

JPMORGAN CHASE & CO
Form 424B2
February 05, 2019
Filed Pursuant to Rule 424(b)(2)

Registration Statement Nos. 333-222672 and 333-222672-01

Pricing Supplement to the Prospectus and Prospectus Supplement, each dated April 5, 2018, the Underlying Supplement No. 1-I dated April 5, 2018 and the Product Supplement No. 4-I dated April 5, 2018

JPMorgan Chase Financial Company LLC

Medium-Term Notes, Series A
\$5,100,000
Capped Enhanced Participation Equity Notes due 2020
(Linked to the S&P 500[®] Index)

Fully and Unconditionally Guaranteed by JPMorgan Chase & Co.

The notes do not bear interest. The amount that you will be paid on your notes on the stated maturity date (March 4, 2020, subject to adjustment) is based on the performance of the S&P 500[®] Index (which we refer to as the underlier) as measured from and including the trade date (February 1, 2019) to and including the determination date (March 2, 2020, subject to adjustment). If the final underlier level on the determination date is greater than the initial underlier level, the return on your notes will be positive, subject to the maximum settlement amount of \$1,145.80 for each \$1,000 principal amount note. If the final underlier level is less than the initial underlier level, the return on your notes will be negative. **You could lose your entire investment in the notes. Any payment on the notes is subject to the credit risk of JPMorgan Chase Financial Company LLC (“JPMorgan Financial”), as issuer of the notes, and the credit risk of JPMorgan Chase & Co., as guarantor of the notes.**

To determine your payment at maturity, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each \$1,000 principal amount note, you will receive an amount in cash equal to:

if the underlier return is *positive* (the final underlier level is *greater than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) 3.00 *times* (c) the underlier return, subject to the maximum settlement amount; or

if the underlier return is *zero* or *negative* (the final underlier level is *equal to* or *less than* the initial underlier level), the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the underlier return. You will receive less than \$1,000 if the final underlier level is less than the initial underlier level.

Your investment in the notes involves certain risks, including, among other things, our credit risk. See “Risk Factors” on page PS-10 of the accompanying product supplement, “Risk Factors” on page US-1 of the accompanying underlying supplement and “Selected Risk Factors” on page PS-12 of this pricing supplement.

The foregoing is only a brief summary of the terms of your notes. You should read the additional disclosure provided herein so that you may better understand the terms and risks of your investment.

The estimated value of the notes, when the terms of the notes were set, was \$985.40 per \$1,000 principal amount note. See “Summary Information — The Estimated Value of the Notes” on page PS-7 of this pricing supplement for additional information about the estimated value of the notes and “Summary Information — Secondary Market Prices of

the Notes” on page PS-7 of this pricing supplement for information about secondary market prices of the notes.

Original issue date (settlement date): February 8, 2019

Original issue price: 100.00% of the principal amount*

Underwriting commission/discount: 1.33% of the principal amount*

Net proceeds to the issuer: 98.67% of the principal amount

See “Summary Information — Supplemental Use of Proceeds” on page PS-8 of this pricing supplement for information about the components of the original issue price of the notes.

*J.P. Morgan Securities LLC, which we refer to as JPMS, acting as agent for JPMorgan Financial, will pay all of the selling commissions of 1.33% of the principal amount it receives from us to an unaffiliated dealer. See “Plan of Distribution (Conflicts of Interest)” on page PS-87 of the accompanying product supplement. The original issue price is 98.67% of the principal amount for notes purchased by investors in certain fee-based advisory accounts, reflecting a forgone selling commission with respect to these notes; see “Summary Information — Key Terms — Supplemental Plan of Distribution” on page PS-6 of this pricing supplement.

Neither the Securities and Exchange Commission (the “SEC”) nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this pricing supplement, the accompanying product supplement, the accompanying underlying supplement, the accompanying prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and are not obligations of, or guaranteed by, a bank.

Pricing Supplement dated February 1, 2019

The original issue price, fees and commissions and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this pricing supplement, at issue prices and with fees and commission and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the price you pay for your notes.

We may use this pricing supplement in the initial sale of the notes. In addition, JPMS or any other affiliate of ours may use this pricing supplement in a market-making transaction in a note after its initial sale. ***Unless JPMS or its agents inform the purchaser otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.***

SUMMARY INFORMATION

You should read this pricing supplement together with the accompanying prospectus, as supplemented by the accompanying prospectus supplement relating to our Series A medium-term notes of which these notes are a part, and the more detailed information contained in the accompanying product supplement and the accompanying underlying supplement. **This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours.** You should carefully consider, among other things, the matters set forth in the “Risk Factors” sections of the accompanying product supplement and the accompanying underlying supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Product supplement no. 4-I dated April 5, 2018:

http://www.sec.gov/Archives/edgar/data/19617/000095010318004519/dp87528_424b2-ps4i.pdf

Underlying supplement no. 1-I dated April 5, 2018:

http://www.sec.gov/Archives/edgar/data/19617/000095010318004514/crt_dp87766-424b2.pdf

Prospectus supplement and prospectus, each dated April 5, 2018:

http://www.sec.gov/Archives/edgar/data/19617/000095010318004508/dp87767_424b2-ps.pdf

Our Central Index Key, or CIK, on the SEC website is 1665650, and JPMorgan Chase & Co.’s CIK is 19617. As used in this pricing supplement, “we,” “us” and “our” refer to JPMorgan Financial.

Key Terms

Issuer: JPMorgan Chase Financial Company LLC, an indirect, wholly owned finance subsidiary of JPMorgan Chase & Co.

Guarantor: JPMorgan Chase & Co.

Underlier: the S&P 500[®] Index (Bloomberg symbol, “SPX Index”), as published by S&P Dow Jones Indices LLC (“S&P”). The accompanying product supplement refers to the underlier as the “Index.”

Principal amount: each note will have a principal amount of \$1,000; \$5,100,000 in the aggregate for all the offered notes; the aggregate principal amount of the offered notes may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement

Purchase at amount other than principal amount: the amount we will pay you at the stated maturity date for your notes will not be adjusted based on the price you pay for your notes, so if you acquire notes at a premium (or discount) to the principal amount and hold them to the stated maturity date, it could affect your investment in a number of ways. The return on your investment in the notes will be lower (or higher) than it would have been had you purchased the

notes at the principal amount. Also, the cap level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Selected Risk Factors — If You Purchase Your Notes at a Premium to the Principal Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at the Principal Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page PS-15 of this pricing supplement.

Payment on the stated maturity date: for each \$1,000 principal amount note, we will pay you on the stated maturity date an amount in cash equal to:

PS-3

if the final underlier level is *greater than* or *equal to* the cap level, the maximum settlement amount; if the final underlier level is *greater than* the initial underlier level but *less than* the cap level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the upside participation rate *times* (c) the underlier return; or if the final underlier level is *equal to* or *less than* the initial underlier level, the *sum* of (i) \$1,000 *plus* (ii) the *product* of (a) \$1,000 *times* (b) the underlier return. You will receive less than \$1,000 if the final underlier level is less than the initial underlier level.

Initial underlier level (the closing level of the underlier on the trade date): 2,706.53. The accompanying product supplement refers to the initial underlier level as the “Initial Value.”

Final underlier level: the closing level of the underlier on the determination date. In certain circumstances, the closing level of the underlier will be based on the alternative calculation of the underlier described under “General Terms of Notes — Postponement of a Determination Date — Notes Linked to a Single Underlying — Notes Linked to a Single Underlying (Other Than a Commodity Index)” on page PS-44 of the accompanying product supplement or “The Underlyings — Indices — Discontinuation of an Index; Alteration of Method of Calculation” on page PS-68 of the accompanying product supplement. The accompanying product supplement refers to the final underlier level as the “Final Value.”

Underlier return: the *quotient* of (i) the final underlier level *minus* the initial underlier level *divided* by (ii) the initial underlier level, expressed as a percentage

Upside participation rate: 3.00

Cap level: 104.86% of the initial underlier level

Maximum settlement amount: \$1,145.80

Trade date: February 1, 2019

Original issue date (settlement date): February 8, 2019

Determination date: March 2, 2020, subject to postponement in the event of a market disruption event and as described under “General Terms of Notes — Postponement of a Determination Date — Notes Linked to a Single Underlying — Notes Linked to a Single Underlying (Other Than a Commodity Index)” on page PS-44 of the accompanying product supplement

Stated maturity date: March 4, 2020, subject to postponement in the event of a market disruption event and as described under “General Terms of Notes — Postponement of a Payment Date” on page PS-44 of the accompanying product supplement. The accompanying product supplement refers to the stated maturity date as the “maturity date.”

No interest: The offered notes do not bear interest.

No listing: The offered notes will not be listed on any securities exchange or interdealer quotation system.

No redemption: The offered notes will not be subject to redemption right or price dependent redemption right.

Closing level: as described under “The Underlyings — Indices — Level of an Index” on page PS-65 of the accompanying product supplement

Business day: as described under “General Terms of Notes — Postponement of a Payment Date” on page PS-44 of the accompanying product supplement

PS-4

Trading day: as described under “General Terms of Notes — Postponement of a Determination Date — Additional Defined Terms” on page PS-47 of the accompanying product supplement

Use of proceeds and hedging: as described under “Use of Proceeds and Hedging” on page PS-43 of the accompanying product supplement, as supplemented by “ — Supplemental Use of Proceeds” below

Tax treatment: You should review carefully the section entitled “Material U.S. Federal Income Tax Consequences” in the accompanying product supplement no. 4-I. The following discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel, Davis Polk & Wardwell LLP, regarding the material U.S. federal income tax consequences of owning and disposing of notes.

Based on current market conditions, in the opinion of our special tax counsel it is reasonable to treat the notes as “open transactions” that are not debt instruments for U.S. federal income tax purposes, as more fully described in “Material U.S. Federal Income Tax Consequences — Tax Consequences to U.S. Holders — Notes Treated as Open Transactions That Are Not Debt Instruments” in the accompanying product supplement. Assuming this treatment is respected, the gain or loss on your notes should be treated as long-term capital gain or loss if you hold your notes for more than a year, whether or not you are an initial purchaser of notes at the issue price. However, the IRS or a court may not respect this treatment, in which case the timing and character of any income or loss on the notes could be materially and adversely affected. In addition, in 2007 Treasury and the IRS released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require investors in these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. You should consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the notes, including possible alternative treatments and the issues presented by this notice.

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax (unless an income tax treaty applies) on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Section 871(m) provides certain exceptions to this withholding regime, including for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (such as an index, a “Qualified Index”). Additionally, a recent IRS notice excludes from the scope of Section 871(m) instruments issued prior to January 1, 2021 that do not have a delta of one with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an “Underlying Security”). Based on certain determinations made by us, our special tax counsel is of the opinion that Section 871(m) should not apply to the notes with regard to Non-U.S. Holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

Withholding under legislation commonly referred to as “FATCA” may (if the notes are recharacterized as debt instruments) apply to amounts treated as interest paid with respect to the notes, as well as to payments of gross proceeds of a taxable disposition, including redemption at maturity, of a note, although under recently proposed

regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply to payments of gross proceeds (other than any

PS-5

amount treated as interest). You should consult your tax adviser regarding the potential application of FATCA to the notes.

ERISA: as described under “Benefit Plan Investor Considerations” on page PS-89 of the accompanying product supplement

Supplemental plan of distribution: as described under “Plan of Distribution (Conflicts of Interest)” on page PS-87 of the accompanying product supplement; we estimate that our share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$10,000. We have agreed to sell to JPMS, and JPMS has agreed to purchase from us, the aggregate principal amount of the notes specified on the front cover of this pricing supplement. JPMS proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this pricing supplement, and to an unaffiliated dealer at that price and to pay that dealer a selling commission of 1.33% of the principal amount. The original issue price for notes purchased by certain fee-based advisory accounts is 98.67% of the principal amount, which reflects a forgone selling commission with respect to these notes (*i.e.*, the selling commission specified on the cover of this pricing supplement with respect to these notes is 0.00%).

We will deliver the notes against payment therefor in New York, New York on February 8, 2019, which is the fifth scheduled business day following the date of this pricing supplement and of the pricing of the notes. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required, by virtue of the fact that the notes will initially settle in five business days (T + 5), to specify alternative settlement arrangements to prevent a failed settlement.

Conflicts of interest: JPMS has a “conflict of interest” within the meaning of FINRA Rule 5121 in any offering of the notes in which it participates because JPMorgan Chase & Co. owns, directly or indirectly, all of the outstanding equity securities of JPMS, because JPMS and we are under common control by JPMorgan Chase & Co. and because the net proceeds received from the sale of the notes will be used, in part, by JPMS or its affiliates in connection with hedging our obligations under the notes. The offering of the notes will comply with the requirements of Rule 5121 of Financial Industry Regulatory Authority, Inc. (“FINRA”) regarding a FINRA member firm’s underwriting of securities of an affiliate. In accordance with FINRA Rule 5121, neither JPMS nor any other affiliated agent of ours may make sales in the offering of the notes to any of its discretionary accounts without the specific written approval of the customer.

Calculation agent: JPMS

CUSIP no.: 48130WUF6

ISIN no.: US48130WUF66

FDIC: the notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Supplemental Terms of the Notes

For purposes of the notes offered by this pricing supplement, all references to each of the following terms used in the accompanying product supplement will be deemed to refer to the corresponding term used in this pricing supplement, as set forth in the table below:

Product Supplement Term	Pricing Supplement Term
Index	underlier
Initial Value	initial underlier level
Final Value	final underlier level
pricing date	trade date
maturity date	stated maturity date
term sheet	preliminary pricing supplement
PS-6	

In addition, the following terms used in this pricing supplement are not defined in the accompanying product supplement: underlier return, upside participation rate, maximum settlement amount and cap level. Accordingly, please refer to “Key Terms” on page PS-3 of this pricing supplement for the definitions of these terms.

The Estimated Value of the Notes

The estimated value of the notes when the terms of the notes are set, which we refer to as the estimated value of the notes, set forth on the cover of this pricing supplement is equal to the sum of the values of the following hypothetical components: (1) a fixed-income debt component with the same maturity as the notes, valued using the internal funding rate described below, and (2) the derivative or derivatives underlying the economic terms of the notes. The estimated value of the notes does not represent a minimum price at which JPMS would be willing to buy your notes in any secondary market (if any exists) at any time. The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates’ view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. For additional information, see “Selected Risk Factors — The Estimated Value of the Notes Is Derived by Reference to an Internal Funding Rate” on page PS-13 of this pricing supplement. The value of the derivative or derivatives underlying the economic terms of the notes is derived from internal pricing models of our affiliates. These models are dependent on inputs such as the traded market prices of comparable derivative instruments and on various other inputs, some of which are market-observable, and which can include volatility, dividend rates, interest rates and other factors, as well as assumptions about future market events and/or environments. Accordingly, the estimated value of the notes is determined when the terms of the notes are set based on market conditions and other relevant factors and assumptions existing at that time. See “Selected Risk Factors — The Estimated Value of the Notes Does Not Represent Future Values of the Notes and May Differ from Others’ Estimates” on page PS-13 of this pricing supplement.

The estimated value of the notes is lower than the original issue price of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions paid to JPMS and the unaffiliated dealer, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes and the estimated cost of hedging our obligations under the notes. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, this hedging may result in a profit that is more or less than expected, or it may result in a loss. A portion of the profits realized in hedging our obligations under the notes, if any, may be allowed to other affiliated or unaffiliated dealers, and we or one or more of our affiliates will retain any remaining hedging profits. See “Selected Risk Factors — The Estimated Value of the Notes Is Lower Than the Original Issue Price of the Notes” on page PS-13 of this pricing supplement.

Secondary Market Prices of the Notes

For information about factors that will impact any secondary market prices of the notes, see “Selected Risk Factors — Secondary Market Prices of the Notes Will Be Impacted by Many Economic and Market Factors” on page PS-14 of this pricing supplement. In addition, we generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over the period from the trade date through May 1, 2019. The length of any such initial period reflects the structure of the notes, whether our affiliates expect to earn a profit in connection with our hedging activities, the estimated costs of hedging the notes and when these costs are incurred, as determined by our affiliates. See “Selected Risk Factors — The Value of the Notes as Published by JPMS (and Which May Be Reflected on Customer Account Statements) May Be Higher Than the Then-Current Estimated Value of the Notes for a Limited Time Period”

on page PS-14 of this pricing supplement.

PS-7

Supplemental Use of Proceeds

The notes are offered to meet investor demand for products that reflect the risk-return profile and market exposure provided by the notes. See “Hypothetical Examples” on page PS-9 of this pricing supplement for an illustration of the risk-return profile of the notes and “The Underlier” on page PS-17 of this pricing supplement for a description of the market exposure provided by the notes.

The original issue price of the notes is equal to the estimated value of the notes plus the selling commissions paid to JPMS and the unaffiliated dealer, plus (minus) the projected profits (losses) that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes, plus the estimated cost of hedging our obligations under the notes.

Validity of the Notes and the Guarantee

In the opinion of Davis Polk & Wardwell LLP, as special products counsel to JPMorgan Financial and JPMorgan Chase & Co., when the notes offered by this pricing supplement have been executed and issued by JPMorgan Financial and authenticated by the trustee pursuant to the indenture, and delivered against payment as contemplated herein, such notes will be valid and binding obligations of JPMorgan Financial and the related guarantee will constitute a valid and binding obligation of JPMorgan Chase & Co., enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), *provided* that such counsel expresses no opinion as to (i) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above or (ii) any provision of the indenture that purports to avoid the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law by limiting the amount of JPMorgan Chase & Co.'s obligation under the related guarantee. This opinion is given as of the date hereof and is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the Delaware Limited Liability Company Act. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture and its authentication of the notes and the validity, binding nature and enforceability of the indenture with respect to the trustee, all as stated in the letter of such counsel dated March 8, 2018, which was filed as an exhibit to the Registration Statement on Form S-3 by JPMorgan Financial and JPMorgan Chase & Co. on March 8, 2018.

PS-8

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical underlier levels on the determination date could have on the payment at maturity assuming all other variables remain constant.

The examples below are based on a range of final underlier levels that are entirely hypothetical; no one can predict what the underlier level will be on any day throughout the term of your notes, and no one can predict what the final underlier level will be on the determination date. The underlier has been highly volatile in the past — meaning that the underlier level has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the principal amount and held to the stated maturity date. If you sell your notes in a secondary market prior to the stated maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the table below, such as interest rates, the volatility of the underlier and our and JPMorgan Chase & Co.'s creditworthiness. In addition, the estimated value of the notes is less than the original issue price. For more information on the estimated value of the notes, see “Summary Information — The Estimated Value of the Notes” on page PS-7 of this pricing supplement. The information in the table also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions

Principal amount	\$1,000
Upside participation rate	3.00
Cap level	104.86% of the initial underlier level
Maximum settlement amount	\$1,145.80
Neither a market disruption event nor a non-trading day occurs on the originally scheduled determination date	

During the term of the notes, the underlier is not discontinued, the method of calculating the underlier does not change in any material respect and the underlier is not modified so that its level does not, in the opinion of the calculation agent, fairly represent the level of the underlier had those modifications not been made

Notes purchased on original issue date at the principal amount and held to the stated maturity date

For these reasons, the actual performance of the underlier over the term of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this pricing supplement. For information about the historical levels of the underlier during recent periods, see “The Underlier — Historical Closing Levels of the Underlier” below. Before investing in the offered notes, you should consult publicly available information to determine the levels of the underlier between the date of this pricing supplement and the date of your purchase of the offered notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the underlier stocks.

The levels in the left column of the table below represent hypothetical final underlier levels and are expressed as percentages of the initial underlier level. The amounts in the right column represent the hypothetical payments at maturity, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level), and are expressed as percentages of the principal amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical payment at maturity of 100.000% means that the value of the cash payment that we would deliver for

PS-9

each \$1,000 of the outstanding principal amount of the offered notes on the stated maturity date would equal 100.000% of the principal amount of a note, based on the corresponding hypothetical final underlier level (expressed as a percentage of the initial underlier level) and the assumptions noted above.

Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level)	Hypothetical Payment at Maturity (as Percentage of Principal Amount)
150.000%	114.580%
140.000%	114.580%
130.000%	114.580%
120.000%	114.580%
110.000%	114.580%
105.000%	114.580%
104.860%	114.580%
102.500%	107.500%
100.000%	100.000%
75.000%	75.000%
50.000%	50.000%
25.000%	25.000%
0.000%	0.000%

If, for example, the final underlier level were determined to be 25.000% of the initial underlier level, the payment that we would deliver on your notes at maturity would be 25.000% of the principal amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the principal amount and held them to the stated maturity date, you would lose 75.000% of your investment (if you purchased your notes at a premium to principal amount you would lose a correspondingly higher percentage of your investment). In addition, if the final underlier level were determined to be 150.000% of the initial underlier level, the payment that we would deliver on your notes at maturity would be capped at the maximum settlement amount (expressed as a percentage of the principal amount), or 114.580% of each \$1,000 principal amount note, as shown in the table above. As a result, if you held your notes to the stated maturity date, you would not benefit from any increase in the final underlier level over 104.860% of the initial underlier level.

The following chart also shows a graphical illustration of the hypothetical payments at maturity (expressed as a percentage of the principal amount of your notes) that we would pay on your notes on the stated maturity date, if the final underlier level (expressed as a percentage of the initial underlier level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical final underlier level (expressed as a percentage of the initial underlier level) of less than 100.000% (the section left of the 100.000% marker on the horizontal axis) would result in a hypothetical payment at maturity of less than 100.000% of the principal amount of your notes (the section below the 100.000% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical final underlier level (expressed as a percentage of the initial underlier level) of greater than or equal to 104.860% (the section right of the 104.860% marker on the horizontal axis) would result in a capped return on your investment.

The payments at maturity shown above are entirely hypothetical; they are based on closing levels for the underlier that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your notes on the stated maturity date or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical payments at maturity shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical payments at maturity on notes held to the stated maturity date in the examples above assume you purchased your notes at their principal amount and have not been adjusted to reflect the actual price you pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the principal amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Selected Risk Factors — Secondary Market Prices of the Notes Will Be Impacted by Many Economic and Market Factors” on page PS-14 of this pricing supplement.

The hypothetical returns on the notes shown above apply **only if you hold the notes for their entire term**. These hypotheticals do not reflect fees or expenses that would be associated with any sale in the secondary market. If these fees and expenses were included, the hypothetical returns shown above would likely be lower.

We cannot predict the actual final underlier level or what the market value of your notes will be on any particular day, nor can we predict the relationship between the underlier level and the market value of your notes at any time prior to the stated maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered notes will depend on the actual final underlier level determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes, if any, on the stated maturity date may be very different from the information reflected in the table and chart above.

Selected Risk Factors

An investment in your notes is subject to the risks described below, as well as the risks described under the “Risk Factors” sections of the accompanying product supplement and the accompanying underlying supplement. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the underlier stocks, i.e., the stocks underlying the underlier to which your notes are linked. You should carefully consider whether the offered notes are suited to your particular circumstances.

You May Lose Some or All of Your Investment in the Notes

The notes do not guarantee any return of principal. The return on the notes at maturity is linked to the performance of the underlier and will depend on whether, and the extent to which, the underlier return is positive or negative. Your investment will be exposed to loss if the final underlier level is less than the initial underlier level. For every 1% that the final underlier level is less than the initial underlier level, you will lose an amount equal to 1% of the principal amount of your notes. Accordingly, you could lose some or all of your initial investment at maturity. Also, the market price of your notes prior to the stated maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the stated maturity date, you may receive far less than the amount of your investment in the notes.

Your Maximum Gain on the Notes Is Limited to the Maximum Settlement Amount

If the final underlier level is greater than the initial underlier level, for each \$1,000 principal amount note, you will receive at maturity a payment that will not exceed the maximum settlement amount, regardless of the appreciation in the underlier, which may be significant. Accordingly, the amount payable on your notes may be significantly less than it would have been had you invested directly in the underlier. The maximum settlement amount is \$1,145.80.

The Notes Are Subject to the Credit Risks of JPMorgan Financial and JPMorgan Chase & Co.

The notes are subject to our and JPMorgan Chase & Co.’s credit risks, and our and JPMorgan Chase & Co.’s credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our and JPMorgan Chase & Co.’s ability to pay all amounts due on the notes. Any actual or potential change in our or JPMorgan Chase & Co.’s creditworthiness or credit spreads, as determined by the market for taking that credit risk, is likely to adversely affect the value of the notes. If we and JPMorgan Chase & Co. were to default on our payment obligations, you may not receive any amounts owed to you under the notes and you could lose your entire investment.

As a Finance Subsidiary, JPMorgan Financial Has No Independent Operations and Has Limited Assets

As a finance subsidiary of JPMorgan Chase & Co., we have no independent operations beyond the issuance and administration of our securities. Aside from the initial capital contribution from JPMorgan Chase & Co., substantially all of our assets relate to obligations of our affiliates to make payments under loans made by us or other intercompany agreements. As a result, we are dependent upon payments from our affiliates to meet our obligations under the notes. If these affiliates do not make payments to us and we fail to make payments on the notes, you may have to seek payment under the related guarantee by JPMorgan Chase & Co., and that guarantee will rank *pari passu* with all other unsecured and unsubordinated obligations of JPMorgan Chase & Co.

Potential Conflicts of Interest

We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent and as an agent of the offering of the notes, hedging our obligations under the notes and making the

assumptions used to determine the pricing of the notes and the estimated value of the notes. Also, the distributor from which you purchase the notes may conduct hedging activities for us in connection with the notes. In performing these duties, our and JPMorgan Chase & Co.'s economic interests, the economic interests of any distributor performing such duties and the economic interests of

PS-12

the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. In addition, our and JPMorgan Chase & Co.'s business activities, and the business activities of any distributor from which you purchase the notes, including hedging and trading activities, could cause our and JPMorgan Chase & Co.'s economic interests to be adverse to yours and could adversely affect any payment on the notes and the value of the notes. It is possible that hedging or trading activities of ours or our affiliates in connection with the notes could result in substantial returns for us or our affiliates while the value of the notes declines. If the distributor from which you purchase notes is to conduct hedging activities for us in connection with the notes, that distributor may profit in connection with such hedging activities and such profit, if any, will be in addition to the compensation that the distributor receives for the sale of the notes to you. You should be aware that the potential to earn fees in connection with hedging activities may create a further incentive for the distributor to sell the notes to you in addition to the compensation they would receive for the sale of the notes. Please refer to "Risk Factors — Risks Relating to Conflicts of Interest" on page PS-16 of the accompanying product supplement for additional information about these risks.

In addition, JPMorgan Chase & Co. is currently one of the companies that make up the underlier. JPMorgan Chase & Co. will not have any obligation to consider your interests as a holder of the notes in taking any corporate action that might affect the value of the underlier and the notes.

The Estimated Value of the Notes Is Lower Than the Original Issue Price of the Notes

The estimated value of the notes is only an estimate determined by reference to several factors. The original issue price of the notes exceeds the estimated value of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes and the estimated cost of hedging our obligations under the notes. See "Summary Information — The Estimated Value of the Notes" on page PS-7 of this pricing supplement.

The Estimated Value of the Notes Does Not Represent Future Values of the Notes and May Differ from Others' Estimates

The estimated value of the notes is determined by reference to internal pricing models of our affiliates when the terms of the notes are set. This estimated value of the notes is based on market conditions and other relevant factors existing at that time and assumptions about market parameters, which can include volatility, dividend rates, interest rates and other factors. Different pricing models and assumptions could provide valuations for the notes that are greater than or less than the estimated value of the notes. In addition, market conditions and other relevant factors in the future may change, and any assumptions may prove to be incorrect. On future dates, the value of the notes could change significantly based on, among other things, changes in market conditions, our or JPMorgan Chase & Co.'s creditworthiness, interest rate movements and other relevant factors, which may impact the price, if any, at which JPMS would be willing to buy notes from you in secondary market transactions. See "Summary Information — The Estimated Value of the Notes" on page PS-7 of this pricing supplement.

The Estimated Value of the Notes Is Derived by Reference to an Internal Funding Rate

The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates' view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. The use of an internal funding rate and any potential changes to that rate may have an adverse effect on the terms of the notes and any secondary market prices of the notes. See "Summary Information — The Estimated Value of the Notes" on page PS-7 of this pricing supplement.

PS-13

The Value of the Notes as Published by JPMS (and Which May Be Reflected on Customer Account Statements) May Be Higher Than the Then-Current Estimated Value of the Notes for a Limited Time Period

We generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over an initial predetermined period. These costs can include projected hedging profits, if any, and, in some circumstances, estimated hedging costs and our internal secondary market funding rates for structured debt issuances. See “Summary Information — Secondary Market Prices of the Notes” on page PS-7 of this pricing supplement for additional information relating to this initial period. Accordingly, the estimated value of your notes during this initial period may be lower than the value of the notes as published by JPMS (and which may be shown on your customer account statements).

Secondary Market Prices of the Notes Will Likely Be Lower Than the Original Issue Price of the Notes

Any secondary market prices of the notes will likely be lower than the original issue price of the notes because, among other things, secondary market prices take into account our internal secondary market funding rates for structured debt issuances and, also, because secondary market prices (a) exclude selling commissions and (b) may exclude projected hedging profits, if any, and estimated hedging costs that are included in the original issue price of the notes. As a result, the price, if any, at which JPMS will be willing to buy notes from you in secondary market transactions, if at all, is likely to be lower than the original issue price. Any sale by you prior to the maturity date could result in a substantial loss to you. See the immediately following risk consideration for information about additional factors that will impact any secondary market prices of the notes.

The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity. See “— Lack of Liquidity” on page PS-15 of this pricing supplement.

Secondary Market Prices of the Notes Will Be Impacted by Many Economic and Market Factors

The secondary market price of the notes during their term will be impacted by a number of economic and market factors, which may either offset or magnify each other, aside from the selling commissions, projected hedging profits, if any, estimated hedging costs and the level of the underlier, including:

- any actual or potential change in our or JPMorgan Chase & Co.’s creditworthiness or credit spreads;
 - customary bid-ask spreads for similarly sized trades;
- our internal secondary market funding rates for structured debt issuances;
 - the actual and expected volatility of the underlier;
- the time to maturity of the notes;
- the dividend rates on the underlier stocks;
- interest and yield rates in the market generally; and
- a variety of other economic, financial, political, regulatory and judicial events.

Additionally, independent pricing vendors and/or third party broker-dealers may publish a price for the notes, which may also be reflected on customer account statements. This price may be different (higher or lower) than the price of the notes, if any, at which JPMS may be willing to purchase your notes in the secondary market.

We May Sell an Additional Aggregate Principal Amount of the Notes at a Different Issue Price

At our sole option, we may decide to sell an additional aggregate principal amount of the notes subsequent to the date of this pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this pricing supplement.

If You Purchase Your Notes at a Premium to the Principal Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at the Principal Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected

The amount you will be paid for your notes on the stated maturity date will not be adjusted based on the price you pay for the notes. If you purchase notes at a price that differs from the principal amount of the notes, then the return on your investment in the notes held to the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at the principal amount. If you purchase your notes at a premium to the principal amount and hold them to the stated maturity date the return on your investment in the notes will be lower than it would have been had you purchased the notes at the principal amount or a discount to the principal amount. In addition, the impact of the cap level on the return on your investment will depend upon the price you pay for your notes relative to the principal amount. For example, if you purchase your notes at a premium to the principal amount, the cap level will permit only a lower percentage increase in your investment in the notes than would have been the case for notes purchased at the principal amount or a discount to the principal amount.

No Interest or Dividend Payments or Voting Rights

As a holder of the notes, you will not receive interest payments. As a result, even if the amount payable for your notes on the stated maturity date exceeds the principal amount of your notes, the overall return you earn on your notes may be less than you would have earned by investing in a non-index-linked debt security of comparable maturity that bears interest at a prevailing market rate. In addition, as a holder of the notes, you will not have voting rights or rights to receive cash dividends or other distributions or other rights that holders of the underlier stocks would have.

Lack of Liquidity

The notes will not be listed on any securities exchange. JPMS intends to offer to purchase the notes in the secondary market but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which JPMS is willing to buy the notes.

The Tax Consequences of an Investment in the Notes Are Uncertain

There is no direct legal authority as to the proper U.S. federal income tax characterization of the notes, and we do not intend to request a ruling from the IRS. The IRS might not accept, and a court might not uphold, the treatment of the notes described in “Key Terms — Tax treatment” in this pricing supplement and in “Material U.S. Federal Income Tax Consequences” in the accompanying product supplement. If the IRS were successful in asserting an alternative treatment for the notes, the timing and character of any income or loss on the notes could differ materially and adversely from our description herein. In addition, in 2007 Treasury and the IRS released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require investors in these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the

instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially

PS-15

and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. You should review carefully the section entitled “Material U.S. Federal Income Tax Consequences” in the accompanying product supplement and consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the notes, including possible alternative treatments and the issues presented by this notice.

PS-16

THE Underlier

The S&P 500[®] Index consists of stocks of 500 companies selected to provide a performance benchmark for the U.S. equity markets. For additional information about the S&P 500[®] Index, see the information set forth under “Equity Index Descriptions — The S&P U.S. Indices” on page US-105 of the accompanying underlying supplement.

In addition, information about the S&P 500[®] Index may be obtained from other sources, including, but not limited to, the underlier sponsor’s website (including information regarding the underlier’s sector weightings). We are not incorporating by reference into this pricing supplement the website or any material it includes. Neither we nor any agent or dealer for this offering makes any representation that this publicly available information regarding the underlier is accurate or complete.

Historical Closing Levels of the Underlier

The closing level of the underlier has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing level of the underlier during any period shown below is not an indication that the underlier is more or less likely to increase or decrease at any time during the term of your notes.

You should not take the historical levels of the underlier as an indication of the future performance of the underlier. We cannot give you any assurance that the future performance of the underlier or the underlier stocks will result in a return of any of your initial investment on the stated maturity date. In light of the increased volatility currently being experienced by the financial services sector and U.S. and global securities markets, and recent market declines, it may be substantially more likely that you could lose all or a substantial portion of your investment in the notes.

Neither we nor any of our affiliates make any representation to you as to the performance of the underlier. The actual performance of the underlier over the term of the offered notes, as well as the amount payable at maturity, may bear little relation to the historical levels shown below.

The graph below shows the closing levels of the underlier on each day from January 2, 2014 through February 1, 2019. The closing level of the underlier on February 1, 2019 was 2,706.53. We obtained the closing levels listed in the graph above and below from the Bloomberg Professional[®] service (“Bloomberg”), without independent verification.

PS-18

We and JPMorgan Chase & Co. have not authorized anyone to provide any information other than that contained or incorporated by reference in this pricing supplement, the accompanying underlying supplement, the accompanying product supplement and the accompanying prospectus supplement and prospectus with respect to the notes offered by this pricing supplement and with respect to JPMorgan Financial or JPMorgan Chase & Co. We and JPMorgan Chase & Co. take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This pricing supplement, together with the accompanying underlying supplement, the accompanying product supplement and the accompanying prospectus supplement and prospectus, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. The information in this pricing supplement, the accompanying underlying supplement, the accompanying product supplement and the accompanying prospectus supplement and prospectus may be accurate only as of the dates of each of these documents, respectively. This pricing supplement, the accompanying underlying supplement, the accompanying product supplement and the accompanying prospectus supplement and prospectus do not constitute an offer to sell or a solicitation of an offer to buy the notes in any circumstances in which such offer or solicitation is unlawful.

TABLE OF CONTENTS

Pricing Supplement

Page

Summary Information	PS-3
Hypothetical Examples	PS-9
Selected Risk Factors	PS-12
The Underlier	PS-17
Product Supplement No. 4-I dated April 5, 2018	
Description of Notes	PS-1
Estimated Value and Secondary Market Prices of the Notes	PS-8
Risk Factors	PS-10
Use of Proceeds and Hedging	PS-43
General Terms of Notes	PS-44
The Underlyings	PS-53
Material U.S. Federal Income Tax Consequences	PS-77
Plan of Distribution (Conflicts of Interest)	PS-87
Benefit Plan Investor Considerations	PS-89
Underlying Supplement No. 1-I dated April 5, 2018	
Risk Factors	US-1
Equity Index Descriptions	US-31
The Dow Jones Industrial Average™	US-31
The EURO STOXX 50® Index	US-35
The EURO STOXX® Banks Index	US-40
The FTSE® 100 Index	US-45
The Hang Seng® Index	US-48
The JPX-Nikkei Index 400	US-54
The MSCI Indices	US-57
The MSCI 25/50 Indices	US-71
The NASDAQ-100 Index®	US-76

The Nikkei 225 Index	US-81
The Russell Indices	US-84
The S&P/ASX 200 Index	US-89
The S&P Select Industry Indices	US-94
The S&P Select Sector Indices	US-101
The S&P U.S. Indices	US-105
The Swiss Market Index	US-112
The TOPIX® Index	US-116
Commodity Index Descriptions	US-118
The Bloomberg Commodity Indices	US-118
The S&P GSCI® Indices	US-129
Fund Descriptions	US-138
The iShares® 20+ Year Treasury Bond ETF	US-138
The iShares® ETFs	US-143
The PowerShares QQQ Trust SM , Series 1	US-150
The Select Sector SPDR® Funds	US-151
The SPDR® EURO STOXX 50® ETF	US-153
The SPDR® Gold Trust	US-154
The SPDR® S&P 500® ETF Trust	US-155
The SPDR® S&P® Industry ETFs	US-156
The United States Oil Fund, LP	US-158
The VanEck Vectors™ Gold Miners ETF	US-159
The VanEck Vectors® Oil Services ETF	US-163
The Vanguard FTSE Emerging Markets ETF	US-171
The Vanguard Total Stock Market ETF	US-183
The WisdomTree Japan Hedged Equity Fund	US-187

Prospectus Supplement dated April 5, 2018

About This Prospectus Supplement	S-1
Foreign Currency Risks	S-2
Description of Notes of JPMorgan Chase & Co.	S-4

Description of Warrants of JPMorgan Chase & Co.	S-10
Description of Units of JPMorgan Chase & Co.	S-13
Description of Notes of JPMorgan Chase Financial Company LLC	S-16
Description of Warrants of JPMorgan Chase Financial Company LLC	S-22
United States Federal Taxation	S-27
Plan of Distribution (Conflicts of Interest)	S-28
Notice to Investors; Selling Restrictions	S-30
Prospectus dated April 5, 2018	
Where You Can Find More Information	1
JPMorgan Chase & Co.	2
JPMorgan Chase Financial Company LLC.	2
Consolidated Ratios of Earnings to Fixed Charges	3
Use of Proceeds	3
Important Factors That May Affect Future Results	4
Description of Debt Securities of JPMorgan Chase & Co.	6
Description of Warrants of JPMorgan Chase & Co.	14
Description of Units of JPMorgan Chase & Co.	17
Description of Purchase Contracts of JPMorgan Chase & Co.	19
Description of Debt Securities of JPMorgan Chase Financial Company LLC	21
Description of Warrants of JPMorgan Chase Financial Company LLC	29
Forms of Securities	36
Plan of Distribution (Conflicts of Interest)	40
Independent Registered Public Accounting Firm	43
Legal Matters	43
Benefit Plan Investor Considerations	43

\$5,100,000

JPMorgan Chase Financial Company LLC

Capped Enhanced Participation Equity Notes due 2020
(Linked to the S&P 500® Index)

Medium-Term Notes, Series A
Fully and Unconditionally Guaranteed by JPMorgan Chase & Co.

"2"> tax exempt ¥2,498,000 4WD tax exempt ¥2,718,000

24Z

2.4 / DOHC i-VTEC CVT + 7-speed mode FF ¥2,551,500 ¥2,430,000 5AT 4WD ¥2,814,000 ¥2,680,000

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

- * Prices shown do not include insurance premiums, registration fees, applicable taxes (other than consumption tax), or other costs incurred in the purchase of an automobile.
- * The Automobile Recycling Law requires separate payment of a recycling fee. The recycling fee includes a deposit equivalent to the cost of recycling shredder dust, airbags, fluorocarbon gases, and other materials as well as the cost of maintaining a database of recycled materials. An administrative fee is also included to offset administrative costs.
- * Additional charge of ¥31,500 (excluding consumption tax ¥30,000) for Premium White Pearl.
- * Vehicles with G/passenger lift-up seat are classified as device type designated motor vehicles.

O 9 body colors, including 2 new colors

Exclusive for B, G, G/L, G/Side Lift-up Seat/Passenger Lift-up Seat: Sky Mist Metallic (new color).

Exclusive for G/S, G/LS Package and 24Z: Moonrise Metallic (new color).

Available on all types: Satin Silver Metallic, Premier White Pearl, Dessert Mist Metallic, Milano Red, Artic Blue Pearl, Black Amethyst Pearl, Nighthawk Black Pearl.

O 4 interior color schemes

B: Chic Gray.

G, G/L Package: Chic Gray, Natural Ivory, Pop Orange.

G/S Package: Natural Ivory, Cool Black.

G/Side Lift-Up Seat/Passenger Lift-Up Seat: Natural Ivory.

G/LS Package, 24Z: Chic Gray, Natural Ivory, Cool Black, Pop Orange.

O Package Features

G/L Package 1 Left rear power slide door 1 hydrophilic, heated door mirrors 1 water-repellant front door glass 1 security alarm 1 driver seat height adjuster 1 driver seat back pocket 1 sunglass holder with cabin mirror 1 slide door courtesy lamps (both sides of rear seat) 1 left and right rear speakers

G/S Package Front and rear lower skirt 1 tailgate spoiler 1 high-intensity discharge headlights with dark chrome sub-reflectors* 1 dark chrome on front grill, outer door handles, and rear license garnish* 1 fog lights 1 door-mirror turn signal lamps 1 slide door courtesy lamps (both sides of rear seat) 1 double spiral horns 1 left and right rear speakers

G/LS Package Left rear power slide door front and rear lower skirt 1 tailgate spoiler 1 high-intensity discharge headlights with dark chrome sub-reflectors* 1 dark chrome on front grill, outer door handles, and rear license garnish* 1 fog lights 1 door-mirror turn signal lamps 1 hydrophilic, heated door mirrors 1 water-repellant front door glass 1 security alarm 1 driver seat height adjuster 1 driver seat back pocket 1 sunglasses holder with cabin mirror 1 slide door courtesy lamps (both sides of rear seat) 1 double spiral horns 1 left and right rear speakers

* Vehicles with IHCC have regular chrome.

Table of Contents

O Major Factory Options (prices before consumption tax in parentheses)

<u>Name of Option</u>	<u>Available on</u>	<u>Price</u>
Front row i-side airbag system (with passenger-side body position detector) + side curtain airbag system (for all three rows of seats)	B, G, G/L, G/S, G/LS Packages, G/Side Lift-up Seat, 24Z	¥ 147,000 (¥140,000)
VSA (ABS + TCS + sideslip control)	G, G/L, G/S, G/LS Packages, 24Z	¥ 73,500 (¥70,000)
Intelligent Highway Cruise Control (IHCC) + Collision Mitigation Brake System (CMS) + E-Pretensioner for both driver and passenger seats	G/L, G/S, G/LS Packages, 24Z	¥ 262,500 (¥250,000)
High-intensity discharge headlights (HID)	G/L Package	¥ 42,000 (¥40,000)
with low beam/auto-leveling mechanism	G, G/Side Lift-up Seat, G/Passenger Lift-up Seat (standard on G/S, G/LS Packages, 24Z)	¥ 63,000 (¥60,000)
Honda HDD InterNavi system + Progressive Commander with rear camera (8-inch widescreen display, TV/AM/FM tuner with DVD/CD player and six speakers)	G, G/L, G/S, G/LS Packages, 24Z	¥ 346,500 (¥330,000) tax exempt (¥290,000)
Rear entertainment system with 9-inch widescreen display	G, G/L, G/S, G/LS Packages, 24Z	¥ 105,000 (¥100,000)
AM/FM tuner with MD/CD player and six speakers	G, G/L, G/S, G/LS Packages, 24Z (standard on G/Side Lift-up Seat and G/Passenger Lift-up Seat)	¥ 42,000 (¥40,000)
	Left rear	G/S Package (standard on G/L, G/LS, G/Side Lift-up Seat, G/Passenger Lift-up Seat)
		¥ 52,500 (¥50,000)
Power sliding door (touch sensor/anti-pinch mechanism, remote-control, and driver seat switch)	Right rear	G/L, G/S, G/LS Packages, G/Side Lift-up Seat, G/Passenger Lift-up Seat
		¥ 52,500 (¥50,000)
	Both sides rear	24Z
		¥ 105,000 (¥100,000)
Power tailgate (touch sensor/anti-pinch mechanism, remote-control, and driver seat switch)	G/L, G/LS Packages, 24Z	¥ 63,000 (¥60,000)
Skylight roof	G, G/L, G/S, G/LS Packages, 24Z	¥ 94,500 (¥90,000)
Floor paneling	G, G/L, G/S, G/LS Packages, 24Z FF	¥ 52,500 (¥50,000)
Second row captain seats with 6:4 tip-up, sliding function, and center armrest with cup holder	G/L, G/S, G/LS Packages, 24Z	¥ 73,500 (¥70,000)
16-inch aluminum wheels + steel-belted radial tires	G, G/L Packages and G/Side Lift-up Seat, G/Passenger Lift-up Seat	¥ 84,000 (¥80,000)
(205/60R16 92H)	G/S, G/LS Packages	¥ 52,500 (¥50,000)
	(standard on 24Z)	

* VSA also to be installed when CMS + E-Pretensioner and IHCC are selected as an option.

* 16-inch aluminum wheels and steel-belted radial tires to be installed when VSA is selected as an option.

* Rear entertainment system available only on HDD InterNavi system-equipped vehicles.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

- * Some options are not offered in combination or are available only as part of an option package.
- * Options on G/Side Lift-up Seat, G/ Passenger Lift-up Seat vehicles are tax exempt.

Table of Contents**◆ Major Features of the All-New Step WGN****<Packaging and Utility>**

Spacious, easy-to-drive, and with sedan-like dynamic performance, the new Step WGN is based on Honda's innovative low-floor, low-center-of-gravity platform. This design maintains the Step WGN's ceiling height of 1,350 mm while lowering vehicle height by 75 mm². A compact engine compartment allows for an even shorter-nose front end, maintaining the Step WGN's cabin length at a generous 2,800 mm³ while reducing overall vehicle length by 45 mm². The result is a spacious interior in a compact, easy-to-manuever body.

Floor height at the second seat row is 390 mm⁴, highest in the minivan class. While increasing leg room for second-row passengers, the one-step floor also makes it easy for children and older passengers to enter and exit the vehicle.

More comfortable than ever, the Step WGN's second- and third-row seats accommodate passengers and cargo in a wide variety of configurations. The standard second-row tumble seats fold away with a single simple action. Optional captain seats for the second row allow passengers to sit facing each other and feature a 6:4 tip-up, sliding mechanism⁵. The third-row seats are also lighter and more compact, making them easier than ever to stow.

The second- and third-row seats can also be stowed to create a 1,675 mm-long⁴ cargo space with a generous 1,541 l⁶ luggage capacity (figures are for tumble seat-equipped vehicles).

Two large-capacity covered storage compartments have been added to the upper instrument panel, and the glove compartment is nearly twice as large as in the previous model. There is abundant space in all three seat rows for storing personal belongings and small items.

Many features have been optimized for improved visibility and to reduce blind spots: the low and unobtrusive meter panel; low, flat windshield wipers; large triangular vent windows; the specially shaped front pillar cross-section and third-row headrests; and specially positioned door mirrors.

The tilting/telescoping steering column, which allows a driver-optimized steering position, is standard on all types.

Even with a longer wheelbase and wider tires, all versions of the new Step WGN boast the smallest turning radius in the minivan class: 5.3 m⁷.

² Comparison with previous FF models according to Honda internal calculations.

³ On vehicles equipped with the Honda HDD InterNavi system; 2,775 mm for other vehicles.

⁴ FF, according to Honda internal calculations.

⁵ Factory option for G/L, G/S, G/LS Packages and 24Z.

⁶ According to Honda VDA calculations.

⁷ 2.0 l or higher, Japan 5-number (less than 1.7m width, less than 4.7m length) minivan class.

<Styling>

1 Exterior Styling

The sleek and dynamic styling of the new Step WGN complements its dynamic performance and spacious eight-passenger cabin.

The sleek aerodynamic upper body narrows toward the rear, while the rectangular lower body trims the airflow. The Dynamic Character Line sets off these two areas for an especially distinctive appearance.

The smooth bumper, boldly defined grill, and three-dimensional, oversized headlights make the front view of the Step WGN substantial and distinctive.

Table of Contents

From the side, the short nose and long wheelbase convey the spaciousness of the cabin, while the deep, gradually widening Dynamic Character Line symbolizes the Step WGN's dynamic performance.

The square shape of the rear reflects the spaciousness of the Step WGN's cabin, and the wide combination taillights emphasize the wide-stance, low-center-of-gravity design of the automobile.

Front and rear lower skirts, tailgate spoiler, and dark chrome headlight sub-reflectors⁸ options for the sporty models further accent the Step WGN's low center of gravity and premium appearance.

⁸ Available for G/S, G/LS Packages and 24Z.

Interior Styling

The interior of the all-new Step WGN is spacious, inviting, and relaxed providing all the comfort and amenities of one's own living room at home.

For the first time in a production passenger minivan, optional floor paneling⁹ for the second- and third-row seats is available in either Natural or Brown to complement the interior color schemes a unique feature that makes the Step WGN even more comfortable and inviting.

The optional 500 mm wide¹⁰ by 1,680 mm long¹⁰ skylight¹¹ provides gentle and natural illumination throughout the entire cabin. The white laminated glass of the skylight softens bright sunlight, while a six-panel sunshade allows for a variety of shading configurations.

The large and amply cushioned second-row seats provide plenty of room to relax, with cushion depth and frame width reconfigured to offer even more secure and comfortable support.

The seat cover colors and textures have also been coordinated with the interior color schemes to provide a completely unified and pleasing environment. Available in Natural Ivory, Pop Orange, Chic Gray, and Cool Black.

⁹ Factory option for G, G/L, G/S, G/LS, and 24Z FF.

¹⁰ External dimensions according to Honda internal calculations.

¹¹ Factory option for G, G/L, G/S, G/LS Packages and 24Z.

<Powertrain>

Engine

The economical and environmentally friendly DOHC i-VTEC engine combines Honda's Variable Valve Timing and Lift Electronic Control (VTEC) with Variable Valve Timing Control (VTC), which optimizes intake valve timing in response to engine load. The

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

2.0 l DOHC i-VTEC engine provides smooth acceleration from low speeds, and the 2.4 l DOHC i-VTEC engine provides high-torque output at any engine speed.

The 2.0 l DOHC i-VTEC engine features a 114 kW (155 PS) power rating with 188 N·m (19.2 kg·m) of torque¹².

The 2.4 l DOHC i-VTEC engine features a 119 kW (162 PS) power rating with 218 N·m (22.2 kg·m) of torque¹³.

DBW (Drive By Wire) electronic throttle control optimizes throttle characteristics in accordance with vehicle speed, providing the driver greater control. The transmission and TCS (Traction Control System) work in combination to provide smoother torque transmission and better fuel economy.

¹² Net values for B, G, G/L, G/S, G/LS Packages, G/Side Lift-up Seat, and G/Passenger Lift-up Seat.

¹³ Net values for 24Z.

Table of Contents

1 Transmission

The 24Z FF's CVT (continuously variable transmission) delivers smooth, seamless acceleration, and the torque converter assures powerful starts; together they generate highly responsive power at all rpm ranges. The steering wheel-mounted paddle shift features 7-speed mode for a manual-shift feel.

The new Step WGN comes with one of two automatic transmissions designed to take full advantage of the engine's dynamic performance and fuel economy: a four-speed in the B and G, and a five-speed in the 24Z 4WD.

The Step WGN's ECON mode, standard on all types, optimizes performance of the engine, transmission, and air conditioner to achieve excellent fuel economy with a smooth ride.

<Chassis and Body>

The new low-floor, low-center-of-gravity platform, including a newly designed rear suspension and fuel tank, reduces the roll tendency often observed in minivans with high centers of gravity. Optimized suspension settings and high-rigidity mounts allow for highly stable handling as well as superior ride comfort.

The reduced front and rear overhangs, newly designed suspension, and lower center of gravity all help reduce the moment of inertia, and the Step WGN's aerodynamic characteristics have also been improved. As a result, freeway cruising stability and resistance to the effects of crosswinds have both significantly increased.

Increased rigidity throughout the body and highly rigid support of the sliding doors and tailgate are important factors in the Step WGN's sedan-like handling stability and ride comfort.

A secondary balancer suppresses engine vibration and, in combination with acoustic insulation, helps reduce engine noise. Optimized acoustic materials reduce road noise to create a quiet cabin in which conversation can be enjoyed in any seat.

<Advanced Features>

The new Step WGN is equipped with the Intelligent Highway Cruise Control (IHCC)¹⁴ vehicle speed and distance control system, which assesses driving conditions using data from a millimeter-wave radar unit built into the front grill of the vehicle that measures the distance to the vehicle ahead, along with data from speed and yaw rate sensors. In addition to maintaining the vehicle at a set speed, this cruise control system automatically regulates vehicle speed and distance depending on whether or not there is a vehicle in the same lane ahead.

The Honda HDD InterNavi System with Progressive Commander¹⁵ features an 8-inch-wide display positioned for easy visibility to minimize the need for the driver to shift his or her line of sight. The many functions made possible thanks to the ample information storage and retrieval made possible by the system's high-capacity hard disk drive can be accessed via the Progressive Commander, located within easy reach of the driver. New telecommunications technology features include Bluetooth¹⁶ compatibility for wireless connectivity with mobile phones.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

- ¹⁴ Factory option for G/L, G/S, G/LS Packages and 24Z.
- ¹⁵ Factory option for G, G/L, G/S, G/LS Packages, G/Side Lift-up Seat, G/Passenger Lift-up Seat, and 24Z.
- ¹⁶ Bluetooth is a registered trademark of Bluetooth SIG, Inc.

Table of Contents**<Safety Performance>**

The Vehicle Stability Assist (VSA) system which includes the Antilock Brake System (ABS), Traction Control System (TCS), and sideslip control¹⁷ works in combination with the DBW electronic throttle control that optimizes engine torque to achieve precision handling.

The Collision Mitigation System (CMS)¹⁸ uses a millimeter-wave radar to calculate the distance between the Step WGN and the vehicle ahead. If the system determines that a collision is likely, it sounds an alarm and provides a tactile warning, applies light braking to prompt the driver to take preventative action. Should the system continue to sense that the situation is dangerous, the brake assist function compensates for insufficient pedal pressure to mitigate impact damage.

E-Pretensioners (driver and front passenger seats)¹⁸ work in concert with the CMS, pulling lightly on the seatbelt if there is a danger of a collision and more forcefully if it is determined that a collision is imminent, for increased restraining effect.

The Step WGN's crash compatibility body provides a high level of self-protection while improving compatibility toward other vehicles. In a full-frontal collision, the upper frame and lower members distribute and absorb the energy of impact, diffusing it into the front pillar and floor. At the time of impact, the lower members prevent misalignment with the crash-absorbing members of the other vehicle, and together with the upper frame create a broadened surface for absorbing the impact, significantly reducing cabin intrusion.

The Step WGN is also designed to mitigate injury in the event of impact with pedestrians, particularly to their head and legs, through the use of impact-absorbing structures.

In addition to front-seat i-side air bags, a side curtain airbag system¹⁹ protects all three rows of seats.

¹⁷ Factory option for G, G/L, G/S, G/LS Packages and 24Z.

¹⁸ CMS and E-Pretensioners are available as a factory option set for G/L, G/S, G/LS Packages and 24Z.

¹⁹ Front seat i-side airbag system and side curtain airbags are a factory option for B, G, G/L, G/S, G/LS Packages and 24Z.

<Environmental Performance>

The use of a precision air-to-fuel ratio control system and high-density catalytic converter has achieved major reductions in emissions of nitrogen oxides (NO_x), carbon monoxide (CO), and other harmful substances. All Step WGN types have been certified by the Japanese Ministry of Land, Infrastructure, and Transport as having achieved a 75% reduction with respect to emissions regulations for 2005.

High-efficiency combustion technology, precise coordination between engine and transmission, and lightweight engine construction are factors behind the Step WGN's excellent fuel economy: 13.2 km/l²⁰ for the 2.0 l DOHC i-VTEC engine (B,G, G/L Package FF vehicles) and 12.2 km/l²⁰ for the 2.4 l DOHC i-VTEC engine (24Z, FF). Further, all Step WGN types have already achieved compliance with 2010 Japanese government regulations for fuel economy, while the B 4WD, G 4WD, G/S, G/LS, G/Side Lift-up Seat, G/Passenger Lift-up Seat, and 24Z types have achieved the 2010 fuel economy level + 5%²¹.

PVC has been eliminated from interior and exterior components wherever possible to achieve over 90% recyclability²².

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Use of lead has been reduced to less than 10% of 1996 levels, and the use of coatings containing hexavalent chromium on parts such as fuel filler pipes and brackets has been eliminated.

- ²⁰ 10/15 mode cruising consumption rate (Japan Ministry of Land, Infrastructure and Transport).
- ²¹ Some B, G, and G/L Package FF vehicles also achieve the 2010 + 5% fuel economy level with certain factory options.
- ²² According to Honda internal calculations.

Table of Contents

<Barrier free vehicles>

Both electrically powered front passenger and second-row passenger-side lift-up seats are available as options on the Step WGN type G. A single switch controls swiveling, raising, and lowering, while the superior comfort offered by these seats are comparable to standard front row seats making long drives less tiring. Moreover, Step WGN models equipped with lift-up seats earn Japanese Ministry of Land, Infrastructure and Transport certification and receive preferential treatment under Japan's Green Tax program.

Publicity material relating to the new Step WGN is available at the following URL:

<http://www.honda.co.jp/PR>.

(This site is intended exclusively for the use of journalists.)

Table of Contents

**NOTICE OF CONVOCAATION OF
THE 81ST ORDINARY GENERAL MEETING OF STOCKHOLDERS
TO BE HELD AT THE TOKYO INTERNATIONAL FORUM, TOKYO, JAPAN
ON JUNE 23, 2005 AT 10:00 A.M.**

(This is a translation of the original notice
in the Japanese language mailed on May 27, 2005
to stockholders in Japan, and is for reference purposes only.)

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

Table of Contents

[Translation]

May 27, 2005

To Stockholders:

**Notice of Convocation of the 81st
Ordinary General Meeting of Stockholders**

Dear Stockholders:

You are hereby notified that the 81st Ordinary General Meeting of Stockholders will be held as stated below. You are respectfully requested to attend the meeting.

If you are unable to attend the aforesaid meeting, you are requested to study the reference documents attached hereto, and exercise your voting rights by means of the following:

To indicate on the voting right exercise form enclosed herewith your approval or disapproval of the items of business on the agenda and to return to the Company the said form after affixing thereto your seal impression.

Yours faithfully,

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

Minato-ku, Tokyo

By: Takeo Fukui
President and Representative Director

Table of Contents

Particulars

- 1. Time and Date:** 10:00 a.m. on June 23, 2005 (Thursday)
- 2. Place:** Hall B7 on the 7th floor of B block, Tokyo International Forum, located at 5-1, 3-chome, Marunouchi, Chiyoda-ku, Tokyo

3. Agenda:

Matters to be reported:

1. Report on the Business Report, Consolidated Balance Sheets, Consolidated Statements of Income, Unconsolidated Balance Sheets and Unconsolidated Statements of Income for the 81st Fiscal Year (from April 1, 2004 to March 31, 2005);
2. Report on the results of the audit of the consolidated financial statements for the 81st Fiscal Year (from April 1, 2004 to March 31, 2005) by the independent auditors and the Board of Corporate Auditors; and
3. Report on the purchase of its own shares pursuant to resolutions of the Board of Directors based on the authorization under the Articles of Incorporation of the Company.

Matters to be resolved:

First Item:

Approval of Proposal for Appropriation of Retained Earnings for the 81st Fiscal Year

Second Item:

Partial Amendments to the Articles of Incorporation

An outline of the measure is provided in Reference Documents Concerning Exercise of Voting Right (p. 4-5).

Third Item:

Election of Twenty-One (21) Directors

Fourth Item:

Election of One (1) Corporate Auditor

Fifth Item:

Election of Independent Auditor

Sixth Item:

Revision of Amount of Remuneration Payable to Directors

Seventh Item:

Payment of Bonus to Directors and Corporate Auditors for the 81st Fiscal Year

Eighth Item:

Presentation of Retirement Allowance to Retiring Directors for Their Respective Services

Table of Contents

REFERENCE DOCUMENTS

CONCERNING EXERCISE OF VOTING RIGHT

1. Total number of voting rights held by stockholders:

9,170,515 votes

2. Reference matters with respect to the proposals:

FIRST ITEM: Approval of Proposal for Appropriation of Retained Earnings for the 81st Fiscal Year

The Company proposes to make an appropriation of retained earnings, as referred to in the Business Report for the 81st Fiscal Year (page 49), in order to strengthen its Company quality and take into consideration its future business development, etc. The Company strives to carry out its operations from a global perspective and increase its corporate value. With respect to distribution of profits, the Company considers the distribution of profits to its shareholders to be one of the most important management issues, and its basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance. The Company will also acquire its own shares at the optimal timing with the aim of improving efficiency in capital structure. Retained earnings will be applied toward financing R&D activities 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 year-end dividend for the fiscal year under review is proposed to be ¥37 per share.

SECOND ITEM: Partial Amendments to the Articles of Incorporation

(1) Reasons for Amendments:

- 1) The Company has retired forty-six million (46,000,000) of its own shares pursuant to the resolutions of the meetings of the Board of Directors held on July 28, 2004 and January 28, 2005 in accordance with the provisions of Article 212 of the Commercial Code. Accordingly, the total number of shares authorized to be issued by the Company as set forth in Article 5 of the Articles of Incorporation of the Company shall be decreased correspondingly by the number of shares so retired.
- 2) The Operating Officer System will be introduced for the purpose of delegating authority to each region and work site, dividing the duties into the supervision of management and the execution of business management, and improving the flexibility and agility of the Board of Directors. Accordingly, the number of directors prescribed in Article 18 of the Articles of Incorporation shall be amended from not more than forty-five (45) to not more than thirty (30).

Table of Contents

(2) Contents of Amendments:

Portions of the existing Articles of Incorporation will be amended as follows:

(The underlines indicate the portions to be amended.)

Existing Articles of Incorporation	Proposed Amendments
<hr/> <p>Chapter II. Shares (Total number of shares authorized to be issued by the Company)</p> <p>Article 5. The total number of shares authorized to be issued by the Company shall be <u>3,600,000,000</u> shares; provided, however, that in case any retirement of shares is made, the number of authorized shares shall be decreased correspondingly by the number of shares so retired.</p> <p>Chapter IV. Directors and Board of Directors (Number of Directors)</p> <p>Article 18. Directors of the Company shall be not more than <u>forty-five</u> in number.</p>	<hr/> <p>Chapter II. Shares (Total number of shares authorized to be issued by the Company)</p> <p>Article 5. The total number of shares authorized to be issued by the Company shall be <u>3,554,000,000</u> shares; provided, however, that in case any retirement of shares is made, the number of authorized shares shall be decreased correspondingly by the number of shares so retired.</p> <p>Chapter IV. Directors and Board of Directors (Number of Directors)</p> <p>Article 18. Directors of the Company shall be not more than <u>thirty</u> in number.</p>

Table of Contents**THIRD ITEM: Election of Twenty-One (21) Directors**

The terms of office of the present 36 Directors are due to expire at the close of this meeting. It is proposed that 21 Directors be elected at the meeting. The names and particulars of the 21 candidates for the position of Director are given below.

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
1.	Takeo Fukui (November 28, 1944)	<p>Joined in April 1969</p> <p>President and Director of Honda Racing Corporation in May 1987</p> <p>Managing Director of Honda R&D Co., Ltd. in May 1987</p> <p>Director of the Company in June 1988</p> <p>Senior Managing Director of Honda R&D Co., Ltd. in June 1990</p> <p>Executive Vice President and Director of Honda of America Mfg., Inc. in June 1994</p> <p>Managing Director of the Company in June 1996 President and Director of Honda of America Mfg., Inc. in June 1996</p> <p>President and Director of Honda R&D Co., Ltd. in June 1998</p> <p>Motor Sports in June 1999</p> <p>Senior Managing Director of the Company in June 1999</p> <p>President and Director of the Company in June 2003 (present)</p>	9,100	None
2.	Michiyoshi Hagino (April 1, 1944)	<p>Joined in April 1966</p> <p>Managing Director of Honda R&D Co., Ltd. in June 1989</p> <p>Director of the Company in June 1990</p> <p>Senior Managing Director of Honda R&D Co., Ltd. in June 1990</p>	11,200	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Executive Vice President and Director of Honda
R&D Co., Ltd. in June 1994

Managing Director of the Company in June 1996

Chief Operating Officer for Automobile
Operations in June 1999

Senior Managing Director of the Company in
June 1999 (present)

General Supervisor, Information Systems in April
2000

General Supervisor, Purchasing Policy in April
2004 (present)

General Supervisor, Quality in April 2005
(present)

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
3.	Minoru Harada (January 9, 1947)	<p>Joined in April 1969</p> <p>General Manager of Asia & Oceania Division (Automobiles) in Overseas Regional Automobile Operations (Asia & Oceania, the Middle & Near East, Africa and Latin America) in October 1993</p> <p>Director of the Company in June 1994</p> <p>Managing Director of the Company in June 1997</p> <p>Chief Operating Officer for Regional Operations (Europe, the Middle & Near East and Africa) in June 1998</p> <p>President and Director of Honda Motor Europe Ltd. in June 1998</p> <p>Senior Managing Director of the Company in June 1999 (present)</p> <p>Chief Operating Officer for Motorcycle Operations in April 2004 (present)</p>	5,600	None
4.	Motoatsu Shiraishi (October 14, 1946)	<p>Joined in April 1969</p> <p>General Manager of Auto Production Planning Office in Automobile Planning Board in February 1993</p> <p>Director of the Company in June 1994</p> <p>Managing Director of the Company in June 1997</p> <p>President and Director of Honda Engineering Co., Ltd. in June 1997</p> <p>Chief Operating Officer of Domestic Production for Regional Operations (Japan) in June 1998</p> <p>General Supervisor, Production in April 2000</p> <p>Senior Managing Director of the Company in June 2000 (present)</p> <p>Chief Operating Officer for Production Operations in April 2001</p> <p>Risk Management Officer in April 2003</p>	6,200	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

		General Supervisor, Information Systems in April 2004		
		President and Director of Honda R&D Co., Ltd. in April 2005 (present)		
		* President and Director of Honda R&D Co., Ltd.		
5.	Satoshi Aoki	Joined in April 1969	6,300	None
	(August 19, 1946)	General Manager of Finance Division in Business Management Operations in June 1994		
		Director of the Company in June 1995		
		Chief Operating Officer for Business Management		
		Operations in June 1998 (present)		
		Managing Director of the Company in June 1998		
		Senior Managing Director of the Company in June 2000 (present)		
		Compliance Officer in April 2004		
		Released from Compliance Officer in April 2005		

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
6.	Satoshi Dobashi (July 7, 1947)	<p>Joined in May 1970</p> <p>General Manager of Corporate Project of the Company in December 1995</p> <p>Director of the Company in June 1996</p> <p>General Manager of Japan Automobile Sales Operations in Regional Operations (Japan) in June 1998</p> <p>Deputy Chief Operating Officer for Regional Operations (Japan) in June 1999</p> <p>Managing Director of the Company in June 1999</p> <p>Chief Operating Officer for Regional Sales Operations (Japan) in April 2001 (present)</p> <p>Chief Officer of Driving Safety Promotion Center in Regional Sales Operations (Japan) in April 2004 (present)</p> <p>Government & Industrial Affairs in April 2004 (present)</p> <p>Senior Managing Director of the Company in June 2004 (present)</p>	3,400	None
7.	Atsuyoshi Hyogo (January 2, 1949)	<p>Joined in April 1972</p> <p>President and Director of Honda Canada Inc. in October 1993</p> <p>Director of the Company in June 1995</p> <p>Executive Vice President and Director of American Honda Motor Co., Inc. in June 1996</p> <p>Managing Director of the Company in June 1998 (present)</p> <p>Chief Operating Officer for Regional Operations (China) in April 2003 (present)</p> <p>President of Honda Motor (China) Investment Co., Ltd. in February 2004 (present)</p> <p>* President of Honda Motor (China) Investment Co., Ltd.</p>	8,000	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

8.	Satoshi Toshida (January 13, 1947)	Joined in May 1973 General Manager of Motorcycle Sales Division in Regional Operations (Asia & Oceania) in April 1995 Director of the Company in June 1995 President and Director of Asian Honda Motor Co., Ltd. in May 1996 (present) President and Director of Honda Cars (Thailand) Co., Ltd. in June 1998 Deputy Chief Operating Officer for Regional Operations (Asia & Oceania) in June 1999 Managing Director of the Company in June 2000 (present) President and Director of Honda Automobile (Thailand) Co., Ltd. in December 2000 President and Director of Honda Leasing (Thailand) Co., Ltd. in June 2002 Chief Operating Officer for Regional Operations (Asia & Oceania) in April 2003 (present) * President and Director of Asian Honda Motor Co., Ltd.	3,000	None
----	---	--	-------	------

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
9.	Koki Hirashima (November 28, 1946)	<p>Joined in April 1969</p> <p>Executive Vice President of Honda of America Mfg., Inc. in June 1993</p> <p>Director of the Company in June 1997</p> <p>Executive Vice President and Director of Honda of America Mfg., Inc. in June 1997</p> <p>President and Director of Honda of America Mfg., Inc. in June 1998</p> <p>Managing Director of the Company in June 2000 (present)</p> <p>Chief Operating Officer for Production Operations in April 2005 (present)</p> <p>Risk Management Officer in April 2005 (present)</p> <p>General Supervisor, Information Systems in April 2005 (present)</p>	3,000	None
10.	Koichi Kondo (February 13, 1947)	<p>Joined in April 1970</p> <p>President and Director of Honda Motor do Brasil Ltda. (presently Honda South America Ltda.) in June 1996</p> <p>President and Director of Moto Honda da Amazonia Ltda. in June 1996</p> <p>President and Director of Honda Automoveis do Brasil Ltda. in June 1996</p> <p>Director of the Company in June 1997</p> <p>Chief Operating Officer for Regional Operations (Latin America) in April 2000</p> <p>Managing Director of the Company in June 2002 (present)</p> <p>Executive Vice President and Director of American Honda Motor Co., Inc. in April 2003</p> <p>President and Director of American Honda Motor Co., Inc. in June 2003 (present)</p>	3,068	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Chief Operating Officer for Regional Operations
(North America) in April 2004 (present)

President and Director of Honda North America,
Inc. in April 2005 (present)

* President and Director of Honda North
America, Inc.

* President and Director of American Honda
Motor Co., Inc.

11.	Toru Onda (March 18, 1949)	Joined in January 1977 General Manager of Automobile Purchasing Division 1 in Purchasing Operations in June 1998 Director of the Company in June 1999 Chief Operating Officer for Purchasing Operations in April 2000 (present) Managing Director of the Company in June 2002 (present)	4,000	None
-----	-----------------------------------	---	-------	------

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
12.	Akira Takano (August 18, 1949)	Joined in April 1972 Director of Honda R&D Co., Ltd. in June 1995 Director of the Company in June 1996 Executive Vice President and Director of Honda Motor Europe Ltd. in June 1998 President and Director of Honda of the U.K. Manufacturing Ltd. in June 1998 Managing Director of the Company in June 2003 (present) Chief Operating Officer for Customer Service Operations in April 2004 (present)	4,100	None
13.	Mikio Yoshimi (September 6, 1947)	Joined in April 1970 Executive Vice President and Director of Honda of America Mfg., Inc. in June 1998 Director of the Company in June 1998 President and Director of Honda Manufacturing of Alabama, LLC in April 2000 Human Resources and Associate Relations for Business Support Operations in April 2002 Human Resources, Associate Relations and Administration for Business Support Operations in April 2003 Chief Operating Officer for Business Support Operations in April 2004 (present) Managing Director of the Company in June 2004 (present) Compliance Officer in April 2005 (present)	3,100	None
14.	Shigeru Takagi (February 4, 1952)	Joined in April 1974 President and Director of Honda Canada Inc. in June 1998 Director of the Company in June 1998	3,000	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Chief Operating Officer for Regional Operations
(Europe) in April 2004 (present)

President and Director of Honda Motor Europe
Ltd. in April 2004 (present)

Managing Director of the Company in June 2004
(present)

* President and Director of Honda Motor Europe
Ltd.

15.	Hiroshi Kuroda (August 18, 1948)	Joined in April 1972 Product Planning and Marketing Office in Automobile Operations in June 1996 Products for Automobile Operations in June 1999 Director of the Company in June 1999 Chief Operating Officer for Automobile Operations in April 2004 (present) Managing Director of the Company in June 2004 (present)	3,000	None
-----	---	---	-------	------

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
16.	Satoru Kishi (March 29, 1930)	Chairman of the Board of The Bank of Tokyo-Mitsubishi, Ltd. in June 2000 Director of the Company in June 2001 (present) Advisor of the Board of The Bank of Tokyo-Mitsubishi, Ltd. in June 2002 (present)	None	None
17.	Hiroyuki Yoshino (November 2, 1939)	Joined Honda R&D Co., Ltd. in April 1963 Director of Honda R&D Co., Ltd. in March 1977 Executive Vice President and Director of Honda R&D Co., Ltd. in May 1983 Director of the Company in May 1983 Managing Director of the Company in June 1988 President and Director of Honda of America Mfg., Inc. in June 1988 Senior Managing Director of the Company in June 1990 Executive Vice President and Director of the Company in June 1992 President and Director of Honda R&D Co., Ltd. in June 1994 President and Director of the Company in June 1998 Chief Operating Officer for Regional Operations (Japan) in June 1999 Director and Advisor of the Company in June 2003 (present)	19,400	None
18.	Tetsuo Iwamura (May 30, 1951)	Joined in April 1978 Chief Operating Officer for Parts Operations in April 2000 Director of the Company in June 2000 (present) Chief Operating Officer for Regional Operations (Latin America) in April 2003 (present)	3,000	None

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

President and Director of Honda South America
Ltda. in April 2003 (present)

President and Director of Moto Honda da
Amazonia Ltda. in April 2003 (present)

President and Director of Honda Automoveis do
Brasil Ltda. in April 2003 (present)

* President and Director of Honda South
America Ltda.

* President and Director of Moto Honda da
Amazonia Ltda.

* President and Director of Honda Automoveis
do Brasil Ltda.

19.	Tatsuhiko Oyama (July 9, 1950)	Joined in April 1969 General Manager of Motorcycle Sales Division in Regional Sales Operations (Japan) in April 2001 Director of the Company in June 2001 (present) President and Director of Honda Motorcycle Japan Co., Ltd. in August 2001 Chief Operating Officer for Parts Operations in April 2003 (present)	3,700	None
-----	---------------------------------------	---	-------	------

Table of Contents

Candi- date No.	Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
20.	Fumihiko Ike (May 26, 1952)	Joined in February 1982 Chief Operating Officer for Power Products Operations in April 2003 (present) Director of the Company in June 2003 (present)	3,000	None
21.	Kensaku Hogen (August 2, 1941)	Joined Ministry of Foreign Affairs in April 1964 Japanese Consul General in Boston in January 1989 Japanese Consul General in Honolulu in October 1991 Manager of Middle Eastern and African Affairs Bureau in January 1995 General Manager of Training Institute in July 1996 Undersecretary General of United Nations in March 1998 Ambassador in Canada in April 2001 Retired from Ministry of Foreign Affairs in January 2005	None	None

Notes 1: denotes newly appointed candidates for the position of Director.

2: Satoru Kishi and Kensaku Hogen satisfy the required conditions for the outside director provided for in Article 188, Paragraph 2, Item 7-2 of the Commercial Code.

FOURTH ITEM: Election of One (1) Corporate Auditor

While the number of the current Corporate Auditors is five (5), it is proposed that one (1) additional Corporate Auditor should be elected for the purpose of strengthening the corporate auditors system by increasing the number of the Corporate Auditors. The name and particulars of the candidate for the position of Corporate Auditor are given below.

Further, the prior consent of the Board of Corporate Auditors has been obtained with regard to submission of this item on the agenda.

Name (Date of birth)	Resume * denotes representation of other companies	Number of shares of the Company held	Special interest between the candidate and the Company
-----------------------------	---	---	--

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Shinichi Sakamoto (August 3, 1950)	<p>Joined in April 1969</p> <p>General Manager of Regional Operations Planning Office in Regional Operations (North America) in April 2000</p> <p>Stationed at American Honda Motor Co., Inc. in April 2000 (present)</p> <p>Regional Operating Officer of the Company in April 2004</p> <p>Released from Regional Operating Officer in April 2005</p> <p>Released from General Manager of Regional Operations</p> <p>Planning Office in Regional Operations (North America) in April 2005</p>	3,000	None
---------------------------------------	--	-------	------

Note: denotes newly appointed candidate for the position of Corporate Auditor.

Table of Contents

FIFTH ITEM: Election of Independent Auditor

Due to expiration of the term of service of Ernst & Young ShinNihon, the independent auditor of the Company, at the close of this meeting, it is proposed that KPMG AZSA & Co. will be newly elected the independent auditor of the Company as the successor.

The Company has requested Ernst & Young ShinNihon to audit the accounts under the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Joint-Stock Companies (*Kabushiki Kaisha*) and the Securities and Exchange Law, and simultaneously requested KPMG AZSA & Co. to audit the accounts under the Securities Exchange Act (the United States). KPMG AZSA & Co. has formed an alliance with an accounting firm that has been responsible for auditing the overseas subsidiaries of the Company, which make up the majority of the Company's global net sales on a consolidated basis.

The Company plans to establish an efficient auditing system in the group of the Company by requesting KPMG AZSA & Co. to audit the accounts under Japanese laws and regulations and unifying the independent auditor of the Company under Japanese and U.S. laws and regulations upon the election of the independent auditor at this meeting.

The candidate for the independent auditor is as follows.

Further, the prior consent of the Board of Corporate Auditors has been obtained with regard to submission of this item on the agenda.

Name of Firm	KPMG AZSA & Co.
Location of Office	Principal Office 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo
History	1993 Asahi & Co. was formed through the merger of Asahi Shinwa & Co. and Inoue Saito Eiwa Audit Corporation. 2000 Century Ota Showa & Co. was formed through the merger of Century Audit Corporation and Showa Ota & Co. (The corporate name was changed to Ernst & Young ShinNihon in 2001.) 2003 A portion of the auditing division became independent from Ernst & Young ShinNihon and formed AZSA & Co. 2004 KPMG AZSA & Co. was newly formed through the merger of Asahi & Co. and AZSA & Co. under the new corporate name KPMG AZSA & Co.

Table of Contents

SIXTH ITEM: Revision of Amount of Remuneration Payable to Directors

With regard to the amount of remuneration payable to the Directors, it was determined at the 80th ordinary general meeting of shareholders held on June 23, 2004 that such amount of remuneration be seventy-seven million yen (¥77,000,000) or less per month, and the amount so determined has remained unchanged up to this date. In this regard, it is proposed that the amount of remuneration to the Directors will be revised to sixty million yen (¥60,000,000) or less per month as a result of the decrease in the number of the Directors.

At present, the number of the current Directors is thirty-six (36). If the matters under the Third Item on the Agenda are decided as proposed, the number of the Directors will be twenty-one (21).

SEVENTH ITEM: Payment of Bonus to Directors and Corporate Auditors for the 81st Fiscal Year

The Company would taking into consideration the profit for the current fiscal year, the amount of the bonus that has been paid in the past to the Directors and the Corporate Auditors, the lowering of the standard of the remuneration to the Directors and the Corporate Auditors so that the total amount of the remuneration and bonus will be more closely connected with the business performance and other various circumstances pay the bonus in the total amount of 668 million yen (¥668,000,000) to thirty-six (36) Directors as of the end of the current fiscal year and the bonus in the total amount of 52 million yen (¥52,000,000) to the five (5) Corporate Auditors as of the end of the current fiscal year in order to reward those Directors and Corporate Auditors for their services for the current fiscal year. The amount of bonus payable to each of the Directors and the Corporate Auditors would be left to the determination by the Board of Directors with regard to Directors' bonus and to the consultation by the Corporate Auditors with regard to Corporate Auditors' bonus.

Table of Contents**EIGHTH ITEM: Presentation of Retirement Allowance to Retiring Directors for Their Respective Services**

It is proposed that monetary rewards be given to Directors Mr. Koichi Amemiya, Mr. Yasuo Ikenoya, Mr. Takanobu Ito, Mr. Masaaki Kato, Mr. Akio Hamada, Mr. Teruo Kowashi, Mr. Takashi Yamamoto, Mr. Masaru Takabayashi, Mr. Suguru Kanazawa, Mr. Manabu Nishimae, Mr. Masaya Yamashita, Mr. Hiroshi Kobayashi, Mr. Kazuo Sagawa, Mr. Kazuto Iiyama, Mr. Hiroshi Oshima and Mr. Sho Minekawa, who are to resign from office at the close of this meeting, for the meritorious services that they have rendered to the Company, pursuant to the past practice of the Company and in accordance with the Company's bylaws on the retirement allowance of Directors. It is proposed that decisions on the amount of money, time and method of payment of such monetary rewards be entrusted to the Board of Directors as to the retiring Directors. Resumes of the above-mentioned persons are given below.

<u>Name</u>	<u>Resume</u>
Koichi Amemiya	Joined in April 1963 Director of the Company in May 1986 Managing Director of the Company in June 1989 Senior Managing Director of the Company in June 1990 Executive Vice President and Director of the Company in June 1997
Yasuo Ikenoya	Joined in April 1971 Director of the Company in June 1998 Managing Director of the Company in June 2002
Takanobu Ito	Joined in April 1978 Director of the Company in June 2000 Managing Director of the Company in June 2003
Masaaki Kato	Joined in April 1974 Director of the Company in June 1998
Akio Hamada	Joined in April 1971 Director of the Company in June 1999
Teruo Kowashi	Joined in January 1971 Director of the Company in June 2000
Takashi Yamamoto	Joined in April 1977 Director of the Company in June 2000
Masaru Takabayashi	Joined in April 1975 Director of the Company in June 2001

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Suguru Kanazawa	Joined in April 1977
	Director of the Company in June 2002
Manabu Nishimae	Joined in April 1977
	Director of the Company in June 2002
Masaya Yamashita	Joined in April 1977
	Director of the Company in June 2003
Hiroshi Kobayashi	Joined in April 1978
	Director of the Company in June 2003
Kazuo Sagawa	Joined in April 1968
	Director of the Company in June 2004
Kazuto Iiyama	Joined in April 1975
	Director of the Company in June 2004
Hiroshi Oshima	Joined in April 1977
	Director of the Company in June 2004
Sho Minekawa	Joined in April 1978
	Director of the Company in June 2004

Table of Contents

Business Report for the 81st Fiscal Year

For the Period

From: April 1, 2004

To: March 31, 2005

1. OUTLINE OF BUSINESS

(1) Review of Operations

During fiscal 2005, ended March 31, 2005, economic conditions surrounding Honda were on a gradual recovery. The United States showed expansion led by growth in capital investment and production as well as other factors. The principal economies of the EU reported a gradual recovery along with increases in exports. The economies of Asia outside Japan experienced continued expansion as a result of firm consumer spending in China, Thailand and other countries in the region as well as other factors. In Japan, the economy remained generally on an upward trend led by increases in exports and production as well as a gradual recovery in consumer spending. However, there were signs of a slowdown during the latter half of the fiscal year.

Against this backdrop, Honda worked to strengthen its corporate structure to respond quickly and accurately to the diverse needs of its customers. Concerning R&D, the Company endeavored to accelerate the development of safety and environmental technologies as well as enhance its product offerings with new value added. On the production side, Honda implemented further reforms in its production systems and expanded production capacity at its plants in the United States and elsewhere as well as at affiliates in China. In its sales activities, in addition to strengthening its marketing and sales capabilities, the Company strove to augment its product lineup, including the supply of products that transcend national boundaries.

Net sales in fiscal 2005 rose 6.0% over fiscal 2004, to ¥8,650.1 billion. Profitwise, operating income increased 5.1%, to ¥630.9 billion, mainly on the strength of the increase in income generated by higher net sales and the positive impact of cost reductions, which offset the effects of a weaker U.S. dollar and increased SG&A and R&D expenses. Income before income taxes advanced 2.3%, to ¥656.8 billion, and net income posted a gain of 4.7%, to ¥486.1 billion.

Motorcycles Major developments included the introduction in Japan of a new version of the 250cc **Forza** scooter featuring full model changes and the installation of a Honda S-Matic transmission the first of its kind in the world that allows riders to switch between an automatic mode and a six-speed manual mode. In addition, the Company began imports and sales of the **Dio Cesta** 50cc scooter from China. Moreover, the Company introduced the **XR50 Motard**, an easy riding sports bike for beginners. In North America, the Company began sales of the **FourTrax Foreman**, a four-wheel all-terrain vehicle (ATV), incorporating full model changes, and the **CRF450X**, an off-road bike based on Honda's specialized motocross competition bikes. In Latin America, the Company introduced the **CG150 Sport** bike in Brazil, featuring improved riding performance. In Europe, the Company made model changes in its **SH125** and **SH150** scooters, which became the first bikes to meet the Euro 3 emission regulations. In addition, Honda introduced the **FMX650** sports bike featuring impressive power and dynamic design. In Asia, the Company began sales in India of its **Unicorn** motorcycle with a newly designed 150cc engine, which offers excellent acceleration and fuel efficiency, as well as the **CD100** motorcycle in Pakistan, with a high-powered engine featuring good fuel economy. In China, Honda introduced the **SDH125-22** 125cc scooter, which has superior environmental friendliness and a sporty design.

Domestic sales declined 6.2% over the previous fiscal year, to 378 thousand units, but overseas sales climbed 14.8%, to 10,104 thousand units. Total motorcycle sales posted a gain of 13.9%, to 10,482 thousand units. Despite the adverse impact of currency translation factors, total sales in value terms to unaffiliated customers of this segment increased 10.2% over the previous year, to ¥1,097.7 billion, because of the gain in unit sales and other factors. Operating income increased a sharp 63.4%, to ¥69.3 billion, because of the positive impact on income of higher sales and cost reduction efforts, despite the adverse effect of currency movements, principally the weakening of the U.S. dollar, and certain other factors.

Table of Contents

Automobiles Developments during the fiscal year under review included the introduction of new **Legend** models in Japan with Honda's Super Handling All-Wheel-Drive and other cutting-edge technologies. In North America, Honda introduced the new **Acura RL**, the counterpart of **Legend** models sold in Japan, also featuring full model changes, including the introduction of Honda's Super Handling All-Wheel-Drive. In addition, the Company began sales of the **Edix** in Japan and the **FR-V** in Europe; both are new minivans offering a roomier interior, with six seats configured in two rows of three seats each, for better passenger comfort and ease of communication. Also, in Japan, Honda introduced its new, eight-seat **Elysion** minivan with top-quality space and riding comfort for all passengers. In North America, the Company introduced a fully redesigned **Odyssey**, which offers a wide choice of seating arrangements and top safety and environmental features. Honda also began the marketing of its next-generation truck **Ridgeline**, which was developed in North America and features a roomy interior with ample storage space. In Europe, the Company commenced sales of the **CR-V** model with a diesel engine that meets the stringent European gas emission standards. Developments in Asia included the introduction of the **Jazz** models manufactured locally in Indonesia and the commencement of sales of the **Accord** and **CR-V** in Korea, where the Company has newly begun imports and marketing of its vehicles. In China, Honda has started local production and sales of its **CR-V** and **Fit** automobiles at some of its Chinese affiliates, and introduced a fully redesigned **Odyssey**.

Unit sales in Japan amounted to 712 thousand automobiles, approximately the same as for the previous year, while overseas sales rose 11.6% over the prior fiscal year, to 2,530 thousand. As a result, total automobile sales were up 8.7%, to 3,242 thousand. Despite the impact of currency translation factors, sales in value terms to unaffiliated customers rose 5.6%, to ¥6,963.6 billion, reflecting the increase in unit sales and other factors. Operating income increased 3.1%, to ¥452.3 billion, owing to the positive impact of higher sales on income and cost reduction efforts, despite the adverse effect of currency movements, principally the weakening of the U.S. dollar, and certain other factors.

Financial Services Net sales of the Financial Services business segment to unaffiliated customers increased 5.4%, to ¥255.7 billion. Operating income declined 17.1%, to ¥89.9 billion, due mainly to increased funding costs.

Power Products and Others Major developments during the fiscal year included the introduction of electric power generators, equipped with sine-wave inverters that can produce two voltage currents, such as 100V and 200V, at the same time. These are the first generators of this type in the world and were introduced under the product names **EM45is** and **EM55is** in Japan and **EM5000is** and **EM7000is** in North America. Other new products introduced in Japan and Europe included the **HSS970is**, a hybrid-engine snowblower, and the **Salad FF500** rotary tiller, which has a high-powered engine and features improved tilling capabilities and greater working efficiency. In addition, in Japan, the Company has begun to import its **HRX537** push lawnmower from North America, which offers four features in one unit as well as economical operation and environmental friendliness. In the United States, Honda has introduced a fully redesigned version of its **FG110** portable tiller.

Unit sales in Japan of power products were down 9.4% compared with the previous fiscal year, to 432 thousand units, while overseas sales rose 6.5%, to 4,868 thousand units. Total unit sales of power products advanced 5.0%, to 5,300 thousand units. Sales in value terms of this segment to unaffiliated customers edged up 0.4%, to ¥332.9 billion, as a result of higher unit sales for the fiscal year. Operating income posted a strong gain of 85.9%, to ¥19.3 billion, because of the higher income generated by increased sales in the Power Product and Other businesses, despite the adverse effect of currency movements, principally the weakening of the U.S. dollar, and certain other factors.

Table of Contents**n Unit Sales and Net Sales Breakdown**

Unit (thousands), Yen (millions)

Business Segment	Fiscal 2004 (reference)		Fiscal 2005		Change from the previous fiscal year			
	From April 1, 2003		From April 1, 2004		to March 31, 2005 (reference)			
	to March 31, 2004		to March 31, 2005					
	Unit sales	Net sales	Unit sales	Net sales	Unit sales	(%)	Net sales	(%)
Grand Total		8,162,600		8,650,105			487,505	6.0
Domestic		1,628,493		1,699,205			70,712	4.3
Overseas		6,534,107		6,950,900			416,793	6.4
North America		4,542,930		4,575,076			32,146	0.7
Europe		770,110		870,795			100,685	13.1
Asia		801,611		977,011			175,400	21.9
Other regions		419,456		528,018			108,562	25.9
Motorcycle Business (motorcycles only)	9,206	996,290	10,482	1,097,754	1,276	13.9	101,464	10.2
	(8,891)		(10,159)		(1,268)	(14.3)		
Domestic (motorcycles only)	403	93,203	378	97,405	25	6.2	4,202	4.5
	(403)		(378)		(25)	(6.2)		
Overseas (motorcycles only)	8,803	903,087	10,104	1,000,349	1,301	14.8	97,262	10.8
	(8,488)		(9,781)		(1,293)	(15.2)		
North America (motorcycles only)	656	322,213	643	321,828	13	2.0	385	0.1
	(360)		(346)		(14)	(3.9)		
Europe (motorcycles only)	299	182,400	338	198,471	39	13.0	16,071	8.8
	(289)		(325)		(36)	(12.5)		
Asia (motorcycles only)	7,017	242,370	8,192	289,169	1,175	16.7	46,799	19.3
	(7,017)		(8,192)		(1,175)	(16.7)		
Other regions (motorcycles only)	831	156,104	931	190,881	100	12.0	34,777	
	(822)		(918)		(96)	(11.7)		22.3
Automobile Business	2,983	6,592,024	3,242	6,963,635	259	8.7	371,611	5.6
Domestic	716	1,397,237	712	1,463,531	4	0.6	66,294	4.7
Overseas	2,267	5,194,787	2,530	5,500,104	263	11.6	305,317	5.9
North America	1,558	3,900,755	1,575	3,923,930	17	1.1	23,175	0.6
Europe	231	516,108	267	597,467	36	15.6	81,359	15.8
Asia	341	532,552	512	661,471	171	50.1	128,919	24.2
Other regions	137	245,372	176	317,236	39	28.5	71,864	29.3
Financial Services Business		242,696		255,741			13,045	5.4
Domestic		20,043		20,017			26	0.1
Overseas		222,653		235,724			13,071	5.9
North America		212,522		222,494			9,972	4.7
Europe		7,448		8,827			1,379	18.5
Asia		899		1,441			542	60.3
Other regions		1,784		2,962			1,178	66.0
Power Product & Other Businesses	5,047	331,590	5,300	332,975	253	5.0	1,385	0.4

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Domestic	477	118,010	432	118,252	45	9.4	242	0.2
Overseas	4,570	213,580	4,868	214,723	298	6.5	1,143	0.5
North America	2,363	107,440	2,514	106,824	151	6.4	616	0.6
Europe	1,261	64,154	1,309	66,030	48	3.8	1,876	2.9
Asia	619	25,790	712	24,930	93	15.0	860	3.3
Other regions	327	16,196	333	16,939	6	1.8	743	4.6

- Notes:**
1. The geographic breakdown of unit and net sales is based on the location of unaffiliated customers.
 2. Unit sales of the Power Product and Other business segment is the unit sales of power products. Net sales of this segment includes power products and relevant parts, leisure businesses, trading and others.

Table of Contents

I Unit Sales by Region (By location of unaffiliated customers) (reference)

Table of Contents

I Net Sales by Region (By location of unaffiliated customers) (reference)

20

Table of Contents**n Capital Expenditures**

Capital expenditures during the fiscal year totaled ¥373,980 million. The breakdown of capital expenditures by business segment was as follows:

Yen (millions), %

Business Segment	Fiscal 2004 (reference)	Fiscal 2005	Change in amount	Change (%)
Motorcycle Business	35,041	41,845	6,804	19.4
Automobile Business	240,416	317,271	76,855	32.0
Financial Services Business	430	1,941	1,511	351.4
Power Product & Other Businesses	11,854	12,923	1,069	9.0
Total	287,741	373,980	86,239	30.0

Capital expenditures for production facilities were made to expand, rationalize and renew production facilities. Other investments consist primarily of the expansion of sales and R&D facilities as well as the construction of a new company building.

Table of Contents**n Liquidity and Capital Resources**

The policy of Honda is to support its business activities by maintaining sufficient capital resources, an ample level of liquidity and a sound balance sheet. Honda's main business is the manufacture and sale of motorcycles, automobiles and power products. To support this business, it also provides retail financing and automobile leasing services for customers, as well as wholesale financing for dealers. In its manufacturing and sales business, Honda requires operating capital mainly to purchase parts and materials required for production, as well as to control inventory of finished products and cover receivables from dealers. Honda also requires funds for capital expenditures, mainly to upgrade, rationalize and renew production facilities, as well as to expand and reinforce research and development and sales facilities. Honda meets its operating capital requirements mainly through cash generated by operations. Honda funds its financial programs for customers and dealers primarily from corporate bonds, medium-term notes and commercial paper, as well as the securitization of finance receivables.

The ¥773.5 billion in cash and cash equivalents at the end of the fiscal year corresponds to approximately one month of net sales, and Honda believes it has sufficient liquidity for its business operations. At the same time, Honda is aware of the possibility that various factors, such as recession-induced market contraction and financial and foreign exchange market volatility, may adversely affect liquidity. For this reason, financial subsidiaries carry total short-term borrowings of ¥1,310.6 billion in the form of commercial paper issued regularly to replace debt. This serves as alternative liquidity for a backup credit line equivalent to ¥643.6 billion. In addition, Honda currently has ample credit limits, extended by prominent international banks, that are not subject to contracts. Honda's short- and long-term debt securities are rated by credit rating agencies, such as Moody's Investors Service, Inc., and Standard & Poor's Rating Services. Major current ratings, which are shown below, indicate that Honda will be able to raise funds even if it requires more capital than its present level of liquidity would allow.

	Short-term	Long-term
	<u>unsecured debt securities</u>	<u>unsecured debt securities</u>
Moody's Investors Service	P 1	A1
Standard & Poor's Rating Services	A 1	A+

The above ratings are based on information provided by Honda and other information deemed credible by the rating agencies. They are also based on the agencies' assessment of credit risk associated with designated securities issued by Honda. Each rating agency uses different standards for calculating Honda's credit rating, and also makes its own assessments. Ratings can be revised or nullified by agencies at any time. These ratings are not meant to serve as a recommendation for trading in or holding debt.

Table of Contents**(2) Profit Distribution Policy**

The Company strives to carry out its operations from a global perspective and increase its corporate value. With respect to distribution of profits, the Company considers the distribution of profits to its shareholders to be one of the most important management issues, and its basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance. The Company will also acquire its own shares at the optimal timing with the aim of improving efficiency in capital structure. The present goal, however, is to increase the shareholders return ratio (i.e., the ratio of the total of the dividend payment and the repurchase of Company shares to consolidated net income) to approximately 30%. Retained earnings will be applied toward financing R&D activities 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 year-end cash dividend will be ¥37 per share, and total cash dividends for the year ended March 31, 2005 will be ¥65 per share, with an interim cash dividend of ¥28. For the year ending March 31, 2006, the Company plans to increase the interim cash dividend by ¥9, to ¥37 per share. It also projects that the year-end cash dividend will be ¥37 per share. As a result, total cash dividends for the year ending March 31, 2006 are expected to be ¥74 per share, an increase of ¥9 per share from that for the year ended March 31, 2005. The Company will continue to work hard to earn and keep the support of its shareholders.

I Trends in Dividends (reference)

(Yen)

Classification	Fiscal 2002			Fiscal 2003			Fiscal 2004			Fiscal 2005			Fiscal 2006		
	Year-		Total	Year-		Total	Year-		Total	Year-		Total	Year-		Total
	Interim	end		Interim	end		Interim	end		Interim	end		Interim	end	
Dividends	13	15	28	16	16	32	19	23	42	28	37 (planned)	65 (planned)	37 (planned)	37 (planned)	74 (planned)

Table of Contents

(3) Preparing for the Future

The global economy, driven primarily by the U.S. and Asian economies, is expected to grow steadily, but the pace of growth is anticipated to slow down. Also, the global management environment still lacks transparency because of global political and economic uncertainty, fluctuations in oil prices and currency movements. In Japan, the economic recovery has become more moderate, and weak consumer spending is anticipated to continue. As a result, competition in the Japanese market is expected to intensify.

It is under these circumstances that Honda will strengthen its corporate structure quickly and flexibly to meet the requirements of our customers and society and the changes in its business environment. Honda recognizes that further enhancing the following specific areas is essential to its success:

R&D

Along with efforts to develop even more effective safety and environmental technologies, Honda will enhance the creativity in its advanced technology and products, and it will create and swiftly introduce new value-added products that meet specific needs in various markets around the world.

Honda will also continue efforts in the research of future technologies, including the advancement of advanced humanoid robots and compact business jets and their engines.

Production Efficiency

Honda will establish efficient and flexible production systems and expand production capacity at its global production bases, with the aim of increasing its capability of supplying high quality products.

Sales Efficiency

Honda will continue to make efforts to expand its product lines through the innovative use of IT and to upgrade its sales and service structure, in order to further satisfy our customers.

Product Quality

Responding to increasing consumer demand, Honda will upgrade its quality control through enhancing the functions of and coordination among the development, purchasing, production, sales and service departments.

Safety Technologies

Honda will develop safety technologies for accident prediction and prevention, technologies to reduce injuries to passengers and pedestrians from car accidents and technologies for reducing aggressivity, as well as expand its lineup of products incorporating such technologies. Honda intends to enhance its contribution to traffic safety in motorized societies, including Asian countries. Honda also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training schemes provided by local dealerships.

The Environment

Honda will step up its efforts to create better, clean, fuel-efficient engine technologies and to improve further recyclability throughout its product lines. Honda will also advance alternative fuel technologies, including fuel cells. In addition, Honda will continue its efforts to minimize environmental impact, as measured by the Life Cycle Assessment*, in all of its business fields, including logistics and sales. In its production activities, Honda will promote environmental preservation issues under its Green Factory concept.

* Life Cycle Assessment: A comprehensive system for quantifying the impact Honda's products have on the environment at the different stages in their life cycles, from material procurement and energy consumption to waste disposal.

Continuing to Increase Society's Trust in and Understanding toward Honda

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to earn even more trust and understanding from society by, among other things, undertaking activities for corporate governance, compliance and risk management and contributing to society.

Through these Company-wide activities, we will strive to materialize Honda's visions of value creation, globalization and commitment to the future, with the aim of sharing the joy with Honda's customers, thus becoming a company that society wants to exist.

Table of Contents**(4) Financial Results****(a) Consolidated Financial Results and Property for the Last Four Fiscal Years**

Item		Fiscal year			
		FY2002	FY2003	FY2004	FY2005
		From Apr. 1, 2001	From Apr. 1, 2002	From Apr. 1, 2003	From Apr. 1, 2004
		to Mar. 31, 2002	to Mar. 31, 2003	to Mar. 31, 2004	to Mar. 31, 2005
Net sales and other operating revenue	Yen (millions)	7,362,438	7,971,499	8,162,600	8,650,105
Income before income taxes	Yen (millions)	551,342	609,755	641,927	656,805
Net income	Yen (millions)	362,707	426,662	464,338	486,197
Basic net income per share	Yen	372.23	439.43	486.91	520.68
Total assets	Yen (millions)	6,940,795	7,681,291	8,328,768	9,316,970
Net assets	Yen (millions)	2,573,941	2,629,720	2,874,400	3,289,294
Net assets per share	Yen	2,641.55	2,734.69	3,054.90	3,556.49

- Notes:**
1. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States since the Company has issued American Depositary Receipts listed on the New York Stock Exchange.
 2. Information on operations during the fiscal year under review is shown in the section entitled 1. OUTLINE OF BUSINESS, (1) Review of Operations.
 3. Basic net income per common share is calculated using the average number of shares outstanding during the fiscal year. Please note that no latent shares were outstanding that would have a dilutive effect.
 4. Net assets per share is computed based on the number of shares outstanding at the end of the fiscal year.

Net Sales and**Other Operating Revenue** (reference)

Yen (millions)

Income before Income Taxes

(reference)

Yen (millions)

Net Income

(reference)

Yen (millions)

25

Table of Contents**(b) Unconsolidated Financial Results and Property for the Last Four Fiscal Years**

Item		Fiscal year			
		78th	79th	80th	81st
		From Apr. 1, 2001 to Mar. 31, 2002	From Apr. 1, 2002 to Mar. 31, 2003	From Apr. 1, 2003 to Mar. 31, 2004	From Apr. 1, 2004 to Mar. 31, 2005
Net sales	Yen (millions)	3,211,186	3,322,719	3,319,793	3,489,106
Ordinary income	Yen (millions)	218,987	242,680	311,244	211,249
Net income	Yen (millions)	134,925	170,035	226,494	144,489
Net income per share	Yen	138.47	174.63	237.51	154.74
Total assets	Yen (millions)	1,937,805	2,061,331	2,276,766	2,355,093
Net assets	Yen (millions)	1,342,648	1,421,254	1,541,100	1,551,538
Net assets per share	Yen	1,377.92	1,477.49	1,637.87	1,677.57

- Notes:**
1. The amounts in millions of yen described above disregard and round off amounts of less than ¥1 million.
 2. Although the increase in sales contributed to profitability, ordinary income and net income for the 81st period were lower than for the 80th period because of the impact of the strong yen against the U.S. dollar; the change in accounting standards for royalty income in the 80th period, which increased revenues; and other factors.
 3. As from the 79th fiscal year, per share information is calculated using Accounting Standard for Basic Net Income per Share (Accounting Standards Board of Japan, Financial Accounting Standards No. 2, September 25, 2002) and Implementation Guidance on Accounting Standard for Net Income per Share (Accounting Standards Board of Japan, Financial Accounting Implementation Guidance No. 4, September 25, 2002).

Net Sales (reference)

Yen (millions)

Ordinary Income (reference)

Yen (millions)

Net Income (reference)

Yen (millions)

Table of Contents**2. CORPORATE DATA (as of March 31, 2005)****(1) Principal Lines of Business**

Honda's principal business segments are Motorcycles, Automobiles, Financial Services and Power Products and Others. The sales classification of these business segments is as follows:

<u>Segment</u>	<u>Principal products</u>
Motorcycle Business	Motorcycles, All-terrain vehicles (ATVs), Personal watercraft (PWC), Related parts
Automobile Business	Automobiles, Related parts
Financial Services Business	Finance, Insurance
Power Product & Other Business	Power products, Related parts, Other

(2) Principal Business Offices and Factories

<u>Name</u>	<u>Location</u>
Head Office	Minato-ku, Tokyo
Suzuka Factory	Suzuka City, Mie Prefecture
Honda Motor Co., Ltd.	Sayama City, Saitama Prefecture
Saitama Factory	Hamamatsu City, Shizuoka Prefecture
Hamamatsu Factory	Ohzu-machi, Kumamoto Prefecture
Kumamoto Factory	Mohka City, Tochigi Prefecture
Tochigi Factory	Wako City, Saitama Prefecture
Honda R&D Co., Ltd.	California, U.S.A.
American Honda Motor Co., Inc.	California, U.S.A.
Honda North America, Inc.	Ohio, U.S.A.
Honda of America Mfg., Inc.	California, U.S.A.
American Honda Finance Corporation	Alabama, U.S.A.
Honda Manufacturing of Alabama, LLC	Toronto, Canada
Honda Canada Inc.	Slough, U.K.
Honda Motor Europe Ltd.	Swindon, U.K.
Honda of the U.K. Manufacturing Ltd.	Bangkok, Thailand
Asian Honda Motor Co., Ltd.	Ayutthaya, Thailand
Honda Automobile (Thailand) Co., Ltd.	Sao Paulo, Brazil
Honda South America Ltda.	Sao Paulo, Brazil
Honda Automoveis do Brasil Ltda.	

Note: The Takanezawa Plant of the Tochigi Factory suspended the production of automobiles in April 2004, and the principal operating equipment was transferred to the Suzuka Factory in May 2004. In addition, the name of the Mohka Plant of the Tochigi Factory was changed to the Tochigi Factory.

Table of Contents**(3) Common Stock**

(a) Total number of shares authorized to be issued by the Company **3,554,000,000 shares**

- Notes:**
1. In the event that shares are retired, the Articles of Incorporation provide for a corresponding reduction in the number of shares.
 2. The total number of shares authorized to be issued by the Company, as specified in the Articles of Incorporation, was 3,600,000,000 on the balance sheet date. The Company implemented the retirement of 46,000,000 shares during the current fiscal year.

(b) Total number of shares issued **928,414,215 shares**

Note: The Company implemented the retirement of 46,000,000 shares during the current fiscal year under review.

(c) Number of stockholders **49,327**

(d) Principal stockholders

Name	Number of shares held (thousands)	Percentage as against total shares issued (%)	Number of shares held by Honda	
			Number of shares held (thousands)	(%)
Japan Trustee Services Bank, Ltd.	65,983	7.1		
The Master Trust Bank of Japan, Ltd.	52,848	5.7		
Moxley & Co.	36,534	3.9		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	36,459	3.9		
The Bank of Tokyo-Mitsubishi, Ltd.	30,565	3.3		
Meiji Yasuda Life Insurance Company	28,444	3.1		
The Chase Manhattan Bank, N.A. London	22,184	2.4		
Sompo Japan Insurance Inc.	21,830	2.4	1,000	0.1
State Street Bank and Trust Company 505103	19,328	2.1		
Nippon Life Insurance Company	18,688	2.0		

- Notes:**
1. The number of shares described above disregard and round off figures of less than 1,000 shares.
 2. The Company holds 2,000 shares of common stock of Millea Holdings, Inc., which is the wholly owning parent company of Tokio Marine & Nichido Fire Insurance Co., Ltd.
 3. The Company holds 14,000 shares of common stock and 1,000 shares of preferred stock without voting rights of Mitsubishi Tokyo Financial Group, Inc., which is the wholly owning parent company of The Bank of Tokyo-Mitsubishi, Ltd.
 4. Tokio Marine & Nichido Fire Insurance Co., Ltd. was formed on October 1, 2004 through the merger of The Tokio Marine and Fire Insurance Co., Ltd. and The Nichido Fire and Marine Insurance Co., Ltd.
 - 5.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

All stocks held in Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. are owned in connection with the respective bank's trust business.

6. Moxley & Co. is an official holder of stock of JPMorgan Chase Bank, which is a depository institution for American Depositary Receipts (ADRs) and European Depositary Receipts (EDRs).
7. The Chase Manhattan Bank, N.A. London and State Street Bank and Trust Company 505103 are the custodians and holders of record of stock owned principally by European institutional investors.

Table of Contents**(4) Acquisition, Disposal and Retention of Company Shares****(a) Stock retained at the previous fiscal year-end**

Common stock:	33,498,264 shares
---------------	-------------------

(b) Stock acquired

Common stock:	16,048,123 shares
Amount of acquisition:	¥ 84,160 million

The above figure includes treasury stock purchased pursuant to the decision of the Board of Directors under the Articles of Incorporation following the 80th Ordinary General Meeting of Shareholders.

Common stock:	13,581,000 shares
Amount of acquisition:	¥ 72,665 million

Reason for the acquisition of Company shares: Mainly to improve capital efficiency

(c) Stock disposal

Common stock:	2,599 shares
Total disposal value:	¥ 13 million

(d) Stock retired

Common stock:	46,000,000 shares
---------------	-------------------

(e) Stock retained at fiscal year-end

Common stock:	3,543,788 shares
---------------	------------------

Note:

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Following accounts settlement, from April 1 to 14, 2005, the following acquisition of the Company shares was implemented. Shares acquired pursuant to the resolution at the meeting of the Board of Directors under the Articles of Incorporation:

Common stock:	967,600 shares
Amount of acquisition:	¥ 5,333 million

(5) Employees of the Group and the Parent Company

(a) Honda employees

<u>Business segment</u>	<u>Number of employees</u>
Motorcycle Business	27,991
Automobile Business	99,525
Financial Services Business	1,787
Power Product & Other Businesses	8,524
Total	137,827

Note: The above refers to full-time employees.

(b) Employees of the parent company

Number of employees	27,045
Change from the previous fiscal year	(142)
Average age	43.7
Average number of years employed by the Company	22.9

Note: The above refers to full-time employees.

Table of Contents**(6) Principal Consolidation****(a) Principal subsidiaries**

Company	Capital (millions)	Percentage of Honda s voting right (%)	Main lines of business	
			Segment	Business
Honda R&D Co., Ltd.	¥ 7,400	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	R&D
Honda Engineering Co., Ltd.	¥ 3,600	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Manufacturing and sales of equipment and development of production technology
Honda Finance Co., Ltd.	¥ 11,090	100.0	Financial Services Business	Finance
Suzuka Circuitland Co., Ltd.	¥ 2,000	86.2	Power Product & Other Businesses	Others (leisure)
Honda Motorcycle Japan Co., Ltd.	¥ 496	100.0	Motorcycle Business	Sales
American Honda Motor Co., Inc. (U.S.A.)	US\$ 200	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Sales
Honda North America, Inc. (U.S.A.)	US\$ 1	100.0	Motorcycle Business Automobile Business Financial Services Business Power Product & Other Businesses	Coordination of operations
Honda of America Mfg., Inc. (U.S.A.)	US\$ 578	* 100.0	Motorcycle Business Automobile Business	Manufacturing
American Honda Finance Corporation (U.S.A.)	US\$ 1,366	* 100.0	Financial Services Business	Finance

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Honda Manufacturing of Alabama, LLC (U.S.A.)	US\$	400	*	100.0	Automobile Business	Manufacturing
Honda Transmission Manufacturing of America, Inc. (U.S.A.)	US\$	42	*	100.0	Automobile Business	Manufacturing
Honda Power Equipment Manufacturing, Inc. (U.S.A.)	US\$	26	*	100.0	Automobile Business Power Product & Other Businesses	Manufacturing
Honda Canada Inc. (Canada)	C\$	226	*	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Manufacturing and sales
Honda Canada Finance, Inc. (Canada)	C\$	235	*	100.0	Financial Services Business	Finance
Honda de Mexico, S.A. de C.V. (Mexico)	MXN	257	*	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Manufacturing and sales
Honda Europe N.V. (Belgium)	EUR	31	*	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Sales
Honda Motor Europe Ltd. (U.K.)	GBP	367	*	100.0	Motorcycle Business Automobile Business Financial Services Business Power Product & Other Businesses	Coordination of operations and sales
Honda of the U.K. Manufacturing Ltd. (U.K.)	GBP	670	*	100.0	Automobile Business	Manufacturing
Honda Finance Europe plc. (U.K.)	GBP	38	*	100.0	Financial Services Business	Finance
Honda Motor Europe (South) S.A. (France)	EUR	40		100.0	Motorcycle Business Automobile Business	Sales
Honda Motor Europe (North) G.m.b.H. (Germany)	EUR	70	*	100.0	Motorcycle Business Automobile Business Power Product &	Sales

Table of Contents

Company	Capital		Percentage of Honda s voting right (%)	Main lines of business	
	(millions)			Segment	Business
Honda Italia Industriale S.p.A. (Italy)	EUR	8	100.0	Motorcycle Business Power Product & Other Businesses	Manufacturing and sales
Honda Automobile (China) Co., Ltd. (China)	US\$	52	100.0	Motorcycle Business Automobile Business Power Product & Other Businesses	Holding company
Honda Motorcycle and Scooter India (Private) Limited (India)	INR	3,000	* 100.0	Motorcycle Business	Manufacturing and sales
Honda Siel Cars India Ltd. (India)	INR	3,600	99.9	Automobile Business	Manufacturing and sales
P.T. Honda Precision Parts Manufacturing (Indonesia)	IDR	541,440	100.0	Automobile Business	Manufacturing
P.T. Honda Prospect Motor (Indonesia)	US\$	70	51.0	Automobile Business	Manufacturing and sales
Honda Malaysia Sdn. Bhd. (Malaysia)	MYR	170	51.0	Automobile Business	Manufacturing and sales
Honda Taiwan Co., Ltd. (Taiwan)	TWD	3,580	100.0	Automobile Business	Manufacturing and sales
Asian Honda Motor Co., Ltd. (Thailand)	THB	442	100.0	Motorcycle Business Automobile Business Financial Services Business Power Product & Other Businesses	Coordination of operations and sales
Honda Automobile (Thailand) Co., Ltd. (Thailand)	THB	5,460	* 91.4	Automobile Business	Manufacturing and sales
Thai Honda Manufacturing Co., Ltd. (Thailand)	THB	150	60.0	Motorcycle Business Power Product & Other Business	Manufacturing
Honda Vietnam Co., Ltd. (Vietnam)	US\$	45	* 70.0	Motorcycle Business	Manufacturing and sales
Honda South America Ltda. (Brazil)	BRL	119	100.0	Motorcycle Business Automobile Business Financial Services Business Power Product & Other Businesses	Coordination of operations and holding company
Honda Automoveis do Brasil Ltda. (Brazil)	BRL	882	* 100.0	Automobile Business	Manufacturing and sales

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Moto Honda da Amazonia Ltda. (Brazil)	BRL	358	*	100.0	Motorcycle Business Power Product & Other Businesses	Manufacturing and sales
Honda Turkiye A.S. (Turkey)	TRY	70		100.0	Motorcycle Business Automobile Business	Manufacturing and sales
Honda Australia Pty., Ltd. (Australia)	AUS\$	22		100.0	Automobile Business	Sales

Notes: 1. Capital amounts of less than one million have been disregarded and rounded off.

2. * includes ownership through subsidiaries.

Table of Contents

(b) Background of business combinations and results

Background of business combinations

1. To make way for future investments, Honda Vietnam Co., Ltd. increased its capital by including its earned surplus in its capital account. As a result of this increase in capital, Honda Vietnam became one of the Company's significant subsidiaries.
2. The Company transferred a portion of its investments in Guangzhou Honda Automobile Co., Ltd., Dongfeng Honda Engine Co., Ltd., and Dongfeng Honda Auto Parts Co., Ltd. to Honda Motor (China) Investment Co., Ltd. The transfer of this amount increased the capital of Honda Motor (China) Investment and positioned this company to make quick and responsive allocations of management resources within the China area, acting as the holding company for the Company's business operations in that country.

Results of business combinations

At the end of the fiscal year under review, the Company had 319 consolidated companies, including 38 subsidiaries that are mentioned in the section of this report entitled (a) Principal Subsidiaries and 118 affiliates.

Table of Contents**(7) Directors and Corporate Auditors**

<u>Title</u>	<u>Name</u>	<u>Area of Responsibility or Principal Occupations</u>
President and Representative Director	Takeo Fukui	
Executive Vice President and Representative Director	Koichi Amemiya	President and Director of Honda North America, Inc.
Senior Managing and Representative Directors	Michiyoshi Hagino	General Supervisor, Purchasing Policy
	Minoru Harada	Chief Operating Officer for Motorcycle Operations
	Motoatsu Shiraishi	Chief Operating Officer for Production Operations
		Risk Management Officer
		General Supervisor, Production
		General Supervisor, Information Systems
	Satoshi Aoki	Chief Operating Officer for Business Management Operations Compliance Officer
	Satoshi Dobashi	Chief Operating Officer for Regional Sales Operations (Japan)
		Chief Officer of Driving Safety Promotion Center in Regional Sales Operations (Japan)
		Government & Industrial Affairs
Managing Directors	Atsuyoshi Hyogo	Chief Operating Officer for Regional Operations (China)
		President of Honda Motor (China) Investment Co., Ltd.
	Satoshi Toshida	Chief Operating Officer for Regional Operations (Asia & Oceania) President and Director of Asian Honda Motor Co., Ltd.
	Koki Hirashima	President and Director of Honda of America Mfg., Inc.
	Koichi Kondo	Chief Operating Officer for Regional Operations (North America) President and Director of American Honda Motor Co., Inc.
	Yasuo Ikenoya	Deputy Chief Operating Officer for Regional Operations (China)
	Toru Onda	Chief Operating Officer for Purchasing Operations
	Akira Takano	Chief Operating Officer for Customer Service Operations
	Takanobu Ito	General Supervisor, Motor Sports
		President and Director of Honda R&D Co., Ltd.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Mikio Yoshimi	Chief Operating Officer for Business Support Operations
Shigeru Takagi	Chief Operating Officer for Regional Operations (Europe)
	President and Director of Honda Motor Europe Ltd.
Hiroshi Kuroda	Chief Operating Officer for Automobile Operations

Table of Contents

<u>Title</u>	<u>Name</u>	<u>Area of Responsibility or Principal Occupations</u>
Director	Satoru Kishi	Advisor of the Board of The Bank of Tokyo- Mitsubishi, Ltd.
Director and Advisor	Hiroyuki Yoshino	
Directors	Masaaki Kato	President and Director of Honda Manufacturing of Alabama, LLC
	Akio Hamada	President and Director of Honda Engineering Co., Ltd.
	Teruo Kowashi	Automobile Production for Production Operations
	Tetsuo Iwamura	Chief Operating Officer for Regional Operations (Latin America) President and Director of Honda South America Ltda.
		President and Director of Moto Honda da Amazonia Ltda.
		President and Director of Honda Automoveis do Brasil Ltda.
	Takashi Yamamoto	Quality, Certification & Regulation Compliance
	Masaru Takabayashi	General Manager of IT Division
	Tatsuhiro Oyama	Chief Operating Officer for Parts Operations
	Suguru Kanazawa	Senior Managing Director of Honda R&D Co., Ltd.
		President and Director of Honda Racing Corporation
	Manabu Nishimae	Deputy Chief Operating Officer for Regional Sales Operations (Japan) General Manager of Automobile Sales Operations for Regional Sales Operations (Japan)
	Fumihiko Ike	Chief Operating Officer for Power Products Operations
	Masaya Yamashita	General Manager of Automobile Purchasing Division 1 for Purchasing Operations
Hiroshi Kobayashi	President and Director of Honda Canada Inc.	
Kazuo Sagawa	General Manager of Saitama Factory of Production Operations	
Kazuto Iiyama	Executive Vice President and Director of Honda Motor Europe Ltd. President and Director of Honda of the U.K. Manufacturing Ltd.	
Hiroshi Oshima	Corporate Communications, Motor Sports General Manager of Corporate Communications Division in Business Support Operations	
Sho Minekawa	President of Guangzhou Honda Automobile Co., Ltd.	

Table of Contents

<u>Title</u>	<u>Name</u>	<u>Area of Responsibility or Principal Occupations</u>
Corporate Auditors (Full-time)	Hiroshi Okubo	
	Koji Miyajima	
Corporate Auditors	Koukei Higuchi	Advisor of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.
	Kuniyasu Yamada	President of MTB Apple Planning Co., Ltd.
	Fumihiko Saito	Partner of Haarmann Hemmelrath Saito Law Office

- Notes:**
- Mr. Satoru Kishi is an outside director, as set forth in Article 188, Paragraph 2, Item 7-2 of the Commercial Code.
 - Corporate Auditors Mr. Koukei Higuchi, Mr. Kuniyasu Yamada and Mr. Fumihiko Saito are outside corporate auditors as provided in Article 18, Section 1, of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of *Kabushiki Kaisha*.
 - The Directors who retired during the fiscal year under review are as follows:
 - Mr. Yoshihide Munekuni, on June 23, 2004
 - Mr. Hiroshi Okubo, on June 23, 2004
 - Mr. Masahiro Yoshimura, on June 23, 2004
 - Mr. Seiichi Moriguchi, on June 23, 2004
 - The Corporate Auditor who retired during the fiscal year under review is as follows:
 - Mr. Kunihiko Chujo, on June 23, 2004

(8) Amount of Compensation Paid to the Independent Auditor

(1)	Total amount of compensation paid by the parent company and its subsidiaries to the Independent Auditor:	¥ 472 million
(2)	Of the total in (1) above, the amount paid for the Independent Auditors Report pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Law:	¥ 235 million
(3)	Of the total in (2) above, the amount paid by the parent company:	¥ 71 million

Note: In its contract with the independent auditing firm, the Company has not divided the above into amounts corresponding to payment under the Law for Special Exceptions to the Commercial Code Concerning Audits and the amount corresponding to compensation to be paid based on the Securities and Exchange Law. Because dividing compensation into these amounts is not possible, the total in (3) above contains both amounts.

Table of Contents**Consolidated Balance Sheets**

As of March 31, 2004 and 2005	Yen (millions)	
	2004	2005
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 724,421	¥ 773,538
Trade accounts and notes receivable	688,303	791,195
Finance subsidiaries receivables, net current	949,733	1,021,116
Inventories	765,433	862,370
Deferred income taxes	222,179	214,059
Other current assets	303,185	346,464
Total current assets	3,653,254	4,008,742
Finance subsidiaries receivables, net	2,265,874	2,623,909
Investments and advances:		
Investments in and advances to affiliates	298,242	349,664
Other	242,824	264,926
Total investments and advances	541,066	614,590
Property, plant and equipment, at cost:		
Land	354,762	365,217
Buildings	968,159	1,030,998
Machinery and equipment	2,072,347	2,260,826
Construction in progress	49,208	96,047
	3,444,476	3,753,088
Less accumulated depreciation	2,008,945	2,168,836
Net property, plant and equipment	1,435,531	1,584,252
Other assets	433,043	485,477
Total assets	¥ 8,328,768	¥ 9,316,970

Table of Contents

	Yen (millions)	
	2004	2005
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
Current liabilities:		
Short-term debt	¥ 734,271	¥ 769,314
Current portion of long-term debt	487,125	535,105
Trade payables:		
Notes	29,096	26,727
Accounts	882,141	987,045
Accrued expenses	813,733	913,721
Income taxes payable	31,194	65,029
Other current liabilities	357,259	451,623
Total current liabilities	3,334,819	3,748,564
Long-term debt	1,394,612	1,559,500
Other liabilities	724,937	719,612
Total liabilities	5,454,368	6,027,676
STOCKHOLDERS EQUITY		
Common stock	86,067	86,067
Capital surplus	172,719	172,531
Legal reserves	32,418	34,688
Retained earnings	3,589,434	3,809,383
Accumulated other comprehensive income (loss)		
Adjustments from foreign currency translation	(665,413)	(624,937)
Net unrealized gains on marketable equity securities	36,066	33,744
Minimum pension liabilities adjustments	(225,226)	(202,741)
Total accumulated other comprehensive income (loss)	(854,573)	(793,934)
Treasury stock	(151,665)	(19,441)
Total stockholders equity	2,874,400	3,289,294
Total liabilities and stockholders equity	¥ 8,328,768	¥ 9,316,970

Table of Contents**Consolidated Statements of Income**

Years ended March 31, 2004 and 2005	Yen (millions)	
	2004	2005
Net sales and other operating revenue	¥ 8,162,600	¥ 8,650,105
Operating costs and expenses:		
Cost of sales	5,609,806	6,038,172
Selling, general and administrative	1,503,683	1,513,259
Research and development	448,967	467,754
Total operating costs and expenses	7,562,456	8,019,185
Operating income	600,144	630,920
Other income:		
Interest	9,299	10,696
Other	54,909	60,541
Total other income	64,208	71,237
Other expenses:		
Interest	10,194	11,655
Other	12,231	33,697
Total other expenses	22,425	45,352
Income before income taxes and equity in income of affiliates	641,927	656,805
Income taxes:		
Current	139,318	151,146
Deferred	113,422	115,519
Total income taxes	252,740	266,665
Income before equity in income of affiliates	389,187	390,140
Equity in income of affiliates	75,151	96,057
Net income	¥ 464,338	¥ 486,197
		Yen
Basic net income per common share	¥ 486.91	¥ 520.68

Table of Contents**Consolidated Statements of Cash Flows (Reference)**

Years ended March 31, 2004 and 2005	Yen (millions)	
	2004	2005
Cash flows from operating activities:		
Net income	¥ 464,338	¥ 486,197
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	213,445	225,752
Deferred income taxes	113,422	115,519
Equity in income of affiliates	(75,151)	(96,057)
Provision for credit and lease residual losses on finance subsidiaries receivables	45,937	50,638
Loss (gain) on derivative instruments and related others, net	(84,783)	(60,432)
Decrease (increase) in assets:		
Trade accounts and notes receivable	22,829	(70,145)
Inventories	(51,836)	(79,483)
Other current assets	(154,320)	(11,797)
Other assets	(33,376)	(52,198)
Increase (decrease) in liabilities:		
Trade accounts and notes payable	132,541	76,338
Accrued expenses	64,830	71,469
Income taxes payable	(31,068)	33,704
Other current liabilities	13,763	19,973
Other liabilities	43,656	19,826
Other, net	(8,739)	17,320
Net cash provided by operating activities	675,488	746,624
Cash flows from investing activities:		
Decrease in investments and advances	40,598	5,292
Payment for purchase of available-for-sale securities	(61)	(1,608)
Proceeds from sales of available-for-sale securities	10,082	13,140
Capital expenditures	(287,741)	(373,980)
Proceeds from sales of property, plant and equipment	19,157	14,216
Acquisitions of finance subsidiaries receivables	(2,689,554)	(2,710,520)
Collections of finance subsidiaries receivables	1,156,888	1,561,299
Proceeds from sales of finance subsidiaries receivables	820,650	684,308
Net cash used in investing activities	(929,981)	(807,853)
Cash flows from financing activities:		
Increase (decrease) in short-term debt	(7,910)	20,244
Proceeds from long-term debt	885,162	704,433
Repayment of long-term debt	(289,107)	(495,107)
Cash dividends paid	(33,541)	(47,797)
Increase (decrease) in commercial paper classified as long-term debt	280	(131)
Payment for purchase of treasury stock, net	(95,312)	(84,147)
Net cash provided by financing activities	459,572	97,495
Effect of exchange rate changes on cash and cash equivalents	(28,062)	12,851

Net change in cash and cash equivalents	177,017	49,117
Cash and cash equivalents at beginning of year	547,404	724,421
	<hr/>	<hr/>
Cash and cash equivalents at end of year	¥ 724,421	¥ 773,538
	<hr/>	<hr/>

Table of Contents

Explanatory notes:

1. Consolidated subsidiaries

Number of consolidated subsidiaries: 319

Principal subsidiaries:

American Honda Motor Co., Inc., Honda of America Mfg., Inc., Honda Canada Inc., Honda R&D Co., Ltd., American Honda Finance Corporation

2. Affiliated companies

Number of affiliated companies: 118

Principal affiliated companies:

Guangzhou Honda Automobile Co., Ltd., Yachiyo Industry Co., Ltd., P.T. Astra Honda Motor

3. Changes of consolidated subsidiaries and affiliated companies

Consolidated subsidiaries:

Newly formed consolidated subsidiaries: 11 (i.e., Honda Aero, Inc.)

Reduced through reorganization: 9

Affiliated companies:

Newly formed affiliated companies: 3 (i.e., GE Honda Aero Engines LLC.)

Reduced through reorganization: 9

4. The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, since the Company has listed its shares as on American Depositary Receipts listed on the New York Stock Exchange and files reports with the U.S. Securities and Exchange Commission. All segment information, however, is prepared in accordance with the Ministerial Ordinance under the Securities and Exchange Law of Japan.

5. Minority interests in net assets and income are not significant and, accordingly, are not presented separately in the accompanying consolidated balance sheets and statements of income. The amount of minority interest recognized in earnings, included in other expenses other, for each of the years in the two-year period ended March 31, 2005 were ¥11,753 million and ¥11,559 million, respectively.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

6. Inventories are stated at the lower of cost, determined principally by the first-in, first-out method, or market.
7. Honda classifies its debt and equity securities in one of three categories: available-for-sale, trading, or held-to-maturity. Debt securities that are classified as held-to-maturity securities are reported at amortized cost. Debt and equity securities classified as trading securities are reported at fair value, with unrealized gains and losses included in earnings. Other debt and equity securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains or losses, net of deferred taxes, included in accumulated other comprehensive income (loss) in the stockholders' equity section of the consolidated balance sheets.
8. Honda does not amortize goodwill but instead is tested for impairment at least annually.
9. Depreciation of property, plant and equipment is calculated principally by the declining-balance method based on estimated useful lives of the respective assets.
10. Honda does not apply hedge accounting for the foreign exchange agreements and interest rate agreements.
11. The allowance for credit losses for finance subsidiaries' receivables is maintained at an amount management deems adequate to cover estimated losses on finance receivables. The allowance is based on management's evaluation of many factors, including current economic trends, industry experience, inherent risks in the portfolio and the borrower's ability to pay.
12. The allowance for losses on lease residual values is maintained at an amount management deems adequate to cover estimated losses on the uninsured portion of the vehicles' lease residual values. The allowance is also based on management's evaluation of many factors, including current economic conditions, industry experience and the finance subsidiaries' historical experience with residual value losses.

Table of Contents

13. Provisions for retirement benefits are provided based on the fair value of both projected benefit obligations and plan assets at the end of the fiscal year to cover for employees' retirement benefits. If the provision for retirement benefits are less than the unfunded accumulated benefit obligations, accrued pension cost is adjusted as an additional minimum pension liability that is at least equal to the unfunded accumulated benefit obligation.

Unrecognized net transition obligations have been amortized over approximately 19 years since the fiscal year ended March 31, 1990.

Unrecognized prior service cost (benefit) is amortized by using the straight-line method and the estimated average remaining service years of employees.

Unrecognized actuarial loss is amortized if the unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets by using the straight-line method and the estimated average remaining service years of employees.

14. Our warranty expense accruals are costs for general warranties on products we sell, product recalls and service actions outside the general warranties. Estimated warranty expenses are provided based on historical warranty claim experience with consideration given to the expected level of future warranty costs as well as current information on repair costs.
15. In this current year, Honda reclassified its reporting of cash flow related to the finance subsidiaries' receivables which relate to sales of inventory as cash flows from operating activities instead of cash flows from investing activities in the consolidated statements of cash flows and also reclassified related finance subsidiaries' receivables to trade receivables, including those of the non-current portion to other assets, in the consolidated balance sheets. Reclassifications have been made to prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2005. More detailed information is provided in the Consolidated Statements of Cash Flows. As a result, cash flows from operating activities decreased by ¥37,454 million and cash flows from investing activities increased by the same amount in last fiscal year's consolidated statements of cash flows. Also, in last fiscal year's consolidated balance sheets, trade accounts and notes receivable increased by ¥314,887 million, and other assets increased by ¥111,464 million. Acquisition of finance subsidiaries' receivables, net current decreased by ¥314,887 million, and finance subsidiaries' receivables, net decreased by ¥111,464 million.

Additional Information

As stipulated in the Japanese Welfare Pension Insurance Law, the Honda Employees' Pension Fund (Confederated Welfare Pension Fund, the Fund), of which the Company is one of the members, obtained an approval from the Minister of Health, Labor and Welfare for exemption from benefits obligations related to future employee service in respect of the substitutional portion on April 1, 2004. The Company is currently in the process of transferring past service liabilities to the government. The Company has not yet determined the effect of the adoption on Honda's consolidated financial position and results of operations as the fair value of plan assets and the pension benefit obligation to be transferred, determined pursuant to a government formula, will not be determined until the transfer of such assets and obligation is completed.

Notes to Consolidated Balance Sheets

1. The allowance for doubtful trade accounts and notes receivable is ¥10,919 million and ¥9,710 million, and for the allowance for credit losses for finance subsidiaries' receivable is ¥24,411 million and ¥30,926 million as of March 31, 2004 and 2005, respectively.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

2. Property, plant and equipment with a net book value of ¥11,425 million and ¥12,881 million at March 31, 2004 and 2005, respectively, were subject to specific mortgages securing indebtedness.

In addition, for certain losses, a finance subsidiary pledged as collateral finance subsidiaries' receivables of ¥14,313 million and ¥22,597 million at March 31, 2004 and 2005, respectively.

3. Comprehensive income consists of net income, change in adjustments from foreign currency translation, change in net unrealized gains on marketable equity securities, and change in minimum pension liabilities adjustment, and is included in the consolidated statements of stockholders' equity.
4. Honda has entered into various guarantee and indemnification agreements. At March 31, 2004 and 2005, Honda guaranteed approximately ¥77,426 million and ¥69,574 million of bank loans of employees for their housing costs, respectively. If an employee defaults on his/her loan payments, Honda is required to perform under the guarantee. The undiscounted maximum amounts of Honda's obligation to make future payments in the event of defaults were approximately ¥77,426 million and ¥69,574 million, respectively, at March 31, 2004 and 2005. As of March 31, 2005, no amount has been accrued for any estimated losses under the obligations, as it is probable that the employees will be able to make all scheduled payments.

Table of Contents**n Segment Information****(a) Business Segment Information**

For the year ended March 31, 2004

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Power Prod- uct & Other Businesses	Total	Eliminations	Consolidated
Net sales and other operating revenue:							
Sales to unaffiliated customers	996,290	6,592,024	242,696	331,590	8,162,600		8,162,600
Intersegment sales	0	0	3,138	10,070	13,208	(13,208)	
Total	996,290	6,592,024	245,834	341,660	8,175,808	(13,208)	8,162,600
Cost of sales, SG&A and R&D expenses	953,857	6,153,133	137,396	331,278	7,575,664	(13,208)	7,562,456
Operating income	42,433	438,891	108,438	10,382	600,144	0	600,144
Assets	764,893	3,727,259	3,818,915	247,451	8,558,518	(229,750)	8,328,768
Depreciation and amortization	25,156	181,266	359	6,664	213,445		213,445
Capital expenditures	35,041	240,416	430	11,854	287,741		287,741

For the year ended March 31, 2005

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Power Prod- uct & Other Businesses	Total	Eliminations	Consolidated
Net sales and other operating revenue:							
Sales to unaffiliated customers	1,097,754	6,963,635	255,741	332,975	8,650,105		8,650,105
Intersegment sales	0	0	3,447	9,869	13,316	(13,316)	
Total	1,097,754	6,963,635	259,188	342,844	8,663,421	(13,316)	8,650,105
Cost of sales, SG&A and R&D expenses	1,028,422	6,511,253	169,287	323,539	8,032,501	(13,316)	8,019,185
Operating income	69,332	452,382	89,901	19,305	630,920	0	630,920
Assets	848,671	4,160,818	4,362,096	261,843	9,633,428	(316,458)	9,316,970
Depreciation and amortization	28,606	189,150	419	7,577	225,752		225,752
Capital expenditures	41,845	317,271	1,941	12,923	373,980		373,980

Notes:

1. Business segments are based on Honda's business organization and the similarity of the principal products included within each segment as well as the relevant markets for such products.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

2. Within assets, corporate assets are included in Eliminations and amounted to ¥482,471 million for the year ended March 31, 2004 and ¥464,504 million for the year ended March 31, 2005, which consist primarily of cash and cash equivalents and marketable securities held by the parent company.

Table of Contents**(b) Geographic Segment Information**

For the year ended March 31, 2004

Yen (millions)

	Japan	North America	Europe	Asia	Other Regions	Total	Eliminations	Consolidated
Net sales and other operating revenue:								
Sales to unaffiliated customers	1,879,141	4,552,941	756,312	637,163	337,043	8,162,600		8,162,600
Transfers between geographical segments	2,051,729	120,069	192,235	67,009	11,222	2,442,264	(2,442,264)	
Total	3,930,870	4,673,010	948,547	704,172	348,265	10,604,864	(2,442,264)	8,162,600
Cost of sales, SG&A and R&D expenses	3,738,419	4,362,860	922,704	659,500	324,466	10,007,949	(2,445,493)	7,562,456
Operating income	192,451	310,150	25,843	44,672	23,799	596,915	3,229	600,144
Assets	2,370,214	4,539,320	571,419	435,815	141,851	8,058,619	270,149	8,328,768

For the year ended March 31, 2005

Yen (millions)

	Japan	North America	Europe	Asia	Other Regions	Total	Eliminations	Consolidated
Net sales and other operating revenue:								
Sales to unaffiliated customers	1,983,182	4,585,650	858,936	773,753	448,584	8,650,105		8,650,105
Transfers between geographical segments	2,155,756	119,904	184,136	86,810	17,373	2,563,979	(2,563,979)	
Total	4,138,938	4,705,554	1,043,072	860,563	465,957	11,214,084	(2,563,979)	8,650,105
Cost of sales, SG&A and R&D expenses	3,954,039	4,384,400	1,001,829	799,871	432,764	10,572,903	(2,553,718)	8,019,185
Operating income	184,899	321,154	41,243	60,692	33,193	641,181	(10,261)	630,920
Assets	2,480,052	5,202,980	649,547	541,331	203,605	9,077,515	239,455	9,316,970

Notes:

- The geographic segments are based on the location where sales originate.

Major countries or regions in each geographic segment:

North America	United States, Canada, Mexico
Europe	United Kingdom, Germany, France, Italy, Belgium
Asia	Thailand, Indonesia, China, India
Other Regions	Brazil, Australia

- Within assets, corporate assets are included in Eliminations and amounted to ¥482,471 million for the year ended March 31, 2004 and ¥464,504 million for the year ended March 31, 2005, which consist primarily of cash and cash equivalents and marketable securities held by the parent company.

(c) Overseas Sales

For the year ended March 31, 2004

Yen (millions)

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

	<u>North America</u>	<u>Europe</u>	<u>Asia</u>	<u>Other Regions</u>	<u>Total</u>
Overseas sales	4,542,930	770,110	801,611	419,456	6,534,107
Consolidated sales					8,162,600
Overseas sales ratio to consolidated sales	55.7%	9.4%	9.8%	5.1%	80.0%

For the year ended March 31, 2005

Yen (millions)

	<u>North America</u>	<u>Europe</u>	<u>Asia</u>	<u>Other Regions</u>	<u>Total</u>
Overseas sales	4,575,076	870,795	977,011	528,018	6,950,900
Consolidated sales					8,650,105
Overseas sales ratio to consolidated sales	52.9%	10.1%	11.3%	6.1%	80.4%

Note:

The geographic segments are based on the location where sales originate.

Major countries or regions in each geographic segment:

North America	United States, Canada, Mexico
Europe	United Kingdom, Germany, France, Italy, Belgium
Asia	Thailand, Indonesia, China, India
Other Regions	Brazil, Australia

Table of Contents**Unconsolidated Balance Sheets**

As of March 31, 2004 and 2005	Yen (millions)	
	2004	2005
ASSETS		
1. Current assets:		
Cash and bank deposits	¥ 364,965	¥ 346,218
Notes receivable	2,701	2,308
Accounts receivable	303,059	290,079
Securities		7,484
Finished goods	59,697	76,354
Parts for sale	29,352	27,062
Raw materials	11,638	13,783
Work in process	13,849	14,557
Supplies	10,155	13,107
Advance payments	13,351	14,437
Prepaid expenses	6,715	6,719
Deferred income taxes	66,481	73,572
Short-term loans receivable	96	86
Short-term loans receivable subsidiaries and affiliates	24,726	75,727
Other receivable	34,992	30,200
Others	27,900	24,830
Allowance for doubtful accounts	(5,093)	(4,552)
Total current assets	964,590	1,011,979
2. Fixed assets		
Tangible fixed assets:		
Buildings	437,746	462,448
Accumulated depreciation	(245,345)	(254,635)
Buildings, net	192,400	207,813
Structures	98,273	100,866
Accumulated depreciation	(57,290)	(60,045)
Structures, net	40,982	40,821
Machinery and equipment	495,783	497,174
Accumulated depreciation	(414,184)	(418,431)
Machinery and equipment, net	81,598	78,742
Vehicles	14,177	15,794
Accumulated depreciation	(8,426)	(9,157)
Vehicles, net	5,750	6,637
Tools, furniture and fixtures	212,058	212,959
Accumulated depreciation	(185,244)	(186,927)
Tools, furniture and fixtures, net	26,814	26,031
Land	268,391	272,276
Construction in progress	7,358	11,803
Total tangible fixed assets	623,296	644,125
Intangible assets:		
Patents	114	112
Leaseholds	2,112	2,112
Trademarks	24	17

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

Software	3,231	2,805
Others	493	823
	<hr/>	<hr/>
Total intangible assets	5,975	5,872
	<hr/>	<hr/>
Investments and other assets:		
Investment securities	117,405	110,713
Investment securities subsidiaries and affiliates	391,874	403,192
Investments and other assets	19	6
Investments subsidiaries and affiliates	89,073	92,309
Long-term loans receivable employees	750	640
Receivables in bankruptcy	21,997	19,768
Long-term prepaid expenses	1,320	980
Deferred income taxes	44,228	52,379
Deposits	23,110	23,234
Others	10,742	5,350
Allowance for doubtful accounts	(17,620)	(15,459)
	<hr/>	<hr/>
Total investments and other assets	682,903	693,116
	<hr/>	<hr/>
Total fixed assets	1,312,176	1,343,114
	<hr/>	<hr/>
Total assets	¥ 2,276,766	¥ 2,355,093
	<hr/>	<hr/>

Table of Contents

	Yen (millions)	
	2004	2005
LIABILITIES		
1. Current liabilities:		
Notes payable trade	¥ 1,406	¥ 1,256
Accounts payable	325,621	343,752
Short-term loans payable	2,998	21,833
Current portion of long-term loans payable	96	83
Other payable	37,196	34,247
Accrued expenses	86,204	102,559
Income taxes payable	38,619	20,242
Advances received	470	694
Deposits received	1,566	2,681
Deferred revenue	176	248
Current portion of accrued product warranty	47,531	54,075
Accrued employees' bonuses	42,492	40,517
Accrued directors' bonuses	650	720
Notes payable other	1,327	1,240
Others	444	10,073
Total current liabilities	586,800	634,227
2. Non-current liabilities:		
Long-term loans payable	735	619
Accrued product warranty	36,986	35,120
Accrued employees' retirement benefits	101,061	124,122
Accrued directors' retirement benefits	6,407	6,036
Others	3,675	3,428
Total non-current liabilities	148,865	169,327
Total liabilities	735,666	803,554
STOCKHOLDERS' EQUITY		
1. Common stock		
	86,067	86,067
2. Capital surplus:		
Capital surplus	170,313	170,313
Other capital surplus, realized gain on treasury stock, at cost	190	2
Total capital surplus	170,504	170,316
3. Retained earnings:		
Legal reserves	21,516	21,516
Appropriated retained earnings:		
Reserve for dividend	67,300	75,300
General reserve	1,049,300	1,049,300
Reserve for special depreciation	2,015	2,207
Reserve for reduction of acquisition cost of fixed assets	11,416	11,768
Unappropriated retained earnings	242,257	114,225
Total retained earnings	1,393,806	1,274,318
4. Unrealized gains on securities available for sale, net	42,387	40,278

5. Treasury stock	(151,665)	(19,441)
Total stockholders equity	1,541,100	1,551,538
Total liabilities and stockholders equity	¥ 2,276,766	¥ 2,355,093

Table of Contents**Unconsolidated Statements of Income**

Years ended March 31, 2004 and 2005	Yen (millions)	
	2004	2005
Net sales	¥ 3,319,793	¥ 3,489,106
Cost of sales:		
Finished goods and parts for sale at beginning of year	95,231	89,049
Production cost	2,027,631	2,211,041
Others	186,682	192,372
	<u>2,309,545</u>	<u>2,492,463</u>
Transfer to other accounts	3,586	3,973
Finished goods and parts for sale at end of year	89,049	103,417
	<u>2,216,909</u>	<u>2,385,073</u>
Gross profit	1,102,883	1,104,033
Selling, general and administrative expenses	918,109	956,478
Operating income	184,773	147,554
Non-operating income:		
Interest income	393	494
Dividend income	106,229	79,698
Rental income	19,589	20,300
Foreign exchange gains, net	14,143	
Others	3,120	4,830
	<u>143,476</u>	<u>105,323</u>
Non-operating expenses:		
Interest expenses	146	172
Contributions	818	868
Depreciation	11,042	12,065
Expenses for rental assets	2,969	3,244
Loss on disposal of inventories	311	434
Foreign exchange losses, net		21,074
Others	1,716	3,768
	<u>17,005</u>	<u>41,629</u>
Ordinary income	311,244	211,249
Extraordinary income:		
Gain on sale of fixed assets	946	1,124
Gain on sale of investment securities	4,559	
Reversal of allowance for doubtful receivables		403
Others		

	5,505	1,528
	<u> </u>	<u> </u>
Extraordinary losses:		
Loss on disposal of fixed assets	8,391	8,262
Loss on devaluation of investment securities	75	16
Loss on devaluation of investment securities subsidiaries and affiliates	5	
Others	4	25
	<u> </u>	<u> </u>
	8,476	8,304
	<u> </u>	<u> </u>
Income before income taxes	308,273	204,473
Income taxes:		
Current	102,125	62,026
Prior year adjustments		11,786
Deferred	(20,346)	(13,829)
	<u> </u>	<u> </u>
	81,779	59,983
	<u> </u>	<u> </u>
Net income	226,494	144,489
Unappropriated retained earnings at beginning of year	33,918	212,072
Retirement of treasury stock		216,181
Interim dividends paid	18,155	26,155
	<u> </u>	<u> </u>
Unappropriated retained earnings at end of year	¥ 242,257	¥ 114,225
	<u> </u>	<u> </u>

Table of Contents

Significant Accounting Policies

1. Securities
 - (a) Investments in subsidiaries and affiliates are stated at cost, which is determined by the moving-average method.
 - (b) Marketable securities classified as other securities are stated at fair value based on market prices at fiscal year-end and similar. Any changes in unrealized holding gains or losses, net of applicable income taxes, are included directly in stockholders' equity, and cost of securities sold is determined by the moving-average method.
 - (c) Non-marketable securities classified as other securities are stated at cost, which is determined by the moving-average method.
2. Inventories are stated at the lower of the last purchase cost or market.
3. Derivative financial instruments are stated at fair value.
4. Depreciation of tangible fixed assets is computed by using the declining-balance method.
5. Amortization of intangible assets is computed by using the straight-line method.
6. The allowance for doubtful accounts is provided for possible bad debt at an amount determined based on the historical experience of bad debt for normal receivables; in addition, an estimate of uncollectible amounts is made by reference to specific doubtful receivables from customers which are experiencing financial difficulties.
7. An accrued product warranty has been provided as a total of the following:
 - (a) An estimate of warranty costs to be incurred during the remaining warranty periods based on historical warranty claim experiences and an estimate of the probabilities of future warranty cost.
 - (b) An estimate of future warranty claims mainly associated with reportings to regulatory authorities.
8. Accrued employees' bonuses are provided for payments of bonuses to employees based on the amount of the estimated employees' bonus payments, which is attributable to the fiscal year.
9. As stipulated in Article 43 of the Commercial Code Enforcement Regulations, accrued directors' bonuses are provided for the payment of bonuses to directors and corporate auditors based on the amount of the estimated directors' bonus payments.
10. Accrued employees' retirement benefits are provided for payments of retirement benefits at an estimated amount incurred during the fiscal year calculated based on the retirement benefit obligation and the fair value of the pension plan assets at year-end.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

The net retirement benefit obligation at transition is amortized by the straight-line method over 15 years.

Prior service costs are amortized by the straight-line method over the average remaining years of service of the employees. Actuarial gains or losses are amortized in the years following the year in which gains or losses are recognized by the straight-line method over the average remaining years of service of the employees.

11. As stipulated in Article 43 of the Commercial Code Enforcement Regulations, accrued directors' retirement benefits are provided for the payment of retirement benefits to directors and corporate auditors based on the amount payable at the fiscal year-end in accordance with bylaws of the Company.
12. Finance lease transactions, except for those under which the ownership of leased assets is transferred to the lessee, are accounted for as operating leases.
13. Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. A consumption tax refund receivable is included in Others of current assets.

Table of Contents**Additional Information**

As stipulated in the Japanese Welfare Pension Insurance Law, the Honda Employees Pension Fund (Confederated Welfare Pension Fund, the Fund), of which the Company is one of the members, obtained an approval from the Minister of Health, Labor and Welfare for exemption from benefits obligations related to future employee service in respect of the substitutional portion on April 1, 2004. The Company is currently in the process of transferring past service liabilities to the government.

Amounts to be returned to the government (the minimum reserve for benefit obligation) measured as of March 31, 2005 is approximately ¥148 billion. If the amounts to be returned to the government (the minimum reserve for benefit obligation) had been paid as of March 31, 2005 and the Company had applied Practical Guidelines on Accounting Standards for Retirement Benefits (Interim Report), Article 44-2, (The Japanese Institute of Certified Public Accountants Accounting System Committee Report No. 13), the estimated extraordinary gain to be recognized would have been approximately ¥89 billion.

Notes for Balance Sheets (as of March 31, 2005)

1. Amount of reduction of acquisition cost of tangible fixed assets	¥	7 million
2. The value of credits from and debts to subsidiaries and affiliates is as follows:		
Short-term credits from subsidiaries and affiliates	¥	296,439 million
Long-term credits from subsidiaries and affiliates	¥	17,742 million
Short-term debts to subsidiaries and affiliates	¥	196,774 million
Long-term debts to subsidiaries and affiliates	¥	1,636 million
3. Besides the fixed assets shown in the balance sheets, some computer units are in use under lease contracts.		
4. Guarantees issued	¥	54,530 million
Similar activities	¥	369,331 million
Similar activities comprise the Keepwell Agreement between the Company and subsidiaries, which was issued for credit enhancement to support the Company's subsidiaries' financing.		
5. Net assets as defined in Article 124, Item 3 of the Commercial Code Enforcement Regulations	¥	40,278 million
6. Export bills of exchange (without letters of credit) discounted	¥	5,112 million

Notes for Statements of Income (for the fiscal year ended March 31, 2005)

1. Transactions with subsidiaries and affiliates are as follows:		
Sales to subsidiaries and affiliates	¥	2,716,077 million
Purchases from subsidiaries and affiliates	¥	800,323 million
Non-operating transactions with subsidiaries and affiliates	¥	108,554 million
2. Total research and development expenses	¥	466,866 million
3. Net income per common share for the year	¥	154.74
4. The prior year's income taxes are due to reassessment of transfer pricing of Honda's motorcycle operations in Brazil.		

Table of Contents**Proposal for Appropriation of Retained Earnings**

(Yen)

Unappropriated retained earnings at the end of the year	114,225,651,530
Reversal of reserve for special depreciation	636,086,424
Reversal of reserve for reduction of acquisition cost of fixed assets	50,502,725
Total	114,912,240,679

Proposed Appropriation is as follows:

Dividends (¥37 per share)	34,220,205,799
Reserve for dividends	12,000,000,000
Reserve for special depreciation	500,346,066
Reserve for reduction of acquisition cost of fixed assets	610,381,000
Earnings to be carried forward	67,581,307,814

Note: An interim dividend payment totaling ¥26,155,773,728 (¥28 per share) was paid on November 25, 2004.

Table of Contents

Independent Auditors Report on Consolidated Financial Statements

Independent Auditors Report

To the Board of Directors of

Honda Motor Co., Ltd.

May 6, 2005

Shin Nihon & Co.

Designated and Engagement Partner (C.P.A.)

Yoshinobu Shimizu (Seal)

Designated and Engagement Partner (C.P.A.)

Masahiko Sano (Seal)

Designated and Engagement Partner (C.P.A.)

Norihiko Inui (Seal)

Designated and Engagement Partner (C.P.A.)

Toshihiro Yasada (Seal)

Designated and Engagement Partner (C.P.A.)

Masami Koike (Seal)

In accordance with Article 19-2, Paragraph 3 of The Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of *Kabushiki Kaisha*, we have audited the consolidated balance sheets and the consolidated statements of income (the consolidated financial statements) of Honda Motor Co., Ltd. (the Company) for the 81st fiscal year from April 1, 2004 to March 31, 2005. The above consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit included the procedures applied to the accounts of the Company's subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the above consolidated financial statements present properly the financial position and the results of operation of the Company and its consolidated subsidiaries in accordance with the related regulations and the Articles of Incorporation.

We have no interest in the Company which should be disclosed in compliance with the provisions of the Certified Public Accountant Law.

In addition, we continuously provide services under the provision of Article 2-2 of the Certified Public Accountant Law, which is permitted to be simultaneously performed with our audit service, to the Company.

Table of Contents

Corporate Auditors Report on Consolidated Financial Statements

Corporate Auditors Report

Mr. Takeo Fukui
President and Representative Director of
Honda Motor Co., Ltd.

May 10, 2005

Board of Corporate Auditors Honda Motor Co., Ltd.	
Corporate Auditor (Full-time)	Hiroshi Okubo (Seal)
Corporate Auditor (Full-time)	Koji Miyajima (Seal)
Corporate Auditor	Koukei Higuchi (Seal)
Corporate Auditor	Kuniyasu Yamada (Seal)
Corporate Auditor	Fumihiko Saito (Seal)

This Board of Corporate Auditors, having received reports from and consulted with each of the Corporate Auditors on the methods and results of their audits concerning the consolidated financial statements (the consolidated balance sheets and the consolidated statements of income) during the 81st fiscal year, from April 1, 2004 through March 31, 2005, have prepared this audit report and hereby report as follows:

1. Summary of the Corporate Auditors Auditing Methods:

In accordance with the auditing policies and apportionment of work specified by the Board of Corporate Auditors, each Corporate Auditor received reports and explanations of the consolidated financial statements from Directors, etc. and the statutory accountants, and conducted the audit.

2. Results of Audit

The auditing methods and results of the statutory accountants, Shin Nihon & Co., are recognized as being proper.

Note: Corporate Auditors, Koukei Higuchi, Kuniyasu Yamada and Fumihiko Saito, are the outside Corporate Auditors as provided in Article 18, Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of *Kabushiki Kaisha*.

Table of Contents**Independent Auditors Report****Independent Auditors Report**

To the Board of Directors of
Honda Motor Co., Ltd.

May 6, 2005

Shin Nihon & Co.	
Designated and Engagement Partner (C.P.A.)	Yoshinobu Shimizu (Seal)
Designated and Engagement Partner (C.P.A.)	Masahiko Sano (Seal)
Designated and Engagement Partner (C.P.A.)	Norihiko Inui (Seal)
Designated and Engagement Partner (C.P.A.)	Toshihiro Yasada (Seal)
Designated and Engagement Partner (C.P.A.)	Masami Koike (Seal)

In accordance with Article 2, Paragraph 1 of The Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of *Kabushiki Kaisha*, we have audited the balance sheets, the statements of income, the accounting matters stated in the business report, the proposal for appropriation of retained earnings and the accounting matters stated in the supplementary schedules of Honda Motor Co., Ltd. (the Company) for the 81st fiscal year from April 1, 2004 to March 31, 2005. The accounting matters which we have audited in the business report and the supplementary schedules were derived from the accounting books and records of the Company. The above balance sheets, statements of income, business report, proposal for appropriation of retained earnings and supplementary schedules (the legal documents) are the responsibility of the Company's management. Our responsibility is to independently express an opinion on the legal documents based on our audit.

We conducted our audit in accordance with the auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we obtain reasonable assurance about whether the legal documents are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the legal documents, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall legal document presentation. We believe that our audit provides a reasonable basis for our opinion. Our audit included the procedures applied to the accounts of the Company's subsidiaries as considered necessary.

As a result of our audit, it is our opinion that:

- (1) the balance sheets and the statements of income present properly the Company's financial position and the results of its operations in accordance with the related regulations and the Articles of Incorporation,
- (2) the accounting matters stated in the business report present properly the Company's affairs in accordance with the related regulations and the Articles of Incorporation,
- (3) the proposal of appropriation of retained earnings is presented in accordance with the related regulations and the Articles of Incorporation, and
- (4) there is nothing to point out as to the accounting matters stated in the supplementary schedules in accordance with the provisions of the Commercial Code.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

We have no interest in the Company which should be disclosed in compliance with the provisions of the Certified Public Accountant Law.

In addition, we continuously provide services under the provision of Article 2-2 of the Certified Public Accountant Law, which is permitted to be simultaneously performed with our audit service, to the Company.

Table of Contents

Corporate Auditors Report

Corporate Auditors Report

Mr. Takeo Fukui
President and Representative Director of
Honda Motor Co., Ltd.

May 10, 2005

Board of Corporate Auditors Honda Motor Co., Ltd.	
Corporate Auditor (Full-time)	Hiroshi Okubo (Seal)
Corporate Auditor (Full-time)	Koji Miyajima (Seal)
Corporate Auditor	Koukei Higuchi (Seal)
Corporate Auditor	Kuniyasu Yamada (Seal)
Corporate Auditor	Fumihiko Saito (Seal)

This Board of Corporate Auditors, having received reports from and consulted with each of the Corporate Auditors on the methods and results of their audits concerning the performance by the Directors of their duties during the 81st fiscal year, from April 1, 2004 through March 31, 2005, have prepared this audit report and hereby report as follows:

1. Summary of the Corporate Auditors Auditing Methods:

In accordance with the auditing policies and apportionment of work specified by the Board of Corporate Auditors, each Corporate Auditor, in addition to attending meetings of the Board of Directors and other important meetings, has listened to the reports on business from the Directors and the like, has examined documents and so on containing important decisions, has investigated the conditions of business and assets at the head office and other important places of business, has requested the Company's subsidiaries to report on their operations, has visited significant subsidiaries where necessary and has investigated their conditions of business and assets. In addition, the Corporate Auditors have received reports and explanations from the statutory accountants and have examined the accounting documents and detailed statements auxiliary thereto.

In addition to the above methods, where necessary the Corporate Auditors have obtained reports from the Directors and others and have examined in detail the circumstances in connection with competitive dealings by Directors, reciprocally profitable dealings between Directors and the Company, the furnishing of a benefit or profit by the Company gratuitously, out-of-the-ordinary dealings between the Company and subsidiaries or stockholders and the acquisition and disposition by the Company of its own shares.

2. Results of Audit:

- (1) The auditing methods and results of the statutory accountants, Shin Nihon & Co., are recognized as being proper.
- (2) The business report is recognized as being in accordance with laws and regulations and the Articles of Incorporation and as properly indicating the conditions of the Company.

Edgar Filing: JPMORGAN CHASE & CO - Form 424B2

- (3) Reviewing the item on the agenda concerning the appropriation of retained earnings in light of the conditions of the Company's assets and other circumstances, there are no matters that ought to be pointed out.
- (4) As the auxiliary detailed statements correctly indicate the matters that should be recorded therein, there are no matters that ought to be pointed out.
- (5) With respect to the performance of their duties by the Directors, no improper acts or material facts that violated laws and regulations or the Articles of Incorporation are recognized.

Further, no breach of his duty by a Director was recognized in connection with competitive dealings by Directors, reciprocally profitable dealings between Directors and the Company, the furnishing of benefits or profits by the Company gratuitously, out-of-the-ordinary dealings between the Company and subsidiaries or shareholders, acquisition and disposition by the Company of its own shares and so on.

- (6) As a result of our investigation of the Company's subsidiaries, there are no matters that ought to be pointed out in respect of performance of their duties by the Directors.

Note: Corporate Auditors, Koukei Higuchi, Kuniyasu Yamada and Fumihiko Saito, are the outside Corporate Auditors as provided in Article 18, Paragraph 1, of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of *Kabushiki Kaisha*

Table of Contents**REFERENCE****Forecasts for the Fiscal Year Ending March 31, 2006**

The global economy, driven primarily by the U.S. and Asian economies, is expected to grow steadily, but the pace of growth is anticipated to slow down. Also, the global management environment still lacks transparency because of global political and economic uncertainty, fluctuations in oil prices and currency movements. In Japan, the economic recovery has become more moderate, and weak consumer spending is anticipated to continue. As a result, competition in the Japanese market is expected to intensify. Under such circumstances, in regard to the forecasts of the financial results for the fiscal half year ending September 30, 2005 and the fiscal year ending March 31, 2006, Honda projects consolidated results to be as shown below:

These forecasts are based on the assumption that the average exchange rates for the yen to the U.S. dollar and the euro for the first half of the year ending September 30, 2005 will be ¥105 and ¥135, respectively, and for the full year ending March 31, 2006 ¥105 and ¥135, respectively.

I Consolidated

Yen (billions)/Changes from FY2005

	First half ending		Fiscal year ending	
	September 30, 2005		March 31, 2006	
Net sales and other operating revenue	4,560	9.4%	9,300	7.5%
Operating income	295	(11.4)%	650	3.0%
Income before income taxes	280	(17.6)%	615	(6.4)%
Net income	205	(15.1)%	450	(7.4)%

I Unconsolidated

Yen (billions)/Changes from FY2005

	First half ending		Fiscal year ending	
	September 30, 2005		March 31, 2006	
Net sales	1,765	6.5%	3,690	5.8%
Operating income	54	(18.2)%	150	1.7%
Ordinary income	104	24.4%	240	13.6%
Net income	81	58.4%	185	28.0%

This announcement contains forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934. Honda's actual results could materially differ from those contained in these forward-looking statements as a result of numerous factors outside of Honda's control. Such factors include general economic conditions in Honda's principal markets, foreign exchange rates between the Japanese yen and other major currencies as well as other factors detailed from time to time in Honda's reports filed with the U.S. Securities and Exchange

Commission.

Table of Contents

I Consolidated

Net Sales and Other Operating Income

Yen (millions)

Operating Income Yen (millions)	Income before Income Taxes Yen (millions)	Net Income Yen (millions)
---	---	-------------------------------------

I Unconsolidated

Net Sales

Yen (millions)

Operating Income Yen (millions)	Ordinary Income Yen (millions)	Net Income Yen (millions)
---	--	-------------------------------------

Table of Contents

Honda Motor Co., Ltd.

Table of Contents

May 31, 2005

**Notice Concerning Future Policies for Reduction of
the Number of Shares Constituting One Investment Unit**

Tokyo, May 31, 2005 Honda Motor Co., Ltd. (the Company) today announced the following with respect to the management policy described in the press release dated April 26, 2005, on its unaudited consolidated financial statements.

Future Policies for Reduction of the Number of Shares Constituting One Investment Unit

On August 1, 2001, the Company changed the number of shares that constitute one investment unit from 1,000 shares to 100 shares, aiming at further liquidity of the Company's shares on the stock market and encouraging more investors to hold such shares.

The Company will continuously investigate the possibility of a further reduction of the number of shares constituting one investment unit, taking into consideration the future share price and trading volume of the Company's shares on the stock market.