Tom Lake
Vice President
North American Purchasing
Honda North America, Inc.
40 Years of Accord in North America

Acura Anniversary in North America

Consistently deliver core brand values with a focus on the customer
Challenges for Team Honda

Global Model Launches

2016

2017

New Model Cadence

Product Replacement Rate

Honda 96%

Industry Average 80%

Car Wars Report

Mexico Plant Ramp up

Ramp up of Frame, Engine and Transmission Plants in Celaya

Production Volume:

North America is Honda’s global volume leader (40%)

<table>
<thead>
<tr>
<th>Region</th>
<th>Production Volume in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>1.86</td>
</tr>
<tr>
<td>Global</td>
<td>4.54</td>
</tr>
</tbody>
</table>

North America is Honda’s global volume leader (40%)
Who is Team Honda?

Sales
Manufacturing
Development
Purchasing
Business Partners
Why does One Team Matter?

Tier 1 Supplier

Tier 2 Supplier

Process 1

Process 2

Process 3

Insufficient WIP causing frequent down time

Continuous expedite delivery

Sporadic down time due to equipment

Tier 2 parts not delivered on time

Warning Sign

Warning Sign

Warning Sign

Supply Impact

Customer

Warning Sign

Supplier Parent Co

Not aware of urgent situation

Should we tell our customer about this?

Are you kidding me? Remember how they reacted last time?!!!
Basis for Quality Relationships

Honda Philosophy and Core Values

Quality Relationships with Suppliers

Viewpoint of End Customer
Company Behavior – Individual Behavior

Supplier Relationship Influences...

- Accessibility
- Responsiveness
- Fairness
- Transparency
- “Going the extra mile”
- Clarity

Company/Management

Personal Interactions

Individual personal interactions can make or break our supplier relationships
## Honda Philosophy
- Honda heritage
- Respect for the individual
- The joy of buying, selling, & creating

## Cornerstones Training
- Honda’s Purchasing philosophy
- Purchase in the markets we sell
- Strong, long term relationships with suppliers
- Establishing a self reliant purchasing framework

## Associate Workshops
- Expectations of Purchasing Associates
- Strengthening relationships with suppliers
- Expectations of suppliers to Honda
- Ethics and Purchasing

## Company Policies

## New for 2016
- Introduction of the Honda Core Values
- Linkage to the Honda Philosophy
- Interactive Values Discussion
- Collaborative Supplier Relationships
Together we can provide products that will exceed customer expectations.
Thank You!