Hiroshi Yuasa,
President

Iwao Okijima,
Chairman of the Board

In the previous fiscal year, ended March 31, 1999, Hino Motors recorded its first net loss since its Tokyo Stock Exchange listing. Consequently, the fiscal year just ended saw us step up the pace of reform to remedy this situation.

In fiscal 2000, ended March 31, 2000, domestic demand for medium- and heavy-duty trucks, weighed down by Japan's ongoing economic malaise, dropped from 81,000 units the previous year to approximately 74,000 units. In Asia, home to our key overseas markets, the slump in sales continued as regional economies failed to fully shake off the effects of the Asian currency crisis, although there were some positive signs during the second half of the year. Despite various initiatives to raise earnings, we were unable to withstand the collapse in domestic demand for medium- and heavy-duty trucks. As a result, we regret to report a net loss for the second consecutive fiscal year.

At the Board of Directors' meeting following the general shareholders' meeting on June 27, 2000, Toshimi Onishi, who had served as chairman for 2 years, was appointed to the position of senior advisor to the Board and Iwao Okijima was appointed as our new chairman.

Results for the Year Ended March 31, 2000

Consolidated net sales increased 51.1% to ¥653,288 million. The bulk of this increase was accounted for by the increase in the number of consolidated subsidiaries from 10 to 69 accompanying the adoption of the new Japanese accounting standards. Last year we also aggressively reined in costs to raise profitability, reduced the number of production lines, slimmed down our organization and cut staffing levels.

During the year we began exploring the possibility of a business alliance with Isuzu Motors Limited with the aim of rejuvenating bus operations. We also sold additional shares through a private placement to Toyota Motor Corporation, our biggest shareholder as well as a business partner with whom we are involved in overseas joint ventures and mutual supply contracts.

Operating loss was ¥27,459 million, compared with ¥37,593 million in the previous fiscal year, and net loss improved to ¥21,837 million, compared with ¥36,659 million last year. Although losses decreased, it was difficult to return the Company to profitability.

In consideration of the circumstances, dividends were not resumed this year. Our top priority will be to turn around performance through the implementation of various management policies.

Outlook and Strategy

Confident that making Hino Motors a comprehensive truck and bus manufacturer was the best way forward, last year we began making inroads into the Japanese light-duty truck market. Our full-scale launch into this market went smoothly, and we captured a 6.8% market share. From hereon, we will be positioning our light-duty truck as a core growth driver. As such, we intend to raise our domestic share to 10% in the near future, and are also planning its overseas launch.

Needless to say, we have no intention of losing our grip on the medium- and heavy-duty truck market, where we have been dominant for the past 27 years. In light of the collapse of demand in recent years that has badly affected results, we are implementing measures designed to put in place an earnings structure that can withstanding harsh economic conditions—a structure capable of generating a profit even at the levels of demand we experienced in fiscal 2000.

The fiscal year ending March 31, 2001 will be the first full year of trading since our merger with Hino Motor Sales, Ltd. During the year, we will continue with our extensive program of reform to create new value and build a stronger company. From now on, reform will be an ongoing process. Our mission is to maximize corporate value. This we see as the key to satisfying all stakeholders. We will work tirelessly to accomplish this mission and revitalize Hino Motors.

Iwao Okijima, *Chairman of the Board*

Hiroshi Yuasa, *President*