

**FY Ending March 2012 First Quarter Financial Results Announcement
Main Q&A**

(Exchange rate)

Q: The yen has been further appreciating, and what are your countermeasures? What is the impact of one yen fluctuation on profit?

A: The current level of yen's appreciation has exceeded the level that a company can handle only with its efforts. But it is not that we are not doing anything. We are trying to further accelerate cost improvements in all areas. We will also rapidly implement measures such as an increase in overseas sourcing ratios and an expansion of transactions in foreign currencies that we are currently preparing for. We are also trying to minimize the impact of exchange rates on ordinary profits and profits in lower categories through exchange contract.

Concerning products, we can expect introductions of new products with SKYACTIV TECHNOLOGY to increase sales volume and contribute to profits from the second half of the fiscal year. Impact of one yen fluctuation on operating profit for the full year is approximately ¥2.5 billion for US dollar and ¥1.2 billion for Euro.

(New-generation Demio)

Q: What is the sales performance of the new-generation Demio powered by SKYACTIV TECHNOLOGY.

A: For about 20 days from June 9 when we started taking pre-orders to the sales start date of June 30, we had received 6,500 units of orders, exceeding our monthly sales plan. The ratio of the model with SKYACTIV engine exceeded the plan of 60%. We will announce the sales status since then in early August.

(Production status after the earthquake)

Q: Impact of Great East Japan Earthquake on production and situation of plant operation at present.

A: Soon after the earthquake on March 11, our domestic plant operations have been stopped, but we have resumed full and stable production in the latter half of the first quarter and continued normal production as of now. At present, we project the volume to be in line with our original plan, but we will try to pull ahead the volume increase as much as possible. Overseas plants have also normalized production.

(Trends of major overseas markets)

Q: Please explain the trends of major overseas markets such as North America, Europe and China.

A: We are concerned about the impact of US financial issue on auto industry, but the whole North American industry has been relatively strong. Auto industry in Europe except for Russia is projected to remain weak, as well as in China where competition has been increasing. In China, however, industry demand will not go down to the

lower level than the prior year.

Following the new-generation Demio for Japan, we will introduce new products with SKYACTIV TECHNOLOGY in the second half of the fiscal year in major markets.

Through the introduction, we will expect volume and mix improvements. Will also take effective marketing actions to increase traffic to showrooms and increase sales volume.

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