

Evaluating all activities from the stakeholders' perspective to contribute to a sustainable society

Taking Honda's strengths in environmental technology to the next level

In the wake of the financial crisis that began in the second half of 2008 and the surge in value of the yen, Honda has faced a sharp decline in demand in the US, the company's largest market for automobiles and power products. Meanwhile, demand for motorcycles in key markets like Brazil, India and Thailand has leveled off, with sales results matching those of the previous year.

To address these challenging circumstances and meet the needs of customers and society, Honda is moving to focus resources even more sharply. We're reevaluating all investment and development plans to ensure our strengths are fully deployed in realizing goals of the highest priority.

In reducing production and purchasing levels worldwide, Honda has to an extent burdened employment, local communities and stakeholders. We believe, however, that the actions we have taken in reassessing our plans and minimizing negative impact on company performance have been necessary to reinforce a foundation for sustainable growth going forward.

However tough the times may be and however hard it may be to predict the future, we are prepared. Honda defines itself by its determination to face new challenges, acting on the basis of the Honda philosophy and never forgetting our social responsibility to pursue technological innovation and create products that offer new value to customers. We have overcome obstacles many times before and continued to grow by believing in the dream of mobility. We have made our customers' joy our own, setting ambitious targets as we evolve to meet the future.

In December 2008, Honda withdrew from Formula One competition. Some, including many Honda associates, expressed their disappointment with this decision. To ensure, however, that Honda emerges from this unprecedented downturn strong and ready to lead the industry for the next century, we found it necessary to focus all of our passion, energy, people and resources on the development of new environmental technologies and alternative energy. Enhancing the fuel efficiency of our products while reducing their need for the fossil fuels that lead to greenhouse gas emissions and climate change is how we will further spread the Three Joys of buying, selling and creating



and fulfill our social responsibility as a manufacturer of mobility products. Based on this understanding of our path, we intend to put forth an even greater effort to take our advanced environmental technologies to the next level.

Released in early 2009, the all-new Insight hybrid vehicle embodies Honda's direction for the future. Offering the performance customers expect of a Honda along with superior fuel economy and clean emissions, the Insight is priced to bring environmentally responsible mobility within the reach of more customers than ever before. Continuing to offer new products like the Insight, we intend to contribute to the solution of problems society is facing with advanced technology. Going forward, Honda will continue to enhance the environmental performance of our entire automobile, motorcycle and power product lineup.

Returning to our origins and strengthening our foundation to meet the needs of society and the demands of the times

Over the past five years, Honda has been focusing on strengthening its foundations for future growth. Even as we weather the storm of the recession that struck last year, we are preparing to meet the mid- and long-term growth in demand in the developing economies of the world. To compete successfully in the global market and ensure ongoing growth, Honda is further strengthening its factories in Japan to better perform their leadership role and share advanced manufacturing capabilities with Honda production facilities around the world. To better serve the individuals and communities who are our stakeholders, meeting and exceeding their expectations, we are returning once again to our origins. Honda has always existed to bring joy and excitement to people in the form of products

and technologies of the highest possible quality.

The road ahead is undeniably challenging, but so long as we remember who we are and how we got here, we will act proactively and with dispatch, anticipating the needs of society, fulfilling our responsibility as a manufacturer of mobility products and leading with our strengths in people and advanced technology. We intend to fulfill the high expectations that people have of Honda.

Resolute in our determination to be a company that society wants to exist, we shall continue to evaluate the full range of our activities from our stakeholders' perspective. Creating new value, expanding value creation and fulfilling our commitment to future generations, we will continue to do our part in the communities that host our operations and contribute to a sustainable society worldwide.



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