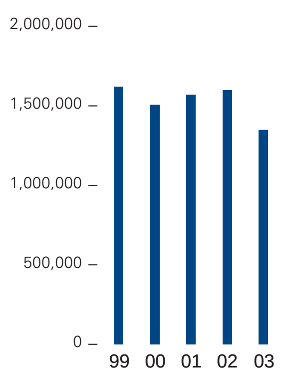
FINANCIAL HIGHLIGHTS

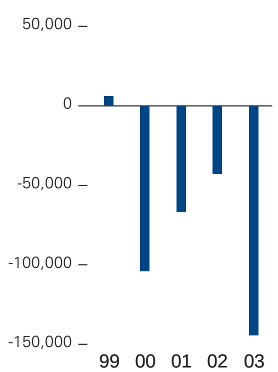
Years ended March 31	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars 2003
For the Year:				
Net sales	**¥1,349,449**	¥1,597,701	¥1,569,199	**$11,226,704**
Net loss	**(144,301)**	(42,991)	(66,787)	**(1,200,515)**
At Year-End:				
Total assets	**¥1,028,844**	¥1,324,144	¥1,891,492	**$ 8,559,434**
Shareholders' equity	**26,434**	61,084	94,108	**219,921**
	Yen			U.S. Dollars
Per Share:				
Net loss — primary	**¥(131.34)**	¥(33.68)	¥(52.76)	**$(1.09)**
Cash dividends	**–**	–	–	**–**

Note: U.S. dollar figures have been calculated at the rate of ¥120.20=U.S.$1, the approximate rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2003.

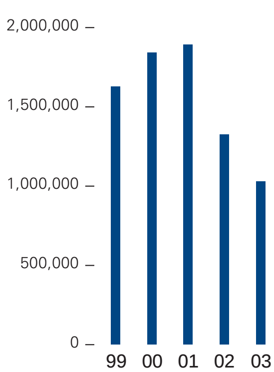
Net Sales
(Millions of Yen)



Net Income (Loss)
(Millions of Yen)



Total Assets
(Millions of Yen)



THE FISCAL YEAR IN REVIEW During fiscal 2003, ended March 31, 2003, despite higher unit truck sales in Japan, total worldwide vehicle unit sales declined 9.9% year on year, partly due to structural reform initiatives. In addition, sales of automotive components for overseas production fell 4.0%. Meanwhile, engine and component sales climbed ¥24.7 billion, or 11.0%, to ¥250.3 billion, buoyed by healthy demand in the ASEAN region. Nevertheless, consolidated net sales decreased 15.5% to ¥1,349.4 billion. Operating income rose 2.2% to ¥15.4 billion as the benefits of cost-cutting measures, the result of initiatives to trim payroll expenses, more than offset restructuring-related charges in North America. Isuzu, however, posted a net loss of ¥144.3 billion for a number of reasons. One was a ¥76.7 billion loss on investment for affiliated company restructuring in North America. Isuzu also booked a charge of ¥24.8 billion for a severance benefit related to an early retirement plan; a loss on business model reform of ¥12.2 billion relating to the downsizing of the SUV business; and a loss of ¥9.5 billion on the revaluation of investments. These charges outweighed items such as a ¥9.9 billion gain on sales of investments and a ¥13.4 billion gain on the return of the substituted portion of the employee pension fund to the Japanese government.

OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2004 Japan is expected to see replacement demand pick up with the upcoming application of stricter emissions standards, while overseas, Isuzu forecasts higher sales in key markets such as Asia. However, business conditions will remain challenging, due to growing uncertainty about the global economy, in light of intensifying competition both at home

THE NEW THREE-YEAR BUSINESS PLAN

Isuzu's New Three-Year Business Plan, formulated in October 2002, is seeing Isuzu embark on sweeping reforms of its business framework and financial structure. Isuzu's North American SUV business, which had exposed Isuzu to substantial operating risks, is being fundamentally restructured. And our workforce is being downsized quicker than originally planned to a level that meets future business requirements.

Under the New Three-Year Business Plan, we have two main priorities: revise measures in the Isuzu V Plan and speed their implementation, and carry out sweeping reforms of our operating framework and financial structure. Running through March 2005, this plan to rebuild Isuzu is being implemented with the support of GM and our principal lenders.

Capitalizing fully on our superior diesel engine technologies, a key theme in the Isuzu V Plan, we will focus resources on the commercial vehicle business, strengthening operations from engineering to sales with the goal of building a healthy earnings structure. As we do so, we will develop business in China and the ASEAN region, which harbor significant growth potential, and North America. In these regions, actions have been concentrated on establishing a leading position early on. Of course, as we expand our horizon, Japan remains a pivotal market for us.

Our current performance in key markets bodes well for the future. In Japan, amid a dramatic slump in overall demand, we have seen our market share steadily increase across all size categories. In Thailand, strong sales of a pickup truck model launched in May 2002 have lifted our market share to more than 40%. Moreover, in China, we are seeing exports of completed large trucks increase as the country steps up the pace of construction in preparation for holding the Summer Olympics in 2008 in Beijing. In these and other markets, we continue to display our strengths.

In terms of restructuring, one of the main themes is stabilizing Power-Train operations. Joint ventures with GM, Isuzu's largest customer, are lessening the investment burden on Isuzu and the investment required to sustain product development. Concurrently, resources are being concentrated on the development of advanced technologies to make Isuzu more competitive. We will build on our competitive edge in exhaust emission and environmental technologies, which are more advanced than those of our competitors in areas where Isuzu commands the leading position.

To clear the way for future growth and enhance our core businesses, we have also overhauled manufacturing activities cor316 Tee also overhaulediJ 13.599rd esition.

RESTRUCTURING THE NORTH AMERICAN SUV BUSINESS

North American SUV operations have run up large losses as a result of higher selling costs and increasing inventories due to declining new vehicle sales. This stemmed from a volume-driven business model that emphasized raising capacity utilization at Subaru-Isuzu Automotive Inc. (SIA), our local manufacturing joint venture with Fuji Heavy Industries Ltd. (FHI).

Restructuring actions were taken to restore profitability to North American SUV operations. One initiative was the booking of impairment losses on excess production facilities. Another was the rationalization of operations by selling in January 2003 Isuzu's stake in SIA to FHI, which gave the latter full control of the joint venture's plant. Isuzu will continue to supply SUVs to the North American market by consigning SUV production to SIA.

Isuzu is also working to further raise the efficiency of sales activities. There are two main goals: reduce SUV inventory turnover to 90 days, and more than halve the workforce. Furthermore, efforts will be made to maintain a tighter rein on these fixed costs.

Isuzu began receiving OEM supply of SUVs from GM to reinforce its product lineup. Under this framework, we launched the *Ascender* model in November 2002.

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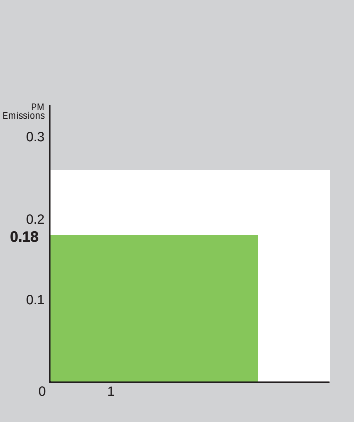

PM
Emissions
0.3
0.2
0.18
0.1
0
1

OFFICERS

DIRECTORS

(All Directors concurrently act as Executive Officers)

President & Representative Director	Yoshinori Ida
Executive Vice President & Representative Director	Basil N. Drossos
Executive Vice Presidents & Directors	Shigeki Toma
	Kozo Sakaino
	Randall J. Schwarz
Executive Directors	Yoshito Mochizuki
	Hiromasa Tsutsui
Directors	Hiroshi Suzuki
	Susumu Hosoi
	Yoshio Kinouchi
	Yoshihiro Tadaki

EXECUTIVE OFFICERS

Senior Executive Officers	Goro Miyazaki
	Ryuuichi Ohgi
	Jun Utsumi
	Minoru Matsushima
Executive Officers	Makoto Ushiyama
	Yasushi Mase
	Chikao Mitsuzaki
	Shunichi Satomi
	Hiroo Majima
	Akira Shinohara
	Takashi Urata
	Tadaharu Matsuo
	Fujio Anzai

CORPORATE AUDITORS

Standing Corporate Auditors	Hiromu Inada
	Michio Kamiya
Corporate Auditors	Yasuharu Nagashima
	Tadashi Inui

(As of June 27, 2003)

CORPORATE GOVERNANCE The Isuzu Group is improving its corporate governance system to optimize and speed decision-making processes and enhance management supervision and business execution. Isuzu is also committed to improving disclosure to ensure greater transparency, taking actions such as posting financial information on its website.

Isuzu's Board of Corporate Auditors consists of four corporate auditors, including two standing and two non-standing members. The Board of Corporate Auditors is supported by the Audit Group of the General Affairs & HR Department. Isuzu has strengthened the supervisory functions of the Board of Directors by adopting an executive officer system, which transfers executive authority to the operating level. Under the recently introduced Vehicle Line Executive (VLE) system, Isuzu runs its organization along product lines (commercial vehicle, light-duty commercial vehicle and Power-Train businesses) to build a balanced earnings structure. Furthermore, Isuzu holds Management Meetings under the Board of Directors to conduct advance deliberations on material decisions regarding day-to-day business execution.

To ensure that the goals of the New Three-Year Business Plan are achieved, a senior executive from GM has been appointed Executive Vice President & Representative Director and an executive from Mizuho Corporate Bank, Ltd. has been appointed Executive Vice President & Director.

FINANCIAL SECTION

Contents

	Millions of Yen					Thousands of U.S. Dollars
	2003	2002	2001	2000	1999	

Non-Consolidated Five-Year Summary

Financial Review

Financial Targets

Under the New Three-Year Business Plan, the company's medium-term management plan running from October 2002 to March 2005, Isuzu is targeting an approximate ¥384.0 billion reduction in total consolidated assets to ¥940.0 billion, and a decrease of roughly ¥290.0 billion in interest-bearing debt to ¥450.0 billion. As of March 31, 2003, total consolidated assets had fallen approximately ¥295.3 billion to ¥1,028.8 billion, with interest-bearing debt standing at ¥517.9 billion, a reduction of ¥220.8 billion from a year earlier. In addition, Isuzu is pushing forward with plans to improve its cash flows.

Income Analysis

During fiscal 2003, the year ended March 31, 2003, consolidated net sales declined 15.5% year on year to ¥1,349,449 million. Total vehicle unit sales fell 9.9% to 277,891 units. Despite higher unit truck sales in Japan, domestic vehicle unit sales decreased 3.5% to 61,894 units, partly reflecting structural reform initiatives at Isuzu. Overseas vehicle unit sales declined 11.6% to 215,997 units. Sales of automotive components for overseas production declined sharply by ¥1,868 million to ¥44,872 million. Meanwhile, engine component sales increased 11.0% to ¥250,311 million on strong demand from the ASEAN region.

Despite losses stemming from structural reforms to the North American business, operating income increased 2.2% year on year to ¥15,462 million, due to cost-cutting measures, including reduced payroll expenses. However, Isuzu reported a net loss of ¥144,301 million. This was mainly attributable to a ¥76,752 million loss on investment for affiliated company restructuring based in North America; a severance benefit of ¥24,808 million for the early retirement plan; a business model reform loss of ¥12,201 million relating to the downsizing of the SUV business; and a ¥5,088 million loss on revaluation of investments. These losses were partly offset by gains on the sale of property,

Segment Information

By Type of Business

Total sales in the automotive segment were ¥1,337,695 million, a decrease of 13.1% year on year. This mainly reflected structural reforms in the North American business. However, the Isuzu Group made a concerted effort to reduce costs, mainly at the parent company and domestic sales companies. The result was a significant 135.1% increase in segment operating income to ¥16,823 million.

Total sales in the finance segment declined 92.9% to ¥4,510 million. This mainly reflected the deconsolidation of IFCO Inc., a domestic automotive leasing firm, following the sale of 80% of shares in the company to a third party in the fiscal year ended March 31, 2002. The segment operating loss was ¥1,697 million due to restructuring costs accompanying the realignment of a North American financial services subsidiary.

The miscellaneous segment recorded sales of large real estate properties in the previous fiscal year, but no comparable real estate sales were posted in the fiscal year under review. Consequently, total sales in the miscellaneous segment decreased 50.8% to ¥11,683 million. Segment operating income declined 46.4% to ¥857 million.

By Geographical Area

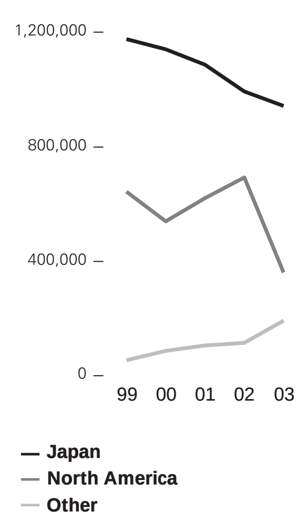
Total sales in Japan declined 5.1% to ¥942,455 million mainly due to the deconsolidation of IFCO. However, operating income improved 37.9% to ¥19,316 million, reflecting improved profitability at Isuzu and its domestic sales companies.

In North America, there was a large decrease in segment sales and a much wider operating loss. Total sales decreased 48.0% to ¥360,208 million, reflecting ongoing structural reforms. The operating loss widened from ¥7,129 million in fiscal 2002 to ¥11,518 million in fiscal 2003.

In other regions, total sales jumped to ¥192,003 million, due to brisk sales of a pickup truck model rolled out in Thailand in 2002 and other factors. Operating income, however, decreased 9.7% to ¥3,140 million, partly due to foreign currency fluctuations.

Total Sales by Geographic Segment

(Millions of Yen)



Financial Position

As of March 31, 2003, total consolidated assets were ¥1,028,844 million, a decline of ¥295,300 million from a year earlier. This mainly reflects inventory reductions, more timely collection of accounts receivables, and the sale of property, plant and equipment. Total current assets decreased ¥115,770 million to ¥433,170 million, reflecting declines in cash and deposits, notes and accounts receivable and inventories. Net property, plant and equipment were ¥477,191 million, a decline of ¥73,987 million from a year ago. Total investments and advances declined ¥104,361 million. As a result, fixed assets decreased ¥179,529 million to ¥595,673 million.

Total current liabilities were ¥660,857 million, a decrease of ¥211,283 million. The main components were declines of ¥173,087 million in bank loans and ¥36,500 million in the current portion of long-term bonds. Long-term liabilities were down ¥48,464 million at ¥338,776 million, mainly due to the redemption of corporate bonds. Interest-bearing debt was reduced ¥220,813 million to ¥517,921 million.

Although Isuzu booked large losses to eliminate future uncertainties, which caused a sharp decline in shareholders' equity, those losses were partly offset with the support of GM and the cooperation of Isuzu's primary lenders. This involved a capital increase of approximately ¥10.0 billion from General Motors Limited, a wholly owned subsidiary of GM, in December 2002 and the conversion of ¥100.0 billion in debt into equity by primary lenders. Shareholders approved a proposal to decrease capital and capital surplus at an Extraordinary Meeting held in November 2002, a move that will help to improve Isuzu's financial structure. As a result, total consolidated shareholders' equity stood at ¥26,434 million at the fiscal year-end. Through these and other actions, Isuzu made significant progress toward improving its financial health.

Cash Flows

Net cash provided by operating activities was ¥49,997 million, ¥5,182 million less than in the previous fiscal year. Despite significant cash outflows accompanying large personnel cuts, cash was provided by efforts to reduce inventories, improve collection of receivables and tighten cash flow management and other initiatives.

Net cash used in investing activities was ¥16,506 million, a reversal of ¥22,790 million from the previous fiscal year. This mainly reflected the large cash outlays needed to recapitalize affiliated companies in North America and the absence of the previous fiscal year's sale of large real estate holdings, offset partly by proceeds from the sale of shares in affiliated companies and the sale of finance receivables of an overseas finance subsidiary.

During fiscal 2003, the restructuring process placed a wide variety of funding requirements on Isuzu, yet the company continued to reduce interest-bearing debt through the redemption of bonds and other means. Net cash used in financing activities was ¥50,029 million, ¥73,501 million less than in the previous fiscal year, in the absence of significant proceeds from the sale of investments.

	Thousands of

Liabilities and Shareholders' Equity	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars 2003
Current Liabilities:				
Bank loans	**¥ 299,869**	¥ 472,957	¥ 572,085	**$ 2,494,757**
Current portion of bonds	**15,500**	52,000	31,739	**128,951**
Commercial paper	**–**	–	50,000	**–**
Notes and accounts payable	**247,257**	237,298	302,544	**2,057,047**
Accrued expenses	**49,335**	60,656	86,697	**410,445**
Accrued income taxes (Note 6)	**1,633**	1,217	3,694	**13,588**
Deposits received	**13,912**	24,654	37,718	**115,747**
Deferred tax current liabilities (Note 6)	**–**	5	44	**–**
Other current liabilities	**33,348**	23,351	93,356	**277,442**
Total Current Liabilities	**660,857**	872,141	1,177,880	**5,497,979**
Long-term Debt (Note 4)	**202,551**	213,777	414,384	**1,685,122**
Accrued Retirement and Severance Benefits (Note 5)	**58,487**	98,562	105,385	**486,588**
Deferred Tax Liabilities (Note 6)	**2,107**	4,557	13,889	**17,529**
Deferred Tax Liabilities Related to Land Revaluation (Note 9)	**56,296**	56,460	68,116	**468,356**
Other Long-term Liabilities	**19,333**	13,880	13,171	**160,845**
Minority Interests	**2,775**	3,679	4,555	**23,091**
Contingent Liabilities (Note 10)				
Shareholders' Equity:				
Common stock and preferred stock (Notes 7, 8)	**55,545**	90,329	90,329	**462,105**
Preferred stock:				
Class I—authorized 37,500,000 shares; issued 37,500,000 shares in 2003				
Class II—authorized 37,500,000 shares; issued 37,500,000 shares in 2003				
Class III—authorized 25,000,000 shares; issued 25,000,000 shares in 2003				
Class IV—authorized 25,000,000 shares; issued 25,000,000 shares in 2003				
Common stock:				
Authorized 3,369,000,000 shares in 2003 and 3,000,000 shares in 2002 and 2001				
Issued 748,526,911 shares in 2003 and 1,277,453,911 shares, 2002 and 2001				
Capital surplus (Note 7)	**131,850**	101,741	101,741	**1,096,924**
Accumulated deficit	**(242,546)**	(213,562)	(188,891)	**(2,017,857)**
Variance of land revaluation (Note 9)	**90,064**	91,287	104,932	**749,290**
Unrealized holding gain (loss) on securities	**896**	(2,213)	–	**7,459**
Foreign currency translation adjustments	**(8,883)**	(6,474)	(13,239)	**(73,906)**
Less: treasury stock, at cost – 2,622,160 common shares in 2003	**(492)**	(22)	(764)	**(4,093)**
Total Shareholders' Equity	**26,434**	61,084	94,108	**219,921**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥1,028,844**	¥1,324,144	¥1,891,492	**$ 8,559,434**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

For the years ended March 31, 2003, 2002 and 2001

	Millions of Yen			Thousands of U.S. Dollars
	2003	2002	2001	**2003**
Net Sales	**¥1,349,449**	¥1,597,701	¥1,569,199	**$11,226,704**
Cost of Sales	**1,171,366**	1,355,190	1,343,166	**9,745,144**
Gross Profit	**178,083**	242,510	226,032	**1,481,559**
Selling, General and Administrative Expenses (Notes 5, 12)	**162,621**	227,376	253,349	**1,352,923**
Operating Income (Loss)	**15,462**	15,134	(27,316)	**128,636**
Other Income (Expenses):				
Interest and dividend income	**2,724**	4,145	5,318	**22,663**
Interest expense	**(18,026)**	(21,848)	(23,522)	**(149,971)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(726)**	(2,211)	(1,149)	**(6,044)**
Others, net	**(3,633)**	2,794	(766)	**(30,227)**
Loss before special items	**(4,200)**	(1,984)	(47,435)	**(34,944)**
Extraordinary Items:				
Gain (loss) on sales or disposal of property, plant and equipment, net	**(504)**	5,526	5,306	**(4,200)**
Gain on sales of investments	**9,947**	7,878	1,017	**82,760**
Gains on return of substituted portion of employee pension fund (Notes 2, 5)	**13,437**	–	–	**111,791**
Loss on revaluation of investments	**(9,538)**	(15,209)	(17,006)	**(79,355)**
Loss on business model reform	**(12,201)**	–	–	**(101,507)**
Loss on investment for affiliated company restructuring	**(76,752)**	–	–	**(638,537)**
Severance benefit of early retirement plan	**(24,808)**	(14,475)	–	**(206,391)**
Others, net	**(6,906)**	(10,241)	(15,181)	**(57,462)**
Loss before Income Taxes and Minority Interests	**(111,527)**	(28,506)	(73,300)	**(927,848)**
Income Taxes (Note 6):				
Current	**5,103**	5,616	4,149	**42,455**
Deferred	**25,348**	9,532	(5,197)	**210,883**
Minority Interests in Income of Consolidated Subsidiaries	**2,323**	(664)	(5,466)	**19,327**
Net Loss	**¥ (144,301)**	¥ (42,991)	¥ (66,787)	**$ (1,200,515)**

	Yen			U.S. Dollars
Per Share of Common Stock:				
Net Loss	**¥(131.34)**	¥(33.68)	¥(52.76)	**$(1.09)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2003, 2002 and 2001

	Millions of Yen			Thousands of U.S. Dollars
	2003	2002	2001	

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l) Cash and Cash Equivalents

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

Reconciliation for cash and cash equivalents at end of year on the statement of cash flows for the year ended March 31, 2003 is as follows:

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The significant components of the Company's deferred tax assets and liabilities as of March 31, 2003 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred tax assets:		
Retirement benefits	¥ 15,890	$ 132,198
Loss from revaluation of securities and allowance for doubtful accounts	81,428	677,445
Accrued expenses	6,196	51,552
Bonus payment reserve	2,496	20,772
Inventory write down	1,101	9,161
Loss carried forward	78,559	653,574
Unrealized gain	9,829	81,775
Other	52,630	437,856
Valuation allowance	(208,594)	(1,735,397)
Deferred tax liabilities		
Reserve for deferred income tax of fixed assets	(5,303)	(44,125)
Depreciation adjustment of foreign subsidiaries	(6,802)	(56,592)
Other	(120)	(998)
Total deferred tax assets	¥ 27,312	$ 227,223
Deferred tax liabilities:		
Reserve for deferred income tax of fixed assets	540	4,494
Other	1,566	13,035
Total deferred tax liabilities	¥ 2,107	$ 17,529

7. Shareholders' Equity

On October 1, 2001, an amendment (the "Amendment")

a) Outline of the Issue of Class I Preferred Stock

(1) Preferred Dividends

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

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

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

(2) Conversion Contract Right

(i) Period for Claiming Conversion

The period for claiming the conversion of the Class I preferred stocks shall be from October 1, 2006 to September 30, 2022.

(ii) Conditions for Conversion

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

(a) Initial Conversion Price = ¥54

(b) Revision of Conversion Price

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

(c) Adjustment of Conversion Price

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

Adj. conver. price =

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

(iii) The Number of Common Stocks to be Issued Through Conversion

The number of common stocks of the Company to be issued through the conversion of the Class I preferred stocks shall be as follows:

$$\text{No. of common stocks issued through conversion} = \frac{\text{Total amount of issue price of Class I preferred stocks submitted by shareholders for asking conversion}}{\text{Conversion price}}$$

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

(3) Mandatory Conversion

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

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

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

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

b) Outline of the Issue of Class II Preferred Stock

(1) Preferred Dividends

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

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

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

(2) Conversion Contract Right

(i) Period for Claiming Conversion

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

(ii) Conditions for Conversion

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

(a) Initial Conversion Price = ¥54

(b) Revision of Conversion Price

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

(c) Adjustment of Conversion Price

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

Adj. conver. price =

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

(iii) The Number of Common Stocks to be Issued Through Conversion

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

$$\text{No. of common stocks issued through conversion} = \frac{\text{Total amount of issue price of Class II preferred stocks submitted by shareholders for asking conversion}}{\text{Conversion price}}$$

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

(3) Mandatory Conversion

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

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

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

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

c) Outline of the Issue of Class III Preferred Stock

(1) Preferred Dividends

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

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

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

(2) Conversion Contract Right

(i) Period for Claiming Conversion

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

(ii) Conditions for Conversion

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

(a) Initial Conversion Price

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

(b) Revision of Conversion Price

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

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

Adj. conver. price =

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

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

$$\text{No. of common stocks issued through conversion} = \frac{\text{Total amount of issue price of Class IV preferred stocks submitted by shareholders for asking conversion}}{\text{Conversion price}}$$

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

11. Lease Transactions

(1) Finance lease transactions, except for those which meet the condition 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, 2003 and 2002 concerning the finance lease assets:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Acquisition costs	**¥62,540**	¥68,291	**$520,307**
Accumulated depreciation	**34,286**	33,097	**285,243**
Net balance	**28,254**	35,193	**235,064**

(ii) Future payment obligations of finance lease expenses as of March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Portion due within one year	**¥10,761**	¥11,299	**$ 89,530**
Thereafter	**20,073**	27,231	**167,000**
Lease expense paid	**12,405**	13,572	**103,206**

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

(2) Operating leases were as follows:

(a) As a lessee

Future payment obligations of operating lease expenses as of March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Portion due within one year	**¥ 868**	¥1,291	**$ 7,221**
Thereafter	**3,572**	5,193	**29,718**

(b) As a lessor

Future receivable income of operating lease commitments as of March 31, 2003 and 2002 are as follows:

Thousands of

12. Segment Information

(1) The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2003 and 2002 was as follows:

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

Independent Auditors' Report

Shin Nihon & Co.

To the Board of Directors
Isuzu Motors Limited

We have audited the accompanying consolidated balance sheets of Isuzu Motors Limited and consolidated subsidiaries as of March 31, 2003, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isuzu Motors Limited and consolidated subsidiaries at March 31, 2003, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

June 27, 2003

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

OVERSEAS OFFICES

China
Beijing Fortune Building, Room 1511
5 Dong San Huan Bei-Lu, Chao Yang District
Beijing 100004, People's Republic of China
Tel: 86-10-6590-8957

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

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

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.
IFCO Inc.
Automotive Foundry Co., Ltd.
Jidosha Buhin Kogyo Co., Ltd.
TDF Corporation

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

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

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

Qingling Motors Co., Ltd.
Address: 1 Xiexing Road
Zhongliangshan, Jiulongpo District
Chongqing, People's Republic of China
Tel: 86-23-6526-4125

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

Isuzu (Shanghai) Tradetech Co., Ltd.
Address: Waigaoqiao Building, Room 1407
Jilong Road, Waigaoqiao Free Trade Zone
Shanghai 200131, People's Republic of China
Tel: 86-21-5869-6111

Beijing Beiling Special Automobile Co., Ltd.
Address: No. 62, Kunming Hu Nanlu,
Haidian District
Beijing, People's Republic of China
Tel: 86-10-8843-7224

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 Technopark
Biñan, Laguna 4024, Philippines
Tel: 63-49-541-1458

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

P.T. Mesin Isuzu Indonesia
Address: JL. Kaliabang No. 1, Pondok Ungu
Kelurahan Medan SatriaKec. Bekasi Barat
Bekasi, West Java, Indonesia
Tel: 62-21-8879994

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

P.T. Astra Isuzu Casting Company
Address: JL. Tol Jakarta-Cikampek Km 47
Kawasan Kiic
Lot 6-9, Karawang, Indonesia
Tel: 62-21-8904590

Isuzu Motors Co., (Thailand) Ltd.
Tel: 62-21-6zu dD~urFgw0 9 T0

CORPORATE DATA

Isuzu Motors Limited

Date of Establishment
April 9, 1937

Head Office
26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
Tel: 03-5471-1141
Facsimile: 03-5471-1043

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

The Hokkaido Plant, which manufactures engines, and the Hokkaido Proving Ground were spun off into different companies in October 2002. They changed their names to Isuzu Engine Manufacturing Hokkaido Co., Ltd. and Wa.com Hokkaido Co., Ltd., respectively.

Common Stock, Preferred Stock and Number of Shareholders

		Preferred Stock			
	Common Stock	Class I	Class II	Class III	Class IV
Shares authorized:	3,369,000,000	37,500,000	37,500,000	25,000,000	25,000,000
Shares issued:	748,526,911	37,500,000	37,500,000	25,000,000	25,000,000
No. of shareholders:	67,021	5	5	1	1

Major Shareholders (% of total)

(As of March 31, 2003)

ISUZU MOTORS LIMITED
26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan