

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

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