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January 9, 2015

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

**Honda Motor Co., Ltd.'s Consolidated Subsidiary Resolves
NHTSA Inquiry Regarding Early Warning Reporting**

TORRANCE, Calif., Jan. 8, 2015 – Honda Motor Co., Ltd.'s consolidated subsidiary, American Honda Motor Co., Inc. (“Honda”) has entered into an agreement with the National Highway Traffic Safety Administration (NHTSA) to resolve the government’s inquiry into Honda’s early warning reporting as required by the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act. As part of the Consent Order, Honda will pay a \$70 million civil penalty and continue to implement a series of corrective measures among other requirements.

“We have resolved this matter and will move forward to build on the important actions Honda has already taken to address our past shortcomings in early warning reporting,” said Rick Schostek, executive vice president, Honda North America, Inc. “We continue to fully cooperate with NHTSA to achieve greater transparency and to further enhance our reporting practices.”

In order to ensure full compliance with its early warning reporting obligations, Honda has already begun taking steps to correct the errors responsible for the violations. The company is in the process of initiating new training regimens, changing internal reporting policy, making staffing and organizational changes, and enhancing oversight of its early warning reporting process.

The settlement agreement follows Honda’s November 24, 2014 response to a Special Order issued by NHTSA in early November. That order was prompted by Honda’s disclosure to NHTSA of preliminary findings from a third-party audit Honda commissioned in September 2014 in response to inadequately addressed discrepancies in the company’s early warning reporting. In responding to the Special Order, as previously disclosed, Honda identified under-reporting of written claims or notices of injuries or deaths over the past decade due to errors related to data entry, computer coding, regulatory interpretation, and other errors in warranty and property damage claims reporting.

Reference (Information on Honda's Consolidated Subsidiaries in the U.S.)

- (1) Trade name American Honda Motor Co., Inc.
- (2) Representative Takuji Yamada
- (3) Location California, USA
- (4) Stated capital USD 299,000 thousand
- (5) Activities Sales of motorcycles, automobiles, and power products and others

- (1) Trade name Honda North America Inc.
- (2) Representative Takuji Yamada
- (3) Location Ohio, USA
- (4) Stated capital USD 1,502 thousand
- (5) Activities Coordination of Motorcycle business, Automobile business, Financial services business, and Power product and other businesses