

THIS IS A COURT-ORDERED LEGAL NOTICE

Please Note: If you choose to file a Notice to exclude yourself from this Class, you must file it no later than October 24, 2006

Notice of Pendency of Class Action, and Proposed Settlement
in the Case Entitled

Daniel, et al. v. American Honda Motor Co., Inc. et al.,

Case Number BC 319600

In the Superior Court of California, Los Angeles County

**THIS NOTICE IS FOR ALL CURRENT OR FORMER OWNERS OR LESSEES
OF 2003 AND 2004 HONDA ELEMENTS**

PLEASE READ THIS NOTICE CAREFULLY.

Your Legal Rights May be Affected by the Settlement of this Class Action
THIS IS NOT A SOLICITATION.

1. Why Am I Receiving This Notice?

This Notice is sent to inform you of the settlement of a class-action lawsuit in which the Plaintiffs allege that 2003 and 2004 model-year Honda Elements (sometimes referred to in this Notice as "Class Vehicles") are equipped with windshields that can crack with little or no impact. This alleged defect is sometimes referred to in this Notice as the Windshield Cracking Condition.

The parties to the lawsuit have entered into a settlement agreement, which the Judge in charge of the case has approved on a preliminary basis. You are receiving a copy of this Notice because you have been identified as a current or former owner or lessee of a Class Vehicle, which means you may be a member of the proposed class (referred to in this Notice as the "Settlement Class"). **If you are a member of the Settlement Class, your legal rights are affected by the proposed settlement of this case.** This Notice explains the lawsuit, and contains a description of the Settlement Class, the benefits you might receive from the proposed settlement, your legal rights and how they may be affected by the proposed settlement, and what you must do to protect those rights.

The Court has ordered the parties to send you this Notice so that you can consider and exercise your options before the Court makes a final decision about whether to approve the settlement agreement as fair, reasonable, and adequate. The Judge will make that determination at a final fairness hearing (described below in Section 9), at which you have the right to appear and, if you comply with the requirements set forth in Section 8, below, participate in the hearing.

If you are member of the Settlement Class and you wish to remain a member, you need not do anything for now. However, if the Court approves the proposed settlement and you are eligible to receive benefits as a result of the settlement, you must take certain steps to obtain those benefits (which are described below).

If you are a member of the Settlement Class and you would like to object to the settlement, this Notice describes the steps you must take to do so (see section 8B, below). You also have the right to exclude yourself from the Settlement Class by "opting out" of it (see section 8C, below). If you opt out of the Settlement Class, you may pursue any claims you may have on your own.

For further information, you may call

1-800-761-5856

or you may view this website:

www.gilardi.com/hondaelement

The settlement agreement filed in the case is published on this website. That agreement, along with the other legal papers filed in this case, have been filed with the Clerk of the Court at the Superior Court, 111 N. Hill Street, Los Angeles, California, 90012-3117.

In the event any changes are made to the dates or to other information contained in this Notice, that information can be found at www.gilardi.com/hondaelement.

2. How Do I Know If I Am a Settlement Class Member?

- (1) You own or lease a 2003 or 2004 model-year Element as of August 7 2006; **or**
- (2) You are a prior registered owner or lessee of a 2003 or 2004 model-year Element and you paid to replace or repair a cracked windshield in that vehicle.

The following persons are NOT Settlement Class members:

- (a) Honda and its subsidiaries, affiliates, officers, directors and employees;
- (b) Persons who have claims for personal injuries caused by the Windshield Cracking Condition;
- (c) Persons who have filed separate lawsuits against Honda asserting claims relating to the Windshield Cracking Condition;
- (d) Persons who have pursued a claim against, and have reached a verdict against or have settled claims with Honda that are substantially similar to those alleged in the Complaint;
- (e) Persons who have claims for property damage (other than cracks in the windshield) caused by the Windshield Cracking Condition; and
- (f) Persons who validly opt out of the settlement (as discussed, below).

3. What Is This Case About?

This class action lawsuit was brought in Los Angeles County Superior Court against American Honda Motor Company and Honda North America, Inc. The named Plaintiffs and proposed class representatives, Martin Daniel, Robert Rawlings and Joshua Bennett, allege that Honda knowingly sold 2003 and 2004 model-year Honda Element automobiles with design and manufacturing defects that can cause the windshields installed in these vehicles to crack (the "Windshield Cracking Condition"). Plaintiffs also allege that the test Honda dealers use to determine whether class members are entitled to have cracked windshields replaced under warranty is inaccurate because it does not detect cracks that are caused by the Windshield Cracking Condition. Accordingly, Plaintiffs allege that they, and many Settlement Class members, have had to pay to repair or replace one or more windshields.

The litigation was filed in July 2004. Honda denies the claims asserted by plaintiffs, denies that it is liable in any way to plaintiffs or the Settlement Class, and has filed motions to dismiss or substantially narrow the scope of the litigation. The parties have also engaged in discovery to obtain evidence relating to the issues in this case. Honda responded to Plaintiffs' questions and document demands by producing several thousands of pages of documents pertaining to the Windshield Cracking Condition, which Plaintiffs' counsel reviewed and analyzed. The Plaintiffs responded to Honda's questions and document requests by producing hundreds of pages of responsive documents. After assessing their respective positions, the parties were able to negotiate a settlement of the case, which will provide substantial benefits to the Settlement Class Members if it is approved by the Court.

4. How Was The Settlement Reached?

Plaintiffs, through their attorneys ("Class Counsel"), conducted a lengthy investigation of the Windshield Cracking Condition, which included the review and analysis of thousands of pages of documents produced by Honda entities in Japan and the United States. Class Counsel also responded to several motions by which Honda sought to dismiss the case in its entirety or, alternatively, to dispose of many of Plaintiffs' legal claims. After extensive arms-length negotiations extending over the course of more than one year, the parties entered into a Settlement Agreement. This proposed settlement was reached after Class Counsel weighed the benefits to the Settlement Class of the settlement as compared with the risks related to continuing the litigation. The risk factors that Class Counsel considered include the uncertainty and delay that would result from continuing the litigation. Class Counsel balanced these and other substantial risks

against the very substantial benefits provided by the proposed settlement, and recommend the proposed settlement to Settlement Class Members.

Honda has agreed to the proposed settlement because, although it denies the claims asserted by Plaintiffs, it wishes to avoid the risks, uncertainty, and expense of further protracted litigation, and to put to rest a controversy with its valued customers.

5. Who Are Class Counsel?

The following three law firms represented the Plaintiffs and the Settlement Class Members in the case:

Jeffrey L. Fazio
Dina E. Micheletti
Fazio| Micheletti LLP
4900 Hopyard Road, Suite 290
Pleasanton, CA 94588-7100
www.fazmiclaw.com

Michael D. Hausfeld
Lisa M. Mezzetti
Cohen, Milstein, Hausfeld & Toll,
P.L.L.C.
1100 New York Avenue, N.W.
Suite 500, West Tower,
Washington, D.C. 20005
www.cmht.com

Jonathan W. Cuneo
Michael G. Lenett
Jon Tostrud
Cuneo Gilbert & LaDuca LLP
507 C Street, N.E.
Washington, D.C. 20002
www.cuneolaw.com

6. What Are the Benefits Of The Proposed Settlement?

A summary of the benefits available to Settlement Class Members is set forth, below. **THIS IS ONLY A SUMMARY. Additional information about the proposed settlement is available at www.gilardi.com/hondaelement or by calling 1-800-761-5856.** You may also obtain a copy of the Settlement Agreement at www.gilardi.com/hondaelement, or in person from the Clerk of the Los Angeles county Superior Court, at 111 N. Hill Street, Los Angeles, California, 90012-3117.

The proposed settlement provides three forms of relief for Settlement Class Members: **(1)** modification of the procedures Honda dealers use to determine whether Settlement Class Members are entitled to have a cracked windshield in a Class Vehicle replaced for free; **(2)** a special campaign to pay for the replacement of cracked windshields installed in Class Vehicles for six years from the date of the vehicle's original retail sale or lease or 60,000 miles, whichever occurs first, and **(3)** a program to reimburse Settlement Class Members who paid to repair or replace a cracked windshield(s) installed in a Class Vehicle and who meet certain conditions. **If the Settlement receives final approval by the Court, these benefits will be available to Class Members as of January 19, 2007.**

(1) Modification of dealer's warranty eligibility procedure

When this lawsuit was filed, Honda dealers used a "pen test" (which involved running a pen down a windshield crack to determine whether a foreign object cracked it) to determine whether a cracked windshield was covered under warranty. Plaintiffs alleged the "pen test" was not an accurate way to evaluate whether a crack in a Class Vehicle windshield was caused by the Windshield Cracking Condition. Pursuant to the terms of the proposed settlement, the "pen test" will no longer be used to determine the cause of a crack in a Class Vehicle windshield. Instead, cracks will be presumptively covered under the Special Campaign and replaced by an authorized Honda dealer at no cost to the Settlement Class Member, from the date of the vehicle's original retail sale or lease or 60,000 miles, whichever occurs first absent any open or obvious condition that would invalidate coverage.

(2) Special Campaign to pay for the replacement of cracked windshields in Class Vehicles

On January 19, 2007, Honda will implement a Special Campaign to expand the warranty coverage on windshields installed in Class Vehicles. Under this special campaign, Honda will bear the cost of replacing cracked windshields in Class Vehicles for six years from the date of original retail sale or lease of a Class Vehicle or 60,000 miles, whichever shall occur first. **To be eligible for coverage under the special campaign, a Settlement Class Member must bring his or her Class Vehicle to an authorized Honda Dealer for repair on or after January 19, 2007.** The parts and labor associated with the replacement of a cracked windshield in a Class Vehicle under the special

campaign will be borne solely by Honda, provided the replacement is conducted by an authorized Honda dealer.

IMPORTANT NOTE: Settlement Class Members who have their Class Vehicle windshields replaced or repaired after January 19, 2007, by anyone other than an authorized Honda dealer shall not be reimbursed for the cost of that repair or replacement. Again, to be eligible for coverage under the special campaign, a Settlement Class Member must present his or her Class Vehicle to an authorized Honda dealer for repair.

(3) Reimbursement program

Settlement Class Members who repaired or replaced a cracked windshield(s) in a Class Vehicle prior to January 19, 2007, may be eligible to be reimbursed by Honda for the actual cost of the repair(s) or replacement(s). For purposes of the settlement, a claim for reimbursement shall be presumed valid if the following criteria are satisfied:

- (a) The windshield was repaired or replaced within the first six years from the date of original retail sale or lease of a Class Vehicle or within 60,000 miles, whichever occurred first,
- (b) The claim is submitted by the person who was the registered owner or lessee of a Class Vehicle at the time that the cost of the windshield repair or replacement was incurred;
- (c) The claim form is filled out in its entirety, signed and dated;
- (d) The claim form is accompanied by a copy of a work order, repair order, receipt, cancelled check or credit card statement/receipt.
- (e) The claim form is postmarked on or before February 16, 2007.

7. Who Pays for Class Counsel's Fees and Expenses?

You do not have to pay for Class Counsel's services. At the Settlement Hearing, Class Counsel will apply to the Court for: (1) an award of a portion of the actual attorneys' fees and costs Class Counsel incurred in the prosecution of this lawsuit; and (2) additional monetary awards for the time and effort the three named Plaintiffs have expended on behalf of the Settlement Class. The three law firms that are Class Counsel have worked on this case on a wholly contingent fee basis and have not been paid any fees or expenses for their work. They intend to apply to the Court for a total award of \$625,000, which will be used to pay fees and costs Class Counsel incurred in the prosecution of the litigation, including an award to each of the three Plaintiffs in the following amounts: \$5,000 to Martin Daniel, \$8,000 to Robert Rawlings, and \$2,000 to Joshua Bennett. These fees and expenses will be paid by Honda, pursuant to the terms of the Settlement Agreement, if they are approved by the Court. They will be paid by Honda separately from the Settlement's benefits. Neither the award of attorneys' fees and expenses nor the incentive awards will reduce the benefits provided to the Class Members described above.

8. What Are My Rights and Options?

If you are a Settlement Class Member, you have options on what action to take:

- A. Remain in the Class.** If you meet the criteria for membership in the Settlement Class, you will remain a member of the Settlement Class unless you exclude yourself (or "opt out") by following the procedure set forth in Section 8(C), below. As a member of the Settlement Class, you will be bound by the settlement and may be eligible to receive the benefits provided by the settlement if you satisfy the requirements described in this Notice. **PLEASE NOTE: If you remain a Class Member and if the Settlement is approved by the Court, this will result in a release and dismissal of your claims against Honda for the Windshield Cracking Condition. A release means you cannot sue, continue to sue, or be part of any other lawsuit against Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda R&D Americas, Inc., Honda North America, Inc., Honda of America Mfg., Inc., Honda of Canada Mfg., Inc. and all Honda related companies for claims related to the Windshield Cracking Condition.** In no event, however, does the release apply to any claim for personal injury, wrongful death or physical damage to property (other than the windshield).

A release also means that all of the Court's orders will apply to you and will bind you.

If you remain in the Settlement Class, Class Counsel will represent the interests of the class, the Court will protect those interests, and you will not be personally responsible for any of Class Counsel's fees or litigation expenses. If the proposed settlement is approved, you will be eligible to receive the benefits of the Settlement, as described above.

- B. Remain a Settlement Class Member and Object to the Settlement.** You may remain a member of the Settlement Class and, on your own or through an attorney retained by you at your expense, object to the proposed settlement in its entirety or any aspect of it. To do so, you or your attorney must file a written objection, which must contain the following: (1) your full name, current address and telephone number; *and* (2) the model year and Vehicle Identification Number of your Honda Element; *and* (3) a statement of the position(s) you wish to assert, *and* (4) the factual and/or legal basis for your position, *and* (5) copies of any documents that you wish to submit in support of your position. **Objections and any supporting papers or brief, must be filed with the Clerk of the Superior Court and served on counsel for Honda and Class Counsel no later than November 3, 2006.** Please serve Counsel for Honda and Class Counsel at the following addresses:

Counsel for Honda
Roy M. Brisbois
Lewis Brisbois Bisgaard & Smith
221 North Figueroa Street, Suite 1200
Los Angeles, CA 90012

Class Counsel
Jeffrey L. Fazio
Dina E. Micheletti
Fazio | Micheletti LLP
4900 Hopyard Road, Suite 290
Pleasanton, CA 94588-7100

If you do not comply with these procedures by the deadline for objections, the Judge may decline to consider your objection at the fairness hearing, and to preclude you from otherwise contesting the approval of the proposed settlement or to appeal from any orders or judgments entered by the Court in connection with the settlement.

Filing an objection does not exclude you from the Settlement Class. If your objection is overruled, you will be bound by the terms of the Settlement.

- C. Exclude Yourself From the Settlement Class.** You are not required to participate in this settlement and you may exclude yourself from the Settlement Class. If you exclude yourself (also called "opting out") we will have no further contact with you regarding this lawsuit. If you opt out of the Settlement Class, you will lose any right you may have to participate in the settlement. You will also lose the right to have your objections to the proposed settlement considered by the Court before it rules on it. You will be free to pursue any claims you may have against Honda and/or any of the other Released Parties on your own behalf, but you will not be represented by Class Counsel. **To opt out of the Settlement Class, you must submit a request for exclusion, which must contain: (1) your full name, current address and telephone number; *and* (2) the model year and Vehicle Identification Number of your Element; *and* (3) a specific statement indicating you wish to exclude yourself from this lawsuit (for example, you may write "Please exclude me from the Settlement Class"). Requests for exclusion must be postmarked no later than October 24, 2006, and sent to Honda Element Class Action Settlement, P.O. Box 808070, Petaluma, CA, 94975-8070.**

If you do not comply with these procedures by the deadline for exclusions, the Judge may preclude you from excluding yourself from the Settlement Class. If the Judge precludes you from excluding yourself, you will remain in the Settlement Class and your rights will be determined in this lawsuit by the Settlement Agreement if it is approved by the Court.

9. When Will the Judge Decide If He Will Approve the Settlement and Can I Participate In That Hearing?

The Court case has made a preliminary determination that this lawsuit should proceed as a class action for the purposes of the proposed settlement, meaning that the Judge will resolve the issues for all Settlement Class Members, except for those who exclude themselves (or "opt out") from the Settlement

Class. Therefore, if the proposed settlement is finally approved, there will be a single settlement that will provide benefits to all eligible members of the Settlement Class.

A hearing (called a "Fairness Hearing") will be held on November 16, 2006, at 8:45 a.m. in Department 14 of the Superior Court of California, County of Los Angeles, 111 N. Hill Street, Los Angeles, California, 90012-3117. At the Fairness Hearing, the Court will consider whether the settlement is fair, reasonable and adequate. If objections have been submitted in accordance with the procedures described immediately below, the Court will consider them. The Court will also listen to Settlement Class Members who would like to speak at the hearing and object to the proposed settlement. After the hearing, the Court will decide whether to approve the proposed settlement. We do not know how long it will take for the Judge to make his decision.

If you are a member of the Settlement Class and you would like to speak at the Fairness Hearing, personally or through counsel, to object or express your point of view regarding the proposed settlement, **you must file, ON OR BEFORE November 3, 2006, Notice of your intention to appear at the Fairness Hearing, along with any and all papers to be considered by this Court at the Fairness Hearing.**

Notice of your intention to appear at the Fairness Hearing and copies of papers you wish the Court to consider at the Fairness Hearing must be filed with the Clerk of the Superior Court at 111 N. Hill Street, Los Angeles, California, 90012-3117 on or before November 3, 2006. Copies of such papers must also be served on Honda's Counsel and Class Counsel at the addresses listed above. The Judge may preclude anyone who did not follow these instructions from speaking at the Fairness Hearing.

10. How Can I Obtain More Information About The Settlement?

This Notice contains only a summary of the terms of the proposed settlement. If you would like a copy the Settlement Agreement or other documents filed in this litigation they are available for your inspection at the office of the Clerk, Superior Court of California in and for Los Angeles County, 111 N. Hill Street, Los Angeles, California 90012-3117.

You may also obtain a copy of the Settlement Agreement and general information about and assistance with the settlement at www.gilardi.com/hondaelement. You may also obtain general information about the settlement by calling 1-800-761-5856.

For information about your entitlement to coverage under the special campaign described in paragraph No. 6, above, please contact Honda's customer service department at: 1-800-999-1009.

In the event any changes are made to the dates or to other information contained in this Notice, that information can be found at www.gilardi.com/hondaelement.

THE COURT CANNOT ANSWER QUESTIONS ABOUT THE SETTLEMENT. PLEASE DO NOT WRITE OR TELEPHONE THE COURT FOR INFORMATION.

Dated: August 7, 2006

The Honorable Terry A. Green
Judge of the Superior Court