

Guide to Exercising Voting Rights via the Internet

1) Website for exercising voting rights

You can only exercise your voting rights via the Internet by accessing and using the Company's designated website (<http://www.evotep.jp/>) from a personal computer or a cellular phone (i-mode, EZweb, or Yahoo! Keitai). Please note that the website is not available from 2 a.m. to 5 a.m. every day. ("i-mode" is a trademark or registered trademark of NTT DoCoMo, Inc.; "EZweb" of KDDI Corporation; and "Yahoo! Keitai" of Yahoo! Inc. in the U.S.)

2) How to exercise your voting rights via the Internet

Business Report **(April 1, 2006 to March 31, 2007)**

1. Current Conditions of the Corporate Group

1) Business Progress and Results of the Current Consolidated Fiscal Year

(including the status of fund raising and capital investments)

Business Progress

In the current consolidated fiscal year the Japanese economy has been boosted by increases in corporate capital investment and employment, while continuing its steady recovery. Meanwhile, the US and Asian economies have shown strong growth.

In the domestic truck market, demand from purchases to conform to new NOx (nitrogen oxide) and PM (particulate matter) regulations began to peak in the latter half of the current consolidated fiscal year, but compared with the previous fiscal year, overall demand declined. In overseas markets, sales became brisker particularly in resource-rich countries in Africa and Central and South America.

Amid these conditions, our Corporate Group has been striving to strengthen our business structure and develop new products in the second year of our Mid-term Business Plan (formulated in 2004 and continuing until March 2008) with the aim of establishing a firm corporate foundation for continued future growth.

Among the products for the domestic market introduced in the current consolidated fiscal year, the ELF, a light-duty truck that has been a mainstay product of the Group, underwent its first full model change in thirteen years. In undertaking this full model change, we thoroughly examined the product's safety, economy, and environmental friendliness from a global perspective, with the aim of making a truck that can compete in the global marketplace, in line with our SEE GLOBAL concept, while thinking of our light- and medium-duty trucks as one group.

In developing the new ELF, the sixth model since its arrival in 1959, we took into account major recent changes in the light-duty truck market environment, including the tightening of environment regulations, revisions to the licensing system, increases in accidents and thefts, and the growing importance of vehicle operation control. Considering the truck as a "transport tool" for the future, we have established three new value goals: (1) produce an energy-saving vehicle for a new era in

emissions standards, (2) enhance safety and security and (3) design a vehicle ideally suited for the new ordinary license requirements.

In addition, all our GIGA heavy-duty trucks and GALA heavy-duty sightseeing buses and some of our ERGA heavy-duty transit buses are marketed as vehicles that meet the new long-term emissions standards, and qualify as low-emission heavy-duty vehicles. Also, some of the GIGA, GALA, and ERGA models meet the 2015 fuel economy standard for heavy-duty vehicles. For the overseas market, we have started marketing a new model of the DMAX 1-ton pickup truck in Thailand.

In the area of business development, as part of our efforts to strengthen our long-term revenue base in our domestic sales business, while improving customer service, we have launched, together with ITOCHU Corporation (Itochu) the joint venture Isuzu Network Co., Ltd., with the Company taking a 75 percent and Itochu a 25 percent stake, aimed at improving our service system so that we can fully respond to the needs of our customers throughout the life cycle of the vehicle, that is from the customer's purchase of the vehicle through its replacement or disposal. We have transferred the stock of 15 domestic sales subsidiaries and 3 subsidiaries in domestic sales-related businesses to Isuzu Network. Isuzu Network has unified the vehicle life-cycle businesses previously conducted by individual subsidiaries, while intensively managing their real estate and supporting their efforts to improve management efficiency.

Also, in Thailand we have completed the buildup of pickup truck production capacity of Isuzu Motors Co., (Thailand) Ltd., which we had been engaged in since the previous consolidated fiscal year. The local production base is now able to supply 350,000 units annually. Furthermore, together with General Motors Corporation, we have launched LCV Platform Engineering Corporation, a company that conducts planning and management activities related to joint development projects, with the aim of reducing the development costs for the platforms of our next-generation pickup trucks and their derivatives, as well as providing supplemental know-how concerning those derivatives. In Europe, we have been working to strengthen our development system, such as raising our stake in Isuzu Motors Germany GmbH from about 43 percent to 100 percent, with the goal of improving the development of diesel engines for the European market.

In addition, we have agreed with Toyota Motor Corporation (Toyota) to investigate proposals for business cooperation that will utilize our joint management resources in development and production, while creating a framework for coordinating our efforts on the technological front and developing mutual synergies. In November 2006, in line with this agreement, Toyota acquired 100 million shares of our common stock from Mitsubishi Corporation and Itochu to better promote business tie-ups between our Company and Toyota.

Our Company has been at the forefront of the Group in raising capital during the current consolidated

fiscal year. In particular, we raised 15.7 billion yen in syndicate loans earmarked for capital investment. Our Company also led other companies in capital expenditure for the Corporate Group, which totaled 47.9 billion yen. Capital investment is continuing in, among other things, new product development and production lines to meet emission and other regulations, as well as vehicle and engine assembly facilities in Thailand.

Business Results

The sales volume of domestic vehicles during the consolidated fiscal year decreased by 1,373 units (1.4%) to 96,801 units from the previous consolidated fiscal year, after the demand from purchases to conform to new NOx and PM regulations reached a peak. Total overseas sales amounted to 371,500 units, or an increase of 23,390 units (6.7%) from the previous consolidated fiscal year, driven by our efforts to enhance overseas sales organization leading to increased sales of light-duty trucks in the Middle East and South America. As a result, the total sales volume in the domestic and overseas markets combined, showed an increase of 22,017 units (4.9%), amounting to 468,301 vehicles.

Sales of other products included exports of parts for overseas assembly, which increased for South America and Africa, and amounted to 76.5 billion yen in total, an increase of 10.7 billion yen (16.3%) from the previous consolidated fiscal year. Engine component shipments increased 5.8 billion yendhershers3c0.03

fiscal year to 106.9 billion yen, and an increase in ordinary income of 20.8 billion yen (22.2%) to 114.6 billion yen. Compared with the previous consolidated fiscal year when there were extraordinary warranty expenses, losses in association with the scrapping of the old Kawasaki Plant and increased tax burdens for overseas companies, in the current year some of the Group's subsidiaries generated gains from the return of the substituted portion of the employees' pension fund to the government. Overall, the Group's net income in the current fiscal year increased 33.4 billion yen (56.7%) to 92.3 billion yen. Both operating income and ordinary income continued to set new records from the previous fiscal year, and net income also hit the highest level in the Group's history.

NOTE: Amounts have been rounded down to the nearest 100 million yen. Percentages are rounded to two decimal places.

2) Issues to Be Addressed by the Corporate Group

In the outlook for the domestic economy, we see strong growth in the corporate sector, as well as continuing economic recovery supported by consumer demand. Overseas, we believe that the Asian economy will continue to strengthen. At the same time, we cannot neglect negative factors that may impact the overall picture, including high crude oil prices and concerns about a US economic downturn.

In the domestic truck market, we predict that demand from replacement purchases prompted by new regulations, having already peaked, will slow down. We realize that the environment surrounding our business will continue to be severe, including higher raw material costs and expenses for safety and

3) Assets and Earnings in the Current and Past Three Terms

The assets and earnings in the current 105th Term (FY2007) and the past three terms (FY2004 to FY2006) are as follows:

i) Changes in assets and earnings of the Corporate Group

Category	102 nd Term (Ended March 2004)	103
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ii) Changes in assets and earnings of the Company

Category 102nd

4) Principal Subsidiaries (as of March 31, 2007)

The 13 major subsidiaries out of a total of 93 are listed below:

Company	Capital	% of shares held by the Company	Main Operations
Isuzu Network Co., Ltd.	Millions of yen 23,525	75.00	Vehicle lifecycle business
Isuzu Motors Kinki Co., Ltd.	Millions of yen 6,000	75.00 (75.00)	Selling vehicles
Isuzu Motors Tokai Co., Ltd.	Millions of yen 4,340	75.00 (75.00)	Selling vehicles
Kanagawa Isuzu Motors Ltd.	Millions of yen 4,000	75.00 (75.00)	Selling vehicles
Tokyo Isuzu Motors Ltd.	Millions of yen 2,270	75.00 (75.00)	Selling vehicles
Automobile Foundry Co. Ltd.	Millions of yen 1,480	54.91	Casting, machining, and selling automotive parts
Isuzu LINEX Corporation	Millions of yen 800	100.00	Warehousing and transportation
Isuzu Motors America, Inc.	Thousands of US\$ 406,738	100.00	Selling vehicles
Isuzu Motors Asia Ltd.	Thousands of US\$ 187,272	100.00	Importing and selling parts for vehicle production
Isuzu Commercial Truck of America, Inc.	Thousands of US\$ 25	80.00	Importing and selling vehicles
Isuzu Motors Co., (Thailand) Ltd.	Millions of baht 8,500	71.15 (64.43)	Producing and selling vehicles
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	Millions of baht 1,025	80.00 (78.60)	Producing and selling engines
Isuzu Australia Limited	Thousands of A\$ 47,000	100.00	Importing and selling vehicles

1. The numerals in parentheses indicate percentage of shares indirectly held by the Company and is included in the total number of shares held by the Company.
2. Amounts have been rounded down to the nearest US\$1,000.
3. On February 2, 2007, the Company sold the shares it owned in our 15 domestic sales companies and three other companies specializing in operations related to sales to Isuzu Network Co., Ltd. On April 2, 2007, eleven of the domestic sales companies whose shares

5) Major Operations (as of March 31, 2007)

Our Corporate Group principally manufactures and sells vehicles, parts, and industrial engines. It also deploys logistics and various other services relating to these products.

Category			Main Products
Vehicles	Heavy-duty (and medium-duty) vehicles	Truck	Heavy-duty trucks (Giga series) Medium-duty trucks (Forward series)
		Bus	Sightseeing bus (Gala series) Transit bus (Erga series)
	Light-duty vehicles	Truck	Elf series, Como, D-Max
		Bus	Journey
Parts for overseas production			KD units and parts for overseas production

6) Major Operation Bases and Plants (as of March 31, 2007)

Name of Operations	Location
Head Office	Shinagawa-ku, Tokyo
Tochigi Plant	Ohira, Shimotsuga-gun, Tochigi Prefecture
Fujisawa Plant	Fujisawa City, Kanagawa Prefecture
Isuzu Network Co., Ltd.	Shinagawa-ku, Tokyo
Isuzu Motors Kinki Co., Ltd.	Moriguchi City, Osaka Prefecture
Isuzu Motors Tokai Co., Ltd.	Nagoya City, Aichi Prefecture
Kanagawa Isuzu Motors Limited	Yokohama City, Kanagawa Prefecture
Tokyo Isuzu Motors Limited	Suginami-ku, Tokyo
Automobile Foundry Co., Ltd.	Tsuchiura City, Ibaraki Prefecture
Isuzu LINEX Corporation	Shinagawa-ku, Tokyo
Isuzu Motors America, Inc.	Cerritos, California, USA
Isuzu Motors Asia Limited	Temasek Boulevard, Singapore
Isuzu Commercial Truck of America Inc.	Cerritos, California, USA
Isuzu Motors Co., (Thailand) Ltd.	Phrapradaeng, Samptprakan, Thailand
Isuzu Engine Manufacturing Co., (Thailand) Ltd.	Bangkok, Thailand
Isuzu Australia Limited	Melbourne, Victoria, Australia

2. Current Conditions of the Company

1) Items relating to Shares (as of March 31, 2007)

- i) Total number of shares the Company is authorized to issue, total number of outstanding shares, and total number of shareholders:

Category	Number of shares the Company is authorized to issue	Outstanding shares	Number of shareholders
Common stock	3,369,000,000	1,696,845,339	77,380
Class I Preferred stock	37,500,000	0	0
Class III Preferred stock	25,000,000	25,000,000	1
Class IV Preferred stock	25,000,000	25,000,000	1

NOTE: The number of outstanding common shares increased during the current business term by 555,555,553 through the Class I preferred stock owner's exercise of stock acquisition rights. All 37,500,000 Class I preferred shares purchased as a result were then retired by the Company.

- ii) Major Shareholders
(Common Stock)

Shareholder	Isuzu shares owned by shareholders	
	No. of shares held (1,000 shares)	Ratio of shares held (%)
Mitsubishi Corporation	156,487	9.23

ITOCHU Corporation

3) Directors and Auditors of the Company

ii) Total remuneration for Directors and Corporate Auditors

Category	Number of persons	Total remuneration (millions of yen)
Directors	11	452
Corporate Auditors (including outside auditors)	5 (3)	90 (40)
Total	16	543

NOTES:

1. The total amount of Directors' remuneration is limited to 64 million yen per month (excluding amounts paid as salaries for employees to those Directors who are also employees) by a resolution passed at the 86th Annual General Meeting of Shareholders held on January 30, 1989.
2. The total amount of Corporate Auditors' remuneration is limited to 10 million yen per month by a resolution passed at the 103rd Annual General Meeting of Shareholders held on June 29, 2005.
3. In addition to the amounts of remuneration cited above, based on a resolution passed at the 103rd Annual General Meeting of Shareholders held on June 29, 2005, the Company plans to pay following Directors' Retirement Gratuity:
 - Total of 51 million yen for two outgoing Directors
 - Total of 13 million yen for one outgoing Corporate Auditor

iii) Other important matters relating to the Company's Directors:

As of April 1, 2007, the Company changed responsibilities of Directors as follows:

Position and Title	Name	Responsibilities
Executive Vice President and Director	Susumu Hosoi	Supervisory Management Officer
Executive Vice President and Director	Hiroshi Suzuki	Supervisory Management Officer
Executive Vice President and Director	Shigeki Toma	Supervisory Management Officer
Director	Eizo Kawasaki	Division Executive of Administration Division and Powertrain Business Division

iv) Outside Auditors

- a) Status of concurrent outside directorship positions at other companies (as of March 31, 2007)

Corporate Auditor Yasuharu Nagashima also serves as Director of Nippon Otis Elevator Company and Shinsei Bank, Ltd. Our Company does not have any special relationship with these companies.

Corporate Auditor Susumu Tsuchida also serves as Corporate Auditor of Sanshin Co., Ltd. and of Osaka Securities Finance Co., Ltd. Our Company does not have any special relationship with these companies.

- b) Principal activities during the current business term:
Statements made and attendance at Board of Directors Meetings and Board of Corporate Auditors Meetings:

Name	Status of Statements Made and Attendance
Corporate Auditor Shigeaki Wakabayashi	Attended all 18 Meetings of the Board of Directors and all 14 Meetings of the Board of Corporate Auditors held in the current business term. When necessary, he gave his opinions from the standpoint of a specialist in financial and corporate financial affairs. He gave words of support and advice to assure the appropriateness and suitability of the decisions of the Board of Directors.
Corporate Auditor Yasuharu Nagashima	Attended 15 of the 18 Meetings of the Board of Directors and 10 of the 14 Meetings of the Board of Corporate Auditors held in the current business term. When necessary, he stated his opinions based on his rich experience as a specialist in corporate legal affairs. He gave words of support and advice to assure the legality of the decisions of the Board of Directors.
Corporate Auditor Susumu Tsuchida	Attended 17 of the 18 Meetings of the Board of Directors and 13 of the 14 Meetings of the Board of Corporate Auditors held in the current business term. When necessary, he stated his opinions from the standpoint of a specialist in money, banking, financial affairs, and corporate restructuring. He gave words of support and advice to assure the appropriateness and suitability of the decisions of the Board of Directors.

4) Matters concerning the Independent Auditor

5) System for Ensuring the Propriety of Operations

The Company has constructed and is maintaining a system to secure the propriety of operations by adopting the following basic policies:

i)

subsidiaries

With the objective of gaining public trust in the Company and the Corporate Group based on our policy of serving society in meaningful ways, the Company has established the “Corporate Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.” The Company takes proper measures to ensure that all Directors, Corporate Auditors and employees of the Corporate

CONSOLIDATED BALANCE SHEET

As of March 31, 2007

(millions of yen)

ASSETS		LIABILITIES	
ITEMS	AMOUNT	ITEMS	AMOUNT
CURRENT ASSETS	605,221	CURRENT LIABILITIES	486,249

CONSOLIDATED STATEMENT OF INCOME

From April 1, 2006 through March 31, 2007

(millions of yen)

ITEMS	AMOUNT	
NET SALES		1,662,925
COST OF SALES		1,413,402
GROSS PROFIT		249,523
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		142,542
OPERATING INCOME		106,980
NON-OPERATING INCOME		
Interest and dividend income	3,980	
Amortization of negative goodwill	250	
Equity income from affiliated companies	12,340	
Other	4,190	20,762
NON-OPERATING EXPENSES		
Interest expense	8,391	
Other	4,654	13,046
ORDINARY INCOME		114,697
EXTRAORDINARY GAINS		
Gain on sale of property, plant and equipment	1,327	
Gain on sale of investment securities	108	
Gain on dissolution of employee pension fund	685	
Gain on transfer to the government of the substitutional portion of the employee pension fund liabilities	2,531	
Other	1,561	6,215
EXTRAORDINARY LOSSES		
Loss on disposal of property, plant and equipment	5,642	
Loss on restructuring of non-consolidated subsidiaries and affiliates	1,094	
Loss on sale of investment securities	367	
Dismantlement and other costs of former Kawasaki Plant	1,534	
Loss on impairment of property, plant and equipment	1,000	
Other	3,789	13,428
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST		107,483
INCOME TAXES (CURRENT)	14,260	
INCOME TAXES (DEFERRED)	(6,441)	7,819
MINORITY INTEREST		7,270
NET INCOME		92,394

NOTE: Amounts have been rounded down to the nearest million yen.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2006 through March 31, 2007

(millions of yen)

SHAREHOLDERS' EQUITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for Consolidated Financial Statements

1. Scope of Consolidation

3.

iv) Accrued retirement benefits

Accrued retirement benefits are calculated in an amount based on the projected benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year. Prior service costs are amortized by the straight-line method over periods shorter than the average remaining years of service of eligible employees. Actuarial gain or loss is amortized from the year following the Company's recognition of the gain or loss by the straight-line method over periods shorter than the average remaining years of service of eligible employees (10 years).

Additional Information

a. On July 1, 2006, pension funds of several consolidated companies received permission from the Minister of Health, Labor and Welfare to be exempt from the benefits related to past employee service under the substitutional portion. This gain (2,531 million yen) is included under Extraordinary Gains.

b. Several consoliTw(0.0ITD09- rema (the avera)4.of elr)6(und).)r co

v) Other

The Company has a bylaw on derivative transactions and manages its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits, and reporting systems.

(9) Recognition of profits and expenses

With the exception of a few consolidated subsidiaries, profit for installment sales is recognized based on accounting methods for installment sales.

(10) Other

Amounts of transactions subject to consumption tax are recorded excluding consumption tax.

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries acquired through business combinations are measured at fair value.

6. Amortization of goodwill

The company estimates the period an account will remain in

Notes to the Consolidated Balance Sheet

1. Pledged Assets

Assets pledged as collateral

Cash and cash deposits	280 million yen
Trade notes and accounts receivables	375 million yen
Land	184,311 million yen
Buildings and structures	51,729 million yen
Machinery, equipment and vehicles	56,915 million yen
Other	33 million yen

In addition to the above, securities of consolidated subsidiaries (662 million yen, based on the book price of individual financial statements) held by the company presenting the consolidated financial statements are pledged as collateral.

Secured liabilities

Notes to the Consolidated Statement of Changes in Net Assets

1. Number of shares issued and outstanding at the end of the fiscal year

Common stock		1,696,845,339 shares
Class Preferred Stock		25,000,000 shares
Class Preferred Stock		25,000,000 shares
Total:		1,746,845,339 shares

2. Details of dividends paid as distribution of profits

(1) Amount of dividends paid

Date of Resolution	Type of Stock	Total Amount of Dividends Paid (million yen)	Dividend per Share	Ex-dividend Date	Payment Date
June 29, 2006 General Meeting of Shareholders	Common stock	3,420	3.00 yen	March 31, 2006	June 30, 2006
June 29, 2006 General Meeting of Shareholders	Class Preferred Stock	260	6.944 yen	March 31, 2006	June 30, 2006
June 29, 2006 General Meeting of Shareholders	Class Preferred Stock	323	12.944 yen	March 31, 2006	June 30, 2006
June 29, 2006 General Meeting of Shareholders	Class Preferred Stock	423	16.944 yen	March 31, 2006	June 30, 2006

(2) Dividends with ex-dividend date during this fiscal year and payment date during the next fiscal year

Date of Resolution	Type of Stock	Total Amount of Dividends Paid (million yen)	Dividend per Share	Ex-dividend Date	Payment Date
June 28, 2007 General Meeting of Shareholders	Common stock	6,782	4.00 yen	March 31, 2007	June 29, 2007
June 28, 2007 General Meeting of Shareholders	Class Preferred Stock	352	14.104 yen	March 31, 2007	June 29, 2007
June 28, 2007 General Meeting of Shareholders	Class Preferred Stock	452	18.104 yen	March 31, 2007	June 29, 2007

Notes on Net per Share

Net Assets per Share	177.68	yen
Net Income per Share	64.83	yen

The basis of calculation is as follows:

Net income	92,394	million yen
Profit not attributable to common stock	352	million yen
(Preferred dividends as distribution of profits)	(352)	million yen
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Profit attributable to common stock	92,041	million yen

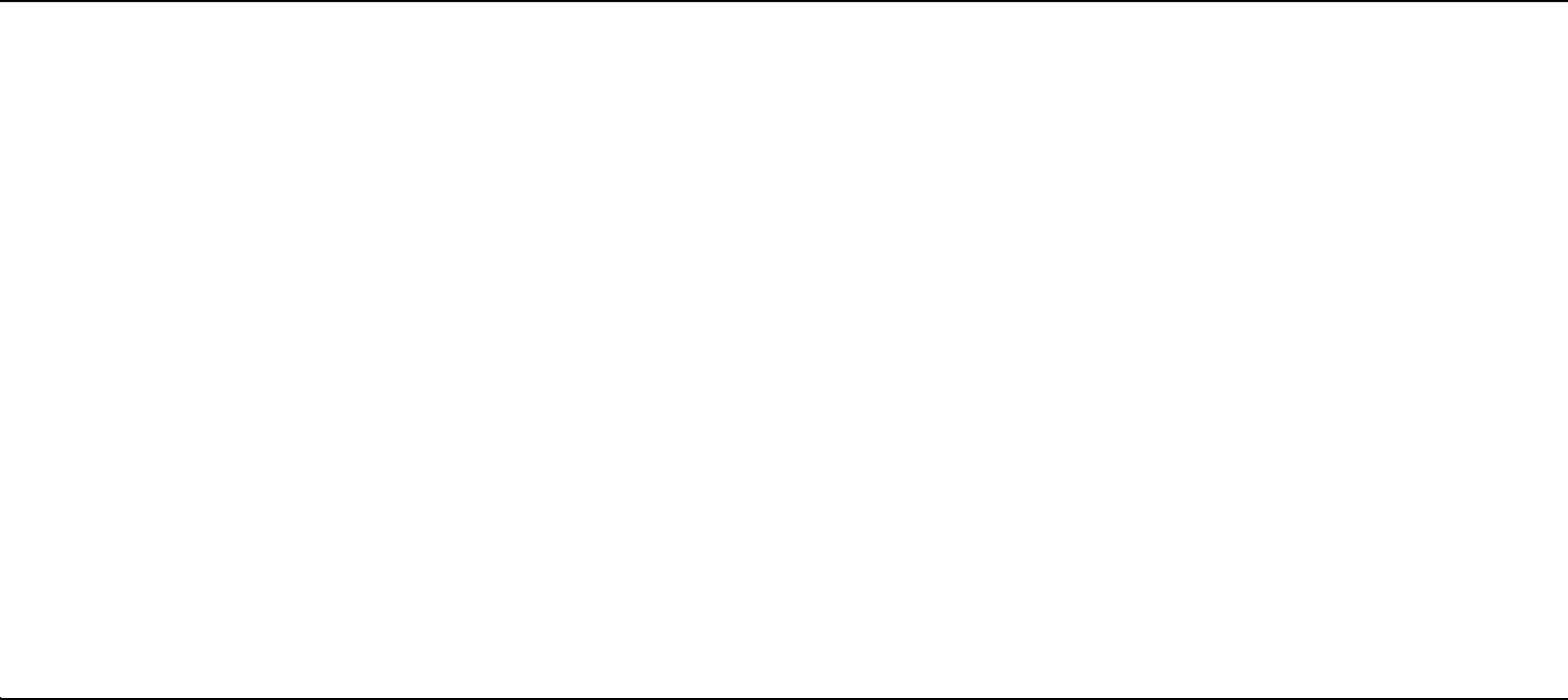
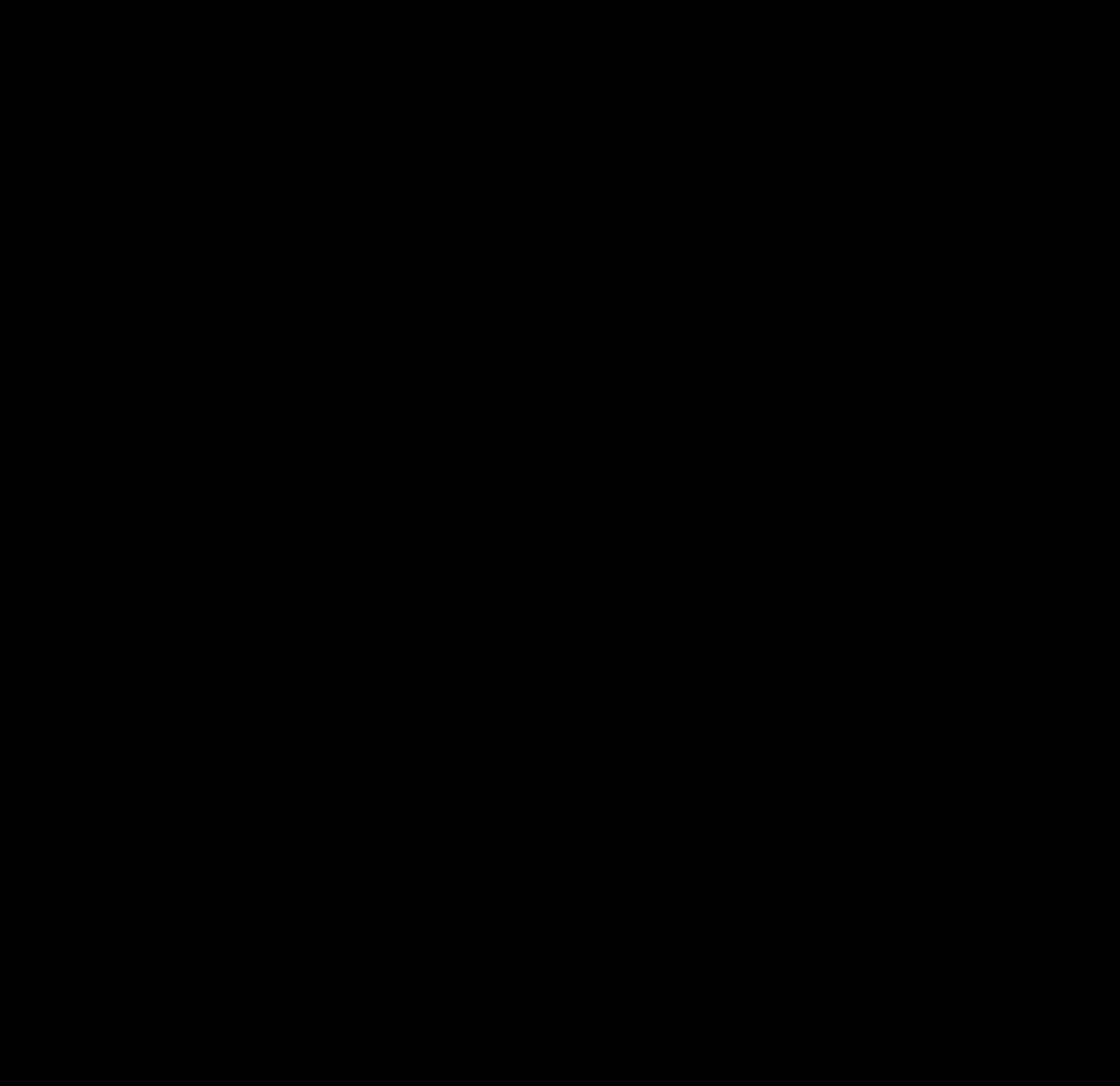
Average number of stocks issued	1,419,786,903	shares
(Common stock)	(1,371,125,102)	shares)
(Class		

BALANCE SHEET

As of March 31, 2007

(millions of yen)

STATEMENT OF INCOME



NOTES TO THE FINANCIAL STATEMENTS

Basis for Financial Statements

1. Significant Accounting Policies

(1) Valuation methods for securities

i) Securities investment in subsidiaries and affiliates

Securities investment in subsidiaries and affiliates are measured at the cost determined by the moving average method. Some of the securities have been written-off.

ii) Other securities

a. Marketable securities

Marketable securities are measured at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets.

Cost of securities sold is calculated by the moving average method.

b. Non-marketable securities

Non-marketable securities are measured at cost using the moving average method.

(2) Derivative financial instruments

Derivative financial instruments are measured at fair value.

(3) Valuation methods for inventories

Inventories are measured at cost using the gross average method.

Some of the inventories have been written-off.

(4) Depreciation of non-current assets

i) Depreciation of fixed assets

Depreciation of fixed assets is calculated by the straight-line method.

Property with an acquisition cost of more than 100 thousand yen and less than 200 thousand

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate prevailing on the date of the balance sheet, and any differences arising from the translation are included in the financial statements as gains or losses.

(7) Lease accounting

Finance lease transactions, except those in which the ownership of the lease assets is transferred to the lessee, are accounted for in a similar way as ordinary rental transactions.

(8) Hedge accounting

i) Hedge accounting

a. Forward foreign exchange contracts and currency options

Designated hedge accounting is adopted.

b. Interest rate swaps and interest rate options

Deferral hedge accounting or exceptional accounting specified in the accounting standard concerning financial instruments is adopted.

ii) Hedging instruments and hedged items

a. Hedging instruments

Interest rate swaps, interest rate options, forward foreign exchange contracts, and currency options.

b. Hedged items

Receivables and payables denominated in foreign currencies, borrowings.

iii) Hedging policy

The company utilizes derivative financial instruments with receivables and payables denominated in foreign currency and borrowings to hedge against possible future fluctuations in the market price.

iv) Assessment of hedge effectiveness

Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items. However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting.

v) Other

The company has a bylaw on derivative transactions and manages its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits and reporting systems.

(9) Deferred Assets

Deferred assets are all accounted as an expense on payment.

(10) Other

Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

2. Accounting Changes

Accounting Standard for Presentation of Net Assets in the Balance Sheet

Isuzu Motors Limited has adopted "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5 issued December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 issued December 9, 2005) beginning this fiscal year. The total amount equivalent to the formerly presented shareholders' equity is 292,768 million yen.

Notes to the Balance Sheet

1. Pledged Assets

Assets pledged as collateral

Buildings	30,584	million yen
Structures	6,995	million yen
Machinery and equipment	47,934	million yen
Land	174,976	million yen
Securities investment in subsidiaries and affiliates	662	million yen

Secured liabilities

Current portion of bonds	39,346	million yen
Long-term loans	124,172	million yen

2. Accumulated Depreciation of Property, Plant and Equipment 414,470 million yen

3. Balance of Contingent Liabilities

Balance of secured liabilities	16,741	million yen
Balance of export bills discounted	159	million yen

4. Debts and Credits to Subsidiaries and Affiliates

Short-term credits	106,959	million yen
Long-term credits	84,955	million yen
Short-term debts	54,150	million yen
Long-term debts	3,524	million yen

5. Other

Notes on Tax-Effect Accounting

1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets (of current assets)		
Allowance for doubtful accounts	3,124	million yen
Accrued bonus costs	3,144	million yen
Accrued expenses	6,001	million yen
Inventory write-offs	708	million yen
Other	2,614	million yen
Loss carried forward	16,574	million yen
Valuation allowance	(2,547)	million yen
Total amount of deferred tax assets (of current assets)	<u>29,620</u>	<u>million yen</u>

Deferred tax assets (of non-current assets)		
Accrued retirement benefits	14,474	million yen
Unrealized loss in investments	10,991	million yen
Other	1,112	million yen
Loss carried forward	34,127	million yen
Valuation allowance	(60,705)	million yen
Total amount of deferred tax assets (of non-current assets)	<u>-</u>	<u>million yen</u>

Deferred tax liabilities (of non-current liabilities)		
Unrealized holding gain on securities	5,154	million yen
Total amount of deferred tax liabilities	<u>5,154</u>	<u>million yen</u>
Net amount of deferred tax liabilities	<u>5,154</u>	<u>million yen</u>

2. Reconciliation of the Effective Tax Rate and the Statutory Tax Rate

Statutory tax rate	40.0	%
(Reconciliation)		
Decrease or increase in valuation allowance	(40.7)	%
Foreign withholding tax	1.6	%
Other	0.2	%

Notes on Lease Assets

Details of finance lease transactions, except those in which the ownership of the lease assets is transferred to the lessee, are as follows:

1. Amounts Equivalent to Acquisition Cost and Net Balance

	Acquisition Cost (millions of yen)	Accumulated Depreciation (millions of yen)	Net Balance at the End of the Fiscal Year (millions of yen)
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Notes on Subsequent Events

Information on Acquisition of Treasury Stock

The Company has resolved at the Board of Directors Meeting held on May 14, 2007 to propose an agenda on the acquisition of treasury stock with regard to Class and Class Preferred Stocks at the coming General Meeting of Shareholders scheduled for June 28, 2007.

1. Reasons for Acquisition

To avoid latent dilution of the common stocks and to ease the burden of payment of dividends.

2. Types and number of shares to be acquired

Class	Preferred Stock	Up to 25,000,000 shares (100% of the Class Preferred Stock issued and outstanding)
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Class	Preferred Stock	Up to 25,000,000 shares (100% of the Class Preferred Stock issued and outstanding)
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3. Details of types of cash and equivalent to be delivered in exchange with the shares

Type of cash and equivalent:	Cash
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Total amount:	Up to 40,000 million yen
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4. Stock acquisition period

Within one year from the day following the close of the General Meeting of Shareholders scheduled for June 28, 2007

(Attachment)**Notes on Transactions with Related Parties**

Transactions with Subsidiaries

(millions of yen)

Name of Subsidiary	Percentage of Voting Right Owned	Connections with the Related Parties	Details of Transactions	Amount of Transaction	Account	Balance Outstanding
Tokyo Isuzu Motors Ltd.	Indirect 100%	Distribution of vehicles & parts based on exclusive dealer contract Lending funds for equipment & running costs Interlocking of directors	Loan lending (Note 1)	-	Long-term loans	14,974
			Interest receipt (Note 1)	285	Short-term loans	1,185
			Product retailing (Note 2)	65,769	Accounts receivable	13,748
Isuzu Motors Kinki Co., Ltd.	Indirect 100%	Distribution of vehicles & parts based on exclusive dealer contract Lending funds for equipment & running costs Lease of facilities Interlocking of directors	Product retailing (Note 2)	53,174	Accounts receivable	12,709
Isuzu Australia Limited	Direct 100%	Distribution of vehicles & parts Interlocking of directors	Product retailing (Note 2)	30,637	Accounts receivable	10,316

ICL Co., Ltd. Indirect 100%

Transactions with Affiliates

(millions of yen)

Name of Affiliate	Percentage of Voting Right Owned	Connections with the Related Parties	Details of Transactions	Amount of Transaction	Account	Balance Outstanding
Qingling Motors Co., Ltd.	Direct 20%	Distribution of components & parts Interlocking of directors	-	-	Securities investment in subsidiaries & affiliates	11,098

Report of Independent Auditors

May 15, 2007

The Board of Directors
ISUZU MOTORS LIMITED

Ernst & Young ShinNihon

Akira Tanaka
Certified Public Accountant
Designated and Engagement Partner

Hideki Nishida
Certified Public Accountant
Designated and Engagement Partner

Kazuo Kishida
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Corporation Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of ISUZU MOTORS LIMITED (the "Company") applicable to the fiscal year from April 1, 2006 through March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Report of Independent Auditors

May 15, 2007
The Board of Directors
ISUZU MOTORS LIMITED

Ernst & Young ShinNihon

Akira Tanaka
Certified Public Accountant
Designated and Engagement Partner

Hideki Nishida
Certified Public Accountant
Designated and Engagement Partner

Kazuo Kishida
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of ISUZU MOTORS LIMITED (the "Company") applicable to the 105th fiscal year from April 1, 2006 through March 31, 2007. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

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

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Isuzu Motors Ltd. applicable to the 105th fiscal year ended March 31, 2007 in conformity with accounting principles generally accepted in Japan.

Supplemental information

As described in Notes on Subsequent Events, the Company has resolved at the Board of Directors Meeting held on May 14, 2007 to propose an agenda on the acquisition of treasury stock with regard to Class and Class Preferred Stocks at the coming General Meeting of Shareholders scheduled for June 28, 2007.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

Board of Corporate Auditors' Report

Audit Report

In relation to the Directors' performance of their duties during the 105th business term from April 1, 2006 to March 31, 2007, the Board of Corporate Auditors have prepared this Audit Report based on the audit report prepared by each Corporate Auditor. We hereby report as follows:

1. Auditing Procedures Adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Procedures

The Board of Corporate Auditors established the audit policies and audit plan, and received reports from all the Corporate Auditors regarding their auditing activities and the results thereof. In addition, we received reports from the Directors and Independent Auditor regarding the execution of their duties, and when necessary, we requested their explanations.

In accordance with the auditing standards for Corporate Auditors and the audit plan stipulated by the Board of Corporate Auditors, we communicated with the Directors, the internal auditing division, and other employees of the Company and endeavored to gather information and develop and maintain an environment for gathering information and auditing. We also attended board and other important meetings, received reports from the Directors and employees regarding the performance of their duties, sought explanations as necessary, examined important documents related to important decisions, and examined the operations and assets at the Company's head office and major operational establishments.

In addition, we monitored and verified the contents of a resolution of the Board of Directors concerning the establishment of the system stipulated in Section 1 and Section 3, Article 100 of the Enforcement Regulations of the Corporation Law, which is essential to securing conformance in the execution of the duties of the Directors regarding the laws, regulations and Articles of Incorporation as well as the propriety of the operations of the Company, and the system (the Internal Control System) which has been developed based on the resolutions thereof. The Corporate Auditors took steps to facilitate communications between the Directors and Corporate Auditors of the subsidiaries, and when necessary, received reports from the subsidiaries' auditors of the subsidiaries (the subsidiaries' auditors) (received reports from the subsidiaries' auditors of the subsidiaries).

2. Audit Results

1) Results of Audit of Business Report and Other Relevant Documents

- i) We confirm that the business report and the related supplementary schedules give a fair view of the state of affairs of the Company in accordance with the laws, regulations, and Articles of Incorporation.
- ii) We have found no significant evidence of wrongful acts or violations of the laws and regulations, or Articles of Incorporation with regard to the performance of duties by the Directors.
- iii) We confirm that the content of the resolution by the Board of Directors regarding the Internal Control System is proper. Furthermore, we have found no problems regarding the Directors' execution of their duties relating to the Internal Control System.

(2) Results of Audit of Financial Statements and Related Supplementary Schedules

We confirm that the methods and results of the audits made by the Independent Auditor, Ernst & Young ShinNihon, are proper.

(3) Results of Audit of Consolidated Financial Statements

We confirm that the methods and results of the audits made by the Independent Auditor, Ernst & Young ShinNihon, are proper.

May 21, 2007

The Board of Corporate Auditors of Isuzu Motors Limited

Standing Corporate Auditor	Michio Kamiya
Standing Corporate Auditor	Kouji Yamaguchi
Standing Corporate Auditor	Shigeaki Wakabayashi
Corporate Auditor	Yasuharu Nagashima
Corporate Auditor	Shusumu Tsuchida

Note: Standing Corporate Auditor Shigeaki Wakabayashi, Corporate Auditor Yasuharu Nagashima, and Corporate Auditor Susumu Tsuchida are outside auditors as specified in paragraph 16, Article 2, and section 3, Article 335, of the Corporation Law.

Reference Material for the General Meeting of Shareholders

Proposal 1: Appropriation of Retained Earnings

Taking into account such factors as our business results for the business term under review and our future business deployment, we propose to appropriate retained earnings in the form of year-end dividends for the 105th business term.

1. Type of dividend

Cash

2. Allotment of dividends and total amount

We propose to pay a dividend of 4 yen per share of the Company's common stock, predetermined dividends of 14.104 yen per share for Class III preferred stock, and predetermined dividends of 18.104 yen per share for Class IV preferred stock. We will pay a total of 7,587,775,668 yen as dividends.

3. Effective date of distribution of retained earnings

We propose June 29, 2007 as the effective date of the distribution of retained earnings.

Proposal 2: Acquisition of Treasury Shares

Pursuant to section 1 of Article 156 of the Corporation Law, and aiming to avoid potential dilution of the value of the common stock and reduce any future burden of dividend payments, the Company proposes

Reference

1. About Preferred Stock (Summary)

- 1) The Company issued four types of preferred stocks (Class I, Class II, Class III, and Class IV) in December 2002 in a debt-for-equity swap. The Company acquired all shares of Class I preferred stock and retired them by March 2007. The Company put all the Class II preferred stock to paid-in compulsory retirement in January 2005.

The table below shows the present status of the preferred stocks.

	Class I preferred stock	Class II preferred stock	Class III preferred stock	Class IV preferred stock	Total
Number of shares (thousands)	37,500	37,500	25,000	25,000	125,000
Paid-in amount (100 million yen)	300	300	200	200	1,000
Current number of shares (thousands)	-	-	25,000	25,000	50,000

Request for acquisition (equivalent to request for conversion under the old commercial code) to start from:

-	-	October 2010	October 2012
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Proposal 3: Election of Seven (7) Directors

The terms of office of five (5) Directors (Yoshinori Ida, Eizo Kawasaki, Goro Shintani, Naotoshi Tsutsumi, and Hirokichi Nadachi) will expire at the close of this General Meeting of Shareholders. Two (2) Directors (Hiroschi Suzuki and Yoshio Kinouchi) will resign at the close of the General Meeting of Shareholders. Accordingly, we ask the shareholders to elect seven (7) Directors.

The candidates are listed below:

No.	Name (Date of Birth)	Personal profile, positions and responsibilities in the Company, and representative posts held in other companies	No. of Company shares owned
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	April	1974	Joined Isuzu Motors Limited
	December	2001	Assistant to Division Executive, Engineering Division, Operations Headquarters, Isuzu Motors Limited
	February	2003	Executive of CV Product Planning & Engineering Dept.; LCV Product Planning & Engineering Dept.; Vehicle Engineering Dept. No. 1; Vehicle Engineering Dept. No. 2; Vehicle Engineering Dept. No. 3; EE & Vehicle Control Dept.; and Vehicle Research & Experiment Dep. of Engineering Division of Operations Headquarters, Isuzu Motors Limited
	June	2003	Executive Officer and Executive of CV Product Planning & Engineering Dept.; LCV Product Planning & Engineering Dept.; Vehicle Engineering Dept. No. 1; Vehicle Engineering Dept. No. 2; Vehicle Engineering Dept. No. 3; Vehicle Engineering Dept. No. 4; and EE & Vehicle Control Dept.; Vehicle Research & Experiment Dep. of Engineering Division of Operations Headquarters, Isuzu Motors Limited

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	April	1978	Joined Isuzu Motors Limited	
	October	2001	Executive in charge of Business Process Reform, Sales Planning Division, Sales Headquarters, Isuzu Motors Limited	
	June	2002	Executive in charge of Logistics Systems, Sales Planning Division, Sales Headquarters, Isuzu Motors Limited	

Proposal 4: Election of One (1) Corporate Auditor

Michio Kamiya, Corporate Auditor, will resign at the close of the current General Meeting of Shareholders. We therefore propose to elect the following individual as a corporate auditor. The Board of Corporate Auditors has already consented to us making this proposal at this General Meeting of Shareholders.

Name (Date of Birth)	Personal profile, position and responsibilities in the Company, and representative posts held in other companies			No. of Company shares owned
Yoshio Kinouchi (September 24, 1946)	April	1969	Joined Isuzu Motors Limited	47,000
	December	1991	Executive in charge of Purchasing Planning, Isuzu Motors Limited	
	June	1994	Director, Automobile Foundry Co., Ltd.	
	June	1997	Executive Director, Automobile Foundry Co., Ltd.	
	May	1999	President and Representative Director, Automobile Foundry Co., Ltd.	
	May	2002	Resigned as Director of Automobile Foundry Co., Ltd.	
	June	2002	Division Executive of Administration Division, Isuzu Motors Limited	
	June	2002	Director, Isuzu Motors Limited	
	April	2005	Director and Division Executive of Administration Division, Corporate Administration Headquarters of Isuzu Motors Limited	
	April	2007	Director, Isuzu Motors Limited	
to present				

- NOTES: 1. There are no conflicts of interests between the candidate and the Company.
2. Yoshio Kinouchi is a new candidate.