

[Translation]

February 18, 2020

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

## **Notice Regarding Reorganization of the Company and its Consolidated Subsidiary**

Honda Motor Co., Ltd. (the “Company”) announces that the Company has resolved that the Company will succeed to the automobile product development division excluding the design function etc. of Honda R&D Co., Ltd., the Company’s consolidated subsidiary, (the “Company Split”) and that the Company will merge with Honda Engineering Co., Ltd., the Company’s consolidated subsidiary, (the “Merger”; together with the Company Split, the “Reorganization”).

The Reorganization falls under a category of a reorganization to which the Company and its wholly-owned subsidiary are the parties. Therefore, some of the relevant matters and details have been omitted from this disclosure.

### 1. Purpose of the Reorganization

It was agreed that the Company and the automobile product development division excluding the design function etc. of Honda R&D Co., Ltd. will be integrated and the Company will merge with Honda Engineering Co., Ltd., with an aim to transition from a structure based on independent operation of sales, development, manufacturing and procurement divisions to a structure where 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. Company Split

#### (1) Summary of the Company Split

##### (a) Schedule of the Company Split

Date of resolution by the board of directors	February 18, 2020
Date of execution of the Absorption-type Company Split Agreement	February 18, 2020 (scheduled)
Scheduled date of the absorption-type company split (effective date)	April 1, 2020 (scheduled)
Date of registration of the absorption-type company split	April 1, 2020 (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.

(b) 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.

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

Not applicable.

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

Not applicable.

(e) 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.

(f) 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.

(g) 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.

(2) Outline of the Parties to the Company Split

	Succeeding Company (the Company)	Split Company
(a) Company name	Honda Motor Co., Ltd.	Honda R&D Co., Ltd.
(b) Registered office	2-1-1, Minami-Aoyama, Minato-ku, Tokyo	1-4-1, Chuo, Wako-shi, Saitama
(c) Title and name of the representative	Takahiro Hachigo, President & Representative Director	Toshihiro Mibe, President & Representative Director
(e) Description of business	Manufacturing, sales, and other business for the Motorcycle business operations, Automobile business operations, Life Creation business operations, and other business operations.	Research, development, and other business for the Automobile business operations, Life Creation business operations, and other business operations.
(e) Stated capital	86,067 million yen	7,400 million yen
(f) Date of establishment	September 24, 1948	July 1, 1960
(g) Number of issued and outstanding shares	1,811,428,430 shares	14,800,000 shares
(h) Account closing date	March 31	March 31
(i) Major shareholders and ownership percentage (as of September 30, 2019)	The Master Trust Bank of Japan, Ltd. (Trust Account): 7.47% Japan Trustee Services Bank, Ltd. (Trust Account): 7.35% Moxley & Co. LLC: 3.43%	Honda Motor Co., Ltd.: 100%

(j)	Operating results and financial condition of the succeeding company for the preceding fiscal year	
	Fiscal year	Fiscal year ended March 2019 (consolidated, IFRS)
	Equity attributable to owners of the parent	8,267,720 million yen
	Total assets	20,419,122 million yen
	Equity per share attributable to owners of the parent	4,698.74 yen
	Sales revenue	15,888,617 million yen
	Operating profit	726,370 million yen
	Profit before income tax	979,375 million yen
	Profit for the period attributable to owners of the parent	610,316 million yen
	Basic earnings per share for the period (attributable to owners of the parent)	345.99 yen
(11)	Operating results and financial condition of the split company for the preceding fiscal year	
	Fiscal year	Fiscal year ended March 2019 (non-consolidated, Japan GAAP)
	Net assets	60,441 million yen
	Total assets	223,181 million yen
	Net assets per share	4,083.89 yen
	Sales	715,074 million yen
	Operating profit	1,508 million yen
	Recurring profit	32,779 million yen
	Net profit for the period	28,466 million yen
	Net profit per share for the period	1,923.41 yen

(3) Outline of the Business to be Split or Succeeded

(a) Summary of Business to be Split or Succeeded

Development of automobile products excluding the design function etc. of the split company as well as operation and management incidental to development

(b) Operating Results of the Business to be Split or Succeeded (fiscal year ended March 2019)

Sales	521,405 million yen
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(c) Items and Value of Assets and Liabilities to be Split or Succeeded (fiscal year ended March 2019)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	42,336 million yen	Current liabilities	118,593 million yen
Fixed assets	114,273 million yen	Fixed liabilities	13,497 million yen
Total	156,609 million yen	Total	132,090 million yen

3. Merger

(1) Summary of the Merger

(a) Schedule of the Merger

Date of resolution by the board of directors	February 18, 2020
Date of execution of the Absorption-type Merger Agreement	February 18, 2020 (scheduled)
Scheduled date of the absorption-type merger (effective date)	April 1, 2020 (scheduled)
Date of registration of the absorption-type merger	April 1, 2020 (scheduled)

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

(b) Method of the Merger

The Merger is an absorption-type merger in which the Company will be a surviving company and Honda Engineering Co., Ltd. will be dissolved.

(c) Allotment of Consideration in relation to the Merger

Not applicable.

(d) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Merger

Not applicable.

(2) Outline of the Parties to the Merger

	Surviving Company (the Company)	Dissolving Company
(a) Company name	Honda Motor Co., Ltd.	Honda Engineering Co., Ltd.
(b) Registered office	2-1-1, Minami-Aoyama, Minato-ku, Tokyo	6-1, Hagadai, Haga-machi, Haga-gun, Tochigi
(c) Title and name of the representative	Takahiro Hachigo, President & Representative Director	Tomomi Kosaka, President & Representative Director
(e) Description of business	Manufacturing, sales, and other business for the Motorcycle business operations, Automobile business operations, Life Creation business operations, and other business operations.	Development, design, manufacturing, and sales of machine tools and equipment, automatic machine and equipment, molds and dies, and production equipment.
(e) Stated capital	86,067 million yen	3,600 million yen
(f) Date of establishment	September 24, 1948	September 1, 1970
(g) Number of issued and outstanding shares	1,811,428,430 shares	7,200,000 shares
(h) Account closing date	March 31	March 31

(i) Major shareholders and ownership percentage (as of September 30, 2019)	The Master Trust Bank of Japan, Ltd. (Trust Account): 7.47% Japan Trustee Services Bank, Ltd. (Trust Account): 7.35% Moxley & Co. LLC: 3.43%	Honda Motor Co., Ltd.: 100%
(j) Operating results and financial condition of the surviving company for the preceding fiscal year		
Fiscal year	Fiscal year ended March 2019 (consolidated, IFRS)	
Equity attributable to owners of the parent	8,267,720 million yen	
Total assets	20,419,122 million yen	
Equity per share attributable to owners of the parent	4,698.74 yen	
Sales revenue	15,888,617 million yen	
Operating profit	726,370 million yen	
Profit before income tax	979,375 million yen	
Profit for the period attributable to owners of the parent	610,316 million yen	
Basic earnings per share for the period (attributable to owners of the parent)	345.99 yen	
(11) Operating results and financial condition of the dissolving company for the preceding fiscal year		
Fiscal year	Fiscal year ended March 2019 (non-consolidated, Japan GAAP)	
Net assets	13,952 million yen	
Total assets	41,664 million yen	
Net assets per share	1,937.78 yen	
Sales	69,832 million yen	
Operating profit	63 million yen	
Recurring profit	26 million yen	
Net profit for the period	(696 million yen)	
Net profit per share for the period	(96.73 yen)	

#### 4. 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.

#### 5. Future Prospects

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

End.