

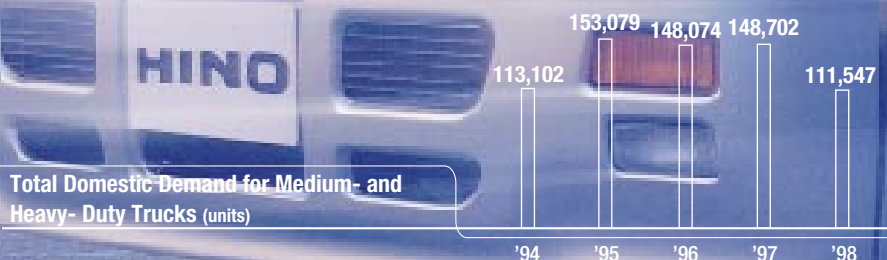
TO MAINTAIN STRONG EARNING PO IN A HARSH ENVIRONMENT, HINO STRUCTURE TO PURSUE AGGRESSIVE MANAGE CUSTOMERS WITH HIGH-QUALITY PRODUCTS

The domestic medium- and heavy-duty diesel truck market has borne the brunt of the prolonged economic downturn, and market conditions have become increasingly severe. In addition, the countries of Southeast Asia, our principal export market, are mired in a currency crisis. Consequently, both domestic and export demand has worsened considerably with no sign of an end to this industrywide stagnation.

Total domestic demand for medium- and heavy-duty diesel trucks, which is a clear indicator of trends in the domestic market, declined 25.0% from 148,702 units in fiscal 1997 to 111,547 units in fiscal 1998. In fiscal 1999, despite the expected effects of the government's economic stimulus package, harsh market conditions are expected with further declines in domestic demand.

Under such conditions, rather than adopt a defensive stance, Hino Motors is developing an aggressive management style tuned to the needs of product development, production and marketing. We aim to implement specific measures in the following three core areas:

- *Enhancing product quality and extending our record as the leader in the domestic market*
- *Expanding aggressively in overseas markets*
- *Fully entering the light-duty truck market*



LEADERSHIP AND MARKET PRESENCE

HINO MOTORS IS CREATING A CORPORATE INTEGRATION INITIATIVES AND PROVIDE SOLUTIONS AT A LOW COST.



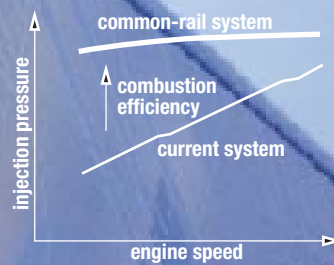
ENHANCING PRODUCT QUALITY AND EXTENDING OUR RECORD AS THE LEADER IN THE DOMESTIC MARKET

Outstanding customer loyalty and product competitiveness is demonstrated by 25 years as the domestic market leader in medium- and heavy-duty diesel trucks. However, instead of resting on past achievements, Hino Motors is enthusiastic about accepting new challenges. We aim to extend our leadership position to 26 years and beyond by placing the highest priority on meeting customer expectations.

Hino Motors has consistently been a technological pioneer. We have led the industry in our responses to deregulation. We have enthusiastically embraced environmental protection through reduced emissions, lower noise levels and active recycling in our operations. And we have made an unwavering commitment to improving vehicle safety. Outstanding technological strength is evident in every Hino Motors vehicle.

As we begin our second quarter century at the apex of the

Combustion Efficiency of the Common-Rail System



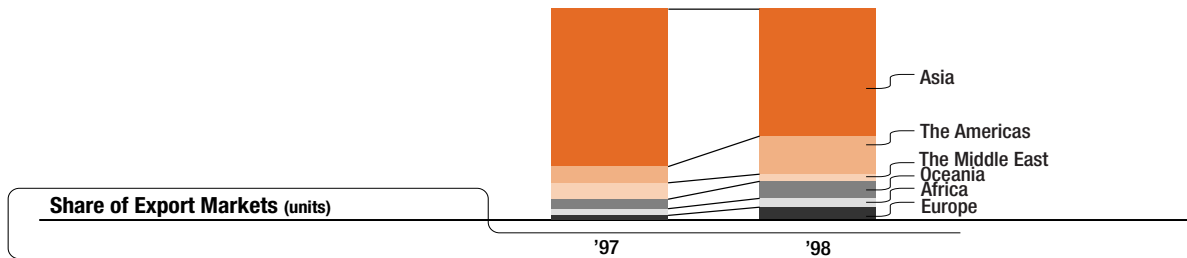
industry, we have renewed our flagship strategic series, SUPER DOLPHIN PROFIA heavy-duty trucks. In May 1998, new models were launched with enhanced environmental features, economy and safety.

The new series is distinguished by a common-rail, electronically controlled, high-pressure fuel injection system in a in-line six cylinder turbo intercooler engine, which was originally incorporated in our medium-duty truck series to strong acclaim. The system works by supplying fuel from the fuel pump to each injector through a common rail and integrating the electronic control of injection pressure, timing and amounts. This process enables high-pressure fuel injection, from low to high speeds adjusted for different loads. As a result, we have achieved superior fuel economy by substantially improving combustion cleanliness and efficiency.

This development marks a world first for adopting such a system to heavy-duty trucks with a gross vehicle weight of 20 tons or more, again exemplifying our industry leadership.



Hong Kong is expected to be a market of growing importance to Hino Motors.



EXPANDING AGGRESSIVELY IN OVERSEAS MARKETS

Hino Motors had previously focused on expanding its operations in Southeast Asia, beginning with Thailand. However, our export volume declined dramatically in fiscal 1998 because of the sudden downturn in economic conditions in Southeast Asia. In fiscal 1997, the Company's exports to Thailand amounted to 14,257 units, or 42.3% of total exports of 33,728 units. In fiscal 1998, exports to the country plunged 73.9% to a 3,727 units. Moreover, export volume to Southeast Asian countries fell sharply across the board. On the other hand, an increase in export volume was recorded in Taiwan and Hong Kong, with respective gains of 50.2% to 3,398 units and 92.3% to 1,198 units. We also substantially boosted the volume of exports to Australia and the United States. In light of these results, Hino Motors is making efforts in each region, outlined as follows:

(1) ASIA, EXCLUDING CHINA

As this region will continue to be an important market, we will follow up on previous measures to establish local production and to implement marketing strategies in tune with local needs. After constructing a new factory at our joint venture company in Taiwan and taking an equity stake in a distributor there, we established Hino Motors Vietnam, Ltd. as a joint venture in 1996 to manufacture and market products in Vietnam. This company commenced production in November 1997.

We will adopt the following initiatives in response to adverse conditions in the Southeast Asian market:

- Streamlining and boosting the efficiency of our overseas production network;
- Transferring surplus staff to neighboring countries and Japan;
- Making full use of production bases for re-exporting, including exports to Japan; and
- Expanding the local procurement of components to take advantage of the weakness of local currencies.



We have launched an aggressive marketing program in the North American market.

(2) CHINA

Hino Motors views China as a promising market and will explore the possibility of entering the market in various ways, beginning with the establishment of joint ventures.

(3) THE UNITED STATES, AUSTRALIA, THE MIDDLE EAST AND AFRICA

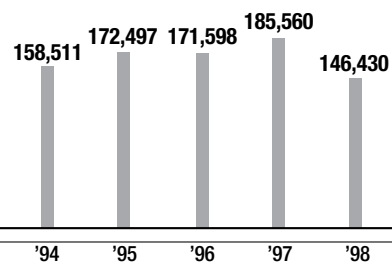
The United States is an attractive market and we will focus efforts on bolstering our product lineup as well as our marketing and service networks. Australia is a crucial market for us along with Asia, and we will aggressively expand our truck business there through Hino Motor Sales Australia (HMSA) Pty Ltd, a wholly owned subsidiary established in 1994. In the Middle East and Africa, although demand is declining in such promising markets as Pakistan and Saudi Arabia, we will strive to uncover substantial potential demand in this region.

FULL-SCALE ENTRY INTO THE LIGHT-DUTY TRUCK MARKET

Until recently, Hino Motors has concentrated on expanding its medium- and heavy-duty truck business, while its share of 2-ton vehicle production has been limited to approximately 3%. However, the so-called light-duty truck market, encompassing 2.0- to 3.5-ton trucks, is even larger than the medium- and heavy-duty truck market. At present, to make full-scale market entry, we are jointly developing new light-duty trucks with Toyota Motor Corporation, which we plan to launch in 1999.

Light-duty trucks are strategically vital for future expansion, and we are targeting a domestic market share of 5% in fiscal 1999 and 10% in fiscal 2000. We plan to begin exporting these vehicles immediately after their launch in the domestic market.

Total Domestic Demand for Light-Duty Trucks (units)



Hino Motors' Market Share in Light-Duty Trucks

