

Honda Information Meeting 2009



HONDA
The Power of Dreams

Acura ZDX

Honda Information Meeting

1. FY10 2Q Financial Highlights

2. Industry and Major Market Outlook

3. Honda's Medium-term Strategies

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3. Honda's Medium-term Strategies

Outline of FY10 2nd Quarter Financial Results (Consolidated)

Unit (Sales) Unit (thousands)	2Q Results		
	FY09	FY10	Change
Motorcycles	2,893	2,407	- 16.8%
Automobiles	935	838	- 10.4%
Power Products	1,202	932	- 22.5%

Financial results Yen (billions)	2Q Results		
	FY09	FY10	Change
Net sales & other operating revenue	2,826.8	2,056.6	- 27.2%
Operating income	148.8	65.5	- 56.0%
Income before income taxes	149.4	66.1	- 55.7%
Equity in income of affiliates	27.2	22.3	- 18.1%
Net income attributable to Honda Motor Co., Ltd.	123.3	54.0	- 56.2%

EPS attributable to Honda Motor Co., Ltd. (Yen)	67.96	29.78	- 56.2% (- 38.18 yen)
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Note : Shares which are based on calculation of EPS

approx. 1,814,537,000 shares (weighted average number of shares outstanding)	approx. 1,814,606,000 shares (weighted average number of shares outstanding)
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Average Rates (Yen)

US Dollar	108	94	Yen up by 14 yen
Euro	161	134	Yen up by 27 yen

Business Environment

The U.S. economy seems to have bottomed out, although the duration of the decline is still a concern. A persistent decline in the European economy is also a concern. However, signs of recovery can be seen in certain countries. In Asia, the economies in China and India have been recovering. In other Asian countries, economies also seem to be improving. Economic recovery in Japan has also been visible led by the rise in consumer spending, although the situation continues to be severe with a record high unemployment rate. Appreciation of the Japanese yen continued against the U.S. dollar and Euro.

Motorcycle market

The markets in Vietnam and India continue to expand. Demand in the U.S., Brazil and Thailand has dropped significantly.

Automobile market

The markets in China and India expanded significantly. In the U.S., demand fell significantly year on year, however it was supported by the one-time positive effect of the Cash for Clunkers incentive program, and demand is gradually coming back.

Major Change Factors

Amid a severe operating environment, business in Asia and continuing cost reduction efforts contributed to maintaining profitability for the second consecutive quarter.

Unit Sales

Motorcycles:
Decreased sales in all regions

Automobiles:
Sales increased in Japan and Asia while decreasing in all other regions.

Power Products:
Decreased sales in all regions.

Net sales & other operating revenue

Unit sales decreased mainly in automobile business. Negative currency translation effects.

Operating income

<Increase Factors> Decreased SG&A and R&D expenses
Continuing cost reduction effort

<Decrease Factors> Decrease in revenue
Increased fixed cost due to production reductions
Currency effects

FY10 Financial Forecasts (Consolidated)

Yen (billions)

	FY09 Results	FY10 Revised Forecasts	Change		Change from previous forecasts as of Jul.29
			amount	%	
Net sales & other operating revenue	10,011.2	8,450.0	- 1,561.2	- 15.6%	+ 170.0
Operating income	189.6	190.0	+ 0.3	+ 0.2%	+ 120.0
Income before income taxes	161.7	170.0	+ 8.2	+ 5.1%	+ 125.0
Equity in income of affiliates	99.0	78.0	- 21.0	- 21.2%	+ 13.0
Net income attributable to Honda Motor Co., Ltd.	137.0	155.0	+ 17.9	+ 13.1%	+ 100.0
EPS attributable to Honda Motor Co., Ltd. (Yen)	75.50	85.42	+ 9.92	+ 13.1%	

Note : Shares which are based on calculation of EPS

approx.
1,814,560,000 shares
(weighted average number of shares outstanding)

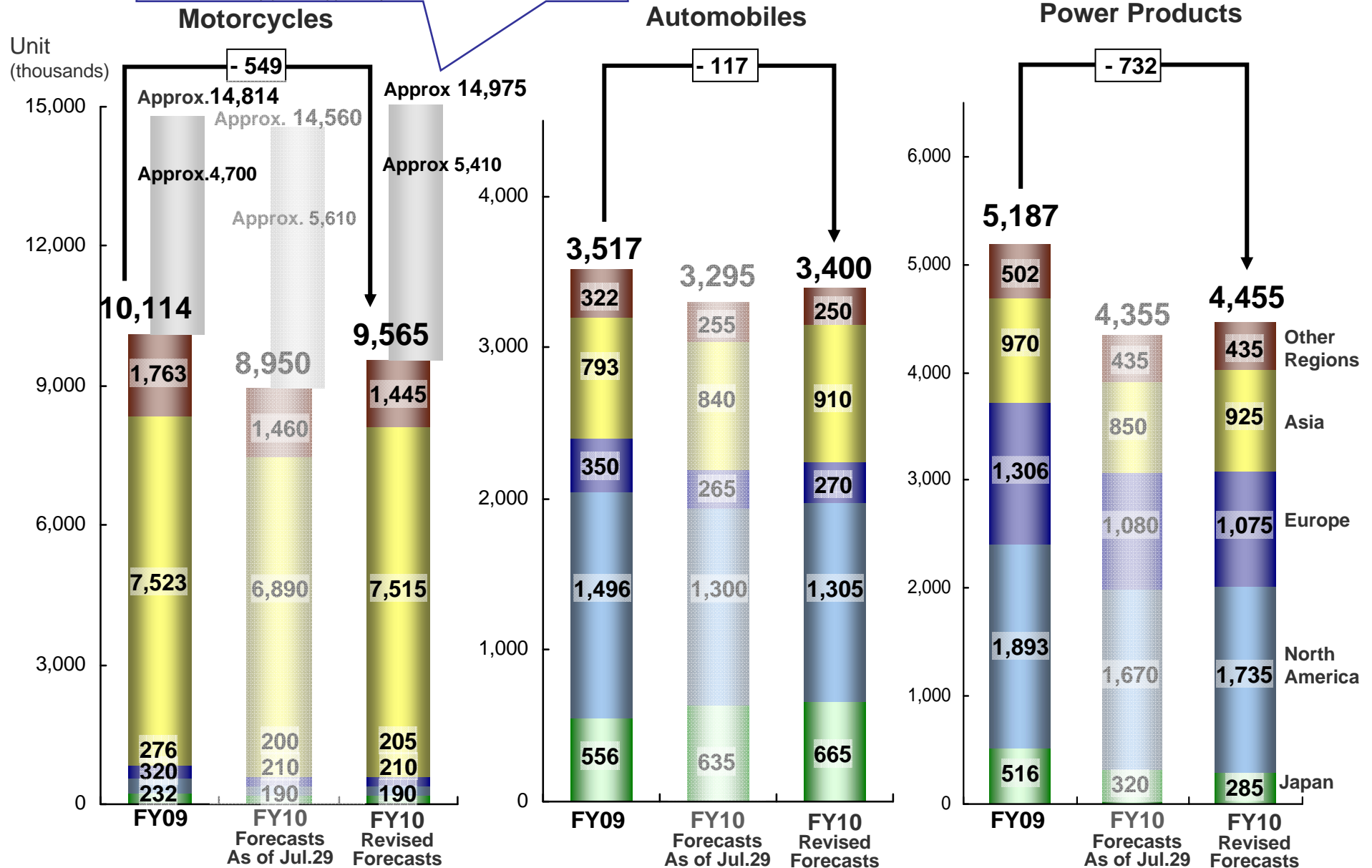
approx.
1,814,605,000 shares
(number of shares outstanding as of September 30, 2009)

Average Rates (Yen)

US Dollar	101 (1H: 106 / 2H: 95)	90 (1H: 95 / 2H: 85)	Yen up by 11 yen (1H: up by 11 yen 2H: up by 10 yen)	Yen up by 1 yen (previous forecasts as of Jul. 29: 91 yen)
Euro	142 (1H: 163 / 2H: 124)	129 (1H: 133 / 2H: 125)	Yen up by 13 yen (1H: up by 30 yen 2H: down by 1 yen)	Yen down by 2 yen (previous forecasts as of Jul. 29: 127 yen)

Forecast: Unit Sales by Business Segment

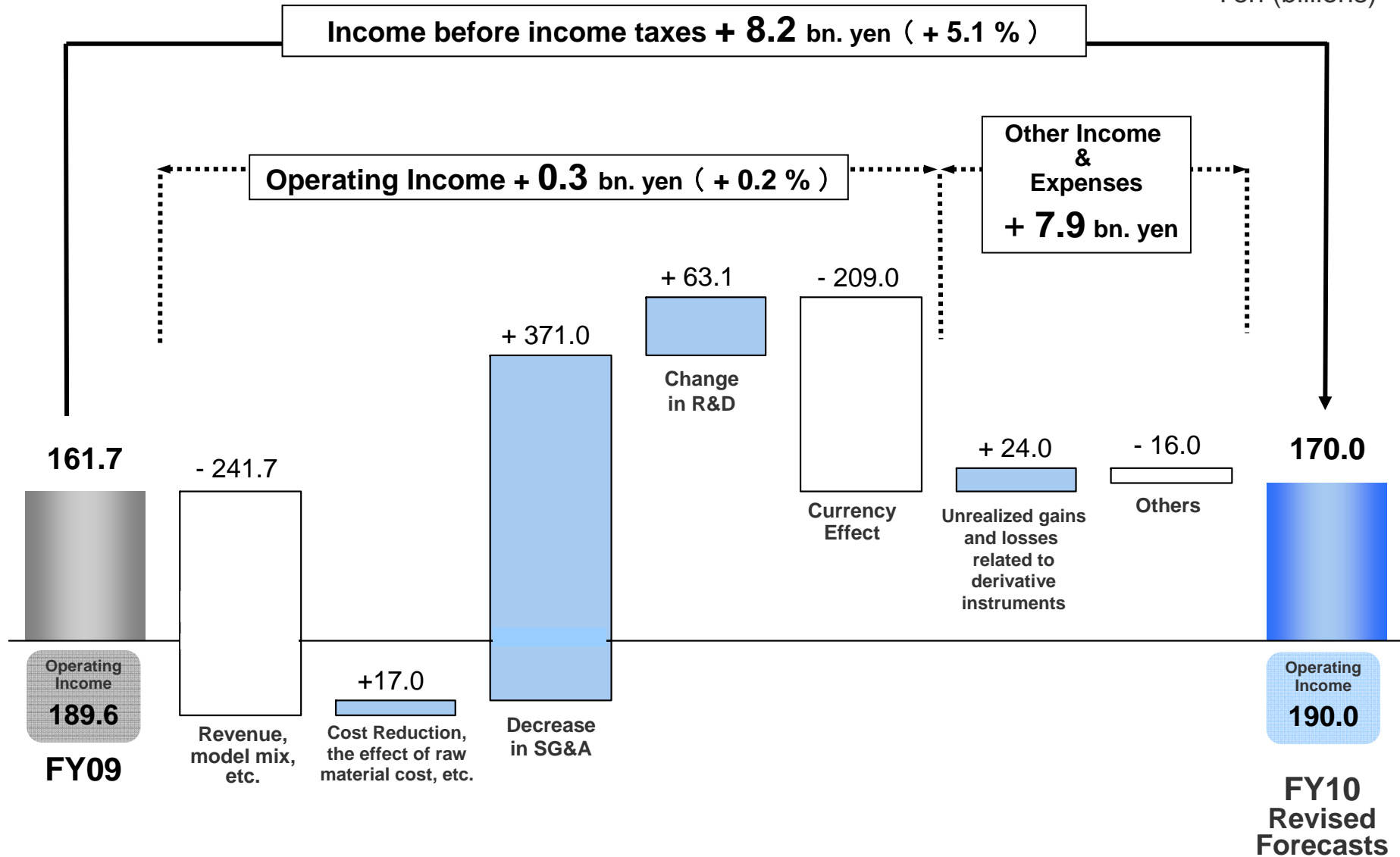
Unit sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, but do not use any parts supplied by Honda and its subsidiaries



Unit sales is the total of sales of finished products of Honda and its consolidated subsidiaries and sales of parts for Honda's affiliates accounted for under the equity method.

Forecast: Change in Income before Income Taxes

Yen (billions)



Dividend to Shareholders

(Yen)

Dividend per share	FY09 Results	FY10	
		Results & Projection	Change from FY09 Results
1 st quarter End	22	8	- 14
2nd quarter End	22	8	- 14
3 rd quarter End	11	8 *	- 3 *
4 th quarter End	8	8 *	± 0 *
Fiscal Year	63	32 *	- 31 *

* Projection as of October 27th

Honda Information Meeting

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2. Industry and Major Market Outlook

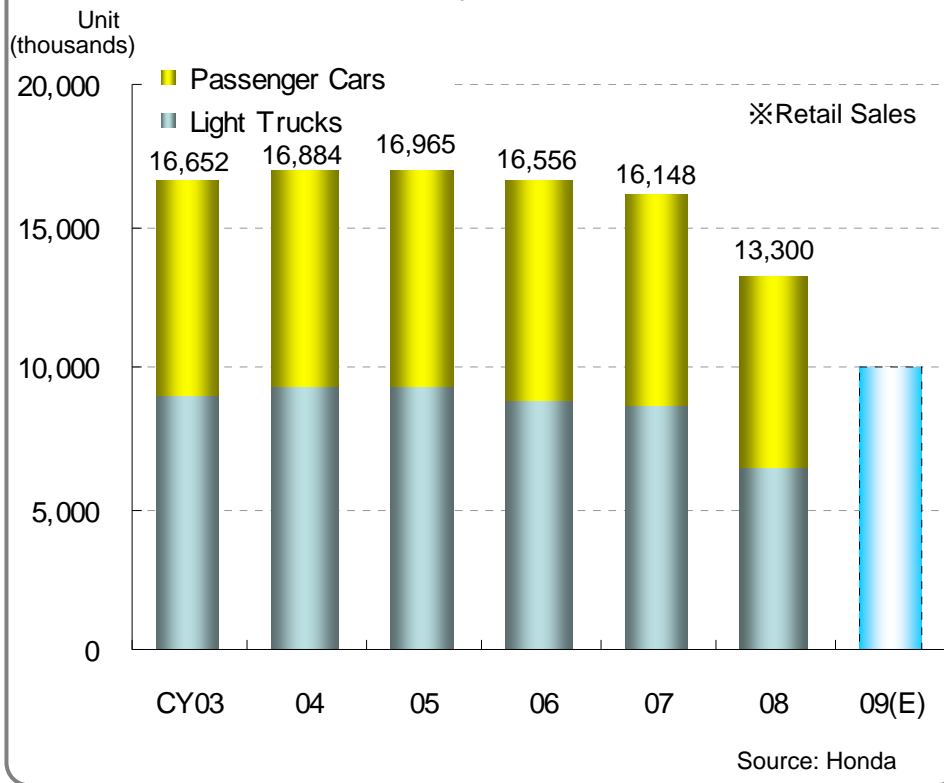
3. Honda's Medium-term Strategies

Operations in North America

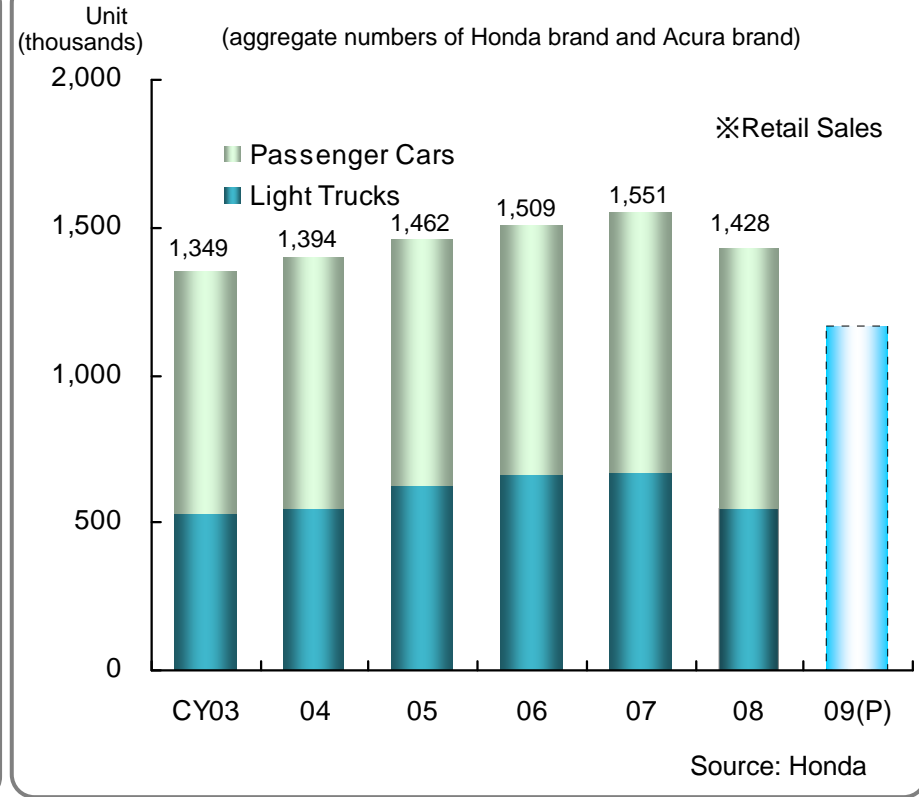


➤ Major Markets – Honda Automobile Business in U.S.

Industry Demand



Honda Unit Sales



Strategy in N.A Market

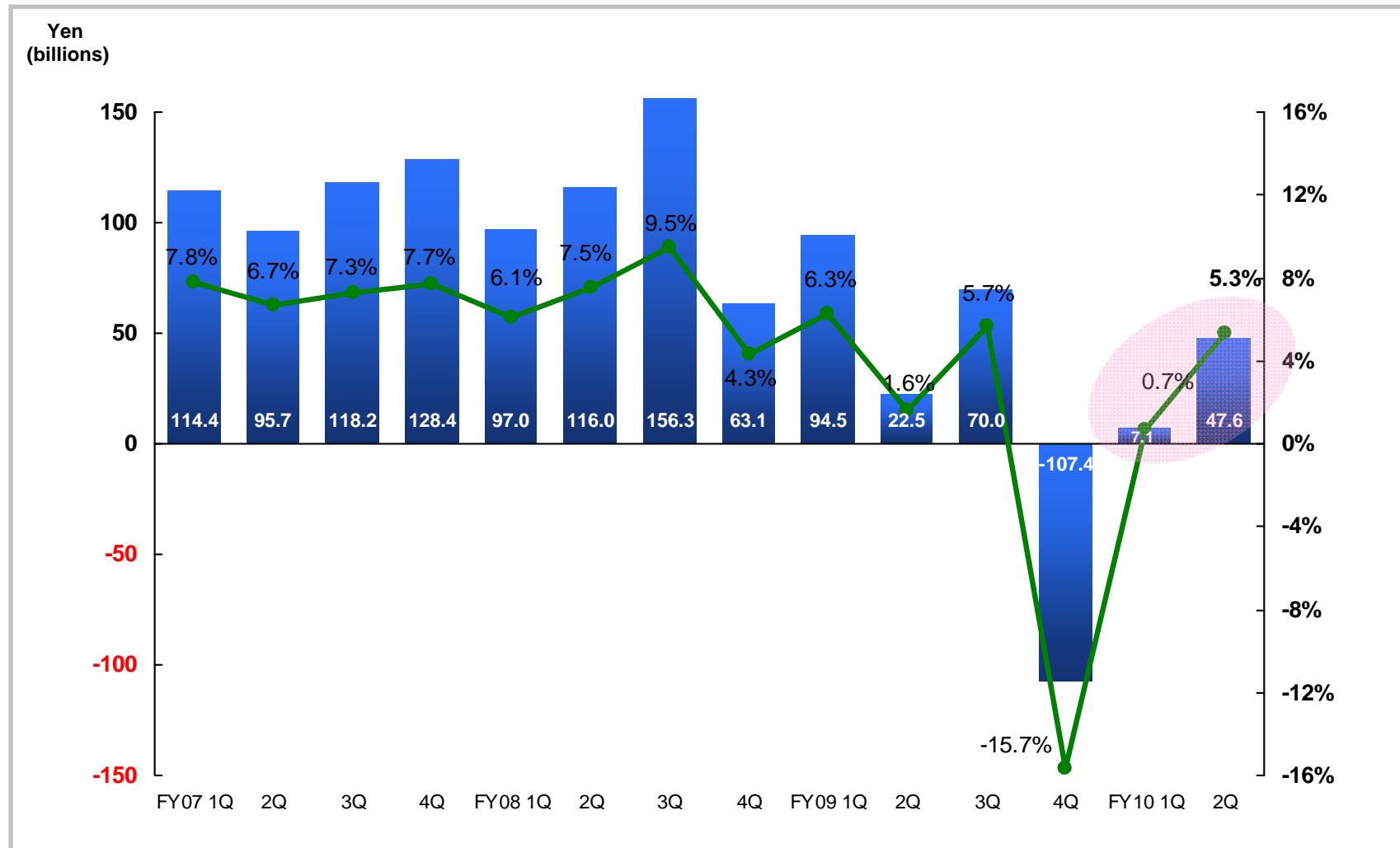
- ✓ Production capacity & flexible lines
Indiana plant ,Canadian Engine plant started production
Ridgeline & Accord V6 produced in Alabama plant
- ✓ Production of all new Accord Crosstour started at ELP
- ✓ Innovative technologies to achieve CAFE Leadership



Operations in North America



➤ 2Q operating profit continued to show an upward trend due to decrease in SG&A and cost down efforts.

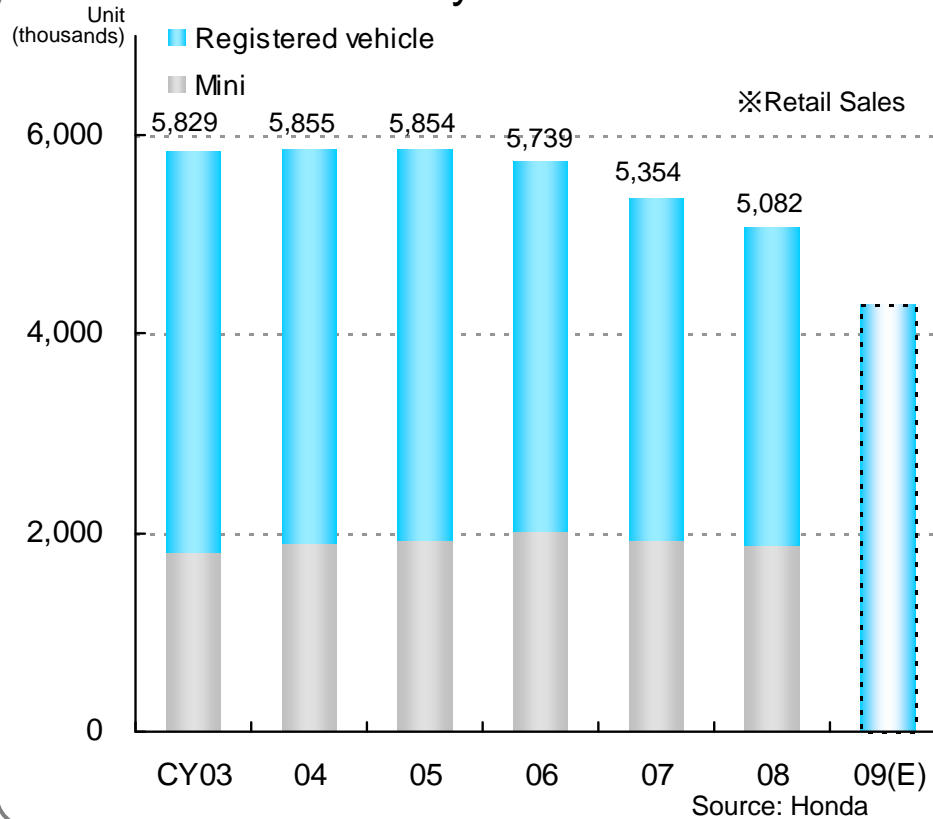


Operations in Japan

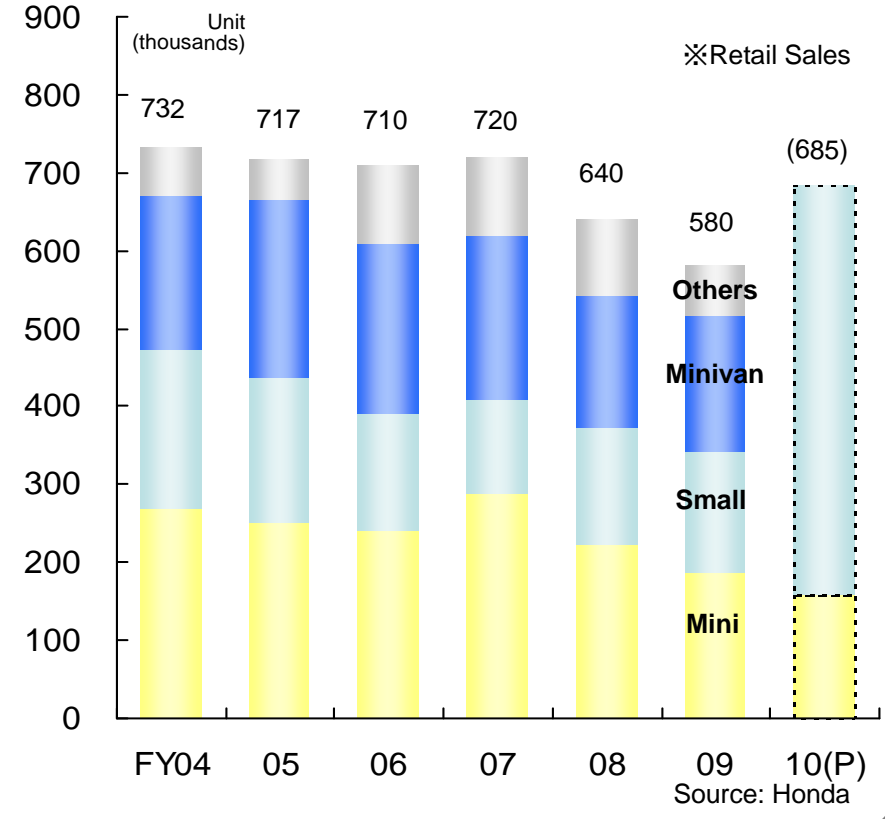


➤ Mature Markets - Honda Automobile Business in Japan

Industry Demand



Honda Unit Sales

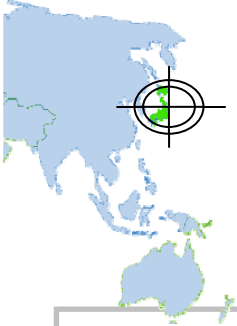


Strategy in Japan Market

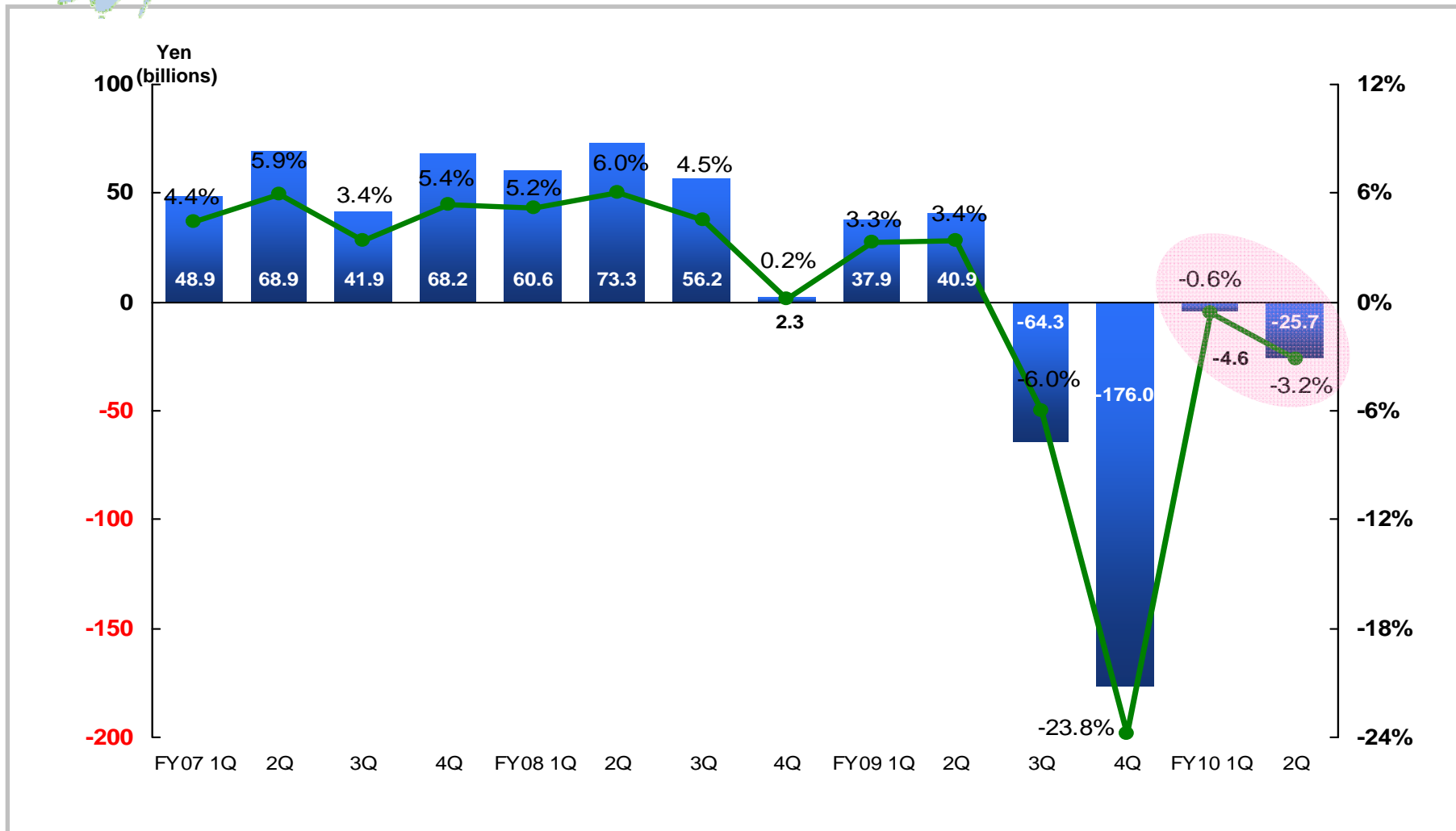
- ✓ Enhancing product line up with efficiency
 - Strengthen Hybrid model
 - Cost reduction by using global purchasing network
- ✓ Enhancing sales network
 - Enhancing sales and marketing function for hybrid vehicles
 - Improving stability of consolidated sales subsidiaries



Operations in Japan

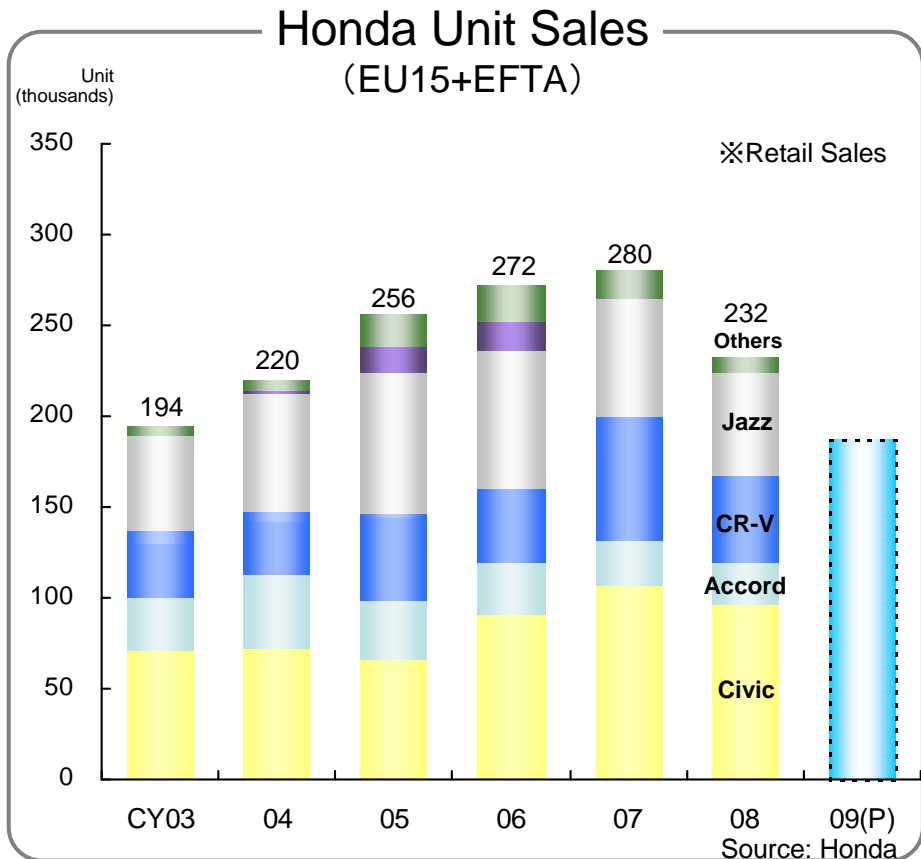
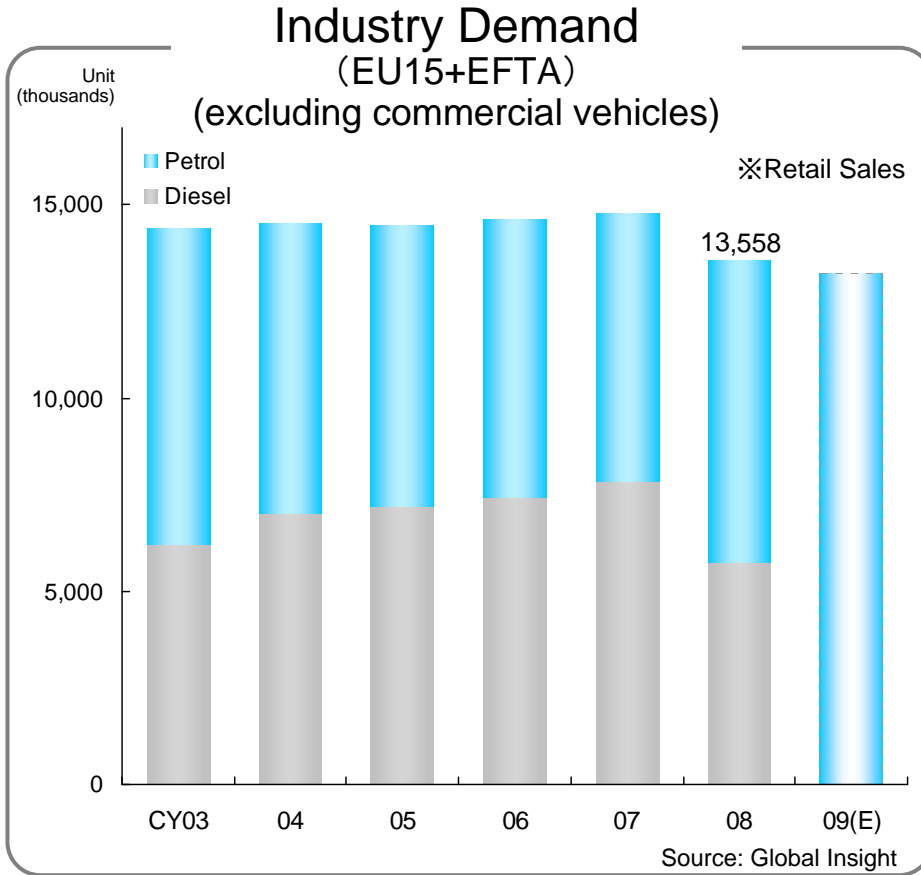


➤ 2Q operating profit in Japan down due to decrease of production, increase in fixed cost and higher yen.



Operations in Europe

➤ Mature Markets - Honda Automobile Business in Western Europe



Strategy in Western Europe Market

- ✓ Environmental strategy
Low CO2 emission models; Insight 101g/km, Jazz 125g/km
- ✓ Enhance local production at UK plant with Jazz



Accord (Jun 2008)



Accord (Jun 2008)



Jazz (Oct 2008)

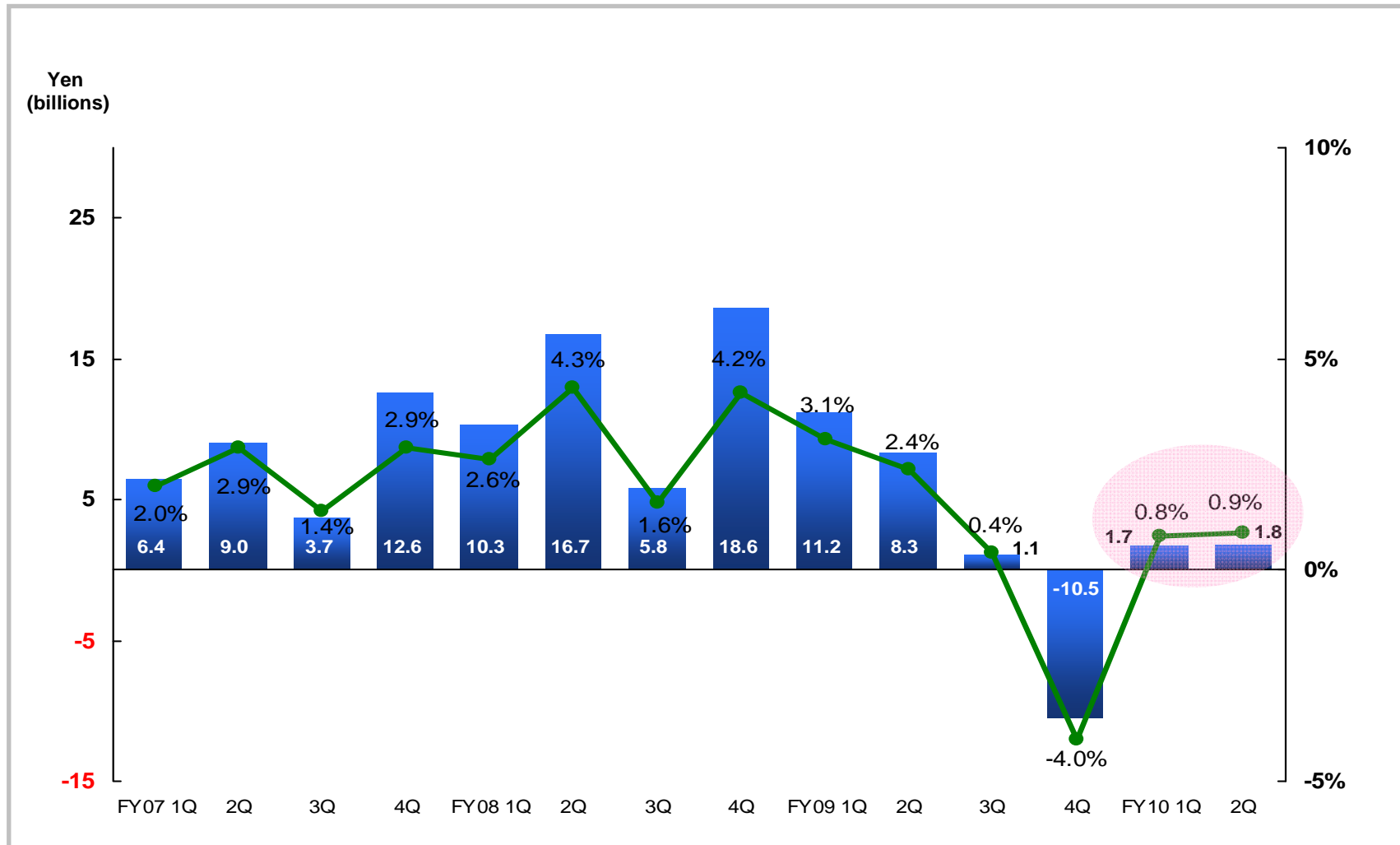


Insight (Mar 2009)

Operations in Europe

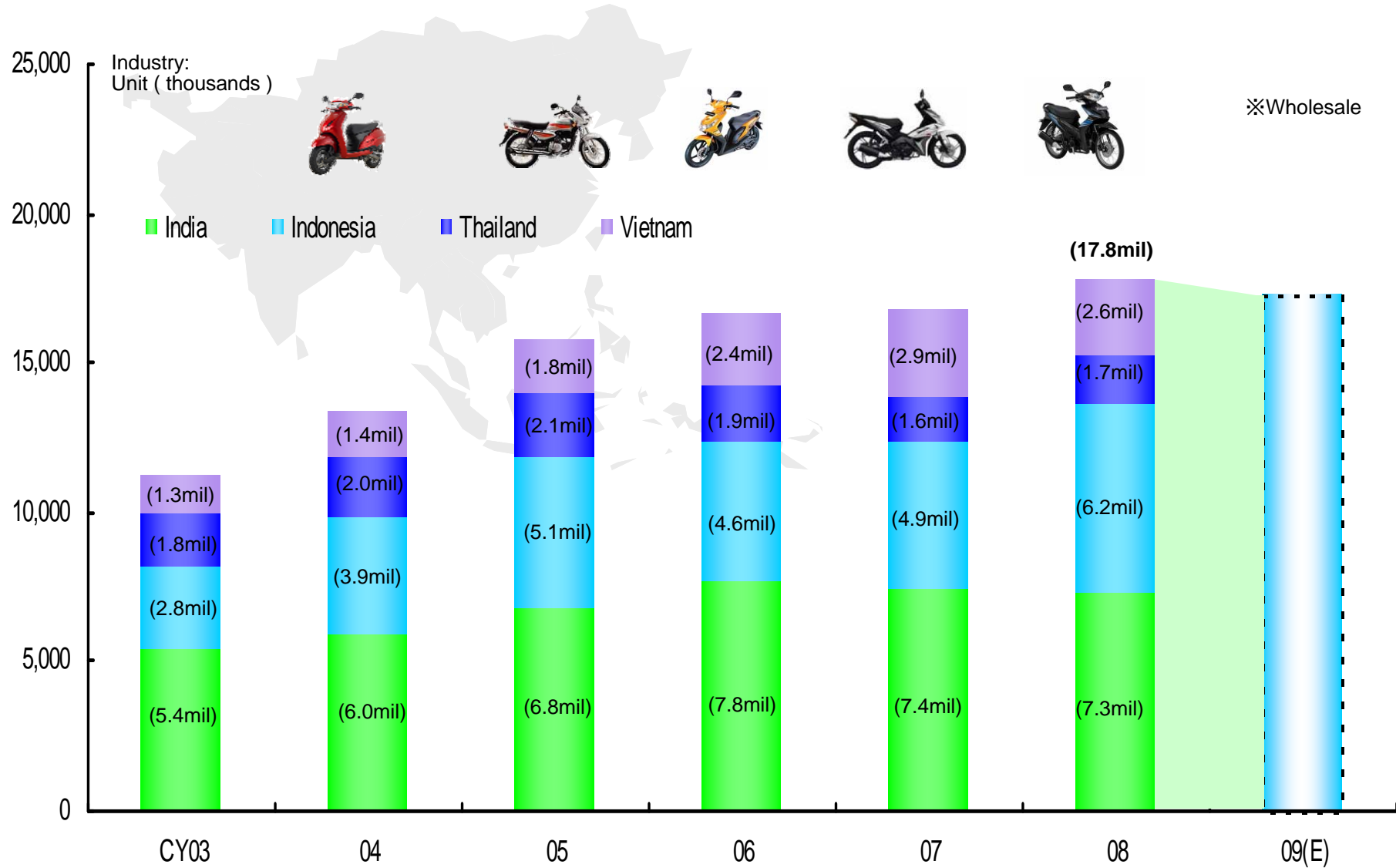


➤ 2Q operating profit in Europe (including Russia) stayed flat from 1Q thanks to decrease in SG&A expenses



Operations in Asia

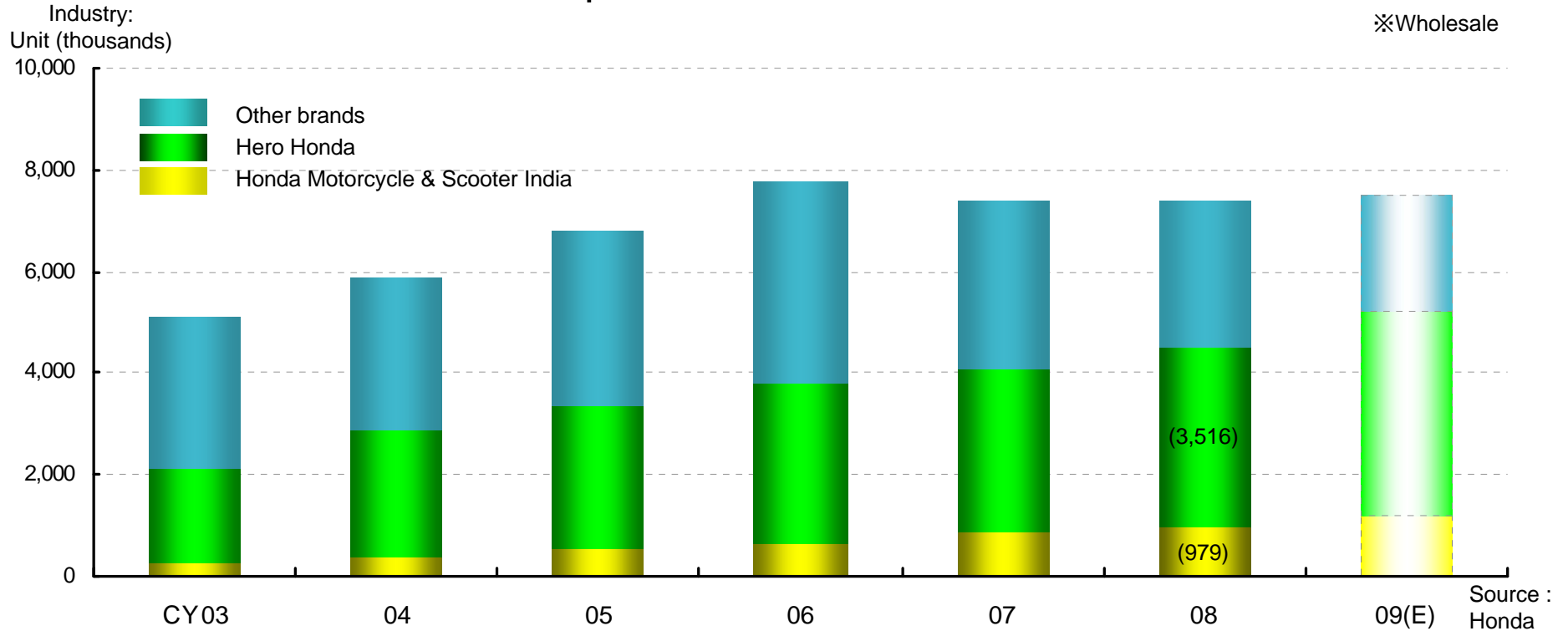
➤ Industry Demand in Major Asian Motorcycle Markets



Operations in Asia



➤ In India, motorcycle business foundation solidified behind two companies, Hero Honda and HMSI



Principal models of Hero Honda Motors Limited



Splendor NXG
Debut in May. '07



Super Splendor
Debut in May. '07



Passion+
Debut in May. '07

Principal models of
Honda Motorcycle & Scooter India



Activa
FMC Apr. 09

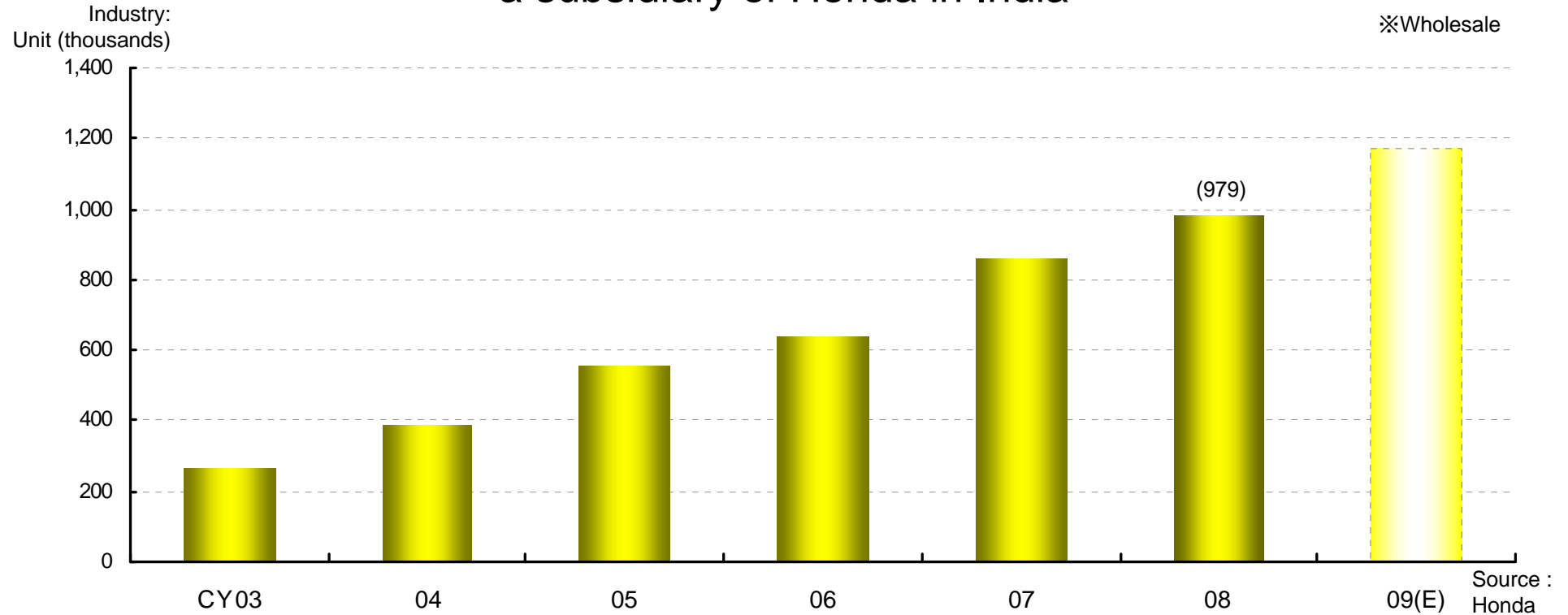


CBF Stunner
Debut in June. '08

Operations in Asia



➤ Strong Growth of Honda Motorcycle & Scooter India (HMSI), a subsidiary of Honda in India



Principal models of HMSI



Activa
FMC Apr. '09



Aviator
Debut in Feb. '08



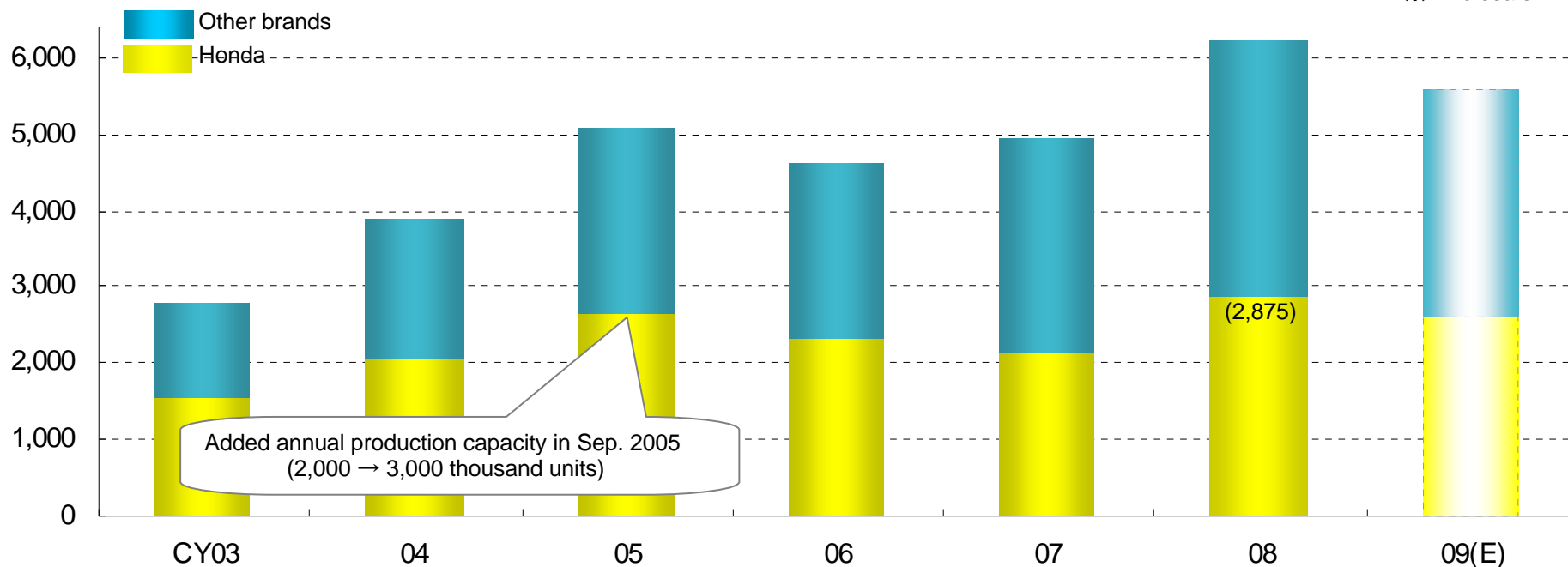
CBF Stunner
Debut in June. '08

Operations in Asia



➤ Continuously introducing innovative products to the Indonesian motorcycle market

Industry:
Unit (thousands)



※Wholesale

Added annual production capacity in Sep. 2005
(2,000 → 3,000 thousand units)

Principal models

Source: Honda



CS1
125cc
Debut Apr. 08



BeAT
110cc
AT Model
Debut Jun. 08



Blade
110cc
Debut Dec.08

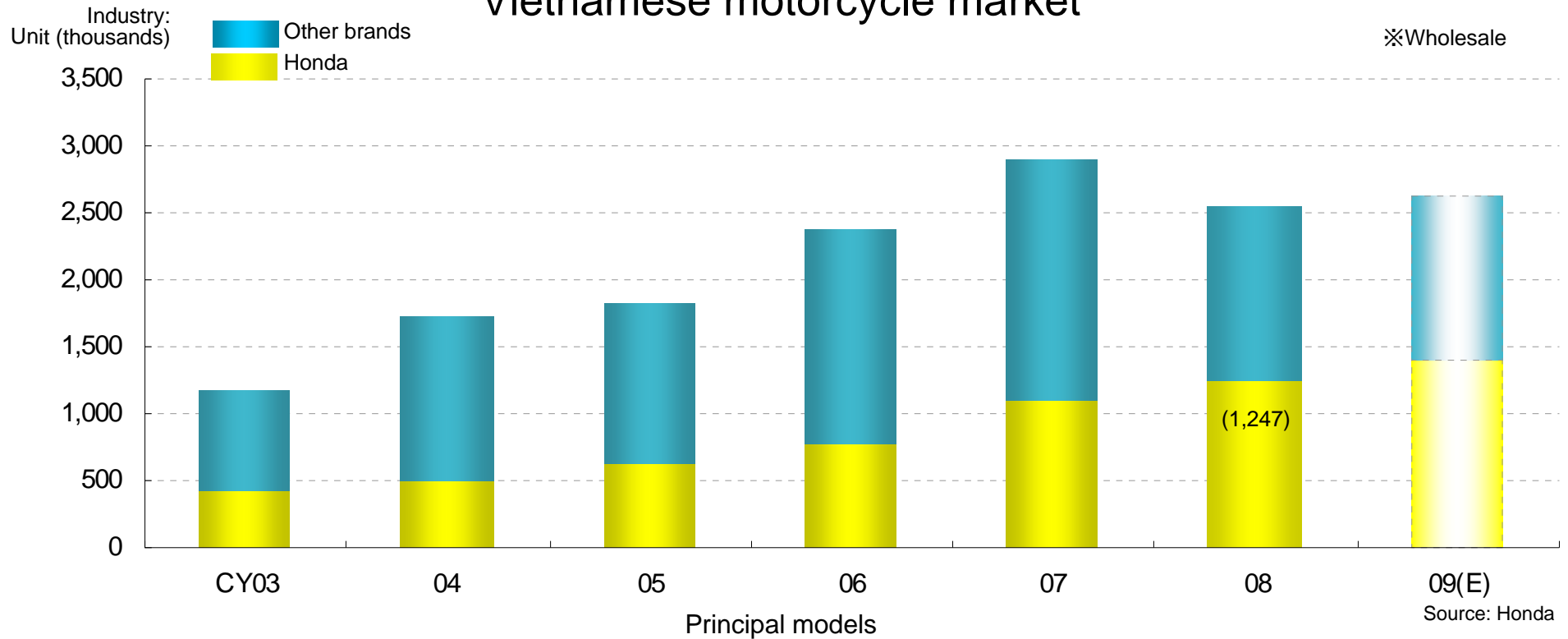


Revo
110cc
FMC Jan.09

Operations in Asia



➤ Honda to enhance product pipeline for Vietnamese motorcycle market



Click
110cc
AT Model
Debut Oct. 06



Future Neo FI
125cc
Fuel Injection
Debut Apr 07



Air Blade
110cc
AT Model
Debut Apr 07



Wave S
100cc
Debut May 07

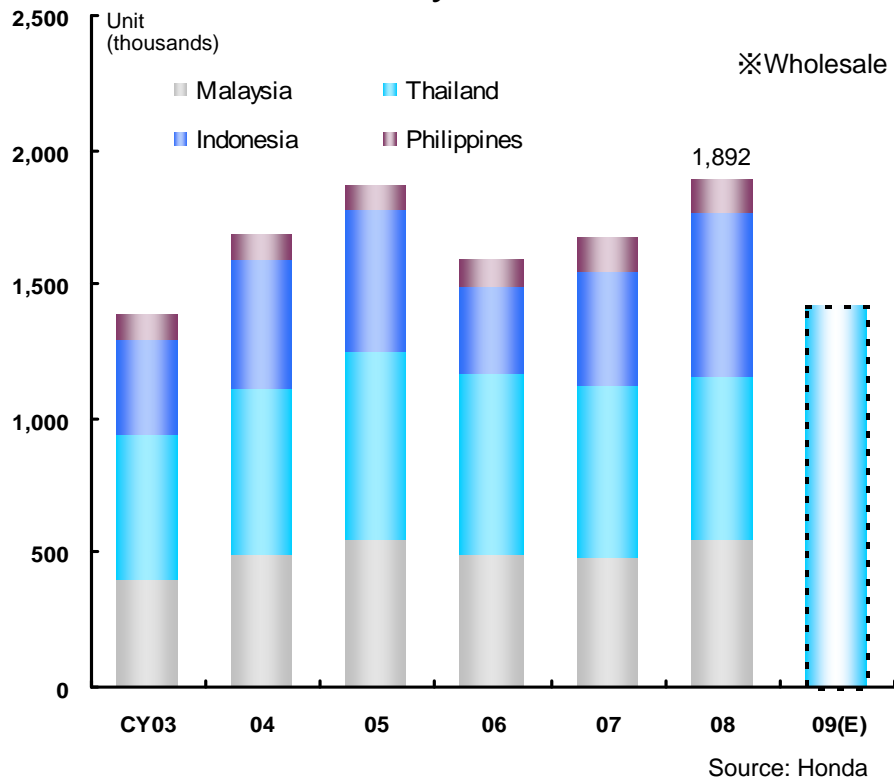


Wave α
100cc
MMC Jul 08

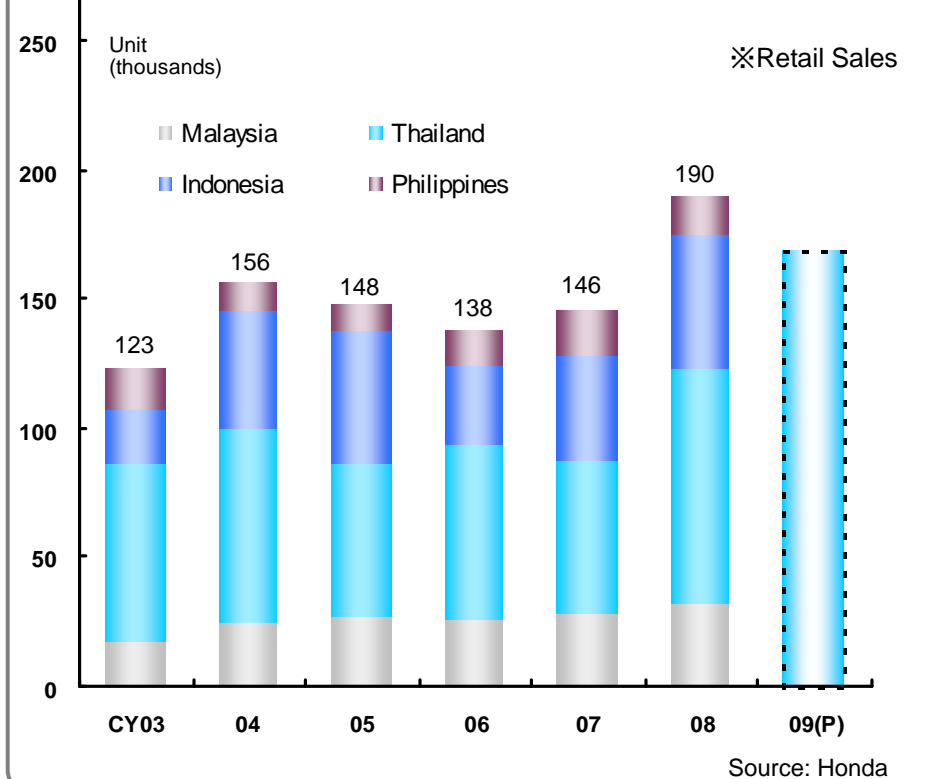
Operations in Asia

➤ Honda Automobile Business in Southeast Asia

Industry Demand



Honda Unit Sales



Strategy in Southeast Asian Market

- ✓ Optimal allocation to enhance production efficiency
Production of FREED in Indonesia starting in June 2009
- ✓ Enhance complementary products in ASEAN region

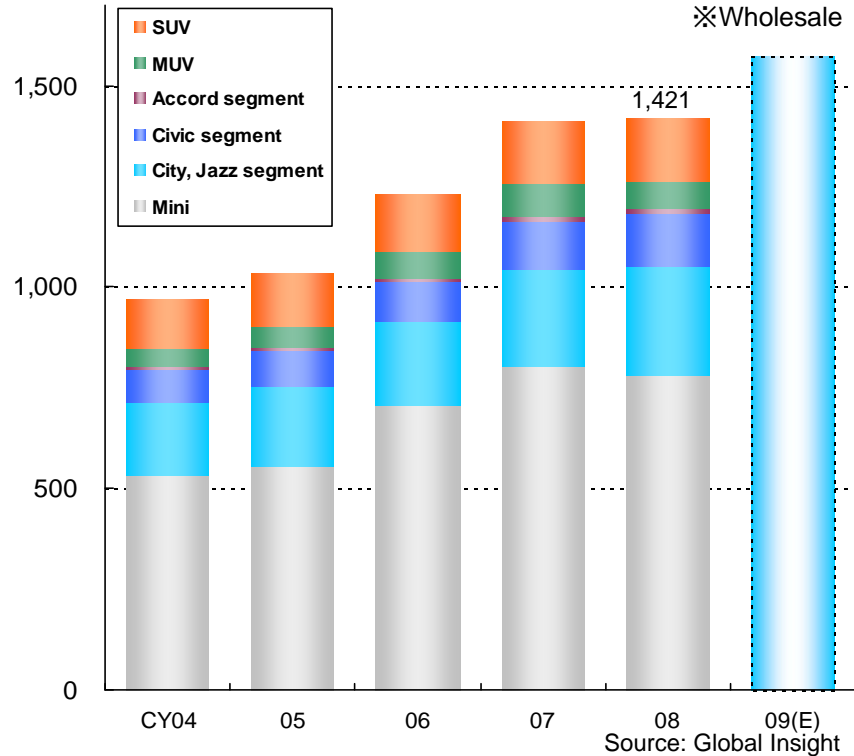


Operations in Asia

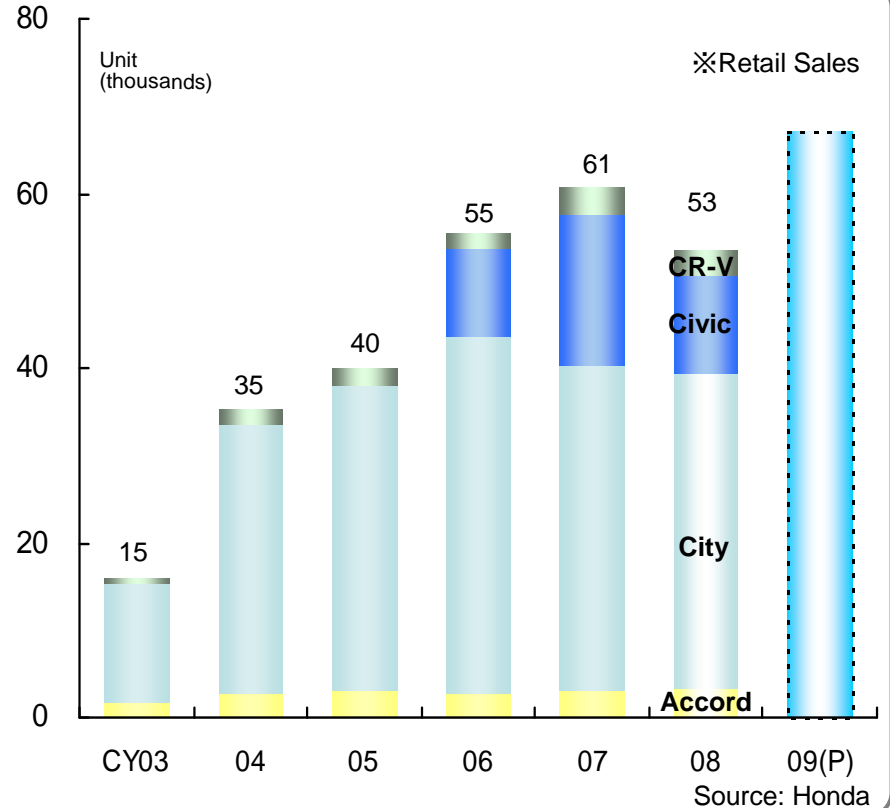


➤ Honda Automobile Business in India

Industry Demand (excluding commercial vehicles)



Honda Unit Sales



Strategy in India Market

- ✓ Introduce Jazz in India in June 2009
to enjoy excise duty benefit for small-sized car
- ✓ Big minor change for 2010 Civic and CR-V model



City (Nov 2008)

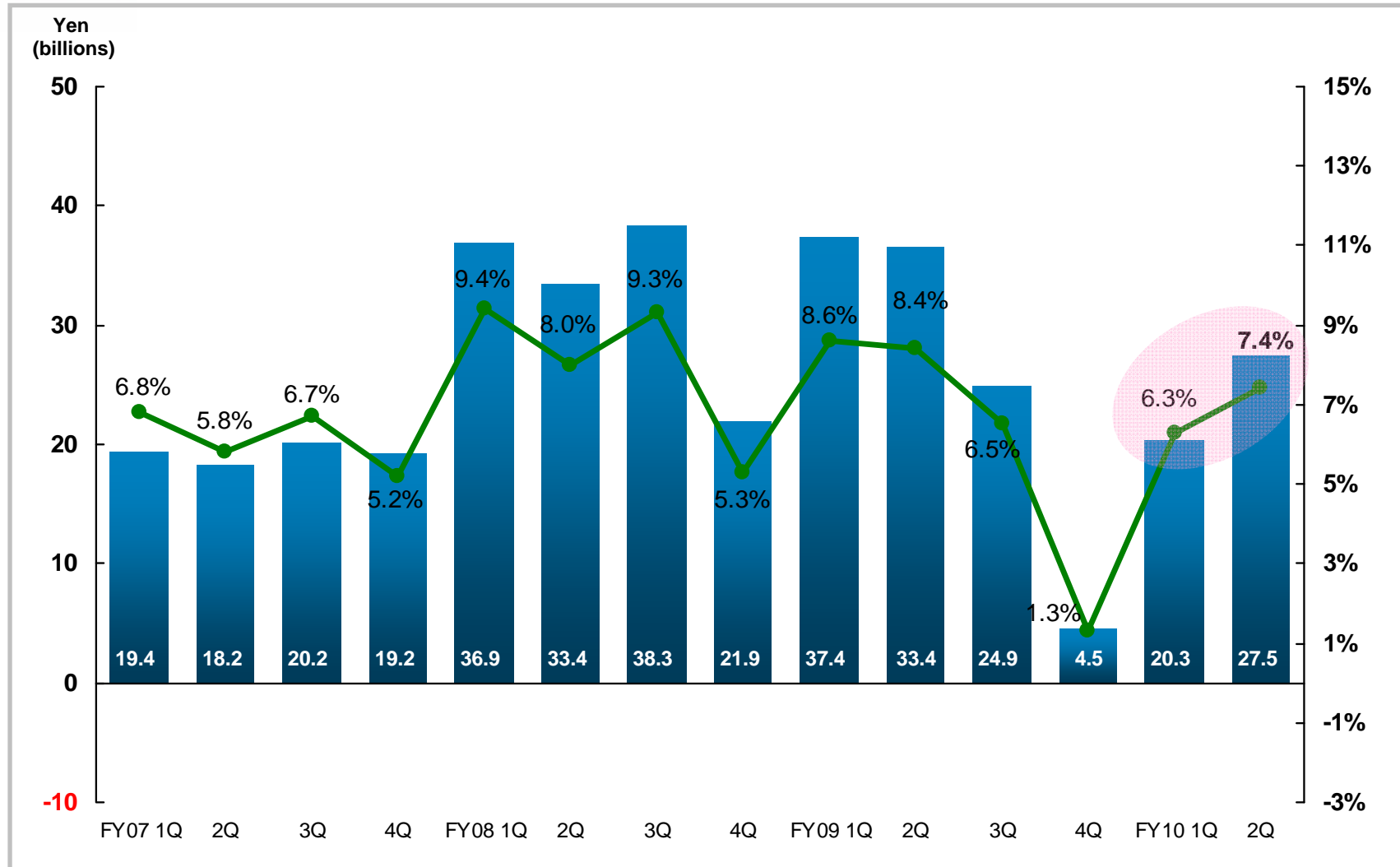


Jazz (Mid 2009)

Operations in Asia



➤ 2Q operating profit continued to show an upward trend as sales grow



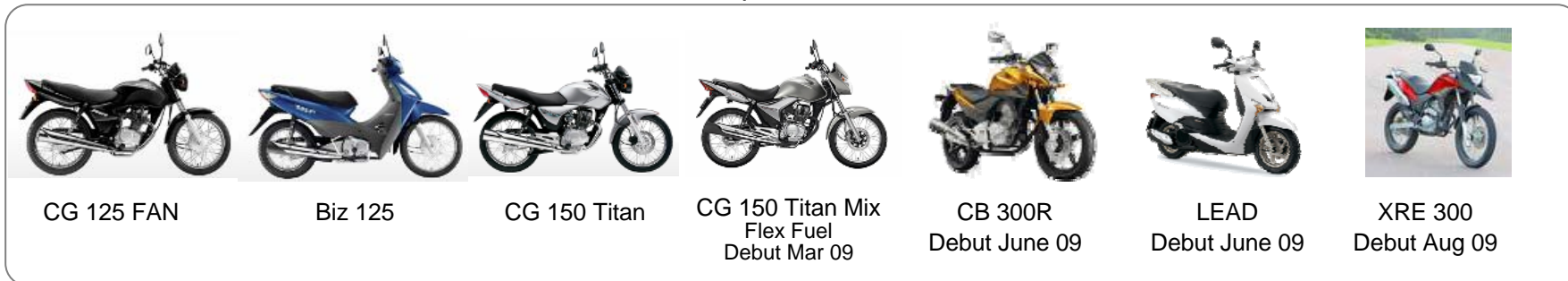
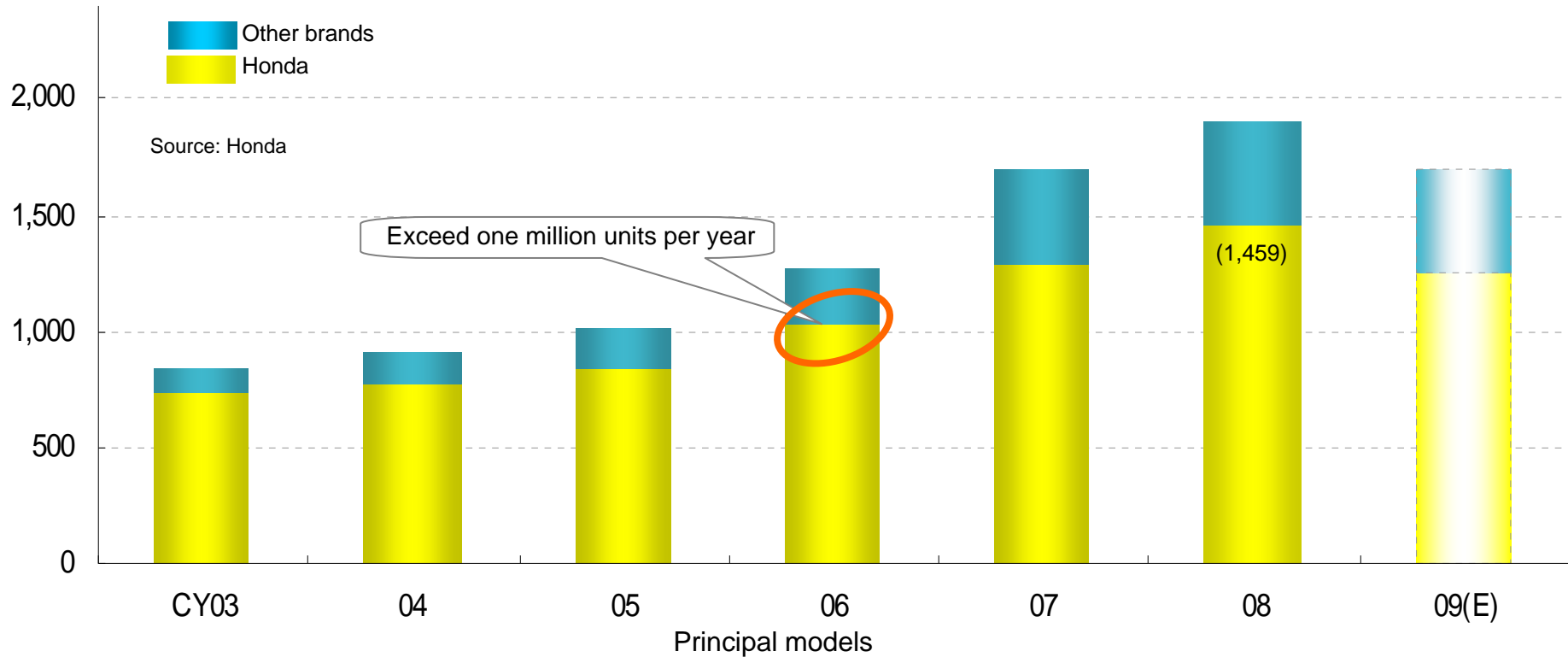
Operations in Other Regions



- Solid operation as a market leader in Brazilian motorcycle market
- Introducing PGM-FI (Fuel Injection) models to meet Euro3

Industry:
Unit (thousands)

※Wholesale

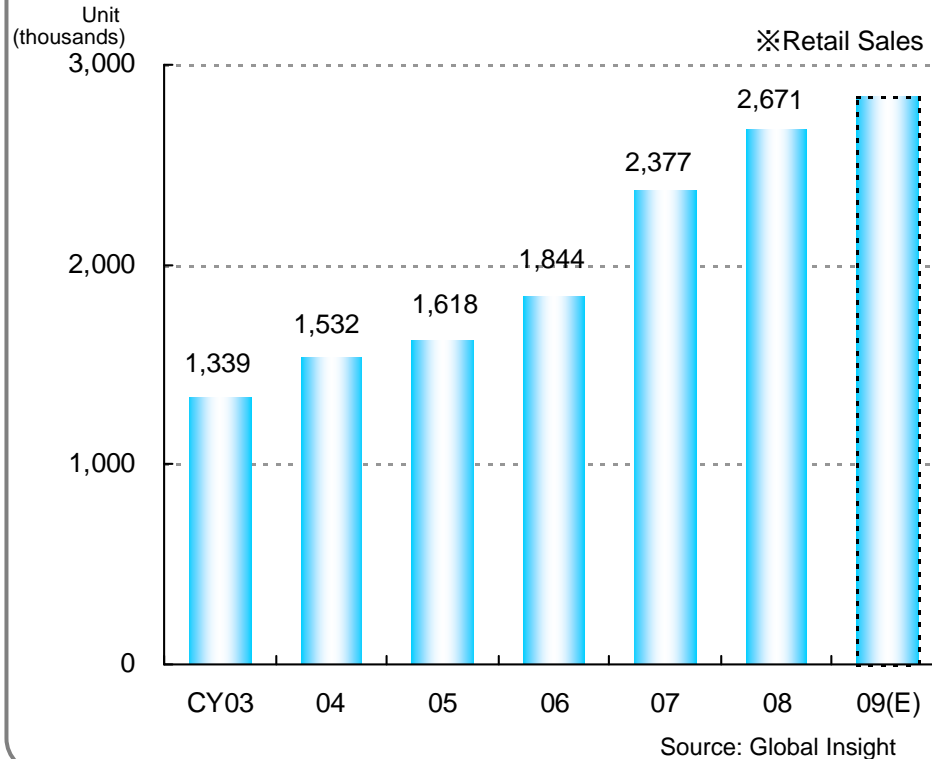


Operations in Other Regions

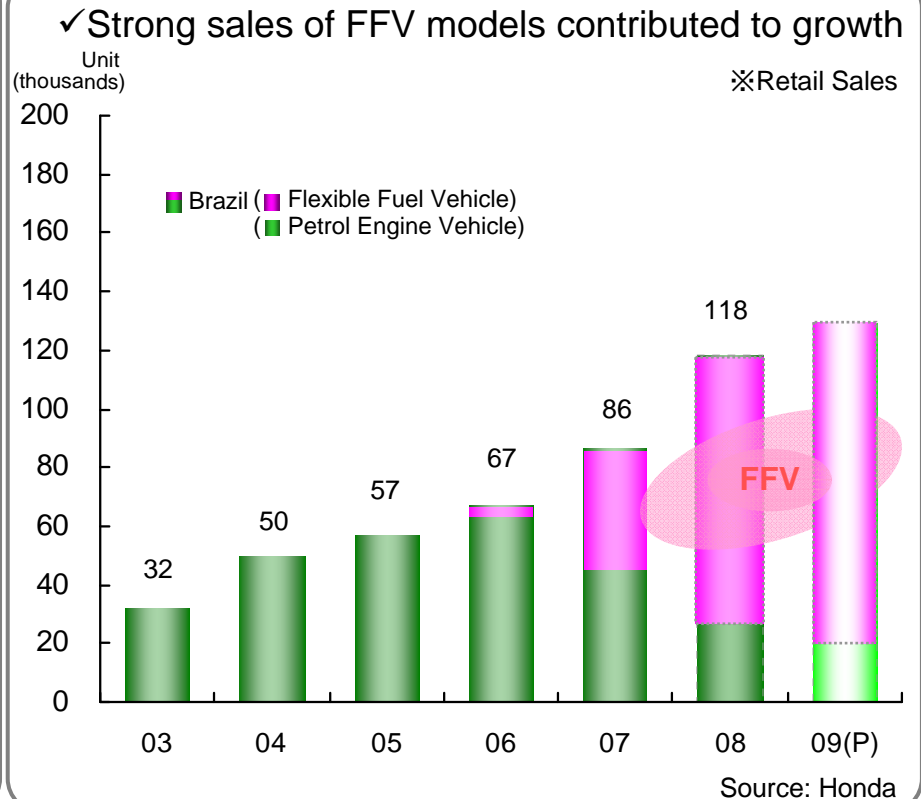


➤ Honda Automobile Business in Brazil

Industry Demand (including commercial vehicles)



Honda Unit Sales



Strategy in South America Market

- ✓ Environmental strategy
(FFV->Brazil)
- ✓ Expansion of production capacity
Brazil: Expand capacity to 120,000 units in Aug 2008

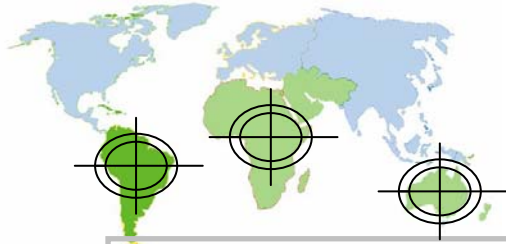


Fit FFV (Nov 2008)

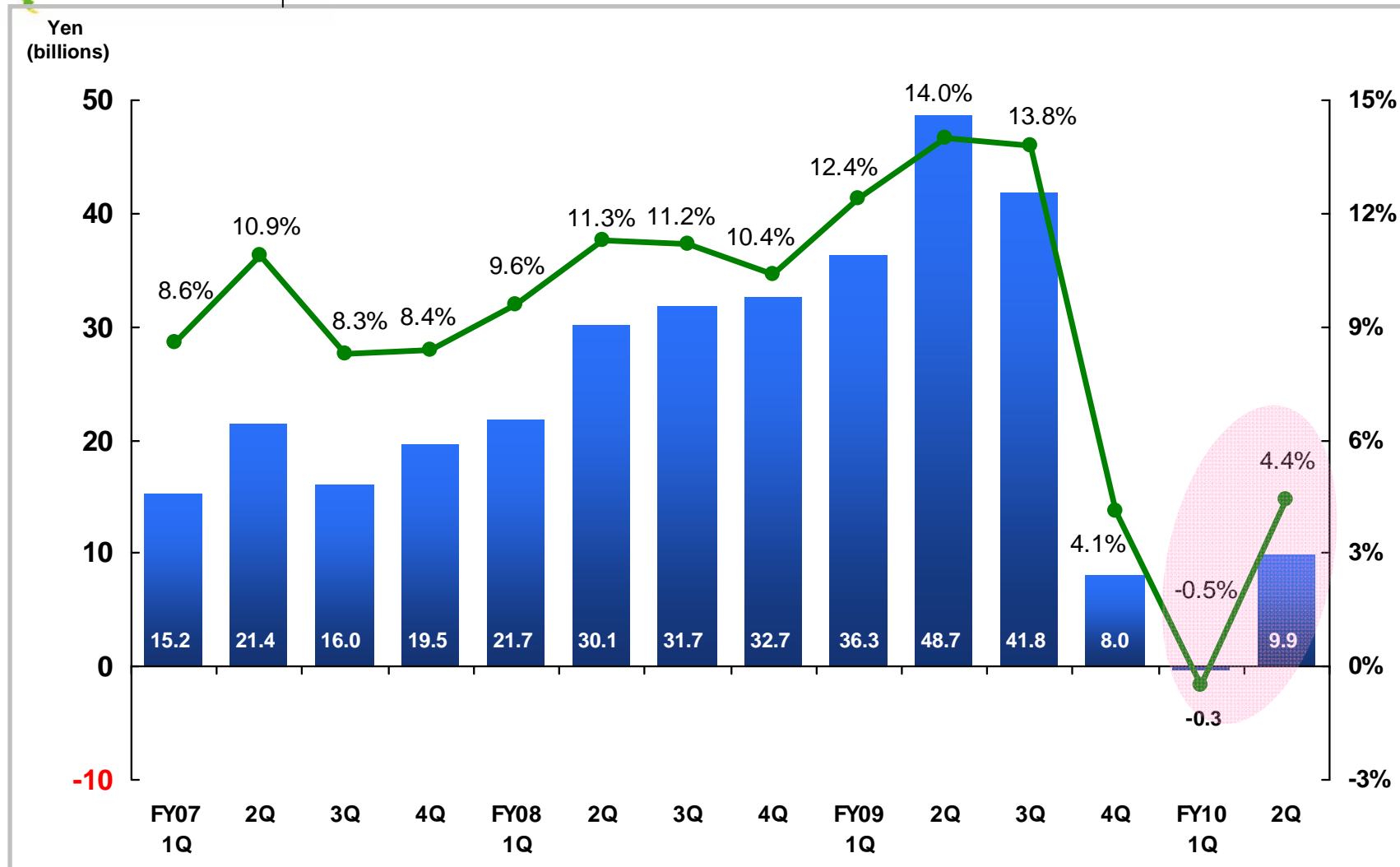


City FFV

Operations in Other Regions



➤ 2Q operating income in Other regions showed recovery with favorable motorcycle sales and decrease in SG&A expenses, etc.



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Post Global Financial Crisis

Global automobile industry facing significant sales decline

Revision of CAPEX for expansion

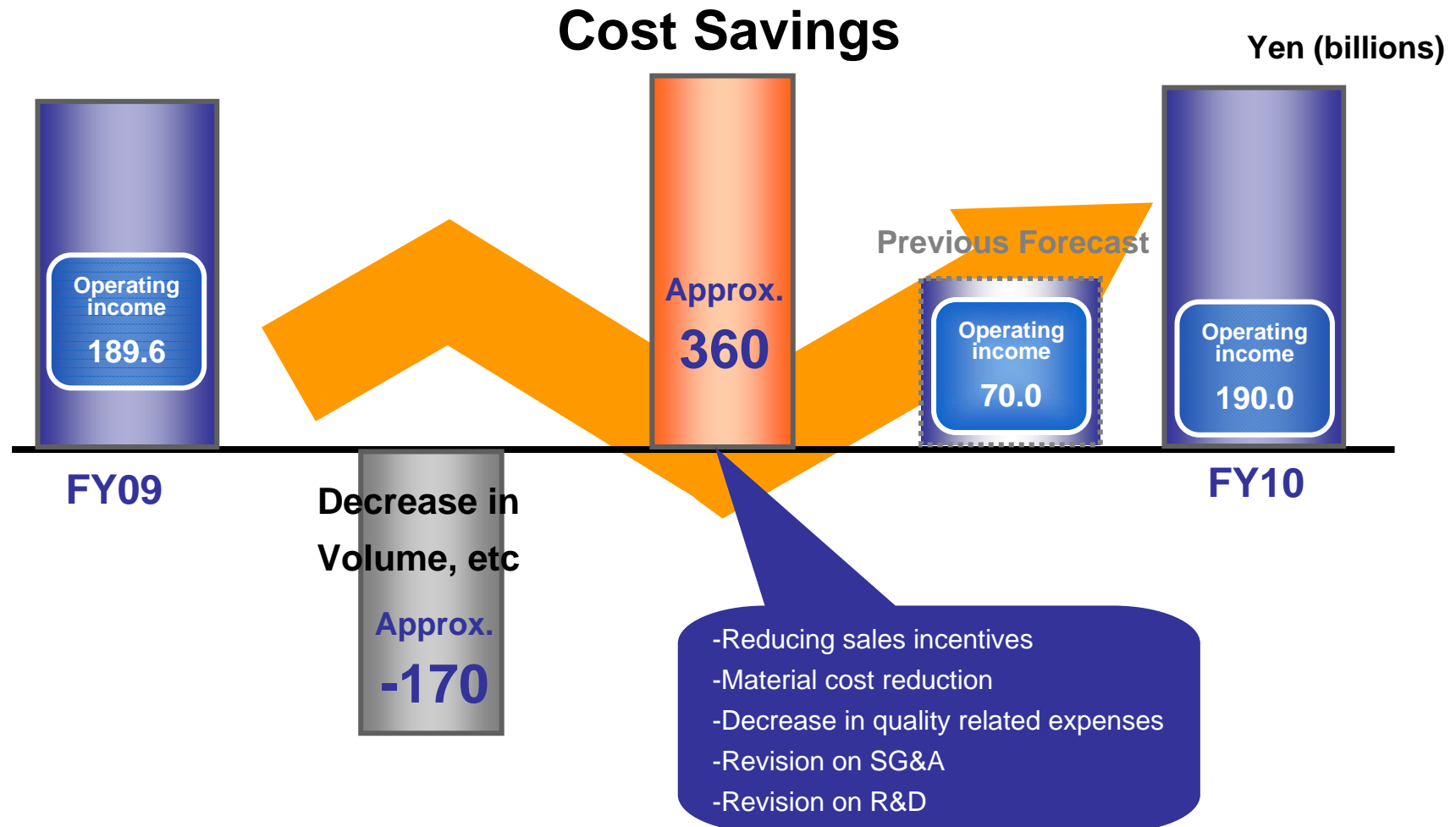
- ✓ Yorii Assembly plant
- ✓ Yachiyo Industry New Mini-vehicle plant

Revision of R&D activities and other expenses

- ✓ New Acura model lineup adjusted
- ✓ Withdrawal from F1 and focus on environmental technologies

Market Conditions and Honda Business

- Honda to stay in black for FY10 despite severe economic conditions.
- Expecting to attain 360B yen gain from cost-structure reform.



Market Conditions and Honda Business

Honda *Insight* a hit in JAPAN

sold more than 70,000 units in Japan since its introduction in Feb. 2009



- *Insight, Fit and Freed* sales have been boosted together with the government's scrappage incentives and eco tax-reduction.



Freed



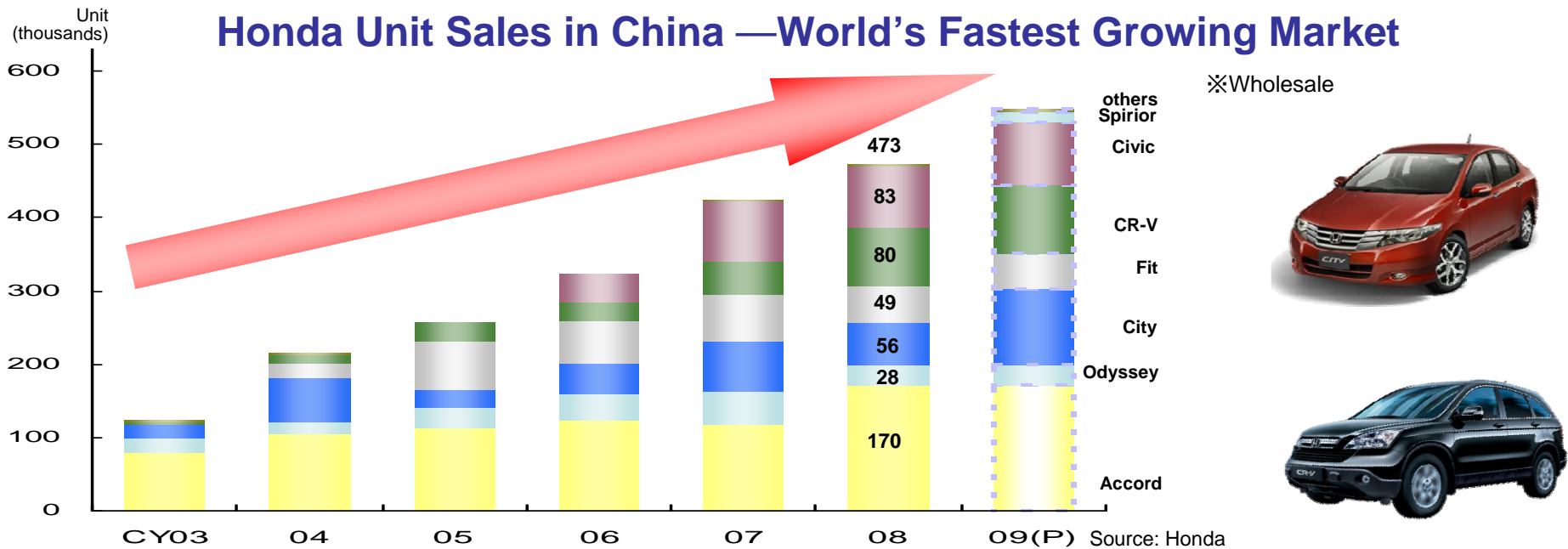
Fit



Zest

Market Conditions and Honda Business

Honda Unit Sales in China — World's Fastest Growing Market



Expansion of Honda Dealer Networks



Number of dealer outlets to be increased by 12% :
GHAC 470, WDHAC 260, Acura 30 within CY2009

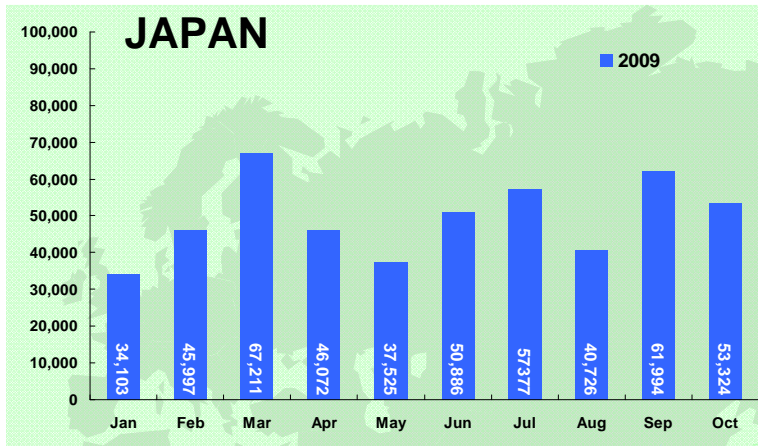
Enhancing Core Lineup at Optimal Timing



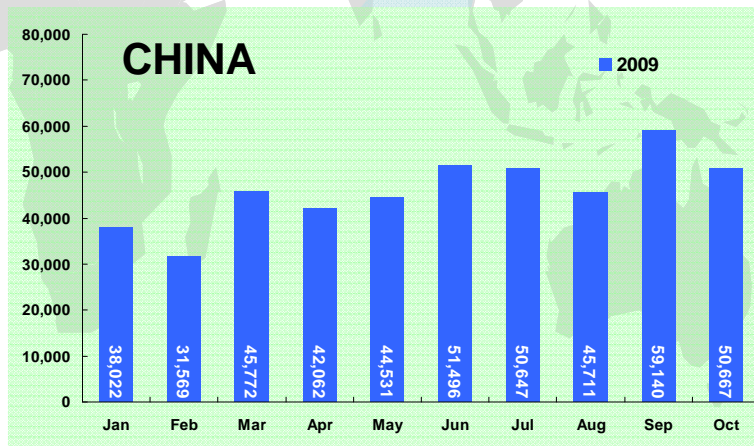
Introduction of the new model *Spirior*,
a four-door sporty premium sedan, Sept. 2009

Market Conditions and Honda Business

Honda Automobile Sales in 2009

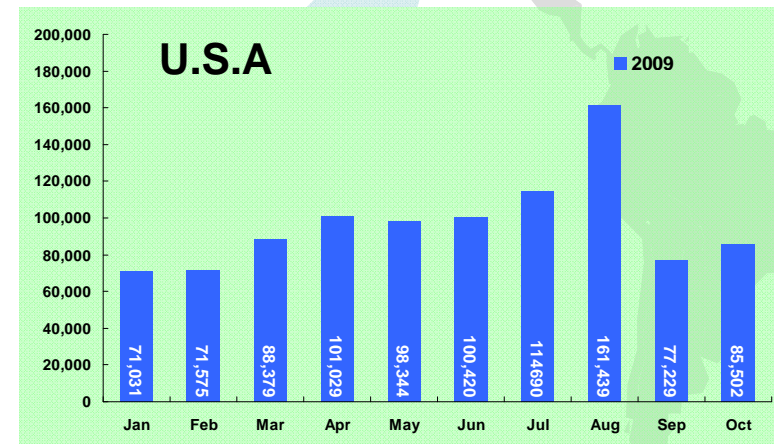


Favorable sales together with government's scrappage incentives and eco tax-reduction



Guangqi Honda+ Dongfeng Honda

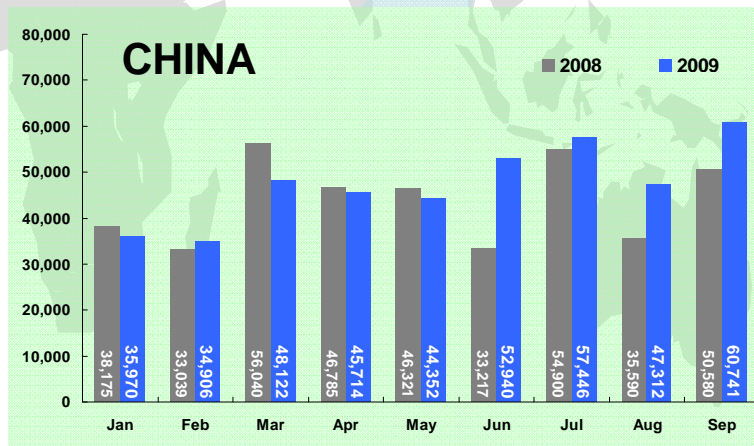
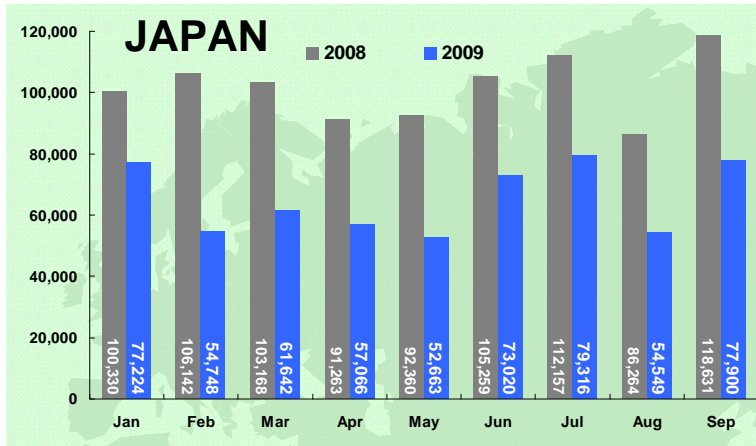
Strong sales more than 10% increase YTD.
New *Odyssey* launched in September 2009



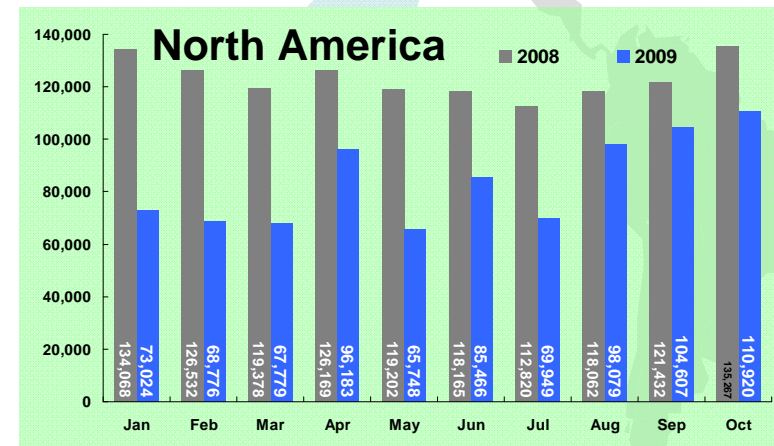
Honda's fuel efficient lineup reaps benefit from Cash for Clunkers in July and August

Market Conditions and Honda Business

Honda Automobile Production in 2008 and 2009



Guangqi Honda+ Dongfeng Honda+Honda Automobile (China)



Honda Direction and Key Challenges

1. Advancement of Motorcycle Business

2. Advancement of Automobile Business

3. Strengthening Advanced Environmental Technologies

Honda Direction and Key Challenges

1. Advancement of Motorcycle Business

- **Maintaining strong position in markets with high potential**
- **Advancement in Honda motorcycle technology**
- **Accelerating cost reduction**

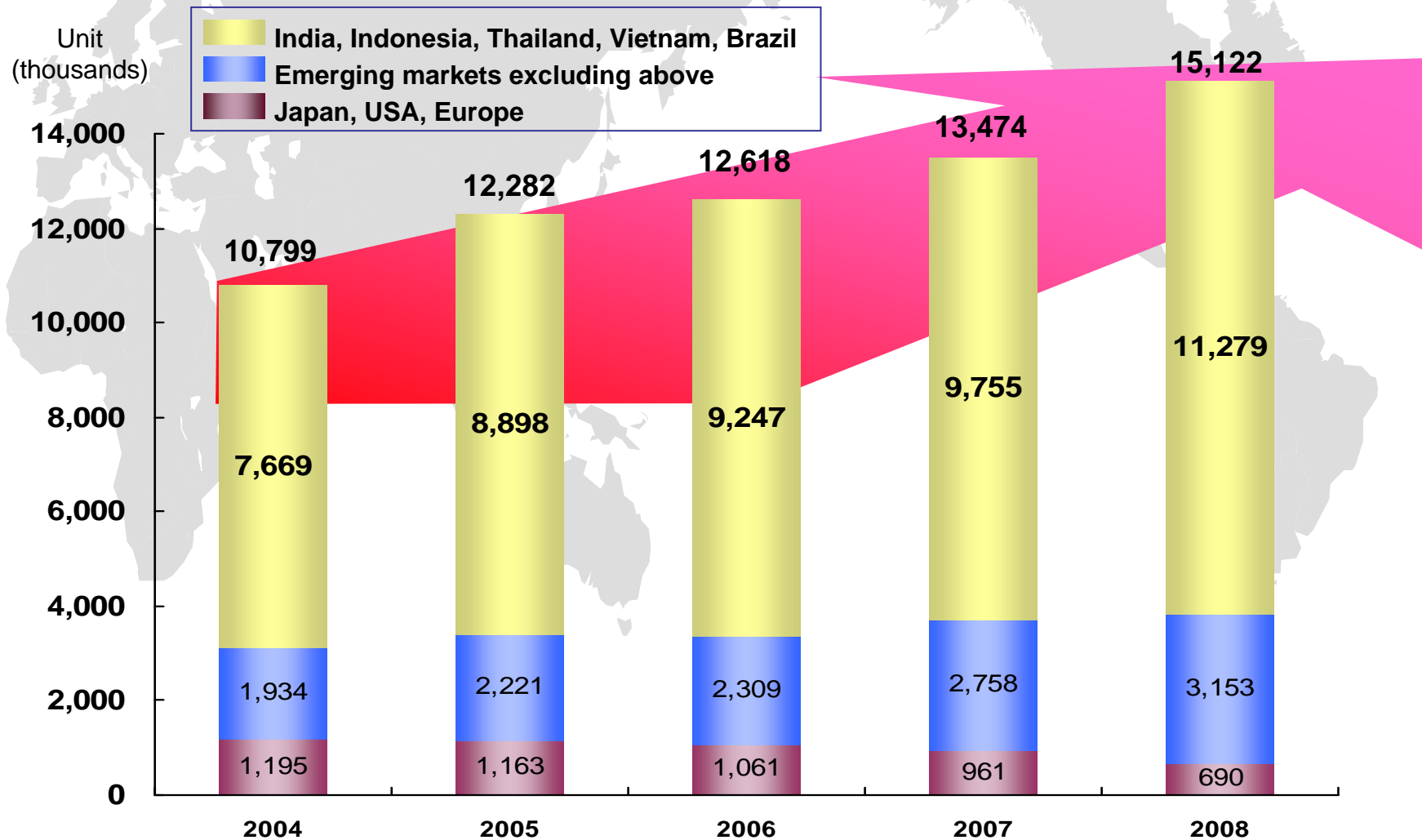
Advancement of Motorcycle Business

Emerging markets Honda helped cultivate continue to grow

Honda Total Global Motorcycle Sales (2004 to 2008)

Unit sales in countries where Honda owns high market share

Increased **47%** during 2004 – 2008



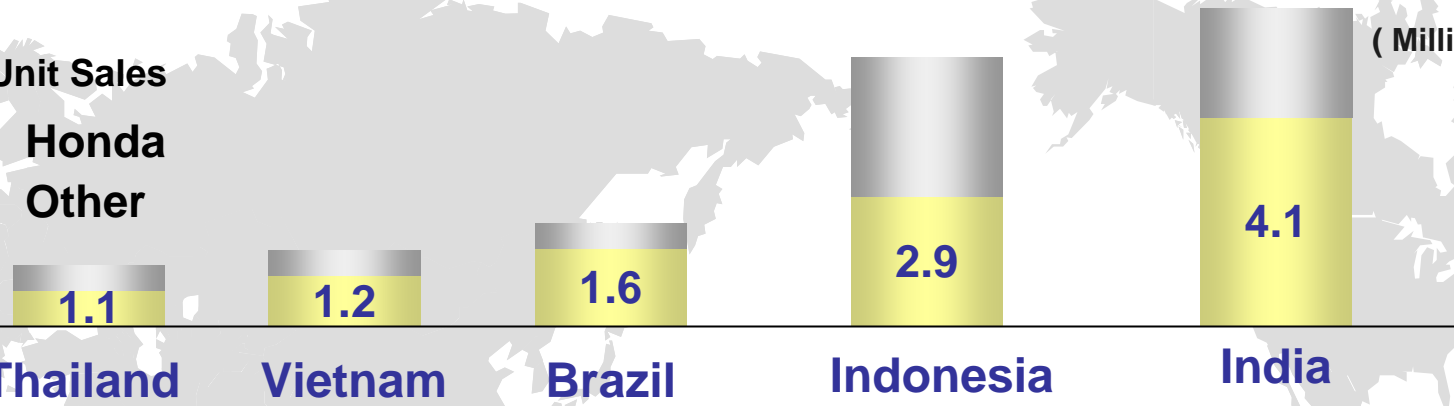
Advancement of Motorcycle Business

Huge potential demand remains in India, Indonesia and Brazil where Honda has a strong position

CY2008 Unit Sales

 Honda
 Other

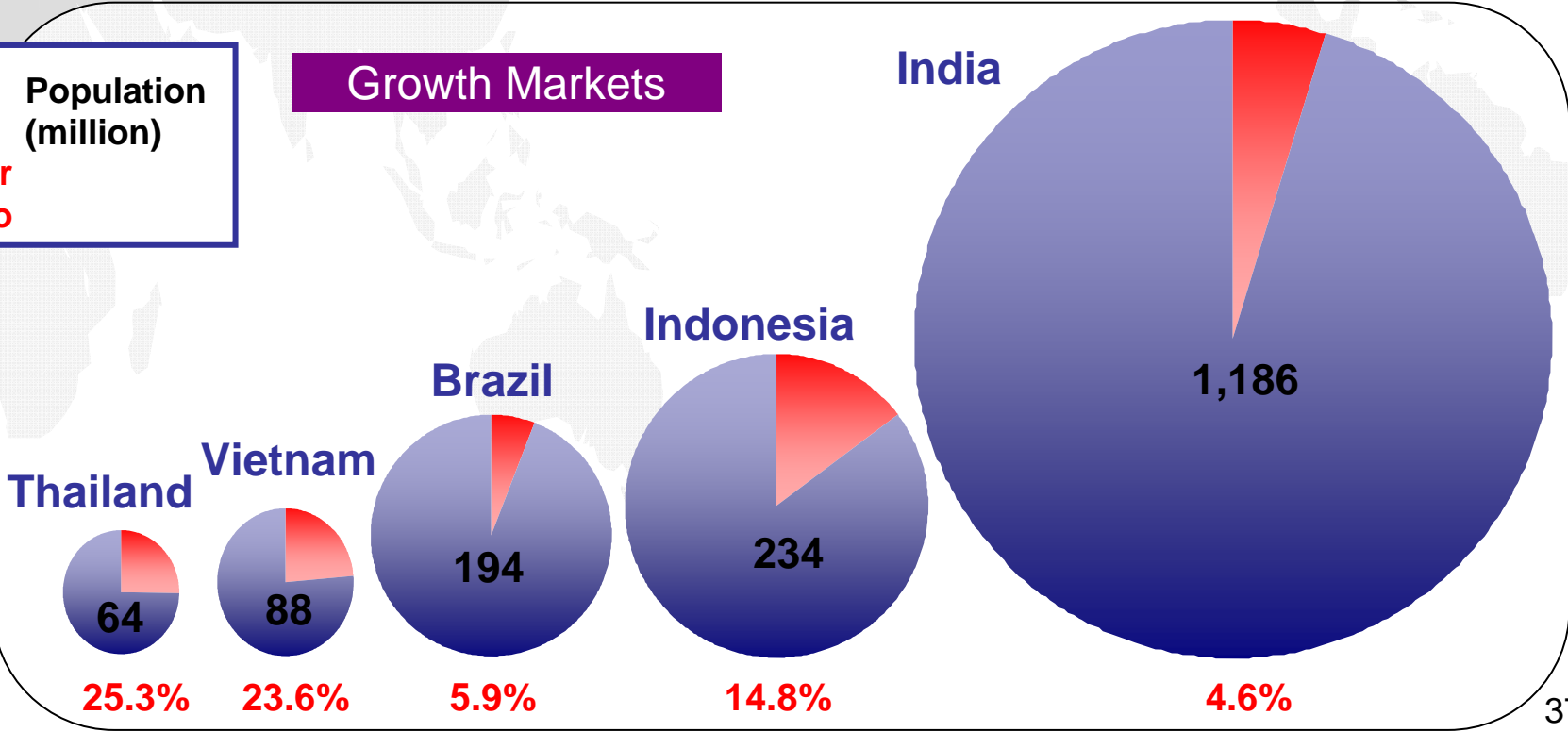
(Million Units)



 Population (million)
 Vehicle per capita ratio

Growth Markets

 Matured Market
Taiwan
 59.5%



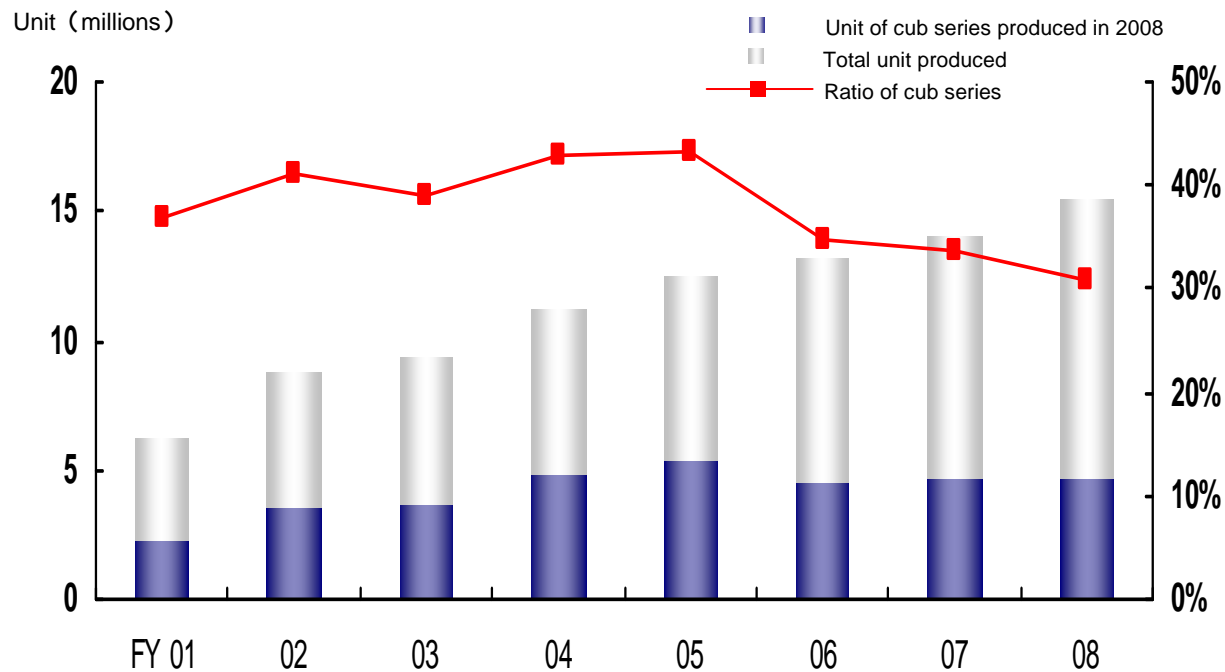
Honda Super Cub series - a popular model for more than 50 years, continues to be Honda's strength

- Superior performance and quality, with added values over time
- High profitability with production efficiency and strong brand image
- Redesigned *Wave 110* series with PGM-FI as a new Asian core-platform model

Honda Motorcycle Production



Wave 110i (Thailand)

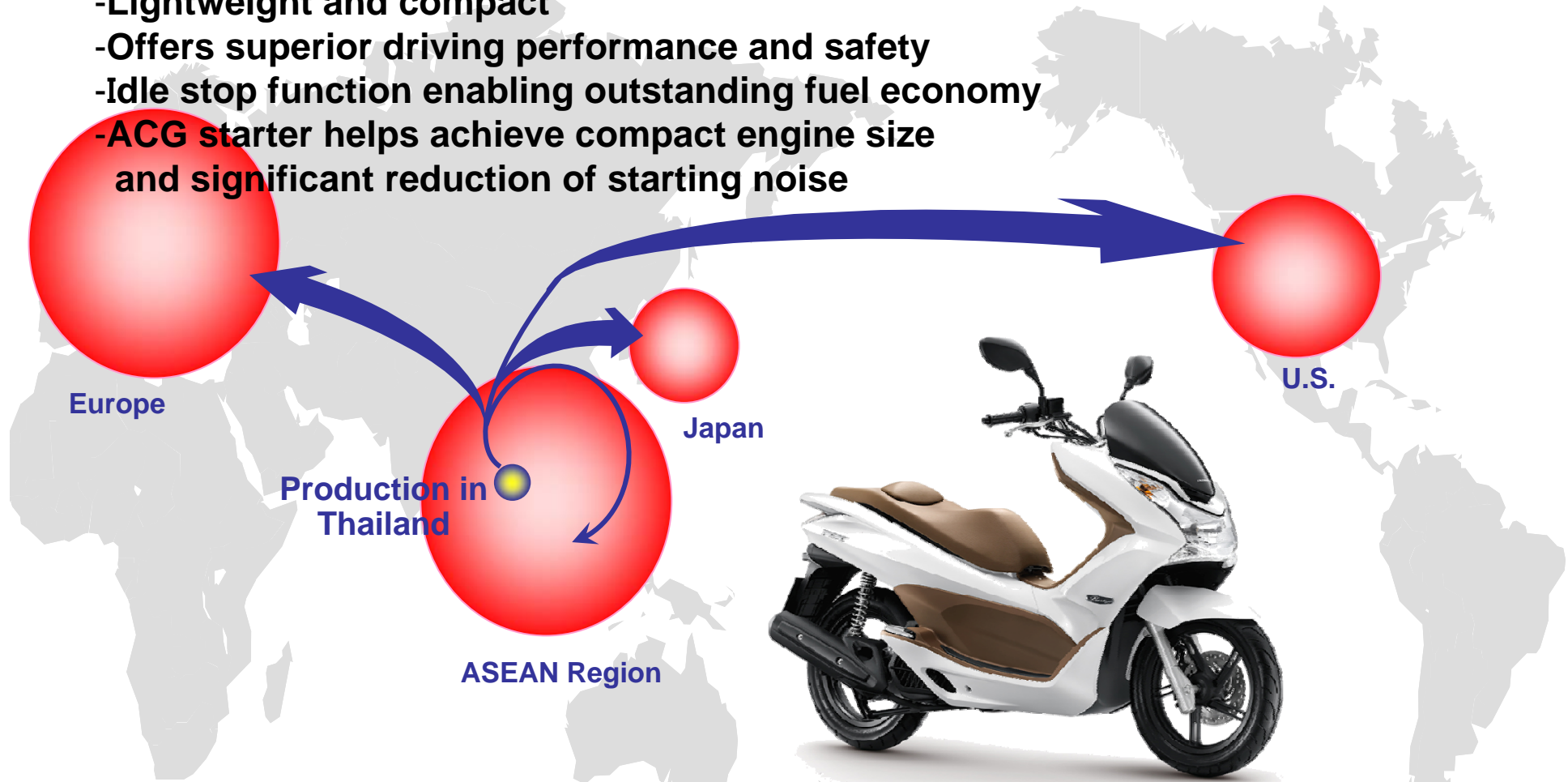


CV-Matic

new automatic transmission for cub-style scooters

PCX -125cc personal comfort scooter positioned as a global model

- Lightweight and compact
- Offers superior driving performance and safety
- Idle stop function enabling outstanding fuel economy
- ACG starter helps achieve compact engine size and significant reduction of starting noise

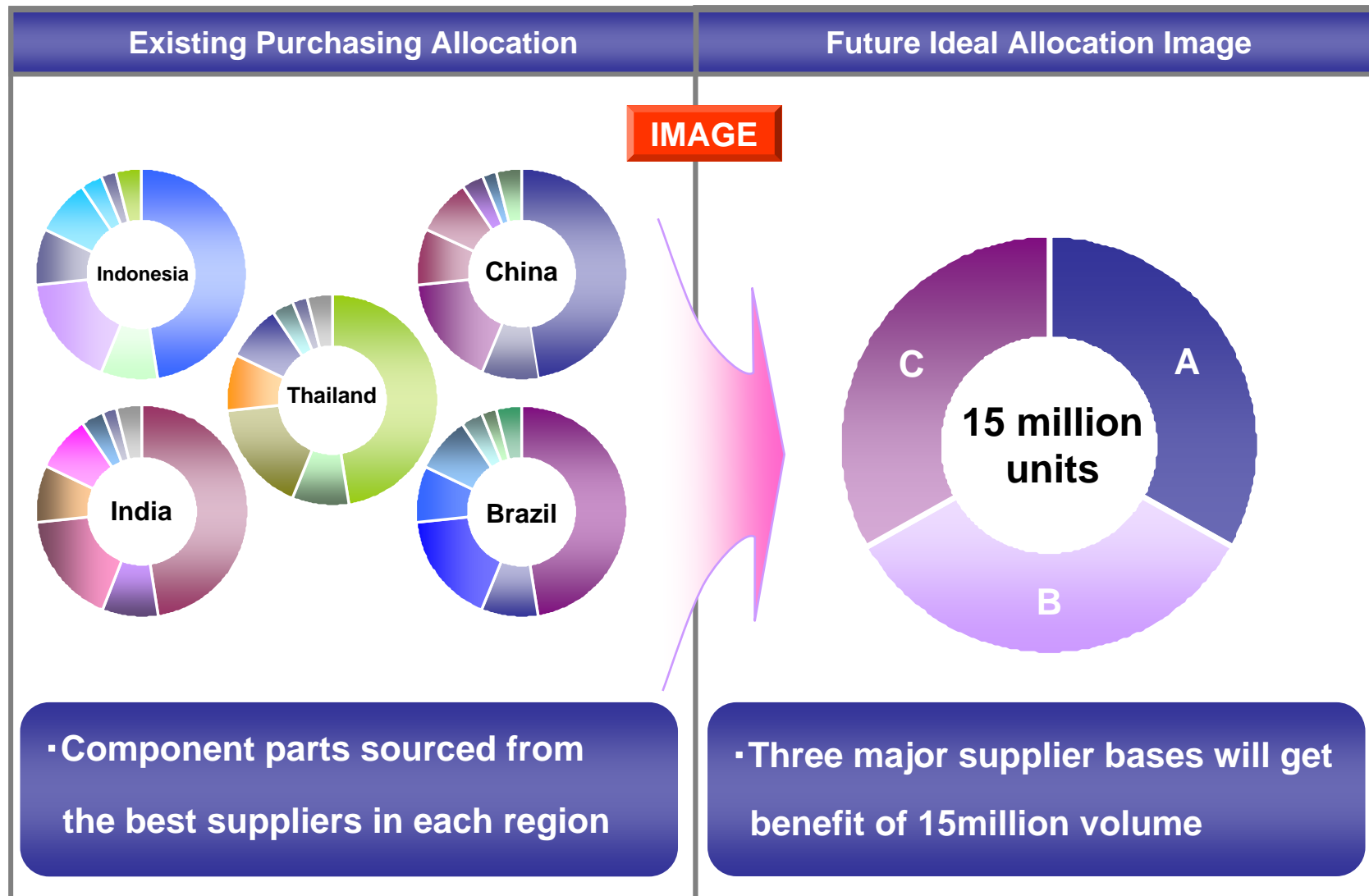


To be introduced in various regions from Thailand, starting from ASEAN countries, Japan, Europe and North America

➔ Aiming to be a global model for the next generation and beyond

Advancement of Motorcycle Business

80% of parts for commuter-use motorcycles integrated into global sourcing from Top 3 supplier base



New Technology for the Sport Category

Dual Clutch Transmission



- For large-displacement sport bikes
- Provides sporty riding with easy operation
- Superior transmission efficiency that delivers better fuel economy
- Electronic control technology helps ensure smooth, seamless gear changes

VFR1200F



- Emphasizes advanced technology and styling while offering an enjoyable riding experience
- Equipped with the world's first Dual Clutch Transmission

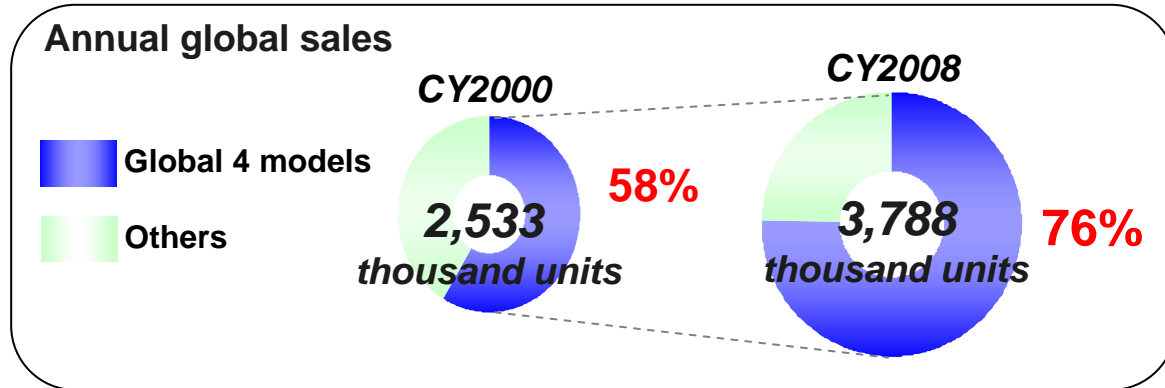
Honda Direction and Key Challenges

2. Advancement of Automobile Business

- **Increasing sales ratio of four global models**
- **Strengthening hybrid model lineup**
- **Consistent new model lineup**
- **Effective utilization of global production**

Growth of global models makes Honda competitive and efficient

- Unit Sales of Honda's Global 4 Models +1 (Hybrid Models)

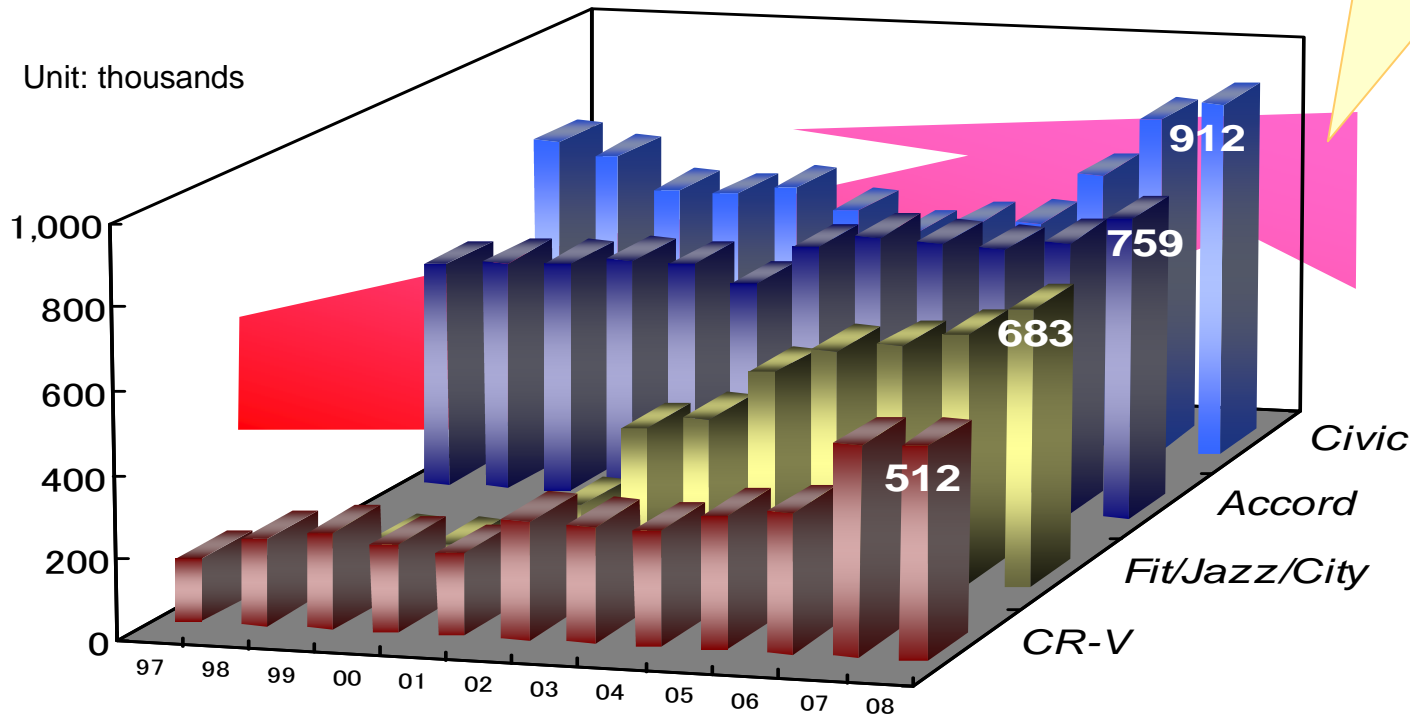


- Growth of Hybrid Models

500,000 units

Annual global sales target (beyond 2010)

Insight

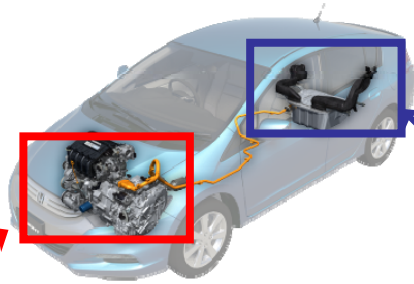


Global 4 Models

- Fit/Jazz*
- CR-V*
- Civic*
- Accord*

Source: Honda

2010 Honda *INSIGHT* Hybrid System -- Integrated Motor Assist (IMA)



Lightweight engine with motor



1.3-liter SOHC i-VTEC 4-cylinder engine
(High-efficiency, lightweight, low-friction)



DC brushless electric motor
(High-power, lightweight, ultra-thin)

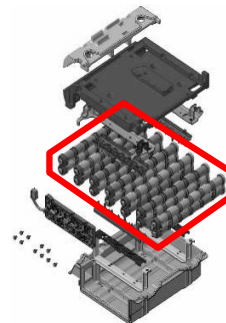
✓22 % thinner
✓15 % lighter
(vs. 2006 Civic Hybrid)

Intelligent Power Unit (IPU) located below cargo area floor due to more compact size

< Battery modules >

INSIGHT

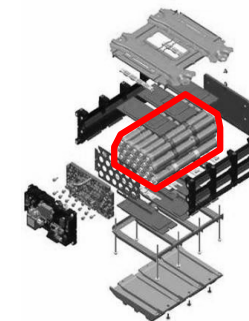
**CIVIC
HYBRID**



Less modules
from **11** to **7**

Volume:
-19%

Weight:
-28%



Consistent new model launching

Models launched in FY09

Apr 2008

- *Acura TSX* in North America



May 2008

- *Pilot* in North America



May 2008

- *FREED* in Japan



Aug 2008

- *FIT* in North America



Sep 2008

- *TL* in North America



Sep 2008

- *City* in Asia



Oct 2008

- *Odyssey* in Japan



Dec 2008

- *Accord* in Japan



Feb 2009

- *Insight* in global



Models to be launched in FY10

- Mid cycle change on *CR-V* -- globally



- *Step WGN* in Japan



- *Accord Crosstour* in North America



- *Acura ZDX* in North America

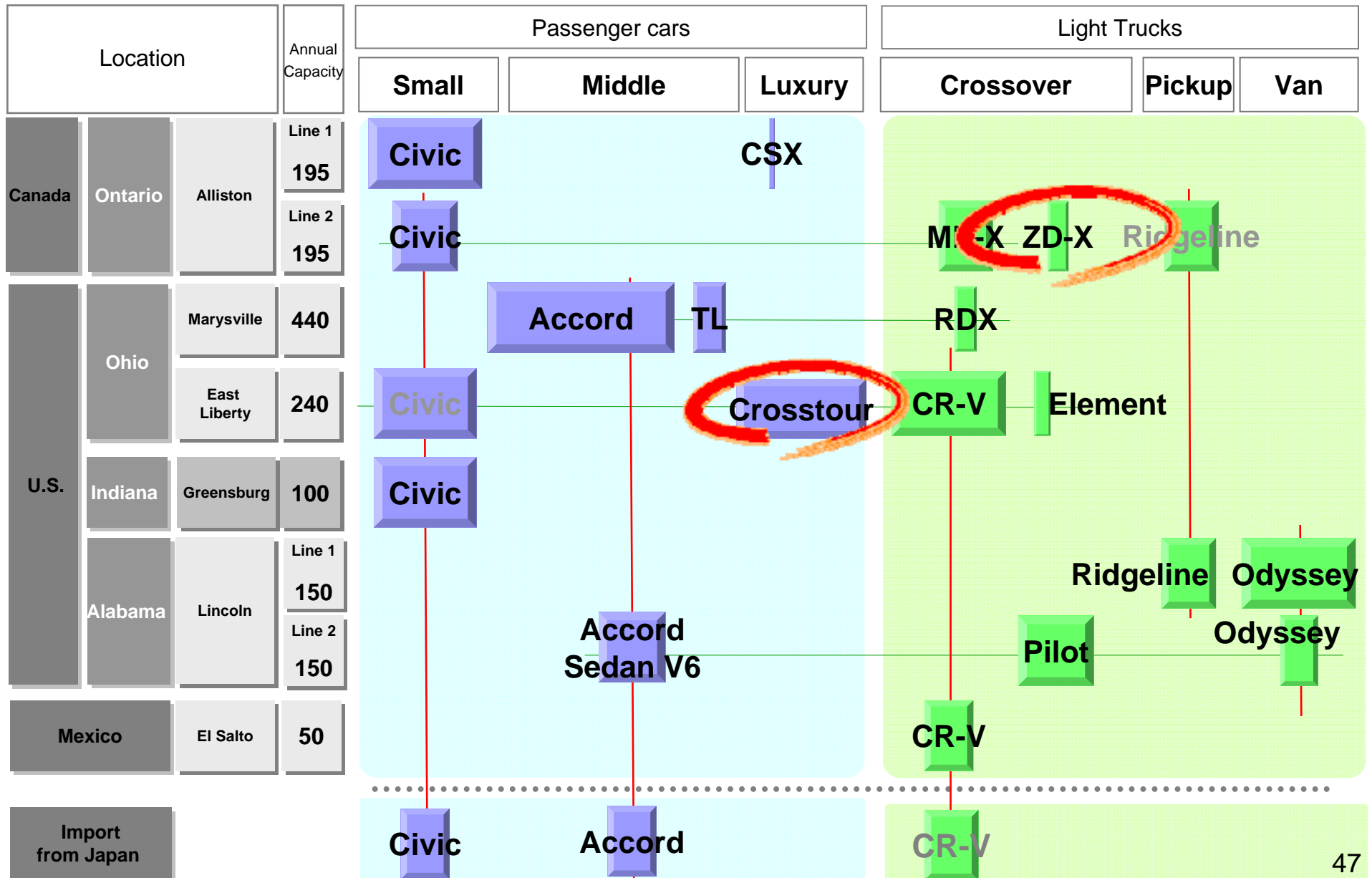


- *CR-Z* on global basis



Advancement of Automobile Business

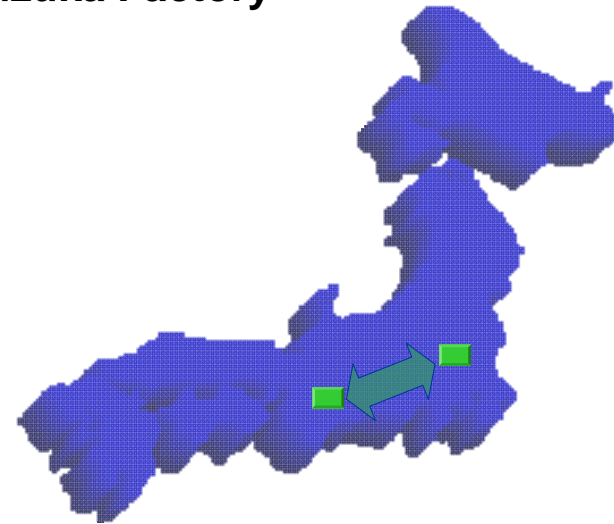
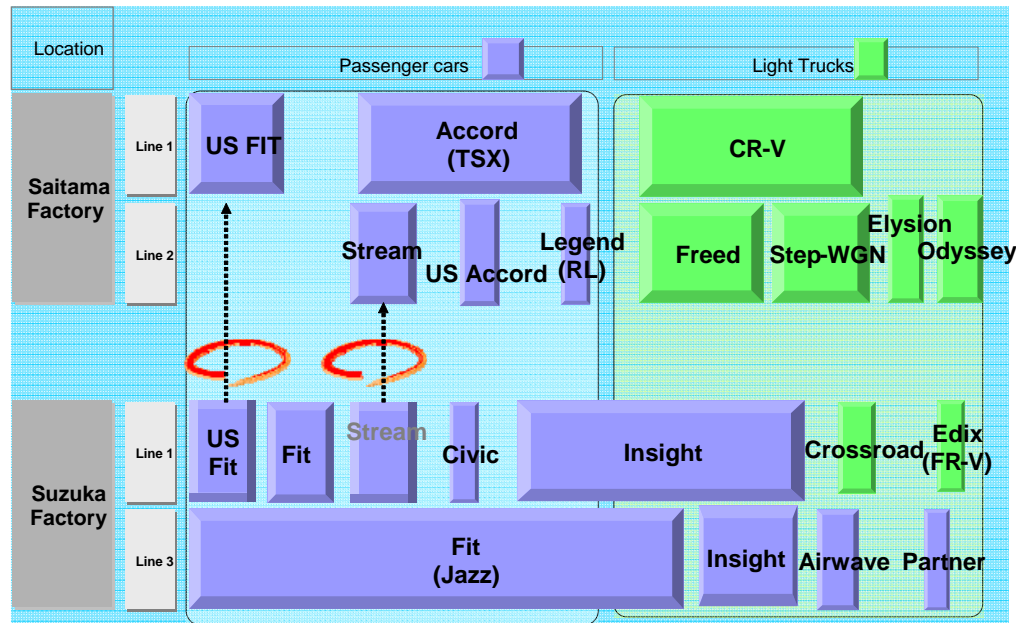
Flexible model allocation to optimize capacity utilization (North America)



Flexible production system to enable Honda to handle anticipated future market changes with less impact

- Production of the *Stream* was transferred from Suzuka Factory to Saitama Factory in January 2009
- Production of the U.S. and Canada version of the Honda *Fit* started in Saitama Factory from May 2009 in addition to Suzuka Factory

Production in Saitama/Suzuka Factory (JAPAN)

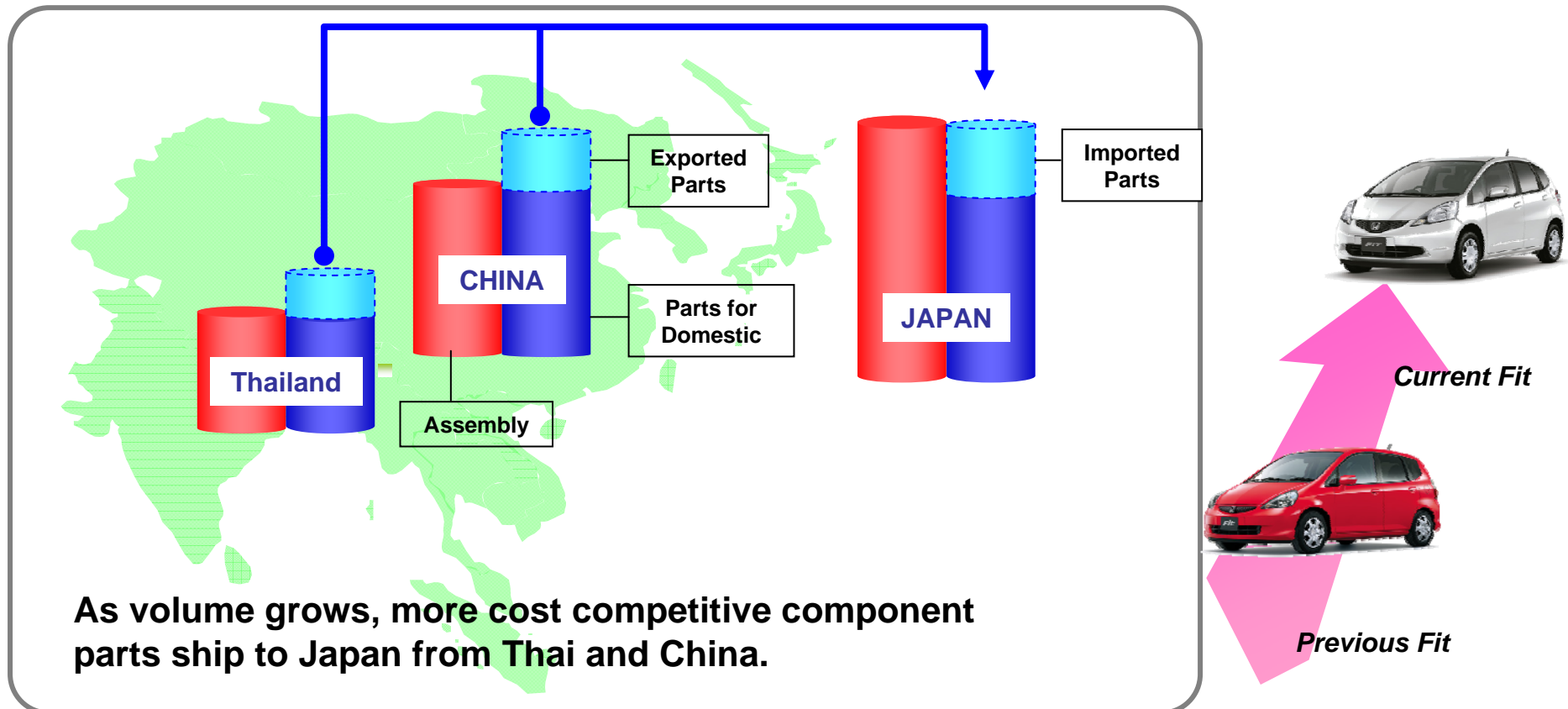


US FIT

STREAM

Global Common Design and Global Purchasing Network

- Current *Fit* model demonstrated that sourcing from Asia contributed to significant cost reduction
- Current *Fit* attained cost reduction compared to previous model



Honda Direction and Key Challenges

1. Advancement of Motorcycle Business

2. Advancement of Automobile Business

3. Strengthening Advanced Environmental Technologies

Hybrid for Everyone with Fun to DRIVE spirit and beyond

Hybrid technology for Honda

-one of the most realistic paths for addressing environment concerns



Caution with Respect to Forward-Looking Statements:

This slide contains forward-looking statements about the performance of Honda, which are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Honda's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in Honda's principal markets and foreign exchange rates between the Japanese yen and the U.S. dollar, the Euro and other major currencies, as well as other factors detailed from time to time.

Accounting standards:

Our consolidated financial standards are prepared in conformity with U.S. generally accepted accounting principles.

Notice on the Factors for Increases and Decreases in Income:

With respect to the discussion above of the change in operating income, management has identified the factors set forth below and used what it believes to be a reasonable method to analyze the respective changes in such factors. Each of these factors is explained below. Management has analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries.

(1) "Foreign currency effects" consist of translation adjustments, which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese Yen, and foreign currency adjustments, which result from foreign-currency-denominated sales, which, at the levels of the Company and those consolidated subsidiaries which have been analyzed, primarily relate to the following currencies: U.S. dollar, Canada dollar, Euro, GBP, BRL and Japanese Yen.

(2) With respect to "cost reduction and effects of raw material cost fluctuations", management has analyzed cost reduction and effects of raw material cost fluctuations at the levels of the Company and its material foreign manufacturing subsidiaries in North America, Europe and other regions.

(3) With respect to "changes in net sales and model mix", management has analyzed changes in sales volume and in the mix of product models sold in major markets which have resulted in increases/decreases in profit, as well as certain other reasons for increases/decreases in net sales and cost of sales.

(4) With respect to "selling, general and administrative expenses", management has analyzed reasons for an increase/decrease in selling, general and administrative expenses from the previous fiscal year net of currency translation effects.

HONDA

The Power of Dreams