

REVIEW OF OPERATIONS



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

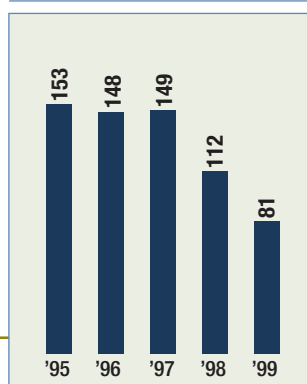
Domestic sales of medium- and heavy-duty trucks, Hino Motors' main product category, recorded a decline exceeding that of the previous term amid a downturn in domestic demand unprecedented in recent years.

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)

