JAL MEDIUM TERM CORPORATE PLAN FOR 2005-2007

TARGET CONSOLIDATED OPERATING PROFIT OF 100 BILLION YEN FOR FY2007

Tokyo March 10: The JAL Group today announced the group's medium term corporate plan for the three financial years' period from April 1st 2005 through to March 31st 2008.

In FY2004, to make up for increased fuel costs JAL implemented contingency measures to increase revenue by 47 billion yen, but JAL expects that severe business conditions will continue into FY2005 because of continuing high fuel costs.

However amid this difficult environment the JAL Group will build a business structure that can produce profits in any environment, through reforms of business structure and to build a strong corporate constitution that ranks with the airlines of Asia and is capable of growth.

The three major areas of structural reforms are as follows:

1) INTERNATIONAL PASSENGER BUSINESS RESTRUCTURING

International passenger business will concentrate in high profit and high growth routes and will suspend low profits route so as to build a more profit-focused network and we hope to increase cost competitiveness by expanding the role of our low-cost subsidiary JALways and on concentrating on reducing both the number of aircraft types and the number of cabin configurations.

2) NETWORK REFORM

The future focus will be directed at developing growth markets, notably in Asia and China.

3) COST STRUCTURE REFORM

Cost structure reforms include the integration of the group holding company JAL Corporation, JAL International and JAL Domestic into one company. These three companies were formed to facilitate the integration of Japan Airlines and Japan Air System, which was completed in April 2004.

Other cost cutting measures include a review of staffing requirements, with the reduction of 1,400 ground-based jobs by the end of FY2007 in addition to 4,500 jobs being eliminated by the end of FY2006 that were already announced last year in the previous mid-term plan. By March 31 2008, the total number of ground jobs will be 5,900 lower than in April 2002. This reduction will be managed by suspending new hiring, not replacing retiring staff and by natural reduction.

JAL also plans an increase in outsourcing, including moving more activities overseas, notably maintenance. JAL will also review all contracts outside the group. The group plans to reduce the number of board members and eliminate directors' retirement bonuses. Additional measures include the reduction of common costs and the further promotion of e-business in the business process, with the target of an improvement in cost reduction of 75 billion yen by the end of FY2007. (March 31, 2008) and in the longer term of 100 billion or more annually.

The JAL Group will aim for simplification in various ways including adopting a slimmer group management structure through integration. A key word in developing a more effective business process is SIMPLIFICATION, which will be achieved by expanding the use of Information Technology (IT) internally and externally.

The objectives of the new medium term plan are:

- FY2005: Net income of 10 billion yen or more
- FY2006: Return international passenger business to profitability
- FY2007: Consolidated operating profit of 100 billion yen.

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1. BASIC POLICY

- SAFETY
  Safety is fundamental to the airline industry. All group employees must fully accept that there is no substitute for safety at any time. We must do our utmost to ensure the highest standards of safety to maintain our customers' confidence and trust.

- CORPORATE SOCIAL RESPONSIBILITY (CRS)
  The JAL Group will contribute to the community at all levels, economic, environmental and social through the involvement of all stakeholders – customers, investors, society in general and employees, through its activities as an air transport group.

2) BUILDING A BUSINESS STRUCTURE CAPABLE OF CREATING PROFITS IN ANY ENVIRONMENT

a) STRUCTURAL REFORM BY BUSINESS SEGMENT

International Passenger Business

i. JAL will expand in growth markets, reallocating resources to high-profit, high-growth routes, through a redesign of the network.
ii. The group will accelerate the expansion of JALways, the low-cost group international subsidiary, from its current average 120 flights per week (20% of JAL's total international flights) to 180 flights per week so that by 2007 JALways will account for 27% of the group's overseas flight operations.
iii. JAL will also reduce the number of types of aircraft in the fleet (see item 4) and also reduce the number of different cabin configurations (seating lay-outs). By 2007 JAL will reduce the number of major cabin configurations from the current 32 basic types to 25.

Domestic Passenger Business

i. The airline will increase network and cost competitiveness uniting the resources of all JAL Group airlines.
ii. The fleet of JAL Express, a low cost domestic subsidiary, will expand from the current 8 aircraft to 19 during the three-year period.

Cargo – International and Domestic

i. JAL will proactively expand air freight business in growth markets such as Asia and China
ii. JAL will enter the late night domestic cargo market
iii. JAL will introduce additional B747-400F freighter aircraft and will introduce medium-size freighter aircraft.

b) COST REFORMS

With the 2009 completion of the 4th runway at Tokyo's Haneda Airport in mind, JAL will implement bold structural reforms during the 2005-7 period.

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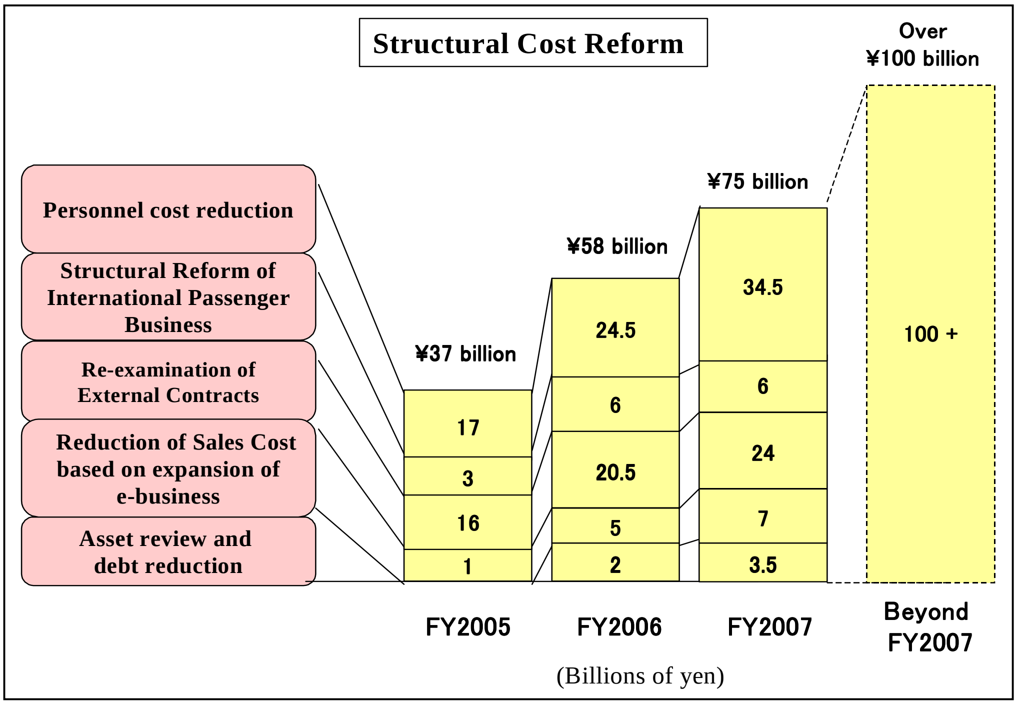

c) SIMPLIFICATION = simplify, standardize & equalize

i. Slim group management structure
Under the chairmanship of the president of the holding company, a committee for integration promotion will combine the corporate planning and marketing functions. In the following two years the group will eliminate overlapping jobs, streamline the organization and operational systems in order to speed up decision-making and communication.

FY2005 - The number of board members will be cut by 34%, from 62 to 41
FY 2006- JAL will complete plans for complete integration of the three main JAL group companies.

ii. JAL will create products and services that are simple, easy to understand and with more customer appeal
iii. JAL will reduce the number of aircraft types in the fleet and will cut the number of aircraft cabin configurations
iv. JAL will reform business processes by increased use of Information Technology.

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3) FORECAST – MEDIUM TERM CONSOLIDATED FINANCIAL FORECAST

To maximize corporate value, we will improve asset efficiency and profitability to secure a sound financial base.

(Unit : billions of yen)	FY04	FY05	FY06	FY07
Operating Revenue	2121	2209	2266	2283
(International passenger)	669	720	749	750
(Domestic Passenger)	671	685	689	689
(International Cargo)	171	175	184	191
Operating Income	55	60	92	100
Ordinary Income	68	29	63	74
Net Income	27	17	34	29
Interest Bearing Debt	2104	1925	1639	1465
ROE（%）	15.4	8.7	13.0	8.8
Interest Bearing Debt Repayment Period (Years)	12.3	8.9	6.1	5.2

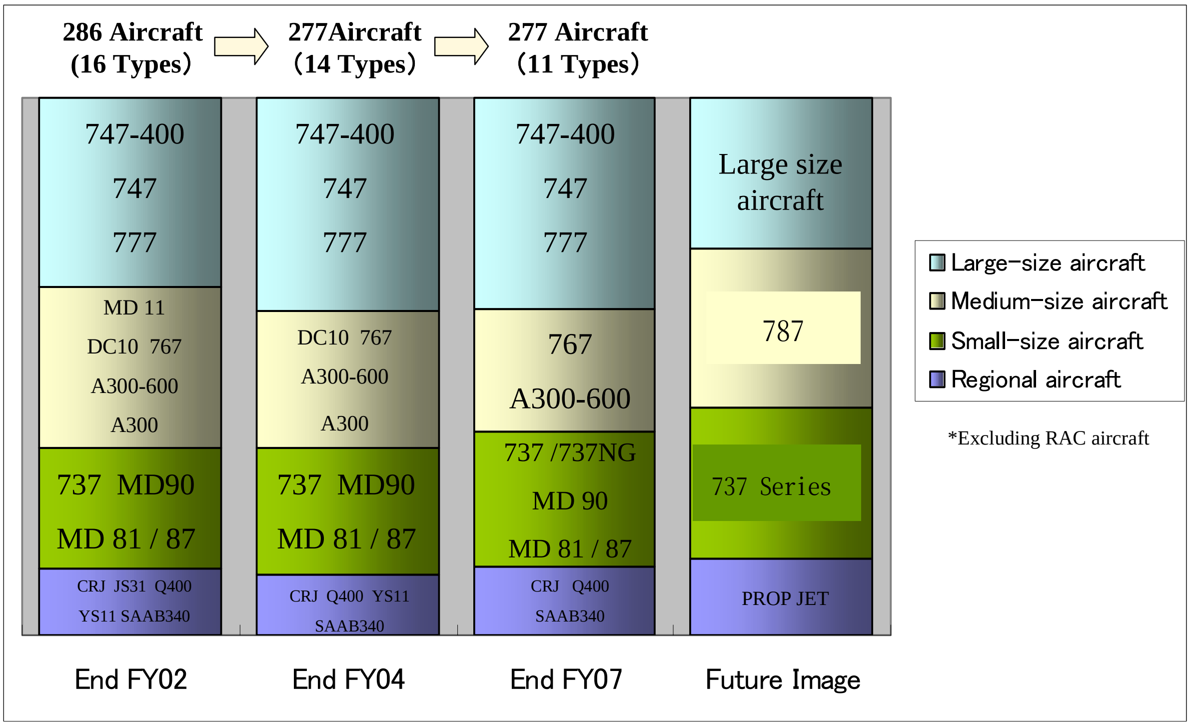
Forecast based on the assumption:

	FY04	FY05	FY06	FY07
Fuel per barrel（Singapore Kerosene Hedge）	$50/bbl	$54/bbl	$54/bbl	$54/bbl
Exchange rate	1US$=¥108	1US$=¥110	1US$=¥110	1US$=¥110

4) FLEET PLANNING

At the end of FY2004 (March 31, 2005), JAL will be operating 14 aircraft types, with a total fleet of 277 aircraft. By March 31, 2008, the number of types will be cut to 11 types and a total fleet of 277 aircraft.

JAL plans the complete retirement of DC-10s, A300B2/B4 types and YS-11s by the end of FY2006. During this three-year period JAL will accelerate retirement of older B747 aircraft and MD80 series types.



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