

Third Quarter Report

Period Ended December 31, 2003

3



HONDA
The Power of Dreams

Consolidated Financial Summary (Unaudited)

Honda Motor Co., Ltd. and Subsidiaries

For the three months and nine months ended December 31, 2002 and 2003

Financial Highlights

	Millions of yen				Millions of U.S. dollars	
	Three months		Nine months		Three months	Nine months
	2002	2003	2002	2003	2003	2003
Net sales and other operating revenue.....	¥1,989,239	¥1,992,245	¥5,842,850	¥6,017,676	\$18,597	\$56,172
Operating income.....	158,978	161,130	482,847	463,001	1,504	4,322
Income before income taxes.....	158,709	203,581	432,410	535,462	1,900	4,998
Net income.....	115,167	151,050	309,946	390,228	1,410	3,643
	Yen				U.S. dollars	
Basic net income per						
Common share.....	¥118.63	¥158.66	¥318.59	¥407.87	\$1.48	\$3.81
American depositary share.....	59.31	79.33	159.29	203.93	0.74	1.90

Explanatory note: The number of treasury stock has been excluded from the calculation for basic net income.

Unit Sales Breakdown

	Thousands of units							
	Three months				Nine months			
	2002		2003		2002		2003	
MOTORCYCLES								
Japan.....	94	(94)	86	(86)	309	(309)	300	(300)
North America.....	149	(85)	190	(109)	440	(223)	429	(231)
Europe.....	58	(57)	50	(47)	213	(207)	208	(200)
Asia.....	1,645	(1,645)	1,832	(1,832)	4,462	(4,462)	5,021	(5,021)
Others.....	199	(195)	209	(207)	588	(579)	628	(621)
Total.....	2,145	(2,076)	2,367	(2,281)	6,012	(5,780)	6,586	(6,373)

Explanatory note:

This category includes motorcycles, all-terrain vehicles (ATVs), personal watercraft and relevant parts. The figures in parentheses show the number of unit sales of motorcycles (and relevant parts) only.

AUTOMOBILES

Japan.....	202	177	628	506
North America.....	388	407	1,120	1,189
Europe.....	39	44	143	157
Asia.....	44	76	139	239
Others.....	29	43	78	99
Total.....	702	747	2,108	2,190

POWER PRODUCTS

Japan.....	101	109	353	354
North America.....	260	415	1,160	1,468
Europe.....	274	302	698	723
Asia.....	145	153	457	470
Others.....	82	85	200	244
Total.....	862	1,064	2,868	3,259

Net Sales Breakdown

	Millions of yen			
	Three months		Nine months	
	2002	2003	2002	2003
MOTORCYCLE BUSINESS				
Japan	¥ 22,139 (10.2%)	¥ 20,157 (8.9%)	¥ 74,114 (10.4%)	¥ 71,060 (10.1%)
North America	75,689 (34.8)	82,218 (36.3)	239,943 (33.6)	212,752 (30.3)
Europe	30,757 (14.2)	26,624 (11.8)	117,978 (16.4)	124,423 (17.8)
Asia	54,963 (25.3)	55,971 (24.7)	162,219 (22.7)	175,852 (25.1)
Others.....	33,686 (15.5)	41,403 (18.3)	120,814 (16.9)	117,357 (16.7)
Total	¥ 217,234 (100.0%)	¥ 226,373 (100.0%)	¥ 715,068 (100.0%)	¥ 701,444 (100.0%)
AUTOMOBILE BUSINESS				
Japan	¥ 377,651 (23.1%)	¥ 349,140 (21.5%)	¥1,135,792 (24.0%)	¥ 980,387 (20.0%)
North America	1,026,329 (62.7)	993,448 (60.9)	2,888,339 (61.1)	3,009,238 (61.4)
Europe	83,018 (5.1)	98,301 (6.0)	287,283 (6.1)	350,470 (7.2)
Asia	102,676 (6.3)	117,469 (7.2)	280,546 (5.9)	380,562 (7.8)
Others.....	47,765 (2.8)	72,107 (4.4)	136,992 (2.9)	177,066 (3.6)
Total	¥1,637,439 (100.0%)	¥1,630,465 (100.0%)	¥4,728,952 (100.0%)	¥4,897,723 (100.0%)
FINANCIAL SERVICES				
Japan	¥ 5,184 (8.6%)	¥ 5,024 (8.5%)	¥ 16,457 (9.3%)	¥ 15,327 (8.3%)
North America	53,744 (88.9)	51,277 (87.2)	156,984 (88.4)	162,470 (87.8)
Europe	1,434 (2.4)	1,864 (3.2)	4,023 (2.3)	5,425 (2.9)
Asia	70 (0.1)	236 (0.4)	84 (0.0)	594 (0.3)
Others.....	— (—)	414 (0.7)	— (—)	1,235 (0.7)
Total	¥ 60,432 (100.0%)	¥ 58,815 (100.0%)	¥ 177,548 (100.0%)	¥ 185,051 (100.0%)
POWER PRODUCT & OTHER BUSINESSES				
Japan	¥ 33,732 (45.4%)	¥ 33,648 (43.9%)	¥ 89,389 (40.4%)	¥ 91,227 (39.1%)
North America	17,739 (23.9)	19,016 (24.8)	68,774 (31.1)	71,024 (30.4)
Europe	12,429 (16.8)	12,685 (16.6)	36,120 (16.3)	38,409 (16.4)
Asia	6,635 (9.0)	6,883 (9.0)	17,532 (7.9)	21,155 (9.1)
Others.....	3,599 (4.9)	4,360 (5.7)	9,467 (4.3)	11,643 (5.0)
Total	¥ 74,134 (100.0%)	¥ 76,592 (100.0%)	¥ 221,282 (100.0%)	¥ 233,458 (100.0%)
TOTAL				
Japan	¥ 438,706 (22.0%)	¥ 407,969 (20.5%)	¥1,315,752 (22.5%)	¥1,158,001 (19.2%)
North America	1,173,501 (59.0)	1,145,959 (57.5)	3,354,040 (57.4)	3,455,484 (57.5)
Europe	127,638 (6.4)	139,474 (7.0)	445,404 (7.6)	518,727 (8.6)
Asia	164,344 (8.3)	180,559 (9.1)	460,381 (7.9)	578,163 (9.6)
Others.....	85,050 (4.3)	118,284 (5.9)	267,273 (4.6)	307,301 (5.1)
Total	¥1,989,239 (100.0%)	¥1,992,245 (100.0%)	¥5,842,850 (100.0%)	¥6,017,676 (100.0%)

Explanatory notes:

1. The geographical breakdown of net sales is based on the location of affiliated and unaffiliated customers.
2. Net sales of power product & other businesses includes revenue from sales of power products and relevant parts, leisure businesses and trading.

■ Third Quarter Results

Honda's consolidated net income for the fiscal third quarter ended December 31, 2003 totaled ¥151.0 billion (\$1,410 million), an increase of 31.2% from the corresponding period in 2002. Basic net income per common share for the quarter amounted to ¥158.66 (\$1.48), compared with ¥118.63 for the same period in 2002. Two of Honda's American depositary shares represent one common share.

Unit sales in all of Honda's business categories, namely motorcycles, automobiles and power products, increased for the quarter, and consolidated net sales and other operating revenue (herein referred to as "revenue") amounted to ¥1,992.2 billion (\$18,597 million), remaining virtually unchanged from the corresponding period in 2002.

Revenue included currency translation effects, which had a negative impact on foreign currency denominated revenue from Honda's overseas subsidiaries translated into yen. Honda estimates that had the exchange rate of yen remained unchanged from the same period in 2002, revenue for the quarter would have increased approximately 6.3%.

Consolidated operating income for the fiscal third quarter totaled ¥161.1 billion (\$1,504 million), an increase of 1.4% compared with the corresponding period in 2002.

This increase in operating income was primarily due to increased profit coming from higher revenue and Honda's ongoing cost reduction, offsetting such negative impacts as appreciation of the yen and an increase in research and development (R&D) expenses.

Consolidated income before income taxes for the quarter totaled ¥203.5 billion (\$1,900 million), an increase of 28.3% from the corresponding period in 2002.

■ Nine-Month Results

Honda's consolidated net income for the fiscal nine months ended December 31, 2003 totaled ¥390.2 billion (\$3,643 million), an increase of 25.9% from the previous year. Basic income per common share for the fiscal nine months amounted to ¥407.87 (\$3.81), compared with ¥318.59 for the corresponding period a year ago.

Revenue for the fiscal nine months amounted to ¥6,017.6 billion (\$56,172 million), an increase of 3.0% from last year.

Revenue included the negative effect of currency translation. Honda estimates that if the exchange rate of yen had not changed from the previous year, revenue for the year would have increased approximately 6.7%.

Consolidated operating income for the fiscal nine months totaled ¥463.0 billion (\$4,322 million), a decrease of 4.1% compared with the corresponding period last year.

This decrease in operating income was primarily due to such negative impacts as appreciation of the yen and increases in selling, general and administrative (SG&A) and R&D expenses, which offset increased profit from higher revenue and continuing cost reduction.

Consolidated income before income taxes for the fiscal nine months totaled ¥535.4 billion (\$4,998 million), an increase of 23.8% compared with the previous year.

With respect to Honda's sales for the fiscal nine months by business segment, motorcycle unit sales increased 9.5%, to 6,586,000 units. In Japan, unit sales decreased 2.9%, to 300,000, and overseas unit sales increased 10.2%, to 6,286,000. Revenue

decreased 1.9%, to ¥701.4 billion (\$6,548 million). This decrease in revenue was due primarily to appreciation of the yen. Operating income decreased 58.9%, to ¥15.6 billion (\$146 million).

Honda's unit sales related to automobiles for the fiscal nine months increased 3.9%, to 2,190,000 units. Of them, unit sales in Japan decreased 19.4%, to 506,000, and overseas unit sales increased 13.8%, to 1,684,000. Revenue increased 3.6%, to ¥4,897.7 billion (\$45,718 million), due to an increase in overseas unit sales, which offset the negative impact of the yen appreciation. Operating income decreased 1.3%, to ¥385.5 billion (\$3,599 million).

Revenue from financial services increased 4.1%, to ¥187.2 billion (\$1,748 million). Operating income increased 14.2%, to ¥55.6 billion (\$520 million).

For power products, unit sales in Japan totaled 354,000 units, remaining almost unchanged from the same period last year, and overseas unit sales increased 15.5%, to 2,905,000. In total, unit sales for power products for the fiscal nine months was up 13.6%, to 3,259,000, compared with the previous year. Revenue from power product and other businesses increased 5.0%, to ¥241.7 billion (\$2,257 million). Operating income increased 7.9%, to ¥6.1 billion (\$58 million).

With respect to Honda's sales for the fiscal nine months by geographic segment, in Japan revenue decreased 2.6%, to ¥2,849.3 billion (\$26,597 million), due mainly to decreased unit sales in the motorcycle and automobile businesses. Operating income decreased 29.5%, to ¥108.1 billion (\$1,010 million).

In North America, revenue increased 2.7%, to ¥3,552.7 billion (\$33,163 million), due to strong sales in the automobile and power product

businesses, which offset the negative impact of the yen appreciation. Operating income decreased 2.0%, to ¥270.4 billion (\$2,525 million).

Revenue and operating income in Europe for the fiscal nine months increased 17.9%, to ¥658.4 billion (\$6,146 million), and 405.7%, to ¥18.8 billion (\$176 million), respectively. This increase was due mainly to increased unit sales in the automobile business, as well as the positive impact of currency translation effects.

In Asia, due to continued strong sales in the motorcycle and automobile businesses, revenue increased 35.1%, to ¥499.3 billion (\$4,662 million). Operating income increased 14.7%, to ¥35.0 billion (\$328 million).

Revenue from Others for the fiscal nine months increased 21.9%, to ¥255.0 billion (\$2,381 million), due mainly to increased unit sales in the automobile, motorcycle and power product businesses, which offset the negative impact of currency translation effects. Operating income decreased 5.6%, to ¥19.4 billion (\$181 million).

March 2004

Takeo Fukui
President and Chief Executive Officer

North America

■ The Honda *SUT Concept* Debuts at 2004 North American International Auto Show

The Honda *SUT Concept* made its world debut at the 2004 North American International Auto Show as American Honda Motor Co., Inc., announced plans for the launch of an all-new sport-utility truck, slated for introduction in calendar year 2005. The all-new model will be based on Honda's Global Light Truck Platform and produced by Honda Canada Manufacturing Inc. in Alliston, Ontario.

The Honda *SUT Concept* is a next-generation truck that takes a clean slate approach to the light truck segment by combining a roomy and practical SUV-style interior and a pickup-style cargo bed with traditional Honda strengths—refined styling, superior ergonomics, innovative design and world-class quality. Taking advantage of its unibody underpinnings, the Honda *SUT Concept* offers superior packaging efficiency, ride comfort and handling dynamics when compared to traditional truck-based vehicles in the class.

Envisioned as a next-generation truck, the Honda *SUT Concept's* reinforced unibody chassis design allows for new inroads into the light truck market, where truck utility is combined with innovative packaging, sporty handling and advanced safety technology.

Built around the image of an active young father, the Honda *SUT Concept* represents a fusion of this “cool dad's” family life and active lifestyle—where everyday work and family responsibilities are combined with weekend sports, hobbies and family activities in one highly practical, rugged and functional vehicle.

Combining fun-to-drive performance with environmental responsibility, the Honda *SUT Concept* is powered by a high-performance, high-torque,

all-aluminum VTEC V-6 engine, which, coupled with an advanced electronically controlled four-wheel-drive system, provides outstanding all-weather handling performance and medium-duty towing and off-road capabilities, as well as ultra-low emissions and class-leading fuel efficiency.

With its wide track and sophisticated four-wheel, fully independent suspension, the Honda *SUT Concept* also delivers a new level of ride comfort and handling prowess to the light truck segment.



Honda *SUT Concept*

Japan

■ Flight Tests of Honda Experimental Business Jet Begin

Honda Motor Co., Ltd., announced that the *HondaJet*, its new experimental compact business jet equipped with Honda-developed HF118 jet engines, successfully completed initial flight tests this month in the United States at North Carolina's Piedmont Triad Airport.

Compared with conventional jets, this experimental aircraft offers superior fuel efficiency and remarkable cabin space. The engines are optimally positioned on

the upper surface of the main wing in a unique configuration that reduces drag at high speeds and increases cruising efficiency. This layout also eliminates the need for structural engine mounts in the fuselage, creating over 30% more cabin space than in a conventional aircraft.

Honda began research into compact business jets in 1986, using engines provided by other manufacturers. The HF118 Turbofan Engine-equipped *HondaJet* is the first Honda-developed aircraft to be outfitted with a Honda engine, a significant milestone for the Company and the industry.

Other

■ Honda Strengthens Function of Regional Operation Center in China

Honda Motor announced that it will establish a new wholly-owned subsidiary in China—Honda Motor (China) Investment Co., Ltd.—with the objective of strengthening the function of its regional operation center there. The new company will be responsible for developing Honda's overall business strategy in China and representing Honda Group companies in various areas, including corporate communications and intellectual property management. The company is expected to begin operations in February 2004.

Honda currently has 11 joint ventures and subsidiaries in China for its motorcycle, automobile and power equipment businesses. In April 2003, Honda established its sixth regional operation worldwide to manage Honda's growing operations in China more comprehensively. The new company will consolidate the regional headquarters functions and ensure that management decision making is deeply-rooted in

local market conditions and the needs of the customer. This strategy enables Honda to optimize its businesses to respond quickly to changes in the business environment of this rapidly growing market.

The new company will serve as a holding company with various stakes in each Honda company in China. In this way, the company can make timely decisions on the allocation of business resources within the region. The specific investment of Honda Motor (China) Investment in each business subsidiary is to be determined.

Since 1994, Honda has managed its global operations through a "matrix" system, including both regional operations and its major business line operations. Under this system, Honda's six regional operations—Japan, North America, South America, Europe, Asia/Oceania and China—are empowered to make strategic decisions in various business areas, including product line-up, manufacturing, sales and investments. At the same time, headquarters functions for each business line—automobile, motorcycle, power equipment and parts—make cross-regional decisions and strategic adjustments to optimize the efficiency of Honda operations globally.

Consolidated Balance Sheets

Honda Motor Co., Ltd., and Subsidiaries
December 31, 2002 and March 31 and December 31, 2003

	Millions of yen		
	Dec. 31, 2002 (Unaudited)	Mar. 31, 2003 (Audited)	Dec. 31, 2003 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 498,078	¥ 547,404	¥ 643,020
Trade accounts and notes receivables	368,939	444,498	288,090
Finance subsidiaries—receivables, net	923,998	1,097,541	1,076,092
Inventories	703,389	751,980	775,710
Deferred income taxes	191,697	202,376	189,512
Other current assets.....	250,343	248,561	322,493
Total current assets	<u>2,936,444</u>	<u>3,292,360</u>	<u>3,294,917</u>
Finance subsidiaries—receivables, net	2,172,678	2,230,020	2,271,854
Investments and advances	395,342	412,971	516,362
Property, plant and equipment, at cost:			
Land	337,336	342,991	349,417
Buildings	912,892	942,747	929,254
Machinery and equipment	2,024,448	2,023,724	1,988,260
Construction in progress	103,621	72,112	103,680
	<u>3,378,297</u>	<u>3,381,574</u>	<u>3,370,611</u>
Less accumulated depreciation	1,995,614	1,987,231	1,993,496
Net property, plant and equipment	<u>1,382,683</u>	<u>1,394,343</u>	<u>1,377,115</u>
Other assets	244,869	351,597	370,517
Total assets	<u>¥7,132,016</u>	<u>¥7,681,291</u>	<u>¥7,830,765</u>
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt.....	¥1,007,693	¥ 877,954	¥ 565,988
Current portion of long-term debt.....	187,921	304,342	436,974
Trade payables.....	754,608	830,671	741,745
Accrued expenses	666,898	777,492	734,251
Income taxes payable.....	37,939	64,179	48,307
Other current liabilities.....	245,521	267,752	317,841
Total current liabilities	<u>2,900,580</u>	<u>3,122,390</u>	<u>2,845,106</u>
Long-term debt	1,035,412	1,140,182	1,409,902
Other liabilities	568,319	788,999	801,024
Total liabilities	<u>¥4,504,311</u>	<u>¥5,051,571</u>	<u>¥5,056,032</u>
Stockholders' equity:			
Common stock	86,067	86,067	86,067
Capital surplus	172,529	172,529	172,719
Legal reserves.....	29,391	29,391	32,418
Retained earnings	3,044,948	3,161,664	3,515,324
Adjustments from foreign currency translation	(499,327)	(469,472)	(635,988)
Net unrealized gains on marketable equity securities	6,515	14,820	32,846
Minimum pension liabilities adjustments	(187,824)	(308,513)	(308,532)
Accumulated other comprehensive loss	(680,636)	(763,165)	(911,674)
Treasury stock	(24,594)	(56,766)	(120,121)
Total stockholders' equity	<u>¥2,627,705</u>	<u>¥2,629,720</u>	<u>¥2,774,733</u>
Total liabilities and stockholders' equity	<u>¥7,132,016</u>	<u>¥7,681,291</u>	<u>¥7,830,765</u>

Consolidated Statements of Income and Retained Earnings (Unaudited)

Honda Motor Co., Ltd. and Subsidiaries

For the three months and nine months ended December 31, 2002 and 2003

	Millions of yen			
	Three months		Nine months	
	2002	2003	2002	2003
Net sales and other operating revenue	¥1,989,239	¥1,992,245	¥5,842,850	¥6,017,676
Operating costs and expenses:				
Cost of sales	1,374,953	1,373,485	3,989,817	4,158,394
Selling, general and administrative	348,850	345,490	1,050,705	1,065,269
Research and development	106,458	112,140	319,481	331,012
Operating income	158,978	161,130	482,847	463,001
Other income:				
Interest	1,631	1,598	5,724	6,895
Other	5,748	47,994	10,513	87,406
Other expenses:				
Interest	3,271	1,926	9,648	7,453
Other	4,377	5,215	57,026	14,387
Income before income taxes	158,709	203,581	432,410	535,462
Income taxes	58,928	77,534	166,112	206,236
Income before equity in income of affiliates	99,781	126,047	266,298	329,226
Equity in income of affiliates	15,386	25,003	43,648	61,002
Net income	115,167	151,050	309,946	390,228
Retained earnings:				
Balance at beginning of period	2,945,720	3,382,512	2,765,600	3,161,664
Cash dividends paid	(15,560)	(18,155)	(30,176)	(33,541)
Transfer to legal reserves	(379)	(83)	(422)	(3,027)
Balance at end of period	¥3,044,948	¥3,515,324	¥3,044,948	¥3,515,324
Depreciation	¥51,069	¥44,442	¥150,088	¥144,628
Capital expenditures	52,594	44,739	185,884	172,772
	Yen			
Basic net income per:				
Common share	¥118.63	¥158.66	¥318.59	¥407.87
American depositary share	59.31	79.33	159.29	203.93

Explanatory note: The number of treasury stock has been excluded from the calculation for basic net income.

Segment Information (Unaudited)

Business Segment Information

For the nine months ended December 31, 2003

	Millions of yen						
	Motorcycle Business	Automobile Business	Financial Services	Power Product and Other Businesses	Total	Eliminations	Consolidated
Net sales and other operating revenue:							
Sales to unaffiliated customers.....	¥701,444	¥4,897,723	¥185,051	¥233,458	¥6,017,676	¥ —	¥6,017,676
Intersegment sales.....	0	0	2,171	8,307	10,478	(10,478)	—
Total	¥701,444	¥4,897,723	¥187,222	¥241,765	¥6,028,154	¥(10,478)	¥6,017,676
Cost of sales, SG&A and R&D expenses.....	685,826	4,512,209	131,546	235,572	5,565,153	(10,478)	5,554,675
Operating income	¥ 15,618	¥ 385,514	¥ 55,676	¥ 6,193	¥ 463,001	¥ 0	¥ 463,001

Explanatory notes:

1. Segmentation of Business

Business segment is based on Honda's business organization and the similarity of the principal products included within each segment, as well as the relevant markets for such products.

2. Principal products of each segment:

Business	Sales	Principal Products
Motorcycle Business	Motorcycles, ATVs, personal watercraft and relevant parts	Large-size motorcycles, mid-size motorcycles, motorized bicycles, ATVs and personal watercraft
Automobile Business	Automobiles and relevant parts	Compact cars, sub-compact cars and minivehicles
Financial Services	Financial and insurance services	N/A
Power Product & Other Businesses	Power products and relevant parts, and others	Power tillers, generators, general-purpose engines, lawn mowers and outboard engines

3. The Company changed the title of Other businesses to Power product and other businesses because the new title results in a better presentation of the Company's business.

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Geographical Segment Information

For the nine months ended December 31, 2003

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales and other operating revenue:								
Sales to unaffiliated customers.....	¥1,342,276	¥3,463,206	¥509,787	¥456,845	¥245,562	¥6,017,676	¥ —	¥6,017,676
Transfers between geographical segments	1,507,037	89,586	148,629	42,546	9,481	1,797,279	(1,797,279)	—
Total	¥2,849,313	¥3,552,792	¥658,416	¥499,391	¥255,043	¥7,814,955	¥(1,797,279)	¥6,017,676
Cost of sales, SG&A and R&D expenses	2,741,140	3,282,329	639,614	464,296	235,607	7,362,986	(1,808,311)	5,554,675
Operating income	¥ 108,173	¥ 270,463	¥ 18,802	¥ 35,095	¥ 19,436	¥ 451,969	¥ 11,032	¥ 463,001

Explanatory note:

Geographic Segment

Asia was previously included in Others. Currently, Asia is separately presented in the Geographic segment.

Overseas Sales

For the nine months ended December 31, 2003

	Millions of yen				
	North America	Europe	Asia	Others	Total
Overseas sales.....	¥3,455,484	¥518,727	¥578,163	¥307,301	¥4,859,675
Consolidated sales.....					¥6,017,676
Overseas sales ratio to consolidated sales.....	57.4%	8.6%	9.6%	5.2%	80.8%

Investor Information

Explanatory Notes:

1. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States since the Company has issued American Depositary Receipts listed on the New York Stock Exchange and files reports with the U.S. Securities and Exchange Commission, except for all segment information which is prepared in accordance with a Ministerial Ordinance under the Securities and Exchange Law of Japan.
 2. The average exchange rates for the fiscal third quarter ended December 31, 2003 were ¥108.92=U.S.\$1 and ¥129.44=€1. The average exchange rates for the corresponding period last year were ¥122.58=U.S.\$1 and ¥122.55=€1. The average exchange rates for the fiscal nine months ended December 31, 2003 were ¥115.01=U.S.\$1 and ¥132.12=€1, as compared with ¥122.95=U.S.\$1 and ¥118.81=€1 for the corresponding period last year.
 3. U.S. dollar amounts have been translated from yen solely for the convenience of the reader at the rate of ¥107.13=U.S.\$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 December 30, 2003.
 4. The Company's common stock-to-ADR exchange rate has been changed from two shares of common stock to one ADR to one share of common stock to two ADRs, effective January 10, 2002.
 5. The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No.130, "Reporting Comprehensive Income." The following table represents components of the Company's comprehensive income. Other comprehensive loss consists of changes in adjustments from foreign currency translation, net unrealized gains on marketable equity securities and minimum pension liabilities adjustment.
- | For the three months ended Dec. 31 | Millions of yen | |
|------------------------------------|-----------------|-----------------|
| | 2002 | 2003 |
| Net income..... | ¥115,167 | ¥151,050 |
| Other comprehensive loss..... | (50,274) | (67,144) |
| Comprehensive income..... | ¥ 64,893 | ¥ 83,906 |
-
- | For the nine months ended Dec. 31 | Millions of yen | |
|-----------------------------------|-----------------|------------------|
| | 2002 | 2003 |
| Net income..... | ¥309,946 | ¥390,228 |
| Other comprehensive loss..... | (201,461) | (148,509) |
| Comprehensive income..... | ¥108,485 | ¥241,719 |
6. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the presentation used for the fiscal third quarter and the fiscal nine months ended December 31, 2003.
 7. The number of treasury stock has been excluded from the calculation for basic net income.

Transfer Agent for Common Stock
The Chuo Mitsui Trust and Banking Co., Ltd.
33-1, Shiba 3-chome, Minato-ku,
Tokyo 105-8574, Japan

Depository and Transfer Agent
for American Depositary Receipts
JPMorgan Chase Bank
270 Park Avenue,
New York, NY 10017-2070, U.S.A.

Stock Exchange Listings in Japan
Tokyo, Osaka, Nagoya, Sapporo and Fukuoka

Stock Exchange Listings Overseas
New York, London, Euronext Paris and Swiss
stock exchanges

Total Shares of Common Stock Issued
974,414,215 (as of December 31, 2003)

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