ISUZU AT A GLANCE

Isuzu is one of the world's leading manufacturers of commercial vehicles and diesel engines. Always an innovator, Isuzu introduced Japan's first diesel engine in 1936, and today we are leading the way in developing environmentally friendly diesel technology. We are the market leader in at least one product category in 23 different countries and our products are found in over 130 countries around the world. For example, in Japan we led the market for 2–3 ton trucks with a 36.1% market share in fiscal 2004, and in the U.S. Isuzu has been the leader in imported class 3 and class 7 low cab forward (LCF) trucks for 18 straight years.

Trucks »

Isuzu trucks are trusted around the world for their reliability on the job and durability even under the most demanding conditions. We are the world's largest manufacturer of medium-duty trucks and our lineup of trucks—ranging from the light duty N series (ELF in Japan) to the heavy duty C&E series (GIGA in Japan)—is designed to meet the needs of any business. Isuzu trucks exceed today's stricter environmental standards, offering cleaner emissions as well as advanced safety features. Isuzu innovations include Japan's first "4-bag" air suspension and the "Smoother" series of transmissions for easy handling and better fuel economy. Isuzu also offers services such as seminars on economical operating techniques and consulting on meeting emissions standards.

Truck Lineup

Heavy-duty trucks	Japan:	• GIGA series
	Overseas:	• C&E series
Medium-duty trucks	Japan:	• FORWARD series
	Overseas:	• F series
Light-duty trucks	Japan:	• ELF series
	Overseas:	• N series

Key Events in the History of Isuzu »

Japan's first domestically produced truck, a Wolseley model A-9, rolls out of the Tokyo Ishikawajima Shipbuilding and Engineering plant

December 1922

Isuzu unveils the ELF TL model light-duty truck

August 1959

Isuzu unveils the FORWARD TR model 4-ton truck

April 1970

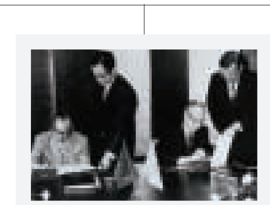
October 1953

The first Hillman passenger car rolls out of Isuzu. By January 1957 all parts are locally made.

October 1968

Isuzu unveils the 117 coupe passenger car

July 1971



Isuzu and US-based General Motors sign basic agreement for comprehensive business pact

Buses

Our ERGA and ERGA Mio buses are powered by fuel-efficient, low-emission Isuzu diesel engines, with CNG power plants available on some models. The highly rigid body structure of these buses complies with the Economic Commission for Europe's (ECE) demanding R-66 standards for vehicle rollover performance.

Bus Lineup

Large-capacity buses
- ERGA series (route buses)
- GALA series (sightseeing buses)

Medium-capacity buses
- ERGA Mio series (route buses)
- GALA Mio series (sightseeing buses)

Microbuses
- JOURNEY series
- COMO series

Pickup Trucks, AUVs and SUVs

Our fifth-generation pickup truck, the one-ton Isuzu D-MAX, developed in collaboration with General Motors Thailand, is the uncontested market leader in Thailand, where we command 40.1% of the market for one-ton pickup trucks. In fact, in less than one year, we sold 100,000 Isuzu D-MAX pickup trucks in Thailand, making it the best-selling vehicle ever in that country. We also export these trucks to Australia, South Africa, the Middle East and Europe. Isuzu SUVs are known for their durability, and in North America we have added the full-size, five-passenger ASCENDER to our product line.

Pickup Truck, AUV and SUV Lineup

Pickup truck
- Isuzu D-MAX

AUV (Asian Utility Vehicle)
- PANTHER

SUVs
- ASCENDER
- RODEO & RODEO SPORT
- AXIOM

Powertrains

Isuzu powertrains have come to symbolize unsurpassed quality. Diesel engines emit less CO_2 than gasoline-powered engines and offer excellent fuel economy. Diesel engines account for a growing share of the automotive market in Europe, and through our partnership with General Motors, Isuzu engines are used in GM pickup trucks in the U.S. and Opel, Saab and Renault automobiles in Europe.

Powertrain Lineup

Automotive
- 4EE2-TC 1.7-Liter Diesel Engine
- 6DE1 3.0-Liter Diesel Engine
- 8GF1 6.6-Liter Diesel Engine (Duramax 6600)
- 6HK1-TC 7.8-Liter Diesel Engine (Duramax 7800)

Industrial
- L-Series 3&4 Cyl.s 1.1–2.2 Liter 12–40kW
- B-Series 4&6 Cyl.s 4.3–6.5 Liter 45–140kW
- H-Series 6 Cyl.s 7.8 Liter 100–200kW
- J-Series 4 Cyl.s 2.7–3.1 Liter 20–65kW
- S-Series 3&4 Cyl.s 9.8 Liter 130–240kW
- W-Series 6 Cyl.s 15.7 Liter 180–350kW

Marine
- In-line 6 Cylinder Turbo Intercooler series
- In-line 4 Cylinder Turbo Intercooler series
- Natural Aspiration series

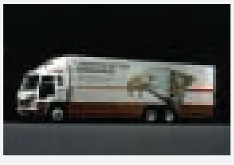
Isuzu unveils the GEMINI passenger car, developed in cooperation with General Motors

October
1974

May
1981

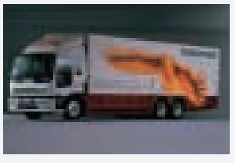
Isuzu unveils the PIAZZA passenger car

Isuzu unveils the 810 series of 10-ton heavy-duty trucks



August
1983

November
1994



Isuzu unveils the completely remodeled GIGA series of heavy-duty trucks and at the same time sets a new vehicle standard with the GVW22 25-ton truck

Isuzu unveils the GALA large-capacity sight-seeing bus

December
1996

October
2002

Isuzu draws up its New Medium-Term Business Plan

Isuzu exhibited the prototype direct-injection, diesel-cycle, mono-fuel, CNG-powered ELF light-duty truck in collaboration with Westport Innovations, Inc. of Canada at the Michelin Challenge Bibendum, considered one of the premier global events for advanced technology vehicles.

Isuzu is moving forward on research and development in the latest technologies for trucks, buses, pickup trucks and diesel engines so that we can offer products and services that satisfy the needs of our customers around the globe. For the sake of the future of our planet, we are working to develop clean diesel engines that impose a minimal burden on the environment and we are also promoting the more widespread

Isuzu Technology

acceptance of vehicles that use low-emission CNG and LPG fuels. We are also forging ahead on the development of clean energy vehicles such as diesel-engine-based hybrid vehicles and vehicles that run on dimethyl ether (DME), an alternative energy fuel. Isuzu is pouring a tremendous amount of effort into this research and development, and we are making a broad contribution to society through the resulting advanced vehicle technology.

With the DI-CNG ELF truck, Isuzu gained two gold medals in the efficiency and emissions categories and one silver medal in the noise category.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements about Isuzu Motors Limited's plans, strategies, beliefs and future performances. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Isuzu Motors Limited operates, and management's beliefs and assumptions. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, actual results may differ materially from those projected. Isuzu Motors Limited, therefore, wishes to caution readers not to place undue reliance on such forward-looking statements.

PROFILE

As one of the world's leading truck and diesel engine manufacturers, Isuzu's corporate philosophy is to contribute to society by offering products and services that satisfy the needs of our customers around the globe, while taking care to be socially responsible. Working alongside our customers as a trusted partner, we strive to act in harmony with society and the environment as we help keep people and products moving with our commercial vehicles and diesel engines.

Our fundamental principle is to take on new challenges, innovate new technologies, and build products while always placing the highest priority on product quality. Our long-term management vision is to transform Isuzu into a company that leads the way in engineering distribution systems.

To accomplish this, we will:

- Build an earnings base that is centered on commercial vehicles
- Advance our technology to create products that fulfill the needs of the marketplace
- Become increasingly internationalized and strengthen our alliance with General Motors
- Treat our employees as individuals and reform our organizational culture with the participation of all employees

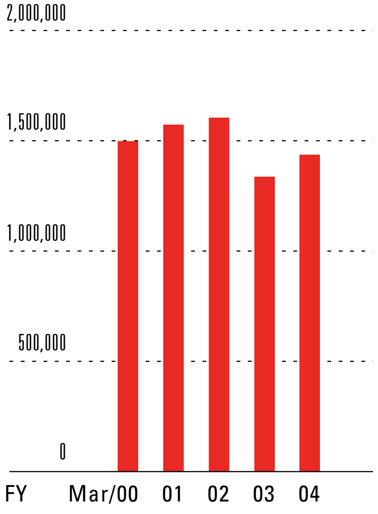
CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of yen			Thousands of U.S. dollars
Year ended March 31	2004	2003	2002	2004
For the Year:				
Net sales	**¥1,430,339**	¥1,349,449	¥1,597,701	**$13,533,347**
Net income (loss)	**54,713**	(144,301)	(42,991)	**517,680**
At Year End:				
Total assets	**¥1,077,816**	¥1,028,844	¥1,324,144	**$10,197,908**
Shareholders' equity	**109,753**	26,434	61,084	**1,038,448**

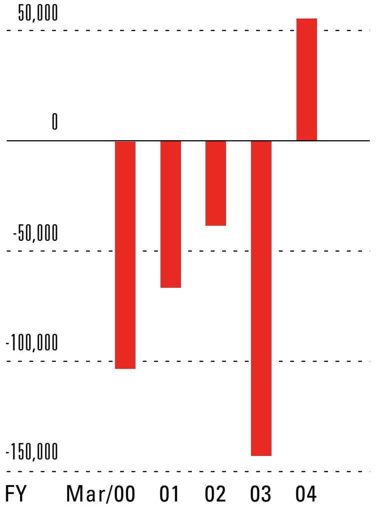
	Yen			U.S. dollars
	2004	2003	2002	2004
Per Share:				
Net income (loss) – primary	**¥72.37**	¥(131.34)	¥(33.68)	**$0.68**

Note: U.S. dollar figures have been calculated at the rate of ¥105.69=U.S.$1, the approximate rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2004.

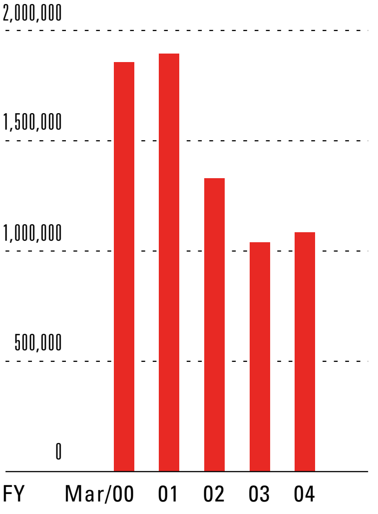
Net Sales
(Millions of Yen)



Net Income (Loss)
(Millions of Yen)



Total Assets
(Millions of Yen)



MESSAGE FROM THE PRESIDENT

Yoshinori Ida
President & Representative Director

Fiscal 2004 (ended March 31, 2004) was a pivotal year for Isuzu. In fiscal 2003 we embarked on our New Three-Year Business Plan, and with the support of our shareholders, customers, suppliers, and other stakeholders, in fiscal 2004 our efforts to radically overhaul our earnings structure began to bear fruit. We turned around earnings to post record profits at all levels, and sales grew 6%.

We have drastically transformed the shape of our business. We have restructured our North American SUV operations and we are concentrating our resources in the areas where we are strongest—commercial vehicles and diesel engines. Sales in these areas grew remarkably thanks to the introduction of stricter emission regulations in Japan and our aggressive marketing efforts overseas. Our business is steadily growing in ASEAN and China locations where we took the lead in establishing local facilities.

As a result of these efforts, in fiscal 2004 (ended March 31, 2004) consolidated-basis sales rose 6% from a year earlier to ¥1,430,339 million and operating income jumped 446.4% to ¥84,490 million.

As we overhauled our earnings structure, over the past few years we have booked massive restructuring charges at the parent level. And to further buttress our earnings capacity, we have also moved ahead on making provisions for anticipated future expenses. But even after booking these charges for fiscal 2004, our net result rebounded from the previous year's loss of ¥144,301 million to a profit of ¥54,713 million.

These restructuring charges have impacted profitability in recent years, but now we are positioned for a brighter future. We are growing stronger not only at the parent company, but also at our affiliates. Our affiliated dealers returned to the black, and our parts suppliers also further improved earnings thanks to streamlining measures and higher sales. As a result, our consolidated-basis operating margin widened 4.8 points to 5.9%.

We are also strengthening our balance sheet. In fiscal 2004, we reached the debt-reduction target set forth in our New Three-Year Business Plan one year earlier than planned. Our consolidated-basis shareholders equity ratio also rose 7.6 points to 10.2% thanks to fiscal 2004's record earnings and fresh capital from the conversion of bonds with stock acquisition rights. While we still view this level of equity as inadequate, we aim to continue building equity at this pace going forward to further shore up our balance sheet.

This is the final year of our New Three-Year Business Plan, and we intend to forge ahead on meeting its goals. This year in particular, we believe that achieving these targets is crucial for ensuring a bright future, so Isuzu—the company and the group as a whole—will strive to meet these objectives. By moving ahead with structural changes outlined in the plan, we aim to put Isuzu in on a footing where we can begin paying dividends to our shareholders again as soon as possible.

Though we expect the Japanese economy to continue its slow recovery this fiscal year, we do not believe this will mean an automatic end to the challenging business environment. We foresee a downturn this year after the brisk truck sales recorded in Japan in fiscal 2004, and the stronger yen could impact exports. Competition is also intensifying at home and abroad.

Going forward we aim to work even harder to use our superior emissions control technology and other environmental technologies to proactively address environmental issues. Furthermore, as replacement demand for vehicles in Japan stemming from the introduction of new emission runs its course, we are committed to making earnings less vulnerable to fluctuations in domestic demand by strengthening our brands and technologies while diligently pursuing cost reductions.

The Japanese economy is expected to continue slowly recovering, and the market for trucks will likely remain resilient. However, partly due to the strong base of comparison from the prior year and also due to the impact of the strengthening yen on exports as well as intensifying competition at home and abroad, the business environment will remain difficult. Currently, we see sales declining 5.6% from a year earlier to ¥1,350,000 million, working profit falling 20.4% to ¥65,000 million, and net profit shrinking 8.6% to ¥50,000 million in the fiscal year ending March 31, 2005. However, these figures either meet or exceed the targets set forth in our New Three-Year Business Plan, so we expect earnings to remain on track.

We wish to note that Isuzu is striving to be a leader in environmental responsibility. Not only have we taken the lead in developing diesel engines that meet Japan's rigorous new emissions regulations, we have also expanded our lineup of CNG-powered trucks and we are opening CNG filling stations to fuel these vehicles.

On my desk I keep a piece of Japanese calligraphy that says sekisei, or "absolute sincerity." This motto is derived from the words of Kaishu Katsu, a prominent statesman of the Meiji Period, when Japan was opening up to the West. He admonished his readers that people are easily swayed, but one must live life in such a way that one will not be ashamed before heaven.

As someone who enjoys hiking on the nearby Tanzawa and Hakone Mountains, I am frequently in awe of nature and I appreciate how dependent we are upon it. We have an obligation to hand down this natural environment to future generations.

Although the Kyoto Protocol has yet to be enforced, companies that consume large amounts of energy in the course of business must be cognizant of our responsibility as members of society, and do what we can. Companies like Isuzu that make products that emit CO_2 in the course of operation have a particular obligation to strive to minimize exhaust gases.

As we move into the final year of our New Three-Year Business Plan, we look forward to your continued support as we continue to transform Isuzu into a leader in engineering distribution systems.

June 2004

Yoshinori Ida

Yoshinori Ida
President & Representative Director

THE NEW THREE-YEAR BUSINESS PLAN

Fiscal 2004 marked the second year of the New Three-Year Business Plan that we unveiled in October 2002. Under this plan, we aim to capitalize on our technological advantages in diesel engines and specialize in commercial vehicles. We are striving to strengthen all of our corporate functions—from development through marketing—as well as strengthen our earnings structure. Our core markets will be Japan; promising markets in China and ASEAN where we have taken the lead in establishing local facilities; and North America. The integration of our bus operations with those of Hino Motors is helping us to create an even more efficient business structure.

The New Three-Year Business Plan »

The New Three-Year Business Plan includes three main elements:

Eliminate uncertainties

- Overhaul the structure of the North American SUV business
- Form a powertrain joint venture with General Motors
- Reduce the size of our workforce mainly through voluntary early retirement
- Consolidate our manufacturing infrastructure

Enhance management control

- Executive Vice President from General Motors
- Executive Vice President from Mizuho Corporate Bank
- Set up department to oversee progress on the New Three-Year Business Plan

Recapitalization

- Debt-for-equity swap
- Retirement of shares held by General Motors
- Raise fresh capital

Steps taken in fiscal 2004 »

Many of the measures outlined above were already taken in fiscal 2003, helping Isuzu to post record earnings in fiscal 2004. We overhauled our North American SUV business, shrank our workforce, strengthened our powertrain alliance with General Motors, and improved our capital structure. In fiscal 2004 we forged ahead on implementing this program, taking the following steps:

In April 2003 we announced that we would postpone the planned relocation of our Kawasaki Plant operations designed to accommodate the sharp increase in demand for commercial vehicles both within and outside Japan.

In May 2003 we announced a departmental reorganization designed to clarify and optimize the scope of management authority as well as strengthen the local management structure for our operations in North America and ASEAN.

In September 2003 we announced the formation of a holding company, along with Hino Motors, with the objective of integrating the bus manufacturing operations of the two companies.

In October 2003 Isuzu, General Motors, and GM's other two Japanese business partners—Suzuki and Fuji Heavy Industries—announced a series of initiatives in the areas of the sharing of products, powertrains and technologies; market expansion and growth; and purchasing.

In January 2004 Isuzu Motors America absorbed its American Isuzu Motors subsidiary with the aim of eliminating the duplication of functions between the two companies and improving business efficiency.

In January 2004 we announced that we would move forward on the relocation of the manufacturing functions handled by our Kawasaki Plant in May 2004. We estimate that the move will result in an annual cost savings of about ¥5 billion.

In March 2004 we announced the sale of the Kawasaki Plant property to an outside buyer for ¥15,371 million. The transfer of the property is slated to be completed in February 2005.

Actual performance versus plan targets »

Isuzu has made solid progress towards attaining the concrete objectives laid out in our New Three-Year Business Plan. In fiscal 2003, we exceeded all of our targets, and we did so again in fiscal 2004. Under the plan, in fiscal 2004 our goal was for consolidated sales of at least ¥1,250,000 million, and we actually reported sales of ¥1,430,333 million. We aimed for operating income of ¥50,000 million, and our actual result was ¥84,490 million. Likewise, we targeted a net profit of ¥35,000 million, and the actual figure was ¥54,713 million. Finally, we hoped to reduce interest-bearing liabilities to ¥510,000 million or less, and as of March 31, 2004 the figure was ¥452,600 million.

Looking ahead to fiscal 2005 »

But we can't content ourselves with the results seen in fiscal 2004. Most of our profits came from domestic sales, and our profits from overseas sales—which account for about half of our total sales—are lacking. We are keenly aware of the fact that there is still room for us to exert ourselves to further improve our earnings structure.

Recently, the yen has strengthened and domestic demand has slowed, making the business environment more difficult. However, forecast demand is still much higher than the levels foreseen when we put together the New Three-Year Business Plan, so we believe that we can still attain the goals set forth for this fiscal year: sales of ¥1,270,000 million, operating income of at least ¥60,000 million and a net profit of at least ¥50,000 million.

Going forward, Japanese demand for commercial vehicles is expected to fall back from the extraordinary levels seen in fiscal 2004 due to the implementation of new emissions rules. Therefore, to make up for this decline in Japanese demand, Isuzu intends to redouble its truck marketing efforts overseas.

In North America, we have been able to sharply reduce our losses by taking steps such as dissolving the Subaru Isuzu Automotive alliance with Fuji Heavy Industries, and in fiscal 2004 we roughly broke even. However, we recognize the need for further improvement in North America. Moving forward, we are committed to enhancing profitability by breaking even in SUVs and developing our commercial vehicle business.

Streamlining our distribution structure in Japan is another key issue for Isuzu. Although we have been able to steadily lift the operating cost coverage ratio by working to cover our dealerships' fixed costs with revenue generated from activities other than new vehicle sales—such as parts sales, and maintenance and repair services—we have not made much progress on debt reduction. We must strive to recover our receivables more quickly.

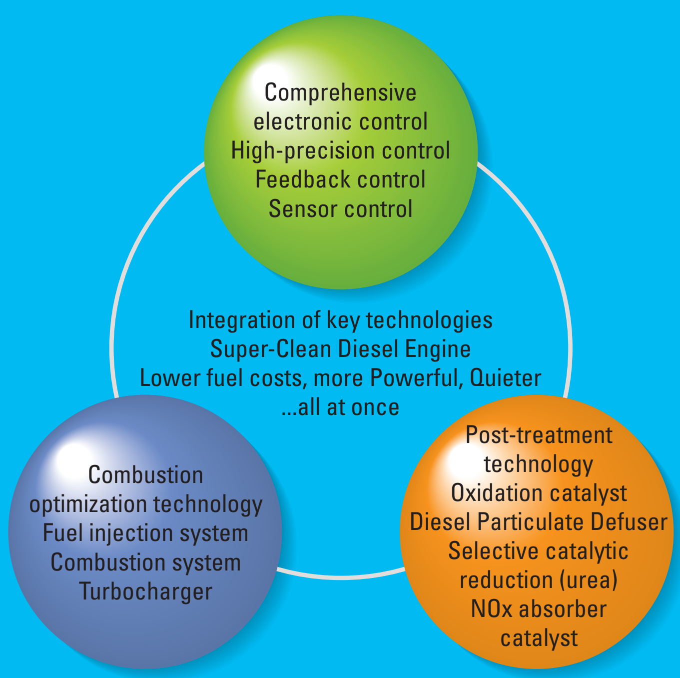
Reducing the cost of materials is another major lingering issue. We want customers to think in terms of how much they are paying per liter of engine or how much per kilogram for a truck. The unified efforts of purchasing, development and production teams are beginning to bear fruit, but we need to look at costs once again.

The final key issue for the final phase of our New Three-Year Business Plan is the relocation of the manufacturing functions handled by our Kawasaki Plant.

The attainment of our goals for this year is largely dependent on the overall success of these projects.

FISCAL 2004 TOPICS

Isuzu Developments



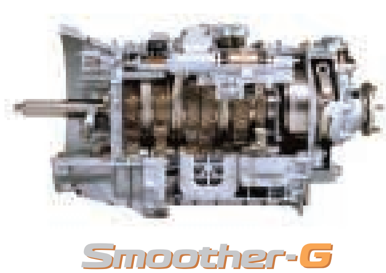
Isuzu Developments »

Meeting new emission rules

In November 2003 we introduced our improved lineup of GIGA heavy-duty trucks. These trucks not only conformed with new Japanese emission regulations one year earlier than required, but they also qualify for designation as “ultra-low-PM-emissions diesel vehicles” by the Ministry of Transport since their particulate matter (PM) emissions are 75% lower than the allowable limit.

New transmission systems

In fiscal 2004, we introduced ELF and GIGA series models equipped with new transmission systems. Certain light-duty ELF trucks are now equipped with the next generation Smoother-E transmission system, and in June 2003, we introduced heavy-duty GIGA series trucks equipped with the Smoother-G transmission system that regulates shifting to manage fuel consumption.



CNG vehicles

In May 2003, we introduced medium-duty FORWARD CNG trucks with further improved environmental performance. In April 2003 we opened our Shonandai Isuzu Eco-Station, the first CNG filling station in the northern part of Fujisawa City. And the number of vehicle registrations for our light-duty ELF CNG trucks has topped 5,000.

Telemetrics systems

In February 2004, in cooperation with KDDI Corporation, we launched an upgraded version of our Mimamori-kun Online Service, a true telematics system for commercial vehicles. The Mimamori-kun system collects data from the vehicle control computer to provide users information about fuel consumption, fuel costs, emissions, and driving habits. This information can then be analyzed and shared with our customers to help them improve fuel economy and encourage safe driving practices. The online service uses GPS technology and KDDI’s latest packet telecommunications technology to provide a two-way, interactive, real-time interface between the vehicle, the forwarder (transport company), the shipper (cargo consignee), and Isuzu.

Super-Clean Diesel Engines

As environmental problems become increasingly serious on a global scale, emissions regulations—especially for diesel-powered vehicles—are becoming more strict. To meet today's needs, Isuzu is putting to work the technology that we have accumulated through our many years of developing, marketing, and selling diesel engines.

Isuzu is currently throwing enormous effort into developing what we call Super-Clean Diesel Engines. By combining combustion optimization technology, post-treatment technology, and comprehensive electronic control technology, we are working to build high-power diesel engines with minimal exhaust and CO_2 emissions.

Uniform pre-mixed combustion, which we call PCI (Pre-Mixed Compression Ignition), is one of the clean exhaust technologies currently being developed by Isuzu. This combustion method controls both fuel injection volume and air intake volume to build upon the basic technology of more precisely controlling combustion using an electronically controlled common rail system. The technology is extremely difficult to perfect, but since it results in the optimal conditions for combustion without particulate matter or NOx emissions, it is an ideal technology for reducing vehicle exhaust. Japan is ahead of other countries in developing this technology, and Isuzu Advanced Engineering Center, Ltd., has taken the lead over other companies within Japan. We have high hopes that once this technology becomes a reality, diesel engines will rapidly become cleaner.

In the end, we hope to be building zero-emission diesel-powered vehicles. The emissions regulations stretching before us are merely steps on the way to achieving this final goal. At the end of the road lies the ultimate "Super-Clean Diesel Engine" envisioned by Isuzu.

Going forward, Isuzu will continue to forge ahead in researching and developing new technologies so that we can build diesel engines that outperform their life cycle costs and that play a role in improving people's lives.

Diesel Particulate Defuser

Nox Catalyst

Continuously Regenerating Diesel Particulate Defuser+ Urea-Selective Catalystic Reduction System

ENVIRONMENTAL & SOCIAL ACTIVITIES

Environmental Efforts

At Isuzu, we have taken a two-pronged approach to environmental responsibility. We aim to (1) develop cleaner vehicles and (2) minimize the environmental burden of our manufacturing facilities.

Developing cleaner vehicles »

We have been able to solve technologically difficult problems by combining new technologies such as super-high pressure fuel injection, exhaust gas recirculation, catalytic oxidation, and the use of 16 valves.

Isuzu took the lead in meeting Japan's tougher new emissions regulations when we launched the new line up ELF-KR light-duty trucks in June 2002, complying with the new rules one-and-a-half year earlier than required.

In fiscal 2004 we have continued to introduce new, more environmentally friendly models. In May 2003, we launched medium-duty FORWARD CNG trucks with further improved environmental performance, and in November 2003 we introduced the improved lineup of GIGA heavy-duty trucks that conformed to new Japanese emission rules for 12-ton and bigger trucks one year earlier than required. We have also equipped our ELF and GIGA series trucks with new "Smoother" series transmissions that help manage fuel consumption. Finally, we opened the first CNG filling station in the northern part of Fujisawa City, and vehicle registrations for our ELF CNG trucks topped 5,000.

Minimizing the impact of manufacturing »

Isuzu has been working to minimize the impact of our manufacturing facilities on the environment by involving all of our employees in adopting original new methods. We realize that we need to put still more effort into this endeavor, but we are confident that our unflagging commitment to the development of new technologies will help us work our way to the forefront in this area.

Indeed, though we still have room to improve, many our initiatives have been already been successful, and we have sharply reduced the volume of waste and CO_2 emissions generated by our plants. In fact, our current CO_2 emissions are already below the target that we originally set for 2010. We have done this by consolidating production lines, eliminating steam and air discharges and machine idling, using inverters on pumps to optimize efficiency, minimizing loss of compressor operation by changing lubricants, and stopping air blowing in mechanical washing equipment.

Isuzu Environmental Charter »

Environmental policies

1. We will work proactively to protect the environment throughout the entire product lifecycle—from vehicle manufacturing to usage, and final disposal.
2. To leave behind a beautiful earth for our children, as citizens of the earth we will actively participate in environmental protection activities aside from our business actions.

Environmental code of conduct

1. We will strive to minimize energy consumption and control emissions in the manufacturing process to protect the environment.
2. In developing and manufacturing vehicles, we will strive to minimize the emissions and noise generated by vehicle operation. We will also work to protect the environment by developing logistics systems that take rational distribution into consideration.
3. Since resources are finite, we will strive to offer vehicles that will be appreciated by their owners for many years. We will also take into consideration the need for recycling to ensure the reuse of materials when it comes time to finally dispose of a vehicle at the end of its useful life.

—Adopted in May 1992

Social responsibility »

In addition to our efforts to prevent accidents in the workplace, Isuzu has instituted "Total Health" programs for our employees and their families with the aim of preventing lifestyle diseases. We sponsor group hikes and other physical health activities, and we also promote programs to encourage individuals to quit smoking, exercise, maintain a healthy diet and restrain alcohol consumption. We also provide a mental health program where specialists provide free counseling.

Since we are fully aware that our employees are our most important asset, we have developed a companywide employee education program that complies with ISO/QS 9000 standards.

Isuzu has changed its employment practices in line with relevant legislation, and we do not discriminate by gender in the recruiting, training, and treatment of our employees. We actively recruit motivated and talented individuals regardless of gender and we strive to create a workplace that is comfortable for all of our employees.

For more information on Isuzu's environmental and social activities, please refer to our Environmental Report 2003, which is available on our website.

http://www.isuzu.co.jp/world/environment/report/

CORPORATE GOVERNANCE

At Isuzu, we recognize the importance of a system of corporate governance that strengthens oversight while also optimizing and accelerating the decision-making process and ensuring effective implementation of management strategies.

Over the past year, we have taken the following steps to enhance our corporate governance:

- To strengthen the local management structures for our North American and ASEAN operations, in June 2003 we unified the oversight of each of these regions.
- In December 2003, our president and representative director certified that the contents of the first half earnings report submitted to Japanese regulatory authorities were accurate.
- To strengthen the local management structures for our Chinese operations, in April 2004 we established unified oversight for China.
- With the aim of strengthening internal controls and ensuring independence, also in April 2004 we transformed the Audit Group of the General Affairs and HR Department into the independent Business Audit Group, and we began conducting our internal audits under this new structure.

Because we are also committed to information disclosure that ensures adherence to fair business practices and corporate transparency, we are proud to distribute information through a variety of conduits, including our website. We are pleased to provide English-language information for our shareholders and other stakeholders around the globe.

Isuzu's Audit Committee has four members, including two outside auditors. We have established a Management Committee that is empowered to deliberate and make decisions on critical business matters. We have also introduced an executive officer system, which transfers the authority for executing business strategies to the operating level. In addition, we have implemented a Vehicle Line Executive (VLE) scheme. The Vehicle Line Executives, who are responsible for each of our product areas—commercial vehicles, light commercial vehicles and powertrains—report directly to the Management Committee.

The board of directors and the audit committee each meet at least once per month, and the Management Committee convenes weekly.

ISUZU MOTORS LIMITED
ANNUAL REPORT 2004

FINANCIAL SECTION

Exceeding Consumer Expectations, Maximizing Corporate Value

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2004	2003	2002	2001	2000	**2004**
For the Year:						
Net sales	**¥1,430,339**	¥1,349,449	¥1,597,701	¥1,569,199	¥1,506,642	**$13,533,347**
Cost of sales	**1,214,763**	1,171,366	1,355,190	1,343,166	1,297,291	**11,493,645**
Gross profit	**215,576**	178,083	242,510	226,032	209,350	**2,039,701**
Selling, general and administrative expenses	**131,085**	162,621	227,376	253,349	260,147	**1,240,280**
Operating income (loss)	**84,490**	15,462	15,134	(27,316)	(50,797)	**799,420**
Income (loss) before special items	**81,678**	(4,200)	(1,984)	(47,435)	(68,047)	**772,809**
Income (loss) before income taxes	**55,357**	(111,527)	(28,506)	(73,300)	(150,937)	**523,770**
Net income (loss)	**54,713**	(144,301)	(42,991)	(66,787)	(104,186)	**517,680**
At Year-End:						
Total assets	**¥1,077,816**	¥1,028,844	¥1,324,144	¥1,891,492	¥1,843,053	**$10,197,908**
Shareholders' equity	**109,753**	26,434	61,084	94,108	169,338	**1,038,448**

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2004	2003	2002	2001	2000	**2004**
For the Year:						
Net sales	**¥890,336**	¥760,608	¥761,904	¥829,890	¥836,123	**$8,424,041**
Cost of sales	**730,395**	656,576	655,719	726,601	764,570	**6,910,736**
Gross profit	**159,941**	104,032	106,185	103,289	71,553	**1,513,305**
Selling, general and administrative expenses	**92,945**	90,904	98,098	107,002	118,139	**879,418**
Operating income (loss)	**66,995**	13,128	8,086	(3,712)	(46,586)	**633,886**
Income (loss) before special items	**57,561**	4,880	2,123	(10,578)	(55,412)	**544,623**
Income (loss) before income taxes	**32,221**	(146,966)	(45,898)	(66,105)	(172,957)	**304,866**
Net income (loss)	**38,857**	(189,447)	(56,224)	(57,938)	(103,861)	**367,656**
At Year-End:						
Total assets	**¥808,674**	¥717,601	¥876,680	¥1,032,614	¥1,117,373	**$7,651,381**
Shareholders' equity	**151,722**	82,743	159,062	217,788	273,012	1,435,544

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥105.69=US$1; the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2004.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Significant accounting policies

The consolidated financial statements of the Isuzu group are prepared in accordance with the generally accepted accounting principles of Japan. In the preparation of these statements, the amounts recorded for items including bad debt allowance, inventory, investments, income taxes, retirement benefits, and provisions for product warranties are estimates that reflect the judgment of management. Because of the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this may have a negative impact on earnings results.

Sales

In fiscal 2004 (ended March 31, 2004) Isuzu's consolidated-basis sales rose 6.0% from the previous year to ¥1,430,339 million, as worldwide vehicle unit sales edged up 0.9% to 280,418 units.

In the Japanese commercial vehicle market, new emissions regulations that came into force in October 2003 sparked a sharp increase in demand for trucks, particularly in the Kanto region surrounding Tokyo. As a result, overall demand for heavy- and medium-duty (4 tons and up) trucks grew from 78,601 in the prior fiscal year to 117,143 units and demand for 2–3 ton trucks rose from 95,325 units to 147,106 units. In this environment, Isuzu expanded its market share in heavy- and medium-duty trucks by 0.9 percentage points to 24.9% and by 2.2 percentage points in 2–3 ton trucks to 36.1%. As a result, domestic vehicle unit sales jumped 66.5% from the prior year to 103,027 units and overall domestic sales swelled 32.4% to ¥627,364 million.

Sales in Asia jumped 59.6% to ¥336,217 million thanks to brisk sales in places like ASEAN and China, where Isuzu took the lead in expanding overseas. In particular, in Thailand we have won a 40% share of the market for pickup trucks and a 25% share of the overall vehicle market.

North American sales fell 33.4% to ¥251,563 million as we worked to improve marketing efficiency, right-size inventory, and implement appropriate incentive programs as part of our effort to build a realistic business structure for the region.

Sales in other regions declined 25.1% to ¥215,194 million, principally because the Polish engine manufacturing operation is no longer considered a consolidated subsidiary.

Operating income

Our operating income for fiscal 2004 was a record ¥84,490 million, up 446.4% from a year earlier. Changes in the composition of sales had a ¥39,100 million positive impact on operating profit, streamlining efforts in procurement ¥24,000 million, and workforce reductions and reduced expenses in our North American operations ¥45,600 million. On the other hand, increased costs in areas like domestic sales incentives had a ¥10,500 million negative impact, the exclusion of the North American and Poland engine units ¥7,800 million, and foreign exchange fluctuations ¥2,500 million; also, a payment from GM of engine development costs as part of our alliance formed in the prior fiscal year surfaced in this year's numbers as an apparent ¥18,900 million decline over the previous year.

Looking at each of our key business areas, operating income at the parent company jumped ¥53,867 million from the previous year to ¥66,995 million as it cut expenses and boosted sales, while operating income at our consolidated dealerships in Japan rose ¥4,075 million to ¥7,525 million.

In North America, our operating loss shrank ¥22,677 million from the prior year to just ¥1,360 million thanks to the measures we have taken to restructure the business.

In ASEAN, operating profit grew ¥4,503 million to ¥7,182 million due largely to brisk sales of our new pickup truck.

(The figures shown for each of our key business areas above reflect the simple addition of the profits and losses of the parent company and consolidated subsidiaries, grouped according to the characteristics of each unit.)

As a result, our operating margin widened from 1.1% in the prior year to 5.9% in the year ended March 2004, indicating a substantial improvement in our earnings structure.

Non-operating gains/losses

In fiscal 2004 we incurred a non-operating loss of ¥2,813 million, down ¥16,849 million from the prior year. Our net interest expense declined ¥4,316 million to ¥11,257 million thanks to debt repayment. With the addition of the North American and Polish engine manufacturing operations, equity-method affiliates contributed ¥10,362 million of income, compared to a ¥726 million loss in the prior year. Foreign exchange losses declined ¥1,917 million to ¥2,181 million.

Extraordinary gains/losses

In fiscal 2003, Isuzu booked ¥107,327 million in extraordinary charges as we implemented an early retirement program, reorganized our North American operations, and contracted our SUV business with the aim of eliminating uncertainties. However, in fiscal 2004 extraordinary expenses shrank to ¥26,321 million, mainly associated with the overhaul of our domestic sales network, adjustments to our real estate holdings in preparation for the introduction of impaired asset accounting, and the reform of our North American business.

Taxes

In fiscal 2003, after a rigorous review of our deferred tax assets, Isuzu's net tax expense, including corporate income taxes, municipal taxes, and business taxes and after adjustments was ¥30,451 million; in fiscal 2004 the figure was a positive ¥77 million.

Minority Interests

Minority interests consist primarily of profits returned to the minority shareholders of our locally incorporated subsidiaries in ASEAN and North America. The figure declined from ¥2,323 million in the prior year to ¥720 million yen in fiscal 2004.

Net Profit

In fiscal 2004 our net profit was a record ¥54,713 million, a substantial improvement from the prior year's loss of ¥144,301 million. Our earnings per share were ¥72.37, compared to a negative figure of ¥131.34 in the prior year. Our fully diluted earnings per share for fiscal 2004 were ¥20.90.

Segment Information

Japan

In Japan, overall demand grew sharply due to the introduction of stricter diesel emissions rules, and at Isuzu domestic sales rose 13.0% from a year earlier to ¥1,064,992 million thanks to our aggressive marketing of vehicles designed with our customers' needs in mind. We introduced a number of vehicles that exceed these new emissions rules, and the market response was favorable. Operating profit greatly improved, swelling 299.7% to ¥77,201 million, thanks to the higher sales and the benefits of the rationalization efforts that have been undertaken under our Three-Year Business Plan.

North America

North American sales fell 34.7% to ¥235,386 million, with the decline largely attributable to fact that we are no longer treating DMAX Ltd., our Ohio diesel manufacturing facility, as a consolidated subsidiary since a majority 60% share is now held by General Motors. Our North American operating loss narrowed from the previous year's ¥11,518 million to just ¥688 million as the structure of our earnings in the region improved.

Asia

Asian sales jumped 104.1% to ¥210,078 million chiefly due to brisk sales of our pickup trucks in Thailand. The D-MAX pickup truck launched in May 2002 has become the best-selling vehicle ever in Thailand. Operating profit also swelled 471.9% to ¥6,274 million.

Other regions

Sales in other regions fell 70.9% to ¥25,960 million largely due to the fact that we are no longer treating Isuzu Motors Polska, our Polish diesel engine manufacturing unit, as a consolidated subsidiary since General Motors now holds a 60% stake in the company. Operating profit also slipped 31.5% to ¥1,399 million.

Financial Condition

In accordance with the new Three-Year Business Plan we adopted in October 2002, we have employed wide-ranging measures to reduce interest-bearing liabilities and shore up our capital base.

As of March 31, 2004, total consolidated assets were ¥1,077,816 million, up ¥48,972 from a year earlier. Cash reserves grew ¥49,926 million to ¥113,315 million thanks to record profits and stronger cash management. Receivables grew mainly because of higher domestic sales. The increase in investment securities is attributable mainly to the stock market recovery, which has boosted the market capitalization of listed shares, and strong earnings results at our affiliates, which has increased the value of our holdings in equity-method affiliates. Fixed assets shrank ¥28,060 million mainly due to our move from the Kawasaki Plant and the removal of Isuzu Bus Manufacturing from consolidated statements.

Total liabilities declined ¥34,703 million to ¥964,930 million at the end of the fiscal year. We continued to take advantage of profits and other resources to reduce debt—as called for in our Three-Year Business Plan—and interest bearing liabilities shrank ¥65,256 million to ¥452,664 million. We cut short-term borrowing ¥43,107 million to ¥256,762 million and reduced long-term borrowing ¥14,449 million to ¥173,102 million. Under our Three-Year Business Plan, our aim has been to reduce interest-bearing debt to ¥450,000 million by March 2005, so we have effectively attained this goal one year earlier than planned. On the other hand, notes payable and accounts payable grew ¥20,949 million from the prior year to ¥268,206 million in fiscal 2004. This was mainly due to the increase in domestic sales.

In fiscal 2004, our capital grew ¥83,319 million to ¥109,753, boosting our shareholders' equity ratio from 2.6% at the end of the previous fiscal year to 10.2% at the end of fiscal 2004. In addition to the ¥54,713 million net profit generated in fiscal 2004, ¥24,000 million of the ¥30,000 million of bonds with stock acquisition rights issued in January 2004 have already been exercised, adding to shareholders' equity.

Cash Flow

In fiscal 2004 Isuzu generated net cash flow of ¥102,579 million, up ¥49,628 million from the prior year. Net cash provided by operating activities grew ¥35,295 million from a year earlier to ¥85,292 million. Depreciation declined ¥15,950 million to ¥27,261 million, largely due to the fact that we are no longer treating certain North American and Polish manufacturing units as consolidated subsidiaries, but we recorded ample income before income taxes and minority interests. In addition, the higher receivables (¥17,293 million) and inventory (¥6,852 million) that accompanied greater sales were balanced out by an increase in accounts payable (¥26,724 million), demonstrating our commitment to even more stringent cash flow management.

Net cash used in investing activities declined ¥10,838 million to ¥5,668 million. Capital investments made mainly by the parent company were offset by ¥11,333 million of inflows from the sale of investment securities and ¥15,752 million from the sale of fixed assets.

Net cash used in financing activities declined ¥21,032 million to ¥28,997 million. While we continued to aggressively shrink liabilities—using cash generating by operating activities as a resource to repay our North American unit's external borrowing and to redeem bonds issued by the parent company—we also issued ¥30,000 million of convertible bonds during the fiscal year, and as a result the net cash used for financing activities declined compared to a year earlier.

Risks

In 2002, in response to the protracted slump in the Japanese commercial vehicle market and lackluster SUV sales in the U.S., the Isuzu group drew up our New Three-Year Business Plan covering the three-year period to March 2005 to restore corporate value and strengthen corporate competitiveness.

In the interim period ended September 2002, Isuzu showed a temporary negative net worth due to the poor performance of its subsidiaries. However, thanks to steps taken under the New Three-Year Business plan, such as a private placement of new shares and the exchange of debt for equity, the company showed a positive net worth again in March 2003. In the second year of the plan we were able to exceed our goals for both our business results and financial condition. This is because we viewed the achievement of these goals as the most critical issue for the company. Taking the greatest possible advantage of our superior diesel engine technology we concentrated on commercial vehicles, and we worked to strengthen business functions—from development to marketing—while also shoring up our profit structure. In fiscal 2004 our cash reserves swelled thanks to the profits that came from the better-than-expected earnings rebound, stronger cash management, and money raised through bonds with stock acquisition rights. As a result, we made generally good progress on attaining the goals set forth in the New Three-Year Business Plan. However, there are certain risks that could have significant impact on our earnings results, financial condition, or share price, and these risks are outlined below. (The following information contains forward-looking statements that reflect the judgment of management as of June 29, 2004).

1. Economic situation/supply and demand trends in our major markets

Vehicles account for an important portion of the Isuzu group's worldwide operating revenue, and demand for these vehicles is affected by the economic situation in the various countries and regions and their markets in where we sell vehicles. Therefore, economic recession and an ensuing decline in demand in our major markets—Japan, North America, and other

Asian countries—could have a negative impact on the earnings and financial position of the Isuzu group.

2. Foreign exchange fluctuations

The business of the Isuzu group includes manufacturing and marketing products in several regions around the world. Local currency amounts for sales, expenses, assets and other items are therefore converted into Japanese yen in the preparation of our consolidated financial statements. Depending on the exchange rate in effect at the time of conversion, the yen amount for these items may change even if the underlying local currency value has not changed. Generally, a strengthening of the yen relative to other currencies has a negative impact on the business of the Isuzu group, and a weakening of the yen has a positive impact.

3. Dependence on General Motors Corporation and other major customers

The Isuzu group supplies vehicles and vehicle components to General Motors Corporation (Detroit, MI) and its affiliates as well as to other vehicle manufacturers on an OEM basis. Sales to these customers are affected by fluctuations in production and sales at these customer companies and other factors over which the Isuzu group has no control, and therefore they could have a negative effect on the earnings and financial position of the Isuzu group.

4. Product defects

At its plants both inside and outside of Japan, the Isuzu group manufactures its products according to the strictest globally accepted quality control standards. However, in the unusual event of a recall or product liability award, there could be a negative impact on the earnings and financial position of the Isuzu group.

5. Disasters, power outages, and other interruptions

To minimize the potential of a negative impact due to an interruption in the manufacturing process, the Isuzu group regularly conducts disaster prevention inspections and facilities examinations at all of our sites. However, we may not be able to completely eliminate or minimize the impact that would arise from a disaster, power outage, or other interruption during the manufacturing process.

6. Securities investments

The Isuzu group invests in securities, to produce, sell, and distribute its products as well as to build and maintain good relationships with our business partners. For marketable securities, a downturn in share prices could have a negative impact on the earnings and financial position of the Isuzu group. Isuzu provides management guidance and advice to companies—including those in which we have invested through non-marketable securities—that can have a strong influence over our own business results. However, if the financial condition of the companies in which we have invested were to deteriorate due to factors such as a worsening business environment, this could have a negative impact on the earnings and financial position of the Isuzu group.

7. Retirement obligations and deferred tax assets

The figures recorded for "retirement obligations" and "deferred tax assets" are estimates that reflect the judgment of management. Because of the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this could have a negative impact on earnings results.

8. Potential risks associated with international activities and foreign ventures

The Isuzu group conducts some of its manufacturing and marketing activities outside of Japan in the U.S. and in developing and emerging markets in Asia. The following risks are inherent to such overseas business development, and could have a negative impact on the earnings and financial position of the Isuzu group.

- Unfavorable changes in the political or business climate
- Difficulties in recruiting and retaining personnel
- Inadequate technological infrastructure could have a negative impact on our manufacturing activities or on our customers' support of our products and services.
- Potential negative tax consequences
- Social unrest stemming from terrorism, war or other factors.

9. Limits on intellectual property protection

The Isuzu group has accumulated technology and expertise that differentiates us from our rivals; however, in certain regions due to legal restrictions we are unable to fully protect or we are able to only partly protect some of our proprietary technology and expertise through intellectual property rights. As a result, we may be unable to effectively prevent third parties from using our intellectual property to make similar products.

10. Legal requirements

The Isuzu group is subject to various government regulations in the countries in which it does business, such as business and investment approvals, export controls designed to protect national security, and other import/export regulations such as tariff rules. We are also subject to legal requirements concerning areas such as commerce, antitrust, patents, consumer rights, taxation, foreign exchange, recycling and safety. Unexpected changes in these regulations could have a negative impact on the earnings and financial position of the Isuzu group.

11. Impairment accounting

The Isuzu group owns and leases facilities used in manufacturing, marketing and distributing our products. Japan is preparing to introduce impairment accounting for fixed assets used in the course of business, and if it becomes necessary to treat some fixed assets that are owned or used through finance leases as impaired, this could have a negative impact on the earnings and financial position of the Isuzu group.

12. Sale of Kawasaki Plant property

We have been notified of a claim for damages stemming from soil contamination at a parcel of property at our Kawasaki plant location, which we sold in July 2001. Depending on the course of this claim, this could have a negative impact on the earnings and financial position of the Isuzu group.

13. Preferred shares

Isuzu issued preferred shares on December 26, 2002. These shares could be exchanged for common shares at some time in the future, and this could result in the dilution of the existing common shares.

Consolidated Balance Sheets (As of March 31, 2004, 2003 and 2002)

	Millions of yen			Thousands of U.S. dollars
Assets	2004	2003	2002	2004
Current Assets:				
Cash and cash equivalents (Note 2,4)	**¥ 113,315**	¥ 63,389	¥ 79,121	**$ 1,072,148**
Receivables:				
Notes and accounts (Note 4)	**216,934**	204,371	220,696	**2,052,551**
Less : allowance for doubtful receivables	**(4,806)**	(8,331)	(5,292)	**(45,473)**
Inventories (Note 4)	**112,938**	108,972	156,305	**1,068,581**
Deferred taxes (Note 6)	**27,651**	16,614	12,329	**261,625**
Other current assets	**31,618**	48,155	85,780	**299,163**
Total Current Assets	**497,651**	433,170	548,941	**4,708,596**
Investments and Advances:				
Investments (Note3,4):				
Unconsolidated subsidiaries and affiliated companies	**32,152**	20,387	28,304	**304,219**
Others	**30,321**	25,316	37,893	**286,894**
Long-term loans	**27,409**	28,799	34,894	**259,341**
Deferred taxes (Note 6)	**8,484**	10,697	42,873	**80,276**
Other investments and advances	**38,847**	42,478	88,255	**367,560**
Less : allowance for doubtful accounts	**(12,895)**	(14,937)	(15,117)	**(122,012)**
Total Investments and Advances	**124,321**	112,741	217,103	**1,176,280**
Property, Plant and Equipment (Note 4)				
Land	**273,639**	281,873	281,163	**2,589,080**
Buildings and structures	**205,689**	236,600	247,188	**1,946,161**
Machinery and equipment	**535,231**	558,851	623,135	**5,064,160**
Construction in progress	**7,956**	3,938	9,236	**75,284**
Less : accumulated depreciation	**(573,386)**	(604,072)	(609,543)	**(5,425,173)**
Net Property, Plant and Equipment	**449,131**	477,191	551,179	**4,249,514**
Other Assets	**6,713**	5,739	6,920	**63,516**
Total Assets	**¥1,077,816**	¥1,028,844	¥1,324,144	**$10,197,908**

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of yen 2004	2003	2002	Thousands of U.S. dollars 2004
Current Liabilities:				
Bank loans	**¥ 256,762**	¥ 299,869	¥ 472,957	**$ 2,429,392**
Current portion of bonds	**15,000**	15,500	52,000	**141,924**
Commercial paper	**1,800**	—	—	**17,030**
Notes and accounts payable	**268,206**	247,257	237,298	**2,537,669**
Accrued expenses	**42,451**	49,335	60,656	**401,659**
Accrued income taxes (Note 6)	**6,501**	1,633	1,217	**61,514**
Deposits received	**12,824**	13,912	24,654	**121,341**
Deferred tax current liabilities (Note 6)	—	—	5	—
Other current liabilities	**40,401**	33,348	23,351	**382,265**
Total Current Liabilities	**643,948**	660,857	872,141	**6,092,800**
Long-Term Debt (Note 4)	**179,102**	202,551	213,777	**1,694,601**
Accrued Retirement and Severance Benefits (Note 5)	**60,284**	58,487	98,562	**570,388**
Deferred Tax Liabilities (Note 6)	**5,016**	2,107	4,557	**47,465**
Deferred Tax Liabilities Related to Land Revaluation (Note 9)	**57,167**	56,296	56,460	**540,900**
Other Long-Term Liabilities	**19,411**	19,333	13,880	**183,662**
Minority Interests	**3,132**	2,775	3,679	**29,640**
Contingent Liabilities (Note 10)				
Shareholders' Equity :				
Common stock and preferred stock (Note 7,8)	**67,564**	55,545	90,329	**639,270**
Preferred stock:				
Class I-authorized 37,500,000 shares; issued 37,500,000 shares in 2004 and 2003				
Class II-authorized 37,500,000 shares; issued 37,500,000 shares in 2004 and 2003				
Class III-authorized 25,000,000 shares; issued 25,000,000 shares in 2004 and 2003				
Class IV-authorized 25,000,000 shares; issued 25,000,000 shares in 2004 and 2003				
Common stock:				
Authorized 3,369,000,000 shares in 2004 and 3,000,000,000 shares in 2003 and 2002				
Issued 878,105,748 shares in 2004 and 748,526,911 shares in 2003 and 1,277,453,911 shares in 2002				
Capital surplus (Note 7)	**67,461**	131,850	101,741	**638,296**
Accumulated deficit	**(111,058)**	(242,546)	(213,562)	**(1,050,796)**
Variance of land revaluation (Note 9)	**90,485**	90,064	91,287	**856,143**
Unrealized holding gain (loss) on securities	**7,518**	896	(2,213)	**71,134**
Foreign currency translation adjustments	**(12,049)**	(8,883)	(6,474)	**(114,005)**
Less: treasury stock, at cost 1,999,656 common shares in 2004	**(168)**	(492)	(22)	**(1,595)**
Total Shareholders' Equity	**109,753**	26,434	61,084	**1,038,448**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥1,077,816**	¥1,028,844	¥1,324,144	**$10,197,908**

Consolidated Statements of Operations (For the years ended March 31, 2004, 2003 and 2002)

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Net Sales	**¥1,430,339**	¥1,349,449	¥1,597,701	**$13,533,347**
Cost of Sales	**1,214,763**	1,171,366	1,355,190	**11,493,645**
Gross Profit	**215,576**	178,083	242,510	**2,039,701**
Selling, General and Administrative Expenses (Note 5,12)	**131,085**	162,621	227,376	**1,240,280**
Operating Income (Loss)	**84,490**	15,462	15,134	**799,420**
Other Income (Expenses):				
Interest and dividend income	**2,370**	2,724	4,145	**22,425**
Interest expense	**(13,116)**	(18,026)	(21,848)	**(124,108)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**10,362**	(726)	(2,211)	**98,045**
Others, net	**(2,428)**	(3,633)	2,794	**(22,974)**
Income (Loss) before Extraordinary Items	**81,678**	(4,200)	(1,984)	**772,809**
Extraordinary Items:				
Gain (loss) on sales or disposal of property, plant and equipment, net	**(7,865)**	(504)	5,526	**(74,418)**
Gain on sales of investments	**5,488**	9,947	7,878	**51,927**
Gains on return of substituted portions of employee pension fund (Note 2,5)	**—**	13,437	—	**—**
Loss on revaluation of investments	**(5,333)**	(9,538)	(15,209)	**(50,465)**
Loss on business model reform	**—**	(12,201)	—	**—**
Loss on investment for affiliated company restructuring	**(7,785)**	(76,752)	—	**(73,667)**
Severance benefit of early retirement plan	**—**	(24,808)	(14,475)	**—**
Others, net	**(10,824)**	(6,906)	(10,241)	**(102,414)**
Income (Loss) before Income Taxes and Minority Interests	**55,357**	(111,527)	(28,506)	**523,770**
Income Taxes (Note 6):				
Current	**7,828**	5,103	5,616	**74,070**
Deferred	**(7,905)**	25,348	9,532	**(74,800)**
Minority Interests in Income of Consolidated Subsidiaries	**720**	2,323	(664)	**6,820**
Net Income (Loss)	**¥ 54,713**	¥ (144,301)	¥ (42,991)	**$ 517,680**

	Yen			U.S. dollars
Per Share of Common Stock				
Net Income (Loss)				
Basic	**¥ 72.37**	¥ (131.34)	¥ (33.68)	**$ 0.68**
Diluted	**20.90**	—	—	**0.19**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(For the years ended March 31, 2004, 2003, 2002 and 2001)

	Millions of yen				Thousands of U.S. dollars
	2004	2003	2002	2001	**2004**
Common Stock and Preferred Stock:					
Balance at beginning of the year	**¥ 55,545**	¥ 90,329	¥ 90,329	¥ 89,619	**$ 525,546**
Add:					
Issuance of common stock	—	5,045	—	710	—
Issuance of preferred stock	—	50,000	—	—	—
The exercise of stock acquisition right	**12,019**	—	—	—	**113,723**
Deduct:					
Capital deduct (off-set with deficit)	—	(89,829)	—	—	—
Balance at end of the year	**¥ 67,564**	¥ 55,545	¥ 90,329	¥ 90,329	**$ 639,270**
Capital Surplus:					
Balance at beginning of the year	**¥131,850**	¥ 101,741	¥ 101,741	¥ 99,212	**$ 1,247,519**
Add:					
Profit from merger	—	—	—	2,528	—
Issuance of common stock	—	4,954	—	—	—
Issuance of preferred stock	—	50,000	—	—	—
The exercise of stock acquisition right	**11,980**	—	—	—	**113,355**
Deduct:					
Capital surplus deduct (off-set with deficit)	**(76,369)**	(24,846)	—	—	**(722,578)**
Balance at end of the year	**¥ 67,461**	¥ 131,850	¥ 101,741	¥ 101,741	**$ 638,296**
Variance of Land Revaluation					
Balance at beginning of the year	**¥ 90,064**	¥ 91,287	¥ 104,932	¥ 102,292	**$ 852,158**
Add:					
Land revaluation	—	—	3,841	2,501	—
Reversal of land revaluation	**19**	—	—	138	**187**
Other	**401**	—	—	—	**3,797**
Deduct:					
Transfer to retained earnings	—	(1,222)	(17,486)	—	—
Balance at end of the year	**¥ 90,485**	¥ 90,064	¥ 91,287	¥ 104,932	**$ 856,143**
Accumulated Deficit:					
Balance at beginning of the year	**¥(242,546)**	¥(213,562)	¥(188,891)	¥(121,785)	**$(2,294,885)**
Add:					
Reduction of capital	—	89,829	—	—	—
Reduction of capital reserve	**76,369**	24,846	—	—	**722,578**
Transfer from variance of land revaluation	**(19)**	1,268	17,486	(138)	**(187)**
Net income	**54,713**	—	—	—	**517,680**
Other	**550**	47	2,583	577	**5,211**
Deduct:					
Net loss	—	(144,301)	(42,991)	(66,787)	—
Other	**(126)**	(673)	(1,749)	(758)	**(1,193)**
Balance at end of the year	**¥(111,058)**	¥(242,546)	¥(213,562)	¥(188,891)	**$(1,050,796)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
(For the years ended March 31, 2004, 2003 and 2002)

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Cash Flows from Operating Activities				
Net income (loss) before income taxes and minority interests	**¥55,357**	¥(111,527)	¥(28,506)	**$523,770**
Depreciation and amortization	**27,401**	43,387	73,629	**259,265**
Equity in loss of unconsolidated subsidiaries and affiliates	**(10,362)**	726	2,211	**(98,045)**
Loss on revaluation of investments	**—**	5,088	15,209	**—**
Provision for retirement benefits, less payments	**2,591**	(40,150)	(4,725)	**24,516**
Provision for allowance for product warranty	**648**	1,263	(1,564)	**6,139**
Provision for allowance for bonus	**2,394**	(3,307)	(2,748)	**22,657**
Provision for allowance for doubtful assets	**(5,245)**	2,999	1,842	**(49,627)**
Interest and dividend income	**(2,370)**	(2,724)	(4,146)	**(22,425)**
Interest expenses	**13,116**	18,026	21,848	**124,108**
Gain on disposal of property assets	**(2,893)**	(3,838)	(10,731)	**(27,373)**
Loss on disposal of property assets	**10,758**	4,343	8,122	**101,792**
Loss on investment for affiliated company restructuring	**241**	72,795	—	**2,281**
Gain on sales of securities	**(3,524)**	(8,060)	(5,943)	**(33,348)**
Other extraordinary loss	**1,186**	—	—	**11,226**
Decrease (increase) in receivable	**(17,293)**	8,313	35,113	**(163,628)**
Decrease (increase) in inventories	**(6,852)**	29,163	56,643	**(64,835)**
Decrease (increase) in other current assets	**9,622**	18,130	6,787	**91,040**
Increase (decrease) in notes and accounts payable	**26,724**	29,325	(29,065)	**252,857**
Increase (decrease) in accrued expenses and taxes	**(4,359)**	(3,004)	(25,811)	**(41,252)**
Increase (decrease) in deposit received	**(2,127)**	(10,380)	(15,611)	**(20,125)**
Increase (decrease) in other liabilities	**4,010**	17,507	(5,208)	**37,949**
Others	**(441)**	1,437	(8,717)	**(4,175)**
Cash received from interest and dividends	**2,646**	3,650	6,382	**25,036**
Cash paid for interest	**(13,105)**	(18,466)	(22,337)	**(124,002)**
Cash paid for income taxes	**(2,831)**	(4,702)	(7,492)	**(26,793)**
Net Cash Provided by Operating Activities	**85,292**	49,997	55,179	**807,008**
Cash Flows from Investing Activities				
Payments for purchase of securities	**(3,672)**	(50,247)	(2,450)	**(34,744)**
Proceeds from sales of securities	**11,333**	16,934	11,738	**107,236**
Payments for property, plant and equipment	**(30,394)**	(34,703)	(30,215)	**(287,583)**
Payments for leased property, plant and equipment	**—**	—	(37,395)	**—**
Proceeds from sales of property, plant and equipment	**15,752**	9,284	64,271	**149,040**
Payments for long-term loans receivable	**(4,805)**	(8,735)	(22,919)	**(45,466)**
Collection of long-term loans receivable	**3,905**	16,600	3,820	**36,950**
Increase (decrease) in short-term loans receivable	**(1,833)**	(245)	10,563	**(17,349)**
Increase (decrease) in finance receivable of overseas subsidiary	**3,023**	43,376	14,129	**28,603**
Others	**1,022**	(8,771)	(5,258)	**9,677**
Net Cash Provided by (Used in) Investing Activities	**(5,668)**	(16,506)	6,283	**(53,635)**
Cash Flows from Financing Activities				
Issuance of common stock	**—**	9,999	—	**—**
Increase (decrease) in short-term debt	**(49,074)**	(40,088)	(11,944)	**(464,326)**
Increase (decrease) in commercial paper	**1,800**	—	(50,000)	**17,030**
Proceeds from long-term debt	**78,655**	136,453	76,753	**744,209**
Payments of long-term debt	**(76,834)**	(103,368)	(92,953)	**(726,983)**
Payments (issuance) of bonds	**(15,500)**	(53,000)	(31,739)	**(146,655)**
Proceeds from bonds with warrant attached	**30,000**	—	—	**283,848**
Others	**1,956**	(25)	(13,647)	**18,513**
Net Cash Provided by (Used in) Financing Activities	**(28,997)**	(50,029)	(123,530)	**(274,362)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,061)**	(2,752)	2,649	**(10,046)**
Net Increase (Decrease) in Cash and Cash Equivalents	**49,564**	(19,291)	(59,418)	**468,963**
Cash and Cash Equivalents at Beginning of the Year	**52,951**	72,284	137,363	**501,004**
Increase (Decrease) in Cash and Cash Equivalents from the Addition or Exclusion of Consolidated Companies	**63**	(42)	(5,660)	**600**
Cash and Cash Equivalents at End of the Year (Notes 2)	**¥ 102,579**	¥ 52,951	¥ 72,284	**$970,569**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting The Financial Statements

The accompanying consolidated financial statements of Isuzu Motors Limited ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirement of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In order to facilitate the understanding of readers outside Japan, certain reclassifications have been made to the consolidated financial statements prepared for domestic purposes and relevant notes and statements of stockholders' equity and statements of cash flows have been added.

The yen amounts are rounded down in millions. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances.

U.S. dollar amounts have been translated from Japanese yen for convenience only at the rate of ¥105.69= US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2004. The translations should not be construed as a representation that Japanese yen have been or could be converted into U.S. dollars at that rate. The U.S. dollar amounts are then rounded down in thousands.

Certain reclassifications have been made in the 2003 and 2002 financial statements to conform to the presentation for 2004.

2. Summary of Significant Accounting Policies

a) Consolidation

The consolidated financial statements include the accounts of the Company and significant subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Investments in main unconsolidated subsidiary and significant affiliated companies (15% to 50% owned) are accounted for by the equity method.

The differences at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in unconsolidated subsidiaries and affiliated companies accounted for under the equity method are, as a rule, amortized over periods of five years after appropriate adjustments.

b) Foreign Currency Translation

The Company has adopted the revised Financial Accounting Standard for Foreign Currency Transactions in Japan effective from April 1, 2000. Based on the change in accounting principle, foreign currency transaction adjustments which was Recorded in "Assets" in the prior fiscal year, are recorded in "Equity" or "Minority Interest" at March 31, 2001.

c) Securities

Marketable securities, investments in securities and investments in unconsolidated subsidiaries and affiliates are principally valued at cost using the moving average method until the fiscal year 2001.

Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in stockholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method from the fiscal year 2002.

The Company has adopted the new Financial Accounting Standard for Financial Instruments in Japan effective from April 1, 2000. The new accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities since the fiscal year 2001, and other securities with a market value are stated at fair value from the fiscal year 2002.

d) Inventories

Inventories of the Company are valued at cost using the periodic average method. Inventories of consolidated subsidiaries are principally valued at cost using the specific identification method.

e) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is principally computed by the straight-line method over the applicable useful lives.

The Company also changed and shortened the estimated useful lives and its scrap value of some Property, plant and equipment based upon an available time since the fiscal year 2001.

f) Software Costs

Software used by the Company and its consolidated subsidiaries is depreciated using the straight-line method, based on the useful life as determined by the Company and its consolidated subsidiaries (generally 5 years).

g) Leases

Finance lease transactions, except for those which meet the conditions that the ownership of the lease assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

h) Employees' Retirement Benefits

Employees' retirement benefits covering all employees are provided through an unfunded lump-sum benefit plan and a funded pension plan. Under the plans, eligible employees are entitled, under most circumstances, to severance payments based on compensation at the time of severance and years of service.

The Company has adopted the new Financial Accounting Standard for retirement benefits in Japan effective from April 1, 2000. In accordance with this standard, accrued employees' retirement benefits at March 31, 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2001 as adjusted for unrecognized actuarial gain or loss. The cumulative effect of this accounting change is recorded in the Consolidated Statements of Operations.

i) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rate are recognized in income in the period that includes the enacted date.

j) Net Income per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Under the revised financial statements regulations in Japan, the weighted average number of shares is calculated based on the number of issued shares less the number of treasury stocks from the fiscal year ended March 31, 2002.

Effective from the fiscal year ended March 31, 2003, the Company applied early adoption of the Financial Accounting Standard No. 2 “Financial Accounting Standard for Earnings per Share” and the Financial Accounting Standard Implementation Guidance No. 4 “Implementation Guidance for Accounting Standard for Earnings per Share” issued by the Accounting Standards Board of Japan on September 25, 2002.

Basis for the calculation of net income per share at the year ended March 31, 2004 is as follows:

	Millions of yen	Thousands of U.S. dollars
Net Income	¥54,713	$517,680
Less: Components not pertaining to common shareholders;		
Bonuses to directors and corporate auditors	8	79
Net income pertaining to common stock	54,705	517,305
Average outstanding shares of common stock (share):	755,865,175	755,865,175

k) Appropriation of Retained Earnings

Appropriations of retained earnings are recorded in the financial year in which the appropriation is approved by the Board of Directors or shareholders.

l) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Reconciliation for cash and cash equivalents at end of year on the statement of cash flows for the years ended March 31, 2004 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits on the consolidated balance sheet	¥113,315	$1,072,148
Time deposits with original maturities over three month at the time of purchase	(10,735)	(101,579)
Cash and cash equivalents on the statement of cash flows	¥102,579	$970,569

3. Investments

Fair Value of Securities of other securities as of March 31 , 2004 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	¥12,640	¥22,796	¥10,156	$119,598	$215,694	$ 96,096
Bonds:						
Investment trusts	¥ 204	¥ 208	¥ 3	$ 1,931	$ 1,968	$ 37
Total	¥12,844	¥23,004	¥10,160	$121,529	$217,663	$ 96,133
Unrealized loss:						
Stocks	¥ 2,969	¥ 2,634	¥ (335)	$ 28,094	$ 24,923	$ (3,170)
Bonds:						
Corporate bonds	¥ 10	¥ 9	¥ (0)	$ 94	$ 94	$ (0)
Total	¥ 2,979	¥ 2,644	¥ (335)	$ 28,189	$ 25,018	$ (3,171)

Proceeds from sales of securities classified as other securities amounted to ¥8,566 million ($81,054 thousands) with an aggregate gain on sales of ¥4,538 million ($42,936 thousands) and an aggregate loss on sales of ¥137 million ($1,299 thousands) for the year ended March 31, 2004.

Non-marketable securities classified as other securities at March 31, 2004 amounted to ¥4,672 million ($44,212 thousands).

The redemption schedule for bonds with maturity dates at March 31, 2004 was summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Corporate bonds	¥10	¥3	$94	$29

4. Long-Term Debt

Long-term debt at March 31, 2004 was as follows:

	Millions of yen	Thousands of U.S. dollars
3.45% straight bonds due 2005	10,000	94,616
3.00% straight bonds due 2004	5,000	47,308
Bonds with warrant attached (*)	6,000	56,769
Loans	¥256,685	$2,428,661
Less: current portion	¥ 98,582	$ 932,753
	¥179,102	$1,694,601

The Company issued 1st Series Unsecured Convertible Bonds in fiscal year 2004.
The contents are as follows.

(*) 1. Name of the Bonds:

Isuzu Motors Limited 1st Series Unsecured Convertible Bonds (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*)(with pari passu clause limited to bonds with the stock acquisition rights of convertible bonds types (*tenkannshasaigata*))

2. Aggregate amount of Bonds:

¥30,000,000,000

3. Principal amount of each Bond:

A single denomination of ¥100,000,000

4. Form of the certificates of Bonds:

The form of the certificates of Bonds with Stock Acquisition Rights shall be in bearer form. Pursuant to Paragraph 4, Article 341-2 of the Commercial Code of Japan, the Bonds and the Stock Acquisition Rights may not be transferred separately.

5. Rate of interest:

The Bonds shall bear no interest.

6. Issue price of the Bonds:

¥100 for each principal amount of ¥100; however, the issue price of the Stock Acquisition Rights shall be zero.

7. Redemption price:

¥100 for each principal amount of ¥100; however, in the case of redemption prior to maturity, the redemption price shall be as set forth in Item 15 (2) through (4) below.

8. Maturity date:

January 6, 2006

9. Term of subscription:

January 7, 2004

10. Date of payment:

January 7, 2004

11. Method of offering:

The entire amount of the Bonds with Stock Acquisition Rights shall be allocated to Nomura Securities Co., Ltd.

12. Security or guarantee:

No security or guarantee is created on the Bonds with Stock Acquisition Rights, and no assets are reserved especially for the Bonds with Stock Acquisition Rights.

13. Negative pledge:

So long as any of the Bonds remain outstanding, the Company shall, in the case a security is created on other bonds with the stock acquisition rights of convertible bonds types (*tenkannshasaigata*) issued domestically by the Company after the Bonds with Stock Acquisition Rights have been issued, for the benefit of the holders of the Bonds with Stock Acquisition Rights and pursuant to the Security Bonds Trust Law of Japan, a security ranking pari passu with the security as is granted to such bonds with the stock acquisition rights of convertible bonds types (*tenkannshasaigata*) shall be created on the Bonds with Stock Acquisition Rights. The "bonds with the stock acquisition rights of convertible bonds types (*tenkannshasaigata*)" means the bonds with stock acquisition rights provided for in Article 341-2 of the Commercial Code of Japan, and which are resolved by the Board of Directors that pursuant to Items 7 and 8, Paragraph 1 of Article 341-3 of the Commercial Code of Japan, the holder of the Bonds with Stock Acquisition Rights exercising such Stock Acquisition Rights shall be deemed to make a request to treat such exercise as the payment by the holder of the full amount required to be paid upon exercise of the Stock Acquisition Rights, in lieu of the full redemption of the Bonds.

14. Method and date of payment of interest:

Not applicable.

15. Method and term of redemption of the Bonds:

(1) Redemption at maturity:
The Bonds shall be redeemed at their aggregate amount on January 6, 2006.

(2) In the case of a resolution being passed at the general meeting of shareholders of the Company for the Company to become a wholly-owned subsidiary of another corporation by way of share exchange (*kabushiki-kokan*) or share transfer (*kabushiki-iten*), the Company shall, having given not less than thirty (30) nor more than sixty (60) days' advance notice to the holders of the Bonds with Stock Acquisition Rights and prior to the effective date of such *kabushiki-kokan* or *kabushiki-iten*, redeem all, but not some only, of the Bonds then outstanding at the following amount for each principal amount of ¥100.

From January 8, 2004 to January 7, 2005	¥101
From January 8, 2005 to January 5, 2006	¥100

(3) After the issuance of the Bonds with Stock Acquisition Rights, the Company may, at its option and having given advance notice to the holders of the Bonds with Stock Acquisition Rights at any time up to and including the first Friday of each month (however, if such first Friday is not a bank business day, the immediately prior bank business day shall apply), redeem all, but not some only, of the Bonds then outstanding at ¥102 for each principal amount of ¥100 on the third Friday of the relevant month (however, if such third Friday is not a bank business day, the immediately prior bank business day shall apply).

(4) After the issuance of the Bonds with Stock Acquisition Rights, the holders of the Bonds with Stock Acquisition Rights shall have the right to request, at its option, the Company to redeem the Bonds held by them in whole or in part at ¥99 for each principal amount of ¥100 on the fourth Friday of each month (however, if the fourth Friday is not a bank business day, the immediately prior bank business day shall apply) by giving advance notice to the Company and by submitting the certificate of the Bonds with Stock Acquisition Rights to the place of payment of redemption as provided for in Item 18 at any time up to and including the second Friday of each month (however, if the second Friday is not a bank business day, the immediately prior bank business day shall apply). When requesting the Company for an early redemption of the registered Bonds in respect of Bonds with Stock Acquisition Rights, the holder of the Bonds with Stock Acquisition Rights is entitled to submit a prescribed request form (hereinafter referred to as the "Early Redemption Requesting Form") of the Company in lieu of the Bonds with Stock Acquisitions Rights to the place of payment of the redemption through the Register Agent as set forth in Item 21, by indicating the bonds for which a request for early redemption is made, and by stating the date of request and other matters, and by affixing their respective names and seals.

(5) If the date of redemption falls on a day which is not a bank business day, the immediately prior bank business day shall be the date of redemption.

(6) The purchase of the Bonds with Stock Acquisition Rights and cancellation of the Bonds in respect of the relevant Bonds with Stock Acquisition Rights may be made on any day after and including the following day of the issue date; provided, however, that the Stock Acquisition Rights in respect to the Bonds with Stock Acquisition Rights may not be cancelled separately. In the case of cancellation of the Bonds with respect to the Bonds with Stock Acquisition Rights, the Company shall waive and forfeit the Stock Acquisition Rights with respect to the Bonds with Stock Acquisition Rights.

16. Particulars of the Stock Acquisition Rights:

(1) Number of Stock Acquisition Rights to be attached to the Bonds:
One (1) Stock Acquisition Right shall be attached to each Bond and the total number of Stock Acquisition Rights to be issued shall be 300.

(2) Issue price of a Stock Acquisition Right:
Zero.

(3) Class and number of shares to be acquired upon exercise of the Stock Acquisition Rights:
The class of the shares to be issued upon the exercise of the Stock Acquisition Rights shall be the shares of common stock of the Company, and the number of shares of common stock of the Company to be newly issued upon the exercise of the Stock Acquisition Rights or to be transferred in lieu of such issuance (hereinafter, the issuance or transfer of the shares of common stock of the Company is referred to as "delivery") shall be the maximum integral number determined by dividing the aggregate issue price of the Bonds with respect to the Stock Acquisition Rights which have been exercised, by the Conversion Price as defined in (7) (ii) below (however, if revised or adjusted pursuant to (9) or (10) below, the Conversion Price after such revision or adjustment). Any fractions less than one (1) share resulting from such exercise shall be rounded down and no adjustment in cash shall be made in respect thereof.

(4) Exercise Period of the Stock Acquisition Rights:
The holders of the Bonds with Stock Acquisition Rights may request for the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Request for Exercise") any time during the period of January 8, 2004 to January 5, 2006 (hereinafter referred to as the "Exercise Period").

(5) Other conditions for the exercise of the Stock Acquisition Rights:
If the Bonds are redeemed prior to maturity pursuant to Item 15(2) or (3), or if the Bonds become due and repayable, the Stock Acquisition Rights shall not be exercised after the redemption date or the date when the Bonds become due and repayable. In the case where the Company redeems the Bonds prior to maturity by request of the holders of the Bonds with Stock Acquisition Rights provided for in Item 15(4), the Stock Acquisition Rights shall not be exercised after the certificate of the Bonds with Stock Acquisition Rights (in the case of an early redemption of the registered Bonds in respect of Bonds with Stock Acquisition Rights, Early Redemption Request Form) has been submitted to the place of payment of redemption described in Item 18. In addition, no Stock Acquisition Right may be exercised in part only.

(6) Events and conditions of the cancellation of the Stock Acquisition Rights:
None.

(7) Amount to be paid upon exercise of the Stock Acquisition Rights:
(i) The amount to be paid upon exercise of one (1) Stock Acquisition Right shall be equal to the issue price of each Bond.
(ii) The amount to be paid per share upon exercise of the Stock Acquisition Rights shall initially be 216 yen (hereinafter referred to as the “Conversion Price”).

(8) Amount which is not transferred to stated capital out of the issue price of a share to be issued upon exercise of the Stock Acquisition Rights:
The amount which is not transferred to stated capital out of the issue price of a share to be issued upon exercise of the Stock Acquisition Rights shall be the amount of the relevant issue price reduced by the amount to be transferred to stated capital. The amount to be transferred to stated capital shall be the relevant issue price multiplied by 0.5, with any fraction less than one yen being rounded up.

(9) Revisions to the Conversion Price:
After the Bonds with Stock Acquisition Rights have been issued, the Conversion Price after the immediately following trading day of the third Friday of each month (hereinafter referred to as the “Setting Date”), shall be revised to an amount equivalent to 90% of the average of the daily closing prices (including the quotation prices) of shares of common stock of the Company (regular manner) (rounded down to the first decimal place; hereinafter referred to as the “Revised Conversion Price”) for five (5) consecutive trading days on the Tokyo Stock Exchange, Inc. up to and including the Setting Date (however, the day on which there is no closing price shall be excluded and if the Setting Date is not a trading day, five (5) consecutive trading days up to and including the trading day immediately preceding the Setting Date; hereinafter referred to as the “Market Price Calculation Period”.). In the case where adjustment events of the Conversion Price provided for in (10) below occur during the Market Price Calculation Period, the Revised Conversion Price shall be adjusted to a price which the Company determines to be appropriate pursuant to these Terms and Conditions of the Bonds with Stock Acquisition Rights; provided, however, that if the Revised Conversion Price is below ¥108 as a result of the revision made hereunder (hereinafter referred to as the “Floor Conversion Price”; however, it is subject to the adjustment provided for in (10) below), the Revised Conversion Price shall be the Floor Conversion Price, and if the Revised Conversion Price is above ¥432 (hereinafter referred to as the “Maximum Conversion Price”; however, it is subject to the adjustment provided for in (10) below), the Revised Conversion Price shall be the Maximum Conversion Price.

(10) Adjustments to the Conversion Price:
The Conversion Price shall be adjusted in accordance with the formula below, in the case where the Company issues or transfers shares of common stock of the Company (excluding the case resulting from the conversion of securities to be converted or convertible into shares of common stock, or exercise of the stock acquisition rights (including the rights attached to the Bonds with Stock Acquisition Rights) which entitle the holder to request delivery of the shares of common stock of the Company), after the issuance of the Bonds with Stock Acquisition Rights, at the issue price or transfer price below the current market price of the shares of common stock of the Company. In the following formula, the “number of shares outstanding” shall mean the total number of shares of common stock of the Company issued and outstanding less the shares of common stock of the Company held by it as treasury stock.

$$\begin{array}{c}\text{Conversion}\\ \text{Price}\\ \text{After}\\ \text{Adjustment}\end{array} = \begin{array}{c}\text{Conversion}\\ \text{Price}\\ \text{Before}\\ \text{Adjustment}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\ \text{shares}\\ \text{outstanding}\end{array} + \dfrac{\begin{array}{c}\text{Number of}\\ \text{shares newly}\\ \text{issued or}\\ \text{transferred}\end{array} \times \begin{array}{c}\text{Issue or}\\ \text{transfer}\\ \text{price per}\\ \text{share}\end{array}}{\text{Current market price per share}}}{\begin{array}{c}\text{Number of}\\ \text{shares}\\ \text{outstanding}\end{array} + \begin{array}{c}\text{Number of shares}\\ \text{newly issued or transferred}\end{array}}$$

The Conversion Price shall also be appropriately adjusted in the cases of stock split or consolidation of shares, or an issue of securities to be converted or convertible into, or securities (including Bonds with Stock Acquisition Rights) with rights (including stock acquisition rights) which entitle the holder thereof to request delivery of, shares of common stock of the Company at a price less than the current market price of the shares of common stock of the Company and in certain other cases.

(11) Substitute Payment:
Pursuant to Items 7 and 8, Paragraph 1 of Article 341-3 of the Commercial Code of Japan, when the Stock Acquisition Rights are exercised, a request that the full amount required to be paid upon exercise of the Stock Acquisition Rights shall be paid in lieu of the

full redemption of the Bonds in respect of such Stock Acquisition Rights, shall be deemed to have been made.

(12) Initial dividends to be paid after the exercise of the Stock Acquisition Rights:
The dividends on the shares of common stock of the Company delivered pursuant to the Request for Exercise or distribution of cash as provided for in Article 293-5 of the Commercial Code of Japan (interim dividends) shall be made on the assumption that the shares of common stock of the Company shall be delivered on April 1, if the Request for Exercise is made during the period from April 1 through September 30, or on October 1, if the Request for Exercise is made during the period from October 1 to March 31 of the following year.

17. Rationale for determining the issue price of the Stock Acquisition Rights as zero and the amount to be paid upon exercise thereof:
The issue price of the Stock Acquisition Rights has been determined to be zero taking into consideration that the Bonds and the Stock Acquisition Rights have a close interrelation on the grounds that the Stock Acquisition Rights are incorporated in the bonds with the stock acquisition rights of convertible bonds types (*tenkannshasaigata*) and shall not be transferable separately from the Bonds, that all Bonds shall cease to exist upon exercise of the related Stock Acquisition Rights due to substitute payment, and of the Company's economic value obtainable from the interest rate, early redemption and the issue price and other terms of issuance of the Bonds. In addition, as the Bonds are bonds with stock acquisition rights of convertible types (*tenkanshasaigata*), the amount to be paid upon exercise of one (1) Stock Acquisition Right shall be equal to the issue price, and the initial Conversion Price shall be an amount with over 5% of the closing price (regular way) of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. on December 22, 2003

18. Place for payment of Redemption:
Nomura Trust and Banking Co., Ltd.

19. Place of acceptance of Request for Exercise:
Transfer Agent: UFJ Trust Bank Limited, Securities Agency Department

20. Fiscal Agent:
Nomura Trust and Banking Co., Ltd.

21. Register Agent:
Nomura Trust and Banking Co., Ltd.

22. Other than the matters provided above, determination of matters necessary for the issuance of the Bonds with Stock Acquisition Rights shall be made at the discretion of the President and Representative Director of the Company.

23. Each of the Items above are subject to the effectuation of all notifications made under the Securities and Exchange Law.

The annual maturities of long-term debt at March 31, 2004 are as follows:

	Millions of yen	Thousands of U.S. dollars
2005	¥ 72,393	$ 684,960
2006	41,448	392,170
2007	24,232	229,275
Thereafter	41,028	388,194
Total	¥179,102	$1,694,601

The assets pledged as collateral for certain loans and other liabilities at March 31, 2004 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits	¥ 6,566	$ 62,125
Notes and accounts receivable	40,049	378,931
Building and structures	73,995	700,122
Machinery and equipment	33,638	318,278
Land	246,174	2,329,208
Securities	24,435	231,201
Others	1,964	18,589

5. Retirement Benefits Obligation and Pension Plan

(1) Retirement benefits obligation as of March 31, 2004

	Millions of yen	Thousands of U.S. dollars
Projected benefits obligation at end of the year	¥(118,038)	$(1,116,839)
Fair value of plan assets	25,160	238,066
Accrued retirement and severance benefits on balance sheets	60,284	570,388
Net	¥ (32,593)	$ (308,390)
Unrecognized actuarial net loss	(34,323)	(324,754)
Unrecognized prior service cost	¥ 1,729	$ 16,363

From September 1, 2003, The Company amended the Employee Pension Fund to establish the cash balance pension plan.

(2) Retirement benefit cost for the year ended March 31, 2004.

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 6,842	$64,745
Interest cost on projected benefit obligation	2,105	19,921
Expected return on plan assets	(278)	(2,634)
Amortization of actuarial net loss (gain)	3,811	36,067
Amortization of prior service cost	(2,421)	(22,909)
Net periodic pension cost	¥10,060	$95,190

(3) Actuarial assumptions used to determine costs and obligations for retirement.

	2004
Discount rate	2.3%
Expected rate of return on plan assets	1.5 ~ 3.5%
Recognition period of prior service cost	1year
Amortization period of actuarial net loss (gain)	10years
Amortization period of net obligation arising from accounting changes	1year

6. Income Taxes

Accrued income taxes in the balance sheets include corporation taxes, inhabitant taxes and enterprise taxes.
Income taxes in the statements of operations include corporation taxes and inhabitant taxes and enterprise taxes.
The significant components of the Company's deferred tax assets and liabilities as of March 31, 2004 were as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Retirement benefits	¥16,970	$160,572
Loss from revaluation of securities and allowance for doubtful accounts	80,864	765,107
Accrued expenses	8,538	80,785
Bonus payment reserve	3,376	31,942
Inventory write down	1,224	11,582
Loss carried forward	42,906	405,966
Unrealized gain	8,196	77,551
Other	54,921	519,644
Valuation allowance	(175,916)	(1,664,458)
Deferred tax liabilities		
Reserve for deferred income tax of fixed assets	(252)	(2,390)
Depreciation adjustment of foreign subsidiaries	(4,588)	(43,410)
Other	(104)	(991)
Total deferred tax assets	¥36,135	$341,902
Deferred tax liabilities:		
Reserve for deferred income tax of fixed assets	741	7,011
Unrealized hiding gain on securities	2,780	26,308
Other	1,495	14,145
Total deferred tax liabilities	¥5,016	$47,465

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2004 was as follows:

	2004
Normal effective statutory tax rate	40.0%
Reversal of land revaluation	(1.6)
Net valuation allowance	(42.8)
Carry forward deficit of consolidated subsidiaries	7.1
Equity in earnings of unconsolidated subsidiaries and affiliates	(7.5)
Foreign tax credit	2.1
Others,net	2.6
Actual effective tax rate	(0.1)

7. Shareholders' Equity

On October 1, 2001, an amendment (the "Amendment") to the Commercial Code of Japan (the "Code") became effective. The Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all out-standing shares having no par value as of October 1, 2001.
The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment became effective, the Company's shares had a par value of ¥50 per share.
The Code provides that an amount equal to at least 10%of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders.
The legal reserves of the consolidated subsidiaries are included in retained earnings in the accompanying consolidated financial statements.

The Company issued new common stock due to the exercise of stock acquisition right. The issuance of common stock increased from ¥55,545 millions ($525,546 thousands) to ¥67,564 millions ($639,270 thousands).

The Company's capital surplus increased by ¥11,980 millions ($113,355 thousands) due to the exercise of stock acquisition right.

The Company's capital surplus in the amount of ¥76,369 millions ($722,578 thousands) transferred into retained earnings which approved by the stockholders' meeting held on June 27, 2003.

8. Preferred Stock

The Company issued the preferred stock (Class I, Class II, Class III and Class IV) in the fiscal year 2003. Interim dividend shall not be paid to preferred shareholders or to preferentially registered pledges. When the amount of dividend to be paid to the preferred shareholders or

preferentially registered pledges in a given business year does not reach the amount of the preferred dividend, the shortfall will not be carried over to the next business year for accumulation.
When the residual property of the Company is to be distributed, ¥800 per share of the preferred stocks shall be paid to the preferred shareholders or to the preferentially registered pledges before the ordinary shareholders or the ordinarily registered pledges.
No other residual property than the above shall not be distributed to the preferred shareholders or to the preferentially registered pledges.
The Company can always purchase preferred stocks and cancel the stocks at the purchased price by a profit distributed to shareholders.
The preferred shareholders shall not have a voting right at the General Meeting of Shareholders.
The Company shall not make the consolidation or division of preferred stocks unless otherwise stipulated by law.
The Company shall not give preemptive rights, stock acquisition rightsstock acquisition rights or subscription right of bond with stock acquisition rights to the preferred shareholders.
Payment of dividends and distribution of residual property to each class of the preferred stock shall be made according to the same order of priority.

a) Outline of the Issue of Class-I Preferred Stock

(1) Preferred Dividend
Class-I preferred dividend shall be calculated according to the following formula. Class-I preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-I preferred dividend will be set at ¥80.

Class-I preferred dividend = ¥800 × (Japanese Yen TIBOR + 0.750%)

Any portion of dividend which exceeds the amount of the Class-I preferred stocks shall not be paid to Class-I preferred shareholders and Class-I preferentially registered pledges.

(2) Conversion Contract Right
(i) Period for Claiming Conversion
Period for claiming the conversion of the Class-I preferred stocks shall be from October 1, 2006 to September 30, 2022.

(ii) Conditions for Conversion
The Class-I preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price = ¥54

(b) Revision of Conversion Price
Conversion price is revised to the average price on October 1 every year from October 1, 2007 to September 30, 2022 (hereinafter referred to as the date of revision of conversion price respectively) when the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange the Tokyo Stock Exchange. during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) is below the initial conversion price (revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below has to be necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c). However, when after calculation, the revised conversion price is below the price equal to 70% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price
After the issue of Class-I preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below(hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii)The Number of Common Stocks to be issued through Conversion
The number of common stocks of the Company to be issued through the conversion of the Class-I preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- I Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion

The Class-I preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-I preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-I preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-I preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-I preferred stocks by the maximum conversion price.

The maximum conversion price is equal to the initial conversion price (subject to "Adjustment of Conversion Price" described the above (2)(ii)(c).

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

b) Outline of the Issue of Class-II Preferred Stock

(1) Preferred Dividend

Class-II preferred dividend shall be calculated according to the following formula. Class-II preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-II preferred dividend will be set at ¥80.

Class-II preferred dividend = ¥800 × (Japanese Yen TIBOR + 1.125%)

Any portion of dividend which exceeds the amount of the Class-II preferred stocks shall not be paid to Class-II preferred shareholders and Class-II preferentially registered pledges.

(3) Conversion Contract Right

(i) Period for Claiming Conversion

Period for claiming the conversion of the Class-II preferred stocks shall be from October 1, 2008 to September 30, 2024.

(ii) Conditions for Conversion

The Class-II preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price = ¥54

(b) Revision of Conversion Price

Conversion price is revised to the average price on October 1 every year from October 1, 2009 to September 30, 2024 (hereinafter referred to as the date of revision of conversion price respectively) when the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) is below the initial conversion price (revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below has to be necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c). However, when after calculation, the revised conversion price is below the price equal to 70% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price

After the issue of Class-II preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below (hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii)The Number of Common Stocks to be issued through Conversion

The number of common stocks of the Company to be issued through the conversion of the Class-II preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- II Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion

The Class-II preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-II preferred stocks by the average price (calculated to the first decimal point and then rounded up the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-II preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-II preferred stock by the floor conversion price. Also, when the average price is more than the initial conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-II preferred stocks by the initial conversion price.

The maximum conversion price is equal to the initial conversion price (subject to "Adjustment of Conversion Price" described the above (2)(ii)(c).

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

c) Outline of the Issue of Class-III Preferred Stock

(1) Preferred Dividend

Class-III preferred dividend shall be calculated according to the following formula. Class-III preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-III preferred dividend will be set at ¥80.

Class-III preferred dividend = ¥800 × (Japanese Yen TIBOR + 1.500%)

Any portion of dividend which exceeds the amount of the Class-III preferred stocks shall not be paid to Class-III preferred shareholders and Class-III preferentially registered pledges.

(2) Conversion Contract Right

(i) Period for Claiming Conversion

Period for claiming the conversion of the Class-III preferred stocks shall be from October 1, 2010 to September 30, 2027.

(ii) Conditions for Conversion

The Class-III preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price

The average price of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from 45th business day preceding the first day of period for claiming conversion (calculated to the first decimal point and then rounded up the first decimal point and then rounded up.)

(b) Revision of Conversion Price

Conversion price is revised to the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) on October 1 every year from October 1, 2011 to September 30, 2027 (hereinafter referred to as the date of revision of conversion price respectively). (Revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below becomes necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c).). However, after the above calculation, when the revised conversion price is below the price equal to 50% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price. Also after the above calculation, when the revised conversion price is above the price equal to 200% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum conversion price and revised according to (c).), the maximum conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price
After the issue of Class-III preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below (hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii) The Number of Common Stocks to be issued through Conversion
The number of common stocks of the Company to be issued through the conversion of the Class- III preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- III Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion
The Class-III preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.
When the average price is lower than the floor conversion price, the Class-III preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stocks by the maximum conversion price.
When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

d) Outline of the Issue of Class-IV Preferred Stock

(1) Preferred Dividend
Amount of preferred dividend per share (hereinafter referred to as "Class-IV preferred dividend") shall be calculated according to the following formula. Class-IV preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-IV preferred dividend will be set at ¥80.

Class-IV preferred dividend = ¥800 × (Japanese Yen TIBOR + 2.000%)

When there is a residual profit after the Class-IV preferred dividend is paid to the Class-IV preferred stocks, dividend of profit can be paid to the common stocks until it becomes equal to Class-IV preferred dividend. Also when dividend of profit is paid concerning the residual profit, the same amount of money per stock shall be paid to the Class-IV preferred stocks and the common stocks.

(2) Conversion Contract Right
(i) Period for Claiming Conversion
Period for claiming the conversion of the Class-IV preferred stocks shall be from October 1, 2012 to September 30, 2032.

(ii) Conditions for Conversion
The Class-IV preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price
The average price of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from 45th business day preceding the first day of period for claiming conversion (calculated to the first decimal point and then rounded up.)

(b) Revision of Conversion Price
Conversion price is revised to the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) on October 1 every year from October 1, 2013 to September 30, 2032 (hereinafter referred to as the date of revision of conversion price respectively). (Revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below becomes necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c).). However, after the above calculation, when the revised conversion price is below the price equal to 50% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price. Also after the above calculation, when the revised conversion price is above the price equal to 200% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum conversion price and revised according to (c).), the maximum conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price
After the issue of Class-IV preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below (hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii) The Number of Common Stocks to be issued through Conversion
The number of common stocks of the Company to be issued through the conversion of the Class-IV preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- IV Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion
The Class-IV preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-IV preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stocks by the maximum conversion price.

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

9. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1999, the land used for business owned by the Company was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as “Variance of Land Revaluation” within Stockholders’ Equity, and the relevant deferred tax was included in Liabilities as “Deferred Tax Liabilities related to Land Revaluation” for the fiscal year ended March 31, 2004.

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the land used for business owned by some of the Company’s non-consolidated subsidiaries and affiliates which were accounted for by the equity method were revalued.

The method of revaluation is as follows:
Under article 3-3 of the enforcement ordinance for the law, the land price for the revaluation is determined based on the official notice prices assessed and published by the National Land Agency of Japan, after appropriate adjustments for the shape of land and the timing of the assessment on March 31, 1999.

10. Contingent Liabilities

Contingent liabilities at March 31, 2004 were as follows:

	Millions of yen	Thousands of U.S. dollars
Guarantees of bank loans	¥13,994	$132,411
Export bills discounted	1,220	11,545
Notes discounted	4,693	44,411
Notes endorsed	487	4,616
Accounts and loans receivable sold to others	7,122	67,389

11. Lease Transactions

(1) Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, were as follows.

a) As a lessee

(i) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31, 2004 and 2003 concerning the finance lease assets :

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Acquisition Costs	¥50,437	¥62,540	$477,216
Accumulated Depreciation	30,030	34,286	284,135
Net Balance	20,406	28,254	193,081

(ii) Future payment obligations of finance lease expenses as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Portion due within one year	¥7,632	¥10,761	$72,214
Thereafter	14,250	20,073	134,833
Lease expense paid	10,597	12,405	100,270

Amounts equivalent to interest expenses are calculated by the interest method based on an excess of the aggregate sum of lease payments over amounts equivalent to acquisition costs.

(2) Operating lease were as follows.

a) As a lessee

Future payment obligations of operating lease expenses as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Portion due within one year	¥570	¥868	$5,397
Thereafter	1,669	3,572	15,800

b) As a lessor

Future receivable income of operating lease commitment as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Portion due within one year	¥19	¥17	$180
Thereafter	47	64	452

12. Segment Information

(1) The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2004 and 2003 was as follows:

Year ended March 31, 2003	Automotive	Finance	Miscellaneous	Total	Eliminations	Consolidated
	Millions of yen					
Sales to third parties	1,336,921	4,510	8,017	1,349,449	—	1,349,449
Interarea sales and transfers	773	—	3,666	4,440	(4,440)	—
Total sales	1,337,695	4,510	11,683	1,353,889	(4,440)	1,349,449
Operating expenses	1,320,871	6,207	10,826	1,337,906	(3,918)	1,333,987
Operating income (loss)	16,823	(1,697)	857	15,983	(521)	15,462
Total assets	998,938	9,324	24,307	1,032,570	(3,726)	1,028,844
Depreciation expenses	42,999	65	145	43,211	—	43,211
Capital expenditure	32,635	—	35	32,670	—	32,670
	Thousands of U.S. Dollars					
Sales to third parties	11,122,476	37,523	66,703	11,226,704	—	11,226,704
Interarea sales and transfers	6,438	—	30,500	36,939	(36,939)	—
Total sales	11,128,915	37,523	97,204	11,263,643	(36,939)	11,226,704
Operating expenses	10,988,950	51,643	90,073	11,130,668	(32,600)	11,098,067
Operating income (loss)	139,964	(14,119)	7,130	132,975	(4,339)	128,636
Total assets	8,310,636	77,577	202,222	8,590,437	(31,002)	8,559,434
Depreciation expenses	357,735	547	1,209	359,492	—	359,492
Capital expenditure	271,506	—	294	271,801	—	271,801

As net sales, operating income and total assets from the automotive business of the Company and its consolidated subsidiaries constituted more than 90% of the consolidated totals for the year ended March 31, 2004, the business segment information in fiscal 2004 is not shown.

(2) The geographical segment information and its consolidated subsidiaries for the years ended March 31, 2004 and 2003 were as follows:

Year ended March 31, 2004	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	973,239	223,928	207,285	25,887	1,430,339	—	1,430,339
Interarea sales and transfers	91,753	11,458	2,793	73	106,079	(106,079)	—
Total sales	1,064,992	235,386	210,078	25,960	1,536,418	(106,079)	1,430,339
Operating expenses	987,791	236,075	203,803	24,561	1,452,232	(106,383)	1,345,848
Operating income (loss)	77,201	(688)	6,274	1,399	84,186	304	84,490
Total assets	958,803	57,216	71,045	11,670	1,098,736	(20,919)	1,077,816
	Thousands of yen U.S. dollars						
Sales to third parties	9,208,431	2,118,725	1,961,255	244,934	13,533,347	—	13,533,347
Interarea sales and transfers	868,138	108,419	26,429	697	1,003,684	(1,003,684)	0
Total sales	10,076,569	2,227,144	1,987,684	245,631	14,537,031	(1,003,684)	13,533,347
Operating expenses	9,346,117	2,233,659	1,928,317	232,393	13,740,489	(1,006,562)	12,733,926
Operating income (loss)	730,451	(6,515)	59,367	13,237	796,542	2,878	799,420
Total assets	9,071,848	541,359	672,203	110,426	10,395,838	(197,929)	10,197,908

Year ended March 31, 2003	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	812,932	351,543	—	184,973	1,349,449	—	1,349,449
Interarea sales and transfers	129,523	8,664	—	7,030	145,218	(145,218)	—
Total sales	942,455	360,208	—	192,003	1,494,668	(145,218)	1,349,449
Operating expenses	923,139	371,727	—	188,863	1,483,729	(149,741)	1,333,987
Operating income (loss)	19,316	(11,518)	—	3,140	10,938	4,523	15,462
Total assets	901,618	84,043	—	64,082	1,049,744	(20,900)	1,028,844

(3) Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than export to Japan) of the foreign consolidated subsidiaries ,were as follows:

Year ended March 31, 2004	North America	Asia	Other	Total
	Millions of yen			
Overseas sales	251,563	336,217	215,194	802,975
Consolidated net sales	—	—	—	1,430,339
Overseas sales per consolidated net sales	17.6%	23.5%	15.0%	56.1%
	Thousands of U.S. dollars			
Overseas sales	2,380,201	3,181,164	2,036,088	7,597,455
Consolidated net sales	—	—	—	13,533,347
Overseas sales per consolidated net sales	17.60%	23.50%	15.00%	56.10%

Year ended March 31, 2003	North America	Asia	Other	Total
	Millions of yen			
Overseas sales	377,503	210,736	287,223	875,462
Consolidated net sales	—	—	—	1,349,449
Overseas sales per consolidated net sales	28.0%	15.6%	21.3%	64.9%
	Thousands of U.S. dollars			
Overseas sales	3,140,625	1,753,213	2,389,546	7,283,385
Consolidated net sales	—	—	—	11,226,704
Overseas sales per consolidated net sales	28.00%	15.60%	21.30%	64.90%

REPORT OF INDEPENDENT AUDITORS

To The Board of Directors
Isuzu Motors Limited

We have audited the accompanying consolidated balance sheets of Isuzu Motors Limited and consolidated subsidiaries as of March 31, 2004, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isuzu Motors Limited and consolidated subsidiaries at March 31, 2004, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

June 29, 2004
Tokyo, Japan

Shin Nihon & Co

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Isuzu Motors Limited and consolidated subsidiaries under Japanese accounting principles and practices

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

Isuzu Motors Kinki Co., Ltd.
Kanagawa Isuzu Motors Co., Ltd.
Tokyo Isuzu Motors Ltd.
Isuzu LINEX Corporation
Isuzu Estate Co., Ltd.
IFCO Inc.
Jidosha Buhin Kogyo Co., Ltd.
Automotive Foundry Co., Ltd.
TDF Corporation

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

Asia

Isuzu Motors Asia Ltd. (IMA)
9 Temasek Boulevard, #22-03, Suntec City Tower II, Singapore 038989
Tel: 65-6339-9301

Isuzu (China) Holding Co., Ltd.
Room No. 1510, Beijing Fortune Building, No.5 Dong San Huan North Road, Chao Yang District, Beijing, The People's Republic of China
Tel: 86-10-6590-8951

Qingling Motors Co., Ltd.
1, Xiexing Road, Zhong Liang Shan, Jiu Long Po District, Chongqing, The People's Republic of China
Tel: 86-23-6526-4125

ISUZU (Shanghai) Tradetech Co., Ltd.
Room A, 24F, No.710 Dong Fang Road, Pudong New Area, Shanghai, The People's Republic of China
Tel: 86-21-6876-2718

Guangzhou Isuzu Bus Co., Ltd.
Shang Yuan Gang Yan Ling, Guangzhou City, The People's Republic of China
Tel: 86-20-3708-1832

Taiwan Isuzu Motors Co., Ltd. (TIM)
2-2 Lane 310, Sec.2 Sha-Tien Road, Ta Tu,Taichung Hsien, Taiwan, ROC
Tel: 886-42-699-7600

Isuzu Philippines Corporation (IPC)
114 Technology Avenue, Phase II, Laguna Technopark, Binan, Laguna 4024, Philippines
Tel: 63-2-842-0241

Isuzu Autoparts Manufacturing Corporation (IAMC)
114 North Main Avenue, Phase III, Special Economic Zone, Laguna Technopark, Binan, Laguna 4024, Philippines
Tel: 63-49-541-1458

Isuzu Vietnam Co.,Ltd. (IVC)
100 Quang Trung St. Ward 11, Go Vap District, Ho Chi Minh City, Vietnam
Tel: 84-8-8959200

Isuzu Motors Co., (Thailand) Ltd. (IMCT)
38 Kor. Moo9 Poochaosamingprai Road, Samrong-Tai, Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)
Lat Krabang Industrial Estate, Chalong-Krung Road, 122 Moo 4 Lamplatew, Lat Krabang, Bangkok 10520, Thailand
Tel: 66-2-326-0916 ~ 9

Thai International Die Making Co., Ltd. (TID)
331-332 Bangpoo Industrial Estate, Sukhumvit Road, Amphur Muang, Samutprakan 10280, Thailand
Tel: 66-2-324-0511

IT Forging (Thailand) Co., Ltd. (ITF)
Siam Eastern Industrial Park 60/7 Moo 3.T.Mabyangporn A. Pluakdaeng, Rayong 21140, Thailand
Tel: 66-38-891-380

Tri Petch Isuzu Sales Co., Ltd. (TIS)
1088 Vibhavadi Rangsit Road, Ladyao Chatuchak, Bangkok 10900, Thailand
Tel: 66-2-966-2111 ~ 30

Isuzu Operations (Thailand) Co., Ltd. (IOT)
1088 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand
Tel: 66-2-966-2222

Isuzu Technical Center of Asia Co., Ltd. (ITA)
6th Floor, 38Kor. Moo9 Poochaosamingprai Road, Samrong-Tai, Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Isuzu (Thailand) Co., Ltd.
6th Floor, 38Kor. Moo9 Poochaosamingprai Road, Samrong-Tai, Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-755-9340 ~ 4

P.T. Pantja Motor (PM)
JL. Gaya Motor III No.5, Sunter II, Jakarta 14330, Indonesia
Tel: 62-21-6501000

P.T. Mesin Isuzu Indonesia (MII)
JL.Kaliabang No.1. Pondok Ungu, Kelurahan Medan Satria, Kec. Bekasi Barat, Bekasi, West Java, Indonesia
Tel: 62-21-8879994

P. T. Astra Isuzu Casting Company (AICC)
JL. TOL Jakarta-Cikampek km47, Kawasan Kiic Lot 6-9, Karawang, Indonesia
Tel: 62-21-8904590

Malaysian Truck & Bus Sdn. Bhd. (MTB)
Kawasan Perindustrian, Peramu Jaya, P.O.BOX 3, 26607 Pekan, Pahang Darul Makmur, Malaysia
Tel: 60-9-426-0340

Europe

Anadolu Isuzu Otomotiv Sanayi Ve Ticaret A.S.
Yedipinarlar Mevkii, Sekerpinar Koyu 41400 Gebze, Kocaeli, Turkey
Tel: 90-262-658-8433

Isuzu Motors Europe Ltd.
Suite 24, The Courtyards, Croxley Business Park, Hatters Lane, Watford, Hertfordshire WD18 8NS, U.K.
Tel: 44-1923-231-580

Isuzu Truck (UK) Ltd.
Thundridge Business Park, Thundridge, Nr. Ware, Hertfordshire SG12 OSS, U.K.
Tel: 44-1920-463962

Isuzu Motors Germany GmbH (IMG)
Weiherfeld 2, D-65462, Ginsheim-Gustavsburg, Germany
Tel: 49-6134-558-0

Isuzu Motors Polska Sp. zo.o. (ISPOL)
Ul. Towarowa 50, 43-100 Tychy, The Republic of Poland
Tel: 48-32-219-9600

Africa

General Motors Egypt S.A.E. (GME)
Abu-El Feda Building, 3 Abu El Feda Street, Zamalek, Cairo, Egypt
Tel: 20-2-735-4004/736-2116

North America

Isuzu Motors America, Inc. (ISZA)
46401 Commerce Center Drive, Plymouth Township, Michigan 48170, U.S.A.
Tel: 1-734-455-7595

Isuzu Commercial Truck of America, Inc. (ICTA)
13340 183rd Street, Cerritos, California 90702-6007, U.S.A.
Tel: 1-562-229-5000

DMAX, Ltd.
3100 Dryden Road, Moraine, Ohio 45439, U.S.A.
Tel: 1-937-425-9721

Oceania

Isuzu-General Motors Australia Ltd. (IGM)
858 Lorimer Street, Port Melbourne, Victoria 3207, Australia
Tel: 61-3-9644-6666

OVERSEAS OFFICES

China
Room No. 1510, Beijing Fortune Building, No. 5 Dong San Huan North Road, Chao Yang District, Beijing, The People's Republic of China
Tel: 86-10-6590-8957

Belgium
Sphere Business Park, Doornveld 1, Bus 3, B-1731 Zellik, Belgium
Tel: 32-2-463-0990

BOARD OF DIRECTORS

DIRECTORS »

President and Representative Director	① Yoshinori Ida
Executive Vice President and Representative Director	② Basil N. Drossos
Executive Vice President and Director	③ Kozo Sakaino
	④ Shigeki Toma
	⑤ Randall J. Schwarz
Executive Director	⑥ Hiromasa Tsutsui
	⑦ Yoshito Mochizuki
Director	⑧ Hiroshi Suzuki
	⑨ Susumu Hosoi
	⑩ Yoshio Kinouchi
	⑪ Yoshihiro Tadaki

CORPORATE AUDITORS »

Standing Corporate Auditor	Hiromu Inada
	Michio Kamiya
Corporate Auditor	Yasuharu Nagashima
	Susumu Tsuchida

EXECUTIVE OFFICERS »

Senior Executive Officer	Hirokichi Nadachi
	Jun Utsumi
	Hiroo Majima
	Minoru Matsushima
Senior Division Executive	Fujio Anzai
Executive Officer	Shigeji Nakamori
	Yoshiyuki Miyatake
	Hakaru Shibata
	Ryozo Tsukioka
	Makoto Ushiyama
	Tsutomu Yamada
	Chikao Mitsuzaki
	Shunichi Satomi
	Yasuaki Shimizu
	Akira Shinohara
	Takashi Urata

(As of July, 2004)

Isuzu Motors Limited


Head Office

Date of Establishment

April 9, 1937

Head Office

26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
Tel: +81-3-5471-1141
Fax: +81-3-5471-1043

Plants and Other Facilities

Kawasaki Plant	Manufacturing of heavy-duty engines and parts
Tochigi Plant	Manufacturing of engines and parts
Fujisawa Plant	Manufacturing of trucks, engines, components and parts
Isuzu Engine Manufacturing Hokkaido Corporation	Manufacturing of engines
Wa.com Hokkaido Co., Ltd.	Overall road test

Common Stock, Preferred Stock and Number of Shareholders

		Preferred Stock			
	Common Stock	Class I	Class II	Class III	Class IV
Shares authorized:	3,369,000,000	37,500,000	37,500,000	25,000,000	25,000,000
Shares issued:	878,105,748	37,500,000	37,500,000	25,000,000	25,000,000
No. of shareholders:	69,699	5	5	1	1

Major Shareholders (% of total)

Common Stock	%
General Motors Limited	10.26
Japan Trustee Services Bank, Ltd. (Trust account)	7.56
Bank of New York for Goldman Sachs International (Equity)	3.78
Mizuho Global, Ltd.	3.63
The Master Trust Bank of Japan, Ltd. (Trust account)	3.13
Itochu Corporation	1.96
Isuzu Motors Vendors' Shareholding Association	1.23
The Tokio Marine and Fire Insurance Co., Ltd.	1.17
Osaka Securities Finance Company, Ltd.	1.14
Nikko Cordial Securities Inc.	1.14

Class I Preferred Stock	%
Mizuho Global, Ltd.	68.52
UFJ Bank Ltd.	11.89
The Bank of Yokohama Ltd.	7.28
The Bank of Tokyo-Mitsubishi Ltd.	6.31
Mitsubishi Trust and Banking Corporation	6.00

Class II Preferred Stock	%
Mizuho Global, Ltd.	68.52
UFJ Bank Ltd.	11.89
The Bank of Yokohama Ltd.	7.28
The Bank of Tokyo-Mitsubishi Ltd.	6.31
Mitsubishi Trust and Banking Corporation	6.00

Class III Preferred Stock	%
Mizuho Global, Ltd.	100.00

Class IV Preferred Stock	%
Mizuho Global, Ltd.	100.00

Transfer Agent

UFJ Trust Bank Ltd.
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

(As of March 31, 2004)