

Axiom



U.S.

4EE2-TC Diesel
Produced at ISPOL



Europe

8GF1 Diesel Produced
at DMAX



As outlined in the President's Message, the Isuzu Group will undertake far-reaching reforms of its domestic cost structure through the execution of the Isuzu V Plan. At the same time, the company will spur new growth through the expansion of its global business. Isuzu will increase collaboration with GM, leveraging Isuzu's strengths in diesel engines and commercial vehicles to play an integral role in the GM Group. At the same time, Isuzu will strive to achieve the optimal allocation of resources on a worldwide basis.

Isuzu's global business network will comprise, for each product, bases that independently conduct development, procurement, manufacturing and sales activities. Each base will supply finished vehicles, components and parts.

Heavy-, medium- and light-duty vehicle bases will be located in Japan and China. Light commercial vehicles (compact commercial vehicles, pick-up trucks and multi-purpose vehicles) will be produced in ASEAN countries. Last year, we partially shifted production of pick-up trucks from Japan to Thailand. Manufacturing sites in this region are in the process of being equipped with all the necessary equipment. Sports Utility Vehicles (SUVs) will be based in the U.S. With the introduction of the AXIOM model, Isuzu now has five SUV models, greatly enhancing its lineup. Europe will serve as the production center for diesel engines for passenger cars. Diesel engines for commercial vehicles will be manufactured in Japan, China, ASEAN countries, and the U.S. In the U.S., DMAX, Ltd., a joint

GLOBAL OPERATIONS

As the nucleus of the GM Group's diesel engine and commercial vehicle business, Isuzu will leverage its core strengths in these areas to achieve worldwide business expansion and lasting growth.



Medium-Duty Truck

Gala Heavy-Duty Bus

Light-Duty Truck

Pick-Up Truck

Asian Utility Vehicle

venture between Isuzu and GM, began production of diesel engines for GM full-size pick-up trucks in July 2000.

Isuzu aims to become the world's leading producer of diesel engines by 2005, with production volume targeted at 1.8 million units. Isuzu has recently agreed to supply Honda Motor Co., Ltd. with diesel engines manufactured by ISPOL. At the same time, we aim to expand sales channels outside the GM Group. We are currently negotiating with several European car manufacturers.

On the product front, Isuzu has positioned compact and medium-sized commercial vehicles and pick-up trucks as strategic global models. We will develop a vehicle imbued with an innovative product concept based on features of the above-mentioned vehicles, and market it worldwide.

In particular, Isuzu will concentrate on expanding business in Thailand, Indonesia and China. We will transform operating bases in Thailand into a worldwide supply base for pick-up trucks. To this end, every aspect of production facilities, component procurement and logistics operations will be substantially upgraded. Operating bases in Indonesia will serve as a supply base for global multi-purpose vehicles. Local infrastructure will be strengthened with the view to attaining optimal quality, cost competitiveness and logistics. In China, Isuzu will manufacture a full line of commercial vehicles and buses, and operating bases will also serve as a supply centers for parts and components. Moreover, Isuzu will work to establish a far-reaching marketing network in China, centered around services and parts.

ENVIRONMENTAL ACTIVITIES

Isuzu is fully aware of the importance of environmental concerns to society at large. Accordingly, the company has worked to reduce the environmental impact of its business activities through the acquisition of the ISO 14001 certification at four domestic plants. The company plans to obtain certification at overseas bases as well. As a leading manufacturer of diesel engines, Isuzu committed to developing environmentally sound, cleaner-burning diesel engines.

Environmental Activities

Isuzu is working to reduce the environmental impact of its business activities and to develop environmentally sound, clean diesel engines that feature the latest technologies.

Isuzu has acquired ISO 14001 certification at four domestic plants. In June 2001, Isuzu's development operations were also certified. Isuzu's major overseas bases, including the Subaru-Isuzu Automotive Plant in the U.S., and Isuzu Motors Germany, an R&D company, are also ISO 14001-certified. The company is working to obtain certification at Isuzu Motors Polska, Isuzu Motors Co., (Thailand) Ltd. and DMAX.

Diesel engines boast higher fuel efficiency and lower CO₂ emissions, which are the main cause of global warming, than gasoline engines. In addition, they enjoy superior durability. As such, 30% of passenger cars in Europe employ diesel engines. Isuzu will continue to apply new technologies, such as a catalyst and continuous diesel particulate filter (DPF), to the development of cleaner diesel engines with minimal environmental impact.

In the fiscal year ended March 2001, Isuzu modified and expanded its model range by refitting its light-duty ELF trucks to use natural gas and LPG as fuel. This exploited the ability of diesel engines to run on a wide range of fuels.





DMAX

Diesel Engines

In July 2000, DMAX, Ltd., a joint venture between Isuzu and GM, began production of diesel engines. In 2001, DMAX is scheduled to manufacture 90,000 engines, with plans to expand production volume to 200,000 units by 2004. DMAX manufactures 6.6-liter, V8 direct injection diesel engines, newly developed by Isuzu. These engines are installed in GM's full-sized pickup trucks, specifically the Chevrolet Silverado and the GMC Sierra.

With the start of production at DMAX, Isuzu now operates five overseas production bases for diesel engines, which form the basic infrastructure needed to accomplish a key goal of the ISUZU V Plan: to re-establish a global business network for diesel engines spanning Japan, Asia, Europe and North America.



DMAX

In particular, diesel engines manufactured by DMAX and ISPOL have been highly acclaimed. Full-sized GM



DMAX

pickups, equipped with DMAX engines, earned high marks for their power and low engine noise. GM pick-ups captured the "Truck of the Year" award by Motor Trend, a U.S. automotive magazine. They were also featured in Ward's 10 Best Engines 2001, and in the Best of What's New Awards 2000, held by Popular Science.

Furthermore, 1.7-liter diesel engines made by IPSOL for Opel passenger cars were highly acclaimed for achieving the highest fuel efficiency and performance in their class at competitive prices. Opel vehicles earned a perfect score in a comprehensive assessment by a German automotive magazine, Auto Motor Und Sport. Additionally, Opel vehicles were ranked No.1 in the categories of small and compact diesel cars by Mot, another German automotive magazine.



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(As of June 28, 2001)