Mid-Term Management Vision

Our Evolving Mid-Term Management Vision

Our management philosophy envisions a future for SUBARU as "A Compelling Company with a Strong Market Presence" built upon its customer-first principle. We will continue to work under this philosophy to enhance the appeal of the SUBARU brand by offering customers "Enjoyment and Peace of Mind."

2007–2010
Customer Satisfaction: Our Customers Are Everything
At the time of announcement: President & CEO Ikuo Mori

Essential features

With the philosophy of "customers come first" at its core, focusing on improving profitability and investing in growth areas with management resources

Major challenges

1. To provide a distinctive SUBARU experience for drivers and passengers
2. To increase sales globally (Most important market: U.S.)
3. To strengthen competitiveness in quality and cost
4. To also grow through the business alliance with Toyota
5. To grow the level of employee competence and so enhance the organization

Achievements

- Sharing the mind of "customers come first" within the Group
- Globalization of products
- World's leading safety performance
- Expanding the sales in U.S. (the most important market)
- Reform of profit structure by leaning cost

Issues

- Lowering the sensitivity of foreign currencies
- Increasing sale in emerging countries including China
- Developing environmental technology and products
- Autonomy of three internal companies
- Flexibility to adopt the changes of business environment

2011–2015*
Motion-V
At the time of announcement: President & CEO Yasuyuki Yoshinaga

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

Five challenges

1. Guiding principle for all activities "Confidence in Motion"
   <Promote the brand strategy>
   SUBARU provide the value to customers "Enjoyment and Peace of Mind"
2. With the basic philosophy of "customers come first," "Provide distinctive SUBARU experience"
3. Strengthen sales force and the availability of automotive supply, "Accelerate sales expansion"
4. Overhaul of cost structure and promoting alliance with Toyota, "Solidify operational foundation"
5. Back up concrete approaches for business, "Improvement in Management"

Achievements

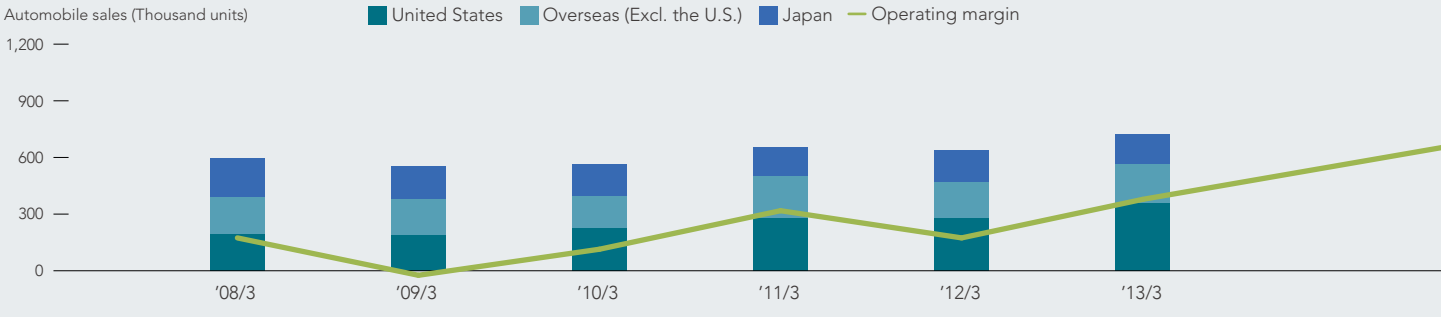
- XUV/SUV strategy succeeded
- Boosted sales through U.S.-oriented product development
- Highly rated collision safety and EyeSight
- Cost reduction activities paid off
- Achieved low-incentive sales
- Achieved highly efficient production

Issues

- Compliance with future environmental regulations
- Production capacity shortages
- Responding to the needs of new customers
- Sensitivity to currency fluctuations

*The Motion-V mid-term management plan, originally intended to run from 2011 to 2015, was completed ahead of schedule in FYE March 2014. Prominence 2020, the new mid-term management vision, was launched in FYE March 2015.

Consolidated Automobile Unit Sales and Operating Margin



We have succeeded in strengthening the appeal of the SUBARU brand by providing products that offer value unique to SUBARU, as well as by expanding our markets. We will continue to provide "Enjoyment and Peace of Mind" by building a company that is trusted by, and resonates with, all customers and stakeholders in order to achieve sustainable growth under STEP, our mid-term management vision.

2014–2017
Prominence 2020

At the time of announcement: President & CEO Yasuyuki Yoshinaga

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

Reason for formulation

Pursue the goal of sustainable growth and development by boosting competitiveness and building a solid business platform at a new stage

Vision for 2020

Corporate vision
Not big in size, but a high-quality company with distinctive strengths

Specific goals
- No.1 for customer trust
- Strong brand
- Among the most profitable companies in the industry
- Vehicle sales of 1.1 million-plus units

Direction for mid-term management vision

Pursue added-value business
→ Enhancing the SUBARU brand
Increase tolerance to changes in the business environment
→ Building a strong business structure

Achievement

- Among the most profitable companies in the industry

Issues

- Strong brand
- Vehicle sales of 1.2 million-plus units
- No.1 for customer trust

2018–2025
STEP

President & CEO Tomomi Nakamura

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

STEP

Speed **T**rust **E**ngagement **P**eace of mind & enjoyment

Restoring trust by speedily advancing initiatives and by engaging and providing "Enjoyment and Peace of Mind" to customers

Vision

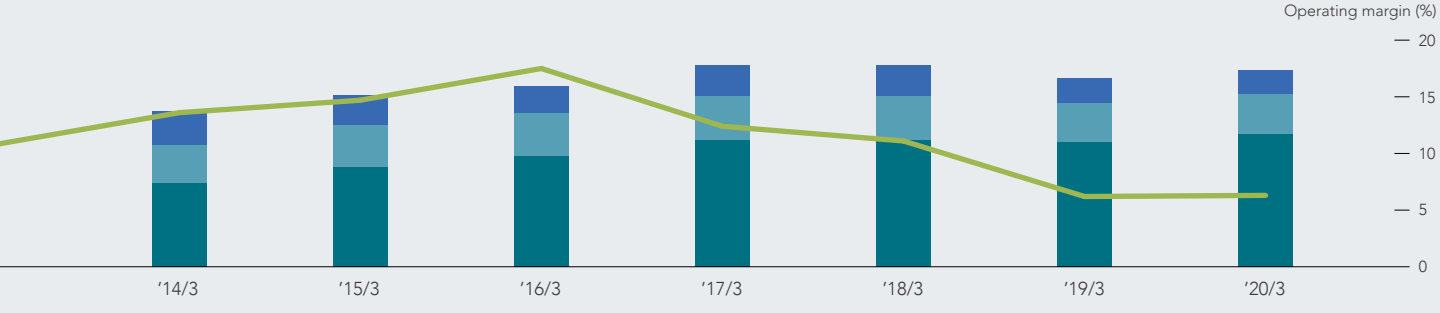
From a company making things, to a company making people smile

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.

Priority issues

- Corporate culture reforms
Accelerate efforts to become "a company that does the right thing in the right way."
Continuous efforts aimed at corporate culture reforms.
- Quality reforms
Strive to be No.1 for "the quality that enables customers to enjoy long-term ownership with peace of mind."
- Launch Make-a-Subaru project
Realizing improvement of customer value with "high quality," "high added value," and "low costs."



Overview of the STEP Mid-Term Management Vision

Creating the Mid-Term Management Vision

In July of 2018, we formulated STEP, our mid-term management vision, with the goal of building trust and resonating with customers by providing "Enjoyment and Peace of Mind."

Background

- Changes in the external environment: Once-in-a-century changes in a mobility society
- Strains from the company's rapid growth: Lacking fundamental corporate strength

Intentions in developing the mid-term management vision

- Restore trust by cultivating fundamental corporate strength as soon as possible.
- Stay true to the brand principle of providing "Enjoyment and Peace of Mind" to our customers.
- Make SUBARU more than just a company that is trusted by, and resonates with, our customers.

Principles

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

Vision

From a company making things, to a company making people smile

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.

Concept and Timeline

STEP is an acronym formed from the initial letters of "Speed," "Trust," "Engagement," and "Peace of Mind and Enjoyment," which are four important elements of the vision. The letter "T" is emphasized in the logo as SUBARU considers trust as the most important element of all. The name also expresses the company's determination to take "steady, strong steps" before a future jump over social changes.

Initiatives Overview (9 Boxes + 1)

0	"Change the Culture" Corporate culture reforms	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

The core themes of STEP are the corporate culture reforms, quality reforms, and the launch of the Make-a-Subaru project. The following pages provide details of each theme and information about progress on related activities in FYE March 2020.

Market Strategy

Sustainable growth based on focus strategy

Maintain growth in the U.S., aim for sustainable growth in the approach suited to each market.

Region	Approach
North America	Target 5% share in the U.S. Strengthen retailer networks in low-share states centered on the Sunbelt.
Japan	Home market to be retained. Maintain current monthly sales level of 10,000 units*, while overall industry demand is expected to gradually diminish. (*Passenger vehicles excl. mini vehicles.)
Asia, Oceania, Russia, Latin America	Accelerate efforts in each market with a view to growth, including expanding sales networks. Aim for substantial growth in Asian markets, with the Forester production launch (2019) in the CKD assembly plant in Thailand.
China, Europe	Maintain the current sales volume level. Speed up responses to market and policy changes and constantly update strategy on a rolling basis.

Sales plans (FYE 2019 vs. FYE 2026)

(10 thousand units)

	Japan	North America	Other	Total
FYE 2019 (plan)	15	77	18	110
FYE 2026 (plan)	15	92	23	130
Change	±0%	+20%	+27%	+18%

Production capacity (FYE 2021)

(10 thousand units)

	Japan	Overseas		Global total
	Gunma	SIA	Asia CKD	
Standard operations	69.6	43.6	1.4	115
At full capacity	77.9	49.7		129

Profit Plan/Capital Policy

- Increase strategic investment and R&D spending.
- Ensure industry-leading profitability while implementing the above. (Target operating margin of 10% or higher)
- Ensure equity ratio of 50% or higher. Ensure ROE of 10% while aiming for 15% or higher.
- Manage net cash in light of business conditions, with a minimum level set at two months' worth of net sales.
- Deliver well-balanced return of profits to all stakeholders. Position dividends as the main form of return to shareholders, with an emphasis on stable, continuous returns.
- Yearly dividend for the next three years at 144 yen per share. Conduct share repurchases flexibly depending on cash flow.

Profit plan for FYE 2019–2021 (3 years)

(¥105/USD)

Net sales	10 trillion yen
Operating income	950 billion yen
Operating margin	9.5%
R&D expenses	400 billion yen (+18%)
Capital expenditures	450 billion yen (+3%)
Depreciation and amortization	300 billion yen (+29%)

*( ) : Percent change from previous 3-year period (FYE 2016–2018)

Capital policy

Net cash	Two months' worth of net sales at minimum	
Equity ratio	50% at minimum	
ROE	Minimum	10%
	Target	15%
Shareholder returns	Yearly dividend per share	144 yen
	Share repurchases	To conduct flexibly

Priority Issues of the Mid-Term Management Vision STEP

Corporate Culture Reforms

"Change the Culture"
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.

Accelerate efforts to become a company that does the right thing in the right way

Compliance	• Conduct comprehensive checks of compliance with all internal rules and the work of all employees. Strengthen compliance education.
Governance	• Reinforce group governance systems and ensure a high degree of transparency in information disclosure.
Management	• Strive harder to stay close to the "genba" (the actual worksite). Learn more from the outside.

Corporate culture and human resources/organization

- In order to develop an energetic, open-minded corporate culture, implement efforts to change, starting with the senior management and progressively moving downward.
- Strengthen the critical thinking abilities of individual employees. Reform systems, mechanisms, and the organization to support the effort.

Review CSR activities

- Six priority areas redefined to step up activities.

IT adoption to overall business activities

Six Priority Areas for CSR

Quality Reforms

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

Review all processes, from product planning to production, to ensure quality

Step up the level of manufacturing plants

- Simultaneously step up quality, productivity, efficiency, and flexibility through IT adoption.
- Maximize strengths of our Japan/U.S.-centered manufacturing footprint.

Reinforce quality management systems

- Strengthen the CQO's authority. Enhance quality assurance functions (concentrate functions on Quality Assurance Division and reinforce the organization).

Improve quality at customer contact points

- Improve service operations to address rapid growth in customers.

Invest in facilities for quality enhancement

Investment framework of 150 billion yen (over five years) in enhancing overall quality

Make-a-Subaru Project

Launch a new initiative aimed at raising customer value with "high quality," "high added value," and "low costs."

Make-a-Subaru Project

The aim of the Make-a-Subaru project is to enhance the value that SUBARU provides to customers, not only through mono-zukuri (car-making), but also through all aspects of our products and services. Our goal is to make our focus the creation of cars that combine "high

quality" and "high added value" with "low costs" at all stages from initial concepts and development through to production and after-sales service. We will achieve these things by reforming our development processes to place even greater emphasis on quality at the upstream development stage, resulting in built-in quality.

Key points in the project

- Involves initiatives from all directions with quality at the core.
- Coherent activity, with every area of initiatives linked to one another.
- To be conducted with a long-term perspective.

Raising customer value

FYE March 2020 Initiatives

Corporate Culture Reforms

Compliance Committee Chair's Dialogue with Staff

As part of compliance activity rooted in workplaces on the ground, our Compliance Committee Chair, served by the Chief Risk Management Officer, visits each department to have discussions with managers and associate managers on an ongoing basis (14 such sessions held with 5 departments by the end of March 2020). In these sessions, the Compliance Committee Chair talks about his view on compliance in his own words, and compliance-related issues at each department are discussed and views are exchanged. Discussion outcomes are reported to officers in charge of respective departments so that they can be used to improve compliance at each department.

Officer Speech Relay

Seventeen of the executive officers communicated their thoughts on the theme of "what I think is a company that is more open to new ideas and where people can say what they want to," and had discussions with assistant managers and chiefs (job grades of associate manager and group chief) in back-office divisions that are outside the scope of their responsibility. The Speech Relay, which was held 19 times at all operational locations, were attended by some 3,500 employees. We received positive feedback in questionnaires conducted after the sessions, with many expressing their appreciation of the opportunity to be exposed to views of executive officers in charge of other divisions, which they rarely had opportunities to, and hear their frank views.

Goals and Features of the Speech Relay

- Provides an opportunity for officers to directly convey their feelings, thoughts and seriousness to employees
- Serves as one of the channels of communication between the management and employees
- Provides an opportunity for employees to be exposed to views of the management members in charge of department other than their own to be aware of situations "outside," with a further aim of revitalizing the entire company

Officer speech relay

Employee Attitudes Survey

We have conducted an annual survey of employee attitudes since FYE March 2018. The survey for FYE March 2020 showed that, while the goal of a workplace with thriving communication and employees open to new ideas is still some distance away, the overall rating has improved. We held for the first time a seminar on ways to utilize findings of the employee attitudes survey for all senior managers. In the seminar, participants used data to learn about trends and changes in employee attitudes seen across the company, and exchanged views on identifying issues and finding solutions.

Quality Reforms

Make-a-Subaru Project

Quality Policy Revision

SUBARU's quality policy, which had been in force since its formulation in November 1994, was revised in April 2019 to reflect changes in the internal and external environments. The aim of the changes is to encourage employees to modify their perceptions and behavior and make quality their first priority. The new policy has been shared with all employees and is being steadily implemented via day-to-day operations.

Quality Policy

At SUBARU, quality is our highest priority as we earn the trust of our customers.

1. We will deliver long lasting products that our customers can use with peace of mind.
2. We will continually improve our products and services by always listening closely to our customers' voice.
3. We will be a good corporate citizen in all markets where we do business by ensuring compliance with all internal rules, local laws, regulations and social norms.

Revised in April 2019

Organizational Reforms

We set up on April 1, 2020 a Quality Assurance Management Office tasked to ensure quality assurance of the entire Group, including the domestic and overseas operations, as an entity directly under the Chief Quality Officer (CQO). We are working to create the Group organizational structure needed to implement quality assurance, and to manage, maintain and continuously improve that organization. On the same day, the CQO was appointed Director of Subaru of Indiana Automotive, Inc. (SIA), our U.S. production operation. We will accelerate quality reforms in an effort coordinated between our Japanese and U.S. operations.

Three Pillars of Quality Reforms

We will step up effort and aim for achievements that can make our stakeholders say, "SUBARU has changed." For that, we listen seriously to customer views. Regarding customers as the starting point of everything, we set the following three pillars for our effort.

1. "Urgent Measures" to Recover Trust

We strive to "perfect product quality" to ensure that our customers can use our products with peace of mind. Under a policy of "Improve quickly and accurately" if any quality issue is found, we are working on such reform initiatives as review of the process of quality checks in the development phase, quality improvement through joint effort with suppliers, "in-process quality assurance," in which defects are prevented from being sent on to the next production process, and "milestone management," in which these are judged strictly. Impact of the effort to "perfect product quality" has started to be felt unmistakably and quality of the new Legacy and Outback models that started to be manufactured in the Subaru of Indiana Automotive, Inc. (SIA), our production base in the U.S., in August 2019 has been consistently good. In Japan, we are paying utmost attention to quality in the preparation for the start of manufacturing the new Levorg model in FYE March 2021. A key issue for the "Improve quickly and accurately" policy is to strengthen the quality assurance structure to support a rapid sales increase in our priority market of North America. In the current fiscal year, we aim to expand the local operations so that we can directly learn customer voices and address them quickly. In the U.S. production operation, we plan to improve SIA's quality assurance, using the superior manufacturing technology in Japan.

New Levorg

GT EX　　STI Sport EX

2. "Make-a-Subaru" Project to Turn Quality into Value

There are three activities underway for our next-generation products that are in a planning stage, aiming for the "SUBARU that are chosen for quality."

- Efficiently improve quality levels through a batch planning framework in which common specifications are used for multiple models
- Reform development processes to raise degrees of perfection for blueprints and eliminate unnecessary trial and error due to lack of sufficient planning
- Incorporate investment to improve quality, allocation of costs and value offered to customers in business feasibility indicators

We thus aim to establish a solid structure for continuously creating high-quality products by adopting the quality-centric policy starting from the uppermost stream of development.

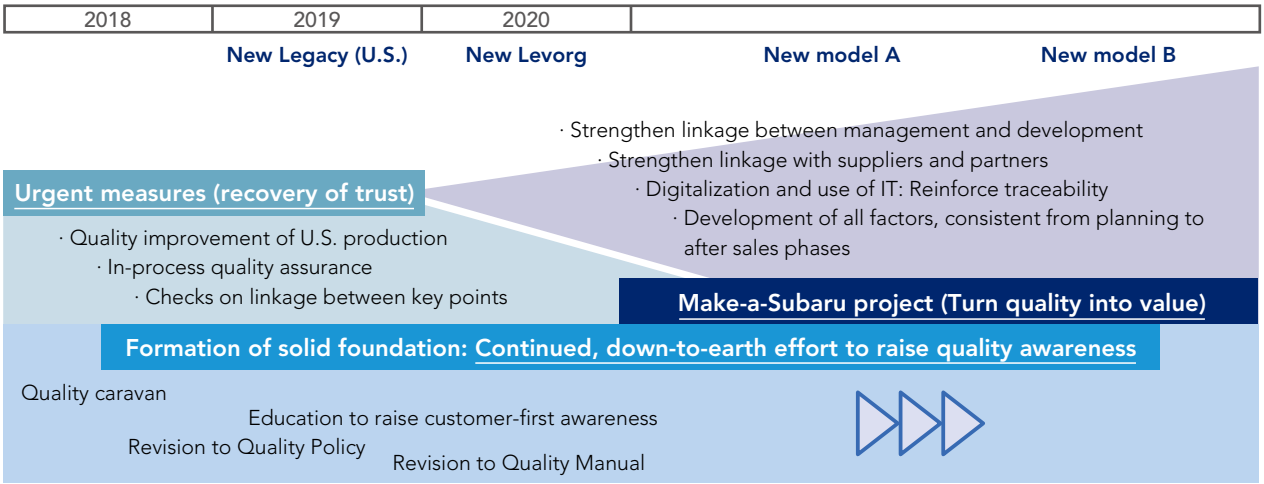
Facing a drastic change in the automobile business, where new functionalities such as environment measures, advanced driver assist systems, and the connected car technology are called for, we must adapt to quality, quantity and speed that goes beyond the existing boundary of quality assurance. We will promote the quality-centric "Make-a-Subaru" project in taking measures to introduce next-generation technologies.

We have already started a service of providing software updates through telematics and internet connection mainly in North America. Going forward, we will link a variety of quality-related information, including design information, manufacturing history (traceability), final inspection data and service history to help create new customer value.

3. "Formation of Solid Foundation" for Raising Quality Awareness

In quality reforms, the foundation for everything is the awareness of each and every employee. We will steadily continue trying to raise quality awareness to firmly establish the quality-centric attitude in each employee. The program in FYE March 2021 will feature new content and be used in overseas operations, including SIA.

Quality caravan	The quality caravan event is implemented as part of Quality Month activities in November. Lecturers discuss defects and recall cases in the past and what we learned from them, using actual objects involved, and panels to all employees and people at suppliers. We also create opportunities to listen to harsh criticisms from customers and frank opinions of staff at dealers.
Education through internal newsletter	The newsletter includes contents such as top messages from the president, and articles related to product quality every two months.
Activity to maintain alertness	All employees watched an educational video that reviews improprieties relating to final vehicle inspections that was discovered in October 2017. We will conduct a similar program in October every year.



SUBARU's Future Technology Strategy

SUBARU has created a proprietary horizontally opposed engine (Boxer engine) and all-wheel drive (AWD), as well as systems to ensure excellent driving and safety performance, the EyeSight advanced driver assist system, and environmental protection technologies. We will continue to enhance these wide-ranging core technologies to accentuate "SUBARU-ness" as a unique brand that provides customers with "Enjoyment and Peace of Mind."

Outlined below is the SUBARU Technology Briefing held in January 2020.

1. Enjoyment and Peace of Mind

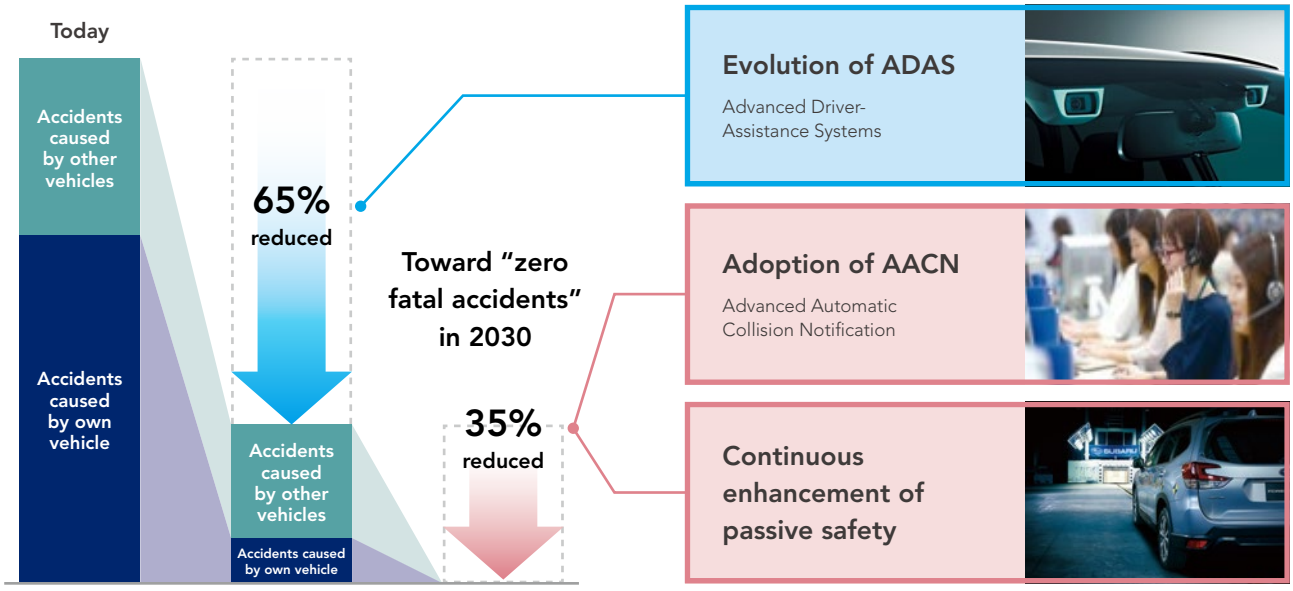
Technology toward "Zero Fatal Accidents" in 2030

SUBARU aims toward "zero fatal accidents"[1] in 2030. In order to achieve this goal, it is important to further develop advanced driver-assistance systems, including the EyeSight and the Driver Monitoring System, introduce new technologies and services, including automatic accident reporting system, and take technologies that support intrinsic functions of cars, as represented by the Subaru Global Platform (SGP) and the AWD technology, to the next level. Fast and accurate vehicle response, straight-driving performance, vehicle stability during cornering and turning performance, which together comprise what we call "dynamic quality," create value that allows the driver have fun driving and makes them want to continue driving. These qualities also have a significant impact on the car's ability to avoid accidents. Even when the age of self-driving vehicles arrives, the importance of basic performance of elements, including platforms, will remain the same. We believe our effort to eliminate fatal traffic accidents will also realize fun of driving, and lead to everything that makes SUBARU unique.

1 Fatal traffic accidents of SUBARU drivers/passengers and pedestrians/cyclists SUBARU cars collide with

A Scenario toward Zero Fatal Traffic Accidents

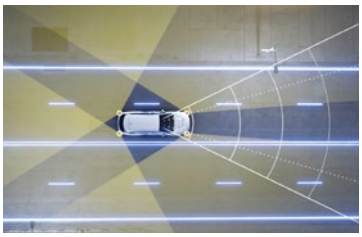
Fatal traffic accidents of SUBARU cars (estimated from U.S. FARS data)



Advancing EyeSight and coordinating it with connected safety and passive safety

Next-generation EyeSight

With a stereo camera as EyeSight's core, we aim to strengthen the system's capacity to address a variety of accident situations by improving its object recognition/situation judgment and extending cooperative control with other devices. We are evolving toward linkage with the connected-car service and introduction of auto-parking systems.



Driver monitoring system

Monitors expressions and the direction of the face to detect driver sleepiness or lapse of attention and warns with an alert sound and display. We plan to consider further deepening its linkage with EyeSight.

SUBARU STARLINK

A connected car service introduced in the United States. We plan to introduce it in Japan. In Japan, we plan to introduce AACN, which automatically notify a call center of accidents that have happened to raise percentage of surviving accident victims.

To Improve the Performance of the Subaru Global Platform

"Enjoyment and Peace of Mind" is supported by the Subaru Global Platform, our core technology.
We will use AI technologies to develop this technology further.

Reduce friction in steering system

Deformation in contacting parts between cogs in a steering system can lead to slow vehicle response.

- We are working to optimize friction levels by examining how individual cogs contact each other.

Stiffness analysis of bolted sections

Rigidity of bolt joints can be affected by the shapes of not just bolts and nuts but also the surfaces that are fastened together.

- We are seeking optimum structures by examining levels and directions of force that is applied.

Body hysteresis analysis

Slight deformation occurs in joints between hundreds of parts that comprise a vehicle body.

- We are introducing the technology to enhance continuity of joints using structural adhesives, etc. to minimize deformation.

2. Environment

Toward the Realization of a Carbon-free Society

SUBARU is aware that climate change is one of our most important issues. We support the Paris Agreement, which is aimed at achieving decarbonization at an early stage in the second half of the 21st century. We have set mid-term targets related to Scope 1 and 2 emissions (CO_2 emitted at offices and plants), as well as Scope 3 (CO_2 emitted when using our products), and the Group is working together to achieve them.

Global Environment Preservation

Companies are required to contribute to the achievement of a decarbonized society

FYE 2051	Scope 1 and 2	FYE 2031
Achieve carbon neutrality		Reduce CO_2 emissions by 30% compared with FYE 2017 (total volume basis)
2050	**Scope 3 (CO_2 emitted when using our products)**	**2030**
On the well-to-wheel[1] basis, we will pursue our goal of reducing the average CO_2 emissions from new passenger cars by at least 90%[2] by 2050, compared with 2010.		By 2030, we will pursue our goal of increasing the ratio of electric vehicles (EV) and hybrid cars to at least up to 40% of the gross number of vehicles sold globally. In the early 2030's, all commercial SUBARU cars[3] will be equipped with electric powertrain technology[4].

SUBARU will accelerate the development of fundamental technologies for EVs and hybrid cars with support from alliance partners and continue offering products accentuating SUBARU's distinctions even in the emerging electric age.

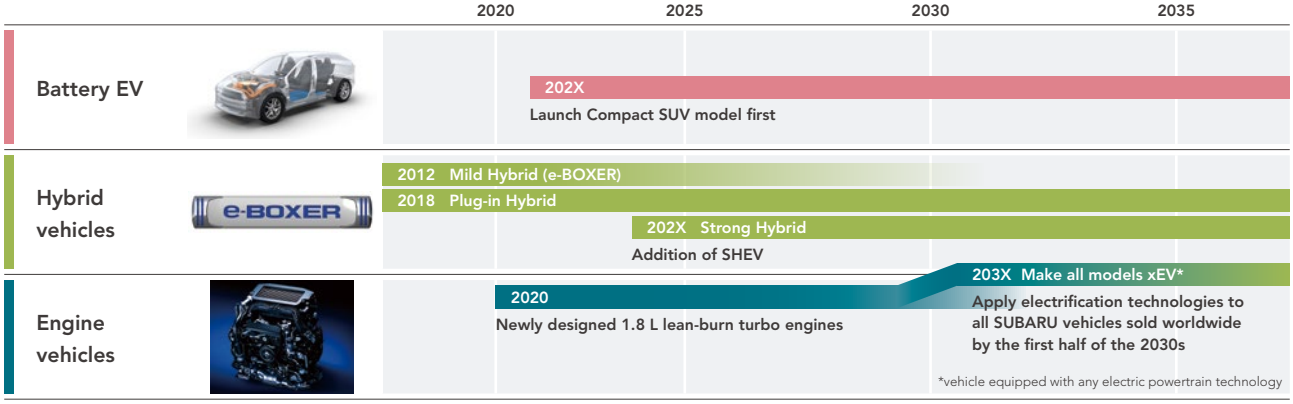
SUBARU will contribute to building a carbon-free society through our distinctive and technological innovations.

1 Well-to-wheel: Approach to calculate CO_2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.
2 Reduce total CO_2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
3 Excluding the models supplied by OEMs.
4 Refers to the technology used to foster the use of electricity for EVs, HVs, and others.

Combining Environmental Performance and SUBARU Style

We are actively working to reduce CO_2 emissions from new SUBARU vehicles in anticipation of further tightening of fuel efficiency regulations in many countries. We are achieving this not only by improving the fuel efficiency of conventional gasoline engine vehicles, but also by expanding our range of electric vehicles (EVs) and developing new EVs. As we move forward into a new era of environmental awareness, we will remain faithful to SUBARU's vehicle mono-zukuri (car-making) DNA, and to our commitment to providing customers with "Enjoyment and Peace of Mind." While working to reduce CO_2 emissions, we will also continue to enhance the safety features, the AWD performance, and the dynamic quality, emphasizing SUBARU-ness.

Technology Roadmap for Reduction in CO_2 Emissions



Battery EVs

In June 2019, we disclosed that we reached agreement with Toyota Motor Corporation on the joint development of a BEV dedicated platform for midsize and large passenger vehicles, and a C-segment-class BEV SUV model. By combining their respective strengths, such as the all-wheel-drive technologies that SUBARU has cultivated over many years, and the vehicle electrification technologies that Toyota is employing to bring together other companies that share its aspirations, both companies intend to take up the challenge of creating attractive products with appeal that only BEVs can offer, and bring them to market in the early 2020s.

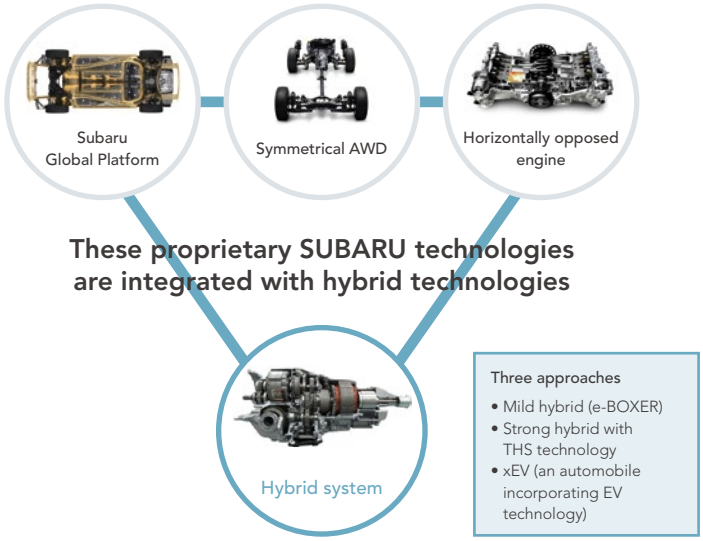
Study model of exterior design for BEV being jointly developed with Toyota

Hybrid vehicles[1]

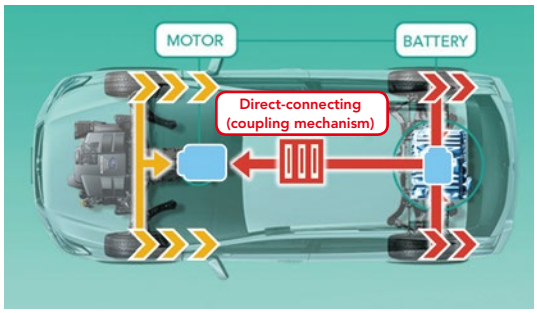
We are combining our three core technologies—symmetrical AWD, the horizontally opposed engine, and the Subaru Global Platform—with hybrid technology to develop a hybrid vehicle that brings together the enjoyment of driving while providing excellent environmental performance. In addition to the e-BOXER[2], a mild hybrid that is already on the market, we also aim to introduce a strong hybrid that integrates the Toyota Hybrid System (THS). In the first half of the 2030s, all vehicles manufactured and sold by SUBARU will have electric technology.

1 Mild hybrids, plug-in hybrids, strong hybrids, xEVs are all vehicles equipped with any electric powertrain technology
2 Generic term used for "horizontally opposed engine + electrification technology," which offers the unique driving pleasure of SUBARU while being environmentally friendly

SUBARU Hybrid System



Enhance environmental performance while offering driving enjoyment



Enhance safety, AWD performance, and dynamic quality besides reducing CO_2 emissions

Engine vehicles

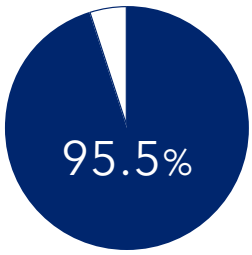
The new Levorg, which we plan to launch onto the market in FYE March 2021, is equipped with a newly developed 1.8 L direct injection turbo engine. Designed to provide optimal combustion, its lean burn technology will produce more energy with less fuel. The result will be an engine that will meet the previously incompatible performance goals of superior thermal efficiency and excellent torque. SUBARU's original horizontally opposed engine is evolving into an engine that will provide superlative environmental performance.

Link
- SUBARU technology briefing presentation materials
- SUBARU technology briefing presentation video

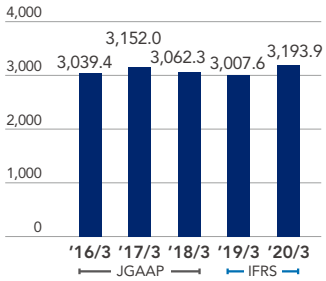
Automotive Business Unit

SUBARU aims to provide "Enjoyment and Peace of Mind" to all its customers through people-oriented vehicle manufacturing.

Consolidated Revenue Contribution Ratio of the Automotive Business Unit



Consolidated Revenue (Billions of yen)



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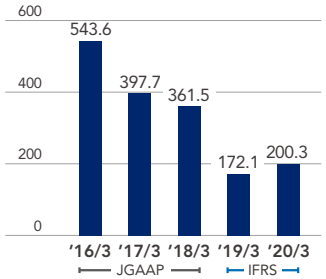
Operating Profit (Billions of yen)



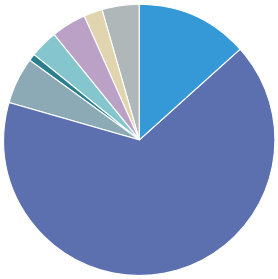
Our history as an automaker began with the launch of the SUBARU 360 in 1958. Since then we have worked continually to add new value to automobiles by developing new categories based on our core technologies, such as the horizontally opposed engine and Symmetrical All-Wheel Drive (AWD), and by creating new technological value, including EyeSight, the world's first[1] driver assist system. SUBARU will continue to take on new challenges, including the development of electric vehicles and other environment-friendly technologies, while providing users with "Enjoyment and Peace of Mind" by enhancing vehicle performance through the Subaru Global Platform.

1 EyeSight is the first driver assist system to provide all functionality solely through the use of stereo cameras

Overview of FYE March 2020

- Consolidated global unit sales increased by 3.3% year on year to 1,034,000 units.
- Sales in Japan totaled 126,000 units, and overseas sales 908,000 units.

Consolidated Automobile Sales by Region (Thousand units)



Japan	126
United States	702
Canada	60
Russia	9
Europe	37
Australia	43
China	21
Others	37
Total	1,034

Product Lineup

LEGACY Series

LEGACY

*North American model

OUTBACK

*North American model

Consolidated unit sales: 238,000 units
Sales regions: Japan, North America, Russia, Europe, Australia, China, and other

IMPREZA Series

IMPREZA

(SEDAN)

(5 Door)

SUBARU XV
(North America: CROSSTREK)

Consolidated unit sales: 312,000 units
Sales regions: Japan, North America, Russia, Europe, Australia, China, and other

FORESTER

Consolidated unit sales: 314,000 units
Sales regions: Japan, North America, Russia, Europe, Australia, China, and other

WRX

Consolidated unit sales: 34,000 units
Sales regions: Japan, North America, Russia, Europe, Australia, and other

LEVORG

*Prototype

Consolidated unit sales: 15,000 units
Sales regions: Japan, Europe, Australia, and other

SUBARU BRZ

Consolidated unit sales: 5,000 units
Sales regions: Japan, North America, Europe, Australia, China, and other

ASCENT
(Exclusively for North America)

Consolidated unit sales: 89,000 units
Sales region: North America

OEM Models

JUSTY

CHIFFON

STELLA

PLEO+

SAMBAR VAN

SAMBAR TRUCK

Consolidated unit sales: 27,000 units
Sales region: Japan

(OEM supply from Daihatsu Motor Co., Ltd.)

*Consolidated total unit sales in each region in the period from April 1, 2019 to March 31, 2020
*Automobile sales by SUBARU CORPORATION and its consolidated subsidiaries

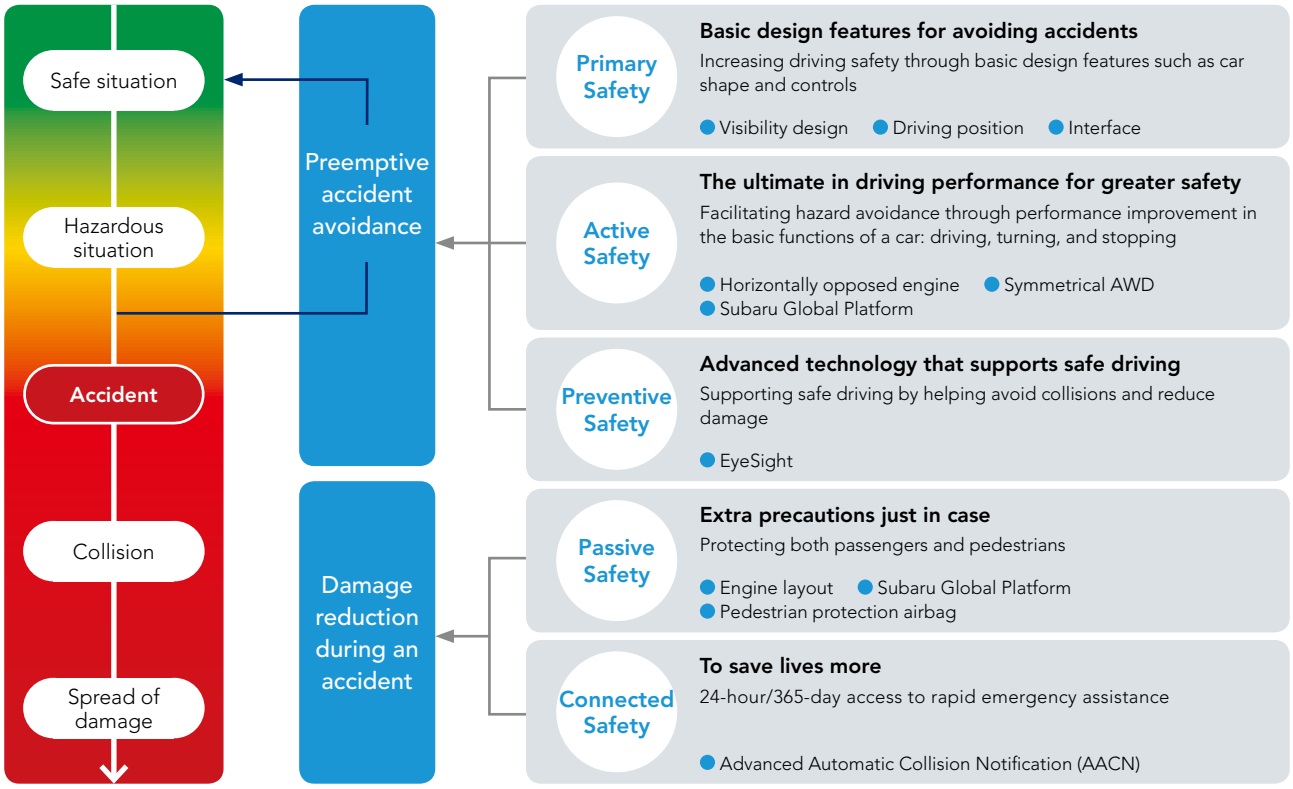
Automotive Business Unit

SUBARU's All-Around Safety

We aim toward "zero fatal accidents[1]" in 2030

SUBARU pursues automobile safety performance from every perspective. We aim to eliminate fatal accidents involving SUBARU vehicles by 2030 by combining our existing four safety criteria of primary safety, active safety, preventive safety, and passive safety with the new concept of connected safety.

1 Fatal traffic accidents of SUBARU drivers/passengers and pedestrians/cyclists SUBARU cars collide with



Safety Performance Recognized Worldwide

SUBARU has received the highest rating in the NCAP[1] conducted by the authorities in Japan, the U.S., Australia, and other countries, as well as in the safety performance assessment conducted by the IIHS[2] in the U.S.[3]

In the IIHS safety performance assessment, four models received the 2020 Top Safety Pick Plus (TSP+) rating and five models received the 2020 Top Safety Pick (TSP) rating.[4]

JNCAP ASV+++: Forester (tested in FY2019)
JNCAP 5-star Award and First Prize: Forester (tested in FY2018)
2020 IIHS TSP+: 2020 Outback (built after October 2019), Legacy, Forester and Crosstrek Hybrid
2020 IIHS TSP: 2020 Ascent (with specific headlights), Crosstrek, Impreza Sedan, Impreza Wagon and WRX (all with optional EyeSight and specific headlights)
US-NCAP 5-star: 2020 Impreza, Crosstrek, Legacy, Outback, Ascent, Forester, and WRX
Euro NCAP 5-star and "Best in Class Cars of 2019" in the Small Off-Road/MPV class: Forester (tested in 2019)
ANCAP 5-star: Forester (tested in 2019)

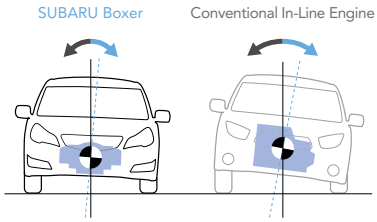
1 NCAP: New Car Assessment Program
2 IIHS: Insurance Institute for Highway Safety
3 For ratings details, please refer to rating agency websites
4 The 2020 TSP+ awards and the 2020 TSP awards only apply to the North American models

SUBARU Core Technologies

Horizontally-Opposed Engine (Boxer engine)

Compact, low center of gravity

The horizontally-opposed engine has pistons arranged symmetrically to the left and right of the crankshaft. Since the opposed pistons mutually cancel out engine vibrations, which reduces vibrations conveyed to the vehicle interior. The engine's low height and compact design contribute to low vehicle center of gravity. The stable attitude provides a high sense of security during driving.



Symmetrical All-Wheel Drive (AWD)

Superior overall weight distribution

The combination of the low center of gravity provided by the horizontally-opposed engine and superior longitudinal-transverse weight balance achieved by placing the transmission near the center of the vehicle maximizes all-wheel drive capability and delivers superb driving performance in various conditions. SUBARU has been committed to Symmetrical AWD as a core technology that drivers can depend on in every situation from day-to-day town use to high-speed highway driving.

Symmetrical All-Wheel Drive

Subaru Global Platform

Balancing a high degree of both drive quality and passive safety performance

SUBARU is sequentially introducing the Subaru Global Platform, starting with the Impreza launched in October 2016. The vehicle platform substantially increases body and chassis rigidity and further lowers vehicle center of gravity, raising the level of active safety and passive safety and delivering responsive handling performance and a comfortable ride with reduced unpleasant vibration and noise.

Subaru Global Platform

EyeSight Driver Assist System

Stereo cameras for advanced object recognition capabilities

By using two cameras positioned on the left and right like human eyes, the EyeSight driver assist system is able to detect vehicles and pedestrians ahead of the vehicle in three dimensions and to accurately determine the distance, shape, and velocity of each object. This preventive safety technology helps avoid accidents, minimizes damage, and reduces the burden on the driver. The next-generation EyeSight system installed in the 2020 SUBARU Levorg features redesigned stereo cameras that allow for expanded visibility, as well as 360-degree sensor capabilities from the four radar units located at the front and rear of the vehicle. This system contributes to safe driving in an even wider range of situations, including intersections. In addition, "EyeSight X" advanced driver assist system adopted in the new Levorg in Japan combines information from sources such as the GPS and QZSS "Michibiki" satellite systems with high-precision 3D map data, which extends driving support functions including lane change assist, slowing the vehicle before going into a curb, and hands-off driving assist in traffic congestion.

EyeSight
Driver Assist Technology

Stereo cameras

DEBUT OF ALL-NEW SUBARU OUTBACK

Since its debut in 1995, the Outback has built a history as a crossover SUV integrating the attributes of both passenger cars and SUVs. And now, the flagship model that supported the growth of SUBARU in the North American market enters its sixth-generation with a complete makeover. Throughout its history, the Outback has consistently improved essential car values such as peace of mind, comfort to go long distances, high quality interiors with ample room for both passengers and luggage and the versatility to drive smoothly on or off-road. In this way, it has built a reputation as a reliable partner that enriches its owners' lifestyles and also established a unique character as SUBARU's flagship crossover SUV. Developed under the concept of "a crossover vehicle that inspires and encourages new discoveries," the new Outback has evolved once again by adding the latest technologies on top of the traditional Outback attributes with the recent complete makeover.

- 2.4-liter four-cylinder direct injection turbocharged boxer engine and Subaru Global Platform adopted for even greater driving dynamics.
- Superior safety achieved based on SUBARU's all-around safety philosophy.
- Driver Monitoring System[1] that supports safe driving adopted to give additional peace of mind.
- Refined and innovative interior features new tablet-style 11.6-inch screen.
- Tough and rugged exterior design inspires driver and passengers' active mind.

1 "DriverFocus" for U.S. models

The 2020 SUBARU Outback earns 2020 Top Safety Pick+, the highest award from the Insurance Institute for Highway Safety (IIHS)*

*The 2020 TSP and TSP+ awards only apply to the North America models.

The 2020 Outback (built after October 2019) earned 2020 Top Safety Pick+ (TSP+), the highest rating in the IIHS award. For 2020, IIHS has incorporated pedestrian crash prevention ratings into its TSP/TSP+ awards for the first time and the Outback received "Superior," the highest possible rating in this testing. We view the IIHS awards as validation for our efforts to continually innovate safety features for our customers.

Yoichi Hori
Project General Manager,
Product Planning Division (2019)

Creating a "Car that Fits Customers' Lifestyles"

What Do Customers See as the Ideal Form?

Customers in the U.S., where the Outback has seen sales of more than 200,000 units a year, already have an image of what the SUBARU Outback is. We could have chosen to keep making it under an already-established key concept in line with that image, but this project started by thinking of "what is the Outback?" in order for it to be a car that better fits customers' lifestyles. I was a team member of the Outback development team starting two generations ago, and I was always asked by past project general managers what is the ideal form for the Outback?

And as a result of repeated discussions within the development team, we reconfirmed that customer expectations for the Outback are based on its "tool-like practicality" that includes ability to hold lots of luggage and vehicle height and running performance to go anywhere, so we decided to further advance that.

Pursuit of Ease of Use in Daily Life

We focused on customer feedback that they want us to "further advance the Outback's ease of use as a tool." As advancements for the luggage compartment, we focused on adopting a hands-free power rear gate and advancing the roof rails. And to advance the basic performance of the vehicle, we needed an easy-to-handle 2.5-liter NA engine and a high-power engine as engine options. The team adapted the 2.4-liter direct injection turbocharged engine from the North American market's Ascent large SUV, but the "flavoring" was revised for the Outback. For example, air becomes thinner and engine power naturally declines at higher elevations, and customers living at higher elevations told us their concerns that without turbo, they lack power and are unable to accelerate sufficiently going uphill. To serve the needs of such customers, a high-power system setting was needed. Even though it is high-power, the engine uses regular gasoline to make it economical for day-to-day use. Many customers want to go straight from their home to their destination without stopping for gas on weekends and other long trips. So, with the 2.5-liter engine, we took into consideration a cruising range of 1,000 km on a single tank of gas.

We were also particular about running performance other than for the engine, improving rigidity by means such as adopting the inner frame construction in order to further advance the Subaru Global Platform, thereby improving handling stability and ride comfort and reducing vibration noise. In this way, we advanced through many new technologies the given attribute of cars that they "carry people important to us and our belongings and run with unwavering safely."

Meanwhile, for the interior, we adopted a new vertical 11.6-inch screen and enabled the navigation system to work with the vertical screen in order to enhance connected services that will be indispensable in the future. With the vertical screen, information such as the next intersection can be seen, making it easier to view the route to the destination. Horizontal screens can be viewed more naturally with an ordinary instrument panel design, but people nowadays are used to viewing maps on smartphones vertically, and we received many opinions that vertical display would be good for the navigation system as well. We were unsure about this at first, but we consulted with designers and had them consider vertical placement from the start of development, and they came up something that fits the instrument panel just right. We hope you will take close notice of this. We adopted nappa leather with the interior for the first time for SUBARU vehicles. This uses only the best part of the skin, so the leather itself must be carefully selected, making it cost more. However, it has a buttery soft feel to it. And the smell as well lets you know it is real leather.

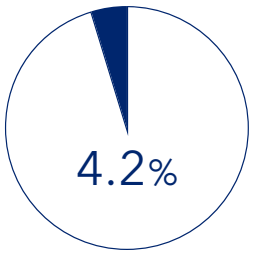
SUBARU's original EyeSight driver assist system too has evolved, employing a Lane Centering function for the first time in North America. In North America where customers drive long distances, cruise control that enables following at safe distances between vehicles has already been introduced and well received. And by adding a Lane Centering function, holding the steering wheel becomes less tiring, making one want to drive even farther. We have also added a Driver Monitoring System, a safety function to warn when the driver is distracted or drowsy.

By focusing on the Outback's tool-like practicality, improving its versatility and advancing its safety systems, we have engineered a car that fits customers' lifestyles and expectations.

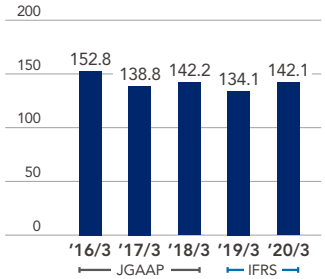
Aerospace Company

Leveraging tradition and innovative technologies to develop and produce a wide variety of aircraft.

Consolidated Revenue Contribution Ratio of the Aerospace Company



Consolidated Revenue (Billions of yen)



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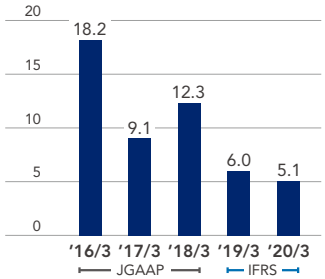
Operating Profit (Billions of yen)



SUBARU's roots trace to 1917 and Aircraft Research Laboratory, later to become Nakajima Aircraft. The Aerospace Company, which has inherited Nakajima Aircraft's manufacturing technologies and spirit, leads Japan's aerospace industry and develops and produces a wide variety of aircraft.

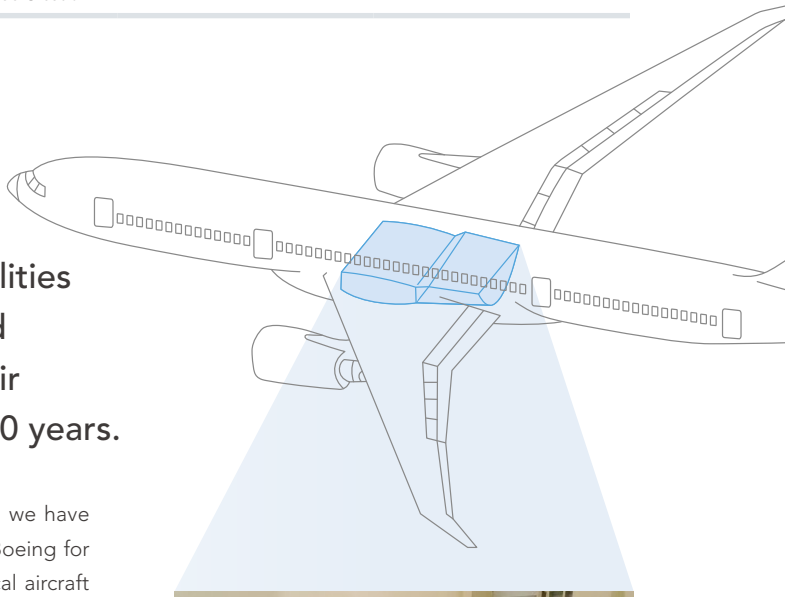
In the defense program, we develop, manufacture, maintain, repair, and provide technical support for products such as the UH-1J utility helicopter used by the Japan Ground Self-Defense Force for disaster relief and other purposes, the new utility helicopter, the T-5 Maritime Self-Defense Force trainer, unmanned aerial vehicles (more than 15 models developed over a half century), and flight simulators. In the commercial program, we participate in many international joint development projects for Boeing. For the 777X, Boeing's newest large passenger airliner, we are responsible for the Center Wing and its integration with main landing gear (MLG) wheel well, as well as MLG doors and Wing-to-Body Fairings (forward). In addition, taking advantage of an alliance with Bell Textron, we jointly developed the SUBARU BELL 412EPX and have started sales.

By further refining our technologies through involvement in a wide variety of aircraft programs, we will continue to take on additional challenges for growing into an aircraft manufacturer with a global presence.

Boeing 777X

Overview of Center Wing Box and SUBARU's Technology

SUBARU's advanced technological capabilities continue to support the development and production of wings that have proven their worth in the world's skies for more than 40 years.



A center wing box (Handa Plant)

Since first participating in the Boeing passenger program in 1973, we have been involved in development and production as a key partner of Boeing for more than 40 years. We manufacture the center wing box, the critical aircraft section where the right and left wings are attached to the forward and aft fuselage sections. Since the center wing box contains the fuel, they must have high mechanical strength and high fluid tightness. For these reasons, great accuracy and advanced assembly technologies are required for its manufacture, and SUBARU is one of the few companies capable of making them. The Handa Plant, where center wing boxes are manufactured, is a global-level production center that produces these parts for the new Boeing 777X as well as for the Boeing 777 large airliner, the Boeing 787 mid-size airliner, the Ministry of Defense's P-1 maritime patrol aircraft, and the C-2 transport aircraft.

SUBARU's advanced technological capabilities are recognized worldwide. For example, we engage in development on the "Drop test for Simplified Evaluation of Non-symmetrically Distributed sonic boom" Project (D-SEND) together with Japan Aerospace Exploration Agency (JAXA).

Shoichiro Tozuka
President
Aerospace Company

Message from the Company President

The Aerospace Company will contribute to the enhancement of the SUBARU brand.

We are a start-to-finish aircraft builder with a wide-range of integration capability from aircraft development and manufacturing to flight testing. Flight safety is an important factor for aircraft, and for many years we have fostered a culture in which quality and safety are recognized as inextricably linked and uncompromisingly pursued. This total safety concept is at the core of SUBARU's DNA.

In the commercial business, in addition to the Boeing 787, our new project, the Boeing 777X completed its first flight in January 2020 and we expect to transition to fullscale production.

In the defense program, we have signed a contract with Japanese Ministry of Defense for the production and delivery of the new utility helicopters to the Japan Ground Self-Defense Force. Also, we have received orders for the SUBARU BELL 412EPX, which is the base model of the aforementioned new utility helicopter, and we will soon transition to fullscale production.

We are determined to take the SUBARU's aerospace brand to meet the expectations of our customers while pursuing further growth by continuously improving every aspect of our business.