

June 8, 2004

Japan Airlines System Corporation
4-11, Higashi-shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan

Re: Notice of Convening of 2nd Annual General Meeting of Shareholders

Dear shareholder:

This is to inform you that the 2nd annual general meeting of shareholders of the Company shall be held according to the schedule indicated below. In this regard, we request your attendance at this meeting.

If you are unable to attend the meeting on that day, you will still be able to exercise your voting rights by written proxy. In such case, please refer to the following reference document and return the enclosed form for exercising voting rights by proxy after indicating your approval or disapproval and affixing your official seal or signature.

1. Date and Time: June 25, 2004 (Friday), 10:00 AM
2. Location: "Tsurunoma Room," main banquet hall floor (Main Bldg. 1F), Hotel New Otani
4-1 Kioi-cho, Chiyoda-ku, Tokyo
3. Items of the Meeting
 - Reports: Reporting of the balance sheet for the period ending on March 31, 2004 along with reporting of the business report and profit and loss statement for the 2nd term (from April 1, 2003 to March 31, 2004)
 - Proposed Resolutions:
 - Item 1: Approval of proposed appropriation of retained earnings for the 2nd term
 - Item 2: Partial amendment of the articles of incorporation. A summary of the proposed resolutions is described in the following Reference Document for Exercising Voting Rights" (page 23 to 26).
 - Item 3: Election of 12 directors
 - Item 4: Presentation of retirement gratuity for outgoing directors

Very truly yours,

Isao Kaneko
President

Please note that the English translation of this Notice of Convening of 2nd Annual General Meeting of Shareholders and all of the attached documents (Business Report, Balance Sheet, Statement of Income, Proposal for Appropriation of Retained Earnings, copy of Report of Independent Auditors, copy of Report of the Board of Corporate Auditors, Reference Document for Exercising Voting Rights, and Other Information) are provided for reference only. The official documents are written in Japanese, and in the event of a discrepancy, the Japanese documents shall prevail.

The company announced its financial results for the fiscal year ended March 31, 2004(FY2003) on May 7, 2004. Please refer the company's URL. : <http://www.jal.jp>

【attached documents】

Business Report (From April 1, 2003 to March 31, 2004)

1. Business Overview

(1) Trends and Results of JAL Group Business Operations

The Japanese economy remained stagnant during the current term, with the employment and personal income environments being bleak, and personal spending staying low, although there were some signs of recovery. In the aviation industry, the increasingly worrisome developments in the world, including the war in Iraq and a succession of terrorist attacks, as well as the SARS (Severe Acute Respiratory Syndrome) epidemic and the avian flu scare that arose in the latter half of the fiscal year, adversely affected passengers' psychological comfort, resulting in a dramatic decline in the number of passengers on our international flights during the current term. However, domestic passenger operations have enjoyed a fairly strong demand.

Within this backdrop, JAL Group, which was established by the business integration of Japan Airlines Co., Ltd. (hereinafter referred to as JAL) and Japan Air System Co., Ltd. (hereinafter referred to as JAS), endeavored to improve its financial standing by providing high-quality services and attractive plans and undertaking a number of cost reduction measures, in order to become "the world's top airline group in both quality and quantity."

With respect to the preparation and progress of the business integration, April 2004 had been scheduled as the milestone for the completion of the integration, and the Group proactively implemented its IT system integration, the building of a slim organization by eliminating redundancies, and the renewal of various sales services, as well as the implementation of integration measures ahead of the schedule to ensure that the effect of the integration would be seen as early as possible.

More specifically, the Group implemented the following measures to build an efficient business operational structure and to reduce facilities leasing expenses: restructuring of all domestic routes, integration of international routes, concentration of the head office functions of the Company, JAL, and JAS in the JAL Building, and integration and realignment of offices of airport and maintenance functions in the Haneda area. Additionally, subsidiaries such as travel agencies and ticket reservation and issuance companies were restructured to ensure that the effect of the integration would be seen as early as possible.

With respect to the mileage program, JAL Mileage Bank and JAS Mileage Service were merged in April 2003 into JAL Mileage Bank, the new mileage program of JAL Group that boasts the nation's biggest airline network. The Group will continue to enhance the program, the membership of which exceeded 15 million members in September 2003.

As a result of these efforts, it is estimated that the positive effect of integration in the current term exceeded ¥20.0 billion, owing to the higher efficiency and improved income resulting from the business integration.

However, the negative effect of the war in Iraq, SARS, and other factors as noted above, was so grave that JAL Group's total weight transported on its international and domestic passenger and cargo flights declined by 7.3%, in comparison with the previous term, to 13,086,970,000 ton-km, and the Group's consolidated settlement of accounts (of 160 consolidated subsidiaries and 24 affiliates accounted for by the equity method) indicated a 7.3% drop in the operating revenue from the level of the previous term to ¥1,931.7 billion. In order to respond to such dramatic changes in the business environment, the Group implemented emergency income improvement measures including supply adjustment. However, factors such as the sharp rise in the unit price of aviation fuel undermined the reduction of operating expense, which ended at ¥1,999.3 billion, 3.5% less than the level of the previous term. The resulting operating loss, ordinary loss, and net loss were ¥67.6 billion, ¥71.9 billion, and ¥88.6 billion, respectively.

In January this year, an accident occurred at the Tokunoshima Airport, whereby the left wing of a MD-81 hit the runway when it landed with broken landing gear. In the same month, engine trouble was found in MD-81s and MD-87s, and the Group subsequently decided to temporarily halt the flights of these aircrafts to ensure safety. The Group sincerely apologizes for these incidents to the affected customers and the concerned shareholders and stakeholders. Safe flights are the foundation of JAL Group's existence and its social responsibility. The incidents that occurred immediately before the completion of the business integration of the Group are seen as a warning for JAL Group. With that in mind, the Group vows to aggressively pursue "safety" and "quality" with due diligence and care.

(2) Status of Individual Operations

International Passenger Operations

JAL Group has operated its business with the goals of building a network corresponding to customer needs, operating routes efficiently, providing customers with top-class services at satisfying rates, and becoming the No.1 airline through customer satisfaction. However, a sharp decline in the demand for international passenger flights was observed due to the war in Iraq, SARS, and other aforementioned factors and the Group was obliged to take the following measures to minimize its negative impact.

With respect to route operations, the Group formulated a route operation plan encompassing some increase in flights on the Nagoya-Beijing, Nagoya-Tianjin, Fukuoka-Shanghai, and Tokyo-Hanoi routes in the first half of the term. However, the scale of operations was cut to 84% of the plan after a thorough review of the supply plan, to counter the impact of the war in Iraq, SARS, and other adverse factors. In the latter half of the term, in response to the recovery of demand for flights departing from Japan mainly for business use, the Group increased the number of flights on the Osaka-Dalian, Osaka-Shanghai, Osaka-Guangzhou, Tokyo-Dalian and other routes to utilize the increased air transport capacity agreed upon in the China-Japan aviation negotiation in July, and also enhanced the route network by measures such as increasing the number of flights on the Tokyo-London route to two per day.

On the sales side, in order to wipe out the bleak mood among users who refrained from overseas holidays in light of the war in Iraq, SARS, and other unfavorable factors, the Group appointed Southern All Stars, a band that is popular among a wide range of generations, as the spokespersons for its year-long sales and promotional campaign with the slogan of "FLY! JAL! Over The Seas!" to invoke a demand for overseas travel among consumers.

The Group has also developed new products corresponding to the expansion of its routes to China. One example is the development of tours to destinations in the Yellow River Basin in Henan Province between Xian and Zhengzhou, which was named "The Dynasty Road" for the campaign. With the cooperation of the National Tourism Administration of the People's Republic of China, the Group started the operation of the "JAL Dynasty Express Bus".

Additionally, the Group strived to enhance its travel products and explore new demand by proposing a new traveling style called the "Silver Wedding Trip" for middle to senior generations who have relatively strong interests in traveling.

While the recovery in the demand for tourism remained sluggish, the Group operated charter flights between Haneda and Cairns, Haneda and Saipan, utilizing the newly acquired late-night arrival/departure slots at the Haneda Airport, and between Narita and Alaska (Anchorage), Narita and Palau, and other local airports and Honolulu, where regular flights were not available. After November 30, some slots at the Haneda Airport became available for daytime international charter flights, and the Group strived to aggressively develop the market by flying one charter flight between Haneda and Kimpo daily.

With respect to the promotion of tourism in Japan for foreign visitors, in accordance with the national government's "Country Built on Tourism" policy, the Group actively participated in the "Visit Japan Campaign," developed tours for individual tourists with emphasis on Japanese culture and through collaborative campaigns with East Japan Railway, and strengthened the promotional activities for visits

to Japan with particular focus on the U.S., China, South Korea, Hong Kong and Taiwan.

With respect to the introduction of IT, in order to respond to the rapidly growing market needs, the Group implemented measures including new web discount fares available on JAL's website, paperless flight tickets (JAL e-tickets), and the promotion of the use of the automatic check-in machines for international flights. While the overall demand declined, sales of the Internet-only "Web Goku" fares recorded a significant growth, as they were widely accepted as being reasonable in a market that increasingly looks to planning trips on an individual basis.

In terms of product strategies, the Group fully deployed the latest model of seats under the names of "New Sky Sleeper Solo" for first-class passengers and "Shell Flat Seat" for executive-class passengers bound for the destinations of London and New York. Customers have given these seats high ratings for their lounge-like comfort. The New Sky Sleeper Solo and Shell Flat Seats will gradually be introduced on routes for major U.S. and European destinations.

The Group's total number of international passengers was 11.74 million, down 19.8% from the level of the previous term, and the operating revenue was ¥549.7 billion, down 17.8 % from that of the previous term.

Domestic Passenger Operations

In terms of route operations, the JAL and JAS networks were restructured in April 2003 to maximize the benefit of the increase in the number of flights in domestic operations. More specifically, major routes were incorporated in the JAL flight network with larger aircraft on service, and local routes were incorporated in the JAS flight network with small to medium aircraft on service, to maximize the revenue and promote operational efficiency. Additionally, the departure times were rationalized to avoid redundancies between JAL and JAS flights in order to provide customers with a more usable timetable.

To minimize the negative effect of the return of some of the arrival/departure slots at the Haneda Airport at the time of the business integration and the subsequent decrease in the number of flights on the major routes departing from Haneda, the Group improved aircraft utilization by starting new services on such routes as Tokyo-Yamagata and Osaka-Memanbetsu, and increased the number of flights on routes such as Nagoya-Fukuoka and Nagoya-Kagoshima to materialize the positive impact of the business integration as early as possible.

On the sales side, the Group continued to provide customers with usable and competitive fares to boost the demand, under the brands of "Bargain Fares" and "Birthday Discount Fares," which have been popular among customers. "Time Discount" and "Flight-Specific 7-Day Advance Booking Discount" fares were newly introduced to diversify the fare system to meet customer needs. In response to the inauguration of the Tokaido Bullet Train service to Shinagawa Station, the Group implemented discounts of coupon fares for the Tokyo-Osaka, Tokyo-Okayama, and Tokyo-Hiroshima routes, to underline the convenience of air transport and to improve its competitiveness.

In terms of sales promotion, in addition to the existing Okinawa Campaign, Hokkaido Campaign, and other campaigns, the Group implemented a new Kyushu Campaign from October 2003 to boost the tourism demand and to promote sales by advertising the enhanced network of JAL Group.

New product development was aggressively sought by the new JAL Group as a whole. From April 2003, a consistent service from reservation to the airport to the cabin was organized for customers who require special assistance, with the service name of "JAL Smile Support" under the basic concept of "friendly and hearty." Additionally, in February 2004, the Group announced the introduction of a new class, "Class J," which will become available from June this year. Class J will provide a "new style of relaxation" by adopting advanced ergonomic seats and is hoped to enhance the Group's competitiveness.

With respect to reservation and information services, since April 2003, customers have been able to reserve their seats for both JAL and JAS flights at their respective reservation centers. The introduction of an automated voice response system has enabled round-the-clock reservation center operation for both

JAL and JAS centers since July 2003.

Concerning the on-line business of the Group's domestic operations, the Group implemented a more understandable and usable website, " JAL e-Style", by integrating JAL and JAS websites into one site, enabling more and more customers to use e-Style through the Internet, mobile phones, and JAL ONLINE (domestic business trip support service for corporate customers). As a result, the proportion of domestic individual passengers electronically making reservations and checking in exceeded 40% in March. The nation's first mobile-phone-based boarding procedure, "Keitai Check-in," introduced in July, and other services utilizing information technologies also provide added value to customers.

These measures to ameliorate operations resulted in a significant improvement of 6.7% in passenger unit revenue compared with the level of the previous term. JAL Group's total number of domestic passengers was 46.49 million, down 0.1% from that in the previous term, however, the operating revenue was ¥668.8 billion, up 6.3% from the level of the previous term.

Cargo Operations

International cargo demand in the first half of the term was weak due to the decrease in the cargo space accompanying the decrease in the number of passenger flights caused by the war in Iraq, SARS and other adverse factors, and the weak demand for the over-the-Pacific cargo business. However, since the latter half of the term, the demand on Asian routes, mainly for Chinese destinations and Hong Kong, and destinations in Europe has continued to be strong, and the over-the-Pacific demand also turned upward. Therefore, the level of demand over the year as a whole remained at about the same as that in the previous term.

The cargo category statistics indicate that the demand for digital home appliances, including digital cameras, DVD-related equipment, plasma TVs, and liquid crystal TVs, has significantly grown to become one of the major product categories in addition to conventional machinery and automotive parts.

In terms of route operations, although the supply of cargo space on passenger flights declined in the first half of the term, a new route between Tokyo and Xiamen was inaugurated in April, and the number of cargo flights to Hong Kong and Shanghai increased in September and in November, respectively, to reinforce the routes to China, where cargo demand is rapidly growing.

In terms of product strategies, from July, the Group improved the convenience of the cargo service products by adding the merit of the fastest and highest priority service guarantee, utilizing the network that was expanded through the alliance strategies in the area of international cargo business.

The Group's response to the introduction of IT included the commencement of the full-scale operation of its Internet-based international cargo flight booking and cargo status information search site, " Ezycargo", from February. This website is expected to greatly contribute to higher efficiency and more rapid processing of transactions in the international air cargo industry in the future.

The Group's total weight transported was down 0.8% from the level of the previous term at 4,372,320,000 ton-km, and due to the decline in the unit revenue, largely as a result of the stronger yen, the operating revenue, at ¥153.0 billion, was down 2.7% from the level of the previous term.

The Group's domestic cargo business was uplifted by the upturn of the domestic economy in the latter half of the term, and for the first time in three years, the total demand for domestic cargo service exceeded the level of the previous term. Owing to these circumstances and the network expansion through the integration of JAL and JAS, the revenue remained about the same as that of the previous term, despite the decline in the cargo space on the high-demand routes due to the restructuring of the routes and the number of flights. As a result, the Group's total weight transported, at 376,280,000 ton-km, was down 2.1% from the level of the previous term, and the operating revenue increased by 1.9% from that of the previous term to ¥30.8 billion.

Other Operations

With respect to related businesses, the Group's subsidiaries were restructured as listed below, to build a more efficient operational structure and to ensure that the effect of integration would be seen early on.

- 1) Restructuring of local travel agencies into four companies nationwide
- 2) Streamlining of the operational structure at major airports through the restructuring of airport passenger service companies
- 3) Restructuring of ticket reservation and issuance companies into four companies nationwide
- 4) Enhancement of flight simulators and restructuring of aircraft maintenance companies
- 5) Integration of distribution/service business companies through mergers
- 6) Establishment of a new company in charge of brand management, advertising, and other communications issues by restructuring advertising-related subsidiaries and the functions of group companies

Despite these measures, overseas travel products, in-flight meals, hotels and other related business companies were affected by the decline in the demand for overseas travel due largely to the war in Iraq, SARS, and other unfavorable factors.

(3) Trends and Results of the Company

The Company, as the holding company of JAL Group, develops the group-wide goals and strategic plans, executes the optimal distribution of management resources, and supervises the entire Group, to maximize the market capitalization. Additionally, we have executed strategic management and supported the operations of group companies to ensure the best for the Group as a whole.

The business integration necessitated the resolution and/or adjustment of various issues. As a consequence, we established area-specific subcommittees, each of which was chaired by one of the directors of JAL or JAS, to strictly supervise the integration planning and progress management. The Company, as the overall coordinator of the Group leading the integration process, made the decisions regarding issues that were difficult to be resolved by one subcommittee, or those that concerned multiple areas.

Regarding system integration, which is one of the most important issues, the Company prioritized and implemented the integration of systems that are directly connected to the provision of service to customers, from the viewpoint of our customers. Additionally, we established the IT Systems Integration Project with our President as the General Manager, to make prompt decisions on our system integration efforts. Consequently, the consolidated systems became operational in April 2004, as planned.

In addition to the above management organizational enhancement, the Company proactively embarked on IR (investor relations) activities with particular emphasis on shareholders' (investors') interests. In September 2003, we conducted a questionnaire survey via the pages of "Shareholder News" and received valuable input for our management from over 30,000 respondents, most of whom were individual shareholders.

As a result of the above-described activities, the Company's nonconsolidated statement of income indicated the operating revenue, ordinary income, and net income to be ¥21.3 billion, ¥10.1 billion, and ¥8.7 billion, respectively, from dividends from JAL, an operating subsidiary, and fees for management guidance and special fiduciary services provided to JAL and JAS.

In terms of dividends for the current term, we respectfully ask our shareholders to understand our regretful decision of no dividends, which is a result of the huge loss recorded on the JAL Group's consolidated settlement of accounts, and the consideration of the financial standing of the Group as a whole.

(4) Challenges That the Company and Our Group Must Meet

The Japanese economy, in the near future, is expected to slowly recover from recession, being supported by corporate capital investments and exports. The aviation industry has seen some new business opportunities becoming available recently, thanks to the growth of the Asian markets (mainly China) and the opening of the Chubu International Airport. At the same time, the rules and framework of competition in the industry may drastically change under the current circumstances, and the competition is expected to become severer, while the uncertain developments on the international scale means that the industry must decisively pursue safety, including the assurance of security on flights.

Within this backdrop, JAL Group completed its integration process as of April 1st this year, inaugurating the new organizational structure in which Japan Airlines International took over the international passenger and cargo operations from JAL, and Japan Airlines Domestic took over the domestic passenger operations from JAS. Under the new operational structure, the Group will endeavor to maximize its revenue, further pursue a lower cost structure, and reduce costs by operational process reform, thereby maximizing its cost effectiveness. These undertakings will improve the profitability, lead the Group to a more sound financial standing, and ensure a resumption of dividends and 10% or higher consolidated ROE (return on equity) through the fiscal years 2004 to 2006.

Starting from April this year, upon completion of the integration process, all our flights that had had flight numbers starting with either JAL or JAS were renamed with JAL as the prefix, and the employees' uniforms and airport counter designs have been unified under the JAL brand. Our trade name as the holding company of JAL Group will also be changed to Japan Airlines Corporation, subject to shareholders' approval, to ensure the dissemination of the JAL brand.

In order for JAL Group to enjoy sustainable growth, it must fulfill its responsibilities as a corporate citizen of society and establish its credibility within society. To that end, the Company will newly establish a CSR (corporate social responsibility) Committee to proactively satisfy the CSR requirements, and JAL Group as a whole will strongly promote undertakings for global environmental conservation, compliance, investor relations, and community services, among others.

As for flight security, JAL Group will put together the efforts of all group companies and strive to further reinforce its security management systems to ensure that the same level of safety is guaranteed throughout our flight networks.

In the area of services, under the motto of "customer first," all employees of JAL Group will be trained to be customer-centric, to accurately grasp customers' needs and wants, and to create the most suitable products and services, thereby laying the solid foundation of the Group as the "airline group that continues to be selected." JAL Group also published, in April this year, a compilation of the Group's service criteria that the Group has already implemented or has been expending its utmost efforts to implement, as The JAL Group Service Commitment.

Through the undertakings and efforts described above, the Company and JAL Group aim to become "the world's top airline group both in quality and quantity," built on strengthened safety and service quality. We will also strive to maximize the positive impact of the business integration, to improve the profitability and the health of our financial standing, and ultimately to prove the shareholders' confidence in us rewarding.

We respectfully ask our shareholders to lend us their continuing support and understanding.

(5) Capital Investments and Fund Procurement

a. Capital Investments

There are no items warranting special mention.

b. Fund Procurement

In order to allocate funds to refinancing and capital investments by its subsidiaries, the Company collected funds as capital for loans to these subsidiaries. The funds collected consisted of 179.9 billion yen borrowed on long-term arrangements and 30.0 billion yen raised through the issuance of

ordinary bonds in Japan.

We assumed a portion of our subsidiary's debts, totaling ¥115.7 billion.

(6) Trends of Business Results and Assets

Item	(FY2000)	(FY2001)	1st term (FY2002)	2nd term (FY2003)
Operating revenue (¥ million)			3,176	21,329
Ordinary income (¥ million)			40	10,167
Net income (¥ million)			11	8,701
Net income per share (¥)			0.01	4.41
Total assets (¥ million)			619,604	931,961
Net assets (¥ million)			289,351	285,648
Net assets per share (¥)			146.24	145.54

(Notes)

1. The Company was established as a holding company on October 2, 2002 through the business integration of JAL and JAS. For this reason, there is no description of business results and assets for the period prior to that fiscal year.
2. Net income per share is calculated based on the average number of issued shares for the entire term, and the net assets per share is calculated based on the number of issued shares at the end of the term. In each case, the number of treasury stocks is deducted from the number of issued shares.
3. Starting the current term, financial statements are prepared in accordance with the Ministerial Ordinances for Partial Amendment to the Enforcement Regulations for the Commercial Code (Ministry of Justice Ordinance No. 7 of February 28, 2003 and the Ministry of Justice Ordinance No. 68 of September 22, 2003).

For the first term, the Company posted a net income of 11 million yen due to management guidance fees collected from JAL and JAS, fees for special fiduciary services, interests on loans and other incomes. The first business year was from the date of the Company's foundation to March 31, 2003.

The financial results for the second term are as described in the preceding section "1. Business Overview."

2. Company Overview

[The statements hereafter are true as of March 31, 2004, unless otherwise specified elsewhere.]

(1) Major Company Activities

Control and management, through shareholding, of the business activities of the companies that operate regular and irregular air transportation businesses, aircraft maintenance business, and additional and related businesses

(2) Head Office

4-11, Higashi-shinagawa 2-chome, Shinagawa-ku, Tokyo

(Note) The location of the head office was changed on November 25, 2003.

(3) Shares

a. Number of Shares

Authorized: 7,000,000,000 shares

Issued: 1,980,465,250 shares

b. Number of Shareholders

278,295

c. Major Shareholders

Name	Shares (1,000)	Ratio of shareholding	Our investment	Ratio of shareholding
Tokyu Corporation	80,397	4.05%	-	- %
Eitaro Itoyama	70,000	3.53	-	-
The Master Trust Bank of Japan, Ltd. (Trust)	66,752	3.37	-	-
Japan Trustee Services Bank, Ltd. (Trust)	54,744	2.76	-	-
Mizuho Corporate Bank, Ltd.	53,603	2.70	-	-
The Tokio Marine and Fire Insurance Co., Ltd.	52,390	2.64	-	-
Nissay Dowa General Insurance Co., Ltd.	44,960	2.27	-	-
Nippon Life Insurance Company	41,392	2.09	-	-
Fukoku Mutual Life Insurance Company	39,635	2.00	-	-
JAL Group Employee's Shareholding	35,975	1.81	-	-

(4) Acquisition, Disposition, and Holding of Treasury Stocks

a. Acquired Stocks

Common Stock 18,154,500 shares

Amount of Stock Acquired 5,027 million yen

b. Disposed Stocks

Common Stock 2,167,531 shares

Amount of Stock Sold 536 million yen

c. Number of Stocks Held at the End of the Term

Common Stock 17,806,066 shares

(5) Employees

	Number of Employees	Average age	Average Number of Years in Service
Ground personnel	148	43.6 years	18.7 years

(Notes)

1. The number of employees for the current term increased by 20 as compared to the end of the previous term.
2. The number does not include seven executive officers and seven other personnel, including those transferred to outside organizations on loan, and it includes 14 temporary workers from staffing agencies.
3. Of the employees mentioned above, 134 are transferred from JAL (current Japan Airlines International Co., Ltd.) and JAS (current Japan Airlines Domestic Co., Ltd.), and their average number of years in service includes their number of years in service for JAL and that for JAS.

(6) Status of Significant Corporate Combination

a. Status of Important Affiliates

Company Name	Capital	Ratio of Shareholding	Main Line of Business
Japan Airlines Co., Ltd.	(¥ million) 188,550	(%) 100.0	Air transport business
Japan Air System Co., Ltd.	23,486	100.0	Air transport business
Japan Asia Airways Co., Ltd.	4,310	*90.5	Air transport business
Japan Trans Ocean Air Co., Ltd.	4,537	*51.1	Air transport business
JALways Co., Ltd.	3,000	*100.0	Air transport business
JAL EXPRESS Co., Ltd.	5,800	*100.0	Air transport business
Japan Air Commuter Co., Ltd.	300	*60.0	Air transport business
AGP Corporation	2,038	*63.0	Power supply to aircrafts
JAL Sales Co., Ltd.	4,750	100.0	Air ticket sales, travel product sales
JALPAK Co., Ltd.	900	*78.4	Travel product planning and sales
JAL Tours Co., Ltd.	80	*80.5	Travel product planning and sales
JAL Hotels Co., Ltd.	4,272	*90.7	Hotel management, hotel operation subcontractor
JALUX Inc.	2,558	*58.6	Wholesale, retail, non-life insurance agency, etc.

- Notes:
1. * indicates the ratio of shareholding including the shares owned by subsidiaries.
 2. In line with the transfer of management and operation of JAL Sales Co., Ltd. that was separated from Japan Airlines Co., Ltd. on April 1, 2003, JAL Sales Co., Ltd. came to be a direct subsidiary of the Company.
 3. JAL Tours Co., Ltd. merged with JALSTORY Co., Ltd. as of April 1, 2003.
 4. JALUX Inc. merged with JAS Trading Co., Ltd. as of January 1, 2004. The company obtained a listing on the First Section of the Tokyo Stock Exchange on March 1, 2004.
 5. Japan Airlines Co., Ltd. was renamed as JAL Airlines International Co. Ltd. as of April 1, 2004.
 6. Japan Air System Co., Ltd. was renamed as JAL Airlines Domestic Co. Ltd. as

of April 1, 2004.

7. Japan Asia Airways Co., Ltd. became the Company's wholly owned subsidiary on April 1, 2004 through the exchange of stock.

b. Results of Significant Corporate Combination

The overview of our consolidated settlement of accounts is as follows.

Item	(FY2000)	(FY2001)	1st term (FY2002)	2nd term (FY2003)
Operating revenue (¥ million)			2,083,480	1,931,742
Ordinary income (¥ million)			15,840	-71,938
Net income (¥ million)			11,645	-88,619
Net income per share (¥)			5.92	-45.19
Total assets (¥ million)			2,172,284	2,113,418
Net assets (¥ million)			254,256	159,273
Net assets per share (¥)			129.66	81.16

(Notes)

1. The Company was established as a holding company on October 2, 2002 through the business integration of JAL and JAS. For this reason, there is no description of business results and assets for the period prior to that fiscal year.
2. The net income per share is calculated based on the average number of issued shares for the entire term, and the net assets per share is calculated based on the number of issued shares at the end of the term. In each case, the number of treasury stocks is deducted from the number of issued shares.
3. Starting the current term, financial statements are prepared in accordance with the Ministerial Ordinances for Partial Amendment to the Enforcement Regulations for the Commercial Code (Ministry of Justice Ordinance No. 7 of February 28, 2003 and the Ministry of Justice Ordinance No. 68 of September 22, 2003).

During the first term, as the future of the world economy became increasingly uncertain, the effects of the terrorist attacks in the United States were still felt and demand for international passenger operations remained sluggish, but demand for cargo and domestic passenger operations continued to be strong. As a result, the JAL Group chalked up a net income of 11.645 billion yen.

The financial results for the second term are as described in the preceding section "1. Business Overview."

(7) Main Lenders

Lender	Loan Balance at the End of Term (¥ million)	Our Shares Held by Lender	
		Number of Shares Held (1,000 shares)	Ratio of Shareholding
Development Bank of Japan	359,353	-	- %
Mizuho Corporate Bank, Ltd.	37,653	53,603	2.70
The Bank of Tokyo-Mitsubishi, Ltd.	32,794	32,471	1.63
UFJ Bank Ltd.	26,813	10,834	0.54
Sumitomo Mitsui Banking	16,917	14,059	0.70

Corporation			
The Dai-ichi Mutual Life Insurance Company	12,773	8,464	0.42
Nippon Life Insurance Company	12,244	41,392	2.09
Meiji Yasuda Life Insurance Company	11,840	4,535	0.22
Shinkin Central Bank	10,498	-	-
Fukoku Mutual Life Insurance Company	8,460	39,635	2.00

(8) Directors and Auditors

Title	Name	Area of Responsibility
Representative Director & President	Isao Kaneko	CEO (JAL Group CEO) Chairman of the Board of Directors Chairman, Flight Safety Committee Corporate Management Chairman, Integration Conference General Manager, IT Systems Integration Project
Representative Director & Executive Vice President	Toshiyuki Shinmachi	Assistant to the President SVP, Corporate Affairs SVP, Brand Management SVP, Associated Businesses Chairman, Corporate Compliance & Business Risk Management Committee
Representative Senior Managing Director	Takenori Matsumoto*	Chairman, Environmental Committee SVP, IT Systems Integration Project
Representative Senior Managing Director	Hidekazau Nishizuka	SVP, Human Resources Planning SVP, Purchasing
Managing Director	Fumitaka Kurihara	SVP, Corporate Management EO, Purchasing
Managing Director	Gentaro Maruyama	SVP, Corporate Management SVP/General Manager, Finance & Investor Relations
Senior Vice President	Nobuyoshi Sera	SVP, Finance & Investor Relations
SVP	Susumu Miyoshi	SVP, Corporate Compliance
SVP (nonstanding)	Minoru Morikawa	President, Japan Air System Co., Ltd.
SVP (")	Katsuo Haneda	President, Japan Airlines Co., Ltd.
SVP (")	Takashi Masuko	Executive Vice President, Japan Airlines Co., Ltd.
SVP (")	Toshiki Okazaki*	President, JAL Sales Co., Ltd.
SVP (")	Shunji Kono	Advisor, The Tokio Marine and Fire Insurance Co., Ltd.
SVP (")	Ken Moroi	Advisor, Taiheiyo Cement Corp.
SVP (")	Shinobu Shimizu	Chairman, Tokyu Corp.
Corporate Auditor (standing)	Yasunaka Furukawa	
CA (")	Toshiyuki Sakai	
CA (")	Shigeo Matsui	
CA	Seiso Neo	Standing Corporate Auditor, Japan Airlines Co., Ltd.
CA	Yoshihisa Akiyama	Chairman, The Kansai Electric Power Co., Inc.
CA	Masao Nishimura	Former President, The Industrial Bank of Japan, Ltd.

(1) Directors marked with (*) were newly appointed directors at the First Annual General Meeting of Shareholders held on June 26, 2003 and took office as such.

(2) On June 26, 2003, Senior Managing Director Toshiyuki Shinmachi was promoted to Representative

- Executive Vice President and Managing Director Hidekazu Nishizuka to Representative Senior Managing Director. Executive Vice President Minoru Morikawa became an outside director.
- (3) Messrs. Hiromi Funabiki and Masahide Ochi retired as Representative Director and Executive Vice President, respectively, on June 26, 2003 as their term of office expired.
- (4) On March 31, 2004, Managing Directors Fumitaka Kurihara and Gentaro Maruyama, as well as Senior Vice Presidents Susumu Miyoshi, Minoru Morikawa and Takashi Masuko retired from their respective offices through resignation.
- (5) Shunji Kono, Ken Moroi, and Shinobu Shimizu are outside directors as defined in Item 7-2, Paragraph 2, Article 188 of the Commercial Code.
- (6) Yoshihisa Akiyama and Masao Nishimura are outside auditors as stipulated in Article 18, Paragraph 1 of the Law Concerning Special Measures under the Commercial Code with Respect to Audit, etc. of Corporation.

The names and areas of responsibilities of the executive officers are as follows.

Title	Name	Area of Responsibility
Senior Executive Officer	Satoshi Endo	EO, Corporate Safety & Environmental Affairs EO, IT Strategy and Planning
Senior Executive Officer	Sumio Yasunaga	EO, corporate Affairs VP, Executive Secretariat Office
Executive Officer	Hideyuki Kanenari	EO, Corporate Management VP, Strategic Policy & Research
Executive Officer	Fumio Tsuchiya	EO, Corporate Management EO, Integration Conference
Executive Officer	Masuhisa Yokoyama	EO, Human Resources Planning
Executive Officer	Toshihide Nakamura	EO, Corporate Management
Executive Officer	Haruka Nishimatsu*	EO, Finance & Investor Relations VP, Finance

- Officers marked with (*) assumed office as new executive officers on April 1, 2003.
- Executive Officer Satoshi Endo was promoted to Senior Executive Officer on June 26, 2003, and Executive Officer Sumio Yasunaga was promoted to Senior Executive Officer on October 1, 2003.
- On March 31, 2004, Messrs. Masuhisa Yokoyama and Toshihide Nakamura retired as Executive Officer as their term of office expired.

(9) Amount of Compensation Paid to Directors and Corporate Auditors

15 directors: 186 million yen
6 corporate auditors: 68 million yen

(Note) In addition, retirement gratuity totaling eight million yen were paid to two outgoing directors.

3. Significant Fact Concerning the State of the Company That Arose after Closing the Books

1. In accordance with the resolution passed by the Board of Directors at its meeting held on January 21, 2004, on April 1, 2004 the Company, through simple exchange of stock, made Japan Asia Airways Co., Ltd. a directly invested subsidiary in which it holds a 100% stake. Japan Airlines International Co., Ltd. (formerly named Japan Airlines Co., Ltd.), a wholly owned subsidiary of the Company, had held 90.5% of shares in Japan Asia Airways. Through this exchange of stock, the Company issued 65 million new shares and allocated 81,018,600 of its shares, including 16,018,600 treasury stocks the Company held, to Japan Airlines International. As a result, the total number of shares issued by the Company is 2,045,465,250. This exchange of stock resulted in no change in the Company's capital. The Company's capital reserve rose by 5.069 billion yen and the value of its treasury stocks fell by 4,474 million yen.
2. In accordance with the resolution adopted by the Board of Directors at its meeting held on March 17, 2004, the Company issued euro-denominated secured convertible bonds with subscription rights on April 5, 2004. These bonds will reach maturity in 2011.
 - (1) Total value of bonds issued: 100 billion yen
 - (2) Interest rate: The bonds will not bear interest.
 - (3) Time limit for redemption: March 25, 2011
 - (4) Shares for which subscription rights can be exercised
 - (a) Type of shares: Common shares in the Company
 - (b) Number of shares: Number obtained by dividing the total value of the issued bonds for which subscription rights are exercised by the conversion price
 - (5) Initial conversion price: 440 yen
 - (6) Period during which subscription rights can be exercised: April 19, 2004 to the closing of business on March 11, 2011 (local time for the place where requests for exercise of subscription rights are accepted)
3. The JAL Group reorganized its business into a new system on April 1, 2004. Under the new system, Japan Airlines International Co., Ltd. (formerly named Japan Airlines Co., Ltd.), a wholly owned subsidiary of the Company, is responsible for international passenger and cargo operations while Japan Airlines Domestic Co., Ltd. (formerly named Japan Air System Co., Ltd.), also the Company's wholly owned subsidiary, takes charge of domestic passenger operations.

The amounts and quantities listed in this Business Report are rounded down to the nearest unit of measure indicated.

Balance Sheet**(As of March 31, 2004)**

(Units: Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
I. Current assets		I. Current liabilities	
Cash and time deposits	30	Accounts payable - trade	768
Accounts receivable - trade	3,741	Short-term borrowings from a subsidiary	17,018
Current portion of long-term loans receivable from subsidiaries	36,751	Current portion of long-term loans	36,751
Prepaid expenses	38	Accounts payable - other	4,235
Accounts receivable - other	5,837	Accrued income taxes	148
Deferred income taxes	40	Accrued expenses	3,287
Other current assets	4	Other current liabilities	12
Total current assets	46,445	Total current liabilities	62,222
II. Fixed assets		II. Non-current liabilities	
Tangible fixed assets	(56)	Bonds	30,000
Tools, furniture and fixtures	56	Long-term loans	554,090
Intangible fixed assets	(13)	Total non-current liabilities	584,090
Software	13	Total liabilities	646,313
Other intangible fixed assets	0	Stockholders' Equity	
Investments and other assets	(884,931)	I. Capital	
Investments in subsidiaries	300,822	Common stock	100,000
Long-term loans receivable from subsidiaries	584,090	II. Capital surplus	
Deferred income taxes	18	Additional paid-in capital	100,000
Other investments	0	Other capital surplus	81,908
		Transfer from additional paid-in capital	81,887
		Gain on disposition of common stock in treasury	20
Total fixed assets	885,001	Total capital surplus	181,908
III. Deferred charges		III. Retained earnings	
Start-up costs	391	Unappropriated retained earnings	8,713
Bond issuance expenses	123	IV. Common stock in treasury	-4,973
Total deferred charges	514	Total stockholders' equity	285,648
Total assets	931,961	Total liabilities and stockholders' equity	931,961

Statement of Income**From April 1, 2003 to March 31, 2004**

(Units: Millions of yen)

Item		Amount		
Ordinary income/loss	Operating revenues/ expenses	Operating revenues	21,329	21,329
		Operating revenues	21,329	
		Operating expenses		10,954
		Cost of operating revenues	5,566	
	Selling, general, and administrative expenses	5,388		
		Operating income		10,374
	Non- operating income/loss	Non-operating income		9
		Interest income	0	
		Other non-operating income	9	
		Non-operating expenses		215
Interest expense		70		
Amortization of start-up costs		130		
Other non-operating expenses	14			
Ordinary income				10,167
Extraordinary gain/loss	Extraordinary loss			1,009
	Loss on sales and disposal of fixed assets	1,009		
Income before income taxes				9,158
Income taxes - current				495
Income taxes - deferred				-38
Net income				8,701
Unappropriated retained earnings at beginning of the year				11
Unappropriated retained earnings at end of the year				8,713

Notes to Financial Statements

1. Significant Accounting Policies

(1) Valuation of investments in securities

Investments in subsidiaries: Stated at cost based on the moving average method

(2) Method of depreciation of fixed assets

Straight-line method

(3) Method of amortization of deferred charges

Start-up costs: Amortized over a period of five years

Bond issuance expenses: Amortized over a period of three years

(4) Hedge accounting

The related interest differential paid or received on interest-rate swaps used as hedging instruments is recognized over the term of each swap agreement as an adjustment to the interest expense of the underlying hedged item if certain conditions are met.

(5) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(6) Consolidated tax return system

The consolidated tax return system has been adopted.

- Effective this fiscal year, financial statements are prepared based on the amended Enforcement Regulations of the Commercial Code in accordance with the Ministerial Ordinances for the Partial Amendment to the Enforcement Regulations of the Commercial Code (Ministry of Justice Ordinance No. 7 of February 28, 2003 and Ministry of Justice Ordinance No. 68 of September 22, 2003).

2. Balance Sheet

(1) Amounts of less than one million yen have been rounded down.

(2) Short-term monetary receivables from subsidiaries: ¥ 43,725 million

Short-term monetary payables to subsidiaries: ¥ 22,428 million

Long-term monetary receivables from subsidiaries: ¥584,091 million

The amounts above include amounts to/from subsidiaries which are presented separately in the balance sheet.

(3) Accumulated depreciation of tangible fixed assets: ¥10 million

(4) Contingent liabilities for guarantees: ¥581,459 million

3. Statement of Income

(1) Amounts of less than one million yen have been rounded down.

(2) Transactions with subsidiaries

Operating revenues: ¥21,329 million

Operating expenses: ¥1,335 million

Non-operating transactions: ¥1,229 million

(3) Net income per share: 4.41 yen

Proposal For Appropriation of Retained Earnings

(1) Appropriation of retained earnings

Item	Amount
Unappropriated retained earnings at end of the year	¥8,713,682,435
The proposed appropriation is as follows:	
Retained earnings to be brought forward to the next year	¥8,713,682,435

(2) Appropriation of other capital surplus

Item	Amount
Other capital surplus	¥81,908,000,364
The proposed appropriation is as follows:	
Other capital surplus to be brought forward to the next year	¥81,908,000,364

Copy of Report of Independent Auditors (translation)

Report of Independent Auditors

The Board of Directors
Japan Airlines System Corporation

May 17, 2004

Shin Nihon & Co.

Representative and Engagement Partner Tsunetoshi Harada
Certified Public Accountant

Representative and Engagement Partner Yoichi Yamada
Certified Public Accountant

In accordance with Article 2 of “The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations,” we have audited the balance sheet, the statement 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 Japan Airlines System Corporation applicable to its 2nd fiscal year from April 1, 2003 to March 31, 2004. 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. These financial statements and the supplementary schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion independently on these financial statements and the supplementary schedules 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. Our audit also included procedures applied to the accounts of the Company’s subsidiaries as considered necessary. We believe that our audit provides a reasonable basis for our opinion.

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

- a) the balance sheet and the statement 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,
- b) 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,
- c) the proposal for appropriation of retained earnings is presented in accordance with the related regulations and the Articles of Incorporation, and
- d) 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.

It is anticipated that the subsequent events disclosed in the business report will have a material effect on the Company's financial position and on its results of operations in future periods.

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

Copy of Report of the Board of Corporate Auditors (translation)

Report of the Board of Corporate Auditors

May 19, 2004

We, the Board of Corporate Auditors of Japan Airlines System Corporation, received from each corporate auditor a report on auditing methods used and the results of its audits on the execution of duties by the directors during the second business year from April 1, 2003 through March 31, 2004 and compiled this audit report after consultations as set for the belows;

1. Outline of the auditing method used by corporate auditors

In according with the auditing policies and other guidelines set down by the Board of Corporate Auditors, we attended meetings of the Board of Directors and other important meetings and also received business reports from directors and other officers, reviewed important approval and other documents, and investigated the operational and financial position of the Company. With respect to subsidiaries, we requested for business reports as necessary and also investigated their operational and financial position and exchanged information and opinions with the corporate auditors of the subsidiaries. We also received reports and explanations from the accounting auditors and gave consideration to the financial statements and accompanying schedules.

With respect to competitive transactions by directors, transactions between directors and the Company in which their interests conflicts, providing of economic gains for no consideration by company, extraordinary transactions with subsidiaries or shareholders and acquisition or disposal of the Company's treasury stocks, in addition to the auditing method mentioned above, we requested for reports from directors and other officers and investigated the condition of the transactions concerned as necessary.

2. Results of our audits

- (1)The method used and results obtained by the accounting auditors, Shin Nihon & Company, have been recognized to be proper.
- (2) The business report has been recognized to comply with law, regulation and the articles of incorporation, and to correctly reflect the status of the company;
- (3)The proposal for profit appropriation is recognized to be proper in view of the company's financial position and other circumstances;
- (4) The attached details correctly reflect the particulars that should be stated, and there are no particulars for which comment is required;

(5) No unjust act or serious fact in violation of laws, orders and the articles of incorporation has been detected as to directors performing their duties.

With respect to competitive transactions by directors, transactions between directors and the Company in which their interests conflicts, providing of economic gains for no consideration by company, extraordinary transactions with subsidiaries or shareholders and acquisition or disposal of the company's treasury stocks, there is no violation of laws and the Articles of Incorporation on the part of directors, either.

(6) As a result of investigation of subsidiaries, there is no matter to be pointed out as regards the execution of duties by the directors.

Yasunaka Furukawa, Corporate Auditor (standing)

Toshiyuki Sakai, Corporate Auditor (standing)

Shigeo Matsui, Corporate Auditor (standing)

Seiso Neo, Corporate Auditor

Yoshihisa Akiyama, Corporate Auditor

Masao Nishimura, Corporate Auditor

The Board of Corporate Auditors

Japan Airlines System Corporation

(Note) Messrs. Yoshihisa Akiyama and Masao Nishimura are outside auditors as stipulated in Article 18 Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audit, Etc. of Corporations.

Reference Document for Exercising Voting Rights

1. Total shareholder voting rights: 1,922,672

2. Proposed resolutions and reference matters

Proposed Resolution No.1: Approval of Proposed Appropriation of Retained Earnings for the 2nd Term

Details of proposed appropriation of retained earnings are as stated on page 18 of the attached Business Report for the 2nd Term.

Due to the effects of the Iraqi situation and the SARS (severe acute respiratory syndrome) epidemic and other factors, the JAL Group posted substantial consolidated losses during the current term. Taking into consideration these circumstances, its overall financial standing and other factors in a comprehensive manner, we respectfully ask our shareholders to understand our regretful decision of no dividends for the current term.

Proposed Resolution No. 2: Amendment of Part of the Articles of Incorporation

1. Gist of the proposed resolution and the reason for amendment

- (1) Law for Partial Amendment to the Law Concerning Special Measures under the Commercial Code with Respect to Audit, etc. of Corporation (Law No. 132 of 2003) was enforced on September 25, 2003, and companies are now allowed to acquire its own stocks through a resolution made by the Board of Directors in accordance with the provision of the Articles of Incorporation. Therefore, in order to carry out capital policies flexibly, the Company intends to establish a new required provision (Article 6 Paragraph 4).
- (2) In order to further infiltrate the JAL brand into the market, the Company plans to change its company name to Japan Airlines Corporation on June 26, 2004, the day following the day when the forthcoming General Meeting of Shareholders takes place. Therefore, it intends to make a necessary change to Article 1 of the current Articles of Incorporation.
- (3) The Company intends to include a provision of the Group CEO as a position in the Articles of Incorporation and positions it as a chief executive officer that oversees the management of the Company and its group. Therefore, it lays down a new required provision (Article 19 Paragraph 4). With this, necessary changes will be made to Articles 12, 13 and 19 of the current Articles of Incorporation.
- (4) Article 1 (Relocation of Head Office) and Article 2 (Limitation of Inclusion of Foreigners and Other Persons in Company's Register of Shareholders and That of Beneficial Shareholders) of the Supplementary Provision of the current Articles of Incorporation provide for the date when the respective changes to the Articles of Incorporation take effect. The Company intends to delete these articles because the dates already passed.

2. Details of amendment

Details of amendment are as specified below.

(Underlined are the amended portions)

Current Articles of Incorporation	Proposed Amendment
CHAPTER I: GENERAL PROVISIONS	CHAPTER I: GENERAL PROVISIONS
Article 1. Corporate Name	Article 1. Corporate Name
1.1 The name of the Company shall be <u>Kabushiki Kaisha Nippon Koku System.</u>	1.1 The name of the Company shall be <u>Kabushiki Kaisha Nippon Koku.</u>

Current Articles of Incorporation	Proposed Amendment
<p>1.2 The corporate name of the Company shall be translated into English as “<u>Japan Airlines System Corporation</u>.”</p>	<p>1.2 The corporate name of the Company shall be translated into English as “<u>Japan Airlines Corporation</u>.”</p>
<p style="text-align: center;">CHAPTER II: SHARES</p> <p>Article 6. Shares</p> <p>6.1 The number of shares of one unit of the Company shall be One Thousand (1,000) shares.</p> <p>6.2 The Company shall not issue share certificates for shares that are less than one unit of shares (hereinafter to be referred to as "shares falling short of one unit," except when stipulated otherwise in the Shares Handling Regulations.</p> <p>6.3 Shareholders who hold the Company’s shares falling short of one unit may request the Company to sell additional shares to make one unit (hereinafter to be referred to as “purchase request”). This shall not apply, however, if such a request is made and the Company does not have the necessary number of treasury stocks to be transferred according to such a request.</p> <p style="text-align: center;">(New provision)</p>	<p style="text-align: center;">CHAPTER II: SHARES</p> <p>Article 6. Shares</p> <p>(6.1-6.3: Same as the current provision)</p> <p>6.4. <u>In accordance with the provision of Article 211-3.1.2 of the Commercial Code, the Company may purchase its own stocks by means of a resolution by the Board of Directors.</u></p>
<p style="text-align: center;">CHAPTER III: GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12. Convening of General Meetings of Shareholders</p> <p>12.1 The <u>President</u> shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary.</p> <p>12.2 In the event the <u>President</u> fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p> <p>12.3 The General Meeting of Shareholders shall be convened at the location of its head office, a location adjacent to that of the head office or otherwise a location situated in a ward of Tokyo.</p>	<p style="text-align: center;">CHAPTER III: GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12. Convening of General Meetings of Shareholders</p> <p>12.1 The <u>Group CEO</u> shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary.</p> <p>12.2 In the event the <u>Group CEO</u> fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p> <p>(12.3: Same as the current provision)</p>

Current Articles of Incorporation	Proposed Amendment
<p>Article 13. Chairman of General Meetings of Shareholders</p> <p>13.1 The <u>President</u> shall act as chairman at all General Meetings of Shareholders.</p> <p>13.2 Should the <u>President</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>	<p>Article 13. Chairman of General Meetings of Shareholders</p> <p>13.1 The <u>Group CEO</u> shall act as chairman at all General Meetings of Shareholders.</p> <p>13.2 Should the <u>Group CEO</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>
<p align="center">CHAPTER IV: DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. Representative Directors and Directors with Titles</p> <p>19.1 The Board of Directors may, by its resolution, appoint, from among its members, one Chairman, one President and several Vice Chairmen of the Board of Directors, Executive Vice Presidents, Senior Managing Directors and/or Managing Directors.</p> <p>19.2 The Board of Directors shall, by its resolution, appoint, from among its members, one or more Representative Directors, who shall have the power and authority to represent and bind the Company.</p> <p>19.3 Each of the Representative Directors of the Company shall have the power and authority to represent and bind the Company individually.</p> <p align="center">(New provision)</p> <p><u>19.4</u> The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors.</p> <p><u>19.5</u> Should the <u>President</u> fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p>	<p align="center">CHAPTER IV: DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. Representative Directors and Directors with Titles</p> <p>19.1 The Board of Directors may, by its resolution, appoint, from among its members, <u>one Group CEO</u>, one Chairman, one President and several Vice Chairmen of the Board of Directors, Executive Vice Presidents, Senior Managing Directors and/or Managing Directors.</p> <p>(19.2 and 19.3: Same as the current provision)</p> <p><u>19.4</u> <u>As the chief executive officer of the JAL Group, the Group CEO shall oversee the management of the Company and JAL Group companies designated by its Board of Directors.</u></p> <p><u>19.5</u> The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors.</p> <p><u>19.6</u> Should <u>the Group CEO</u> or the President fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p>
<p align="center">SUPPLEMENTARY PROVISIONS</p> <p>Article 1. Relocation of Head Office</p> <p>The change of the location of the Company's head office (Article 3) shall take effect on the date of relocation decided by the meeting of the Board of Directors, which will be held by the last day of March 2004.</p>	<p align="center">(Deletion)</p>
<p>Article 2. Limitation of Inclusion of Foreigners and Other Persons in Company's Register of</p>	

Current Articles of Incorporation	Proposed Amendment
Shareholders and That of Beneficial Shareholders The additional provision concerning the limitation of inclusion of foreigners and other persons in the register of shareholders and the register of beneficial shareholders (Article 7) shall take effect from the day when the Law Concerning Partial Amendment to the Civil Aeronautics Law (allowing the holding companies of air transport operators in Japan to provide such limitation as set out under the newly added Article 7 of the Articles of Incorporation) is enforced.	(Deletion)

Proposed Resolution No. 3: Election of 12 directors

Since the term of the currently serving 10 directors will have expired as of the conclusion of the General Meeting of Shareholders, shareholders are requested to elect 12 directors for the coming term.

The candidates for the position of director are as indicated below.

Candi- date no.	Name (date of birth)	Background and representation status at other companies	No. of shares of the Company held	Presence of special interest in the Company
1	Isao KANEKO (Born on March 1, 1938)	April 1960 Joined JAL June 1991 Senior Vice President, JAL June 1995 Managing Director, JAL June 1997 Senior Managing Director, JAL June 1998 President, JAL October 2002 President & CEO, JALS April 2003 Chairman, JAL June 2003 Chairman, JAS April 2004 Chairman, Japan Airlines International (currently serving) Chairman, Japan Airlines Domestic (currently serving) Representative Chairman & President, JALS (currently serving)	29,407	None
2	Toshiyuki SHINMACHI (Born on January 20, 1943)	April 1965 Joined JAL June 1997 Senior Vice President, JAL April 2000 Managing Director, JAL April 2001 Senior Managing Director, JAL October 2002 Senior Managing Director, JALS June 2003 Representative Executive Vice President, JALS (currently serving) Representative Executive Vice President, JAL	18,000	None
3	Hidekazu NISHIZUKA (Born on January 29, 1946)	April 1968 Joined JAL June 1998 Senior Vice President, JAL April 2001 Managing Director, JAL October 2002 Managing Director, JALS June 2003 Representative Senior Managing Director, JALS Representative Senior Managing Director, JAL	14,081	

Candidate no.	Name (date of birth)	Background and representation status at other companies	No. of shares of the Company held	Presence of special interest in the Company
		April 2004 Representative Executive Vice President, JALS (currently serving) Representative Executive Vice President, Japan Airlines International (currently serving)		
4	Takenori MATSUMOTO (Born on February 5, 1944)	April 1968 June 2000 June 2001 June 2003 April 2004 Joined Ministry of Transport Senior Vice President, JAS Managing Director, JAS Representative Senior Managing Director, JAS (currently serving) Representative Senior Managing Director, JALS (currently serving) Representative Senior Managing Director, Japan Airlines International (currently serving)	6,700	None
5	Nobuyoshi SERA (Born on February 9, 1942)	April 1965 June 1999 March 2000 May 2001 June 2001 October 2002 Joined TDA Executive Vice President, Harlequin Air Corp. General Manager, Planning Office, Marketing Div., JAS Vice President, Accounting Dept., JAS Executive Officer & Vice President, Accounting Dept., JAS Senior Vice President, JALS (currently serving)	7,000	None
6	Fumio TSUCHIYA (Born on May 10, 1948)	July 1971 May 1999 April 2001 November 2001 October 2002 Joined JAL JAL Hotels (on loan) General Manager, Income and Expenditure Planning Dept., Corporate Management Office, JAL General Manager, Income and Expenditure Planning Dept., Corporate Management Office and Secretariat of Integration Conference, Corporate Management Office, JAL Executive Officer, JALS (currently serving)	5,155	None
7	Mitsuo KOMATSUBARA (Born on December 22, 1937)	February 1973 June 1990 November 1994 June 1997 June 2001 June 2003 April 2004 Joined TDA Senior Vice President, JAS Senior Vice President, JAS President, J.A.S. Trading Managing Director, JAS Senior Managing Director, JAS Chairman, JAL Capital Chairman, JAL LIVRE President, Japan Airlines Domestic (currently serving)	9,000	None

Candidate no.	Name (date of birth)	Background and representation status at other companies	No. of shares of the Company held	Presence of special interest in the Company
8	Katsuo HANEDA (Born on January 23, 1943)	April 1965 Joined JAL June 1995 Senior Vice President, JAL June 1999 Managing Director, JAL April 2001 Senior Managing Director, JAL June 2002 Vice president, JAL October 2002 Senior Vice President, JALS (currently serving) April 2003 President, JAL (currently serving)	53,000	None
9	Toshiki OKAZAKI (Born on August 22, 1941)	April 1965 Joined JAL June 1997 Senior Vice President April 2000 Managing Director June 2001 President, JAA June 2002 President, JAL Sales Network (currently serving) (On October 4, 2002, the company's name has been changed to JAL Sales) June 2003 Senior Vice President, JALS (currently serving)	12,615	None
10	Shunji KONO (Born on August 1, 1927)	June 1990 President, Tokio Marine and Fire Insurance June 1996 Chairman, TMFI June 1997 Senior Vice President, JAL June 2001 Adviser, TMFI (currently serving) October 2002 Senior Vice President, JALS (currently serving) [Representation status at other companies] Representative Director, Shinko Building	2,000	None
11	Ken MOROI (Born on April 23, 1928)	August 1986 Chairman, Chichibu Cement October 1994 Chairman, Chichibu Onoda Cement June 1996 Senior Adviser, COC October 1998 Senior Adviser, Taiheiyo Cement June 1999 Senior Vice President, JAL June 2000 Adviser, Taiheiyo Cement (currently serving) October 2002 Senior Vice President, JALS (currently serving)	0	None
12	Shinobu SHIMIZU (Born on February 3, 1931)	June 1981 Senior Vice President, Tokyu Corp. June 1985 Managing Director, Tokyu December 1987 Senior Managing Director, Tokyu April 1995 President, Tokyu June 1997 Senior Vice President, JAS June 2001 Chairman, Tokyu Corp. (currently serving) October 2002 Senior Vice President, JALS (currently serving) [Representation status at other companies] President, Three Hundred Club President, Tokyu Bunkamura	0	None

1. Shunji Kono, Ken Moroi and Shinobu Shimizu satisfy the requirements for external directors as stipulated in Article 188 Paragraph 2 Item 7-2 of the Commercial Code.

2. On April 1, 2004, Japan Airlines Co., Ltd. has changed its company name to Japan Airlines International Co., Ltd. and Japan Air System Co., Ltd. has changed to Japan Airlines Domestic Co., Ltd.

Proposed Resolution No. 4: Presentation of Retirement Gratuity for Outgoing Directors

Among those who retired as directors on March 31, 2004, the Company, in accordance with its internal regulations, will present Messrs. Fumitaka Kurihara, Gentaro Maruyama, Susumu Miyoshi and Minoru Morikawa with retirement gratuity to reward the services they provided during their term of office. A decision on the specific amount of retirement gratuity, period of presentation, method of payment and other details will be left to the Board of Directors.

Plans call for the sum of retirement gratuity paid to the outgoing directors to be 25 million yen or less.

The backgrounds of the outgoing directors are as indicated below

Name	Background	
Fumitaka Kurihara	October 2002	Managing Director, JALS
Gentaro Maruyama	October 2002	Managing Director, JALS
Susumu Miyoshi	October 2002	Senior Vice President, JALS
Minoru Morikawa	October 2002	Vice President, JALS
	June 2003	Senior Vice President, JALS (nonstanding)

(Note) Mr. Takashi Masuko, who retired as director on March 31, 2004, was an unremunerated outside director during his entire term of office at the Company. Therefore, he will not be presented with a retirement gratuity in accordance with the Company's internal regulations.

【Reference】

1. Summary of Consolidated Financial Statements, Japan Airlines System(Unaudited)

Consolidated Balance Sheet(Unaudited)

As of March 31, 2004

Item		Amount	Item		Amount
		¥ million			¥ million
Assets	I. Current assets		Liabilities	I. Current liabilities	
	Cash and time deposits	143,775		Accounts payable - trade	206,043
	Notes and accounts receivable - trade	208,606		Short-term borrowings	10,782
	Short-term investments in securities	656		Current portion of bonds	23,700
	Supplies	75,784		Current portion of long-term loans	118,545
	Deferred income taxes	8,690		Accrued income taxes	6,572
	Other current assets	84,793		Deferred income taxes	60
	Allowance for doubtful accounts	-3,231		Other current liabilities	194,855
	Total current assets	519,076		Total current liabilities	560,559
	II. Fixed assets			II. Non-current liabilities	
	(Tangible fixed assets)	(1,322,281)		Bonds	225,000
	Buildings and structures	240,189		Long-term loans	936,390
	Machinery, equipment and vehicles	37,773		Accrued pension and severance costs	163,128
	Flight equipment	872,256		Deferred income taxes	120
	Land	86,362		Other non-current liabilities	44,806
	Construction in progress	60,424		Total non-current liabilities	1,369,446
	Other tangible fixed assets	25,275		Total liabilities	1,930,005
	(Intangible fixed assets)	(66,663)		Minority interests	24,139
	Software	64,551		I. Common stock	100,000
	Goodwill	61		II. Capital surplus	136,678
	Other intangible fixed assets	2,050		III. Retained earnings/Accumulated deficit	-65,031
	(Investments)	(205,274)		IV. Net unrealized gain on investments in securities, net of taxes	2,787
	Investments in securities	76,806		V. Translation adjustments	-9,958
Long-term loans receivable	18,902	VI. Common stock in treasury	-5,202		
Deferred income taxes	49,645	Total stockholders' equity	159,273		
Other investments	63,155	Total liabilities and stockholders' equity	2,113,418		
Allowances for doubtful accounts	-3,235				
Total fixed assets	1,594,219				
III. Deferred charges					
Bond issuance expenses	123				
Total deferred charges	123				
Total assets	2,113,418				

(Notes)

Accumulated depreciation of tangible fixed assets 1,632,427 million yen

Consolidated Statement of Operations (Unaudited)

 From April 1, 2003
to March 31, 2004

Item		Amount	
Ordinary income/loss		¥ million	
	I. Operating revenues/expenses		
	Operating revenues (Operating revenues)	1,931,742 (1,931,742)	
	Operating expenses (Cost of operating revenues) (Selling, general and administrative expenses)	1,999,387 (1,605,917) (393,470)	
	Operating loss	67,645	
	II. Non-operating income/expenses		
	Non-operating income (Interest and dividend income) (Equity in earnings of affiliates) (Exchange gain, net) (Other non-operating income)	43,024 (2,928) (1,221) (424) (38,450)	
	Non-operating expenses (Interest expense) (Other non-operating expenses)	47,317 (28,503) (18,813)	
	Ordinary loss	71,938	
	Extraordinary profit/loss	Extraordinary profit (Gain on sales of fixed assets) (Subsidy received in relation to purchase of aircraft to be used for isolated island routes) (Gain recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plans) (Gain on sales of investments in securities) (Other extraordinary profit)	6,923 (1,330) (1,618) (755) (1,235) (1,985)
		Extraordinary loss (Loss on sales and disposal of fixed assets) (Loss on investments in unconsolidated subsidiaries and affiliates) (Other extraordinary loss)	17,134 (5,153) (6,518) (5,462)
Loss before income taxes and minority interests		82,148	
Income taxes - current		8,854	
Income taxes - deferred		-3,092	
Minority interests		709	
Net loss		88,619	

Japan Airlines System Corporation
Notes to Consolidated Financial Statements

Basic Matters for Preparing Consolidated Financial Statements

1. Scope of consolidated accounting

Of the 295 subsidiaries, 160, including 13 companies listed below, are covered by consolidated accounting.

Japan Airlines Co., Ltd. (renamed as JAL Airlines International Co., Ltd.)
Japan Air System Co., Ltd. (renamed as JAL Airlines Domestic Co., Ltd.)
Japan Asia Airways Co., Ltd.
Japan Trans Ocean Air Co., Ltd.
JALways Co., Ltd.
JAL EXPRESS Co., Ltd.
Japan Air Commuter Co., Ltd.
AGP Corporation
JAL Sales Co., Ltd.
JALPAK Co., Ltd.
JAL Tours Co., Ltd.
JAL Hotels Company, Ltd.
JALUX Inc.

JALSTORY Co., Ltd., a consolidated subsidiary, merged with JAL Tours Co., Ltd. JAS Skycourt Sapporo Co., Ltd., a consolidated subsidiary, merged with JAL Sky Sapporo Co., Ltd. JAS Skycourt Osaka Co., Ltd., a consolidated subsidiary, merged with JAL Sky Osaka Co., Ltd. JAS Trading Co., Ltd., a consolidated subsidiary, merged with JALUX Inc. Aero Communication Service Co., Ltd. merged with JAL Navia Tokyo Co., Ltd. (formerly named JALCOS Co., Ltd.). Osaka ACS Co., Ltd., a consolidated subsidiary, merged with JAL Navia Osaka Co., Ltd. (formerly named JAL Plus Co., Ltd.). Sendai Air Service Co., Ltd., a consolidated subsidiary, merged with JAL Sky Sendai Co., Ltd. (formerly named JAL Tohoku International Service Co., Ltd.). JAS Skycourt Fukuoka Co., Ltd., a consolidated subsidiary, merged with JAL Sky Kyushu Co., Ltd. (formerly named JAL Kyushu Service Co., Ltd.). Japan Air Motor Service Co., Ltd., a consolidated subsidiary, merged with JAL Airtech Co., Ltd. (formerly named Airport Engineering & Service Co., Ltd.). As compared to the end of the previous term, these former subsidiaries are no longer subject to consolidated accounting.

Similarly, starting in the current term, AAS Catering Co., Ltd., a consolidated subsidiary, is no longer subject to consolidated accounting because the Company sold the shares it had held in the subsidiary and its stake declined. Hiroshima Catering Co., Ltd., a consolidated subsidiary, is also no longer subject to consolidated accounting because the Company sold the shares it had held in the subsidiary and Hiroshima Catering ceased to be the Company's subsidiary.

J-Travel Kyushu Co., Ltd. and J-Travel Nagoya Co., Ltd., both consolidated subsidiaries, were liquidated. Starting in the current term, Hokkaido Tour System Co., Ltd., Japan Tours System Co., Ltd. and Pacific Air Service Co., Ltd. are excluded from the group of subsidiaries subject to consolidated accounting from the viewpoint of their importance to the JAL Group.

JAL Navia Sapporo Co., Ltd. was established by spinning off the reservations and ticketing divisions of JAL Sky Sapporo Co., Ltd., and similarly, JAL Simulator Engineering Co., Ltd. was founded by spinning off the simulator maintenance division of JAL Aviation Technologies Co., Ltd. Starting in the current term, these new companies are subject to consolidated accounting.

Starting in the current term, the two newly established companies, Narita Logistic Terminal Co., Ltd. and JAL Brand Communication Co., Ltd., are subject to consolidated accounting. JAL Travel Nagasaki Co., Ltd. (formerly named Nagasaki Air System Co., Ltd.) to which the equity method was applied in the past is also subject to consolidated accounting because the Company acquired shares in

JAL Travel Nagasaki and its stake in the company increased.

2. Application of the equity method

Of the 135 non-consolidated and 98 affiliated companies, investments in 24 companies, including Japan Turbine Technologies Co., Ltd., are subject to the equity method.

Starting in the current term, JAL Travel Nagasaki Co., Ltd. (formerly named Nagasaki Air System Co., Ltd.) to which the equity method was applied in the past is also subject to consolidated accounting because the Company acquired shares in JAL Travel Nagasaki and its stake in the company increased. From the viewpoint of their importance to the JAL Group, Ryukyu Air System Co., Ltd. and Tokyo Air Cargo City Terminal Co., Ltd. to both of which the equity method was applied in the past are now excluded from the group of companies covered by the equity method.

3. Business year for consolidated subsidiaries, etc.

Of the consolidated subsidiaries, 26 companies including Pacific Fuel Trading Corp. close their accounts on December 31 each year. For transactions among these consolidated subsidiaries between the two closing dates, necessary adjustments are made only for material inconsistencies. Starting in the current term, the closing date for JCL Insurance Co., Ltd. is changed from February 28 to December 31. Therefore, the current term covers only ten months.

4. Accounting standards

(1) Valuation standards and methods for important assets

- (a) Inventories: Appraised mainly using the cost method based on the moving average method
- (b) Securities: Other securities with market prices are valued using the market value method based on market prices and other data applicable on the last day of the fiscal term (differences in appraisal value are directly reported in the “Shareholders' equity” section). The accounting of sale costs is mainly based on the moving average method.
Other securities without market prices are mainly valued using the cost method based on the moving average method.
- (c) Derivatives: Appraised using the market value method

(2) Depreciation method for fixed assets

Aircraft (including spare engines and spare parts): Straight-line method or declining balance method

Tangible fixed assets excluding aircraft:

JAL and JAS

Straight-line method

Others

Mainly, declining balance method

Intangible fixed assets:

Straight-line method

(3) Accounting method for deferred charges

Bond issuance expenses are capitalized and are being amortized over three years.

(4) Standards for providing for important allowances:

(a) Accrued pension and severance costs

To provide for employees' severance indemnities, net period pension cost, which represents the amount recognized as the cost of the pension plans for the year, is accounted for based on the projected benefit obligation and the plan assets. The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of fifteen years.

The adjustment for actuarial assumptions is being amortized by straight-line method over a period ranging from 5 to 15 years from the fiscal year following the adjustment, a period which is within the average remaining years of service of the active participants in the plans.

Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.

(b) Allowances for bad debts:

The allowance for bad debts on receivables is provided at the estimated unrecoverable amounts. The allowance for other receivables is provided based on the historical rate of losses on receivables.

(5) Foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and translation gain or loss are included in current earnings.

Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates accounted for by the equity method are included in minority interests and in stockholders' equity.

(6) Leases

As lessee

The Company and its consolidated subsidiaries lease certain equipment under noncancelable lease agreements referred to as capital leases. At the Company and its domestic subsidiaries, capital leases, defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

As lessor

Certain consolidated subsidiaries lease certain equipment under noncancelable lease agreements referred to as direct financing leases. Direct financing leases, defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

(7) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged item is recognized. Foreign receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met. The related interest differential paid or received on interest-rate swaps used as hedging instruments is recognized over the term of each swap agreement as an adjustment to the interest expense of the underlying hedged items if certain conditions are met.

(8) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(9) Income taxes

Effective the year ended March 31, 2004, the Company and certain of its domestic subsidiaries have adopted the Japanese consolidated tax return system.

5. Amortization of consolidation adjustment accounts

Consolidation adjustment accounts are equally amortized over five years.

6. Valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are appraised using the total market value method.

7. Handling of appropriation of retained earnings and other items

The consolidated surplus statement is prepared based on the appropriation of retained earnings (or disposal of loss) for consolidated subsidiaries, which was determined during the current term.

8. Scope of funds in the consolidated cash flow statement

For cash and cash equivalent, cash and short-term investments that reach maturity within three months of the date of acquisition, have a high level of liquidity, can easily be realized and involve little value fluctuation risk are reported.

2. JAL Fleet (Consolidated)

As of March 31, 2004

Type of Aircraft	Number of Aircraft	Number of Seats or Maximum Weight Loading	Comments
B747-400 (for long distance)	34	303 to 449 seats	1 of them is on lease.
B747LR-SUD (for long distance)	13	350 to 483 seats	
B747LR (for long distance)	9	383 to 435 seats	4 of them are on lease.
B747-400D (for short distance)	8	568 seats	3 of them are on lease.
B747SR-SUD (for short distance)	2	563 seats	
B747SR (for short distance)	1	533 seats	
B747F (for cargo only)	10	115 tons	3 of them are on lease.
(Subtotal)	77		
B777-200	13	380, 389 seats	3 of them are on lease.
B777-300	7	470 seats	All of them are on lease.
B777-200ER	6	268, 302 seats	All of them are on lease.
(Subtotal)	26		
MD-11	3	233 seats	
DC-10-40	10	264 to 268 seats	
A300-600R	22	239 to 292 seats	10 of them are on lease.
A300	10	283, 298 seats	2 of them are on lease.
(Subtotal)	32		
B767-200	3	230 seats	
B767-300	22	232 to 270 seats	8 of them are on lease.
B767-300ER	8	237 seats	All of them are on lease.
(Subtotal)	33		
MD-90	16	166 seats	3 of them are on lease.
MD-81	18	163 seats	9 of them are on lease.
MD-87	8	134 seats	2 of them are on lease.
(Subtotal)	42		
B737-400	23	150 to 167 seats	13 of them are on lease.
DHC-8-400	3	74 seats	2 of them are on lease.
YS-11	9	60, 64 seats	
CRJ200	6	50 seats	All of them are on lease.
SAAB 340B	14	36 seats	7 of them are on lease.
Total	278		

3. Major Branch Offices and Customer Service Offices of JAL Group

In Japan: Sapporo, Hakodate, Asahikawa, Obihiro, Kushiro, Kitami, Aomori, Akita, Morioka, Yamagata, Sendai, Fukushima, Tokyo, Niigata, Nagoya, Kanazawa, Toyama, Nagano, Osaka, Wakayama, Okayama, Hiroshima, Sanin, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Yamaguchi-Kitakyushu, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, Amami and Okinawa

Overseas: Seoul, Busan, Beijing, Tianjin, Qingdao, Shanghai, Dalian, Xiamen, Guangzhou, Xian, Hangzhou, Kunming, Manila, Hong Kong, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Denpasar, Sydney, Brisbane, Auckland, New Delhi, Cairo, Moscow, Frankfurt, Amsterdam, Zurich, London, Paris, Madrid, Milan, Rome, Vienna, Guam, Saipan, Vancouver, New York, Chicago, Atlanta, Los Angeles, San Francisco, Las Vegas, Anchorage, Honolulu, Kona, Mexico City, Sao Paulo, Taipei and Kaohsiung

Service Center: Haneda Maintenance Center, Narita Maintenance Center

4. Employees in JAL Group

Number of employees in JAL Group (consolidated): 54,053