

HONDA MOTOR CO LTD
Form 6-K
May 22, 2007
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No.1-7628

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF April 2007

COMMISSION FILE NUMBER: 1-07628

HONDA GIKEN KOGYO KABUSHIKI KAISHA

(Name of registrant)

HONDA MOTOR CO., LTD.

(Translation of registrant's name into English)

1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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Exhibit 1:

On April 3, 2007, Honda, the most fuel efficient car company in America, announced that it earned the title of America's 2007 Greenest Automaker from the Union of Concerned Scientists (UCS) for the fourth consecutive time. The award was given by the UCS on a biennial basis to the company with the lowest overall production of smog-forming emissions and global warming emissions (primarily CO2) in its U.S. automobile fleet.

Exhibit 2:

On April 3, 2007, American Honda Motor Co., Inc. and Climate Energy, LLC announced the official start of retail sales of freewatt, their collaborative Micro-sized Combined Heat and Power (Micro-CHP) cogeneration system for homes, which features advanced and highly efficient energy management technologies.

Exhibit 3:

On April 20, 2007, Jointly with its automobile production and sales joint venture companies in China, Guangzhou Honda and Dongfeng Honda, Honda Motor Co., Ltd. announced that they adopted the theme of Dreams, Technologies, Joys at Auto Shanghai (motor show) which was held from April 20 through 28 (Media day: April 20 and 21). (Ref. #C07-041)

Exhibit 4:

On April 24, 2007, Guangzhou Honda Automobile Co., Ltd. (Guangzhou Honda), Honda's automobile production and sales joint venture in China, announced that the Honda Odyssey produced by Guangzhou Honda became the first minivan to earn 5-stars, the highest rating in crash safety tests conducted by the China Automotive Technology and Research Center (CATARC).

Exhibit 5:

On April 24, 2007, Honda Motor Co., Ltd. today announced a summary of automobile production, domestic sales, and export results for the fiscal year ended March 31, 2007, (Fiscal Year 2007) as well as for the month of March. Honda set new all-time fiscal year records for production in North America, the U.S., Europe, Asia, and China, resulting in the 10th consecutive all-time record for overseas and worldwide production. (Ref. #C07-043)

Exhibit 6:

On April 25, 2007, Honda Motor Co., Ltd. announced its consolidated financial results for the fiscal fourth quarter and the fiscal year ended March 31, 2007.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HONDA GIKEN KOGYO

KABUSHIKI KAISHA

(HONDA MOTOR CO., LTD.)

/s/ Fumihiko Ike
Fumihiko Ike
Chief Operating Officer for
Business Management Operation
Honda Motor Co., Ltd.

Date: May 18, 2007

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Honda Named Greenest Automaker by Union of Concerned Scientists

America's Most Fuel Efficient Car Company Earns Fourth Consecutive Title

TORRANCE, Calif, U.S.A., April 3, 2007 Honda, the most fuel efficient car company in America has earned the title of America's 2007 Greenest Automaker from the Union of Concerned Scientists (UCS) for the fourth consecutive time. The award is given by the UCS on a biennial basis to the company with the lowest overall production of smog-forming emissions and global warming emissions (primarily CO2) in its U.S. automobile fleet.

1 *Based upon the average sales-weighted fuel consumption for 2006 model year passenger-car and light-truck fleets sold in the U.S. based on CAFE reports.

Honda remains the greenest U.S. automaker. The company installs clean technology across its entire fleet of cars and trucks and that consistency makes it a top environmental performer. Honda is one of only two automakers to have better-than-average global warming scores in every class of vehicles it sold in MY2005, said Don MacKenzie, a vehicles engineer with the Union of Concerned Scientists. In addition, Honda continues to have the best smog score in four out of the five classes.

Honda is committed to remaining a leader in the development and application of new technologies that address three critical environmental challenges: improving fuel efficiency to reduce greenhouse gas emissions that contribute to global warming; reducing smog-forming emissions to address air pollution; and advancing real-world alternatives to gasoline to promote energy sustainability.

We are proud to be recognized as a leader, and will continue to challenge ourselves to improve the environmental performance of our company and our products, said John Mendel, executive vice president of American Honda Motor Co., Inc. We have entered a period in history where society is more critically aware of how the actions we take today determine the course of our environmental future for generations to come. We accept this as our challenge.

Reducing CO2 Emissions

American Honda has applied leading-edge fuel efficient technologies to the full range of its Honda and Acura products, resulting in industry-leading corporate average fuel economy (CAFE) as determined by the U.S. Environmental Protection Agency (33.9 mpg and 24.7 mpg, respectively, for model year 2006 passenger cars and light trucks).

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In May 2006, Honda became the first automaker to publicly announce voluntary targets for the reduction of CO₂ emissions by 2010 from both its products and production operations. Specifically, the company is targeting a five percent reduction in CO₂ emissions for its global automobile fleet from 2005 levels, on top of a five percent reduction achieved in the 2000-2005 time period. The company also will work toward a 10 percent reduction for motorcycles and power products from 2000 levels by 2010.

In order to achieve this voluntary CO₂ reduction goal through the increased fuel efficiency of its automobiles, Honda will introduce a series of new fuel-efficient technologies and products, including intelligent engine systems; second-generation Variable Cylinder Management (VCM); a new, more affordable gas-electric hybrid vehicle in 2009; and a new clean diesel vehicle in about two years with high fuel efficiency and ultra-low emissions equivalent to a gasoline engine vehicle.

Further, the global average of CO₂ emissions to produce one automobile at Honda plants declined by approximately 5 percent during the five year period up to 2005. Honda is working toward a further reduction by 5 percent or more by 2010, to achieve a total global reduction of 10 percent compared to the level of 2000. For motorcycle and power product production, Honda set goals to reduce CO₂ emissions by 20 percent in each area.

Reducing Smog-Forming Emissions

Honda has long led the industry in reducing smog-forming vehicle emissions, including the very first LEV, ULEV, SULEV and AT-PZEV vehicles made available to U.S. consumers. For the time period covered by the UCS analysis, 99.9 percent of all model year 2005 Honda and Acura vehicles complied with the 2007 U.S. EPA Tier 2 emissions standards. To achieve the Tier 2 BIN 5 classification, a vehicle must reduce NO_x (oxides of nitrogen) emissions by at least 75 percent from the previous standard.

Promoting Alternative Fuels

Honda is also pacing the industry in the development of alternative fuel technologies. The Honda FCX is the first fuel cell vehicle to be certified by U.S. EPA for regular commercial use, and the first to be placed in the hands of individual customers. Those customers include the world's first fuel cell family, the Spallinos of Redondo Beach, California, and the world's youngest fuel cell customer, 17-year-old actress Qorianka Kilcher. In 2008, Honda will introduce its next generation fuel cell vehicle, based on the futuristically-styled FCX Concept. Powered by a more compact, powerful and efficient, Honda-developed, V Flow fuel cell stack, the new Honda fuel cell vehicle will rival a gasoline-powered car in its performance, range and comfort.

For the past eight years, Honda also has marketed the ultra-clean, natural gas-powered Civic GX, the only dedicated alternative fuel vehicle available to U.S. consumers in all 50 states. Further, the Civic GX is marketed to consumers in California and New York with the innovative Phill home refueling appliance. Natural gas is an abundant and clean-burning domestic fuel with 25 percent less CO₂ emissions and 30-50 percent lower operating costs than gasoline.

Honda is also developing new technologies for cleaner, more efficient energy generation. This includes a third-generation Home Energy Station (HES) for refueling fuel cell vehicles, and the production in Japan of Honda-developed CIGS solar cells that require approximately half the energy to produce compared to traditional thin-film solar cells. Both the HES unit and a hydrogen refueling station using Honda's CIGS solar panels are in operation at Honda's U.S. R&D center in Los Angeles, California.

Union of Concerned Scientists (UCS) Report

The Union of Concerned Scientists (UCS) is the leading science-based non-profit organization working for a healthier environment and a safer world. UCS conducts an analysis of major U.S. automakers every two years. This year's report analyzed model year 2005 sales and certification standards of each company's car and light truck fleet to determine its contribution of smog-forming and heat trapping emissions. Honda also finished in first place in the 2004, 2002 and 2000 UCS reports.

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Honda and Climate Energy Begin Retail Sales of freewatt Micro-CHP Home Heating and Power System

Revolutionary System Reduces Energy Costs, Fuel Consumption and Greenhouse Gas Emissions

ALPHARETTA, Ga, U.S.A., April 3, 2007 American Honda Motor Co., Inc. and Climate Energy, LLC announced the official start of retail sales of freewatt , their collaborative Micro-sized Combined Heat and Power (Micro-CHP) cogeneration system for homes, which features advanced and highly efficient energy management technologies.

freewatt Micro-CHP Home Heating and Power System

The freewatt Micro-CHP system is comprised of an MCHP cogeneration unit developed by Honda, which is paired with a furnace or boiler produced by Climate Energy. This system provides heat for the home with the added benefit of electricity production. The ultra-quiet MCHP unit produces 3.26 kilowatts of heat and 1.2 kilowatts of electric power. Further, it allows homeowners to reduce their utility bills and curb carbon dioxide emissions while improving overall energy efficiency and comfort.

In relation to energy costs, Climate Energy test data has shown that when the freewatt Micro-CHP system replaces a typical 80% efficiency home heating system, homeowners can realize an average of 30% in energy cost savings.

The freewatt system produces electric power as a by-product of its heating functionality. The electric power produced displaces electricity that consumers would otherwise purchase from the local electric utility, saving \$500 to \$1000 per year on their electric bill. An additional unique financial savings benefit of utilizing the freewatt system is realized through the process of net metering. In states where legislated, net metering allows homeowners to literally sell unused electric power back to the power grid in their community, providing additional savings.

In addition, the system produces 30% less carbon dioxide emissions than a conventional heating system with electricity provided from the grid. This allows homeowners to take an active role in the effort to reduce greenhouse gases.

Comfort is enhanced due to the system's ability to provide constant and extremely quiet circulation of heated air. This produces more uniform and comfortable temperatures in the home without running noisy blowers at high speeds.

Initial sales of the heat and power units will be targeted at customers living in the Northeastern United States in conjunction with select local utility providers.

This is due to the cold climate and high heating demand in the region which allows the system to provide the greatest benefit. The freewatt Micro-CHP systems will only be available through certified, trained, and authorized Climate Energy installation professionals.

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It is very gratifying to be a part of bringing this new and exciting home heating technology to consumers, said Steve Bailey, vice president of power equipment for American Honda. Honda is proud to maintain our commitment to the development and introduction of advanced environmentally responsible technologies such as the MCHP system.

Climate Energy and Honda plan to gradually expand production and sales of the freewatt Micro-CHP system and plan to introduce the system to other cold weather climates in the U.S. in the future. The units will be assembled domestically in the United States with components supplied by both companies. Currently, a similar version of an MCHP system is retailed in Japan, with over 45,000 units sold to date since its introduction in 2003.

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Ref.#C07-041

Summary of Honda's Exhibitions at Auto Shanghai

Dongfeng Honda begins sales of Civic Hybrid in China

Shanghai, China, April 20, 2007 Jointly with its automobile production and sales joint venture companies in China, Guangzhou Honda and Dongfeng Honda, Honda Motor Co., Ltd. has adopted the theme of "Dreams, Technologies, Joys" at Auto Shanghai (motor show) which is being held from April 20 through 28 (Media day: April 20 and 21).

Honda recognizes the importance of efforts to address the issues of safety, the environment and energy conservation in China from a global perspective. Based on this commitment, Dongfeng Honda will begin the import and sales of Civic Hybrid through dedicated Dongfeng Honda dealers.

Summary of Exhibitions

in Honda Booth

From a rich lineup of Honda's advanced powertrain technologies, the following items will be exhibited as suggestions for sustainable mobility in the Chinese automobile industry:

Civic Hybrid

FCX Concept, Honda's new fuel-cell vehicle, and Honda's experimental Home Energy Station, which would provide hydrogen home refueling.

Fit FFV, a Flexible Fuel Vehicle that can be operated on either 100% ethanol or a wide range of ethanol-gasoline fuel mixtures, which Honda has been producing and selling in Brazil since the end of 2006.

Green Boat 2, the winning machine in the first Honda Econopower Race held in China in 2006, developed by a team from Tongji University, which drove 331.623 kilometers on one liter of gasoline. (In the Honda Econopower Race, participating teams compete based on the distance the vehicle can drive with one liter of gasoline. This is a race to challenge the limits of fuel efficiency.)

Other exhibitions:

- All-new CR-V and other models sold by Dongfeng Honda and Guangzhou Honda
- Accord, City - cut body
- Driving simulator

- F1 machine (2007 livery model)

n **Acura Booth**

The Acura Advanced Sports Car Concept, a design concept model for the next-generation sports car to succeed NSX, will be on display.

Acura MDX, which went on sale April 13.

Acura RL and TL will also be on display.

Through these exhibitions, Honda's goal is to express dreams for the future, the technologies to make such dreams come true, and the joys that mobility can bring to people. As a responsible member of the automobile industry in China, Honda will continue proposing its future technologies for the rapidly growing Chinese auto market to create a harmonious mobility society by solving issues such as safety, the environment, and energy conservation.

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Guangzhou Honda Odyssey Earns 5-Stars in Crash Safety Testing

Conducted by China New Car Assessment Program(C-NCAP)

April 24, 2007 The Honda Odyssey produced by Guangzhou Honda Automobile Co., Ltd. (Guangzhou Honda), Honda's automobile production and sales joint venture in China, became the first minivan to earn 5-stars, the highest rating in crash safety tests conducted by the China Automotive Technology and Research Center (CATARC).

CATARC began the China New Car Assessment Program (C-NCAP) of automobile crash safety features in 2006 as people in China have become increasingly concerned about automobile safety as the country undergoes rapid motorization. With the last two assessments, CATARC has announced results for 12 models.

The recent CATARC safety assessment tests were conducted in the SUV category and the minivan category for the first time, and the Honda Odyssey became the first minivan to earn a 5-Star rating.

Honda employs various crash safety technologies. Honda's G-CON (G-force Control) technology reduces injuries by controlling the impact-energy (G) of a collision. The Advanced Compatibility Engineering body provides a high level of self-protection and also improves compatibility toward other vehicles. Impact-absorbing structures also are designed to enhance pedestrian safety.

In addition to these crash safety tests conducted under C-NCAP, Guangzhou Honda became the first automobile company in China to conduct public car-to-car crash tests between Accord and Odyssey at the Chinese National Automotive Quality Supervision & Inspection Center in Changchun in August, 2006. As a result, Honda has been highly regarded by experts in China for its real-world safety technologies.

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Ref. #C07 - 043

**Honda Sets 10th Straight All-Time Fiscal Year Record
for Worldwide Production**

April 24, 2007 Honda Motor Co., Ltd. today announced a summary of automobile production, domestic sales, and export results for the fiscal year ended March 31, 2007, (Fiscal Year 2007) as well as for the month of March. Honda set new all-time fiscal year records for production in North America, the U.S., Europe, Asia, and China, resulting in the 10th consecutive all-time record for overseas and worldwide production.

<Production>

Fiscal Year 2007 (fiscal year ended March 31, 2007)

Due to an increase in production for domestic and overseas markets, total domestic production for Fiscal Year 2007 experienced a year-on-year increase for the first time in two years (since Fiscal Year 2005).

Due mainly to increased production in Asia, overseas production for Fiscal Year 2007 experienced a year-on-year increase for the tenth consecutive year (since Fiscal Year 1998).

Due mainly to an increase in overseas production, worldwide production for Fiscal Year 2007 experienced a year-on-year increase for the tenth consecutive year (since Fiscal Year 1998).

Honda set all-time fiscal year records for overseas and worldwide production, as well as for production in North America, the U.S., Europe, Asia, and China.

March 2007

Due to increased production for the domestic market and overseas market, domestic production experienced a year-on-year increase for the tenth consecutive month (since June 2006).

Due mainly to increased production in Asia, overseas production experienced a year-on-year increase for the twentieth consecutive month (since August 2005).

Due to an increase in both domestic and overseas production, worldwide production experienced a year-on-year increase for the twentieth consecutive month (since August 2005).

Honda set an all-time monthly record for overseas production, worldwide production, as well as production in North America, the U.S., Europe, Asia and China.

<Japan Domestic Sales>

Fiscal Year 2007 (fiscal year ended March 31, 2007)

Due to a decrease in new vehicle registrations, total domestic auto sales for Fiscal Year 2007 experienced a year-on-year decline for the fifth consecutive year (since Fiscal Year 2003).

Though sales of the all-new *Stream* (introduced in July 2006) and *CR-V* (introduced in October 2006) increased, due mainly to a decrease in sales of *Step Wagon* and *Fit*, new vehicle registrations in Fiscal Year 2007 experienced a year-on-year decline for the first time in three years (since Fiscal Year 2004).

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Despite a drop in sales of *Life*, due to strong sales of *Zest* (introduced in February 2006), sales of mini vehicles experienced a year-on-year increase for the first time in six years (since Fiscal Year 2001).

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<Vehicle registrations - excluding mini vehicles>

Fit was the industry's third best selling car among new vehicle registrations for Fiscal Year 2007, with sales of 96,599 units and ranked as Honda's best selling car for Fiscal Year 2007. The sales result for *Step Wagon* was 70,517 units.

<Mini vehicles - under 660cc>

Life was the industry's fifth best selling car among mini-vehicles for Fiscal Year 2007, with sales of 99,205 units. The sales result for *Zest* was 74,697 units.

March 2007

Due to a decrease in new vehicle registrations and mini vehicles, total domestic sales experienced a year-on-year decline for the third consecutive month (since January 2007).

Though sales of the all-new *Crossroad* and *Stream* increased, due mainly to a decrease in sales of *Step Wagon* and *Fit*, new vehicle registrations in March experienced a year-on-year decline for the twelfth consecutive month (since April 2006).

Though sales of *That's* and *Vamos* increased, due mainly to a decrease in sales of *Zest* and *Life*, sales of mini-vehicles in March experienced a year-on-year decline for the first time in five months (since October 2006).

<Vehicle registrations - excluding mini vehicles>

Fit was the industry's third best selling car among new vehicle registrations for the month of March, with sales of 12,787 units. The sales result for *Stream* was 8,307 units.

<Mini vehicles - under 660cc>

Life was the industry's fourth best selling car among mini-vehicles for the month of March, with sales of 13,966 units and ranked as Honda's best selling car for the month of March. The sales result for *Zest* was 6,894 units.

<Exports from Japan>

Fiscal Year 2007 (fiscal year ended March 31, 2007)

Due mainly to increased exports to North America, total exports from Japan for Fiscal Year 2007 experienced a year-on-year increase for the third consecutive year (since Fiscal Year 2005).

March 2007

Due mainly to increased exports to Europe, total exports from Japan in March, experienced a year-on-year increase for the tenth consecutive month (since June 2006).

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| | *Fiscal Year 2007 | | March 2007 | | Year-to-date Total Jan-Mar 2007 | |
|------------------------|-------------------|--------------|----------------|--------------|------------------------------------|--------------|
| | Units | vs.FY06 | Units | vs.2006 | Units | vs.2006 |
| Domestic (CBU+CKD) | 1,348,085 | +8.4% | 125,181 | +2.3% | 344,802 | +4.6% |
| Overseas (CBU only) | 2,354,307 | +7.0% | 230,850 | +7.6% | 629,471 | +9.3% |
| Worldwide Total | 3,702,392 | +7.5% | 356,031 | +5.7% | 974,273 | +7.6% |

* (April/01/2006 ~ March/31/2007)

Production by Region

| | *Fiscal Year 2007 | | March 2007 | | Year-to-date total Jan-Mar 2007 | |
|-----------------------|-------------------|--------------|----------------|--------------|------------------------------------|--------------|
| | Units | vs.FY06 | Units | vs.2006 | Units | vs.2006 |
| North America | 1,394,025 | +1.8% | 133,328 | +1.7% | 371,448 | +2.3% |
| (USA only) | 981,172 | +1.9% | 94,977 | +1.5% | 265,220 | +2.6% |
| Europe | 190,538 | +0.4% | 21,861 | +16.2% | 57,995 | +11.8% |
| Asia | 670,705 | +19.8% | 64,972 | +15.3% | 174,406 | +25.0% |
| (China only) | 378,359 | +31.3% | 38,214 | +23.4% | 99,244 | +35.1% |
| Others | 99,039 | +23.5% | 10,689 | +30.4% | 25,622 | +18.8% |
| Overseas Total | 2,354,307 | +7.0% | 230,850 | +7.6% | 629,471 | +9.3% |

* (April/01/2006 ~ March/31/2007)

Japan Domestic Sales

| Vehicle type | *Fiscal Year 2007 | | March 2007 | | Year-to-date total Jan-Mar 2007 | |
|--------------------------|-------------------|--------------|---------------|--------------|------------------------------------|--------------|
| | Units | vs.FY06 | Units | vs.2006 | Units | vs.2006 |
| Registrations | 408,183 | -12.6% | 55,230 | -12.3% | 111,690 | -7.8% |
| Mini Vehicles | 283,346 | +16.8% | 34,438 | -4.5% | 61,843 | -2.1% |
| Honda Brand Total | 691,529 | -2.6% | 89,668 | -9.4% | 173,533 | -5.8% |

* (April/01/2006 ~ March/31/2007)

Exports from Japan

| | *Fiscal Year 2007 | | March 2007 | | Year-to-date Total Jan-March 2007 | |
|---------------|-------------------|---------|------------|---------|--------------------------------------|---------|
| | Units | vs.FY06 | Units | vs.2006 | Units | vs.2006 |
| North America | 366,252 | +39.1% | 29,811 | -9.1% | 98,818 | +16.0% |
| (USA only) | 337,911 | +43.3% | 28,148 | -5.1% | 93,629 | +22.4% |

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| | | | | | | |
|--------------|----------------|---------------|---------------|--------------|----------------|---------------|
| Europe | 129,567 | -10.8% | 10,985 | +25.1% | 35,080 | -12.7% |
| Asia | 19,195 | +12.6% | 1,677 | -22.0% | 4,979 | +1.7% |
| Others | 130,189 | +14.9% | 10,757 | +18.5% | 34,018 | +34.0% |
| Total | 645,203 | +19.7% | 53,230 | +0.8% | 172,895 | +11.1% |

* (April/01/2006 ~ March/31/2007)

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April 25, 2007

HONDA MOTOR CO., LTD. REPORTS

CONSOLIDATED FINANCIAL RESULTS

FOR THE FISCAL FOURTH QUARTER AND

THE FISCAL YEAR ENDED MARCH 31, 2007

Tokyo, April 25, 2007 Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal fourth quarter and the fiscal year ended March 31, 2007.

Fourth Quarter Results

Honda's consolidated net income for the fiscal fourth quarter ended March 31, 2007 totaled JPY 176.1 billion (USD 1,492 million), a decrease of 19.7% from the corresponding period in 2006. Basic net income per Common share for the quarter amounted to JPY 96.70 (USD 0.82), a decrease of 19.3% compared to JPY 119.89 for the corresponding period in 2006. One of Honda's American Depository Shares represents one Common Share.

The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS exchange ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS. Basic net income per common share and ADS were calculated based on the number of common shares after the stock split.

Consolidated net sales and other operating revenue (herein referred to as revenue) for the quarter amounted to JPY 3,087.8 billion (USD 26,157 million), an increase of 9.0% from the corresponding period in 2006. Honda estimates that if the exchange rate of the Japanese yen had remained unchanged from the corresponding period in 2006, revenue for the quarter would have increased by approximately 5.3%.

Consolidated operating income for the quarter totaled JPY 250.2 billion (USD 2,120 million), a decrease of 26.6% compared to the corresponding period in 2006. This decrease in operating income was primarily due to the soaring raw material costs, the increased R&D expenses and accounting for the gain on return of the substitutional portion of the Employees' Pension Funds to the Japanese government (the gain on return) that was recorded in the fiscal fourth quarter ended March 31, 2006, which offset the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

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Consolidated income before income taxes and equity in income of affiliates for the quarter totaled JPY 239.0 billion (USD 2,025 million), a decrease of 29.4% from the corresponding period in 2006.

Equity in income of affiliates amounted to JPY 19.9 billion (USD 169 million) for the quarter, a decrease of 12.2% from the corresponding period in 2006.

The gain on return of JPY 138.0 billion (USD 1,170 million) was included in the result of consolidated operating income and consolidated income before income taxes for the fiscal fourth quarter ended March 31, 2006. Accordingly, the impact of such gain on return after tax was reflected in the consolidated net income for the fiscal fourth quarter ended March 31, 2006.

Minority interest in income (loss), which were included in other expenses-other, has been revised to be disclosed independently.

Business Segment

With respect to Honda's sales for the fiscal fourth quarter by business segment, unit sales of motorcycles totaled 2,408 thousand units, which was approximately the same level as the corresponding period in 2006. Unit sales in Japan was 79 thousand units, a decrease of 15.1%. Overseas unit sales was 2,329 thousand units, which was approximately the same level as the corresponding period in 2006*, due mainly to the positive impact of the increased unit sales in other regions especially in Latin America, offsetting the negative impact of the decrease in unit sales in North America and Asia. Revenue from unaffiliated customers increased 7.7%, to JPY 421.7 billion (USD 3,572 million) from the corresponding period in 2006, due mainly to the positive impact of the currency translation effects. Operating income decreased by 27.0% to JPY 44.2 billion (USD 375 million) from the corresponding period in 2006, due mainly to the increased R&D expenses and the gain on return which was recorded in the fiscal fourth quarter ended March 31, 2006, offsetting the positive impact of the continuing cost reduction effects, the decreased SG&A and the currency effects caused by the depreciation of the Japanese yen.

* Of the net sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, those with respect to which parts for manufacturing were not supplied from Honda or its subsidiaries are not included in net sales and other operating revenue, in conformity with U.S. generally accepted accounting principles. Accordingly, these unit sales are not included in the financial results. Sales of such products amounted to approximately 1,150 thousand units for the quarter.

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Honda's unit sales of automobiles was 957 thousand units, increased by 6.2% from the corresponding period in 2006. In Japan, unit sales was 189 thousand units, which was approximately the same level as the corresponding period in 2006. Overseas unit sales increased 8.0% to 768 thousand units, due to the increased unit sales in North America, Europe, Asia and other regions. Revenue from unaffiliated customers increased 8.0% to JPY 2,430.7 billion (USD 20,591 million) from the corresponding period in 2006, due to the increased unit sales and the positive impact of the currency translation effects. Operating income decreased 35.1% to JPY 157.7 billion (USD 1,337 million) from the corresponding period in 2006, due mainly to the negative impact of the soaring raw material costs, the increased SG&A expenses and the increased R&D expenses and the gain on return which was recorded in the fiscal fourth quarter ended March 31, 2006, offsetting the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

Revenue from unaffiliated customers in financial services business increased 41.7% to JPY 117.4 billion (USD 995 million) from the corresponding period in 2006. Operating income increased 70.8% to JPY 40.9 billion (USD 347 million) from the corresponding period in 2006, due primarily to the increased profit attributable to higher revenue, the decrease in SG&A expenses and the currency effects caused by the depreciation of the Japanese yen.

Honda's unit sales of power products was 2,128 thousand units, which was approximately the same level as the corresponding period in 2006. In Japan, unit sales totaled 139 thousand units, an increase of 0.7%. Overseas unit sales was 1,989 thousand units, which was approximately the same level as the corresponding period in 2006. Revenue from unaffiliated customers in power product and other businesses increased by 7.9% to JPY 117.9 billion (USD 999 million) from the corresponding period in 2006, due mainly to the positive impact of the currency translation effects. Operating income decreased 45.0% to JPY 7.2 billion (USD 62 million) from the corresponding period in 2006. This was primarily due to the negative impact of the gain on return which was recorded in the fiscal fourth quarter ended March 31, 2006, offsetting the positive impact of the decreased SG&A expenses and the currency effects caused by the depreciation of the Japanese yen.

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Geographical Segment

With respect to Honda's sales for the fiscal fourth quarter by geographical segment, in Japan, revenue for domestic and exports sales was JPY 1,265.1 billion (USD 10,717 million), up by 7.2% compared to the corresponding period in 2006, due primarily to the increased revenue from exports in automobile business. Operating income was JPY 68.2 billion (USD 578 million), down by 63.1% from the corresponding period in 2006, due primarily to the negative impact of the soaring raw material costs, the increased SG&A expenses and the increased R&D expenses and the gain on return which was recorded in the fiscal fourth quarter ended March 31, 2006, offsetting the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

In North America, revenue increased by 2.8% to JPY 1,671.4 billion (USD 14,159 million) from the corresponding period in 2006, due mainly to the increased unit sales in automobile business and the positive impact of the currency translation effects. Operating income increased by 21.3% to JPY 128.4 billion (USD 1,088 million) from the corresponding period in 2006, due primarily to the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the soaring raw material costs.

In Europe, revenue increased by 24.5% to JPY 440.1 billion (USD 3,728 million), from the corresponding period in 2006, due primarily to the increased unit sales in automobile business and the positive impact of the currency translation effects. Operating income increased by 28.8% to JPY 12.6 billion (USD 108 million) from the corresponding period in 2006, due primarily to the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the increased SG&A expenses.

In Asia, revenue increased by 28.4% to JPY 366.9 billion (USD 3,108 million) from the corresponding period in 2006, due primarily to the increased unit sales in automobile business and the positive impact of the currency translation effects. Operating income increased by 50.2% to JPY 19.2 billion (USD 163 million) from the corresponding period in 2006, due mainly to the positive impact of the increased profit attributable to higher revenue, which offset the negative impact of the increased SG&A expenses.

In Asia, in addition to subsidiaries, many affiliates accounted for under the equity method manufacture and sell Honda-brand products. Accounting terms of some of the affiliates differ from the Company's. Operating income does not include income from these affiliates. Income from these affiliates is recorded as equity in income of affiliates and reflected in net income.

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In other regions, revenue increased by 43.4% to JPY 231.3 billion (USD 1,959 million) compared to the corresponding period in 2006, due mainly to the increased unit sales in all of the business segments and the positive impact of the currency translation effects. Operating income increased by 67.1% to JPY 19.5 billion (USD 165 million) from the corresponding period in 2006, due mainly to the positive impact of the increased profit attributable to higher revenue and the continuing cost reduction effects, offsetting the negative impact of the increased SG&A expenses.

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Fiscal Year Results

Honda's consolidated net income for the fiscal year ended March 31, 2007 totaled JPY 592.3 billion (USD 5,018 million), a decrease of 0.8% from the fiscal year ended March 31, 2006. Basic net income per Common share for the period amounted to JPY 324.62 (USD 2.75), compared to JPY 324.33 for the fiscal year ended March 31, 2006. One of Honda's American Depository Shares represents one Common Share.

The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS change ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS. Basic net income per common share and ADS were calculated based on the number of common shares after the stock split.

Consolidated revenue for the period amounted to JPY 11,087.1 billion (USD 93,919million), an increase of 11.9% from the previous fiscal year. Honda estimates that if the exchange rate of the Japanese yen had remained unchanged from the previous fiscal year, revenue for the period would have increased by approximately 7.4%.

Consolidated operating income for the period totaled JPY 851.8 billion (USD 7,216 million), a decrease of 2.0% compared to the previous fiscal year. This decrease in operating income was primarily due to the negative impact of the change in model mix, the soaring raw material costs, the increased SG&A expenses, the increased R&D expenses and accounting for the gain on return that was recorded in the fiscal year ended March 31, 2006, which offset the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

Consolidated income before income taxes and equity in income of affiliates for the period totaled JPY 792.8 billion (USD 6,716 million), a decrease of 4.5% from the previous fiscal year.

The gain on return of JPY 138.0 billion (USD 1,169 million) was included in the result of consolidated operating income and consolidated income before income taxes for the fiscal year ended March 31, 2006. Accordingly, the impact of such gain on return after tax was reflected in the consolidated net income for the fiscal year ended March 31, 2006.

Equity in income of affiliates amounted to JPY 103.4 billion (USD 876 million) for the period, an increase of 3.8% from the previous fiscal year.

Minority interest in income (loss), which were included in other expenses-other, has been revised to be disclosed independently.

Table of Contents**Business Segment**

With respect to Honda's sales for the fiscal year by business segment, unit sales of motorcycles totaled 10,369 thousand units, an increase of 1.0% from the previous fiscal year. Unit sales in Japan was 337 thousand units, a decrease of 8.4%. Overseas unit sales was 10,032 thousand units, an increase of 1.3%*, due mainly to an increase in unit sales in other regions especially in Latin America. Revenue from unaffiliated customers increased 11.8%, to JPY 1,370.6 billion (USD 11,610million) from the previous fiscal year, due mainly to the increased unit sales and the positive impact of the currency translation effects. Operating income decreased by 11.7 % to JPY 100.6 billion (USD 852 million) from the previous fiscal year, due mainly to the increased SG&A expenses and the increased R&D expenses and the gain on return which was recorded in the fiscal year ended March 31, 2006, offsetting the positive impact of the increased profit attributable to higher revenue and the currency effects caused by the depreciation of the Japanese yen.

* Of the net sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, those with respect to which parts for manufacturing were not supplied from Honda or its subsidiaries are not included in net sales and other operating revenue, in conformity with U.S. generally accepted accounting principles. Accordingly, these unit sales are not included in the financial results. Sales of such products amounted to approximately 2,850 thousand units for the period.

Honda's unit sales of automobiles was 3,652 thousand units, increased by 7.7% from the previous fiscal year. In Japan, unit sales decreased 3.4% to 672 thousand units. Overseas unit sales increased 10.6% to 2,980 thousand units, due mainly to the increased unit sales in North America, Europe, Asia and other regions. Revenue from unaffiliated customers increased 11.0% to JPY 8,889.0 billion (USD 75,299million) from the previous fiscal year, due to the increased unit sales and the positive impact of the currency translation effects. Operating income decreased 4.6% to JPY 599.5 billion (USD 5,078million) from the previous fiscal year, due mainly to the negative impact of the change in model mix, the soaring raw material costs, the increased SG&A expenses, the increased R&D expenses and the gain on return which was recorded in the fiscal year ended March 31, 2006, which offset the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

Revenue from unaffiliated customers in financial services business increased 33.5% to JPY 409.7 billion (USD 3,471million) from the previous fiscal year. Operating income increased 27.6% to JPY 115.5 billion (USD 978 million) from the previous fiscal year, due mainly to the positive impact of the increased profit attributable to higher revenue and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the increased funding costs.

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Honda's unit sales of power products was 6,421 thousand units, up by 9.3 % from the previous fiscal year. In Japan, unit sales totaled 527 thousand units, an increase of 8.2%. Overseas unit sales was 5,894 thousand units, an increase of 9.4%, due mainly to the increased unit sales in North America and Europe. Revenue from unaffiliated customers in power product and other businesses increased by 12.7% to JPY 417.7 billion (USD 3,538million) from the previous fiscal year, due mainly to the increased unit sales of power products and the positive impact of the currency translation effects. Operating income was JPY 36.1 billion (USD 306 million), an increase of 0.6% from the previous fiscal year, due mainly to the positive impact of the increased profit attributable to higher revenue and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the increased SG&A expenses and the gain on return which was recorded in the fiscal year ended March 31, 2006.

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Geographical Segment

With respect to Honda's sales for the fiscal year by geographical segment, in Japan, revenue for domestic and exports sales was JPY 4,774.1 billion (USD 40,441 million), up by 7.6% compared to the previous fiscal year, due primarily to the increased revenue from exports in automobile business which offset the negative impact of the decreased unit sales in domestic automobile business. Operating income was JPY 228.1 billion (USD 1,932 million), down by 38.5% from the corresponding period in 2005, due primarily to the negative impact of the change in model mix, the soaring raw material costs, the increased SG&A expenses, the increased R&D expenses and the gain on return which was recorded in the fiscal year ended March 31, 2006, which offset the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen.

In North America, revenue increased by 9.9% to JPY 6,172.6 billion (USD 52,288 million) from the corresponding period in 2005, due mainly to the increased unit sales in automobile business and the positive impact of the currency translation effects. Operating income increased by 29.1% to JPY 456.8 billion (USD 3,870 million) from the previous fiscal year, due primarily to the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects, the decreased SG&A expenses and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the change in model mix and the soaring raw material costs.

In Europe, revenue increased by 13.3% to JPY 1,347.7 billion (USD 11,416 million) compared to the previous fiscal year, due primarily to the increased unit sales in automobile and power product businesses and the positive impact of the currency translation effects. Operating income increased by 21.6% to JPY 31.9 billion (USD 270 million) from the previous fiscal year, due mainly to the positive impact of the increased profit attributable to higher revenue, continuing cost reduction effects and the currency effects caused by the depreciation of the Japanese yen, which offset the negative impact of the change in model mix and the increased SG&A expenses.

In Asia, revenue increased by 27.5% to JPY 1,271.4 billion (USD 10,770 million) from the previous fiscal year, due primarily to the increased unit sales in automobile business and the positive impact of the currency translation effects. Operating income increased by 18.7% to JPY 77.1 billion (USD 653 million) from the previous fiscal year, due mainly to the positive impact of the increased profit attributable to higher revenue, which offset the negative impact of the increased SG&A expenses.

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In Asia, in addition to subsidiaries, many affiliates accounted for under the equity method manufacture and sell Honda-brand products. Operating income does not include income from these affiliates. Income from these affiliates is recorded as equity in income of affiliates and reflected in net income.

In other regions, revenue increased by 39.5% to JPY 797.6 billion (USD 6,757million) compared to the previous fiscal year, due mainly to the increased unit sales in all of the business segments and the positive impact of the currency translation effects. Operating income increased by 26.4% to JPY 72.2 billion (USD 612million) from the previous fiscal year, due mainly to the positive impact of the increased profit attributable to higher revenue and the currency effects caused by the depreciation of the Japanese yen, offsetting the negative impact of the increased SG&A expenses.

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Consolidated Statements of Cash Flows for the Fiscal Year

Cash and cash equivalents at the end of the period from April 1, 2006 through March 31, 2007 increased by JPY 228.7 billion (USD 1,938 million) from March 31, 2006, to JPY 945.5 billion (USD 8,010 million). The reasons for the increases or decreases for each cash flow activity are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to JPY 904.5 billion (USD 7,662 million) for the fiscal year ended March 31, 2007, mainly attributable to the increase in net income and the increase in trade accounts and notes payable, which offset the increase in inventories. Cash inflows from operating activities increased by JPY 323.8 billion (USD 2,744 million) compared with the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities amounted to JPY 11,307 billion (USD 9,578 million), due mainly to capital expenditures, the acquisitions of finance subsidiaries-receivables, which exceeded collections of and proceeds from finance subsidiaries-receivables and the purchase of investment in operating leases. Cash outflows from investing activities increased by JPY 430,7 billion (USD 3,649 million) compared with the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities amounted to JPY 423,4 billion (USD 3,587 million), which was attributable to proceeds from long-term debt and increase in short-term debt, which exceeded repayment of long-term debt and cash dividends paid. Cash inflows from financing activities increased by JPY 403.4 billion (USD 3,418 million) compared with the previous fiscal year.

Table of Contents*Supplemental information for cash flows*

| | FY2006 | FY2007 |
|--|-----------------|-----------------|
| | Year-end | Year-end |
| Shareholders' equity ratio (%) | 38.8 | 37.2 |
| Shareholders' equity ratio on a market price basis (%) | 62.9 | 62.7 |
| Repayment period (years) | 5.6 | 4.4 |
| Non-financial services businesses (years) | 0.4 | 0.4 |
| Interest coverage ratio | 6.8 | 6.7 |
| Non-financial services businesses | 48.0 | 59.3 |

Shareholders' equity ratio: shareholders' equity / total assets

Shareholders' equity ratio on a market price basis: issued common stock stated at market price / total assets

Repayment period: interest bearing debt / cash flows from operating activities

Interest coverage ratio: (cash flows from operating activities + interest paid) / interest paid

Explanatory notes:

1. All figures are calculated based on the information included in the consolidated financial statements.
2. Cash flows from operating activities are obtained from the consolidated statement of cash flows. Interest bearing debt represents Honda's outstanding debt with interest payments, which are included on the consolidated balance sheets. Interest bearing debt and cash flow from operating activities for the non-financial services businesses are obtained from the consolidated balance sheets and consolidated statements of cash flows which are separated by non-financial services businesses and finance subsidiaries.
3. Certain reclassifications and adjustments for misclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

Table of Contents**Forecasts for the Fiscal Year Ending March 31, 2008**

In regard to the forecasts of the financial results for the fiscal year ending March 31, 2008, Honda projects consolidated and unconsolidated results to be as shown below:

FY2008 Forecasts for Consolidated Results**First half ending September 30, 2007**

| | Yen (billions) | Changes from FY 2007 |
|---|----------------|----------------------|
| Net sales and other operating revenue | 5,800 | + 10.9% |
| Operating income | 355 | - 10.5% |
| Income before income taxes and equity in income of affiliates | 360 | + 1.4% |
| Net income | 275 | + 1.4% |

| | Yen |
|-----------------------------------|--------|
| Basic net income per Common share | 150.93 |

Fiscal year ending March 31, 2008

| | Yen (billions) | Changes from FY 2007 |
|---|----------------|----------------------|
| Net sales and other operating revenue | 11,750 | + 6.0% |
| Operating income | 770 | - 9.6% |
| Income before income taxes and equity in income of affiliates | 780 | - 1.6% |
| Net income | 575 | - 2.9% |

| | Yen |
|-----------------------------------|--------|
| Basic net income per Common share | 315.59 |

Table of Contents**FY2008 Forecasts for Unconsolidated Results****First half ending September 30, 2007**

| | Yen (billions) | Changes from FY 2007 |
|------------------|----------------|----------------------|
| Net sales | 1,980 | + 3.4% |
| Operating income | 45 | - 50.7% |
| Ordinary income | 136 | - 10.3% |
| Net income | 120 | - 5.7% |

Fiscal year ending March 31, 2008

| | Yen (billions) | Changes from FY 2007 |
|------------------|----------------|----------------------|
| Net sales | 4,010 | - 0.5% |
| Operating income | 110 | - 45.5% |
| Ordinary income | 270 | - 11.8% |
| Net income | 230 | + 7.4% |

These forecasts are based on the assumption that the average exchange rates for the Japanese yen to the U.S. dollar and the Euro will be JPY 116 and JPY 152, respectively, for the first half of the year ending March 31, 2008, JPY 113 and JPY 148, respectively, for the second half of the year ending March 31, 2008, and JPY 115 and JPY 150, respectively, for the full year ending March 31, 2008.

This announcement 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 materially differ 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 the U.S. dollar, the Euro and other major currencies, as well as other factors detailed from time to time. The various factors for increases and decreases in income have been classified in accordance with a method that Honda considers reasonable.

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Profit Redistribution Policy and Dividend per Share of Common Stock for fiscal years 2007 and 2008

The Company strives to carry out its operations from a global perspective and to increase its corporate value. With respect to the redistribution of profits to our shareholders, which we consider to be one of the most important management issues, and its basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance.

The Company will also acquire its own shares at the optimal timing with the goal of improving efficiency of the Company's capital structure. The present goal is to maintain a shareholders return ratio (i.e. the ratio of the total of the dividend payment and the repurchase of the Company's own shares to consolidated net income) of approximately 30%. Retained earnings will be allocated toward financing R&D activities that are essential for the future growth of the Company and capital expenditures and investment programs that will expand its operations for the purpose of improving business results and strengthening the Company's financial condition.

The Company plans to distribute year-end cash dividends of JPY 20 per share for the year ended March 31, 2007. As a result, total cash dividends for the year ended March 31, 2007, together with the interim cash dividends of JPY 30 and the third quarter cash dividends of JPY 17, are planned to be JPY 67 per share.

Also, please note that the year-end cash dividends for the year ended March 31, 2007 are matters to be resolved at general meeting of shareholders.

The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Had the stock split not been carried out, annual dividends would have corresponded to JPY 134, an increase of JPY 34 per share from the annual dividends paid for the year ended March 31, 2006.

The Company plans to distribute quarterly cash dividends of JPY 20 per share for each quarter for the year ending March 31, 2008. As a result, total cash dividends for the year ending March 31, 2008 are planned to be JPY 80 per share, an increase of JPY 13 from the annual dividends paid for the year ended March 31, 2007.

Risk Factors

The Company omits the disclosure of risk factors since there are no significant changes from the risk factors disclosed in 20-F filed on June 23, 2006.

Table of Contents**[1] Unit Sales Breakdown**

| | Unit (thousands) | | | |
|-----------------------|------------------|--------------------|---------------|-----------------|
| | Three months | Year | | Year |
| | ended | Three months ended | ended | ended |
| | Mar. 31, 2006 | Mar. 31, 2007 | Mar. 31, 2006 | Mar. 31, 2007 |
| MOTORCYCLES | | | | |
| Japan | 93 | 79 | 368 | 337 |
| | (93) | (79) | (368) | (337) |
| North America | 211 | 164 | 615 | 503 |
| | (121) | (99) | (332) | (282) |
| Europe | 98 | 97 | 353 | 329 |
| | (94) | (92) | (340) | (317) |
| Asia | 1,750 | 1,706 | 7,907 | 7,895 |
| | (1,749) | (1,706) | (7,906) | (7,895) |
| Other Regions | 261 | 362 | 1,028 | 1,305 |
| | (258) | (358) | (1,014) | (1,290) |
| Total | 2,413 | 2,408 | 10,271 | 10,369 |
| | (2,315) | (2,334) | (9,960) | (10,121) |
| AUTOMOBILES | | | | |
| Japan | 190 | 189 | 696 | 672 |
| North America | 434 | 450 | 1,682 | 1,788 |
| Europe | 87 | 102 | 291 | 324 |
| Asia | 137 | 149 | 521 | 620 |
| Other Regions | 53 | 67 | 201 | 248 |
| Total | 901 | 957 | 3,391 | 3,652 |
| POWER PRODUCTS | | | | |
| Japan | 138 | 139 | 487 | 527 |
| North America | 1,128 | 1,023 | 2,827 | 3,103 |
| Europe | 596 | 624 | 1,477 | 1,625 |
| Asia | 154 | 230 | 717 | 760 |
| Other Regions | 103 | 112 | 368 | 406 |
| Total | 2,119 | 2,128 | 5,876 | 6,421 |

Explanatory notes:

1. The geographical breakdown of unit sales is based on the location of unaffiliated customers.
2. Figures in brackets represent unit sales of motorcycles only.

Table of Contents**[2] Net Sales Breakdown**

(A) For the three months ended March 31, 2006 and 2007

| | Yen (millions) | | | |
|---|-------------------------------------|----------|-------------------------------------|----------|
| | Three months ended Mar. 31, 2006 | | Three months ended Mar. 31, 2007 | |
| MOTORCYCLE BUSINESS | | | | |
| Japan | 23,889 | (6.1)% | 25,667 | (6.1)% |
| North America | 135,456 | (34.6)% | 107,951 | (25.6)% |
| Europe | 66,802 | (17.1)% | 75,931 | (18.0)% |
| Asia | 95,119 | (24.3)% | 111,331 | (26.4)% |
| Other Regions | 70,142 | (17.9)% | 100,846 | (23.9)% |
| Total | 391,408 | (100.0)% | 421,726 | (100.0)% |
| AUTOMOBILE BUSINESS | | | | |
| Japan | 386,978 | (17.2)% | 373,906 | (15.4)% |
| North America | 1,336,864 | (59.4)% | 1,360,274 | (56.0)% |
| Europe | 220,342 | (9.8)% | 308,828 | (12.6)% |
| Asia | 198,992 | (8.8)% | 237,261 | (9.8)% |
| Other Regions | 106,997 | (4.8)% | 150,476 | (6.2)% |
| Total | 2,250,173 | (100.0)% | 2,430,745 | (100.0)% |
| FINANCIAL SERVICES BUSINESS | | | | |
| Japan | 5,029 | (6.1)% | 5,148 | (4.4)% |
| North America | 71,985 | (86.9)% | 106,187 | (90.4)% |
| Europe | 3,261 | (3.9)% | 3,368 | (2.9)% |
| Asia | 574 | (0.7)% | 996 | (0.8)% |
| Other Regions | 2,008 | (2.4)% | 1,736 | (1.5)% |
| Total | 82,857 | (100.0)% | 117,435 | (100.0)% |
| POWER PRODUCT & OTHER BUSINESSES | | | | |
| Japan | 29,851 | (27.3)% | 32,495 | (27.6)% |
| North America | 38,471 | (35.2)% | 36,611 | (31.0)% |
| Europe | 27,713 | (25.4)% | 32,239 | (27.3)% |
| Asia | 7,815 | (7.1)% | 10,263 | (8.7)% |
| Other Regions | 5,453 | (5.0)% | 6,376 | (5.4)% |
| Total | 109,303 | (100.0)% | 117,984 | (100.0)% |
| TOTAL | | | | |
| Japan | 445,747 | (15.7)% | 437,216 | (14.2)% |
| North America | 1,582,776 | (55.9)% | 1,611,023 | (52.2)% |
| Europe | 318,118 | (11.2)% | 420,366 | (13.6)% |
| Asia | 302,500 | (10.7)% | 359,851 | (11.6)% |
| Other Regions | 184,600 | (6.5)% | 259,434 | (8.4)% |

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| | | | | |
|-------|-----------|----------|------------------|-----------------|
| Total | 2,833,741 | (100.0)% | 3,087,890 | (100.0)% |
|-------|-----------|----------|------------------|-----------------|

Explanatory notes:

1. The geographical breakdown of unit sales is based on the location of unaffiliated customers.
2. Figures in brackets represent unit sales of motorcycles only.

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Table of Contents**[2] Net Sales Breakdown**

(B) For the fiscal year ended March 31, 2006 and 2007

| | Yen (millions) | | | |
|---|----------------|----------|---------------|----------|
| | Year ended | | Year ended | |
| | Mar. 31, 2006 | | Mar. 31, 2007 | |
| MOTORCYCLE BUSINESS | | | | |
| Japan | 99,009 | (8.1)% | 101,753 | (7.4)% |
| North America | 349,741 | (28.5)% | 308,293 | (22.5)% |
| Europe | 208,092 | (17.0)% | 219,773 | (16.0)% |
| Asia | 324,026 | (26.4)% | 383,389 | (28.0)% |
| Other Regions | 244,944 | (20.0)% | 357,409 | (26.1)% |
| Total | 1,225,812 | (100.0)% | 1,370,617 | (100.0)% |
| AUTOMOBILE BUSINESS | | | | |
| Japan | 1,447,388 | (18.1)% | 1,412,726 | (15.9)% |
| North America | 4,722,354 | (59.0)% | 5,179,139 | (58.3)% |
| Europe | 717,360 | (9.0)% | 917,199 | (10.3)% |
| Asia | 731,833 | (9.1)% | 861,612 | (9.7)% |
| Other Regions | 385,759 | (4.8)% | 518,404 | (5.8)% |
| Total | 8,004,694 | (100.0)% | 8,889,080 | (100.0)% |
| FINANCIAL SERVICES BUSINESS | | | | |
| Japan | 21,140 | (6.9)% | 21,497 | (5.2)% |
| North America | 267,485 | (87.2)% | 364,892 | (89.1)% |
| Europe | 10,108 | (3.3)% | 12,642 | (3.1)% |
| Asia | 1,966 | (0.6)% | 3,150 | (0.8)% |
| Other Regions | 6,170 | (2.0)% | 7,520 | (1.8)% |
| Total | 306,869 | (100.0)% | 409,701 | (100.0)% |
| POWER PRODUCT & OTHER BUSINESSES | | | | |
| Japan | 126,507 | (34.1)% | 145,214 | (34.8)% |
| North America | 123,779 | (33.4)% | 128,552 | (30.8)% |
| Europe | 73,861 | (19.9)% | 87,143 | (20.8)% |
| Asia | 27,626 | (7.5)% | 35,003 | (8.4)% |
| Other Regions | 18,848 | (5.1)% | 21,830 | (5.2)% |
| Total | 370,621 | (100.0)% | 417,742 | (100.0)% |
| TOTAL | | | | |
| Japan | 1,694,044 | (17.1)% | 1,681,190 | (15.2)% |
| North America | 5,463,359 | (55.1)% | 5,980,876 | (53.9)% |
| Europe | 1,009,421 | (10.2)% | 1,236,757 | (11.1)% |
| Asia | 1,085,451 | (11.0)% | 1,283,154 | (11.6)% |
| Other Regions | 655,721 | (6.6)% | 905,163 | (8.2)% |

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| | | | | |
|-------|-----------|----------|-------------------|-----------------|
| Total | 9,907,996 | (100.0)% | 11,087,140 | (100.0)% |
|-------|-----------|----------|-------------------|-----------------|

Explanatory notes:

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

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Table of Contents**[3] Consolidated Financial Summary**

For the three months and Year ended December 31, 2006 and 2007

Financial Highlights

| | Yen (millions) | | | | | |
|---|-------------------------------|----------|--------------------|---------------|------------|-------------------|
| | Three months ended | | Year ended | | Year ended | |
| | Mar. 31, 2006 | % Change | Mar. 31, 2007 | Mar. 31, 2006 | % Change | Mar. 31, 2007 |
| Net sales and other operating revenue | 2,833,741 | 9.0% | 3,087,890 | 9,907,996 | 11.9% | 11,087,140 |
| Operating income | 340,832 | -26.6% | 250,224 | 868,905 | -2.0% | 851,879 |
| Income before income taxes and equity in income of affiliates | 338,617 | -29.4% | 239,075 | 829,904 | -4.5% | 792,868 |
| Net income | 219,513 | -19.7% | 176,184 | 597,033 | -0.8% | 592,322 |
| | Yen | | | | | |
| Basic net income per Share | 119.89 | | 96.70 | 324.33 | | 324.62 |
| | U.S. Dollar (millions) | | | | | |
| | | | Three months ended | | Year ended | |
| | | | Mar. 31, 2007 | | | Mar. 31, 2007 |
| Net sales and other operating revenue | | | 26,157 | | | 93,919 |
| Operating income | | | 2,120 | | | 7,216 |
| Income before income taxes and equity in income of affiliates | | | 2,025 | | | 6,716 |
| Net income | | | 1,492 | | | 5,018 |
| | U.S. Dollar | | | | | |
| Basic net income per Share | | | 0.82 | | | 2.75 |

Explanatory note:

Share means both Common Share and ADS. The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS exchange ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS. Basic net income per common stock and ADS were calculated based on the number of common shares after the stock split.

Table of Contents**[4] Consolidated Statements of Income**

(A) For the three months ended March 31, 2006 and 2007

| | Yen (millions) | |
|---|-----------------------|-----------------------|
| | Three months ended | Three months ended |
| | Mar. 31, 2006 | Mar. 31, 2007 |
| Net sales and other operating revenue | 2,833,741 | 3,087,890 |
| Operating costs and expenses: | | |
| Cost of sales | 2,042,981 | 2,173,589 |
| Selling, general and administrative | 449,356 | 500,218 |
| Research and development | 138,588 | 163,859 |
| Gain on transfer of the substitutional portion of the Employees Pension Funds to the government | 138,016 | |
| Operating income | 340,832 | 250,224 |
| Other income: | | |
| Interest | 10,201 | 11,294 |
| Other | 475 | 766 |
| Other expenses: | | |
| Interest | 3,446 | 4,012 |
| Other | 9,445 | 19,197 |
| Income before income taxes, minority interest and equity in income of affiliates | 338,617 | 239,075 |
| Income tax (benefit) expense: | | |
| Current | 102,427 | 98,084 |
| Deferred | 35,612 | (18,957) |
| Income before minority interest and equity in income of affiliates | 200,578 | 159,948 |
| Minority interest in income of consolidated subsidiaries | (3,797) | (3,733) |
| Equity in income of affiliates | 22,732 | 19,969 |
| Net income | 219,513 | 176,184 |
| Basic net income per Share | 119.89 | 96.70 |

Explanatory note:

- Share means both Common Share and ADS. The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS exchange ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS. Basic net income per common stock and ADS were calculated based on the number of common shares after the stock split.
- Certain reclassifications and revisions for misclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

Table of Contents**[4] Consolidated Statements of Income - continued**

(B) For fiscal year ended March 31, 2006 and 2007

| | Yen (millions) | |
|--|-----------------------------|-----------------------------|
| | Year ended Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| Net sales and other operating revenue | 9,907,996 | 11,087,140 |
| Operating costs and expenses: | | |
| Cost of sales | 7,010,357 | 7,865,142 |
| Selling, general and administrative | 1,656,365 | 1,818,272 |
| Research and development | 510,385 | 551,847 |
| Gain on transfer of the substitutional portion of the Employees Pension Funds to the government | 138,016 | |
| Operating income | 868,905 | 851,879 |
| Other income: | | |
| Interest | 27,363 | 42,364 |
| Other | 2,214 | 13,243 |
| Other expenses: | | |
| Interest | 11,902 | 12,912 |
| Other | 56,676 | 101,706 |
| Income before income taxes, minority interest and equity in income of affiliates | 829,904 | 792,868 |
| Income tax (benefit) expense: | | |
| Current | 319,945 | 300,294 |
| Deferred | (2,756) | (16,448) |
| Income before minority interest and equity in income of affiliates | 512,715 | 509,022 |
| Minority interest in income of consolidated subsidiaries | (15,287) | (20,117) |
| Equity in income of affiliates | 99,605 | 103,417 |
| Net income | 597,033 | 592,322 |
| Basic net income per Share | 324.33 | 324.62 |

Explanatory note:

1. Share means both Common Share and ADS. The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS exchange ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS. Basic net income per common stock and ADS were calculated based on the number of common shares after the stock split.
2. Certain reclassifications and revisions for misclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial

revisions of classifications on page 39.

Table of Contents**[5] Consolidated Balance Sheets**

| | Yen (millions) | | |
|--|-------------------|-------------------|-----------|
| | Mar. 31, 2006 | Mar. 31, 2007 | change |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 716,788 | 945,546 | 228,758 |
| Trade accounts and notes receivable | 963,320 | 1,055,470 | 92,150 |
| Finance subsidiaries-receivables, net | 1,230,912 | 1,426,224 | 195,312 |
| Inventories | 1,036,304 | 1,183,116 | 146,812 |
| Deferred income taxes | 221,294 | 215,172 | (6,122) |
| Other current assets | 406,985 | 426,863 | 19,878 |
| Total current assets | 4,575,603 | 5,252,391 | 676,788 |
| Finance subsidiaries-receivables, net | 2,982,425 | 3,039,826 | 57,401 |
| Investment in operating leases: | | | |
| Operating leases assets | | 345,909 | 345,909 |
| Less accumulated depreciation | | 9,700 | 9,700 |
| Net investment in operating leases | | 336,209 | 336,209 |
| Investments and advances: | | | |
| Investments in and advances to affiliates | 408,993 | 487,538 | 78,545 |
| Other, including marketable equity securities | 298,460 | 254,610 | (43,850) |
| Total investments and advances | 707,453 | 742,148 | 34,695 |
| Property, plant and equipment, at cost: | | | |
| Land | 384,447 | 429,373 | 44,926 |
| Buildings | 1,149,517 | 1,322,394 | 172,877 |
| Machinery and equipment | 2,562,507 | 2,988,064 | 425,557 |
| Construction in progress | 115,818 | 204,318 | 88,500 |
| | 4,212,289 | 4,944,149 | 731,860 |
| Less accumulated depreciation and amortization | 2,397,022 | 2,865,421 | 468,399 |
| Net property, plant and equipment | 1,815,267 | 2,078,728 | 263,461 |
| Other assets | 550,652 | 587,198 | 36,546 |
| Total assets | 10,631,400 | 12,036,500 | 1,405,100 |

Table of Contents**[5] Consolidated Balance Sheets - continued**

| | Yen (millions) | | |
|---|------------------|-------------------|-----------|
| | Mar. 31, 2006 | Mar. 31, 2007 | change |
| Liabilities and Stockholders Equity | | | |
| Current liabilities: | | | |
| Short-term debt | 693,557 | 1,265,868 | 572,311 |
| Current portion of long-term debt | 657,645 | 775,409 | 117,764 |
| Trade payables: | | | |
| Notes | 31,698 | 33,276 | 1,578 |
| Accounts | 1,015,409 | 1,133,280 | 117,871 |
| Accrued expenses | 786,972 | 807,341 | 20,369 |
| Income taxes payable | 110,160 | 76,031 | (34,129) |
| Other current liabilities | 198,226 | 196,322 | (1,904) |
| Total current liabilities | 3,493,667 | 4,287,527 | 793,860 |
| Long-term debt, excluding current portion | 1,879,000 | 1,905,743 | 26,743 |
| Other liabilities | 1,045,523 | 1,237,712 | 192,189 |
| Total liabilities | 6,418,190 | 7,430,982 | 1,012,792 |
| Minority interests in consolidated subsidiaries: | 87,460 | 122,907 | 35,447 |
| Stockholders equity: | | | |
| Common stock | 86,067 | 86,067 | |
| Capital surplus | 172,529 | 172,529 | |
| Legal reserves | 35,811 | 37,730 | 1,919 |
| Retained earnings | 4,267,886 | 4,654,890 | 387,004 |
| Accumulated other comprehensive income (loss), net | (407,187) | (427,166) | (19,979) |
| Treasury Stock | (29,356) | (41,439) | (12,083) |
| Total stockholders equity | 4,125,750 | 4,482,611 | 356,861 |
| Total liabilities and stockholders equity | 10,631,400 | 12,036,500 | 1,405,100 |

Explanatory notes:

1. The total number of shares authorized, issued and treasury stock are 7,086,000,000 shares, 1,834,828,430 shares and 8,680,000 shares on March 31, 2006 and 7,086,000,000 shares, 1,834,828,430 shares and 12,835,522 shares on March 31, 2007, respectively.
2. Certain reclassifications and revisions for misclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

Table of Contents**[6] Consolidated Statements of Stockholders Equity**

| | Yen (millions) | | | | | | Total |
|--|----------------|----------------|---------------|------------------|--|-----------------|------------------|
| | Common | Capital | Legal | Retained | Accumulated | Treasury | stockholders |
| | stock | surplus | reserves | earnings | Other comprehensive income (loss), net | stock | equity |
| Balance at March 31, 2005 | 86,067 | 172,531 | 34,688 | 3,809,383 | (793,934) | (19,441) | 3,289,294 |
| Transfer to legal reserves | | | 1,123 | (1,123) | | | |
| Cash dividends | | | | (71,061) | | | (71,061) |
| Accumulated other comprehensive income (loss): | | | | | | | |
| Net income for the period | | | | 597,033 | | | 597,033 |
| Other comprehensive income (loss) for the period, net of tax | | | | | | | |
| Adjustments from foreign currency translation | | | | | 249,160 | | 249,160 |
| Unrealized gains (losses) on marketable equity securities: | | | | | | | |
| Unrealized holding gains (losses) arising during the period | | | | | 29,807 | | 29,807 |
| Reclassification adjustments for losses (gains) realized in net income | | | | | (841) | | (841) |
| Unrealized gains (losses) on derivative instruments: | | | | | | | |
| Unrealized holding gains (losses) arising during the period | | | | | (26) | | (26) |
| Reclassification adjustments for losses (gains) realized in net income | | | | | (38) | | (38) |
| Minimum pension liabilities adjustment | | | | | 108,685 | | 108,685 |
| Total comprehensive income for the period | | | | | | | 983,780 |
| Purchase of treasury stock | | | | | | (77,067) | (77,067) |
| Reissuance of treasury stock | | | | (125) | | 928 | 803 |
| Retirement of treasury stock | | (2) | | (66,221) | | 66,224 | 1 |
| Balance at March 31, 2006 | 86,067 | 172,529 | 35,811 | 4,267,886 | (407,187) | (29,356) | 4,125,750 |
| Cumulative effect of adjustments resulting from the adoption of SAB No.108, net of tax | | | | (62,640) | 18,149 | | (44,491) |
| Adjustment for initially applying balance as of April 1, 2006 | 86,067 | 172,529 | 35,811 | 4,205,246 | (389,038) | (29,356) | 4,081,259 |
| Transfer to legal reserves | | | 1,919 | (1,919) | | | |
| Cash dividends | | | | (140,482) | | | (140,482) |
| Accumulated other comprehensive income (loss): | | | | | | | |
| Net income for the period | | | | 592,322 | | | 592,322 |
| Other comprehensive income (loss) for the period, net of tax | | | | | | | |
| Adjustments from foreign currency translation | | | | | 96,775 | | 96,775 |

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| | | | | | | | |
|--|--------|---------|--------|-----------|-----------|----------|----------------|
| Unrealized gains (losses) on marketable equity securities: | | | | | | | |
| Unrealized holding gains (losses) arising during the period | | | | | 1,004 | | 1,004 |
| Reclassification adjustments for losses (gains) realized in net income | | | | | (5,575) | | (5,575) |
| Unrealized gains (losses) on derivative instruments: | | | | | | | |
| Unrealized holding gains (losses) arising during the period | | | | | (337) | | (337) |
| Reclassification adjustments for losses (gains) realized in net income | | | | | 421 | | 421 |
| Minimum pension liabilities adjustment | | | | | 8,908 | | 8,908 |
| Total comprehensive income for the period | | | | | | | 693,518 |
| Adjustment for initially applying SFAS No.158 net of tax | | | | | (139,324) | | (139,324) |
| Purchase of treasury stock | | | | | | (30,974) | (30,974) |
| Reissuance of treasury stock | | | | (277) | | 18,891 | 18,614 |
| Retirement of treasury stock | | | | | | | |
| Balance at March 31, 2007 | 86,067 | 172,529 | 37,730 | 4,654,890 | (427,166) | (41,439) | 4,482,611 |

Table of Contents**[7] Consolidated Statements of Cash Flows**

| | Yen (millions) | |
|--|------------------|-----------------------------|
| | Year ended | |
| | Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| Cash flows from operating activities: | | |
| Net income | 597,033 | 592,322 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization excluding investment in operating leases | 262,225 | 361,747 |
| Depreciation of investment in operating leases | | 9,741 |
| Deferred income taxes | (2,756) | (16,448) |
| Minority interest in income | 15,287 | 20,117 |
| Equity in income of affiliates | (99,605) | (103,417) |
| Dividends from affiliates | 64,055 | 54,849 |
| Provision for credit and lease residual losses on finance subsidiaries-receivables | 36,153 | 44,128 |
| Loss (gain) on derivative instruments, net | 10,351 | 56,836 |
| Gain on transfer of the substitutional portion of the Employees Pension Funds | (138,016) | |
| Decrease (increase) in assets: | | |
| Trade accounts and notes receivable | (113,259) | (49,529) |
| Inventories | (109,661) | (96,839) |
| Other current assets | (59,484) | (15,206) |
| Other assets | (81,796) | (5,523) |
| Increase (decrease) in liabilities: | | |
| Trade accounts and notes payable | 21,420 | 38,186 |
| Accrued expenses | 51,653 | 41,898 |
| Income taxes payable | 39,900 | (37,282) |
| Other current liabilities | 6,126 | 1,103 |
| Other liabilities | 80,410 | 14,274 |
| Other, net | 604 | (6,432) |
| Net cash provided by operating activities | 580,640 | 904,525 |
| Cash flows from investing activities: | | |
| Increase in investments and advances | (17,314) | (9,874) |
| Decrease in investments and advances | 3,711 | 3,829 |
| Payment for purchase of available-for-sale securities | (158,011) | (141,902) |
| Proceeds from sales of available-for-sale securities | 129,496 | 172,806 |
| Payment for purchase of held-to-maturity securities | (63,395) | (13,614) |
| Proceeds from redemption of held-to-maturity securities | 55,990 | 41,109 |
| Capital Expenditures | (460,021) | (597,958) |
| Proceeds from sales of property, plant and equipment | 39,951 | 20,641 |
| Acquisitions of finance subsidiaries-receivables | (3,031,644) | (2,857,024) |
| Collections of finance subsidiaries-receivables | 1,870,675 | 2,138,875 |
| Proceeds from sales of finance subsidiaries-receivables | 930,595 | 477,927 |
| Purchase of operating leases assets | | (366,795) |
| Proceeds from sales of operating lease assets | | 1,276 |
| Net cash used in investing activities | (699,967) | (1,130,704) |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term debt | (124,941) | 306,063 |
| Proceeds from long-term debt | 865,677 | 969,491 |
| Repayment of long-term debt | (568,605) | (677,539) |

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| | | |
|---|----------|----------------|
| Cash dividends paid | (71,061) | (140,482) |
| Cash dividends paid to minority interests | (4,083) | (7,434) |
| Payment for purchase of treasury stock, net | (77,064) | (26,689) |
| Net cash provided by financing activities | 19,923 | 423,410 |
| Effect of exchange rate changes on cash and cash equivalents | 43,406 | 31,527 |
| Net change in cash and cash equivalents | (55,998) | 228,758 |
| Cash and cash equivalents at beginning of period | 772,786 | 716,788 |
| Cash and cash equivalents at end of period | 716,788 | 945,546 |

Explanatory notes:

Certain reclassifications and revisions for misclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

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[8] Segment Information

Honda has four reportable business segments: the Motorcycle business, the Automobile business, the Financial services business and the Power product and other businesses, which are based on Honda's organizational structure and characteristics of products and services. Operating segments are defined as components of Honda's about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in Honda's consolidated financial statements.

Principal products and functions of each segment are as follows:

| Business | Principal products and services | Functions |
|----------------------------------|--|---|
| Motorcycle business | Motorcycles, all-terrain vehicles (ATVs), personal watercraft and relevant parts | Research & Development, Manufacturing, Sales and related services |
| Automobile business | Automobiles and relevant parts | Research & Development, Manufacturing Sales and related services |
| Financial services business | Financial, insurance services | Retail loan and lease related to Honda products Others |
| Power product & other businesses | Power products and relevant parts, and others | Research & Development, Manufacturing Sales and related services Other |

1. Business Segment Information

(A) For the three months ended March 31, 2006

| | Yen (millions) | | | | | | |
|--|--------------------------------|--------------------------------|--|---|--------------|---------------------|---------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product & Other Businesses | Total | Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | |
| Unaffiliated customers | 391,408 | 2,250,173 | 82,857 | 109,303 | 2,833,741 | | 2,833,741 |
| Intersegment | | | 1,210 | 2,234 | 3,444 | (3,444) | |
| Total | 391,408 | 2,250,173 | 84,067 | 111,537 | 2,837,185 | (3,444) | 2,833,741 |
| Cost of sales, SG&A and R&D expenses | 346,132 | 2,123,044 | 60,094 | 105,099 | 2,634,369 | (3,444) | 2,630,925 |
| Gain on transfer of the substitutional portion of the Employee's Pension Funds to the government | 15,319 | 115,935 | | 6,762 | 138,016 | | 138,016 |
| Operating income | 60,595 | 243,064 | 23,973 | 13,200 | 340,832 | | 340,832 |

For the three months ended March 31, 2007

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| | Yen (millions) | | | | | | |
|--|------------------------|------------------------|-----------------------------------|--|-----------|--------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product & Other Businesses | Total | Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | |
| Unaffiliated customers | 421,726 | 2,430,745 | 117,435 | 117,984 | 3,087,890 | | 3,087,890 |
| Intersegment | | | 1,032 | 7,334 | 8,366 | (8,366) | |
| Total | 421,726 | 2,430,745 | 118,467 | 125,318 | 3,096,256 | (8,366) | 3,087,890 |
| Cost of sales, SG&A and R&D expenses | 377,496 | 2,272,955 | 77,527 | 118,054 | 2,846,032 | (8,366) | 2,837,666 |
| Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government | | | | | | | |
| Operating income | 44,230 | 157,790 | 40,940 | 7,264 | 250,224 | | 250,224 |

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Table of Contents(B) For the year ended March 31, 2006

| | Yen (millions) | | | | | | |
|--|------------------------|------------------------|-----------------------------------|--|-----------|---|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product & Other Businesses | Total | Corporate Assets and Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | |
| Unaffiliated customers | 1,225,812 | 8,004,694 | 306,869 | 370,621 | 9,907,996 | | 9,907,996 |
| Intersegment | | | 4,068 | 11,941 | 16,009 | (16,009) | |
| Total | 1,225,812 | 8,004,694 | 310,937 | 382,562 | 9,924,005 | (16,009) | 9,907,996 |
| Cost of sales, SG&A and R&D expenses | 1,127,157 | 7,492,257 | 220,352 | 353,350 | 9,193,116 | (16,009) | 9,177,107 |
| Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government | | | | | | | |
| | 15,319 | 115,935 | | 6,762 | 138,016 | | 138,016 |
| Operating income | 113,974 | 628,372 | 90,585 | 35,974 | 868,905 | | 868,905 |
| Assets | | | | | | | |
| Depreciation and amortization | 30,232 | 222,165 | 771 | 9,057 | 262,225 | | 262,225 |
| Capital expenditures | 52,246 | 392,934 | 1,316 | 11,345 | 457,841 | | 457,841 |

For the year ended March 31, 2007

| | Yen (millions) | | | | | | |
|--|------------------------|------------------------|-----------------------------------|--|------------|---|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product & Other Businesses | Total | Corporate Assets and Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | |
| Unaffiliated customers | 1,370,617 | 8,889,080 | 409,701 | 417,742 | 11,087,140 | | 11,087,140 |
| Intersegment | | | 3,633 | 21,168 | 24,801 | (24,801) | |
| Total | 1,370,617 | 8,889,080 | 413,334 | 438,910 | 11,111,941 | (24,801) | 11,087,140 |
| Cost of sales, SG&A and R&D expenses | 1,270,009 | 8,289,537 | 297,792 | 402,724 | 10,260,062 | (24,801) | 10,235,261 |
| Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government | | | | | | | |
| Operating income | 100,608 | 599,543 | 115,542 | 36,186 | 851,879 | | 851,879 |
| Assets | | | | | | | |
| Depreciation and amortization | 40,576 | 309,877 | 10,676 | 10,359 | 371,488 | | 371,488 |
| Capital expenditures | 68,880 | 540,859 | 367,728 | 16,394 | 993,861 | | 993,861 |

Explanatory notes:

1. Intersegment sales and revenues are generally made at values that approximate arm s-length prices.

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2. Unallocated corporate assets, included in reconciling items, amounted to JPY 354,903 million as of March 31, 2006 and JPY 377,873 million as of March 31, 2007 respectively, which consist primarily of cash and cash equivalents and marketable securities held by the Company. Reconciling items also include elimination of intersegment transactions.
3. Depreciation and amortization of Financial Services Business include JPY 9,741 million of depreciation of investment in operating leases for the year ended March 31, 2007.
4. Capital expenditure of Financial Services Business includes JPY 366,795 million of purchase of operating lease assets for the year ended March 31, 2007.
5. Certain reclassifications and revisions for misclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.
6. Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government is disclosed independently.

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2. Geographical Segment Information

(A) For the three months ended March 31, 2006

| | Yen (millions) | | | | | | | Eliminations | Consolidated |
|--|----------------|---------------|---------|---------|---------|-----------|-----------|--------------|--------------|
| | Japan | North America | Europe | Asia | Others | Total | | | |
| Net sales and other operating revenue: | | | | | | | | | |
| Sales to unaffiliated customers | 534,011 | 1,586,058 | 315,486 | 241,251 | 156,935 | 2,833,741 | | | 2,833,741 |
| Transfers between geographical segments | 645,650 | 39,298 | 38,105 | 44,594 | 4,390 | 772,037 | (772,037) | | |
| Total | 1,179,661 | 1,625,356 | 353,591 | 285,845 | 161,325 | 3,605,778 | (772,037) | | 2,833,741 |
| Cost of sales, SG&A and R&D expenses | 1,132,868 | 1,519,459 | 343,731 | 273,064 | 149,634 | 3,418,756 | (787,831) | | 2,630,925 |
| Gain on transfer of the substitutional portion of the Employee's Pension Funds to the government | 138,016 | | | | | 138,016 | | | 138,016 |
| Operating income | 184,809 | 105,897 | 9,860 | 12,781 | 11,691 | 325,038 | 15,794 | | 340,832 |

For the three months ended March 31, 2007

| | Yen (millions) | | | | | | | Eliminations | Consolidated |
|--|----------------|---------------|---------|---------|---------|-----------|-----------|--------------|--------------|
| | Japan | North America | Europe | Asia | Others | Total | | | |
| Net sales and other operating revenue: | | | | | | | | | |
| Sales to unaffiliated customers | 533,569 | 1,617,863 | 421,709 | 291,739 | 223,010 | 3,087,890 | | | 3,087,890 |
| Transfers between geographical segments | 731,583 | 53,607 | 18,413 | 75,163 | 8,292 | 887,058 | (887,058) | | |
| Total | 1,265,152 | 1,671,470 | 440,122 | 366,902 | 231,302 | 3,974,948 | (887,058) | | 3,087,890 |
| Cost of sales, SG&A and R&D expenses | 1,196,886 | 1,543,059 | 427,424 | 347,702 | 211,766 | 3,726,837 | (889,171) | | 2,837,666 |
| Gain on transfer of the substitutional portion of the Employee's Pension Funds to the government | | | | | | | | | |
| Operating income | 68,266 | 128,411 | 12,698 | 19,200 | 19,536 | 248,111 | 2,113 | | 250,224 |

Table of Contents(B) For the year ended March 31, 2006

| | Yen (millions) | | | | | | Corporate | |
|--|----------------|---------------|-----------|---------|---------|------------|--------------|--------------|
| | Japan | North America | Europe | Asia | Others | Total | Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | | |
| Sales to unaffiliated customers | 2,021,999 | 5,475,261 | 1,001,177 | 856,892 | 552,667 | 9,907,996 | | 9,907,996 |
| Transfers between geographical segments | 2,415,874 | 141,064 | 188,341 | 140,501 | 19,023 | 2,904,803 | (2,904,803) | |
| Total | 4,437,873 | 5,616,325 | 1,189,518 | 997,393 | 571,690 | 12,812,799 | (2,904,803) | 9,907,996 |
| Cost of sales, SG&A and R&D expenses | 4,204,939 | 5,262,382 | 1,163,213 | 932,394 | 514,527 | 12,077,455 | (2,900,348) | 9,177,107 |
| Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government | 138,016 | | | | | 138,016 | | 138,016 |
| Operating income | 370,950 | 353,943 | 26,305 | 64,999 | 57,163 | 873,360 | (4,455) | 868,905 |
| Assets | 2,695,212 | 6,128,303 | 800,786 | 717,933 | 309,209 | 10,651,443 | (20,043) | 10,631,400 |
| Long-lived assets | 949,713 | 589,596 | 157,819 | 167,148 | 72,244 | 1,936,520 | | 1,936,520 |

For the year ended March 31, 2007

| | Yen (millions) | | | | | | Corporate | |
|--|----------------|---------------|-----------|-----------|---------|------------|--------------|--------------|
| | Japan | North America | Europe | Asia | Others | Total | Eliminations | Consolidated |
| Net sales and other operating revenue: | | | | | | | | |
| Sales to unaffiliated customers | 2,061,720 | 6,002,797 | 1,228,564 | 1,024,680 | 769,379 | 11,087,140 | | 11,087,140 |
| Transfers between geographical segments | 2,712,403 | 169,847 | 119,161 | 246,723 | 28,259 | 3,276,393 | (3,276,393) | |
| Total | 4,774,123 | 6,172,644 | 1,347,725 | 1,271,403 | 797,638 | 14,363,533 | (3,276,393) | 11,087,140 |
| Cost of sales, SG&A and R&D expenses | 4,545,988 | 5,715,817 | 1,315,736 | 1,194,250 | 725,377 | 13,497,168 | (3,261,907) | 10,235,261 |
| Gain on transfer of the substitutional portion of the Employee s Pension Funds to the government | | | | | | | | |
| Operating income | 228,135 | 456,827 | 31,989 | 77,153 | 72,261 | 866,365 | (14,486) | 851,879 |
| Assets | 2,985,123 | 6,834,409 | 948,922 | 935,963 | 414,147 | 12,118,564 | (82,064) | 12,036,500 |
| Long-lived assets | 993,078 | 1,028,132 | 198,232 | 228,802 | 93,485 | 2,541,729 | | 2,541,729 |

Explanatory notes:

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1. The geographical segments are based on the location of the company and its subsidiaries.
2. Major countries or regions in each geographic segment:

| | |
|---------------|---|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, France, Italy, Belgium |
| Asia | Thailand, Indonesia, China, India |
| Others | Brazil, Australia |

3. Intersegment sales and revenues are generally made at values that approximate arm's-length prices.
4. Unallocated corporate assets, included in reconciling items, amounted to JPY 354,903 million as of March 31, 2006 and JPY 377,873 million as of March 31, 2007 respectively, which consist primarily of cash and cash equivalents and marketable securities held by the Company. Reconciling items also include elimination of intersegment transactions.
5. Certain reclassifications and revisions for misclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.
6. Gain on transfer of the substitutional portion of the Employees' Pension Funds to the government is disclosed independently.

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3. Overseas Sales and revenues

In addition to the disclosure required by U.S.GAAP, Honda provides the following supplemental information as required as required by Japanese Securities and Exchange Law.

(A) For the three months ended March 31, 2006

| | Yen (millions) | | | | |
|--|----------------|---------|---------|---------|-----------|
| | North | | | | |
| | America | Europe | Asia | Others | Total |
| Overseas sales | 1,582,776 | 318,118 | 302,500 | 184,600 | 2,387,994 |
| Consolidated sales | | | | | 2,833,741 |
| Overseas sales ratio to consolidated sales | 55.9% | 11.2% | 10.7% | 6.5% | 84.3% |

For the three months ended March 31, 2007

| | Yen (millions) | | | | |
|--|----------------|---------|---------|---------|-----------|
| | North | | | | |
| | America | Europe | Asia | Others | Total |
| Overseas sales | 1,611,023 | 420,366 | 359,851 | 259,434 | 2,650,674 |
| Consolidated sales | | | | | 3,087,890 |
| Overseas sales ratio to consolidated sales | 52.2% | 13.6% | 11.7% | 8.3% | 85.8% |

(B) For the year ended March 31, 2006

| | Yen (millions) | | | | |
|--|----------------|-----------|-----------|---------|-----------|
| | North | | | | |
| | America | Europe | Asia | Others | Total |
| Overseas sales | 5,463,359 | 1,009,421 | 1,085,451 | 655,721 | 8,213,952 |
| Consolidated sales | | | | | 9,907,996 |
| Overseas sales ratio to consolidated sales | 55.1% | 10.2% | 11.0% | 6.6% | 82.9% |

For the year ended March 31, 2007

| | Yen (millions) | | | | |
|--|----------------|-----------|-----------|---------|------------|
| | North | | | | |
| | America | Europe | Asia | Others | Total |
| Overseas sales | 5,980,876 | 1,236,757 | 1,283,154 | 905,163 | 9,405,950 |
| Consolidated sales | | | | | 11,087,140 |
| Overseas sales ratio to consolidated sales | 53.9% | 11.2% | 11.6% | 8.1% | 84.8% |

Explanatory notes:

- The geographical segments are based on the location where sales are originated.

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2. Major countries or regions in each geographic segment:

| | |
|---------------|---|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, France, Italy, Belgium |
| Asia | Thailand, Indonesia, China, India |
| Others | Brazil, Australia |

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Table of Contents**[9] Consolidated Balance Sheets and Consolidated Statement of Cash flows****Divided into Non-financial Services Businesses and Finance Subsidiaries**

Honda discloses consolidated balance sheets divided into non-financial services businesses and finance subsidiaries, and consolidated cash flow statements divided into non-financial services businesses and financial subsidiaries, for investor relations purposes. For purposes of these disclosures, non-financial services include the Motorcycle, Automobile and Power Product and Other Businesses segments, and finance subsidiaries include the Financial Services segment, respectively.

1. Consolidated Balance Sheets

Divided into non-financial services businesses and finance subsidiaries

| | Yen (millions) | | Change |
|--|-------------------|--------------------|-----------|
| | Mar. 31, 2006 | Mar. 31, 2007 | |
| Assets | | | |
| <Non-financial services businesses> | | | |
| Current Assets: | 3,686,503 | 4,109,667 | 423,164 |
| Cash and cash equivalents | 697,196 | 921,309 | 224,113 |
| Trade accounts and notes receivable | 504,101 | 546,790 | 42,689 |
| Inventories | 1,036,304 | 1,183,116 | 146,812 |
| Other current assets | 1,448,902 | 1,458,452 | 9,550 |
| Investment and advances | 955,338 | 1,013,215 | 57,877 |
| Property, plant and equipment, at cost | 1,795,173 | 2,059,514 | 264,341 |
| Other assets | 337,800 | 367,342 | 29,542 |
| Total assets | 6,774,814 | 7,549,738 | 774,924 |
| <Finance Subsidiaries> | | | |
| Cash and cash equivalents | 19,592 | 24,237 | 4,645 |
| Finance subsidiaries short-term receivables, net | 1,240,581 | 1,451,606 | 211,025 |
| Finance subsidiaries long-term receivables, net | 2,982,832 | 3,040,572 | 57,740 |
| Investment in operating leases | | 336,209 | 336,209 |
| Other assets | 765,713 | 841,580 | 75,867 |
| Total assets | 5,008,718 | 5,694,204 | 685,486 |
| Eliminations | (1,152,132) | (1,207,442) | (55,310) |
| Total assets | 10,631,400 | 12,036,500 | 1,405,100 |

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1. Consolidated Balance Sheets

Divided into non-financial services businesses and finance subsidiaries - continued

| | Yen (millions) | | |
|--|----------------|-------------------|-----------|
| | Mar. 31, 2006 | Mar. 31, 2007 | Change |
| Liabilities and Stockholders Equity | | | |
| <Non-financial services businesses> | | | |
| Current liabilities: | 2,165,901 | 2,359,648 | 193,747 |
| Short-term debt | 171,122 | 243,487 | 72,365 |
| Current portion of long-term debt | 9,138 | 19,713 | 10,575 |
| Trade payables | 1,059,666 | 1,182,894 | 123,228 |
| Accrued expenses | 658,274 | 671,467 | 13,193 |
| Other current liabilities | 267,701 | 242,087 | (25,614) |
| Long-term debt, excluding current portion | 34,396 | 55,468 | 21,072 |
| Other liabilities | 688,240 | 910,966 | 222,726 |
| Total liabilities | 2,888,537 | 3,326,082 | 437,545 |
| <Finance Subsidiaries> | | | |
| Short-term debt | 1,369,177 | 1,842,119 | 472,942 |
| Current portion of long-term debt | 653,276 | 758,855 | 105,579 |
| Accrued expenses | 175,286 | 178,236 | 2,950 |
| Long-term debt, excluding current portion | 1,858,362 | 1,869,470 | 11,108 |
| Other liabilities | 398,806 | 421,673 | 22,867 |
| Total liabilities | 4,454,907 | 5,070,353 | 615,446 |
| Eliminations | (925,254) | (965,453) | (40,199) |
| Total liabilities | 6,418,190 | 7,430,982 | 1,012,792 |
| Minority interests in consolidated subsidiaries | 87,460 | 122,907 | 35,447 |
| Common stock | 86,067 | 86,067 | |
| Capital surplus | 172,529 | 172,529 | |
| Legal reserves | 35,811 | 37,730 | 1,919 |
| Retained earnings | 4,267,886 | 4,654,890 | 387,004 |
| Accumulated other comprehensive income (loss) | (407,187) | (427,166) | (19,979) |
| Treasury stock | (29,356) | (41,439) | (12,083) |
| Total stockholders equity | 4,125,750 | 4,482,611 | 356,861 |
| Total liabilities and stockholders equity | 10,631,400 | 12,036,500 | 1,405,100 |

Explanatory notes:

Certain reclassifications and revisions for misclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

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2. Consolidated Statements of Cash Flows

Divided into non-financial services businesses and finance subsidiaries

For the year ended March 31, 2006 and 2007

(A) For the year ended March 31, 2006

| | Yen (millions) | | | |
|--|------------------|------------------|----------------|------------------|
| | Non-financial | Elimination | | |
| | services | among | | |
| | businesses | Finance | subsidiaries | Total |
| | | subsidiaries | subsidiaries | |
| Cash flows from operating activities: | | | | |
| Net Income | 543,200 | 53,847 | (14) | 597,033 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 261,454 | 771 | | 262,225 |
| Deferred income taxes | 22,037 | (24,793) | | (2,756) |
| Minority interest in income | 15,277 | 10 | | 15,287 |
| Equity in income of affiliates | (99,605) | | | (99,605) |
| Cash dividends from affiliates | 64,055 | | | 64,055 |
| Loss (gain) on derivative instruments, net | 11,683 | (1,332) | | 10,351 |
| Provision for credit and lease residual losses on finance subsidiaries-receivables | (138,016) | | | (138,016) |
| Decrease (increase) in trade accounts and notes receivable | (44,881) | (72,695) | 4,317 | (113,259) |
| Decrease (increase) in inventories | (109,661) | | | (109,661) |
| Increase (decrease) in trade payables | 25,357 | | (3,937) | 21,420 |
| Other, net | 33,892 | 47,664 | (7,990) | 73,566 |
| Net cash provided by operating activities | 584,792 | 3,472 | (7,624) | 580,640 |
| Cash flows from investing activities: | | | | |
| * Decrease (increase) in investments and advances | (64,220) | | 14,697 | (49,523) |
| Capital expenditures | (458,705) | (1,316) | | (460,021) |
| Proceeds from sales of property, plant and equipment | 39,645 | 306 | | 39,951 |
| Decrease (increase) in finance subsidiaries-receivables | | (231,909) | 1,535 | (230,374) |
| Purchase of investment in operating leases | | | | |
| Proceeds from sales of operating lease assets | | | | |
| Net cash used in investing activities | (483,280) | (232,919) | 16,232 | (699,967) |
| Cash flows from financing activities: | | | | |
| * Increase (decrease) in short-term debt | (66,144) | (54,391) | (4,406) | (124,941) |
| * Proceeds from long-term debt | 25,995 | 851,710 | (12,028) | 865,677 |
| * Repayment of long-term debt | (11,485) | (566,422) | 9,302 | (568,605) |
| Proceeds from issuance of common stock | | 1,490 | (1,490) | |
| Cash dividends paid | (71,075) | | 14 | (71,061) |
| Cash dividends to minority interests | (4,083) | | | (4,083) |
| Payment for purchase of treasury stock, net | (77,064) | | | (77,064) |
| Net cash provided by (used in) financing activities | (203,856) | 232,387 | (8,608) | 19,923 |
| Effect of exchange rate changes on cash and cash equivalents | 42,398 | 1,008 | | 43,406 |

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| | | | |
|---|----------|--------|----------|
| Net change in cash and cash equivalents | (59,946) | 3,948 | (55,998) |
| Cash and cash equivalents at beginning of period | 757,142 | 15,644 | 772,786 |
| Cash and cash equivalents at end of period | 697,196 | 19,592 | 716,788 |

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2. Consolidated Statements of Cash Flows - continued

Divided into non-financial services businesses and finance subsidiaries

For the year ended March 31, 2006 and 2007

(B) For the year ended March 31, 2007

| | Yen (millions) | | | Total |
|--|---|-------------------------|--------------------------------------|-------------|
| | Non-financial services businesses | Finance subsidiaries | Elimination among subsidiaries | |
| Cash flows from operating activities: | | | | |
| Net Income | 537,186 | 55,149 | (13) | 592,322 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 360,812 | 10,676 | | 371,488 |
| Deferred income taxes | (35,483) | 19,035 | | (16,448) |
| Minority interest in income | 20,102 | 15 | | 20,117 |
| Equity in income of affiliates | (103,417) | | | (103,417) |
| Cash dividends from affiliates | 54,849 | | | 54,849 |
| Loss (gain) on derivative instruments, net | 28,370 | 28,466 | | 56,836 |
| Provision for credit and lease residual losses on finance subsidiaries-receivables | | | | |
| Decrease (increase) in trade accounts and notes receivable | (5,445) | (34,318) | (9,766) | (49,529) |
| Decrease (increase) in inventories | (96,839) | | | (96,839) |
| Increase (decrease) in trade payables | 41,965 | | (3,779) | 38,186 |
| Other, net | 8,613 | 14,185 | 14,162 | 36,960 |
| Net cash provided by operating activities | 810,713 | 93,208 | 604 | 904,525 |
| Cash flows from investing activities: | | | | |
| * Decrease (increase) in investments and advances | 93,311 | | (40,957) | 52,354 |
| Capital expenditures | (597,025) | (933) | | (597,958) |
| Proceeds from sales of property, plant and equipment | 20,364 | 277 | | 20,641 |
| Decrease (increase) in finance subsidiaries-receivables | | (256,274) | 16,052 | (240,222) |
| Purchase of investment in operating leases | | (366,795) | | (366,795) |
| Proceeds from sales of operating lease assets | | 1,276 | | 1,276 |
| Net cash used in investing activities | (483,350) | (622,449) | (24,905) | (1,130,704) |
| Cash flows from financing activities: | | | | |
| * Increase (decrease) in short-term debt | 32,964 | 241,349 | 31,750 | 306,063 |
| * Proceeds from long-term debt | 25,424 | 949,360 | (5,293) | 969,491 |
| * Repayment of long-term debt | (18,077) | (664,906) | 5,444 | (677,539) |
| Proceeds from issuance of common stock | | 7,613 | (7,613) | |
| Cash dividends paid | (140,495) | | 13 | (140,482) |
| Cash dividends to minority interests | (7,434) | | | (7,434) |
| Payment for purchase of treasury stock, net | (26,689) | | | (26,689) |
| Net cash provided by (used in) financing activities | (134,307) | 533,416 | 24,301 | 423,410 |

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| | | | |
|---|---------|--------|---------|
| Effect of exchange rate changes on cash and cash equivalents | 31,057 | 470 | 31,527 |
| Net change in cash and cash equivalents | 224,113 | 4,645 | 228,758 |
| Cash and cash equivalents at beginning of period | 697,196 | 19,592 | 716,788 |
| Cash and cash equivalents at end of period | 921,309 | 24,237 | 945,546 |

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Explanatory notes:

1. The cash flows derived from non-financial services businesses loans to finance subsidiaries were included in the items of Decrease (increase) in investments and advances of non-financial services businesses, and Increase (decrease) in short-term debt , Proceeds from long-term debt and Repayment of long-term debt of finance subsidiaries (marked by *). Loans from non-financial services businesses to finance subsidiaries increased by JPY 13,242 million for the fiscal year ended March 31, 2006, and decreased by JPY 48,570 million for the fiscal nine months ended March 31, 2007.
2. Decrease (increase) in trade accounts and notes receivable for finance subsidiaries is due to the reclassification of finance subsidiaries-receivables which relate to sales of inventory in the consolidated statements of cash flows presented above.
3. Certain reclassifications and revisions for misclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007. Refer to the details of Reclassifications and immaterial revisions of classifications on page 39.

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Significant Accounting Policies:

1. Consolidated subsidiaries

Number of consolidated subsidiaries: 405

Principal subsidiaries:

American Honda Motor Co., Inc., Honda of America Mfg., Inc., Honda Canada Inc., Honda R&D Co., Ltd.,

American Honda Finance Corp.

2. Affiliated companies

Number of affiliated companies: 102

Principal affiliated companies:

Guangzhou Honda Automobile Co., Ltd., P.T. Astra Honda Motor, Hero Honda Motors Ltd.

3. Changes of consolidated subsidiaries and affiliated companies

Consolidated subsidiaries:

Newly formed consolidated subsidiaries: 87 including Honda Manufacturing of Indiana, LLC

Reduced through reorganization: 22

Affiliated companies:

Newly formed affiliated companies: 11

Reduced through reorganization: 24

4. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, since the Company has listed its American Depositary Shares on the New York Stock Exchange and files reports with the U.S. Securities and Exchange Commission.

5. The average exchange rates for the fiscal fourth quarter ended March 31, 2007 were ¥119.52=U.S.\$1 and ¥156.50= euro 1. The average exchange rates for the corresponding period last year were ¥116.94=U.S.\$1 and ¥140.70= euro 1. The average exchange rates for the fiscal year ended March 31, 2007 were ¥117.02=U.S.\$1 and ¥150.09= euro 1 as compared with ¥113.31=U.S.\$1 and ¥137.86= euro 1 for the corresponding period last year.

6. United States dollar amounts have been translated from yen solely for the convenience of the reader at the rate of ¥118.05=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 March 30, 2007.

7. The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Concurrently, Honda's common stock-to-ADS exchange ratio was changed from one share of common stock to two ADSs, to one share of common stock to one ADS effective July 3, 2006. The change of ratio of ADS was handled by Honda's depository, JPMorgan Chase Bank.
8. Inventories are stated at the lower of cost, determined principally by the first-in, first-out method, or market.
9. Honda classifies its debt and equity securities in one of three categories: available-for-sale, trading, or held-to-maturity. Debt securities that are classified as held-to-maturity securities are reported at amortized cost. Debt and equity securities classified as trading securities are reported at fair value, with unrealized gains and losses included in earnings. Other debt and equity securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains or losses, net of deferred taxes included in accumulated other comprehensive income (loss) in the stockholders' equity section of the consolidated balance sheets.
10. Honda does not amortize goodwill but instead is tested for impairment at least annually.
11. Depreciation of property, plant and equipment is calculated principally by the declining-balance method based on estimated useful lives and salvage values of the respective assets.
12. Honda applies hedge accounting for some of its forward foreign currency exchange contracts between the Company and its subsidiaries.
13. Direct financing leases receivables and residual values for operating lease investments are estimated based on management's evaluation of many factors, including current economic conditions, industry experience, inherent risks in the portfolio and the borrower's ability to pay.

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14. Provisions for retirement benefits are provided based on the fair value of both projected benefit obligations and plan assets at the end of the fiscal year to cover for employees' retirement benefits. The Company recognizes its overfunded or underfunded status for the defined benefit postretirement plan as an asset or liability in its consolidated balance sheets and recognizes changes in the funded status in accumulated comprehensive income (loss), net of taxes. Net transition obligation has been amortized over approximately 19 years since the fiscal year ended March 31, 1990. Prior service cost (benefit) is amortized by using the straight-line method and the estimated average remaining service years of employees. Actuarial loss is amortized if unrecognized net gain or loss exceeds ten percent of the greater of the projected benefit obligation or the market-related value of plan assets by using the straight-line method and the estimated average remaining service years of employees.
15. Our warranty expense accruals are costs for general warranties on product we sell, products recalls and service actions outside the general warranties. Estimated warranty expenses are provided based on historical warranty claim experience with consideration given to the expected level of future warranty costs as well as current information on repair costs.

Significant Accounting Policy Change

The Company and its consolidated subsidiaries adopted Statement of Financial Accounting Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans from the fiscal year ended March 31, 2007, recognized its overfunded or underfunded status of the defined benefit postretirement plan as an asset or liability in its consolidated balance sheets and recognized changes in that funded status in accumulated comprehensive income, net of tax. This statement replaced SFAS No. 87, Employers' Accounting for Pensions which required to report at least minimum pension liability measured as excess of the accumulated benefit obligation over the fair value of the plan assets. Adoption of SFAS No. 158 had no impact on Honda's consolidated results of operations.

In September 2006, the U.S. Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No.108, Quantifying Financial Misstatements. This bulletin clarifies the process of quantifying financial statement misstatements and the treatment of financial misstatements of prior years. This bulletin also requires companies to quantify the impact of correcting all misstatements, including both the carryover and reversing effects of prior year misstatements, on the current year financial statements.

This transition provision of this bulletin allow companies to adjust retained earnings for the cumulative effect of misstatements that was previously deemed immaterial in prior years, but material under the criteria of SAB 108. The Company reduced beginning retained earnings for the current fiscal year for ¥ 62,640 million and concluded that the misstatements will not have material effect on the prior consolidated profit and loss statements.

Details are given below.

1. The Company had recorded equity in income of affiliates based on the stand-alone financial statements of the affiliate, not the consolidated financial statements, which resulted in equity in income of affiliates for prior years to be understated. Accordingly, the Company increased beginning retained earnings in the current fiscal year for ¥ 21,969 million.
2. The Company and some of its consolidated subsidiaries in Japan adopted declining-balance method on depreciation of property, plant and equipment, and also applied a salvage value ratio and a useful life for depreciation of tangible assets as described in corporation tax law in Japan. In respect to the salvage value, the Company depreciates tangible assets up to 95% of acquisition cost. The sales proceeds received on the liquidation assets at the end of useful lives was nominal, and therefore, the Company concluded that it would be more appropriate to apply ¥ 1 to the salvage value of tangible assets. For depreciation rate, the Company decided on accelerating the depreciation of tangible assets in the early stage of manufacturing process compared to prior years, after assessing the numbers of unit productions by model, initial cost of property, plant and equipment, and examining the useful lives of the tangible assets for reasonableness. The Company calculated depreciation expenses appropriately considering salvage values and depreciation rate, noting that its property, plant and equipment in its consolidated financial statement were overstated. Accordingly, the Company decreased beginning retained earnings in the current fiscal year for ¥ 66,460 million.
- 3.

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The Company released the residual tax effect of minimum pension liabilities related to corporate tax rate changes in the past based on the proportional allocation over the expiration of unrecognized obligation. However, the residual tax effect should be released when the pension plan is liquidated or discovered under the portfolio approach and therefore, accumulated other comprehensive income was overstated. Accordingly, the Company decreased beginning retained earnings for the fiscal year for ¥ 18,149 million.

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Table of Contents**Notes to Consolidated balance sheets:**

1. The allowance for assets are as follows: Yen(millions)

| | Mar.31, 2006 | Mar. 31, 2007 |
|--|--------------|---------------|
| The allowance for doubtful trade accounts and notes receivables | 10,689 | 8,199 |
| The allowance for credit losses for finance subsidiaries-receivables | 32,950 | 33,512 |
| The allowance for losses on lease residual values for financial-subsidiaries receivables | 37,774 | 33,928 |
| The allowance for inventory losses and obsolescence | 22,233 | 27,521 |

2. Net book value of property, plant and equipment which were subject to specific mortgages securing indebtedness and debt-related mortgages are as follows; Yen (millions)

| | Mar.31, 2006 | Mar. 31, 2007 |
|---|--------------|---------------|
| Mortgage securitized debt | | |
| Property, plant and equipment | 22,592 | 23,654 |
| A finance subsidiary pledged as collateral finance subsidiaries-receivables | 8,993 | 1,931 |
| Debt related mortgages | | |
| Short-term debt | 5,585 | 2,882 |
| Long-term debt | 17,449 | 17,025 |

3. Honda has entered into various guarantee and indemnification agreements which are primarily for employee bank/loans to costs for their housing costs are as follows: Yen (millions)

| | Mar.31, 2006 | Mar. 31, 2007 |
|---|--------------|---------------|
| Bank loans of employees for their housing costs | 46,737 | 41,151 |

If an employee defaults on his/her loan payments, Honda is required to perform its obligation under the guarantee. The undiscounted maximum amount of Honda's obligation to make future payments in the event of defaults were shown as above. As of March 31, 2007, no amount has been accrued for any possible estimated losses under the guarantee obligations, as it is probable that the employees will be able to make all scheduled payments.

4. The Company prepares its consolidated balance sheets in conformity with U.S. generally accepted accounting principles. So its consolidated balance sheets is comprised of assets, liabilities and stock holder's equity. In addition, consolidated balance sheets are required to be presented in accordance with Japanese principles to be comprised of assets, liabilities and net assets from fiscal year ended after May 1, 2006.

Table of Contents**Notes to Consolidated Statements of Stockholders' Equity:**

1. The total cash dividends paid during the year ended March 31, 2007 were JPY 140,482 thousands. The company intends to distribute year-end cash dividends of JPY 36,456 thousands to the stockholders of record on March 31, 2007.
2. The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006.

Notes to information about per common share

Net asset per common share and net income per common share are as follows; Yen

| | Mar. 31, 2006 | Mar. 31, 2007 |
|-----------------------------|---------------|---------------|
| Net asset per common share | 2,259.26 | 2,460.28 |
| Net income per common share | 324.33 | 324.62 |

Basic net income per common share has been computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during each year. The weighted average number of shares outstanding for the years ended March 31, 2006 and 2007 was 1,840,799,671 and 1,824,675,228 respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2006 or 2007.

The Company did a two-for-one stock split for the Company's common share effective July 1, 2006. Basic net income per common share and basic net assets per common share were calculated based on the number of common shares after the stock split.

Reclassifications and immaterial revisions of classifications:

Certain reclassifications and revisions for misclassifications have been made to the prior periods' consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2007.

1. Cash dividends received from affiliates, which were classified in cash flows from investing activities, has been revised to be classified cash flows from operating activities in the consolidated statements of cash flows.
2. Minority interest and minority interest in income, which were included in other liabilities and other expenses-other, respectively, have been revised to be disclosed independently in consolidated balance sheets and consolidated statements of income. Minority interest and cash dividends paid to minority interests have been revised to be disclosed independently in cash flows from operating activities and cash flows from financing activities, respectively, in the consolidated statements of cash flows.
3. Auction rate securities, which were classified as cash equivalents, have been revised to be classified as available-for-sale investments due within one year, which are included in other current assets in the consolidated balance sheets. Payment for purchase of auction rate securities and proceeds from sales of auction rate securities have been revised to be classified in payment for purchase of available-for-sale securities and proceeds from sales of available-for-sale securities in the consolidated statements of cash flows, respectively.
4. The long-term portion of deferred tax liabilities and deferred tax assets related to the lease transactions of finance subsidiaries, which were classified in other current liabilities and other current assets, have been revised to be classified in other liabilities and other assets, respectively.

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5. The long-term portion of accrued expenses and prepaid expenses related to postretirement benefit plans, which were included in accrued expenses and other current assets have been revised to be classified in other liabilities and other assets, respectively. The long-term portion of deferred tax liabilities, which were included in other current liabilities, and deferred tax assets, have also been revised to classified in other liabilities and other assets. Accrued expenses and prepaid expenses are adequately classified in the consolidated balance sheets of the fiscal year ended March, 2007 in accordance with the Statement of Financial Accounting Standards (SFAS) No.158, Employers Accounting for Denied Benefit Pension and Other Postretirement Plans .

6. The long-term portion of prepaid expenses, deferred income and accrued expenses related to extended warranty contracts of the subsidiaries in the United States, which were included in other current assets, trade payables-accounts and accrued expenses, respectively, have been revised to be classified in other liabilities and other assets. The long-term portion of related deferred tax liabilities, which were included in other current liabilities, and deferred tax assets have also been revised to be classified in other liabilities and other assets.

Table of Contents**Unconsolidated Financial Summary**

(Parent company only)

(For the year ended March 31, 2006 and 2007)

Financial Highlights

(Parent company only)

| | Year ended | Yen (millions) | Year ended |
|--|---------------|----------------|---------------|
| | Mar. 31, 2006 | % Change | Mar. 31, 2007 |
| Net sales | 3,757,087 | 7.3% | 4,030,881 |
| Operating income | 239,891 | -15.9% | 201,719 |
| Ordinary income | 321,925 | -4.9% | 306,145 |
| Net income | 301,735 | -29.0% | 214,106 |
| | | Yen | |
| Net income per share | 327.83 | | 117.32 |
| Dividend per share for the term | 100.00 | | 67.00 |
| Year-end dividend per share | 60.00 | | 20.00 |
| The third quarter-end dividend per share | | | 17.00 |
| Interim dividend per share | 40.00 | | 30.00 |

Financial forecast for the Fiscal Year Ending March 31, 2008

(Parent company only)

| | Yen (millions) | Yen |
|----------------------|-------------------|---------------|
| | First half ending | Year ending |
| | Sep. 30, 2007 | Mar. 31, 2008 |
| Net sales | 1,980,000 | 4,010,000 |
| Operating income | 45,000 | 110,000 |
| Ordinary income | 136,000 | 270,000 |
| Net income | 120,000 | 230,000 |
| | Yen | |
| Net income per share | 65.83 | 126.18 |

| | Yen |
|---|---------------|
| | Year ending |
| | Mar. 31, 2008 |
| Dividend per share for the term | 80.00 |
| Year-end cash dividend per share | 20.00 |
| The third quarter-end cash dividend per share | 20.00 |
| Interim dividend per share | 20.00 |
| The first quarter-end cash dividend per share | 20.00 |

Table of Contents**[1] Unit Sales Breakdown**

(Parent company only)

| | Unit (thousands) | |
|-----------------------|-----------------------------|-----------------------------|
| | Year ended Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| MOTORCYCLES | | |
| Japan | 369 | 341 |
| (motorcycles only) | (369) | (341) |
| Export | 740 | 726 |
| (motorcycles only) | (435) | (435) |
| Total | 1,109 | 1,067 |
| (motorcycles only) | (804) | (776) |
| AUTOMOBILES | | |
| Japan | 716 | 705 |
| (mini vehicles only) | (248) | (285) |
| Export | 561 | 677 |
| Total | 1,278 | 1,383 |
| POWER PRODUCTS | | |
| Japan | 484 | 525 |
| Export | 5,767 | 6,163 |
| Total | 6,251 | 6,689 |

Table of Contents**[2] Net Sales Breakdown**

(Parent company only)

| | Yen (millions) | |
|-----------------------|-----------------------------|-----------------------------|
| | Year ended Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| MOTORCYCLES | | |
| Japan | 74,862 | 70,464 |
| Export | 416,515 | 413,623 |
| Total | 491,378 | 484,087 |
| AUTOMOBILES | | |
| Japan | 1,102,857 | 1,062,431 |
| Export | 2,025,777 | 2,345,490 |
| Total | 3,128,634 | 3,407,921 |
| POWER PRODUCTS | | |
| Japan | 27,395 | 31,372 |
| Export | 109,678 | 107,499 |
| Total | 137,074 | 138,872 |
| TOTAL | | |
| Japan | 1,205,115 | 1,164,269 |
| Export | 2,551,971 | 2,866,612 |
| Total | 3,757,087 | 4,030,881 |

Explanatory notes:

1. The summary unconsolidated financial information set forth above is derived from the complete unconsolidated financial information of the Company to be filed with the Securities and Exchange Commission on the Company's Form 6-K for the month June 2007.
2. Unconsolidated financial statements have been prepared on the basis of generally accepted accounting principles in Japan.
3. The unit sales and yen amounts described above are rounded down to the nearest one thousand units and one million yen, respectively.

Table of Contents**[3] Unconsolidated Statements of Income**

(Parent company only)

| | Yen(millions) | |
|--|---------------|-----------------------------|
| | Year ended | |
| | Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| Net sales | 3,757,087 | 4,030,881 |
| Cost of sales | 2,507,847 | 2,723,370 |
| Selling, general and administrative expenses | 1,009,348 | 1,105,791 |
| Operating income | 239,891 | 201,719 |
| Non-operating income | 145,429 | 174,600 |
| Non-operating expenses | 63,394 | 70,175 |
| Ordinary income | 321,925 | 306,145 |
| Extraordinary income | 92,187 | 15,161 |
| Extraordinary loss | 8,587 | 79,924 |
| Income before income taxes | 405,525 | 241,382 |
| Income taxes | | |
| Current | 94,409 | 77,564 |
| Deferred | 9,381 | (50,288) |
| Net income | 301,735 | 214,106 |

 Explanatory notes:

1. Research and development expenses amounted JPY 480,013 millions for the fiscal year ended March 31, 2006 and JPY 536,719 millions for the fiscal year ended March 31, 2007.
2. Extraordinary income in the fiscal year ended March 31, 2006 was mainly due to a JPY 91,541 million gain on the transfer of the benefit obligation of the substitutional portion of the Fund to the Japanese government.

Table of Contents**[4] Unconsolidated Balance Sheets**

(Parent company only)

| | Yen (millions) | |
|---|-----------------------------|-----------------------------|
| | Year ended Mar. 31, 2006 | Year ended Mar. 31, 2007 |
| Current assets | 1,119,392 | 1,150,148 |
| Fixed assets | 1,405,931 | 1,481,669 |
| Total assets | 2,525,323 | 2,631,818 |
| Current liabilities | 684,523 | 718,935 |
| Fixed liabilities | 105,962 | 130,783 |
| Total liabilities | 790,486 | 849,718 |
| Common stock | 86,067 | |
| Capital surplus | 170,313 | |
| Retained earnings | 1,438,645 | |
| Unrealized gains on securities available for sale | 69,163 | |
| Treasury stock | (29,352) | |
| Stockholders' equity | 1,734,837 | |
| Total liabilities and stockholders' equity | 2,525,323 | |
| Common stock | | 86,067 |
| Capital surplus | | 170,313 |
| Retained earnings | | 1,511,984 |
| Treasury stock | | (44,769) |
| Difference of appreciation and conversion | | 58,503 |
| Total net assets | | 1,782,099 |
| Total liabilities and net assets | | 2,631,818 |

 Explanatory note:

The Company's unconsolidated balance sheet for the year ended March 31, 2007 is classified in assets, liabilities and net assets to confirm with change in generally accepted accounting principles in Japan.

Table of Contents**[5] Unconsolidated Statements of Stockholders' Equity**

(Parent company only)

| | Stockholders' equity | | | | Total stockholders equity | Difference of appreciation and conversion Deferred | | Total net assets |
|--|---------------------------|--------------------|----------------------|-------------------|---------------------------------|---|--------------------------|---------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | | Net unrealized gains on securities | loss (gain) on hedges | |
| | Balance at March 31, 2006 | 86,067 | 170,313 | 1,438,645 | | (29,352) | 1,665,674 | |
| Changes of items during the period | | | | | | | | |
| Dividend from surplus | | | (140,482) | | (140,482) | | | (140,482) |
| Net income | | | 214,106 | | 214,106 | | | 214,106 |
| Purchase of treasury stock | | | | (34,313) | (34,313) | | | (34,313) |
| Reissuance of treasury stock others | | | (285) | 18,896 | 18,611 | (10,679) | 20 | 18,611 |
| Total changes of items during the period | | | 73,338 | (15,416) | 57,921 | (10,679) | 20 | 47,262 |
| Balance at March 31, 2007 | 86,067 | 170,313 | 1,511,984 | (44,769) | 1,723,595 | 58,483 | 20 | 1,782,099 |

Explanatory note:

| | Mar. 31, 2006 | Mar. 31, 2007 |
|----------------------------------|---------------|---------------|
| Number of treasury stock: Shares | 4,339,517 | 12,020,805 |

The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006. Number of treasury stock at March 31, 2006 was based on the number of common shares before the stock split.

Table of Contents**Accounting Policy Change**

The Company uses a declining-balance method on depreciation of property, plant and equipment. In addition, the Company applied a salvage value ratio and a useful life for depreciation of tangible assets as described in corporation tax law in Japan. From the current fiscal year, the Company changed its depreciation method to depreciate tangible assets included in tools, appliances and equipment except for the molds, down to ¥ 1. For depreciation, the Company decided to modify the declining-balance method applying a 2.5 depreciation ratio with a change to the straight-line method. The Company will change its depreciation method to the straight line method after certain years when depreciation and amortization under the declining-balance method for the fiscal year is lower than its book value at beginning of year divided by the remaining useful life of the asset. The asset will be depreciated evenly over the remaining years under the straight-line method. The useful lives remain unchanged. The Company decided to continue utilizing the same depreciation declining-balance method as in previous years for mold (included in tools, appliances and equipment) which will be depreciated to ¥ 1 in the last year of the asset. The useful lives remain unchanged.

The Company has developed a system that enables setting salvage values for each tangible asset arbitrarily and applying several depreciation methods, which would enable the Company to manage and depreciate tangible assets in a more appropriate manner in determining depreciation method of tangible assets. Since the system has been in place since the end of the first half of the fiscal period (September), the process in reviewing depreciation methods has improved. In order to more appropriately allocate acquisition cost of tangible assets over the manufacturing process considering the recent rapid increase of capital expenditures, the Company reviewed its depreciation method after assessing the sales proceeds received on the liquidated assets at the end of its useful lives and the number of units produced by model, initial cost of property, plant and equipment, and examining the useful lives of the tangible assets for reasonableness. As a result, the Company concluded that it would be more appropriate to apply ¥1 to the salvage value of tangible assets since the sales proceeds received on the liquidated assets at the end of useful lives were nominal. For the depreciation rates of tangible assets included in tools, appliances and equipment except for the molds, the Company decided on accelerating the depreciation of tangible assets in the early stage of manufacturing process. Based on the actual declining rate of produced units for each model from year to year, after assessing the initial year of production and the following years, tangible assets will be depreciated according to the number of units produced. The Company also concluded that it would be more appropriate to change its depreciation and amortization of existing tangible assets for prior years, since it was revealed in the current fiscal year that there was a similar tendency of unit production rates declining from year to year after the year of model release.

Accordingly, the Company recorded the effect of ¥ 4,313 million in the current fiscal year, in cost of sales, and selling, general and administrative and non-operating expenses in statement of income. Prior year's effect of ¥ 75,131 million to the book value of existing tangible assets at the beginning of the current fiscal year is recorded in extraordinary losses. As a result, operating income is understated by ¥ 3,288 million, ordinary income is understated by ¥ 4,313 million, and net income before income taxes is understated by ¥ 75,804 million compared to under the previous depreciation method.

This change in accounting policy is due to changes in the depreciation of property, plant and equipment that was triggered when a new fixed asset software system was implemented during the first half of this fiscal year. The data from the new system was examined during the second half of this fiscal year which led to applying the new depreciation method to property, plant and equipment in the first half of this fiscal year. Therefore, operating income is overstated by ¥ 1,257 million, ordinary income is overstated by ¥ 1,757 million and interim income before income taxes is overstated by ¥ 75,212 million, in the statement of income for the fiscal first half of this year.

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Management Policy

The company omits the disclosure of risk factors since there are no significant changes from the management policy disclosed in 6-K filed on September 30, 2006.

For the material of that 6-K, click on the following link.

<http://www.honda.co.jp/investors/>

Medium- and long-term management strategy and Management target: Preparing for the Next Leap Forward

Honda believes that an even stronger spirit of innovation and creativity is essential to its goal of stepping up the pace of its effort to become number one in creating new value for customers throughout the world.

More specifically, Honda promotes medium- to long-term vision, which identifies three themes: Establishing advanced manufacturing systems and capabilities, Strengthening the foundation for overseas growth and Strengthening our commitment to reduce Honda's environmental footprint.

In Establishing advanced manufacturing systems and capabilities, we will strengthen our production and R&D systems in Japan to support the development of our global business, and build innovative manufacturing systems that help create new value.

From a manufacturing standpoint, our new plant in Japan will employ a high-quality and highly efficient production system featuring the most advanced technology, and strengthen our global production network by taking on the leader function for Honda facilities throughout the world. From a R&D standpoint, we will continue to develop R&D operations in Japan so that each of our engineers can set their sights as high as possible.

In Strengthening the foundation for overseas growth, Honda will further strengthen the foundation for the growth of overseas operations by focusing on both strengthening its business foundation in North America, by strengthening its ability to procure supplies locally, and expanding its business expansion in growth areas such as Asia and South America.

Especially from a manufacturing standpoint, we are constructing a new automobile plant in the North America and we are expanding our local production capacity in this region.

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In **Strengthening our commitment to reduce Honda's environmental footprint**, Honda will, under the direction of **commitment for the future**, continue pursuing more proactive efforts to reduce its environmental footprint with the main focus on CO₂ reduction.

From a product strategy standpoint, we are improving even further the fuel efficiency of gasoline engines. And we are aggressively pursuing a host of advanced environmental technologies, including a new dedicated hybrid vehicle, a new clean diesel engine with emissions as low as those of gasoline engines and a new fuel cell vehicle. From a manufacturing standpoint, we are accelerating efforts to reduce environmental load from each of our plants.

Based on **Establishing advanced manufacturing systems and capabilities** and **Strengthening the foundation for overseas growth**, Honda envisions 2010 global unit sales of more than 4.5 million units for automobiles, 18 million units or more for motorcycles, and 7 million plus units for power products.

Strengthening our commitment to reduce Honda's environmental footprint, Honda is working to reduce its environmental footprint to achieve the Voluntary goals to reduce CO₂ Emissions setting.

Honda now strives to achieve the global average of CO₂ exhaust emissions among one automobile, motorcycle and power product toward a 10% reduction by 2010 compared to the level of 2000. Honda also strives to reduce the global average of CO₂ emissions to produce one automobile, motorcycle and power product.

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Preparing for the Future

As for the global economy, there are concerns of a moderate slowdown in the U.S. economy. Europe economy is expected recovery steadily, Asian economies are expected to grow steadily, and Japan economy is also expected to maintain their moderate economic recovery. However, the global environment in which Honda's management operates still lacks transparency because of global political and economic uncertainty, fluctuations in oil and raw material prices, and currency movements. As a result, we expect to see continued severe situations.

It is under these circumstances that Honda will 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 the creativity in its advanced technology and products, and will create and swiftly introduce new value-added products that meet specific needs in various markets around the world. Honda will also continue efforts in the research of future technologies.

2. Production Efficiency

Honda will 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 continue to make efforts to expand product lines through the innovative use of IT and to upgrade sales and service structure, in order to respond to the various needs of its customers around the world.

4. Product Quality

Responding to increasing customers' demand, Honda will upgrade its quality control through enhancing the functions of and coordination among the development, purchasing, production, sales and service departments.

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5. Safety Technologies

Honda will 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 intends to enhance its contribution to traffic safety in motorized societies both in Japan and in abroad. 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, clean, fuel-efficient engine technologies and to improve further the recyclability throughout its product lines. Honda will also advance fuel cells and develop Solar cell business. In addition, Honda will continue its efforts to minimize environmental impact, such as setting global targets to reduce the environmental burden as measured by the Life Cycle Assessment*, in all of its business fields, including production, logistics and sales.

* Life Cycle Assessment: A comprehensive system for quantifying the impact Honda's products have on the environment at the 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 Companywide activities, we will strive to materialize Honda's visions of Value Creation (Creating New Value for our Customers), Glocalization (Expanding Regional Operations), and Commitment for the Future (Developing Safety and Environmental Solutions), with the aim of sharing joy with Honda's customers, thus becoming a company that society wants to exist.