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For immediate release:

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Isuzu Motors Limited Unveils the New Three-year Business Plan and Re-capitalization Plan, involving Decrease of Capital and Debt-for-equity Conversion. Concurrently, Isuzu Announced Revision of Current Earnings Forecast for the First-half Period through March, 2003

October 25 (Tokyo) - Isuzu Motors Limited (TSE 7202, herein after "Isuzu") held a board meeting today, approving the detail corporate initiatives based on the framework of New 3-year Business Plan announced on August 14, 2002.

In the New 3-year Business Plan, Isuzu will rationalize and strengthen its North American SUV businesses through a restructuring of that business. At the same time, with an eye on expeditious realization of target manpower structure, Isuzu will downsize itself to suit to its future business and operations.

To insure solid implementation of all the corporate initiatives contemplated in the New 3-year Business Plan, Isuzu will reinforce its management organization by receiving a senior executive from its largest shareholder, General Motors Corporation ("GM") and its house bank, Mizuho Corporate Bank Limited. Subject to shareholders' approval at an extraordinary general meeting scheduled for November 27, 2002, Isuzu will appoint the GM-dispatched executive an Executive Vice President and Representative Director and the Mizuho-dispatched executive an Executive Vice President of the Company. And, effective as of November 1, Isuzu will install a new functional organization that will devote exclusively to execute the New 3-year plans. Concurrently, Isuzu will pursue further rationalization of its organizational structure.

As the Company already obtained agreements from GM and financial institutions, Isuzu plans to present for resolution of the aforementioned extraordinary general meeting in November the reduction of capital equity associated with the execution of New 3-year Business Plan initiatives and a revision of articles of incorporation pertaining to issuance of preferred stock to be offered for subscription as a means of debt-for equity conversion.

I.Background of the New 3-year Business Plan

The Isuzu V-Plan, a mid-term business plan that aims at restoration of enterprise value and reinforcement of competitiveness through earnings improvement at domestic dealers, group-wide headcount and material cost reduction, etc., has generated solid performance improvements and Isuzu achieved positive operating results in March 2002, after three consecutive years' losses. However, business environment surrounding Isuzu, as seen in the long slump in domestic commercial vehicle market and the US sales decline, remained persistently exacting to Isuzu. In order to insure surefooted achievement of the V-Plan targets and restore the corporate structure, Isuzu realized it indispensable to make fundamental reform of financial structures while further accelerating and reviewing the initiatives already identified. Thus, by receiving cooperation from GM and financial institutions, Isuzu developed a New 3-year Business Plan for period through March 2005 that clearly aims at achieving corporate restructuring.

II.Outline of the New 3-year Business Plan

Isuzu Motors Limited will, through a focused allocation of management resources, continue to expand its commercial vehicle businesses by leveraging diesel engine technologies where Isuzu has a leading-edge strength, and reinforce operational, functional capabilities while strengthening its earnings constitution in every area of operation, from engineering to the sales. Isuzu will place its focus on Japan and other markets where quantum leap is expected such as China, ASEAN countries and North America.

Isuzu is showing its strength in major market area recently. For instance it has been constantly increasing its penetration through all truck line-up in Japan in spite of low sales volume in industry, and earning almost 40% penetration in Thailand pickup truck segment, and increasing the heavy duty truck export volume in China which is expanding the demand for the Beijing Olympic games in 2008.

On the powertrain business front, Isuzu will sharpen its competitive edge by concentrating its resources on the development of advanced technologies, while stabilizing the operation by reducing the financial as well as engineering burdens through creation of a joint venture company with GM, the largest customer of Isuzu powertrain businesses.

For the purpose of above, Isuzu will carry out restructuring initiatives, including review of North American operations, headcount reductions, and improving performance of core businesses. Because of these restructuring initiatives, Isuzu expects to post approximately 140.0 billion yen extraordinary losses in the current fiscal year through March 2003. However, Isuzu will cope with the losses through such means as reduction of capital, and the other initiatives described in this announcement. Effects of restructuring initiatives, charges of which are to be incurred this year as the result of executing the New 3-year Business Plan, are expected to bring about positive contribution to the earnings from next fiscal year and ensuing years. Annual improvement of approximately 60.0 billion yen is expected through restructuring its North American operations. In addition to above, Isuzu will improve net worth and financial structure through such measures as receiving equity injection from GM and have its lenders convert Isuzu debt for equity.

Furthermore, in order to insure sound implementation of the New 3-year Business Plan initiatives, Isuzu will revamp its management organization and reinforce oversight and management control by receiving a senior executive from GM, who will be appointed as Isuzu Executive Vice President and Representative Director and an executive from Mizuho, who will be appointed as Isuzu Executive Vice President.

III.Specific Detail of the New 3-year Business Plan

1. Review of business structure

Restructuring SUV businesses in North America

- Rationalize SUV manufacturing operation in North America
  - Dissolve joint venture agreement, Subaru-Isuzu Automotive Inc, with Fuji Heavy Industries
  - After dissolving the joint venture, Isuzu will entrust production of Isuzu SUVs with SIA on consignment.
- Enrich SUV product lineup in North America, introducing GM vehicles to be supplied on OEM basis
  - Isuzu Ascender, a 7-seater SUV based on Chevrolet TrailBlazer and GMC Envoy platform: Start of sale in December 2002.
  - Add another model, a 5-seater SUV based on Chevrolet TrailBlazer and GMC Envoy platform, to further enhance Isuzu SUV offering
- Improved SUV sales operation in North America by;
  - Right-size inventory, ie a 90-day supply level.
  - Intending to reduce the present workforce structure with 330 person to less than half of current size for high operating efficiency.

Reinforcement of Powertrain collaboration with GM

With regard to the businesses involving three specific diesel engine models, ie existing diesel engines for passenger car and North American pickup truck application, Isuzu decided to create a joint venture company with GM. Creating a joint venture with the single largest customer of these engines, ie GM, will enable Isuzu to secure demand and stable profit. Initial investment for these engines that could otherwise be a significant burden on Isuzu will be shared. This will enable Isuzu to concentrate its resources on engineering and development of advanced technologies.

- Creating a Isuzu-GM PowerTrain Joint Venture involving existing diesel ventures
  - Isuzu to sell to GM 60% equity share of Isuzu Motors Polska (ie. ISPOL) and Isuzu Motors Germany (IMG)
  - Isuzu to sell to 20% equity shareholding of Isuzu in DMAX Ltd., subsequently GM will hold 60% majority of DMAX.
- Establish a Isuzu-GM engineering joint venture for diesel engines supplied to GM
  - Equity structure will be; GM 60% and Isuzu 40%. The joint venture will primarily engage in program management, and certain engineering, quality assurance and purchasing for the diesel engines manufactured by ISPOL, DMAX and Isuzu Hokkaido Plant for GM vehicles.
- Collect engineering expenses for diesel engines supplied to GM

Accelerate headcount reduction (Early achievement of the structural target set by the V-Plan)

With an aim of achieving the V-Plan target at earlier stage (ie downsizing to an 8,700-strong labor structure), Isuzu advanced the schedule and carried out the headcount reduction initiative, cutting back fixed cost burden.

- Voluntary Early Retirement, including manufacturing personnel (completed)
  - As the result of VER program receiving 4,266 applications, total number of employees at the Parent Company will be 9,200, as of November 1, 2002. Achieving the 8,700-strong organization as targeted by the V-Plan is already in sight.

Material cost reduction

- Commonize next generation MD and LD truck cab, etc.
- Drastic de-proliferation of vehicle variations and engine series.
- Co-purchasing for Isuzu's new pickup truck with GM's pickup built in the States
- Joint purchasing with GM Alliance

Management reform

- New Executives
  - Receive a senior executive from GM, to be appointed as Representative Director and Executive Vice President of Isuzu Motors Limited (plan), and Receive an executive from Mizuho, to be appointed as Executive Vice President of Isuzu Motors Limited (plan), to strengthen Isuzu management and make sure of certain accomplishment of the New 3 year Business Plan.
- Organizational change
  - Administrative functions will be consolidated under Corporate Administration Division to enable Sales and Operations Headquarters focus exclusively on their primary activities.
  - A cross-functional department will be established in Corporate Planning and Finance Division, to promote execution of the New 3-year Business Plan initiatives by reporting directly to President.
  - Eliminating operating offices, organization structure will be redesigned to achieve flat reporting structure: total number of department will be 70, that compares to current 26 offices and 91 departments.

2.Support from GM and Cooperation of Financial Institutions

Cancellation of shares currently owned by GM without consideration to Isuzu; subscription of new shares of common stock of Isuzu, and injection of new funds into Isuzu

- GM will cancel current shareholding in Isuzu (approximately 619 million shares) without consideration to Isuzu, and subsequently subscribe to new shares of common stock of Isuzu by way of accepting the third-party allotment of shares for approximately 10.0 billion yen. As a result, GM's shareholding in Isuzu common stock will be 12-percent.
- And, as Isuzu will further reinforce powertrain collaboration with GM, Isuzu will receive approximately 50.0 billion yen from GM.

Debt-for-equity conversion, etc., by major banks

- With a 100.0 billion yen debt to be converted into equity, Isuzu will bolster net worth and reduce interest-bearing debt simultaneously.
- New loans will be made available to Isuzu to fund bond redemption and headcount reduction initiative.
- During the New 3-year Business Plan period, financial institutions will maintain their existing exposure to Isuzu, allowing Isuzu to secure funding stability.

IV.Revision of Earnings Forecast for the Period through March '03

Further to the previous announcements made at the earnings release on May 24, 2002, Isuzu Motors Limited wishes to announce following adjustments and changes in the forecasts for consolidated and non-consolidated financial performance for the fiscal year ending March 2003

Adjustments and changes made in the financial performance forecasts
(for the period from April 1 2002 through March 31 2003)

(Unit: Millions of Yen, or %)

Consolidated	Sales revenue	Working profit (loss)	Net Income (loss)
(A)Previous forecast as of August 14, 2002	1,370,000	11,000	3,000
(B)Adjusted/changed as of Oct 24, 2002	1,270,000	(7,000)	(170,000)
Changes (B - A)	(100,000)	(18,000)	(173,000)
Changes in %	(7.3)	-	-
Previous year's actual (April 2001- March 2002)	1,597,701	(1,984)	(42,991)

Reasons:
Review of parent company performance, earnings shortfall of subsidiaries in North America, etc.

(Unit: Millions of Yen, or %)

Non-Consolidated	Sales revenue	Working profit (loss)	Net Income (loss)
(A)Previous forecast as of August 14, 2002	710,000	10,000	8,000
(B)Adjusted/changed as of Oct, 24 2002	740,000	3,000	(180,000)
Changes (B - A)	30,000	(7,000)	(188,000)
Changes in %	4.2	(70.0)	-
Previous year's actual (April 2001- March 2002)	761,904	2,123	(56,224)

Reasons:
Sales model mix, FX impact and restructuring charges as per New 3-year Business Plan.

< Major items included in extraordinary charges>

(Unit: billions of Yen)

	Full-yearthrough Mar '03
Restructuring North American Operations	91.0
Headcount reduction	22.0
Exit domestic RV operation	3.0
Other	25.0
Sub total	141.0
[redacted]	
Adjustments; corporate tax, etc.	43.0
Total extraordinary items	184.0
[redacted]	

New 3 year Business Plan by Fiscal Year

(Unit: billions of Yen)

	Fiscal Year to March '02	Current Fiscal Yearto March '03	Fiscal Year to March '04	Fiscal year to March '05
Sales revenue:	1,597.7	1,270.0	1,220.0	1,270.0
Operating profit:	15.1	5.0	50.0	Over 60.0
Net income:	(42.9)	(170,0)	35.0	Over 50.0
Total assets:	1,324.1	1,010.0	970.0	940.0
Interest-bearing debt:	738.7	560.0	510.0	450.0

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