

Isuzu Mid-term Business Plan

(April 2008 to March 2011)

August 28, 2007

Isuzu Motors Limited

Notice to The Readers

Disclaimer

Statements contained in these documents, except for historical or current facts, are based on certain assumptions and our management's judgment in light of currently available information. Therefore, these statements may be susceptible to various factors, such as uncertainty contained in the assumptions and management's judgment and economic changes in the future, which may cause to bring about different results in Isuzu's future earnings and operating results.

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I. On-going Mid-term Business Plan

(Status Review for Apr. 2005 to Mar. 2008)

- 1. Performance Target**
- 2. Domestic Japan CV Business**
- 3. International CV Business**
- 4. Footprint of Global Operations**
- 5. Summary of Current Status**

1. Performance Target

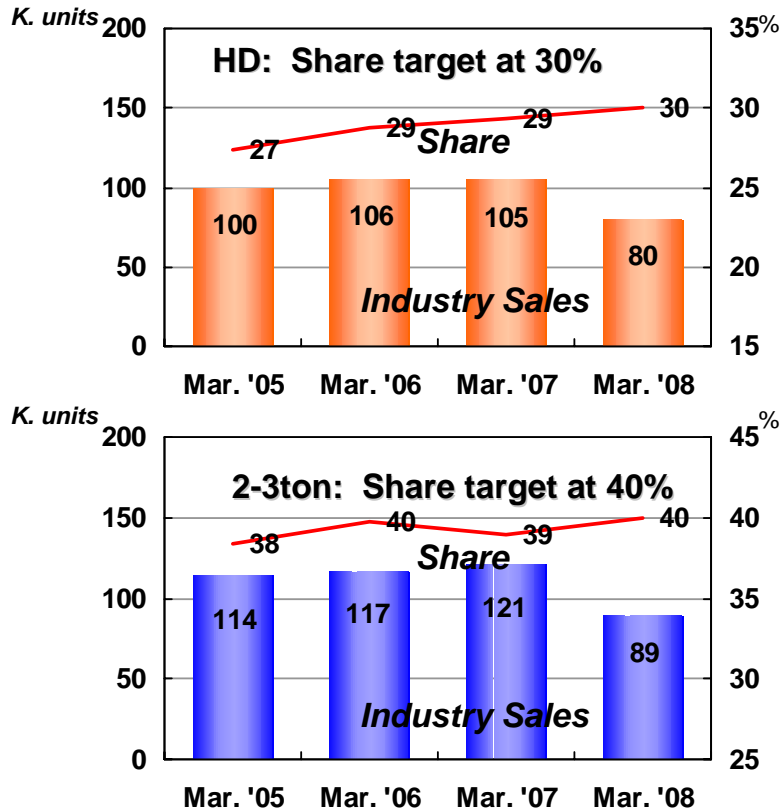
- Isuzu achieved MBP performance targets set for Mar. '07 one year in advance. Despite domestic market decline this year, consolidated operating profit is likely to exceed JPY100 bil. at the end of current fiscal term in March '08.

<i>JPY in Bil.</i>	Performance Target for Mar. '08	On-going Mid-term Business Plan		
		Year to Mar. '06	Year to Mar. '07	Year to Mar. '08 FCST
Sales Revenue	1,600.0	1,581.9	1,662.9	1,650.0
Operating Profit	100.0	90.7	107.0	100.0
OP % to Sales	Over 6.0%	5.7%	6.4%	6.1%

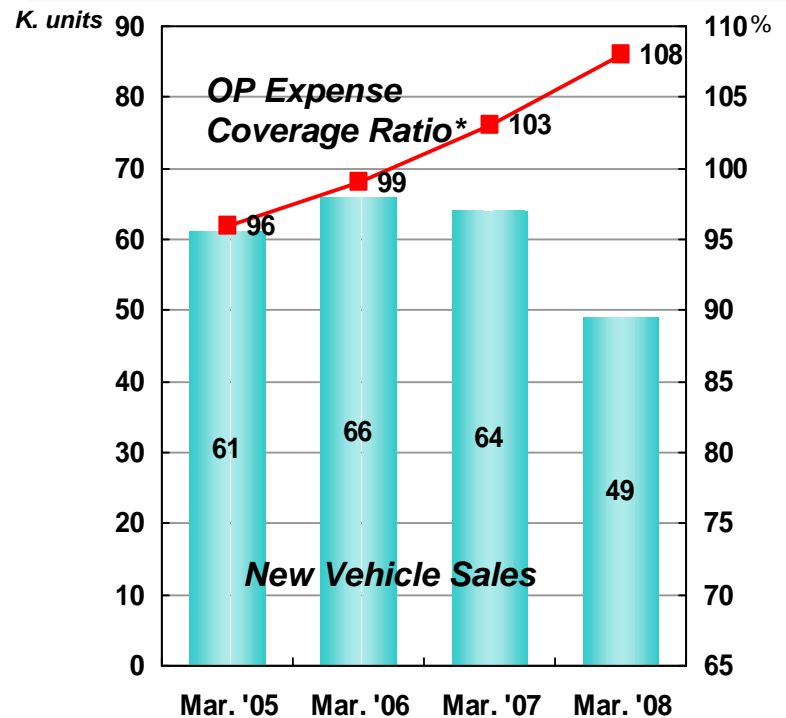
2. Domestic Japan CV Business

- Achieved MTBP market share targets, building even stronger position while establishing solid foundation for strong growth of peripheral businesses.
- Completed rebuilding corporate health of dealerships. Newly installed organization already in full-blown operation, aiming at robust business expansion and efficiency improvement.

Industry Sales and Isuzu Share



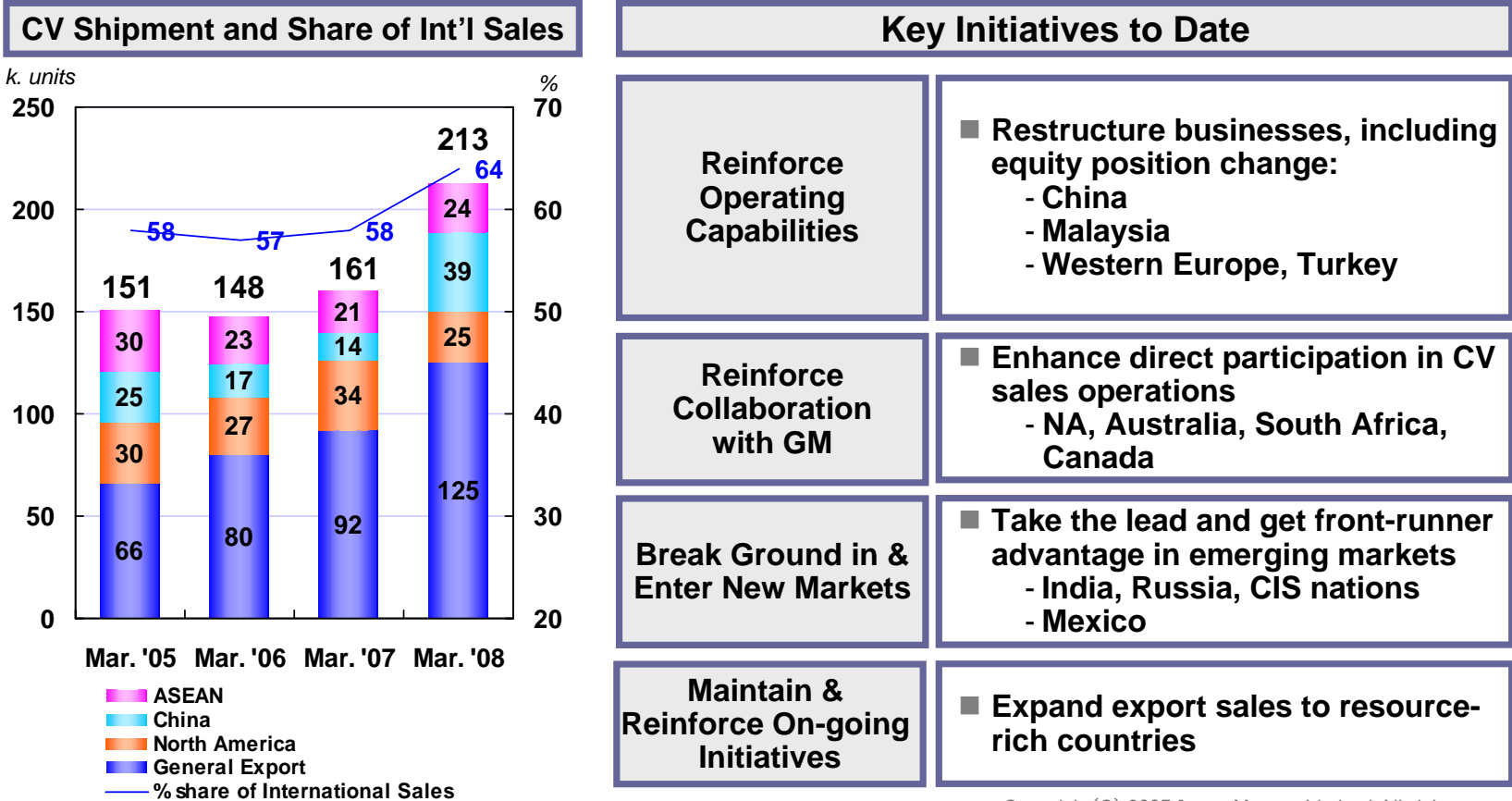
New Vehicle/OP Expense Coverage*



*Note: The percentage ration of total operating expenses to all sales revenues other than new vehicle sales (e.g. used vehicle, service, parts, etc)

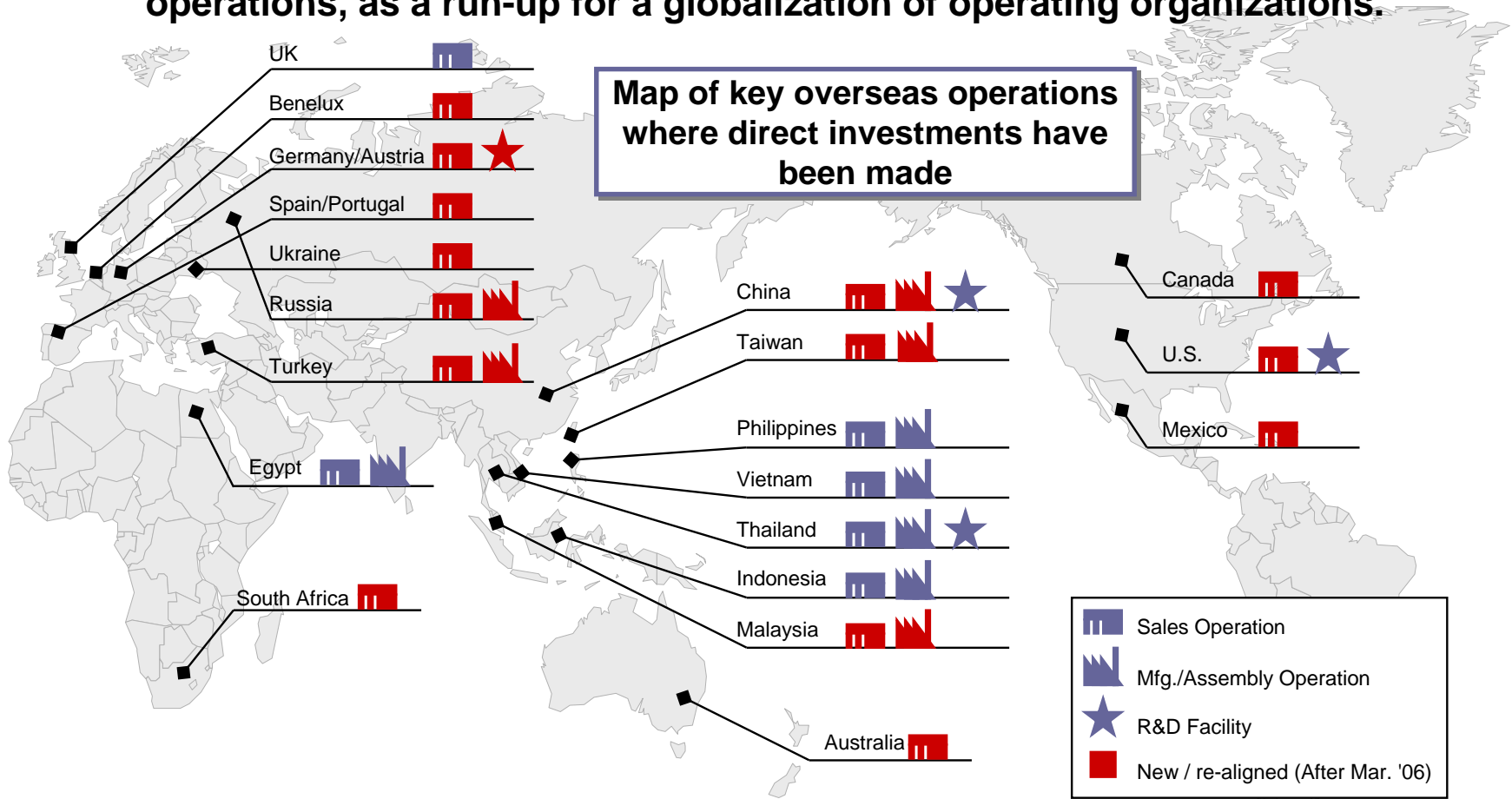
3. International CV Business

- Increased CV shipment/sales volume and improved profitability through steadfast implementation of sales expansion measures
- Laid down structural underpinnings for robust business growth in international markets by reinforcing operating capabilities and tapping into new markets



4. Footprint of Global Operations

- Isuzu has been making aggressive investments around the world for engineering and manufacturing activities, as well as in local sales operations, as a run-up for a globalization of operating organizations.



5. Summary of Current Status

<Consolidated PL >

(JPY in Bil)	Mar. '03 Actual	Mar. '05 Actual	Mar. '08 FCST
Sales	1,349.4	1,493.6	1,650.0
Japan CV	454.5	597.7	550.0
%	33.7%	40.0%	33.3%
Int'l CV	243.1	273.9	410.0
%	18.0%	18.3%	24.8%
LCV	441.6	533.4	610.0
%	32.7%	35.7%	37.0%
DE	210.2	88.6	80.0
%	15.6%	5.9%	4.8%
Operating Profit	15.5	87.2	100.0
OP % to sales	1.1%	5.8%	6.1%

Earnings

- Established earnings structure capable of sustaining sales and profit even at the time of downturn in domestic industry sales
 - 3-pillar business structure firmly established around domestic / international CV, and LCV business.
 - In DE sector, achieved business expansion with industrial DEs, improving profitability

Financial Status

- Established stable financial structure by accumulating periodic income
 - Reduced external debt
 - Achieved DER multiple under x1
 - Completely eliminated preferred stocks

< Consolidated BS >

Debt	517.9	449.1	260.0
Net worth	26.4	158.5	380.0
DER (multiple)	19.6	2.8	0.7

Cash Flow

- Achieved significant improvement in its ability to generate OP CF
 - ➔ Completed to lay out solid foundation for future investment

< Consolidated Cash Flow >

Operating CF	50.0	65.6	108.9
Investment CF	-16.5	-7.8	-66.0
Free CF	33.5	57.8	42.9

II. New Mid-term Business Plan

(Apr. 2008 to Mar. 2011)

- 1. Corporate Philosophy and Basic Concept of MBP**
- 2. Business Environment Surrounding Isuzu**
- 3. Positioning of New Mid-term Business Plan**
- 4. Market Trend Analysis and Isuzu Position**
- 5. Mid/Long-term Strategy as Vision Enabler**
 - (1) CV/LCV Product / Market Strategy**
 - (2) DE Business Strategy**
 - (3) Alliance Strategy**
- 6. Mid-term Business Focus and Performance Target**
 - (1) By Product, and by Market**
 - (2) Sales Volume Plan**
 - (3) Investment Plan**
 - (4) Performance Target**

1. Corporate Philosophy and Basic Concept of MBP

Isuzu will always mean the Best

**A leader in transportation, commercial vehicles and diesel engines,
supporting our customers and respecting the environment.**

The pursuit of customers trust



Technology

2. Business Conditions Surrounding Isuzu

Sustainable Growth
⇒ **Realization of Corporate Vision***



The pursuit of customers trust



Increasing importance

Technology

The central graphic features three magnifying glasses. The first contains a yellow 'S', the second a blue 'e', and the third a green 'e'. Below them, the text 'Increasing importance' is written in red, and 'Technology' is written in grey.

Increasing demand for diesel engines and CV

Sophistication of DE technologies to cope with environmental requirement

Growth in BRICs / Resource-rich countries

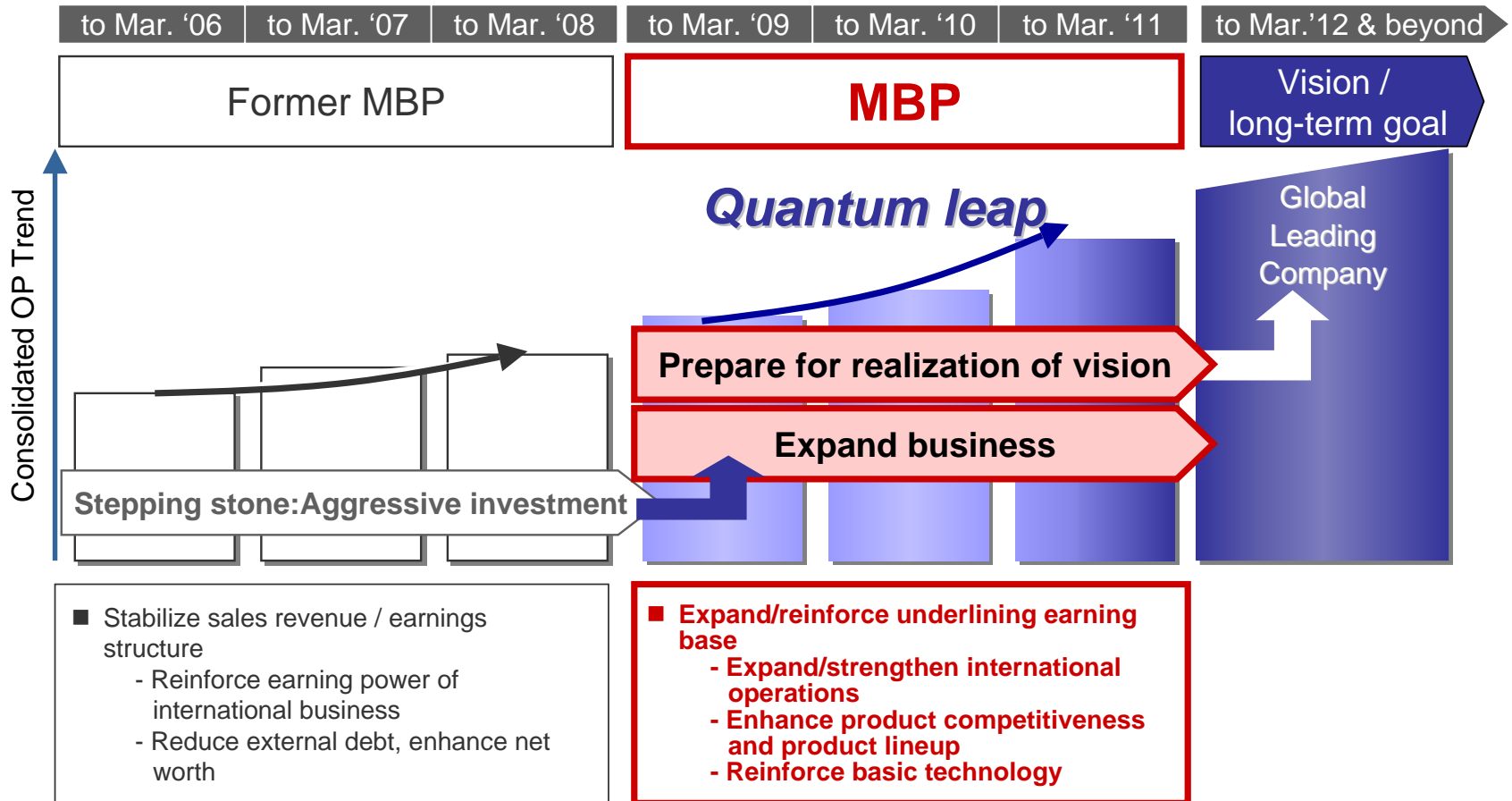
Heightening needs for low running cost

Global Environmental Issues / Energy Issues

* Global Leading CV, DE Company

3. Positioning of New Mid-term Business Plan

- Aiming at realization of corporate vision, the three-year period under the new Mid-term Business Plan is positioned as a “period for quantum leap” with a focus on “expansion and reinforcement of underlining earning base”.

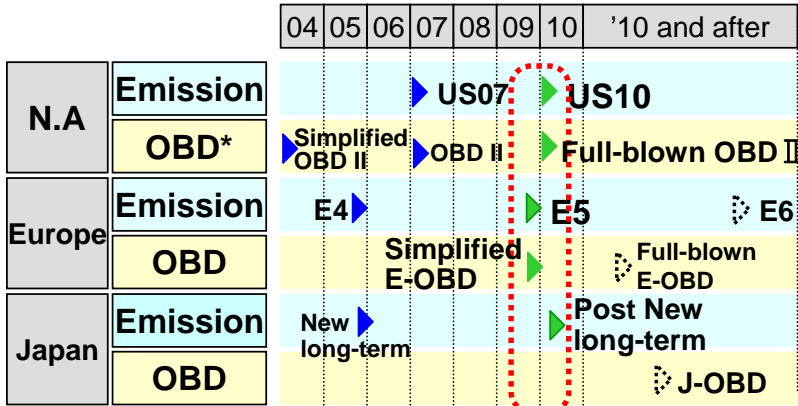


4. Market Trend Analysis and Isuzu's Position

(1) Readiness to Cope with Environmental, Global Energy Issues

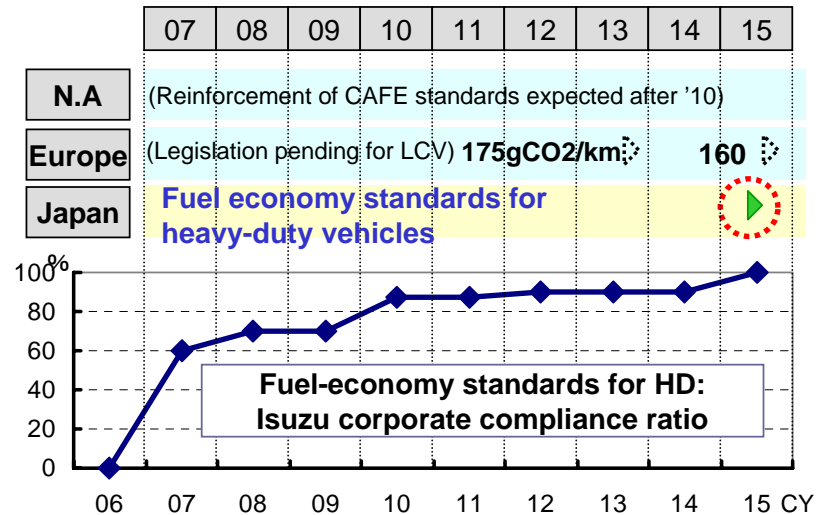
▶:Done ◀:Underway

Emissions Regulations: Global Trend



*OBD: Monitoring system for degradation of emission

Fuel-economy / Low CO2 Regulations Trend



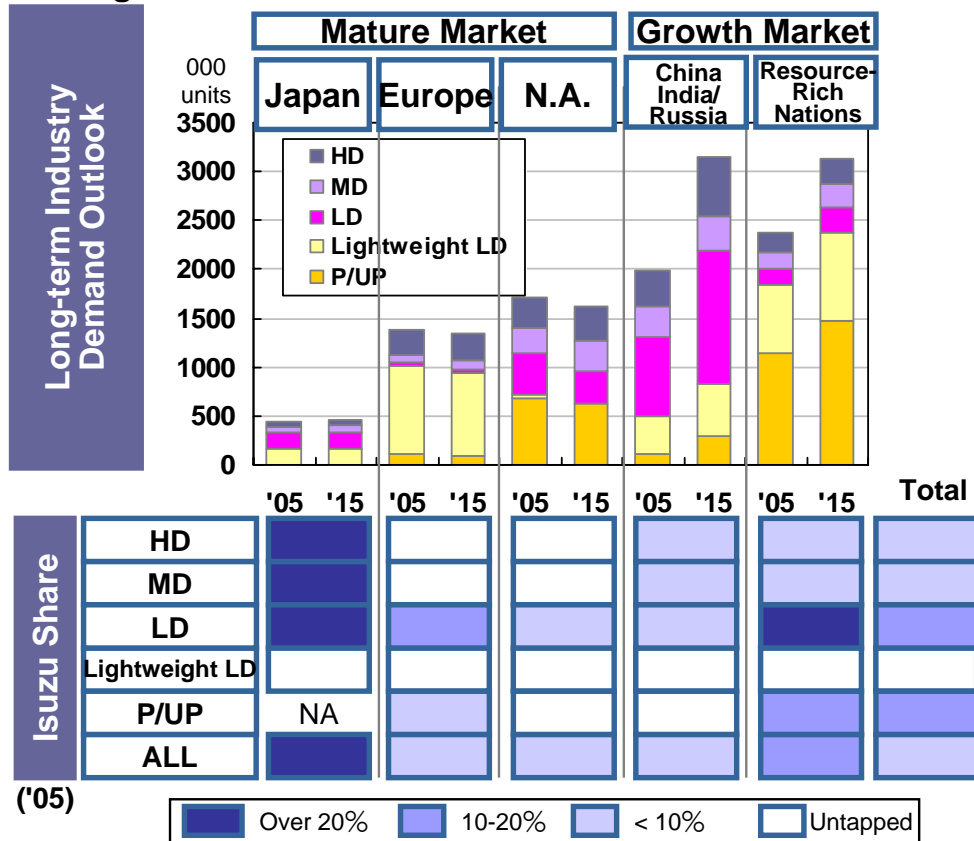
- Technologies to meet future emission regulations in / beyond 2010, e.g. Post Long-term & US10, are already under development
- OBD capabilities already in place, outperforming competitors' pace with experience in North America

- Isuzu HDs already meets fuel-economy standards for HD well in advance of future introduction in Japan
- By leveraging "Mimamoni-kun Telematics", reinforce customer support initiatives to enable customers to achieve fuel-efficient driving and vehicle management
- Develop and aggressively introduce alternative-fuel vehicles (CNG, bio-diesel, Dimethyl Ether, etc.)

4. Market Trend Analysis and Isuzu's Position

(2)-1. CV/LCV

- CV/LCV market is expected to continue its expansion trend, centered around the demand increase in growth markets
- With its global LD trucks (N-series) at the core, Isuzu commands high market share in Japan and growth markets.



Market Trend Analysis

- Global market demand 8.0mil. → 9.5 mil
- Key driver of market expansion: Growth market (60% increase)

Isuzu's Position

HD	■ At the top class in Japan
MD	■ Growing presence and penetration in growth markets
LD	■ Commands No.1 position in 21 countries incl. Japan ■ No entry in the lightweight LD segment
LCV	■ Enjoys high penetration in resource-rich countries including Thailand

Source: Isuzu Motors Limited

Resource-rich nations: Middle-East, Latin/South America, Africa, Oceania, Africa, CIS, Eastern Europe

HD:GVW 15t up, MD:GVW 6-15t, LD:GVW 3.5-6t, Lightweight LD:LD:GVW 2-3.5t, P/UP: Small Pick-up Truck

4. Market Trend Analysis and Isuzu's Position

(2)-2. CV/LCV

Characteristics of Isuzu N-series

Needs in growth market

- High durability (Frame)
- High load-carrying capacity (Cab-over)
- High durability and versatility of DEs

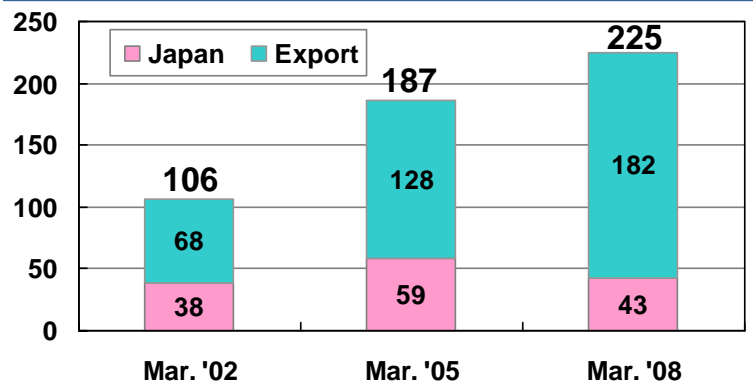
- Versatile application (Bus – Special body)
- Environmental readiness and fuel efficiency of advanced DEs

- Safety
- Small, lightweight
- Capability for inner-city, urban delivery

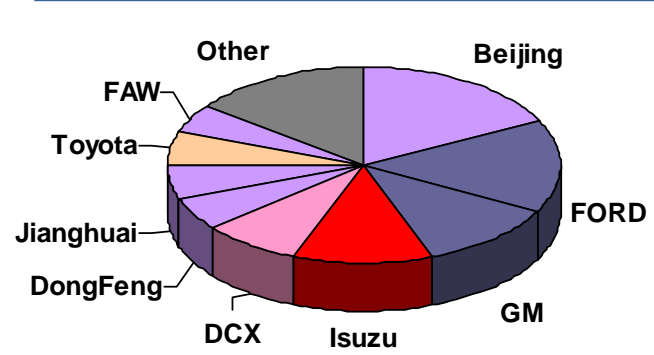
Needs in mature market

Isuzu's "Global Truck" sold/distributed over 120 countries, including advanced markets, **penetrating as "International Brand"**

N-series Shipment Volume (000 units)



Global Players' LD Market Share in '05

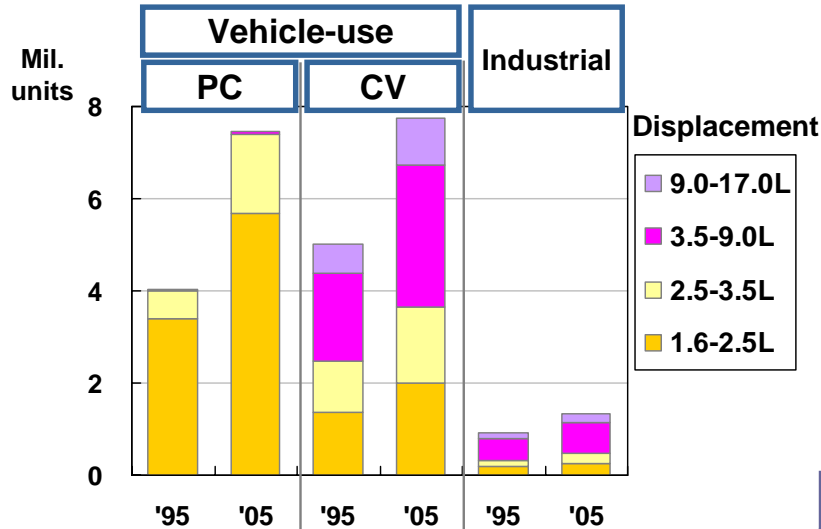


4. Market Trend Analysis and Isuzu's Position

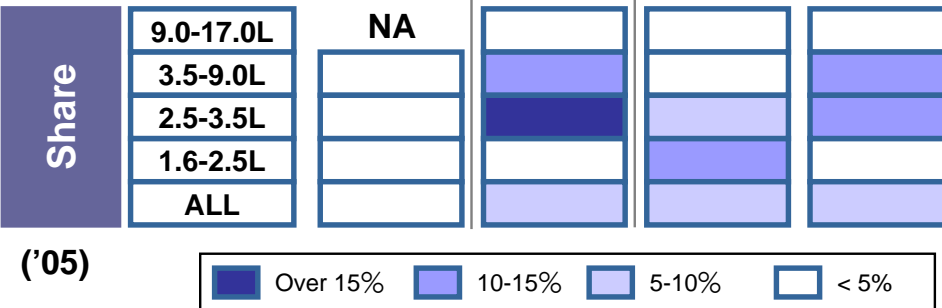
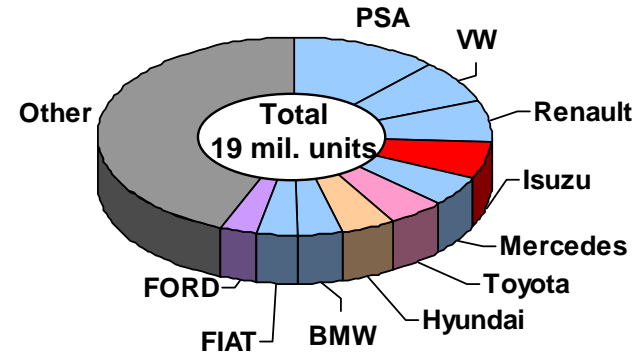
(3) Diesel Engine

- Market demand for DEs doubled in the past decade, and expected to grow further. Isuzu ranks world No.4 in annual DE production volume

Long-term Market Demand History



World DE production volume in '05



Isuzu's Position

- Isuzu ranks within the world No.5 in terms of total production volume in the past 5 to 6-year period.
- Isuzu maintains full line up DEs covering PC to HD applications for over 50 years.

Source : Power Research System (Incl. Isuzu figures),
Manufacturing figures include ISPOL/DMAX volume

4. Market Trend Analysis and Isuzu's Position

(4) Summary

	Market Trend	Isuzu's Position	Isuzu's Direction
Environmental & Energy	<ul style="list-style-type: none"> ■ Increased sophistication of market expectation / needs 	<ul style="list-style-type: none"> ■ Building up accumulation of seeds for advanced technology 	<ul style="list-style-type: none"> ■ Expand CV, LCV, DE business by leveraging Isuzu's core DE technology
CV	<ul style="list-style-type: none"> ■ Business chance is becoming increasingly bigger in the large, growth market (China, India, Russia) and resource-rich countries. 	<ul style="list-style-type: none"> ■ Maintaining global competitiveness, with LD at the core ■ Holds top-class position with HD and MD in Japan 	<ul style="list-style-type: none"> ■ Enhance product lineup in the large, growth market with a full range of Isuzu CV ■ Introduce MD and lightweight LD on a global basis ■ Increase HD sales in Japan and resource-rich countries
LCV	<ul style="list-style-type: none"> - Expansion of market size - Significant growth of LD market 	<ul style="list-style-type: none"> ■ Capturing high market share in resource-rich countries 	<ul style="list-style-type: none"> ■ Further business expansion in growth market
DE	<ul style="list-style-type: none"> ■ Demand expanding on a global basis - Especially for passenger car and industrial use 	<ul style="list-style-type: none"> ■ Holding fast to the world No.4 position in total DE production volume 	<ul style="list-style-type: none"> ■ Reinforce small DE lineup ■ Develop alternative-fuel engine

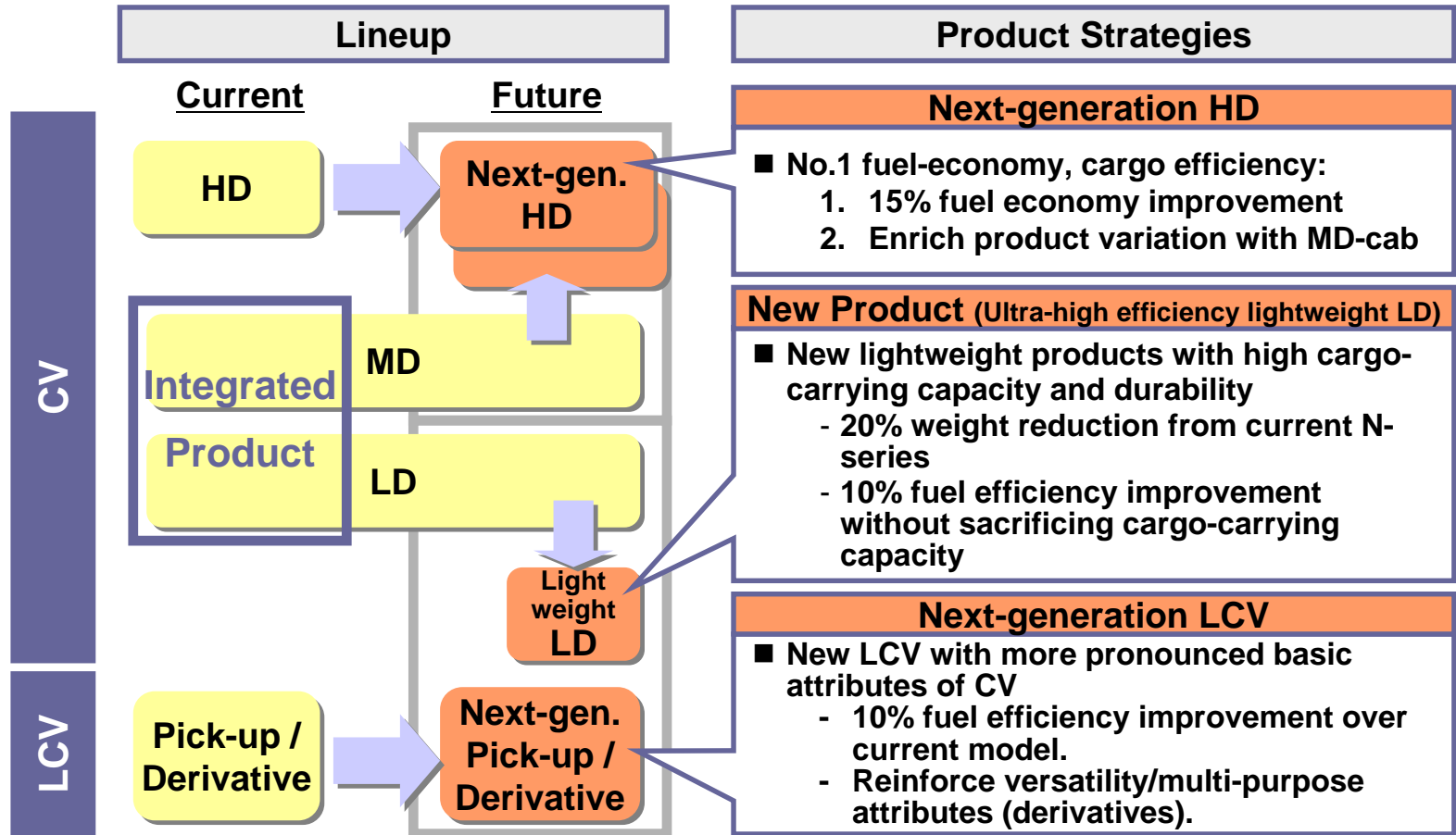
5. Mid/Long-term Strategy as Vision Enabler

- (1) CV/LCV Product / Market Strategy**
- (2) Diesel Engine Strategy**
- (3) Alliance Strategy**

5 -1. CV/LCV Product / Market Strategies

- Product Strategies -

- Completed strategic, global product development by integrating MD and LD
- To introduce next-generation HD, Pick-up. Start development of lightweight LD, that has a significant demand globally.



5 -1. CV/LCV Product / Market Strategies

- Market Strategies and Reinforcement of Functional Capabilities -

- Introduce full lineup of CV/LCV and reinforce sales/mfg. functions in “Large, Growth Market” and “Resource-rich countries”.

Market		Expand Product Lineup/offering					Reinforce Functions			
		HD	MD	LD	Lightweight LD	LCV	Sales	Veh. Mfg.	Compo.* Mfg.	Sales-related
Large, Growth Market	China	Green	Green	Green	Yellow	Yellow	Blue	Blue	Blue	
	India/Russia	Yellow	Yellow	Yellow	Yellow	Yellow	Blue	Blue		
Resource-Rich Countries	ASEAN	Green	Green	Green	Yellow	Green	Blue	Blue	Blue	
	Americas/Africa	Yellow	Green	Green	Yellow	Green	Blue	Green		
	Mid-East	Yellow	Green	Green	Yellow	Green	Blue	Green		
Mature Market	North America		Yellow	Green	Yellow		Green	Blue		Blue
	Europe		Yellow	Green	Yellow	Green	Green	Blue		
Japan		Green	Green	Green	Yellow		Green	Green	Blue	Blue

Consolidate regional volume of production

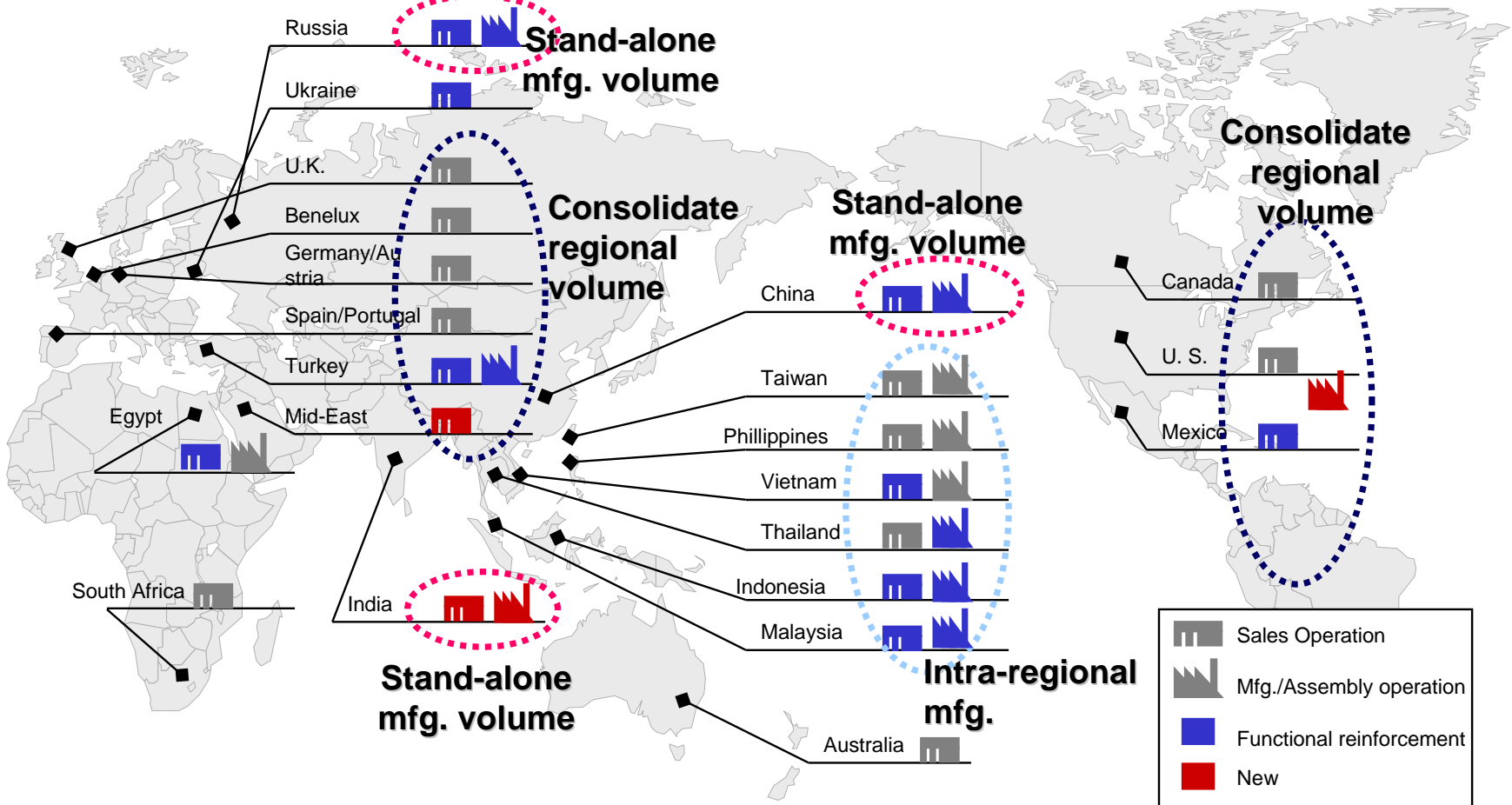
New market for Isuzu
 Functional reinforcement
 Presence already established

* Compo: Engine, transmission, axle, forged/cast materials

5 -1. CV/LCV Product / Market Strategies

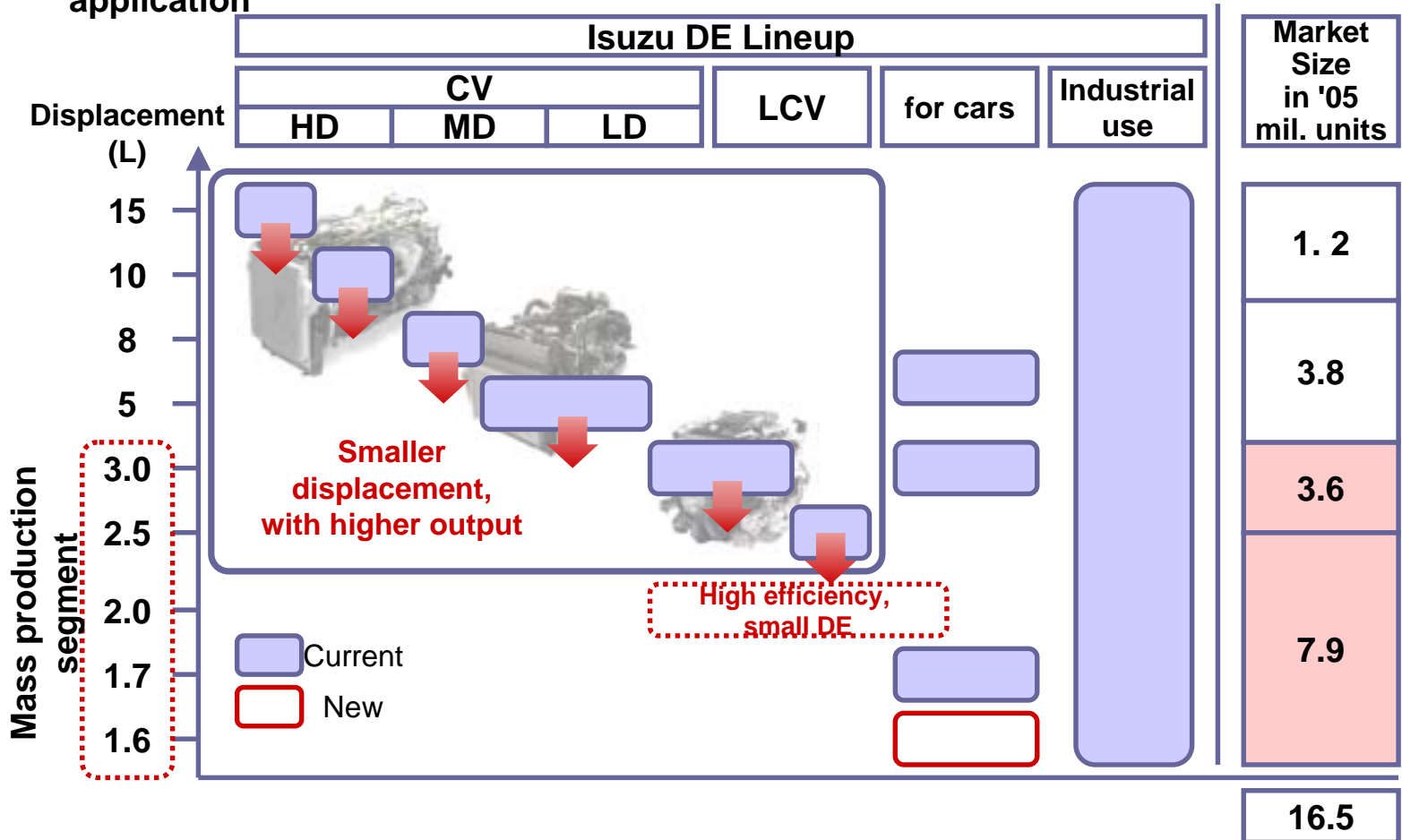
- Reinforcement of International Operations -

- In large, growth markets, focus be given to self-contained, stand-alone volume mfg., satisfying given country's volume requirement. As to ASEAN, focus will be "intra-regional mfg", while all other countries' focus will be regional consolidation of mfg. volume.



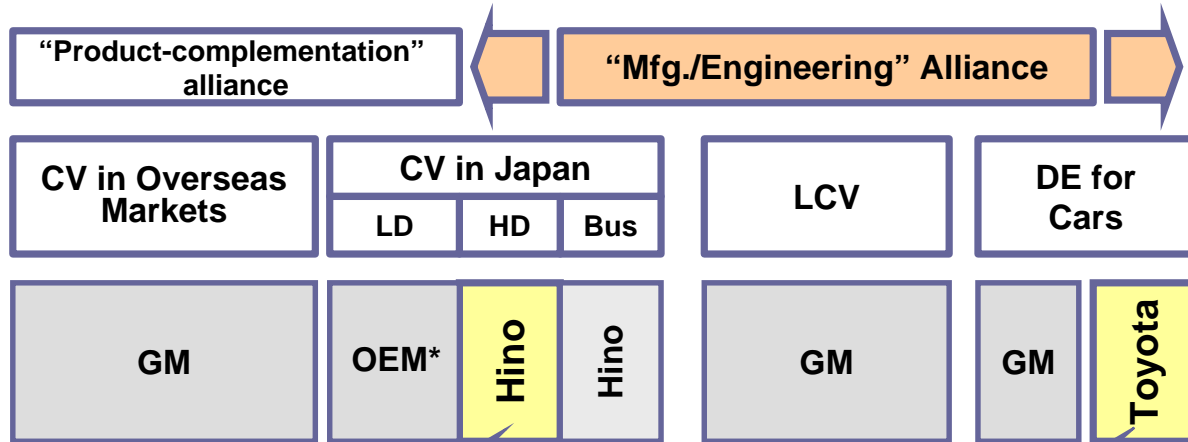
5 -2. Diesel Engine Strategy

- Expand product lineup in the volume-rich mass-production segment, i.e. small diesel engines, and increase small DE sales for industrial as well as passenger car application



5 -3. Alliance Strategy

- Drive alliance strategy to a new dimension by expanding the scope of collaboration and delving deeper into mfg. and engineering areas, in addition to maintaining Isuzu’s conventional alliance model focused on “product complementation”.



Alliance

- Joint development of after-treatment for HD, and cab

- Develop and supply Isuzu DE to the world top-notch car maker for their volume-rich car lines

Expected Benefits to Isuzu

- Efficiency improvement in CV’s core operations
- Generation of resources that can be shifted to new business areas

- Expansion and stabilization of DE businesses
- Perfection of Isuzu’s advanced technologies

: Conventional alliance
 : New

* ELF OEM : Nissan Diesel, Nissan, Mazda

6. Mid-term Business Focus and Performance Target

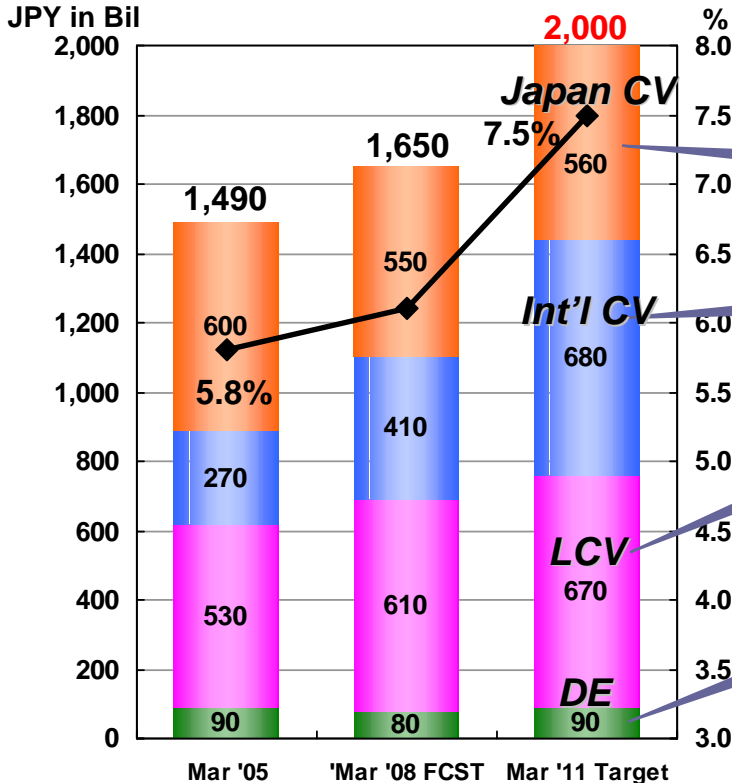
As a key milestone for the realization of mid- to long-term strategies, execution plans are set for the period thorough March '11, with performance target for the final operating year.

- 1. Product/ Market Plan**
- 2. Volume Plan**
- 3. Investment Plan**
- 4. Performance Target**

6-1. Product/Market Plan (1)

- Under a 3-core operating organization, Isuzu will realize robust growth by positioning International CV sales as the primary driver of consolidated revenue / profit, while reinforcing DE business as future strategic business segment.

Consolidated Sales by Segment, and OP ratio



Key MBP Initiatives by Segment

- Establish business foundation from customers' standpoint of "product life-cycle"
 - Introduce next-generation HD
- Reinforce product competitiveness and functional capabilities of local operations
- Introduce next-generation LCV
 - Expand presence in growth market, tap new market, and reinforce mfg. function
- Develop small DE

VOL. target

	Mar.'08	Mar.'11
<i>k. units</i>	73	70
<i>k. units</i>	213	350
<i>k. units</i>	352	420

	Mar.'08	Mar.'11
<i>k. units</i>	73	70
<i>k. units</i>	213	350
<i>k. units</i>	352	420

6-1. Product / Market Plan (2)

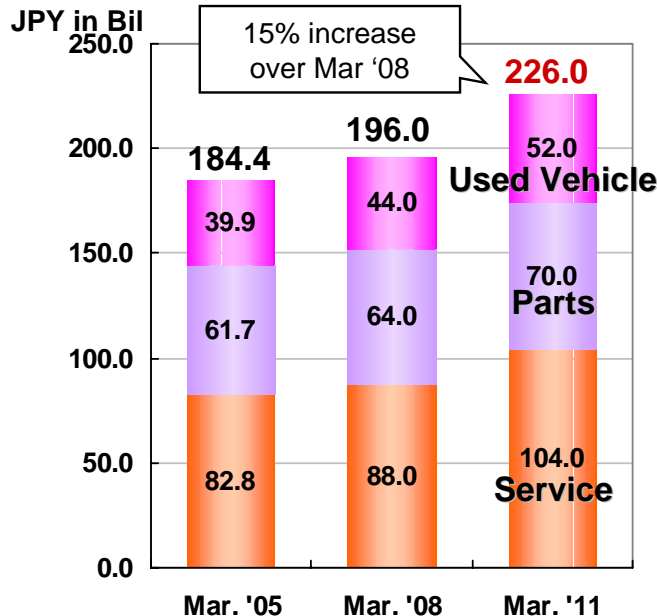
- CV Business in Japan -

- Introduce next-generation HD, and reinforce operating foundation for the vehicle life-cycle business focused on customers' needs

Target

Share	HD/MD 2-3t	Mar.'08	Mar.'11
		30%	35%
		40%	43%

Sales Revenue from Peripheral Business



Execution Plan

Next-generation HD

- Introduce new HD with No.1 fuel economy and cargo-carrying capacity

Establish Customer-Follow-up Infra.

- Sales organization
 - Establish new customer information system
- Service/parts
 - Realign service outlets, execute facility upgrades
 - Develop new service products to guarantee down-time-free operation
- Used vehicle
 - Execute capital investment in necessary infrastructure for used vehicle auction

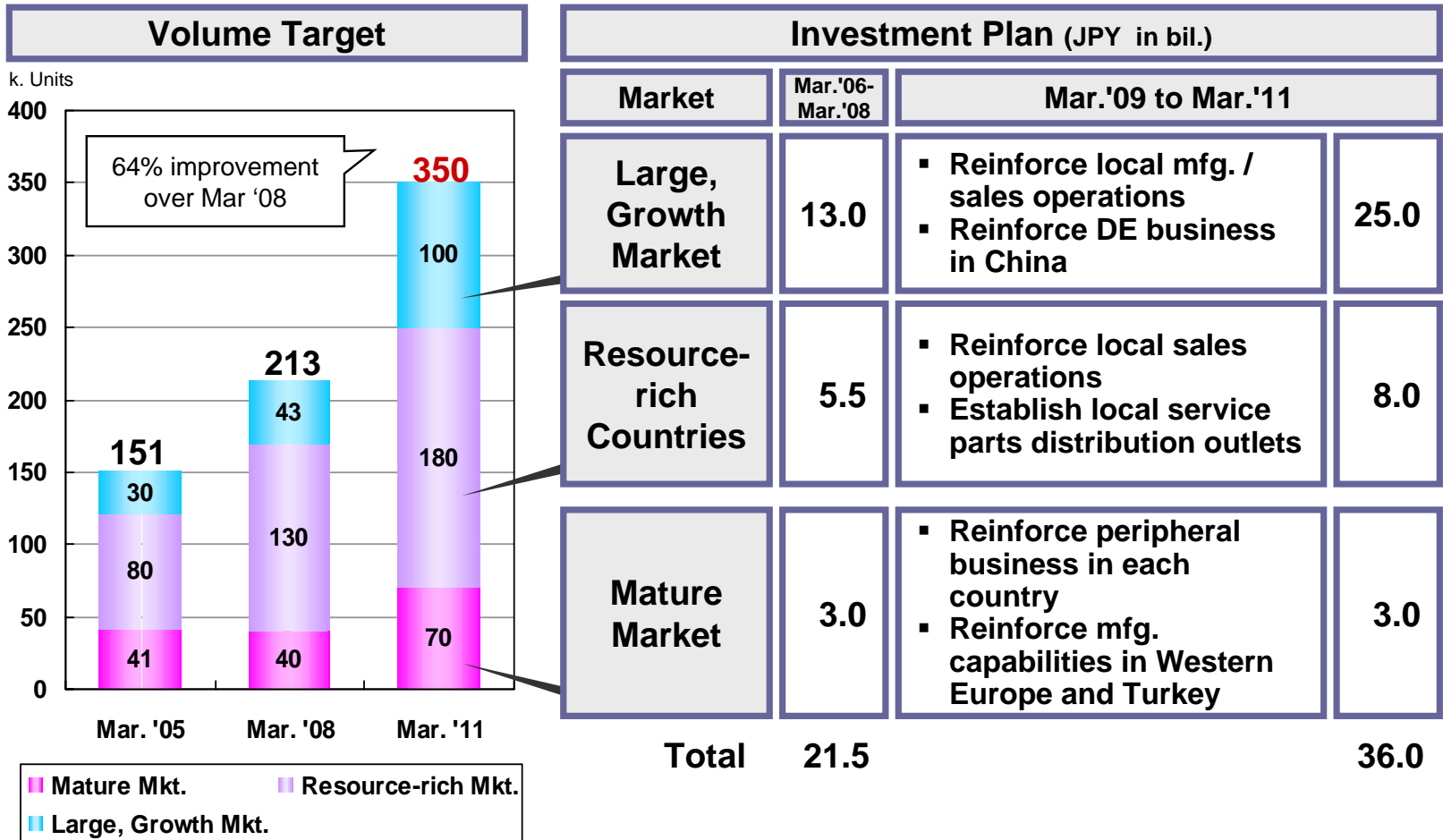
Operating Efficiency Improvement

- Centralize fund-raising and real estate management of consolidated dealerships
- Improve efficiency and simplify indirect operations

6-1. Product/Market Plan (3)

- International CV Business -

- Execute focus investments in large, growth market, in tandem with the globalization of newly developed MD/LD products.

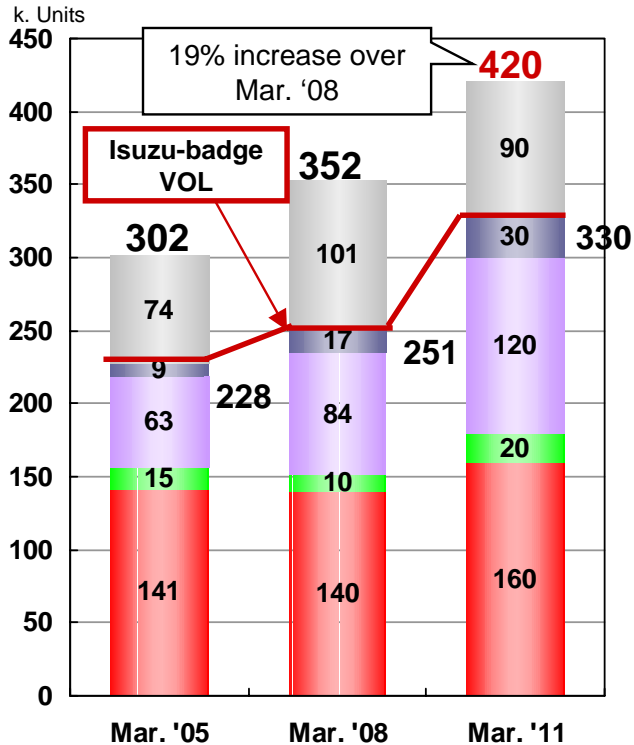


6-1. Product/Market Plan (4)

- LCV -

- Expand presence in the growth market and reinforce mfg. functions, in line with the next-generation LCV introduction

Volume Target



Execution Plan

Product	<ul style="list-style-type: none"> Introduce next-generation pick-up Develop derivatives
Market	<ul style="list-style-type: none"> Maintain No.1 position in Thailand Introduce derivatives in large, growth market Reinforce sales functions in resource-rich countries Enter untapped, new market
Function	<ul style="list-style-type: none"> Develop network of functional operations in ASEAN, doing away with centralized activities around Thailand <ul style="list-style-type: none"> - Indonesia, Malaysia Develop / begin new mfg. operations <ul style="list-style-type: none"> - Turkey, etc.

■ Thailand ■ Large, Growth Mkt.
■ Resource-rich Mkt. ■ Mature Mkt.
■ GM
 Note) Consolidated- sales basis

6-2. Volume Plan

		(k. units)			
		Mar. '05	Mar. '08	Mar. '11	Growth Mar'08 vs Mar'11
CV in Japan		90	73	70	(4%)
Inter'l CV	Large, Growth Mkt.	30	43	100	
	Resource-rich Mkt.	80	130	180	
	Mature Mkt.	41	40	70	
	Total	151	213	350	+64%
LCV	Thailand	141	140	160	
	Large, Growth Mkt.	15	10	20	
	Resource-rich Mkt.	63	84	120	
	Mature Mkt.	9	17	30	
	GM	74	101	90	
	Total	302	352	420	+19%
Grand Total		543	638	840	+32%

6-3. Investment Plan

(JPY in Bil.)

		Mar '06 to Mar '08	Mar '09 to Mar '11	Growth
Facilities Investment	Product Development	44.0	90.0	
	Mfg.	68.4	120.0	
	Sales & Other	33.2	20.0	
	Total	145.6	230.0	58%
R&D	CV	62.0	70.0	
	LCV	26.7	30.0	
	DE	86.8	100.0	
	Total	175.6	200.0	14%
Int'l Financial Investment	Large, growth Mkt.	13.0	25.0	
	Resource-rich Mkt.	5.5	8.0	
	Mature Mkt.	3.0	3.0	
	Total	21.5	36.0	67%

6-4. Performance Target

	Mar. '11 Target	Mar. '08 FCST
Sales Revenue	JPY 2,000.0 bil	JPY 1,650.0 bil
Operating Profit	JPY 150.0 bil	JPY 100.0 bil
OP % to Sales	Over 7.5%	6.1%
<hr/>		
ROE	Over 17%	23.4%
Dividend Payout Ratio	Over 20%	10.6%

Trucks for life

ISUZU