

HONDA

The Power of Dreams

THE MARKET

Canada is a huge country, an enormous land mass that stretches to the horizon and beyond in every direction. It is divided by mountain ranges, bisected by rivers, dotted with lakes and punctuated by a handful of urban centres that are connected by thousands of kilometres of road. It's the perfect market for Honda.

No other brand has as many product lines as Honda. Honda makes almost every conceivable mode of transportation to tackle Canadian terrain. There are automobiles, trucks, motorcycles, all-terrain vehicles and even marine engines. Plus there is a line of power equipment to tame the land in between those times Canadians are not on the move.

Honda's trump card has always been the ability to anticipate the consumer's need and then to satisfy it through product innovations. In the case of Canadian consumers, one desire stands above all others: Canadians like things that work. They need their cars to start on cold mornings. They want a boat engine that starts on every pull. They can't afford to waste time with power equipment that doesn't finish the job. Honda products, across all lines, give Canadians what they desire most: reliability.

ACHIEVEMENTS

Through the years there have been many bright moments for Honda in Canada, including

numerous Automobile Journalists Association of Canada (AJAC) awards. The most recent include AJAC's Canadian Car of the Year and Best New Sports Car, received by the Civic Sedan/Coupe and the Civic Si, respectively; AJAC's Best New

calls "glocalization." What it means is that all around the world Honda builds products close to its customers. This allows the company to become part of the communities where Honda products are used. It helps Honda make products that serve local needs and conditions.

Great examples of "glocalization" are the TRX 400 and TRX 500 Canadian Trail Edition all-terrain vehicles. After extensive research, Honda discovered that the way Canadians ride ATVs is different from anywhere else in the world. Canadian trails are rougher and longer and frankly, Canadians just ride their machines harder. So Honda designed the two Canadian Trail Edition ATVs with uniquely calibrated suspension systems. And both models are available only in Canada. This focus on customer satisfaction at the local level has

helped Honda reach the position of trust it enjoys in Canada today.

A brief history of Honda Canada:

- 1969** Honda Canada is founded. Early activities include the sales and distribution of motorcycles, power equipment and a few cars.
 - 1973** The Civic launches in Canada.
 - 1976** The Accord launches in Canada.
 - 1986** Honda opens an automobile manufacturing facility in Alliston, Ontario.
 - 1999** A second facility is added to increase production capacity.
 - 2000** Honda Insight, North America's first gasoline-electric hybrid, is launched in Canada.
 - 2001** The two-millionth Honda vehicle is sold in Canada.
 - 2005** Honda introduces the world's first production motorcycle airbag system.
 - 2006** Canadian-made Civic wins *Motor Trend's* Car of the Year award and AJAC's Canadian Car of the Year.
- Canadian-made Ridgeline wins *Motor Trend's* Truck of the Year award and AJAC's Canadian Truck of the Year.
- Civic and Ridgeline win North American Car and Truck of the Year.



Alternative Power, received by the Civic Hybrid; as well as AJAC's Canadian Truck of the Year, won by the Ridgeline.

But the one story that best epitomizes Honda's success in Canada is the Civic. There is something very special about the relationship Canadians have with their Civics. Perhaps it starts with the character of the car. Like Canadians themselves, the Civic is about substance. And in addition to its affordable price, the Civic delivers everything one would need in a car: safety, fuel efficiency, style and peppy performance that make it loads of fun to drive.

So it is understandable that Canadians have embraced the Civic. So much so, Civic has been the number one selling car in Canada for eight consecutive years; more than one million of them have been bought by Canadians since it was first introduced. On the strength of the Civic, and other successes, Honda recently became the third largest automobile manufacturer in Canada.

HISTORY

In its early years in Japan, Honda was a local company with a global vision. Today, Honda is a global company with a local vision. It's a philosophy Honda

PRODUCT

Whether it's a car, a motorcycle, a marine engine or power equipment, the hallmark of a Honda product has always been reliability. But there is another side to Honda products that is equally impressive — namely how innovative they are.



Back in 1972, Honda introduced the CVCC engine. The company researched low-emission engine technology in the belief that clean air wasn't just a company issue, but a duty to which the industry at large was obliged. The CVCC engine was the first standard-bearer of the lean-combustion concept and the first engine to pass the stringent 1975 emissions requirements of the 1970 Clean Air Act in the United States. The CVCC engine is just one example of Honda's environment-friendly innovations. Today, Honda continues to pursue cleaner engine designs with its lineup of hybrids. There is the Honda Insight, Canada's first hybrid car; the Civic Hybrid, Canada's most affordable hybrid car; and the Accord Hybrid, which is Honda's most powerful hybrid car. The pursuit of cleaner engines has resulted in multiple Natural Resources Canada EnerGuide awards.

Another example of innovative thinking is Honda's "Safety for Everyone." Honda is committed to providing the highest level of safety protection on all their vehicles, regardless of size or price. This means features such as Advanced Compatibility Engineering™ (ACE™) body structure; front and side curtain airbags and unibody frames are being incorporated into more and more Honda designs as standard equipment. Features that protect pedestrians are also built into all models — such as impact-absorbing hoods and fenders.

RECENT DEVELOPMENTS

Canadians will soon see earth-friendly hybrid technologies adapted to motorcycles and they are already seeing them on selected power equipment. Honda's fuel cell car, the Honda FCX, has already reached the stage of development where it has been leased to a family for trial use. And a fuel cell motorcycle will be ready for release in 2009.

More recently, Honda developed the world's first production motorcycle airbag system. This breakthrough system, which inflates in approximately 0.0601 seconds, helps lessen the severity of injuries caused by frontal collisions. It will be available in Canada on the new Gold Wing motorcycle in the fall of 2006.



And Honda has just introduced the 2006 Honda Civic. This new Civic is a complete redesign of the popular model, and it will complete Honda's transition to the next-generation i-VTEC® engine — a new series of engines that achieve a 20 percent improvement in fuel economy. The new Civic offers Honda customers more of everything. More power. More control. More space. More wind-cutting aerodynamics. More leading-edge technology. In short, more driving fun.

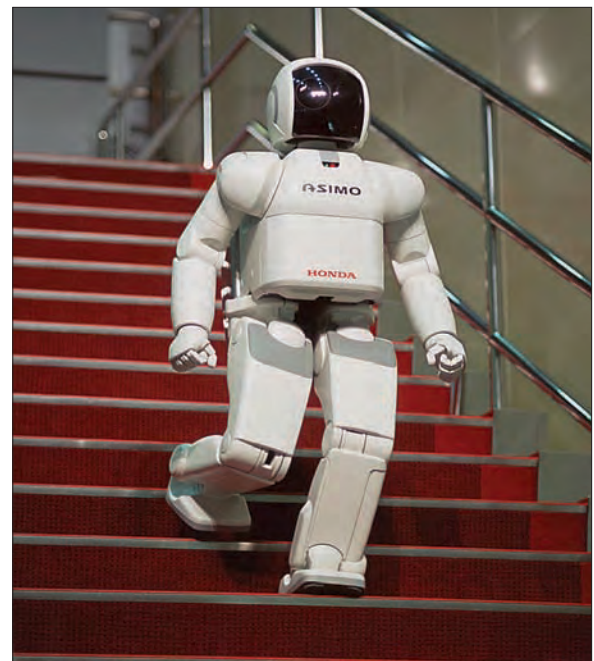
PROMOTION

One of the many strengths of Honda is its diversity of product. From motorcycles to snowblowers, and from cars to generators, consumers have the opportunity to use a Honda on a daily basis. This frequent interaction between consumer and product has shaped Honda's approach with its customers. Rather than telling consumers what to think and feel about Honda products, the promotion objective has been to complement the already positive experience Canadians have with their Hondas.

BRAND VALUES

One of Honda's core philosophies is something called "The Three Joys." Simply stated, it means that every person who comes in contact with a Honda should feel joy as a result. By getting a product that exceeds their expectations, Honda customers experience the Joy of Buying. By forming meaningful relationships with their customers and servicing excellent products, Honda dealers experience the Joy of Selling. And by making innovative products that surpass customer expectations, Honda associates experience the Joy of Creating.

Another pillar of Honda's brand values is the notion of dreams. Honda is a company built on dreams. The company founder, Soichiro Honda, had the dream of bringing the joy of mobility to all people. Today, that dream is still alive and it manifests itself in a startling array of products. Honda is presently developing a corporate jet that will increase cabin space and fuel efficiency through innovative design. Honda is also continuing to



work on a robot called ASIMO (Advanced Step in Innovative Mobility), which one day could be employed as a personal helper and companion. Every Honda product, from the NSX supercar to the simplest lawn mower, in some way is the result of a dream. Dreams fuel the imaginations of Honda engineers. Dreams give shape to the Honda products of tomorrow — products that will bring the joy of mobility to Honda customers. See our dreams at honda.ca.

THINGS YOU DIDN'T KNOW ABOUT HONDA

- In what could be considered the first Honda product, Soichiro Honda used a small generator engine designed for a wireless radio to power a bicycle.
- Honda became the first Japanese manufacturer to produce cars in Canada when it established a manufacturing facility in Alliston, Ontario.
- Honda and Nagoya University in Japan teamed up to successfully isolate a gene that dramatically increases the crop yield of a rice plant.