HINO MOTORS, LTD. ANNUAL REPORT 1999

For The Year Ended March 31, 1999

PROFILE

With a focus on medium- and heavy-duty diesel trucks, Hino Motors, Ltd. develops and manufactures diesel trucks, buses and industrial diesel engines. The Company has held the top position in the domestic market for medium- and heavy-duty diesel trucks* for 26 consecutive years. During the fiscal year under review, Hino Motors made a full-scale entry into the light-duty truck* market with the release of a new 2-ton payload truck developed jointly with Toyota Motor Corporation.

On October 1, 1999, Hino Motors will merge with Hino Motors Sales, Ltd., the Company's domestic sales affiliate.

**Light-duty trucks have payloads from 2.0 to less than 4.0 tons; medium-duty trucks have payloads from 4.0 to less than 5.0 tons; heavy-duty trucks have payloads of 5.0 tons and over.*

CONTENTS

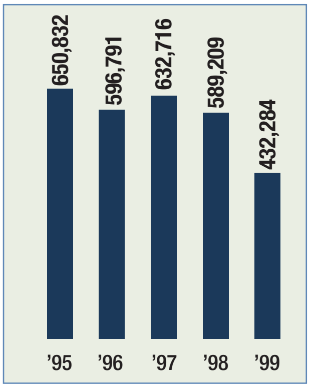
CONSOLIDATED FINANCIAL HIGHLIGHTS

YEARS ENDED OR AS OF MARCH 31, 1998 AND 1999

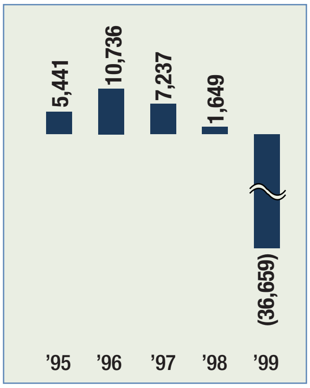
	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Net sales	¥589,209	**¥432,284**	**$3,585,933**
Income (loss) before income taxes	1,502	**(34,870)**	**(289,259)**
Net income (loss)	1,649	**(36,659)**	**(304,100)**
Property, plant and equipment—net	186,356	**190,859**	**1,583,234**
Total assets	421,363	**392,601**	**3,256,745**
Shareholders' equity	142,452	**104,056**	**863,174**
	Yen		U.S. Dollars
Per share amounts:			
Net income	¥4.55	**¥(101.16)**	**$(0.84)**
Cash dividends	6.00	**—**	**—**

Note 1: U.S. dollar amounts here and elsewhere in this Annual Report are translated, for convenience only, at the rate of ¥120.55=$1.
Note 2: The years stated in the text are fiscal years which run from April 1 of the previous year through March 31 of the following year.
Note 3: Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.
Note 4: Cash dividends per share represents the cash dividends declared as applicable to the respective year.

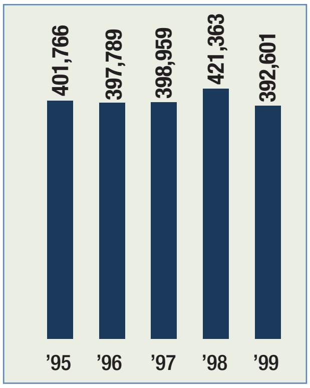
Net Sales
(millions of yen)



Net Income (Loss)
(millions of yen)



Total Assets
(millions of yen)



Strategic Focus in a Harsh Business Environment

In fiscal year 1999, ended March 31, 1999, domestic demand for medium- and heavy-duty trucks declined to a level last recorded in the mid-1960s. In Asian markets, our largest overseas demand source, the effects of economic turmoil arising from the currency crisis in the region continued, and truck demand weakened further. With severe pressure on the two main engines of demand supporting our operations, corporate performance deteriorated. Net sales recorded a year-on-year decline, and management regrets to announce the first net loss since Hino Motors was listed on the Tokyo Stock Exchange in 1949.

RESULTS

In the fiscal year under review, consolidated net sales declined 26.6% to ¥432,284 million. Hino Motors adopted such unprecedented countermeasures as temporarily halting portions of our medium- and heavy-duty truck operations, and took resolute steps to reduce manufacturing costs and strengthen earnings power. However, these efforts were unable to offset the adverse impact of the sharp decline in sales, and Hino Motors recorded an operating loss of ¥37,593 million, compared with operating income of ¥710 million in the previous fiscal year, and a net loss of ¥36,659 million, compared with net income of ¥1,649 million a year earlier. During the fiscal year, the number of consolidated subsidiaries increased by three to a total of 10, of which six posted profits and four reported losses. At the same time, the number of affiliated companies accounted for by the equity method rose by two for a total of 19, of which five recorded profits and 14 posted losses.

In view of these results, management suspended cash dividends for the year. As we make concerted efforts to realize a rapid earnings recovery and resume dividend payments, we ask for the support of our shareholders.

MARKETS AND PERFORMANCE

Operating conditions in the domestic automobile industry remained depressed by the protracted downturn in the Japanese economy, and extremely weak demand prevailed in Asian countries affected by the economic crisis in the region. The only positive sign was a firm increase in demand in the North American and European markets.

Toshimi Onishi, Chairman of the Board (left) and Hiroshi Yuasa, President

In recent years, the domestic market for our core medium- and heavy-duty trucks has been affected by an unprecedented slump in demand. Despite government measures to stimulate the domestic economy, the future economic outlook remains uncertain. Weak demand for construction and cargo trucks led to a decline in the domestic truck market from approximately 112,000 units in the previous term to 81,000 units, the lowest level since the market first exceeded 100,000 units in 1967.

In response to intense competition resulting from the market contraction, Hino Motors expanded its lineup of medium- and heavy-duty trucks and bolstered marketing capabilities. In developing new products, we are focused on the key issues of environmental conservation, economy and safety. Since it is no longer possible for a company to differentiate its trucks on the basis of load-carrying function alone, Hino Motors has continuously introduced products backed by leading-edge development concepts. For example, in 1995 we adopted the world's first common rail, electronically controlled, high-pressure fuel injection system for our RISING RANGER series of medium-duty trucks, and extended its application to heavy-duty trucks during fiscal year 1999. Through such achievements, we were able to maintain a 28.8% share of the domestic medium- and heavy-duty truck market, marking our 26th consecutive year as the market leader based on the number of medium- and heavy-duty truck registrations in Japan.

During the fiscal year under review, the domestic diesel bus market also remained in a downturn. Total demand declined from 11,500 units in the previous term to 10,200 units. In response, we aimed to stimulate demand by launching new medium- and small buses and by adding a low-floor bus to our lineup of large city buses. These efforts helped maintain a 22.0% share of the domestic market, a level comparable with previous years.

Overseas, demand collapsed in Southeast Asia, our principal export market, and our total export volume plunged to approximately half the level of the previous term. Such harsh business conditions were unprecedented, and we took urgent steps to restructure and reinforce our operating base in several Asian countries while stepping up marketing activities in the Americas, where sales have generally been robust.

In commissioned production for Toyota Motor Corporation, production of the T100 pickup truck was transferred to Toyota's new plant in the United States, and commissioned production of the 4Runner (Hilux Surf in Japan) declined in volume. As a result, unit production fell 7.4% from the previous term.

OUTLOOK AND STRATEGY

We do not expect the operating environment in the current and future fiscal years to deteriorate much further compared with the fiscal year under review. However, we do not foresee an imminent recovery in either the domestic medium- and heavy-duty truck market or in export demand to Southeast Asia.

Consequently, our current mission is to generate the best possible performance under adverse conditions, and we will strive to build a sound earnings structure able to generate profits—even in an operating environment as inhospitable as the fiscal year under review. Our goals are to maintain the top position we have held for the past 26 years in the medium- and heavy-duty truck market, and to expand efforts in bus operations.

To create a new source of rapid growth as an integrated manufacturer of trucks and buses, Hino Motors made a full-fledged entry into the light-duty truck market in May 1999 with the domestic launch of the 2-ton payload truck DUTRO, jointly developed with Toyota. Our aim is to raise our share of this market from 3.1% in fiscal 1999, to 10% as rapidly as possible to cultivate this business into one of the forces that will drive our earnings recovery.

The merger of Hino Motors with Hino Motor Sales, Ltd., our domestic sales affiliate, effective October 1, 1999, was approved at the Company's general shareholders' meeting on June 24, 1999. The objective of the merger is to combine the management resources of both companies to enhance competitiveness. As this will increase our ability to rapidly develop, manufacture and market vehicles that respond to customer demand by staying in close touch with market trends, we believe it is the best strategy to respond to the difficult corporate environment faced in fiscal year 1999.

A new executive officer system was also approved at the general shareholders' meeting. This system is designed to accelerate the decision-making process, ensure an appropriate number of directors and strengthen strategic execution.

We ask for the continued support of our shareholders as we rebuild profitability for future growth and value creation.

大西利美
Toshimi Onishi, Chairman of the Board

湯浅　浩
Hiroshi Yuasa, President

1 The DUTRO features a stylish design with a flash surface for improved aerodynamics.

2 A spectacular debut at the May 20, 1999 launching ceremony

3 The DUTRO is an ideal light-duty truck offered by Hino Motors.

HINO MOTORS leaps onto a new stage — light-duty trucks.

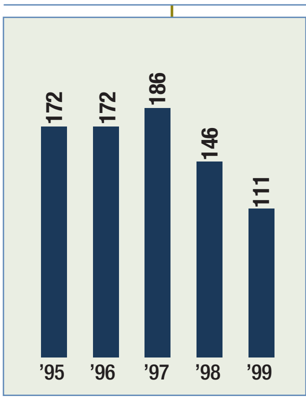
2

In May 1999, Hino Motors introduced the new light-duty truck DUTRO, marking the Company's full-fledged entry into the light-duty truck market. The new truck completes our full lineup of heavy-, medium- and light-duty trucks, affirming Hino Motors' reputation as a comprehensive truck manufacturer.

The new light-duty truck, jointly developed with Toyota, crystallizes the strong product development capabilities and technologies of both companies. Based on data from detailed market surveys, development started by taking into account the distribution trends and features that would benefit customers most. As a result, we created an ideal light-duty truck to satisfy future distribution needs while featuring easy operation.

DUTRO is an entirely new concept light-duty truck that embodies the full meaning of economy. Improvements include higher overall vehicle endurance through the employment of a stiff frame and highly durable suspension, enhanced fuel and payload efficiency and diverse engine varieties. As a high-value-added product, DUTRO is expected to receive positive market valuation and develop into a mainstay vehicle for Hino Motors.

Total Domestic Demand for Light-Duty Trucks
(thousand units)



3

1

The SUPER DOLPHIN PROFIA series are epoch-making heavy-duty trucks with common rail systems for their turbo intercooler engines.

2

The SPACE RANGER series of medium-duty trucks incorporates improved levels of environmental consciousness, safety and transportation efficiency.

HINO MOTORS leads the market in introducing new products one step ahead of the competition.

2

DIESEL TRUCKS FOR THE DOMESTIC MARKET

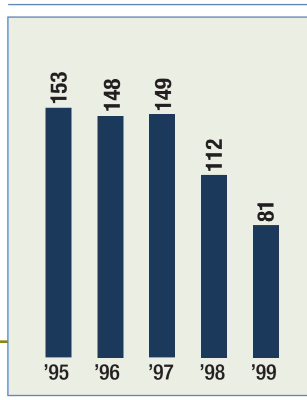
Domestic sales of medium- and heavy-duty trucks, Hino Motors' main product category, recorded a decline exceeding that of the previous term amid a downturn in domestic demand unprecedented in recent years.

During the fiscal year under review, overall demand for medium- and heavy-duty trucks fell sharply below expectations to 81,000 units, a 27.0% drop from the previous term to a level last seen in the mid-1960s. Despite such measures by the Japanese government to stimulate the economy as front-loading of public investment, consumer spending, private capital investment and building and housing starts continued to decline. As a result, demand fell significantly for construction and cargo trucks.

Owing to this steep decline in overall demand, volume in the segment decreased 56.3% to 19,073 units, with sales down 54.0% to ¥84,597 million.

Despite the sharp decrease of both units and sales, Hino Motors made strong efforts to spur sales through product development. In May 1998, we completely renewed our SUPER DOLPHIN PROFIA series of heavy-duty trucks by releasing new models developed with the environment and economic efficiency as primary concerns. These new models are the world's first heavy-duty trucks with common rail, electronically controlled, high-pressure fuel injection systems for in-line six cylinder turbo intercooler engines, raising fuel efficiency while reducing exhaust emissions, noise and vibration.

Total Domestic Demand for Medium- and Heavy-Duty Trucks
(thousand units)



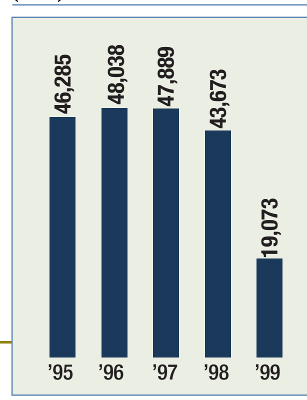
To improve the transportation efficiency of heavy-duty trucks, we launched the Short-Cab series in August 1998, featuring Japan's first cargo hold with an internal loading space of more than 10 meters. This series symbolizes our development philosophy of integrating transportation efficiency, as well as low fuel consumption and safety.

In the medium-duty class, we launched the new SPACE RANGER series in March 1999, which was ahead of competitors in meeting 1998 Japanese emission standards. With an attractive new style, the SPACE RANGER series provides new levels of comfort, convenience, transportation efficiency, safety and environmental friendliness.

Hino Motors maintained its strong market presence as number one in the industry for the 26th consecutive year with a 28.8% share of the domestic market for medium- and heavy-duty trucks. We attribute this continued success to the overall strength of our product lineup and concerted efforts to strengthen sales capabilities.

Marking further progress in the joint development of light-duty trucks with Toyota Motor Corporation, in May 1999 we made a full-fledged entry into the light-duty truck market by launching the 2-ton payload truck DUTRO. In the fiscal year under review, Hino Motors held a 3.1% share of the domestic light-duty truck market. With the launch of the new DUTRO, our goal is to quickly raise our market share to 10%.

Hino Motors' Sales of Trucks in the Domestic Market
(units)



1

The MELPHA 9 is our latest medium-sized bus. Complete design changes in this year's model improve safety and reduce emissions and noise.

2

Hino Motors' low-floor buses allow easy access for all passengers and incorporate the latest environmental measures.

2

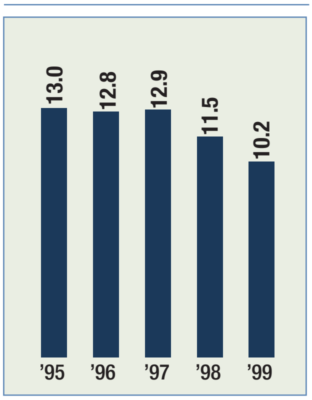
DIESEL BUSES FOR THE DOMESTIC MARKET

The domestic market for diesel buses also shrank as a result of the recession, with total demand down 11.3% to 10,200 units. Although this decrease in demand was not as pronounced as that of medium- and heavy-duty trucks, it represented a level of demand for diesel buses comparable with the mid-1970s. In the fiscal year under review, sales volume of diesel buses slid 16.9% to 2,276 units, and sales fell 12.6% to ¥25,405 million.

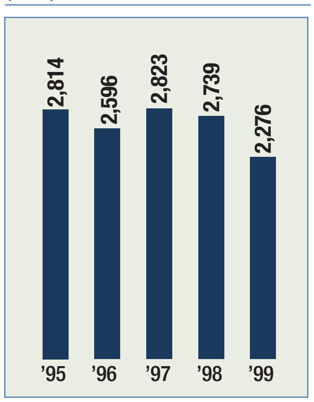
To increase sales and strengthen its product lineup, Hino Motors introduced new medium-sized and small buses to the market. In June 1998, we launched the wide-body, small-sized bus MELPHA 7 and in March 1999, the MELPHA 9 medium-sized bus. Each of the new models is a leader in its class for providing interior width and height, and have seats as comfortable as those found in large tour buses. The MELPHA 7 won a 1998 Good Design Award from the Japan Industrial Design Promotion Organization for the fiscal year under review, and the MELPHA 9 met stringent 1998 Japanese standards for both emissions and noise.

In October 1998, the Company added a low-floor bus to its BLUE RIBBON series of large city buses. This model not only realizes the goal of normalizing transportation for the physically impaired by allowing easy access and comfort for all passengers, but it also incorporates the latest advances in environmental protection, safety and easy maintenance.

Total Domestic Demand for Buses
(thousand units)



Hino Motors' Sales of Buses in the Domestic Market
(units)



COMMISSIONED VEHICLES

Hino Motors produces vehicles on commission for Toyota Motor Corporation. A strong marketing effort through Toyota's sales network resulted in healthy growth in sales of commissioned vehicles in the Middle East and Australia. However, Toyota shifted production of its T100 pickup for the North American market to a new plant in the United States, and commissioned production of 4Runner (Hilux Surf) sports utility vehicles declined. As a result, production of commissioned vehicles decreased 7.4% to 229,687 units. Sales in this category, including sales of parts, declined 4.7% to ¥210,383 million.

OTHER DIVISIONS

Directly affected by a drop in private capital investment, domestic sales of industrial diesel engines fell 37.5% in volume to 5,866 units and 35.3% in value to ¥4,298 million. Domestic sales of parts dropped 14.3% to ¥27,055 million, with overall sales of other divisions down 15.2% to ¥52,686 million.

1 The number of Hino trucks is increasing in the North American market on the strength of the Company's new emblem—a symbol of reliability.

2 The Hino Diesel Trucks (U.S.A.), Inc. headquarters functions as a sales base in the U.S. market.

OVERSEAS MARKETS

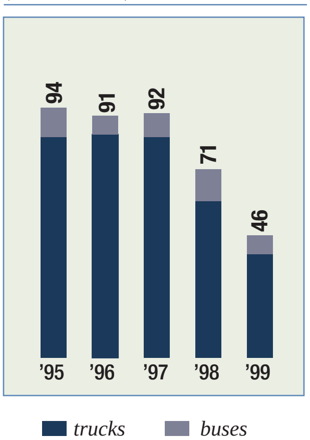
During the fiscal year under review, a recovery in our principal export markets of Southeast Asia failed to materialize. Sales of trucks and buses in Southeast Asia plummeted from slightly more than 9,500 units in the previous term to nearly 400 in the term under review—only 1.8% of the 22,000 units sold two years prior. In total, exports to Asia dropped 75.1% to 3,672 units. In other primary markets, sales climbed 22.4% to 2,482 units in North America, 16.9% to 2,804 units in Latin America and 14.4% to 2,267 units in Oceania. The scale of these increases was insufficient to cover the recession in Asian markets, however, leading to a 43.7% fall in total overseas sales to 13,768 units.

Demand for industrial diesel engines was up 3.8% to 2,180 units, approximately the same as the previous fiscal year. Aggregate sales of overseas original equipment manufacturing (OEM) components and parts supplied to overseas markets declined 33.2% to ¥8,820 million despite a substantial increase in shipments of components and parts for overseas production. As a result, total overseas sales decreased 36.6% to ¥59,213 million.

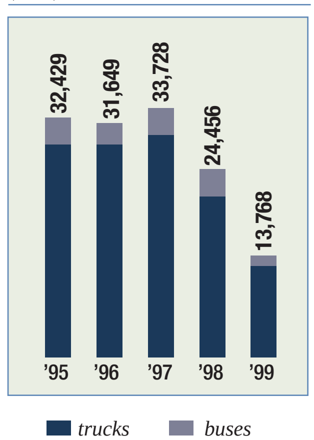
2

To reorganize overseas businesses, Hino Motors has formulated measures in response to the operating environment of each region. In Asian countries, we implemented measures that include business restructuring to strengthen the foundations of local subsidiaries. With a high ratio of overseas sales in Southeast Asia, the Company is intensifying efforts to reinforce its operating foundation. Against a background of remarkable economic growth in the United States, demand continued to grow in the Americas as a result of efforts to expand sales by boosting product strength. Hino Motors will aggressively introduce competitive products in each market, reinforce its sales structure and stimulate demand to foster primary markets that support overseas business.

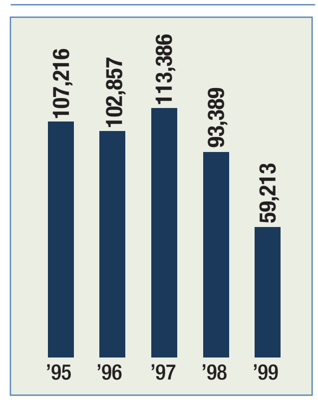
Total Export Demand from Japan for Trucks and Buses
(thousand units)



Hino Motors' Sales of Trucks and Buses in Overseas Markets
(units)



Sales in Overseas Markets
(¥ millions)



1 A Hino truck drives through Capilano Canyon in Canada. The Company places a high priority on harmony with nature.

2 The HIMR diesel/electric hybrid bus provides environmentally friendly transportation in Chubu Mountains National Park, Japan.

3 Hino Motors played a pioneering role in the employment of common rail systems, now found in engines around the world.

HINO MOTORS develops leading technologies to preserve the environment.

2

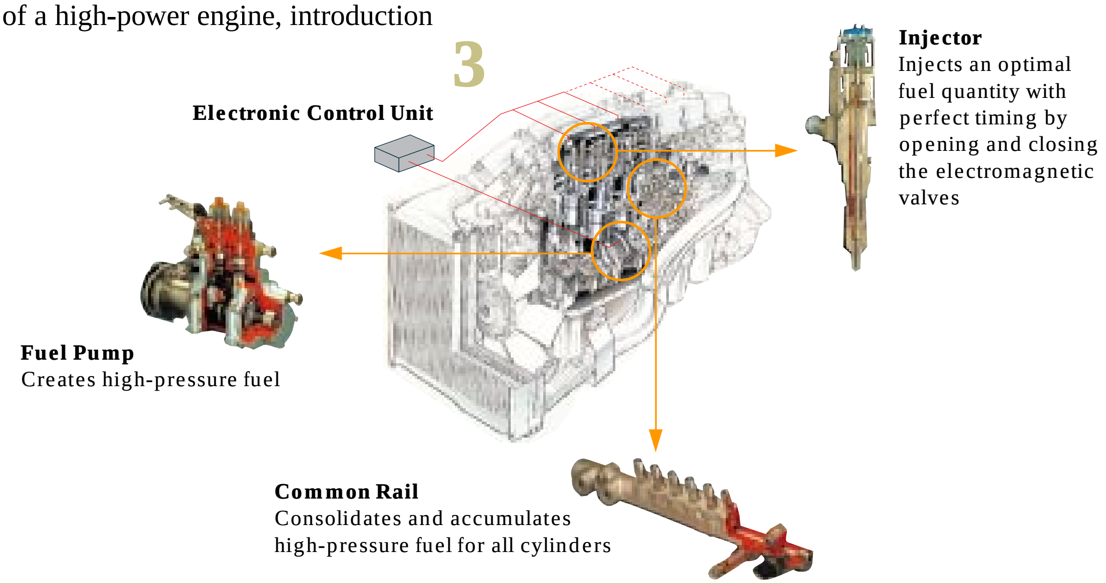
As a manufacturer of diesel trucks and buses, Hino Motors develops technology and products for future markets and works to upgrade the quality of its product lineup. The Company places the highest priority on harmony with the environment in product development.

Ten years have passed since the announcement of the hybrid inverter-controlled motor and retarder (HIMR) system, recognized for its superior environmental attributes for vehicles operating in large cities. With the development of a high-power engine, introduction of the system is foreseen in vehicles for sightseeing at national parks in mountainous regions, city buses and delivery trucks in urban districts.

Hino Motors pioneered the use of common rail, electronically controlled, high-pressure fuel injection systems in engines for medium-duty trucks in 1995. The systems dramatically improve fuel efficiency, leading to reductions in fuel costs, engine noise and exhaust emissions. Hino Motors promptly applies such advanced technologies to improve product quality, a prime example of the Company's efforts to coexist with the environment and receive high market appraisal.

While promoting vehicles with engines that employ common rail systems, Hino Motors will step up efforts to develop engines that use such alternative fuels as natural gas and methanol in addition to the HIMR system.

3



MANAGEMENT'S DISCUSSION AND ANALYSIS

SCOPE OF CONSOLIDATION AND EQUITY METHOD

In accordance with generally accepted accounting principles in Japan, the consolidated financial statements include the accounts of Hino Motors, Ltd. and 10 consolidated subsidiaries, compared with seven subsidiaries during the previous term. In addition, 19 affiliated companies were accounted for using the equity method, compared with 17 companies during the previous term.

NET SALES

For the fiscal year ended March 31, 1999, consolidated net sales fell 26.6% to ¥432,284 million (US$3,586 million) on account of a sharp fall in demand for medium- and heavy-duty trucks. Total domestic sales, which include vehicles produced on commission for Toyota Motor Corporation, dropped 24.8% to ¥373,071 million (US$3,095 million). Overseas sales declined 36.6% to ¥59,213 million (US$491 million). The overseas sales ratio was 13.7%, compared with 15.8% during the previous fiscal year.

Domestic sales of diesel trucks and buses fell 48.3% to ¥110,002 million (US$913 million). Of this amount, heavy-duty truck sales were ¥56,540 million (US$469 million), a decline of 51.6% from the previous term, and medium-duty truck sales were ¥22,082 million (US$183 million), down 60.7%. Domestic bus sales decreased 12.6% to ¥25,405 million (US$211 million). Domestic sales of light-duty trucks, which include the 2-ton payload truck segment shown independently in the previous term, fell 44.8% to ¥5,974 million (US$50 million).

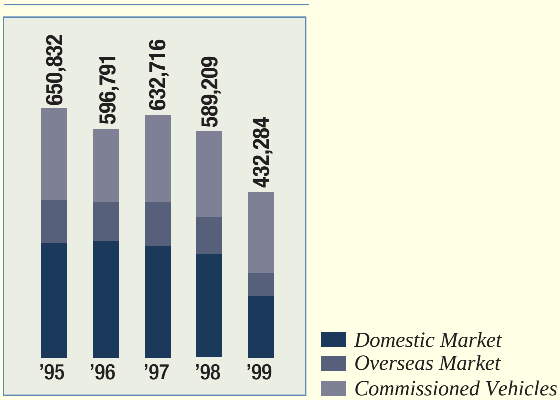
Owing largely to adverse operating conditions in the Company's chief export markets of Southeast Asia, overseas sales of diesel trucks and buses fell 36.5% to ¥48,498 million (US$402 million), or 11.2% of net sales.

Sales of pickup trucks and sports utility vehicles produced on commission for Toyota, and related parts and others, edged down 4.7% to ¥210,383 million (US$1,745 million), accounting for 48.7% of total net sales. Of this amount, vehicle sales were ¥148,512 million (US$1,232 million), 12.9% below the previous fiscal year.

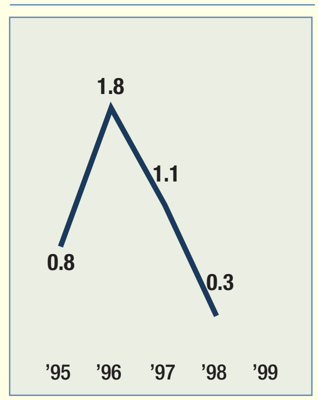
NET INCOME

The drop in net sales led to an 88.2% fall in gross profit to ¥4,786 million (US$40 million). The gross profit margin deteriorated 5.8 percentage points to 1.1%, and the ratio of selling, general and administrative expenses to net sales was 9.8%, a worsening of 3.0 percentage points. An operating loss of ¥37,593 million (US$312 million) was recorded, compared with an operating income of ¥710 million during the previous fiscal year.

Net Sales
(¥ millions)



Net Income Ratio to Net Sales
(%)



Interest expenses net of interest and dividend income was ¥1,370 million (US$11 million), compared with ¥37 million a year earlier. However, with other income, net of ¥8,088 million (US$67 million), the Company recorded other income, net of other expenses, of ¥2,723 million (US$23 million), compared with ¥792 million in the previous term.

The above factors resulted in loss before income taxes of ¥34,870 million (US$289 million), compared with income before income taxes of ¥1,502 million a year earlier. A net loss of ¥36,659 million (US$304 million) was recorded, compared with net income of ¥1,649 million in the previous term. Net loss per share was ¥101.16 (US$0.84). Cash dividends were suspended.

CASH FLOWS AND FINANCIAL POSITION

Net cash provided by operating activities was ¥9,666 million (US$80 million), compared with net cash used in operating activities of ¥4,914 million during the previous term. Although the total of net loss and notes and accounts payable was ¥70,535 million (US$585 million), this was offset by other factors, especially depreciation and amortization and notes and accounts receivable, which totaled ¥80,112 million (US$665 million).

Net cash used in investing activities was ¥29,485 million (US$245 million), down 31.5% from the previous term. The largest reason behind this decline was a substantial decrease in use of cash of addition to property, plant and equipment to ¥36,038 million (US$299 million).

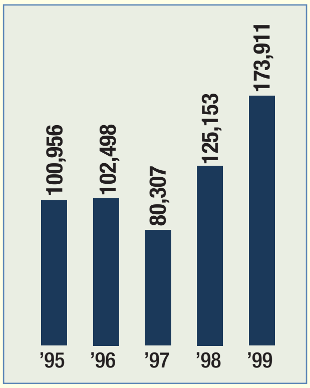
Net cash provided by financing activities was ¥44,630 million (US$370 million), up 4.9% from the previous term. The largest source of cash in this category was proceeds from long-term debt of ¥51,159 million (US$424 million), followed by a net increase in short-term loans of ¥8,633 million (US$72 million).

In aggregate, cash and cash equivalents at end of year increased ¥24,811 million to ¥61,084 million (US$507 million).

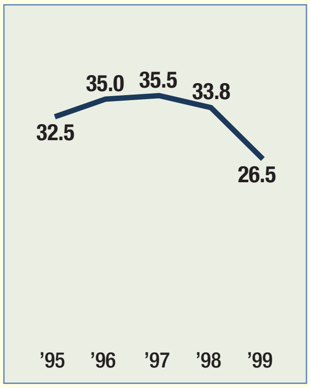
Interest-bearing debt (short-term bank loans, the current portion of long-term debt and long-term debt) increased ¥48,758 million to ¥173,911 million (US$1,443 million). Long-term debt increased ¥5,634 million to ¥79,564 million (US$660 million), including bond issuances of ¥10,000 million (US$83 million) and ¥20,000 million (US$166 million) at 2.0% and 2.5%, respectively. The current portion of long-term debt increased ¥31,624 million to ¥45,030 million (US$374 million).

Total assets decreased ¥28,762 million to ¥392,601 million (US$3,257 million). The equity ratio was 26.5%, compared with 33.8% a year earlier.

Interest-Bearing Debt
(¥ millions)



Shareholders' Equity Ratio
(%)



CONSOLIDATED BALANCE SHEETS

MARCH 31, 1998 AND 1999

ASSETS	Millions of Yen 1998	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 1999
Current assets:			
Cash and cash equivalents	¥ 36,273	**¥ 61,084**	**$ 506,709**
Short-term investments	13,667	**13,797**	**114,455**
Trade receivables			
Notes	1,058	**589**	**4,887**
Accounts	73,376	**24,556**	**203,700**
Inventories (Note 3)	34,044	**31,342**	**259,996**
Prepaid expenses and other current assets	9,657	**9,534**	**79,082**
Less allowance for doubtful accounts	(717)	**(389)**	**(3,226)**
Total current assets	167,358	**140,513**	**1,165,603**
Investments and advances:			
Investment securities	34,014	**30,263**	**251,045**
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 4)	24,627	**17,256**	**143,147**
Long-term loans	355	**306**	**2,541**
Other investments	10,154	**10,441**	**86,604**
Less allowance for doubtful accounts	(1,680)	**(1,690)**	**(14,020)**
Total investments and advances	67,470	**56,576**	**469,317**
Property, plant and equipment (Note 7) **:**			
Land	17,888	**18,935**	**157,072**
Buildings and structures	129,899	**136,959**	**1,136,115**
Machinery, equipment and vehicles	262,441	**279,655**	**2,319,825**
Tools	61,394	**60,730**	**503,776**
Construction in progress	17,462	**20,917**	**173,510**
	489,084	**517,196**	**4,290,298**
Less accumulated depreciation	(302,728)	**(326,337)**	**(2,707,064)**
Net property, plant and equipment	186,356	**190,859**	**1,583,234**
Translation adjustments	111	**3,499**	**29,024**
Other assets	68	**1,154**	**9,567**
	¥ 421,363	**¥ 392,601**	**$ 3,256,745**

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 1998	Millions of Yen 1999	Thousands of U.S. Dollars (Note 1) 1999
Current liabilities:			
Short-term bank loans (Note 5)	¥ 37,817	**¥ 49,317**	**$ 409,097**
Current portion of long-term debt (Note 5)	13,406	**45,030**	**373,535**
Trade payables			
Notes	5,666	**3,141**	**26,056**
Accounts	91,952	**60,983**	**505,872**
Accrued income taxes (Note 9)	433	**550**	**4,562**
Accrued expenses	11,574	**9,569**	**79,382**
Other current liabilities	28,232	**23,767**	**197,158**
Total current liabilities	189,080	**192,357**	**1,595,662**
Long-term liabilities:			
Long-term debt (Note 5)	73,930	**79,564**	**660,010**
Accrued severance indemnities (Note 6)	15,523	**15,426**	**127,959**
Other	24	**31**	**260**
Total long-term liabilities	89,477	**95,021**	**788,229**
Minority interests in consolidated subsidiaries	354	**1,167**	**9,680**
Shareholders' equity:			
Common stock, par value ¥50 per share			
Authorized—1,000,000,000 shares			
Issued—362,391,898 shares in 1998 and 1999	26,412	**26,412**	**219,099**
Additional paid-in capital	17,787	**17,787**	**147,546**
Retained earnings (Note 11)	98,254	**59,858**	**496,537**
Less			
Treasury common stock, at cost:			
1,770 shares in 1998 and 2,010 shares in 1999	(1)	**(1)**	**(8)**
Total shareholders' equity	142,452	**104,056**	**863,174**
	¥421,363	**¥392,601**	**$3,256,745**

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED MARCH 31, 1998 AND 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1998	**1999**	**1999**
Net sales (Note 13)	¥589,209	**¥432,284**	**$3,585,933**
Cost of sales (Note 7)	548,553	**427,498**	**3,546,230**
Gross profit	40,656	**4,786**	**39,703**
Selling, general and administrative expenses (Note 7)	39,946	**42,379**	**351,547**
Operating income (loss)	710	**(37,593)**	**(311,844)**
Other income (expenses) (Note 7)**:**			
Interest and dividend income	1,999	**1,890**	**15,673**
Interest expense	(2,036)	**(3,260)**	**(27,039)**
Equity in (losses) earnings of unconsolidated subsidiaries and affiliates	(1,047)	**(3,995)**	**(33,142)**
Other, net	1,876	**8,088**	**67,093**
	792	**2,723**	**22,585**
Income (loss) before income taxes	1,502	**(34,870)**	**(289,259)**
Income taxes (Note 9)**:**			
Current	470	**(70)**	**(580)**
Deferred	(426)	**2,226**	**18,462**
	44	**2,156**	**17,882**
Income (loss) before minority interests	1,458	**(37,026)**	**(307,141)**
Minority interests in income of consolidated subsidiaries	191	**367**	**3,041**
Net income (loss)	¥ 1,649	**¥ (36,659)**	**$ (304,100)**

Per share amounts:	Yen		U.S. Dollars (Note 1)
Net income (loss)	¥ 4.55	**¥ (101.16)**	**$ (0.84)**
Cash dividends	6.00	**—**	**—**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 1998 AND 1999

	Number of shares of common stock (Thousands)	Millions of Yen			Number of shares of Treasury common stock
		Common stock	Additional paid-in capital	Retained earnings	
Balance at March 31, 1997	362,392	¥26,412	¥17,787	¥97,449	(176)
Net income	—	—	—	1,649	—
Cash dividends paid	—	—	—	(2,174)	—
Directors' and statutory auditors' bonuses	—	—	—	(140)	—
Increase due to the addition of an affiliate accounted for by the equity method	—	—	—	1,470	—
Other	—	—	—	—	(1,594)
Balance at March 31, 1998	**362,392**	**26,412**	**17,787**	**98,254**	**(1,770)**
Net loss	**—**	**—**	**—**	**(36,659)**	**—**
Cash dividends paid	**—**	**—**	**—**	**(1,087)**	**—**
Directors' and statutory auditors' bonuses	**—**	**—**	**—**	**(70)**	**—**
Decrease due to the addition of an affiliate accounted for by the equity method	**—**	**—**	**—**	**(580)**	**—**
Other	**—**	**—**	**—**	**—**	**(240)**
Balance at March 31, 1999	**362,392**	**¥26,412**	**¥17,787**	**¥59,858**	**(2,010)**

	Thousands of U.S. Dollars (Note 1)		
	Common stock	Additional paid-in capital	Retained earnings
Balance at March 31, 1998	**$219,099**	**$147,546**	**$ 815,042**
Net loss	**—**	**—**	**(304,100)**
Cash dividends paid	**—**	**—**	**(9,018)**
Directors' and statutory auditors' bonuses	**—**	**—**	**(581)**
Decrease due to the addition of an affiliate accounted for by the equity method	**—**	**—**	**(4,806)**
Balance at March 31, 1999	**$219,099**	**$147,546**	**$ 496,537**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 1998 AND 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	1998	**1999**	**1999**
Operating activities:			
Net income (loss)	¥ 1,649	**¥(36,659)**	**$(304,100)**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	27,697	**30,346**	**251,730**
Provision for doubtful accounts	(102)	**(351)**	**(2,912)**
Provision for severance indemnities less payments	(226)	**(97)**	**(805)**
Loss on sales and disposal of property, plant and equipment	625	**996**	**8,262**
Decrease in minority interests	(14)	**(204)**	**(1,692)**
Changes in operating assets and liabilities:			
Notes and accounts receivable	(1,983)	**49,766**	**412,825**
Inventories	(6,665)	**6,327**	**52,484**
Prepaid expenses and other current assets	(2,889)	**863**	**7,159**
Notes and accounts payable	(17,956)	**(33,876)**	**(281,012)**
Accrued income taxes	(3,555)	**9**	**75**
Accrued expenses and other current liabilities	(1,495)	**(7,454)**	**(61,833)**
Net cash (used in) provided by operating activities	(4,914)	**9,666**	**80,181**
Investing activities:			
Increase in short-term investments	(2,150)	**(130)**	**(1,078)**
Net decrease in investments in unconsolidated subsidiaries and affiliates	2,833	**3,571**	**29,623**
Net decrease (increase) in investment securities	(61)	**3,751**	**31,116**
Net decrease in long-term loans	75	**70**	**581**
Addition to property, plant and equipment	(50,668)	**(36,038)**	**(298,946)**
Proceeds from sales and disposal of property, plant and equipment	4,478	**1,479**	**12,269**
Payment for purchase of subsidiaries, net of cash acquired	—	**(595)**	**(4,936)**
Other	2,472	**(1,593)**	**(13,214)**
Net cash used in investing activities	(43,021)	**(29,485)**	**(244,585)**
Financing activities:			
Net increase in short-term loans	14,561	**8,633**	**71,613**
Proceeds from long-term debt	32,843	**51,159**	**424,380**
Repayments of long-term debt	(2,558)	**(14,005)**	**(116,176)**
Cash dividends paid and directors' and statutory auditors' bonuses	(2,314)	**(1,157)**	**(9,598)**
Net cash provided by financing activities	42,532	**44,630**	**370,219**
Net increase (decrease) in cash and cash equivalents	(5,403)	**24,811**	**205,815**
Cash and cash equivalents at beginning of year	41,676	**36,273**	**300,894**
Cash and cash equivalents at end of year	¥ 36,273	**¥ 61,084**	**$ 506,709**
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest expense	¥ 1,971	**¥ 3,310**	**$ 27,454**
Income taxes	¥ 4,170	**¥ 439**	**$ 3,645**

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Consolidated Financial Statements' Presentation

The accompanying consolidated financial statements of HINO MOTORS, LTD. (the "Company") and its consolidated subsidiaries have been prepared in accordance with accounting principles and practices generally accepted in Japan. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to the accompanying consolidated financial statements prepared domestically in Japan in order to present these statements in a format which is more familiar to readers outside Japan. In addition, the accompanying notes include additional information, which is not required under accounting principles and practices generally accepted in Japan. Certain reclassifications have been made in the 1998 consolidated financial statements to conform to the classifications used in 1999.

The U.S. dollar amounts included herein are solely for the convenience of readers outside Japan and have been translated from the Japanese yen amounts at the rate of ¥120.55=$1, the approximate exchange rate prevailing as of March 31, 1999.

Note 2: Summary of Significant Accounting Policies

(1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in unconsolidated subsidiaries and affiliates are stated at cost and certain unconsolidated affiliates are accounted for by the equity method.

(2) Foreign Currency Translation

Foreign currency translation of the accounts of the Company and its subsidiaries are as follows:

Current receivables and payables in foreign currencies are translated at the rate of exchange in effect at the balance sheet date or at the rates of any applicable forward exchange contract. Non-current receivables and payables are translated at historical exchange rates.

Assets and liabilities, and income and expenses in the financial statements of the consolidated foreign subsidiary are translated into yen at the rate of exchange in effect at the balance sheet date.

(3) Statements of Cash Flows

For the presentation of the statements of cash flows, the Company considers cash, time deposits and all other highly liquid investments with an original maturity of three months or less to be cash equivalents.

(4) Inventories

The Company:

Finished products are stated at cost, which is determined by the identified cost method. Work in process, raw materials and supplies are stated at cost, which is determined by the moving average cost method.

Subsidiaries:

Inventories are principally stated at cost, which is determined by the moving average method or at the latest purchase price.

(5) Marketable Securities and Investment Securities

Marketable securities and investment securities are carried at cost, which is determined by the moving average cost method.

(6) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining balance method based on the estimated useful lives of the respective assets.

The range of useful lives is as follows:

Buildings and structures	5 to 75 years
Machinery, equipment and vehicles	3 to 17 years
Tools	2 to 15 years

(7) Severance Indemnities and Pension Plans

Employees who terminate their services with the Company and its subsidiaries are entitled to a lump-sum severance payment determined by reference to their current basic rate of pay and length of service. The Company and its subsidiaries generally provide for this liability to the extent of 40 per cent. of the amount which would be required to be paid if all employees voluntarily terminated their services at the balance sheet date.

The Company has a non-contributory pension plan for employees. An employee who terminates employment with the Company at age 50 or more receives 10 per cent. (mandatory retirement at age 60 entitles an employee to receive 100 per cent.) of such retirement benefits by a lump-sum payment or by annuity payments from this pension plan, and the remainder by a lump-sum payment from the unfunded retirement plan (as described above). Payments to the pension fund are charged to income when made. The past service costs relating to the pension plan are being funded over a period of 8 years and 3 months.

The consolidated subsidiaries have various kinds of pension plans.

(8) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on the estimated amount of probable bad debts and the maximum amount which can be charged to income under Japanese income tax laws.

(9) Research and Development Costs

Research and development costs are charged to income as incurred.

(10) Income Taxes

Income taxes are provided for based on amounts currently payable for each year. No tax effect is recognized by the Company and its domestic subsidiaries for timing differences which arise as a result of the differences in the recognition of certain income and expenses for tax and for financial reporting purposes.

The foreign consolidated subsidiaries recognizes deferred income tax for such timing differences.

(11) Revenue Recognition

Sales of products are recognized in the accounts upon shipment to customers.

(12) Net Income per Share

The computation of net income per share is based on the weighted average number of shares outstanding during the period.

(13) Leases

Finance leases, other than those lease agreements which stipulate the transfer of ownership of the leased property, are accounted for as operating leases.

Note 3: Inventories

Inventories at March 31, 1998 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Finished products	¥17,341	**¥16,654**	**$138,154**
Work in process	13,377	**9,241**	**76,660**
Raw materials and supplies	3,326	**5,447**	**45,182**
	¥34,044	**¥31,342**	**$259,996**

Note 4: Advances to Unconsolidated Subsidiaries and Affiliates

Loans to unconsolidated subsidiaries and affiliates at March 31, 1998 and 1999, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Short-term loans:			
Affiliates	¥ —	**¥ 320**	**$ 2,655**
Long-term loans:			
Unconsolidated subsidiaries	¥940	**¥ 925**	**$ 7,673**
Affiliates	0	**1,170**	**9,706**
	¥940	**¥2,095**	**$17,379**

Note 5: Short-Term Bank Loans and Long-Term Debt

The annual interest rates applicable to short-term bank loans outstanding at March 31, 1998 and 1999 were principally 1.5 per cent.

Long-term debt at March 31, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Loans, principally from banks, insurance companies and other institutions, due 1999 to 2026 with interest rates ranging from 1.15% to 5.6%			
Secured	¥ 4,830	**¥ 6,512**	**$ 54,016**
Unsecured	8,506	**18,082**	**149,997**
Less amount due within one year	(9,406)	**(5,030)**	**(41,722)**
	3,930	**19,564**	**162,291**
7.0% bonds due 1998	4,000	**—**	**—**
3.45% bonds due 1999	15,000	**15,000**	**124,430**
Floating-rate bonds due 1999	25,000	**25,000**	**207,383**
2.0% bonds due 2001	—	**10,000**	**82,953**
2.2% bonds due 2002	10,000	**10,000**	**82,953**
2.5% bonds due 2002	—	**20,000**	**165,906**
2.6% bonds due 2003	20,000	**20,000**	**165,906**
Less amount due within one year	(4,000)	**(40,000)**	**(331,812)**
	70,000	**60,000**	**497,719**
	¥73,930	**¥79,564**	**$660,010**

The aggregate annual maturities of long-term debt outstanding at March 31, 1999, were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2000	¥ 45,030	$ 373,535
2001	4,593	38,099
2002	27,069	224,550
2003 and thereafter	47,902	397,361
	¥124,594	$1,033,545

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees for present and future indebtedness will be given upon request of the bank with reasonable and probable cause, and that the bank shall have the right to offset cash deposited with it against any obligation that has become due or, in the event of default, against all obligations due to the bank. The Company has never been requested to give any additional collateral or guarantee.

Note 6: Accrued Severance Indemnities and Pension Costs

The charges to income for accrued severance indemnities and pension costs for the years ended March 31, 1998 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Accrued severance indemnities	¥3,729	**¥3,256**	**$27,506**
Pension costs	1,621	**2,640**	**21,901**

Note 7: Depreciation

Depreciation charges of property, plant and equipment for the years ended March 31, 1998 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Selling, general and administrative expenses	¥ 1,296	**¥ 1,478**	**$ 12,261**
Cost of sales	24,859	**27,390**	**227,209**
Other	397	**272**	**2,258**

Note 8: Leases

Lease expenses in respect of finance leases, other than those lease agreements which stipulate the transfer of ownership of the leased property at March 31, 1998 and 1999, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
Class of property	1998	**1999**	**1999**
Machinery, equipment and vehicles	¥5,915	**¥ 6,009**	**$ 49,851**
Tools	11,908	**12,725**	**105,555**
	17,823	**18,734**	**155,406**
Less accumulated depreciation	(6,887)	**(9,384)**	**(77,841)**
Net	10,936	**9,350**	**77,565**
Future minimum payments			
Due within one year	2,921	**2,767**	**22,953**
Due after one year	8,015	**6,583**	**59,611**
	10,936	**9,350**	**77,564**
Lease expenses for the year	2,070	**3,013**	**24,996**
Accumulated depreciation	2,070	**3,013**	**24,996**

Note 9: Income Taxes

The Company and its domestic subsidiaries are subject to corporate income tax, enterprise tax and prefectural and municipal inhabitants taxes, based on income, which in the aggregate result in statutory tax rates of approximately 52 per cent. for 1998 and 46.4 per cent. for 1999. However, the effective tax rates in the accompanying statements of operations differ from the above-mentioned income tax rates. The principal reasons for such differences are (a) the accounting policy of not providing for deferred income taxes arising from timing differences between financial and tax reporting, and (b) certain expenses which are not deductible for income tax purposes.

Note 10: Contingent Liabilities

Contingent liabilities at March 31, 1998 and 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	**1999**	**1999**
Trade notes receivable discounted with banks	¥ 643	**¥ 406**	**$ 3,366**
Guarantees of housing loans of employees and for indebtedness of unconsolidated subsidiaries and affiliates	14,866	**14,006**	**116,188**

Note 11: Retained Earnings and Dividends

The amount of retained earnings available for dividends under the Commercial Code of Japan is based on the amount stated in the statutory financial statements of the Company.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividend is applicable. In addition, a semi-annual interim dividend payment may be made by resolution of the Board of Directors subject to certain limitations imposed by the Commercial Code.

Note 12: Subsequent Event

On February 10, 1999, the Company entered into an agreement of the merger with Hino Motor Sales, Ltd., a general sales agent of the Company in Japan, as of October 1, 1999 and such agreement has been approved at the general shareholders meeting of the Company held on June 24, 1999.

Note 13: Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of automobiles, particularly diesel trucks and buses.

Business segment information is not required to be disclosed as both sales and operating income of the automobile business exceed 90 per cent. of total sales and of operating income of all segments not incurring an operating loss.

Geographical segment information is not required to be disclosed as sales outside Japan are less than 10 per cent. of consolidated net sales.

	Year ended March 31, 1999		
	Millions of Yen		
Overseas sales	Overseas sales(A)	Consolidated sales(B)	(A)/(B)
Asia	**¥17,385**	**—**	**4.0%**
Oceania	**¥12,192**	**—**	**2.8%**
Other areas	**¥29,636**	**—**	**6.9%**
Total	**¥59,213**	**¥432,284**	**13.7%**
	Thousands of U.S. Dollars		
Total	**$491,187**	**$3,585,933**	

	Year ended March 31, 1998		
	Millions of Yen		
Overseas sales	Overseas sales(A)	Consolidated sales(B)	(A)/(B)
Asia	¥53,844	—	9.1%
Oceania	¥11,740	—	4.7%
Other areas	¥27,805	—	2.0%
Total	¥93,389	¥589,209	15.8%

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
HINO MOTORS, LTD.

We have examined the consolidated balance sheets of Hino Motors, Ltd. and its consolidated subsidiaries as of March 31, 1998 and 1999 and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in Japanese yen, present fairly the consolidated financial position of Hino Motors, Ltd. at March 31, 1998 and 1999, 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 applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 1999 are presented solely for convenience. Our examination 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.

Showa Ota & Co

Tokyo, Japan
June 24, 1999

SHOWA OTA & CO.
Certified Public Accountants

DIRECTORS AND AUDITORS/EXECUTIVE OFFICERS

Chairman of the Board

Toshimi Onishi

President, Member of the Board

Hiroshi Yuasa

Executive Vice-Presidents, Members of the Board

Toshiki Amano

Masashi Shigemori

Senior Managing Directors, Members of the Board

Yoshio Yoshizawa

Masahiro Ishikawa

Masamichi Yoshimizu

Shouhei Kakizoe

Kazuhiko Chiba

Tadayoshi Nakane

Shinichi Funakubo

Tadashi Shimizu

Director, Member of the Board

Iwao Okijima

Directors and Auditors

Chairman of the Board
Toshimi Onishi

President, Member of the Board
Hiroshi Yuasa

Executive Vice Presidents, Members of the Board
Toshiki Amano
Masashi Shigemori

Senior Managing Directors, Members of the Board
Yoshio Yoshizawa
Masahiro Ishikawa
Masamichi Yoshimizu
Shouhei Kakizoe
Kazuhiko Chiba
Tadayoshi Nakane
Shinichi Funakubo
Tadashi Shimizu

Director, Member of the Board
Iwao Okijima

Standing Auditors
Kazuyoshi Osaki
Kazuo Uesugi
Kazuo Kadokura

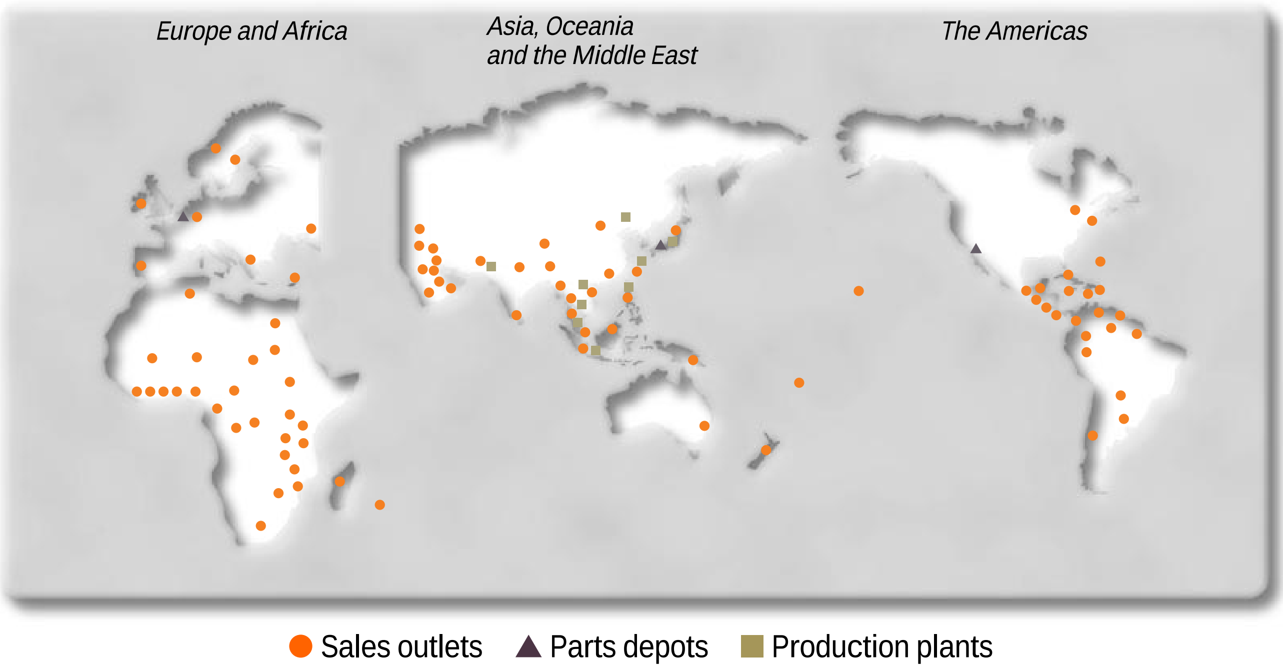
Auditors
Yoshinori Ueyama
Fujio Cho

Executive Officers

Senior Executive Officers
Isao Joko
Yoshitaka Nakamura
Hideaki Tobita
Takayuki Suzuki
Hisanobu Fujita
Kunihiko Kaneko
Hiromitsu Tanaka
Yutaka Kobayashi
Tsuyoshi Osumi

Exectuive Officers
Kijiro Onishi
Masataka Matsukata
Masaharu Ito
Masaharu Shibata
Hisaaki Uga
Masayoshi Hara
Mitsuo Kikuchi
Hiroyoshi Kako
Bunji Hagiwara
Taro Yoshimura
Takeshi Iida
Shinichiro Sugisaki
Hideo Mori
Kunihiko Susuki
Kanji Fujimoto

HINO MOTORS INTERNATIONAL NETWORK



DOMESTIC OFFICES AND PLANTS

Head Office & Hino Plant:
1-1, Hinodai 3-chome, Hino-shi, Tokyo
191-8660
Tamachi Office (Overseas Business):
11-3, Shiba 4-chome, Minato-ku, Tokyo
108-0014
Hamura Plant:
1-1, Midorigaoka 3-chome, Hamura-shi,
Tokyo 205-8660
Nitta Plant:
10-1, Hayakawa, Nitta-machi,
Nitta-gun, Gunma 370-0344

OVERSEAS SUBSIDIARIES

Marketing
HINO DIESEL TRUCKS (CANADA) LTD.
7040 Davand Drive, Mississauga, Ontario L5T 1J5

HINO MOTOR SALES AUSTRALIA PTY LTD
2-10 Parraweena Road, Taren Point, NSW 2229

Parts Depots
HINO MOTORS (EUROPE) N.V.
Blarenberglaan 2800 Mechelen, Belgium

HINO MOTORS INTERNATIONAL (U.S.A.), INC.
451B North Cota Street, Corona, California 91720

Manufacturing and Marketing
P.T. HINO INDONESIA MANUFACTURING
Jl. Raya Bekasi Km18 Kawasan, Industri Pulogadung, Jakarta Timur

HINOPAK MOTORS LIMITED
D-2, S.I.T.E. Manghopir Road, Karachi 75700
P.O. Box 10714, Pakistan

HINO MOTORS VIETNAM, LTD.
Hoang Liet Hamlet, Thanh Tri District, Hanoi

OVERSEAS AFFILIATES

Holding Company
THAI HINO MOTOR CORPORATION LTD.
99 Moo 3, Teparak Road, Tambol Teparak, Amphur-Muang, Samutprakarn 10270

Manufacturing and Marketing
HINO MOTORS (THAILAND) LIMITED
No. 212, Moo 4, Vibhavadi-Rangsit Road, Kwaeng Talard Banghken, Khet, Laksi
Bangkok 10210

Marketing
HINO MOTORS (MALAYSIA) SDN. BHD.
Lot P.T. 24, Jalan 223, Section 51A, Petaling Jaya, Selangor

HINO DIESEL TRUCKS (U.S.A.), INC.
- 25 Corporate Drive, Orangeburg, N.Y. 10962
- 1802 Kettering Street, Irvine, California 92714

HINO ENGINE SERVICE (U.S.A.) CORPORATION
25 Corporate Drive, Orangeburg,
N.Y. 10962

For further information, please contact
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Number of Shares:
Authorized: 1,000,000,000
Outstanding: 362,391,898

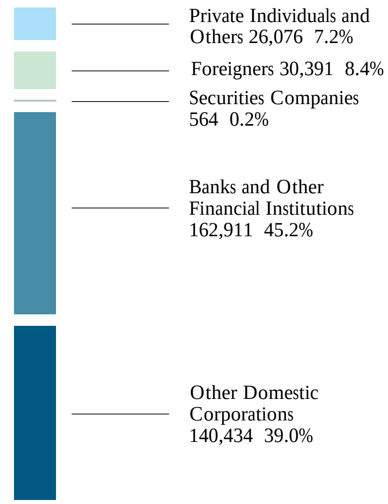
Paid-in Capital: ¥26,412 million

Number of Shareholders: 11,798

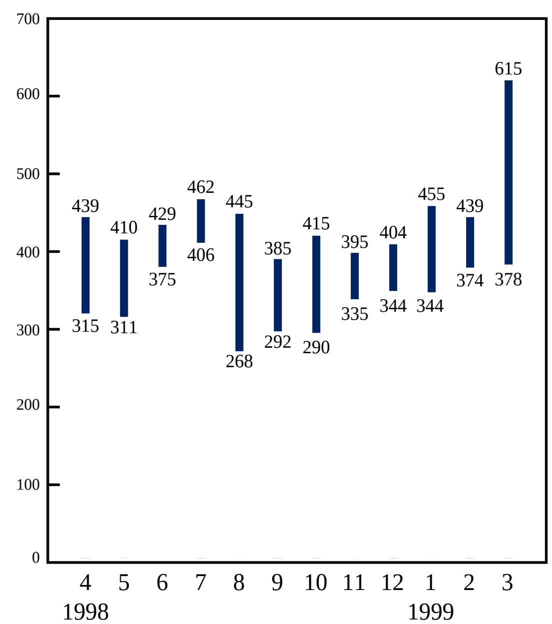
Major Shareholders (Unit: Thousand shares)

Name	Number of shares
Toyota Motor Corporation	72,764
Nippon Life Insurance Company	19,079
Asahi Mutual Life Insurance Company	18,648
The Sakura Bank, Ltd.	13,319
The Fuji Bank, Ltd.	11,606
The Dai-Ichi Kangyo Bank, Ltd.	11,547
The Mitsui Trust and Banking Co., Ltd.	10,146
The Tokio Marine and Fire Insurance Co., Ltd.	6,800
The Asahi Bank, Ltd.	5,761
The Bank of Yokohama, Ltd.	5,662

Breakdown by Shareholder Category
(Unit: Thousand shares)



Hino Motors' Stock Price on the Tokyo Stock Exchange
(Unit: Yen) (Face value: ¥50)



PREPARATIONS FOR THE YEAR 2000 ISSUE

1) Progress Report

Management at Hino Motors recognizes the importance of the Year 2000 (Y2K) issue and is advancing preparations on a Companywide basis. The Company established the Year 2000 Issue Committee in February 1999, which is chaired by the director in charge of the Information Systems Division. The committee conducts inspections, confirms progress and reports to management.

At present, examinations of core information systems, primary products, production facilities and suppliers are nearly finished. Work is proceeding smoothly on measures to cope with the Y2K issue, including tests of information systems that simulate the year 2000. Testing is scheduled for completion during the first half of fiscal year 2000.

2) Expenditures

Although total expenditures cannot be clearly identified for restructuring information systems in preparing for Y2K, the Company does not foresee a serious impact on future performance resulting from related expenses.

3) Contingency Plan

To prevent potential risks, Hino Motors plans to implement a contingency plan by the end of September 1999.

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