

TRANSLATION

For immediate release

Fuji Heavy Industries and Isuzu Motors Signed Agreements on
Dissolution of SIA Joint Venture and
Production Consignment

Tokyo, December 20, 2002 - Fuji Heavy Industries Ltd. (president: Kyoji Takenaka, FHI) and Isuzu Motors Limited (president: Yoshinori Ida) came to an agreement today, executing signatures on agreements to dissolve joint venture at Subaru Isuzu Automotive Inc. (SIA) in the United States through transfer of entire shareholdings of Isuzu in SIA to FHI. Concurrently, FHI and Isuzu concluded an agreement for Isuzu to entrust its vehicle production with SIA that will become a wholly owned subsidiary of FHI after the share transfer. Key agreements contained in the contracts are as follows:

1. Dissolution of Joint Venture at SIA

- (1) Reason of dissolution: Significant decline of Isuzu SUV vehicle sales in North America resulted in low operating rate, and that it became difficult to sustain the operation.
- (2) Share transfer: All the 1,227 shares held by Isuzu Motors in SIA (49% of issued shares) be transferred to FHI
- (3) Share transfer price: US \$ 1.00
(* Share price was determined by taking into consideration of capital increase (394 million dollars) executed earlier to cover approximately 489.5 million dollars in expenses and losses attributable to Isuzu as a result of dissolving the Joint Venture, as well as asset valuation of Isuzu portion at SIA)
- (4) Timing of share transfer: January 1, 2003.

2. Regarding Isuzu's consignment of production operation to SIA

- (1) Models: Isuzu Rodeo, Rodeo Sports, Axiom
- (2) Start of production: January 2003
- (3) Production volume: Approx. 30,000 unit per year

With the conclusion of agreements, SIA will make a fresh start as a wholly owned subsidiary of FHI Ltd., as of January 1, 2003. The company name will change to Subaru of Indiana Automotive, Inc., but its renowned abbreviated nickname "SIA" will remain unchanged. And, Masayoshi Nagano, current president of SIA and Senior Vice President of FHI will remain as the president of new SIA.

Isuzu Motors has been making fundamental review of manufacturing operations in North America with a clear objective to restore its enterprise value and strengthen competitiveness, in accordance with the New Three-year Business Plan released on October 25 this year. The dissolution of joint venture at SIA and consignment of Isuzu vehicle production with the new SIA will be a significant contribution to Isuzu to establish highly efficient SUV business operations in North America.

The role SIA plays as an instrumental product source for FHI will become increasingly more important, as the parent company pursues its objective to realize a 300,000-unit annual sales in North America in accordance with the FDR-1, FHI's mid-term business plan. Going forward, FHI will make maximum use of the production capacity at SIA for Subaru vehicles, while promoting efficiency and ensuring the optimum production balance between Japan and the U. S.

3. Corporate profile of SIA

	Current	After dissolution of Joint Venture
Company Name	Subaru-Isuzu Automotive Inc. (Abbreviated as "SIA")	Subaru of Indiana Automotive, Inc. (Abbreviated as "SIA")
Address	5500 State Road 38 East. Lafayette, Indiana 47903, U.S.A	Unchanged
Established on:	March 17, 1987	- ditto -
Capital	US\$ 250 million	US \$ 644 million
Ownership	FHI Ltd. 51%, Isuzu Motors Limited 49%	FHI 100%
Representative	Masayoshi Nagano	Unchanged
Number of employees	Approx. 2,900 associates	- ditto -
Production started on:	September 8, 1989	- ditto -
Models:	Subaru Legacy, Outback, Baja Isuzu Rodeo, Rodeo Sports, Axiom	- ditto -

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