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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.

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.

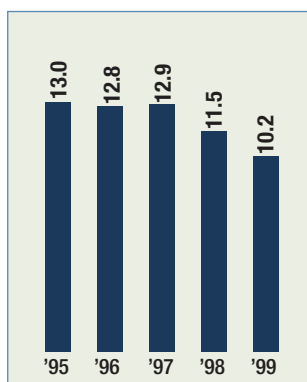
COMMISSIONED VEHICLES

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.

Total Domestic Demand for Buses
(thousand units)



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

