



## The Continuous Advancement of the *Civic*

According to Webster's dictionary, the word "civic" means "of or relating to a citizen, a city, citizenship or civil affairs." And so it was that the Honda *Civic* made its world debut in 1972, a year of great advancement in motorization in Japan. As its name suggests, the *Civic* incorporated Honda's wish to create "a car for all people, a car for the world." Ever since, the *Civic* has embodied Honda's challenging spirit, always ahead of the pack and always delivering new levels of value. Now, 33 years since its launch, the *Civic* is sold in approximately 160 nations and regions worldwide. The *Civic* is truly a car for the global citizen and continues to earn the support and love of people around the world.

In this section, we will describe the evolution of the *Civic* as it approaches its first full model change in five years. We will also describe how our values have been encapsulated in this remarkable car.



(Above) First-generation *Civic*  
(Below) 2006 *Civic* (concept)

## The Continuous Advancement of the Civic

# Birth of the Civic



Civic CVCC (1973)

### Honda Targets World Market As Newcomer in Automobiles

The year 1970 was a historic one for Japan. Amid a period of remarkable economic growth, the nation hosted the Osaka Expo and busily prepared itself for the 1972 Sapporo Winter Olympic Games. These international events prompted Japan to accelerate the building of transportation infrastructure and fueled its swift transition into an urbanized society, symbolized by the automobile. It was then that Japan took over the position as the world's No. 2 automobile manufacturing nation.

Such rapid economic expansion and urbanization caused major issues in the form of traffic jams and air pollution. At the time, Honda specialized in high-performance, sporty vehicles. Given the issues facing the nation, however, the Company assumed the urgent task of developing a new, economic passenger car that would become a central part of people's lives. This led to the creation of the first-generation Civic, a strategic model incorporating the comprehensive strengths of Honda.

The Civic's development process contrasted completely with Honda tradition. Rather than pursue development based primarily on the vision of Company founder Soichiro Honda, the Civic's development team traveled to various world markets, gained local knowledge and experience first-hand, and then set about creating a car that "is needed right now."

Honda's previous models had extremely high-performance engines, but were lacking in terms of space, noise reduction and weight balance—which are important factors in creating a car that is closely tied to people's lives. After reflection, the Company decided to develop a new model that was compact

and nimble—a basic car acceptable to people worldwide that provided "maximum value from the minimum number of mechanical components."

As a latecomer to the automobile industry, the Company's decision to lead the industry in developing a global car for world markets was a true demonstration of Honda's challenging spirit which has remained to this day.

At the time, the traditional "front-engine, rear-wheel-drive, 3-box" design (engine compartment, cab and trunk) was the mainstream standard for compact cars, but the Company boldly chose a "front-engine, front-wheel-drive, 2-box" specification (engine compartment and cab only) as the concept for the "basic world car." Its project members were confronted with multiple new challenges and difficulties in the development process, and overcoming these issues led to the birth of new technologies. One was related to weight reduction. By decreasing the thickness of steel sheets to one-millimeter units and modifying their structure, the Company overcame conventional wisdom and achieved new levels of vehicle lightness, which also contributed greatly to reduced cost and fuel efficiency. Also, Honda chose an independent strut-type suspension\*<sup>1</sup>, which offered a sporty driving feel as well as a comfortable ride, rather than the rigid-beam suspension used in most Japanese compact cars and trucks at the time. In another revolutionary first, the Company introduced its transverse-mounted engine to the compact car market, where vertical engines had been mainstream—giving its cars a "roomier" feel.

Perhaps the greatest determining factor in the success of the first-generation Civic was the distinctive three-door hatchback

styling, which was unusual in Japan despite having won attention in Europe and North America. The Civic's "mold" design spurned the traditional obsession with style and took the "maximum value from the minimum mechanical space" concept to the extreme. This design helped entrench its image as a familiar "people's car."

After only two years of extensive trial and error—an incredibly short amount of time in those days—development was complete, and the Civic made its debut, with a two-door model in July 1972, followed by a three-door version in September. The series was a major hit, especially among young people. For three consecutive years, from 1972 to 1974, the Civic won the Car of the Year Japan award, firmly entrenching its name in the Japanese market.

In 1972, Honda also began exporting the Civic to the United States, and its innovativeness soon won widespread acclaim internationally. Exports to Canada began in 1973, and between 1976 and 1978 the Civic was the best-selling import car for 28 consecutive months in that nation.

### Low-Emission CVCC Engine Developed Ahead of World's Major Competitors

The Civic CVCC, launched in the United States in 1974, was instrumental in cementing Honda's reputation overseas. Initially, practically all manufacturers regarded the U.S. Clean Air Act\*<sup>2</sup> restrictions as impossible to meet. In 1972, however, a new Civic equipped with a CVCC engine became the first model in the world to officially qualify under the new standards. Honda, a latecomer to the

automobile market, saw the legislation as a golden opportunity, not only to protect the environment and otherwise fulfill its social commitment but also to join the leaders in the front line of technology. The Company instantly took on the challenge with conviction.

Since first entering the Isle of Man TT races in 1954, Honda had used the racetrack as a testing ground, making excellent technological progress in the areas of speed and durability, as well as maximizing safety. The Company also learned much about setting and meeting difficult goals through its racing activities, and soon fully mastered the principles of engine combustion. Indeed, the renowned CVCC engine was the result of product

development conducted through Honda's racing activities.

The CVCC engine won acclaim not only for its clean emissions but also for its excellent fuel efficiency, and Honda later even offered its technologies to other companies. In subsequent tests conducted by the U.S. Environmental Protection Agency (EPA), CVCC received the No. 1 fuel efficiency ranking for four consecutive years. In addition to meeting stringent emission standards, therefore, the *Civic CVCC* delivered superior economy and performance, thus strengthening Honda's reputation for technological excellence in the minds of customers.

To this day, Honda has pursued an unwavering policy of meeting social

obligations and offering technologies that benefit the world. This policy began with the CVCC engine.

The *Civic* not only became the foundation for subsequent Honda compact vehicles but has since prevailed through periods of major change, including oil crises and diversifying values. It has become a true "car for the people," as its name suggests.

\*1: Independent strut-type suspension With an independent strut-type suspension, the suspension of the right and left wheels operates independently, as opposed to a rigid-beam suspension, where the suspension of the right and left wheels is fixed onto each axle.

\*2: U.S. Clean Air Act In 1970, the so-called "Muskie Law," an amendment to the U.S. Clean Air Act, was passed. Under the new law, the carbon monoxide, hydrocarbon and nitrogen oxide levels in emissions of 1975- and 1976-model vehicles had to be at least 90% lower than for 1970 and 1971 models. At the time, these were the most stringent emission standards in the world.



**1** Rolling off the assembly line in July 1972, the first-generation *Civic* greeted a wave of hopes and expectations.

**2** The first-generation *Civic* enjoyed achievement upon achievement, such as winning the *Motor Fan* magazine-sponsored Car of the Year Award for three consecutive years.

**3** In October 1972, the CVCC engine was unveiled during a ceremony at Tokyo's Akasaka Prince Hotel, attended by Company founder Soichiro Honda (far right).



**4** At an EPA public hearing in 1973 at a Department of Agriculture hall in Washington DC, the CVCC engine is declared to have met 1975 emissions standards.

**5** The *Civic* gained popularity throughout the world.

## The Continuous Advancement of the Civic

# Basic Car for the World

### Honda's Overseas Business Progresses in Tandem with the Civic

Honda's overseas business has advanced in parallel with the globalization of the Civic, which is now sold in approximately 160 nations and regions worldwide. Overseas production began in Indonesia in 1975, and Civic vehicles are now made in 11 countries, including North America, Europe, Asia and South America. Total cumulative production of Civic models at the end of calendar 2004 was approximately 16 million units—making it one of the most popular models in Honda history. In addition to expanding its overseas business, Honda has made incremental increases in the Civic's local content\*3, which has reached 97% in North America, 85% in Europe and 72% in the ASEAN market, served by the model manufactured in Thailand.

The localization of the Civic and Honda's business expansion in the United States are two sides of the same coin. In 1986, Honda of America Mfg., Inc. (HAM), began

making the Civic, having already built the Honda Accord, at its Marysville Auto Plant in Ohio. In the following year, Honda announced its "Five Part Strategy for North America" initiative\*4, which called for increased localization, not only of sales but also of production and research and development. As part of this initiative, Honda built a second U.S. auto plant, in East Liberty, Ohio, in 1989, with the Civic as its core model for full-scale localization of production.

In 1992, Honda R&D Americas, Inc. (HRA), developed the Civic Coupe, a dedicated model for the North American market. Until that time, the design of the Civic was common throughout the world—consistent with its image as a "world car." In this case, however, Honda focused closely on local needs and created a model specifically for the local market. The response was very positive, further boosting the profile of the Civic.

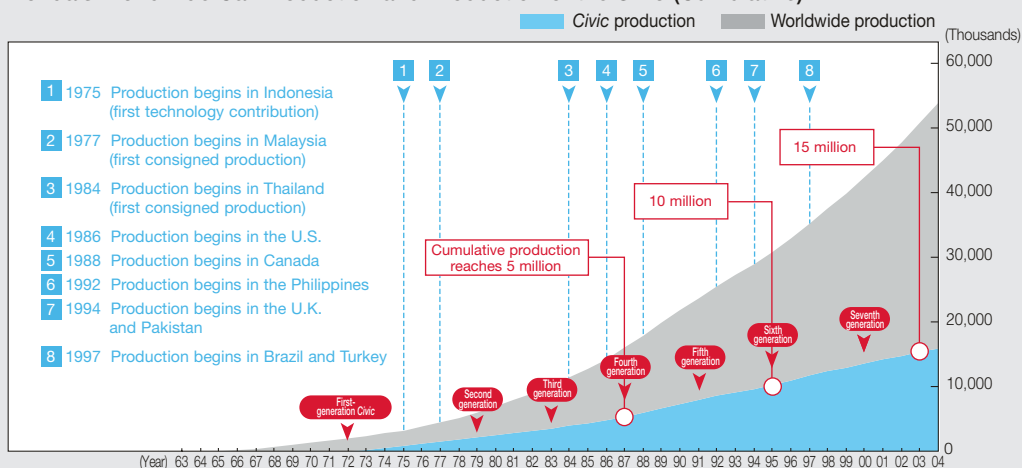
The Civic also has a long history in Europe. Since sales began there in 1973,

the Civic has progressed in line with changing market needs. Among world markets, demand for compact hatchback vehicles is strongest in Europe, and competition there is fiercest. In response, Honda focused on four-door and five-door hatchbacks when it embarked on production of the Civic in the region. Since 2001, a three-door model produced locally at Honda of the U.K. Manufacturing Ltd. has been exported to the United States and Japan, ushering in a new era in which a European-made Civic debuted on the world stage.

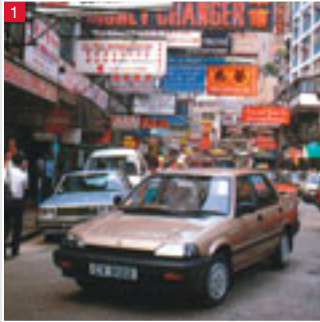
As the pace of motorization picks up in Asia, the Civic continues to be warmly received by customers as a car with high added value. In the Middle & Near East, South America and other developing markets, as well, the Civic remains highly regarded as a status symbol.

As we can see, the Civic is positioned differently according to the characteristics of each specific market. In any case, technological advances have given its

Honda's Worldwide Car Production and Production of the Civic (Cumulative)



Note: Through 1996, worldwide production figures are the total of Japanese production (CBU+CKD) plus exports of knockdown kits. From 1997 onward, these figures are calculated on an off-production-line basis, excluding domestic production (CBU+CKD) and overseas production (CKD).



**1** Hong Kong, 1986. *The Civic* with its refined styling fits right in with the city atmosphere.

**2** In 1992, a locally developed *Civic* becomes the first North American coupe model.

**3** In 1997, a new *Civic* undergoes stringent quality checks at a finished car inspection line at the Sumare, Brazil, plant.



**4** The *Civic* surrounded by associates as the first car rolls off the production line at the plant in Turkey. Cars from this factory are shipped throughout Europe.

**5** The 2005 model is already proving popular. European demand for the hatchback model is strong.

**6** In line with its "Five Part Strategy for North America" initiative announced in 1986, Honda builds a facility in East Liberty, Ohio, to produce the *Civic* locally.



true global appeal, both as a "people's car" for commuters and a "prestige automobile" with added value.

### New Manufacturing System Attributable to the Civic

The globalization of the *Civic* is closely associated with Honda's progress in manufacturing processes. The New Model Center, for example, was established in Tochigi Prefecture in 1997 to "develop high-quality production technology for automobiles." It is charged with the task of improving the quality of automobiles produced at Honda's facilities around the

world. Planning of every *Civic* series since the seventh generation has been spearheaded by the Center, via computer-aided design on a global scale. With computer-aided design technology, various processes including designing, simulations and production support are done digitally. Moreover, Honda's production teams in various countries create prototype vehicles that reflect their respective market needs, in an effort to incorporate global production requirements into planning from the early design stage.

In 1998, Honda began implementing its New Manufacturing System. In September 2000, this innovation was extended to cover all major production facilities worldwide—a decision sparked by the rollout of the seventh-generation *Civic* at its Suzuka Plant. By making production equipment more flexible and standardizing assembly line processes, Honda built a production system capable of responding flexibly to changing markets while maintaining high levels of quality. It also enabled the Company to lower investment costs associated with the launch of new models.

In these ways, the *Civic* has continued

to play a major role, not only in its performance as a product, but also in Honda's advancement as a corporation, in such areas as the simultaneous development around the world of different body types, as well as new product development and manufacturing systems.

\*3: Local contents

For measuring procurement ratios, we use the former EPA method for North America and the EPA method for Europe.

\*4: Five Part Strategy for North America

(1) increased local content targets (75% by 1991); (2) strengthening and expansion of Honda R&D Americas (increase in associates and acquisition of comprehensive test track facility); (3) strengthening and expansion of the Ohio facility of Honda Engineering North America, Inc., which is responsible for production systems and technologies (increase in associates to boost capacity); (4) expansion of HAM's No. 2 line and engine production project (boost finished vehicle output to 150,000 units per year and raise capacity of engine production line); and (5) establish an export plan for HAM-produced passenger vehicles (increase in exports, including to Japan, in line with expanded production capacity).



## Technologies for the Society

Throughout its history, Honda has consistently incorporated the day's most advanced, leading-edge technologies into its *Civic* models, opening up new frontiers for the compact car. The progress of the *Civic* is an exact parallel of Honda's technological progress. This is a result of the Company's willingness, since developing the first-generation *Civic*, to make available technologies that help society, in such areas as environmental protection and safety. (Please refer to page 29 of this report.)

In 1998, Honda began making and selling the *Civic GX*, a compressed natural gas (CNG) powered vehicle, in the United States. In 2001, it began production and sales in Japan of the *Civic Hybrid*, which was subsequently sold overseas, first in North America and Europe, then throughout the world. In 2000, we completed construction of the world's first indoor omni-directional vehicle-to-vehicle crash test facility, located in Tochigi Prefecture. Utilizing this facility for the seventh-generation *Civic*, we achieved the Euro NCAP<sup>15</sup> four-star rating for passenger safety and a three-star rating for pedestrian safety—both landmarks for this class of car—earning the *Civic* a reputation as “the safest car in Europe.” In this way,

the *Civic* has served as Honda's flagship model, continuing to advance one step ahead of the expectations of society.

The sophistication of technologies incorporated into the *Civic* has been reflected in its reception of multiple awards in various nations. The *Civic* has received the Car of the Year Japan award on seven occasions. In 2000, *Automotive Engineering International*, the monthly publication of SAE International<sup>16</sup>, voted the 1974 *Civic CVCC* the Best Engineered Car of the 20th Century (1970s category), the only Japanese car to receive this honor. These and other awards are testimony to Honda's high level of technological excellence and a great boost to the confidence of its development teams.

<sup>15</sup>: Euro NCAP (European New Car Assessment Program)  
A government-backed testing center for automobile crashworthiness.

<sup>16</sup>: SAE (Society of Automotive Engineers)  
SAE was formed in 1905. Now called SAE International, it has approximately 80,000 individual members worldwide. In 2000, it conducted its Best Engineered Car of the 20th Century survey via its monthly publication, *Automotive Engineering International*, in which readers submitted their choices for the best engineered cars in each of the ten decades of the 20th century. Votes were based on three criteria: (1) “The car successfully introduced a new engineering system and/or solution that was subsequently adopted by others, either wholly or in part”; (2) “The car enjoyed exceptional longevity in the marketplace, thereby indicating and validating sound initial engineering capable of further development”; and (3) “The car achieved better performance than its contemporaries by virtue of the excellence of its engineering.” Honda's *Civic CVCC* was voted the Best Engineered Car of the 20th Century in the 1970s category.

*Civic GX*



*Civic Hybrid*



Worldwide Sales of the *Civic* in 2004  
(Units sold)

■ Countries and regions (as of December 31, 2004)



## The Continuous Advancement of the Civic

# The New 2006 Civic



*Civic Concept* (five-door European model)

From fall 2005 to mid-2006, the *Civic* will undergo its first full model change in five years. Naturally, the new *Civic* will incorporate “advanced, leading edge technologies,” as it has always done in the past. In addition, it will feature models tailored to the specific characteristics of its various regional markets. In other words, the new *Civic* will be better suited to each local market than ever before.

In the United States, the series will include the ever-popular two- and four-door models, providing excellent driving comfort and fuel economy thanks to a new engine, and improved safety performance. Honda will build a stronger sales foundation and strive to enhance the *Civic*’s appeal to younger customers.

In Europe, where competition in the compact car market is intense, Honda will broaden its presence by introducing a five-door model, for which demand remains strong. Moreover, the sporty look of the current model, which is very popular, will be further highlighted in an effort to attract younger drivers. The new *Civic* series will also feature an original Honda-developed diesel engine that has already proved highly popular in its *Accord* and *CR-V* models. As the market for diesel-powered vehicles continues to expand in Europe, Honda will increase its profile accordingly.

In Japan and elsewhere in Asia, Honda will rejuvenate the *Civic*’s image by providing new visual features that closely reflect regional characteristics.

In 2006, Dongfeng Honda Automobile Co., Ltd., an affiliate based in Wuhan, China, will begin producing the new *Civic*, as well. It will be positioned as a mainstay model following the success of the *Accord*, *Odyssey*, *Fit* series and *CR-V*, which have together underscored Honda’s brand image in China. As a result, the *Civic* will

be produced in six regions worldwide, further highlighting its presence as a truly global car.

All of the new *Civic* models worldwide will feature newly developed engines that deliver performance equivalent to larger engines, but with the fuel efficiency of smaller engines—thereby taking performance and efficiency to a new level.

### The Future for the Civic and Honda

According to the original development team of the *Civic*, “We were committed to creating a car that made people smile. We knew that we could deliver a good product to our customers if we could convey our beliefs with strong conviction. The *Civic* enabled us to achieve our quest.” Honda’s concept of “a car for all people, a car for the world” has been truly incorporated in the *Civic*, which has advanced together with the changing

needs of the times and consistently provided new levels of value to customers worldwide.

In the early stages of the new century, the world is facing a mixture of both accelerating globalization and more distinctive regional attributes. Starting from the autumn of 2005, the *Civic* will undergo its first full model change in the 21st century. It will take a giant leap forward in meeting the increasingly diverse needs of customers as it evolves into a “car for the global citizen that reflects the times and regional values.”

As the times change, the values people expect from their products also change. Both Honda and the products we make will continue to advance in order to pursue new values. Together with the reborn *Civic*, Honda will continue to grow in the years to come.

*Civic Si Concept*



## [Successive Honda Civic Generations]



### First Generation (1972)

Following the original two-door and three-door *Civic* models, the Company expanded its lineup with the *Hondamatic* (variable-speed automatic) and *Civic CVCC* in 1973. These were complemented in 1974 by the sporty *Civic RS*, with a twin-cab engine, and the *Civic Van*, a practical, commercial-use vehicle. For three consecutive years—from 1972 to 1974—*Civic* was awarded “Car of the Year Japan.” Overseas, as well, the *Civic CVCC* earned high acclaim in the United States. In 1973, the *Civic* ranked third in Europe’s “Car of the Year” awards—the highest ranking for a Japanese vehicle at that time. It also took the top prize among imported vehicles in the U.S. *Road Test* magazine’s “1974 Car of the Year.”



### Second Generation (1979)

Seeking to create a “high-quality car representing 1980s values,” Honda implemented the first full model change of the *Civic* in seven years, resulting in enhanced economy, interior comfort and driving performance. This led to the development in 1980 of the CVCC-II engine, which delivered improved combustion efficiency. In 1981, Honda rolled out the *Civic Country* station wagon and the *Civic 4-Door Sedan*, featuring a *Hondamatic* transmission with overhead drive, front-wheel drive and notchback styling. The new *Civic* received the “U.S. Import Car of the Year 1980” award from *Motor Trend Magazine*.



### Third Generation (1983)

The concept for the third-generation *Civic* was “maximum space for people, minimum space for mechanisms.” Based on this concept, Honda developed three-, four- and five-door variations of the *Civic*—a three-door hatchback and four-door sedan, as well as a five-door shuttle offering superior utility space. In 1984, the Company unveiled the *Civic Si*, featuring a DOHC engine incorporating Formula 1 technologies. It was instantly popular thanks to its innovative, long-roofed design, and won the “Car of the Year Japan” award in 1984. In the United States, the *Civic* placed first in fuel efficiency tests conducted by the U.S. Environmental Protection Agency in 1984 for the second consecutive year. In Europe, it won the “Torino-Piedmonte Car Design Award 1984.”



### Fourth Generation (1987)

Developers of the fourth-generation *Civic* emphasized “exhilarating performance based on human sensitivities.” Targeting higher efficiency, Honda created its Hyper 16-valve engine in five variations, from 1,300cc to 1,500cc. Combined with a four-wheel double wishbone suspension, the result was everything a person could want in a car. In 1989, the Company unveiled the *Civic SiR*, equipped with its high-performance DOHC VTEC engine, featuring Honda’s revolutionary variable valve timing technology. That model received the “Golden Steering Wheel Award” from *Bild am Sonntag*, a German newspaper. It also ranked first according to a 1989 survey about car quality and reliability conducted by France’s *L’Automobile Magazine*.



### Fifth Generation (1991)

The most striking feature of the fifth-generation *Civic* was its futuristic aerodynamic form, with flexible interior space to suit the specific requirements of young people. The new series also heralded the arrival of new VTEC engine variations to provide an excellent mix of driving performance and high fuel efficiency. These included the 170-horsepower DOHC VTEC, the ultrahigh fuel efficiency VTEC-E and a high-balance VTEC. The new cars represented a major advancement in human and environmental friendliness, with enhanced safety features and a high proportion of recyclable components. The fifth-generation *Civic* received “Car of the Year Japan” awards in 1991 and 1992.



### Sixth Generation (1995)

Transcending its traditional “car for the masses” appeal, the sixth-generation *Civic* sought to become a vehicle that represents the times from a global perspective. It incorporated a range of new technologies to satisfy strong demand for high performance, safety and low emissions. These included the 3-stage VTEC engine, boasting high output and high fuel efficiency and Honda Multimatic, a next-generation, variable-speed automatic transmission. Consequently, the *Civic* received “Car of the Year Japan” awards in 1995 and 1996.



### Seventh Generation (2000)

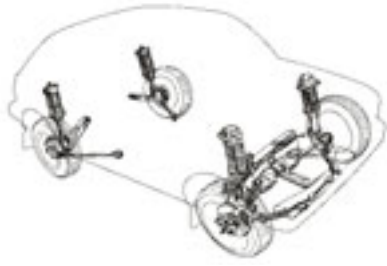
The seventh-generation *Civic* was developed as the “benchmark for compact cars,” satisfying all important criteria, with maximum cabin space, superlative economy and smooth ride, and unparalleled safety for occupants and pedestrians. The interior space was made more comfortable based on a low, flat-floor design enabling occupants to easily move between front and rear seats. Due to Honda’s G-CON collision safety technology, the seventh-generation *Civic* has met the highest safety standards, winning “Car of the Year Japan” awards in 2001 and 2002.

Note: For Japanese and European markets

## [Key Technologies Behind the Civic's Evolution]

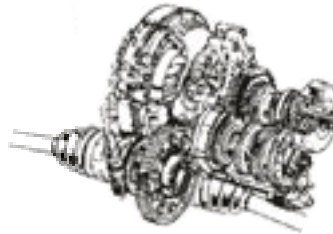
### Independent Four-Wheel Suspension (July 1972)

Rather than a rigid-beam suspension, Honda chose an independent strut-type suspension that allowed the left and rear wheels to move independently.



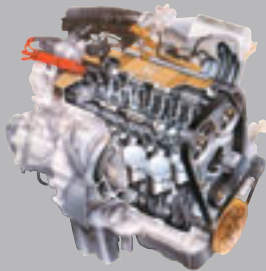
### Hondamatic (May 1973)

Honda's original Star Range variable-speed system provided a smooth, comfortable ride, with seamless acceleration and deceleration, thus contributing to the widespread popularity of automatic transmission vehicles. The drawing below shows a Hondamatic equipped with an overdrive (1980).



### CVCC Engine (December 1973)

Recognizing society's need for protecting the environment and natural resources, Honda developed the CVCC engine, delivering clean emissions and excellent fuel economy. The CVCC was based on Honda's Low-Emission Engine Method, where the engine's combustion process itself produced lower emissions, eliminating the need for a catalytic converter to treat the exhaust gas.



### DOHC, 16-Valve Engine (October 1984)

This was a high-output, high-torque engine, with excellent combustion efficiency thanks to the adoption of a compact pentroof combustion chamber and center-plug design. This high-performance, supersensitive engine also boasted tremendous power and high fuel efficiency.

### Double Wishbone Suspension (September 1987)

With the fourth-generation Civic, Honda applied a double wishbone suspension, normally used in Formula 1 racing machines and prestige vehicles, to a mass-produced model for the first time. The result was an excellent balance of handling stability and superior comfort.



### DOHC VTEC Engine (September 1989)

With an electronically-controlled variable valve timing and lift mechanism, this "super sports" engine delivered high performance in all areas. Honda's engineers, pursuing high RPMs and high output on a par with racing engines, developed the incredibly high-powered DOHC VTEC engine, taking both high-speed and low-speed performance to a new level.



### 3-Stage VTEC Engine (July 1995)

This engine featured optimal intake valve timing and lift across the low-, medium- and high-speed stages, thus achieving ultrahigh fuel efficiency. Drawing on Honda's accumulated technologies, it represented a major advancement on the original VTEC engine and employed various mechanisms to achieve excellence in fuel efficiency.

### Honda Multimatic CVT (September 1995)

Honda Multimatic was the first high-output, continuously variable automatic transmission to be developed for mass production. Honda's engineers took full advantage of engine characteristics to create an engine with superior acceleration performance, seamless acceleration and deceleration, and high fuel efficiency. These qualities, combined with the 3-stage VTEC engine, brought the performance of the Civic to a new level.



### Honda IMA System (September 2001)

Based on previous Honda Integrated Motor Assist (IMA) gas-electric hybrid systems, this version features improved engine and motor components, making it one of the world's most fuel-efficient systems.