

**NOTICE OF CONVOCATION OF
THE 92ND ORDINARY GENERAL MEETING OF SHAREHOLDERS
TO BE HELD AT GRAND PACIFIC LE DAIBA, TOKYO, JAPAN
ON JUNE 16, 2016 AT 10:00 A.M.**

(This is an abridged translation of the original notice
in the Japanese language mailed on May 30, 2016
to stockholders in Japan, and is for reference purposes only.)

**HONDA MOTOR CO., LTD.
(HONDA GIKEN KOGYO KABUSHIKI KAISHA)
TOKYO, JAPAN**

To Stockholders:

Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders

Dear Stockholders:

We would like to express our condolences for the victims of the recent Kumamoto Earthquake and heartfelt sympathy for all of those affected and offer our prayers for a swift recovery.

You are hereby notified that the 92nd Ordinary General Meeting of Shareholders will be held as stated below. You are respectfully requested to attend the meeting.

Please note that, if you do not plan to attend the meeting, you may exercise your voting rights by mail or via the Internet. We request that you exercise your voting rights after examining the reference materials for the general meeting of shareholders mentioned below.

Vote by mail: Please indicate whether you are in favor of, or opposed to, the proposals on the enclosed voting right exercise form, and then send the voting right exercise form to us so that is received no later than 6:00 p.m. on Wednesday, June 15, 2016.

Yours faithfully,

Honda Motor Co., Ltd.
1-1, Minami-Aoyama, 2-chome
Minato-ku, Tokyo

Takahiro Hachigo
President and Representative Director

Particulars

Time and Date	10:00 a.m. on June 16, 2016 (Thursday)	
Place	GRAND PACIFIC LE DAIBA Palais Royal on the first basement level, at 2-6-1 Daiba, Minato-ku, Tokyo	
Agenda Matters to be reported	1. Report on the Business Report, Consolidated Financial Statements and Unconsolidated Financial Statements for the 92nd Fiscal Year (from April 1, 2015 to March 31, 2016); 2. Report on the results of the audit of the consolidated financial statements for the 92nd Fiscal Year (from April 1, 2015 to March 31, 2016) by the independent auditors and the Board of Corporate Auditors.	
Matters to be resolved	First Item	Distribution of Dividends
	Second Item	Election of Thirteen (13) Directors
	Third Item	Election of Two (2) Corporate Auditors

Notes:

- (1) If there is no indication of approval or disapproval on a voting right exercise form in relation to any matter proposed to be resolved, it will be treated as a vote of approval for such matter.
- (2) If voting rights are exercised through indications on the voting right exercise form and, in addition, through voting via the Internet and, therefore, voting rights are exercised more than once, the votes submitted via the Internet will be regarded as the effective votes.
- (3) If voting rights are exercised more than once via the Internet, the last votes submitted via the Internet will be regarded as the effective votes.
- (4) If you wish to exercise your voting rights by proxy, one other shareholder holding a voting right of the Company may attend the meeting as proxy. In this case, please submit a document that certifies your power of representation, such as a letter of attorney, to the Company (a person who is not a shareholder, such as a proxy who is not a shareholder and an accompanying person of a shareholder, may not attend the meeting).

*If you wish to exercise your voting rights via the Internet, please enter your vote for or against each of the proposals from the following voting rights exercise website.
<http://www.web54.net/>

*Details regarding these agenda items are contained in the “Business Report for the 92nd Fiscal Year,” which is appended to this Notice of Convocation.

*If any revision is made to the reference materials for the general meeting of shareholders or the attached materials, the revision will be posted on the Company’s website.
Japanese <http://www.honda.co.jp/investors/> English <http://world.honda.com/investors/>

Request: We request that when arriving at the meeting you present the voting right exercise form enclosed herewith to the meeting hall receptionist.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

FIRST ITEM

Distribution of Dividends

The Company strives to carry out its operations worldwide from a global perspective and to increase its corporate value. With respect to the redistribution of profits to its shareholders, which we consider to be one of the most important management issues, the Company's basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance. The Company may also acquire its own shares at a timing that it deems optimal, with the goal of improving efficiency of the Company's capital structure and implementing a flexible capital structure policy.

Retained earnings will be allocated toward financing R&D activities that are essential for the future growth of the Company and capital expenditures and investment programs that will expand its operations for the purpose of improving business results and strengthening the Company's financial condition.

Regarding the year-end dividends for the fiscal year under review, the following conditions are proposed:

Conditions and Total Value of Dividend Assets Allocated to Stockholders

1

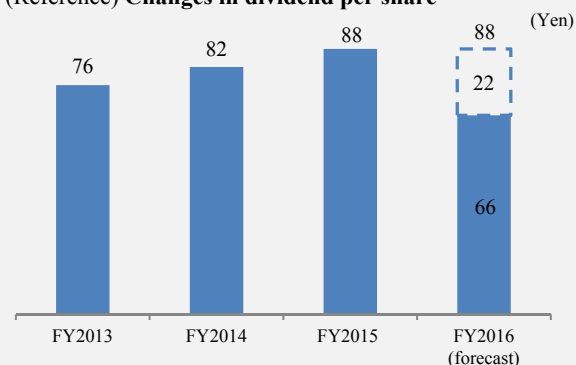
JPY 22 per share of common stock
Total value of JPY 39,650,237,418

Effective Date of Distribution of Dividends

2

June 17, 2016

(Reference) Changes in dividend per share



As a result, annual dividends including cash dividends paid at the end of the first, second and third quarters will be JPY 88 per share.

SECOND ITEM**Election of Thirteen (13) Directors**

The term of office of each of the fourteen (14) current Directors is due to expire at the close of this meeting. It is proposed that the following thirteen (13) Directors including two (2) Outside Directors be elected at this meeting. The names and particulars of the candidates for the position of Director are provided below.

Candidate number		Name	Current position	Responsibilities	Attendance record of the Board of Directors
1	Reappointment	Takahiro Hachigo	President, Chief Executive Officer and Representative Director		7/7
2	Reappointment	Yoshiyuki Matsumoto	Senior Managing Officer and Director	Supervising Director of F1 Project	7/7
3	Reappointment	Yoshi Yamane	Senior Managing Officer and Director	Chief Operating Officer for Production Operations	7/7
4	New appointment	Seiji Kuraishi	Senior Managing Officer		Not applicable as the candidate is to be newly appointed as Director.
5	Reappointment	Kohei Takeuchi	Senior Managing Officer and Director	Chief Operating Officer for Business Management Operations Chief Officer for Honda Driving Safety Promotion Center	10/10
6	New appointment	Takashi Sekiguchi	Managing Officer	Chief Operating Officer for Automobile Operations Executive in Charge of Sales Strategy for Automobile Operations	Not applicable as the candidate is to be newly appointed as Director.
7	Reappointment	Hideko Kunii Outside Independent Director	Director		10/10
8	New appointment	Motoki Ozaki Outside Independent Director			Not applicable as the candidate is to be newly appointed as Director.
9	Reappointment	Takanobu Ito	Director and Advisor		10/10
10	Reappointment	Shinji Aoyama	Operating Officer and Director	Chief Operating Officer for Motorcycle Operations	10/10
11	Reappointment	Noriya Kaihara	Operating Officer and Director	Chief Operating Officer for Customer First Operations Chief Quality Officer	10/10
12	New appointment	Kazuhiro Odaka	Operating Officer	Chief Operating Officer for Business Support Operations Compliance Officer	Not applicable as the candidate is to be newly appointed as Director.
13	Reappointment	Masayuki Igarashi	Operating Officer and Director	Chief Operating Officer for Power Product Operations	7/7

Note: The attendance record of Takahiro Hachigo, Yoshiyuki Matsumoto, Yoshi Yamane and Masayuki Igarashi shows figures covering the meetings of the Board of Directors held after their assumptions of office on June 17, 2015.



Date of birth

May 19, 1959

Number of shares of the Company held

29,200 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

7/7

Resume, current position, responsibilities and significant concurrent positions

Apr. 1982	Joined Honda Motor Co., Ltd.	Sep. 2012	President and Director of Honda R&D Europe (U.K.) Ltd.
Apr. 2008	General Manager of Automobile Purchasing Division II for Purchasing Operations	Apr. 2013	Representative of Development, Purchasing and Production (China)
June 2008	Operating Officer of the Company	Apr. 2013	Vice President of Honda Motor (China) Investment Co., Ltd.
Apr. 2010	General Manager of Purchasing Division II for Purchasing Operations	Nov. 2013	Vice President of Honda Motor Technology (China) Co., Ltd.
Apr. 2011	General Manager of Suzuka Factory for Production Operations	Apr. 2014	Managing Officer of the Company
Apr. 2012	Vice President and Director of Honda Motor Europe, Ltd.	Apr. 2015	Senior Managing Officer of the Company
Sep. 2012	Managing Officer of Honda R&D Co., Ltd.	June 2015	President, Chief Executive Officer and Representative Director of the Company (present)



Date of birth

January 14, 1958

Number of shares of the Company held

33,000 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

7/7

Resume, current position, responsibilities and significant concurrent positions

Apr. 1981	Joined Honda Motor Co., Ltd.	Apr. 2013	President and Chief Executive Officer of Honda Motor India Private Ltd.
Apr. 2006	Responsible for Automobile Products for Automobile Operations	Apr. 2015	Senior Managing Officer of the Company
June 2006	Operating Officer of the Company	Apr. 2015	Chief Operating Officer for Automobile Operations
Apr. 2009	General Manager of Suzuka Factory for Production Operations	Apr. 2015	Executive in Charge of Quality Innovation for Automobile Operations
Apr. 2011	Executive in Charge of Business Unit No. 3 for Automobile Operations	June 2015	Senior Managing Officer and Director of the Company (present)
Apr. 2012	Managing Officer of the Company	Apr. 2016	President, Chief Executive Officer and Representative Director of Honda R&D Co., Ltd. (present)
Apr. 2013	Representative of Development, Purchasing and Production (Asia & Oceania)	Apr. 2016	Supervising Director of F1 Project (present)
Apr. 2013	Executive Vice President of Asian Honda Motor Co., Ltd.		

(Significant concurrent positions)

President, Chief Executive Officer and Representative Director of Honda R&D Co., Ltd.



Date of birth	Number of shares of the Company held
September 28, 1958	28,800 shares
Special interest between the candidate and the Company	Attendance record of the Board of Directors
None	7/7

Resume, current position, responsibilities and significant concurrent positions

Oct. 1985	Joined Honda Engineering Co., Ltd.	Apr. 2014	Head of Automobile Production for Regional Operations (Japan)
Apr. 2008	Large Project Leader of Corporate Project, Automobile Production Planning Office for Production Operations	Apr. 2014	Head of Production Supervisory Unit of Automobile Production for Regional Operations (Japan)
June 2008	Operating Officer of the Company	Apr. 2015	Senior Managing Officer of the Company
June 2008	Responsible for Production for Production Operations	Apr. 2015	Chief Production Officer
Apr. 2009	Responsible for Production for Regional Operations (China)	Apr. 2015	Representative of Automobile Development, Purchasing and Production for Automobile Operations
Sep. 2010	Vice President of Honda Motor (China) Investment Co., Ltd.	Apr. 2015	Head of Production for Automobile Operations
Apr. 2012	General Manager of Suzuka Factory for Production Operations	Apr. 2015	Representative of Automobile Development, Purchasing and Production (Europe Region)
Apr. 2013	Representative of Automobile Development, Purchasing and Production (Japan)	June 2015	Senior Managing Officer and Director of the Company (present)
Apr. 2013	General Manager of Suzuka Factory of Automobile Production for Automobile Operations	Apr. 2016	Chief Operating Officer for Production Operations (present)
Apr. 2014	Managing Officer of the Company		



Date of birth

July 10, 1958

Number of shares of the Company held

29,400 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

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Resume, current position, responsibilities and significant concurrent positions

Apr. 1982	Joined Honda Motor Co., Ltd.	June 2010	Director of the Company
Oct. 2002	President and Director of Honda Malaysia Sdn Bhd	Apr. 2011	Operating Officer and Director of the Company
Apr. 2005	General Manager of Product Planning and Marketing Office for Automobile Operations	June 2011	Operating Officer of the Company (retired from the position as Director)
Apr. 2007	Vice President of Honda Motor (China) Investment Co., Ltd.	Nov. 2013	President of Honda Motor Technology (China) Co., Ltd.
June 2007	Operating Officer of the Company	Apr. 2014	Managing Officer of the Company
Jan. 2008	President of Dongfeng Honda Automobile Co., Ltd.	Apr. 2016	Senior Managing Officer of the Company (present)
Apr. 2010	Chief Operating Officer for Regional Operations (China)		
	President of Honda Motor (China) Investment Co., Ltd.		

5

Kohei Takeuchi

Current position: Senior Managing Officer and Director
Responsibilities: Chief Operating Officer for Business Management Operations, Chief Officer for Honda Driving Safety Promotion Center

Reappointment



Date of birth

February 10, 1960

Number of shares of the Company held

19,400 shares

Special interest between the candidate and the Company

None

Attendance record of the Board of Directors

10/10

Resume, current position, responsibilities and significant concurrent positions

Apr. 1982	Joined Honda Motor Co., Ltd.	June 2013	Operating Officer and Director of the Company
Apr. 2010	General Manager of Accounting Division for Business Management Operations	Apr. 2015	Managing Officer and Director of the Company
Apr. 2011	Operating Officer of the Company	Apr. 2016	Senior Managing Officer and Director of the Company (present)
Apr. 2013	Chief Operating Officer for Business Management Operations (present)	Apr. 2016	Chief Officer for Honda Driving Safety Promotion Center (present)

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Takashi Sekiguchi

Current position: Managing Officer
Responsibilities: Chief Operating Officer for Automobile Operations, Executive in Charge of Sales Strategy for Automobile Operations

New appointment



Date of birth

January 27, 1959

Number of shares of the Company held

28,400 shares

Special interest between the candidate and the Company

None

Attendance record of the Board of Directors

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Resume, current position, responsibilities and significant concurrent positions

Apr. 1982	Joined Honda Motor Co., Ltd.	Apr. 2011	President and Director of Honda Canada Inc.
Apr. 2005	President and Director of Honda Cars Philippines, Inc.	Apr. 2013	Executive in Charge of Business Unit No. 2 for Automobile Operations
Apr. 2007	General Manager of Product Planning and Marketing Office for Automobile Operations	Apr. 2015	Managing Officer of the Company (present)
Apr. 2008	Executive Vice President and Director of American Honda Motor Co., Inc.	Apr. 2015	Executive in Charge of Sales Strategy for Automobile Operations (present)
June 2008	Operating Officer of the Company	Apr. 2016	Chief Operating Officer for Automobile Operations (present)



Date of birth	Number of shares of the Company held	Special interest between the candidate and the Company
December 13, 1947	600 shares	None
Attendance record of the Board of Directors	Term of office as Director (as of the close of this Meeting)	
10/10	2 years	

Resume, current position, responsibilities and significant concurrent positions

May 1982	Joined Ricoh Co., Ltd.	June 2011	Vice Chairperson of Japan Information Technology Service Industry Association (present)
June 2000	Corporate Vice President of Ricoh Co., Ltd.	Apr. 2012	Professor, Graduate School of Engineering Management, Shibaura Institute of Technology (present)
Oct. 2002	General Manager of Software Research & Development of Ricoh Co., Ltd.	Mar. 2013	End of tenure as Chairperson of Ricoh IT Solutions Co., Ltd.
June 2005	Corporate Senior Vice President of Ricoh Co., Ltd.	Mar. 2013	End of tenure as Associate Director of Ricoh Co., Ltd.
Apr. 2008	Chairperson of Ricoh Software Co., Ltd. (Current Ricoh IT Solutions Co., Ltd.)	Apr. 2013	Deputy President, Shibaura Institute of Technology (present)
Apr. 2009	Associate Director of Ricoh Co., Ltd.	Oct. 2013	General Manager of Gender Equality Promotion Office, Shibaura Institute of Technology (present)
Jul. 2009	Chairperson of Ricoh IT Solutions Co., Ltd.	June 2014	Director of the Company (present)
Jul. 2009	Outside Director of Innovation Network Corporation of Japan (present)	June 2014	Outside Director of Tokyo Electric Power Company, Incorporated (present)
Aug. 2009	Member of Gender Equality Bureau Cabinet Office	June 2015	Outside Director of Mitsubishi Chemical Holdings Corporation (present)

(Significant concurrent positions)

Outside Director of Innovation Network Corporation of Japan, Vice Chairperson of Japan Information Technology Service Industry Association, Professor, Graduate School of Engineering Management, Shibaura Institute of Technology, Deputy President, Shibaura Institute of Technology, General Manager of Gender Equality Promotion Office, Shibaura Institute of Technology, Outside Director of Tokyo Electric Power Company, Incorporated, Outside Director of Mitsubishi Chemical Holdings Corporation

Notes: 1. Reasons for selection of candidate for position of Outside Director

Hideko Kunii has extensive experience and considerable knowledge regarding corporate activities and the software field in Japan as well as overseas and is active in the area of gender equality. She has been selected as a candidate for Outside Director to provide her advice from an objective, broad, and highly sophisticated perspective, drawing on her experience and knowledge.

2. Other matters related to the Outside Director candidate are as follows:

- (1) Hideko Kunii is a candidate for the position of Outside Director as defined in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Company Law.
- (2) Hideko Kunii fulfills the "Honda Motor Co., Ltd. Criteria for Independence of Outside Directors/Outside Corporate Auditors." The Company has appointed her as an Independent Outside Director as stipulated by the rules of the Tokyo Stock Exchange, Inc. and reported her appointment to the Tokyo Stock Exchange. If she is re-elected, the Company plans to continue her appointment as Independent Outside Director.
- (3) Outline of contents of the limited liability contract with the candidate for the position of Outside Director
Based on Article 427, Paragraph 1 of the Company Law and Article 28 of the Articles of Incorporation of the Company, the Company has entered into a contract with Hideko Kunii which limits her liabilities, in accordance with Article 423, Paragraph 1 of the Company Law, to the minimum liability amount that is stipulated in Article 425, Paragraph 1 of the Company Law. If she is re-elected, the Company plans to extend the term of her limited liability contract.



Date of birth	Number of shares of the Company held
June 6, 1949	0 shares
Special interest between the candidate and the Company	Attendance record of the Board of Directors
None	-

Resume, current position, responsibilities and significant concurrent positions

Apr. 1972	Joined Kao Corporation (formerly Kao Soap Co., Ltd.)	June 2004	Representative Director, President and Chief Executive Officer
Sep. 1981	Brand Manager, Marketing Planning	June 2012	Chairman of the Board
May 1990	President, Sales-Consumer Products, Hokkaido Region	June 2012	President and Representative Director of The Kao Foundation for Arts and Sciences (present)
Feb. 1996	Vice President, Personal Care	Mar. 2014	President of Kigyo Mecenat Kyogikai, Association for Corporate Support of the Arts (present)
Feb. 1998	Vice President, Baby and Feminine Care	Mar. 2014	Retired from Chairman of the Board of Kao Corporation
Apr. 2000	President, Prestige Cosmetics	June 2014	President of New National Theatre Foundation (present)
Apr. 2002	President, Global Fabric and Home Care	June 2015	Outside Director of Nomura Securities Co., Ltd. (present)
June 2002	Board of Director, Executive Officer		

(Significant concurrent positions)

President and Representative Director of The Kao Foundation for Arts and Sciences, President of Kigyo Mecenat Kyogikai, Association for Corporate Support of the Arts, President of New National Theatre Foundation, Outside Director of Nomura Securities Co., Ltd.

Notes: 1. Reasons for selection of candidate for position of Outside Director

Motoki Ozaki served as a corporate manager over many years at a major chemical manufacturer operating globally, and has extensive experience and considerable knowledge regarding corporate management. He has been selected as a candidate for Outside Director to provide his advice from an objective, broad, and highly sophisticated perspective, drawing on his experience and knowledge.

2. Other matters related to the Outside Director candidate are as follows:

- (1) Motoki Ozaki is a candidate for the position of Outside Director as defined in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Company Law.
- (2) Motoki Ozaki fulfills the “Honda Motor Co., Ltd. Criteria for Independence of Outside Directors/Outside Corporate Auditors.” If he is elected, the Company plans to appoint him as an Independent Outside Director as stipulated by the rules of the Tokyo Stock Exchange and report his appointment as Independent Outside Director to the Tokyo Stock Exchange.
- (3) Outline of contents of the limited liability contract with the candidate for the position of Outside Director
If Motoki Ozaki is duly elected and assumes the position of Director, based on Article 427, Paragraph 1 of the Company Law and Article 28 of the Articles of Incorporation of the Company, the Company plans to enter into a contract with Motoki Ozaki which limits his liabilities, in accordance with Article 423, Paragraph 1 of the Company Law, to the minimum liability amount that is stipulated in Article 425, Paragraph 1 of the Company Law.

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Takanobu ItoCurrent position: Director and
Advisor**Reappointment**

Date of birth

August 29, 1953

Number of shares of the Company held

36,500 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

10/10

Resume, current position, responsibilities and significant concurrent positions

Apr. 1978	Joined Honda Motor Co., Ltd.	June 2005	Managing Officer of the Company
Apr. 1998	Executive Vice President of Honda R&D Americas, Inc.	Apr. 2007	Chief Operating Officer for Automobile Operations
June 2000	Director of the Company	June 2007	Senior Managing Director of the Company
June 2001	Senior Managing Director of Honda R&D Co., Ltd.	Apr. 2009	President and Director of Honda R&D Co., Ltd.
June 2003	Managing Director of the Company	June 2009	President and Representative Director of the Company
June 2003	Responsible for Motor Sports	Apr. 2011	President, Chief Executive Officer and Representative Director of the Company
June 2003	President and Director of Honda R&D Co., Ltd.	Apr. 2011	Chief Operating Officer for Automobile Operations
Apr. 2004	General Supervisor, Motor Sports	June 2015	Director and Advisor of the Company (present)
Apr. 2005	General Manager of Suzuka Factory for Production Operations		

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Shinji AoyamaCurrent position: Operating
Officer and Director
Responsibilities: Chief Operating
Officer for Motorcycle Operations**Reappointment**

Date of birth

December 25, 1963

Number of shares of the Company held

15,600 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

10/10

Resume, current position, responsibilities and significant concurrent positions

Apr. 1986	Joined Honda Motor Co., Ltd.	Apr. 2013	Chief Operating Officer for Motorcycle Operations (present)
Apr. 2011	General Manager of Motorcycle Business Planning Office for Motorcycle Operations	June 2013	Operating Officer and Director of the Company (present)
Apr. 2012	Operating Officer of the Company		

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Noriya Kaihara

Current position: Operating
Officer and Director
Responsibilities: Chief Operating
Officer for Customer First
Operations, Chief Quality Officer

Reappointment

Date of birth

August 4, 1961

Number of shares of the Company held

11,900 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

10/10

Resume, current position, responsibilities and significant concurrent positions

Apr. 1984	Joined Honda Motor Co., Ltd.	June 2013	Operating Officer and Director of the Company (present)
Apr. 2012	General Manager of Automobile Quality Assurance Division	Apr. 2014	Chief Operating Officer for Customer Service Operations
Apr. 2013	Operating Officer of the Company	Apr. 2014	Head of Service Supervisory Unit for Automobile Operations
Apr. 2013	Chief Quality Officer (present)	Apr. 2016	Chief Operating Officer for Customer First Operations (present)

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Kazuhiro Odaka

Current position: Operating
Officer
Responsibilities: Chief Operating
Officer for Business Support
Operations, Compliance Officer

New appointment

Date of birth

April 12, 1962

Number of shares of the Company held

5,500 shares

Special interest between the candidate
and the Company

None

Attendance record of the Board of Directors

-

Resume, current position, responsibilities and significant concurrent positions

Apr. 1985	Joined Honda Motor Co., Ltd.	Apr. 2016	Chief Operating Officer for Business Support Operations (present)
Apr. 2006	Vice President of American Honda Motor Co., Inc.	Apr. 2016	Compliance Officer (present)
Apr. 2010	General Manager of Associate Relations Division for Business Support Operations		
Apr. 2015	Operating Officer of the Company (present) Responsible for Human Resources and Associate Relations for Business Support Operations General Manager of Human Resources Division for Business Support Operations		

13

Masayuki Igarashi

Current position: Operating
Officer and Director
Responsibilities: Chief Operating
Officer for Power Product
Operations

Reappointment

Date of birth

Number of shares of the Company held

July 6, 1963

5,700 shares

Special interest between the candidate
and the Company

Attendance record of the Board of Directors

None

7/7

Resume, current position, responsibilities and significant concurrent positions

Apr. 1988	Joined Honda Motor Co., Ltd.	Apr. 2015	Chief Operating Officer for Power Product Operations (present)
Apr. 2014	Director of Asian Honda Motor Co., Ltd.	June 2015	Operating Officer and Director of the Company (present)
Apr. 2015	Operating Officer of the Company		

THIRD ITEM: Election of Two (2) Corporate Auditors

The terms of office of Corporate Auditors Masaya Yamashita and Toshiaki Hiwatari are due to expire at the close of this meeting.

It is proposed that the following two (2) Corporate Auditors be elected at this meeting.

The names and particulars of the candidates for the position of Corporate Auditor are provided below.

The Board of Corporate Auditors has consented to the submission of this item to this meeting.

1

Masahiro Yoshida

Current position: Managing Officer and Director

New appointment



Date of birth

March 5, 1957

Number of shares of the Company held

31,500 shares

Special interest between the candidate and the Company

None

Attendance record of the Board of Directors

10/10

Attendance record of the Board of Corporate Auditors

-

Resume, current position and significant concurrent positions

Apr. 1979	Joined Honda Motor Co., Ltd.	June 2010	Director of the Company
Apr. 2007	General Manager of Human Resources Division, also responsible for Human Resources and Associate Relations for Business Support Operations	Apr. 2011	Operating Officer and Director of the Company
June 2007	Operating Officer of the Company	Apr. 2012	Compliance Officer
Apr. 2008	General Manager of Hamamatsu Factory for Production Operations	Apr. 2013	Managing Officer and Director of the Company (present)
Apr. 2010	Chief Operating Officer for Business Support Operations		



Date of birth	Number of shares of the Company held	Special interest between the candidate and the Company
August 4, 1945	1,400 shares	None
Attendance record of the Board of Directors	Attendance record of the Board of Corporate Auditors	Term of office as Corporate Auditor (as of the close of this Meeting)
9/10	10/10	4 years

Resume, current position and significant concurrent positions

Apr. 1968	Entered the Legal Training and Research Institute of the Supreme Court	June 2006	Superintending Prosecutor of the Hiroshima High Public Prosecutors Office
June 1997	Public Prosecutor in the Supreme Public Prosecutors Office	Dec. 2006	Superintending Prosecutor of the Tokyo High Public Prosecutors Office
Jul. 1997	Chief Public Prosecutor in the Oita District Public Prosecutors Office	Jul. 2008	Prosecutor General
June 1999	Associate Vice-Minister of Justice	June 2010	Retired from office
Jul. 1999	Director-General of the Secretariat of the Justice System Reform Council, Cabinet Secretariat	Sep. 2010	Registered with the Daiichi Tokyo Bar Association
Jul. 2001	Director of the Office for Promotion of Justice System Reform	Sep. 2010	Advisor Attorney to TMI Associates (present)
Dec. 2001	Director-General of General Affairs Department of the Supreme Public Prosecutors Office	June 2012	Corporate Auditor of the Company (present)
Aug. 2002	Director-General of the Criminal Affairs Bureau of the Ministry of Justice	Oct. 2012	Outside Director of Nomura Securities Co., Ltd. (present)
June 2004	Vice-Minister of Justice	June 2015	Outside Director of TOYO KANETSU K.K. (present)

(Significant concurrent positions)

Lawyer, Advisor Attorney to TMI Associates, Outside Director of Nomura Securities Co., Ltd., Outside Director of TOYO KANETSU K.K.

Notes: 1. Reasons for selection of candidate for the position of Outside Corporate Auditor

Toshiaki Hiwatari is proposed as a candidate for Outside Corporate Auditor because the Company wishes him to conduct audits from a broad and highly sophisticated perspective based on his rich experience and high level of insight as a legal affairs specialist. Although he has no experience in corporate management, the Company judges that he is capable of performing the duties of Outside Corporate Auditor.

2. Other matters related to the Outside Corporate Auditor candidate are as follows:

- (1) Toshiaki Hiwatari is a candidate for the position of Outside Corporate Auditor as defined in Article 2, Paragraph 3, Item 8 of the Enforcement Regulations of the Company Law.
- (2) Toshiaki Hiwatari fulfills the "Honda Motor Co., Ltd. Criteria for Independence of Outside Directors/Outside Corporate Auditors." The Company has appointed him as an Independent Outside Corporate Auditor as stipulated by the rules of the Tokyo Stock Exchange, Inc. and reported his appointment to the Tokyo Stock Exchange. If he is re-elected, the Company plans to continue his appointment as Independent Outside Corporate Auditor.
- (3) Outline of contents of the limited liability contract with the candidate for the position of Outside Corporate Auditor
Based on Article 427, Paragraph 1 of the Company Law and Article 28 of the Articles of Incorporation of the Company, the Company has entered into a contract with Toshiaki Hiwatari which limits his liabilities, in accordance with Article 423, Paragraph 1 of the Company Law, to the minimum liability amount that is stipulated in Article 425, Paragraph 1 of the Company Law. If he is re-elected, the Company plans to extend the term of his limited liability contract.

Honda Motor Co., Ltd.
Criteria for Independence of Outside Directors/Outside Corporate Auditors

The Company's board of directors will determine that an outside director/outside corporate auditor is sufficiently independent from the Company if it determines that the said outside director/outside corporate auditor satisfies the requirements set forth below:

1. He/She is not, and has never been a person who executes the business of the Company group or a person from the Company group. Also, no family member, close relative, etc. (*1) of him/her has ever been a person who executes the business of the Company group during the last five years.
2. He/She is not, and has never been, any of the following during the last five years:
 - 1) a person who executes the business of a large shareholder (*2) of the Company;
 - 2) a person who executes the business of (i) a major customer (*3) of the Company, or (ii) a company of which the Company is a major customer;
 - 3) a person who executes the business of a major lender of the Company group (*4);
 - 4) a person who belongs to an audit organization which conducts statutory audits for the Company;
 - 5) a person who receives a large amount (*5) of money, etc. from the Company, other than remuneration paid to directors and corporate auditors of the Company;
 - 6) a person who executes the business of an entity whose outside director/outside corporate auditor is also a person who executes the business of the Company; or
 - 7) a person who executes the business of an organization which is receiving a large amount of donation or grant from the Company (*6).
3. No family member, close relative, etc. of the outside director/outside corporate auditor currently falls under any of items 1) through 7) in paragraph 2 above.
4. The total number of years of office of the outside director/outside corporate auditor does not exceed 8 years.

[End]

Established on May 15, 2015

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- *1 A "family member, close relative, etc." means a spouse of an outside director/outside corporate auditor, a first or second degree relative, or any other relative who lives in the same place with the outside director/outside corporate auditor.
- *2 A "large shareholder" means a person who is one of the top 10 shareholders in terms of shareholding as of the end of a fiscal year.
- *3 A "major customer" means a customer of the Company where the annual amount of transactions between the customer and the Company exceeds 2% of the consolidated sales revenue of the Company or the said customer.
- *4 A "major lender" means a financial institution from which the Company group borrows, where the aggregate amount of such borrowings exceeds 2% of the amount of consolidated total assets of the Company or the financial institution as at the end of a fiscal year.
- *5 A person receives a "large amount" if he/she receives consideration from the Company in excess of 10 million yen per year.
- *6 An "organization which is receiving a large amount of donation or grant from the Company" means an organization which receives a donation or grant from the Company in excess of 10 million yen per year.

Business Report for the 92nd Fiscal Year
For the Period From: April 1, 2015 To: March 31, 2016

1. OUTLINE OF BUSINESS

(1) Review of Operations

Looking at the economic environment surrounding Honda, its consolidated subsidiaries and its affiliates accounted for under the equity method (hereinafter, the “Honda Group”) in the fiscal year ended March 31, 2016, the United States economy continued to recover, mainly due to an improving jobs market, a gradual increase in housing starts, and growing personal consumption. Europe saw a gradual economic recovery, mainly due to improvement in employment conditions and personal consumption. In the Asian economies, India experienced a moderate recovery while China’s economy slowed gradually, Indonesia experienced a slight slowing, and Thailand’s economy slowed down. The Japanese economy continued on a gradual recovery track, mainly due to an improvement trend in employment conditions and an upturn in capital investment.

In the Honda Group’s principal markets, the motorcycle market expanded compared to the previous fiscal year in Vietnam and India, but shrank in Indonesia and Thailand, and contracted sharply in Brazil. The automobile market grew year on year in Europe, India, the United States and China, while shrinking in Thailand and Japan and contracting significantly in Brazil.

In these circumstances, the Honda Group worked to strengthen its business structure in order to respond swiftly and accurately to the changing and varied needs of customers and society. On the research and development front, we made proactive efforts to develop safety and environmental technologies and advanced technologies to enhance the attractiveness of our products. With regard to production, we further strengthened the production structure and developed a production system to deal with changes in demand on a global basis. As for sales, we worked to enhance our product lineup through measures such as aggressively launching products that offer new value and delivering products that go beyond national borders.

Honda has been conducting market-based measures in relation to airbag inflators mainly in North America and Japan. This is related to the problem where the internal pressure of the inflator rises abnormally at the time of airbag deployment on the driver's side and passenger's side, causing damage to the container and spraying metal fragments inside of the cars. We have been continuing to focus on the satisfaction and safety of our customers and make every effort to replace those airbag inflators affected by market-based measures as quickly as possible.

Honda’s consolidated profit for the year attributable to owners of the parent for the fiscal year ended March 31, 2016 totaled JPY 344.5 billion, a decrease of 32.4% from the previous fiscal year. Earnings per share attributable to owners of the parent for the year amounted to JPY 191.16, a decrease of JPY 91.5 from JPY 282.66 for the previous fiscal year.

Consolidated sales revenue for the year amounted to JPY 14,601.1 billion, an increase of 9.6% from the previous fiscal year, due primarily to increased revenue in automobile and financial services business operations, despite decreased revenue from unfavorable foreign currency translation effects.

Consolidated operating profit for the year amounted to JPY 503.3 billion, a decrease of 24.9% from the previous fiscal year, due primarily to increased SG&A expenses, including quality related expenses as well as unfavorable foreign currency translation effects, despite an increase in profit attributable to increased sales revenue and model mix, as well as continuing cost reduction efforts.

Share of profit of investments accounted for using the equity method for the year amounted to JPY 126.0 billion, a decrease of 31.1% from the previous fiscal year.

Consolidated profit before income taxes for the year totaled JPY 635.4 billion, a decrease of 21.2% from the previous fiscal year.

Provisions for warranty programs related to airbag inflators included in quality related expenses are approximately JPY 436.0 billion during the fiscal year ended March 31, 2016. This includes the financial impact from the amendment of the Consent Order issued by the U.S. National Highway Traffic Safety Administration (“NHTSA”) in November 2015, which is based on an agreement with our supplier in May 2016.

Motorcycle Business

For the years ended March 31, 2015 and 2016

Consolidated unit sales totaled 10,572 thousand, a decrease of 1.4% from the previous fiscal year.

Asia ranked the highest of all regions for consolidated unit sales, and sales of ACTIVA and CB Shine were favorable in India.

Unit (Thousands)

	Honda Group Unit Sales				Consolidated Unit Sales			
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
Motorcycle business	17,592	17,055	-537	-3.1	10,725	10,572	-153	-1.4
Japan	199	180	-19	-9.5	199	180	-19	-9.5
North America	286	308	22	7.7	286	308	22	7.7
Europe	191	204	13	6.8	191	204	13	6.8
Asia	15,345	15,133	-212	-1.4	8,478	8,650	172	2.0
Other Regions	1,571	1,230	-341	-21.7	1,571	1,230	-341	-21.7

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

With respect to Honda's sales for the fiscal year by business segment, in motorcycle business operations, sales revenue from sales to external customers decreased by 2.2%, to JPY 1,805.4 billion from the previous fiscal year, due mainly to decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 181.7 billion, a decrease of 5.4% from the previous fiscal year, due primarily to unfavorable foreign currency effects, despite continuing cost reduction efforts.

Automobile Business

For the years ended March 31, 2015 and 2016

Consolidated unit sales totaled 3,636 thousand, an increase of 3.5% from the previous fiscal year.

North America ranked the highest of all regions for consolidated unit sales, and sales of ACCORD and CIVIC were favorable in the U.S.

	Honda Group Unit Sales				Consolidated Unit Sales			
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
Automobile business	4,367	4,743	376	8.6	3,513	3,636	123	3.5
Japan	761	668	-93	-12.2	696	614	-82	-11.8
North America	1,750	1,929	179	10.2	1,750	1,929	179	10.2
Europe	161	172	11	6.8	161	172	11	6.8
Asia	1,426	1,723	297	20.8	637	670	33	5.2
Other Regions	269	251	-18	-6.7	269	251	-18	-6.7

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

In automobile business operations, sales revenue from sales to external customers increased by 10.6%, to JPY 10,625.4 billion from the previous fiscal year due mainly to an increase in consolidated unit sales, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 153.3 billion, a decrease of 45.2% from the previous fiscal year, due primarily to an increase in SG&A expenses, including quality related expenses and unfavorable foreign currency effects, despite increased in sales volume and model mix as well as continuing cost reduction efforts.

Financial Services Business

Sales revenue from customers in the financial services business operations increased by 18.0%, to JPY 1,835.6 billion from the previous fiscal year due mainly to an increase in revenue from operating leases and sales of returned lease vehicles, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit decreased by 1.6% to JPY 199.3 billion from the previous fiscal year due mainly to increased SG&A expenses.

Power Product and Other Businesses

For the years ended March 31, 2015 and 2016

Consolidated unit sales totaled 5,965 thousand, a decrease of 0.3% from the previous fiscal year.

North America ranked the highest of all regions for consolidated unit sales, and sales of general purpose engine GCV160LA and lawn mower HRR216VKA were favorable in the U.S.

	Honda Group Unit Sales/ Consolidated Unit Sales			
	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
Power product business	5,983	5,965	-18	-0.3
Japan	338	363	25	7.4
North America	2,705	2,811	106	3.9
Europe	1,091	1,008	-83	-7.6
Asia	1,382	1,349	-33	-2.4
Other Regions	467	434	-33	-7.1

Note 1: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. In power product business, there is no discrepancy

between Honda Group Unit Sales and Consolidated Unit Sales for the year ended March 31, 2015 and 2016, since no affiliates and joint ventures accounted for using the equity method were involved in the sale of Honda power products.

Note 2: Aircrafts and aircraft engines which began deliveries in December 2015 are included in the power products and other businesses segment.

Sales revenue from sales to external customers in power product and other businesses increased 3.8%, to JPY 334.7 billion from the previous fiscal year, due mainly to increased sales revenue in other businesses, despite decreased revenue from unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 31.1 billion, a decline of JPY 27.2 billion from the previous fiscal year, due mainly to an increase in operating costs and expenses in other businesses.

Sales Revenue Breakdown

Yen (millions)

	FY2015 From April 1, 2014 to March 31, 2015 (reference)	FY2016 From April 1, 2015 to March 31, 2016	Change from the previous fiscal year (reference)	
				(%)
Grand Total	13,328,099	14,601,151	1,273,052	9.6
Japan	1,800,439	1,754,167	-46,272	-2.6
North America	6,837,624	8,114,110	1,276,486	18.7
Europe	655,345	693,598	38,253	5.8
Asia	2,899,070	3,124,067	224,997	7.8
Other Regions	1,135,621	915,209	-220,412	-19.4
Motorcycle Business	1,846,666	1,805,429	-41,237	-2.2
Japan	72,487	66,877	-5,610	-7.7
North America	154,714	186,065	31,351	20.3
Europe	116,998	125,021	8,023	6.9
Asia	1,050,490	1,107,669	57,179	5.4
Other Regions	451,977	319,797	-132,180	-29.2
Automobile Business	9,603,335	10,625,405	1,022,070	10.6
Japan	1,526,054	1,439,959	-86,095	-5.6
North America	5,199,008	6,186,765	987,757	19.0
Europe	456,562	491,204	34,642	7.6
Asia	1,795,791	1,962,501	166,710	9.3
Other Regions	625,920	544,976	-80,944	-12.9
Financial Services Business	1,555,550	1,835,605	280,055	18.0
Japan	119,722	162,056	42,334	35.4
North America	1,376,287	1,619,201	242,914	17.6
Europe	14,249	14,490	241	1.7
Asia	12,157	12,615	458	3.8
Other Regions	33,135	27,243	-5,892	-17.8
Power Product & Other Businesses	322,548	334,712	12,164	3.8
Japan	82,176	85,275	3,099	3.8
North America	107,615	122,079	14,464	13.4
Europe	67,536	62,883	-4,653	-6.9
Asia	40,632	41,282	650	1.6
Other Regions	24,589	23,193	-1,396	-5.7

(2) Capital Expenditures

Capital expenditures during the fiscal year under review totaled JPY 647,498 million. The breakdown of capital expenditures by business segment was as follows:

In addition to investments for new model introductions, Honda's capital investments were predominantly utilized for expanding, rationalizing and renovating manufacturing facilities as well as for expanding sales and R&D facilities.

Business Segment	FY2015 (reference)	FY2016	Yen (millions), %	
			Change in amount (reference)	Change (%) (reference)
Motorcycle Business	68,171	59,229	-8,942	-13.1
Automobile Business	573,312	571,796	-1,516	-0.3
Financial Services Business	432	719	287	66.4
Power Product and Other Businesses	11,896	15,754	3,858	32.4
Total	653,811	647,498	-6,313	-1.0
Operating Lease Assets	1,681,178	1,967,538	286,360	17.0

Note: Intangible assets are not included in the table above.

(3) Liquidity and Capital Resources

Funds for financing capital investments in Honda's manufacturing and sales businesses are provided mainly from cash generated by operating activities and bank loans. The outstanding balance of funds for Honda's manufacturing and sales businesses at the end of the fiscal year under review was JPY 495.3 billion.

Honda funds its financial programs for customers and dealers primarily from medium-term notes, bank loans, securitization of finance receivables, commercial paper and corporate bonds. The outstanding balance of funds for Honda's financial services subsidiaries at the end of the fiscal year under review was JPY 6,326.0 billion.

(4) Preparing for the Future

Honda aims to achieve global growth by further encouraging and strengthening innovation as well as creating quality products that please the customers and exceed their expectations.

Honda will focus all its energies on the tasks set out below as it pursues the vision toward 2020 of "providing good products to customers with speed, affordability and low CO₂ emissions".

1. Product Quality

Honda will strive to improve its product quality by verification within each development, purchasing, production, sales and service department, along with integrated verification through coordination among those departments.

2. Research and Development

Honda will continue to be innovative in advanced technology and products, aiming to create and introduce new value-added products to quickly respond to specific needs in various markets around the world, in addition to its efforts to develop the most effective safety and environmental technologies, which includes the spread of electric-powered motor technology. Honda will also continue its efforts to conduct research on experimental technologies for the future.

3. Production Efficiency

Honda will strengthen its production systems at its global production bases and supply high-quality products flexibly and efficiently, with the aim of meeting the needs of its customers in each region.

In addition, Honda will work to reduce the environmental burden of its production bases while establishing production technologies to promote the global spread of electric-powered motor technology. Honda will work at improving its global supply chain by devising more effective business continuity plans in order to respond to various risks including but not limited to natural disasters.

4. Sales Efficiency

Honda will remain proactive in its efforts to expand product lines and the innovative use of IT to show its continued commitment to different customers throughout the world by upgrading its sales and service structure.

5. Safety Technologies

Honda is working to develop safety technologies that enhance accident prediction and prevention, technologies to help reduce the risk of injuries to passengers and pedestrians from car accidents and technologies that enhance compatibility between large and small vehicles, as well as expand its lineup of products incorporating such technologies. In addition, Honda will promote research and development to commercialize automated driving.

Honda will reinforce and continue to advance its contribution to traffic safety in Japan and motorized societies abroad. Honda

also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training programs provided by local dealerships.

6. The Environment

Honda will step up its efforts to create better, cleaner and more fuel-efficient engine technologies and to further improve recyclables throughout its product lines as well as further promote the development of fuel cells. With the long-term goal of reducing total CO₂ emissions by 50% compared to year 2000 levels by 2050, Honda has set an interim target to reduce CO₂ emissions from its global products by 30% by 2020. Honda will strengthen its efforts to realize reductions in CO₂ emissions through its entire corporate activities including its supply chain. Furthermore, Honda will strengthen its efforts in advancing technologies in the area of total energy management, to reduce CO₂ emissions related to mobility and people's everyday lives.

7. Continuing to Enhance Honda's Social Reputation and Communication with the Community

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to enhance its social reputation by, among other things, strengthening its corporate governance, compliance and risk management as well as participating in community activities and making philanthropic contributions.

Through these company-wide activities, Honda will strive to be a company that its shareholders, investors, customers and society want it to exist.

(5) Changes in Financial Position and Results of Operations of the Group and the Parent Company

(a) Changes in Results of Operations and Financial Position of the Group

Yen (millions)

Category	U.S. GAAP			IFRS	
	FY2013 89th fiscal year (From April 1, 2012 to March 31, 2013)	FY2014 90th fiscal year (From April 1, 2013 to March 31, 2014)	FY2015 91st fiscal year (From April 1, 2014 to March 31, 2015)	FY2015 91st fiscal year (From April 1, 2014 to March 31, 2015)	FY2016 92nd fiscal year (From April 1, 2015 to March 31, 2016)
Sales revenue	9,877,947	11,842,451	12,646,747	13,328,099	14,601,151
Operating profit	544,810	750,281	606,878	670,603	503,376
Profit before income taxes	488,891	728,940	644,809	806,237	635,450
Profit for the year attributable to owners of the parent	367,149	574,107	493,007	509,435	344,531
Basic earnings per share attributable to owners of the parent (Yen)	203.71	318.54	273.54	282.66	191.16
Total assets	13,635,357	15,622,031	18,088,839	18,425,837	18,229,294
Equity attributable to owners of the parent	5,043,500	5,918,979	6,696,693	7,108,627	6,761,433
Equity attributable to owners of the parent per share (Yen)	2,798.37	3,284.14	3,715.66	3,944.23	3,751.59

- Notes:**
1. Based on the provisions of Article 120-1 of the Ordinance of Companies Accounting, the Company's consolidated financial statements have been prepared in accordance with IFRS from the 92nd fiscal year. For reference, figures in accordance with IFRS for the 91st fiscal year are also shown.
 2. The results of operations and financial position of the Group are indicated based on IFRS terminology.
 3. The increase in sales revenue in the 90th fiscal year compared to the 89th fiscal year is due primarily to increased sales revenue in automobile and motorcycle business operations and favorable foreign currency translation effects. The increases in operating profit, profit before income taxes, and profit for the year attributable to owners of the parent in the 90th fiscal year compared to the 89th fiscal year are due mainly to an increase in profit associated with increased sales and model mix and foreign currency effects.
 4. Figures for the 91st fiscal year (U.S. GAAP) reflect the effect of changes in estimates related to product warranty expenses that occurred after the issuance of the consolidated financial statements prepared based on the Company Law in the fiscal year ended March 31, 2015.
 5. The status of the fiscal year ended March 31, 2016 is as provided in "(1) Review of Operations" of "1. OUTLINE OF BUSINESS."
 6. Basic earnings per share attributable to owners of the parent is calculated based on the average number of shares outstanding during each year. There were no potentially dilutive shares outstanding.

7. Equity attributable to owners of the parent per share is calculated based on the number of shares outstanding at the end of each year.

(b) Changes in Results of Operations and Financial Position of the Parent Company

Yen (millions)

Category	FY2013 89th fiscal year (From April 1, 2012 to March 31, 2013)	FY2014 90th fiscal year (From April 1, 2013 to March 31, 2014)	FY2015 91st fiscal year (From April 1, 2014 to March 31, 2015)	FY2016 92nd fiscal year (From April 1, 2015 to March 31, 2016)
Net sales	3,244,070	3,488,369	3,331,187	3,303,606
Operating income	103,932	125,604	96,343	(191,421)
Ordinary income	193,825	345,920	347,632	60,822
Net income	154,714	262,928	264,686	51,912
Net income per share (Yen)	85.84	145.89	146.86	28.80
Total assets	2,563,324	2,621,454	2,767,455	2,828,275
Net assets	1,763,480	1,895,208	1,984,521	1,861,647
Net assets per share (Yen)	978.46	1,051.56	1,101.11	1,032.94

- Notes:** 1. Figures in parentheses represent losses.
2. Figures in millions of yen are rounded down to the nearest million.
3. The increase in ordinary income and net income in the 90th fiscal year compared to the 89th fiscal year is due primarily to an increase in dividend income and foreign currency effects, despite a decrease in profit associated with increased research and development expenses, decreased sales and model mix.
4. The decreases in operating income and ordinary income in the 92nd fiscal year compared to the 91st fiscal year are mainly due to increased selling, general and administrative expenses, including product warranty expenses, and increased research and development expenses, which was partially offset by positive foreign currency effects. Furthermore, the decrease in net income in the 92nd fiscal year compared to the 91st fiscal year is mainly due to a decrease in operating income, despite a decrease in income tax expenses, among other factors.

(6) Principal Subsidiaries

Company Name	Capital	Voting Rights Ratio	Principal Business Activities	
			Business Segment	Function
Honda R&D Co., Ltd. (Saitama, Japan)	JPY 7,400 million	100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Research and development
Honda Engineering Co., Ltd. (Tochigi, Japan)	JPY 3,600 million	100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Manufacturing and sales of machine tools, equipment and production techniques
Honda Finance Co., Ltd. (Tokyo, Japan)	JPY 11,090 million	100.0%	Financial Services Business	Finance
American Honda Motor Co., Inc. (U.S.A.)	USD 299 million	100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Sales
Honda Aero., Inc. (U.S.A.)	USD 80 million	100.0%	Power Product and Other Businesses	Manufacturing
Honda North America, Inc. (U.S.A.)	USD 1 million	100.0%	Motorcycle Business Automobile Business Financial Services Business Power Product and Other Businesses	Coordination of Subsidiaries Operation
Honda of America Mfg., Inc. (U.S.A.)	USD 561 million	* 100.0%	Automobile Business	Manufacturing

Company Name	Capital	Voting Rights Ratio	Principal Business Activities	
			Business Segment	Function
American Honda Finance Corporation (U.S.A.)	USD 1,366 million	* 100.0%	Financial Services Business	Finance
Honda Aircraft Company, LLC (U.S.A.)	USD 160 million	* 100.0%	Power Product and Other Businesses	Research and development / Manufacturing / Sales
Honda Manufacturing of Alabama, LLC (U.S.A.)	USD 400 million	* 100.0%	Automobile Business	Manufacturing
Honda Manufacturing of Indiana, LLC (U.S.A.)	USD 200 million	* 100.0%	Automobile Business	Manufacturing
Honda Transmission Mfg. of America, Inc. (U.S.A.)	USD 42 million	* 100.0%	Automobile Business	Manufacturing
Honda R&D Americas, Inc. (U.S.A.)	USD 22 million	* 100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Research and development
Honda Canada Inc. (Canada)	CAD 226 million	* 100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Manufacturing / Sales
Honda Canada Finance Inc. (Canada)	CAD 285 million	* 100.0%	Financial Services Business	Finance
Honda de Mexico, S.A. de C.V. (Mexico)	MXN 13,655 million	* 100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Manufacturing / Sales
Honda Motor Europe, Ltd. (U.K.)	GBP 665 million	100.0%	Motorcycle Business Automobile Business Financial Services Business Power Product and Other Businesses	Coordination of Subsidiaries Operation / Sales
Honda of the U.K. Manufacturing Ltd. (U.K.)	GBP 670 million	* 100.0%	Automobile Business	Manufacturing
Honda Finance Europe plc (U.K.)	GBP 38 million	* 100.0%	Financial Services Business	Finance
Honda Bank GmbH (Germany)	EUR 78 million	* 100.0%	Financial Services Business	Finance
Honda Turkiye A.S. (Turkey)	TRY 180 million	* 100.0%	Motorcycle business Automobile business	Manufacturing / Sales
Honda Motor (China) Investment Co., Ltd. (China)	USD 115 million	100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Coordination of Subsidiaries Operation / Sales
Honda Auto Parts Manufacturing Co., Ltd. (China)	USD 200 million	* 100.0%	Automobile Business	Manufacturing
Honda Automobile (China) Co., Ltd. (China)	USD 82 million	* 65.0%	Automobile Business	Manufacturing
Honda Motorcycle and Scooter India (Private) Ltd. (India)	INR 3,100 million	* 100.0%	Motorcycle Business	Manufacturing / Sales
Honda Cars India Limited (India)	INR 7,743 million	* 100.0%	Automobile Business	Manufacturing / Sales
P.T. Honda Precision Parts Manufacturing (Indonesia)	USD 150 million	* 100.0%	Automobile Business	Manufacturing
P.T. Honda Prospect Motor (Indonesia)	USD 70 million	51.0%	Automobile Business	Manufacturing / Sales
Honda Malaysia Sdn Bhd (Malaysia)	MYR 170 million	51.0%	Automobile Business	Manufacturing / Sales
Honda Taiwan Co., Ltd. (Taiwan)	TWD 3,580 million	100.0%	Motorcycle Business Automobile Business	Sales
Asian Honda Motor Co., Ltd. (Thailand)	THB 442 million	100.0%	Motorcycle Business Automobile Business Financial Services Business Power Product and Other Businesses	Coordination of Subsidiaries Operation / Sales

Company Name	Capital	Voting Rights Ratio	Principal Business Activities	
			Business Segment	Function
Honda Leasing (Thailand) Co., Ltd. (Thailand)	THB 4,850 million	* 100.0%	Financial Services Business	Finance
Honda Automobile (Thailand) Co., Ltd. (Thailand)	THB 5,460 million	* 89.0%	Automobile Business	Manufacturing / Sales
Thai Honda Manufacturing Co., Ltd. (Thailand)	THB 150 million	* 83.0%	Motorcycle Business Power Product and Other Businesses	Manufacturing
A.P. Honda Co., Ltd. (Thailand)	THB 40 million	* 61.0%	Motorcycle Business	Sales
Honda Vietnam Co., Ltd. (Vietnam)	VND 1,190,822 million	* 70.0%	Motorcycle Business Automobile Business	Manufacturing / Sales
Honda Motor de Argentina S.A. (Argentina)	ARS 986 million	* 100.0%	Motorcycle Business Automobile Business Power Product and Other Businesses	Manufacturing / Sales
Honda South America Ltda. (Brazil)	BRL 119 million	100.0%	Motorcycle Business Automobile Business Financial Services Business Power Product and Other Businesses	Coordination of Subsidiaries Operation
Banco Honda S.A. (Brazil)	BRL 344 million	* 100.0%	Financial Services Business	Finance
Honda Automoveis do Brasil Ltda. (Brazil)	BRL 882 million	* 100.0%	Automobile Business	Manufacturing / Sales
Moto Honda da Amazonia Ltda. (Brazil)	BRL 1,326 million	* 100.0%	Motorcycle Business Power Product and Other Businesses	Manufacturing / Sales

Notes: 1. Amounts of capital are rounded down to the nearest unit as indicated.
2. Ratios with * include ownership by consolidated subsidiaries.
3. For the fiscal year ended March 31, 2016, the number of consolidated subsidiaries was 368, including 41 companies mentioned above, and the number of affiliates accounted for under the equity method was 83.

(7) Principal Business Activities

The Honda Group engages in the motorcycle business, automobile business, financial services business, and power product and other businesses. Principal products and services, and functions of each business are as follows.

Business	Principal products and services	Function
Motorcycle Business	Motorcycles, all-terrain vehicles (ATVs) and relevant parts	Research and development / Manufacturing / Sales and related services
Automobile Business	Automobiles and relevant parts	Research and development / Manufacturing / Sales and related services
Financial Services Business	Financial services	Retail loan and lease related to Honda products / Others
Power Product and Other Businesses	Power products and relevant parts, and others	Research and development / Manufacturing / Sales and related services / Others

(8) Principal Business Sites

The Company

Name	Location
Head office	Tokyo, Japan
Suzuka Factory	Mie, Japan
Saitama Factory	Saitama, Japan
Transmission Factory	Shizuoka, Japan
Kumamoto Factory	Kumamoto, Japan
Powertrain Production Supervisory Unit	Tochigi, Japan

(9) Employees of the Group and the Parent Company

(a) Honda Employees

Business Segment	Number of Employees		
	FY2015 (reference)	FY2016	Change (reference)
Motorcycle Business	42,163 (14,412)	44,384 (13,885)	2,221 (-527)
Automobile Business	150,850 (16,288)	152,311 (15,662)	1,461 (-626)
Financial Services Business	2,241 (148)	2,209 (117)	-32 (-31)
Power Product & Other Businesses	9,476 (3,054)	9,495 (2,869)	19 (-185)
Total	204,730 (33,902)	208,399 (32,533)	3,669 (-1,369)

(b) Employees of the Parent Company

	FY2015 (reference)	FY2016	Change (reference)
Number of employees	22,954 (5,275)	22,399 (4,280)	-555 (-995)
Average age	44.8	45.0	0.2
Average number of years Employed by the Company	23.5	23.8	0.3

Note: The number of employees of the Honda Group and the Parent Company refers to full-time employees.
The average number of temporary employees is shown in parentheses.

2. COMMON STOCK

(1) Total Number of Shares Issued 1,811,428,430 shares

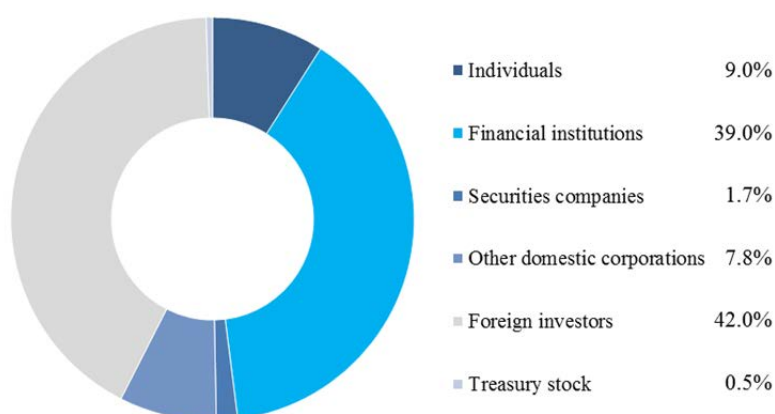
(2) Number of Stockholders 199,343

(3) Large Shareholders

Name	Number of Shares Held (thousands)	Percentage against Total Shares Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	116,000	6.4
Moxley & Co. LLC	76,126	4.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	74,567	4.1
Meiji Yasuda Life Insurance Company	51,199	2.8
State Street Bank and Trust Company 505223	48,888	2.7
State Street Bank and Trust Company	45,337	2.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,780	2.3
Japan Trustee Services Bank, Ltd. (Trust Account 9)	37,920	2.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,686	2.0
Nippon Life Insurance Company	27,066	1.5

Notes: 1. The number of shares described above rounds off figures of less than 1,000 shares.
2. Ownership percentages are calculated using the total number of shares issued minus treasury stock (9,144 thousand shares).
3. Moxley & Co. LLC is an official holder of stock of JPMorgan Chase Bank, which is a depository institution for American Depositary Receipts (ADRs).

- Breakdown of shares by shareholder type (reference)



3. STOCK WARRANTS

No relevant information

4. CORPORATE OFFICERS

(1) Directors and Corporate Auditors (As of March 31, 2016)

Title	Name	Area of Responsibility or Principal Occupations
Chairman and Representative Director	Fumihiko Ike	Chairman of Japan Automobile Manufacturers Association, Inc.
President, Chief Executive Officer and Representative Director	Takahiro Hachigo	
Executive Vice President, Executive Officer and Representative Director	Tetsuo Iwamura	Risk Management Officer Corporate Brand Officer
Senior Managing Officer and Director	Koichi Fukuo	President, Chief Executive Officer and Director of Honda R&D Co., Ltd.
Senior Managing Officer and Director	Yoshiyuki Matsumoto	Chief Operating Officer for Automobile Operations Executive in Charge of Quality Innovation for Automobile Operations
Senior Managing Officer and Director	Yoshi Yamane	Chief Production Officer Representative of Automobile Development, Purchasing and Production for Automobile Operations Head of Production for Automobile Operations Representative of Automobile Development, Purchasing and Production (Europe Region)
Managing Officer and Director	Masahiro Yoshida	Chief Operating Officer for Business Support Operations Compliance Officer
Managing Officer and Director	Kohei Takeuchi	Chief Operating Officer for Business Management Operations
Director (Outside)	Nobuo Kuroyanagi	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director of Mitsubishi Research Institute, Inc. Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. Outside Director of Mitsubishi Heavy Industries, Ltd. Outside Corporate Auditor of Tokyo Kaikan Co., Ltd.
Director (Outside) (Independent)	Hideko Kunii	Outside Director of Innovation Network Corporation of Japan Vice Chairperson of Japan Information Technology Service Industry Association Professor, Graduate School of Engineering Management, Shibaura Institute of Technology Deputy President, Shibaura Institute of Technology General Manager of Gender Equality Promotion Office, Shibaura Institute of Technology Outside Director of Tokyo Electric Power Company, Incorporated Outside Director of Mitsubishi Chemical Holdings Corporation
Director and Advisor	Takanobu Ito	
Operating Officer and Director	Shinji Aoyama	Chief Operating Officer for Motorcycle Operations
Operating Officer and Director	Noriya Kaihara	Chief Quality Officer Chief Operating Officer for Customer Service Operations Head of Service Supervisory Unit for Automobile Operations
Operating Officer and Director	Masayuki Igarashi	Chief Operating Officer for Power Product Operations
Corporate Auditor (Full-time)	Masaya Yamashita	
Corporate Auditor (Full-time)	Kunio Endo	

Title	Name	Area of Responsibility or Principal Occupations
Corporate Auditor (Outside) (Independent)	Toshiaki Hiwatari	Lawyer Attorney Advisor to TMI Associates Outside Director of Nomura Securities Co., Ltd. Outside Director of TOYO KANETSU K.K.
Corporate Auditor (Outside) (Independent)	Hideo Takaura	Certified Public Accountant Auditor of Innovation Network Corporation of Japan
Corporate Auditor (Outside) (Independent)	Mayumi Tamura	

- Notes:** 1. Directors Nobuo Kuroyanagi and Hideko Kunii are Outside Directors in accordance with Article 2, Item 15 of the Company Law.
2. Corporate Auditors Toshiaki Hiwatari, Hideo Takaura and Mayumi Tamura are Outside Corporate Auditors in accordance with Article 2, Item 16 of the Company Law.
3. Corporate Auditor Kunio Endo has considerable operating experience regarding financial and accounting departments in the Company and its subsidiaries. In addition, Corporate Auditor Hideo Takaura has extensive knowledge and experience as a certified public accountant. Mr. Endo and Mr. Takaura have abundant knowledge related to finance and accounting.
4. The Company has appointed Hideko Kunii as an independent (outside) director and Toshiaki Hiwatari, Hideo Takaura and Mayumi Tamura as independent (outside) corporate auditors as provided for by the rules of the Tokyo Stock Exchange and reported their appointment to the Tokyo Stock Exchange.
5. The Bank of Tokyo-Mitsubishi UFJ, Ltd. is one of the Company's large shareholders and the Company has transaction relationships with the Bank of Tokyo-Mitsubishi UFJ, including deposits and foreign exchange. In addition, the Tokio Marine & Nichido Fire Insurance Co., Ltd. is one of the Company's large shareholders and the Company has transaction relationships with Tokio Marine & Nichido Fire Insurance, including insurance contracts. The Company has transaction relationships with Mitsubishi Heavy Industries, Ltd. and purchases automobile parts from the company. The Company also has transaction relationships with Tokyo Electric Power Company, Incorporated and purchases electricity from the company. The Company has no other special capital or transaction relationships with other companies.
6. The Company has introduced the Operating Officer System to strengthen regional operations and local workplaces and to implement quick and appropriate decisions. The Operating Officers of the Company who do not hold the position of Director are as follows: (As of March 31, 2016)

Title	Name	Principal Occupations
Senior Managing Officer	Sho Minekawa	Chief Operating Officer for Regional Operations (Japan) Chief Officer of Honda Driving Safety Promotion Center
Senior Managing Officer	Takuji Yamada	Chief Operating Officer for Regional Operations (North America) President and Director of Honda North America, Inc. President, Chief Executive Officer and Director of American Honda Motor Co., Inc.
Senior Managing Officer	Toshiaki Mikoshiba	Chief Operating Officer for Regional Operations (Europe Region) President and Director of Honda Motor Europe Ltd.
Managing Officer	Toshihiko Nonaka	President, Chief Executive Officer and Director of Honda Engineering Co., Ltd.
Managing Officer	Ko Katayama	Executive Vice President and Director of Honda North America, Inc.
Managing Officer	Chitoshi Yokota	Representative of Automobile Development, Purchasing and Production (North America) Executive Vice President and Director of Honda North America, Inc.
Managing Officer	Seiji Kuraishi	Chief Operating Officer for Regional Operations (China) President of Honda Motor (China) Investment Co., Ltd. President of Honda Motor Technology (China) Co., Ltd.

Title	Name	Principal Occupations
Managing Officer	Takashi Sekiguchi	Executive in Charge of Business Unit No. 2 for Automobile Operations Executive in Charge of Sales Strategy for Automobile Operations
Managing Officer	Soichiro Takizawa	Executive Vice President and Director of Honda Motor Europe Ltd. Managing Director of Honda of the U.K. Manufacturing Ltd.
Operating Officer	Michimasa Fujino	President and Director of Honda Aircraft Company, LLC
Operating Officer	Naoto Matsui	Chief Operating Officer for Purchasing Operations
Operating Officer	Mitsugu Matsukawa	Chief Operating Officer for IT Operations Head of Supply Chain Management Supervisory Unit of Automobile Production for Automobile Operations
Operating Officer	Tetsuo Suzuki	Representative of Motorcycle Development, Purchasing and Production for Motorcycle Operations
Operating Officer	Issao Mizoguchi	Chief Operating Officer for Regional Operations (Latin America) President and Director of Honda South America Ltda. President and Director of Honda Automoveis do Brazil Ltda. President and Director of Moto Honda da Amazonia Ltda.
Operating Officer	Toshihiro Mibe	Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations Head of Drivetrain Business Unit in Automobile Production for Automobile Operations
Operating Officer	Yusuke Hori	Head of Regional Unit (Africa & the Middle East)
Operating Officer	Tomomi Kosaka	Executive Vice President and Director of Honda North America, Inc. President and Director of Honda of America Mfg., Inc.
Operating Officer	Noriaki Abe	Chief Operating Officer for Regional Operations (Asia & Oceania) President and Director of Asian Honda Motor Co., Ltd.
Operating Officer	Toshiyuki Shimabara	Executive in Charge of Motorcycle Production for Motorcycle Operations General Manager of Kumamoto Factory for Motorcycle Operations Executive in Charge of Power Product Production for Power Product Operations
Operating Officer	Yasuhide Mizuno	President of Guangqi Honda Automobile Co., Ltd.
Operating Officer	Kazuhiro Odaka	Responsible for Human Resources and Associate Relations for Business Support Operations General Manager of Human Resources Division for Business Support Operations
Operating Officer	Hiroyuki Kachi	Representative of Automobile Development, Purchasing and Production (Japan) Head of Automobile Production for Regional Operations (Japan) Head of Production Supervisory Unit of Automobile Production for Regional Operations (Japan)

7. As of April 1, 2016, the following changes in Operating Officers were announced by the Company.

Title	Name	As of March 31, 2016
Senior Managing Officer	Seiji Kuraishi	Managing Officer
Senior Managing Officer	Kohei Takeuchi	Managing Officer
Managing Officer	Michimasa Fujino	Operating Officer
Operating Officer	Soichi Yamamoto	General Manager of Sayama Automobile Plant, Saitama Factory of Automobile Production for Regional Operations (Japan)
Operating Officer	Katsushi Inoue	President and Chief Executive Officer of Honda Cars India Ltd.
Operating Officer	Kimiyoshi Teratani	President of Honda Cars Tokyo Chuo, Inc.
Operating Officer	Asako Suzuki	President of Dongfeng Honda Automobile Co., Ltd.

(2) Remuneration of Directors and Corporate Auditors, Etc.

Yen (millions)

Item	Directors (Outside Directors)		Corporate Auditors (Outside Corporate Auditors)		Total (Outside Directors and Corporate Auditors)	
	Number of persons	Value of payments	Number of persons	Value of payments	Number of persons	Value of payments
Remuneration	18 (2)	695 (23)	7 (5)	181 (47)	25 (7)	876 (71)
Bonuses	14 (2)	251 (6)	— (—)	— (—)	14 (2)	251 (6)
Total		947 (30)		181 (47)		1,128 (77)

Notes: 1. Remuneration is limited to JPY 1,300 million per year for Directors and JPY 270 million per year for Corporate Auditors.

2. "Remuneration" shown in the table above is the amount of remuneration that the Company paid to its Directors, Corporate Auditors as well as its Outside Directors and Corporate Auditors during the fiscal year under review. This amount includes remuneration paid to four Directors and two Corporate Auditors who resigned as of the closing of the 91st Ordinary General Meeting of Shareholders that was held on June 17, 2015.

3. Bonuses to Directors are included in the previously mentioned maximum amount for compensation to Directors, and the amount shown was decided by the meeting of the Board of Directors held on May 13, 2016.

(3) Principal Activities of Outside Directors and Outside Corporate Auditors during the Fiscal Year under Review

(a) Principal Activities during the Fiscal Year under Review

Post	Name	Attendance Record	Principal Activities during the Fiscal Year under Review
Director (Outside)	Nobuo Kuroyanagi	Attended 9 of 10 meetings of the Board of Directors	Based on abundant experience and considerable knowledge regarding corporate management, he provides advice regarding the Company's operations from an objective, broad, and highly sophisticated perspective.
Director (Outside)	Hideko Kunii	Attended all 10 meetings of the Board of Directors	Based on abundant experience and considerable knowledge regarding corporate activities as well as domestic and overseas software field, she provides advice regarding the Company's operations from an objective, broad, and highly sophisticated perspective.
Corporate Auditor (Outside)	Toshiaki Hiwatari	Attended 9 of 10 meetings of the Board of Directors Attended all 10 meetings of the Board of Corporate Auditors	Based on abundant experience and considerable knowledge as a legal affairs specialist, he conducts auditing activities from a broad and highly sophisticated perspective.
Corporate Auditor (Outside)	Hideo Takaura	Attended all 7 meetings of the Board of Directors Attended all 7 meetings of the Board of Corporate Auditors	Based on abundant experience and considerable knowledge as a certified public accountant, he conducts auditing activities from a broad and highly sophisticated perspective.
Corporate Auditor (Outside)	Mayumi Tamura	Attended all 7 meetings of the Board of Directors Attended all 7 meetings of the Board of Corporate Auditors	Based on abundant experience and considerable knowledge regarding corporate management, she conducts auditing activities from a broad and highly sophisticated perspective.

All Outside Directors and Outside Corporate Auditors have been selected based on their abundant experience and considerable knowledge, and they provide necessary comments during the deliberation of proposals.

- Notes:** 1. The attendance rate of all Internal Directors and Internal Corporate Auditors was 100% at meetings of the Board of Directors and meetings of the Board of Corporate Auditors, respectively.
2. The attendance record of Corporate Auditors Hideo Takaura and Mayumi Tamura shows figures covering the meetings of the Board of Directors and the Board of Corporate Auditors held after their assumptions of office on June 17, 2015.

(b) Summary of Content of Liability Limitation Contracts

The Company has entered into liability limitation contracts with all Outside Directors and Outside Corporate Auditors based on Article 427, Paragraph 1 of the Company Law and of the Company's Articles of Incorporation, to the effect of limiting the liability for damages, in accordance with Article 423, Paragraph 1 of the Company Law, to the minimum liability amount that is stipulated in Article 425, Paragraph 1 of the Company Law.

5. FINANCIAL AUDIT COMPANY

(1) Name of Financial Audit Company

KPMG AZSA LLC

(2) Financial Audit Company Remuneration, Etc., for the Fiscal Year under Review

(a) Remuneration, etc.	JPY 445 million
(b) Total profit on monetary and other assets to be paid by the Company and its subsidiaries	JPY 910 million

- Notes:** 1. The Company's Board of Corporate Auditors has examined the financial audit company's audit plan for the current fiscal year and the basis for calculation of estimates used as assumptions for remuneration, based on inspection and evaluation of the previous fiscal year's auditing performance through materials obtained and reports received as necessary from directors, relevant internal departments and the financial audit company. As a result, it has agreed to the remuneration of the financial audit company as specified in Article 399, Paragraph 1 of the Company Law of Japan.
2. The audit contract between the Company and its financial audit company does not itemize remuneration for auditing work based on the Company Law of Japan, auditing work based on the Financial Instruments and Exchange Law of Japan and auditing work based on the Securities Exchange Law of the United States. Because of this and because it is impractical to itemize these categories of remuneration, the figure shown in line item (a) above is a total figure.
3. Of the Company's principal subsidiaries, overseas subsidiaries are audited by financial audit companies other than the financial audit company employed by the Company.

(3) Policy Regarding Dismissal or Non-Re-Employment of Financial Audit Company

In the case that the financial audit company was recognized to have committed a serious legal infraction, sharply lowered the quality of its audit services or otherwise shown grounds for determining it was inappropriate for employment as a financial audit company, the Company's Board of Corporate Auditors shall dismiss the financial audit company in accordance with procedures stipulated in the Company Law, or decide on proposals concerning the dismissal or non re-employment of the financial audit company and, based on that decision, the Company's Board of Directors shall submit proposals to the general meeting of shareholders.

6. THE COMPANY'S SYSTEMS AND POLICIES

(1) Systems to Ensure the Compliance of the Directors' Execution of Duties with Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Appropriateness of Operations of the Company and the corporate group comprised of the Company and its subsidiaries

The board of Directors of the Company has determined the Basic Policy on Development of Internal Control Systems as follows.

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws, ordinances, and the Company's Articles of Incorporation

The Company will establish a code of conduct to be observed by its management and employees, such as conformity with applicable laws, ordinances, and internal rules and regulations, and it will endeavor to ensure that all management personnel and employees are made aware of and observe this code.

The Company will further develop its internal whistle-blowing systems to facilitate compliance.

The Company will install an officer to coordinate all compliance matters and will further develop its compliance systems.

2. Systems related to retention and management of information on execution of duties by the Directors

The Company will establish a management policy for information related to the execution of duties by the Directors and appropriately store and manage such information.

3. Rules and other systems related to risk management

The Company will further develop systems for relevant boards and councils to make decisions regarding material matters of management after assessing and considering associated risks.

The Company will install an officer to coordinate all matters related to risk management, and it will establish rules on risk management and further develop its risk management systems.

4. Systems for ensuring that the duties of the Directors are being executed efficiently

The Company will endeavor to facilitate the delegation of authority by implementing an Operating Officer System and will further develop systems that enable prompt and appropriate decision making by clearly defining the scope of authorities delegated to Operating Officers and the decision-making process.

To conduct management efficiently and effectively, the Company will establish annual and medium-term business plans, endeavor to share these plans, and monitor and supervise their progress.

5. Systems for ensuring that the corporate group, comprised of the Company and its subsidiaries, conducts business activities appropriately

In addition to sharing the Company's code of conduct for its management and employees as well as its basic policy on development of internal control systems with its subsidiaries, the Company will further develop systems for supervising its subsidiaries and endeavor to enhance the corporate governance of the Group.

The Company will further develop systems for reporting material matters of the management of subsidiaries to the Company.

The Company will share the risk management policy established by the Company with its subsidiaries and will further develop the risk management systems of the Group through such methods as establishing rules regarding reports from subsidiaries on material risks.

The Company will further develop the internal whistle-blowing systems of the Group in order to discover at an early stage and respond to issues such as violations of laws or ordinances within the Group.

The Company will enhance the internal auditing systems of the Group.

Note: In the above section, "Group" means the corporate group comprised of the Company and its subsidiaries.

6. Provision of employees when assistance is requested by Corporate Auditors, independence of such employees from the Directors, and ensuring effectiveness of instructions to such employees

The Company will establish a staff organization directly under the Board of Corporate Auditors to provide support to the Corporate Auditors.

7. Systems for Directors and employees to report to Corporate Auditors and other systems related to reporting to Corporate Auditors

The Company will further develop systems for the management and employees of the Company and its subsidiaries to report to the Corporate Auditors. No one making such a report will receive any disadvantageous treatment for doing so.

8. Other systems for ensuring the effectiveness of audits by Corporate Auditors

In accordance with laws and ordinances, the Company will bear the necessary expenses for the Corporate Auditors to execute their duties.

The Company will further develop other necessary systems for audits by the Corporate Auditors to be conducted effectively.

(2) Overview of Operating Status for Systems to Ensure the Compliance of the Directors' Execution of Duties with Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Appropriateness of Operations of the Company and the corporate group comprised of the Company and its subsidiaries

The Overview of Developing and Operating Status of Basic Policy on Development of Internal Control Systems stated above is as follows.

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws, ordinances, and the Company's Articles of Incorporation

The Company has established the Honda Conduct Guidelines to clearly define the Company's policy on legal compliance and the conduct to be taken by its management and employees, and the Company endeavors to ensure that all management personnel and employees are made aware of and follow the Guidelines through opportunities such as management training, training upon joining the Company, and level-specific employee training.

The Company has decided to partially revise the Honda Conduct Guidelines as of April 1, 2016, in order to expand the content prescribed therein and to change the name of the Guidelines to the Honda Code of Conduct.

The Company has established the Business Ethics Improvement Proposal Line as a point of contact for internal whistle-blowing. In addition to internal points of contact, the Company has also established an external point of contact in a law firm. These points of contact are operated under rules that include the protection of anyone making use of the Proposal Line.

The Director and Chief Operating Officer for Business Support Operations has been appointed as Compliance Officer.

The Company has established a Compliance Committee chaired by the Compliance Officer, and the Committee deliberates on material matters related to compliance.

In this fiscal year, the Compliance Committee has held both regular and extraordinary meetings and has deliberated on matters such as the operating status of the Business Ethics Improvement Proposal Line and the revision of the Honda Conduct Guidelines.

Each department has conducted an inspection of its legal compliance status using a control self-assessment (CSA) method, and the Audit Office has conducted an internal audit of those results.

2. Systems related to retention and management of information on execution of duties by the Directors

The Company's policy on information management is prescribed in the Document Management Policy, which also stipulates the management policy for information related to the execution of duties by the Directors.

In accordance with this Policy, minutes are prepared for each Board of Directors meeting and Executive Council meeting and stored for a long period of time by the department in charge.

3. Rules and other systems related to risk management

The relevant boards and councils such as the Board of Directors, Executive Council, and Regional Operating Boards deliberate upon material matters of management in accordance with each body's rules of procedure and then make decisions regarding such matters after assessing and considering associated risks.

The Executive Vice President, Executive Officer and Representative Director has been appointed as Risk Management Officer.

The Company has established the Honda Global Risk Management Policy, which prescribes the Company's basic policy on risk management (such as business risks and disaster risks) as well as systems for collecting risk information and responding to risks when they arise.

Each department regularly conducts risk assessments in accordance with the Policy.

The Risk Management Officer monitors and supervises the status of responses to material risks.

4. Systems for ensuring that the duties of the Directors are being executed efficiently

Operating Officers are assigned to the headquarters of each region, business, and function and to other main divisions to handle business execution in the fields of which they are in charge. In addition to the Board of Directors, the Executive Council and the Regional Operating Boards have been established as bodies to make decisions on material matters of management, and each body's rules of procedure clearly define the scope of authorities delegated to Operating Officers and the decision-making process.

The Board of Directors determines the company-wide midterm policy and the annual business plans, which are then shared throughout the Company through each Chief Operating Officer and other Executive Officers.

The Board of Directors receives reports on the progress of the company-wide midterm policy each fiscal year and on the progress of business plans each quarter, thereby monitoring and supervising the execution status thereof.

5. Systems for ensuring that the corporate group, comprised of the Company and its subsidiaries, conducts business activities appropriately

The Company department in charge of internal control endeavors to ensure, both directly and through each regional headquarters, that the Company's subsidiaries are made aware of the Honda Conduct Guideline and the basic policy on development of internal control systems.

Each subsidiary has developed internal control systems appropriate to the laws and ordinances of the country in which it operates and to the business conditions of the subsidiary and regularly reports to the Company regarding the development and operating status of those systems.

Officers responsible for the supervision of each subsidiary have been appointed from among the Operating Officers with jurisdiction over the area related to the business of the relevant subsidiary. These officers regularly receive reports regarding business plans and management conditions from the subsidiaries for which they are responsible and supervise those subsidiaries in cooperation with business management departments and other related departments.

The Company requires subsidiaries to obtain prior approval from or make reports to the Company regarding material matters of the management of the subsidiary in accordance with the Company's rules of procedure, and each subsidiary has developed its own approval rules that include the requirements of the Company.

The Company's subsidiaries have developed risk management systems appropriate to their sizes and business conditions based on the Honda Global Risk Management Policy and report to the Company on material risks. The Company's department in charge of risk management also verifies the development and operating status of the risk management systems of the subsidiaries.

The Business Ethics Improvement Proposal Line of the Company accepts whistle-blowing reports from management and employees of subsidiaries, in addition to which each regional headquarters and other major subsidiary has established its own internal whistle-blowing point of contact.

The Audit Office, which directly reports to the president, conducts internal auditing of each department of the Company, provides supervision and guidance to internal audit departments in major subsidiaries, and conducts audits of subsidiaries directly when necessary.

6. Provision of employees when assistance is requested by Corporate Auditors, independence of such employees from the Directors, and ensuring effectiveness of instructions to such employees

The Company has established the Corporate Auditors Office, which is independent from the chain of command of the Directors of the Company, directly under the Board of Corporate Auditors. The Corporate Auditors' Office takes orders directly from and supports the Corporate Auditors so that their duties are executed efficiently.

7. Systems for Directors and employees to report to Corporate Auditors and other systems related to reporting to Corporate Auditors

The Company has established its Standards for Corporate Auditor Reports as a set of standards for reports to the Corporate Auditors, and the relevant departments of the Company regularly report to the Corporate Auditors regarding the business conditions and the development and operation status of internal control systems, such as those for compliance and risk management, of the Company and its subsidiaries. Additionally, if there are any matters that may significantly affect the Company, those are reported as well.

No one who has made a report to the Corporate Auditors is treated disadvantageously for having done so.

8. Other systems for ensuring the effectiveness of audits by Corporate Auditors

In order for the Company to bear the necessary expenses for the Corporate Auditors to execute their duties, the Company secures the necessary budget every business year based on proposals from the Corporate Auditors.

The Corporate Auditors work closely with the Audit Office, which serves as the Company's internal audit department, to conduct business audits of the Company and its subsidiaries. Additionally, the Corporate Auditors attend meetings of the Board of Directors and other important meetings.

(3) POLICY REGARDING DECISIONS FOR DISTRIBUTION OF DIVIDENDS, ETC.

The Company strives to carry out its operations worldwide from a global perspective and to increase its corporate value. With respect to the redistribution of profits to its shareholders, which we consider to be one of the most important management issues, the Company's basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance.

The Company may also acquire its own shares at a timing that it deems optimal with the goal of improving efficiency of the Company's capital structure and implementing a flexible capital policy. The present goal is to maintain a shareholders return ratio (i.e. the ratio of the total of the dividend payment and the repurchase of the Company's own shares to consolidated profit for the year attributable to owners of the parent) of approximately 30%. Retained earnings will be allocated toward financing R&D activities that are essential for the future growth of the Company and capital expenditures and investment programs that will expand its operations for the purpose of improving business results and strengthening the Company's financial condition. The Company plans to distribute year-end cash dividends of JPY 22 per share for the year ended March 31, 2016. As a result, total cash dividends for the year ended March 31, 2016, together with the first quarter cash dividends of JPY 22, the second quarter cash dividends of JPY 22 and the third quarter cash dividends of JPY 22, are planned to be JPY 88 per share.

Also, please note that the year-end cash dividends for the year ended March 31, 2016 is a matter to be resolved at the ordinary general meeting of shareholders.

Consolidated Statements of Financial Position

As of March 31, 2015 and 2016	Yen (millions)	
	2015 (reference)	2016
ASSETS		
Current assets:		
Cash and cash equivalents	1,471,730	1,757,456
Trade receivables	820,681	826,714
Receivables from financial services	2,098,951	1,926,014
Other financial assets	92,708	103,035
Inventories.....	1,498,312	1,313,292
Other current assets.....	313,758	315,115
Total current assets	6,296,140	6,241,626
Non-current assets:		
Investments accounted for using the equity method.....	614,975	593,002
Receivables from financial services	3,584,654	3,082,054
Other financial assets	350,579	335,203
Equipment on operating leases	3,335,367	3,678,111
Property, plant and equipment	3,189,511	3,139,564
Intangible assets	759,535	824,939
Deferred tax assets	138,069	180,828
Other non-current assets	157,007	153,967
Total non-current assets	12,129,697	11,987,668
Total assets.....	18,425,837	18,229,294
LIABILITIES AND EQUITY		
Current liabilities:		
Trade payables	1,157,738	1,128,041
Financing liabilities	2,833,563	2,789,620
Accrued expenses	377,372	384,614
Other financial liabilities	109,715	89,809
Income taxes payable.....	53,654	45,872
Provisions	294,281	513,232
Other current liabilities	474,731	519,163
Total current liabilities	5,301,054	5,470,351
Non-current liabilities:		
Financing liabilities	3,926,276	3,736,628
Other financial liabilities	61,147	47,755
Retirement benefit liabilities	592,724	660,279
Provisions	182,661	264,978
Deferred tax liabilities	744,410	789,830
Other non-current liabilities	234,744	227,685
Total non-current liabilities	5,741,962	5,727,155
Total liabilities	11,043,016	11,197,506
Equity:		
Common stock	86,067	86,067
Capital surplus	171,118	171,118
Treasury stock.....	(26,165)	(26,178)
Retained earnings	6,083,573	6,194,311
Other components of equity	794,034	336,115
Equity attributable to owners of the parent	7,108,627	6,761,433
Non-controlling interests	274,194	270,355
Total equity	7,382,821	7,031,788
Total liabilities and equity	18,425,837	18,229,294

Consolidated Statements of Income

	Yen (millions)	
Years ended March 31, 2015 and 2016	2015 (reference)	2016
Sales revenue	13,328,099	14,601,151
Operating costs and expenses:		
Cost of sales	(10,330,784)	(11,332,399)
Selling, general and administrative	(1,720,550)	(2,108,874)
Research and development	(606,162)	(656,502)
Total operating costs and expenses	(12,657,496)	(14,097,775)
Operating profit	670,603	503,376
Share of profit of investments accounted for using the equity method	96,097	126,001
Finance income and finance costs:		
Interest income	27,037	28,468
Interest expense	(18,194)	(18,146)
Other, net	30,694	(4,249)
Total finance income and finance costs	39,537	6,073
Profit before income taxes	806,237	635,450
Income tax expense	(245,139)	(229,092)
Profit for the year	561,098	406,358
Profit for the year attributable to:		
Owners of the parent	509,435	344,531
Non-controlling interests	51,663	61,827
	Yen	
Earnings per share attributable to owners of the parent		
Basic and diluted	282.66	191.16

Consolidated Statements of Comprehensive Income (reference)

Years ended March 31, 2015 and 2016	Yen (millions)	
	2015	2016
Profit for the year	561,098	406,358
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(101,286)	(70,709)
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	24,007	(15,797)
Share of other comprehensive income of investments accounted for using the equity method	(714)	(1,274)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	465,776	(430,152)
Share of other comprehensive income of investments accounted for using the equity method	57,356	(36,591)
Total other comprehensive income, net of tax	445,139	(554,523)
Comprehensive income for the year	1,006,237	(148,165)
Comprehensive income for the year attributable to:		
Owners of the parent	931,709	(188,580)
Non-controlling interests	74,528	40,415

Consolidated Statements of Changes in Equity
Years ended March 31, 2015 (reference) and 2016

	Yen (millions)						
	Equity attributable to owners of the parent						Non-controlling interests
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2014	86,067	171,117	(26,149)	5,831,140	273,359	6,335,534	223,394
Comprehensive income for the year							
Profit for the year				509,435		509,435	51,663
Other comprehensive income, net of tax					422,274	422,274	22,865
Total comprehensive income for the year				509,435	422,274	931,709	74,528
Reclassification to retained earnings				(98,401)	98,401	—	—
Transactions with owners and other							
Dividends paid				(158,601)		(158,601)	(21,566)
Purchases of treasury stock			(17)			(17)	(17)
Disposal of treasury stock			1			1	1
Equity transactions and others ...		1				1	(2,162)
Total transactions with owners and other ...		1	(16)	(158,601)		(158,616)	(23,728)
Balance as of March 31, 2015	86,067	171,118	(26,165)	6,083,573	794,034	7,108,627	274,194
Comprehensive income for the year							
Profit for the year				344,531		344,531	61,827
Other comprehensive income, net of tax					(533,111)	(533,111)	(21,412)
Total comprehensive income for the year				344,531	(533,111)	(188,580)	40,415
Reclassification to retained earnings				(75,192)	75,192	—	—
Transactions with owners and other							
Dividends paid				(158,601)		(158,601)	(40,525)
Purchases of treasury stock			(14)			(14)	(14)
Disposal of treasury stock			1			1	1
Equity transactions and others ...							(3,729)
Total transactions with owners and other ...			(13)	(158,601)		(158,614)	(44,254)
Balance as of March 31, 2016	86,067	171,118	(26,178)	6,194,311	336,115	6,761,433	270,355

Consolidated Statements of Cash Flows (reference)

Years ended March 31, 2015 and 2016	Yen (millions)	
	2015	2016
Cash flows from operating activities:		
Profit before income taxes	806,237	635,450
Depreciation, amortization and impairment losses excluding equipment on operating leases	625,229	660,714
Share of profit of investments accounted for using the equity method	(96,097)	(126,001)
Finance income and finance costs, net	(41,941)	(982)
Interest income and interest costs from financial services, net	(172,275)	(151,374)
Changes in assets and liabilities		
Trade receivables	(45,839)	(88,173)
Inventories	(56,285)	66,405
Trade payables	22,246	105,189
Accrued expenses	8,865	32,151
Provisions and retirement benefit liabilities	107,324	329,391
Receivables from financial services	316,962	354,353
Equipment on operating leases	(535,165)	(558,826)
Other assets and liabilities	45,255	20,765
Other, net	(12,931)	4,851
Dividends received	114,501	105,477
Interest received	236,344	233,873
Interest paid	(89,804)	(92,355)
Income taxes paid, net of refunds	(212,222)	(139,913)
Net cash provided by operating activities	1,020,404	1,390,995
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(648,205)	(635,176)
Payments for additions to and internally developed intangible assets	(234,915)	(236,783)
Proceeds from sales of property, plant and equipment and intangible assets	33,243	25,617
Payments for acquisitions of investments accounted for using the equity method	(1,971)	(3,238)
Proceeds from sales of investments accounted for using the equity method	—	3,237
Payments for acquisitions of other financial assets	(108,873)	(173,761)
Proceeds from sales and redemptions of other financial assets	119,897	145,414
Other, net	328	(387)
Net cash used in investing activities	(840,496)	(875,077)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	8,731,773	8,302,231
Repayments of short-term financing liabilities	(8,602,054)	(8,708,320)
Proceeds from long-term financing liabilities	1,505,732	1,826,991
Repayments of long-term financing liabilities	(1,389,121)	(1,267,290)
Dividends paid to owners of the parent	(158,601)	(158,601)
Dividends paid to non-controlling interests	(21,513)	(40,331)
Purchases and sales of treasury stock, net	(16)	(13)
Other, net	(53,712)	(49,966)
Net cash provided by (used in) financing activities	12,488	(95,299)
Effect of exchange rate changes on cash and cash equivalents	85,750	(134,893)
Net change in cash and cash equivalents	278,146	285,726
Cash and cash equivalents at beginning of year	1,193,584	1,471,730
Cash and cash equivalents at end of year	1,471,730	1,757,456

The Notes to the Consolidated Statutory Report

Significant Accounting Policies:

1. Consolidated subsidiaries
Number of consolidated subsidiaries: 368
Corporate names of principal consolidated subsidiaries:
American Honda Motor Co., Inc., Honda of America Mfg., Inc., Honda Canada Inc.,
Honda R&D Co., Ltd., American Honda Finance Corporation.
2. Affiliates and joint ventures accounted for using the equity method
Number of affiliates and joint ventures: 83
Corporate names of major affiliates and joint ventures:
Guangqi Honda Automobile Co., Ltd., Dongfeng Honda Automobile Co., Ltd., P.T. Astra Honda Motor
3. Changes of consolidated subsidiaries, affiliates and joint ventures
Consolidated subsidiaries:
Newly formed consolidated subsidiaries: 10
Reduced through reorganization: 14
Affiliates and joint ventures:
Newly formed affiliates and joint ventures: 1
Reduced through reorganization: 3
4. Accounting standards of consolidated financial statements
The Company prepares its consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) in accordance with Article 120-1 of the Ordinance of Companies Accounting. The Company omits some disclosure items and notes in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting.
5. Basis and method of valuation for financial assets
 - (1) Non-derivative financial assets
(Financial assets measured at amortized cost)
A financial asset is classified into financial assets measured at amortized cost when the asset is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are initially measured at their fair value, and are subsequently measured at amortized cost using the effective interest method.

(Financial assets measured at fair value through other comprehensive income)
Honda elects to designate investments in equity securities such as shares, held for maintaining and strengthening the trade relationship as financial assets measured at fair value through other comprehensive income.
Financial assets measured at fair value through other comprehensive income are initially measured at their fair value, and subsequent changes in fair value of the investment are presented in other comprehensive income.

(Financial assets measured at fair value through profit or loss)
Financial assets measured at fair value other than financial assets measured at fair value through other comprehensive income are classified into financial assets measured at fair value through profit or loss.
Financial assets measured at fair value through profit or loss are initially measured at their fair value, and subsequent changes in fair value are recognized in profit or loss.
 - (2) Derivatives
Derivatives are initially recognized as assets and measured at fair value, when Honda becomes a party to the contractual provision of the derivatives. Subsequent changes in fair value of derivatives are recognized in profit or loss in the period of the changes.
6. Basis and method of valuation for inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes purchase costs and conversion costs, and it is determined principally by using the first-in first-out method.
7. Basis and method of valuation and depreciation method for equipment on operating leases
Equipment on operating leases is initially measured at its cost. Depreciation of equipment on operating leases is calculated on the straight-line method over the lease term. The depreciable amount is the cost of the equipment less its residual value.
8. Basis and method of valuation and depreciation method for property, plant and equipment
Property, plant and equipment is initially measured at its cost. Depreciation of property, plant and equipment, except for land that is not subject to depreciation, is calculated on the straight-line method over the estimated useful life. The depreciable amount is the cost of the asset less the respective estimated residual values.

9. Basis and method of valuation and amortization method for intangible assets

(Research and development)

Capitalized development cost is measured at the sum of expenditures for development incurred between when the foregoing conditions for capitalization are initially met and when the development is completed, and includes all directly attributable costs to the development process. Capitalized development cost is amortized using the straight-line method over the expected product life cycle of the developed product. Expenditures on research and other development expenditures which do not meet the foregoing conditions are expensed as incurred.

(Other intangible asset)

Other intangible assets are initially measured at cost and principally amortized using the straight-line method over their estimated useful lives.

10. Impairment

(1) Financial assets measured at amortized cost

(Receivables from financial services – Allowance for credit losses)

The allowance for credit losses is management's estimate of probable losses incurred on receivables from financial services. Various methodologies are utilized when estimating the allowance for credit losses including models that incorporate vintage loss and delinquency migration analysis. The models take into consideration attributes of the portfolio including loan-to-value ratios, internal and external credit scores, and collateral types. Economic factors such as used vehicle prices, unemployment rates, and consumer debt service burdens are also incorporated when estimating losses.

(Receivables from financial services – Allowance for losses on lease residual values)

The allowance for losses on lease residual values is management's estimate of probable losses on the uninsured portion of the lease residual values incurred on receivables from finance leases. The allowance for losses on lease residual values is based on management's evaluation of many factors, including current economic conditions, industry experience and the finance subsidiaries' historical experience with residual value losses.

(2) Equipment on operating leases, property, plant and equipment and intangible assets

At the end of the reporting period, the carrying amount of equipment on operating leases, property, plant and equipment and intangible assets are assessed to determine whether or not there is any indication of impairment. If there is such an indication, the recoverable amount of such asset is estimated and compared with the carrying amount of the asset, as test of impairment.

11. Provisions for product warranties

Honda recognizes provisions for product warranties to cover future product warranty expenses. Honda recognizes costs for general warranties on products Honda sells and for specific warranty programs, including product recalls. Honda provides for general estimated warranty costs at the time products are sold to customers. Honda also provides for specific estimated warranty program costs when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

12. Post-employment benefits

For defined benefit plans, the present value of defined benefit obligations less the fair value of plan assets is recognized as either liability or asset in the consolidated statements of financial position.

The present value of defined benefit obligations and service cost are principally determined for each plan using the projected unit credit method. The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds that is consistent with the currency and estimated term of the post-employment benefit obligation. Net interest on the net defined benefit liability (asset) for the reporting period is determined by multiplying the net defined benefit liability (asset) by the discount rate.

Past service cost defined as the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment is recognized in profit or loss upon occurrence of the plan amendment or curtailment.

Honda recognizes the difference arising from remeasurement of present value of the defined benefit obligation and the fair value of the plan asset in other comprehensive income when it is incurred, and reclassifies it immediately to retained earnings.

Notes to Consolidated Statements of Financial Position:

1. The allowance for assets are as follows: Yen (millions)

	Mar. 31, 2015	Mar. 31, 2016
The allowance for doubtful trade receivables	5,367	15,888
The allowance for credit losses for receivables from financial services	25,038	25,565
The allowance for losses on lease residual values for receivables from financial services	1,116	1,615
The allowance for doubtful other financial assets	12,061	11,731

2. Net book value of pledged assets and secured liabilities are as follows: Yen (millions)

	Mar. 31, 2015	Mar. 31, 2016
Pledged assets:		
Trade receivables	19,259	21,757
Receivables from financial services	946,891	945,761
Inventories	12,631	21,364
Property, plant and equipment	76,009	67,706
Secured liabilities:		
Financing liabilities (Current liabilities)	551,847	517,982
Financing liabilities (Non-current liabilities)	440,497	456,431

3. The accumulated depreciation and impairment losses for assets are as follows: Yen (millions)

	Mar. 31, 2015	Mar. 31, 2016
Equipment on operating leases	723,014	847,961
Property, plant and equipment	4,871,850	4,891,356

4. Honda has entered into various guarantee agreements which are primarily for employee bank loans to cover their housing costs as follows: Yen (millions)

	Mar. 31, 2015	Mar. 31, 2016
Bank loans of employees for their housing costs	22,157	19,125

If an employee defaults on his/her loan payments, Honda is required to perform under the guarantee. The undiscounted maximum amount of Honda's obligation to make future payments in the event of defaults is shown above. As of March 31, 2016, no amount has been accrued for any estimated losses under these obligations, as it is probable that the employees will be able to make all scheduled payments.

Notes to Consolidated Statements of Changes in Equity:

1. The number of shares outstanding	Mar. 31, 2015	Mar. 31, 2016
	1,811,428,430	1,811,428,430
2. The number of treasury shares	Mar. 31, 2015	Mar. 31, 2016
	9,141,504	9,144,911

3. The total amount of dividends for the fiscal year ended March 31, 2016, was ¥158,601 million. The Company intends to distribute year-end cash dividends of ¥39,650 million to the stockholders of record on March 31, 2016.

Note on Financial Instruments:

Current Status of Financial Instruments

1. Risk Management

Honda has manufacturing operations throughout the world and sells products and components to various countries. In the course of these activities, Honda holds trade receivables arising from business activities, receivables from financial services, trade payables and financing liabilities, and is thus exposed to market risk, credit risk and liquidity risk associated with the holding of such financial instruments.

These risks are evaluated by Honda through periodic monitoring.

2. Market Risk

Honda is exposed to the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in foreign currency exchange rates and interest rates.

Honda uses derivatives that consist mainly of foreign currency forward exchange contracts, foreign currency option contracts, currency swap agreements and interest rate swap agreements to reduce primarily the risk that future cash flows of a financial instrument fluctuates because of changes in foreign currency exchange rates and interest rates.

Derivatives are used within the scope of actual demand, in accordance with risk management policies. In addition, Honda does not hold any derivatives for trading purpose.

3. Credit Risk

Honda is exposed to the risk that one party to a financial instrument causes a financial loss for the other party by failing to discharge an obligation. Honda reduces the risk of financial assets other than derivatives in accordance with credit administration rules. Honda reduces the risk of derivatives by limiting the counterparties to major international banks and financial institutions that meet the internally established credit guidelines.

4. Liquidity Risk

Honda raises funds by commercial paper, bank loans, medium-term notes, corporate bonds and securitization of finance receivables. Honda is exposed to the liquidity risk that Honda would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

Exposure to liquidity risk is managed by maintaining sufficient capital resources, a sufficient level of liquidity and a sound balance sheet.

Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments as of March 31, 2016 are as follows: Yen (millions)

	Carrying Amount	Fair Value
Assets		
Receivables from financial services	5,008,068	5,007,065
Debt securities	97,665	97,665
Equity securities	153,313	153,313
Derivatives	50,022	50,022
Liabilities		
Financing liabilities	6,526,248	6,579,620
Derivatives	32,338	32,338

The measurement methods and assumptions used to measure the fair values of financial instruments are as follows:

1. Cash and cash equivalents, trade receivables and trade payables

The fair values approximate their carrying amounts due to their short-term maturities.

2. Receivables from financial services

The fair value of receivables from financial services is measured primarily by discounting future cash flows using the current interest rates applicable for these receivables of similar remaining maturities.

3. Debt securities

Debt securities consist mainly of mutual funds, corporate bonds, local bonds and auction rate securities. The fair value of mutual funds with an active market is measured by using quoted market prices. The fair values of corporate bonds and local bonds are measured based on proprietary pricing models provided by specialists and/or market makers and the models obtain a wide array of market observable inputs such as credit ratings

and discount rates. To measure fair value of auction rate securities, Honda uses a third-party developed valuation model which obtains a wide array of market observable inputs, as well as unobservable inputs including probability of passing or failing auction at each auction.

4. Equity securities

The fair value of equity securities with an active market is measured by using quoted market prices. The fair value of equity securities with no active market is measured mainly by using the comparable company valuation method and other appropriate valuation methods.

5. Derivatives

Derivatives consist mainly of foreign currency forward exchange contracts, foreign currency option contracts, currency swap agreements and interest rate swap agreements. The fair values of foreign currency forward exchange contracts and foreign currency option contracts are measured by using market observable inputs such as spot exchange rates, discount rates and implied volatility. The fair values of currency swap agreements and interest rate swap agreements are measured by discounting future cash flows using market observable inputs such as LIBOR rates, swap rates, and foreign exchange rates. The credit risk of the counterparties is considered in the valuation of derivatives.

6. Financing liabilities

The fair value of financing liabilities is measured by discounting future cash flows using interest rates currently available for liabilities of similar terms and remaining maturities.

Notes to Information about Per Common Share:

Equity attributable to owners of the parent per common share and basic earnings per share attributable to owners of the parent are as follows: Yen

	Mar. 31, 2015	Mar. 31, 2016
Equity attributable to owners of the parent per common share	3,944.23	3,751.59
Basic earnings per share attributable to owners of the parent	282.66	191.16

Equity attributable to owners of the parent per common share has been computed by dividing Equity attributable to owners of the parent by the number of shares outstanding at the end of each year. The number of common shares, at the end of the years ended March 31, 2015 and 2016 were 1,802,286,926 and 1,802,283,519, respectively.

Basic earnings per share attributable to owners of the parent has been computed by dividing earnings attributable to owners of the parent by the weighted average number of shares outstanding during each year. The weighted average number of shares outstanding for the years ended March 31, 2015 and 2016 were 1,802,289,321 and 1,802,285,138, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2015 or 2016.

Other

1. Loss related to airbag inflators

Honda has been conducting market-based measures in relation to airbag inflators. Honda recognizes a provision for specific warranty costs when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. There is a possibility that Honda will need to recognize additional provisions when new evidence related to product recalls arise, however, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report. In North America, various class actions related to the above mentioned market-based measures have been filed against Honda since October 2014. The plaintiffs have claimed for properly functioning airbag inflators, compensation of economic losses including for incurred costs and the decline in the value of vehicles, as well as punitive damages. Most of the cases in the United States were transferred to the United States District Court for the Southern District of Florida and consolidated into a multi-district litigation.

Regarding the above matter, Honda did not recognize a provision for loss contingencies because the conditions for a provision have not been met as of the date of this report. Also, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report because there is uncertainty regarding the period when these lawsuits will be concluded.

2. Transfer pricing tax refund

In May 2015, the lawsuit related to transfer pricing involving the Company's foreign transactions with certain consolidated subsidiaries in Brazil was concluded, and it was ruled that the Company shall receive a tax refund plus interest in Japan. As a result, income tax expense decreased by ¥19,145 million for the year ended March 31, 2016.

3. Impairment loss on investments accounted for using the equity method

The Company recognized impairment losses on certain investments accounted for using the equity method because there is objective evidence of impairment from declines in quoted market values. The amount of the impairment losses is ¥22,244 million for the fiscal year ended March 31, 2015 and ¥28,887 million for the fiscal year ended March 31, 2016, respectively. The impairment losses are included in share of profit of investments accounted for using the equity method in the consolidated statement of income.

4. Income taxes

On March 29, 2016, the National Diet of Japan approved amendments to existing income tax laws. Upon the change in the laws, the statutory income tax rate in Japan was changed to approximately 30% for fiscal years beginning on or after April 1, 2016. Thus, the Company and its Japanese subsidiaries re-measured deferred tax assets and liabilities as of the enactment date based on the new tax rates to be applied in the fiscal years in which temporary differences are expected to be recovered or settled. The impact for the year ended March 31, 2016 is not material.

Regarding the Notes for the Previous Fiscal Year

The notes for the previous fiscal year contain additional information for reference.

Segment Information (reference)

(a) Segment Information

As of and for the year ended March 31, 2015

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Power Product & Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	1,846,666	9,603,335	1,555,550	322,548	13,328,099	—	13,328,099
Intersegment	—	154,536	12,363	24,362	191,261	(191,261)	—
Total	1,846,666	9,757,871	1,567,913	346,910	13,519,360	(191,261)	13,328,099
Segment profit (loss)	192,154	279,756	202,574	(3,881)	670,603	—	670,603
Segment assets	1,489,703	7,653,645	9,318,545	334,858	18,796,751	(370,914)	18,425,837
Depreciation and amortization	70,881	525,522	484,526	12,061	1,092,990	—	1,092,990
Capital expenditures	87,762	791,626	1,685,245	14,588	2,579,221	—	2,579,221

As of and for the year ended March 31, 2016

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Power Product & Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	1,805,429	10,625,405	1,835,605	334,712	14,601,151	—	14,601,151
Intersegment	—	142,280	14,095	17,532	173,907	(173,907)	—
Total	1,805,429	10,767,685	1,849,700	352,244	14,775,058	(173,907)	14,601,151
Segment profit (loss)	181,773	153,366	199,358	(31,121)	503,376	—	503,376
Segment assets	1,412,404	7,493,086	9,071,874	333,586	18,310,950	(81,656)	18,229,294
Depreciation and amortization	76,267	564,631	622,874	13,770	1,277,542	—	1,277,542
Capital expenditures	73,541	796,209	1,972,647	18,251	2,860,648	—	2,860,648

Notes:

1. Intersegment sales revenues are generally made at values that approximate arm's-length prices.
2. Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of March 31, 2015 and 2016 amounted to ¥345,266 million and ¥451,387 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

(b) Geographic Information

As of and for the year ended March 31, 2015

Yen (millions)

	Japan	North America	Europe	Asia	Other Regions	Total	Reconciling Items	Consolidated
Sales revenue:								
External customers	2,137,844	6,870,388	656,195	2,716,529	947,143	13,328,099	—	13,328,099
Inter-geographic areas	1,793,123	330,475	67,729	612,015	3,199	2,806,541	(2,806,541)	—
Total	3,930,967	7,200,863	723,924	3,328,544	950,342	16,134,640	(2,806,541)	13,328,099
Operating profit (loss)	210,171	181,525	(22,615)	278,855	40,167	688,103	(17,500)	670,603

Assets	4,231,472	10,454,542	667,945	2,526,914	677,831	18,558,704	(132,867)	18,425,837
Non-current assets other than financial instruments and deferred tax assets	2,279,156	4,084,678	120,217	760,642	196,727	7,441,420	—	7,441,420

As of and for the year ended March 31, 2016

Yen (millions)

	Japan	North America	Europe	Asia	Other Regions	Total	Reconciling Items	Consolidated
Sales revenue:								
External customers	2,022,931	8,123,655	693,255	2,955,690	805,620	14,601,151	—	14,601,151
Inter-geographic areas	1,905,654	413,427	82,782	579,683	3,032	2,984,578	(2,984,578)	—
Total	3,928,585	8,537,082	776,037	3,535,373	808,652	17,585,729	(2,984,578)	14,601,151
Operating profit (loss)	(98,714)	210,862	18,747	335,508	(8,322)	458,081	45,295	503,376

Assets	4,258,071	10,240,942	719,561	2,467,481	603,754	18,289,809	(60,515)	18,229,294
Non-current assets other than financial instruments and deferred tax assets	2,426,439	4,364,808	118,992	713,968	172,374	7,796,581	—	7,796,581

Notes:

- Major countries or regions in each geographic area:
 - North America United States, Canada, Mexico
 - Europe United Kingdom, Germany, France, Belgium, Russia
 - Asia Thailand, Indonesia, China, India, Vietnam
 - Other Regions Brazil, Australia
- Sales revenues between geographic areas are generally made at values that approximate arm's-length prices.
- Reconciling items include elimination of inter-geographic transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of March 31, 2015 and 2016 amounted to ¥ 345,266 million and ¥451,387 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

Independent Auditors' Report

Independent Auditor's Report

May 16, 2016

The Board of Directors
Honda Motor Co., Ltd.

KPMG AZSA LLC

Hiroshi Miura (Seal)

Hiroyuki Yamada (Seal)

Tsutomu Ogawa (Seal)

Designated Limited Liability Partner, Engagement Partner and Certified Public Accountant

Designated Limited Liability Partner, Engagement Partner and Certified Public Accountant

Designated Limited Liability Partner, Engagement Partner and Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, consolidated statement of income, the consolidated statement of changes in equity and the related notes of Honda Motor Co., Ltd. as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of Honda Motor Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report of the Board of Corporate Auditors

Mr. Takahiro Hachigo
President and Representative Director of
Honda Motor Co., Ltd.

Audit Report

The Board of Corporate Auditors has prepared this Audit Report regarding the performance of duties by the Directors for the 92nd fiscal year from April 1, 2015 to March 31, 2016, upon deliberation based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and Details of Such Methods

- (1) The Board of Corporate Auditors established auditing policies, assignment of duties, etc., and received reports from each Corporate Auditor regarding their execution of audits and results thereof, and received reports from the Directors, etc. and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor, in accordance with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, following the auditing policies, assignment of duties and other relevant matters, communicated with the Directors, the Audit Office and other employees, etc., made efforts to collect information and establish the environment for auditing, and conducted audits in the following method.
 - 1) Participated in the meetings of the Board of Directors and other important meetings, received reports from the Directors and employees regarding performance of their duties, sought explanations as necessary, examined important documents on business decisions, etc., and surveyed the status of operations and assets at the head office and principal business offices. With respect to subsidiaries, Corporate Auditors communicated and exchanged information with Directors and Corporate Auditors of subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) Monitored and verified the content of the resolution of the Board of Directors regarding the establishment of the system for ensuring that the performance of duties by the Directors as recorded in the Business Report conforms to the laws and regulations and Articles of Incorporation and other systems stipulated in Paragraphs 1 and 3 of Article 100 of the Enforcement Regulations of the Company Law as being necessary for ensuring appropriateness of the Company's operations, and the status of the systems established based on such resolution (Internal Control Systems) by receiving periodic reports from the Directors and employees on the structuring and operation of these systems, and, as necessary, requesting explanations and asking for expression of opinions in accordance with the auditing operation standards for the internal control system provided by the Board of Corporate Auditors. With respect to subsidiaries, Corporate Auditors communicated and exchanged information with Directors and Corporate Auditors of subsidiaries, and received business reports from subsidiaries as necessary.
 - 3) Monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, Corporate Auditors received notice from the Accounting Auditor that "System for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is established in accordance with the "Quality Control Standards Regarding Audits" (Business Accounting Council, October 28, 2005), etc., and sought explanations as necessary.

Based on the above methods, Corporate Auditors examined the business report and the supplementary schedules thereto, unconsolidated financial statements (unconsolidated balance sheets, unconsolidated statement of income, unconsolidated statements of change in net assets and notes to the unconsolidated financial statements) and the supplementary schedules thereto, and the consolidated financial statements (the consolidated statements of financial position, the consolidated statement of income, the consolidated statements of change in equity and notes to consolidated financial statements) for this fiscal year.

2. Results of Audit

- (1) Results of Audit of Business Report, etc.
 - 1) The business report and the supplementary schedules thereto fairly represent the status of the Company in accordance with the applicable laws and regulations and Articles of Incorporation.
 - 2) No misconduct or material violation of laws, regulations or the Articles of Incorporation was found with regard to the performance of duties by the Directors.
 - 3) The content of the resolution of the Board of Directors regarding the Internal Control Systems is appropriate. In addition, no matters were found for comment with regard to the content of the business report as it is related to Internal Control Systems or with regard to the performance of duties by the Directors.
- (2) Results of Audit of unconsolidated financial statements and the supplementary schedules thereto.

The methods and results of the audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.
- (3) Results of Audit of consolidated financial statements.

The methods and results of the audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

May 17, 2016
Board of Corporate Auditors
Honda Motor Co., Ltd.

Corporate Auditor (Full-time)	Masaya Yamashita (Seal)
Corporate Auditor (Full-time)	Kunio Endo (Seal)
Corporate Auditor (Outside)	Toshiaki Hiwatari (Seal)
Corporate Auditor (Outside)	Hideo Takaura (Seal)
Corporate Auditor (Outside)	Mayumi Tamura (Seal)

- End -

HONDA

Honda Motor Co., Ltd.