



(new information in this update appears in **boldface** type)

Update # 14: Earthquake Impact on Honda Operations

May 2, 2011 – 9:00 a.m. PDT

Honda would like to express its deepest sympathy and condolences to the victims of the earthquake in Japan, and our sincere hopes for the earliest possible relief and recovery of the affected areas.

North American Operations

More than 80% of Honda and Acura products sold in the U.S. are produced in North America, and the vast majority of automotive parts for Honda automobiles manufactured in North America are sourced in the region. **The following information (in boldface type) updates Honda's production situation as it impacts the supply of Honda and Acura cars and light trucks to the North American market.**

- **Overall automobile production volume will remain at significantly reduced levels as we continue to operate at adjusted levels of production through the summer months. Honda's goal in North America is to normalize overall production sometime around the end of the year. This recovery will occur step-by-step, and it will vary based on plant and model.** As background, on March 30, Honda began to implement a strategy of temporary adjustments that reduce daily production levels at its North American auto plants as a result of interruptions in parts supplies from Japan in the aftermath of the earthquake and tsunami.
- Honda remains focused on minimizing the impact to associates and their families, and plans no layoffs at any of its North American facilities.
- The vast majority of Honda's parts and materials are sourced here in North America. However, for global efficiency, a few critical parts continue to be supplied from Japan. Most of Honda's Japan-based parts suppliers have resumed production. Honda is working with the few suppliers that have yet to resume production to re-establish their operations, while also evaluating additional sources for some parts in the supply chain. Teams throughout North America and global Honda continue to work diligently to overcome these temporary parts flow issues. Honda remains committed to doing what it can to minimize the impact on Honda associates, dealers and customers.
- As parts supply stabilizes and full auto production resumes, Honda will quickly develop a production schedule to meet the needs of Honda and Acura customers.

Vehicle Availability

Following is a summary of information concerning the impact of the Japan-based parts supply issue on the availability of Honda and Acura vehicles.

- **Production of the all new 2012 Honda Civic will be at significantly reduced levels at least through the summer months. While dealers will continue to receive product, supply will be severely restricted with limited availability of certain models.**
- **The fall launch of the all-new 2012 CR-V will be delayed by at least one month. To bridge to the launch of the new model, Honda will extend production of the current 2011 CR-V, which remains the best selling SUV in America.**
- **Approximately 80 percent of the vehicles Honda sells in America are built at Honda plants in North America. Regarding Japan production for the North American market, due to the limited parts supply from Japan, Honda will bring in only a very limited number of Japan-built vehicles for the remainder of the year. This may mean models such as the Honda Fit, CR-Z, Insight and Civic Hybrid, and the Acura TSX, TSX Wagon and RL, will be in very limited supply until later in the year.**

- **Due to problems with the supply of Japan-sourced paint pigment that adds a shiny luster, certain colors of vehicles may be in short supply. Honda is working diligently to find a suitable replacement for such paints, or to reconfigure its model line with alternative exterior colors. This situation varies by model and production facility.**

Other North American Operations

- **Honda's power equipment and all-terrain vehicle manufacturing operations to date are operating at normal production levels.**

Japan Operations

Following is the current outlook for the impact of the major March 11 earthquake in Northeastern Japan on Honda Motor Co., Ltd's automobile production operations within Japan.

- Concerning production in Japan of finished units and parts for overseas production, production volume will remain at approximately 50% of the original production plan until the end of June. As the supply of parts remains fluid, decisions concerning production from July on will be made step-by-step while monitoring the situation, toward the expected normalization of production in Japan before the end of 2011.
- On April 11, Honda resumed limited production of finished automobiles throughout Japan at approximately 50% of the original production plan, bringing all Honda auto plants in Japan back into production. On April 4, Honda Motor began limited production of component parts for North American plants at several Honda plants in Japan.
- However, since the component situation remains fluid, production of parts resumed at approximately 50% of the original production plan. Honda will carefully manage the situation and manage its operation accordingly.
- Honda will continue to make decisions based on the status of the recovery of Japanese society as a whole as well as the supply of parts. There are still many questions relating to the supply of parts manufactured by other suppliers in Japan and shipped directly from suppliers in Japan to Honda's suppliers in North America.
- While most of our Japan-based suppliers have resumed production, there are a few suppliers that have yet to resolve the challenge to resume their production. In those cases, Honda is working with its suppliers to help reestablish their operations, while evaluating other possible sources for those parts in the supply chain. Please understand that Honda is making every effort to work toward a full recovery as quickly as possible. We appreciate everyone's understanding during these challenging times.
- On March 28, Honda resumed motorcycle and power products production at Kumamoto Factory.
- Honda is exerting a company-wide effort to normalize our production as soon as possible. We deeply regret any inconvenience experienced by our customers and ask for their understanding during these challenging times.

Recovery of Operations in the Tochigi Area

- The impact of the earthquake was more severe at the Tochigi Factory (Moka, Tochigi), however, repair and inspection activities were completed for almost all facilities and equipment.
- At other operations, including the Automobile R&D Center (Tochigi) of Honda R&D Co., Ltd. and Honda Engineering Co., Ltd., associates who will work on the restoration started returning to work. However, based on the expectation that it will take several months until the complete recovery of these facilities, Honda has temporarily transferred some functions such as automobile product development, development of manufacturing technologies and procurement to Honda operations in other locations such as Sayama, Suzuka, and Wako.

- Honda is cooperating with electricity conservation efforts and rolling blackout measures, prioritizing the relief and recovery of affected areas.

Aid

With the hope to contribute to the earliest possible relief and recovery of affected areas, Honda will provide the following aid:

- From Honda in Japan, 300 million yen (approximately \$3.7 million) toward the relief and recovery effort.
- A total of 1,000 generators (gasoline-powered and home-use gas canister-powered), along with a total of 13,000 gas canisters.
- The Honda family of companies in North America has established special matching gift programs for their associates for donations to the Red Cross to aid the victims of the earthquake and tsunami in Japan. Donations from associates will be matched on a dollar-for-dollar basis, with no personal or corporate donation limit. Honda employs more than 29, 000 associates in North America. In addition, American Honda has established a special website to channel donations to the American Red Cross* from customers, suppliers and others interested in supporting the Japan disaster recovery effort through the Red Cross. Originally established to accept donations from Honda and Acura automobile dealers, and Honda motorcycle and power equipment dealers, Honda opened the site to the public who may wish to donate, **To date, the Honda Associate matching gift program and the “Friends of Honda” campaign through the Red Cross have raised more than \$800,000. Honda would like to sincerely thank everyone for their support of this important effort.** <http://american.redcross.org/hondaacura-emp>

This is a very fluid situation, so we are not able to provide more detailed information at this time. We will communicate further details as they are confirmed and become available. Thank you for your continued patience and understanding.

The following vehicles we build in North America are supported primarily by our base of 600-plus North American first-tier suppliers:

Marysville, Ohio Honda Accord, Honda Accord Coupe, Acura TL, Acura RDX

East Liberty, Ohio Honda CR-V, Honda Element, Honda Accord Crosstour

Greensburg, Ind. Honda Civic Sedan, Honda Civic GX natural gas

Lincoln, Alabama Honda Odyssey, Honda Pilot, Honda Ridgeline

Alliston, Ontario Honda Civic (Sedan, Coupe, Si) Acura MDX, Acura ZDX.

El Salto, Mexico Honda CR-V

Honda Fit, Insight, CR-Z, Civic Hybrid, Acura TSX and Acura RL are produced in Japan for the North American market. Honda produces a small percentage of CR-Vs in Japan for the U.S. as well.

Honda’s operations in North America and globally will do everything they can to support the recovery of Honda’s operations in Japan. Honda and Acura products are made in North America using domestic and globally-sources parts.

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