>Net income per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third quarter of FYE 2018 (A)</td>
<td>Millions of yen 2,437,749</td>
<td>Millions of yen 306,305</td>
<td>Millions of yen 303,116</td>
<td>Millions of yen 152,843</td>
<td>Yen 199.35</td>
</tr>
<tr>
<td>Third quarter of FYE 2019 (B)</td>
<td>2,377,413</td>
<td>153,669</td>
<td>157,042</td>
<td>118,220</td>
<td>154.18</td>
</tr>
<tr>
<td>Increase or decrease (B – A)</td>
<td>(60,336)</td>
<td>(152,636)</td>
<td>(146,074)</td>
<td>(34,623)</td>
<td>(22.7)</td>
</tr>
<tr>
<td>Percentage change (%)</td>
<td>(2.5)</td>
<td>(49.8)</td>
<td>(48.2)</td>
<td>(22.7)</td>
<td></td>
</tr>
</tbody>
</table>

Note: The Company has changed its accounting policies with effect from the first quarter of FYE 2019. Accordingly, the new policies have been retroactively applied to FYE 2018 results before carrying out year-on-year comparison and analysis of net sales figures.

2. Reasons for the Changes

In the automotive business, Unit sales in Japan decreased by 20,000 units (17.1%) year-on-year to 98,000 units, as sales of Impreza, Subaru XV and Levorg declined, offsetting strong demand for the fully-redesigned Forester launched in July 2018. In overseas markets, Subaru kept strong momentum on retail sales with growth in its largest North American market driven by the newly-introduced Ascent and the Crosstrek (“Subaru XV” outside North America). On the other hand, consolidated overseas unit sales fell by 19,000 units (2.8%) to 664,000 units, as deliveries of the Forester decreased before the launch of its fully-redesigned version and deliveries were adjusted to optimize local inventory levels mainly in the U.S. market.

Aerospace Company sales rose year-on-year, driven by increased production of components for the C-2 cargo transport aircraft for the Japanese Ministry of Defense and an increase in other defense R&D contracts. Sales in the passenger aircraft sector were lower than the same period of the previous year, largely due to a decrease in Boeing 777 production.

As a result, consolidated net sales for the third quarter of FYE 2019 declined by ¥60.3 billion (2.5%) year-on-year to ¥2,377.4 billion.
Operating income declined by ¥152.6 billion (49.8%) year-on-year to ¥153.7 billion for factors such as an increase in quality-related expenses due to recall campaigns notified in November 2018 and a decrease in consolidated unit sales. Ordinary income decreased by ¥146.1 billion (48.2%) year-on-year to ¥157.0 billion. Net income attributable to owners of parent fell by ¥34.6 billion (22.7%) to ¥118.2 billion.

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