

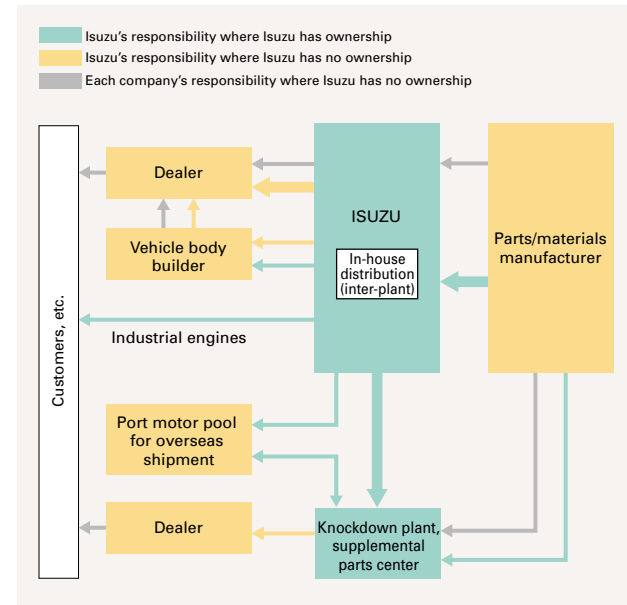
Environmental Measures in Distribution

We have been reducing CO2 emissions by improving transport efficiency in the distribution of product vehicles, production procurement, supplemental parts, and KD parts/components, as well as by promoting Eco-driving. In compliance with the amended energy saving law, we are enhancing our compliance system by assessing transport volume in ton-kilometers and energy consumption and making energy reduction plans.

Responses to the Amended Energy Saving Law

We are promoting energy saving in distribution as part of Isuzu's responsibility, including the coverage of freight transportation, by which we have been trying to improve the transportation efficiency of those of which Isuzu has no ownership, in addition to the

Isuzu's Responsibility in Distribution



coverage of freight transportation of those of which Isuzu has ownership.

Measurement Results According to the Amended Energy Saving Law

In accordance with the amended energy saving law, we surveyed our transport volume in ton-kilometers and energy consumption for fiscal 2006, the first year in which the law was enforced.

As a result, Isuzu was designated as a specified shipper. We are therefore striving towards a 1% energy reduction or more per year, starting from the next fiscal year.

| | Transport category | First half of FY2006 | Second half of FY2006 | FY2006 (Total) |
|--|------------------------|----------------------|-----------------------|----------------|
| Transport volume (in 1,000 ton-kilometers) | Product vehicle | 83,127 | 70,683 | 153,810 |
| | Production procurement | 102,118 | 98,579 | 200,697 |
| | Supplemental parts | 18,415 | 18,551 | 36,966 |
| | KD parts/Components | 5,610 | 6,117 | 11,727 |
| | Other | 1,285 | 1,399 | 2,684 |
| | Subtotal | 210,555 | 195,329 | 405,884 |
| Energy (G.J) | Product vehicle | 121,237 | 105,778 | 227,015 |
| | Production procurement | 167,024 | 161,871 | 328,895 |
| | Supplemental parts | 39,185 | 39,386 | 78,571 |
| | KD parts/Components | 8,909 | 9,839 | 18,748 |
| | Other | 4,143 | 4,510 | 8,653 |
| | Subtotal | 340,498 | 321,384 | 661,882 |

FY2007 Plans for Energy Saving Activities

Based on our FY2007 plans, we aim at reducing energy consumption by 1% or more each year.

FY2007 target for energy saving activities

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Target value: 1% reduction or more

FY2007 Distribution rationalization Pursuit of transport efficiency improvement

- FY2007 Activities aimed at improving distribution efficiency
 - Reduction of transport distance:
 - Increase of inland vanning¹, review of delivery routes
 - Improvement of loading efficiency:
 - Allocation of vehicles according to cargo volume
 - Review of packaging specifications, improvement in mixed loading
 - Increased use of returnable racks for packaging²
- Eco-driving seminars for transport operators
 - Start of utilization of tools for energy saving/linking up with sales campaign for energy-efficient vehicles

Promotion of Eco-driving

- Providing information monitored by "Mimamori-kun"—Increasing the use of "Mimamori-kun"
- Support for fuel-saving seminars
- Increasing the use of fuel-efficient vehicles: Utilization of CNG vehicles

1. Inland vanning: An approach to distribution improvement aimed at the reduction of transport distances by vanning (loading knockdown cases with component parts into containers) at packing plants in inland areas and in their vicinity to eliminate work in port areas
2. Use of returnable racks: An attempt to increase the container filling rate and reduce material and labor costs by switching from disposable packing cases to returnable containers and circulating these between Isuzu and its overseas destinations.

Aiming to Reduce Harmful Emissions by 1% or More Per Year

Improvement in the Distribution of Finished Vehicles

The Isuzu Group is working to reduce exhaust gas and CO2 emissions by directly transporting finished vehicles to dealers and designated locations instead of moving them to remote depositories. In fiscal 2006, the volume of direct transport reached 92%.

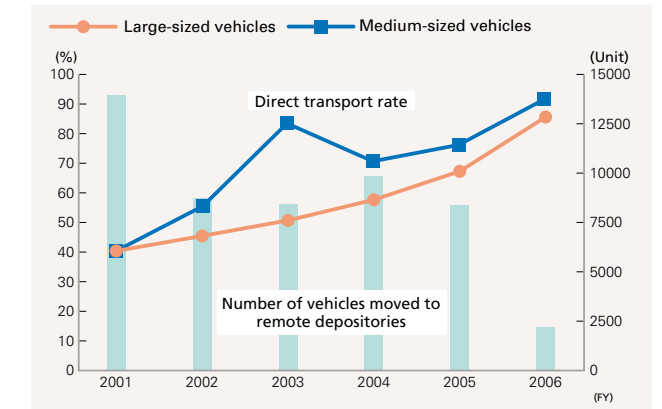
Promotion of Eco-driving

We have introduced a safety recorder (a GSP-based driving control system) as a tool for energy conservation in the transport of finished vehicles and safety driving. Efforts are being made to promote fuel-efficient and safe driving.

We have been encouraging eco-driving with *Mimamori-kun*.

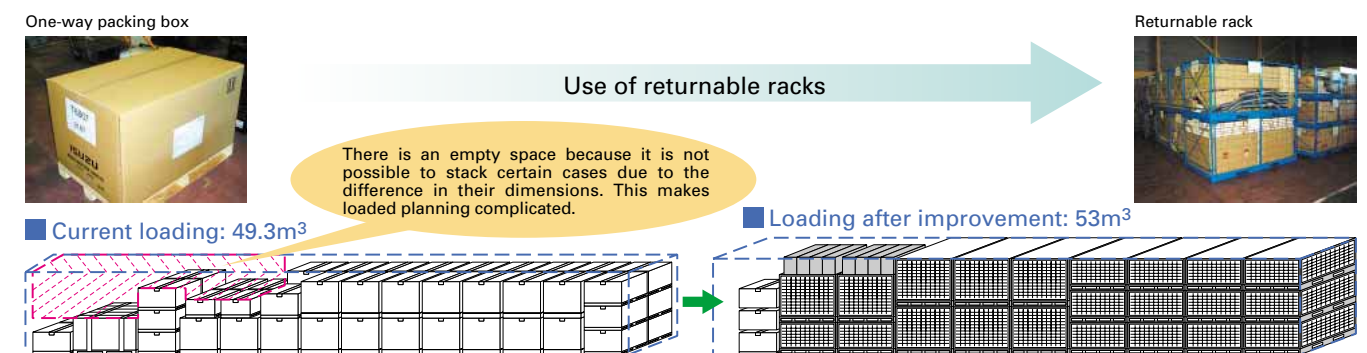
In fiscal 2006, cargo transport operators started using *Mimamori-kun* for energy-efficient driving.

Improvement in the Distribution of Finished Vehicles



Example of Improvement Activities—Shipment of Supplemental Parts Using Returnable Racks

We will economize on material costs by changing shipping containers from one-way packing boxes to returnable racks and circulating them between Japan and North America. We will also reduce CO2 emissions by raising the container filling rate.



Conceptual Diagram of Transport between Japan and North America

