

Hino and Isuzu Agree on Bus Business Alliance

Hino Motors, Ltd. (Hino) and Isuzu Motors Limited (Isuzu) have agreed to embark upon full-blown collaboration in bus operations. The two companies will begin a joint study to determine specific details of collaboration.

Bus operations are important business sector for both Hino and Isuzu, because of their strong bearings on society and the public at large. However, the companies' bus operations have been put under mounting pressures by structural issues associated with market contraction, production over-capacity and excessively severe competition. The deteriorating revenue of bus segment has even threatened continuation of bus business for both companies.

Against this backdrop, Hino and Isuzu decided to join forces together, not only to cope with the prevailing situations, but also to respond to the future needs of society at large. The two companies will make fundamental reform in their business structure and promote improvement of business management and reinforcement of operating capabilities.

A concrete collaboration framework will be developed through joint team efforts between Hino and Isuzu. Within the scope of collaboration are research and development, purchasing and manufacturing. Standing on equal terms and ground, Hino and Isuzu will establish the scheme of novel business form in the contemporary bus operations.

Hino-Isuzu joint study items and their expected benefits are as follows:

1. Study items for Hino-Isuzu bus business alliance:

- (1) Product plans
- (2) Rationalization plan for manufacturing operations
- (3) Development of new business form

2. Expected results of strategic bus business alliance:

- (1) Engineering cost reduction and improvements in product competitiveness, to be achieved through integration of research and development
- (2) Reduction in sourcing costs through integrated purchasing
- (3) Curbing on capital spending on production facility and improved manufacturing efficiency through streamlined operations
- (4) Sales volume increase with improved product competitiveness.

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