

HONDA MOTOR CO LTD  
Form 6-K  
June 25, 2009  
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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 May 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):

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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-\_\_\_\_\_

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**Exhibit 1:**

The Board of Directors of Honda Motor Co., Ltd., at its meeting held on May 15, 2009, resolved to propose a matter of Amendments to Articles of Incorporation as follows as an agenda item for the Company's 85th ordinary general meeting of shareholders scheduled to be held on June 23, 2009.

**Exhibit 2:**

On May 29, 2008, Honda Motor Co., Ltd., issued and sent to its shareholders the Notice of Convocation of the 85th Ordinary General Meeting of Shareholders.

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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: June 25, 2009

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[Translation]

May 15, 2009

To: Shareholders of Honda Motor Co., Ltd.  
From: Honda Motor Co., Ltd.  
1-1, Minami-Aoyama 2-chome,

Minato-ku, 107-8556 Tokyo

Takeo Fukui

President and Representative Director

**Notice Concerning Partial Amendments to Articles of Incorporation**

The Board of Directors of Honda Motor Co., Ltd. (the Company), at its meeting held on May 15, 2009, resolved to propose a matter of Amendments to Articles of Incorporation as follows as an agenda item for the Company's 85th ordinary general meeting of shareholders scheduled to be held on June 23, 2009.

**Particulars**

1. Reasons for Amendments

Due to the enforcement of The Law for Partial Amendment to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities. (Law No. 88 of 2004) as of January 5, 2009, all listed shares of stock concurrently became eligible for book-entry transfer (the so called Dematerialization System). In accordance with the aforementioned enforcement, a proposal has been made to make necessary amendments to the overall text of the Articles of Incorporation, including the deletion of articles which are no longer necessary, such as those concerning share certificates, beneficial shareholders and the register of beneficial shareholders, as well as to alter the numbering of the Articles of Incorporation. In addition, a proposal has also been made to enact Supplementary Provisions in order to provide transitional measures due to the amendment to the Articles of Incorporation. (Article 1 and 2 of the Supplementary Provisions to Proposed Amendment)

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2. Details of Amendments

Portions of the existing Articles of Incorporation will be amended as follows:

**Existing Articles of Incorporation**  
**Chapter II. Shares**

**Proposed Amendments**  
**Chapter II. Shares**

Article 7. (Issuance of shares)

[Deleted]

The Company shall issue share certificates representing its issued shares.

Article 8. (Number of shares constituting one voting unit, and non-issuance of share certificates representing less than one voting unit)

Article 7. (Number of shares constituting one voting unit)

The number of shares constituting one voting unit in the Company consists of one hundred (100) shares.

The number of shares constituting one voting unit in the Company consists of one hundred (100) shares.

Notwithstanding the preceding Article, the Company shall not issue any share certificates representing Shares Less Than One Voting Unit; provided, however, that this shall not apply to the matters otherwise provided for in the Share Handling Regulations.

[Deleted]

Article 9. (Request for sale of Shares Less Than One Voting Unit)

Article 8. (Request for sale of Shares Less Than One Voting Unit)

A shareholder of the Company (including a beneficial shareholder; the same applies hereinafter) may, in accordance with the provisions of the Share Handling Regulations, make a request to the effect that such number of shares should be sold to it that will, when added to the Shares Less Than One Voting Unit already held by that shareholder, constitute one voting unit of shares.

A shareholder of the Company may, in accordance with the provisions of the Share Handling Regulations, make a request to the effect that such number of shares should be sold to it that will, when added to the Shares Less Than One Voting Unit already held by that shareholder, constitute one voting unit of shares.

Article 10. (Procedures relating to shares, etc.)

Article 9. (Procedures relating to shares, etc.)

The denomination of the share certificates of the Company shall be provided for in the Share Handling Regulations established by the Board of Directors.

[Deleted]

Entry of the name of the transferee of shares in the shareholders register, purchase and request for sale of Shares Less Than One Voting Unit and other procedures and fees relating to shares shall be governed by the Share Handling Regulations established by the

Entries in the shareholders register, purchase and request for sale of Shares Less Than One Voting Unit and other

Board of Directors.

procedures and fees relating to shares shall be governed by the Share Handling Regulations established by the Board of Directors.

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Article 11. (Shareholders Register Manager)

The Company shall have a Shareholders Register Manager.

The Shareholders Register Manager and its place of business shall be decided by resolution of the Board of Directors, and a public notice thereof shall be given. Preparation and storage of the shareholders register (which term shall also include the register of beneficial shareholders in this document) of the Company, the register of stock acquisition rights, and the register of lost share certificates and any other business relating to shares and stock acquisition rights shall be delegated to the Shareholders Register Manager and not conducted by the Company.

Article 12. to Article 37.

[Text of the articles abbreviated]

[Newly Enacted]

[Newly Enacted]

Article 10. (Shareholders Register Manager)

The Company shall have a Shareholders Register Manager.

The Shareholders Register Manager and its place of business shall be decided by resolution of the Board of Directors, and a public notice thereof shall be given. Preparation and storage of the shareholders register of the Company and the register of stock acquisition rights and any other business relating to shares and stock acquisition rights shall be delegated to the Shareholders Register Manager and not conducted by the Company.

Article 11. to Article 36.

[No changes made to the existing text of the articles]

Supplemental Provisions (Amendments to the articles of incorporation as of June 23, 2009)

Article 1. Preparation and storage of the register of lost share certificates and any other business relating thereto shall be delegated to the Shareholders Register Manager and shall not be conducted by the Company.

Article 2. This and the preceding Article will be valid only until January 5, 2010 and will be deleted as of January 6, 2010.

\* The underlines indicate the portions to be amended.



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3. Schedule

Scheduled date of the ordinary general meeting of shareholders for the purpose of the amendments to the Articles of Incorporation:

Tuesday, June 23, 2009

Scheduled date when amendments to the Articles of Incorporation come into effect:

Tuesday, June 23, 2009

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Securities Code Number: 7267

**NOTICE OF CONVOCATION OF  
THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD AT GRAND PACIFIC LE DAIBA, TOKYO, JAPAN  
ON JUNE 23, 2009 AT 10:00 A.M.**

(This is a translation of the original notice  
in the Japanese language mailed on May 29, 2009  
to stockholders in Japan, and is for reference purposes only.)

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

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[Translation]

May 29, 2009

To Stockholders:

**Notice of Convocation of the 85th  
Ordinary General Meeting of Shareholders**

Dear Stockholders:

You are hereby notified that the 85th Ordinary General Meeting of Shareholders will be held as stated below. You are respectfully requested to attend the meeting.

Please note that, if you do not plan to attend the annual meeting, you may vote by one of the two methods outlined below. We request that you exercise your vote after examining the reference documents and other materials enclosed that are related to the annual meeting.

Vote by mail: Please indicate whether you are in favor of, or opposed to, the proposals on the enclosed Annual Meeting Proxy Card, and then send the proxy card to arrive no later than 6pm on Monday, June 22, 2009.

Yours faithfully,

Honda Motor Co., Ltd.  
1-1, Minami-Aoyama, 2-chome

Minato-ku, Tokyo

By: Takeo Fukui  
President and Representative Director

Request: We request that when arriving at the meeting you present the voting right exercise form enclosed herewith to the meeting hall receptionist.

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**Particulars**

- 1. Time and Date:** 10:00 a.m. on June 23, 2009 (Tuesday)
- 2. Place:** GRAND PACIFIC LE DAIBA  
Palais Royal on the first basement level, at 2-6-1 Daiba, Minato-ku, Tokyo
- 3. Agenda:**

**Matters to be reported:**

1. Report on the Business Report, Consolidated Balance Sheets, Consolidated Statements of Income, Unconsolidated Balance Sheets and Unconsolidated Statements of Operations for the 85th Fiscal Year (from April 1, 2008 to March 31, 2009);
2. Report on the results of the audit of the consolidated financial statements for the 85th Fiscal Year (from April 1, 2008 to March 31, 2009) by the independent auditors and the Board of Corporate Auditors.

**Matters to be resolved:**

**First Item:**

Distribution of Dividends

**Second Item:**

Partial Amendment to the Articles of Incorporation

**Third Item:**

Election of Twenty-One (21) Directors

**Fourth Item:**

Election of One (1) Corporate Auditor

**Fifth Item:**

Payment of Bonus to Directors and Corporate Auditors for the 85th Fiscal Year

Details regarding these agenda items are contained in the Business Report for the 85th Fiscal Year, which is appended to this Notice of Convocation.

\* In the case that revisions are made to the general shareholders' meeting reference materials or attached materials, the revised items will be posted on the Company's website.

Japanese <http://www.honda.co.jp/investors> English <http://world.honda.com/investors>



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**REFERENCE DOCUMENTS**

**CONCERNING EXERCISE OF VOTING RIGHT**

Reference matters with respect to the proposals:

**FIRST ITEM: Distribution of Dividends**

The Company strives to maintain a global perspective, develop its operations in many countries throughout the world and increase its corporate value.

With respect to the distribution of profits, the Company regards the distribution of profits to its stockholders to be one of the most important issues for management, and the Company's basic policy for dividends is to make dividend distributions after taking into account its long-term strategy and consolidated earnings performance. The Company will also acquire its own stock from time to time with the objectives of improving capital efficiency and flexibly implementing capital policies.

Regarding the year-end dividend for the fiscal year under review, after considering various factors such as the Company's goals of strengthening its condition and developing its business operations, the following conditions are proposed:

(1) Conditions and Total Value of Dividend Assets Allocated to Stockholders

¥8 per share of common stock

Total value of ¥14,516,872,000

(2) Effective Date of Distribution of Dividends

June 24, 2009

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**SECOND ITEM: Partial Amendment to the Articles of Incorporation**

**(1) Reasons for Amendment:**

Due to the enforcement of The Law for Partial Amendment to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities (Law No. 88 of 2004) as of January 5, 2009, all listed shares of stock concurrently became eligible for book-entry transfer (the so-called Dematerialization System ). In accordance with the aforementioned enforcement, a proposal has been made to make necessary amendments to the overall text of the Articles of Incorporation, including the deletion of articles which are no longer necessary, such as those concerning share certificates, beneficial shareholders and the register of beneficial shareholders, as well as to alter the numbering of the Articles of Incorporation.

In addition, a proposal has also been made to enact Supplementary Provisions in order to provide transitional measures due to the amendment to the Articles of Incorporation. (Article 1 and 2 of the Supplementary Provisions to Proposed Amendment)

**(2) Contents of Amendment:**

Portions of the existing Articles of Incorporation will be amended as follows:

(The underlines indicate the portions to be amended.)

| <b>Existing Articles of Incorporation</b>   | <b>Proposed Amendments</b>  |
|---|---|
| <b>Chapter II. Shares</b>   | <b>Chapter II. Shares</b>   |
| <u>Article 7. (Issuance of shares)</u>  | [Deleted]   |
| <u>The Company shall issue share certificates representing its issued shares.</u>   |   |
| Article <u>8</u> . (Number of shares constituting one voting unit, <u>and non-issuance of share certificates representing less than one voting unit</u> )   | Article <u>7</u> . (Number of shares constituting one voting unit)  |
| The number of shares constituting one voting unit in the Company consists of one hundred (100) shares.  | The number of shares constituting one voting unit in the Company consists of one hundred (100) shares.  |
| <u>Notwithstanding the preceding Article, the Company shall not issue any share certificates representing Shares Less Than One Voting Unit; provided, however, that this shall not apply to the matters otherwise provided for in the Share Handling Regulations.</u>   | [Deleted]   |
| Article <u>9</u> . (Request for sale of Shares Less Than One Voting Unit)   | Article <u>8</u> . (Request for sale of Shares Less Than One Voting Unit)   |
| A shareholder of the Company ( <u>including a beneficial share- holder; the same applies hereinafter</u> ) may, in accordance with the provisions of the Share Handling Regulations, make a request to the effect that such number of shares should be sold to it that will, when added to the Shares Less Than One Voting Unit already held by that shareholder, constitute one voting unit of shares. | A shareholder of the Company may, in accordance with the provisions of the Share Handling Regulations, make a request to the effect that such number of shares should be sold to it that will, when added to the Shares Less Than One Voting Unit already held by that shareholder, constitute one voting unit of shares. |

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**Existing Articles of Incorporation**

Article 10. (Procedures relating to shares, etc.)

The denomination of the share certificates of the Company shall be provided for in the Share Handling Regulations established by the Board of Directors.

Entry of the name of the transferee of shares in the shareholders register, purchase and request for sale of Shares Less Than One Voting Unit and other procedures and fees relating to shares shall be governed by the Share Handling Regulations established by the Board of Directors.

Article 11. (Shareholders Register Manager)

The Company shall have a Shareholders Register Manager.

The Shareholders Register Manager and its place of business shall be decided by resolution of the Board of Directors, and a public notice thereof shall be given.

Preparation and storage of the shareholders register (which term shall also include the register of beneficial shareholders in this document) of the Company, the register of stock acquisition rights, and the register of lost share certificates and any other business relating to shares and stock acquisition rights shall be delegated to the Shareholders Register Manager and not conducted by the Company.

Article 12. to Article 37.

[Text of the articles abbreviated]

[Newly Enacted]

[Newly Enacted]

**Proposed Amendments**

Article 9. (Procedures relating to shares, etc.)

[Deleted]

Entries in the shareholders register, purchase and request for sale of Shares Less Than One Voting Unit and other procedures and fees relating to shares shall be governed by the Share Handling Regulations established by the Board of Directors.

Article 10. (Shareholders Register Manager)

The Company shall have a Shareholders Register Manager.

The Shareholders Register Manager and its place of business shall be decided by resolution of the Board of Directors, and a public notice thereof shall be given.

Preparation and storage of the shareholders register of the Company and the register of stock acquisition rights and any other business relating to shares and stock acquisition rights shall be delegated to the Shareholders Register Manager and not conducted by the Company.

Article 11. to Article 36.

[No changes made to the existing text of the articles]

Supplemental Provisions (Amendments to the Articles of Incorporation as of June 23, 2009)

Article 1. Preparation and storage of the register of lost share certificates and any other business relating thereto shall be delegated to the Shareholders Register Manager and shall not be conducted by the Company.

Article 2. This and the preceding Article will be valid only until January 5, 2010 and will be deleted as of January 6, 2010.



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The term of office of each of the twenty-one (21) current Directors is due to expire at the close of this meeting. It is proposed that twenty-one (21) Directors be elected at this meeting. The names and particulars of the twenty-one (21) candidates for the position of Director are provided below.

| Candidate No. | Name<br>(Date of birth)                | Resume, current position and responsibilities<br><br>* denotes representation of other companies  | Number of shares<br>of the Company held | Special interest<br>between the<br>candidate<br>and the Company |
|---------------|--|---|---|---|
| 1.            | Satoshi Aoki<br><br>(August 19, 1946)  | Joined Honda in April 1969<br><br>General Manager of Finance Division for Business Management Operations in June 1994<br><br>Director of the Company in June 1995<br><br>Chief Operating Officer for Business Management Operations in June 1998<br><br>Managing Director of the Company in June 1998<br><br>Senior Managing Director of the Company in June 2000<br><br>Compliance Officer in April 2004<br><br>Executive Vice President and Director of the Company in June 2005<br><br>Chairman and Director of the Company in June 2007 (present) | 20,100                                  | None  |
| 2.            | Takeo Fukui<br><br>(November 28, 1944) | Joined Honda in April 1969<br><br>President and Director of Honda Racing Corporation in May 1987<br><br>Managing Director of Honda R&D Co., Ltd. in May 1987<br><br>Director of the Company in June 1988<br><br>Senior Managing Director of Honda R&D Co., Ltd. in June 1990<br><br>Executive Vice President and Director of Honda of America Mfg., Inc. in June 1994<br><br>Managing Director of the Company in June 1996<br><br>President and Director of Honda of America Mfg., Inc. in June 1996  | 27,700                                  | None  |

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President and Director of Honda R&D Co., Ltd. in June 1998

Motor Sports in June 1999

Senior Managing Director of the Company in June 1999

President and Director of the Company in June 2003 (present)

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| <b>Candidate No.</b> | <b>Name<br/>(Date of birth)</b>         | <b>Resume, current position and responsibilities<br/>* denotes representation of other companies</b>   | <b>Number of shares<br/>of the Company held</b> | <b>Special interest<br/>between the candidate<br/>and the Company</b> |
|----------------------|---|--|---|---|
| 3.                   | Koichi Kondo<br><br>(February 13, 1947) | <p>Joined Honda in April 1970</p> <p>President and Director of Honda Motor do Brasil Ltda. (presently Honda South America Ltda.) in June 1996<br/>President and Director of Moto Honda da Amazonia Ltda. in June 1996</p> <p>President and Director of Honda Automoveis do Brasil Ltda. in June 1996</p> <p>Director of the Company in June 1997</p> <p>Chief Operating Officer for Regional Operations (Latin America) in April 2000</p> <p>Managing Director of the Company in June 2002</p> <p>Executive Vice President and Director of American Honda Motor Co., Inc. in April 2003</p> <p>President and Director of American Honda Motor Co., Inc. in June 2003</p> <p>Chief Operating Officer for Regional Operations (North America) in April 2004</p> <p>President and Director of Honda North America, Inc. in April 2005</p> <p>Senior Managing Director of the Company in June 2005 Chief Operating Officer for Regional Sales Operations (Japan) in April 2007</p> <p>Chairman and Director of American Honda Motor Co., Inc. in April 2007</p> <p>Executive Vice President and Director of the Company in June 2007 (present)</p> | 12,700  | None  |
| 4.                   | Atsuyoshi Hyogo<br>(January 2, 1949)    | <p>Joined Honda in April 1972</p> <p>President and Director of Honda Canada Inc. in October 1993<br/>Director of the Company in June 1995<br/>Executive Vice President and Director of American Honda Motor Co., Inc. in June 1996<br/>Managing Director of the Company in June 1998<br/>Chief Operating Officer for Regional Operations (China) in April 2003 (present)<br/>President of Honda Motor (China) Investment Corporation, Limited in February 2004 (present)<br/>Senior Managing Director of the Company in June 2005 (present)<br/>(Representation of other companies)</p>  | 20,500  | None  |

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\* President of Honda Motor (China) Investment Corporation,  
Limited

|    |                                      |  |        |      |
|----|--------------------------------------|--|--------|------|
| 5. | Mikio Yoshimi<br>(September 6, 1947) | Joined Honda in April 1970<br>Executive Vice President and Director of Honda of America<br>Mfg., Inc. in June 1998<br>Director of the Company in June 1998<br>President and Director of Honda Manufacturing of Alabama,<br>LLC in April 2000<br>Human Resources and Associate Relations for Business<br>Support Operations in April 2002<br>Human Resources, Associate Relations and Administration<br>for Business Support Operations in April 2003<br>Chief Operating Officer for Business Support Operations in<br>April 2004<br>Managing Director of the Company in June 2004<br>Compliance Officer in April 2005 (present)<br>Chief Officer of Driving Safety Promotion Center in April<br>2006<br>Government & Industrial Affairs in April 2006 (present)<br>Senior Managing Director of the Company in June 2006<br>(present) | 10,200 | None |
|----|--------------------------------------|--|--------|------|

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| Candidate | Name                                 | Resume, current position and responsibilities   | Number of shares    | Special interest between the candidate and the Company |
|-----------|--------------------------------------|---|---------------------|--|
| No.       | (Date of birth)                      | * denotes representation of other companies   | of the Company held |  |
| 6.        | Takanobu Ito<br>(August 29, 1953)    | <p>Joined Honda in April 1978</p> <p>Executive Vice President of Honda R&amp;D Americas, Inc. in April 1998</p> <p>Director of the Company in June 2000</p> <p>Senior Managing Director of Honda R&amp;D Co., Ltd. in June 2001</p> <p>Managing Director of the Company in June 2003</p> <p>Motor Sports in June 2003</p> <p>President and Director of Honda R&amp;D Co., Ltd. in June 2003</p> <p>General Supervisor, Motor Sports in April 2004</p> <p>General Manager of Suzuka Factory of Production Operations in April 2005</p> <p>Managing Officer of the Company in June 2005</p> <p>Chief Operating Officer for Automobile Operations in April 2007</p> <p>Senior Managing Director of the Company in June 2007 (present)</p> <p>President and Director of Honda R&amp;D Co., Ltd. in April 2009 (present)</p> <p>(Representation of other companies)</p> <p>* President and Director of Honda R&amp;D Co., Ltd.</p> | 8,800               | None   |
| 7.        | Shigeru Takagi<br>(February 4, 1952) | <p>Joined Honda in April 1974</p> <p>President and Director of Honda Canada Inc. in June 1998</p> <p>Director of the Company in June 1998</p> <p>Chief Operating Officer for Regional Operations (Europe, the Middle &amp; Near East and Africa) in April 2004 (present)</p> <p>President and Director of Honda Motor Europe Ltd. in April 2004 (present)</p> <p>Managing Director of the Company in June 2004</p> <p>Senior Managing Director of the Company in June 2008 (present)</p> <p>(Representation of other companies)</p> <p>* President and Director of Honda Motor Europe Ltd.</p>  | 12,400              | None   |
| 8.        | Akio Hamada<br>(December 2, 1948)    | <p>Joined Honda in April 1971</p> <p>Stationed at Honda Canada Inc. in June 1998</p> <p>Director of the Company in June 1999</p> <p>President and Director of Honda Engineering Co., Ltd. in June 2001</p> <p>President and Director of Honda of America Mfg., Inc. in April 2005</p> <p>Managing Officer of the Company in June 2005</p> <p>Chief Operating Officer for Production Operations in April 2008 (present)</p> <p>Risk Management Officer in April 2008 (present)</p> <p>General Supervisor, Information Systems in April 2008 (present)</p> <p>Senior Managing Director of the Company in June 2008 (present)</p> <p>General Supervisor, Quality in April 2009 (present)</p>   | 8,800               | None   |



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| <b>Candidate</b> | <b>Name</b>                       | <b>Resume, current position and responsibilities</b>   | <b>Number of shares</b>    | <b>Special interest</b>                      |
|------------------|-----------------------------------|--|----------------------------|--|
| <b>No.</b>       | <b>(Date of birth)</b>            | <b>* denotes representation of other companies</b>   | <b>of the Company held</b> | <b>between the candidate and the Company</b> |
| 9.               | Tetsuo Iwamura<br>(May 30, 1951)  | <p>Joined Honda in April 1978</p> <p>Chief Operating Officer for Parts Operations in April 2000</p> <p>Director of the Company in June 2000</p> <p>Chief Operating Officer for Regional Operations (Latin America) in April 2003</p> <p>President and Director of Honda South America Ltda. in April 2003</p> <p>President and Director of Moto Honda da Amazonia Ltda. in April 2003</p> <p>President and Director of Honda Automoveis do Brasil Ltda. in April 2003</p> <p>Managing Director of the Company in June 2006</p> <p>Chief Operating Officer for Regional Operations (North America) in April 2007 (present)</p> <p>President and Director of Honda North America, Inc. in April 2007 (present)</p> <p>President and Director of American Honda Motor Co., Inc. in April 2007 (present)</p> <p>Senior Managing Director of the Company in June 2008 (present)</p> <p>(Representation of other companies)</p> <p>* President and Director of Honda North America, Inc.</p> <p>* President and Director of American Honda Motor Co., Inc.</p> | 10,000                     | None   |
| 10.              | Tatsuhiko Oyama<br>(July 9, 1950) | <p>Joined Honda in April 1969</p> <p>General Manager of Motorcycle Sales Division for Regional Sales Operations (Japan) in April 2001</p> <p>Director of the Company in June 2001</p> <p>President and Director of Honda Motorcycle Japan Co., Ltd. in August 2001</p> <p>Chief Operating Officer for Parts Operations in April 2003</p> <p>Chief Operating Officer for Regional Operations (Asia &amp; Oceania) in April 2006</p> <p>President and Director of Asian Honda Motor Co., Ltd. in April 2006</p> <p>Managing Director of the Company in June 2006 (present)</p> <p>Chief Operating Officer for Motorcycle Operations in April 2008 (present)</p>  | 12,400                     | None   |
| 11.              | Fumihiko Ike<br>(May 26, 1952)    | <p>Joined Honda in February 1982</p> <p>Chief Operating Officer for Power Product Operations in April 2003</p> <p>Director of the Company in June 2003</p> <p>Chief Operating Officer for Business Management Operations in April 2006</p> <p>Managing Director of the Company in June 2007 (present)</p> <p>Chief Operating Officer for Regional Operations (Asia &amp; Oceania) in April 2008 (present)</p> <p>President and Director of Asian Honda Motor Co., Ltd. in April 2008 (present)</p> <p>(Representation of other companies)</p>  | 11,300                     | None   |

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\* President and Director of Asian Honda Motor Co., Ltd.

|     |   |   |       |      |
|-----|---|---|-------|------|
| 12. | Masaya Yamashita<br><br>(April 5, 1953) | Joined Honda in April 1977<br><br>General Manager of Automobile Purchasing Division 1 in Purchasing Operations in April 2002<br>Director of the Company in June 2003<br>Operating Officer of the Company in June 2005<br>General Manager of Kumamoto Factory of Production Operations in April 2006<br>Chief Operating Officer for Purchasing Operations in April 2008 (present)<br>Managing Director of the Company in June 2008 (present) | 8,800 | None |
|-----|---|---|-------|------|



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| <b>Candidate No.</b> | <b>Name<br/>(Date of birth)</b>       | <b>Resume, current position and responsibilities<br/><br/>* denotes representation of other companies</b>  | <b>Number of shares<br/>of the Company held</b> | <b>Special interest<br/>between the<br/>candidate<br/>and the Company</b> |
|----------------------|---------------------------------------|--|---|---|
| 13.                  | Kensaku Hogen<br>(August 2, 1941)     | Ambassador to Canada in April 2001<br>Director of the Company in June 2005 (present)   | 300   | None  |
| 14.                  | Sho Minekawa<br>(October 27, 1954)    | Joined Honda in April 1978<br>President of Guangzhou Honda Automobile Co., Ltd. in April 2004<br>Director of the Company in June 2004<br>Operating Officer of the Company in June 2005<br>Chief Operating Officer for Regional Operations (Latin America) in April 2007 (present)<br>President and Director of Honda South America Ltda. in April 2007 (present)<br>President and Director of Moto Honda da Amazonia Ltda. in April 2007 (present)<br>President and Director of Honda Automoveis do Brasil Ltda. in April 2007 (present)<br>Director of the Company in June 2007 (present)<br>(Representation of other companies)<br><br>* President and Director of Honda South America Ltda.<br>* President and Director of Moto Honda da Amazonia Ltda.<br>* President and Director of Honda Automoveis do Brasil Ltda. | 10,600  | None  |
| 15.                  | Hiroshi Soda<br>(September 14, 1956)  | Joined Honda in April 1979<br>Executive Vice President and Director of Honda North America, Inc. in January 2000<br>Operating Officer of the Company in June 2005<br>Executive Vice President and Director of American Honda Motor Co., Inc. in December 2006<br>Chief Operating Officer for Business Support Operations in April 2008 (present)<br>Chief Officer of Driving Safety Promotion Center in April 2008 (present)<br>Director of the Company in June 2008 (present)<br>Corporate Communications in April 2009 (present)   | 10,000  | None  |
| 16.                  | Takuji Yamada<br>(September 28, 1956) | Joined Honda in April 1980<br>Executive Vice President and Director of American Honda Motor Co., Inc. in December 2004<br>Operating Officer of the Company in June 2005<br>President and Director of Honda Motor Europe (North) GmbH in April 2006<br>Chief Operating Officer for Power Product Operations in April 2008 (present)<br>Director of the Company in June 2008 (present)   | 8,800   | None  |
| 17.                  | Yoichi Hojo<br>(February 17, 1956)    | Joined Honda in April 1978<br>General Manager of Automobile Purchasing Division 2 in Purchasing Operations in April 2006<br>Operating Officer of the Company in June 2006<br>Chief Operating Officer for Business Management Operations in April 2008 (present)<br>Director of the Company in June 2008 (present)  | 9,400   | None  |



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| <b>Candidate</b> | <b>Name</b>                                 | <b>Resume, current position and responsibilities</b>  | <b>Number of shares</b>    | <b>Special interest</b>      |
|------------------|---|---|----------------------------|------------------------------|
| <b>No.</b>       | <b>(Date of birth)</b>                      | <b>* denotes representation of other companies</b>  | <b>of the Company held</b> | <b>between the candidate</b> |
|                  |   |   | <b>None</b>                | <b>and the Company</b>       |
| 18.              | Nobuo Kuroyanagi<br><br>(December 18, 1941) | Joined Mitsubishi Bank, Ltd. (presently, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)) in April 1965<br><br>Director of Mitsubishi Bank, Ltd. in June 1992<br>Director of The Bank of Tokyo-Mitsubishi, Ltd. (BTM; presently, BTMU) in April 1996<br>Managing Director of BTM in June 1996<br>Managing Officer of BTM in June 2001<br>Deputy President of BTM in June 2002<br>Director of Mitsubishi Tokyo Financial Group, Inc. (MTFG; presently, Mitsubishi UFJ Financial Group, Inc. (MUFG)) in June 2003<br>President of BTM in June 2004.<br>President and CEO of MTFG in June 2004<br>President and CEO of MUFG in October 2005 (present)<br>President of BTMU in January 2006<br>Chairman of BTMU in April 2008 (present)<br>(Representation of other companies)<br><br>* President and CEO of MUFG<br>* Chairman of BTMU | None                       | None                         |
| 19.              | Hiroshi Kobayashi<br>(November 12, 1954)    | Joined Honda in April 1978<br>Executive Vice President and Director of Honda Motor Europe Ltd. in April 2003<br>Director of the Company in June 2003<br>President and Director of Honda Canada Inc. in April 2004<br>Operating Officer of the Company in June 2005 (present)<br>Deputy Chief Operating Officer for Regional Sales Operations (Japan); General Manager of Automobile Sales Operations for Regional Sales Operations (Japan); General Manager of Aftermarket Operations in Regional Sales Operations (Japan); General Manager of ASIMO Business Office in Regional Sales Operations (Japan) in April 2008<br>Chief Operating Officer for Regional Sales Operations (Japan) in April 2009 (present)  | 12,500                     | None                         |
| 20.              | Tsuneo Tanai<br>(January 24, 1957)          | Joined Honda in April 1981<br>Managing Director of Honda R&D Co., Ltd. in June 2004<br>Executive Vice President of Honda of America Mfg., Inc. in April 2006<br>Operating Officer of the Company in June 2006 (present)<br>President and Director of Honda of America Mfg, Inc. in April 2008<br>Chief Operating Officer for Automobile Operations in April 2009 (present)  | 9,400                      | None                         |
| 21.              | Hiroyuki Yamada<br>(December 14, 1956)      | Joined Honda in April 1982<br>Stationed at American Honda Motor Co., Inc. in April 2004<br>Chief Operating Officer for Customer Service Operations in April 2009 (present)  | 3,000                      | None                         |

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**Notes:** 1. denotes new candidates.

2. Matters related to outside Director candidates are as follows:

(1) Kensaku Hogen and Nobuo Kuroyanagi are candidates for the position of outside Director as defined in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Company Law.

(2) Reasons for selection of candidates for the position of outside Director

Kensaku Hogen is proposed as a candidate because the Company wishes to receive his advice about the Company's activities given from an objective, broad-ranging and high level perspective, and based on his rich experience and high level of insight regarding diplomacy. Although he has not engaged in corporate management, the Company believes that he can perform the duties of an outside Director based on his experience and insight mentioned above.

Nobuo Kuroyanagi is proposed as a candidate because the Company wishes to receive his advice about the Company's activities given from an objective, broad-ranging and high level perspective, and based on his rich experience and high level of insight regarding corporate management.

(3) Incidence of inappropriate corporate operations at other companies for which the candidate was serving as an officer (during the past five years), actions taken beforehand to prevent such operations and subsequent actions taken in response to such operations.

The candidate Nobuo Kuroyanagi has been serving as a representative director of Mitsubishi UFJ Financial Group, Inc. (MUFG) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), and, in December 2006, those companies received enforcement actions ordering improvement of then-current operations from the competent U.S. regulatory authorities with respect to the failure to implement the anti-money laundering compliance regulations in the U.S. BTMU, for which the candidate has been serving as a representative director, was also ordered by Japan's Financial Services Agency (FSA) to improve its operations in connection with the misappropriation of customers' savings by part-time employees in August 2005; in connection with transactions of corporate banking service marketing units that were problematic from the perspective of compliance administration in February 2007; and in connection with problems related to management administration systems, legal and other compliance systems, and internal administration systems, etc. regarding overseas operations, investment trust marketing operations, and other operations in June 2007. In addition, Mitsubishi Motor Corp., for which the candidate served as an outside corporate auditor from June 25, 2003 through June 29, 2004, was found to have not properly executed measures in connection with product-related recalls, etc. While Nobuo Kuroyanagi was not aware of such problematic situations in advance, he has been expressing opinions promoting strict compliance with relevant laws and regulations at Board of Directors meetings. After those situations emerged, he expressed opinions regarding the need for thorough investigation of the situations and the measure to prevent their recurrence.

(4) Number of years since candidate's original assumption of position of outside Director (up to the end of this general meeting of shareholders)

|               |            |
|---------------|------------|
| Kensaku Hogen | Four years |
|---------------|------------|

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**FOURTH ITEM: Election of One (1) Corporate Auditor**

As the term of office of the current Corporate Auditor, Shinichi Sakamoto, is due to expire at the close of this meeting, it is proposed that one (1) Corporate Auditor be elected at the meeting. The name and particulars of the one (1) candidate for the position of Corporate Auditor are provided below.

This proposal has been approved in advance by the Board of Corporate Auditors.

| <b>Candidate No.</b> | <b>Name<br/>(Date of birth)</b> | <b>Resume, current position and responsibilities<br/><br/>* denotes representation of other companies</b>  | <b>Number of shares<br/>of the Company held</b> | <b>Special interest<br/>between the candidate<br/>and the Company</b> |
|----------------------|---------------------------------|--|---|---|
| 1.                   | Hideki Okada<br>(June 1, 1953)  | Joined Honda in April 1977<br>General Manager of Accounting Division for Business Management Operations in June 2004<br>Operating Officer of the Company in June 2006 (present)<br>General Manager of Regional Operation Planning Office (North America) in April 2007<br>Executive Vice President of American Honda Motor Co., Inc. in April 2007 (present) | 8,900   | None  |

**Note:** denotes a new candidate.

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**FIFTH ITEM: Payment of Bonus to Directors and Corporate Auditors for the 85th Fiscal Year**

It is proposed that the Company, after taking into consideration the business performance for the fiscal year under review, the amount of the bonus that has been paid in the past to the Directors and the Corporate Auditors and other various circumstances, pay a bonus in the total amount of 265 million, 750 thousand yen (¥265,750,000) to the twenty-one (21) Directors in office as of the end of the fiscal year (including the total amount of ¥4,460,000 to the two (2) outside Directors) and a bonus in the total amount of 27 million, 750 thousand yen (¥27,750,000) to the five (5) Corporate Auditors in office as of the end of the fiscal year in order to reward those Directors and Corporate Auditors for their service during the fiscal year. The amount of the bonus payable to each of the Directors and the Corporate Auditors would be left to the determination of the Board of Directors with regard to each Director's bonus, and to the consultation among the Corporate Auditors with regard to each Corporate Auditor's bonus.

**Table of Contents****Business Report for the 85th Fiscal Year**

For the Period From: April 1, 2008 To: March 31, 2009

**1. OUTLINE OF BUSINESS****(1) Review of Operations**

Concerning the economic environment surrounding Honda (Honda, consolidated subsidiaries and affiliates accounted for under the equity method) during the fiscal year ended March 31, 2009, crude oil and raw material prices significantly increased worldwide in the first half, followed by declines in the second half. Although the economies in the United States and Europe continued to grow in the first half, they deteriorated triggered by the financial crisis, to the extent that a further downturn due to the negative economic cycle associated with deterioration of the real economy is feared. On the other hand, in Asia, although the economies of China and India continued to expand, the pace of growth slowed, and certain countries in the region went into recession. In Japan, signs of a rapid deterioration in economic conditions could be seen, such as decreased consumer spending, with a decline in capital expenditures.

Among Honda's principal markets, the motorcycle market contracted substantially in the second half of the fiscal year compared with the previous fiscal year. In the United States, demand fell sharply. In Brazil, India and Thailand, although markets there remained favorable in the first half, demand declined in the second half and, for the fiscal year as a whole, was at about the same level as in the previous fiscal year. On the other hand, in Indonesia, the market expanded, propelled by strong demand in the first half. In the automobile market, demand dropped substantially in the second half compared with the same period of the previous fiscal year. Demand fell markedly in North America, Western Europe and Japan. In emerging markets, although there were temporary declines in demand in Brazil, China and India, markets expanded compared with the previous fiscal year.

Amid this operating environment, Honda worked to strengthen its corporate structure to respond quickly and accurately to changes in the diverse needs of its customers and society as a whole. However, to focus limited corporate resources on necessary areas to cope with the sudden changes in the economic environment, future investments and development projects were reassessed. In R&D, Honda took proactive initiatives to develop advanced technologies to enhance safety and environmental technologies as well as the attractiveness of its products. On the production side, Honda undertook further measures to strengthen its manufacturing systems and made global alignment in production based on market demand in each region. Regarding sales, Honda worked aggressively to enhance its product lineup by launching products that offer new value as well as providing products across borders around the world.

Honda's consolidated revenue for the fiscal year ended March 31, 2009 amounted to ¥10,011.2 billion, a decrease of 16.6% from the previous fiscal year, primarily due to currency translation effects and decreased revenue in automobile business. Consolidated operating income for the period totaled ¥189.6 billion, a decrease of 80.1% compared to the previous fiscal year. This decrease in operating income was primarily due to decreased revenue, increased raw material costs, the increase in fixed costs per unit as a result of reduced production, the negative impact of currency effects caused by the appreciation of the Japanese yen and expenses related to withdrawal from some racing activities and cancellations of development of new models, which more than offset continuing cost reduction efforts and decreased R&D expenses. Consolidated income before income taxes, minority interest and equity in income of affiliates for the period totaled ¥161.7 billion, a decrease of 81.9% from the previous fiscal year, and consolidated net income for the fiscal year ended March 31, 2009 totaled ¥137.0 billion, a decrease of 77.2% from the previous fiscal year.

**Motorcycles****New Product Launches**

In motorcycle business during the fiscal year under review, in Japan, Honda launched the brand-new CB223S, a road sports model that offers basic styling along with a fun ride, and an all-new 50cc Monkey leisure model for the first time in 30 years. Also, in Japan, Honda launched the all-new super sports model CBR1000RR and added the CBR1000RR ABS to its lineup, featuring the world's first electronically controlled Combined ABS for a sports model. In North America, Honda newly launched the multi-utility vehicle Big Red that is suited for both transport-related work and leisure. In the United States, Honda launched an all-new, all-terrain vehicle (ATV) FourTrax Rancher. In Europe, the Company newly introduced the sports bike CB1000R, a naked type bike offering a powerful and dynamic performance. In Asia, Honda newly launched the all-new CZ-i 110cc Cub-type bike in Thailand, which offers a highly eco-friendly performance and low fuel consumption, along with the all-new Wave110i, also in Thailand. In other regions, in Brazil, the Company newly introduced the CG150 TITAN MIX, a motorcycle incorporating the world's first flexible-fuel technology that can run on a mixture of bioethanol and gasoline.

**Sales Volume and Profitability**

With respect to Honda's motorcycle sales for the fiscal year ended March 31, 2009, unit sales of motorcycles totaled 10,114 thousand units, an increase of 8.5% from the previous fiscal year. Unit sales in Japan totaled 232 thousand units, a decrease of 25.4%. Unit sales outside of Japan totaled 9,882 thousand units, an increase of 9.7%\*, due mainly to the increased unit sales of motorcycle knocked-down parts for local production at Honda's affiliates accounted for under the equity method in Asia and increased unit sales in other regions, including Brazil. Revenue from sales to external customers decreased 9.4%, to ¥1,411.5 billion from the previous fiscal year, due mainly to the negative currency translation effects despite increased unit sales outside of Japan. Operating income decreased by 34.0%, to ¥99.9 billion from the previous fiscal year, primarily due to increased raw material costs, negative currency effects and increased SG&A expenses, despite decreased R&D expenses.

\* Of the net sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, those for which parts for manufacturing were not supplied from Honda or its subsidiaries are not included in net sales, in conformity with U.S. generally accepted accounting principles. Accordingly, these unit sales are not included in financial results.



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**Table of Contents****Automobiles****New Product Launches**

In automobile operations, in Japan, Honda launched the FREED, a brand-new compact minivan that is easy to handle and offers a spacious cabin with stylish design, and the all-new Life. In addition, in Japan and the United States, Honda launched the Insight, a brand-new hybrid vehicle that incorporates a lightweight, compact hybrid system inside a compact body, while offering superior fuel economy and fun driving. In North America, Honda brought out the all-new luxury sedan Acura TL. Also in North America and other regions, Honda launched the all-new Pilot SUV model. In Europe, the all-new Accord was introduced. In Asia, in Taiwan, Honda introduced the redesigned Fit. In addition, in China, the rest of Asia outside of Japan and other regions, the Company newly launched the all-new City entry sedan.

**Sales Volume and Profitability**

Honda's unit sales of automobiles for the fiscal year ended March 31, 2009 totaled 3,517 thousand units, a decrease of 10.4% from the previous fiscal year. In Japan, unit sales totaled 556 thousand units, a decrease of 9.6% from the previous fiscal year. Unit sales outside of Japan decreased 10.5%, to 2,961 thousand units, due mainly to decreased unit sales in North America, which more than offset the increased unit sales in Asia and other regions, including Brazil. Revenue from sales to external customers decreased 19.1%, to ¥7,674.4 billion from the previous fiscal year, due to the negative impact of the currency translation effects and decreased unit sales. Operating income decreased 96.3%, to ¥24.5 billion from the previous fiscal year, due mainly to decreased revenue, negative currency effects, the increase in fixed costs per unit as a result of reduced production, increased raw material costs and expenses related to withdrawal from some racing activities and cancellations of development of new models, which more than offset continuing cost reduction efforts and decreased R&D activities.

**Financial Services**

Revenue from sales to external customers in financial services business for the fiscal year ended March 31, 2009 increased 9.1%, to ¥582.2 billion from the previous fiscal year, due mainly to the increased operating lease revenues, despite negative currency translation effects. Operating income decreased 31.5%, to ¥80.6 billion from the previous fiscal year, primarily due to the increased allowance for credit risks and losses on lease residual values.

**Power Products and Others****New Product Launches**

In power product operations in Japan, Honda newly launched the Yukios SB800, which is compact and lightweight that clears snow with a blade, features easy handling and enables the quick removal of snow without blowing it from one place to another. Also, in Japan, Honda introduced the Pianta FV200, a gas-powered mini-tiller that is easy to handle and uses the same butane gas canisters that are already in wide use among households for powering portable gas stoves. In addition, Honda introduced its original thin-film solar cells that reduce CO<sub>2</sub> emissions in manufacturing processes, and satisfy specifications for use in public and industrial applications. In Asia, Honda newly launched engines specially designed for longtail boats, the GX160, the GX200 and the GX390, which are in wide use as a major form of water transportation, featuring improved handling and durability. In addition, in China, Honda newly introduced its superior-performance HRJ196 lawn mowers that are compact, lightweight and easy to use.

**Sales Volume and Profitability**

Honda's unit sales of power products totaled 5,187 thousand units, down by 14.4% from the previous fiscal year. In Japan, unit sales totaled 516 thousand units, a decrease of 6.2%. Unit sales outside of Japan decreased 15.2%, to 4,671 thousand units, due mainly to the declined sales in North America and Europe. Revenue from sales to external customers in power product and other businesses decreased by 18.5%, to ¥343.0 billion from the previous fiscal year, due mainly to decreased unit sales in power product business and the negative currency translation effects. The operating loss was ¥15.4 billion, a decrease of ¥37.8 billion from the previous fiscal year, primarily due to decreased revenue and increased R&D expenses of other businesses, more than offsetting decreased SG&A expenses.

**Table of Contents****; Unit Sales and Net Sales Breakdown**

| Business Segment                                  | Unit (thousands), Yen (millions)        |                   |   |                   |                                      |              |                   |              |
|---|---|-------------------|---|-------------------|--------------------------------------|--------------|-------------------|--------------|
|   | FY2008 (reference)                      |                   | FY2009                                  |                   | Change from the previous fiscal year |              |                   |              |
|   | From April 1, 2007<br>to March 31, 2008 |                   | From April 1, 2008<br>to March 31, 2009 |                   | (reference)                          |              |                   |              |
|   | Unit sales                              | Net sales         | Unit sales                              | Net sales         | Unit sales                           | (%)          | Net sales         | (%)          |
| <b>Grand Total</b>                                |   | <b>12,002,834</b> |   | <b>10,011,241</b> |                                      |              | <b>-1,991,593</b> | <b>-16.6</b> |
| Domestic  |   | 1,585,777         |   | 1,446,541         |                                      |              | -139,236          | -8.8         |
| Overseas  |   | 10,417,057        |   | 8,564,700         |                                      |              | -1,852,357        | -17.8        |
| North America                                     |   | 6,068,425         |   | 4,514,190         |                                      |              | -1,554,235        | -25.6        |
| Europe  |   | 1,519,434         |   | 1,186,012         |                                      |              | -333,422          | -21.9        |
| Asia  |   | 1,577,266         |   | 1,595,472         |                                      |              | 18,206            | 1.2          |
| Other regions                                     |   | 1,251,932         |   | 1,269,026         |                                      |              | 17,094            | 1.4          |
| <b>Motorcycle Business<br/>(motorcycles only)</b> | <b>9,320</b>                            | <b>1,558,696</b>  | <b>10,114</b>                           | <b>1,411,511</b>  | <b>794</b>                           | <b>8.5</b>   | <b>-147,185</b>   | <b>-9.4</b>  |
|   | <b>(9,083)</b>                          |                   | <b>(9,956)</b>                          |                   | <b>(873)</b>                         | <b>(9.6)</b> |                   |              |
| Domestic<br>(motorcycles only)                    | 311                                     | 93,592            | 232                                     | 81,822            | -79                                  | -25.4        | -11,770           | -12.6        |
|   | (311)                                   |                   | (232)                                   |                   | (-79)                                | (-25.4)      |                   |              |
| Overseas<br>(motorcycles only)                    | 9,009                                   | 1,465,104         | 9,882                                   | 1,329,689         | 873                                  | 9.7          | -135,415          | -9.2         |
|   | (8,772)                                 |                   | (9,724)                                 |                   | (952)                                | (10.9)       |                   |              |
| North America<br>(motorcycles only)               | 453                                     | 265,609           | 320                                     | 182,284           | -133                                 | -29.4        | -83,325           | -31.4        |
|   | (242)                                   |                   | (188)                                   |                   | (-54)                                | (-22.3)      |                   |              |
| Europe<br>(motorcycles only)                      | 313                                     | 226,687           | 276                                     | 178,621           | -37                                  | -11.8        | -48,066           | -21.2        |
|   | (301)                                   |                   | (267)                                   |                   | (-34)                                | (-11.3)      |                   |              |
| Asia<br>(motorcycles only)                        | 6,633                                   | 484,418           | 7,523                                   | 460,412           | 890                                  | 13.4         | -24,006           | -5.0         |
|   | (6,633)                                 |                   | (7,523)                                 |                   | (890)                                | (13.4)       |                   |              |
| Other regions<br>(motorcycles only)               | 1,610                                   | 488,390           | 1,763                                   | 508,372           | 153                                  | 9.5          | 19,982            | 4.1          |
|   | (1,596)                                 |                   | (1,746)                                 |                   | (150)                                | (9.4)        |                   |              |
| <b>Automobile Business</b>                        | <b>3,925</b>                            | <b>9,489,391</b>  | <b>3,517</b>                            | <b>7,674,404</b>  | <b>-408</b>                          | <b>-10.4</b> | <b>-1,814,987</b> | <b>-19.1</b> |
| Domestic  | 615                                     | 1,321,005         | 556                                     | 1,225,384         | -59                                  | -9.6         | -95,621           | -7.2         |
| Overseas  | 3,310                                   | 8,168,386         | 2,961                                   | 6,449,020         | -349                                 | -10.5        | -1,719,366        | -21.0        |
| North America                                     | 1,850                                   | 5,209,446         | 1,496                                   | 3,723,877         | -354                                 | -19.1        | -1,485,569        | -28.5        |
| Europe  | 391                                     | 1,182,666         | 350                                     | 923,580           | -41                                  | -10.5        | -259,086          | -21.9        |
| Asia  | 755                                     | 1,048,463         | 793                                     | 1,079,585         | 38                                   | 5.0          | 31,122            | 3.0          |
| Other regions                                     | 314                                     | 727,811           | 322                                     | 721,978           | 8                                    | 2.5          | -5,833            | -0.8         |
| <b>Financial Services Business</b>                |   | <b>533,553</b>    |   | <b>582,261</b>    |                                      |              | <b>48,708</b>     | <b>9.1</b>   |
| Domestic  |   | 23,405            |   | 24,083            |                                      |              | 678               | 2.9          |
| Overseas  |   | 510,148           |   | 558,178           |                                      |              | 48,030            | 9.4          |
| North America                                     |   | 483,925           |   | 527,905           |                                      |              | 43,980            | 9.1          |
| Europe  |   | 13,234            |   | 12,685            |                                      |              | -549              | -4.1         |
| Asia  |   | 4,936             |   | 4,736             |                                      |              | -200              | -4.1         |
| Other regions                                     |   | 8,053             |   | 12,852            |                                      |              | 4,799             | 59.6         |
| <b>Power Product &amp; Other Businesses</b>       | <b>6,057</b>                            | <b>421,194</b>    | <b>5,187</b>                            | <b>343,065</b>    | <b>-870</b>                          | <b>-14.4</b> | <b>-78,129</b>    | <b>-18.5</b> |

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|               |       |         |       |         |      |       |         |       |
|---------------|-------|---------|-------|---------|------|-------|---------|-------|
| Domestic      | 550   | 147,775 | 516   | 115,252 | -34  | -6.2  | -32,523 | -22.0 |
| Overseas      | 5,507 | 273,419 | 4,671 | 227,813 | -836 | -15.2 | -45,606 | -16.7 |
| North America | 2,415 | 109,445 | 1,893 | 80,124  | -522 | -21.6 | -29,321 | -26.8 |
| Europe        | 1,693 | 96,847  | 1,306 | 71,126  | -387 | -22.9 | -25,721 | -26.6 |
| Asia          | 915   | 39,449  | 970   | 50,739  | 55   | 6.0   | 11,290  | 28.6  |
| Other regions | 484   | 27,678  | 502   | 25,824  | 18   | 3.7   | -1,854  | -6.7  |

- Notes:**
1. Figures in this table above are the sum of completed vehicles manufactured by Honda and its consolidated subsidiaries plus units sold by affiliated companies accounted for under the equity method, for which Honda supplied the parts and components.
  2. Unit sales of the Power Product and Other Businesses segment are the unit sales of power products. Net sales of this segment include power products and relevant parts, leisure businesses, trading and others.

**Table of Contents****(2) Capital Expenditures**

Capital expenditures during the fiscal year totaled ¥599,131 million. The breakdown of capital expenditures by business segment was as follows:

| Business Segment                 | Yen (millions), %     |                |                                 |                           |
|----------------------------------|-----------------------|----------------|---------------------------------|---------------------------|
|                                  | FY2008<br>(reference) | FY2009         | Change in amount<br>(reference) | Change (%)<br>(reference) |
| Motorcycle Business              | 86,687                | <b>90,401</b>  | 3,714                           | 4.3                       |
| Automobile Business              | 544,922               | <b>490,760</b> | (54,162)                        | (9.9)                     |
| Financial Services Business      | 627                   | <b>1,050</b>   | 423                             | 67.5                      |
| Power Product & Other Businesses | 21,794                | <b>16,920</b>  | (4,874)                         | (22.4)                    |
| <b>Total</b>                     | <b>654,030</b>        | <b>599,131</b> | <b>(54,899)</b>                 | <b>(8.4)</b>              |
| Operating Lease Assets           | 839,261               | <b>668,128</b> | (171,133)                       | (20.4)                    |

**Note:** Intangible assets are not included in the table above.

In addition to those for the installation of new equipment, the Company's capital investments included those for expanding, strengthening, rationalizing and renovating manufacturing facilities as well as those for expanding and strengthening marketing and R&D facilities, etc.

**(3) Liquidity and Capital Resources**

Funds for financing capital investments in Honda's manufacturing and sales businesses are provided mainly from cash generated by operating activities, bank loans and the issuance of commercial paper. The outstanding balance of funds for Honda's manufacturing and sales businesses at the end of the fiscal year under review was ¥766.6 billion.

Honda funds its financial programs for customers and dealers primarily from corporate bonds, medium-term notes, commercial paper, securitization of monetary assets and from operating companies. The outstanding balance of funds for Honda's financial services subsidiaries at the end of the fiscal year under review was ¥4,515.8 billion.

**(4) Preparing for the Future**

Due to the current economic situation, there are concerns that the economies of Japan, the U.S. and Europe will experience a downturn. In addition, the pace of economic growth of Asian countries outside of Japan is expected to slow down. Moreover, given the many uncertainties in the global business environment in which Honda operates, including political and economic instability, fluctuations in oil and raw material prices, and volatility in the currency and financial markets, Honda expects that this will continue to be an extremely challenging environment in which to do business.

With these circumstances in mind, Honda seeks to further strengthen its corporate structure by making it more flexible and dynamic and therefore better able to meet the needs of its customers and society as a whole as well as respond to changes in the business environment. Also, in order to improve the competitiveness of its products, Honda will endeavor to enhance its R&D, production and sales capabilities. Furthermore, Honda will continue to enhance its reputation in the community through Companywide activities. Honda recognizes that further enhancing the following specific areas is essential to its success:

## 1. Research and Development

In connection with its efforts to develop the most effective safety and environmental technologies, Honda will continue to be innovative in advanced technology and products. Honda aims to create and introduce new value-added products to quickly respond to specific needs in various markets around the world. Honda will also continue its efforts to conduct research on experimental technologies for the future.



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### **2. Production Efficiency**

Honda will establish and enhance efficient and flexible production systems at its global production bases and supply high quality products, with the aim of meeting the needs of its customers in each region.

### **3. Sales Efficiency**

Honda will remain proactive in its efforts to expand product lines through the innovative use of IT and will show its continued commitment to different customers among the world by upgrading its sales and service structure.

### **4. Product Quality**

In response to increasing customer demand, Honda will upgrade its quality control by enhancing the functions of and coordination among the development, purchasing, production, sales and service departments.

### **5. Safety Technologies**

Honda is working to develop safety technologies that enhance accident prediction and prevention, technologies to help reduce the risk of injuries to passengers and pedestrians from car accidents, and technologies that enhance compatibility between large and small vehicles, as well as expand its lineup of products incorporating such technologies. Honda will reinforce and continue to advance its contribution to traffic safety in motorized societies in Japan and abroad. Honda also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training programs provided by local dealerships.

### **6. The Environment**

Honda will step up its efforts to create better, cleaner and more fuel-efficient engine technologies and to further improve recyclables throughout its product lines. Honda will also work to advance fuel cell technology and steadily promote its new solar cell business. In addition, Honda will further its efforts to minimize its environmental impact. To this end, Honda sets global targets to reduce the environmental burden as measured by the Life Cycle Assessment\*, in all areas of business, spanning production, logistics and sales.

\* Life Cycle Assessment: A comprehensive system for quantifying the impact Honda's products have on the environment at the different stages in their life cycles, from material procurement and energy consumption to waste disposal.

### **7. Continuing to Enhance Honda's Social Reputation and Communication with the Community**

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to enhance its social reputation by, among other things, strengthening its corporate governance, compliance and risk management as well as participating in community activities and making philanthropic contributions.

Through these Companywide activities, Honda will strive to become a company whose presence is welcomed by our shareholders, customers and society.

**Table of Contents****(5) Employees of the Group and the Parent Company****(a) Honda Employees**

| <b>Business segment</b>          | <b>Number of employees</b> |                 |                |                 |                           |               |
|----------------------------------|----------------------------|-----------------|----------------|-----------------|---------------------------|---------------|
|                                  | <b>FY2008 (reference)</b>  |                 | <b>FY2009</b>  |                 | <b>Change (reference)</b> |               |
| Motorcycle Business              | 36,059                     | (10,014)        | <b>35,908</b>  | <b>(10,536)</b> | -151                      | (522)         |
| Automobile Business              | 130,457                    | (10,316)        | <b>133,114</b> | <b>(10,016)</b> | 2,657                     | (-300)        |
| Financial Services Business      | 2,014                      | (15)            | <b>2,071</b>   | <b>(33)</b>     | 57                        | (18)          |
| Power Product & Other Businesses | 10,430                     | (3,449)         | <b>10,783</b>  | <b>(2,879)</b>  | 353                       | (-570)        |
| <b>Total</b>                     | <b>178,960</b>             | <b>(23,794)</b> | <b>181,876</b> | <b>(23,464)</b> | <b>2,916</b>              | <b>(-330)</b> |

**(b) Employees of the Parent Company**

|   | <b>FY2008 (reference)</b> |         | <b>FY2009</b> |                | <b>Change (reference)</b> |          |
|---|---------------------------|---------|---------------|----------------|---------------------------|----------|
| Number of employees                             | 26,583                    | (5,287) | <b>26,471</b> | <b>(4,199)</b> | -112                      | (-1,088) |
| Average age                                     | 43.7                      |         | <b>43.5</b>   |                | -0.2                      |          |
| Average number of years employed by the Company | 22.6                      |         | <b>22.3</b>   |                | -0.3                      |          |

**Note:** The number of employees of the Group and the parent company refers to full-time employees. The average number of temporary employees is shown in parentheses.

**Table of Contents****2. COMMON STOCK**

(1) Total Number of Shares Issued 1,834,828,430 shares

(2) Number of Stockholders 227,878

(3) Principal Stockholders

| Name   | Number of shares<br>held (thousands) | Percentage as against<br>total shares issued (%) |
|--|--------------------------------------|--|
| Japan Trustee Services Bank, Ltd. (Trust Account 4G) | 95,401                               | 5.2  |
| Japan Trustee Services Bank, Ltd. (Trust Account)    | 95,138                               | 5.2  |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 85,350                               | 4.7  |
| Moxley & Co.   | 81,806                               | 4.5  |
| Tokio Marine & Nichido Fire Insurance Co., Ltd.      | 65,520                               | 3.6  |
| JPMorgan Chase Bank 380055                           | 63,868                               | 3.5  |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.               | 61,144                               | 3.3  |
| Meiji Yasuda Life Insurance Company                  | 54,043                               | 2.9  |
| Sompo Japan Insurance Inc.                           | 43,666                               | 2.4  |
| Mitsui Sumitomo Insurance Co., Ltd.                  | 35,039                               | 1.9  |

**Notes:** 1. The number of shares described above disregards and rounds off figures of less than 1,000 shares.

2. All stocks held by Japan Trustee Services Bank, Ltd. (Trust Account 4G), Japan Trustee Services Bank, Ltd. (Trust Account) and The Master Trust Bank of Japan, Ltd. (Trust Account) are owned in connection with the respective bank's trust business.

3. Moxley & Co. is an official holder of stock of JPMorgan Chase Bank, which is a depository institution for American Depositary Receipts (ADRs).

4. JPMorgan Chase Bank 380055 is engaged principally in providing custody services for stocks owned by U.S. and European institutional investors as well as acting as stock transfer agent.

**3. STOCK WARRANTS**

No relevant information



**Table of Contents****4. CORPORATE OFFICERS****(1) Directors and Corporate Auditors**

| <b>Title</b>  | <b>Name</b>     | <b>Area of Responsibility<br/>or Principal Occupations</b>  |
|---|-----------------|---|
| Chairman and<br>Representative Director                 | Satoshi Aoki    |   |
| President and<br>Representative Director                | Takeo Fukui     |   |
| Executive Vice President and<br>Representative Director | Koichi Kondo    | Chief Operating Officer for Regional Sales Operations (Japan)   |
| Senior Managing Director                                | Atsuyoshi Hyogo | Chief Operating Officer for Regional Operations (China)   |
|   | Mikio Yoshimi   | President of Honda Motor (China) Investment Corporation, Ltd.<br>Compliance Officer   |
|   | Takanobu Ito    | Government & Industrial Affairs<br>Chief Operating Officer for Automobile Operations  |
|   | Masaaki Kato    | General Supervisor, Quality<br>Purchasing Operations Support  |
|   | Shigeru Takagi  | President and Director of Honda R&D Co., Ltd.<br>Chief Operating Officer for Regional Operations (Europe, the Middle & Near East and Africa)                      |
|   | Akio Hamada     | President and Director of Honda Motor Europe Ltd.<br>Chief Operating Officer for Production Operations<br>Risk Management Officer                                 |
|   | Tetsuo Iwamura  | General Supervisor, Information Systems<br>Chief Operating Officer for Regional Operations (North America)<br>President and Director of Honda North America, Inc. |
| Managing Director                                       | Akira Takano    | President and Director of American Honda Motor Co., Inc.<br>Chief Operating Officer for Customer Service Operations   |
|   | Tatsuhiro Oyama | Chief Operating Officer for Motorcycle Operations   |
|   | Fumihiko Ike    | Chief Operating Officer for Regional Operations (Asia & Oceania)<br>President and Director of Asian Honda Motor Co., Ltd.   |

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|                      |                  |   |
|----------------------|------------------|---|
| Director             | Masaya Yamashita | Chief Operating Officer for Purchasing Operations               |
|                      | Satoru Kishi     | Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.          |
| Director and Advisor | Kensaku Hogen    |   |
| Director             | Hiroyuki Yoshino |   |
|                      | Sho Minekawa     | Chief Operating Officer for Regional Operations (Latin America) |
|                      |                  | President and Director of Honda South America Ltda.             |
|                      |                  | President and Director of Moto Honda da Amazonia Ltda.          |
|                      |                  | President and Director of Honda Automoveis do Brasil Ltda.      |

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| <b>Title</b>                  | <b>Name</b>       | <b>Area of Responsibility<br/>or Principal Occupations</b>                               |
|-------------------------------|-------------------|--|
| Director                      | Hiroshi Soda      | Chief Operating Officer for Business Support Operations                                  |
|                               |                   | Chief Officer of Driving Safety Promotion Center   |
|                               | Takuji Yamada     | Chief Operating Officer for Power Product Operations                                     |
|                               | Yoichi Hojo       | Chief Operating Officer for Business Management Operations                               |
| Corporate Auditor (full-time) | Toru Onda         |  |
|                               | Shinichi Sakamoto |  |
| Corporate Auditor             | Koukei Higuchi    | Advisor of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.                  |
|                               | Fumihiko Saito    | Lawyer   |
|                               | Yuji Matsuda      | President and Director of Mitsubishi UFJ Trust Investment Technology Institute Co., Ltd. |

- Notes:**
1. Mr. Satoru Kishi and Mr. Kensaku Hogen satisfy the required conditions for the outside Director provided for in Article 2, Paragraph 1, Item 15 of the Company Law.
  2. Corporate Auditors Mr. Koukei Higuchi, Mr. Fumihiko Saito and Mr. Yuji Matsuda are outside Corporate Auditors as provided for in Article 2, Paragraph 1, Item 16 of the Company Law.
  3. The Directors who retired during the fiscal year under review are as follows:  
Minoru Harada, on June 24, 2008  
Satoshi Toshida, on June 24, 2008  
Koki Hirashima, on June 24, 2008  
Toru Onda, on June 24, 2008
  4. The Corporate Auditors who retired during the fiscal year under review are as follows:  
Hiroshi Okubo, on June 24, 2008  
Koji Miyajima, on June 24, 2008
  5. Shinichi Sakamoto has considerable operating experience regarding financial and accounting departments and has considerable knowledge regarding finance and accounting.
  6. The Company has introduced an operating officer system to facilitate the transfer of authority to regions and local workplaces and effectively separate the supervisory and executive roles, which is also making the Board of Directors more versatile. The Company's Managing Officers and Operating Officers are listed below.

| <b>Title</b>      | <b>Name</b>      | <b>Area of Responsibility<br/>or Principal Occupations</b>       |
|-------------------|------------------|--|
| Managing Officer  | Takashi Yamamoto | General Manager of Saitama Factory of Production Operations      |
|                   | Suguru Kanazawa  | Executive Vice President and Director of Honda Motor Europe Ltd. |
|                   |                  | President and Director of Honda of the U.K. Manufacturing Ltd.   |
|                   | Hiroshi Oshima   | Corporate Communications, Motor Sports                           |
|                   | Hidenobu Iwata   | General Manager of Suzuka Factory of Production Operations       |
| Operating Officer | Manabu Nishimae  | President and Director of Honda Canada Inc.                      |



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| <b>Title</b>      | <b>Name</b>         | <b>Area of Responsibility<br/>or Principal Occupations</b>  |
|-------------------|---------------------|---|
| Operating Officer | Hiroshi Kobayashi   | Deputy Chief Operating Officer for Regional Sales Operations (Japan)<br><br>General Manager of Automobile Sales Operations for Regional Sales Operations (Japan)<br><br>General Manager of Aftermarket Operations in Regional Sales Operations (Japan)<br><br>General Manager of Asimo Business Office in Regional Sales Operations (Japan) |
|                   | Gen Tsujii          | Production for Production Operations<br><br>General Manager of Automobile Production Planning Office in Production Operations<br><br>President and Director of Honda Engineering Co., Ltd.  |
|                   | Koichi Fukuo        | Quality, Certification & Regulation Compliance  |
|                   | Hideki Okada        | General Manager of Regional Operation Planning Office in Regional Operations (North America)<br><br>Executive Vice President and Director of American Honda Motor Co., Inc.   |
|                   | Masahiro Takedagawa | President and Director of Honda Siel Cars India Ltd.<br><br>President and Director of Honda Motor India Private Ltd.  |
|                   | Tsuneo Tanai        | President and Director of Honda of America Mfg., Inc.   |
|                   | Yoshiyuki Matsumoto | Automobile Products for Automobile Operations   |
|                   | Eiji Okawara        | Production in China in Production Operations<br>President of Guangzhou Honda Automobile Co., Ltd.   |
|                   | Ko Katayama         | Manufacturing of Honda Canada Inc.  |
|                   | Masahiro Yoshida    | General Manager of Hamamatsu Factory of Production Operations   |
|                   | Seiji Kuraishi      | President of Dongfeng Honda Automobile Co., Ltd.  |
|                   | Takashi Nagai       | Executive Vice President and Director of Asian Honda Motor Co., Ltd.  |
|                   | Katsushi Watanabe   | General Manager of Kumamoto Factory of Production Operations  |
|                   | Toshiaki Mikoshiba  | East Europe, the Middle & Near East and Africa for Regional Operations<br><br>(Europe, the Middle & Near East and Africa)<br><br>Executive Vice President and Director of Honda Motor Europe Ltd.   |
|                   | Yoshi Yamane        | General Manager of Corporate Project of the Company   |
|                   | Takashi Sekiguchi   | Executive Vice President and Director of American Honda Motor Co., Inc.   |
|                   | Takahiro Hachigo    | General Manager of Automobile Purchasing Division 2 in Purchasing Operations  |



**Table of Contents****(2) Remuneration of Directors and Corporate Auditors, Etc.**

| Item         | Directors         |                   | Corporate Auditors |                   | Yen (millions)<br>Total |                   |
|--------------|-------------------|-------------------|--------------------|-------------------|-------------------------|-------------------|
|              | Number of persons | Value of payments | Number of persons  | Value of payments | Number of persons       | Value of payments |
| Remuneration | 21                | 724               | 7                  | 123               | 28                      | 848               |
| Bonuses      | 21                | 265               | 5                  | 27                | 26                      | 293               |
| Total        |                   | 990               |                    | 151               |                         | 1,141             |

- Notes:**
1. Remuneration is limited to ¥90 million per month for Directors and ¥18 million per month for Corporate Auditors.
  2. The above figures are those for Directors and Corporate Auditors for the fiscal year under review. Remuneration figures represent the amount of money paid during the fiscal year under review. Bonuses figures represent the amount of money provided for in the reserve for corporate officer bonuses during the fiscal year under review.
  3. In addition to the above figures, total provisions to the allowance for retirement benefits for corporate officers for the fiscal year under review amounted to ¥103 million for 20 Directors and ¥17 million for 6 Corporate Auditors. Please note that the Company abolished its system for the payment of retirement benefits to corporate officers as of the conclusion of the 84th Ordinary General Meeting of Shareholders held on June 24, 2008, and the decision was taken to make a final payment of such allowances for retirement benefits that had accrued through the date of the general meeting.

**(3) Outside Corporate Officers****(a) Concurrent Posts as Executive Director, Etc., of Other Companies**

| Post              | Name         | Concurrent Posts as Executive Director, Etc.   |
|-------------------|--------------|--|
| Corporate Auditor | Yuji Matsuda | President and Director of Mitsubishi UFJ Trust Investment Technology Institute Co., Ltd. |

The Company has no capital or transactional relationship with Mitsubishi UFJ Trust Investment Technology Institute Co., Ltd.

**(b) Concurrent Posts as Outside Corporate Officers, Etc., of Other Companies**

| Post              | Name           | Concurrent Posts as Outside Directors, Etc.   |
|-------------------|----------------|---|
| Director          | Satoru Kishi   | Director of Kirin Holdings Company, Limited<br>Director of Shonan Country Club<br>Director of Mitsubishi Logistics Corp.<br>Director of Mitsubishi Research Institute, Inc.<br>Director of Royal Park Hotel Co., Ltd.<br>Corporate Auditor of Mitsubishi Heavy Industries, Ltd. |
| Corporate Auditor | Koukei Higuchi | Director of NOHMI BOSAI LTD.<br>Corporate Auditor of Daiichi Sankyo Co., Ltd.<br>Corporate Auditor of Japan Airport Terminal Co., Ltd.  |

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## (c) Principal Activities during the Fiscal Year under Review

| <b>Post</b>       | <b>Name</b>    | <b>Principal Activities during the Fiscal Year under Review</b>   |
|-------------------|----------------|---|
| Director          | Satoru Kishi   | Based on abundant experience and considerable knowledge regarding corporate management, he provides advice regarding the Company's operations from an objective and highly sophisticated perspective. In addition, he attended seven of ten meetings of the Board of Directors during the fiscal year under review and appropriately expressed necessary comments on resolutions under consideration.                               |
| Director          | Kensaku Hogen  | Based on abundant experience and considerable knowledge regarding international diplomacy, he provides advice regarding the Company's operations from an objective and highly sophisticated perspective. In addition, he attended all ten meetings of the Board of Directors during the fiscal year under review and appropriately expressed necessary comments on resolutions under consideration.                                 |
| Corporate Auditor | Koukei Higuchi | Based on abundant experience and considerable knowledge regarding corporate management, he conducts auditing activities from a broad and sophisticated perspective. In addition, he attended eight of ten meetings of the Board of Directors as well as twelve of thirteen meetings of the Board of Auditors during the fiscal year under review and appropriately expressed necessary comments on resolutions under consideration. |
| Corporate Auditor | Fumihiko Saito | Based on abundant experience and considerable knowledge as a legal affairs specialist, he conducts auditing activities from a broad and sophisticated perspective. In addition, he attended nine of ten meetings of the Board of Directors and all thirteen of the meetings of the Board of Auditors during the fiscal year under review and appropriately expressed necessary comments on resolutions under consideration.         |
| Corporate Auditor | Yuji Matsuda   | Based on abundant experience and considerable knowledge regarding corporate management, he conducts auditing activities from a broad and sophisticated perspective. In addition, he attended all ten meetings of the Board of Directors and all thirteen of the meetings of the Board of Auditors during the fiscal year under review and appropriately expressed necessary comments on resolutions under consideration.            |

## (d) Total Value of Remuneration, Etc., of Outside Corporate Officers

Number of persons  
5

Value of payments (millions of yen)  
67

**5. FINANCIAL AUDIT COMPANY****(1) Name of Financial Audit Company**

KPMG AZSA &amp; Co.

**(2) Financial Audit Company Remuneration, Etc., for the Fiscal Year under Review**

|  |              |
|--|--------------|
| (a) Remuneration, etc.   | ¥436 million |
| (b) Total profit on monetary and other assets to be paid by the Company and its subsidiaries | ¥494 million |

**Notes:** 1. The audit contract between the Company and its financial audit company does not itemize remuneration for auditing work based on the Company Law of Japan, auditing work based on the Financial Instruments and Exchange Law of Japan and auditing work based on the Securities Exchange Law of the United States. Because of this and because it is impractical to itemize these categories of remuneration, the figure shown in line item (a) above is a total figure.



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2. The Company does not pay its financial audit company consideration for any work other than that stipulated in Article 2-1 of the Certified Public Accountant Law.
3. Of the Company's principal subsidiaries, Yachiyo Industry Co., Ltd., as well as overseas subsidiaries are audited by financial audit companies other than the financial audit company employed by the Company.

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**(3) Policy Regarding Dismissal or Non-Re-Employment of Financial Audit Company**

In the case that the Company's financial audit company was recognized to have committed a serious legal infraction, sharply lowered the quality of its audit services or otherwise shown grounds for determining it was inappropriate for employment as a financial audit company, the Company has the policy of, in accordance with procedures stipulated in the Company Law, dismissing its financial audit company or submitting resolutions proposing the financial audit company's dismissal or non-re-employment to the general meeting of shareholders.

**6. THE COMPANY'S SYSTEMS AND POLICIES**

**(1) Systems to Ensure Directors' Execution of Duties Complies with Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Appropriateness of the Company's Operations**

The Company's Board of Directors, based on previous efforts, has passed the following resolutions on basic policies regarding internal control systems.

**(a) Systems to Ensure Directors' and Employees' Execution of Duties Complies with Laws and Regulations as well as the Articles of Incorporation**

The Company has prepared Honda Conduct Guideline, which is a document that states the guidelines for conduct that the Company's management and staff will share and stipulates the laws and internal regulations with which compliance is required. The content of these guidelines has been communicated to all members of management and staff and their cooperation has been requested.

The Company will create compliance systems that provide for the designation of a Director to serve as a compliance officer responsible for the promotion of compliance-related efforts and for the creation of such compliance system units as Business Ethics Committee and Business Ethics Improvement Proposal Line.

**(b) Systems for the Storage and Administration of Information Related to Directors' Execution of Duties**

Regarding information and documents related to the execution of duties by the Directors, such as the minutes of the Board of Directors and other important meetings, appropriate storage and administration procedures will be followed in accordance with the document management policy.

**(c) Regulations and Other Systems Related to Loss/Danger Management**

Regarding important items, these will be presented to the meetings of the Board of Directors, management conferences, and regional executive meetings, based on the criteria for deliberation, and following assessments and consideration of risk, related decisions will be made.

For risks that specific departments must respond to, each department will work to establish preventive measures and response policies, and, for crisis management at the Companywide level in times of major disasters and other such occurrences, the Company has prepared its Corporate Crisis Management Policy and its Honda Crisis Response Rules as well as appointed a risk management officer from among the Directors to take charge of risk management and established the necessary management systems.

**(d) Systems to Ensure the Efficiency of Directors' Execution of Duties**

In line with its fundamental philosophy, the Company will create organizational operating systems, including headquarters for individual regions, business fields, and functional fields; assign Directors and Executive Officers to each such headquarters and major organizational units; and establish management conferences and regional executive conferences to deliberate important management items. The objectives of these measures will be to create systems for making quick and appropriate management decisions.

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To conduct efficient and effective management, the Company will prepare medium-term and annual business plans and these will be shared in common.

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**(e) Systems to Ensure the Appropriate Operations of the Company and the Rest of the Group  
(Comprising the Parent Company and Its Subsidiaries)**

The Company and its subsidiaries will endeavor to share in common Honda Conduct Guideline and basic policies for corporate governance. Subsidiaries also will work to promote compliance with the laws of various countries and their activities in line with the practices of the industries where they conduct their business operations and endeavor to enhance their corporate governance.

In the conduct of their business activities, subsidiaries will upgrade their rules for approvals, and, for important management matters, will obtain prior approval from the Company and present reports to the Company based on their internal regulations. The Company's business management related departments, etc., will receive periodically business plans and reports, and will confirm the appropriateness of operations.

The Audit Office, which is an independent supervisory department reporting directly to the president, audits the conduct of business in each department and works to improve the internal auditing systems of the Group. For companies accounted for under the equity method, the Company requests their understanding of and cooperation with its basic policy for corporate governance and works to enhance corporate governance for the Group as a whole.

**(f) Items Related to Employees Assigned to Assist Corporate Auditors in Their Duties When Necessary and to the Independence of Such Employees from Directors**

Created as a support staff unit reporting directly to the Board of Corporate Auditors, the Corporate Auditors Office will work to provide the Corporate Auditors with support.

**(g) Systems for Directors and Employees Reporting to Corporate Auditors and Systems Related to Other Reports to Corporate Auditors**

In addition to regular reports to Corporate Auditors regarding such matters as the business situation of the Company, its subsidiaries and other Group units and the situation regarding the creation and functioning of compliance systems, risk management systems and other internal control systems, reports to Corporate Auditors are to be made in the case of any other matters that may have a considerable impact on the Company.

**(h) Other Systems for Ensuring the Effective Implementation of Audits by Corporate Auditors**

The Corporate Auditors and the Audit Office (an internal operations audit unit) will closely cooperate in conducting operational audits of the Company, subsidiaries, etc., and Corporate Auditors will participate in management conferences and other important meetings.

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**(2) Policy Regarding Decisions for Distribution of Dividends, Etc.**

The Company strives to carry out its operations from a global perspective and to increase its corporate value. With respect to the redistribution of profits to our shareholders, which we consider to be one of the most important management issues, the Company's basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance.

The Company will also acquire its own shares at the optimal timing with the goal of improving efficiency of the Company's capital structure. The present goal is to maintain a shareholders' return ratio (i.e., the ratio of the total of the dividend payment and the repurchase of the Company's own shares to consolidated net income) of approximately 30%. Retained earnings will be allocated toward financing R&D activities that are essential for the future growth of the Company and capital expenditures and investment programs that will expand its operations for the purpose of improving business results and strengthening the Company's financial condition.

The Company plans to distribute year-end cash dividends of ¥8 per share for the year ended March 31, 2009. As a result, total cash dividends for the year ended March 31, 2009, together with the first quarter cash dividends of ¥22, the second quarter cash dividends of ¥22 and the third quarter cash dividends of ¥11, are planned to be ¥63 per share, a decrease of ¥23 per share from the annual dividends paid for the year ended March 31, 2008.

Also, please note that the year-end cash dividends for the year ended March 31, 2009 are matters to be resolved at the general meeting of shareholders.

The Company plans to distribute quarterly cash dividends of ¥8 per share for each quarter for the year ending March 31, 2010. As a result, total cash dividends for the year ending March 31, 2010 are planned to be ¥32 per share, a decrease of ¥31 from the annual dividends paid for the year ended March 31, 2009.

The Company intends to continue doing its utmost to meet shareholders' expectations.

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**Trends in Dividends** (reference)

| FY2006  |          |       | FY2007  |               |          | FY2008 |               |                |               | FY2009   |       |               |                | FY2010        |           |           |               |                |               |           |
|---------|----------|-------|---------|---------------|----------|--------|---------------|----------------|---------------|----------|-------|---------------|----------------|---------------|-----------|-----------|---------------|----------------|---------------|-----------|
| Interim | Year-end | Total | Interim | Third quarter | Year-end | Total  | First quarter | Second quarter | Third quarter | Year-end | Total | First quarter | Second quarter | Third quarter | Year-end  | Total     | First quarter | Second quarter | Third quarter |           |
| 40      | 60       | 100   | 30      | 17            | 20       | 67     | 20            | 22             | 22            | 22       | 86    | 22            | 22             | 11            | 8         | 63        | 8             | 8              | 8             | 8         |
|         |          |       |         |               |          |        |               |                |               |          |       |               |                |               | (planned) | (planned) | (planned)     | (planned)      | (planned)     | (planned) |

\*The Company did a two-for-one stock split on July 1, 2006.

**Table of Contents****Consolidated Balance Sheets**

| As of March 31, 2008 and 2009                  | Yen (millions)      |                     |
|--|---------------------|---------------------|
|  | 2008<br>(reference) | 2009                |
| <b>ASSETS</b>                                  |                     |                     |
| <b>Current assets:</b>                         |                     |                     |
| Cash and cash equivalents                      | ¥ 1,050,902         | ¥ 690,369           |
| Trade accounts and notes receivable            | 1,021,743           | 854,214             |
| Finance subsidiaries receivables, net          | 1,340,728           | 1,172,030           |
| Inventories                                    | 1,199,260           | 1,243,961           |
| Deferred income taxes                          | 158,825             | 198,158             |
| Other current assets                           | 460,110             | 462,446             |
| <b>Total current assets</b>                    | <b>5,231,568</b>    | <b>4,621,178</b>    |
| <b>Finance subsidiaries receivables, net</b>   | <b>2,707,820</b>    | <b>2,400,282</b>    |
| <b>Investments and advances:</b>               |                     |                     |
| Investments in and advances to affiliates      | 549,812             | 505,835             |
| Other, including marketable equity securities  | 222,110             | 133,234             |
| <b>Total investments and advances</b>          | <b>771,922</b>      | <b>639,069</b>      |
| <b>Property on operating leases:</b>           |                     |                     |
| Vehicles                                       | 1,014,412           | 1,557,060           |
| Less accumulated depreciation                  | 95,440              | 269,261             |
| <b>Net property on operating leases</b>        | <b>918,972</b>      | <b>1,287,799</b>    |
| <b>Property, plant and equipment, at cost:</b> |                     |                     |
| Land   | 457,352             | 469,279             |
| Buildings                                      | 1,396,934           | 1,446,090           |
| Machinery and equipment                        | 3,135,513           | 3,133,439           |
| Construction in progress                       | 227,479             | 159,567             |
|  | 5,217,278           | 5,208,375           |
| Less accumulated depreciation and amortization | 3,015,979           | 3,060,654           |
| <b>Net property, plant and equipment</b>       | <b>2,201,299</b>    | <b>2,147,721</b>    |
| <b>Other assets</b>                            | <b>783,962</b>      | <b>722,868</b>      |
| <b>Total assets</b>                            | <b>¥ 12,615,543</b> | <b>¥ 11,818,917</b> |

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|  | Yen (millions)      |                     |
|--|---------------------|---------------------|
|  | 2008                | 2009                |
|  | (reference)         |                     |
| <b>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS EQUITY</b>       |                     |                     |
| <b>Current liabilities:</b>  |                     |                     |
| Short-term debt  | ¥ 1,687,115         | ¥ 1,706,819         |
| Current portion of long-term debt                                    | 871,050             | 977,523             |
| Trade payables:  |                     |                     |
| Notes  | 39,006              | 31,834              |
| Accounts   | 1,015,130           | 674,498             |
| Accrued expenses   | 730,615             | 562,673             |
| Income taxes payable   | 71,354              | 32,614              |
| Other current liabilities  | 258,066             | 251,407             |
| <b>Total current liabilities</b>                                     | <b>4,672,336</b>    | <b>4,237,368</b>    |
| <b>Long-term debt, excluding current portion</b>                     | <b>1,836,652</b>    | <b>1,932,637</b>    |
| <b>Other liabilities</b>   | <b>1,414,270</b>    | <b>1,518,568</b>    |
| <b>Total liabilities</b>   | <b>7,923,258</b>    | <b>7,688,573</b>    |
| <b>Minority interests in consolidated subsidiaries</b>               | <b>141,806</b>      | <b>123,056</b>      |
| <b>Stockholders equity:</b>  |                     |                     |
| Common stock   | 86,067              | 86,067              |
| Capital surplus  | 172,529             | 172,529             |
| Legal reserves   | 39,811              | 43,965              |
| Retained earnings  | 5,106,197           | 5,099,267           |
| Accumulated other comprehensive income (loss), net                   | (782,198)           | (1,322,828)         |
| Treasury stock   | (71,927)            | (71,712)            |
| <b>Total stockholders equity</b>                                     | <b>4,550,479</b>    | <b>4,007,288</b>    |
| <b>Commitments and contingent liabilities</b>                        |                     |                     |
| <b>Total liabilities, minority interests and stockholders equity</b> | <b>¥ 12,615,543</b> | <b>¥ 11,818,917</b> |



**Table of Contents****Consolidated Statements of Income**

| Years ended March 31, 2008 and 2009  | Yen (millions)      |              |
|--|---------------------|--------------|
|  | 2008<br>(reference) | 2009         |
| <b>Net sales and other operating revenue</b>                                     | ¥ 12,002,834        | ¥ 10,011,241 |
| <b>Operating costs and expenses:</b>   |                     |              |
| Cost of sales  | 8,543,170           | 7,419,582    |
| Selling, general and administrative  | 1,918,596           | 1,838,819    |
| Research and development   | 587,959             | 563,197      |
| <b>Total operating costs and expenses</b>  | 11,049,725          | 9,821,598    |
| Operating income   | 953,109             | 189,643      |
| <b>Other income:</b>   |                     |              |
| Interest   | 50,144              | 41,235       |
| Other  | 5,384               | 2,372        |
| <b>Total other income</b>  | 55,528              | 43,607       |
| <b>Other expenses:</b>   |                     |              |
| Interest   | 16,623              | 22,543       |
| Other  | 96,173              | 48,973       |
| <b>Total other expenses</b>  | 112,796             | 71,516       |
| Income before income taxes, minority interest and equity in income of affiliates | 895,841             | 161,734      |
| <b>Income tax (benefit) expense:</b>   |                     |              |
| Current  | 356,095             | 68,062       |
| Deferred   | 31,341              | 41,773       |
| <b>Total income taxes</b>  | 387,436             | 109,835      |
| Income before minority interest and equity in income of affiliates               | 508,405             | 51,899       |
| <b>Minority interest in income of consolidated subsidiaries</b>                  | (27,308)            | (13,928)     |
| <b>Equity in income of affiliates</b>  | 118,942             | 99,034       |
| Net income   | ¥ 600,039           | ¥ 137,005    |
| <b>Basic net income per common share</b>   | ¥ 330.54            | ¥ 75.50      |

**Table of Contents****Consolidated Statements of Stockholders Equity and Comprehensive Income**

|   | Yen (millions)  |                    |                   |                      |   |                   |                                 |
|---|-----------------|--------------------|-------------------|----------------------|---|-------------------|---------------------------------|
|   | Common<br>stock | Capital<br>surplus | Legal<br>reserves | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income (loss), net | Treasury<br>stock | Total<br>stockholders<br>equity |
| Balance at March 31, 2007   | ¥ 86,067        | ¥ 172,529          | ¥ 37,730          | ¥ 4,654,890          | ¥ (427,166)   | ¥ (41,439)        | ¥ 4,482,611                     |
| Adjustment resulting from change in fiscal year-end of a subsidiary |                 |                    |                   | 6,214                |   |                   | 6,214                           |
| Adjusted balances as of March 31, 2007                              | 86,067          | 172,529            | 37,730            | 4,661,104            | (427,166)   | (41,439)          | 4,488,825                       |
| Transfer to legal reserves  |                 |                    | 2,081             | (2,081)              |   |                   |                                 |
| Cash dividends  |                 |                    |                   | (152,590)            |   |                   | (152,590)                       |
| Comprehensive income (loss):  |                 |                    |                   |                      |   |                   |                                 |
| Net income  |                 |                    |                   | 600,039              |   |                   | 600,039                         |
| Other comprehensive income (loss), net of tax                       |                 |                    |                   |                      |   |                   |                                 |
| Adjustments from foreign currency translation                       |                 |                    |                   |                      | (312,267)   |                   | (312,267)                       |
| Unrealized gains (losses) on marketable securities, net             |                 |                    |                   |                      | (26,459)  |                   | (26,459)                        |
| Unrealized gains (losses) on derivative instruments, net            |                 |                    |                   |                      | 440   |                   | 440                             |
| Pension and other postretirement benefits adjustments               |                 |                    |                   |                      | (16,746)  |                   | (16,746)                        |
| Total comprehensive income  |                 |                    |                   |                      |   |                   | 245,007                         |
| Purchase of treasury stock  |                 |                    |                   |                      |   | (34,404)          | (34,404)                        |
| Reissuance of treasury stock  |                 |                    |                   |                      | (275)   | 3,916             | 3,641                           |
| Balance at March 31, 2008   | 86,067          | 172,529            | 39,811            | 5,106,197            | (782,198)   | (71,927)          | 4,550,479                       |
| Transfer to legal reserves  |                 |                    | 4,154             | (4,154)              |   |                   |                                 |
| Cash dividends  |                 |                    |                   | (139,724)            |   |                   | (139,724)                       |
| Comprehensive income (loss):  |                 |                    |                   |                      |   |                   |                                 |
| Net income  |                 |                    |                   | 137,005              |   |                   | 137,005                         |
| Other comprehensive income (loss), net of tax                       |                 |                    |                   |                      |   |                   |                                 |
| Adjustments from foreign currency translation                       |                 |                    |                   |                      | (477,316)   |                   | (477,316)                       |
| Unrealized gains (losses) on marketable securities, net             |                 |                    |                   |                      | (25,063)  |                   | (25,063)                        |
| Unrealized gains (losses) on derivative instruments, net            |                 |                    |                   |                      | (460)   |                   | (460)                           |
| Pension and other postretirement benefits adjustments               |                 |                    |                   |                      | (37,791)  |                   | (37,791)                        |
| Total comprehensive income  |                 |                    |                   |                      |   |                   | (403,625)                       |
| Purchase of treasury stock  |                 |                    |                   |                      |   | (62)              | (62)                            |
| Reissuance of treasury stock  |                 |                    |                   |                      | (57)  | 277               | 220                             |
| Balance at March 31, 2009   | ¥ 86,067        | ¥ 172,529          | ¥ 43,965          | ¥ 5,099,267          | ¥ (1,322,828)   | ¥ (71,712)        | ¥ 4,007,288                     |



**Table of Contents****Consolidated Statements of Cash Flows (Reference)**

| Years ended March 31, 2008 and 2009  | Yen (millions)     |                    |
|--|--------------------|--------------------|
|  | 2008               | 2009               |
| <b>Cash flows from operating activities:</b>                                       |                    |                    |
| Net income   | ¥ 600,039          | ¥ 137,005          |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                    |                    |
| Depreciation excluding property on operating leases                                | 417,393            | 441,868            |
| Depreciation of property on operating leases                                       | 101,032            | 195,776            |
| Deferred income taxes  | 31,341             | 41,773             |
| Minority interest in income  | 27,308             | 13,928             |
| Equity in income of affiliates   | (118,942)          | (99,034)           |
| Dividends from affiliates  | 67,764             | 65,140             |
| Provision for credit and lease residual losses on finance subsidiaries receivables | 58,011             | 77,016             |
| Impairment loss on investments in securities                                       | 577                | 26,001             |
| Impairment loss excluding property on operating leases                             |                    | 21,597             |
| Impairment loss on property on operating leases                                    | 5,850              | 18,528             |
| Loss (gain) on derivative instruments, net   | 70,251             | (15,506)           |
| Decrease (increase) in assets:   |                    |                    |
| Trade accounts and notes receivable  | (67,696)           | (30,025)           |
| Inventories  | (100,622)          | (262,782)          |
| Other current assets   | (2,609)            | (82,838)           |
| Other assets   | (130,666)          | 8,640              |
| Increase (decrease) in liabilities:  |                    |                    |
| Trade accounts and notes payable   | 32,327             | (133,662)          |
| Accrued expenses   | (24,768)           | (102,711)          |
| Income taxes payable   | 20                 | (12,861)           |
| Other current liabilities  | 2,301              | 10,630             |
| Other liabilities  | 179,537            | 74,872             |
| Other, net   | (21,530)           | (9,714)            |
| <b>Net cash provided by operating activities</b>                                   | <b>1,126,918</b>   | <b>383,641</b>     |
| <b>Cash flows from investing activities:</b>                                       |                    |                    |
| Increase in investments and advances   | (6,417)            | (4,879)            |
| Decrease in investments and advances   | 1,270              | 1,921              |
| Payment for purchase of available-for-sale securities                              | (158,426)          | (31,936)           |
| Proceeds from sales of available-for-sale securities                               | 179,911            | 26,896             |
| Payment for purchase of held-to-maturity securities                                | (39,482)           | (17,348)           |
| Proceeds from redemption of held-to-maturity securities                            | 32,557             | 32,667             |
| Capital expenditures   | (668,228)          | (635,190)          |
| Proceeds from sales of property, plant and equipment                               | 26,868             | 18,843             |
| Acquisitions of finance subsidiaries receivables                                   | (2,712,775)        | (2,303,930)        |
| Collections of finance subsidiaries receivables                                    | 2,312,311          | 2,023,031          |
| Proceeds from sales of finance subsidiaries receivables                            | 158,497            | 324,672            |
| Purchase of operating lease assets   | (839,261)          | (668,128)          |
| Proceeds from sales of operating lease assets                                      | 26,776             | 100,017            |
| <b>Net cash used in investing activities</b>                                       | <b>(1,686,399)</b> | <b>(1,133,364)</b> |
| <b>Cash flows from financing activities:</b>                                       |                    |                    |
| Increase (decrease) in short-term debt, net  | 601,957            | 270,795            |
| Proceeds from long-term debt   | 1,061,792          | 1,299,984          |
| Repayment of long-term debt  | (782,749)          | (889,483)          |
| Cash dividends paid  | (152,590)          | (139,724)          |

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|   |             |                  |
|---|-------------|------------------|
| Cash dividends paid to minority interests                           | (9,663)     | <b>(10,841)</b>  |
| Payment for purchase of treasury stock, net                         | (30,746)    | <b>131</b>       |
| Net cash provided by financing activities                           | 688,001     | <b>530,862</b>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | (23,164)    | <b>(141,672)</b> |
| <b>Net change in cash and cash equivalents</b>                      | 105,356     | <b>(360,533)</b> |
| <b>Cash and cash equivalents at beginning of year</b>               | 945,546     | <b>1,050,902</b> |
| <b>Cash and cash equivalents at end of year</b>                     | ¥ 1,050,902 | ¥ <b>690,369</b> |

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### **The Notes to the Consolidated Statutory Report**

#### **Significant Accounting Policies:**

1. Consolidated subsidiaries

Number of consolidated subsidiaries: 396

Principal subsidiaries:

American Honda Motor Co., Inc., Honda of America Mfg., Inc., Honda Motor Europe Ltd., American Honda Finance Corporation, Honda R&D Co., Ltd.

2. Affiliated companies

Number of affiliated companies: 105

Principal affiliated companies:

Guangzhou Honda Automobile Co., Ltd., Dongfeng Honda Automobile Co., Ltd., P.T. Astra Honda Motor

3. Changes of consolidated subsidiaries and affiliated companies

Consolidated subsidiaries:

Newly formed consolidated subsidiaries: 12

Reduced through reorganization: 13

Affiliated companies:

Newly formed affiliated companies: 4

Reduced through reorganization: 3

4. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, since the Company has listed its American Depositary Shares on the New York Stock Exchange and files reports with the U.S. Securities and Exchange Commission.

5. The average exchange rates for the fiscal year ended March 31, 2009 were ¥100.54=U.S.\$1 and ¥143.48= euro 1 as compared with ¥114.28=U.S.\$1 and ¥161.53= euro 1 for the same period last year.

6. Honda's common stock-to-ADS exchange ratio is one share of common stock to one ADS.

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7. Inventories are stated at the lower of cost, determined principally by the first-in, first-out method, or market.
8. Honda classifies its debt and equity securities in the following categories: available-for-sale, trading or held-to-maturity. Debt securities that are classified as held-to-maturity securities are reported at amortized cost. Debt and equity securities classified as trading securities are reported at fair value, with unrealized gains and losses included in earnings. Other marketable debt and equity securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains or losses, net of deferred taxes included in accumulated other comprehensive income (loss) in the stockholders' equity section of the consolidated balance sheets.
9. Goodwill, all of which is allocated to Honda's reporting units, is not amortized but instead is tested for impairment at least annually.
10. Depreciation of property, plant and equipment is calculated principally by the declining-balance method based on estimated useful lives and salvage values of the respective assets.
11. Honda applies hedge accounting for certain foreign currency forward contracts related to forecasted foreign currency transactions between the Company and its subsidiaries.
12. The allowance for credit losses is maintained at an amount management deems adequate to cover estimated losses on finance receivables. The allowance is based on management's evaluation of many factors, including current economic trends, industry experience, inherent risks in the portfolio and the borrower's ability to pay.
13. Finance subsidiaries of the Company purchase insurance to cover a substantial amount of the estimated residual value of vehicles leased to customers. The allowance for losses on lease residual values is maintained at an amount management deems adequate to cover estimated losses on the uninsured portion of the vehicles' lease residual values. The allowance is also based on management's evaluation of many factors, including current economic conditions, industry experience and the finance subsidiaries' historical experience with residual value losses.
14. Provisions for retirement benefits are provided based on the fair value of both projected benefit obligations and plan assets at the end of the fiscal year to cover for employees' retirement benefits. The Company recognizes its overfunded or underfunded status for the defined benefit postretirement plan as an asset or liability in its consolidated balance sheets and recognizes changes in the funded status in accumulated comprehensive income (loss), net of taxes. Prior service cost (benefit) is amortized by using the straight-line method and the estimated average remaining service years of employees. Actuarial loss is amortized if unrecognized net gain or loss exceeds ten percent of the greater of the projected benefit obligation or the market-related value of plan assets by using the straight-line method and the estimated average remaining service years of employees.
15. Estimated warranty expenses are provided based on historical warranty claim experience with consideration given to the expected level of future warranty costs as well as current information on repair costs. Included in warranty expense accruals are costs for general warranties on vehicles Honda sells and product recalls.

**Table of Contents****Significant Accounting Policy Change**

1. The Statement of Financial Accounting Standards (SFAS) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of SFAS No. 115 has been effective since April 1, 2008. This statement permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in earnings in the current period. Honda has not elected the fair value option during the fiscal year ended March 31, 2009. Accordingly, the adoption of this statement has no impact on the Company's consolidated financial position or results of operations.
2. During fiscal 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 3-month difference between the reporting periods of the Company and the subsidiary in the consolidated financial statements. The elimination of the lag period represents a change in accounting principle and has been reported by retrospective application. The impact on the retained earnings balance as of April 1, 2007 is ¥6,214 million. The effect of the retrospective application is not material to the Company's consolidated financial statements as of and for the year ended March 31, 2008, and therefore those consolidated financial statements have not been retrospectively adjusted.

**Additional Information**

In December 2008, the Board of Directors of the Company has approved an amendment to the Honda Pension Fund, of which the Company and a part of its domestic subsidiaries and affiliates accounted for under the equity method were members. This plan amendment, effective from April 1, 2009, mainly revises pension benefits for those employees who retire on or after April 1, 2009, to be calculated using annuity pension conversion rates which are linked to market interest rates and contain a ceiling and a floor. Subsequent to the approval of the plan amendment, the Company remeasured and decreased its projected benefit obligation. The resulting prior service benefit has been amortized over the average remaining service period since January 1, 2009.

In addition, the Company recalculated the fair value of assets of this pension fund as of December 31, 2008. As a result of the previously mentioned changes and this recalculation, obligations for pension payments on the consolidated balance sheets have been reduced.

**Notes to Consolidated Balance Sheets:**

1. The allowance for assets are as follows:

|   | Yen (millions) |               |
|---|----------------|---------------|
|   | Mar. 31, 2008  | Mar. 31, 2009 |
| The allowance for doubtful trade accounts and notes receivables                         | 8,181          | 7,455         |
| The allowance for credit losses for finance subsidiaries' receivables                   | 33,354         | 35,617        |
| The allowance for losses on lease residual values for finance subsidiaries' receivables | 24,887         | 20,393        |
| The allowance for inventory losses and obsolescence                                     | 17,140         | 25,690        |

2. Net book value of property, plant and equipment which were subject to specific mortgages securing indebtedness and debt-related mortgages are as follows:

|                               | Yen (millions) |               |
|-------------------------------|----------------|---------------|
|                               | Mar. 31, 2008  | Mar. 31, 2009 |
| Mortgage securitized debt:    |                |               |
| Property, plant and equipment | 26,564         | 24,750        |
| Debt-related mortgages:       |                |               |
| Short-term debt               | 2,682          | 3,513         |



|                |        |               |
|----------------|--------|---------------|
| Long-term debt | 12,739 | <b>14,615</b> |
|----------------|--------|---------------|

3. Honda has entered into various guarantee and indemnification agreements which are primarily for employee bank loans to costs for their housing costs, and are as follows:

|   | Yen (millions) |               |
|---|----------------|---------------|
|   | Mar. 31, 2008  | Mar. 31, 2009 |
| Bank loans of employees for their housing costs | 36,456         | <b>33,691</b> |

If an employee defaults on his/her loan payments, Honda is required to perform under the guarantee. The undiscounted maximum amounts of Honda's obligation to make future payments in the event of defaults were shown as above. As of March 31, 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.

**Table of Contents****Notes to Consolidated Statements of Stockholders' Equity:**

|                                     | <b>Mar. 31, 2008</b> | <b>Mar. 31, 2009</b> |
|-------------------------------------|----------------------|----------------------|
| 1. The number of shares outstanding | 1,834,828,430        | <b>1,834,828,430</b> |
| 2. The number of treasury shares    | 20,290,531           | <b>20,219,430</b>    |

3. The total amount of dividends for the fiscal year ended March 31, 2009, was ¥139,724 million. The Company intends to distribute year-end cash dividends of ¥14,516 million to the stockholders of record on March 31, 2009.

**Notes to Information about Per Common Share:**

Stockholders' equity per common share and net income per common share are as follows:

|                                       | <b>Yen</b>           |                      |
|---------------------------------------|----------------------|----------------------|
|                                       | <b>Mar. 31, 2008</b> | <b>Mar. 31, 2009</b> |
| Stockholders' equity per common share | 2,507.79             | <b>2,208.35</b>      |
| Basic net income per common share     | 330.54               | <b>75.50</b>         |

Honda adjusted the balance of stockholders' equity as of the previous fiscal year ended. Stockholders' equity per common share was also adjusted. Please refer to the Significant Accounting Policy Change for details. Basic net income per common share has been computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during each period. The weighted average number of shares outstanding for the years ended March 31, 2008 and 2009 were 1,815,356,440 and 1,814,560,728, respectively. There were no potentially dilutive shares issued during the years ended March 31, 2008 or 2009.

**Revisions of Classifications:**

Certain revisions for misclassifications have been made to the consolidated financial statements for the fiscal year ended March 31, 2008 to conform to the presentation used for the fiscal year ended March 31, 2009.

**Regarding the Notes for the Previous Fiscal Year**

The notes for the previous fiscal year, including the note entitled "Revisions of Classifications," contain additional information for reference.

**Table of Contents****; Segment Information (reference)****(a) Business Segment Information**

For the year ended March 31, 2008

|  | Yen (millions)         |                        |                                   |  |                  |                      |              |
|--|------------------------|------------------------|-----------------------------------|--|------------------|----------------------|--------------|
|  | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Power Product<br>& Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
| Net sales and other operating revenue: |                        |                        |                                   |  |                  |                      |              |
| External customers                     | 1,558,696              | 9,489,391              | 533,553                           | 421,194                                | 12,002,834       |                      | 12,002,834   |
| Intersegment                           |                        |                        | 15,499                            | 21,571                                 | 37,070           | (37,070)             |              |
| Total                                  | 1,558,696              | 9,489,391              | 549,052                           | 442,765                                | 12,039,904       | (37,070)             | 12,002,834   |
| Cost of sales, SG&A and R&D expenses   | 1,407,409              | 8,827,726              | 431,254                           | 420,406                                | 11,086,795       | (37,070)             | 11,049,725   |
| Segment income                         | 151,287                | 661,665                | 117,798                           | 22,359                                 | 953,109          |                      | 953,109      |
| Assets                                 | 1,240,527              | 5,591,311              | 5,907,839                         | 330,604                                | 13,070,281       | (454,738)            | 12,615,543   |
| Depreciation and amortization          | 48,000                 | 356,003                | 101,987                           | 12,435                                 | 518,425          |                      | 518,425      |
| Capital expenditures                   | 86,687                 | 544,922                | 839,888                           | 21,794                                 | 1,493,291        |                      | 1,493,291    |

For the year ended March 31, 2009

|  | Yen (millions)         |                        |                                   |  |                  |                      |              |
|--|------------------------|------------------------|-----------------------------------|--|------------------|----------------------|--------------|
|  | Motorcycle<br>Business | Automobile<br>Business | Financial<br>Services<br>Business | Power Product<br>& Other<br>Businesses | Segment<br>Total | Reconciling<br>Items | Consolidated |
| Net sales and other operating revenue: |                        |                        |                                   |  |                  |                      |              |
| External customers                     | 1,411,511              | 7,674,404              | 582,261                           | 343,065                                | 10,011,241       |                      | 10,011,241   |
| Intersegment                           |                        |                        | 14,264                            | 25,840                                 | 40,104           | (40,104)             |              |
| Total                                  | 1,411,511              | 7,674,404              | 596,525                           | 368,905                                | 10,051,345       | (40,104)             | 10,011,241   |
| Cost of sales, SG&A and R&D expenses   | 1,311,598              | 7,649,861              | 515,854                           | 384,389                                | 9,861,702        | (40,104)             | 9,821,598    |
| Segment income (loss)                  | 99,913                 | 24,543                 | 80,671                            | (15,484)                               | 189,643          |                      | 189,643      |
| Assets                                 | 1,047,112              | 5,219,408              | 5,735,716                         | 275,607                                | 12,277,843       | (458,926)            | 11,818,917   |
| Depreciation and amortization          | 51,200                 | 373,295                | 199,324                           | 13,825                                 | 637,644          |                      | 637,644      |
| Capital expenditures                   | 90,401                 | 523,593                | 671,127                           | 16,920                                 | 1,302,041        |                      | 1,302,041    |

**Notes:**

- Intersegment sales and revenues are generally made at values that approximate arm's-length prices.
- Unallocated corporate assets, included in reconciling items, amounted to ¥385,442 million as of March 31, 2008 and ¥257,291 million as of March 31, 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.

3. Depreciation and amortization of Financial Services Business include depreciation of property on operating leases, which were ¥101,032 million and ¥195,776 million for the fiscal year ended March 31, 2008 and the fiscal year ended March 31, 2009, respectively.
4. Capital expenditures of Financial Services Business include the purchase of operating lease assets, which were ¥839,261 million and ¥668,128 million for the fiscal year ended March 31, 2008 and the fiscal year ended March 31, 2009, respectively.

**Table of Contents****(b) Geographic Segment Information**

For the year ended March 31, 2008

|  |           |               |           |           |               |            |                   | Yen (millions) |  |
|--|-----------|---------------|-----------|-----------|---------------|------------|-------------------|----------------|--|
|  | Japan     | North America | Europe    | Asia      | Other Regions | Total      | Reconciling Items | Consolidated   |  |
| Net sales and other operating revenue: |           |               |           |           |               |            |                   |                |  |
| External customers                     | 2,053,401 | 6,091,512     | 1,502,240 | 1,307,117 | 1,048,564     | 12,002,834 |                   | 12,002,834     |  |
| Transfers between geographic areas     | 2,835,639 | 173,751       | 91,983    | 331,173   | 44,253        | 3,476,799  | (3,476,799)       |                |  |
| Total                                  | 4,889,040 | 6,265,263     | 1,594,223 | 1,638,290 | 1,092,817     | 15,479,633 | (3,476,799)       | 12,002,834     |  |
| Cost of sales, SG&A and R&D expenses   | 4,696,482 | 5,832,635     | 1,542,676 | 1,507,566 | 976,335       | 14,555,694 | (3,505,969)       | 11,049,725     |  |
| Operating income                       | 192,558   | 432,628       | 51,547    | 130,724   | 116,482       | 923,939    | 29,170            | 953,109        |  |
| Assets                                 | 3,127,143 | 6,863,970     | 948,544   | 1,080,439 | 574,890       | 12,594,986 | 20,557            | 12,615,543     |  |
| Long-lived assets                      | 1,084,163 | 1,589,356     | 171,030   | 260,141   | 128,156       | 3,232,846  |                   | 3,232,846      |  |

For the year ended March 31, 2009

|  |           |               |           |           |               |            |                   | Yen (millions) |  |
|--|-----------|---------------|-----------|-----------|---------------|------------|-------------------|----------------|--|
|  | Japan     | North America | Europe    | Asia      | Other Regions | Total      | Reconciling Items | Consolidated   |  |
| Net sales and other operating revenue: |           |               |           |           |               |            |                   |                |  |
| External customers                     | 1,871,962 | 4,534,684     | 1,191,540 | 1,335,091 | 1,077,964     | 10,011,241 |                   | 10,011,241     |  |
| Transfers between geographic areas     | 2,290,625 | 244,440       | 87,362    | 273,140   | 66,256        | 2,961,823  | (2,961,823)       |                |  |
| Total                                  | 4,162,587 | 4,779,124     | 1,278,902 | 1,608,231 | 1,144,220     | 12,973,064 | (2,961,823)       | 10,011,241     |  |
| Cost of sales, SG&A and R&D expenses   | 4,324,203 | 4,699,422     | 1,268,701 | 1,504,628 | 1,009,158     | 12,806,112 | (2,984,514)       | 9,821,598      |  |
| Operating income (loss)                | (161,616) | 79,702        | 10,201    | 103,603   | 135,062       | 166,952    | 22,691            | 189,643        |  |
| Assets                                 | 3,078,478 | 6,547,880     | 766,594   | 1,016,059 | 450,081       | 11,859,092 | (40,175)          | 11,818,917     |  |
| Long-lived assets                      | 1,140,316 | 1,918,579     | 110,543   | 253,113   | 119,373       | 3,541,924  |                   | 3,541,924      |  |

**Notes:**

- The geographic areas are based on the location of the company and its subsidiaries.

Major countries or regions in each geographic segment:

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

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2. Intersegment sales and revenues are generally made at values that approximate arm's-length prices.
  
3. Unallocated corporate assets, included in reconciling items, amounted to ¥385,442 million as of March 31, 2008 and ¥257,291 million as of March 31, 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.

### (c) Overseas Sales

For the year ended March 31, 2008

|  | North America | Europe    | Asia      | Other Regions | Yen (millions)<br>Total |
|--|---------------|-----------|-----------|---------------|-------------------------|
| Overseas sales                             | 6,068,425     | 1,519,434 | 1,577,266 | 1,251,932     | 10,417,057              |
| Consolidated sales                         |               |           |           |               | 12,002,834              |
| Overseas sales ratio to consolidated sales | 50.6%         | 12.7%     | 13.1%     | 10.4%         | 86.8%                   |

For the year ended March 31, 2009

|  | North America | Europe    | Asia      | Other Regions | Yen (millions)<br>Total |
|--|---------------|-----------|-----------|---------------|-------------------------|
| Overseas sales                             | 4,514,190     | 1,186,012 | 1,595,472 | 1,269,026     | 8,564,700               |
| Consolidated sales                         |               |           |           |               | 10,011,241              |
| Overseas sales ratio to consolidated sales | 45.1%         | 11.8%     | 15.9%     | 12.8%         | 85.6%                   |

### Note:

The geographic areas are based on the location where sales originate.

Major countries or regions in each geographic segment:

|               |   |
|---------------|---|
| 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****Unconsolidated Balance Sheets**

| As of March 31, 2008 and 2009                           | Yen (millions)      |                |
|---|---------------------|----------------|
|   | 2008<br>(reference) | 2009           |
| <b>ASSETS</b>   |                     |                |
| <b>1. Current assets:</b>                               |                     |                |
| Cash and bank deposits                                  | ¥ 79,672            | ¥ 91,778       |
| Notes receivable  | 1,124               | 738            |
| Accounts receivable                                     | 360,305             | 301,525        |
| Securities  | 200,003             | 94,500         |
| Finished goods  | 64,876              | 93,712         |
| Parts for sale  | 36,003              |                |
| Raw materials   | 22,103              |                |
| Work in process   | 20,121              | 28,609         |
| Supplies  | 23,092              |                |
| Raw materials and supplies                              |                     | 41,098         |
| Advance payments  | 34,308              | 13,147         |
| Prepaid expenses  | 22,867              | 4,558          |
| Deferred income taxes                                   | 86,728              | 52,813         |
| Short-term loans receivable                             | 52                  | 10,034         |
| Short-term loans receivable subsidiaries and affiliates | 97,019              | 68,901         |
| Other receivables                                       | 55,945              | 50,304         |
| Accrued consumption tax                                 | 26,624              |                |
| Income taxes receivable                                 |                     | 47,582         |
| Others  | 23,428              | 27,642         |
| Allowance for doubtful accounts                         | (2,557)             | (1,428)        |
| <b>Total current assets</b>                             | <b>1,151,720</b>    | <b>925,520</b> |
| <b>2. Fixed assets</b>                                  |                     |                |
| <b>Tangible fixed assets:</b>                           |                     |                |
| Buildings   | 564,861             | 596,591        |
| Accumulated depreciation                                | (325,182)           | (343,031)      |
| Buildings, net  | 239,678             | 253,560        |
| Structures  | 113,949             | 120,763        |
| Accumulated depreciation                                | (76,792)            | (80,607)       |
| Structures, net   | 37,157              | 40,156         |
| Machinery and equipment                                 | 541,337             | 551,162        |
| Accumulated depreciation                                | (463,914)           | (471,779)      |
| Machinery and equipment, net                            | 77,422              | 79,382         |
| Vehicles  | 16,624              | 15,318         |
| Accumulated depreciation                                | (12,044)            | (11,045)       |
| Vehicles, net   | 4,579               | 4,273          |
| Tools, furniture and fixtures                           | 224,600             | 227,039        |
| Accumulated depreciation                                | (201,764)           | (205,221)      |
| Tools, furniture and fixtures, net                      | 22,835              | 21,817         |
| Land  | 301,432             | 321,984        |
| Lease assets  |                     | 5,637          |
| Accumulated depreciation                                |                     | (3,036)        |
| Lease assets, net                                       |                     | 2,601          |
| Construction in progress                                | 26,557              | 39,997         |
| <b>Total tangible fixed assets</b>                      | <b>709,664</b>      | <b>763,774</b> |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Intangible assets:</b>                              |                    |                    |
| Patents  | 129                | <b>104</b>         |
| Leaseholds   | 2,112              | <b>2,112</b>       |
| Trademarks   | 20                 | <b>16</b>          |
| Software   | 2,728              | <b>2,018</b>       |
| Lease assets   |                    | <b>25</b>          |
| Others   | 318                | <b>310</b>         |
| <b>Total intangible assets</b>                         | <b>5,310</b>       | <b>4,589</b>       |
| <b>Investments and other assets:</b>                   |                    |                    |
| Investment securities                                  | 105,762            | <b>58,078</b>      |
| Investment securities subsidiaries and affiliates      | 495,042            | <b>490,349</b>     |
| Investments and other assets                           | 6                  | <b>6</b>           |
| Investments subsidiaries and affiliates                | 92,548             | <b>92,548</b>      |
| Long-term loans  | 218                | <b>232</b>         |
| Long-term loans receivable employees                   | 389                | <b>323</b>         |
| Long-term loans receivable subsidiaries and affiliates | 720                | <b>6,626</b>       |
| Receivables in bankruptcy                              | 17,437             | <b>12,910</b>      |
| Long-term prepaid expenses                             | 637                | <b>416</b>         |
| Deferred income taxes                                  | 89,612             | <b>153,504</b>     |
| Deposits   | 21,386             | <b>20,731</b>      |
| Others   | 5,193              | <b>4,868</b>       |
| Allowance for doubtful accounts                        | (15,541)           | <b>(13,200)</b>    |
| <b>Total investments and other assets</b>              | <b>813,415</b>     | <b>827,396</b>     |
| <b>Total fixed assets</b>                              | <b>1,528,390</b>   | <b>1,595,760</b>   |
| <b>Total assets</b>                                    | <b>¥ 2,680,111</b> | <b>¥ 2,521,280</b> |

Yen amounts described above are rounded down to the nearest one million yen.



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|   | Yen (millions)      |                  |
|---|---------------------|------------------|
|   | 2008<br>(reference) | 2009             |
| <b>LIABILITIES</b>                              |                     |                  |
| <b>1. Current liabilities:</b>                  |                     |                  |
| Notes payable trade                             | ¥ 1,182             | ¥ 1,048          |
| Accounts payable                                | 352,465             | 198,917          |
| Short-term bonds                                |                     | 85,954           |
| Short-term loans payable                        | 15,601              | 170,098          |
| Current portion of long-term loans payable      | 54                  | 49               |
| Lease debt                                      |                     | 1,166            |
| Other payables                                  | 51,035              | 50,902           |
| Accrued expenses                                | 97,089              | 89,675           |
| Income taxes payable                            | 17,932              |                  |
| Advances received                               | 1,090               | 675              |
| Deposits received                               | 5,293               | 5,002            |
| Deferred revenue                                | 221                 | 200              |
| Current portion of accrued product warranty     | 75,339              | 52,309           |
| Accrued employees' bonuses                      | 42,762              | 27,834           |
| Accrued directors' bonuses                      | 587                 | 293              |
| Accrued operating officers' bonuses             | 384                 | 206              |
| Notes payable other                             | 2,432               | 8,360            |
| Others  | 1,479               | 13,133           |
| <b>Total current liabilities</b>                | <b>664,950</b>      | <b>705,826</b>   |
| <b>2. Non-current liabilities:</b>              |                     |                  |
| Long-term loans payable                         | 381                 | 310              |
| Lease debt                                      |                     | 1,548            |
| Accrued product warranty                        | 48,131              | 51,006           |
| Accrued employees' retirement benefits          | 85,249              | 106,747          |
| Accrued directors' retirement benefits          | 5,354               |                  |
| Accrued operating officers' retirement benefits | 1,587               |                  |
| Others  | 3,533               | 7,467            |
| <b>Total non-current liabilities</b>            | <b>144,238</b>      | <b>167,081</b>   |
| <b>Total liabilities</b>                        | <b>¥ 809,189</b>    | <b>¥ 872,907</b> |

|                                  | Yen (millions)      |                |
|----------------------------------|---------------------|----------------|
|                                  | 2008<br>(reference) | 2009           |
| <b>TOTAL NET ASSETS</b>          |                     |                |
| <b>(1) Stockholders' equity</b>  |                     |                |
| <b>1. Common stock</b>           |                     |                |
|                                  | ¥ 86,067            | ¥ 86,067       |
| <b>2. Capital surplus:</b>       |                     |                |
| Capital surplus                  | 170,313             | 170,313        |
| <b>Total capital surplus</b>     | <b>170,313</b>      | <b>170,313</b> |
| <b>3. Retained earnings:</b>     |                     |                |
| Legal reserves                   | 21,516              | 21,516         |
| Other retained earnings:         |                     |                |
| Reserve for dividends            | 145,300             | 159,800        |
| General reserve                  | 1,119,300           | 1,119,300      |
| Reserve for special depreciation | 1,855               | 1,481          |

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|   |                    |                    |
|---|--------------------|--------------------|
| Reserve for reduction of acquisition cost of fixed assets | 12,486             | <b>12,325</b>      |
| Earnings to be carried forward                            | 357,519            | <b>144,139</b>     |
| <b>Total retained earnings</b>                            | <b>1,657,978</b>   | <b>1,458,562</b>   |
| <b>4. Treasury stock</b>                                  | <b>(78,877)</b>    | <b>(78,854)</b>    |
| <b>Total stockholders equity</b>                          | <b>1,835,482</b>   | <b>1,636,088</b>   |
| <b>(2) Difference of appreciation and conversion</b>      |                    |                    |
| <b>1. Net unrealized gains on securities</b>              | 34,980             | <b>12,284</b>      |
| <b>2. Deferred loss (gain) on hedges</b>                  | 459                |                    |
| <b>Total difference of appreciation and conversion</b>    | <b>35,439</b>      | <b>12,284</b>      |
| <b>Total net assets</b>                                   | <b>1,870,921</b>   | <b>1,648,373</b>   |
| <b>Total liabilities and net assets</b>                   | <b>¥ 2,680,111</b> | <b>¥ 2,521,280</b> |

**Table of Contents****Unconsolidated Statements of Operations**

| Years ended March 31, 2008 and 2009                    | Yen (millions)      |             |
|--|---------------------|-------------|
|  | 2008<br>(reference) | 2009        |
| <b>Net sales</b>                                       | ¥ 4,088,029         | ¥ 3,404,554 |
| <b>Cost of sales:</b>                                  |                     |             |
| Finished goods and parts for sale at beginning of year | 108,342             | 100,879     |
| Production cost  | 2,522,034           | 2,224,460   |
| Others   | 273,555             | 252,623     |
|  | 2,903,932           | 2,577,963   |
| Transfer to other accounts                             | 2,696               | 3,864       |
| Finished goods and parts for sale at end of year       | 100,879             | 93,712      |
| Cost of finished goods sold                            | 2,800,356           | 2,480,386   |
| <b>Gross profit</b>                                    | 1,287,672           | 924,167     |
| <b>Selling, general and administrative expenses</b>    | 1,147,182           | 1,082,615   |
| <b>Operating income (loss)</b>                         | 140,490             | (158,447)   |
| <b>Non-operating income:</b>                           |                     |             |
| Interest income  | 7,796               | 3,241       |
| Dividend income  | 186,484             | 129,561     |
| Rental income  | 26,452              | 26,413      |
| Others   | 13,319              | 21,644      |
|  | 234,053             | 180,860     |
| <b>Non-operating expenses:</b>                         |                     |             |
| Interest expenses                                      | 466                 | 601         |
| Contributions  | 784                 | 1,007       |
| Depreciation   | 16,108              | 16,229      |
| Expenses for rental assets                             | 4,596               | 4,628       |
| Loss on disposal of inventories                        | 594                 | 454         |
| Others   | 838                 | 2,736       |
|  | 23,388              | 25,658      |
| <b>Ordinary income (loss)</b>                          | 351,154             | (3,244)     |
| <b>Extraordinary income:</b>                           |                     |             |
| Gain on sale of fixed assets                           | 415                 | 262         |
| Reversal of allowance for doubtful receivables         |                     | 690         |
| Value-added tax refunds for prior years                | 6,046               |             |
| Gain on liquidation of subsidiaries and affiliates     |                     | 441         |
| Others   | 13                  | 5           |
|  | 6,475               | 1,399       |
| <b>Extraordinary losses:</b>                           |                     |             |
| Loss on disposal of fixed assets                       | 2,880               | 4,264       |

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|  |           |                   |
|--|-----------|-------------------|
| Loss on devaluation of investment securities                             | 873       | <b>8,660</b>      |
| Loss on devaluation of investment securities subsidiaries and affiliates | 393       | <b>7,898</b>      |
| Deferment depreciation on fixed assets                                   |           | <b>56,582</b>     |
| Others   | 98        | <b>753</b>        |
|  | 4,245     | <b>78,158</b>     |
| <b>Income (loss) before income taxes</b>                                 | 353,385   | <b>(80,003)</b>   |
| Income taxes:  |           |                   |
| Current  | 61,033    | <b>(5,862)</b>    |
| Deferred   | (6,243)   | <b>(14,475)</b>   |
|  | 54,790    | <b>(20,337)</b>   |
| <b>Net income (loss)</b>   | ¥ 298,594 | <b>¥ (59,666)</b> |

Yen amounts described above are rounded down to the nearest one million yen.

**Table of Contents****Unconsolidated Statements of Stockholders' Equity**

|   | Yen (millions)       |                 |                         |                   |                                  |                  |                                  |
|---|----------------------|-----------------|-------------------------|-------------------|----------------------------------|------------------|----------------------------------|
|   | Stockholders' equity |                 |                         | Retained earnings |                                  |                  |                                  |
|   | Capital surplus      |                 | Other retained earnings |                   | Reserve for special depreciation |                  |                                  |
|   | Common stock         | Capital surplus | Total capital surplus   | Legal reserves    | Reserve for dividend             | General reserve  | Reserve for special depreciation |
| From April 1, 2008 to March 31, 2009 Balance at March 31, 2008        | 86,067               | 170,313         | 170,313                 | 21,516            | 145,300                          | 1,119,300        | 1,855                            |
| Changes of items during the period                                    |                      |                 |                         |                   |                                  |                  |                                  |
| Items of appropriation of retained earnings during previous period    |                      |                 |                         |                   |                                  |                  |                                  |
| Provision for reserve for dividends                                   |                      |                 |                         |                   | 14,500                           |                  |                                  |
| Provision for general reserves  |                      |                 |                         |                   |                                  |                  |                                  |
| Provision for reserve for special depreciation                        |                      |                 |                         |                   |                                  |                  | 239                              |
| Reversal of reserve for special depreciation                          |                      |                 |                         |                   |                                  |                  | (612)                            |
| Provision reserve for reduction of acquisition cost of fixed assets   |                      |                 |                         |                   |                                  |                  |                                  |
| Reversal of reserve for reduction of acquisition cost of fixed assets |                      |                 |                         |                   |                                  |                  |                                  |
| Dividend from surplus   |                      |                 |                         |                   |                                  |                  |                                  |
| Net income (loss)   |                      |                 |                         |                   |                                  |                  |                                  |
| Purchase of treasury stock  |                      |                 |                         |                   |                                  |                  |                                  |
| Reissuance of treasury stock  |                      |                 |                         |                   |                                  |                  |                                  |
| Others  |                      |                 |                         |                   |                                  |                  |                                  |
| Total changes of items during the period                              |                      |                 |                         |                   | 14,500                           |                  | (373)                            |
| <b>Balance at March 31, 2009</b>                                      | <b>86,067</b>        | <b>170,313</b>  | <b>170,313</b>          | <b>21,516</b>     | <b>159,800</b>                   | <b>1,119,300</b> | <b>1,481</b>                     |

|  | Yen (millions)  |                                |                         |                       |                               |   |   |   |           |                  |
|--|---|--------------------------------|-------------------------|-----------------------|-------------------------------|---|---|---|-----------|------------------|
|  | Stockholders' equity                                      |                                |                         |                       |                               | Difference of appreciation and conversion |   |   |           |                  |
|  | Retained earnings   |                                |                         | Treasury stock        |                               | Net unrealized gains on hedges            |   | Total difference of appreciation and conversion |           | Total net assets |
|  | Reserve for reduction of acquisition cost of fixed assets | Earnings to be carried forward | Total retained earnings | Treasury stock equity | Total stockholders securities | Deferred loss (gain)                      | Total difference of appreciation and conversion |   |           |                  |
| From April 1, 2008 to March 31, 2009                               |   |                                |                         |                       |                               |   |   |   |           |                  |
| Balance at March 31, 2008  | 12,486  | 357,519                        | 1,657,978               | (78,877)              | 1,835,482                     | 34,980                                    | 459   | 35,439  | 1,870,921 |                  |
| Changes of items during the period                                 |   |                                |                         |                       |                               |   |   |   |           |                  |
| Items of appropriation of retained earnings during previous period |   |                                |                         |                       |                               |   |   |   |           |                  |
| Provision for reserve for dividends                                |   | (14,500)                       |                         |                       |                               |   |   |   |           |                  |
| Provision for general reserves                                     |   |                                |                         |                       |                               |   |   |   |           |                  |
|  |   | (239)                          |                         |                       |                               |   |   |   |           |                  |

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|   |               |                |                  |                 |                  |               |       |               |                  |
|---|---------------|----------------|------------------|-----------------|------------------|---------------|-------|---------------|------------------|
| Provision for reserve for special depreciation                        |               |                |                  |                 |                  |               |       |               |                  |
| Reversal of reserve for special depreciation                          |               |                | 612              |                 |                  |               |       |               |                  |
| Provision reserve for reduction of acquisition cost of fixed assets   | 1             | (1)            |                  |                 |                  |               |       |               |                  |
| Reversal of reserve for reduction of acquisition cost of fixed assets | (162)         | 162            |                  |                 |                  |               |       |               |                  |
| Dividend from surplus   | (139,724)     | (139,724)      | (139,724)        |                 | (139,724)        |               |       |               | (139,724)        |
| Net income (loss)   | (59,666)      | (59,666)       | (59,666)         |                 | (59,666)         |               |       |               | (59,666)         |
| Purchase of treasury stock  |               |                |                  | (62)            | (62)             |               |       |               | (62)             |
| Reissuance of treasury stock  | (24)          | (24)           | (24)             | 84              | 60               |               |       |               | 60               |
| Others  |               |                |                  |                 |                  | (22,695)      | (459) | (23,154)      | (23,154)         |
| Total changes of items during the period                              | (161)         | (213,380)      | (199,415)        | 22              | (199,393)        | (22,695)      | (459) | (23,154)      | (222,548)        |
| <b>Balance at March 31, 2009</b>                                      | <b>12,325</b> | <b>144,139</b> | <b>1,458,562</b> | <b>(78,854)</b> | <b>1,636,088</b> | <b>12,284</b> |       | <b>12,284</b> | <b>1,648,373</b> |

## **Table of Contents**

### **The Related Notes**

### **Significant Accounting Policies**

1. Securities
  - (a) Debt securities that are classified as held-to-maturity securities are reported at amortized cost.
  - (b) Investments in subsidiaries and affiliates are stated at cost, which is determined by the moving-average method.
  - (c) Marketable securities classified as other securities are stated at fair value based on market prices at fiscal year-end. Any changes in unrealized holding gains or losses, net of applicable income taxes, are included directly in stockholders' equity, and cost of securities sold is determined by the moving-average method.
  - (d) Non-marketable securities classified as other securities are stated at cost, which is determined by the moving-average method.
2. Inventories are stated at the lower of the last purchase cost or market.
3. Derivative financial instruments are stated at fair value.
4. Regarding the depreciation method for tangible fixed assets (excluding molds and dies included in tools, furniture and fixtures), the Company employs the declining-balance method and, after a specified number of fiscal years, over the remaining usable period of years (the usable life of the items less the elapsed period) employs the straight-line method to depreciate the item to memorandum value. For molds and dies included in tools, furniture and fixtures, depreciation is performed using the declining-balance method, and the items are depreciated to memorandum value in the fiscal year in which the usable life of the items elapses.
5. Amortization of intangible fixed assets is computed by using the straight-line method.
6. Depreciation of assets under finance leases, other than those for which the ownership transfers to the lessee, is calculated using the straight-line method, taking the useful lifetimes of the assets as the term of the lease and depreciating the residual value to zero.
7. The allowance for doubtful accounts is provided for possible bad debt at an amount determined based on the historical experience of bad debt for normal receivables; in addition, an estimate of uncollectible amounts is made by reference to specific doubtful receivables from customers which are experiencing financial difficulties.
8. An accrued product warranty has been provided as a total of the following:
  - (a)

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An estimate of warranty costs to be incurred during the remaining warranty periods based on historical warranty claim experiences and an estimate of the probabilities of future warranty cost

- (b) An estimate of future warranty claims mainly associated with reportings to regulatory authorities
9. Accrued employees' bonuses are provided for payments of bonuses to employees based on the amount of the estimated employees' bonus payments, which is attributable to the fiscal year.
  10. Accrued directors' bonuses are provided for the payment of bonuses to Directors and Corporate Auditors based on the amount of the estimated directors' bonus payments.
  11. Accrued operating officers' bonuses are provided for the payment of bonuses to operating officers based on the amount of the estimated operating officers' bonus payments.
  12. Accrued employees' retirement benefits are provided for payments of retirement benefits at an estimated amount incurred during the fiscal year calculated based on the retirement benefit obligation and the fair value of the pension plan assets at year-end. The net retirement benefit obligation at transition is amortized by the straight-line method over 15 years.  
  
Prior service costs are amortized by the straight-line method over the average remaining years of service of the employees. Actuarial gains or losses are amortized in the years following the year in which gains or losses are recognized by the straight-line method over the average remaining years of service of the employees.
  13. Hedge accounting for some of the forward foreign currency exchange contracts is applied.
  14. Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. A consumption tax refund receivable is included in Others of current assets.
  15. The consolidated regulatory tax rules and regulations were applied.



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**Significant Accounting Policy Changes**

1. Beginning with the fiscal year under review, the Company has applied Accounting Standards for Measurement of Inventories (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). This change in accounting policy had no effect on income for the fiscal year under review.
2. Beginning with the fiscal year under review, the Company has applied Accounting Standards for Lease Transactions (ASBJ Statement No. 13, originally issued by ASBJ on June 17, 1993, and the final revision issued on March 30, 2007) and Implementation Guidance on Accounting Standards for Lease Transactions (ASBJ Guidance No. 16, originally issued by the ASBJ on January 18, 1994, and the final revision issued on March 30, 2007). This change in accounting policy had no material effect on income for the fiscal year under review.

**Changes in Methods of Presentation**

(Unconsolidated Balance Sheets)

1. Accompanying the application of revisions in certain of the rules for the presentation and preparation of financial statements, as contained in a cabinet order (Cabinet Order No. 50, issued on August 7, 2008), beginning with the fiscal year under review, the accounting items finished goods, parts for sale, raw materials, and supplies, previously presented separately under current assets, are now presented as follows: finished goods and parts for sale are presented as a single item finished goods and parts for sale, and raw materials and supplies are presented as a single item raw materials and supplies.

Please note that at the end of the fiscal year, finished goods and parts for sale presented in the item finished goods and parts for sale were ¥57,912 million and ¥35,800 million, respectively. In addition, raw materials and supplies presented in the item raw materials and supplies were ¥20,015 million and ¥21,082 million, respectively.

2. Consumption taxes payable, which were presented as a separate item through the end of the previous fiscal year, have now been included in others because the amount of these taxes payable has diminished.

Please note that the amount of accrued consumption taxes contained in others at the end of the fiscal year under review amounted to ¥17,086 million.

**Additional Information**

1. In December 2008, the Board of Directors of the Company has approved an amendment to the Honda Pension Fund, of which the Company was a member. This plan amendment, effective from April 1, 2009, mainly revises pension benefits for those employees who retire on or after April 1, 2009, to be calculated using annuity pension conversion rates which are linked to market interest rates and contain a ceiling and a floor. Subsequent to the approval of the plan amendment, the Company remeasured and decreased its projected benefit obligation ¥75,659 million and liabilities for prior service were accrued in the same amount. The resulting prior service benefits are being amortized over the average remaining service period since January 2009.
2. At the Ordinary General Meeting of Shareholders held in June 2008, a proposal to approve the abolishment of the Company's system for the payment of retirement benefits to Directors and make final payments of allowances for retirement benefits for Directors was approved. As a result, the full amount of the allowance for retirement benefits for Directors was reversed, and the unpaid portion of the final payments of such retirement benefits was included in the other payables item under current liabilities and the others item under non-current liabilities.

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3. At the Ordinary General Meeting of Shareholders held in June 2008, the decision was made to make final payments of Operating Officers retirement benefits. As a consequence, the full amount of the allowance for Operating Officers retirement benefits was reversed, and the unpaid portion of the final payments of such retirement benefits was included in the other payables item under current liabilities and the others item under non-current liabilities.

### Notes for Balance Sheets (as of March 31, 2008 and 2009)

|  | Yen (millions) |                  |
|--|----------------|------------------|
|  | 2008           | 2009             |
| 1. The value of credits from and debts to subsidiaries and affiliates is as follows: |                |                  |
| Short-term credits from subsidiaries and affiliates                                  | ¥ 413,529      | ¥ <b>351,860</b> |
| Short-term debts to subsidiaries and affiliates                                      | ¥ 186,011      | ¥ <b>118,058</b> |
| Long-term credits from subsidiaries and affiliates                                   | ¥ 10,770       | ¥ <b>12,095</b>  |
| Long-term debts to subsidiaries and affiliates                                       | ¥ 1,564        | ¥ <b>1,628</b>   |

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2. Guarantee issued and similar activities are as follows:

(1) The balance of guarantees issued and similar activities

Guarantee issued

| Guaranteed company                            | 2008                               |   |
|---|------------------------------------|---|
|   | Guarantee amount<br>Yen (millions) | Nature of guaranteed issued   |
| Honda Bank GmbH                               | 60                                 | Deposits  |
| Honda Logistics Inc.                          | 27                                 | Bank borrowings   |
| Honda Engineering Co., Ltd.                   | 8                                  | Bank borrowings   |
| Honda Foundry Co., Ltd.                       | 6                                  | Bank borrowings   |
| Honda Racing Corporation                      | 3                                  | Bank borrowings   |
| Employees (Including employees of affiliates) | 36,678                             | Employees bank borrowings using the Honda Housing Mutual Aid system, etc. |
| <b>Total</b>                                  | <b>36,785</b>                      |   |

| Guaranteed company                            | 2009                               |   |
|---|------------------------------------|---|
|   | Guarantee amount<br>Yen (millions) | Nature of guaranteed issued   |
| Honda Bank GmbH                               | 82                                 | Deposits  |
| Honda Logistics Inc.                          | 20                                 | Bank borrowings   |
| Honda Engineering Co., Ltd.                   | 7                                  | Bank borrowings   |
| Honda Foundry Co., Ltd.                       | 5                                  | Bank borrowings   |
| Honda Racing Corporation                      | 3                                  | Bank borrowings   |
| Employees (Including employees of affiliates) | 33,824                             | Employees bank borrowings using the Honda Housing Mutual Aid system, etc. |
| <b>Total</b>                                  | <b>33,945</b>                      |   |

Similar activities

| Company                                  | 2008                     |   |
|--|--------------------------|---|
|  | Amount<br>Yen (millions) | Nature of liabilities   |
| American Honda Finance Corporation       | 2,776,622                | Medium-term notes and commercial paper                            |
| Honda Canada Finance Inc.                | 435,417                  | Commercial paper, unsecured corporate bonds and medium-term notes |
| Honda Finance Co., Ltd.                  | 411,000                  | Unsecured corporate bonds and commercial paper                    |
| Honda Finance Europe plc                 | 39,121                   | Commercial paper  |
| Honda Leasing (Thailand) Company Limited | 20,670                   | Unsecured corporate bonds   |
| Honda Bank GmbH                          | 6,327                    | Commercial paper  |
| <b>Total</b>                             | <b>3,689,158</b>         |   |

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2009

Amount

| Company                                  | Yen (millions)   | Nature of liabilities   |
|--|------------------|---|
| American Honda Finance Corporation       | 2,540,759        | Medium-term notes, commercial paper and bank borrowings           |
| Honda Finance Co., Ltd.                  | 401,000          | Unsecured corporate bonds and commercial paper                    |
| Honda Canada Finance Inc.                | 389,278          | Unsecured corporate bonds, commercial paper and medium-term notes |
| Honda Finance Europe plc                 | 28,090           | Commercial paper  |
| Honda Leasing (Thailand) Company Limited | 23,460           | Unsecured corporate bonds   |
| Honda Bank GmbH                          | 10,387           | Commercial paper  |
| <b>Total</b>                             | <b>3,392,974</b> |   |

Similar activities comprise keep-well agreements between the Company and subsidiaries, which were issued for credit enhancement to support the subsidiaries financing.

(2) Other

The Company has been examined with regard to transfer pricing taxation for the period from the year ended March 31, 2003 to the year ended March 31, 2007. The Company has not yet recognized any tax liability related to this examination in the financial statement as of March 31, 2008 as the examination has not been completed.

**Table of Contents****Notes for Statements of Income (for the fiscal years ended March 31, 2008 and 2009)**

|  | Yen (millions) |            |
|--|----------------|------------|
|  | 2008           | 2009       |
| 1. Transactions with subsidiaries and affiliates are as follows: |                |            |
| Sales to subsidiaries and affiliates                             | ¥3,279,259     | ¥2,693,980 |
| Purchases from subsidiaries and affiliates                       | ¥1,023,544     | ¥ 857,880  |
| Non-operating transactions with subsidiaries and affiliates      | ¥ 243,844      | ¥ 223,541  |
| 2. Total research and development expenses                       | ¥ 576,173      | ¥ 589,221  |

3. To concentrate its management resources in necessary business domains, the Company reported extraordinary losses amounting to ¥56,582 million for the fiscal year. These extraordinary losses were incurred mainly due to the sale of an affiliated company and valuation losses on equity investment accompanying the Company's withdrawal from certain racing activities, costs related to the disposal of the fixed assets, etc., accompanying the suspension of development of new models, and compensation payments to certain business partners.

**Notes for Statements of Stockholders' Equity**

|   | 2008              | 2009              |
|---|-------------------|-------------------|
| Number of treasury shares at end of fiscal year are as follows: |                   |                   |
| Common stock  | 20,219,745 shares | 20,219,430 shares |

**Table of Contents****Tax-Effect Accounting**

|  | Yen (millions)   |                  |
|--|------------------|------------------|
|  | Mar. 31, 2008    | Mar. 31, 2009    |
| <b>I. Breakdown of the principal factors giving rise to deferred tax assets and deferred tax liabilities</b> |                  |                  |
| <b>(Deferred Tax Assets)</b>   |                  |                  |
| Reserve for retirement benefits surplus  | ¥ 34,185         | ¥ 42,805         |
| Reserve for product warranties provision   | 49,511           | 41,429           |
| Operating loss carryforwards   |                  | 38,256           |
| Depreciation and amortization surplus  | 37,415           | 34,923           |
| Software and tax deferred assets provision   | 24,221           | 24,760           |
| Inventory assets evaluation related provision  | 11,597           | 16,279           |
| Foreign tax deduction  | 11,366           | 15,317           |
| Reserve for bonuses provision  | 17,147           | 11,161           |
| Provision for doubtful accounts surplus  | 6,895            | 5,578            |
| Negotiable securities write-down provision   | 2,121            | 4,709            |
| Reserve for accrued corporate officer retirement bonuses   |                  | 2,434            |
| Accrued income tax provision   | 4,997            |                  |
| Reserve for corporate officer retirement bonuses provision   | 2,784            |                  |
| Other  | 11,685           | 7,803            |
| <b>Deferred tax asset subtotal</b>   | <b>213,928</b>   | <b>245,459</b>   |
| Allowance account  | (4,261)          | (16,693)         |
| <b>Deferred tax asset total</b>  | <b>209,667</b>   | <b>228,766</b>   |
| <b>(Deferred Tax Liabilities)</b>  |                  |                  |
| Advanced depreciation of fixed assets  | (8,359)          | (8,251)          |
| Evaluation change for other marketable securities  | (23,417)         | (8,224)          |
| Accrued business tax refund  |                  | (4,977)          |
| Special depreciation and amortization  | (1,241)          | (996)            |
| Other  | (307)            |                  |
| <b>Deferred tax liability total</b>  | <b>(33,326)</b>  | <b>(22,448)</b>  |
| <b>Net deferred tax asset total</b>  | <b>¥ 176,341</b> | <b>¥ 206,317</b> |

**Notes to Information about Fixed Assets Used for Leases**

These leases are finance leases other than those recognized as providing for ownership transfers.

|  | Yen (millions) |               |
|--|----------------|---------------|
|  | Mar. 31, 2008  | Mar. 31, 2009 |
| 1. Acquisition cost value                                | 5,835          |               |
| 2. Accumulated depreciation                              | 2,935          |               |
| 3. Balance at year-end (value of prepaid lease payments) | 2,900          |               |

**Notes to Information about Per Common Share**

Net assets per common share and net income per common share are as follows: Yen

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|                                       | Mar. 31, 2008        | Mar. 31, 2009        |
|---------------------------------------|----------------------|----------------------|
| 1. Net assets per common share        | 1,031.03             | <b>908.39</b>        |
|                                       | <b>Year ended</b>    | <b>Year ended</b>    |
|                                       | <b>Mar. 31, 2008</b> | <b>Mar. 31, 2009</b> |
| 2. Net income (loss) per common share | 164.44               | <b>(32.88)</b>       |

Basic net income (loss) per common share has been computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during each year. The weighted average number of shares outstanding for the years ended March 31, 2008 and 2009 was 1,815,863,250 and 1,814,609,728, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2008 or 2009.



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**Independent Auditors Report**

**Independent Auditors Report**

The Board of Directors  
Honda Motor Co., Ltd.

May 8, 2009

|                         |  |
|-------------------------|--|
| KPMG AZSA & Co.         |  |
| Masanori Sato (Seal)    | Designated and Engagement Partner, Certified Public Accountant |
| Kensuke Sodekawa (Seal) | Designated and Engagement Partner, Certified Public Accountant |
| Hideaki Koyama (Seal)   | Designated and Engagement Partner, Certified Public Accountant |

We have audited the consolidated statutory report, that is the consolidated balance sheet, the consolidated statement of income, the consolidated statement of stockholders' equity and the notes to consolidated statutory report of Honda Motor Co., Ltd. for the year from April 1, 2008 to March 31, 2009 in accordance with Article 444 (4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the consolidated financial position of Honda Motor Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and the consolidated results of their operations for the year then ended, in conformity with the Article 120 (1) of the regulation on the Corporate Law and the recognition and measurement criteria of accounting principles generally accepted in the United States of America (Refer to Note 4 of "Significant Accounting Policies" of the notes to the consolidated statutory report).

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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**Independent Auditors Report**

The Board of Directors  
Honda Motor Co., Ltd.

May 8, 2009

|                         |  |
|-------------------------|--|
| KPMG AZSA & Co.         |  |
| Masanori Sato (Seal)    | Designated and Engagement Partner, Certified Public Accountant |
| Kensuke Sodekawa (Seal) | Designated and Engagement Partner, Certified Public Accountant |
| Hideaki Koyama (Seal)   | Designated and Engagement Partner, Certified Public Accountant |

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and its supporting schedules of Honda Motor Co., Ltd. as of March 31, 2009 and for the 85th business year from April 1, 2008 to March 31, 2009 in accordance with Article 436 (2) of the Corporate Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Honda Motor Co., Ltd. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

**Additional Information**

As described in No. 2-(2) of Notes for Balance Sheets of the related notes, the Company has been examined with regard to transfer pricing taxation for the period from the year ended March 31, 2003 to the year ended March 31, 2007. The Company has not yet recognized any tax liability related to this examination in the financial statement as of March 31, 2009 as the examination has not been completed.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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**Audit Report of the Board of Corporate Auditors**

**Audit Report**

Mr. Takeo Fukui

President and Representative Director of

Honda Motor Co., Ltd.

The Board of Corporate Auditors has prepared this Audit Report regarding the performance of duties by the Directors for the 85th fiscal year from April 1, 2008 to March 31, 2009, upon deliberation based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

**1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and Details of Such Methods**

The Board of Corporate Auditors established auditing policies, assignment of duties, etc., and received reports from each Corporate Auditor regarding their execution of audits and results thereof, and received reports from the Directors, etc. and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.

Each Corporate Auditor, in accordance with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, following the auditing policies, assignment of duties and other relevant matters, communicated with the Directors, the Audit Office and other employees, etc., made efforts to collect information and establish the environment for auditing, and participated in the meetings of the Board of Directors and other important meetings, received reports from the Directors and employees regarding performance of their duties, sought explanations as necessary, examined important documents on business decisions, etc., and surveyed the status of operations and assets at the head office and principal business offices. In addition, each Corporate Auditor monitored and verified the content of the resolution of the Board of Directors regarding the establishment of the system for ensuring that the performance of duties by the Directors conforms to the laws and regulations and Articles of Incorporation and other systems stipulated in Paragraphs 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law as being necessary for ensuring appropriateness of the Company's operations, and the status of the systems established based on such resolution (Internal Control Systems). With respect to subsidiaries, Corporate Auditors communicated and exchanged information with Directors and Corporate Auditors of subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, Corporate Auditors examined the business report and the accompanying detailed statements for this fiscal year.

Furthermore, Corporate Auditors monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, Corporate Auditors received notice from the Accounting Auditor that System for ensuring that duties are performed properly (matters set forth in each item of Article 131 of the Company Accounting Regulations) is established in accordance with the Quality Control Standards Regarding Audits (Business Accounting Council, October 28, 2005), etc., and sought explanations as necessary. Based on the above methods, Corporate Auditors examined the unconsolidated financial statements (unconsolidated balance sheets, unconsolidated statements of income, unconsolidated statement of changes in net assets and notes to the unconsolidated financial statements) and the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of stockholders' equity and notes to consolidated financial statements) for this fiscal year.

**2. Results of Audit**

**(1) Results of Audit of Business Report, etc.**

1. The business report and the supplementary schedules thereto fairly represent the status of the Company in accordance with the applicable laws and regulations and Articles of Incorporation.

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2. No misconduct or material violation of laws, regulations or the Articles of Incorporation was found with regard to the performance of duties by the Directors.
  
  3. The content of the resolution of the Board of Directors regarding the Internal Control Systems is appropriate. In addition, no matter was found on which to remark in regard to the performance of duties by the Directors regarding the Internal Control Systems.
- (2) Results of Audit of unconsolidated financial statements and the supplementary schedules thereto.  
The methods and results of the audit performed by the Accounting Auditor, KPMG AZSA & Co., are appropriate.
- (3) Results of Audit of consolidated financial statements.  
The methods and results of the audit performed by the Accounting Auditor, KPMG AZSA & Co., are appropriate.

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May 13, 2009

Board of Corporate Auditors

Honda Motor Co., Ltd.

|                               |                          |
|-------------------------------|--------------------------|
| Corporate Auditor (Full-time) | Toru Onda (Seal)         |
| Corporate Auditor (Full-time) | Shinichi Sakamoto (Seal) |
| Corporate Auditor (Outside)   | Koukei Higuchi (Seal)    |
| Corporate Auditor (Outside)   | Fumihiko Saito (Seal)    |
| Corporate Auditor (Outside)   | Yuji Matsuda (Seal)      |

**Table of Contents****REFERENCE****Forecasts for the Fiscal Year Ending March 31, 2010**

In regard to the forecasts of the financial results for the fiscal year ending March 31, 2010, Honda projects consolidated and unconsolidated results to be as shown below:

These forecasts are based on the assumption that the average exchange rates for the Japanese yen to the U.S. dollar and the euro will be ¥95 and ¥125, respectively, for the first half of the year ending March 31, 2010, and ¥95 and ¥125, respectively, for the full year ending March 31, 2010.

**Consolidated**

|   | Yen (billions)/Changes from the previous fiscal period |          |                                      |          |
|---|--|----------|--------------------------------------|----------|
|   | First half ending<br>September 30, 2009                |          | Fiscal year ending<br>March 31, 2010 |          |
| Net sales and other operating revenue   | 3,950  | (-30.6)% | 8,370                                | (-16.4)% |
| Operating income (loss)   | -110   |          | 10                                   | (-94.7)% |
| Income (loss) before income taxes, minority interest and equity in income of affiliates | -110   |          | 10                                   | (-93.8)% |
| Net income (loss) attributable to Honda Motor Co., Ltd.                                 | -55  |          | 40                                   | (-70.8)% |

**Note:**

Net income (loss) attributable to Honda Motor Co., Ltd. is equivalent to Net income in the consolidated financial statements issued for the financial years ended March 31, 2008 and before.

**Unconsolidated**

|                 | Yen (billions)/Changes from the previous fiscal year |          |
|-----------------|--|----------|
|                 | Fiscal year ending<br>March 31, 2010                 |          |
| Net sales       | 2,710  | (-20.4)% |
| Operating loss  | -148   |          |
| Ordinary income | 119  |          |
| Net income      | 141  |          |

This announcement contains forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Honda's actual results could materially differ from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in Honda's principal markets and foreign exchange rates between the Japanese yen and the U.S. dollar, the euro and other major currencies, as well as other factors detailed from time to time. The various factors for increases and decreases in income have been classified in accordance with a method that Honda considers reasonable.

**Table of Contents****Stock Price Changes**

|             | <b>FY2006</b>       | <b>FY2007</b>       | <b>FY2008</b>       | <b>FY2009</b>        |
|-------------|---------------------|---------------------|---------------------|----------------------|
| Period High | ¥ 3,750<br>(2006/3) | ¥ 4,940<br>(2007/2) | ¥ 4,600<br>(2007/7) | ¥ 3,910<br>(2008/6)  |
| Period Low  | ¥ 2,510<br>(2005/5) | ¥ 3,270<br>(2006/6) | ¥ 2,610<br>(2008/3) | ¥ 1,643<br>(2008/12) |
| Period End  | ¥ 3,645             | ¥ 4,110             | ¥ 2,845             | ¥ 2,315              |

\* The Company did a two-for-one stock split for the Company's common stock effective July 1, 2006, and share price figures for prior periods have been recalculated to provide a consistent basis for comparison. Accordingly, the recalculated prices differ from actual prices.

**Shareholders**

| <b>Categories</b>                  | <b>FY2007 Year-End</b><br><b>(As of March 31, 2007)</b> |                                   | <b>FY2008 Year-End</b><br><b>(As of March 31, 2008)</b> |                                   | <b>FY2009 Year-End</b><br><b>(As of March 31, 2009)</b> |                                   |
|------------------------------------|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
|                                    | <b>Thousand shares</b>                                  | <b>Number of<br/>shareholders</b> | <b>Thousand shares</b>                                  | <b>Number of<br/>shareholders</b> | <b>Thousand shares</b>                                  | <b>Number of<br/>shareholders</b> |
| Individuals                        | 175,920   | 181,584                           | 182,430   | 206,654                           | 188,845   | 224,632                           |
| National and Local Public Entities | 15  | 1                                 |   |                                   | 46  | 2                                 |
| Financial Institutions             | 776,262   | 377                               | 762,810   | 362                               | 823,702   | 333                               |
| Securities Companies               | 39,406  | 85                                | 35,275  | 81                                | 15,020  | 56                                |
| Other Domestic Corporations        | 190,548   | 2,310                             | 185,117   | 1,802                             | 183,844   | 1,803                             |
| Foreigners                         | 640,654   | 1,039                             | 648,974   | 1,012                             | 603,149   | 1,051                             |
| Treasury Stock                     | 12,020  | 1                                 | 20,219  | 1                                 | 20,219  | 1                                 |
| Total                              | 1,834,828   | 185,397                           | 1,834,828   | 209,912                           | 1,834,828   | 227,878                           |

**Note:** The numbers of shares above disregard and round off amounts of less than one thousand.

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**Honda Motor Co., Ltd.**