

Opening comments to CVEF San Antonio Conference by Mr. Stephen Ellis, Manager of American Hondas AFV department.

Thank you Rich, and thank all of you for being here today. It is again nice to see so many familiar faces, good friends and customers within the NGV industry.

First of all I would like to introduce my boss, Mr. Gunnar Lindstrom, the Senior Manager of Honda's AFV Department. You will be hearing more from Gunnar in the future.

This week, at the conference Honda will introduce the 8th model year of our Civic GX Natural Gas Vehicle. That's 8 years of proven performance and improvements from a vehicle that runs exclusively on... Natural Gas. A car that has achieved many 1st's on that 8 year pathway... The first "Near Zero" emission car... proving Natural Gas can be the fuel of choice to satisfy air quality problems. The first to be recognized as an "Advanced Technology" PZEV, or Partial Zero Emissions Vehicle. And what came with that achievement was a 15 year, 150,000 mile emissions durability warranty... proving NGV's are robust for the long run.

The GX also became the first OEM vehicle to be ENTIRELY manufactured on the assembly line. How fitting to highlight that fact, since this year Honda is celebrating its 25th year of manufacturing in the U.S... at our Ohio engine and vehicle production plants... the same ones that make the Civic GX and have since 1998. Last, the GX is a car that has satisfied the needs of many fleets across the U.S... Including many of your's.

So... why the program ad showing the Honda FCX, our Fuel Cell car? To us it is very simple. CNG and NGV's are touted as the "Pathway to Hydrogen"... We are delivering a SMALL number of FCX's to customers today.. and in every case, those customers have experience with CNG and NGV's. Their CNG experience has smoothed the pathway already... but now we need the NGV industry to provide a stronger, more concise role with this pathway. Gunnar Lindstrom is leading Honda's effort to bring the Civic GX to consumers broadly across the nation, in conjunction with PHILL from FuelMaker, for Home Refueling. This is the NEXT way to CNG success... via innovative refueling infrastructure solutions that add new values to automobile transportation. If Hydrogen Fuel Cell Vehicles and their refueling solutions are to succeed, we strongly believe Honda will need success with consumer acceptance of the Civic GX... AND more innovative refueling examples... also at peoples homes, just LIKE Phill.

Honda is developing a NATURAL GAS supplied, "Home Energy Station" which will supply Combined Heat and Power for your home.. AND Hydrogen for your car. How can we possibly succeed on this pathway, bringing Hydrogen to the home without **FIRST** bringing CNG refueling to your House? So, lets all stay focused on buying and selling NGV's today, and growing CNG stations today. CNG **IS** the fuel of today, and SHOULD continue to be the best alternative for many years to come. Watch closely for the links to Hydrogen, join in that effort... but **NOT** at the expense of CNG. Help us with our deployment of GX's with PHILL to consumers, and we will all see NGV's grow from the "thousand" cars today, to "tens of thousands"... tomorrow. Thank you and have a great conference.