

Preparing for the Future

Looking globally, the U.S. economy is showing signs of a moderate downturn, while European economies are expected to continue recovering and Asian economies are expected to continue expanding. Japan's economy is forecast to sustain its gradual recovery. However, the global environment in which Honda's management operates still remains uncertain because of global political and economic uncertainties, fluctuations in oil and raw material prices and currency movements. As a result, we expect the operating environment to remain difficult.

It is under these circumstances that Honda seeks to strengthen its corporate structure quickly and flexibly to meet the requirements of our customers and society and the changes in its business environment. Also, in order to improve the competitiveness of its products, Honda will endeavor to enhance its R&D, production and sales ability. Furthermore, Honda will continue striving to earn even more trust and understanding from society through Companywide activities. Honda recognizes that further enhancing the following specific areas is essential to its success:

1. Research and Development

Along with efforts to develop even more effective safety and environmental technologies, Honda will enhance creativity in its advanced technology and products, and will seek to create and swiftly introduce new value-added products that meet specific needs in various markets around the world. Honda will also continue its efforts to research future technologies.

2. Production Efficiency

Honda will seek to establish efficient and flexible production systems and expand production capacity at its global production bases, with the aim of increasing its capability of supplying high quality products.

3. Sales Efficiency

Honda will remain proactive in its efforts to expand product lines through the innovative use of IT and to upgrade sales and service structure, in order to further satisfy its customers.

4. Product Quality

Responding to increasing consumer demand, Honda will seek to upgrade its quality control through enhancing the functions of and coordination among

the development, purchasing, production, sales and service departments.

5. Safety Technologies

Honda will seek to develop safety technologies for accident prediction and prevention, technologies to reduce injuries to passengers and pedestrians from car accidents, and technologies for reducing aggressivity, as well as expand its line-up of products incorporating such technologies. Honda will reinforce and continue to advance its contributions to traffic safety in motorized societies in Japan and overseas. Honda also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training schemes provided by local dealerships.

6. The Environment

Honda will step up its efforts to create better, cleaner and more fuel-efficient engine technologies and to further improve recyclables throughout its product lines. The Company also plans to make further progress with fuel cells and solar cells, and to promote commercialization of solar cells. In addition, Honda will further its efforts to minimize its environmental impact. To this end, we set global targets to reduce the environmental burden as measured by the Life Cycle Assessment*, in all areas of business, spanning production, logistics and sales.

* Life Cycle Assessment:

A comprehensive system for quantifying the impact Honda's products have on the environment at different stages in their life cycles, from material procurement and energy consumption to waste disposal.

7. Continuing to Increase Society's Trust in and Understanding toward Honda

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to earn even more trust and understanding from society by, among other things, undertaking activities for corporate governance, compliance, and risk management and contributing to society.

Through these Company-wide activities, we will strive to materialize Honda's visions of "Value Creation (Creating New Value for our Customers)," "Glocalization (Expanding Regional Operations)," and "Commitment to the Future (Developing Safety and Environmental Solutions)," with the aim of sharing joy with Honda's customers, thus becoming a company valued by society.