

PRESIDENT'S MESSAGE

The Isuzu Group is committed to contributing to society by developing products and services that truly satisfy our customers worldwide while evolving into an organization with an exemplary character. Our guiding principle is to take on challenges, innovate and create, while giving the highest priority to quality in everything we do. Our long-term vision is to become a front-running logistics systems engineering company.



Yoshinori Ida *President & Representative Director*

THE NEW THREE-YEAR BUSINESS PLAN ▶ The Isuzu Group is currently implementing sweeping reforms of its operating framework and financial structure pursuant to its New Three-Year Business Plan. Formulated in October 2002 with the support of General Motors Corporation (GM) and the cooperation of financial institutions, this plan aims to quickly get Isuzu back to the point where we can pay dividends again.

Key to this is focusing on the commercial vehicle business, making the most of our distinctive and superb diesel engine technologies. From engineering through to sales, we plan to upgrade every aspect of our operations, improving our earnings structure in the process. Japan remains a pivotal market

for us but we also plan to develop business in markets harboring significant growth potential—China and the ASEAN region—and North America. Work is under way to give Isuzu a leading position in these markets.

Stabilizing businesses is another cornerstone of the New Three-Year Business Plan. In North America, we have undertaken a sweeping review of manufacturing activities. We did this because the high operating risk in these activities was having a pronounced effect on Isuzu. In another move, we have formed joint ventures with GM, our largest customer. Here, too, the aim is to mitigate operating risks, as well as to share the costs of product development. And by sharply downsizing our workforce in line with the future requirements of our operations quicker than we had originally planned, we have achieved an improved earnings structure.

Our balance sheet is stronger as a result of recent moves, too. Shareholders' equity was boosted by the recapitalization of Isuzu by General Motors Limited, a wholly owned subsidiary of GM, through subscription to new shares of common stock, and a debt-for-equity conversion with the cooperation of main lenders. Moreover, the approval by shareholders of a proposal to decrease capital and capital surplus at an Extraordinary Meeting held in November 2002 improved Isuzu's financial structure.

Hand in hand with these actions, the management team has been revamped to ensure that the initiatives contained in the New Three-Year Business Plan are seen through. A senior executive from GM has been appointed Executive Vice President and Representative Director and an executive from Mizuho Corporate Bank, Ltd. has been appointed Executive Vice President.

THE FISCAL YEAR IN REVIEW ♦ During fiscal 2003, ended March 31, 2003, despite higher unit truck sales in Japan, total worldwide vehicle unit sales declined 9.9% year on year, partly due to structural reform initiatives. In addition, sales of automotive components for overseas production fell 4.0%. Meanwhile, engine and component sales climbed ¥24.7 billion, or 11.0%, to ¥250.3 billion, buoyed by healthy demand in the ASEAN region. Nevertheless, consolidated net sales decreased 15.5% to ¥1,349.4 billion. Operating income rose 2.2% to ¥15.4 billion as the benefits of cost-cutting measures, the result of initiatives to trim payroll expenses, more than offset restructuring-related charges in North America. Isuzu, however, posted a net loss of ¥144.3 billion for a number of reasons. One was a ¥76.7 billion loss on investment for affiliated company restructuring in North America. Isuzu also booked a charge of ¥24.8 billion for a severance benefit related to an early retirement plan; a loss on business model reform of ¥12.2 billion relating to the downsizing of the SUV business; and a loss of ¥9.5 billion on the revaluation of investments. These charges outweighed items such as a ¥9.9 billion gain on sales of investments and a ¥13.4 billion gain on the return of the substituted portion of the employee pension fund to the Japanese government.

OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2004 ♦ Japan is expected to see replacement demand pick up with the upcoming application of stricter emissions standards, while overseas, Isuzu forecasts higher sales in key markets such as Asia. However, business conditions will remain challenging, due to growing uncertainty about the global economy, in light of intensifying competition both at home

and abroad, the cost of reconstruction in Iraq, prospects for the U.S. economy and other factors.

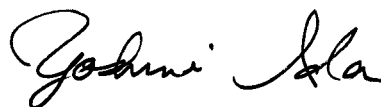
Consequently, Isuzu is projecting consolidated net sales of ¥1,250.0 billion, income before special items of ¥40.0 billion and net income of ¥35.0 billion.

The Isuzu Group's highest priority is to improve its earnings base by accomplishing the goals of the New Three-Year Business Plan. We will address environmental issues by making the most of our competitive advantages in front-running exhaust emission and environmental technologies. At the same time, we will make Isuzu even more competitive worldwide on both cost and quality fronts.

As always, we will be guided by our commitment to contributing to society by developing products and services that satisfy customers worldwide while evolving as an organization with an exemplary character. Underpinned by this corporate philosophy and determined to take on challenges, innovate and create, while giving the highest priority to quality in everything we do, our long-term vision is to become a front-running logistics systems engineering company.

I ask for your continued understanding and support as we work to achieve our goals.

June 2003



Yoshinori Ida

President & Representative Director