

[Translation]
February 19, 2019

To: Shareholders of Honda Motor Co., Ltd.
From: Honda Motor Co., Ltd.
1-1, Minami-Aoyama 2-chome,
Minato-ku, Tokyo, 107-8556
Takahiro Hachigo
President and Representative Director

Notice Regarding Reorganization of the Company and its Consolidated Subsidiary

Honda Motor Co., Ltd. (the “Company”) announces that the Company has resolved to integrate the motorcycle development division of Honda R&D Co., Ltd., the Company’s consolidated subsidiary, with the Company (the “Reorganization”).

The Reorganization falls under a category of a simplified absorption-type company split in which the Company will succeed to the business division of its consolidated subsidiary. Therefore, some of the matters and details have been omitted from this disclosure.

1. Purpose of the Reorganization

It was agreed that the Company and the motorcycle development division of Honda R&D Co., Ltd. will be integrated with an aim to transition from a structure based on independent operation of sales, development, manufacturing and procurement divisions to a structure where a project will be consistently implemented from planning and concept making of a product to development, launch and mass-production. By implementing the Reorganization, the Company will improve a base of *Mono-zukuri* (the art of making things) and enhance competitiveness in relation to attractive products, reasonable costs, high quality and speedy development.

2. Summary of the Company Split

(1) Schedule of the Company Split

Resolution date by the Board of Directors Meeting	February 19, 2019
Execution date of the Company Split Agreement	February 19, 2019 (scheduled)
Scheduled date of the company split (effective date)	April 1, 2019 (scheduled)
Registration date of the company split	April 1, 2019 (scheduled)

* The company split falls under a category of a simplified absorption-type company split as prescribed in Article 796, paragraph 2 of the Companies Act, and therefore, the Company will conduct the company split without obtaining a resolution at the shareholders’ meeting.

(2) Method of the Company Split

The company split is a simplified absorption-type company split in which the Company will be a succeeding company and Honda R&D Co., Ltd. will be a split company.

(3) Allotment of Consideration in relation to the Company Split

Not applicable.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Company Split

Not applicable.

(5) Increase or Decrease of Stated Capital upon the Company Split

There will be no increase/decrease in the stated capital of the Company as a result of the company split.

(6) Rights and Obligations to be Succeeded by the Succeeding Company

The Company will succeed such assets, liabilities and the contractual status relating to the company split as set forth in the Absorption-Type Company Split Agreement.

(7) Prospects for Performance of Liabilities

The Company determines that there will be no concern in this company split about prospects for performance of liabilities to be borne by the Company and the split company.

3. Outline of the Parties to the Company Split

	Split Company	Succeeding Company (the Company)
(1) Company name	Honda R&D Co., Ltd.	Honda Motor Co., Ltd.
(2) Registered office	1-4-1, Chuo, Wako-shi, Saitama	2-1-1, Minami-Aoyama, Minato-ku, Tokyo
(3) Title and name of the representative	Yoshiyuki Matsumoto, President & Representative Director	Takahiro Hachigo, President & Representative Director
(4) Description of business	Research and development and other business for the Motorcycle business operations, Automobile business operations, Power Product business operations and other business operations.	Manufacture, sales and other business for the Motorcycle business operations, Automobile business operations, Power Product business operations and other business operations.
(5) Stated capital	7,400 million yen	86,067 million yen
(6) Date of establishment	July 1, 1960	September 24, 1948
(7) Total number of issued shares	14,800,000 shares	1,811,428,430 shares
(8) Account closing date	March 31	March 31
(9) Major shareholder and ownership percentage	Honda Motor Co., Ltd.: 100%	Japan Trustee Services Bank, Ltd. (Trust Account): 7.83% The Master Trust Bank of Japan, Ltd. (Trust Account): 6.55% SSBTC Client Omnibus Account: 3.43%

(10)	Operating results and financial condition of the split company for the preceding fiscal year	
	Fiscal year	Fiscal year ended March 2018 (non-consolidated, Japan GAAP)
	Net assets	31,975 million yen
	Total assets	195,834 million yen
	Net assets per share	2,160.48 yen
	Net sales	655,844 million yen
	Operating income	5,389 million yen
	Ordinary income	5,793 million yen
	Net income	5,636 million yen
	Net income per share	380.82 yen
(11)	Operating results and financial condition of the succeeding company for the preceding fiscal year	
	Fiscal year	Fiscal year ended March 2018 (consolidated, IFRS)
	Equity attributable to owners of the parent	7,933,538 million yen
	Total assets	19,349,164 million yen
	Equity per share attributable to owners of the parent	4,461.36 yen
	Sales revenue	15,361,146 million yen
	Operating profit	833,558 million yen
	Profit before income taxes	1,114,973 million yen
	Profit for the year attributable to owners of the parent	1,059,337 million yen
	Basic earnings per share (attributable to owners of the parent)	590.79 yen

4. Outline of the business to be split or succeeded

(1) Summary of business to be split or succeeded

Development of motorcycle products of the split company as well as operation and management incidental to development

(2) Operating results of the business to be split or succeeded (fiscal year ended March 2018)

Net sales	77,156 million yen
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(3) Items and value of assets and liabilities to be split or succeeded (fiscal year ended March 2018)

Assets		Liabilities	
Item	Carrying amount	Item	Carrying amount
Current assets	4,939 million yen	Current liabilities	6,324 million yen
Fixed assets	9,633 million yen	Fixed liabilities	3,228 million yen
Total	14,572 million yen	Total	9,552 million yen

5. Status after the Reorganization

There will be no changes to the Company's trade name, business, registered office, representative, stated capital and account closing date as a result of the Reorganization.

6. Future Prospects

It is expected that the impact caused by the Reorganization on the Company's consolidated financial results will be minor.

End.