Two Roads, One Destination: Market Leadership

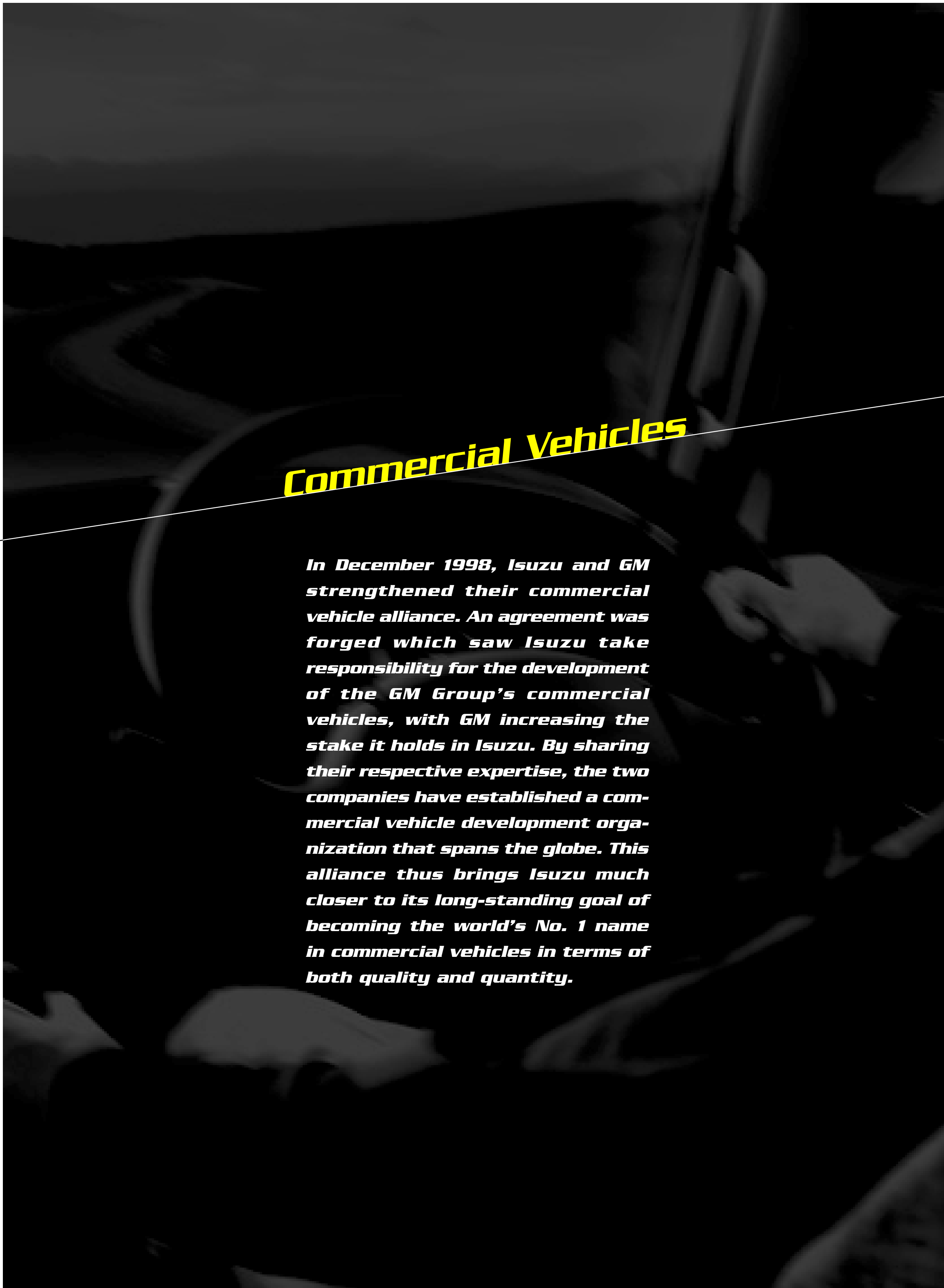
ISUZU MOTORS LIMITED

ANNUAL REPORT 2000

ISUZU'S ROADMAP TO THE FUTURE:

Two Roads—Commercial Vehicles and Diesel Engines.

One Destination—Market Leadership.



Commercial Vehicles

In December 1998, Isuzu and GM strengthened their commercial vehicle alliance. An agreement was forged which saw Isuzu take responsibility for the development of the GM Group's commercial vehicles, with GM increasing the stake it holds in Isuzu. By sharing their respective expertise, the two companies have established a commercial vehicle development organization that spans the globe. This alliance thus brings Isuzu much closer to its long-standing goal of becoming the world's No. 1 name in commercial vehicles in terms of both quality and quantity.

The ISUZU ELF—Top share of the light-duty truck market for 30 years.

At present, Isuzu and GM are driving forward with the development of a next-generation "Asian Utility Vehicle." Called the 160 Project, this joint undertaking aims to produce a vehicle that will be successful in Asia and around the world.

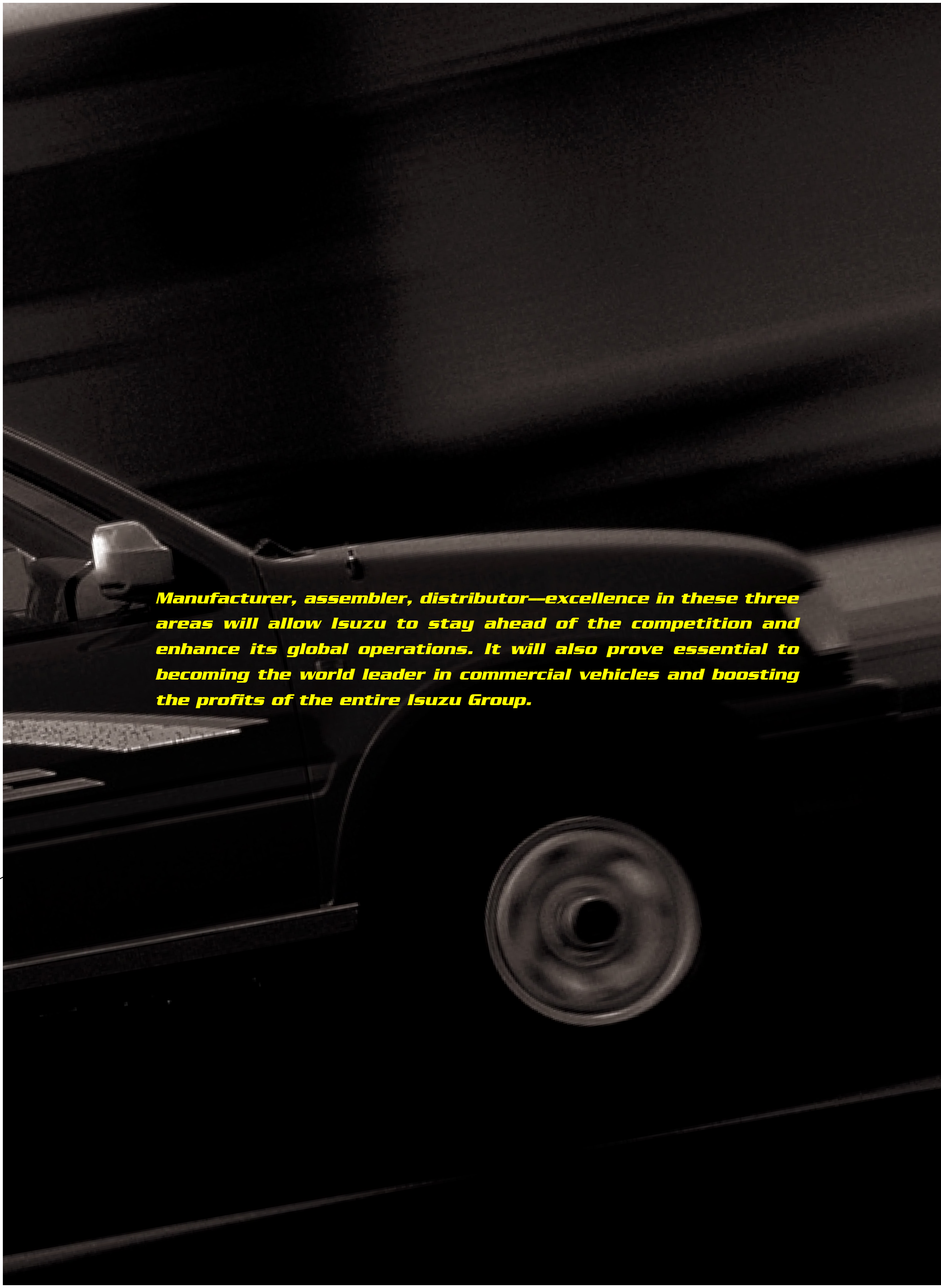
The 160 Project has witnessed Isuzu working in unison with GM to an unprecedented degree. GM's production facilities and the distribution and sales networks of the GM Group have played their part in progress to date. Standardization in components was another factor in the creation of a structure that enables Isuzu to supply highly reliable utility vehicles at affordable prices.

The AUV has always been a vehicle suited to a wide variety of applications, whether as a passenger car or for the transportation of goods. An affordable price has also been instrumental in the solid reputation it has gained. Isuzu intends to take the AUV to the next stage, transforming it into a next-generation utility vehicle in the entry-level price bracket. Marketing operations will focus on developing countries, where the AUV is expected to make notable contributions to local automobile markets and economies.

To attain the No. 1 spot in the global commercial vehicle market, it will be essential to consolidate Isuzu's domestic position. Continuing to improve both the qualitative and quantitative aspects of Isuzu's domestic sales structure will be central to these efforts.

In the 2–3 ton light-duty class, where its trucks proudly display the highly respected ELF brand, Isuzu retained the top market share for the 30th consecutive year. Medium- and heavy-duty vehicles have also benefited from concerted efforts to improve product development capabilities in recent years. This has resulted in the introduction of many new models including vehicles with air suspension systems and bedless heavy-duty trucks. Customer satisfaction was another focus, as close attention was paid to bolstering sales capabilities.

The heavy-duty CV ISUZU GIGA—Meeting the demands of a new era in transportation through heightened environmental awareness.



Manufacturer, assembler, distributor—excellence in these three areas will allow Isuzu to stay ahead of the competition and enhance its global operations. It will also prove essential to becoming the world leader in commercial vehicles and boosting the profits of the entire Isuzu Group.

The ISUZU BUS—Offering superlative comfort through passenger-based design.

Diesel Engines

Isuzu has placed diesel engines as a core business to reinforce its component business. In 1997, Isuzu established itself as the center of diesel engine development and manufacturing activities for the General Motors (GM) Group, a move which has resulted in new dynamism in this business. Isuzu will continue to compete with diesel engine makers around the world in its bid to become the world leader in performance, quality and price.

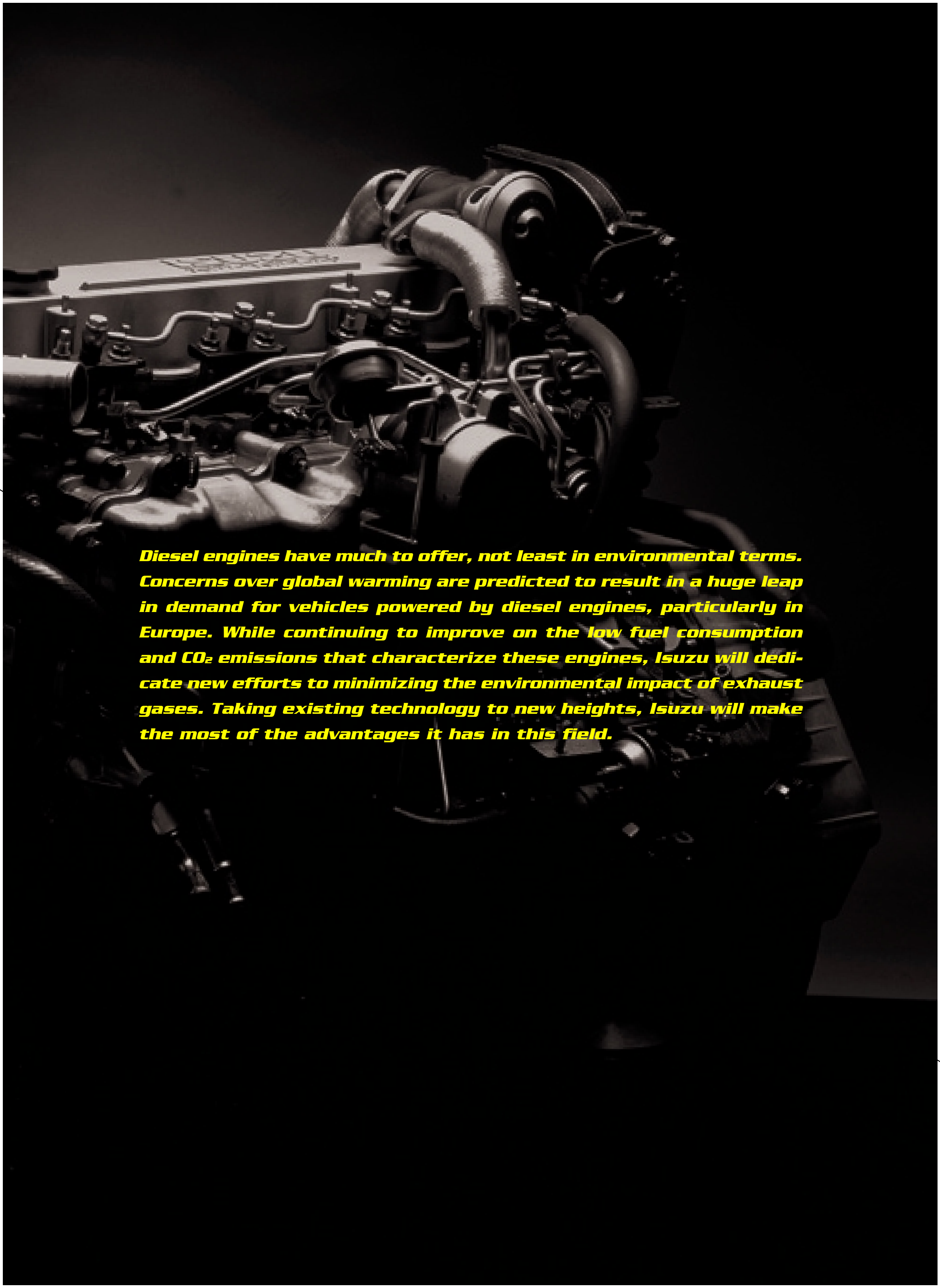
■ *Isuzu Motors Polska Sp. zo.o. (ISPOL)*

In Europe, Isuzu's new Polish diesel engine production company, Isuzu Motors Polska Sp. zo.o. (ISPOL), began full-scale production of 1.7 liter diesel engines for passenger cars in June 1999. These engines have been supplied to GM Group member Opel, where they received favorable reviews. They were also a key factor in the healthy sales of Opel's Astra line. This success has brought forward original plans to produce 300,000 of these engines in 2004, a target now expected to be achieved in 2001.

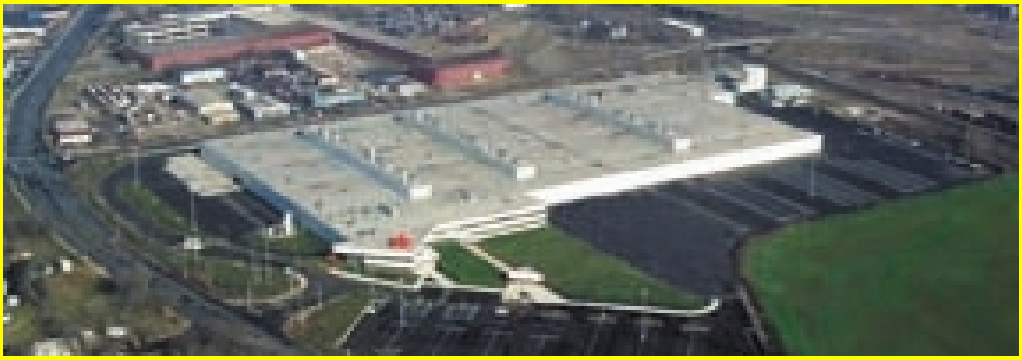
ISPOL's technological expertise has been proven by the recognition it has received from industry observers, both domestically and overseas. The company was awarded the Nihon Keizai Shimbun-sponsored "Nikkei Superior Trendsetting Office Award" Prize, and the Polish Automotive Manufacturers Association's "Company of the Year" Prize.

Also promising much for the future is DMAX, Ltd., a U.S. joint venture company established in September 1998 with General Motors Corporation. Located in Ohio, the company has been manufacturing and selling diesel engines since the summer of 2000. DMAX intends to produce 200,000 6.6 liter V8 direct-injection diesel engines in 2004 for GM's full-size pickup trucks. Isuzu aims to produce high-performance, clean and quiet-running engines that are more than up to the task of convincing U.S. consumers of the merits of the diesel engine. Also of significance is DMAX's global role, representing as it does the completion of a production network spanning the four key regions of Japan, Asia, Europe and North America.

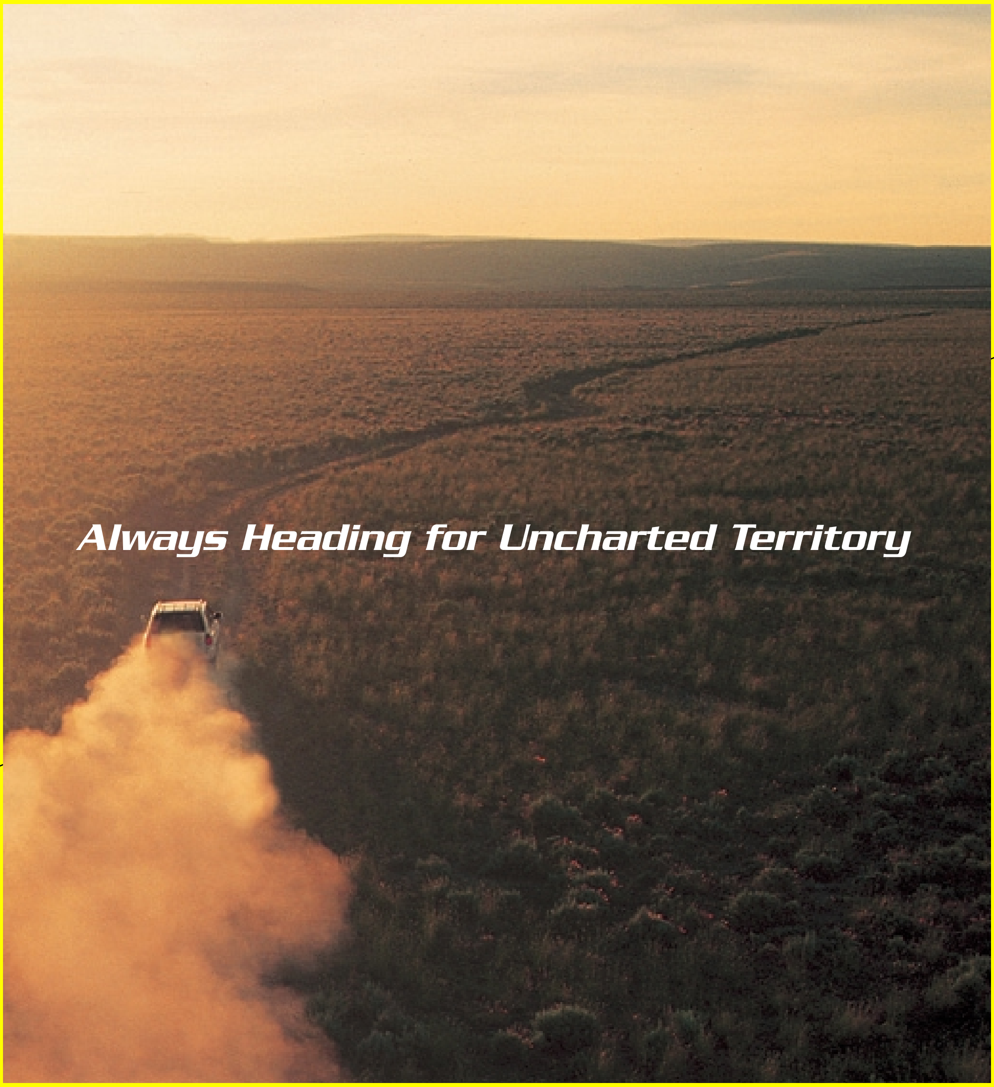
■ *4EE2-TC type engine made by Isuzu Motors Polska Sp.zo.o. (ISPOL)*



Diesel engines have much to offer, not least in environmental terms. Concerns over global warming are predicted to result in a huge leap in demand for vehicles powered by diesel engines, particularly in Europe. While continuing to improve on the low fuel consumption and CO_2 emissions that characterize these engines, Isuzu will dedicate new efforts to minimizing the environmental impact of exhaust gases. Taking existing technology to new heights, Isuzu will make the most of the advantages it has in this field.



DMAX, Ltd.


Always Heading for Uncharted Territory

CONTENTS

FINANCIAL HIGHLIGHTS

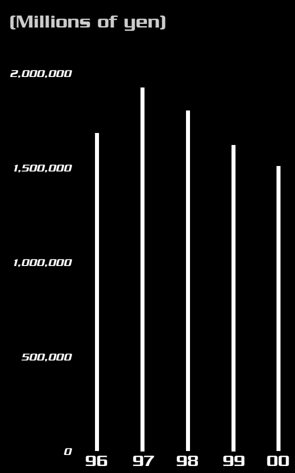
	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Net Sales	¥1,506,642	¥1,619,101	¥1,799,604	$14,193,519
Net Income (Loss)	(104,186)	6,235	6,039	(981,503)
Total Assets	1,843,053	1,627,302	1,730,857	17,362,731
Shareholders' Equity	169,338	177,771	122,215	1,595,272
	Yen			U.S. Dollars
Per Share:				
Net Income (Loss)	¥(82.48)	¥5.94	¥5.86	$(0.78)
Cash Dividends	–	–	5.00	–

	Vehicle Units					
	Domestic		Export		Total	
	2000	1999	2000	1999	2000	1999
Ex-Factory Sales						
Heavy- & Medium- Duty Vehicles	19,183	22,021	10,627	11,647	29,810	33,668
Light-Duty Vehicles	56,374	66,550	300,345	311,075	356,719	377,625
Passenger Cars	1,748	1,989	–	–	1,748	1,989
Total	77,305	90,560	310,972	322,722	388,277	413,282

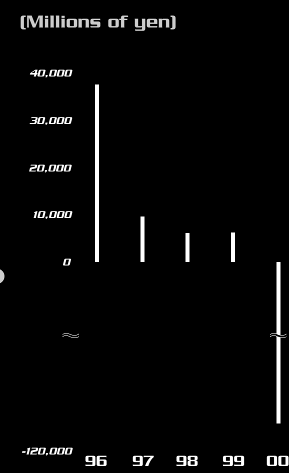
Notes: 1. Computation of net income per share is based on the weighted average number of shares outstanding during each fiscal period.

2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.15=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000.

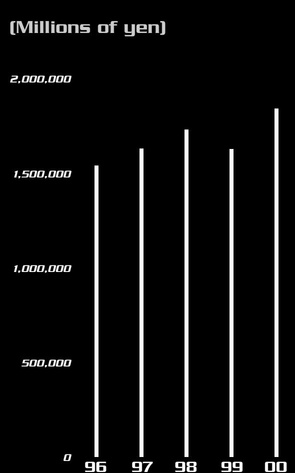
NET SALES



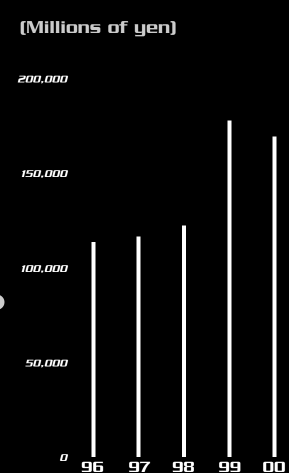
NET INCOME



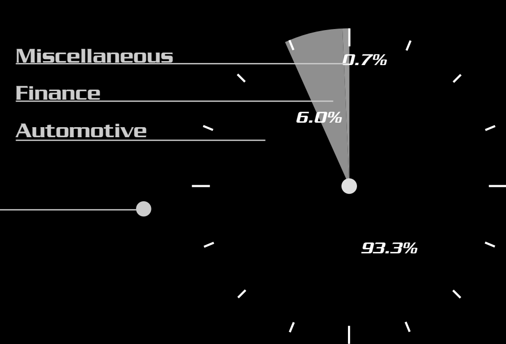
TOTAL ASSETS



SHAREHOLDERS' EQUITY



SHARE OF NET SALES



TO OUR FELLOW SHAREHOLDERS

Kazuhira Seki, Chairman and Representative Director

Operating Results

In the past fiscal year, the Japanese economy showed signs of having come through the worst of the recession as a result of the government's economic stimulus packages. Capital investments and consumer spending remained sluggish however, and combined to hold back the economy overall. Overseas, the European and U.S. economies exhibited steady growth, and the Asian economy also made solid progress toward recovery. On a negative note, the dramatic appreciation of the yen darkened the export picture.

The Japanese automobile industry witnessed a strong performance in exports to the North American market. Domestic demand continued to decline though, especially for trucks. Consequently, the total number of automobiles sold domestically and through exports was not significantly different from the previous fiscal year.

In this climate, the Isuzu Group committed itself to the development and sales, both domestic and overseas, of new products matching the needs of markets and society. A number of joint projects with General Motors Corporation (GM) provided another focus, as the entire Isuzu Group got to grips with structural reforms to realize a new level of efficiency in management. However, domestic vehicle sales in unit terms dropped 14.6% over the previous year to 77,305 units, with overseas sales declining 3.6% to 310,972. Total units sold came to 388,277, a drop of 6.1%. In contrast, Takeshi Inoh, President and Representative Director

sales of parts for overseas production soared 73.2% to ¥74.1 billion.

Net sales were down 6.9% to ¥1,506.6 billion due to the third consecutive significant fall in domestic unit sales of all categories of trucks. Earnings also suffered, in spite of structural reforms introduced to boost management efficiency. Major factors here were the slump in domestic demand, the severe difficulties the strong yen caused for exports and expenses related to capital investments in facilities for new product development. As a result, Isuzu recorded an operating loss of ¥50.7 billion. In addition, measures were taken to remove obstacles to future performance by bolstering our balance sheet. Specifically, we adopted a new standard relating to accrued retirement and severance benefits. The new standard requires the use of projected benefit obligations and resulted in an addition to accrued retirement and severance benefits. We also recorded an evaluation loss on affiliates, which resulted in a loss before income taxes of ¥150.9 billion. This brought the net loss for the year to ¥104.1 billion.

A Speedy Return to Profitability

Our operating environment is predicted to remain very difficult. In response, the Isuzu Group will accelerate group-wide structural reforms, dedicating all its energies to realizing a speedy return to profitability.

Fundamental Overhaul of the Domestic Sales System

Isuzu launched its group restructuring plan in 1992, a plan that came to completion with the arrival of the 21st century. Change must continue to take place though, particularly in the domestic sales network. This is an area in which we must be active, not reactive, in attempts to deal with sluggish demand. Fundamental reforms geared toward the improvement of customer satisfaction and the bolstering of price competitiveness were judged essential by management. This underlay the December 1998 announcement of the Isuzu Group restructuring plan, which will integrate domestic sales structures and greatly improve efficiency in all aspects of sales operations.

The numerical targets in this plan for the domestic sales subsidiaries are net sales of ¥710 billion and income before income taxes of ¥10 billion for the year ending March 31, 2001. A return to overall profitability at these subsidiaries is another priority. Specific steps to ensure the achievement of these goals are as follows:

- Regional sales strategies will be implemented by integrating small zones into broader regional ones.
- Commercial vehicle sales operations will be streamlined by combining sales companies that now specialize in large or small vehicles.

Through these measures, we aim to realign our operations into a network of 30 domestic sales companies, 480 sales bases, 4,320 service stalls and with 14,000 employees. In April 2000, the number of sales companies had already dropped to 45, resulting in rapid progress on the profitability front.

- In RV sales, a specialist RV sales company called Isuzu Square Japan has been spun off from existing sales companies. The new company is responsible for the expansion of a chain of “multi-stores” offering automotive, outdoor and fashion goods.
- Used-car operations have been spun off into an independent company called Isuzu U-Max that will be devoted exclusively to this market.
- A new company has been established to handle all back-office and support operations of Isuzu and its sales companies on an outsourcing basis.

In addition to these measures, we plan to continue work toward establishing a nationwide network of service companies.

Domestic production bases continued to be reorganized. Operations of the Yamato Plant were transferred to the Fujisawa Plant, steps were taken to produce more key components internally, and knock-down plant operations concentrated at fewer locations. This brought Isuzu’s production base reorganization, which started in 1994 with the relocation of a casting plant to Iwate Prefecture, very close to completion. Each of the changes the program introduced is expected to make significant contributions to profits.

Completing the Network of Overseas Production Bases

Isuzu has largely completed preparations for expansion of bases in China and Southeast Asia, markets where we are particularly strong. Streamlining measures in response to the 1997 currency crises in this region have resulted in a local network of a scale appropriate for current market conditions. This gives us an ideal base for embarking on a new expansion initiative.

In concrete terms, we commenced exports of pickup trucks from Thailand to Australia in August 1999, where their high quality won these vehicles favorable reviews from local distributors. Thai operations will be strengthened further in the years to come as Isuzu's main Asian production base. An example of this trend is the planned relocation of pickup trucks for exports. Beginning with the new model, all export pickup production will be shifted from Japan to Thailand, a move expected to yield significant gains in efficiency. Although the Asian economic recovery has not yet reached the heavy-duty truck market, we are putting in place a system which can quickly capitalize on an upturn when it comes.

In Europe, Isuzu's new plant in Tychy, Poland, Isuzu Motors Polska Sp. zo.o. (ISPOL), began full-scale production of 1.7 liter diesel engines for passenger cars in June 1999, two years after construction began. Europe is home to a large market for diesel engines, which are economical and environmentally friendly. Substantial growth in demand is predicted for the future. This plant represents the formation of a system able to supply high-quality, competitively priced, European-made diesel engines without any significant foreign exchange risk. It also meshes perfectly with the role Isuzu is due to play in GM's global diesel engine strategy. In both these senses, the plant is a vital first step toward increasing profitability in diesel engine operations.

In North America, DMAX, Limited, a joint venture company founded in Ohio in September 1998 with GM to manufacture and sell diesel engines, commenced production in the summer of 2000. The company aims to produce some 200,000 engines in 2004. The 6.6 liter V8 direct-injection engines made here are due to be used in GM's full-size pickup trucks. Isuzu aims to produce high-performance, clean and quiet-running engines, able to convince U.S. consumers of the merits of the diesel engine. Preparations for this project are also advancing at the Hokkaido Plant, where production has already started on the aluminum cylinder heads required by the engines DMAX manufactures. And through the commencement of operations at DMAX, Isuzu has put in place a network of production bases that spans the four key regions of Japan, Asia, Europe and North America.

Outlook

Automobile manufacturers are operating on an increasingly global scale, and the battle for survival is advancing apace. As outlined in the preceding pages, Isuzu will maintain its position as a global manufacturer of commercial vehicles and diesel engines. Making the best use of its strengths as a member of the GM Group, Isuzu has established a distinct position. As such, there is no shortage of opportunities to reinforce our operations. The full-fledged start of the supply of diesel engines to the GM Group in Europe and North America will combine with the economic recovery taking place in the ASEAN region to add impetus to Isuzu's drive to return to profitability. We are confident that the current fiscal year will be a period of solid gains in profitability accompanied by exhaustive structural improvements.

Kazuhira Seki, Chairman and Representative Director

Takeshi Inoh, President and Representative Director

FINANCIAL REVIEW

Net Sales

Consolidated net sales in fiscal 2000, the year ended March 31, 2000, decreased 6.9% to ¥1,506.6 billion, mainly a reflection of a fall in sales volume. Automotive segment sales were down 7.3% to ¥1,440.1 billion and there was an operating loss of ¥52.6 billion. Finance segment sales, mainly from leasing and the purchase of receivables, increased 3.0% to ¥95.3 billion and operating income was ¥1.5 billion. Miscellaneous sales, mainly representing real estate businesses, decreased 8.0% to ¥20.6 billion and operating income was ¥0.4 billion. All figures are prior to eliminations.

By region, sales in Japan decreased 4.4% to ¥571.4 billion. The impact of contracting demand for trucks was greater than benefits of sales activities and the realignment of domestic sales subsidiaries. Sales in North America decreased 12.4% to ¥553.2 billion due to competitive pressures, sales in Asia (excluding Japan) increased 47.5% to ¥118.4 billion, and sales in other overseas regions decreased 14.9% to ¥263.5 billion despite the contribution of sales from the newly completed diesel engine plant in Poland, which began operations in June 1999. As a result, total overseas sales declined from 63.1% to 62.1% of total sales.

On a consolidated basis, Isuzu sold 77,305 vehicles in Japan during fiscal 2000, a decrease of 14.6%, and 310,972 vehicles overseas, a decrease of 3.6%. Heavy- and medium-duty truck sales decreased 11.5% to 29,810 and light-duty truck sales decreased 5.5% to 356,719. This resulted in a 6.1% decline in total vehicle sales to 388,277, including 1,748 passenger cars. Sales of parts manufactured in Japan for use at overseas production bases increased 73.2% to ¥74.1 billion. In other automotive categories, engine component sales declined 18.9% to ¥124.8 billion and service parts, accessories and others sales were down 1.6% to ¥421.8 billion.

Cost of sales decreased 1.8% to ¥1,297.2 billion due to lower production volume, the yen's strength and product development programs. Cost of sales rose significantly as a percentage of net sales, mainly a reflection of competitive pressure on pricing and lower capacity utilization in Japan due to the prolonged economic weakness. Selling, general and administrative expenses decreased 9.9% to ¥260.1 billion. This was mainly attributable to cost containment initiatives and the positive effect of the yen's strength on translations of overseas expenses. Due to these factors, there was an operating loss of ¥50.7 billion compared with operating income of ¥9.1 billion in the previous fiscal year.

Other income and expenses resulted in an expense of ¥17.3 billion compared with ¥15.0 billion in the previous fiscal year. This was mostly the result of a decrease in gains on sales of marketable securities and a small increase in interest expense. Special items resulted in an expense of ¥82.9 billion compared with income of ¥21.9 billion in the previous fiscal year. This was almost entirely attributable to a ¥93.5 billion retirement reserve provision applicable to obligations accrued in prior years. This is the result of the switch in fiscal 2000 to the statement of employees' retirement benefits at the amount of discounted present value required when all eligible employees retire, less pension assets. The ¥93.5 billion provision covers the shortfall between pension assets and the discounted present value of obligations.

The result of these items was a loss before income taxes of ¥150.9 billion and a net loss of ¥104.1 billion compared with net income of ¥6.2 billion in the previous fiscal year. The loss per share was ¥82.48. Due to this loss, no dividends applicable to fiscal 2000 were declared or paid.

Financial Position and Capital Resources

Cash Flows

	Millions of Yen		
Years ended March 31	**2000**	1999	1998
Net income	**¥(104,186)**	¥ 6,235	¥ 6,039
Depreciation and amortization	**93,444**	95,841	93,260
Other adjustments	**8,747**	(44,685)	(55,369)
Changes in operating assets and liabilities	**66,939**	(61,617)	9,509
Net cash provided by operating activities	**64,942**	(4,227)	53,439
Net cash used in investing activities	**(48,771)**	(55,015)	(91,426)
Net cash provided by financing activities	**4,600**	5,994	61,805
Effect of exchange rate changes on cash and cash equivalents	**(3,948)**	(2,327)	558
Net increase in cash and cash equivalents	**¥ 25,757**	¥(51,918)	¥33,051

Operating cash flows in fiscal 2000 totaled ¥64.9 billion compared with a negative ¥4.2 billion in the previous fiscal year. Offsetting the year's net loss were depreciation and amortization and large contribution to cash flows by operating assets and liabilities. Investing activities used net cash of ¥48.7 billion. This mainly reflects the combination of capital expenditures of ¥110.6 billion and proceeds from sales of property, plant and equipment of ¥58.8 billion. In fiscal 2000, the major components of capital expenditures were equipment to produce new models, steps to streamline, upgrade existing facilities, develop engine parts for General Motors Corporation and relocate certain production equipment. Financing activities provided cash of ¥4.6 billion, the result of a small net increase in total debt. The net effect of these activities was a net increase in cash and cash equivalents of ¥25.7 billion.

Capital Structure

	Millions of Yen (%)					
At March 31	**2000**		1999		1998	
Bank loans and CP	**¥ 508,745**	**(44.1)**	¥ 506,747	(44.3)	¥ 552,304	(48.9)
Current portion of bonds	**30,000**	**(2.6)**	0	(0.0)	37,550	(3.3)
Long-term debt	**444,543**	**(38.6)**	458,958	(40.2)	418,558	(37.0)
Shareholders' equity	**169,338**	**(14.7)**	177,771	(15.5)	122,215	(10.8)
Total capital	**¥1,152,626**	**(100.0)**	¥1,143,476	(100.0)	¥1,130,627	(100.0)

Total interest-bearing debt was ¥983.2 billion as of March 31, 2000 compared with ¥965.7 billion one year earlier. Total assets increased by ¥215.7 billion to ¥1,843.0 billion. This increase was mainly attributable to revaluation of land used for business activities in accordance with a recently enacted Japanese law and the posting of deferred taxes of ¥58.8 billion due to the adoption in fiscal 2000 of tax effect accounting. Offsetting the increase in land was an addition of a variance on land revaluation to equity and deferred tax liabilities related to this revaluation to long-term liabilities. The inclusion of the land revaluation offset most of the decrease in total shareholders' equity caused by the fiscal 2000 net loss. As a result, equity declined from 15.5% to 14.7% of total capital, which is the sum of interest-bearing debt and equity.

CONSOLIDATED BALANCE SHEETS

As of March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars
ASSETS	2000	1999	1998	2000
Current Assets:				
Cash and cash equivalents (Note 4)	¥ 99,876	¥ 89,096	¥ 88,158	$ 940,899
Short-term investments (Notes 3, 4)	121,458	103,996	152,739	1,144,220
Receivables:				
Notes and accounts (Note 4)	347,156	402,177	437,457	3,270,435
Less: allowance for doubtful receivables	(8,098)	(12,111)	(13,423)	(76,294)
Inventories (Note 4)	206,818	225,754	252,387	1,948,364
Deferred taxes (Note 5)	14,916	–	–	140,519
Other current assets	92,419	84,456	70,008	870,652
Total Current Assets	874,548	893,370	987,329	8,238,797
Investments and Advances:				
Investments (Notes 3, 4):				
Unconsolidated subsidiaries and affiliated companies	36,685	49,726	58,880	345,599
Others	7,533	11,843	12,849	70,968
Long-term loans	21,566	23,219	11,461	203,169
Deferred taxes (Note 5)	58,813	–	–	554,057
Other investments and advances	54,053	54,366	56,890	509,217
Less: allowance for doubtful accounts	(11,303)	(6,019)	(4,220)	(106,482)
Total Investments and Advances	167,348	133,136	135,862	1,576,529
Property, Plant and Equipment (Note 4):				
Land	316,400	147,756	139,560	2,980,692
Buildings and structures	267,312	257,659	263,334	2,518,257
Machinery and equipment	876,125	872,683	862,996	8,253,658
Construction in progress	28,278	12,642	14,333	266,398
Less: accumulated depreciation	(715,276)	(705,394)	(682,161)	(6,738,351)
Net Property, Plant and Equipment	772,841	585,347	598,063	7,280,655
Other Assets	9,172	1,808	1,434	86,413
Translation Adjustments	19,142	13,638	8,167	180,336
Total Assets	¥1,843,053	¥1,627,302	¥1,730,857	$17,362,731

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2000	1999	1998	Thousands of U.S. Dollars 2000
Current Liabilities:				
Bank loans	**¥ 493,745**	¥ 501,147	¥ 515,504	**$ 4,651,389**
Current portion of bonds	**30,000**	–	37,550	**282,618**
Commercial paper	**15,000**	5,600	36,800	**141,309**
Notes and accounts payable	**320,515**	269,827	359,594	**3,019,459**
Accrued expenses	**77,493**	76,190	78,393	**730,040**
Accrued income taxes (Note 5)	**1,292**	1,166	9,774	**12,180**
Deposits received	**28,905**	29,051	31,556	**272,309**
Deferred tax current liabilities (Note 5)	**69**	–	–	**655**
Other current liabilities	**45,844**	59,785	72,430	**432,543**
Total Current Liabilities	**1,012,867**	942,768	1,141,573	**9,541,852**
Long-Term Debt (Note 4)	**444,543**	458,958	418,558	**4,187,875**
Accrued Retirement and Severance Benefits	**115,547**	22,296	22,518	**1,088,531**
Deferred Tax Liabilities (Note 5)	**6,592**	–	–	**62,102**
Deferred Tax Liabilities Related to Land Revaluation (Note 7)	**68,024**	–	–	**640,836**
Other Long-Term Liabilities	**17,534**	18,927	20,621	**165,187**
Minority Interest	**8,605**	6,579	5,370	**81,073**
Contingent Liabilities (Note 9)				
Shareholders' Equity:				
Common stock, par value ¥50 (Note 6) Authorized: 3,000,000,000 shares Issued: 2000 and 1999: 1,263,246,218 shares 1998: 1,030,746,218 shares	**89,619**	89,619	63,346	**844,272**
Capital surplus (Note 6)	**99,212**	99,212	72,939	**934,643**
Legal reserve (Note 8)	**–**	–	9,207	**–**
Variance of land revaluation (Note 7)	**102,292**	–	–	**963,663**
Accumulated deficit	**(121,785)**	(11,058)	(23,277)	**(1,147,298)**
Less: treasury stock, at cost	**(0)**	(2)	(0)	**(9)**
Total Shareholders' Equity	**169,338**	177,771	122,215	**1,595,272**
Total Liabilities and Shareholders' Equity	**¥1,843,053**	¥1,627,302	¥1,730,857	**$17,362,731**

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Net Sales	¥1,506,642	¥1,619,101	¥1,799,604	$14,193,519
Cost of Sales	1,297,291	1,321,173	1,477,742	12,221,306
Gross Profit	209,350	297,928	321,861	1,972,212
Selling, General and Administrative Expenses (Note 5, 10)	260,147	288,747	307,046	2,450,755
Operating Income (Loss)	(50,797)	9,180	14,815	(478,542)
Other Income (Expenses):				
Interest and dividend income	4,902	4,934	4,819	46,186
Gain on sales of marketable securities	4,371	5,325	4,650	41,185
Interest expense	(21,924)	(21,075)	(19,015)	(206,544)
Amortization of consolidation difference	–	49	57	–
Equity in earnings of unconsolidated subsidiaries and affiliates	(900)	(608)	5,686	(8,487)
Others, net	(3,699)	(3,591)	(659)	(34,849)
Income (Loss) before Special Items	(68,047)	(5,784)	10,354	(641,051)
Special Items:				
Gain on sales or disposal of property, plant and equipment, net	27,097	38,651	19,403	255,271
Gain on sales of investments	1,192	8,343	15,405	11,238
Loss on revaluation of investments	(7,333)	(6,559)	(12,513)	(69,085)
Retirement reserve provision of past years	(93,526)	–	–	(881,076)
Others, net	(10,320)	(18,538)	(6,028)	(97,227)
Income (Loss) before Income Taxes	(150,937)	16,111	26,621	(1,421,930)
Income Taxes (Note 5):				
Current	1,876	3,393	17,910	17,677
Deferred	(47,640)	6,485	1,526	(448,805)
Minority Interests in Income of Consolidated Subsidiaries	987	3	(1,144)	9,299
Net Income (Loss)	¥ (104,186)	¥ 6,235	¥ 6,039	$ (981,503)

	Yen			U.S. Dollars
Net Income (Loss) per Share	¥(82.48)	¥5.94	¥5.86	$(0.78)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended March 31, 2000, 1999, 1998 and 1997

	Millions of Yen				Thousands of U.S. Dollars
	2000	1999	1998	1997	**2000**
Common Stock:					
Balance at beginning of the year	**¥ 89,619**	¥ 63,346	¥ 63,346	¥ 63,346	**$ 844,272**
Add:					
Capital increase	**–**	26,272	–	–	**–**
Balance at end of the year	**¥ 89,619**	¥ 89,619	¥ 63,346	¥ 63,346	**$ 844,272**
Capital Surplus:					
Balance at beginning of the year	**¥ 99,212**	¥ 72,939	¥ 72,939	¥ 72,939	**$ 934,643**
Add:					
Capital increase	**–**	26,272	–	–	**–**
Balance at end of the year	**¥ 99,212**	¥ 99,212	¥ 72,939	¥ 72,939	**$ 934,643**
Legal Reserve:					
Balance at beginning of the year	**¥ –**	¥ 9,207	¥ 8,680	¥ 7,897	**$ –**
Add:					
Transfer from retained earnings	**–**	–	526	782	**–**
Deduct:					
Transfer to retained earnings	**–**	(9,207)	–	–	**–**
Balance at end of the year	**¥ –**	–	¥ 9,207	¥ 8,680	**$ –**
Variance of Land Revaluation					
Balance at beginning of the year	**¥ –**	¥ –	¥ –	¥ –	**$ –**
Add:					
Land revaluation	**102,292**	–	–	–	**963,663**
Balance at end of the year	**¥ 102,292**	¥ –	¥ –	¥ –	**$ 963,663**
Accumulated Deficit:					
Balance at beginning of the year	**¥ (11,058)**	¥(23,277)	¥(28,498)	¥(30,660)	**$ (104,176)**
Add:					
Net income	**–**	6,235	6,039	9,582	**–**
Transfer from legal reserve	**–**	9,207	–	–	**–**
Other	**2,555**	1,304	5,460	2,437	**24,078**
Deduct:					
Net loss	**(104,186)**	–	–	–	**(981,503)**
Cash dividends paid	**–**	(2,576)	(5,153)	(7,730)	**–**
Transfer to legal reserve	**–**	–	(526)	(782)	**–**
Other	**(9,096)**	(1,951)	(600)	(1,344)	**(85,696)**
Balance at end of the year	**¥(121,785)**	¥(11,058)	¥(23,277)	¥(28,498)	**$(1,147,298)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Cash Flows from Operating Activities:				
Net income (loss)	¥(104,186)	¥ 6,235	¥ 6,039	$ (981,503)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	93,444	95,841	93,260	880,302
Equity in earnings of affiliated companies, less dividends	900	608	(5,686)	8,487
Gain on sales or disposal of property, plant and equipment, net	(27,097)	(38,651)	(19,403)	(255,271)
Provision for doubtful accounts, net	(2,754)	1,598	(1,581)	(25,952)
Loss (Gain) on revaluation of investments, net	4,053	4,856	(371)	38,189
Gain on sales of investments	(5,497)	(10,478)	(20,056)	(51,794)
Other	39,142	(2,618)	(8,272)	368,746
Changes in operating assets and liabilities net of effects from the addition of consolidated companies:				
Decrease (Increase) in receivables	28,429	36,656	45,436	267,821
Decrease (Increase) in inventories	12,322	21,477	(37,665)	116,089
Decrease (Increase) in other current assets	(8,739)	(10,627)	3,426	(82,331)
Increase (Decrease) in notes and accounts payable	53,496	(87,734)	(28,932)	503,973
Increase (Decrease) in accrued expenses and taxes	(2,299)	(6,287)	2,399	(21,662)
Increase (Decrease) in deposits received	(1,419)	(6,351)	5,306	(13,370)
Increase (Decrease) in other liabilities	(14,851)	(8,751)	19,539	(139,911)
Net Cash Provided by Operating Activities	64,942	(4,227)	53,439	611,812
Cash Flows from Investing Activities:				
Proceeds from sales of investments	16,817	31,705	40,014	158,429
Payments for purchase of securities	(21,656)	(33,083)	(43,265)	(204,013)
Payments for property, plant and equipment	(110,610)	(109,282)	(126,515)	(1,042,017)
Proceeds from sales of property, plant and equipment	58,810	65,500	44,121	554,029
Other	7,867	(9,855)	(5,782)	74,114
Net Cash Used in Investing Activities	(48,771)	(55,015)	(91,426)	(459,458)
Cash Flows from Financing Activities				
Proceeds from long-term debt	226,352	151,439	126,099	2,132,382
Payments of long-term debt	(229,058)	(110,906)	(113,753)	(2,157,876)
Proceeds from issuance of common stock	–	52,545	–	–
Increase in short-term debt	7,305	(84,498)	54,612	68,820
Dividends paid	–	(2,585)	(5,153)	–
Net Cash Provided by Financing Activities	4,600	5,994	61,805	43,326
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,948)	(2,327)	558	(37,199)
Increase in Cash and Cash Equivalents from the Addition of Consolidated Companies	8,934	3,658	8,673	84,169
Net Increase (Decrease) in Cash and Cash Equivalents	25,757	(51,918)	33,051	242,649
Cash and Cash Equivalents at Beginning of the Year	131,827	183,745	55,107	1,241,896
Cash and Cash Equivalents at End of the Year	¥ 157,584	¥131,827	¥88,158	$1,484,546
Supplemental Cash Flow Information				
Cash payments during the year for				
Interest	¥ 22,414	¥ 19,411	¥19,739	$211,160
Income taxes	1,607	10,983	15,985	15,140

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting the Financial Statements

The accompanying consolidated financial statements of Isuzu Motors Limited ("the Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan, in accordance with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than 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 ¥106.15=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000. 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 1999 and 1998 financial statements to conform to the presentation for 2000.

2. Summary of Significant Accounting Policies

a) Consolidation

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

Investments in main unconsolidated subsidiary and significant affiliated companies (20% 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 financial statements of consolidated foreign subsidiaries are translated into yen in accordance with the Financial Accounting Standard on Foreign Currency Transaction in Japan.

c) Securities

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

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 and some of its consolidated subsidiaries have changed and shorten the estimated useful lives of all the buildings due to the revision of the Tax regulation in Japan since the fiscal year 1999.

The effect of this change for the fiscal year 1999 increased the depreciation by ¥389 million and then decreased operating income and net income for the fiscal year 1999 by ¥389 million.

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). With respect to software used by the Company and its consolidated subsidiaries which has been booked as “Other Assets”, the accounting treatment remains unchanged; ”Practical guidance for Accounting for Research and Development Costs, etc”. (The Accounting committee Report No12 of the Japanese Institute of Certified Public Accountants, March 31,1999).

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.

Liabilities for employees' retirement benefits under the lump-sum benefit plan are provided to 40% of the liabilities periodically accrued on a voluntary retirement basis at the balance sheet date until the year ended March31, 1999.

From the fiscal year 2000, the Company and its consolidated subsidiaries have changed its accounting method and liabilities for employees' retirement benefits are provided to the discounted present value of the benefit obligations, less the fair value of the plan assets, calculated by the projected benefit cost method.

The effect of this change was to increase loss before income taxes by ¥93,526 million for the fiscal year 2000.

i) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred income taxes are recognized only for timing differences resulting from the elimination of unrealized inter-company profits and adjustments of allowance for doubtful receivables until the fiscal year 1999.

From the fiscal year ended 2000,according to the amendment of regulations relating to the presentation of financial statements, tax effect accounting is adopted to prepare financial statements from the term under review. With this change, the additional deferred tax assets of ¥59,370 million (current assets ¥14,882 million, investments and other assets ¥44,487 million) and the additional deferred tax liabilities of ¥6,661 million (current liabilities ¥69 million yen, long-term liabilities ¥6,592 million) are reported, with the net loss ¥52,781 million smaller and accumulated deficit ¥49,507 million smaller, compared with the amount calculated without accounting the tax effect.

j) Net Income per Share

Net income per share is based on the weighted average number of shares outstanding during each year.

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

The Company considers any highly liquid debt instruments to be cash equivalents.

Cash deposits in banks and other short-term securities with original maturities of three month or less at the time of purchase are included in cash and cash equivalents described in the cash flows statements since the fiscal year 1999 due to the revision of the Securities and Exchange Law of Japan as required by the Minister of Finance.

The Company and its consolidated subsidiaries have adopted the new Financial Accounting Standards for cash flows in Japan effective from April 1, 1999.

Reconciliations of cash and time deposits and marketable securities between the consolidated balance sheet and the statement of cash flows as of March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits on the consolidated balance sheet	¥ 99,876	$ 940,899
Marketable securities on the consolidated balance sheet	121,458	1,144,220
Cash deposits in banks and other short-term securities with original maturities over three month at the time of purchase	(63,750)	(600,572)
Cash and cash equivalents on the statement of cash flows	¥157,584	$1,484,546

m) Changes in Accounting Standards

1) The Company sold its certain raw materials to the outside processors (vendors) for the purpose of repurchasing the processed materials and the relative sales are recorded as "Net sales" until the fiscal year 1999. However, The Company changed its accounting method of raw material sales to the outside processors (vendors) and the relative amount resulting from such transactions are recognized as "Other current assets" since the fiscal year 2000.

   The effect of this change was to decrease net sales by ¥31,703 million and to decrease cost of sales approximately by the same amount for the fiscal year 2000. Accordingly, the effect of this change for operating loss, loss before income taxes is immaterial.

2) The Company changed its accounting method of calculated reserve for product warranty. The calculated reserve for product warranty was provided to 0.5% of Net sales of the related products, the maximum amount permitted by Japanese income tax law, until the fiscal year 1999. From the fiscal year 2000, the calculated reserve for product warranty is provided based on the product-by-product warranty costs incurred for the prior years in consideration of the general warranty clause as the Company can calculate the actual product-by-product warranty costs during this period.

   The effect of this change was to increase operating loss, loss before special items, loss before income taxes by ¥3,378 million for the fiscal year 2000.

n) Additional Information

In accordance with the provisional rule of the Accounting Committee Report No.12, "Practical Guidance for Research and Development Costs, etc.", the Company's classification of Some Research and Development Costs, amount of ¥6,520 million, for the account has been changed "Cost of Sales" to "Selling, General and Administrative Expenses" in the fiscal year 2000.

The effect of this change was to increase operating loss, loss before special items, loss before income taxes by ¥438 million for the fiscal year 2000.

3. Marketable Securities and Investments in Securities

The cost and market value of marketable securities, including investments in securities, at March 31, 2000 was summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Short-term investments		
Cost	¥58,638	$552,415
Market value	53,545	504,432
Investments		
Cost	14,258	134,326
Market value	12,002	113,069

4. Long-Term Debt

Long-term debt at March 31, 2000 was as follows:

	Millions of yen	Thousands of U.S. dollars
1.90% convertible bonds due 2001	¥ 21,739	$ 204,795
2.85% mortgage bonds due 2004	2,000	18,841
2.35% mortgage bonds due 2002	2,000	18,841
2.50% mortgage bonds due 2003	500	4,710
2.50% mortgage bonds due 2003	500	4,710
2.50% mortgage bonds due 2003	500	4,710
3.00% mortgage bonds due 2003	500	4,710
2.20% straight bonds due 2000	10,000	94,206
2.50% straight bonds due 2001	10,000	94,206
2.75% straight bonds due 2002	10,000	94,206
2.375% straight bonds due 2003	10,000	94,206
2.65% straight bonds due 2004	10,000	94,206
2.10% straight bonds due 2001	10,000	94,206
3.00% straight bonds due 2003	10,000	94,206
3.45% straight bonds due 2005	10,000	94,206
2.70% straight bonds due 2001	10,000	94,206
2.30% straight bonds due 2002	5,000	47,103
2.43% straight bonds due 2002	10,000	94,206
2.10% straight bonds due 2002	5,000	47,103
2.50% straight bonds due 2003	5,000	47,103
3.00% straight bonds due 2004	5,000	47,103
Loans	442,874	4,172,154
Less: current portion	146,070	1,376,073
	¥444,543	$4,187,875

The annual maturities of long-term debt at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
2001	¥140,564	$1,324,205
2002	151,339	1,425,712
2003	66,691	628,271
Thereafter	85,948	809,686

The assets pledged as collateral for certain loans and other liabilities at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits	¥ 2,773	$ 26,123
Notes and accounts receivable	99,522	937,560
Inventories	7,196	67,795
Building and structures	95,254	897,352
Machinery and equipment	77,403	729,185
Land	282,860	2,664,719
Securities	22,937	216,081

5. Income Taxes

Accrued income taxes in the balance sheets include corporation taxes, inhabitant taxes and enterprise taxes.

Income taxes in the statements of income 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, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Retirement benefits	¥30,974	$291,798
Loss from revaluation of securities and Allowance for doubtful accounts	3,282	30,919
Accrued expenses	4,393	41,389
Bonus payment reserve	1,562	14,721
Inventory write down	2,253	21,231
Loss carried forward	46,773	440,639
Unrealized gain	20,420	192,373
Other	7,001	65,962
Valuation allowance	(27,941)	(263,228)
Deferred tax liabilities		
Reserve for deferred income tax of fixed assets	(14,912)	(140,481)
Other	(79)	(749)
Total deferred tax assets	¥73,729	$694,576
Deferred tax liabilities:		
Reserve for deferred income tax of fixed assets	304	2,868
Depreciation adjustment of foreign subsidiaries	6,179	58,212
Other	178	1,676
Total deferred tax liabilities	¥ 6,661	$ 62,757

6. Common Stock and Capital Surplus

During the fiscal year ended March 31, 2000, the Company issued no share of common stock in connection with conversion of convertible bonds.

7. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on 31 March, 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 31 March, 2000.

	Millions of yen	Thousands of U.S. dollars
Book value of land before revaluation	¥ 75,389	$ 710,219
Book value of land after revaluation	245,451	2,312,309

Date of revaluation 31 March 2000

In accordance with the Law concerning Revaluation of Land enacted on March31, 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, and unrealized gain was reported ¥255 million for the fiscal year ended March31, 2000.

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 31 March, 1999, the Law concerning Revaluation of Land was amended.

8. Legal Reserve

Under the Commercial Code of Japan, the Company is required to appropriate to legal reserve an amount equals to at least 10% of all appropriation of retained earnings that are paid in cash, until the reserve equals 25% of common stock.

This reserve is not available for dividends but may be used to reduce a deficit by resolution of the shareholders or may be transferred to capital stock by a resolution of the Board of Directors.

9. Contingent Liabilities

Contingent liabilities at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Guarantees of bank loans	¥68,010	$640,697
Export bills discounted	13,296	125,256
Notes discounted	3,673	34,601
Notes endorsed	57	536

10. 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 31,2000 and 1999 concerning the finance lease assets:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Acquisition Costs	**¥59,514**	¥41,527	**$560,664**
Accmulated Depreciation	**26,082**	14,636	**245,715**
Net Balance	**33,431**	26,891	**314,919**

ii) Future payment obligations of finance lease expenses as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Portion due within one year	**¥ 9,682**	¥ 6,036	**$ 91,215**
Thereafter	**25,056**	22,006	**236,049**
Lease expense paid	**11,046**	6,565	**104,066**

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.

b) As a lessor

i) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31,2000 concerning the finance lease assets:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Acquisition Costs	**¥240,735**	¥225,125	**$2,264,493**
Accmulated Depreciation	**108,373**	100,289	**1,020,942**
Net Balance	**132,002**	124,836	**1,243,550**

ii) Future receivable income of finance lease commitment as of March 31, 2000 and 1999 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Portion due within one year	**¥45,328**	¥45,155	**$427,023**
Thereafter	**89,742**	84,764	**845,434**
Lease income received	**53,766**	51,417	**506,513**

Amounts equivalent to interest income are calculated by the interest method based on an excess of the aggregate sum of lease income and estimated residual value over amounts acquisition costs.

(2) Operating leases were as follows.

a) As a lessee

Future payment obligations of operating lease expenses as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Portion due within one year	**¥613**	¥526	**$5,445**
Thereafter	**983**	377	**9,268**

b) As a lessor

Future receivable income of operating lease commitment as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Portion due within one year	**¥2,187**	¥2,607	**$20,603**
Thereafter	**1,313**	1,325	**12,379**

11. Segment Information

(1) The business segment information and its consolidated subsidiaries for the years ended March 31, 2000 and 1999 was as follows:

Business Segment Information

Year ended March 31, 2000	Automotive	Finance	Miscellaneous	Total	Eliminations	Consolidated
	(Millions of yen)					
Sales to third parties	**¥1,404,993**	**¥ 90,687**	**¥10,961**	**¥1,506,642**	**¥ –**	**¥1,506,642**
Intrearea sales and transfers	**35,167**	**4,699**	**9,729**	**49,596**	**(49,596)**	**–**
Total sales	**1,440,161**	**95,386**	**20,690**	**1,556,238**	**(49,596)**	**1,506,642**
Operating expenses	**1,492,808**	**93,839**	**20,221**	**1,606,869**	**(49,430)**	**1,557,439**
Operating income	**(52,646)**	**1,546**	**469**	**(50,630)**	**(166)**	**(50,797)**
Total assets	**1,509,504**	**361,563**	**24,635**	**1,895,703**	**(52,649)**	**1,843,053**
Depreciation expenses	**39,253**	**54,075**	**114**	**93,444**	**–**	**93,444**
Capital expenditure	**45,338**	**68,269**	**286**	**113,894**	**(79)**	**113,814**

	(Thousands of U.S. dollars)					
Sales to third parties	**$13,235,922**	**$ 854,335**	**$103,261**	**$14,193,519**	**$ –**	**$14,193,519**
Intrearea sales and transfers	**331,304**	**44,269**	**91,659**	**467,232**	**(467,232)**	**–**
Total sales	**13,567,227**	**898,604**	**194,920**	**14,660,752**	**(467,232)**	**14,193,519**
Operating expenses	**14,063,193**	**884,031**	**190,499**	**15,137,725**	**(465,663)**	**14,672,062**
Operating income	**(495,966)**	**14,572**	**4,421**	**(476,973)**	**(1,569)**	**(478,542)**
Total assets	**14,220,487**	**3,406,153**	**232,082**	**17,858,722**	**(495,990)**	**17,362,731**
Depreciation expenses	**369,797**	**509,426**	**1,078**	**880,302**	**–**	**880,302**
Capital expenditure	**427,112**	**643,145**	**2,703**	**1,072,962**	**(752)**	**1,072,209**

Year ended March 31, 1999	Automotive	Finance	Miscellaneous	Total	Eliminations	Consolidated
	(Millions of yen)					
Sales to third parties	¥1,518,978	¥ 85,844	¥14,278	¥1,619,101	¥ –	¥1,619,101
Intrearea sales and transfers	34,205	6,786	8,216	49,208	(49,208)	–
Total sales	1,553,184	92,630	22,494	1,668,309	(49,208)	1,619,101
Operating expenses	1,547,805	91,469	20,896	1,660,170	(50,249)	1,609,920
Operating income	5,379	1,161	1,598	8,139	1,041	9,180
Total assets	1,270,606	352,675	63,815	1,687,096	(59,794)	1,627,302
Depreciation expenses	42,912	52,348	580	95,841	–	95,841
Capital expenditure	47,737	61,128	786	109,652	–	109,652

(2) The geographical segment information and its consolidated subsidiaries for the years ended March 31,2000 and 1999 was as follows:

Geographical Segment Information

Year ended March 31, 2000	Japan	North American	Other	Total	Eliminations	Consolidated
	(Millions of yen)					
Sales to third parties	¥ 904,007	¥523,269	¥79,364	¥1,506,642	¥ –	¥1,506,642
Intrearea sales and transfers	235,752	15,342	7,133	258,229	(258,229)	–
Total sales	1,139,760	538,611	86,498	1,764,871	(258,229)	1,506,642
Operating expenses	1,186,037	537,934	90,289	1,814,261	(256,822)	1,557,439
Operating income	(46,277)	677	(3,790)	(49,390)	(1,406)	(50,797)
Total assets	1,608,703	214,223	76,467	1,899,394	(56,341)	1,843,053
	(Thousands of U.S. dollars)					
Sales to third parties	$ 8,516,325	$4,929,526	$747,667	$14,193,519	$ –	$14,193,519
Intrearea sales and transfers	2,220,937	144,538	67,205	2,432,682	(2,432,682)	–
Total sales	10,737,263	5,074,064	814,873	16,626,201	(2,432,682)	14,193,519
Operating expenses	11,173,226	5,067,681	850,584	17,091,492	(2,419,430)	14,672,062
Operating income	(435,962)	6,382	(35,711)	(465,291)	(13,251)	(478,542)
Total assets	15,155,003	2,018,121	720,373	17,893,499	(530,767)	17,362,731

Year ended March 31, 1999	Japan	North American	Other	Total	Eliminations	Consolidated
	(Millions of yen)					
Sales to third parties	¥ 922,359	¥642,942	¥53,798	¥1,619,101	¥ –	¥1,619,101
Intrearea sales and transfers	253,284	–	–	253,284	(253,284)	–
Total sales	1,175,644	642,942	53,798	1,872,386	(253,284)	1,619,101
Operating expenses	1,173,732	635,236	52,640	1,861,609	(251,688)	1,609,920
Operating income	1,912	7,706	1,158	10,776	(1,596)	9,180
Total assets	1,482,048	170,629	36,012	1,688,691	(61,388)	1,627,302

(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:

Overseas Sales:

Year ended March 31, 2000	North American	Asian	Other	Total
	(Millions of yen)			
Overseas sales	¥553,235	¥118,422	¥263,513	¥ 935,172
Consolidated net sales	–	–	–	1,506,642
Overseas sales per Consolidated net sales	36.7%	7.9%	17.5%	62.1%
	(Thousands of U.S. dollars)			
Overseas sales	$5,211,828	$1,115,616	$2,482,466	$ 8,809,911
Consolidated net sales	–	–	–	14,193,519
Overseas sales per Consolidated net sales	36.7%	7.9%	17.5%	62.1%

Year ended March 31, 1999	North American	Asian	Other	Total
	(Millions of yen)			
Overseas sales	¥631,295	¥80,297	¥309,781	¥1,021,374
Consolidated net sales	–	–	–	1,619,101
Overseas sales per Consolidated net sales	39.0%	5.0%	19.1%	63.1%

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Century Ota Showa & Co.

To the Board of Directors
Isuzu Motors Limited

We have examined the consolidated balance sheets of Isuzu Motors Limited and its consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Isuzu Motors Limited and its consolidated subsidiaries as of March 31, 2000 and 1999, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan applied on a consistent basis, except for the change in 2000, with which we concur, in the method of accounting for raw material sales, reserve for product warranty and employees' retirement benefits as described in Note 2 to the consolidated financial statements.

As described in Note 2 to the consolidated financial statements, Isuzu Motors Limited and consolidated subsidiaries have adopted new accounting standards for consolidation, research and development costs and tax-effect accounting in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The United States dollar amounts shown in the accompanying consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into dollars on the basis described in Note 1.

Century Ota Showa & Co

Tokyo, Japan
June 29, 2000

See note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Isuzu Motors Limited, under Japanese accounting principles and practices.

NON-CONSOLIDATED FIVE-YEAR SUMMARY

For the years ended March 31, 2000, 1999, 1998, 1997 and 1996

	Millions of Yen					Thousands of U.S. Dollars
	2000	1999	1998	1997	1996	**2000**
For the Year:						
Net Sales	**¥ 836,123**	¥934,865	¥1,128,068	¥1,194,835	¥1,222,229	**$ 7,876,806**
Cost of Sales	**764,570**	820,108	973,527	1,038,288	1,085,745	**7,202,731**
Gross Profit	**71,553**	114,756	154,540	156,546	136,484	**674,074**
Selling, General and Administrative Expenses	**118,139**	109,680	134,657	123,413	95,711	**1,112,943**
Operating Income (Loss)	**(46,586)**	5,076	19,883	33,132	40,773	**(438,869)**
Income (Loss) before Special Items	**(55,412)**	1,874	15,428	26,271	38,881	**(522,016)**
Income (Loss) before Income Taxes	**(172,957)**	(4,536)	20,692	23,588	59,756	**(1,629,364)**
Net Income (Loss)	**(103,861)**	(4,566)	10,092	10,388	44,906	**(978,436)**
At Year-End:						
Total Assets	**¥1,117,373**	¥907,474	¥ 964,655	¥ 912,258	¥ 930,659	**$10,526,359**
Shareholders' Equity	**273,012**	271,320	226,023	221,198	218,633	**2,571,945**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.15=US$1,the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000.

CORPORATE DIRECTORY

OVERSEAS OFFICES

Belgium
Sphere Business Park, Doornveld 1
B-Bus 3/4 1731 Zellik, Belgium
Tel: 32-2-463-0990

China
Beijing Fortune Building, Room 1505
5 Dong San Huan Bei-Lu, Chao Yang District
Beijing 100004, People's Republic of China
Tel: 86-10-6590-8959

Malaysia
c/o Automotive Corporation (Malaysia) Sdn. Bhd.
Lot 3, Jalan Perusahaan Dua
Batu Caves Industrial Area
Off Jalan Batu Caves, 68100
Selangor Darul Ehsan, West Malaysia
Tel: 60-3-689-8580

Pakistan
c/o National Motors Ltd.
Hub Chowki Road S.I.T.E.
Karachi-75730, Pakistan
Tel: 92-21-256-6093

United Arab Emirates
P.O. Box 61150, Jebel Ali
Dubai, U.A.E.
Tel: 971-4-8815030

South Africa
c/o Delta Motor Corporation (Pty.) Ltd.
Kempston Road, P.O. Box 1137
6000 Port Elizabeth, Republic of South Africa
Tel: 27-41-403-2163

Panama
Edificio World Trade Center, Piso 17
Oficina 1701, Calle 53 Este, Urb. Marbella
P.O. Box 0832-1513, World Trade Center,
Panama City, Panama
Tel: 507-265-7558/7559

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

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

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

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

American Isuzu Motors Inc.
Address: 13340 183rd Street
Cerritos, California 90702-6007, U.S.A.
Tel: 1-562-229-5000

Subaru-Isuzu Automotive Inc.
Address: 5500 State Road, 38 East
Lafayette, Indiana 47903, U.S.A.
Tel: 1-765-449-1111

DMAX, Ltd.
Address: 3100 Dryden Road
Moraine, Ohio 45439, U.S.A.
Tel: 1-937-455-2215

Isuzu Motors Europe Ltd.
Address: 24, The Courtyards
Croxley Business Park, Hatters Lane, Watford
Hertfordshire WD1 8YZ, U.K.
Tel: 44-1923-231-580~2

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

Isuzu Truck Deutschland GmbH
Address: Werftstrasse 25
40549 Dusseldorf, Germany
Tel: 49-211-56351-0

Isuzu Truck (UK) Ltd.
Address: Thundridge Business Park, Thundridge, near Ware
Hertfordshire SG12 0SS, U.K.
Tel: 44-1926-463962

Isuzu Motors Polska Sp. zo. o.
Address: Ul. Towarowa 50
43-100 Tychy, The Republic of Poland
Tel: 48-32-218-9600

Isuzu Motors Asia Ltd.
Address: 9 Temasek Boulevard
#22-03, Suntec City Tower II
Singapore 038985
Tel: 65-339-9301

Isuzu (China) Holding Co., Ltd.
Address: Beijing Fortune Building, Room 1510
5 Dong San Huang Bei-Lu, Chao Yang District
Beijing 100004, People's Republic of China
Tel: 86-10-6590-8951

Isuzu (Shanghai) Tradetech Co., Ltd.
Address: Waigaoqiao Building, Room 1407
Jilong Road, Waigaoqiao Free Trade Zone
Shanghai 200131, People's Republic of China
Tel: 86-10-5869-6111

Qingling Motors Co., Ltd.
Address: 1 Xiexing Cun Road
Zhongliangshan, Jiulongpo District
Chongqing, People's Republic of China
Tel: 86-23-6256-4125

Jiangling-Isuzu Motors Co., Ltd.
Address: 509 Ying Bin North Road, Nanchang
Jiangxi, People's Republic of China
Tel: 86-791-523-2888

Guangzhou Isuzu Bus Co., Ltd.
Address: Shang Yuan Gang Yan Ling, Guangzhou,
People's Republic of China
Tel: 86-20-8770-6795

Beijing Beiling Special Automobile Co., Ltd.
Address: 10 Siqiqing Nan Wu Cunja, Haidian District
Beijing, People's Republic of China
Tel: 86-10-8843-7224

International Auto Co., Ltd.
Address: 363, Sung Chiang Road
Taipei, Taiwan, R.O.C.
Tel: 886-2-2503-7221

Taiwan Isuzu Motors Co., Ltd.
Address: 2-2 Lane 310, Sec. 2, Sha-Tien Road
Ta Tu, Taichung Hsien, Taiwan, R.O.C.
Tel: 886-4-699-7600

Isuzu Philippines Corporation
Address: 114 Technology Avenue
Laguna Technopark Phase II
Biñan Laguna 4024, Philippines
Tel: 63-2-842-0241

Isuzu Autoparts Manufacturing Corporation
Address: 114 North Main Avenue Phase III
Special Economic Zone, Laguna Techonopark
Biñan, Laguna 4024, Philippines
Tel: 63-49-541-1458

Tri Petch Isuzu Sales Co., Ltd.
Address: 1088 Vibhavadi Rangsit Road
Ladyao, Chatuchak, Bangkok 10900, Thailand
Tel: 66-2-966-2111~20

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

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

Isuzu Technical Center (Thailand) Co., Ltd.
Address: Isuzu Building, 38 Kor., Moo 9, Poochaosamingprai
Road, Samrong-Tai, Phrapradaeng
Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Thai International Die Making Co., Ltd.
Address: 331-332 Bangpoo Industrial Estate
Sukumvit Road, Amphur Muang
Samuthprakan, 10280, Thailand
Tel: 66-2-324-0511

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

Malaysian Truck and Bus Sdn. Bhd.
Address: Kawasan Perindustrian
Peramu Jaya, P.O. Box 3, 26607 Pekan
Pahang, Darul Makmur, Malaysia
Tel: 60-9-426-0340

P.T. Pantja Motor
Address: JL. Gaya Motor III No. 5, Sunter II
Jakarta 10033, Indonesia
Tel: 62-21-6501000

P.T. Mesin Isuzu Indonesia
Address: JL. Kaliabang No. 1, Pondok Ungu
Kelurahan Medan Satria, Kec. Bekasi Barat
Bekasi, West Java, Indonesia
Tel: 62-21-8871901

Isuzu Vietnam Co., Ltd.
Address: 100 Quang Trung Street
Ward 11, Go Vap District
Ho Chi Minh City, S.R. Vietnam
Tel: 84-8-8959200

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

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

General Motors Egypt S.A.E.
Address: Abu-El Feda Building
3 Abu El Feda Street, Zamalek, Cairo, Egypt
Tel: 20-2-340-4004

Industries Mecaniques Maghrebines
Address: Z.I. Tunis-Carthage B.P. 189
Tunis Cedex, 1080 Tunis, Tunisia
Tel: 216-1-717226

CORPORATE DATA

Isuzu Motors Limited

Date of Establishment
April 9, 1937

Head Office
26-l, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
Tel: 03-5471-1141
Facsimile: 03-5471-1043

Common Stock (Par value ¥50)
Shares authorized: 3,000,000,000
Shares issued: 1,263,246,218

Transfer Agent
The Toyo Trust and Banking Co., Ltd.
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

Number of Shareholders
51,306

Major Shareholders	(% of total)
General Motors Corporation	(49.00)
The Dai-Ichi Kangyo Bank, Ltd.	(2.31)
Asahi Life Mutual Insurance Company	(1.93)
Dai-Ichi Mutual Life Insurance Company	(1.74)
Itochu Corporation	(1.70)
The Industrial Bank of Japan, Ltd.	(1.68)
The Chuo Trust and Banking Co., Ltd. (Trust Account)	(1.65)
Dai-Ichi Mutual Life Insurance Company Special Account	(1.39)
The Sanwa Bank, Ltd.	(1.15)
Nippon Life Insurance Company	(1.15)

Plants and Other Facilities

Kawasaki Plant	Heavy-duty trucks and buses, engines and parts
Tochigi Plant	Engines and parts
Fujisawa Plant	Medium and light-duty trucks, engines, components and parts
Hokkaido Plant	Engines
Hokkaido Proving Ground	Testing

(As of March 31, 2000)

DIRECTORS AND CORPORATE AUDITORS

Chairman & Representative Director
Kazuhira Seki

President & Representative Director
Takeshi Inoh

Managing Directors
Robin A. Toussaint
Yoshinori Ida
Shigeo Saigusa
Kozo Sakaino
Yu Shiga
Kigen Ito

Executive Directors
Katsutoshi Ichimasa
Tadaomi Takayama
Hiromasa Tsutsui
Goro Miyazaki
Hidetsugu Usui
Masami Awata
Martin P. Laurent
Tsutomu Matsubayashi
Yoshio Kagawa
Hisaomi Sasaki
Naotoshi Tsutsumi

Directors
Takashi Yamaguchi
Yoshito Mochizuki
Jun Utsumi
Kazuhiro Sonoda
Yoshihiro Tadaki
Satoshi Takizawa
Norihiko Oda
Jay W. Chai
Thomas J. Davis
Arvin F. Mueller
Rudolph A. Schlais, Jr.

Standing Corporate Auditors
Toshio Okajima
Masayoshi Shigeta

Corporate Auditors
Yasuharu Nagashima
Tadashi Inui

(As of June 29, 2000)

26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
Tel: 03-5471-1141 Facsimile: 03-5471-1043 http://www.isuzu.co.jp

Printed in Japan