Hino Motors

Environmental & Social Report 2005

Supporting society through the movement of people and goods

The environment and safety: Supporting society through the movement of people and goods. That's what we do.

Trucks support the logistics that link people with goods, while buses enable the movement of large numbers of people. At Hino Motors, we have a long history selling trucks and buses in 140 countries around the world. That is why we are particularly committed to reducing the environmental impact of our products when we manufacture them, as well as improving their environmental performance, and offering safer products.

How many trucks and buses are on the roads?

Approximately

3,940,000

Total number of trucks and buses currently on the roads in Japan*

Today, there are about 3,940,000 trucks and buses on the roads in Japan.

* 2-ton trucks and larger

The reason why we can go shopping at the supermarket or the convenience store, or go out to eat, is because trucks are carrying goods around the country.

How much fish do trucks carry to market?

2,264
tons per day

Trucks carry 2,264 tons of fish per day to Tsukiji Market

Tsukiji Market is one of the major food markets feeding the 12 million residents of Tokyo. On average, 2,264 tons*1 of fish are carried to this market every day.

Every day, an average of 31,646 trucks*2 travel to and from Tsukiji Market. We manufacture these "working" automobiles which are supporting our lives behind the scenes.

*1 Average for 1998 *2 Based on March 25th, 1998 study

At Hino Motors, our social responsibility is to support society, delivering true prosperity around the world.

As an automaker involved in distribution, what we should do to fulfill our corporate social responsibility? And in addition to fulfilling a responsibility, what kind of positive value can we offer to society? Actress and Goodwill Ambassador of the United Nations Development Programme (UNDP) Misako Konno speaks with Hino Motors president Shoji Kondo, who says "We want to increase the social value of the distribution industry."

What is the Social Responsibility of Hino Motors?

Misako Konno: Since being named Goodwill Ambassador of the United Nations Development Programme (UNDP) in 1998, I have visited Cambodia, Palestine, Bhutan, Ghana, East Timor, and other countries. Practically everywhere I went, I saw Japanese trucks carrying large amounts of cargo and many people. It really surprised me.

President Kondo: Actually, I believe that there is where Hino Motors' social responsibility comes together. Our business is very closely linked to distribution. Distribution gives people fundamental happiness, because it fulfils their wishes to travel or move things from point A to point B. For example, distribution lets you eat fish without having to travel to a far-away market or harbor. Thus, the real job of Hino Motors, and its responsibility, is to help expand people's range of action.

Konno: I see. Those of us in the general public probably don't understand this, do we? When we think of trucks and buses, we can't help.....

Kondo: That's right [smiles wryly]. The general public can't help focusing on the negative aspects, like how they release all those emissions.

We have a great responsibility to society, in terms of the environment, as well as safety and quality. Because of this, the entire company is committed to fulfilling this responsibility. For example, as you said, Japanese trucks are being used in many countries. These trucks are used in Japan for 10 years or more, after which they are used overseas for 5 or 10 years more. In other words, we provide products with stable quality that can be used for long periods.

Of course we continue to work with all our might to reduce the negative environmental aspects. But on the other hand, we want to achieve a solid understanding of the positive aspects as well, and increase the value of the truck, bus, and distribution industries to society.

Hino Motors' Environmental Activities

Konno: Speaking of the environmental aspects, the Kyoto Protocol went into effect in February 2005.

Kondo: At Hino Motors, we are committed to reducing carbon-dioxide emissions. In particular, we are working to reduce carbon-dioxide emissions by improving fuel efficiency. In this and other areas, we are improving our engine development, and I am confident that we lead the industry. This has been possible because every employee is committed to reducing carbon-dioxide emissions, and I am proud to be able to offer such products*1.

Konno: How far along are you in the development of hybrid trucks and busses?

Kondo: When most people think of hybrid cars, they probably think of things like the Toyota Prius. In fact, though, Hino Motors started making hybrid cars before Toyota did, and we have offered them to our customers*2. But unlike passenger cars like the Prius, there are no small number of technical difficulties with trucks and busses. Also, we cannot help increasing cost under the present condition. So while I think that we are at the same level as passenger cars in terms of technology development, it is going to take time until we put them into widespread use. However, hybrid busses are being used in major cities, where it is easy to harness hybrid features, and in Kamikochi and other areas, where there is a strong call to preserve the natural environment. The number of hybrid trucks is also growing.

The Challenge Is Not Limited to Products

Konno: What automobiles made by Hino Motors do you think will become your mainstays in the future?

Kondo: Although I can't specify in detail, I think that our mainstays will be fuel efficient and environmentally aware. In order to accomplish this, our engineers have got to strive to be at the forefront of the world's leading edge. But although we will naturally do our part, I think consumers are also going to have to change to some degree.

For example, we were just discussing hybrid vehicles. If we can't get consumers to understand that they need to bear a portion of the cost, getting them into general use will be quite difficult. In terms of fuel efficiency as well, there is about a 30% difference caused by driving styles alone. The infrastructure is also vital: things like making smooth roads. So while we must naturally offer excellent products, we also need to provide many different kinds of information to drivers and the general public. It is a multi-faceted challenge*3.

Committed to Providing Prosperity and Happiness in a Broader Sense

Kondo: Returning to the first topic we spoke about, you've been to many different countries. Which do you think is happier, one of those countries or Japan?

Konno: That's a tough question. This isn't a direct answer, but as an example, in the Kingdom of Bhutan where I visited, they use Gross National Happiness (GNH) rather than Gross National Product (GNP). This is based on a philosophy valuing individual spiritual prosperity over physical wealth. I was very moved by the way the people of this country lived traditional lives, with realistic expectations.

Kondo: GNH? That is very interesting. I also think that we need a way of measuring happiness that focuses on spiritual prosperity. For example, we at Hino Motors want to be a company where our employees can find motivation and satisfaction in their work, and gain a sense of accomplishment. On the global scale, I think that valuing spiritual prosperity over physical wealth will lead to the resolution of our environmental issues.

I started by saying "Distribution gives people fundamental happiness." I did not merely mean happiness from simply moving people and goods, but rather in a broader sense including the environment, peace of mind, and spiritual prosperity. We want to be a company that delivers happiness in this broader sense.

*1 See page 19 for details
*2 See page 11 for details
*3 See page 15 for details

Profile

Shoji Kondo

Shoji Kondo
President, Hino Motors, Ltd.
Kondo began working at Toyota Motor Corporation in 1965, becoming vice president of Hino Motors, Ltd. in 2003. He has been president since 2004.

Profile

Misako Konno

Since her debut in 1979, Konno has been active in television, movies, and the stage, and as an author as well. She has been active as a Goodwill Ambassador to the United Nations Development Programme (UNDP) since 1998.

Hino Motors, Ltd.

Capital
72.7 billion yen (as of March 31,2005)

Employees
9,030 (as of March 31,2005)

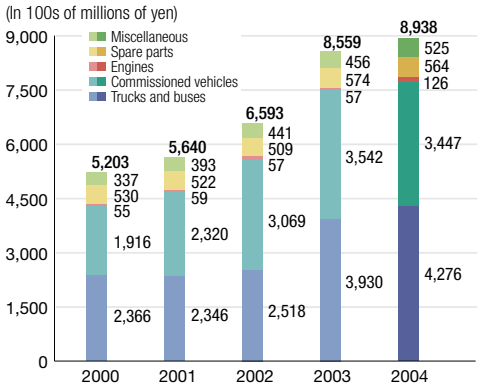
Products
Trucks, buses, special-purpose vehicles, small commercial vehicles, passenger cars, and engines

Trucks and buses shipped
94,007 units

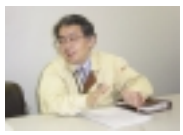
Commissioned vehicles produced
248,012 units (excluding parts for oversea production)

Net sales
893.8 billion yen (FY 2004)

Trends in sales



Organization



Hino Motors Ltd.

- **Domestic Affiliates**
  - Domestic Manufacturers — Subsidiaries:6, Equity-method affiliates:7
  - Other Domestic Affiliates — Subsidiaries:17, Equity-method affiliates:2
- **Overseas Affiliates**
  - Overseas Manufacturers — Total:7
  - Other Overseas Affiliates — Total:9
- **Domestic Sales Affiliates** — Total:42
- Others & Major Suppliers:275

Offices and Plants

Head Office and Hino Plant
3-1-1,Hinodai,Hino-shi,Tokyo 191-8660,Japan
Tel +81-42-586-5111

Hamura Plant
3-1-1,Midorigaoka,Hamura-shi,Tokyo 205-8660,Japan
Tel + 81-42-579-0411

Nitta Plant
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Tel +81-276-56-5111

Tamachi Office
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Tel +81-3-3456-8811

Ibaraki Gozenyama Proving Ground
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Tel +81-295-55-3122

Hokkaido Memuro Proving Ground
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Tel +81-155-66-2511

Hidaka Delivery Center
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Tel +81-429-85-4747

Oume Parts Center
1-5-1,Suehiro-cho,Oume-shi,Tokyo 198-0025,Japan
Tel +81-428-32-9911

About the Preparation of this Report

Hino Motors has published five environmental reports since 2000. This will be the sixth environmental report we have published. This year's report showcases the relationship between trucks and buses and our lives, and what kind of company Hino Motors is, in an easy-to-understand format.

This document also reports on social topics and the activities of our affiliates. In keeping with the expanded scope of the report, we have changed the title to Environmental & Social Report.

Scope of this Report

This report is based on the environmental-conservation and social activity plans and commitments of Hino Motors, and also describes some of the environmental conservation activities of our Group companies.

Report Period

In general, efforts during FY 2004 (April 2004 to March 2005) are reported, but some commitments from before or after this period are reported as well.

Intended Readers

Until last year, this report was intended mainly for customers of our trucks and buses, but this year, we have made innovations to make the report easier to understand, and communicate the Hino Motors philosophy and attitude to the widest possible readers, in order to make it accessible to everyone using our trucks and buses.

Referenced Guidelines

This report was prepared with reference to the Ministry of the Environment's "Environmental Report Guidelines (FY 2003 version)."

We have included a questionnaire at the end of this report, in order to get your frank and honest opinions.

We look forward to hearing your impressions and comments about this report. This report is available from the Hino Motors Website (http://www.hino.co.jp/), in PDF format. Our Website also describes the following environmental commitments.

- Environmental report by vehicle model
- List of vehicles meeting Green Purchasing Standards
- Lineup of low pollution vehicles
- Hino Motors press releases on environmental issues

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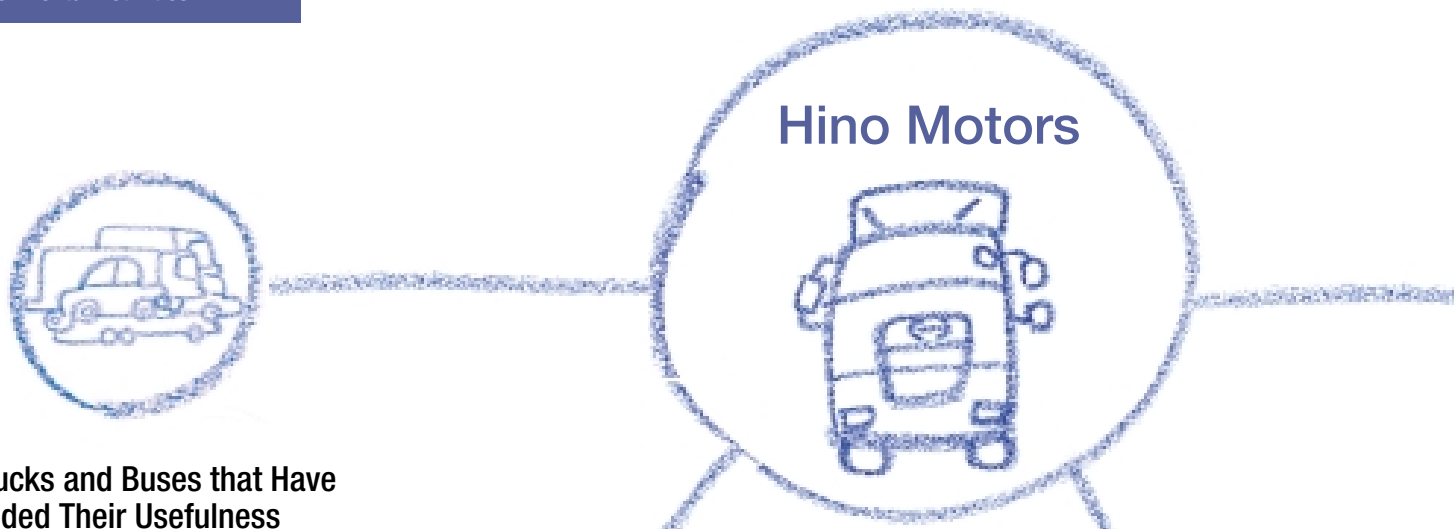


Trucks and Buses that Have Ended Their Usefulness

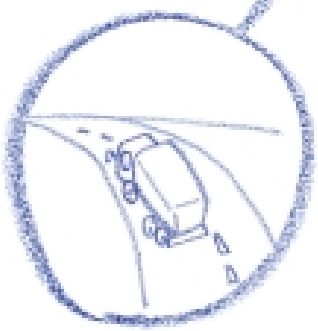
Commitment to Recycling Trucks and Buses

We are working to reduce the environmental impact of the raw materials of our trucks and buses, in order to encourage their recycling.

→ See pages 21-22 for details

Hino Motors' Commitment to the Environment in Product

We develop environmentally and socially conscious products and technologies as leaders in the fields of the environment, safety and health



Making Safe Trucks and Buses

Commitment to Improving Safety

At Hino Motors, we have a total-safety philosophy toward improving and enhancing safety. Our products have countless preventive safety measures designed to prevent accidents. Crash safety reduces damage from any accidents that due occur.

→ See pages 23-24 for details

Trucks and buses,
our main products,
have a major impact on the environment.
It is thus the Mission of Hino Motors to reduce that impact.

Environmental Consciousness in Manufacturing Trucks and Buses

Commitment to Technology Development and Product Engineering

We are committed to developing technologies to reduce emissions and improve fuel efficiency, and making our products to be recyclable, in order to reduce environmental impact.

→ See pages 15-22 for details

Environment Development

Clean Engines

We focus a great deal of effort into the development of low-emission diesel engines. We maximized the environmental performance of diesel engines, and brought clean trucks to market ahead of regulations. We were also the first in the world to commercialize a diesel-engine/electric hybrid vehicle, and we are working actively to popularize it.

Reduction of CO_2

Improving fuel efficiency is the most effective way to reduce CO_2 emissions, and this is a never-ending topic for us. At Hino Motors, we are helping to reduce CO_2 by improving the fuel efficiency of our products, as well as proposing ways for our customers to drive more fuel efficiently.

Commitment to Safety and Health

Safety is also a vital topic. A society without traffic accidents is truly a dream of automakers. We at Hino Motors are committed to improving the total safety of our trucks and buses, from three perspectives: reducing driver fatigue; preventive safety; and crash safety.

We will continue to build on our pride as leaders in the field of the environment, with an active commitment to reducing pollution and improving safety.

Making More Rider-friendly Trucks and Buses

Commitment to Universal Design

In accordance with the Barrier-free Transportation Law, we are moving to make our buses barrier free. In addition, we are committed to employing universal design in our buses, in order to enable all people to travel comfortably.

→ See pages 23-24 for details

Executive Vice President
(currently Executive Technical Adviser)
Takayuki Suzuki

Major Products and Key Points of Consideration for the Environment, Health & Safety

We have earned the Four Star certification for environment performance, the highest level possible (reduction of 85% under the certification system of Ultra-low PM Emissions Diesel Vehicle), and have also improved the level of our CAPS (Collaboration with Active and Passive Safety) in terms of preventive and crash safety.

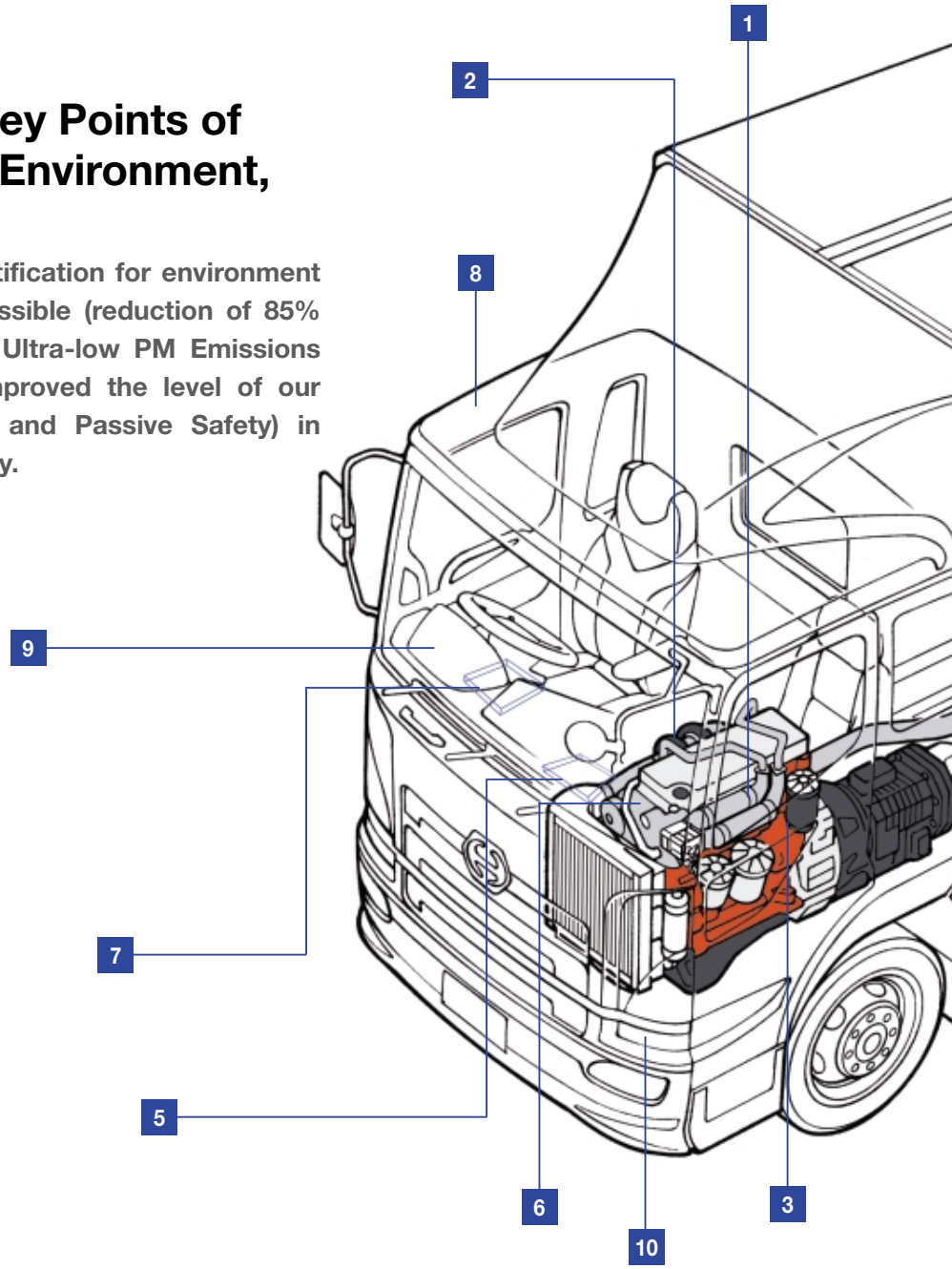
FY 2003-2004

Hino Four-Star Project

We remain committed to improving our environmental performance

日野4ツ星プロジェクト

In FY 2004, Hino Motors earned the Four Star certification for its heavy-duty, medium, and light trucks, for reducing PM emissions to 85% below the new short-term exhaust emissions regulations (2003-2004).



1 Combined EGR System

Hino Motors' unique EGR system, Pulse EGR, has evolved further, and was combined with the highly efficient Cool EGR, resulting in the world's first "Combined EGR" achieving a significant reduction in NOx and fuel efficiency.

2 Turbo Intercooler

Our newly developed high-efficiency intercooler enables high output and torque, while at the same time greatly improves fuel efficiency.

3 Common-Rail Fuel Injection System

Our newly developed common-rail system employs a multi-injection feature. A computer accurately controls injection volume, timing, pressure and other aspects, achieving clean combustion. The multi-injection feature has also made it possible to forcibly regenerate DPR.

4 DPR Cleaner

We have developed a full-scale ceramic DPR filter that reduces PM by more than 95%, while at the same time greatly reducing microscopic particles.

5 Model-Based Engine Control System

The model-based engine control system computer takes information from various sensors and feeds it back to the system. This greatly reduces NOx, PM, and CO_2 emissions through more fine-grained and comprehensive control.

6 Idle Control

When stopping in traffic jams or at a traffic light, the engine turns off automatically when the vehicle is shifted into neutral. This helps to reduce exhaust and noise, and also improve fuel efficiency.

7 "Hino Drive Master" Eco-drive Support System

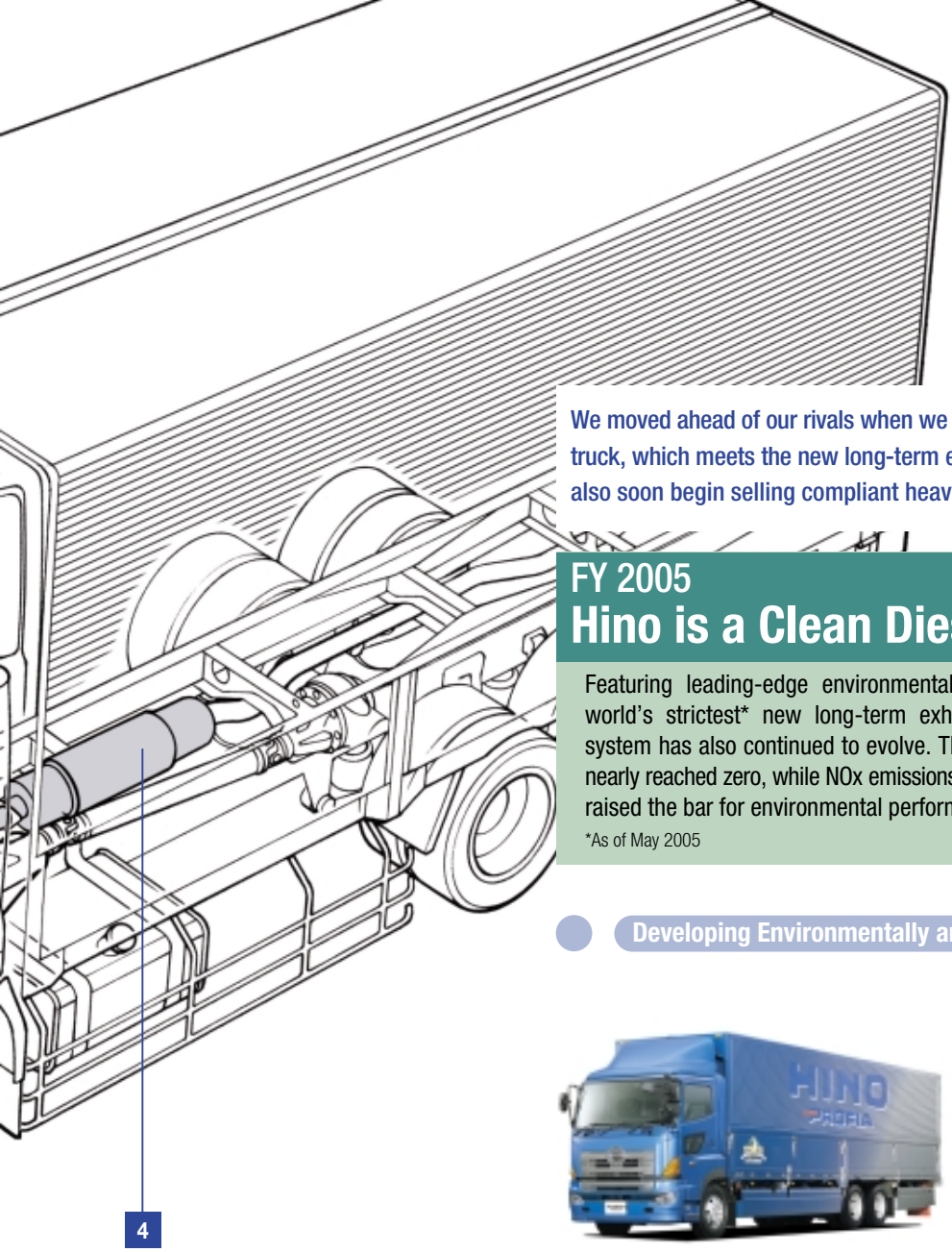
This system warns the driver if he or she exceeds the acceleration level, engine RPM, idle time, or speed set by the transportation manager, and also collects data useful for driving guidance.

8 Aerodynamic Characteristics

The aerodynamic cab style is designed to further increase fuel efficiency.

9 Recyclable/Recycled Materials

We use thermoplastic resin materials with good recycling efficiency for interior plastics. We also actively use recycled felt on the backs of floor mats, as well as recycled materials for seat cushions and battery covers.



We moved ahead of our rivals when we launched sales of the Hino Ranger medium-duty truck, which meets the new long-term exhaust emission regulations (2005), and we will also soon begin selling compliant heavy-duty and light-duty trucks.

FY 2005
Hino is a Clean Diesel Pioneer

Featuring leading-edge environmental performance, the Hino Ranger meets the world's strictest* new long-term exhaust emission regulations. Our unique DPR system has also continued to evolve. The level of soot in the exhaust emissions have nearly reached zero, while NOx emissions were reduced by more than 40%. We have just raised the bar for environmental performance in the 21st century.

*As of May 2005

Developing Environmentally and Safety Aware Products

Hino Profia Heavy-duty Truck

The Hino Profia series underwent a full model change for the first time in 13 years. With advanced environmental and safety performance, it features a totally new design, greatly improving performance and product value as the leading heavy-duty truck for distribution in the new century.

Hino Ranger Medium-duty Truck

Aiming at a cleaner truck, the Hino Ranger is equipped with advanced environmental performance features. Using our new unique DPR system, we greatly reduced soot from the truck's exhaust. We have just raised the bar for environmental performance in the 21st century.

Hino Dutro Hybrid Light-duty Truck

By combining our newly developed clean diesel engine with a hybrid system, we succeeded at making exhaust emissions resoundingly cleaner, and achieved revolutionary improvements in fuel efficiency.

Hino Blue Ribbon City Hybrid Non-step Large-sized Route Bus

The new step in the evolution of hybrid technology greatly improves specifications and environmental performance. The hybrid unit has been made more compact and lighter, and has been moved to the roof, enabling a non-step floor.

10 CAPS

(Collaboration with Active and Passive Safety)

At Hino Motors, we have a total-safety philosophy toward improving and enhancing safety. Our products have countless preventive safety measures designed to prevent accidents. Crash safety reduces damage from any accidents that due occur.

- Damage reduction and improved riding comfort
- Scanning cruise/warning alarm against lane departure
- Roll stability assist (tractors)
- Tire air pressure monitor
- Left rear view supplemental camera
- Improvements to EGIS cab (improved crash safety)
- Front underrun protector

Our latest hybrid trucks and buses are the product of a commitment spanning more than 20 years.

Hybrid trucks and buses are currently grabbing attention for their environmental performance, but Hino Motors' focus on hybrid vehicles began more than 20 years ago. In FY 2004, we launched sales of our Hino Ranger Hybrid medium-duty truck and Hino Blue Ribbon City Hybrid non-step large-sized route bus, as well as our Hino S'elega R Hybrid high-output bus.

It All Started with 8 Monitor Buses

Since it conducted monitored testing with 8 electric buses in 1973, Hino Motors has been researching and developing a Hybrid Inverter Controlled Motor and Retarder (HIMR) system, with the aim of integrating diesel with electric power. In 1991, it launched sales of the world's first diesel-electric hybrid city bus (parallel method) (first-generation). It provided monitor buses to Tokyo and 7 other large cities, and identified areas for improvement while listing to customer evaluations.

Difficult Work and Sluggish Sales have Discouraged our R&D Team

About two years after launching sales of our hybrid city bus, we launched sales of a medium-duty hybrid truck incorporating a number of improvements based on customer comments. Here as well, we asked three major transportation companies to conduct monitored testing, in order to obtain strict evaluations by the drivers driving the trucks every day. Through this monitored testing, we found that drivers felt that the trucks were as useable as ordinary trucks, but that while fuel efficiency was clearly better in city driving, there was not much difference in highway driving. They thus felt that the hybrid's usefulness was limited to city driving. We also found that battery performance was poor and needed to be improved. We thus worked together with our customers and a battery manufacturer, and improved battery performance, but we have found it extremely difficult to offer our customers benefits that offset the high cost of the vehicles.

Although there were good prospects for hybrid buses in Kamikochi, Tateyama, and other national parks, as well as hybrid trucks and buses as marathon-relay vehicles operating with clean exhaust were highly valued, we were unable to offer sufficient benefits to offset the high price-tags of the vehicles. Thus, we have failed to increase sales to ordinary customers, and the business was in dire circumstances. The demands of our customers were extremely tough: they demanded practicality be given first priority for commercial vehicles.

Overview of the HIMR Diesel-Electric Hybrid Engine System

- **Starter**
  HIMR starts engine
- **Motor**
  Motor augments engine during startup acceleration
  (Reduces exhaust emissions, soot, and noise)
- **Generator**
  Capable of generating high levels of power
  (Reduces exhaust emissions, soot, and noise)
- **Energy Regeneration**
  Vehicle deceleration energy is converted into electrical energy, and used to charge the battery (improves fuel efficiency and reduces CO_2)
- **Retarder**
  Built-in electrical auxiliary brakes (improves safety)

Hybrid Vehicle Development Div. Manager
Yoshito Hijikata

It makes me happy to see a vehicle I developed out on the road

During the development stage, we had a driver evaluate our bus. He said, "Normally, when I would go up a hill or something, I would feel bad about the cars behind me because of the black smoke that would come out of the tail pipe. But with the hybrid bus, there's no black smoke. I can just get to driving without worrying about it." That was a great encouragement for me. After repeating this kind of process many times, in fiscal 2004 we were able to sell three kinds of products. That's why it makes me indescribably happy to see more and more hybrid buses and trucks we developed on the roads.

Aiming to Make a Salable Hybrid Truck

As of end-March 2005, we have sold a cumulative total of more than 1,000 hybrid trucks and buses. But we are not satisfied with this level of sales. Our Hino Ranger Hybrid has about 20% better fuel efficiency, and our buses have 10% to 20% better. Thus, our HV development division wants to sell more hybrids to reduce our customers' running costs, and help conserve this valuable global resource. Based on this commitment, the Hybrid Vehicle Development Division is working hard to reduce costs. Hybrid vehicles currently have increased costs, and these added costs are being subsidized by the government. "I want to offer our customers hybrid trucks and buses with better performance and lower prices, thus our customers will gladly buy without any subsidies," says Hijikata.

Hybrids are a Step toward Fuel Cell Vehicles

Of course, Hino Motors is also putting its strongest efforts into developing the ultimate clean energy: the fuel cell. Unfortunately, however, at the present time, cost, unreliability, and lack of social infrastructure make the commercial sale of fuel cell vehicles unfeasible.

Meanwhile, we cannot delay dealing with global environmental issues. We have got to provide the market with the vehicles that have the best environmental performance that our current technology is capable of producing. This philosophy is the driving force behind our continued development of hybrid trucks and buses with ever better performance.

"And," says Hijikata, "we can leverage some of the technologies we gain through development of hybrid technologies in fuel cells. By doing the best that we can now, we can make gradual progress, in the end reaching the ultimate goal of clean energy."

hybrid

Do hybrids do poorly on hills?

In 1993, we got an inquiry from Matsumoto Electric Railway, with whom we had a business relationship. They asked about hybrid buses, saying they wanted to use an environmentally friendly bus in the Kamikochi area. Yukitaka Itoh, president, Hino Motors Nagano, Ltd.

At the time, however, although hybrid buses already had a track record in urban areas like Tokyo and Osaka, they still did not have a track record in highland areas where there were many slopes. Without a proven record or confidence we started developing such a bus, spurred in part by the passion of Matsumoto Electric Railway.

How to charge and discharge is the key

The problem on prolonged slopes is one of tuning: how to store and release electricity, and how to reduce the load on the battery. With hybrid cars, it is vital to tune the engine and battery in accordance with conditions. It was possible, however, to tune the battery and engine to run on slopes of up to 20% without problems, using only knowledge and technologies developed in flat areas to date.

"We naturally had a great deal of technical capability," recounts the lead developer on the initial project. "But Matsumoto Electric Railway also had engineers with a firm understanding of electrical systems, because they ran a railway division in addition to their bus division. I think that was also very important. Another vital factor was the fact that they gave their drivers very thorough education on the characteristics of hybrid vehicles and so on."

Column

Technology developed for Kamikochi was a major turning point for hybrids.

A history of hybrid vehicle development by Hino Motors

First Generation

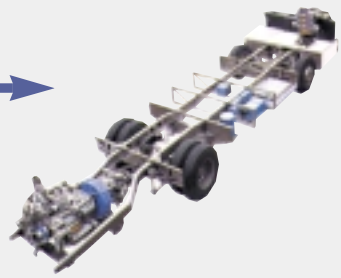
1973

Electric bus for monitored testing

1981

R&D on HIMR vehicle

1989



Concept vehicle at Tokyo Motor Show

1991

Sale of city buses launched

1993

National park bus (Nikko)

1993

Sales of medium-duty trucks launched

Collaboration with the customer and dealers made a breakthrough possible

After introduction, we experienced none of the foreseen issues. "We were worried about the winter Olympics in 1998," says Itoh, "but we had no problems." As a result, Matsumoto Electric Railway has introduced 83 hybrid buses — the largest number in Japan. Hino Motors' hybrid buses are traveling through the beautiful natural environment of Nagano despite many slopes.

"We achieved a technical breakthrough in Nagano," recounts the initial lead developer, "and I think this was really critical. For example, it has led to new applications for hybrid trucks and buses developed in fiscal 2004. I think the collaboration between Hino Motors, the customer, and Hino Motors Nagano really made this possible."

Hino Motors hybrid buses are active in Kamikochi and other beautiful natural areas of Nagano.

See page 34 for details about Hino Motors Nagano's commitment to the environment.

hybrid

Second Generation

1995

Sales of new model launched

1994

(Kamikochi and other areas)

1997

Sales of high-output model launched

1995

Marathon relay vehicle

Third Generation

2001

Sales of new model launched

2005

Hino Blue Ribbon City Hybrid

2004

Hino Ranger Hybrid

Fourth Generation

2005

Hino S'elega R Hybrid

2003

Hino Dutro Hybrid

At Hino Motors, we are committed to offering fuel-efficient trucks and buses, and improving fuel efficiency in partnership with our customers.

At Hino Motors, improving fuel efficiency is a never-ending challenge, and we remain fully committed to achieving it. By the time a heavy-duty truck reaches end of life, it will have consumed a massive 330,000 liters or so of diesel oil. This means that by improving the fuel efficiency of trucks by even a small amount, we can make a large contribution toward conserving the earth's precious resources. We at Hino Motors are committed to improving fuel efficiency in partnership with our customers, with the recognition that improving fuel efficiency is the greatest contribution we can make to the planet and society as the manufacture of trucks and buses.

Can we be satisfied by simply introducting fuel-efficient technologies?

In 1999, Hino Motors was in the midst of developing the new Hino Profia heavy-duty truck. Naturally, the Hino Profia was designed with high basic performance levels, including power, cargo capacity, running characteristics, and comfort; but it was also designed for high environmental performance, including clean exhaust emissions and fuel efficiency. The new technologies in the truck include a new E13C turbo intercooler engine with low RPM and high torque, which achieves both good exhaust-emission performance and fuel efficiency. Additionally, we took advantage of a model change to redesign the cab, achieving the top level of aerodynamic characteristics in the industry. In addition to a newly developed 12-speed transmission that enables the truck to run at lower engine rpm, we added semi-automated electronic control. These and other innovations have helped to reduce CO_2 emissions by improving fuel efficiency. But just when development of this next-generation heavy-duty truck was nearing completion, doubts began to surface among the development team. We could achieve better fuel efficiency if our customers could take maximum advantage of the performance of our products. Bearing such thoughts, we organized the "special fuel-consumption team" under an order from the Vice President. The team was mainly composed of testing team members who were familiar with the capabilities of Hino trucks.

A proposal for a vehicle that best matches how they are used

Improvement of the truck selection system

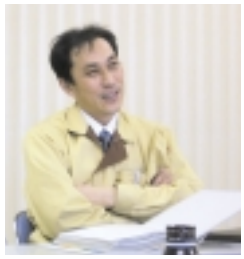
Our customers use our trucks in as many ways as we have customers. For this reason, we offer our customers suggestions for the Hino trucks that best match their transportation routes and cargo. Having customers purchase the truck that best meets their needs is the first step toward achieving fuel efficiency. Thus, our first challenge was to improve our truck selection system, in order to actively help our customers choose the right trucks for them.

In 1999, our truck selection system required a long time to suggest most suitable truck to our customers after we learned how they used their trucks. We improved this system so that a customer could enter the necessary information into a computer terminal at a dealership, and instantly get a highly accurate suggestion for the best truck. Achieving this was an enormous task, making it necessary to actually drive vehicles on roads nationwide, and enter data for each road individually.

The "Hino Drive Master" Eco Driving Assistance System

This system warns the driver if he or she exceeds the acceleration level, engine RPM, idle time, or speed set by the transportation manager. Additionally, after driving is complete it prints out the data of most interest for eco-driving, including operation of the accelerator and fuel efficiency (km traveled per liter of fuel), which enables immediate guidance on driving.

eco



Vehicle Research & Experiment Div.
Deputy General Manager
Satoshi Niino

It's not a good product if the customer isn't satisfied with fuel efficiency

Our job is to encourage active communication between our customers and the development division. In order to make fuel-efficient products, we have got to listen to our customers' opinions. In order to draw out 100% of the product's performance, we have got to carefully teach our customers how to use them. No matter how much confidence we have in our products, you can't tell it is a good product if the customer isn't satisfied with the fuel efficiency.

As a result, we were able to greatly reduce the amount of time required to give a suggestion, at the same time making it possible to offer fuel consumption (target values) for Hino Motors vehicles, with values for both standard fuel consumption and fuel consumption during fuel-efficient driving.

Talking directly with our customers, and working together to improve fuel efficiency

Development of Hino Drive Masters

At the time, Hino Motors had a drive management system called a digital tachograph. This was a terminal that was installed in the vehicle, and accurately logged the driving status of the driver. This made it possible for transportation managers to conduct a detailed analysis of the driver's driving characteristics later, and provide advice. Thus, Hino Motors introduced this system with confidence. We found, however, that this system was unable to meet our customers' needs in some cases. Part of this was due to the fact that transportation managers were very busy, and often did not have enough time to spend analyzing their drivers' driving characteristics. Additionally, even if they took time out of their busy schedules to perform the analysis and provide advice, they were often dissatisfied due to the lack of improvement.

Thus, in 2003 we developed the Eco Driving Assistance System (EDAS), which prompts drivers to drive in a fuel-efficient manner while they are on the road, and prints out results immediately after the drive is completed. A terminal is installed in the vehicle, and immediately warns the driver if he or she operates the truck in a manner that wastes fuel. And after driving is complete, the system prints out data on fuel-efficient driving, enabling the transportation manager to provide guidance on the spot.

Then in 2004, Hino Motors conducted a Fuel Efficiency Campaign in order to analyze the results of the EDAS. In this campaign, EDAS were installed on Hino Profia trucks, allowing customers to experience their fuel efficiency first hand. Through this campaign, we obtained comments from 100 customers, and using this data, we have overcome the challenges for the system one by one. As a result, in December 2004 we launched sales of the Hino Drive Master system, representing the next stage of evolution in the EDAS.

We will continue to communicate with Our customers in order to improve fuel efficiency

Through the efforts of the special fuel-consumption team, we have learned that the only way to achieve fuel efficiency is through a partnership between Hino Motors and its customers. In other words, the only way to achieve fuel efficiency takes both products and people: combining fuel-efficient products with fuel-efficient practices. Thus, our special fuel-consumption team regularly visits customers in each region, listening to their comments, and providing needed information.

drive support

Reducing Exhaust Emissions

VISION

Leverage the excellent technological capabilities of Hino Motors to further reduce exhaust emissions.

At Hino Motors, we have made the environment our top issue. Not stopping at regulations, we are actively developing and marketing technologies that are effective at improving the environment.

Key Concepts

New Long-term Logo

This logo is placed on Hino Motors products meeting the new long-term exhaust emission regulations

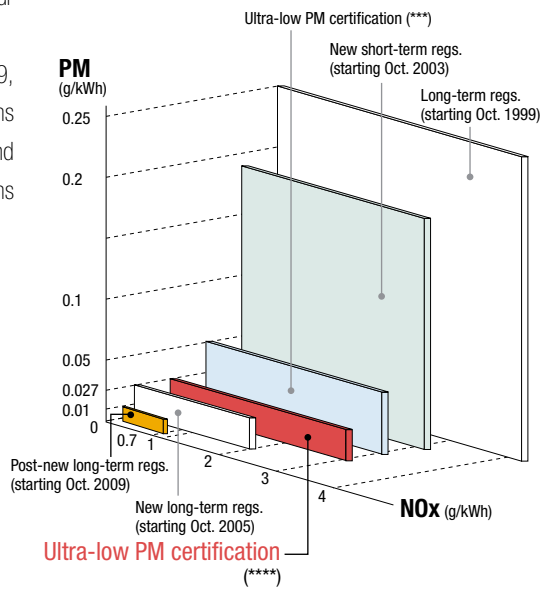
Status of Compliance with Exhaust Emission Regulations

Between 2003 and 2004, we launched sales of the cleanest ultra-low particulate matter (PM) exhaust (Four-Star) trucks (with DPR), with PM lowered to the new long-term exhaust emission regulations, for all of our trucks, from heavy-duty to light-duty; additionally, we also launched sales of hybrid vehicles meeting the new long-term exhaust gas regulations for NOx, and of light-duty trucks with onboard DPNR.

Starting in July 2004, we launched sales of medium and light-duty buses with DPR, and in January 2005, also began selling heavy-duty hybrid buses meeting the new long-term exhaust emission regulations for NOx. Additionally, in May 2005 we launched sales of a medium-duty truck complying with the new long-term exhaust emission regulations. We also plan to switch over each of our heavy and light-duty trucks in the near future.

It has also been decided that starting in 2009, the new long-term exhaust emission regulations will become even stricter, and we are fully and actively committed to meeting these regulations as well.

Trends in Diesel Vehicle Exhaust Emission Regulations (Timing of Enactment of Regulations)

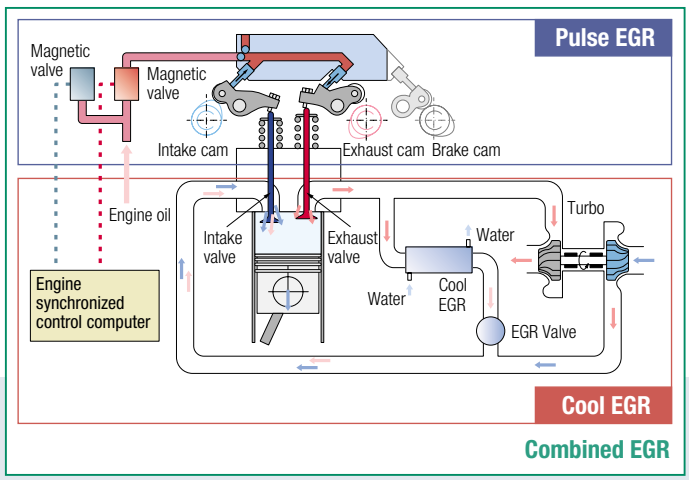


Combined EGR System

The Emission Gas Recirculation (EGR) system is designed to recirculate exhaust emissions into the combustion chamber, and lower the combustion temperature through slow combustion, thus cutting the oxygen concentration in the combustion chamber and reducing NOx.

The world's first Combined EGR system, adopted in the Hino Profia, utilizes an electronically controlled Pulse EGR evolved from Hino's unique Pulse EGR at times of high load. During light loads, a highly efficient Cool EGR chills exhaust emissions and recirculates them into the cylinder. While controlling the amount of heat released into the cooling water, and without a drop in fuel efficiency, by achieving recirculation of exhaust emissions during times of high load, we have made it possible to greatly reduce NOx emissions and improve fuel economy all at once.

The Combined EGR System



Engine Research & Development Div.
Ken Kijima

The Combined EGR System is a totally new concept in EGR systems. It solves the issues of conventional EGR by means of the world's first variable moving valve mechanism. It was very difficult ensuring reliable hydraulic control of this variable moving valve mechanism. I have traveled to our parts manufacturers in the US and spent long nights resolving issues. I feel it is our mission to be sincerely dedicated to developing technologies that achieve both low exhaust emissions and better fuel efficiency, in order to help create a planet that the future generations can live in securely.

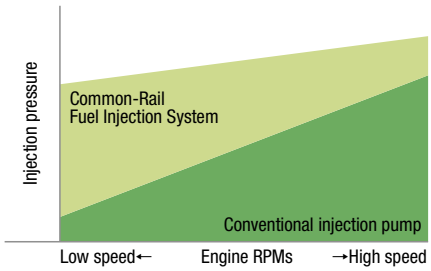
New Long-Term Logo

This logo marks Earth-friendly Hino Motors trucks and buses employing the latest ultra-low exhaust emission technologies. It is placed on Hino Motors vehicles complying with the new long-term exhaust emission regulations for FY 2005. The round shape symbolizes the Earth and trees, expressing friendliness to the environment.

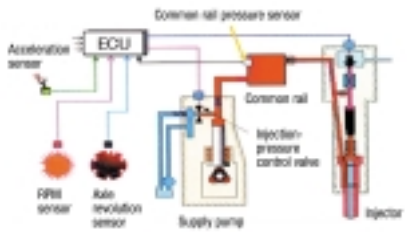
Common-Rail Fuel Injection System

Hino Motors was the first in the world to adopt the Common-Rail Fuel Injection System. This system stores high-pressure fuel in a common rail, and injects it into each cylinder from an electronically controlled injector. This technology has achieved clean fuel combustion by enabling high-pressure fuel injection from low to high rpm ranges.

Comparison of Injection Pressure

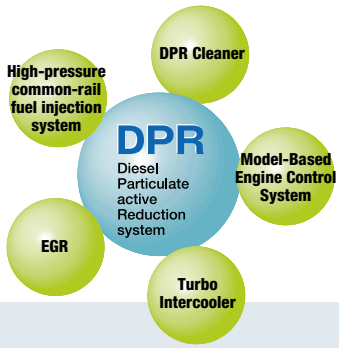


System Schematic



DRP Cleaner

95% of exhaust emissions are captured by using the world's first fully ceramic filter in which all engine exhaust passes through microscopic pores in a highly heat-resistant ceramic wall. The electronic control of the newly developed Common-Rail Fuel Injection System incinerates the captured soot while driving. With conventional technologies, it was considered unfeasible to eliminate PM generated in traffic jams that accompany city driving, but the DPR cleaner delivers stable PM reduction even in these conditions.



Engine Research & Development Div.
Toshiki Ohya

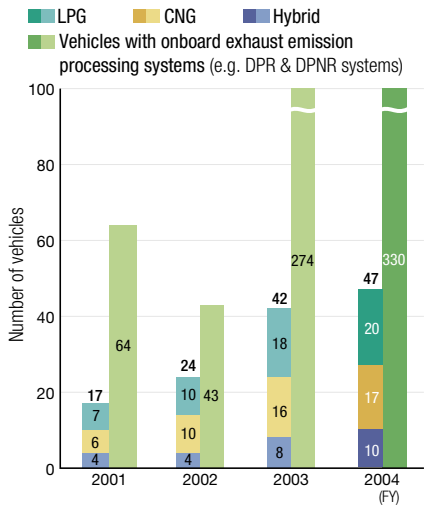
The history of DPR development goes back to the 1980s. The key to DPR development has been regeneration, and this had stymied commercialization. But the Hino-original concept of forced regeneration made it possible to apply this technology to a commercial vehicle for the first time in the world. In the year and a half since we began sales, we have included this technology in about 30,000 vehicles. Lately, I see a lot of vehicles with DPR on the streets. I have a habit of always checking exhaust emissions, and I have gotten a real feel for how clean they are.

Response to Low Emission Vehicle Certification Programs by Local Governments

8 Prefectures in the Kanto region have a Low Emission Vehicle Certification Program, while 6 prefectures in the Kansai region have an LEV-6 Certification Program, and Hino Motors works actively to comply with these programs.

We have received certification for 47 LPG, CNG, and hybrid models of trucks, buses and the like, with a focus on vehicles driven in urban areas. We have received certification for 330 models having onboard DPR and DPNR systems.

Trends in Numbers of Designated Low Emission Vehicles



Improving Fuel Efficiency

VISION

Strive to improve fuel efficiency using a wide range of leading-edge technologies.

We are focused on improving fuel efficiency as a way to conserve energy through product development. We are helping to reduce CO_2 emissions through advanced technologies based on long years of research, including the Turbo Intercooler and 12-gear Pro Shift.

Key Concepts

E13C Straight 6-cylinder Engine

Our next-generation diesel engine developed through the combined strength of Hino Motors

Turbo Intercooler (TI)

The straight six-cylinder E13C model engine installed in the Hino Profia is a next-generation diesel engine that was developed through the combined strength of Hino Motors. This engine uses a Combined EGR system that greatly reduces NOx while enabling good fuel efficiency, through the world's first combination of an electronically controlled Pulse EGR and highly efficient Cool EGR.

We have also achieved smooth startups and powerful acceleration, leveraging extremely high torque from ultra-low RPMs. Combined with the newly developed 12-gear Pro Shift, it also achieves outstanding fuel efficiency.

E13C
Straight 6-cylinder engine
Common-rail fuel injection system
Combined EGR
Onboard variable nozzle turbo
Total displacement: 12.913 L
302 kW (410 PS)

Idle Control System Installed in More Vehicles

In response to anti-idling ordinances by local governments, we have created an idle control system that automatically stops the engine when a vehicle is stopped in a traffic jam or at a stop light, simply by putting the gearshift into the neutral position. This system is in place in our city buses, tour buses, and trucks driven extensively in urban areas. This system improves fuel efficiency, while at the same time reducing exhaust emissions and noise.

12-Gear Pro Shift

We have developed the new 12-gear Pro Shift semiautomatic transmission, which fully utilizes the fuel efficient performance of the E13C engine — the first fully synchronized construction built in Japan*. The transmission's wide gear range covers startup to high-speed cruising. Gear shifting is smooth and natural, conducted at the appropriate times, and always in the "green zone" of good fuel efficiency, making driving easier while at the same time improving fuel efficiency.

* For heavy-duty class trucks

Aerodynamic Characteristics

We continue to develop more fuel efficient vehicles, using improved body styles, aerobumpers, and wind deflectors to reduce wind resistance. The Hino Profia utilizes the Grand Aerotech Design cab, which was born from the pursuit of the world's highest level of aerodynamic performance.

Cab style designed for fuel efficiency

12-gear Pro Shift

Engine Research & Development Div.
Shigeyuki Mizumura

The radiator, intercooler, and other cooling systems are usually out of sight of the customer, but they are some of the most vital parts for improving fuel efficiency and making exhaust emissions cleaner. We have succeeded at developing a new cooling technology concept, in order to meet the world's strictest exhaust emission regulations. I am so proud when I see one of my systems out on the expressway.

Gear position indicator

Developing Clean Energy Vehicles

VISION

Hino Motors is committed to developing clean-energy vehicles, in order to coexist with the environment.

We are also actively committed to developing new-energy vehicles with low environmental impact, including LPG, CNG, and hybrid vehicles. Some of these vehicles also comply with the Law on Promoting Green Purchasing, and we will actively deploy them, including the creation of infrastructure.

Key Concepts

Six Models

Vehicle models complying with the Law on Promoting Green Purchasing (as of March 2005)

Liquid Petroleum Gas (LPG) and Compressed Natural Gas (CNG) Vehicles

LPG and CNG vehicles have excellent characteristics, including low NOx, PM, and soot emissions, as well as low noise and the like. Hino Motors has established LPG and CNG models of the Hino Dutro light-duty truck and CNG models of the Hino Ranger medium-duty truck and heavy and medium-duty route buses.

We are looking at ways to expand our lineup of LPG and CNG vehicles, with a focus on vehicles operating inside cities, in light of the state of fuel supply and other infrastructure.

Example of Activities

CNG Eco-Station

Hino Motors has established a CNG fueling station, the Hino Motors Eco-Station, next to its head office and Hino plant in Hino City, Tokyo. The station provides CNG fueling service, including to general vehicles. The station is contributing to the popularization of CNG in western Tokyo, which has fewer CNG fueling stations than in central Tokyo.

See page 11 for details on our commitment to hybrid vehicles.

Research on Other Next-Generation Fuels

Hino Motors is actively researching other types of next-generation fuel as well. Specifically, we are researching an engine fueled by dimethyl ether (DME), which has virtually no soot or PM emissions.

We have also been developing a heavy-duty bus equipped with a fuel-cell hybrid system using high-pressure hydrogen fuel jointly with Toyota Motor Corporation. Eight of these buses are running between the Nagakute and Seto, venues of the Expo 2005 Aichi Japan, which began in March 2005.

Fuel cell hybrid bus active at Expo 2005 Aichi Japan

Hino Topics

Reducing External Vehicle Noise

Hino Motors has developed a number of measures to reduce external vehicle noise, including noise from such sources as the engine, exhaust and power train. Our new Hino Profia heavy-duty truck is loaded with noise-reduction technologies we have developed to date, including such improvements to the engine as adoption of the common-rail fuel injection system to reinforced noise insulating cover and an improved muffler. The Profia passed noise regulations in 2001. All our models pass the latest regulations.

Trends in Acceleration Noise Regulations

Model		Maximum Legal Level in dB (A)							
		Current → new regulations	1998	1999	2000	2001	2002	2003	2004
Heavy-duty vehicles GVW > 3.5t	All-wheel drive	83→82				10		9	
	Trucks	83→81							
Over 150kW	Buses	83→81	10	9					
Medium-duty vehicles GVW > 3.5t	All-wheel drive	83→81				10	9		
	Trucks	83→80							
150kW or less	Buses	83→80			10	9			

● Regulations for new models ● Continued production models

Promoting Recycling and Reducing Environmental Impact

VISION

Reduce the Environmental Impact of Raw Materials with a View toward Recycling.

At Hino Motors, we design our vehicles to be recycled at the end of their use, and work actively to improve their recycling rates. We also set self-imposed standards for reducing the use of lead and other substances that impact the environment.

Key Concepts

95%

Target recycling rate for 2015

Designing for Recycling

In April 2001, the Law for the Promotion of Effective Utilities of Resources was revised. In accordance with the revised law, we set design guidelines for minimizing waste and reusing products and parts, in addition to pre-assessments of recycling characteristics. We incorporated these guidelines into our design standards.

●Using Materials that are Easy to Recycle

To increase recycling, we replaced all thermosetting resin and rubber material, including parts made up of multiple materials, with thermoplastic materials having better recycle-ability. We use the highly recycle-able Toyota super olefin polymer (TSOP) as the base material for door trim and the instrument panel. The console box and other interior plastic parts, as well as the bumper grill, are now made from the newly developed high-luster AES, eliminating the need for coating.

●Expanding the Use of Recycled Materials

We are expanding our use of recycled materials. In addition to using recycled felt on the back of our floor mats, we also use recycled urethane in part of our seat cushions, and use recycled plastic bumpers as battery covers.

●Making Vehicles and Parts Easier to Dismantle

We have made it easier to recover copper from our vehicles. In the Hino Profia heavy-duty truck, we reduced the number of parts in the metal clip locking the wire harness in place, and made it easier to dismantle by switching to plastic parts.

Our Commitment to Reducing Substances that Impact the Environment

Hino Motors has set self-imposed targets for reducing substances that impact the environment, and we are working actively to achieve them. We are particularly committed to quickly reducing and eliminating the use of the four substances stipulated in Europe's ELV directive — lead, mercury, cadmium, and hexavalent chromium — from our commercial vehicles.

In order to reduce our use of lead, we set self-imposed targets for lead use in new vehicles (excluding batteries) in stages: no more than half 1996 levels by 2001, and no more than a quarter of those levels by 2006, and we have been implementing these targets.

In our Hino Profia heavy-duty truck, we switched from copper to aluminum radiators and heater cores, and we also switched to lead-free battery-harness terminals. Through these and other measures, we have reduced lead usage to less than one third 1996 levels. We have also banned the use of mercury in all parts except those used for traffic safety, including navigation and other LCDs, and cabin fluorescent lights. We will ban the use of cadmium starting January 2007, and the use of hexavalent chromium as of January 2008.

Promoting the Recycling and Proper Disposal of Truck Cargo Bodies

Trucks can be roughly divided into the cab, chassis, and cargo body. Of these, the part that is most difficult to dispose of, and which generates the most waste, is the cargo body. Truck cargo bodies are except from the recycling law because they are often reused, and with the large number of manufacturers, it is difficult to identify which producer is responsible. Thus, we have created our own self-imposed commitment to recycling this part. In November 2002, the Japan Automobile Manufacturers Association and the Japan Auto-Body Industries Association created and published its Autonomous Efforts to Recycle the Bodies of Commercial Vehicles, and has steadily promoted design for recycling, and built a network of disposal and resource recycling companies.

Response to the Automobile Recycling Law

The Law Concerning Recycling Measures of End-of-Life Vehicles ("Automobile Recycling Law") has been in full effect since January 1st, 2005. In March 2002, Hino Motors established a committee for response to the recycling law, and created an automobile recycling system in partnership with related organizations and dealerships. In particular, we have taken a leadership role with challenges unique to commercial vehicles, such as the handling of specially outfitted vehicles and buses, and succeeded at completing the system.

Since the law went into effect in January of this year, we have promoted the appropriate disposal and recycling of the three items covered by the law. In FY 2004 (January to March), we collected shredder dust from 342 vehicles (volume collected: 104,615 kg), airbags from 9 vehicles, and CFCs from 110 vehicles (54.9 kg). The recycling rate of shredder dust is 51%, achieving the legal standard (30% or greater in FY 2005).

The Automobile Recycling Law

The Law Concerning Recycling Measures of End-of-Life Vehicles ("Automobile Recycling Law") was created in July 2002, and has been in full effect since January 2005. The purpose of the law is to ensure that automobiles are recycled and properly disposed of at their end of life. The law makes it mandatory for involved parties to take an appropriate portion of the responsibility for accomplishing this, with automakers playing a central role.

When an automobile that a company has manufactured reaches its end of life, the law stipulates that the company must take back the airbags and shredder dust and recycle them, and take back the CFCs and properly dispose of them. This law is particularly notable because it is the first such law in the world including commercial vehicles (trucks with GVW 3.5 t or greater/buses carrying 10 people or more).

●Calculation of Recycling Fees

There are three items covered by the Automobile Recycling Law: chlorofluorocarbons (CFCs), airbags, and shredder dust. The customer bears the cost of recycling these items in the form of a recycling fee. The recycling fees were announced starting July 2004, with a fee system that is easy for customers to understand, and minimizes the burden on customers.

●Hino-wide Commitment

We prepared thoroughly for the enactment of the Automobile Recycling Law, holding classes and system-operation workshops in order to make sure that the people on the front lines of our dealerships understood the law, and could operate the system without any snags.

Our dealerships are registered as companies that can collect end-of-life vehicles, and serve as the point of contact for the end-of-life vehicle recycling system.

●Disposal of Items Covered by the Law

Manufacturers collect and recycle the three items covered by the law. The collection of CFCs and airbags is contracted to the Japan Auto Recycling Partnership, which is the common point of contact for auto manufacturers. In January 2004, we established the Toyotsu Recycle Corporation ASR Recycling Division jointly with Toyota, Daihatsu, Honda and others, in order to carry out recycling inexpensively and efficiently. This business division handles the disposal of our shredder dust.

●Creating a Manual for the Disposal of Airbags

In order to recycle airbags appropriately and efficiently, we created a manual describing how to collect airbags from each model, how to actuate them on the vehicle, and how to properly dispose of them. We distributed this manual to companies involved in the process.

A worker dismantles an end-of-life vehicle

Class at a dealership

Reducing AC Coolant

HFC134a, a coolant used in car air conditioners, affects global warming. In order to reduce our use of this substance, we have reduced the amount of coolant used in our Hino Profia heavy-duty trucks to 600 g/vehicle, and the amount used in our Hino Ranger medium-duty trucks to 400 g/vehicle.

Support for Improving Recycling Rates

We have achieved our voluntary target of making at least 90% of our chassis, with cab attached, recyclable. Meanwhile, we are also working to increase the actual rate at which our vehicles are recycled, by reflecting the recycling situation for end-of-life commercial vehicles.

Our goal is to achieve an actual recycling rate of 95% by 2015, by unifying types of plastic materials, and performing dismantling evaluations.

Example of Activities

Hino U-Truck Ltd.

In order to encourage the reuse and recycling of used vehicles and parts, in March 2003 we merged our wholly owned subsidiaries Hino Chuhan Ltd. and CRC Ltd., forming Hino U-Truck Ltd.

We have also created a new Used Vehicles Division inside Hino Motors, and the entire Hino Group is working to increase the recycling and reuse of our products.

These used parts will be sold

Our Responsibility to Our Customers in Product Development

VISION

We are committed to developing technology for safety and ease of use, in order to fulfill our responsibility to our customers.

As an automaker, we have a responsibility to make products that are comfortable and safe for drivers and passengers, and safe for pedestrians, bicycles, and other vehicles as well.

Key Concepts

50% Reduction

Reduce the number of traffic fatalities involving commercial vehicles by 50% by 2010

Our Commitment to Being Leaders in Safety

At Hino Motors, our goal is a safe society with zero traffic accidents. In order to achieve this, we are committed to developing safety technologies under the concept of "total safety": safe vehicles, people, and roads, as well as preventive safety and crash safety. Our aim is to reduce the number of traffic fatalities involving commercial vehicles by half by the year 2010.

Hino Motors is committed to total safety from three perspectives: reducing driver fatigue, preventive safety, and crash safety.

- **Reducing fatigue:** Improve driving comfort, Hino High Functionality Seat
- **Preventive safety:** Scanning cruise, lane-departure warning system, Left Side and Rear View Assist Camera, tire pressure monitoring system, roll stability assist (tractors)
- **Crash safety:** Emergency Guard Impact Safety (EGIS) cab, front under-run protection device

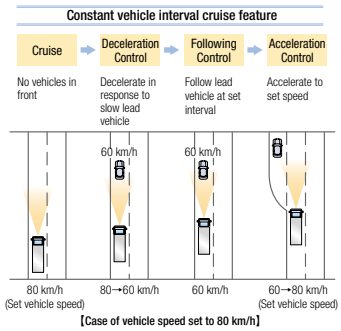
Key areas for safety measures

- Head-on collisions with passenger vehicles (heavy-duty trucks)
- Rear-enders (heavy-duty-trucks)
- Hitting pedestrians/cyclists in intersections (light-duty trucks)

Safety Systems for Heavy-duty Trucks

●Scanning Cruise

The front of the vehicle is equipped with an infrared laser radar monitoring system. If the distance with the car in front becomes too short, a vehicle distance alarm activates, alerting the driver to take caution.

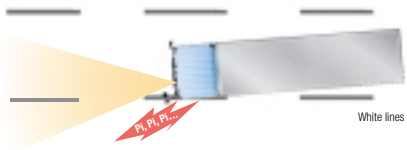


【Case of vehicle speed set to 80 km/h】

●Lane Departure Warning System

An image sensor detects the (white) lane divider lines in front of the vehicle, sounding an alarm if the vehicle drifts out of the lane due to inattention or dozing off at the wheel.

Lane Departure Warning Function



Lane detecting camera

Lane detecting camera

Hino Topics

Hino Blue Ribbon City Hybrid

Hino Blue Ribbon City Hybrid Non-step Large-sized Route Bus

In January 2005, Hino Motors took the hybrid technologies we have developed over many years a step further when we launched sales of the Hino Blue Ribbon City Hybrid, a non-step heavy-duty route hybrid bus with greatly improved specifications and environmental performance.

Inside the bus, we removed all steps by making the hybrid unit (battery inverter) smaller and more lightweight, and moving it from its traditional location below the floor to the roof of the bus.

Environmental performance is also greatly improved. Equipped with our unique parallel hybrid system and DPR clean diesel system (see page 18), the emissions performance is greatly improved, and the bus meets the new long-term (2005) exhaust emission regulations.

View inside the bus

Technical Research Center
Yasukazu Ashida

The Hino safety concept is embodied by the ASV (advanced safety vehicle) concepts L and C. Our dream is to achieve zero accidents, and this concept is the result of our thinking about what a safe truck should be. I will continue to work on making safer trucks, with the dream of actually seeing them on the streets.

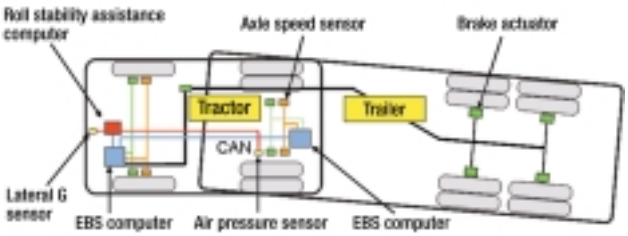
Product Planning Div.
Jota Suzuki

When I ride buses, I sit in the very back, and watch how people move. I have sometimes been surprised at the way people move when on the bus, because I didn't expect people to move like that. I am always thinking about the kind of bus that can satisfy everyone, and I bring this to my development work.

●Roll Stability Assist

A sensor detects the lateral G-force on the vehicle when entering corners and when swerving suddenly to avoid something. The system ensures vehicle safety by warning the driver, and controlling engine output and the trailer brakes.

In control (rolling prevented)



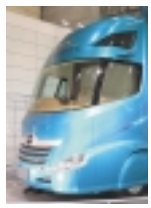
Out of control

Starting to roll

Development of Safety Concept Vehicles

As leaders in safety, Hino Motors is committed to developing vehicles and technologies that enable people to ride safely and securely, from the perspectives of road traffic, pedestrians, and drivers.

At the Tokyo Motor Show held from November 3rd to the 5th, 2004, we exhibited heavy-duty and light-duty safety concept models.

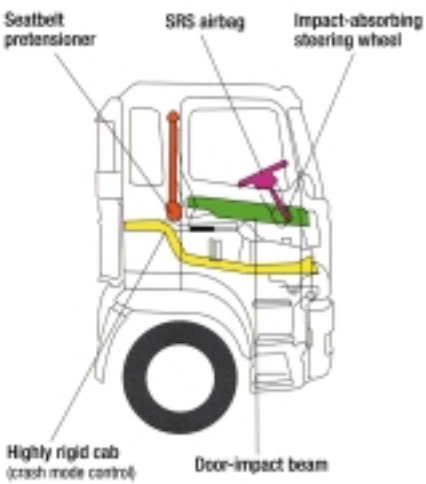


ASV Concept L
(Advanced long-haul truck)

ASV Concept C
(Advanced city truck)

●EGIS Cab

An Emergency Guard Impact Safety (EGIS) cab is a general term for a cab equipped with features to improve crash safety, such as a highly rigid cab body, as well as door impact beams, SRS airbags, impact-absorbing steering wheel, tilting steering column, and seatbelt with pretensioner.



Explanation chart of EGIS Cab

●Front Under-run Protection Device

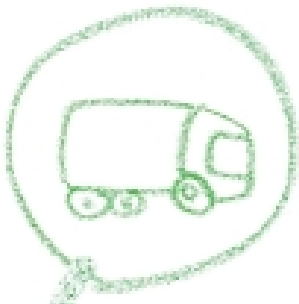
This reduces incidence of passenger vehicles burrowing under the carriage of heavy-duty trucks in head-on collisions, helping the impact-absorption features of the passenger car to function more effectively, and reducing damage to the passenger car.

Front under-run protection device

Commitment to Universal Design

On November 15th, 2000, the Barrier-free Transportation Law was enacted. In accordance with this law, Hino Motors is committed to universal design: making our buses barrier free, as well as making it possible for everyone to travel safely, including children, the elderly, and people with disabilities.

We identify non-step buses as part of universal design in buses, and we offer non-step models in all our heavy-duty, medium-duty, and light-duty series.



Trucks and Buses

Our Commitment to Improving the Environmental Performance of Our Products

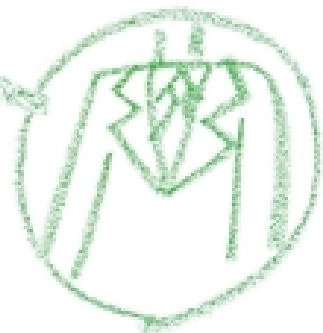
At Hino Motors, we are leveraging the technical capabilities we have cultivated over many years to develop new environmentally aware products and technologies.

→ See pages 9-10 for details

Hino Motors' Commitment in Production, and Sales

Our Philosophy

While they improve our lives, trucks and buses also impact the environment. That is why reducing environmental impact is one of our greatest challenges.



Relationships with Business Partners

Relationship with Suppliers

The cooperation of suppliers with a wide range of technologies and expertise is essential for our businesses. We at Hino Motors are committed to working together with our suppliers to reduce our overall environmental impact.

→ See pages 31-32 for details

Manufacturing Trucks and Buses

Our Commitment in Production, Chemical Management, and Logistics

We have a long-term plan aimed at reducing our environmental impact, with a focus on four key areas: conserving energy, reducing water usage, reducing waste, and reducing chemicals. We are working actively to achieve the plan targets.

→ See pages 27-30 for details

to the Environment Logistics,

We are actively committed to reducing the environmental impact of our products, including the impact created between production and sales of our trucks and buses, before our products reach our customers.

Selling Trucks and Buses

The Commitment of Our Dealerships

We are actively committed to environmental management in our sales activities, and our dealerships are building environmental management systems.

→ See page 33 for details

We still have challenges in production, logistics and sales

Our production of automobiles impacts the environment in many ways. Hino Motors creates a plan every five years to ensure that we can reduce these impacts, and we work continually to improve.

Conserving Energy

Preventing global warming requires a global effort. It is one of our most pressing challenges. We are actively committed to reducing CO_2 through more efficient production and use of alternative forms of energy. Of these, the steady efforts of our employee-driven energy-conservation activities have produced major results.

Reducing Waste

At Hino Motors, we are actively committed to reducing the amount of waste we landfill and incinerate, and we have achieved major reductions. We are now traveling back to the source of the waste, and making efforts to not produce waste in the first place the core of our commitment.

Reducing Chemicals

Automobile production processes actually require many kinds of chemicals. We thoroughly manage a wide range of chemicals from the time they enter the company until the time they leave, and we are reducing the amount that we discharge. We are also actively committed to reducing the amount actually used, by achieving the same effect with smaller quantities of chemicals and the like.

In FY 2005, we will set new targets for 2010. We will continue working on improvements to reduce our environmental impact.

Executive Vice President,
Member of the board
Hideaki Tobita

Reducing Environmental Impact in Production Activities

VISION

One of our greatest challenges is reducing the environmental impact not only of our automobiles themselves, but also the environmental impact during the production stage.

At Hino Motors, we have a voluntary plan with specific targets for reducing environmental impact, and we are working to reduce the environmental impact of our production activities. In FY 2004, we reached our targets for CO_2 emissions, water usage, and waste.

Key Concepts

17% Reduction

Reduce FY 2004 CO_2 emissions by 17% per unit sales (compared with FY 2000)

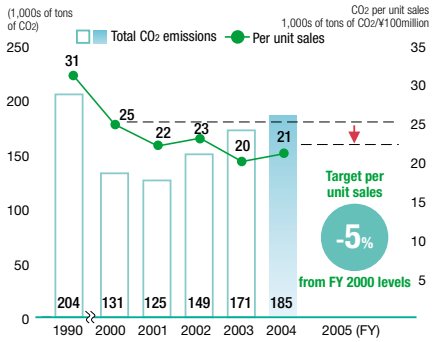
Preventing Global Warming

We are working to reduce our energy usage, in order to achieve our target of reducing our CO_2 emissions per unit sales by 5% from FY 2000 levels by end-FY 2005.

In FY 2004, we worked to reduce our energy consumption by means including reducing air-blower loss on our existing lines, reducing the operating time of our machinery, and introducing a cogeneration system.

In FY 2004, our total CO_2 emissions were 185,000 tons, due to a large increase in production volume. This was a 14,000-ton increase against the previous year, and also a 4% increase in CO_2 per unit sales against the previous year. Nevertheless, we achieved a 17% reduction against FY 2000 levels.

Trends in Total CO_2 Emissions and Emissions per Unit Sales



Environmental Affairs Division
Masaaki Tomaru

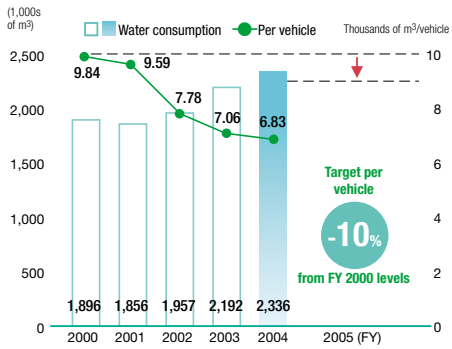
Even before we begin planning our production preparations, we are already working to ensure legal compliance, reduce environmental risk, and improve performance in order to further reduce our environmental impact.

Conserving Water Resources

We are working to conserve water, in order to reach our target of reducing the amount of water we use per vehicle produced by 10% from FY 2000 levels, by the end of FY 2005.

In FY 2004, we implemented various measures to conserve water, including patrols to prevent leaks and eliminating overflows. As a result, we reduced our water usage per vehicle by 30% from FY 2000 levels.

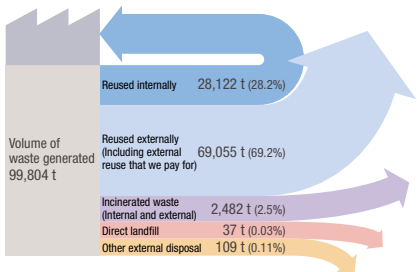
Trends in Water Consumption



Reducing Waste

We are working to achieve targets for waste reduction, including recycling of resources and eliminating waste to use fewer resources.

Breakdown of Waste Disposal in FY 2004



Direct Landfill Waste

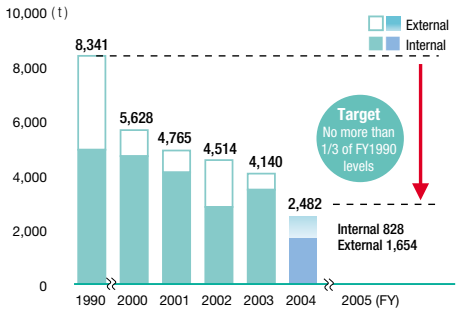
In FY 2000, we achieved zero direct landfill waste* at all plants.

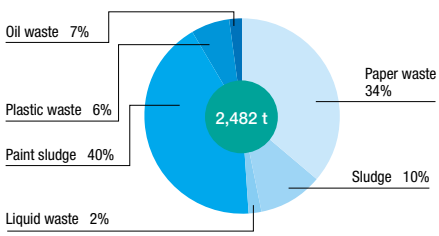
* Zero direct landfill waste: Less than 5% of FY 1995 levels

Combustible Waste

We have set a target of reducing the amount of combustible waste produced by our plants to no more than 1/3 (33%) of FY 1990 levels by the end of FY 2005, and we are working to achieve this target. In FY 2004, we expanded our existing programs to convert wastewater sludge into cement, use lightweight frames, and use plastic waste as fuel, and also reduced the volume of paint sludge through dehydration. Through these efforts, we reduced our combustible waste to less than 30% of FY 1990 levels, achieving our target one year ahead of schedule.

Combustible Waste Volume and Breakdown for FY 2004





Controlling and Reducing Chemicals

VISION

We are working to build and operate a chemical evaluation system to reduce environmentally impacting substances and prevent environmental pollution.

Before using a chemical in our plants, we ascertain its composition, and decide whether to use it. We are also committed to handling and using chemicals properly, and reducing the total amount we use.

Key Concepts

34% Reduction

Reduce discharge of substances subject to the PRTR Law by 34% in FY 2004 (from FY 1998 levels)

Controlling Chemical Substances

A wide range of chemicals is used in the manufacturer of automobiles. Hino Motors strictly adheres to the PRTR Law*. In addition, when purchasing new auxiliary materials, we have established a chemical substance preliminary assessment system to confirm in advance the chemicals they contain, and to prevent the use of highly polluting substances with regard to the environment and safety.

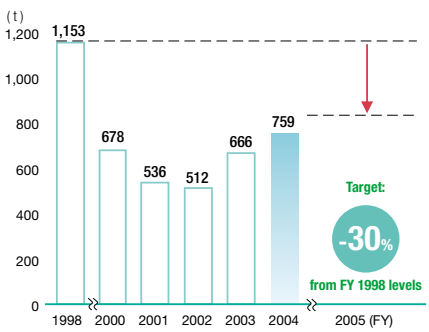
●Reducing Substances Subject to the PRTR Law

In FY 2004, we used 21 substances subject to the PRTR law in the production of automobiles, and the total volume used was about 2,800 tons. Of this, 27% was discharged into the air or water system. We are replacing our diluting thinner in order to reduce the volume discharged into the air and water system.

In FY 2004, our production levels increased. As a result, our level of discharge rose by 759 tons, but was still 34% lower than FY 1998 levels. We also remain committed to the target of our voluntary plan of a 30% reduction.

* PRTR: Pollutant Release and Transfer Register. The official name of the law is Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

Trends in Volume of Discharge of Substances Subject to PRTR Law



Reducing Substances that Impact the Environment

With the revision of the Air Pollution Control Law, regulations on volatile organic compounds (VOCs) have been enacted. Even before this, however, Hino Motors has been working to reduce VOC through its voluntary plan. We also strictly control dioxins generated from our incinerators, fully passing the regulations.

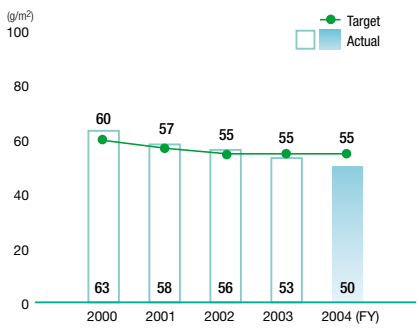
●Reducing Volatile Organic Compounds (VOCs)

Our Hamura Plant has established voluntary targets for reducing volatile organic compounds (VOCs) that are discharged during the vehicle body-painting process, and is working actively to achieve these targets.

In FY 2004, we reduced our levels of VOC to 50 g/m^2, compared to our target reduction of 55 g/m^2, by improving our collection rate of washing thinner used when changing colors.

Regulations on VOC will go into effect starting 2006. In response, we are investigating our specifications company-wide for existing paint booths, drying ovens, and the like, identifying the equipment subject to the regulations.

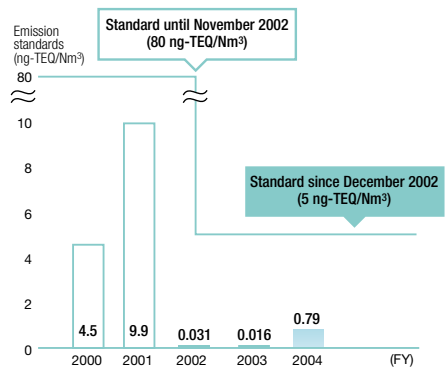
Trends in VOC Discharge (Hamura Plant)



●Reducing Dioxins

Our Hino Motors Hamura Clean Center operates incinerators in order to dispose of waste generated at each operating center. We strictly comply with every aspect of the revised regulations, which were tightened in December 2002. We have achieved levels substantially below the new regulations limiting dioxin concentration in exhaust gas to 5 ng-TEQ/Nm^3 through such strategies as controlling operations to incinerate waste completely, and equipping our facilities for full functionality, as well as stricter separation of trash and reviewing appropriate incineration volumes. As a result, we achieved and have maintained dioxin concentrations of less than 0.79 ng-TEQ/Nm^3.

Trends in Dioxin Concentration



Consideration for Local Communities

VISION

At Hino Motors, we work to reduce environmental risk, with an awareness of impact on the local environment.

We work to prevent groundwater pollution by preventing the escape of wastewater outside Hino plant grounds, and continually implementing cleaning measures. We maintain awareness of the environments surrounding our plants, and work to prevent noise, vibrations, foul odors, and the like.

Key Concepts

One Location

Number of locations in our Hino, Hamura, and Nitta plants where cleaning measures are being implemented

Commitment to Soil and Groundwater

Since 1994, Hino Motors has been investigating the extent of contamination in soil and groundwater at our Head Office and the Hino, Hamura, and Nitta plants.

As a result of these investigations, we confirmed one area within the Head Office and Hino Plant property where trichloroethylene levels exceeded environmental standards. Since 1997, we have been taking active countermeasures to decontaminate the soil. In taking these steps, we gave priority to preventing an outflow of groundwater outside the plant and, in 1998, dug barrier wells along the property line. We are continuing to pump up groundwater and decontaminate it through aeration and also testing groundwater quality regularly.

To ensure early detection of soil contamination, we also conduct soil tests whenever a plant or facility is vacated.

Measured Levels of Trichloroethylene in FY 2004

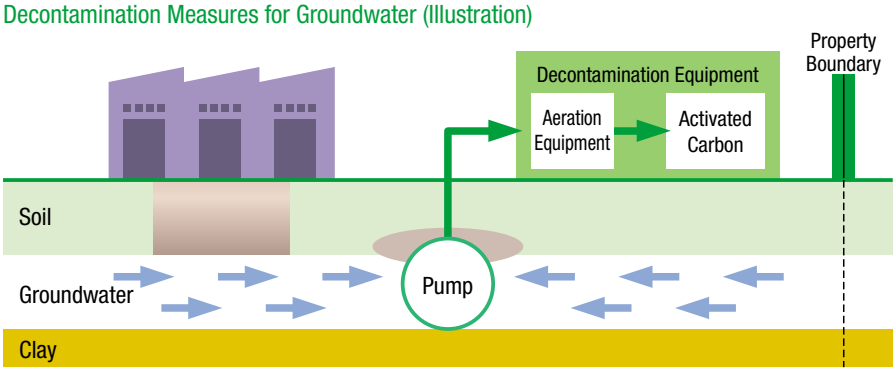
Environmental standard: 0.03 [Unit:mg/L]

Plant/Office	At groundwater level
Head Office & Hino Plant	0.002–0.38
Hamura Plant	0.002–0.024*
Nitta Plant	Not detected

- Range of values is due to multiple measurement points.
- Date measured (Head Office & Hino Plant: February 2005; Hamura Plant: November 2004)

* Due to inflow from outside plant

Decontamination Measures for Groundwater (Illustration)



Preventing Noise and Vibration

We take many steps to reduce noise and vibration, including introducing low-noise and low-vibration versions of equipment, like presses, compressors, and air blowers, as well as installing vibration-proof foundations, sound-insulated walls, and arranging equipment to minimize noise and vibration.

Reducing Foul Odors

We are committed to reducing foul odors. Casting processes are a source of foul odors, and we combat this using a chemical wash. We also have introduced a catalytic combustion deodorizing system in our coating processes. In August 2004, we installed a deodorizing system in our frame-coating process at our Hino plant.

We also monitor for odors on a day-to-day basis through environmental patrols around our plants, including measuring odor levels on plant grounds and at odor sources.

Hino Topics

Nitta Wastewater Treatment Plant

The wastewater from each of our plants is treated by a comprehensive wastewater treatment facility (microorganism treatment and condensation), and our effluent passes our voluntary standards, which are stricter than the levels required by law. In April 2005, we installed a nitrogen treatment facility at our Nitta plant in order to reduce nitrogen levels in wastewater, and improve water quality.

View of the treatment plant

Commitment in Distribution

VISION

We are working to reduce the environmental impact of logistics through a more efficient logistics system and enhanced packing and packaging measures.

We are working to reduce our CO_2 emissions and our use of packing and packaging materials by streamlining our logistics systems, including improving our system for transporting finished vehicles, and streamlining our parts logistics for overseas production.

Key Concepts

16% Reduction

Reduce volume of packing and packaging materials used by 16% in FY 2004 (compared to FY 2000 levels)

Reducing CO_2

We minimize the generation of CO_2 due to transportation, by making our in-plant and procurement logistical systems more efficient. We make sure our delivery vehicles carry cargo more efficiently and reduce the number of "dead loads" by combining routes, keeping adequate track of cargo for each route, mixing shipments, and other measures. We also make use of relay points to enable multiple deliveries.

We are also expanding our use of carriers and sea shipping to transport finished vehicles.

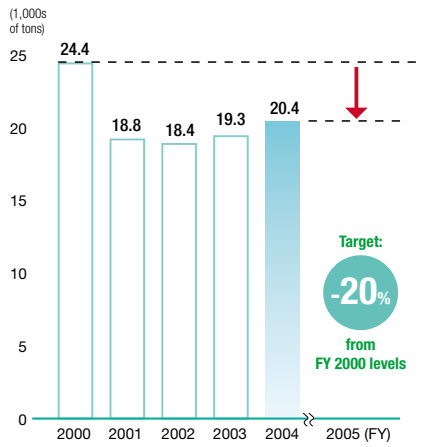
Logistics Planning Division
Hisatoshi Ochiai

Through the Logistics Improvement Meetings, we discuss the best ways to make improvements in the logistics domain, discussing the reduction of CO_2, and reduction of packing and packaging materials. We also set challenges for reducing environmental impact.

Reducing Use of Packing and Packaging Materials

We have instituted the use of returnable shipping cases and boxes, increased the amount of filling space in shipping cases, and are rethinking the packing and packaging materials we use, in order to improve our inter-plant, purchasing, and spare and production-part logistics systems. These efforts have reduced our total use of packing and packaging materials in FY 2004 by 16% from FY 2000 levels.

Trends in Use of Packing and Packaging Materials



Pre-modification packing crate

Post-modification

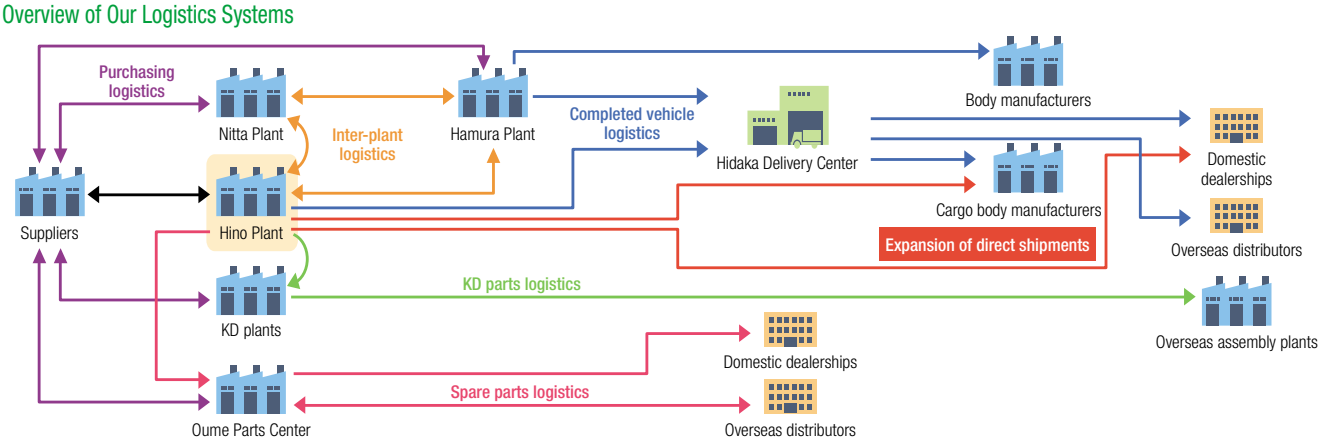
Making the Logistics System More Efficient

We are making our logistics system more efficient by expanding direct shipments between cargo body manufacturers and dealerships.

Completed Vehicle Logistics	Transportation of completed vehicles from plants to domestic dealers and overseas distributors	**Inter-plant logistics**	Transportation of parts supply among the Hino, Hamura, Nitta, and associated plants.
KD Parts Logistics	Transportation of parts for vehicle assembly to overseas assembly plants	**Spare Parts Logistics**	Transportation of spare parts to domestic dealers and overseas distributors

In addition, purchasing logistics distributes parts from suppliers to each plant.

Overview of Our Logistics Systems



TOPICS

Commitments of Affiliates

VISION

We are committed to reducing environmental impact by helping our suppliers improve the efficiency of their logistics.

Okamoto Logistics Co., Ltd.* has supported Hino Motors' overseas logistics for many years. Hino Motors is committed to working with Okamoto Logistics to make its logistics more efficient, and reduce environmental impact.

* Okamoto Logistics Co., Ltd.: About 320 employees, with five places of business in Japan and four overseas.

Okamoto Logistics Co., Ltd.
Daikoku Pier Motor Pool, General manager
Toru Ushiku

Container Shipments of Finished Trucks

Pure car carriers (PCC; ships specially designed for carrying automobiles) are used to ship trucks overseas. Unlike box-shaped household automobiles, however, shipping trucks with the cab attached wastes spaces, because it reduces the number of vehicles that will fit on the ship. The company looked into ways to ship trucks efficiently, and spent a year developing its own unique dedicated carrier, and in December 2002 started packing two 2-ton trucks into a 40-foot high-cube container, and shipping trucks on container ships.

In October 2005, the company will start shipping FC vehicles (4 tons) in the same way. The company is helping to reduce CO_2 in other ways as well, including transporting two trucks using a single trailer from the overseas port to the distributor.

Round-trip Use

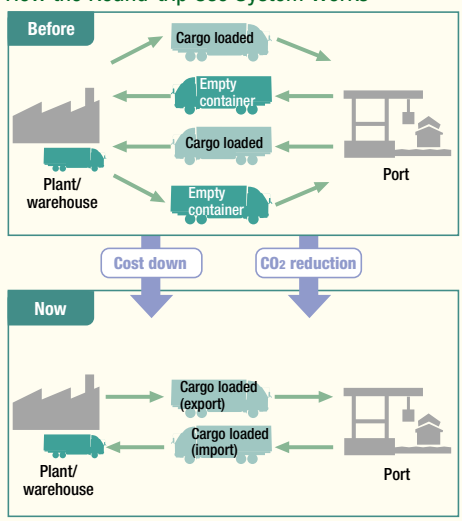
With conventional container shipping, delivery and production plans are created separately. This created a lot of "dead loads": after delivering products to a cargo holder located inland, the empty container would be returned to a van pool near the port designated by the shipping company; then when products were to be shipped out, the empty container would again be sent to the cargo holder.

Thus, in FY 2000 Hino Motors and Okamoto Logistics began to look into a way to achieve round-trip use of containers. After coordinating with shipping companies, it established the Environmentally Friendly Green Logistics system in 2001.

Specifically, import containers offloaded at Yokohama Port are transported to cargo holders near the city of Hino, in Tokyo Prefecture. Next, the empty container is sent around to the Head Office & Hino Plant, where knock-down (CKD) parts are packed and sent overland to Yokohama Port for export.

This improvement has reduced the distance traveled per container from about 250 km to just 90 km, greatly increasing efficiency. This has also reduced the amount of CO_2 emissions by 33 kg/vehicle. This is a greater than 30% reduction, which has contributed to a reduction in environmental impact. Hino Motors successively deployed this system to its Hamura and Nitta plants as well, and it is currently working toward a target of reducing emissions by a total of 34,450 kg/vehicle in FY 2004.

How the Round-trip Use System Works



Hino Topics

Okamoto Logistics Co., Ltd.'s Commitment to Reducing Environmental Impact

A commitment to efficient and green logistics

In 2002, Okamoto Logistics Co., Ltd. obtained ISO14001 certification. Every employee is committed to reducing environmental impact.

The company believes that improving logistics efficiency will reduce environmental impact, and thus holds that efficient logistics is green logistics, in order to reduce global environmental impact.

Commitment as a Global Corporation

VISION

The entire group is united in its commitment to conserving the global environment, as a global leader in the environment.

Hino Motors has been exporting vehicles for about half a century. Today, we are active at facilities located around the world, and we are speeding up our efforts to conserve the environment.

Key Concepts

140 Countries

The number of countries in which Hino Motors trucks and buses are sold

Asian Environmental Production Conference

In October 2004, about 30 environmental executives and coordinators from five of Hino Motors' production subsidiaries located in Asia gathered for the First Asian Environmental Production Conference at the HMMT Head Office*. Over the course of the two-day conference, companies shared their commitments to the environment, strengthening their networks.

*HMMT: Hino Motors Manufacturing (Thailand) Ltd.

Attendants of the First Asian Environmental Production Conference

TOPICS

Commitment of Hinopak Motors Ltd. (HPM)*

Since it was founded in 1985, HPM has manufactured and sold trucks and buses under the Hino brand. In July 2001, HPM became the first member of the auto manufacturing industry in Pakistan to obtain ISO14001 certification, and the entire company united in its active commitment to preserving the global environment.

●Free Service Camp

Since starting in April 2004, HPM has held 39 Free Service Camps: free, on-site classes on repair lasting three to four days, given throughout Pakistan. Under this program, users of Hino Motors trucks and buses are given free checkups for their vehicles, with the goal of the company's policy of "Total Customer Satisfaction."

Alongside the classes, workshops are also given in correct maintenance techniques and fuel-efficient driving, helping customers to improve the performance and lengthen the lifetime of their trucks. The program is very popular with customers.

●A "Hand-made" Wastewater Treatment Facility

HPM has one assembly plant and one body plant, each of which has built its own wastewater treatment facility. Treated water is used for gardens located on the plant grounds. The facilities have succeeded at greatly reducing the plants' water usage.

Since September 2004, the plants have been using surplus treated water for gardens around the plants. This has been met with enthusiasm in the city of Karachi, which suffers from a shortage of water.

●Tackling the Challenge of CNG Buses

HPM manufactured its first CNG bus, and on September 1st, 2004, showcased it to Pakistani president Pervez Musharraf. This commitment to CNG buses is based on the thinking that reducing exhaust emissions is particularly vital for a bus that is on the road day in and day out. The engineers worked together, and produced the bus nearly entirely by hand. The exhaust emissions of this CNG bus are extremely clean. A white sheet of paper could be held in front of the exhaust pipe for five minutes and remain completely white, without a trace of soot. Preparations are currently under way to introduce CNG buses in Pakistan as municipal buses.

These commitments not only help to preserve the environment of Pakistan, but also are effective at raising the environmental awareness of HPM employees.

* HPM (Hinopak Motors Ltd.) located in Pakistan

HPM is located in Karachi, Pakistan. It has about 1,600 employees.

A "hand-made" wastewater treatment facility

Pakistan's first CNG bus

Commitment in Sales Activities

VISION

We are also actively committed to environmental management in our sales activities.

At Hino Motors, we are also actively committed to reducing the environmental impact of our sales and marketing activities. We are building a Dealers' Environmental Management System, and have a variety of activities.

Key Concepts

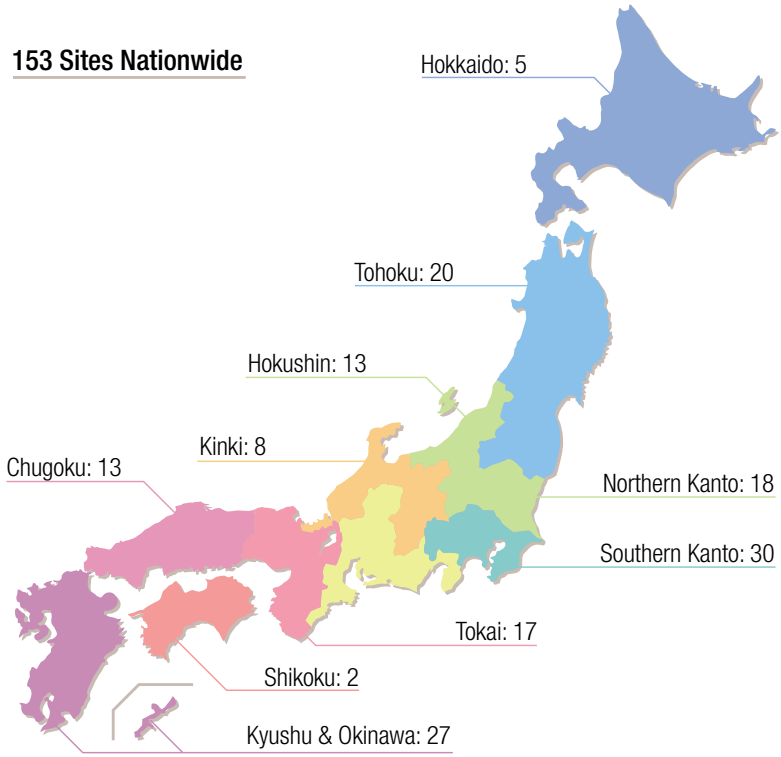
153 Sites

The number of sites certified as Eco Management Dealers in FY 2004

Eco Management Dealer (EMD) Certification

In FY2002, Hino Motors formed a network of 41 dealers nationwide, and instituted the Dealers' Environmental Management System. The Environmental Guidelines for Dealers, a system incorporating environmental laws and regulations as well as Hino Motors's own requirements, was issued to each dealership. Dealerships that have been assessed to be meeting 100% of the guidelines are certified as Eco Management Dealer (EMD). In FY 2004, 153 sites of 35 dealers were certified as EMD.

Sites Certified as Eco Management Dealers



* Figures indicate number of EMD-certified dealer sites in each area.

Eco Management Dealer Certification Ceremony

An audit

An audit

Certification

Hino Motors Nagano, Ltd.
President
Yukitaka Itoh

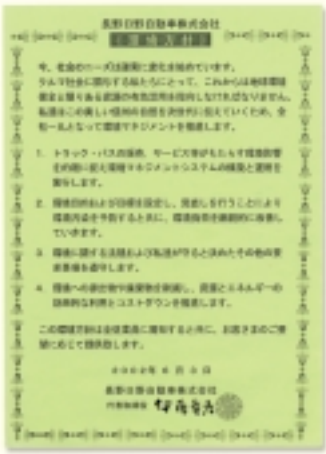
Actively committed to the environment — including the first ISO14001 certification for a Hino dealer — in order to pass on the beautiful nature of Shinshu to future generations

The preface of the Hino Motors Nagano environmental policy states: "We will pass on the beautiful nature of Shinshu to the future generations." The first Hino dealer with ISO14001 certification, Hino Motors Nagano was also fast to start offering Hybrid buses (see page 11 for details), and these are just some of the actions it is taking to preserve the environment. Against this backdrop, company president Yukitaka Itoh talks about his philosophy on the environment, and future targets.

Background to the Acquisition of ISO14001 Certification

"We got our first ISO14001 certification," says Hino Motors Nagano president Yukitaka Itoh, "in November 2001. By November 2004, we had completed certification for all seven sites in the prefecture." As background to the certification, he says, "How a company will be involved with the environment and safety is a major challenge for the 21st century." Mr. Itoh's philosophy reflects the characteristics of Nagano prefecture.

"Due to the location and characteristics of Nagano," he continues, "people there have an extremely high awareness of the environment. Naturally, our customers' awareness is also very high. They are very conscious of how we can protect the beautiful nature of Nagano. Thus, in order to win the support of our customers, I think it is essential for us to take a pioneering stance on environmental conservation, in partnership with local communities."



The Hino Motors Nagano Environmental Policy

Preparation Was Grueling, but the Reward Was Worth It

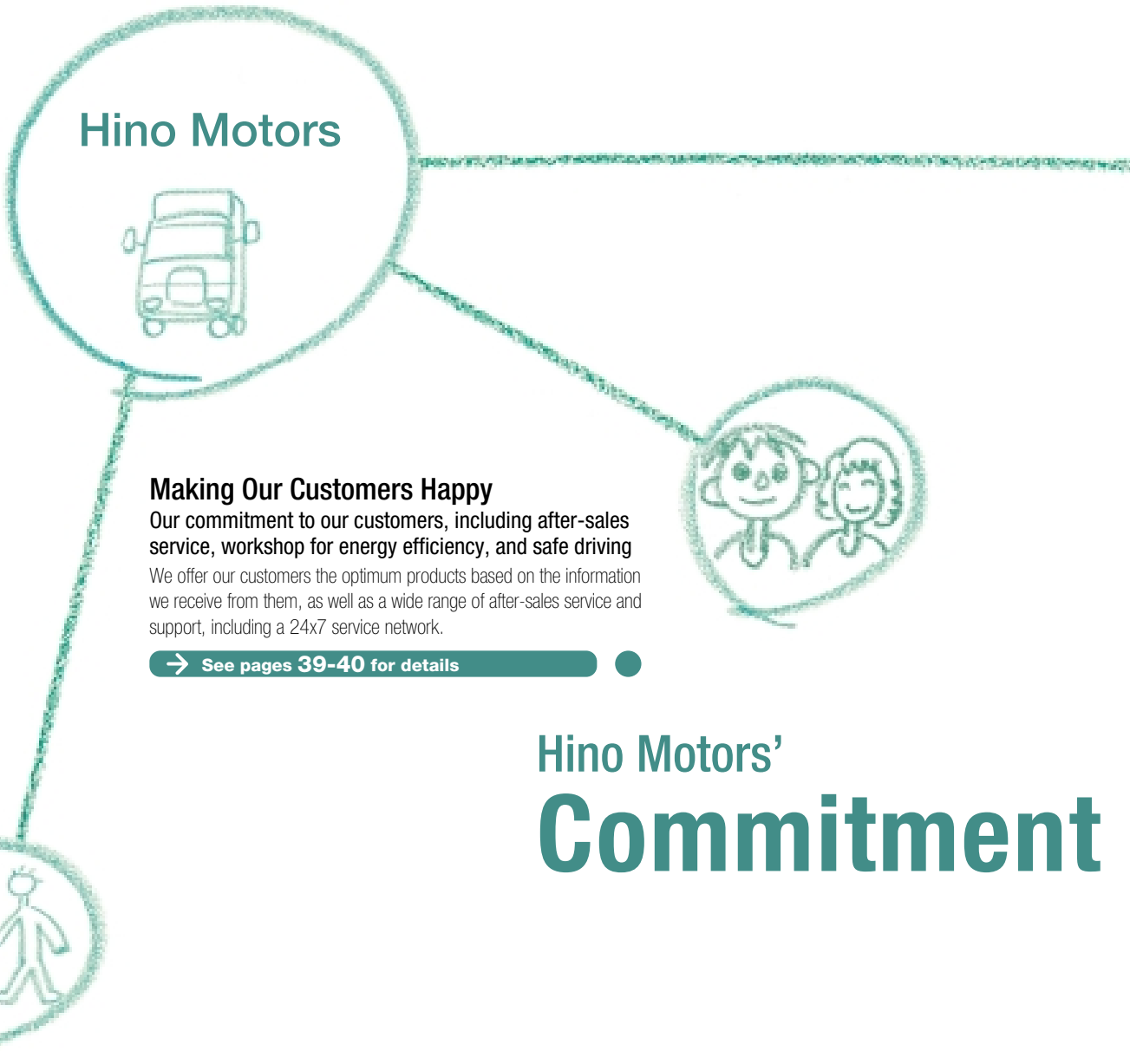
At the time, however, no other company's dealership had yet obtained certification, even in a region with as high an environmental awareness as Nagano. Mr. Itoh recounts the difficulty of preparing for certification. "I think it was especially hard for our environmental secretariat, because there was nobody to copy, and nobody nearby that you could go to for advice. We somehow managed to get certification, with the support of the Hino Motors Environment Department and study on our own."

But as difficult as the preparations were, it made the certification itself that much more rewarding. "To tell the truth, one of our original goals in going after the certification was to raise all our employees' awareness, and get them thinking about the environment on a day-to-day basis. We felt that one of our responsibilities was to raise the awareness of each employee as a human being. That's why getting the certification was just one of the benefits; the other was raising awareness through the process itself."

Certification is Just the Starting Line. The Real Goals Are Still Ahead.

At the time, there was a feeling that the company had no choice but to get certification. As the company acted to obtain it, however, it began to receive inquiries from customers about our ISO activities, and people seeing how clean the equipment and office were would ask about our commitments. According to Mr. Itoh, however, "It would not be an exaggeration to say that getting the certification was actually the starting line. In a sense, if all we had to do was get certification, it wouldn't have been that hard. What is important is what level you are going to aim for now. Our goal is not to obtain ISO14001 certification, but to protect the beautiful nature of Shinshu, and make sure that it is around for future generations."

Mr. Itoh often picks up empty cans around his house, and participates in local beautification efforts such as trash cleanups. As his company has pioneered ISO14001 certification and offering hybrid buses, it has had its sights set on the next step: further reducing waste and making use of solar and wind power.



Making Our Customers Happy

Our commitment to our customers, including after-sales service, workshop for energy efficiency, and safe driving

We offer our customers the optimum products based on the information we receive from them, as well as a wide range of after-sales service and support, including a 24x7 service network.

→ See pages 39-40 for details

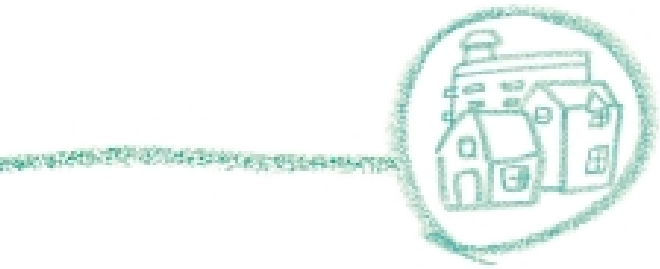
Hino Motors' Commitment

Coworker Relations

Relations with employees and their families

We create a secure workplace for our employees and offer a wide range of support based on the Hino Motors Ethics Charter.

→ See pages 37-38 for details



Community Relations

Relations with local communities and society

We are working to win the trust of local communities and society by contributing to society in many ways.

→ See pages 41-44 for details

to Society

The key to running a business is having a relationship of trust with the company's many stakeholders, including customers, suppliers, and employees. Hino Motors' goal is to be a trusted company.

We want the trust of our stakeholders: Not only in our products, but in Hino Motors as well

Hino Motors trucks and buses are currently being used in 140 countries around the world. The most important goal for our business activities is to win the trust of the people living in those countries, not only in our products but in Hino Motors as well. We must also win the trust of our many stakeholders.

In the next pages, we will showcase some of our activities, with a focus on building a relationship of trust with our many stakeholders: this is the key to our business activities.

- Creating a Corporate Culture Trusted by Society
- Creating a Safe, Motivating Workplace
- Commitments to Our Customers
- Connection with Society
- Contributing to the Community

It is my belief that in order for Hino Motors to remain in business into the future, we must continually work to win your trust.

Senior Managing Director
(currently Executive Vice President)
Shinichiro Sugisaki

Creating a Corporate Culture Trusted by Society

VISION

Maintain and improve society's trust in Hino Motors through a commitment to compliance.

At Hino Motors, every director and employee practices compliance through the activities of our Ethics Committee and compliance with the Hino Motors Ethics Charter.

Key Concepts

Will, Attitude, Action

Hino Motors Employee Action Guideline established in June 2002

The Hino Motors Ethics Charter

Hino Motors established the Hino Motors Ethics Charter in January 2003. This charter serves as a clear, written action guideline for every employee of Hino Motors as productive members of society and company employees. It indicates the standards for compliance activities for each individual employee.

The Hino Motors Ethics Charter

Contents of the Hino Motors Ethics Charter

- **Standard for action in relationship with the company**
  Creating a cheerful workplace, managing assets, managing confidentiality
- **Standard for action in company activities**
  Safety and health, development, environmental conservation, safety improvement, procurement, production/distribution, etc.
- **Standard for action in relationship with society**
  Corporate public relations, contributing to society, shareholder relations, relationship with government agencies/political entities
- **Standard for individual actions**
  Illegal/antisocial activities, etc.

The Ethics Committee

Hino Motors regularly convenes an Ethics Committee, whose members consist of board directors and full-time auditors.

The Hino Motors Ethics Committee discusses and determines measures to establish compliance within the company, risk management, and the like. The purpose of the committee is to put the Ethics Charter into practice.

Compliance Structure (schematic view)

Enhancing Compliance Activities

- **Objectives of Compliance Activities**

At Hino Motors, we give compliance a broad meaning, including compliance with laws, ordinances, and legal regulations, as well as compliance with corporate ethics and social norms, and meeting our stakeholders' expectations. Thus, the objectives of our compliance activities are to maintain and improve the trust Hino Motors enjoys in society.

- **The Hino Compliance Consultation Center**

Hino Motors hands out cards urging self-checking in view of five "Compliance Facilitators" to ensure there are no compliance issues among employees.

We also have a Hino Motors Compliance Consultation Center staffed by outside attorneys, to whom employees can turn for consultation when they discover a compliance issue, and we ensure that its existence is known within the company. The center practices complete confidentiality, and whistle blowers are never disadvantaged.

Compliance Sensors

Would your decision...

1. violate any laws, legal regulations, the Hino Motors Ethics Charter, or internal regulations?
2. violate social norms or go against customer expectations?
3. match our company principles and policies?
4. feel correct according to your own conscience?
5. make your family and friends proud?

The Hino Spirit (Employee Code of Conduct)

In June 2002, we established the Hino Spirit, which clarifies values and behavioral standards important at work. The Hino Spirit is incorporated into our awareness-reform activities and employee education, and is also communicated to our new hires at their welcoming ceremony.

Hino Spirit

Creating a Safe, Motivating Workplace

VISION

Create a secure working environment that gives employees a sense of personal growth.

Create a working environment that will motivate employees to harness their full potential, built on a foundation of employee health and safety.

Key Concepts

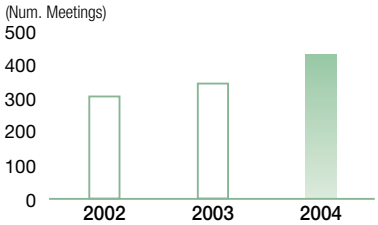
Motivation & Upward Spiral

Create a workplace that motivates employees and gives them a sense of personal growth

Mutual Trust and Responsibilities between Labor and Management

We used the 60th anniversary of the founding of Hino Motors as a springboard to launch our 60 Hino Labor Renewal Statement. As declared in this statement, the relationship between labor and management is based on mutual trust and responsibility. Based on this philosophy, we provide a wealth of opportunities for communication between labor and management.

History of Labor-Management Round Tables



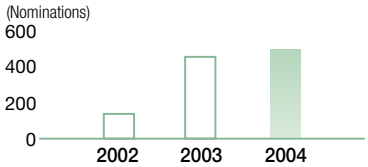
Supporting Variety of Work Styles

We have a leave program as part of our measures to help employees better balance their work and private lives. The program includes leaves for each of our employees' life stages, including maternity/paternity leave and leave for elderly care. Since we began our parental leave program, about 400 people have used the program. We are continually improving this program to make it easier to use. For example, after employees return to work, we offer a number of programs to help them balance work and child raising, including shortened working hours, leave to care for sick children, and the elimination of core time for employees on the flex-time program.

Employee Recognition Program

In fiscal 2004, we revised our old recognition program. The new program has the feel of a game, with a tournament-style system of General Manager's Award, Director's Award, and President's Award, as well as awards that recognize the Hino Spirit, including the Speed Award, Challenge Award, and Open Mind Award.

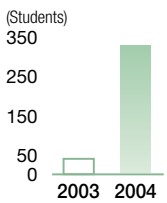
Numbers of Nominations for Employee Awards



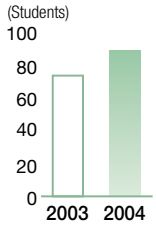
Human Resources Development

We are committed to the development of our employees, through cooperation between our on-the-job training and off-the-job training systems, in order to create a motivating workplace that enables employees to fully harness their capabilities.

Students of Foreign-language Training Classes



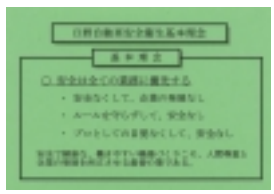
Students of Special Training Course for Midtier Employees



Occupational Health and Safety

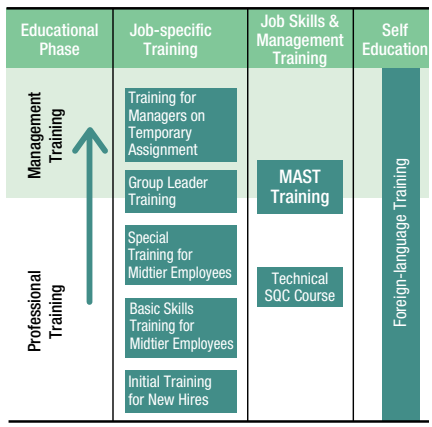
In June 2002, we marked the 60th anniversary of our founding by establishing the Hino Motors Basic Safety and Health Principles. Giving top priority to safety in everything we do, these principles position the creation of a safe, healthy, facilitating workplace as the best way to both respect people and achieve company growth. The principles aim to show Hino Motors' commitments to safety and health management to the people inside the company and the public, and get all employees on the same page.

We also have active safety and health programs aimed at preventing occupational accidents, including the introduction of the Occupational Safety and Health Management System (OSHMS) based on these principles.



Hino Motors Basic Safety and Health Principles Card

Skilled Worker Training System



Mental Healthcare

We established a mental healthcare program in 1998. We hold regular workshops for managers and supervisors, raise awareness of mental health, conduct company-wide surveys, and use their results to improve communication.

In 2003, we created a mental health manual for managers with the assistance of specialized outside counselors.

We are enhancing our care program through the use of specialized outside counselors, including making individual counseling available periodically, and setting up a counseling telephone hotline outside the company.

People Attending Mental Health Workshops in Fiscal 2004

Location	Number Attending
Hino Plant	65
Hamura Plant	53
Nitta Plant	17
Tamachi Office	52
Total	187

Commitments to Our Customers

VISION

We offer a wide range of support so that our customers can use our trucks and buses for long periods with peace of mind.

We offer a wide range of services and support, including quality assurance and after-sales service, so that our customers can use our trucks and buses with peace of mind for a long period of time.

Key Concepts

168 Sites

The number of sites in our nationwide, 24x7 service network (as of March 2005)

Philosophy and Organization for Improving Customer Satisfaction

We at Hino Motors are working to build a relationship of trust with our customers, through a commitment to making products and offering services that will satisfy our customers.

Our Support for Our Customers

●Reflect customer opinions
We reflect information received through customer service representatives and dealerships in future corporate activities.

●Make optimum vehicles
We propose the vehicles that best match the customer's needs.

●Service
We offer the optimum selection of maintenance services, to provide our customers with a long-term, secure, and economical ownership experience.

●Traffic accidents
We work in partnership with our dealers to offer 24x7 support for accidents.

●Other support
We offer other types of support aimed at improving environmental and safety aspects.

Customer Support

We have a customer service desk, which responds to the various inquiries and complaints we receive from our customers. We use these to build a system that is reflected in our corporate activities.

In FY 2004, we received about 3,000 inquiries at our customer service desk. Of these, about 300 were specific complaints, which we fed back internally and to our dealers, working to prevent them from reoccurring and as feedback for product development.

After-sales Service Selection

We offer our customers a menu of after-sales services, including tune-ups and repairs. The services consist of preventive maintenance through maintenance leases and yearly service agreements.

The Hino Motors Service Network

Hino Motors has built a 24x7 service network to respond to customer vehicle accidents and other emergencies, with 168 sites nationwide. Service engineers respond to emergencies in service cars with the latest equipment, and quickly and safely provide repairs.

Fuel-efficient Driving Workshops and Safe-driving Workshops

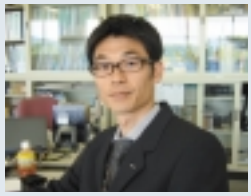
We hold fuel-efficient driving and safe-driving workshops in partnership with our dealers, in order to improve our customers' knowledge and techniques relating to fuel-efficient and safe driving. In FY 2004, 70 workshops were held (with about 1,500 participants).

We measured fuel consumption before and after our fuel-efficient driving workshops, and found that the workshops improved fuel efficiency by about 20% to 30%, proving the magnitude of the workshop's benefits. Our safety driving workshops also offer training for tour guides and other vehicle crew members.

Top and bottom: Safety training for tour guides

Quality Assurance Division
Tatsuya Nakamori

I value interpersonal connections. I believe that getting everybody on the same page, including Hino Motors as well as everybody involved in the vehicle until its completion, is the first step toward achieving quality that is head and shoulders above the rest.



Technical Service Division
Toru Uemura

Recently, our customers have been growing very interested in fuel efficiency, as well as environmental issues, and we support this interest through our fuel-efficient driving workshops. The workshops give our customers first-hand experience and training in how to increase the environmental performance of Hino vehicles through their driving techniques. I feel a great sense of accomplishment when my students tell me "From now on, I'm going to practice environmentally friendly driving!"

Support for Customers Acquiring Green Management Certification

Hino Motors actively supports customers acquiring green management certification, including customers working at environmental improvements, as well as customers seeking certification and customers working to improve their employees' ethics.

Our dealers also help, leading fuel-efficient driving workshops and daily inspection workshops, which are required for obtaining certification.

Commitment to Quality Assurance

At Hino Motors, we believe that quality means offering our customers good products and services that give them a sense of security and satisfaction. Doing this requires quality assurance, with set quality-control indices covering all processes from suppliers, to plants, to distributors, to cargo body manufacturers, to dealerships, and until the product is delivered to the customer. Quality-assurance activities must also be continually reported to management.

Quickly Using Information from Customers to Improve Quality

At Hino Motors, we have built a system for collecting comments from customers coming to us by way of our customer-service representatives and dealers. This information is summarized and analyzed by our quality assurance department. As necessary, we perform on-site inspections and collect defective parts, and relevant departments work on improvements. If a product is found to be defective, and it is determined that a recall is necessary, the necessary measures are quickly put into place, including notifications to the authorities, announcements, improvement measures, and free repairs.

The following improvements have been implemented in response to customer contacts.

	FY 2003	FY 2004
Recalls	9	18
Improvement measures	1	0
Service campaigns	7	12

Example of Activities

The Service Master Course

Starting in October 2003, we began to offer training in a Service Master Course, in order to train dealer service staff to provide greater customer satisfaction.

Over the course of a year, the trainees work to improve their support skills to win customer trust, including skills in supporting equipments and systems that are growing more advanced in accordance with improvements to safety, environmental, and vehicle performance.

In order to be eligible for the course, the person must have been working at a dealer for 5 to 10 years, and have experience with maintenance. Trainees are recruited from dealers nationwide, and those scoring the best on an entrance exam are admitted to the course. The course runs continually, with about 20 trainees per year.

Sample Service Master Course Curriculum

		Course Description
Service engineer training	Mechanical	Trainees will understand new technologies and mechanisms, and learn maintenance technologies, as well as suspension maintenance, fault diagnostics, and automotive engineering
	Electronic	Electrical and electronic system maintenance and fault diagnostics
Sales engineer training		Products, mounted bodies, knowledge of legal regulations
Service management		Service plant management, front-desk support, Kaizen (improvements) activities, environment, safety and health, observation of plants in Japan and overseas

Connection with Society

VISION

As a globally active company, we contribute to society in a wide variety of ways.

As leaders in the environment and safety, Hino Motors holds exhibits at and sponsors a wide range of events. We are active in environmental as well as cultural activities.

Key Concepts

Clean & Green

Our goal is a prosperous planet

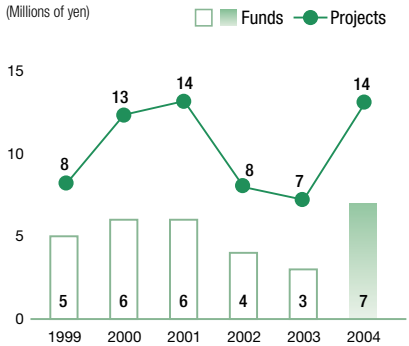
The Hino Motors Green Fund

Hino Motors established the Hino Motors Green Fund on July 30th, 1991, as part of the celebrations to commemorate the 50th anniversary of its founding in May 1992.

In accordance with our corporate objective of "harmonizing with the social environment," the fund subsidizes environmental conservation activities and research that promotes environmental conservation. It funds a number of projects, including tree planting.

Record of Donations

Since 1991, a cumulative total of 153 million yen has been disbursed, and a cumulative total of 228 projects have been funded



Making charcoal in the Mt. Takao Recreational Woods

Making charcoal in the Mt. Takao Recreational Woods

Organizations subsidized in FY 2004

- Tanzawa Nature Preservation Association
- Tama Sakura 100 Year Monogatari Forum
- Hiyoshi Town Association
- Society for the Protection of the Tsushima Yamaneko (Leopard Cat)
- Asuka Tourism Volunteers
- NPO Society for the Environment of Chichibu
- Hachioji/Hino Kawasemi Society
- Moriyama Squirrel Research Society
- Itaatesawa firefly Survey Team
- Maniwa Heritage Research Group
- Niigata Prefectural Forest Instructor Society
- Mizumoto Society for Nature and Goldfish
- Nishitama Nature Forum
- Nozuta Woods Society

Presentations at grant awards ceremony

Hino Topics

Cooperation with the Ministry of the Environment's 3R Campaign

"3R" stands for Reduce, Reuse, and Recycle. From April 28th to 30th 2005, the Ministerial Conference on the 3R Initiative (hosted by Minister of the Environment Yuriko Koike) was held in Tokyo with the goal of promoting the creation of a recycling-oriented society on a global scale through a commitment to 3R. Hino Motors was a sponsor of the campaign. It provided a Hino Ranger FC Hybrid as a caravan vehicle.

A ceremony to commemorate the start of the caravan is held in front of the TV Asahi Building

Exhibits at Motor Shows

We hold exhibits at and sponsor a wide range of events, in order to increase the penetration of the Hino brand. In November 2004, we exhibited at the 38th Annual Tokyo Motor Show, held in Makuhari, Chiba Prefecture. We also participate in events around the country, getting out the message that Hino is a leader in the environment, safety, and health and welfare.

●Events Joined in FY 2004

- 8th Annual Tokyo Motor Show (Chiba; Nov. 2004)
- Barrier Free Exposition (Osaka; Apr. 2004)
- Automotive Engineering Exposition (Yokohama; May 2004)
- Eco Car World (Yokohama; Jun. 2004)
- ITS World Congress Exposition (Nagoya; Oct. 2004)

Participation in Eco-Car World 2004

We participated in Eco-Car World 2004, organized by the Ministry of Environment and the City of Yokohama. This event is held in June of each year, with the goal of increasing the popularity of low-emission vehicles.

Eco-Car World 2004

Internship Programs

Hino Motors actively accepts applications for internships. In FY 2001, we had 13 interns from 1 school; in FY 2002 we had 2 interns from 1 school; in FY 2003 we had 25 interns from 8 schools; and in FY 2004 we had 17 interns from 10 schools.

Auto Scholarships

The Auto Scholarship High School Student Cultural Award is an essay contest organized by the Sankei Shinbun newspaper and sponsored by Hino Motors. The contest, which started in 1968, has a history of 38 years, during which time scholarships have been given to a cumulative total of about 40,000 people. Scholarship winners are sent to The United States or China on a study tour, and exchange students are also invited from the United States.

Award ceremony

The award winners

Hino Topics

Winners of 53rd Nikkei Advertising Award

The Nikkei Advertising Award began in 1952, with a paper advertising exposition. It is one of the most well known advertising awards in Japan. Our Hino Four-Star Project series of advertisements won an Award for Excellence in the environmental advertising component of the 53rd Nikkei Advertising Award (2004).

Advertisement published on August 18th, 2003

Advertisement published on September 9th, 2003

Advertisement published on October 10th, 2003

Advertisement published on January 28th, 2004

Advertisement published on December 9th, 2003

Contributing to the Community

VISION

We are working to help create a safe and secure society.

At Hino Motors, we are working to build a relationship of trust with local communities through a variety of activities aimed at contributing to the community.

Key Concepts

Communication & Partnership

The community is the true base of a company's activities

Interaction with Local Residents

Every year in April, the Hino and Hamura plants open their doors to the residents of the local community, and hold a Cherry Blossom Festival. In April 2005, each plant had more than 10,000 visitors. In addition to plant tours and a test-ride in a car from the Paris-Dakar race, there were many different attractions, as well as refreshment stands staffed by employee volunteers. Our Nitta plant holds a Nitta Plant Fall Festival in fall of each year.

Community Round Tables

Once or twice a year, our Hino and Hamura plants hold community round tables, in order deepen the community's understanding of Hino Motors' production activities.

The round tables are attended by community representatives and members of the city council. They are a forum for exchanging views, and a chance for Hino Motors to describe the operational status of its plants and any large-scale construction, and report on its support for the local area and the like.

Participation in Revision of the Basic Environmental Plan of Hino City

The Hino Motors Head Office is located in the city of Hino, in Tokyo Prefecture. In 1999, the city created the Basic Environmental Plan, identifying environmental commitments until 2010. In 2004, five years into the plan, it was revised with an eye to the next five years of the plan.

Hino Motors is actively participating in the revision of the plan. Through these activities, we also hold round tables with other companies in the city of Hino.

Hino Plant Cherry Blossom Festival

Hino Plant Cherry Blossom Festival

Community round table

Site subcommittee meeting

Nitta Plant Fall Festival

Nitta Plant Fall Festival

A community chat (with Konica Minolta)

Plant Tours

Hino Motors provides a number of different plant tours, including tours for elementary and junior high-school students as part of their social studies curriculum, for job seekers, and for community residents to report company activities.

Through our automobile production processes, visitors can learn about Hino Motors' insistence on quality and our commitment to the environment, among other things, and also gain an appreciation for product engineering and the environment. In this way, we help to contribute to society.

●Number of people going on plant tours (FY 2004)

Hino Plant: About 22,000

Hamura Plant: About 11,000

Nitta Plant: About 1,000

Example of Activities

Company Visits

As part of their general studies, students from Josui Junior High School, which is located nearby the Hino Motors Head Office (Kodaira city, Tokyo), learned about truck recycling technologies, and about Hino Motors' commitment to the environment and the like.

Josui Junior High School students listen attentively to the guide

Example of Activities

Contributions to the Community by Hino Technical Skills Academy

Hino Technical Skills Academy is operated by Hino Motors. Since 1991, the school holds a local-area year-end cleanup as part of its environmental education program. Participants in the cleanup collect trash on the road from Hino Station to Hino Plant. All students participate in the cleanup, each given a section.

High-school students picking up trash

Example of Activities

Nitta Plant Contributing to the Community

Every two months, our Nitta Plant holds get-togethers with local residents in order to create a sense of unity with the local community. Additionally, it actively participates in local beautification projects three times each year.

The beautification project is conducted twice each year together with local residents, and as an autonomous effort once each year.

Hino Topics

Organizing the Hino City Car Design Class

Our children are our future, and Hino Motors created the Gar Design Class together with the Hino City Board of Education and the Society of Automotive Engineers of Japan, in order to deepen children's knowledge of, and interest in, cars, design, and making things. Classes have been held at the Hino Motors Design Center three times: on January 15th and 29th, and February 5th, 2005.

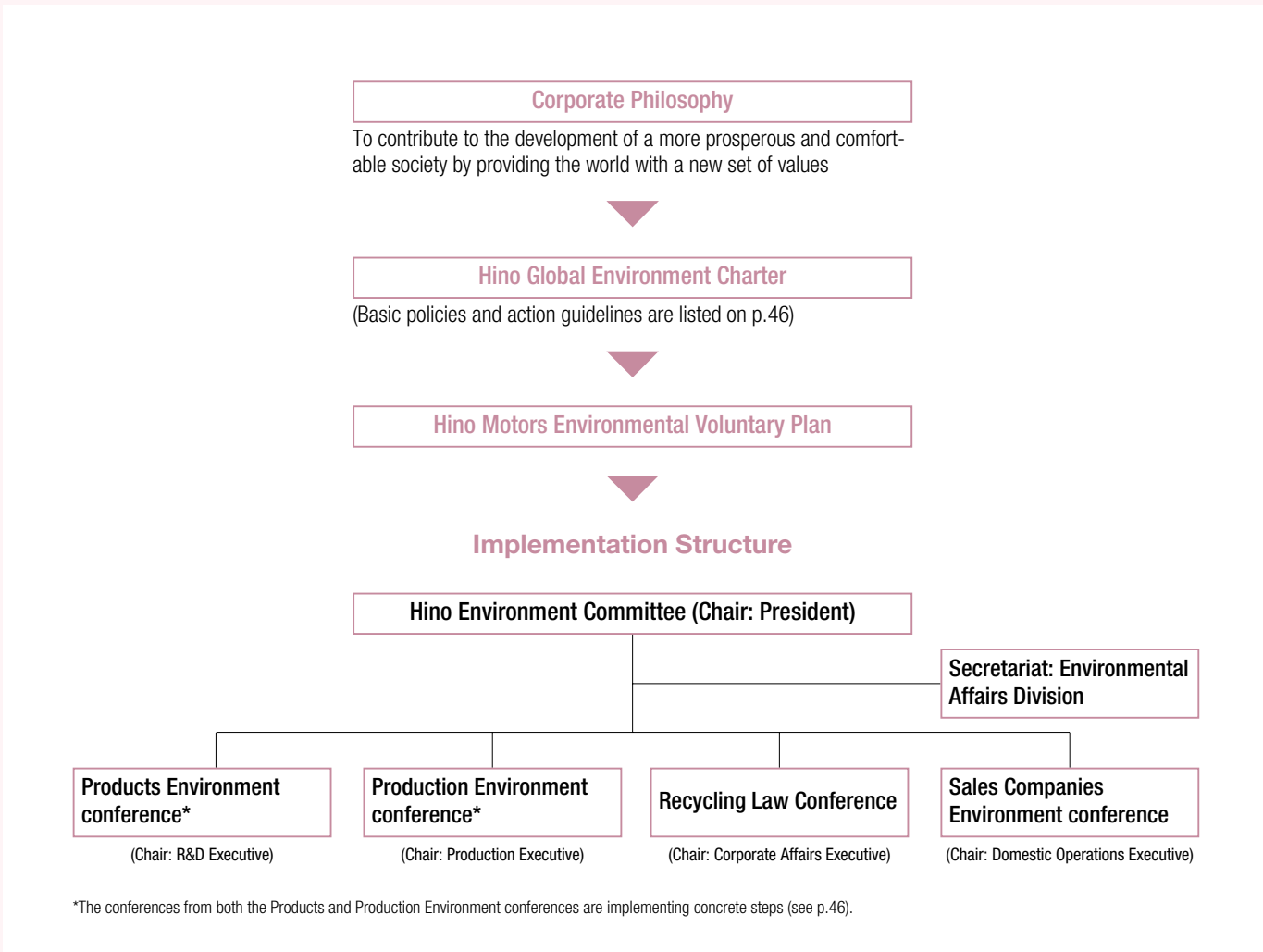
The classes had 10 children in the fifth and sixth grades of elementary school, with Hino designers serving as instructors. Children got to try their hands at designing a car and creating a model of one.

Environmental Conservation Promotion Organization

Positioning environmental conservation as an important management issue, we are implementing comprehensive steps by establishing the Hino Global Environment Charter and the Hino Motors Environmental Voluntary Plan, as well as organizing the companywide Hino Environment Committee.

Environmental Conservation Promotion Structure

In March 1993, Hino Motors drew up a plan to implement comprehensive environmental conservation through the Hino Global Environment Charter and the Hino Motors Environmental Voluntary Plan to promote a concrete plan of action. At the same time Hino established the Hino Environment Committee chaired by the company president as a companywide organization to implement environmental conservation activities. Four conferences — the Products Environment conference and the Production Environment conference and the Recycling Law Conference and the Sales Companies Environment conference — were established to promote concrete actions based on the voluntary plan.



*The conferences from both the Products and Production Environment conferences are implementing concrete steps (see p.46).

Hino Global Environmental Charter

— Environmental Policy of Hino Motors, Ltd. —

Basic Policies

1. Promote comprehensive and ongoing environmental protection.

As a leading manufacturer of diesel vehicles, it is our endeavor to offer superior products to customers in all countries of the world and we will continue to contribute to the achievement of greater prosperity through our products. In this we are fully aware of the environmental impact of our production activities and products and pledge ourselves to an earnest commitment to sustainable human and global development through an ongoing effort to improvement and betterment while focusing attention on the prevention of pollution wherever we engage in our corporate activities.

2. Take concrete and definite steps to protect the global environment.

Through the establishment and operation of our Environmental Management System, we maintain a continuous effort to define, assess and review environmental goals and targets while strictly adhering to all legal and other requirements placed upon us.

Action Guidelines

1. We are minimizing the environmental impact of our corporate activities, in general, and of our vehicles throughout their life cycle.

We are determined to offer the public products with top-level environmental performance and to engage in continuous technical development designed to minimize the environmental impact of our products and the logistics process. We are also engaged in the establishment and operation of our Environmental Management System embracing all life-cycle stages of our vehicles.

2. We are developing a closer partnership with our affiliated companies.

We critically depend on the cooperation of a great many companies for the effective pursuit of our business activities. In this sense we are in close cooperation with vehicle manufacturers who are our partners both at home and abroad. This helps us extend the range of our environmental protection efforts on an ever-broadening front.

3. We will make greater efforts within the areas of information disclosure, education and awareness-promotion activities.

We are engaging in activities designed to disseminate as best we can a correct and proper understanding of what we are trying to achieve and spare no effort to hone our own environmental sensitivity.

4. As corporate citizens, we take an active part in a range of community activities to benefit society.

Our contribution as a corporate member of society is not limited to the offering of superior products alone. We see our role as corporate citizens and as corporate personnel living with a local community in a positive involvement in the activities and efforts of society.

■Conferences of the Products Environment conference and Production Environment conference

Products Environment conference

- Exhaust Emissions Working group
- Fuel Economy Working group
- Vehicle Noise Working group
- Recycling Working group
- Fluorocarbons Working group
- Low-Emission Working group
- Substances impacting the environment Departmental meeting*

Production Environment conference

- Plant Environment conference
- Resource-Saving Promotion conference*
- Energy Reduction conference
- Domestic Affiliates Environment conference
- Overseas Affiliates Environment conference

*It was newly established in March,2005.

Targets and Results for FY2004

To implement steps, we drew up a voluntary plan incorporating concrete goals for management, development, production, and logistics. Each year we assess the yearly targets reached the previous year, and use them to plan the following year and implement steps to carry it out.

Environmental Management

Item	Basic Objectives	Voluntary Plan Target Levels
Implement comprehensive environmental management	• Expand and complete an applicable level of the environmental management system; Acquire ISO 14001 certification for all domestic offices and plants	• Acquire ISO 14001 certification for all domestic offices and plants [end of FY2005]
Complete plan with domestic and overseas affiliates (procurement source)	•Expand ISO 14001 certification	• Acquire ISO 14001 certification for primary domestic affiliates at each company (23) [end of FY2001] • Acquire ISO 14001 certification for primary overseas production sites (5) [end of FY2003]
	• Implement green procurement and purchasing	• Expand green purchasing of parts [from FY2001] • Expand green purchasing of office supplies and equipment [from FY2001]
Complete plan with dealers	• Implement environmental management system among dealers	• Issue environmental guidelines for dealers [beginning of FY2001]

Research and Development

Item	Basic Objectives	Voluntary Plan Target Levels
Increase fuel efficiency	• Secure top-level efficiency in all vehicles classes in each country and region by developing element technology and vehicle control technology	• Secure top-level efficiency in all vehicle classes by developing element technology and vehicle control technology [end of FY2005]
Reduce exhaust emissions	• Achieve a breakthrough in clean emission performance for diesel engines	• Early introduction of clean diesel vehicle [end of FY2003]
Develop clean-energy vehicles	• Actively develop clean-energy vehicles and expand their sales	• Upgrade the technical level of the hybrid system toward popularization and extend models with this system [end of FY2005] • Continue commitment to develop various clean-energy vehicles including CNG [end of FY2005]
Increase recoverability	• Promote development of recyclings designs that can contribute to a vehicle recoverability rate of 95% by 2015	• Incorporate recycling design to vehicles [end of FY2005]
Control and reduce substances with environmental impact	• Promote control of chemical substances and steps to reach the top of the field • Reduce substances with environmental impact	• Expand the range of controlled substances and strengthen follow-up procedures [end of FY2005] • Lay out design for reaching levels one-fourth or less than FY1996 levels [FY2005]
Reduce vehicle noise	• Upgrade product strength by further reducing vehicle noise	• Introduce models in compliance with the next noise reduction regulations to the market
Reduce fluorocarbons	• Reduce refrigerant in vehicles	• Reduce refrigerant 10% below FY1995 [from FY2000]

Production/Logistics

Item	Basic Objectives	Voluntary Plan Target Levels
Implement strategy to prevent global warming	• Promote active CO_2 reduction measures	• Reduce CO_2 emissions 5% below FY2000 per unit sold (by the end of FY2010 reduce CO_2 emissions 10% below FY1990) [end of FY2005]
Control and reduce substances with environmental impact	• Reduce PRTR substances	• Reduce PRTR-related materials 30% below FY1998 levels [end of FY2005] • Reduce VOC emissions at the body production line to an average of 55g/m^2 [end of FY2002]
Reduce waste and conserve resources	• Reduce waste, aiming for achievement of zero emissions and promote steps to conserve resources	• Achieve zero direct landfill disposal of wastes for all plants companywide [end of FY2001] • Reduce combustible wastes to one-third less than FY1990 [end of FY2005]
Conserve water	• Reduce water consumption	• Reduce water consumption per vehicle 10% below FY2000 [end of FY2005]
Implement streamlined logistics	• Actively promote logistics rationalization to reduce the amount of packaging and wrapping materials used	• Reduce packaging and wrapping materials use by 20% below FY2000 [end of FY2005]

	FY2004 Targets	FY2004 Results
	• Acquired ISO 14001 certification for all companies in FY2002	
	• Acquire certification for all companies during FY2003	• Acquired certification for all companies in FY2004
	• Support plans to acquire certification appropriate to the operations of each production point	• Certification by overseas production plants in FY 2004: 3 companies (Indonesia, Thailand, and Pakistan) • Our newly established company is asked for applying to the certification (North America)
	• Publish guidelines	• "Environmental Purchasing Guidelines" issued September 2002 to all domestic suppliers
	• Continue green purchasing of office supplies and equipment	• Maintained 100% green purchasing
	• Publish guidelines	• 153 facilities of 35 companies have achieved compliance with all items of the guidelines

	FY2004 Targets	FY2004 Results
	—	• Acquired Four-Star certification for all heavy, medium and light-duty vehicles
	• Establish technologies compliant with new long-term exhaust emission regulations	• Pioneering sale of medium-duty trucks
	• Develop hybrid bus compliant with new long-term exhaust emission regulations	• Sale of hybrid heavy-duty route bus launched
	• Expand number of CNG vehicle models	• Created medium-duty CNG bus
	• Promote recyclability assessments	• Created check sheet for main body parts
	• Control and track substances that impact the environment • Assess and implement reduction of 4 substances under EU directive • Lay out design for reaching levels one-fourth or less than FY1996 levels	• Established the Environmental Impact Substance Management Subcommittee, and promoted reduction efforts
	• Reduce noise in market-friendly way	• Promoted technologies to meet next year's exhaust emission regulations as well as noise reduction
	• Reduce refrigerant over 20% below FY1995(Consumption per vehicle)	• Achieved targets for all models of vehicles

	FY2004 Targets	FY2004 Results
	• 4% reduction from FY2000	• 17% reduction from FY2000
	• 30% reduction from FY1998 (800 ton and below)	• 34% reduction from FY1998
	• Body production line average of 55g/m^2	• Body production line averaged 50g/m^2
	• Continue to implement zero direct disposal of wastes in landfills	• Continued zero direct landfill disposal of wastes
	• 61% reduction from FY1990 (3,240 ton and below)	• 70% reduction from FY1990
	• 8% reduction from FY2000	• 30% reduction from FY2000
	• 16% reduction from FY2000	• 16% reduction from FY2000

Hino Motors' Environmental Management System

During FY2002 we completed the ISO 14001 certification of virtually every business unit and now plan to broaden the environmental management system (EMS) by FY2005. In each of these systems, we hold regular strict environmental audits to ensure the validity of the system.

The Status of Hino Motors Certification Acquisition

By April 2003 Hino Motors acquired ISO 14001 certification for Head Office functions, product development, production engineering, parts and vehicle logistics, all domestic production plants, as well as the Tamachi Office which is the comprehensive base for domestic and overseas sales divisions.

Status of Certification

		Date certified
Head Office & Hino Plant	Production, product development, product engineering, head office functions	Mar.24,2001
Hamura Plant	Production	Mar.10,1999
Nitta Plant	Production	Mar.27,2000
Oume Parts Center Hidaka Delivery Center	Logistics	Jan.11,2002
Tamachi Office	Domestic business sections,Overseas business sections	Apr.25,2003

Internal and External Environmental Audits

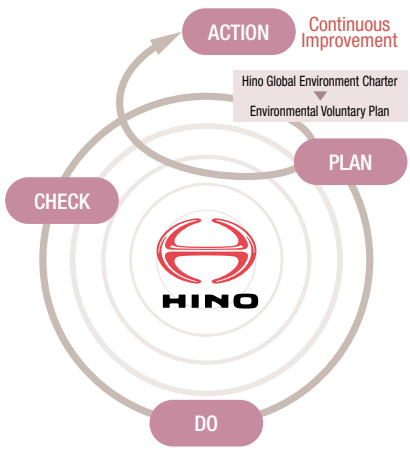
While carrying out the environmental management system based on ISO 14001, we also conduct internal environmental audits as well as external audits which are carried out by independent inspection bodies.

Audit Results

		Major non-compliances	Minor non-compliances	Incidences
Head Office & Hino Plant	Surveillance	0	0	3
Hamura Plant	Renewal audit	0	0	3
Nitta Plant	Surveillance	0	0	2
Oume Parts Center Hidaka Delivery Center	Renewal audit	0	0	6
Tamachi Office	Surveillance	0	0	3

Green Purchasing

To actively promote greater green purchasing of office supplies and equipment, in September 2001, Hino Motors created and implemented Green Purchasing Guidelines and a Green Purchasing Promotion Plan,based on the Law on Promoting Green Purchasing issued by the Ministry of the Environment. The green purchasing rate in FY2004 reached the target and we have implemented 100% green purchasing.



PDCA Cycle Flow

Based on ISO 14001, we consider Plan, Do [Implementation], Check, and Action [Review] to be one revolution. By going through the cycles, we plan to continually improve the environmental management system.

Hino Group's Environmental Conservation Activities

Hino Motors' actions are implemented not only within the corporation, but we take steps toward environmental conservation throughout the Hino Group, including domestic and overseas affiliates and dealers, using the acquisition of the internationally recognized ISO 14001 certification as the foundation.

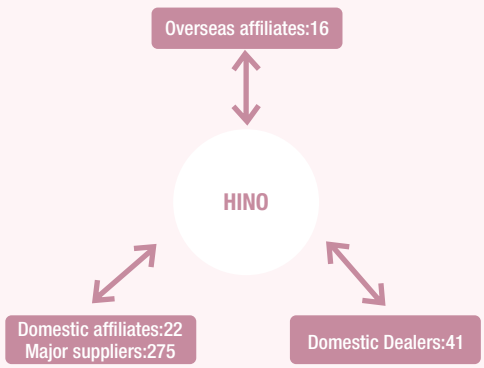
Domestic Affiliates' Activities

Hino Motors established Environmental Purchasing Guidelines and requested that all parts suppliers, and the environmental management system is constructed. Major parts suppliers have acquired ISO 14001 certification. The remaining parts suppliers are being requested to become certified. Additionally, this fiscal year we have asked all of our suppliers to cooperate in our efforts to quickly manage and reduce substances of environmental concern (SOCs) identified by the voluntary regulations of the Japan Automobile Manufacturers Association, Inc..

In addition, Domestic Affiliates Environment Conference consisting of 22 major parts suppliers was established in order to move environmental management forward.

Overseas Affiliates' Activities

Every year, our overseas affiliates attend an Overseas Affiliate Production Environment Conference, and we support the efforts of each company to reduce its environmental impact. In July 2004, we held local environmental round tables with HMMT (Thailand), HMMI (Indonesia), and HPM (Pakistan). Additionally, in October 2004 we held the First Asian Production Environmental Conference in Thailand, where we shared the environmental commitment of the Hino Group, and worked to improve environmental awareness. In February 2005, HMMI obtained ISO 14001 certification.



Domestic Dealers' Activities

Hino Motors issue "Environmental Guidelines for Dealers" to 41 domestic dealer with the maintenance factory every year. Compliance by each dealer with the guidelines is assessed and any dealer who successfully complies with all the item in the guidelines is approved as an Eco-Management Dealer (EMD).

Of 41 domestic dealers, 35 dealers have been recognized as Eco-Management Dealers. In addition, two dealers have acquired ISO 14001 certification.

ISO14001/EMD acquisition situation

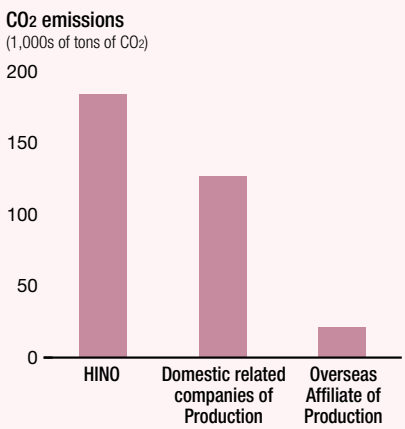
Hino Group EMS Structure Status

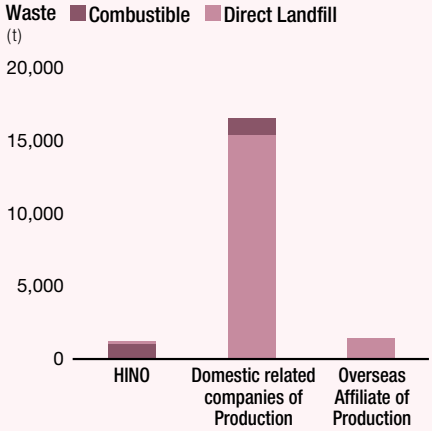
as of March 2005

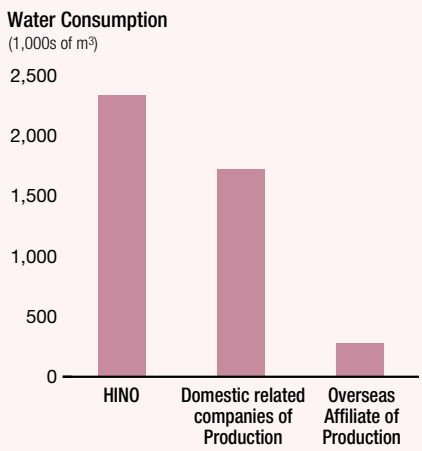
		Relevant companies	EMS structure: ISO 14001 external certification	EMS structure: EMDs certified
Domestic	Related companies	22	22	—
	Primary suppliers	275	198	—
	Dealers	41	2	35
Overseas	Related companies	5	3	—

* Outside companies who have received ISO 14001 certification are also included in the number of EMDs (see p.33).

Major Environmental Data of Hino Group Production Facilities
CO_2 Emissions/Direct Landfill Waste/Combustible Waste/Water Usage







Environmental Education and Risk Management

With the goal of carrying out effective environmental conservation measures, we are practicing environmental education and improvement activities to raise employees' environmental awareness. For safer operations and to reduce environmental impact, we are developing emergency response procedures and carrying out training regularly.

Environmental Education and Awareness Promotion Activities

Enhancing individual employees' awareness of environmental conservation requires practice. Thus, we have implemented environmental education and awareness promotion.

From FY1994, the training program for new employees has included environmental education in which new employees develop greater consciousness and sense of responsibility as members of the automobile industry. In February, during Energy Saving Month, the sixth companywide presentation on saving energy for FY2004 was held.

Educational Programs (FY2004)

Course	Attendance
Environmental Education for New Employees	155

Employees with Environment-Related Qualifications(as of March 2005)

Environment-Related Qualification	Number
Environmental Management System Lead Auditor	1
Environmental Management System Auditors	13
Pollution Prevention Supervisors	74
Energy Supervisors	18

Example of Activities

Companywide Presentations on Saving Energy

Since 1999 Hino Motors has held companywide presentations on saving energy in February, the Energy Saving Month. Each production site, research and development division, office site and product engineering division, gives presentations and examples of their energy-saving measures. The presentations are judged strictly by executives in charge of environment who selects the best example in order to stimulate environmental consciousness and action at each site and division.

The best example for FY2004 came from Engineering division at the Hamura Plant, entitled "Reduction in amount of crude petroleum use by the improvement of the operating method at a clean center."

Example of Activities

Company Wide 5S Campaign

5S stands for Sorting, Systematic Organization, Shine, Standardize, and Sustain. Environment Month gave us at Hino Motors a renewed sense of the importance of a company-wide commitment to 5S. We have continually been implementing company-wide 5S activities since June 2004 with the philosophy of starting our commitment to the environment with something close to home: 5S.

Every month, each department sets its own topic, and autonomously dedicates itself to 5S activities. Once every three months, a director performs an inspection and gives out awards. Each department works to improve its capabilities in a spirit of fun and friendly rivalry. 5S get employees thinking about the environment starting with their immediate surroundings, and helps to raise employees' awareness of the environment, health, and safety. As part of our commitment to the environment, we are also expanding these activities to our affiliates in Japan and internationally.

Emergency Response and Environmental Accidents

For the reduction of environmental impact, Hino has established proper operation and work standards to maintain and ensure stable operations.Further, we have instituted Emergency Response Procedures in order to take systematic and effective measures in an emergency. Periodic emergency response training is also conducted. There were no environmental accidents in FY2004.

Complaints, Lawsuits and Product Recalls

In FY2004 there were eight environmentally related complaints. Specifically, seven were about noise and vibration, and one was about odor. We responded to each of these cases by investigating the actual conditions and carried out an appropriate response.

The number of recalls during FY2004 was 18 cases (see p.40). None of these recalls were related to the environment.

As far as environmentally related lawsuits are concerned, there is one ongoing case, the Tokyo Atmospheric Pollution Suit (stages 1 to 5), concerning the effects of automobile exhaust emissions on health. Thus far in the first trial the district court ruled in favor of the plaintiff on October 29, 2002, but the decision is currently being appealed. Regarding stages 2 to 5, the first trial is in process.

Environmental Accounting

Hino Motors is adding up the cost of environmental conservation based on the Ministry of the Environment's "Environmental Accounting Guideline." Our purpose is to implement effective environmental investments and to continue reducing negative environmental impact through a grasp of cost-effectiveness.

Environmental Conservation Costs

The table shown below was constructed using the "Guidelines for Introducing an Environmental Accounting System" of the Ministry of the Environment as a reference and by categorizing the environmental costs that Hino Motors has been adding up. The FY2004 environmental conservation costs add up to 27.9 billion yen (3.1 % relative to sales). However, regarding expenditures for which it is difficult to ascertain whether it is applicable to the environment or another purpose, we tallied only those where it was clear what portion was spenton the environment.

Environmental Conservation Costs

[Unit: ¥1 million; dash (—) represents less than ¥1 million]

Item		Primary steps taken	FY2002		FY2003		FY2004	
			Investment	Expense	Investment	Expense	Investment	Expense
1. Businessrelated cost	Pollution prevention cost	Cost for pollution prevention, including atmospheric and water pollution	72	365	48	339	314	430
	Global environmental conservation cost	Cost for protection of the global environment, including energy-saving equipment	71	7	39	1	56	1
	Resource circulation cost	Resource-recycling cost, including recycling and waste treatment	5	410	3	412	2	448
	Subtotal		147	781	91	752	371	879
2. Upstream/downstream cost		Additional cost for efforts to reduce environmental impact	—	—	—	—	—	—
		Cost for establishing and operating EMS and acquisition of ISO certification						
3. Management activities cost		Cost for monitoring and measuring environmental impact	—	370	—	419	—	435
		Personnel cost for environmental conservation organization						
4. R&D cost		R&D cost for products for environmental conservation	—	19,366	—	19,370	—	26,171
		R&D cost for controlling environmental impact						
5. Social activity cost		Cost for environmental improvement, including protection of nature and greening of the environment	—	—	—	5	—	5
		Cost for contribution and support to environmental preservation group etc.						
6. Environmental damage cost		Cost for restoring destruction to natural environment	—	—	—	—	—	—
		Insurance premiums against environmental damage						
Total			147	20,518	91	20,546	371	27,490
			20,665		20,637		27,861	

*Differs from last year's numerical value in part by reviewing the total.

Environmental Conservation Effects

In terms of environmental conservation effects, only those that can be verified through clear evidence are calculated as effect within a single fiscal year. Specifically, total environmental conservation effects for FY2004 were calculated at 769 million yen, which includes the reduction of energy costs by saving energy and the reduction of disposal costs by reducing waste.

Economic Effects

[Unit: ¥1 million]

Item		FY2002	FY2003	FY2004
Revenue	Operating revenue by the recycling of waste generated by key business operations or the recycling of used product	218	439	692
Cost reduction	Reduction of energy expense by energy conservation	40	27	39
	Reduction of waste disposal expense by resource conservation and recycling	1	3	38
Total		259	470	769

*Differs from last year's numerical value in part by reviewing the total.

Environmental Effects

Item	FY2002	FY2003	FY2004
Reduction of CO_2 emissions [ton-CO_2]	315	659	631
Reduction of waste [ton]	29	1,435	1,300

Head Office/ Hino Plant

JAB EMS Accreditation RE008

ISO 14000 JARI-RB JAER0233

ISO14001 Certified: March 24, 2001

Environmental Management Coordinator
Head Office and Hino Plant
Shinji Fujimoto

Aiming to be a manufacturing plant at harmony with the local community and global environment

The Head Office and Hino Plant is located near a residential area. In order to keep from inconveniencing the community, we perform environmental measurements, and ensure that problems are not created. We are committed to quickly detecting any problems with sensory pollution —— noise, vibration, and odors —— both with measures for our equipment and environmental patrols both inside our grounds and out, as well as communication with community residents. These activities are performed not only for our manufacturing, but for all activities conducted at the site, including product development, administration and management, and production preparation.

We also continually control exhaust emissions and water outflows, which greatly impact the environment. We set yearly targets for reduction of CO_2, substances of environmental concern (SOCs), and incinerated waste. We carry out environmental activities with the aim of being a plant at harmony with the local community and the global environment, achieving our targets for the fiscal year, developing clean products, and reducing environmental impact.

●Plant Overview

Address: 3-1-1, Hinodai, Hino-shi, Tokyo
Main products: Heavy-duty truck: Hino Profia, Medium-duty truck: Hino Ranger
No. of employees: 4,686 (as of March 2005)
Site area: 446,461m^2
Total floor area: 389,060m^2
Recipient of the 1997 Agency for Natural Resources and Energy Director General's Award (Electricity Division)

Head Office & Hino Plant Environmental Policies

1. Harmony with the region, living together with the environment
2. Prevent environmental pollution through proactive measures and continuous improvement
3. Respect all applicable laws and regulations
4. Generate no waste and waste nothing
5. Each member more conscious of duty

●Community Involvement by the Plant

Hino Plant Cherry Blossom Festival	April 2004
Community Social Gathering	July 2004
Community Social Gathering	December 2004
Sponsorship of Shinsengumi Festa in Hino	Jan-Oct.2004

Water Release (Water Pollution Prevention Law, Tokyo Ordinance)
Quality analysis of discharged water (Discharged into river: Tamagawa River via Yajigawa River)

Item	Regulation value	Maximum	Minimum	Average
Water discharged [m^3/day]	—	5,501	839	2,339
pH	5.8～8.6	7.3	6.5	6.9
BOD [mg/L]	20	3.7	0.6	1.5
COD [mg/L]	—	14.0	5.3	8.5
SS [mg/L]	40	3	ND	1.9
N-hexane[mg/L]	5	ND	ND	ND
Total phosphorous [mg/L]	2	0.84	0.12	0.43
Total nitrogen [mg/L]	20	9.99	1.94	6.29
Zinc [mg/L]	5	0.05	ND	0.025
Fluorine [mg/L]	15	0.11	0.09	0.10

ND: Below lower quantitative limit (not detected)

Air Release (Air Pollution Prevention Law, Tokyo Ordinance)

Facilities	Measurement item	Regulation value	Maximum	Minimum	Average
Boiler(crude oil)	NOx [ppm]	100	69	64	65.7
	Soot [g/Nm^3]	0.3	0.023	0.016	0.02
Cogenerator	NOx [ppm]	35	27	19	24.3
	Soot [g/Nm^3]	0.05	0.005	0.001	0.002
Carburizing Furnace No.1 (city gas)	NOx [ppm]	180	151	148	149.5
	Soot [g/Nm^3]	0.2	0.006	0.006	0.006

Chemical Substances (PRTR Law)

[Unit: tons/year]

Substance No.	Name of Type I designated substance	Quantity handled	Amount released: Atmosphere	Amount released: Water	Amount transferred: Waste	Amount transferred: Public sewerage	Recycling	Quantity removed	Consumption
1	Zinc compounds (water-soluble)	3.0	0.0	0.0	0.9	0.0	0.0	0.0	2.1
30	Bisphenol A epoxy resin (liquid form only)	1.3	0.0	0.0	0.1	0.0	0.0	0.0	1.2
40	Ethyl benzene	21.7	16.1	0.0	0.1	0.0	1.1	0.9	3.5
43	Ethylene glycol	421.0	0.0	0.0	0.0	0.0	0.0	0.1	420.9
63	Xylene	64.0	39.1	0.0	0.1	0.0	2.5	4.8	17.5
177	Styrene	31.5	1.6	0.0	0.0	0.0	0.0	0.0	29.8
224	1,3,5-Trimethylbenzine	9.9	8.4	0.0	0.1	0.0	1.4	0.0	0.0
227	Toluene	37.3	11.1	0.0	0.1	0.0	0.0	0.4	25.7
299	Benzene	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2
311	Manganese and its compounds	1.4	0.0	0.0	0.4	0.0	0.0	0.0	1.1
Total		592.3	76.2	0.0	1.8	0.0	5.0	6.2	503.0

- Quantity handled: over 1 ton is subject to compilation. (For special chemical substances designated as Type I, quantity handled over 500kg is subject to compilation.)
- Quantity removed: Amount removed by combustion treatment, decomposition, etc.
- Consumption: Amount converted to other substances through chemical reactions or amount transferred outside the premises due to inclusion in products or accompaniment therewith.

Hamura Plant

JAB EMS Accreditation RE008

ISO 14000 JARI-RB JAER0085

ISO14001 Certified: March 10, 1999

Environmental Management Coordinator
Hamura Plant
(Currently Senior Managing Director in charge of Production)
Takahiko Yamamoto

The Hamura Plant aims to be a vital and motivated plant

The conservation of the global environment is a common challenge facing the entire human race. Companies have got to recognize their own environmental impact, and make a concrete commitment.

We have created a Hamura Plant Environmental Policy, and strive to maintain and improve the global environment through all of our business activities. We carry out environmental activities that make these commitments a part of our day-to-day lives, and communicate their results and accomplishments to others. At the Hamura Plant, our goal is to achieve company-wide involvement as a vital and motivated plant.

●Plant Overview

Address: 3-1-1, Midorigaoka, Hamura-shi, Tokyo
Main products: Light-duty truck: Hino Dutro, Dyna, Hilux, and Hilux-Surf,Route Van, Townace
No. of employees: 2,695 (as of March 2005)
Site area: 750,770m^2
Total floor area: 378,048m^2
Recipient of the 2005 (Feb.) Agency for Natural Resources and Energy Director General's Award
Recipient of 2004 (Oct.) High Pressure Gas Safety Institute of Japan President's Award
Recipient of the 2002 Kanto Bureau of Economy, Trade and Industry Director's Award (Heat Division)

Hamura Plant Environmental Policies

1. Promote business operations in harmony with the natural environment
2. Effectively utilize finite resources
3. Build a partnership with the local community

●Community Involvement by the Plant

Cherry Blossoms Festival — April 2004
Cleaning convex mirrors by the labor union — Apr and Sept. 2004
Took part in Hamura City Summer Festival — July 2004
Took part in Hamura City Industry Fair (Fundraising for Niigata Chuetsu Earthquake and return of residents to Miyake Island) — November 2004
Cooperation with Hamura Chamber of Commerce and Industry — February 2005

Water Release (Sewage Law)　Quality analysis of discharged water (Discharged into sewer)

Item	Regulation value	Maximum	Minimum	Average
Water discharged [m^3/day]	—	3,404	268	2,037
pH	5.7～8.7	7.4	6.6	7.0
BOD [mg/L]	300	6	0.6	2.7
SS [mg/L]	300	10	ND	5.3
N-hexane[mg/L]	5	ND	ND	ND
Total phosphorous [mg/L]	20	3.06	0.05	0.86
Total nitrogen [mg/L]	150	6.2	1.78	3.57
Zinc [mg/L]	5	ND	ND	ND
Fluorine [mg/L]	15	0.62	0.33	0.48

ND: Below lower quantitative limit (not detected)

Air Release (Air Pollution Prevention Law, Tokyo Ordinance)

Facilities	Measurement item	Regulation value	Maximum	Minimum	Average
Boiler	NOx [ppm]	100	83	45	67
	Soot [g/Nm^3]	0.25	0.013	0.004	0.006
Cogenerator (diesel)	NOx [ppm]	950	750	680	715
	Soot [g/Nm^3]	0.1	0.041	0.038	0.04
Cogenerator (city gas)	NOx [ppm]	35	28	21	24.8
	Soot [g/Nm^3]	0.05	ND	ND	ND
Drying booth	NOx [ppm]	180	75	8	30
	Soot [g/Nm^3]	0.1	0.005	ND	0.0016
Incinerator	NOx [ppm]	250	110	90	100
	Soot [g/Nm^3]	0.5	0.002	0.002	0.002
	Hydrogen chloride [mg/Nm^3]	750	190	51	121
	Dioxin [ng/Nm^3]	5	0.87	0.71	0.79

ND: Below lower quantitative limit (not detected)

Chemical Substances (PRTR Law)

[Unit: tons/year (Dioxins are mg/year)]

Substance No.	Name of Type I designated substance	Quantity handled	Amount released: Atmosphere	Amount released: Water	Amount transferred: Waste	Amount transferred: Public sewerage	Recycling	Quantity removed	Consumption
1	Water-soluble zinc compounds	11.6	0.0	0.0	3.4	0.1	0.0	0.0	8.1
16	2-amino ethanol	2.5	0.0	0.0	0.0	0.0	0.0	2.4	0.1
30	Bisphenol A type epoxy resin (liquid)	9.9	0.0	0.0	0.3	0.0	0.0	1.5	8.1
40	Ethyl benzene	121.5	87.7	0.0	0.0	0.0	1.2	12.7	19.9
43	Ethylene glycol	965.7	0.0	0.0	0.0	0.0	0.0	0.0	965.7
44	Ethyleneglycol monoethylether	28.9	28.9	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	387.9	244.5	0.0	0.0	0.0	2.9	40.7	99.9
101	2-Ethoxyethlbenzene	43.4	41.7	0.0	0.0	0.0	0.0	1.7	0.0
176	Organic tin compounds	1.1	0.0	0.0	0.1	0.0	0.0	0.0	1.0
179	Dioxins	0.0	(34.3)	0.0	(141.7)	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	42.2	35.2	0.0	0.0	0.0	1.8	5.2	0.0
227	Toluene	327.8	160.6	0.0	0.0	0.0	0.0	21.5	145.7
232	Nickel compounds	2.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0
272	bis (2-ethylhexyl) phthalate	5.3	0.0	0.0	0.3	0.0	0.0	0.0	5.0
299	Benzene	6.7	0.0	0.0	0.0	0.0	0.0	0.0	6.6
311	Manganese and its compounds	20.6	0.0	0.0	1.4	0.1	0.0	0.0	19.1
Total		1,977.0	598.5	0.0	6.4	0.2	5.9	85.7	1,280.2

- Quantity handled: over 1 ton is subject to compilation. (For special chemical substances designated as Type I, quantity handled over 500kg is subject to compilation.)
- Quantity removed: Amount removed by combustion treatment, decomposition, etc.
- Consumption: Amount converted to other substances through chemical reactions or amount transferred outside the premises due to inclusion in products or accompaniment therewith.

Nitta Plant

JAB EMS Accreditation RE008
ISO 14000 JARI-RB JAER0170

ISO 14001 Certified: March 27, 2000

Environmental Management Coordinator
Nitta Plant
(Currently Managing Director in Fukushima Steel Works Co,.Ltd.)
Hideo Baba

We are united in our commitment to achieving ever more ambitious goals

The prefecture of Gunma, where the Nitta Plant is located, abounds in greenery. In March 2000, we obtained ISO 14001 certification, and in March 2005 were re-certified as continuing to meet the baseline. We remain committed to environmental conservation, including strict compliance with laws and regulations and harmony and unity with the local community, with the goal of creating an upward spiral of improvement. We continue to make contributions to society with a focus on this commitment. Every member of the Nitta Plant team is committed to achieving ever more ambitious goals for reducing waste, reducing environmental impact, and conserving energy.

●Plant Overview

Address: 10-1, Nitta-Hayakawa-machi, Ohta-shi, Gunma Prefecture
Main products: Engines for medium-and light-duty trucks; Transmissions for heavy-and medium-duty trucks; Axles for medium-duty trucks
No. of employees: 1,031 (as of March 2005)
Site area: 393,932m²
Total floor area: 159,087m²
Recipient of the 2002 Agency for Natural Resources and Energy Director General's Award (Electricity Division)
Awarded the 2003 Energy Conservation Activities Outstanding Group Prize by the Ministry of Economy, Trade and Industry
Recipient of the 2004 Agency for Natural Resources and Energy Director General's Award (Heat Division)

Nitta Plant Environmental Policies
1. Harmony with the region, living together with the environment
2. Proactive measures are basic
3. Respect all applicable laws and regulations
4. Generate no waste and waste nothing
5. Each member more conscious of duty

●Community Involvement by the Plant

Clean up Hayakawa River with Sawafuji Electric Co. May and September 2004
Exhibit at Nitta Town Industry Fair Oct. 2004
Sponsored Fall Festival (2,700 participants) Oct. 2004
Community Round Table: Monthly one time every other month

Water Release (Water Pollution Prevention Law, Prefectural ordinance, Pollution Prevention Agreement undertaking with Nitta-machi)
Quality analysis of discharged water (Discharged into river: Hayakawa River)

Item	Regulation value	Maximum	Minimum	Average
Water discharged [m³/day]	—	1,144	48	654
pH	6.0～8.0	7.6	7.2	7.2
BOD [mg/L]	10	6.2	ND	2.3
SS [mg/L]	15	6	ND	3.3
N-hexane [mg/L]	3	1	ND	0.12
Total phosphorous [mg/L]	8	0.1	ND	0.01
Total nitrogen [mg/L]	60	30	4.3	16.8
Zinc [mg/L]	1	0.73	ND	0.33
Fluorine [mg/L]	1.5	0.6	ND	0.03

ND: Below lower quantitative limit (not detected)

Air Release (Air Pollution Prevention Law, Prefectural ordinance, Pollution Prevention Agreement undertaking with Nitta-machi)

Facilities	Measurement item	Regulation value	Maximum	Minimum	Average
Boiler 10t	NOx [ppm]	180	95	94	95
	Soot [g/Nm³]	0.10	0.005	ND	0.0025
Heat treatment line	NOx [ppm]	180	100	83	92
No.1	Soot [g/Nm³]	0.1	0.011	ND	0.0055

Chemical Substances (PRTR Law)

[Unit: tons/year]

Substance No.	Name of Type I designated substance	Quantity handled	Amount released: Atmosphere	Amount released: Water	Amount transferred: Waste	Amount transferred: Public sewerage	Recycling	Quantity removed	Consumption
25	Antimony and its compounds	5.0	0.0	0.0	0.1	0.0	0.0	0.0	4.9
40	Ethyl benzene	18.2	16.7	0.0	0.1	0.0	0.0	0.0	1.5
43	Ethylene glycol	22.1	0.0	0.0	22.1	0.0	0.0	0.0	0.0
63	Xylene	35.3	22.3	0.0	0.1	0.0	0.0	0.0	12.9
68	Chromium and chromium III compounds	69.4	0.0	0.0	1.4	0.0	0.0	0.0	68.0
224	1,3,5-Trimethylbenzine	6.4	6.3	0.0	0.1	0.0	0.0	0.0	0.0
227	Toluene	49.9	39.1	0.0	0.1	0.0	0.0	0.0	10.6
232	Nickel compounds	1.4	0.0	0.0	0.1	0.0	0.0	0.0	1.3
266	Phenol	7.8	0.0	0.0	0.0	0.0	0.0	7.8	0.0
311	Manganese and its compounds	23.4	0.0	0.0	0.7	0.0	0.0	0.0	22.7
346	Molybdenum and its compounds	17.7	0.0	0.0	0.0	0.0	0.0	0.0	17.7
Total		256.6	84.4	0.0	24.9	0.0	0.0	7.8	139.5

- Quantity handled: over 1 ton is subject to compilation. (For special chemical substances designated as Type I, quantity handled over 500kg is subject to compilation.)
- Quantity removed: Amount removed by combustion treatment, decomposition, etc.
- Consumption: Amount converted to other substances through chemical reactions or amount transferred outside the premises due to inclusion in products or accompaniment therewith.

Oume Parts Center

●Center Overview

Address: 1-5-1, Suehiro-cho, Oume-shi, Tokyo
Business Operations: Manage and ship supplemental parts
No. of employees: 76 (as of March 2005)
Site area: 26,288m²
Total floor area: 31,533m²

Hamura Plant Environmental Policies
1. Living together with the environment
2. Preventative measures and continuous improvement
3. Respect all applicable laws and regulations
4. Light flow of resources
5. Each member more conscious of duty

JAB EMS Accreditation RE008
ISO 14000 JARI-RB JAER0313

ISO 14001 Certified: January 11, 2002

Oume Parts Center
Maintains replacement parts for trucks and buses, shipped all over the country.

Hidaka Delivery Center

●Center Overview

Address: 689-1, Kamikayama, Hidaka-shi, Saitama Prefecture
Business Operations: Manage and ship products (trucks)
No. of employees: 17 (as of March 2005)
Site area: 265,989m²
Total floor area: 9,715m²

Hidaka Delivery Center Environmental Policies
1. Living together with the environment
2. Preventative measures and continuous improvement
3. Respect all applicable laws and regulations
4. Light flow of resources
5. Each member more conscious of duty

JAB EMS Accreditation RE008
ISO 14000 JARI-RB JAER0313

ISO 14001 Certified: January 11, 2002

Hikada Delivery Center
Manages completed manufactured products (trucks) and sends them to truck body manufacturers.

Tamachi Office

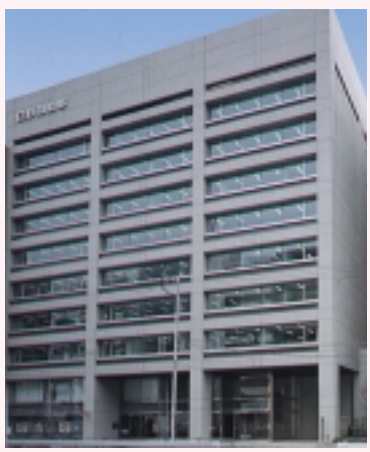
●Center Overview

Address: 4-11-3, Shiba, Minato-ku, Tokyo
Business operations: Sales and supervision of automobiles
No. of employees: 525 (as of March 2005)
Site area: 1,136m²
Total floor area: 8,743m²

Tamachi Office Environmental Policies
1. Greater trust from customers in environmental conservation
2. Prevent environmental pollution through continuous improvement
3. Respect all applicable laws and regulations
4. Generate no waste and waste nothing
5. Each member more conscious of duty
6. Together with the national dealerships

JAB EMS Accreditation RE008
ISO 14000 JARI-RB JAER0489

ISO 14001 Certified: April 25, 2003



Tamachi Office
The central office for business operations, in charge of publicity activities to sell automobiles.

A History of Environmental Engagement

Year	Management, Production	Products	Events in Society
1990	*Dec.:* ■Cogeneration installed at Hino Plant		
1991	*July:* □Hino Motors Green Fund established	*Apr.:* Hybrid diesel engine—electric motor vehicle introduced (HIMR)	
1992	*Apr.:* ■Hamura Clean Center completed *May:* ■Full phase-out of casting mold-releasing agent CF113		◆Rio de Janeiro Earth Summit held ◇Mid-Phase Brakes Regulations enforced
1993	*Mar.:* □Hino Global Environmental Charter established □Hino Global Environmental Action Plan established □Hino Environment Committee formed ■Production Environment Committee formed	*Mar.:* Environment Technology Committee formed *May:* Preliminary evaluation guidelines issued based on Automobile Recycling Law Replacement of CFC12 for automotive airconditioners with HFC134a completed	◇Basic Environmental Law established ◇Automobile NOx Reduction Law enacted
1994	*June:* ■Full phase-out of 1,1,1-trichloroethane for parts cleaning *Dec.:* ■Cogeneration No. 2 installed at Hamura Plant		◇1994 Exhaust Emission Regulations enforced
1995		*Feb.:* Vehicle equipped with common-rail fuel injection system launched	
1996	*Mar.:* □Hino Global Environmental Action Plan revised for the first time		
1997	*Mar.:* ■Casting Sand Recycling System installed at Nitta Plant		◆COP3 held in Kyoto
1998	*Nov.:* ■Small incinerators abolished as measure against dioxin	*Feb.:* Voluntary Action Plan, initiative to recycle end-of-life vehicles, announced	
1999	*Mar.:* ○Hamura Plant acquires ISO 14001 certification		◇1999 Exhaust Emission Regulations enforced
2000	*Mar.:* ○Nitta Plant acquires ISO 14001 certification *Sept.:* □First Environmental Report issued	*Feb.:* Vehicle equipped with Pulse EGR System launched	
2001	*Feb.:* □Hino Global Environmental Charter revised □Hino Motors Environmental Voluntary Plan established *Mar.:* ■Achieve zero direct landfill disposal of wastes for all plants companywide ○Head Office and Hino Plant acquire ISO 14001 certification	*Dec.:* First 5-cylinder turbo intercooler engine truck launched	◇2001 Noise Regulations enforced
2002	*Jan.:* ○Oume Parts Center, Hidaka Delivery Center acquire ISO 14001 certification □Recycling Committee formed □Sales Companies Environment Committee formed *July:* □"Environmental Guidelines for Dealers" issued *Sept:* □"Environmental Purchasing Guidelines" issued	*Feb.:* New hybrid vehicle (bus)—New HIMR Route Bus—receives Ministry of Economy, Trade and Industry Director General's Award	◇Automobile NOx, PM Law enacted ◆Johannesburg Earth Summit held
2003	*Apr.:* ○Tamachi Office acquires ISO 14001 certification	*Aug.:* "Four-Star"-certified ultra-low PM light-duty truck launched *Oct.:* "Four-Star"-certified ultra-low PM medium- and heavy-duty trucks launched	◇2003 Exhaust Emission Regulations enforced
2004	*Aug.:* ■Hino Plant introduces frame deodorizer *Sep.:* ■Nitta Plant introduces cogenerator *Apr.:* ■Nitta plant enhances wastewater treatment facility	*Apr.:* Sales of newly developed medium-duty hybrid truck launched *Aug.:* Sales of light-duty truck with "Four-Star" ultra-low PM setting launched *Jan.:* Sales of newly developed non-step heavy-duty route bus launched *May.:* Sales of medium-duty truck meeting new long-term (2005) exhaust emissions regulations launched	◇2004 Exhaust Emission Regulations enforced ◇2005 Vehicle Recycling Law enforced ◇2005 Kyoto Protocol goes into force ◇2005 Exhaust Emission Regulations enforced

Note:
○ ISO □ Management ■ Production

Note:
◇ Domestic ◆ International

Postscript

We at Hino Motors thank you for reading this Environmental and Social Report. We took special care of the following when editing this report.

1. **Communicate to our readers the commitments and attitudes of Hino Motors toward the environment and society**

2. **Communicate the close relationships of trucks and buses with our lives**

As part of this, we introduce our businesses in order to communicate the close involvement of the trucks and buses made by Hino Motors in everyone's lives (pp 1-2).

Our interview with top management (pp 3-4) was conducted as a dialog between Misako Konno, who is active as a Goodwill Ambassador of the United Nations Development Program (UNDP), and Hino Motors president Shoji Kondo, in order to communicate Hino Motors' commitments in an easy-to-understand format.

Our special features (pp 11-16) provide a close-up look of our worksites, with interviews with development leaders and dealerships.

At Hino Motors, we support the movement of people and goods. We hope that this report has given you a better understanding of our activities.

We at Hino Motors remain committed to communicating our commitments and activities to you in an accessible, easy-to-understand format. We look forward to your comments.

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HINO