

[Translation]
June 26, 2017

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 Concerning Impact to Honda's Consolidated Financial Results due to Takata Corporation Filing for Commencement of Civil Rehabilitation Proceedings

Honda Motor Co., Ltd. (the "Company") has become aware that Takata Corporation, a parts supplier to the Company, and part of its subsidiaries filed a voluntary petition to commence civil rehabilitation proceedings based on the Civil Rehabilitation Act of Japan with the Tokyo District Court as of June 26, 2017. Also, on June 25, 2017 (U.S. local time), 12 overseas subsidiaries including TK Holdings, Inc., a subsidiary of Takata Corporation located in the U.S., filed a voluntary petition to commence reorganization proceedings based on Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the District of Delaware. Based on the above filings, it is expected that legal proceedings towards reorganization for those companies will be commenced under the management of the courts in Japan and in the U.S.

The Honda group has been conducting market-based measures in relation to airbag inflators manufactured by Takata. As of today, no agreement has yet been reached with the Takata group regarding its bearing of product warranty expenses in relation to airbag inflators, except for in respect of a certain portion of such expenses. In the course of future legal proceedings, the Honda group will continue to maintain its assertions regarding expenses borne by the Honda group and for which it should receive indemnification from the Takata group. However, due to the above filings, it is expected that it will become difficult to recover the majority of the claims for indemnification that the Honda group has against the Takata group.

The market-based measures expenses for which no agreement has been reached with the Takata group have not been recorded by the Company as receivables in its consolidated financial statements. While the market-based measures expenses for which agreement on indemnification has been reached have been recorded by the Company as receivables in its consolidated financial statements pursuant to the indemnification agreements, the Company has already recorded allowances for doubtful accounts for such receivables, excluding the amount which has been already recovered. Therefore, the Company believes that the impact of the filings on its consolidated financial results for the fiscal year ending March 31, 2018 will be limited.

The Honda group will make the utmost effort to continue to secure the stable supply of parts from the Takata group. The Company will promptly make announcements on any new matters that arise and which need to be disclosed.