

ANNUAL REPORT 2004

YEAR ENDED MARCH 31, 2004

Honda Motor Co., Ltd.





In October 2003, Honda announced the development of Honda FC Stack, a remarkably compact, next-generation fuel cell stack that delivers high performance, yet operates at temperatures as low as minus 20°C. The photo shows the *FCX* fuel cell vehicle, equipped with the Honda FC Stack, undergoing performance tests on a public road in Furano, Hokkaido, Japan. During the tests, the *FCX* started up promptly and performed superbly in temperatures as low as minus 11°C. In autumn 2004, Honda plans to start tests on public roads in the state of New York, U.S.A.

[COVER]

The *FCX* fuel cell vehicle features Honda's original ultracapacitor, which enables the energy storage system to deliver excellent, highly efficient output, resulting in powerful, highly responsive performance. In the background is Honda's solar-powered hydrogen fueling station, which was set up within the Los Angeles Center, of Honda R&D Americas, Inc. (HRA), in October 2003. The station features a Honda-made water electrolysis module—among the world's most efficient—as well as next-generation thin-film solar panels (shown on rear right) made by Honda Engineering.

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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 17.2 million Honda products were sold worldwide during the fiscal year ended March 31, 2004.

Throughout all of its operations—from product development and manufacture to sales—Honda maintains a commitment to materialize our company's visions of "value creation", "glocalization" and "commitment to the future" with the aim of sharing the joy with our customers worldwide, thus becoming a company that society wants to exist.

Seeking to maximize customer satisfaction levels, we work together with our numerous business partners to supply Honda products to countries worldwide. Integral in this effort is our global network of 441 subsidiaries and affiliates (317 consolidated subsidiaries, 21 non-consolidated subsidiaries and 103 affiliates).

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 80th Ordinary General Meeting of Stockholders, which was held in Tokyo, Japan, on June 23, 2004, 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 28, 2004, 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 shares.

CAUTION WITH RESPECT TO FORWARD-LOOKING STATEMENTS

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

Such statements 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 other major currencies, as well as other factors detailed from time to time.

FINANCIAL HIGHLIGHTS

Financial Data

Honda Motor Co., Ltd. and Subsidiaries
Years ended or at March 31

	Yen (millions except per share amounts)			U.S. dollars (millions except per share amounts)
	2002	2003	2004	2004
Net sales and other operating revenue	¥7,362,438	¥7,971,499	¥8,162,600	\$77,232
Operating income*	661,202	724,527	600,144	5,678
Income before income taxes and equity in income of affiliates	551,342	609,755	641,927	6,073
Net income	362,707	426,662	464,338	4,393
Per common share (Basic)	372.23	439.43	486.91	4.61
Per American depositary share	186.11	219.71	243.45	2.30
Cash dividends paid during the period	24,360	30,176	33,541	317
Per common share	25	31	35	0.33
Per American depositary share	12.5	15.5	17.5	0.16
Stockholders' equity	2,573,941	2,629,720	2,874,400	27,197
Per common share	2,641.55	2,734.69	3,054.90	28.90
Per American depositary share	1,320.77	1,367.34	1,527.45	14.45
Total assets	6,940,795	7,681,291	8,328,768	78,804
Depreciation	194,944	220,874	213,445	2,020
Capital expenditures	303,424	316,991	287,741	2,722

* Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2004.

Operating Data

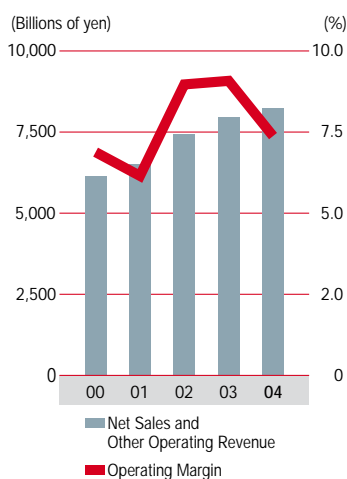
Years ended March 31

	Motorcycle (thousands)			Automobile (thousands)			Power Products (thousands)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Unit Sales Breakdown									
Japan	404	432	403	878	849	716	409	472	477
North America	590	610	656	1,368	1,522	1,558	1,601	1,872	2,363
Europe	315	305	299	176	207	231	1,012	1,290	1,261
Asia	4,054	5,948	7,017	158	205	341	619	657	619
Other Regions	732	785	831	86	105	137	285	293	327
Total	6,095	8,080	9,206	2,666	2,888	2,983	3,926	4,584	5,047

Years ended March 31	Motorcycle Business (Millions of yen)			Automobile Business (Millions of yen)			Financial Services (Millions of yen)			Power Products and Other Business (Millions of yen)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
Net Sales Breakdown												
Japan	¥101,587	¥ 98,391	¥ 93,203	¥1,654,238	¥1,513,596	¥1,397,237	¥ 22,407	¥ 21,308	¥ 20,043	¥ 90,514	¥115,411	¥118,010
North America	348,832	329,073	322,213	3,529,560	3,926,848	3,900,755	175,871	210,903	212,522	93,664	101,102	107,440
Europe	172,378	175,736	182,400	336,844	420,292	516,108	3,628	5,548	7,448	50,702	60,385	64,154
Asia	175,608	222,955	242,370	260,234	397,156	532,552	-	199	899	34,994	25,216	25,790
Other Regions	149,495	151,940	156,104	148,866	182,202	245,372	-	-	1,784	13,016	13,238	16,196
Total	¥947,900	¥978,095	¥996,290	¥5,929,742	¥6,440,094	¥6,592,024	¥201,906	¥237,958	¥242,696	¥282,890	¥315,352	¥331,590

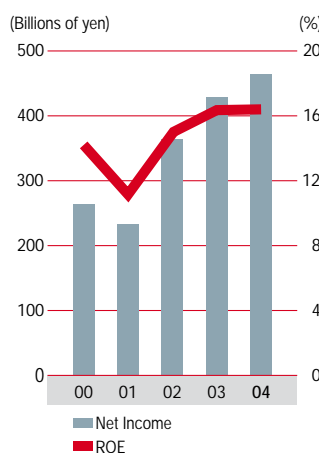
Net Sales and Other Operating Revenue & Operating Margin

Years ended March 31



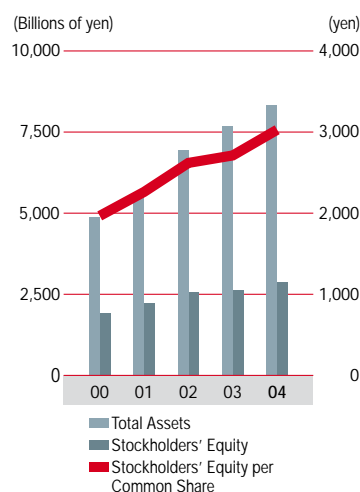
Net Income and Return on Equity (ROE)

Years ended or at March 31



Total Assets, Stockholders' Equity and Stockholders' Equity per Common Share

Years ended or at March 31



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 ¥105.69=U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2004.