

Isuzu to Develop a New 3-year Business Plan
based on Isuzu V-Plan

August 14, Tokyo - Isuzu Motors Limited ("Isuzu"; code 7202) today announced that it has developed an overall framework of a New 3-year Business Plan. Covering a three-year period through March 2005, the New 3-year Business Plan will replace Isuzu V-Plan, currently executed as the company's mid-term plan. The New Plan will further accelerate implementation of key initiatives contemplated in the V-Plan, while making fundamental reform of financial structure.

Isuzu has steadily been making progress with the V-Plan, and after three consecutive years' of operating losses, Isuzu achieved positive turnaround of operating results last fiscal year that ended in March 2002.

However, because of the prolonged industry sales slump in domestic CV market and lackluster performance in North America, situations surrounding Isuzu remain to be very severe. To ensure sound achievement of the V-Plan initiatives in these adverse circumstances, and lay solid foundation for a healthy corporate structure, Isuzu decided to review corporate initiatives. Concurrently, Isuzu will implement a fundamental reform of its business and financial structures by receiving cooperation from General Motors Corporation ("GM") and financial institutions.

With respect to the broad outline of New 3-year Business Plan, Isuzu received support and understanding of GM and Mizuho Corporate Bank, Ltd., Isuzu's house bank. GM will continue to play the role as the major shareholder of Isuzu and will inject total new funds of approximately 60.0 billion yen to extend its cooperation to strengthen GM-Isuzu power-train business collaborations and help Isuzu restore the capital structure by means of retiring existing shareholdings without consideration and then subscribing to new shares.

From now on, Isuzu will develop detail execution plans by consulting and obtaining support from other financial institution.

The Isuzu New 3-year Business Plan will include the following key items:

1. Operational Restructuring

•Restructuring of SUV businesses in North America

- Rationalization of SUV manufacturing operations in North America
- Receive OEM supply of SUV from GM for sale in North America
- Further streamlining of local subsidiaries in North America

•Strengthen GM-Isuzu strategic alliance in power-train businesses

- Aim at operational stability by receiving GM's equity participation in ISPOL (Isuzu Motors Polska Sp. zo. o.) and increased equity share in DMAX (DMAX, Ltd.)
 - GM to hold 60% equity stake in ISPOL and DMAX
 - GM and Isuzu to establish a new diesel engine engineering joint venture

2. Accelerate implementation timing for the planned headcount reduction (Ensure early realization of labor structure contemplated in the V-Plan)

·Aiming at realization of a 8700-strong labor structure at Parent company, Voluntary Early Retirement Program will be offered to 3700 persons, including production workforce

3. Management reform

·Receive GM senior executive to become an Executive Vice President and representative director of ISUZU

4. GM's contribution

·Retirement of existing equity share without consideration, and subscription to new shares.

- A 100% of GM's current shareholding (i.e. 619 million shares) to be retired without consideration, and GM to increase capital by approximately 10.0 billion to hold equity through new share subscription (worth around 12%)

5. Request financial support to major financial institutions

·Debt-equity swap:

Approximately for the amount of Y100.0 billion debt will be converted into preferred stock.

·New financing, rollover of existing debt, etc.

(in Yen Billion)

(Consolidated basis) Excluding financial sector	Results: As of March '02	New 3-year Business Plan
	(in year ending March '04)	(in year ending March '05)
Sales revenue	1597.7	1270.0
Operating profit	15.1	60.0
Net income(loss)	(42.9)	50.0
Total assets	1324.1	980.0
Total interest-bearing debt	678.9	500.0