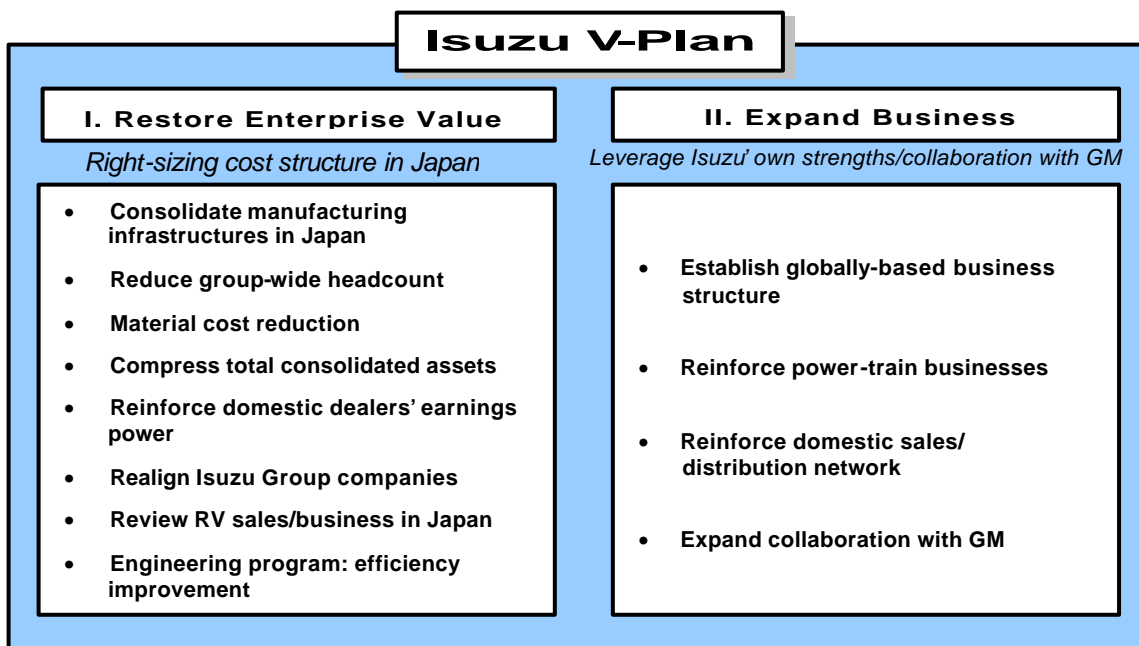


Isuzu Motors Limited Announces Progress of Mid-term Business Plan, “Isuzu V-Plan”, and Actions Going Forward

Isuzu Motors Limited (hereinafter “Isuzu”) announced today that the mid-term business plan “Isuzu V-Plan” revealed in this May, has steadily produced positive progress, as Isuzu firmly gained strong headway in restoring its enterprise value and reinforcing competitiveness. In addition to the V-Plan progress update as of just-ended first half of current fiscal term, the first year of V-Plan, Isuzu also announced that it had reviewed the V-Plan initiatives. The review includes front-loading some of the execution timing ahead of earlier plans, with an aim of better coping with dramatically changing business conditions.

<Outline of Isuzu V-Plan as announced in May ‘01>



< Assessment : Earnings in the first 6-month of fiscal year ending March, 2002>

- ◆ Isuzu V-Plan took a good start achieving the first half-year plans set for each action item.
- ◆ In the first half of current fiscal year, business conditions surrounding Isuzu have been very severe, as evidenced by the dilatory commercial vehicle market recovery in Japan and declining business in North America. Against this backdrop, Isuzu combined all the forces together as a coherent Group and achieved earnings target by turning around operating profit into positive.

Snap-shot summary of Isuzu V-Plan Progress -

Key initiatives	The 6-month Results in fiscal year ending March 2002	
Headcount reduction	Parent company Dealers, etc.	Reduced 1,220 persons 450 persons
Total asset reduction	Consolidated debt with interests Consolidated inventory	Reduced Y24.0 bil. Y26.0 bil.
Group subsidiary realignment	Integration/liquidation Spin-off	13 companies 8 companies
Earnings improvement at domestic dealers	Dealers that achieved profit turnaround with positive net income (i.e. consolidated dealers)	12 dealers among 22

<Challenges for the second half of current fiscal year and after>

Earnings Forecast for the entire fiscal year ending March 2002 (Consolidated; in Ybil.)

	Original forecast	Current forecast	Variance
Sales revenue	1,610	1,500	(110)
Operating profit	25.0	25.0	-
Net income (loss)	1.0	(25.0)	(26.0)

Variance due to:

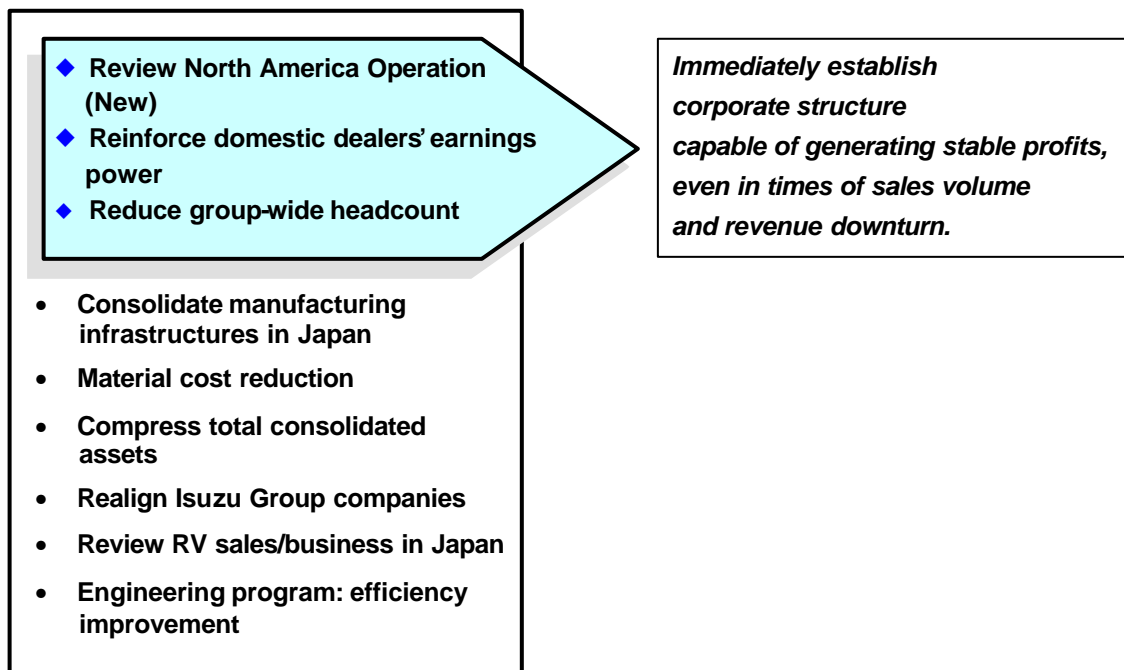
- ◆ Sales revenue decline: Due to North America and de-consolidation of IFCO.
- ◆ Net income deterioration: Due to earnings deterioration in North America (sales decline, increase in sales expenses), delay in domestic market recovery, acceleration in domestic dealer restructuring initiatives, recognition of investment evaluation losses.

Assessment and measures:

- ◆ Operating results have been improving in each market with an exception of North America; the exponential profit deterioration in North America impacted total Isuzu group earnings.
- ◆ Recognizing immediate restoration of North American businesses hold critical key to Isuzu reconstruction, drastic business restructuring initiatives will be taken in America.
- ◆ Simultaneously, added focus will be placed on the dealer earnings improvement and optimization of group-wide labor structure by advancing planned implementation of respective initiatives.

<Front-loading implementation of V-Plan>

- ◆ Among eight original V-Plan items, execution timing of three key initiatives, including "Review of North America Operations", will be pulled ahead.



<Current status of Isuzu North America operations and the “Reform”>

1. Current operating results and forecast (excluding engine business)

		Mar. 2001 (Actual)	Mar. 2002 (Forecast)	Note
Vol. (units)	Shipment	139,000	90,000	Axiom Sales: '01 Plan: 22,000 Forecast: 10,000
	Local sales	122,000	106,000	

- Impact on consolidated operating profit due to: (in Yen bil.)

Vol. Decline	(16.0)	Revenue decline at Parent, and Subsidiaries in North America
Expense	(12.0)	Increase in incentive/ad.& promo spending, etc.
Total impact	(28.0)	

2. The Reform in North American Business

- ◆ Define business domain, review operating structure in America, and reduce structural cost.

<Short-term measures>

Following short-term measures will be implemented by setting conservative sales volume forecast, i.e., 106,000 units for the period through March 2002, and 98,000 units for March 2003:

- ◆ Merge local operating functions (Isuzu Motors America/American Isuzu Motors) and reduce headcount (Oct. 2001)
- ◆ Outsource financing activities (Isuzu Motors Acceptance Corp.) (Oct. 2001)
- ◆ 1-shift operation and headcount reduction at Subaru Isuzu Automotive (Jan. 2002)
- ◆ Fixed cost reduction

Specific target:

- Headcount reduction: Direct labor - Current 1,000 person be reduced to 780.
Indirect labor - Current 1,500 person be reduced to 1,200.
Total headcount reduction of 520 person
- Fixed cost reduction: Indirect labor cost: Y3 bil. Reduction (in Mar, 2003. \$/Y100)
General Expense: Y5 bil. Reduction
Sales expense: Y13 bil. Reduction

<Mid- to longer-term measures>

In SUV business, greater efficiency will be pursued through selective market coverage. And, in CV business, focus will be given on further sales expansion by substantiating and expanding sales network under enhanced collaboration with GM.

Specific Product Plans:

- ◆ Next generation TROOPER (GM OEM, 2002)
- ◆ Next generation RODEO/AXIOM (production at SIA, 2004)
- ◆ New Light-Duty/Medium-Duty CV (Designed/engineered by Isuzu; production/sales collaboration with GM)
- ◆ Introduction of new generation V6 Direct Injection gasoline engine
- ◆ Introduction of Ultra-clean diesel engine

<Reinforcement of domestic dealer earnings>

- ◆ Clearly identify restructuring priorities at domestic dealers, and give first priority focus on the implementation of action plans that will directly contribute to earnings improvement.

Specific measures:

- ◆ Dealer restructuring:
 - Intense focus on reconstruction of unprofitable dealers in major markets (Kinki and Kanagawa)
 - Merge dealers in metropolitan market (Tokyo Isuzu and Isuzu Motors Tokyo)
- ◆ Accelerate headcount reduction
 - Implement reduction measures ahead of planned dealership merger and integration independently as separate initiative from dealership merger.
- ◆ Eliminate unprofitable sales outlets:
 - Accelerate action plans to exit unprofitable outlets.

<Group-wide labor force (labor cost) reduction>

- ◆ On top of originally planned target, reduce additional labor costs equivalent to approximately 3,300 persons from the entire Isuzu Group.

Target:	Total at end of Mar. '01	Reduction target in original V-Plan	Additional reduction over original V-Plan	Total at end of Mar. '04
◆ Parent	14,400	-3,300	-2,400	8,700
◆ Domestic dealers	9,300	-2,000	-600	6,700
◆ Consolidated subsidiaries	14,000	-4,400	-300	9,300
Total	37,700	-9,700	-3,300	24,700

Specific measures:

- ◆ Review HR programs, i.e. preferential treatment for early retirement, outplacement program, etc.

<Isuzu VPlan target for fiscal year ending March 2004> (Excluding financial segment)

(Consolidated numbers in Yen Bil.)

	<u>Original V-Plan</u>	<u>Revision this time</u>
Sales revenue:	1,520.0	1,330.0
Operating profit:	Over 60.0	No change
Net income:	Over 30.0	No change
Total net asset:	1,110.0	No change
Interest-bearing debt:	510.0	No change

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