

HONDA

The Power of Dreams



ANNUAL REPORT 2003
FOR THE YEAR ENDED MARCH 31, 2003

Honda Motor Co., Ltd.

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CORPORATE PROFILE

Established in 1948, Honda Motor Co., Ltd., is one of today's leading manufacturers of automobiles and the largest manufacturer of motorcycles in the world. The Company is recognized internationally for its expertise and leadership in developing and manufacturing a wide variety of products that incorporate Honda's highly efficient internal combustion engine technologies, ranging from small general-purpose engines to specialty sports cars. Approximately 15.5 million Honda engines were sold worldwide during the fiscal year ended March 31, 2003.

By following a corporate strategy that emphasizes speed, efficiency, flexibility and innovation in every facet of the Company's operations—from product development and manufacturing to marketing – Honda strives to achieve the ultimate goal of satisfying its customers. Through a worldwide commitment to advancing this objective, Honda – and its many partners who share this commitment – have succeeded in creating a global network that comprises 439 subsidiaries and affiliates, and continue to supply Honda products to most of the industrialized countries of the world.

This annual report contains the consolidated financial statements of Honda Motor Co., Ltd., and its subsidiaries, prepared for holders of Honda American and European shares. Please note that the financial statements appearing in the Notice of Convocation of the 79th Ordinary General Meeting of Stockholders, which was held in Tokyo, Japan, on June 24, 2003, were prepared on the basis of accounting principles generally accepted in Japan in accordance with the Japanese Commercial Code and related solely to Honda Motor Co., Ltd., and were not consolidated with those of its subsidiaries. On May 30, 2003, the original notice in the Japanese language was mailed to holders of Honda common stock in Japan and an English translation thereof was mailed to holders of Honda American depository shares.

CAUTION WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Although Honda believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such plans, intentions or expectations will be achieved. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth below.

Honda believes that the following important factors, among others, in some cases have affected, and in the future, could affect, its operations: the political, economic and social conditions in Japan, the United States and elsewhere, including the relevant governments' specific policies with respect to economic growth, inflation, taxation, currency conversion, imports and sources of supplies and the availability of credit, particularly to the extent that such current or future conditions and policies affect the automobile, motorcycle and power products industries and markets in Japan and the United States, and the demand, sales volume and sales prices for Honda's automobiles, motorcycles and power products; the effects of competition in the automobile, motorcycle and power products markets on the demand, sales volume and sales prices for Honda's automobiles, motorcycles and power products; Honda's ability to finance its working capital and capital expenditure requirements, including obtaining any required external debt or other financing; and the effects of economic stagnation or recession in Honda's principal markets and exchange rate fluctuations on the Company's results of operations.

FINANCIAL HIGHLIGHTS

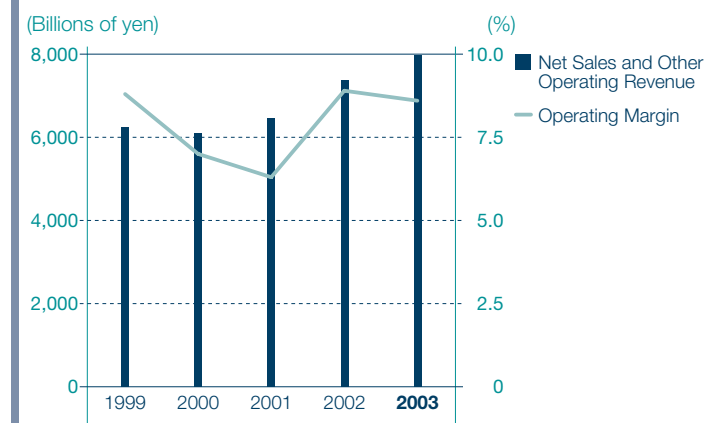
Honda Motor Co.,Ltd. and Subsidiaries

I. Financial Data

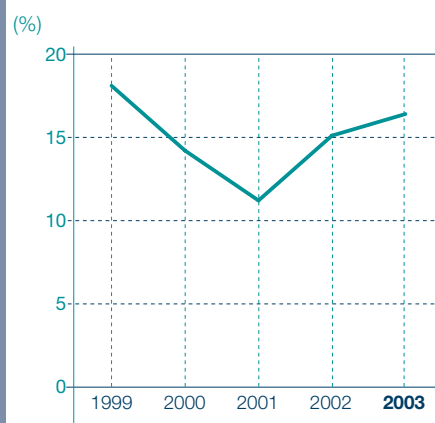
Years ended or at March 31	Yen (millions except per share amounts)			U.S. dollars (millions except per share amounts)
	2001	2002	2003	2003
Net sales and other operating revenue	¥6,463,830	¥7,362,438	¥7,971,499	\$66,319
Operating income	406,960	639,296	689,449	5,736
Income before income taxes and equity in income of affiliates	384,976	551,342	609,755	5,073
Net Income	232,241	362,707	426,662	3,550
Per common share (Basic)	238.34	372.23	439.43	3.66
Per American depositary share (Basic)*	119.17	186.11	219.71	1.83
Cash dividends paid during the period	22,412	24,360	30,176	251
Per common share	23	25	31	0.26
Per American depositary share*	11.5	12.5	15.5	0.13
Stockholders' equity	2,230,291	2,573,941	2,629,720	21,878
Per common share	2,288.87	2,641.55	2,734.69	22.75
Per American depositary share*	1,144.43	1,320.77	1,367.34	11.37
Total assets	5,667,409	6,940,795	7,681,291	63,904
Depreciation	170,342	194,944	220,874	1,838
Capital expenditures	285,687	303,424	316,991	2,637
ROE (%)	11.2	15.1	16.4	—
Equity ratio (%)	39.4	37.1	34.2	—

* Honda's common stock-to-ADR exchange ratio was changed from two shares of common stock to one ADR, to one share of common stock to two ADRs, effective January 10, 2002. Per American depositary share information has been restated for all periods presented to reflect this four-for-one ADR split.

Net Sales and Other Operating Revenue & Operating Margin



ROE



Throughout this annual report, the United States dollar amounts have been translated from Japanese yen solely for the convenience of the reader at the rate of ¥120.20=US\$1, the mean of the telegraphic transfer selling exchange rate and the telegraphic transfer buying exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2003.

II. Operating Data

Years ended or at March 31	Yen (millions)			U.S. dollars (millions)
	2001	2002	2003	2003
Net Sales Breakdown				
Japan				
Motorcycle Business	¥ 97,016	¥ 101,587	¥ 98,391	\$ 819
Automobile Business	1,529,428	1,654,238	1,513,596	12,592
Others	113,896	112,921	136,719	1,137
North America				
Motorcycle Business	¥ 259,688	¥ 348,832	¥ 329,073	\$ 2,738
Automobile Business	2,999,478	3,529,560	3,926,848	32,669
Others	222,638	269,535	312,005	2,596
Europe				
Motorcycle Business	¥ 157,300	¥ 172,378	¥ 175,736	\$ 1,462
Automobile Business	311,295	336,844	420,292	3,497
Others	53,135	54,330	65,933	549
Other Regions				
Motorcycle Business	¥ 291,300	¥ 325,103	¥ 374,895	\$ 3,118
Automobile Business	391,125	409,100	579,358	4,820
Others	37,531	48,010	38,653	322
Total				
Motorcycle Business	¥ 805,304	¥ 947,900	¥ 978,095	\$ 8,137
Automobile Business	5,231,326	5,929,742	6,440,094	53,578
Others	427,200	484,796	553,310	4,604

	thousands		
Unit Sales Breakdown			
Japan			
Motorcycle	407	404	432
Automobile	776	878	849
Power Products	164	409	472
North America			
Motorcycle	519	590	610
Automobile	1,346	1,368	1,522
Power Products	1,412	1,601	1,872
Europe			
Motorcycle	341	315	305
Automobile	191	176	207
Power Products	1,269	1,012	1,290
Other Regions			
Motorcycle	3,851	4,786	6,733
Automobile	267	244	310
Power Products	1,039	904	950
Total			
Motorcycle	5,118	6,095	8,080
Automobile	2,580	2,666	2,888
Power Products	3,884	3,926	4,584

The geographic breakdown is based on the location of affiliated and unaffiliated customers.