

Growing a world of opportunity

First, I would like to take this opportunity to announce my assumption, at the Board of Directors meeting following the Annual Shareholders Meeting held on June 28, of the position of President. My previous responsibilities, primarily in finance and overseas operations, have given me invaluable experience, and over the course of the last six years I have worked as the director in charge of planning and finance with former President Ida. In that role I was able to devote my time and energy to Isuzu's reconstruction, expanding its operations and rebuilding its financial base. Whereas until now I carefully and deliberately discharged my responsibilities by supporting the former President Ida in the areas of operational strategy and finance, I now look forward to providing energetic leadership as we address a variety of management challenges.

Looking at Isuzu's business results for fiscal 2007, domestic business began to slow in the second half of the year due to the increase in demand created by the introduction of emissions regulations having run its course. However, Isuzu's overall results tracked last year's performance. Overseas, Isuzu's pickup truck business in Thailand remained robust as we expanded commercial vehicle sales to resource-rich regions and moved aggressively to enter new markets.

As a result, we were able to dramatically exceed initial expectations with sales of ¥1,662,925 million, operating income of ¥106,980 million, working profit of ¥114,697 million, and net income of ¥92,394 million. With the exception of net profit, these numbers make this the fourth consecutive year of rising—and record—sales and profits, enabling Isuzu to meet the goals of the Mid-term Business Plan one year early.

We expect earnings for the upcoming year to remain generally in line with the last fiscal year as we work to minimize any reductions in domestic earnings by streamlining domestic operations, and compensating for them with increased profits from developing our overseas business.

Looking at the today's business environment, the growing worldwide interest and awareness in the environment has focused attention on the diesel engine (DE), which is being reevaluated as an advanced, next-generation environ-

mental technology. In addition, the increasingly high cost of developing new environment-friendly technologies is creating new opportunities for a global realignment among commercial vehicle (CV) manufacturers, as they work to reduce the impact of these costs.

Against this backdrop, Isuzu offers a full product line of DE technology that complies with rigorous environmental standards in Europe, the U.S., and Japan, and we are working to build a solid position in the industry by marketing highly differentiated and unique CVs around the world based on this advanced diesel technology.

Specific initiatives undertaken over the course of the last year include aggressive efforts to expand our overseas business and introduce new products. Please see the following "Highlights" for more details.

With regard to the introduction of new products, last December we completed the first complete redesign in 13 years of our flagship ELF light-duty truck, a global best-seller with production and sales volumes of approximately 200,000 units a year. The redesigned model's high quality and exceptional maneuverability significantly increase its potential as a strategic global model capable of meeting the needs of all markets, from developed to developing countries.

In May 2007 we finished a complete redesign of the



FORWARD medium-duty truck, which shares modules with the ELF. I expect the new model to contribute to an even greater expansion in global sales thanks to the high marketability it inherits from the ELF.

Isuzu Motors remains committed to meeting stakeholders' expectations by pursuing sustainable growth. I look forward to the continued understanding and support of our shareholders and investors as we work to achieve this goal.

Susumu Hosoi

President & Representative Director

Highlights

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| April 2006 | Established sales company in Ukraine. |
| July 2006 | Launched mid-size bus in India.
Launched light truck business in Russia. |
| September 2006 | Established sales companies in Germany and Austria. |
| October 2006 | Established sales company in South Africa. |
| August 2006 | Completed minor model change of pickup trucks in Thailand. |
| December 2006 | Completed first full redesign of the ELF light-duty truck in 13 years. |
| January 2007 | Began microbus production in Uzbekistan. |
| April 2007 | Established sales company in Canada.
Increased capital in production and sales company in Turkey. |
| May 2007 | Completed first full redesign of the FORWARD medium-duty truck in 13 years. |

Question 1: *What kind of initiatives are you pursuing to achieve sustainable growth?*

I believe it is important to grow revenue in a balanced manner by developing our business globally. Although once Isuzu's revenues used to be dependent on the Japanese market, based on this belief we have taken steps over the last several years to streamline domestic Japanese operations and expand overseas operations, reflecting the need to reduce the extent to which our results are influenced by the extreme fluctuations of the Japanese market.

Until now, the percentage of operating income generated by overseas sales had been stalled at around 20%, even as the foreign sales ratio exceeded 60%. Thanks to these efforts, we have changed Isuzu's revenue structure, increasing the percentage of overseas sales to 64% and the percentage of operating income to a similar level for this fiscal year. I believe we can ultimately achieve sustainable growth by continuing to develop our business along these lines.

Question 2: *Analysts are predicting stagnating demand for trucks in Japan. How do you plan to deal with this challenge?*

In our domestic Japanese business, efforts to strengthen the management culture at our sales companies are proving to be an effective means of creating a strong culture capable of withstanding a slight drop in new vehicle sales. We will set and implement even higher targets this year.

Moreover, we established Isuzu Network Co., Ltd., to strengthen our lifecycle business as a means of further enhancing our after sales service and lowering the total cost of ownership so that customers can choose Isuzu vehicles with utmost confidence and peace of mind. In addition to enhancing the level of service we are able to offer customers, the new company will provide a powerful impetus for sales companies to move beyond new vehicle sales in their efforts to streamline operations.

Question 3: *You are working to expand Isuzu's overseas business. Could you summarize the current state of that business?*

Until a few years ago, we were aggressively working to enter new overseas markets. Starting fiscal 2007, I am

planning to focus carefully and deliberately on strengthening operations and expanding sales in overseas markets, including existing markets.

The key to the truck business lies in seeing things from the customer's perspective, providing optimal products and services that meet customer needs, and keeping customers' trucks operating smoothly and reliably. In that sense, we need to work to enhance our local production capability, ensure that locally produced products have consistently high quality, and implement an extensive after sales service program by strengthening our sales organization and infrastructure.

I plan to undertake a series of policies designed to expand sales by carefully and deliberately pursuing these activities so that we can vigorously grow deep Isuzu roots in every market.

Question 4: *How do you plan to develop Isuzu's truck products?*

We have new light- and medium-duty trucks in the form of the 700P series, which offers robust cargo capacity thanks to its high-output, small-displacement engine and light-weight design, excellent fuel economy, and low cost.



Although medium-duty trucks traditionally have been developed by downsizing heavy trucks, we employed a module-based development strategy for the 700P based on the same concept as the ELF, the world's bestselling light truck. This approach has boosted the model's competitiveness in terms of both appealing features and cost. Following on the heels of the ELF, the FORWARD medium-duty truck is one key to the future development of our overseas business.

In February we launched the redesigned ELF, which was announced in the domestic market last December, in the U.S. market. In the coming months we'll be introducing it to other overseas markets such as Thailand and Australia. Similarly, the May 24 announcement of the FORWARD medium-duty truck in Japan will be followed by its launch in various markets worldwide.

Question 5: *Where do the strengths of Isuzu's DE business lie?*

Isuzu has a full lineup of DEs utilizing advanced technology with displacements ranging from 1.7 to 14 liters. We occupy a unique position in meeting or exceeding all three major emissions regulations standards (Japan, Europe, and the U.S.) and in supplying power plants for use in our own CVs, GM passenger cars, and industrial engine applications.

In the future, we will pursue a business partnership with Toyota Motor Corporation in this area as part of an effort to secure our standing as a leading global company.

Question 6: *What can you tell us about the next Mid-term Business Plan?*

We're currently in the process of formulating the next Mid-term Business Plan, which will cover the period from April 2008 to March 2011. I'm afraid I have to ask you to wait for details until the official announcement, but in terms of the plan's general direction, I can tell you that we are looking at continuing the current plan's emphasis on an aggressive program of investment as the groundwork for future growth. The new plan will seek to cultivate our potential to achieve sustainable growth by establishing the scale, earning power, and organization of a global corporation to pave the way for a new level of business performance.