

HONDA MOTOR CO LTD  
Form 6-K  
November 30, 2009  
[Table of Contents](#)

No.1-7628

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF November 2009

COMMISSION FILE NUMBER: 1-07628

## HONDA GIKEN KOGYO KABUSHIKI KAISHA

(Name of registrant)

## HONDA MOTOR CO., LTD.

(Translation of registrant's name into English)

1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

## Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes " No "

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

**Table of Contents**

Contents

**Exhibit 1:**

Honda Motor Co., Ltd. filed its consolidated financial statements for the fiscal three months ended September 30, 2009 with Financial Services Agency in Japan.

**Table of Contents**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HONDA GIKEN KOGYO KABUSHIKI KAISHA (  
HONDA MOTOR CO., LTD. )

/s/ Yoichi Hojo  
Yoichi Hojo  
Director  
Chief Operating Officer for  
Business Management Operations  
Honda Motor Co., Ltd.

Date: November 30, 2009

**Table of Contents**

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

September 30, 2009

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

September 30, 2009 and March 31, 2009

| Assets                                                                                                                                                            | Yen (millions)                     |                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------|
|                                                                                                                                                                   | September 30,<br>2009<br>unaudited | March 31,<br>2009<br>audited |
| Current assets:                                                                                                                                                   |                                    |                              |
| Cash and cash equivalents                                                                                                                                         | ¥ 945,764                          | ¥ 690,369                    |
| Trade accounts and notes receivable, net of allowance for doubtful accounts of ¥7,499 million at September 30, 2009 and ¥7,455 million at March 31, 2009 (note 5) | 702,952                            | 854,214                      |
| Finance subsidiaries-receivables, net (notes 2 and 5)                                                                                                             | 1,031,946                          | 1,172,030                    |
| Inventories (notes 3 and 5)                                                                                                                                       | 908,966                            | 1,243,961                    |
| Deferred income taxes (note 6)                                                                                                                                    | 207,303                            | 198,158                      |
| Other current assets (notes 4, 8 and 9)                                                                                                                           | 377,618                            | 462,446                      |
| Total current assets                                                                                                                                              | 4,174,549                          | 4,621,178                    |
| Finance subsidiaries-receivables, net (notes 2 and 5)                                                                                                             | 2,334,371                          | 2,400,282                    |
| Investments and advances:                                                                                                                                         |                                    |                              |
| Investments in and advances to affiliates                                                                                                                         | 490,449                            | 505,835                      |
| Other, including marketable equity securities (note 4)                                                                                                            | 158,354                            | 133,234                      |
| Total investments and advances                                                                                                                                    | 648,803                            | 639,069                      |
| Property on operating leases:                                                                                                                                     |                                    |                              |
| Vehicles                                                                                                                                                          | 1,582,837                          | 1,557,060                    |
| Less accumulated depreciation                                                                                                                                     | 309,343                            | 269,261                      |
| Net property on operating leases                                                                                                                                  | 1,273,494                          | 1,287,799                    |
| Property, plant and equipment, at cost (note 5):                                                                                                                  |                                    |                              |
| Land                                                                                                                                                              | 470,528                            | 469,279                      |
| Buildings                                                                                                                                                         | 1,470,022                          | 1,446,090                    |
| Machinery and equipment                                                                                                                                           | 3,152,375                          | 3,133,439                    |
| Construction in progress                                                                                                                                          | 171,364                            | 159,567                      |
|                                                                                                                                                                   | 5,264,289                          | 5,208,375                    |
| Less accumulated depreciation and amortization                                                                                                                    | 3,156,661                          | 3,060,654                    |
| Net property, plant and equipment                                                                                                                                 | 2,107,628                          | 2,147,721                    |
| Other assets (notes 6, 8 and 9)                                                                                                                                   | 719,177                            | 722,868                      |
| Total assets                                                                                                                                                      | ¥ 11,258,022                       | ¥ 11,818,917                 |

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

September 30, 2009 and March 31, 2009

| Liabilities and Equity                                                                                                                                             | Yen (millions)                     |                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------|
|                                                                                                                                                                    | September 30,<br>2009<br>unaudited | March 31,<br>2009<br>audited |
| Current liabilities:                                                                                                                                               |                                    |                              |
| Short-term debt                                                                                                                                                    | ¥ 949,134                          | ¥ 1,706,819                  |
| Current portion of long-term debt                                                                                                                                  | 762,337                            | 977,523                      |
| Trade payables:                                                                                                                                                    |                                    |                              |
| Notes                                                                                                                                                              | 21,471                             | 31,834                       |
| Accounts                                                                                                                                                           | 675,852                            | 674,498                      |
| Accrued expenses (note 10)                                                                                                                                         | 513,504                            | 562,673                      |
| Income taxes payable                                                                                                                                               | 22,532                             | 32,614                       |
| Other current liabilities (notes 8 and 9)                                                                                                                          | 220,286                            | 251,407                      |
| Total current liabilities                                                                                                                                          | 3,165,116                          | 4,237,368                    |
| Long-term debt, excluding current portion                                                                                                                          | 2,474,729                          | 1,932,637                    |
| Other liabilities (note 10)                                                                                                                                        | 1,471,441                          | 1,518,568                    |
| Total liabilities                                                                                                                                                  | 7,111,286                          | 7,688,573                    |
| Equity:                                                                                                                                                            |                                    |                              |
| Honda Motor Co., Ltd. shareholders' equity (note 7):                                                                                                               |                                    |                              |
| Common stock, authorized 7,086,000,000 shares at September 30, 2009 and at March 31, 2009; issued 1,834,828,430 shares at September 30, 2009 and at March 31, 2009 | 86,067                             | 86,067                       |
| Capital surplus                                                                                                                                                    | 172,529                            | 172,529                      |
| Legal reserves                                                                                                                                                     | 44,838                             | 43,965                       |
| Retained earnings (note 11(a))                                                                                                                                     | 5,130,958                          | 5,099,267                    |
| Accumulated other comprehensive income (loss), net (notes 4 and 9)                                                                                                 | (1,331,991)                        | (1,322,828)                  |
| Treasury stock, at cost 20,222,627 shares at September 30, 2009 and 20,219,430 shares at March 31, 2009                                                            | (71,720)                           | (71,712)                     |
| Total Honda Motor Co., Ltd. shareholders' equity                                                                                                                   | 4,030,681                          | 4,007,288                    |
| Noncontrolling interests (note 7)                                                                                                                                  | 116,055                            | 123,056                      |
| Total equity (note 7)                                                                                                                                              | 4,146,736                          | 4,130,344                    |
| Commitments and contingent liabilities (note 10)                                                                                                                   |                                    |                              |
| Total liabilities and equity                                                                                                                                       | ¥ 11,258,022                       | ¥ 11,818,917                 |

See note 1(c)1.

See accompanying notes to consolidated financial statements.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Income

For the six months ended September 30, 2008 and 2009

|                                                               | Yen (millions)                        |                                    |
|---------------------------------------------------------------|---------------------------------------|------------------------------------|
|                                                               | September<br>30,<br>2008<br>unaudited | September 30,<br>2009<br>unaudited |
| Net sales and other operating revenue                         | ¥ 5,694,086                           | ¥ 4,058,867                        |
| Operating costs and expenses:                                 |                                       |                                    |
| Cost of sales                                                 | 4,109,548                             | 3,110,373                          |
| Selling, general and administrative                           | 951,438                               | 644,694                            |
| Research and development                                      | 273,773                               | 213,093                            |
|                                                               | 5,334,759                             | 3,968,160                          |
| Operating income                                              | 359,327                               | 90,707                             |
| Other income:                                                 |                                       |                                    |
| Interest                                                      | 22,392                                | 8,772                              |
| Other (notes 4 and 9)                                         | 20,774                                | 713                                |
|                                                               | 43,166                                | 9,485                              |
| Other expenses:                                               |                                       |                                    |
| Interest                                                      | 11,414                                | 7,124                              |
| Other (notes 4 and 9)                                         | 17,393                                | 21,470                             |
|                                                               | 28,807                                | 28,594                             |
| Income before income taxes and equity in income of affiliates | 373,686                               | 71,598                             |
| Income tax expense (note 6):                                  |                                       |                                    |
| Current                                                       | 63,199                                | 36,674                             |
| Deferred                                                      | 66,529                                | 6,983                              |
|                                                               | 129,728                               | 43,657                             |
| Income before equity in income of affiliates                  | 243,958                               | 27,941                             |
| Equity in income of affiliates                                | 65,481                                | 36,592                             |
| Net income                                                    | 309,439                               | 64,533                             |
| Less: Net income attributable to noncontrolling interests     | 12,726                                | 2,936                              |
| Net income attributable to Honda Motor Co., Ltd.              | ¥ 296,713                             | ¥ 61,597                           |

|                                                                                       | Yen                   |                       |
|---------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                       | September 30,<br>2008 | September 30,<br>2009 |
| Basic net income attributable to Honda Motor Co., Ltd. per common share (note 13(b)): | ¥ 163.52              | ¥ 33.95               |

See note 1(c).

See accompanying notes to consolidated financial statements.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Income

For the three months ended September 30, 2008 and 2009

|                                                               | Yen (millions)                     |                                    |
|---------------------------------------------------------------|------------------------------------|------------------------------------|
|                                                               | September 30,<br>2008<br>unaudited | September 30,<br>2009<br>unaudited |
| Net sales and other operating revenue                         | ¥ 2,826,865                        | ¥ 2,056,655                        |
| Operating costs and expenses:                                 |                                    |                                    |
| Cost of sales                                                 | 2,058,223                          | 1,556,549                          |
| Selling, general and administrative                           | 483,165                            | 323,062                            |
| Research and development                                      | 136,626                            | 111,501                            |
|                                                               | 2,678,014                          | 1,991,112                          |
| Operating income                                              | 148,851                            | 65,543                             |
| Other income:                                                 |                                    |                                    |
| Interest                                                      | 11,551                             | 3,944                              |
| Other (notes 4 and 9)                                         | 11,468                             | 5,617                              |
|                                                               | 23,019                             | 9,561                              |
| Other expenses:                                               |                                    |                                    |
| Interest                                                      | 5,262                              | 3,313                              |
| Other (notes 4 and 9)                                         | 17,146                             | 5,651                              |
|                                                               | 22,408                             | 8,964                              |
| Income before income taxes and equity in income of affiliates | 149,462                            | 66,140                             |
| Income tax expense (note 6):                                  |                                    |                                    |
| Current                                                       | 25,481                             | 23,496                             |
| Deferred                                                      | 21,977                             | 9,662                              |
|                                                               | 47,458                             | 33,158                             |
| Income before equity in income of affiliates                  | 102,004                            | 32,982                             |
| Equity in income of affiliates                                | 27,288                             | 22,349                             |
| Net income                                                    | 129,292                            | 55,331                             |
| Less: Net income attributable to noncontrolling interests     | 5,976                              | 1,294                              |
| Net income attributable to Honda Motor Co., Ltd.              | ¥ 123,316                          | ¥ 54,037                           |

|                                                                                       | Yen                   |                       |
|---------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                       | September 30,<br>2008 | September 30,<br>2009 |
| Basic net income attributable to Honda Motor Co., Ltd. per common share (note 13(b)): | ¥ 67.96               | ¥ 29.78               |

See note 1(c)1.

See accompanying notes to consolidated financial statements.

## Table of Contents

### HONDA MOTOR CO., LTD. AND SUBSIDIARIES

#### Consolidated Statements of Cash Flows

For the six months ended September 30, 2008 and 2009

|                                                                                          | Yen (millions)                     |                                    |
|------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
|                                                                                          | September 30,<br>2008<br>unaudited | September 30,<br>2009<br>unaudited |
| Cash flows from operating activities:                                                    |                                    |                                    |
| Net income                                                                               | ¥ 309,439                          | ¥ 64,533                           |
| Adjustments to reconcile net income to net cash provided by operating activities:        |                                    |                                    |
| Depreciation excluding property on operating leases                                      | 205,057                            | 200,493                            |
| Depreciation of property on operating leases                                             | 92,757                             | 116,537                            |
| Deferred income taxes                                                                    | 66,529                             | 6,983                              |
| Equity in income of affiliates                                                           | (65,481)                           | (36,592)                           |
| Dividends from affiliates                                                                | 26,759                             | 71,806                             |
| Provision for credit and lease residual losses on finance subsidiaries-receivables       | 37,524                             | 25,355                             |
| Impairment loss on investments in securities                                             | 13,673                             | 286                                |
| Impairment loss on long-lived assets and goodwill excluding property on operating leases | 3,577                              |                                    |
| Impairment loss on property on operating leases                                          | 4,898                              | 2,855                              |
| Loss (gain) on derivative instruments, net                                               | (56,015)                           | (37,391)                           |
| Decrease (increase) in assets:                                                           |                                    |                                    |
| Trade accounts and notes receivable                                                      | 67,991                             | 155,332                            |
| Inventories                                                                              | (155,200)                          | 350,426                            |
| Other current assets                                                                     | (19,471)                           | 107,541                            |
| Other assets                                                                             | 8,544                              | 24,441                             |
| Increase (decrease) in liabilities:                                                      |                                    |                                    |
| Trade accounts and notes payable                                                         | (92,139)                           | 22,695                             |
| Accrued expenses                                                                         | (7,812)                            | (36,767)                           |
| Income taxes payable                                                                     | 4,405                              | (15,441)                           |
| Other current liabilities                                                                | 19,926                             | 17,378                             |
| Other liabilities                                                                        | 36,253                             | (33,343)                           |
| Other, net                                                                               | (14,564)                           | (32,128)                           |
| Net cash provided by operating activities                                                | 486,650                            | 974,999                            |
| Cash flows from investing activities:                                                    |                                    |                                    |
| Increase in investments and advances                                                     | (1,265)                            | (17,559)                           |
| Decrease in investments and advances                                                     | 1,486                              | 10,224                             |
| Payments for purchases of available-for-sale securities                                  | (31,537)                           | (2,624)                            |
| Proceeds from sales of available-for-sale securities                                     | 1,309                              | 1,609                              |
| Payments for purchases of held-to-maturity securities                                    | (14,458)                           |                                    |
| Proceeds from redemptions of held-to-maturity securities                                 | 10,513                             |                                    |
| Capital expenditures                                                                     | (314,465)                          | (205,132)                          |
| Proceeds from sales of property, plant and equipment                                     | 11,437                             | 8,552                              |
| Acquisitions of finance subsidiaries-receivables                                         | (1,555,101)                        | (697,795)                          |
| Collections of finance subsidiaries-receivables                                          | 1,110,815                          | 795,003                            |
| Sales (purchases) of finance subsidiaries-receivables, net                               | 123,090                            | (31,345)                           |
| Purchases of operating lease assets                                                      | (437,093)                          | (276,142)                          |
| Proceeds from sales of operating lease assets                                            | 53,995                             | 72,334                             |
| Net cash used in investing activities                                                    | (1,041,274)                        | (342,875)                          |
| Cash flows from financing activities:                                                    |                                    |                                    |

## Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                                                              |                  |                  |
|--------------------------------------------------------------|------------------|------------------|
| Increase (decrease) in short-term debt, net                  | 228,914          | (748,274)        |
| Proceeds from long-term debt                                 | 870,684          | 881,529          |
| Repayments of long-term debt                                 | (540,316)        | (457,951)        |
| Dividends paid (note 11(a))                                  | (79,842)         | (29,033)         |
| Dividends paid to noncontrolling interests                   | (9,473)          | (13,078)         |
| Sales (purchases) of treasury stock, net                     | (6)              | (8)              |
| <b>Net cash provided by (used in) financing activities</b>   | <b>469,961</b>   | <b>(366,815)</b> |
| Effect of exchange rate changes on cash and cash equivalents | (11,831)         | (9,914)          |
| <b>Net change in cash and cash equivalents</b>               | <b>(96,494)</b>  | <b>255,395</b>   |
| Cash and cash equivalents at beginning of the period         | 1,050,902        | 690,369          |
| <b>Cash and cash equivalents at end of the period</b>        | <b>¥ 954,408</b> | <b>¥ 945,764</b> |

See note 1(c).

See accompanying notes to consolidated financial statements.

**Table of Contents**

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

**(1) General and Summary of Significant Accounting Policies**

*(a) Financial Statements*

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Honda adopted Statement of Financial Accounting Standards (SFAS) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 effective July 1, 2009. SFAS No. 168 prescribes the change which divides non-governmental U.S. GAAP into the authoritative FASB Accounting Standards Codification (ASC) and guidance that is nonauthoritative, abolishing the previous four-level hierarchy. Upon the adoption of SFAS No. 168, references to previously issued accounting standards have been replaced by ASC references. The adoption of SFAS No. 168 did not have a material impact on the Company's consolidated financial position or results of operations. SFAS No. 168 is now codified in ASC 105, Generally Accepted Accounting Principles. In the opinion of management, all adjustments which are necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the year. For further information, refer to the March 31, 2009 consolidated financial statements and notes thereto included in Honda Motor Co., Ltd. and Subsidiaries Annual Report for the year ended March 31, 2009. Consolidated financial statements for the year ended March 31, 2009 are derived from the audited consolidated financial statements, while consolidated financial statements for the three months and six months ended September 30, 2009 are unaudited.

*(b) Basis of Presenting Consolidated Financial Statements*

The Company and its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries generally maintain their books of account in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein have been prepared in a manner and reflect the adjustments which are necessary to conform them with U.S. GAAP.

*(c) Changes in Accounting Procedures for Consolidated Quarterly Financial Results*

*1. Noncontrolling Interests in Consolidated Financial Statements*

Honda adopted the FASB Accounting Standards Codification (ASC) 810 Consolidation, which is previously known as Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, effective April 1, 2009. This statement requires that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements, and requires that changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary shall be accounted for as equity transactions. Upon the adoption of ASC 810, noncontrolling interests, which were previously referred to as minority interests and classified between total liabilities and stockholders' equity on the consolidated balance sheets, are now included as a separate component of total equity. In addition, the presentation of consolidated statements of income and cash flows has been changed. As the presentation and disclosure requirements of ASC 810 have been applied retrospectively, Honda has made reclassifications to the prior consolidated financial statements to conform to the presentation used for the three months and six months periods ended September 2009. The adoption of ASC 810 did not have a material impact on the Company's consolidated financial position or results of operations.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

*2. Adjustment resulting from change in fiscal year-end of a subsidiary*

During the fiscal year ended March 31, 2009, a subsidiary of the Company changed its fiscal year-end from December 31 to March 31. As a result, the Company eliminated the previously existing three months difference between the reporting periods of the Company and the subsidiary in the consolidated financial statements. The elimination of the lag period which was adjusted in the three months ended March 31, 2009 represented a change in accounting principles and was reported by retrospective application. The impact on the retained earnings balance as of April 1, 2008 was ¥6,214 million. Honda adjusted its consolidated financial statements for the six months ended September 30, 2008 to conform to the presentation used for the fiscal year ended March 31, 2009.

*(d) Accounting Policies Specifically Applied for Quarterly Consolidated Financial Statements*  
*Income taxes*

Honda computes interim income tax expense (benefit) by multiplying reasonably estimated annual effective tax rate, which includes the effects of deferred taxes, by year-to-date income before income taxes and equity in income of affiliates for the six months ended September 30, 2009. If a reliable estimate cannot be made, Honda utilizes the actual year-to-date effective tax rate.

*(e) Reclassifications*

Certain reclassifications have been made to the consolidated financial statements for the three months and six months ended September 30, 2008 and for the year ended March 31, 2009 to conform to the presentation used for the three months and six months ended September 30, 2009.

**(2) Allowances for Finance Subsidiaries-receivables**

|                                               | Yen<br>(millions)     |                   |
|-----------------------------------------------|-----------------------|-------------------|
|                                               | September 30,<br>2009 | March 31,<br>2009 |
| Finance subsidiaries-receivables              |                       |                   |
| Allowance for credit losses                   | ¥ 39,487              | ¥ 35,617          |
| Allowance for losses on lease residual values | 7,271                 | 20,393            |

**(3) Inventories**

Inventories at September 30, 2009 and March 31, 2009 are summarized as follows:

|  | Yen<br>(millions)     |                   |
|--|-----------------------|-------------------|
|  | September 30,<br>2009 | March 31,<br>2009 |

Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                 |           |             |
|-----------------|-----------|-------------|
| Finished goods  | ¥ 563,005 | ¥ 830,973   |
| Work in process | 39,984    | 45,196      |
| Raw materials   | 305,977   | 367,792     |
|                 | ¥ 908,966 | ¥ 1,243,961 |

**Table of Contents**

3

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(4) Investments and Advances-Other**

Investments and advances at September 30, 2009 and March 31, 2009 consist of the following:

|                                    | Yen<br>(millions)     |                   |
|------------------------------------|-----------------------|-------------------|
|                                    | September 30,<br>2009 | March 31,<br>2009 |
| Current                            |                       |                   |
| Corporate debt securities          | ¥ 93                  | ¥ 235             |
| Government bonds                   |                       | 1,000             |
| Money Market Fund (non-marketable) | 2,340                 | 3,913             |
| Advances                           | 877                   | 473               |
|                                    | ¥ 3,310               | ¥ 5,621           |

Investments and advances due within one year are included in other current assets.

|                                                                      | Yen<br>(millions)     |                   |
|----------------------------------------------------------------------|-----------------------|-------------------|
|                                                                      | September 30,<br>2009 | March 31,<br>2009 |
| Noncurrent                                                           |                       |                   |
| Auction rate securities (non-marketable)                             | ¥ 8,143               | ¥ 9,906           |
| Marketable equity securities                                         | 80,113                | 54,807            |
| Government bonds                                                     | 1,999                 | 1,999             |
| U.S. government and agency debt securities                           | 1,967                 |                   |
| Non-marketable equity securities accounted for under the cost method |                       |                   |
| Non-marketable preferred stocks                                      | 2,000                 | 2,000             |
| Other                                                                | 10,792                | 13,824            |
| Guaranty deposits                                                    | 26,791                | 28,755            |
| Advances                                                             | 1,632                 | 1,717             |
| Other                                                                | 24,917                | 20,226            |
|                                                                      | ¥ 158,354             | ¥ 133,234         |

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Certain information with respect to marketable securities at September 30, 2009 and March 31, 2009 is summarized below:

|                         | Yen<br>(millions)     |                   |
|-------------------------|-----------------------|-------------------|
|                         | September 30,<br>2009 | March 31,<br>2009 |
| Available-for-sale      |                       |                   |
| Cost                    | ¥ 36,798              | ¥ 34,331          |
| Fair value              | 80,113                | 54,807            |
| Gross unrealized gains  | 44,544                | 23,531            |
| Gross unrealized losses | 1,229                 | 3,055             |
| Held-to-maturity        |                       |                   |
| Amortized cost          | ¥ 4,059               | ¥ 3,234           |
| Fair value              | 4,156                 | 3,320             |
| Gross unrealized gains  | 99                    | 86                |
| Gross unrealized losses | 2                     |                   |

Maturities of debt securities classified as held-to-maturity at September 30, 2009 are as follows:

|                                        | Yen<br>(millions) |
|----------------------------------------|-------------------|
| Due within one year                    | ¥ 93              |
| Due after one year through five years  | 3,966             |
| Due after five years through ten years |                   |
| Total                                  | ¥ 4,059           |

Realized gains and losses from available-for-sale securities included in other expenses (income) other for the six months period ended September 30, 2009 was ¥3 million net losses. There was no realized gains and losses from available-for-sale securities included in other expenses (income) other for the three months period ended September 30, 2009.

Gross unrealized losses on marketable securities and fair value of the related securities, aggregated by length of time that individual securities have been in a continuous unrealized loss position at September 30, 2009 and March 31, 2009 are as follows:

| September 30, 2009 |                              | March 31, 2009 |                              |
|--------------------|------------------------------|----------------|------------------------------|
| Yen<br>(millions)  |                              |                |                              |
| Fair value         | Unrealized<br>gains (losses) | Fair value     | Unrealized<br>gains (losses) |

# Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                     |         |           |         |           |
|---------------------|---------|-----------|---------|-----------|
| Available-for-sale  |         |           |         |           |
| Less than 12 months | ¥ 1,196 | ¥ (214)   | ¥ 7,190 | ¥ (2,556) |
| 12 months or longer | 2,627   | (1,015)   | 494     | (499)     |
|                     | ¥ 3,823 | ¥ (1,229) | ¥ 7,684 | ¥ (3,055) |
| Held-to-maturity    |         |           |         |           |
| Less than 12 months | ¥ 1,965 | ¥ (2)     | ¥       | ¥         |
| 12 months or longer |         |           |         |           |
|                     | ¥ 1,965 | ¥ (2)     | ¥       | ¥         |

Honda does not believe the decline in fair value of any of its investment securities to be other than temporary, which is based on factors such as financial and operating conditions of the issuer, the industry in which the issuer operates, degree and period of the decline in fair value and other relevant factors.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(5) Pledged Assets**

Pledged assets at September 30, 2009 and March 31, 2009 are as follows:

|                                     | Yen<br>(millions)     |                   |
|-------------------------------------|-----------------------|-------------------|
|                                     | September 30,<br>2009 | March 31,<br>2009 |
| Trade accounts and notes receivable | ¥ 5,749               | ¥                 |
| Inventories                         | 3,456                 |                   |
| Property, plant and equipment       | 21,181                | 24,750            |
| Finance subsidiaries-receivables    | 278,281               |                   |

Starting in the period ended June 30, 2009, as the special purpose entity (SPE) established and utilized in the securitization has not met the criteria for qualified special purpose entity anymore, our finance subsidiary in the United States has consolidated the SPE as variable interest entity (VIE). In addition, our finance subsidiary has treated the securitization transactions with such SPE that no longer meet the transfer requirement as secured financing transactions. As a result, the finance subsidiaries-receivables pledged as collateral and related secured debt obligations have increased in the Company's consolidated financial statements.

Because the changes of account treatment in securitization and consolidation of VIE, except for the increase in finance subsidiaries-receivables which are subject to collateral and related secured debt obligations, do not have a material impact on the Company's consolidated financial positions or results of operations, we have omitted the certain disclosures required by U.S. GAAP.

**(6) Income Taxes**

Because of operating losses for the six months ended September 30, 2009, certain subsidiaries of the Company have recorded valuation allowances over their deferred tax assets as of September 30, 2009. Due primarily to this accounting treatment, the effective tax rates of Honda for the three months and six months ended September 30, 2009 differs from Honda's statutory income tax rate, which is 40% for the fiscal year ending March 31, 2010.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(7) Equity**

The change in equity for the three months and six months ended September 30, 2008 and 2009 are as follows (see note 1(c)2):

For the six months ended September 30, 2008

|                                                                                 | Yen (millions)                               |                             |                 |
|---------------------------------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------|
|                                                                                 | Honda Motor Co., Ltd.<br>shareholders equity | Noncontrolling<br>interests | Total<br>equity |
| Balance at March 31, 2008                                                       | ¥ 4,544,265                                  | ¥ 141,806                   | ¥ 4,686,071     |
| Adjustment resulting from change in fiscal year-end of a subsidiary, net of tax | 6,214                                        |                             | 6,214           |
| Adjusted balances at March 31, 2008                                             | ¥ 4,550,479                                  | ¥ 141,806                   | ¥ 4,692,285     |
| Dividends paid to Honda Motor Co., Ltd. shareholders                            | (79,842)                                     |                             | (79,842)        |
| Dividends paid to noncontrolling interests                                      |                                              | (9,473)                     | (9,473)         |
| Comprehensive income (loss):                                                    |                                              |                             |                 |
| Net income                                                                      | 296,713                                      | 12,726                      | 309,439         |
| Other comprehensive income (loss), net of tax                                   |                                              |                             |                 |
| Adjustments from foreign currency translation                                   | 2,931                                        | (3,502)                     | (571)           |
| Unrealized gains (losses) on marketable securities, net                         | (12,786)                                     | 8                           | (12,778)        |
| Unrealized gains (losses) on derivative instruments, net                        | (48)                                         |                             | (48)            |
| Pension and other postretirement benefits adjustments                           | 4,669                                        | 40                          | 4,709           |
| Total comprehensive income (loss)                                               | 291,479                                      | 9,272                       | 300,751         |
| Purchase of treasury stock                                                      | (43)                                         |                             | (43)            |
| Reissuance of treasury stock                                                    | 37                                           |                             | 37              |
| Balance at September 30, 2008                                                   | ¥ 4,762,110                                  | ¥ 141,605                   | ¥ 4,903,715     |

**Table of Contents**

7

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the six months ended September 30, 2009

|                                                          | Yen (millions)                               |                             |                 |
|----------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------|
|                                                          | Honda Motor Co., Ltd.<br>shareholders equity | Noncontrolling<br>interests | Total<br>equity |
| Balance at March 31, 2009                                | ¥ 4,007,288                                  | ¥ 123,056                   | ¥ 4,130,344     |
| Dividends paid to Honda Motor Co., Ltd. shareholders     | (29,033)                                     |                             | (29,033)        |
| Dividends paid to noncontrolling interests               |                                              | (13,078)                    | (13,078)        |
| Comprehensive income (loss):                             |                                              |                             |                 |
| Net income                                               | 61,597                                       | 2,936                       | 64,533          |
| Other comprehensive income (loss), net of tax            |                                              |                             |                 |
| Adjustments from foreign currency translation            | (25,733)                                     | 2,956                       | (22,777)        |
| Unrealized gains (losses) on marketable securities, net  | 14,086                                       | 99                          | 14,185          |
| Unrealized gains (losses) on derivative instruments, net | 178                                          |                             | 178             |
| Pension and other postretirement benefits adjustments    | 2,306                                        | 86                          | 2,392           |
| Total comprehensive income (loss)                        | 52,434                                       | 6,077                       | 58,511          |
| Purchase of treasury stock                               | (10)                                         |                             | (10)            |
| Reissuance of treasury stock                             | 2                                            |                             | 2               |
| Balance at September 30, 2009                            | ¥ 4,030,681                                  | ¥ 116,055                   | ¥ 4,146,736     |

**Table of Contents**

8

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the three months ended September 30, 2008

|                                                          | Yen (millions)                               |                             |                 |
|----------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------|
|                                                          | Honda Motor Co., Ltd.<br>shareholders equity | Noncontrolling<br>interests | Total<br>equity |
| Balance at June 30, 2008                                 | ¥ 4,762,229                                  | ¥ 141,060                   | ¥ 4,903,289     |
| Dividends paid to Honda Motor Co., Ltd. shareholders     | (39,921)                                     |                             | (39,921)        |
| Dividends paid to noncontrolling interests               |                                              | (5,993)                     | (5,993)         |
| Comprehensive income (loss):                             |                                              |                             |                 |
| Net income                                               | 123,316                                      | 5,976                       | 129,292         |
| Other comprehensive income (loss), net of tax            |                                              |                             |                 |
| Adjustments from foreign currency translation            | (72,960)                                     | 599                         | (72,361)        |
| Unrealized gains (losses) on marketable securities, net  | (13,235)                                     | (57)                        | (13,292)        |
| Unrealized gains (losses) on derivative instruments, net | 444                                          |                             | 444             |
| Pension and other postretirement benefits adjustments    | 2,244                                        | 20                          | 2,264           |
| Total comprehensive income (loss)                        | 39,809                                       | 6,538                       | 46,347          |
| Purchase of treasury stock                               | (33)                                         |                             | (33)            |
| Reissuance of treasury stock                             | 26                                           |                             | 26              |
| Balance at September 30, 2008                            | ¥ 4,762,110                                  | ¥ 141,605                   | ¥ 4,903,715     |

**Table of Contents**

9

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the three months ended September 30, 2009

|                                                          | Yen (millions)                               |                             |                 |
|----------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------|
|                                                          | Honda Motor Co., Ltd.<br>shareholders equity | Noncontrolling<br>interests | Total<br>equity |
| Balance at June 30, 2009                                 | ¥ 4,060,782                                  | ¥ 120,941                   | ¥ 4,181,723     |
| Dividends paid to Honda Motor Co., Ltd. shareholders     | (14,517)                                     |                             | (14,517)        |
| Dividends paid to noncontrolling interests               |                                              | (4,712)                     | (4,712)         |
| Comprehensive income (loss):                             |                                              |                             |                 |
| Net income                                               | 54,037                                       | 1,294                       | 55,331          |
| Other comprehensive income (loss), net of tax            |                                              |                             |                 |
| Adjustments from foreign currency translation            | (72,212)                                     | (1,582)                     | (73,794)        |
| Unrealized gains (losses) on marketable securities, net  | 392                                          | 71                          | 463             |
| Unrealized gains (losses) on derivative instruments, net | 178                                          |                             | 178             |
| Pension and other postretirement benefits adjustments    | 2,024                                        | 43                          | 2,067           |
| Total comprehensive income (loss)                        | (15,581)                                     | (174)                       | (15,755)        |
| Purchase of treasury stock                               | (4)                                          |                             | (4)             |
| Reissuance of treasury stock                             | 1                                            |                             | 1               |
| Balance at September 30, 2009                            | ¥ 4,030,681                                  | ¥ 116,055                   | ¥ 4,146,736     |

**Table of Contents**

10

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(8) Fair Value Measurement**

The FASB Accounting Standards Codification (ASC) 820 Fair Value Measurements and Disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, and emphasizes that a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

This statement establishes a three-level hierarchy to be used when measuring fair value. The following is a description of the three hierarchy levels:

**Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date

**Level 2** Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

**Level 3** Unobservable inputs for the assets or liabilities

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest input that is significant to the fair value measurement in its entirety.

The following table presents the assets and liabilities measured at fair value on a recurring basis as of September 30, 2009.

|                                        | Yen (millions) |           |          |                  |                    |            |
|----------------------------------------|----------------|-----------|----------|------------------|--------------------|------------|
|                                        | Level 1        | Level 2   | Level 3  | Gross fair value | Netting adjustment | Net amount |
| <b>Assets:</b>                         |                |           |          |                  |                    |            |
| Retained interests in securitizations  | ¥              | ¥         | ¥ 32,876 | ¥ 32,876         | ¥                  | ¥ 32,876   |
| <b>Derivative instruments</b>          |                |           |          |                  |                    |            |
| Foreign exchange instruments (notes 9) |                | 120,982   |          | 120,982          |                    |            |
| Interest rate instruments (notes 9)    |                | 38,133    | 1,651    | 39,784           |                    |            |
| Total derivative instruments           |                | 159,115   | 1,651    | 160,766          | (50,255)           | 110,511    |
| Available-for-sale securities          | 80,113         | 2,340     | 8,143    | 90,596           |                    | 90,596     |
| Total                                  | ¥ 80,113       | ¥ 161,455 | ¥ 42,670 | ¥ 284,238        | ¥ (50,255)         | ¥ 233,983  |
| <b>Liabilities:</b>                    |                |           |          |                  |                    |            |
| <b>Derivative instruments</b>          |                |           |          |                  |                    |            |
| Foreign exchange instruments (notes 9) | ¥              | ¥ (4,956) | ¥        | ¥ (4,956)        | ¥                  | ¥          |
| Interest rate instruments (notes 9)    |                | (80,588)  | (37)     | (80,625)         |                    |            |
| Total derivative instruments           |                | (85,544)  | (37)     | (85,581)         | 50,255             | (35,326)   |

Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|       |   |            |        |            |          |            |
|-------|---|------------|--------|------------|----------|------------|
| Total | ¥ | ¥ (85,544) | ¥ (37) | ¥ (85,581) | ¥ 50,255 | ¥ (35,326) |
|-------|---|------------|--------|------------|----------|------------|

**Table of Contents**

11

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The following table presents the assets and liabilities measured at fair value on a recurring basis as of March 31, 2009.

|                                       | Yen (millions) |             |          |                  |                    |            |
|---------------------------------------|----------------|-------------|----------|------------------|--------------------|------------|
|                                       | Level 1        | Level 2     | Level 3  | Gross fair value | Netting adjustment | Net amount |
| <b>Assets:</b>                        |                |             |          |                  |                    |            |
| Retained interests in securitizations | ¥              | ¥           | ¥ 45,648 | ¥ 45,648         | ¥                  | ¥ 45,648   |
| <b>Derivative instruments</b>         |                |             |          |                  |                    |            |
| Foreign exchange instruments (note 9) |                | 71,735      |          | 71,735           |                    |            |
| Interest rate instruments (note 9)    |                | 51,818      | 2,437    | 54,255           |                    |            |
| Total derivative instruments          |                | 123,553     | 2,437    | 125,990          | (68,251)           | 57,739     |
| Available-for-sale securities         | 54,807         | 3,913       | 9,906    | 68,626           |                    | 68,626     |
| Total                                 | ¥ 54,807       | ¥ 127,466   | ¥ 57,991 | ¥ 240,264        | ¥ (68,251)         | ¥ 172,013  |
| <b>Liabilities:</b>                   |                |             |          |                  |                    |            |
| <b>Derivative instruments</b>         |                |             |          |                  |                    |            |
| Foreign exchange instruments (note 9) | ¥              | ¥ (25,880)  | ¥        | ¥ (25,880)       | ¥                  | ¥          |
| Interest rate instruments (note 9)    |                | (114,406)   | (143)    | (114,549)        |                    |            |
| Total derivative instruments          |                | (140,286)   | (143)    | (140,429)        | 68,251             | (72,178)   |
| Total                                 | ¥              | ¥ (140,286) | ¥ (143)  | ¥ (140,429)      | ¥ 68,251           | ¥ (72,178) |

Derivative asset and liability positions are presented net by counterparty on the consolidated balance sheets when valid master netting agreement exists and the other conditions set out in the FASB Accounting Standards Codification (ASC) 210-20 Balance Sheet-Offsetting are met.

The following table presents a reconciliation for the six months ended September 30, 2009 for all Level 3 assets and liabilities measured at fair value on a recurring basis.

|                                           | Yen (millions)                        |                                    |                               |          |
|-------------------------------------------|---------------------------------------|------------------------------------|-------------------------------|----------|
|                                           | Retained interests in securitizations | Interest rate instruments (note 9) | Available-for-sale securities | Total    |
| Balance at beginning of the year          | ¥ 45,648                              | ¥ 2,294                            | ¥ 9,906                       | ¥ 57,848 |
| Total realized/unrealized gains or losses |                                       |                                    |                               |          |
| Included in earnings                      | 6,600                                 | 746                                |                               | 7,346    |

## Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                                               |          |         |         |          |
|-----------------------------------------------|----------|---------|---------|----------|
| Included in other comprehensive income (loss) |          |         | (859)   | (859)    |
| Purchases, issuances, and settlements, net    | (17,091) | (1,300) | (167)   | (18,558) |
| Foreign currency translation                  | (2,281)  | (126)   | (737)   | (3,144)  |
| Balance at end of the period                  | ¥ 32,876 | ¥ 1,614 | ¥ 8,143 | ¥ 42,633 |

The amounts of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets and liabilities still held at the reporting date

|                                               |         |       |       |         |
|-----------------------------------------------|---------|-------|-------|---------|
| Included in earnings                          | ¥ 4,617 | ¥ 399 | ¥     | ¥ 5,016 |
| Included in other comprehensive income (loss) |         |       | (859) | (859)   |

**Table of Contents**

12

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The following table presents a reconciliation for the three months ended September 30, 2009 for all Level 3 assets and liabilities measured at fair value on a recurring basis.

|                                               | Yen (millions)                              |                                          |                                  |          |
|-----------------------------------------------|---------------------------------------------|------------------------------------------|----------------------------------|----------|
|                                               | Retained<br>interests in<br>securitizations | Interest rate<br>instruments<br>(note 9) | Available-for-sale<br>securities | Total    |
| Balance at beginning of the period            | ¥ 36,962                                    | ¥ 1,801                                  | ¥ 8,744                          | ¥ 47,507 |
| Total realized/unrealized gains or losses     |                                             |                                          |                                  |          |
| Included in earnings                          | 2,337                                       | 546                                      |                                  | 2,883    |
| Included in other comprehensive income (loss) |                                             |                                          |                                  |          |
| Purchases, issuances, and settlements, net    | (4,385)                                     | (640)                                    | (75)                             | (5,100)  |
| Foreign currency translation                  | (2,038)                                     | (93)                                     | (526)                            | (2,657)  |
| Balance at end of the period                  | ¥ 32,876                                    | ¥ 1,614                                  | ¥ 8,143                          | ¥ 42,633 |

The amounts of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets and liabilities still held at the reporting date

|                                               |         |       |   |         |
|-----------------------------------------------|---------|-------|---|---------|
| Included in earnings                          | ¥ 1,851 | ¥ 539 | ¥ | ¥ 2,390 |
| Included in other comprehensive income (loss) |         |       |   |         |

Total realized/unrealized gains or losses related to retained interests in securitizations, including those held at the reporting date, are included in net sales and other operating revenue in the consolidated statements of income.

Total realized/unrealized gains or losses related to interest rate instruments, including those held at the reporting date, are included in other income or other expenses in the consolidated statements of income.

The valuation methodologies the assets and liabilities measured at fair value on a recurring basis are as follows:

**Retained interests in securitizations**

The fair values of the retained interests in securitizations are estimated by calculating the present value of the future cash flows using a discount rate commensurate with the risks involved. In order to estimate cash flows, Honda utilizes various significant assumptions including market observable inputs such as forward interest rates, as well as internally developed inputs, such as prepayment speeds, delinquency levels and credit losses. Fair value measurement for retained interests in securitization is classified as Level 3.

**Table of Contents**

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

**Foreign exchange and interest rate instruments (see note 9)**

The fair values of foreign currency forward exchange contracts and foreign currency option contracts are estimated using market observable inputs such as spot exchange rates, discount rates and implied volatility. Fair value measurement for foreign currency forward exchange contracts and foreign currency option contracts are classified as Level 2. The fair values of currency swap agreements and interest rate swap agreements are estimated by discounting future cash flows using market observable inputs such as LIBOR rates, swap rates, and foreign exchange rates. Fair value measurement for these currency swap agreements and interest rate swap agreements are classified as Level 2.

The fair values of a limited number of interest rate swap agreements related to certain off-balance sheet securitizations are estimated using significant assumptions including market observable inputs, as well as internally developed prepayment assumptions as an input into the model, in order to forecast future notional amounts on these structured derivative contracts. Accordingly, fair value measurement for these derivative contracts is classified as Level 3.

The credit risk of Honda and its counterparties are considered on the valuation of foreign exchange and interest rate instruments.

**Available-for-sale securities**

The fair value of marketable securities is estimated using quoted market prices. Fair value measurement for marketable securities is classified as Level 1.

The fair value of money market funds classified as short-term investments are estimated based on market observable inputs such as the average of the net asset value price. Fair value measurement for its money market funds is classified as Level 2.

The subsidiary's auction rate securities (ARS) holdings were AAA rated and are insured by qualified guarantee agencies, and reinsured by the Secretary of Education and United States Government, and are guaranteed about 95% by the United States Government. Since the ARS market had been illiquid as of September 30, 2009 and no readily observable prices exist, Honda measures the fair value of the ARS based on the discounted cash flows of the expected interest payments to maturity dates of the ARS and the insurance by qualified guarantee agencies, reinsurance and guarantees by the United States Government. Fair value measurement for auction rate securities is classified as Level 3.

Honda does not have financial assets and financial liabilities measured at fair value on a nonrecurring basis as of and for the three months and six months ended September 30, 2009 and as of and for the year ended March 31, 2009.

Honda also adopted the FASB Accounting Standards Codification (ASC) 820 Fair Value Measurements and Disclosures, which is previously known as Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) effective April 1, 2009. Honda does not have significant nonfinancial assets and nonfinancial liabilities on a nonrecurring basis as of and for the three months and six months ended September 30, 2009.

Honda has not elected the fair value option for the six months ended September 30, 2009 and the year ended March 31, 2009.

**Table of Contents**

14

**HONDA MOTOR CO., LTD. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

The estimated fair values of significant financial instruments at September 30, 2009 and March 31, 2009 are as follows (see note 9):

|                                      | Yen (millions)     |                      |                 |                      |
|--------------------------------------|--------------------|----------------------|-----------------|----------------------|
|                                      | September 30, 2009 |                      | March 31, 2009  |                      |
|                                      | Carrying amount    | Estimated fair value | Carrying amount | Estimated fair value |
| Finance subsidiaries-receivables (a) | ¥ 3,392,426        | ¥ 3,464,943          | ¥ 3,526,073     | ¥ 3,471,727          |
| Available-for-sale securities        | 90,596             | 90,596               | 68,626          | 68,626               |
| Held-to-maturity securities          | 4,059              | 4,156                | 3,234           | 3,320                |
| Debt                                 | (4,186,200)        | (4,250,899)          | (4,616,979)     | (4,492,595)          |
| Derivative instruments (b)           |                    |                      |                 |                      |
| Asset position                       | ¥ 110,511          | ¥ 110,511            | ¥ 57,739        | ¥ 57,739             |
| Liability position                   | (35,326)           | (35,326)             | (72,178)        | (72,178)             |
| Net                                  | ¥ 75,185           | ¥ 75,185             | ¥ (14,439)      | ¥ (14,439)           |

- (a) The carrying amounts of finance subsidiaries-receivables at September 30, 2009 and March 31, 2009 in the table exclude ¥451,412 million and ¥641,721 million, respectively, of direct financing leases, net, classified as finance subsidiaries-receivables in the consolidated balance sheets. The carrying amounts of finance subsidiaries-receivables at September 30, 2009 and March 31, 2009 in the table also include ¥477,521 million and ¥595,482 million of finance receivables classified as trade receivables and other assets in the consolidated balance sheets, respectively.
- (b) The derivative instruments are included in other assets and other current assets and/or liabilities in the consolidated balance sheets as follows:

|                           | Yen (millions)     |                |
|---------------------------|--------------------|----------------|
|                           | September 30, 2009 | March 31, 2009 |
| Other current assets      | ¥ 28,177           | ¥ 6,307        |
| Other assets              | 82,334             | 51,432         |
| Other current liabilities | (35,326)           | (72,178)       |
|                           | ¥ 75,185           | ¥ (14,439)     |

The estimated fair values have been determined using relevant market information and appropriate valuation methodologies. However, these estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. The effect of using different assumptions and/or estimation methodologies may be significant to the estimated fair values.

**Table of Contents**

15

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The methodologies and assumptions used to estimate the fair values of financial instruments are as follows:

*Cash and cash equivalents, trade receivables and trade payables*

The carrying amounts approximate fair values because of the short maturity of these instruments.

*Finance subsidiaries-receivables*

The fair values of retail receivables and term loans to dealers were estimated by discounting future cash flows using the current rates for these instruments of similar remaining maturities. Given the short maturities of wholesale receivables, the carrying amount of those receivables approximates fair value.

*Held-to-maturity securities*

The fair value of held-to-maturity securities was estimated using quoted market prices.

*Debt*

The fair values of bonds and notes were estimated based on the quoted market prices for the same or similar issues. The fair value of long-term loans was estimated by discounting future cash flows using rates currently available for loans of similar terms and remaining maturities. The carrying amounts of short-term bank loans and commercial paper approximate fair values because of the short maturity of these instruments.

**(9) Risk Management Activities and Derivative Financial Instruments**

Honda uses derivative financial instruments in the normal course of business to reduce their exposure to fluctuations in foreign exchange rates and interest rates. (see note 8) Currency swap agreements are used to manage currency risk exposure on foreign currency denominated debt. Foreign currency forward exchange contracts and purchased option contracts are used to hedge currency risk of sale commitments denominated in foreign currencies (principally U.S. dollars). Foreign currency written option contracts are entered into in combination with purchased option contracts to offset premium amounts to be paid for purchased option contracts. Interest rate swap agreements are mainly used to manage interest rate risk exposure and to convert floating rate financing, such as commercial paper, to (normally three-five years) fixed rate financing in order to match financing costs with income from finance receivables. These instruments involve, to varying degrees, elements of credit, exchange rate and interest rate risks in excess of the amount recognized in the consolidated balance sheets.

The aforementioned instruments contain an element of risk in the event the counterparties are unable to meet the terms of the agreements. However, Honda minimizes the risk exposure by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. Management of Honda does not expect any counterparty to default on its obligations and, therefore, does not expect to incur any losses due to counterparty default. Honda currently does not require or place collateral for these financial instruments with any counterparties.

**Table of Contents**

16

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Contract amounts outstanding for foreign currency forward exchange contracts, foreign currency option contracts and currency swap agreements and the notional principal amounts of interest rate swap agreements at September 30, 2009 and March 31, 2009 are as follows:

Derivatives designated as hedging instruments:

|                                             | Yen (millions)        |                   |
|---------------------------------------------|-----------------------|-------------------|
|                                             | September 30,<br>2009 | March 31,<br>2009 |
| Foreign currency forward exchange contracts | ¥ 19,625              | ¥                 |
| Foreign exchange instruments                | ¥ 19,625              | ¥                 |

Derivatives not designated as hedging instruments:

|                                             | Yen (millions)        |                   |
|---------------------------------------------|-----------------------|-------------------|
|                                             | September 30,<br>2009 | March 31,<br>2009 |
| Foreign currency forward exchange contracts | ¥ 491,416             | ¥ 531,615         |
| Foreign currency option contracts           | 96,112                | 76,099            |
| Currency swap agreements                    | 724,756               | 667,011           |
| Foreign exchange instruments                | ¥ 1,312,284           | ¥ 1,274,725       |
| Interest rate swap agreements               | ¥ 3,782,674           | ¥ 4,327,124       |
| Interest rate instruments                   | ¥ 3,782,674           | ¥ 4,327,124       |

Cash flow hedge

The Company applies hedge accounting for certain foreign currency forward exchange contracts related to forecasted foreign currency transactions between the Company and its subsidiaries. Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognized in other comprehensive income (loss). The amounts are reclassified into earnings in the same period when forecasted hedged transactions affect earnings. The amount recognized in accumulated other comprehensive income (loss) was ¥178 million gain for the six months ended September 30, 2009. All amount recorded in accumulated other comprehensive income (loss) as of September 30, 2009 is expected to be recognized in earnings within the next twelve months. The period that hedges the changes in cash flows related to the risk of foreign currency rate is at most around two months.

There are no derivative financial instruments where hedge accounting has been discontinued due to the forecasted transaction no longer being probable. The Company excludes financial instruments' time value component from the assessment of hedge effectiveness. There is no portion of hedging instruments that has been assessed as hedge ineffectiveness.

**Table of Contents**

17

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

*Derivative financial instruments not designated as accounting hedges*

Changes in the fair value of derivative financial instruments not designated as accounting hedges are recognized in earnings in the period of the change.

The estimated fair values of derivative instruments at September 30, 2009 are as follows.

Derivatives designated as hedging instruments:

|                              | Gross fair value     |                          | Yen (millions)          |                 |                              |
|------------------------------|----------------------|--------------------------|-------------------------|-----------------|------------------------------|
|                              | Asset<br>derivatives | Liability<br>derivatives | Other current<br>assets | Other<br>assets | Other current<br>liabilities |
| Foreign exchange instruments | ¥ 1,041              | ¥ (95)                   | ¥ 1,041                 | ¥               | ¥ (95)                       |

Derivatives not designated as hedging instruments:

|                              | Gross fair value     |                          | Yen (millions)          |                 |                              |
|------------------------------|----------------------|--------------------------|-------------------------|-----------------|------------------------------|
|                              | Asset<br>derivatives | Liability<br>derivatives | Other current<br>assets | Other<br>assets | Other current<br>liabilities |
| Foreign exchange instruments | ¥ 119,941            | ¥ (4,861)                | ¥ 30,799                | ¥ 78,726        | ¥ 5,555                      |
| Interest rate instruments    | 39,784               | (80,625)                 | (3,663)                 | 3,608           | (40,786)                     |
| Total                        | ¥ 159,725            | ¥ (85,486)               | ¥ 27,136                | ¥ 82,334        | ¥ (35,231)                   |
| Netting adjustment           | (50,255)             | 50,255                   |                         |                 |                              |
| Net amount                   | ¥ 109,470            | ¥ (35,231)               |                         |                 |                              |

**Table of Contents**

18

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The estimated fair values of derivative instruments at March 31, 2009 are as follows.

Derivatives designated as hedging instruments:

The Company does not hold derivatives designated as hedging instruments at March 31, 2009.

Derivatives not designated as hedging instruments:

|                              | Gross fair value     |                          | Yen (millions)          |                 |                              |
|------------------------------|----------------------|--------------------------|-------------------------|-----------------|------------------------------|
|                              | Asset<br>derivatives | Liability<br>derivatives | Other current<br>assets | Other<br>assets | Other current<br>liabilities |
| Foreign exchange instruments | ¥ 71,735             | ¥ (25,880)               | ¥ 9,104                 | ¥ 50,254        | ¥ (13,503)                   |
| Interest rate instruments    | 54,255               | (114,549)                | (2,797)                 | 1,178           | (58,675)                     |
| <b>Total</b>                 | <b>¥ 125,990</b>     | <b>¥ (140,429)</b>       | <b>¥ 6,307</b>          | <b>¥ 51,432</b> | <b>¥ (72,178)</b>            |
| Netting adjustment           | (68,251)             | 68,251                   |                         |                 |                              |
| <b>Net amount</b>            | <b>¥ 57,739</b>      | <b>¥ (72,178)</b>        |                         |                 |                              |

Derivative asset and liability positions are presented net by counterparty on the consolidated balance sheets when valid master netting agreement exists and the other conditions set out in the FASB Accounting Standards Codification (ASC) 210-20 Balance Sheet-Offsetting are met.

**Table of Contents**

19

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The effect of derivative instruments on Honda's results of operations for the three months and six months ended September 30, 2009 are as follows:

|                                                                                                                                      | Yen<br>(millions)                                       |                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|
|                                                                                                                                      | For the<br>six<br>months ended<br>September 30,<br>2009 | For the three<br>months ended<br>September 30,<br>2009 |
| <b><u>Derivatives designated as hedging instruments</u></b>                                                                          |                                                         |                                                        |
| Cash flow hedge:                                                                                                                     |                                                         |                                                        |
| Foreign exchange instruments:                                                                                                        |                                                         |                                                        |
| Gain (loss) recognized in other comprehensive income (loss) (effective portion)                                                      | ¥ 471                                                   | ¥ 471                                                  |
| Gain (loss) reclassified from accumulated other comprehensive income (loss) into earnings (effective portion)                        | (293)                                                   | (293)                                                  |
| Gain (loss) recognized in earnings (financial instruments' time value component excluded from the assessment of hedge effectiveness) | 160                                                     | 160                                                    |
|                                                                                                                                      |                                                         |                                                        |
|                                                                                                                                      | Yen<br>(millions)                                       |                                                        |
|                                                                                                                                      | For the six<br>months ended<br>September 30,<br>2009    | For the three<br>months ended<br>September 30,<br>2009 |
| <b><u>Derivatives not designated as hedging instruments</u></b>                                                                      |                                                         |                                                        |
| Foreign exchange instruments                                                                                                         | ¥ 86,256                                                | ¥ 62,363                                               |
| Interest rate instruments                                                                                                            | (20,565)                                                | (8,975)                                                |
| Total                                                                                                                                | ¥ 65,691                                                | ¥ 53,388                                               |

The gains and losses are included in other income (expense) on a net basis with related items, such as foreign currency translation.

**Table of Contents**

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(10) Contingent Liabilities**

Honda has entered into various guarantee and indemnification agreements. At September 30 and March 31, 2009, Honda has guaranteed ¥32,240 million and ¥33,691 million of bank loans of employees for their housing costs, respectively. If an employee defaults on his/her loan payments, Honda is required to perform under the guarantee. The undiscounted maximum amount of Honda's obligation to make future payments in the event of defaults is ¥32,240 million and ¥33,691 million, respectively, at September 30 and March 31, 2009. At September 30, 2009, no amount has been accrued for any estimated losses under the obligations, as it is probable that the employees will be able to make all scheduled payments.

Honda warrants its products for specific periods of time. Product warranties vary depending upon the nature of the product, the geographic location of its sale and other factors.

The changes in provisions for those product warranties for the six months ended September 30, 2009 and the year ended March 31, 2009 are as follows:

|                                                                      | Yen<br>(millions)     |                   |
|----------------------------------------------------------------------|-----------------------|-------------------|
|                                                                      | September 30,<br>2009 | March 31,<br>2009 |
| Balance at beginning of the period                                   | ¥ 233,979             | ¥ 293,760         |
| Warranty claims paid during the period                               | (45,326)              | (123,509)         |
| Liabilities accrued for warranties issued during the period          | 26,950                | 79,576            |
| Changes in liabilities for pre-existing warranties during the period | 769                   | 2,233             |
| Foreign currency translation                                         | (1,960)               | (18,081)          |
| Balance at end of the period                                         | ¥ 214,412             | ¥ 233,979         |

With respect to product liability, personal injury claims or lawsuits, Honda believes that any judgment that may be recovered by any plaintiff for general and special damages and court costs will be adequately covered by Honda's insurance and accrued liabilities. Punitive damages are claimed in certain of these lawsuits. Honda is also subject to potential liability under other various lawsuits and claims including 71 purported class actions in the United States. Honda records a contingent liability when it is probable that an obligation has been incurred and the amount of loss can be reasonably estimated. Honda reviews these pending lawsuits and claims periodically and adjusts the amounts recorded for these contingent liabilities, if necessary, by considering the nature of lawsuits and claims, the progress of the case and the opinions of legal counsel. Honda does not record liabilities for lawsuits or potential claims that it believes an unfavorable outcome is not probable or when a reasonable estimate of the amount or range of loss cannot be determined. After consultation with legal counsel, and taking into account all known factors pertaining to existing lawsuits and claims, Honda believes that the ultimate outcome of such lawsuits and pending claims including 71 purported class actions in the United States should not result in liability to Honda that would be likely to have an adverse material effect on its consolidated financial position, results of operations or cash flows.

**Table of Contents**

21

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(11) Information Related to Honda Motor Co., Ltd. Shareholders' Equity**

For six months ended September 30, 2009

*(a) Information concerning dividends**1. Dividend payout*

|                                          |                                                               |
|------------------------------------------|---------------------------------------------------------------|
| Resolution                               | The ordinary general meeting of shareholders on June 23, 2009 |
| Type of shares                           | Common stock                                                  |
| Total amount of dividends (million yen)  | 14,516                                                        |
| Dividend per share of common stock (yen) | 8.00                                                          |
| Record date                              | March 31, 2009                                                |
| Effective date                           | June 24, 2009                                                 |
| Resource for dividend                    | Retained earnings                                             |
| Resolution                               | The board of directors meeting on July 29, 2009               |
| Type of shares                           | Common stock                                                  |
| Total amount of dividends (million yen)  | 14,516                                                        |
| Dividend per share of common stock (yen) | 8.00                                                          |
| Record date                              | June 30, 2009                                                 |
| Effective date                           | August 24, 2009                                               |
| Resource for dividend                    | Retained earnings                                             |

*2. Dividends payable of which record date was in the six months ended September 30, 2009, effective after the period*

|                                          |                                                    |
|------------------------------------------|----------------------------------------------------|
| Resolution                               | The board of directors meeting on October 27, 2009 |
| Type of shares                           | Common stock                                       |
| Total amount of dividends (million yen)  | 14,516                                             |
| Dividend per share of common stock (yen) | 8.00                                               |
| Record date                              | September 30, 2009                                 |
| Effective date                           | November 25, 2009                                  |
| Resource for dividend                    | Retained earnings                                  |

*(b) Significant changes in Honda Motor Co., Ltd. shareholders' equity*

None

**Table of Contents**

22

**HONDA MOTOR CO., LTD. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(12) Segment Information**

Honda has four reportable segments: the Motorcycle business, the Automobile business, the Financial services business and the Power product and other businesses, which are based on Honda's organizational structure and characteristics of products and services. Operating segments are defined as components of Honda's about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in Honda's consolidated financial statements. (see note 1 (c) 2)

Principal products and services, and functions of each segment are as follows:

| <b>Segment</b>                     | <b>Principal products and services</b>           | <b>Functions</b>                 |
|------------------------------------|--------------------------------------------------|----------------------------------|
| Motorcycle business                | Motorcycles, all-terrain vehicles                | Research & Development           |
|                                    | (ATVs), personal watercrafts and                 | Manufacturing                    |
|                                    | relevant parts                                   | Sales and related services       |
| Automobile business                | Automobiles and relevant parts                   | Research & Development           |
|                                    |                                                  | Manufacturing                    |
|                                    |                                                  | Sales and related services       |
| Financial services business        | Financial, insurance services                    | Retail loan and lease related to |
|                                    |                                                  | Honda products                   |
|                                    |                                                  | Others                           |
| Power product and other businesses | Power products and relevant parts,<br>and others | Research & Development           |
|                                    |                                                  | Manufacturing                    |
|                                    |                                                  | Sales and related services       |
|                                    |                                                  | Others                           |

**Segment Information**

**For the three months ended September 30, 2008**

**Yen (millions)**

Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                                        | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Power Product<br>and Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
|----------------------------------------|------------------------|------------------------|-----------------------------------|------------------------------------------|------------------|----------------------|--------------|
| Net sales and other operating revenue: |                        |                        |                                   |                                          |                  |                      |              |
| External customers                     | ¥ 401,090              | ¥ 2,170,632            | ¥ 158,523                         | ¥ 96,620                                 | ¥ 2,826,865      | ¥                    | ¥ 2,826,865  |
| Intersegment                           |                        |                        | 4,149                             | 6,474                                    | 10,623           | (10,623)             |              |
| Total                                  | ¥ 401,090              | ¥ 2,170,632            | ¥ 162,672                         | ¥ 103,094                                | ¥ 2,837,488      | ¥ (10,623)           | ¥ 2,826,865  |
| Segment income (loss)                  | ¥ 46,395               | ¥ 79,063               | ¥ 24,317                          | ¥ (924)                                  | ¥ 148,851        | ¥                    | ¥ 148,851    |

For the three months ended September 30, 2009

|                                        | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Yen (millions)<br>Power Product<br>and Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
|----------------------------------------|------------------------|------------------------|-----------------------------------|------------------------------------------------------------|------------------|----------------------|--------------|
| Net sales and other operating revenue: |                        |                        |                                   |                                                            |                  |                      |              |
| External customers                     | ¥ 275,312              | ¥ 1,560,501            | ¥ 155,044                         | ¥ 65,798                                                   | ¥ 2,056,655      | ¥                    | ¥ 2,056,655  |
| Intersegment                           |                        |                        | 3,091                             | 7,223                                                      | 10,314           | (10,314)             |              |
| Total                                  | ¥ 275,312              | ¥ 1,560,501            | ¥ 158,135                         | ¥ 73,021                                                   | ¥ 2,066,969      | ¥ (10,314)           | ¥ 2,056,655  |
| Segment income (loss)                  | ¥ 9,319                | ¥ 13,708               | ¥ 47,182                          | ¥ (4,666)                                                  | ¥ 65,543         | ¥                    | ¥ 65,543     |

**Table of Contents**

23

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**As of and for the six months ended September 30, 2008**

|                                        | Yen (millions)         |                        |                                   |                                          |                  |                      |              |
|----------------------------------------|------------------------|------------------------|-----------------------------------|------------------------------------------|------------------|----------------------|--------------|
|                                        | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Power Product<br>and Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
| Net sales and other operating revenue: |                        |                        |                                   |                                          |                  |                      |              |
| External customers                     | ¥ 794,138              | ¥ 4,398,645            | ¥ 304,328                         | ¥ 196,975                                | ¥ 5,694,086      | ¥                    | ¥ 5,694,086  |
| Intersegment                           |                        |                        | 7,868                             | 12,960                                   | 20,828           | (20,828)             |              |
| Total                                  | ¥ 794,138              | ¥ 4,398,645            | ¥ 312,196                         | ¥ 209,935                                | ¥ 5,714,914      | ¥ (20,828)           | ¥ 5,694,086  |
| Segment income (loss)                  | ¥ 77,548               | ¥ 229,404              | ¥ 53,090                          | ¥ (715)                                  | ¥ 359,327        | ¥                    | ¥ 359,327    |
| Assets                                 | ¥ 1,220,216            | ¥ 5,884,158            | ¥ 6,473,585                       | ¥ 289,721                                | ¥ 13,867,680     | ¥ (494,205)          | ¥ 13,373,475 |
| Depreciation and amortization          | ¥ 25,692               | ¥ 171,834              | ¥ 93,189                          | ¥ 7,099                                  | ¥ 297,814        | ¥                    | ¥ 297,814    |
| Capital expenditures                   | ¥ 44,669               | ¥ 245,550              | ¥ 437,508                         | ¥ 7,116                                  | ¥ 734,843        | ¥                    | ¥ 734,843    |

**As of and for the six months ended September 30, 2009**

|                                        | Yen (millions)         |                        |                                   |                                          |                  |                      |              |
|----------------------------------------|------------------------|------------------------|-----------------------------------|------------------------------------------|------------------|----------------------|--------------|
|                                        | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Power Product<br>and Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
| Net sales and other operating revenue: |                        |                        |                                   |                                          |                  |                      |              |
| External customers                     | ¥ 531,678              | ¥ 3,083,930            | ¥ 310,947                         | ¥ 132,312                                | ¥ 4,058,867      | ¥                    | ¥ 4,058,867  |
| Intersegment                           |                        |                        | 6,458                             | 13,937                                   | 20,395           | (20,395)             |              |
| Total                                  | ¥ 531,678              | ¥ 3,083,930            | ¥ 317,405                         | ¥ 146,249                                | ¥ 4,079,262      | ¥ (20,395)           | ¥ 4,058,867  |
| Segment income (loss)                  | ¥ 14,962               | ¥ (7,668)              | ¥ 94,028                          | ¥ (10,615)                               | ¥ 90,707         | ¥                    | ¥ 90,707     |
| Assets                                 | ¥ 976,764              | ¥ 4,901,706            | ¥ 5,403,975                       | ¥ 282,779                                | ¥ 11,565,224     | ¥ (307,202)          | ¥ 11,258,022 |
| Depreciation and amortization          | ¥ 23,668               | ¥ 168,454              | ¥ 118,189                         | ¥ 6,719                                  | ¥ 317,030        | ¥                    | ¥ 317,030    |
| Capital expenditures                   | ¥ 22,024               | ¥ 131,848              | ¥ 277,365                         | ¥ 17,632                                 | ¥ 448,869        | ¥                    | ¥ 448,869    |

Explanatory notes:

1. Segment income (loss) is measured in a consistent manner with consolidated operating income, which is net income before other income, other expenses, income tax (benefit) expense, net income attributable to noncontrolling interests, and equity in income of affiliates. Expenses not directly associated with specific segments are allocated based on the most reasonable measures applicable.

2. Assets of each segment are defined as total assets, including derivative financial instruments, investments in affiliates, and deferred tax assets. Segment assets are based on those directly associated with each segment and those not directly associated with specific segments are allocated based on the most reasonable measures applicable except for the corporate assets described below.
3. Intersegment sales and revenues are generally made at values that approximate arm's-length prices.
4. Unallocated corporate assets, included in reconciling items, amounted to ¥336,896 million as of September 30, 2008 and ¥308,177 million as of September 30, 2009 respectively, which consist primarily of cash and cash equivalents and marketable securities held by the Company. Reconciling items also include elimination of intersegment transactions.
5. Depreciation and amortization of Financial Services Business include ¥92,757 million for the six months ended September 30, 2008 and ¥116,537 million for the six months ended September 30, 2009, respectively, of depreciation of property on operating leases.
6. Capital expenditure of Financial Services Business includes ¥437,093 million for the six months ended September 30, 2008 and ¥276,142 million for the six months ended September 30, 2009 respectively, of purchase of operating lease assets.

**Table of Contents**

24

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**Supplemental Geographical Information**

In addition to the disclosure required by U.S. GAAP, Honda provides the following supplemental information as required by Financial Instruments and Exchange Law:

**(1) Supplemental geographical information based on the location of the Company and its subsidiaries****For the three months ended September 30, 2008**

|                                        | Yen (millions) |               |           |           |               |             |                   |              |
|----------------------------------------|----------------|---------------|-----------|-----------|---------------|-------------|-------------------|--------------|
|                                        | Japan          | North America | Europe    | Asia      | Other Regions | Total       | Reconciling Items | Consolidated |
| Net sales and other operating revenue: |                |               |           |           |               |             |                   |              |
| External customers                     | ¥ 504,141      | ¥ 1,297,927   | ¥ 322,591 | ¥ 373,578 | ¥ 328,628     | ¥ 2,826,865 | ¥                 | ¥ 2,826,865  |
| Transfers between geographic areas     | 689,385        | 72,125        | 28,133    | 78,258    | 20,913        | 888,814     | (888,814)         |              |
| Total                                  | ¥ 1,193,526    | ¥ 1,370,052   | ¥ 350,724 | ¥ 451,836 | ¥ 349,541     | ¥ 3,715,679 | ¥ (888,814)       | ¥ 2,826,865  |
| Operating income (loss)                | ¥ 40,934       | ¥ 22,526      | ¥ 8,301   | ¥ 36,631  | ¥ 48,796      | ¥ 157,188   | ¥ (8,337)         | ¥ 148,851    |

**For the three months ended September 30, 2009**

|                                        | Yen (millions) |               |           |           |               |             |                   |              |
|----------------------------------------|----------------|---------------|-----------|-----------|---------------|-------------|-------------------|--------------|
|                                        | Japan          | North America | Europe    | Asia      | Other Regions | Total       | Reconciling Items | Consolidated |
| Net sales and other operating revenue: |                |               |           |           |               |             |                   |              |
| External customers                     | ¥ 448,368      | ¥ 865,031     | ¥ 201,158 | ¥ 318,562 | ¥ 223,536     | ¥ 2,056,655 | ¥                 | ¥ 2,056,655  |
| Transfers between geographic areas     | 355,975        | 34,409        | 15,787    | 52,286    | 5,150         | 463,607     | (463,607)         |              |
| Total                                  | ¥ 804,343      | ¥ 899,440     | ¥ 216,945 | ¥ 370,848 | ¥ 228,686     | ¥ 2,520,262 | ¥ (463,607)       | ¥ 2,056,655  |
| Operating income (loss)                | ¥ (25,710)     | ¥ 47,694      | ¥ 1,873   | ¥ 27,556  | ¥ 9,948       | ¥ 61,361    | ¥ 4,182           | ¥ 65,543     |

**Table of Contents**

25

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**As of and for the six months ended September 30, 2008**

|                                        | Yen (millions) |               |           |             |               |              |                   |              |
|----------------------------------------|----------------|---------------|-----------|-------------|---------------|--------------|-------------------|--------------|
|                                        | Japan          | North America | Europe    | Asia        | Other Regions | Total        | Reconciling Items | Consolidated |
| Net sales and other operating revenue: |                |               |           |             |               |              |                   |              |
| External customers                     | ¥ 969,420      | ¥ 2,732,962   | ¥ 655,322 | ¥ 734,059   | ¥ 602,323     | ¥ 5,694,086  | ¥                 | ¥ 5,694,086  |
| Transfers between geographic areas     | 1,373,708      | 130,268       | 59,940    | 154,020     | 41,012        | 1,758,948    | (1,758,948)       |              |
| Total                                  | ¥ 2,343,128    | ¥ 2,863,230   | ¥ 715,262 | ¥ 888,079   | ¥ 643,335     | ¥ 7,453,034  | ¥ (1,758,948)     | ¥ 5,694,086  |
| Operating income (loss)                | ¥ 78,844       | ¥ 117,109     | ¥ 19,594  | ¥ 74,093    | ¥ 85,103      | ¥ 374,743    | ¥ (15,416)        | ¥ 359,327    |
| Assets                                 | ¥ 3,142,058    | ¥ 7,505,511   | ¥ 926,033 | ¥ 1,148,474 | ¥ 709,834     | ¥ 13,431,910 | ¥ (58,435)        | ¥ 13,373,475 |
| Long-lived assets                      | ¥ 1,091,368    | ¥ 1,985,283   | ¥ 157,589 | ¥ 269,588   | ¥ 150,428     | ¥ 3,654,256  | ¥                 | ¥ 3,654,256  |

**As of and for the six months ended September 30, 2009**

|                                        | Yen (millions) |               |           |           |               |              |                   |              |
|----------------------------------------|----------------|---------------|-----------|-----------|---------------|--------------|-------------------|--------------|
|                                        | Japan          | North America | Europe    | Asia      | Other Regions | Total        | Reconciling Items | Consolidated |
| Net sales and other operating revenue: |                |               |           |           |               |              |                   |              |
| External customers                     | ¥ 853,838      | ¥ 1,800,922   | ¥ 409,087 | ¥ 602,228 | ¥ 392,792     | ¥ 4,058,867  | ¥                 | ¥ 4,058,867  |
| Transfers between geographic areas     | 687,069        | 74,310        | 26,051    | 90,017    | 11,336        | 888,783      | (888,783)         |              |
| Total                                  | ¥ 1,540,907    | ¥ 1,875,232   | ¥ 435,138 | ¥ 692,245 | ¥ 404,128     | ¥ 4,947,650  | ¥ (888,783)       | ¥ 4,058,867  |
| Operating income (loss)                | ¥ (30,382)     | ¥ 54,877      | ¥ 3,630   | ¥ 47,907  | ¥ 9,469       | ¥ 85,501     | ¥ 5,206           | ¥ 90,707     |
| Assets                                 | ¥ 2,947,913    | ¥ 6,069,575   | ¥ 635,443 | ¥ 962,156 | ¥ 554,753     | ¥ 11,169,840 | ¥ 88,182          | ¥ 11,258,022 |
| Long-lived assets                      | ¥ 1,146,720    | ¥ 1,825,284   | ¥ 110,725 | ¥ 245,732 | ¥ 154,648     | ¥ 3,483,109  | ¥                 | ¥ 3,483,109  |
| Explanatory notes:                     |                |               |           |           |               |              |                   |              |

1. Major countries or regions in each geographic area:

## Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|               |                                                 |
|---------------|-------------------------------------------------|
| North America | United States, Canada, Mexico                   |
| Europe        | United Kingdom, Germany, France, Italy, Belgium |
| Asia          | Thailand, Indonesia, China, India               |
| Other Regions | Brazil, Australia                               |

2. Operating income (loss) of each geographical region is measured in a consistent manner with consolidated operating income, which is net income before other income, other expenses, income tax (benefit) expense, net income attributable to noncontrolling interests, and equity in income of affiliates.
3. Assets of each geographical region are defined as total assets, including derivative financial instruments, investments in affiliates, and deferred tax assets.
4. Sales and revenues between geographic areas are generally made at values that approximate arm's-length prices.
5. Unallocated corporate assets, included in reconciling items, amounted to ¥336,896 million as of September 30, 2008 and ¥308,177 million as of September 30, 2009 respectively, which consist primarily of cash and cash equivalents and marketable securities held by the Company. Reconciling items also include elimination of transactions between geographic areas.

**Table of Contents**

26

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(2) Overseas sales and revenues based on the location of the customer****For the three months ended September 30, 2008**

|               | Yen<br>(millions)<br>September 30,<br>2008 |
|---------------|--------------------------------------------|
| North America | ¥ 1,293,583                                |
| Europe        | 320,102                                    |
| Asia          | 435,298                                    |
| Other regions | 387,096                                    |

**For the three months ended September 30, 2009**

|               | Yen<br>(millions)<br>September 30,<br>2009 |
|---------------|--------------------------------------------|
| North America | ¥ 861,774                                  |
| Europe        | 200,257                                    |
| Asia          | 368,296                                    |
| Other regions | 240,365                                    |

**For the six months ended September 30, 2008**

|               | Yen<br>(millions)<br>September 30,<br>2008 |
|---------------|--------------------------------------------|
| North America | ¥ 2,721,646                                |
| Europe        | 650,225                                    |
| Asia          | 871,829                                    |
| Other regions | 707,937                                    |

**For the six months ended September 30, 2009**

Yen  
(millions)

# Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                    | September 30,<br>2009 |
|--------------------|-----------------------|
| North America      | ¥ 1,794,886           |
| Europe             | 407,170               |
| Asia               | 713,458               |
| Other regions      | 425,108               |
| Explanatory notes: |                       |

Major countries or regions in each geographic area:

|               |                                                 |
|---------------|-------------------------------------------------|
| North America | United States, Canada, Mexico                   |
| Europe        | United Kingdom, Germany, France, Italy, Belgium |
| Asia          | Thailand, Indonesia, China, India               |
| Other Regions | Brazil, Australia                               |

**Table of Contents**

27

## HONDA MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**(13) Per Share Data***(a) Honda Motor Co., Ltd. shareholders' equity per share*

|                                                      | Yen                   |                   |
|------------------------------------------------------|-----------------------|-------------------|
|                                                      | September 30,<br>2009 | March 31,<br>2009 |
| Honda Motor Co., Ltd. shareholders' equity per share | ¥ 2,221.24            | ¥ 2,208.35        |

*(b) Net income attributable to Honda Motor Co., Ltd. per common share (see note 1(c)2)*

Net income attributable to Honda Motor Co., Ltd. per common share for the three months and six months ended September 30, 2008 and 2009 are as follows:

**For the six months ended September 30, 2008 and 2009**

|                                                                         | Yen                   |                       |
|-------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                         | September 30,<br>2008 | September 30,<br>2009 |
| Basic net income attributable to Honda Motor Co., Ltd. per common share | ¥ 163.52              | ¥ 33.95               |

\* Diluted net income attributable to Honda Motor Co., Ltd. per common share is not provided as there is no potential dilution effect.

\* The bases of computation of basic net income attributable to Honda Motor Co., Ltd. per common share are as follows:

|                                                                             | Yen (millions)        |                       |
|-----------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                             | September 30,<br>2008 | September 30,<br>2009 |
| Net income attributable to Honda Motor Co., Ltd.                            | ¥ 296,713             | ¥ 61,597              |
| Amount not applicable to common stock                                       |                       |                       |
| Net income attributable to Honda Motor Co., Ltd. applicable to common stock | ¥ 296,713             | ¥ 61,597              |
| Weighted average number of common shares                                    | 1,814,538,088 shares  | 1,814,607,190 shares  |

**For the three months ended September 30, 2008 and 2009**

Yen

# Edgar Filing: HONDA MOTOR CO LTD - Form 6-K

|                                                                         | September 30,<br>2008 | September 30,<br>2009 |
|-------------------------------------------------------------------------|-----------------------|-----------------------|
| Basic net income attributable to Honda Motor Co., Ltd. per common share | ¥ 67.96               | ¥ 29.78               |

\* Diluted net income attributable to Honda Motor Co., Ltd. per common share is not provided as there is no potential dilution effect.

\* The bases of computation of basic net income attributable to Honda Motor Co., Ltd. per common share are as follows:

|                                                                             | Yen (millions)        |                       |
|-----------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                             | September 30,<br>2008 | September 30,<br>2009 |
| Net income attributable to Honda Motor Co., Ltd.                            | ¥ 123,316             | ¥ 54,037              |
| Amount not applicable to common stock                                       |                       |                       |
| Net income attributable to Honda Motor Co., Ltd. applicable to common stock | ¥ 123,316             | ¥ 54,037              |
| Weighted average number of common shares                                    | 1,814,537,399 shares  | 1,814,606,417 shares  |

## (14) Subsequent Events

No relevant information.

The Company has evaluated subsequent events through the date of the filing of the original document for this Form 6-K.