

HONDA MOTOR CO LTD  
Form 20-F  
June 24, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 20-F**

.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended March 31, 2010

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report

For the transition period from to

Commission file number 1-7628

**HONDA GIKEN KOGYO KABUSHIKI KAISHA**

(Exact name of Registrant as specified in its charter)

**HONDA MOTOR CO., LTD.**

(Translation of Registrant's name into English)

**JAPAN**

(Jurisdiction of incorporation or organization)

No. 1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive offices)

Mitsuhiro Okayama, American Honda Motor Co., Inc.,

mitsuhiro\_okayama@ahm.honda.com, (212)707-9920, 156 West 56th Street, 20th Floor, New York, NY 10019, U.S.A.

(Name, Telephone, E-mail, and/or Facsimile number and Address of Company Contact Person)

**Securities registered pursuant to Section 12(b) of the Act.**

Title of each class	Name of each exchange on which registered
Common Stock*	New York Stock Exchange

**Securities registered or to be registered pursuant to Section 12(g) of the Act.**

None

(Title of class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

None

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Title of each class	Outstanding as of March 31, 2010
Common Stock	1,814,602,736**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transmission report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such file). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S.GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

\* Not for trading purposes, but only in connection with the registration of American Depositary Shares, each representing one share of Common Stock.

\*\* Shares of Common Stock include 71,107,703 shares represented by American Depositary Shares.

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Unless the context otherwise requires, the terms we, us, our, Registrant, Company and Honda as used in this Annual Report each refer to Motor Co., Ltd. and its consolidated subsidiaries.

**Item 1. Identity of Directors, Senior Management and Advisors**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information****A. Selected Financial Data:**

The selected consolidated financial data set out below for each of the five fiscal years ended March 31, 2010 have been derived from our consolidated financial statements that were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

You should read the U.S. GAAP selected consolidated financial data set out below together with Item 5. Operating and Financial Review and Prospects and our consolidated financial statements contained in this Annual Report.

	Fiscal years ended March 31,					U.S. dollars (millions) 2010
	2006	2007	Yen (millions) 2008	2009	2010	
<b>Income statement data:</b>						
Net sales and other operating revenue	¥ 9,907,996	¥ 11,087,140	¥ 12,002,834	¥ 10,011,241	¥ 8,579,174	\$ 92,210
Research and development	510,385	551,847	587,959	563,197	463,354	4,980
Operating income	868,905	851,879	953,109	189,643	363,775	3,910
Income before income taxes and equity in income of affiliates	829,904	792,868	895,841	161,734	336,198	3,613
Equity in income of affiliates	99,605	103,417	118,942	99,034	93,282	1,003
Net income	612,320	612,439	627,347	150,933	282,611	3,038

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Net income attributable to Honda Motor Co., Ltd.	597,033	592,322	600,039	137,005	268,400	2,885
<b>Balance sheet data:</b>						
Total assets	¥ 10,631,400	¥ 12,036,500	¥ 12,615,543	¥ 11,818,917	¥ 11,629,115	\$ 124,990
Long-term debt	1,879,000	1,905,743	1,836,652	1,932,637	2,313,035	24,861
Honda Motor Co., Ltd. shareholders' equity	4,125,750	4,488,825	4,550,479	4,007,288	4,328,640	46,525
Total equity	4,213,210	4,611,732	4,692,285	4,130,344	4,456,430	47,898
Common stock	86,067	86,067	86,067	86,067	86,067	925
<b>Cash flow data:</b>						
Depreciation excluding property on operating leases	¥ 262,225	¥ 361,747	¥ 417,393	¥ 441,868	¥ 401,743	\$ 4,318
Depreciation of property on operating leases		9,741	101,032	195,776	227,931	2,450
Total depreciation	262,225	371,488	518,425	637,644	629,674	6,768
Capital expenditures	460,021	597,958	668,228	635,190	392,062	4,214
Purchase of operating lease assets		366,795	839,261	668,128	544,027	5,847
Total capital expenditures	460,021	964,753	1,507,489	1,303,318	936,089	10,061

**Table of Contents****Weighted average number of shares outstanding**

	(Thousands of shares)				
	2006	2007	2008	2009	2010
Weighted average number of common shares outstanding	1,840,799	1,824,675	1,815,356	1,814,560	1,814,605

**Net income attributable to Honda Motor Co., Ltd. per common share**

	(Yen)					(US\$)
	2006	2007	2008	2009	2010	2010
Basic	¥ 324.33	¥ 324.62	¥ 330.54	¥ 75.50	¥ 147.91	\$ 1.59
Diluted	324.33	324.62	330.54	75.50	147.91	1.59

Net income attributable to Honda Motor Co., Ltd. per common share has been computed by dividing net income attributable to Honda Motor Co., Ltd. available to common shareholders by the weighted average number of common shares outstanding during each year.

**Dividends declared during the period per common share**

	(Yen)					(US\$)
	2006	2007	2008	2009	2010	2010
Dividends declared during the period per common share	¥ 38.50	¥ 77.00	¥ 84.00	¥ 77.00	¥ 34.00	\$ 0.37

Additionally, a year-end dividend of ¥12 (\$0.13) per common share aggregating ¥21.7 billion (\$234 million) relating to fiscal 2010 was determined by our board of directors in April 2010 and approved by our shareholders in June 2010. This dividend will be paid in June 2010.

**Stock Split**

The Company executed a two-for-one stock split for the Company's common stock effective July 1, 2006. All per share information has been adjusted retroactively for the fiscal year ended March 31, 2006 to reflect this stock split.

**Reclassification Adjustments**

As described in Note (1)(u) to our consolidated financial statements, certain reclassifications have been made to the consolidated financial statement periods presented above to conform to the presentation used for the fiscal year ended March 31, 2010.



Noncontrolling Interests in Consolidated Financial Statements

Honda adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, which is now codified in the FASB Accounting Standards Codification (ASC) 810 Consolidation, effective April 1, 2009. Upon the adoption of this statement, Honda has changed the prior consolidated financial statements to conform to the presentation used for the fiscal year ended March 31, 2010. See Note (1)(c).

Exchange Rates

In this Annual Report, yen amounts have been translated into U.S. dollars for the convenience of readers. Unless otherwise noted, the rate used for these translations was ¥93.04 = \$1.00, which represents the approximate exchange rate quoted on the Tokyo Foreign Exchange Market on March 31, 2010. No representation is made that yen amounts could have been, or could be, converted into U.S. dollars at that rate or any other rate on this or any other data or at all.

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The following table sets out information regarding the noon buying rates for yen in New York City as certified for customs purposes by the Federal Reserve Bank of New York expressed in yen per \$1.00 during the periods shown. On May 28, 2010, the noon buying rate was ¥90.81 = \$1.00. The average exchange rate for the period shown is the average of the month-end rates during the period.

Years ended March 31,	(Yen)			
	Average	Period end	High	Low
2006	113.67	117.48	120.93	104.41
2007	116.55	117.56	121.81	110.07
2008	113.61	99.85	124.09	96.88
2009	100.85	99.15	110.48	87.80
2010	92.49	93.40	100.71	86.12
2011 (through May 28, 2010)	92.53	90.81	94.68	89.89
Dec-2009			93.08	86.62
Jan-2010			93.31	89.41
Feb-2010			91.94	88.84
Mar-2010			93.40	88.43
Apr-2010			94.51	92.03
May-2010			94.68	89.89

*B. Capitalization and Indebtedness*

Not applicable.

*C. Reason for the Offer and Use of Proceeds*

Not applicable.

*D. Risk Factors*

You should carefully consider the risks described below before making an investment decision. If any of the risks described below actually occurs, Honda's business, financial condition or results of operations could be adversely affected. In that event, the trading prices of Honda's common stock and American Depositary Shares could decline, and you may lose all or part of your investment. Additional risks not currently known to Honda or that Honda now deems immaterial may also harm Honda and affect your investment.

**Risks Relating to Honda's Industry**

**Honda may be adversely affected by market conditions**

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Honda conducts its operations in Japan and throughout the world, including North America, Europe and Asia.

A sustained loss of consumer confidence in these markets, which may be caused by continued economic slowdown, recession, changes in consumer preferences, rising fuel prices, financial crisis or other factors could trigger a decline in demand for automobiles, motorcycles and power products that may adversely affect Honda's results of operations.

### **Prices for automobiles, motorcycles and power products can be volatile**

Prices for automobiles, motorcycles and power products in certain markets may experience sharp changes over short periods of time.

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This volatility is caused by many factors, including fierce competition, which is increasing, short-term fluctuations in demand from underlying economic conditions, changes in tariffs, import regulations and other taxes, shortages of certain supplies, high material prices and sales incentives by Honda or other manufacturers or dealers. There can be no assurance that such price volatility will not continue or intensify or that price volatility will not occur in markets that to date have not experienced such volatility. Overcapacity within the industry has increased and will likely continue to increase if the economic downturn continues in Honda's major markets or worldwide, leading, potentially, to further increased price pressure. Price volatility in any or all of Honda's markets could adversely affect Honda's results of operations in a particular period.

## **Risks Relating to Honda's Business Generally**

### **Currency and Interest Rate Risks**

#### **Honda's operations are subject to currency fluctuations**

Honda has manufacturing operations throughout the world, including Japan, and exports products and components to various countries.

Honda purchases materials and sells its products in foreign currencies. Therefore, currency fluctuations may affect Honda's pricing of products sold and materials purchased. Accordingly, currency fluctuations have an effect on Honda's results of operations and financial condition, as well as Honda's competitiveness, which will over time affect its results.

Since Honda exports many products and components from Japan and generates a substantial portion of its revenues in currencies other than the Japanese yen, Honda's results of operations would be adversely affected by an appreciation of the Japanese yen against other currencies, in particular the U.S. dollar.

#### **Honda's hedging of currency and interest rate risk exposes Honda to other risks**

Although it is impossible to hedge against all currency or interest rate risk, Honda uses derivative financial instruments in order to reduce the substantial effects of currency fluctuations and interest rate exposure on our cash flow and financial condition.

These instruments include foreign currency forward contracts, currency swap agreements and currency option contracts, as well as interest rate swap agreements. Honda has entered into, and expects to continue to enter into, such hedging arrangements. As with all hedging instruments, there are risks associated with the use of such instruments.

While limiting to some degree our risk fluctuations in currency exchange and interest rates by utilizing such hedging instruments, Honda potentially forgoes benefits that might result from other fluctuations in currency exchange and interest rates. Honda is also exposed to the risk

that its counterparties to hedging contracts will default on their obligations.

Honda manages exposure to counterparty credit risk by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. However, any default by such counterparties might have an adverse effect on Honda.

### **Legal and Regulatory Risks**

**The automobile, motorcycle and power product industries are subject to extensive environmental and other governmental regulations, including with respect to global climate changes**

Regulations regarding vehicle emission levels, fuel economy, noise, safety and hazardous substances, as well as levels of pollutants from production plants are extensive within the automobile, motorcycle and power

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product industries. These regulations are subject to change, and are often made more restrictive, particularly in recent years, due to an increasing concern with respect to possible global climate changes. The costs to comply with these regulations can be significant to Honda's operations.

### **Honda is reliant on the protection and preservation of its intellectual property**

Honda owns or otherwise has rights in a number of patents and trademarks relating to the products it manufactures, which have been obtained over a period of years. These patents and trademarks have been of value in the growth of Honda's business and may continue to be of value in the future. Honda does not regard any of its businesses as being dependent upon any single patent or related group of patents. However, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of Honda's intellectual property rights, would have an adverse effect on Honda's operations.

### **Honda is subject to legal proceedings**

Honda is subject to a number of suits, investigations and/or proceedings under relevant laws and regulations of various jurisdictions. A negative outcome in one or more of these pending legal proceedings could adversely affect Honda's business, financial condition or results of operations.

### **Risks Relating to Honda's Operations**

#### **Honda's financial services business conducts business under highly competitive conditions in an industry with inherent risks**

Honda's financial services business offers various financing plans designed to increase the opportunity for sales of its products and to generate financing income. However, customers can also obtain financing for the lease or purchase of Honda's products through a variety of other sources that compete with our financing services, including commercial banks and finance and leasing companies. The financial services offered by us also involve credit risk as well as risks relating to lease residual values, cost of capital and access to funding. Competition for customers and/or these risks may affect Honda's results of operations in the future.

#### **Honda relies on various suppliers for the provision of certain raw materials and components**

Honda purchases raw materials, and certain components and parts, from numerous external suppliers, and relies on some key suppliers for some items and the raw materials for manufacturing of its products. Honda's ability to continue to obtain these supplies in an efficient and cost-effective manner is subject to a number of factors, some of which are not within Honda's control. These factors include the ability of its suppliers to provide a continued source of supply and Honda's ability to compete with other users in obtaining the supplies. Loss of a key supplier in particular may affect our production and increase our costs.

#### **Honda conducts its operations in various regions of the world**

Honda conducts its businesses worldwide, and in several countries, Honda conducts businesses through joint ventures with local entities, in part due to the legal and other requirements of those countries. These businesses are subject to various regulations, including the legal and other requirements of each country. If these regulations or the business conditions or policies of these local entities change, it may have an advers