

*The Briefing on
JAL Group's Strategies and
Account Settlement for FY2002*

May 19, 2003

Japan Airlines System Corporation

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Agenda for today

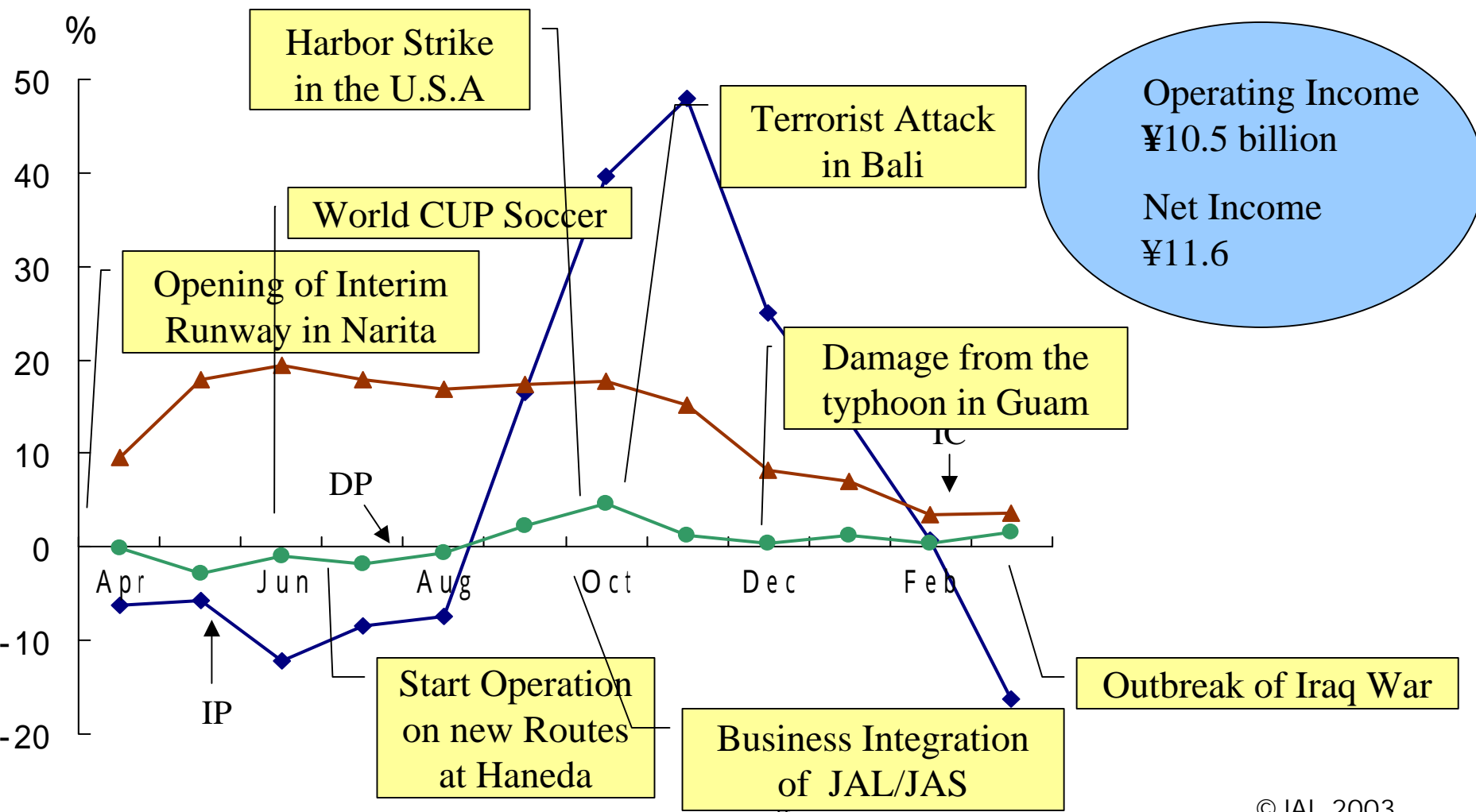
- . Recovery from September 11 and our new Challenge*
- . Forecast of Business Results for FY2003*
- . Outline of Account Settlement for FY2002*

*. Recovery from September 11
and our new Challenge*



Account Settlement for FY2002

Changes in Demand for FY2002 (yr/yr %) and the related events

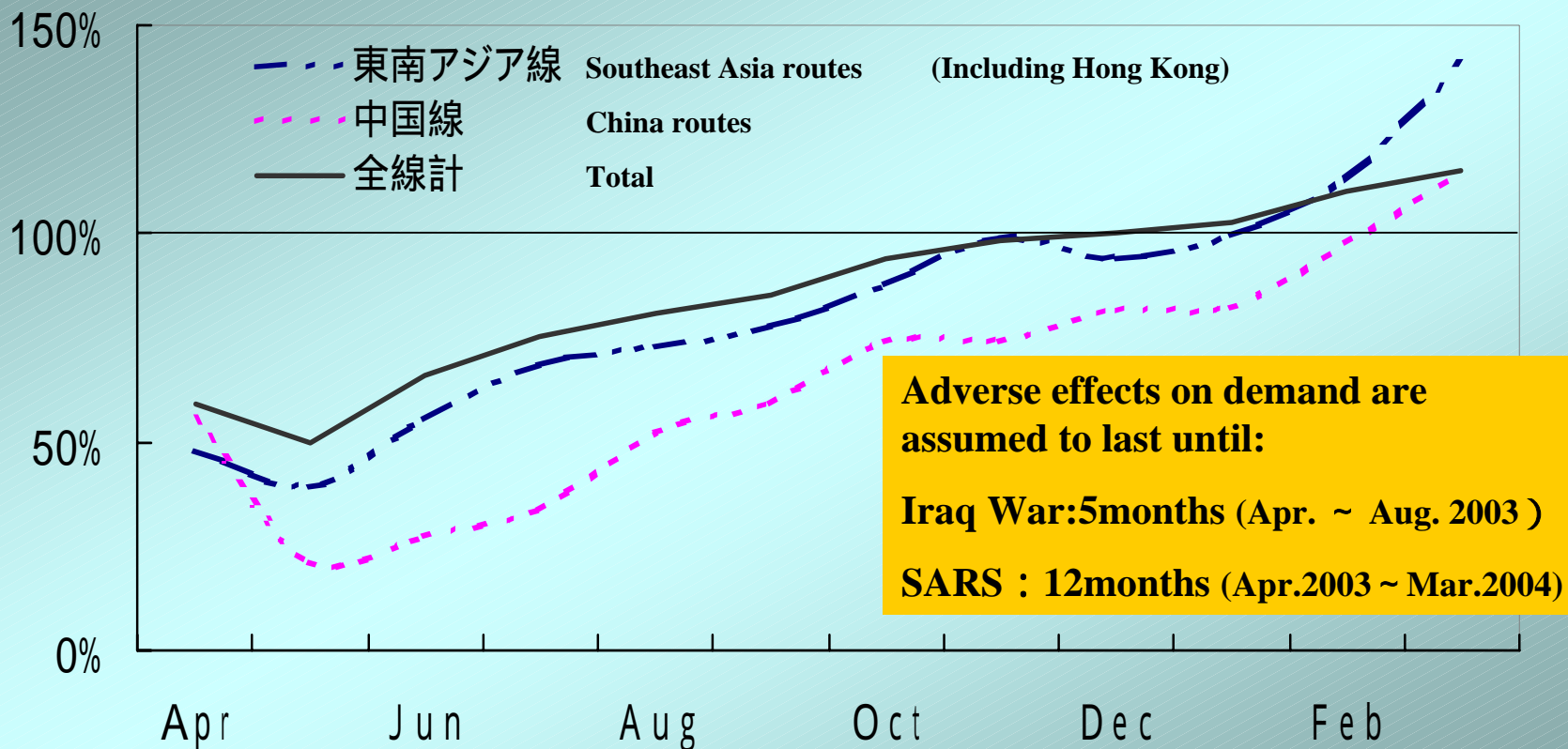


Outlook for FY2003 (1)



< Iraq War & SARS ~ Assumptions for Recovery >

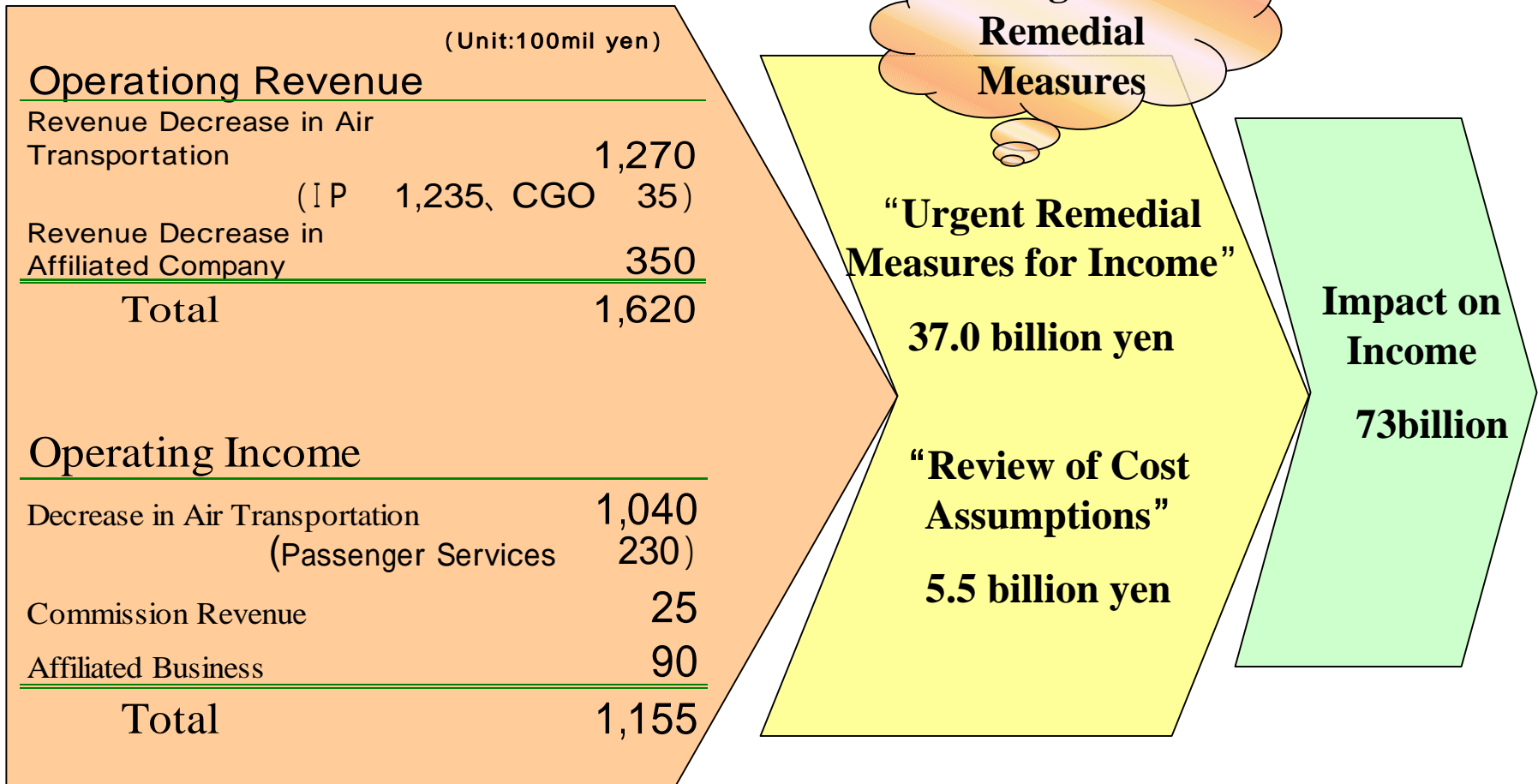
Assumption of Number of International Passenger (Vs FY2002)



Outlook for FY2003 (2)



< Iraq War & SARS ~ Effects on Revenue & Income >



Outlook for FY2003 (3)



< Iraq War & SARS ~ Comparison with “9.11” >

Effects of Iraq War & SARS on Income for FY2003 ¥115.5 billion

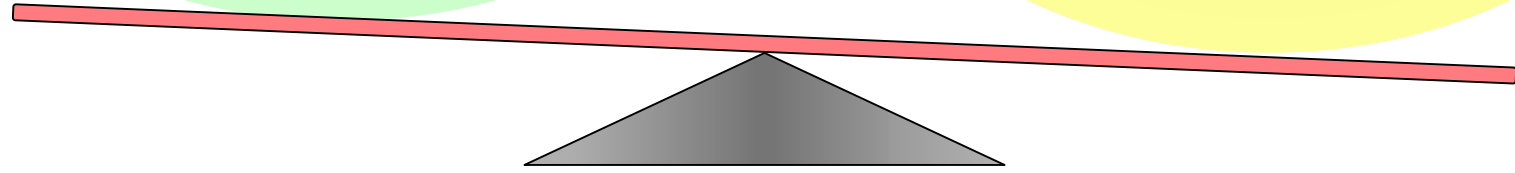
Effects of “9.11” on Income from Sep.’01 to Sep.’02 ¥142billion

(Unit:100mil yen)

Operating Revenue	
Air Transportation	1,270
Affiliated Companies	350
Total	1,620
Operating Income	
Air Transportation	1,040
Affiliated Companies	115
Total	1,155

(Unit:100 mln yen)

Operating Revenue	
Air Transportation	1,460
Affiliated Companies	450
Total	1,910
Operating Income	
Air Transportation	1,300
Affiliated Companies	120
Total	1,420



Countermeasures against Environmental Changes

< FY2003 >



Decrease in
Operating
Income
¥115.5billion



**Urgent Remedial
Measures for Income**
¥37.0 billion

**Cutback of
Investment**
¥5 billion

Proper Supply Adjustments
according as Demand
¥24 billion

Increase in DP ¥5 billion

Other cost reduction measures

- Curtailment of Personnel Costs
 - Cutback of Directors' Remuneration
 - Attrition in JAL Group (250jobs)
- Further Curtailment of Overhead Costs
¥8 billion

Toward the Achievement of Medium-term Business Plan (1)

< Domestic Passengers >



Improvement of Yield

[Increase of the ratio of Individual Passengers to Group Passenger]

The ratio increased by 3% in April on a year-on-year basis

[Revision of Airfare]

June : Price Increase of Round-trip, and four-unit coupon tickets by 2%

**July : Price Increase of One-way Regular fare by 11%(back to the pre-Integration level).
Price Increase of Round-trip, four-unit coupon, “e-Business6” tickets by 3% respectively.**

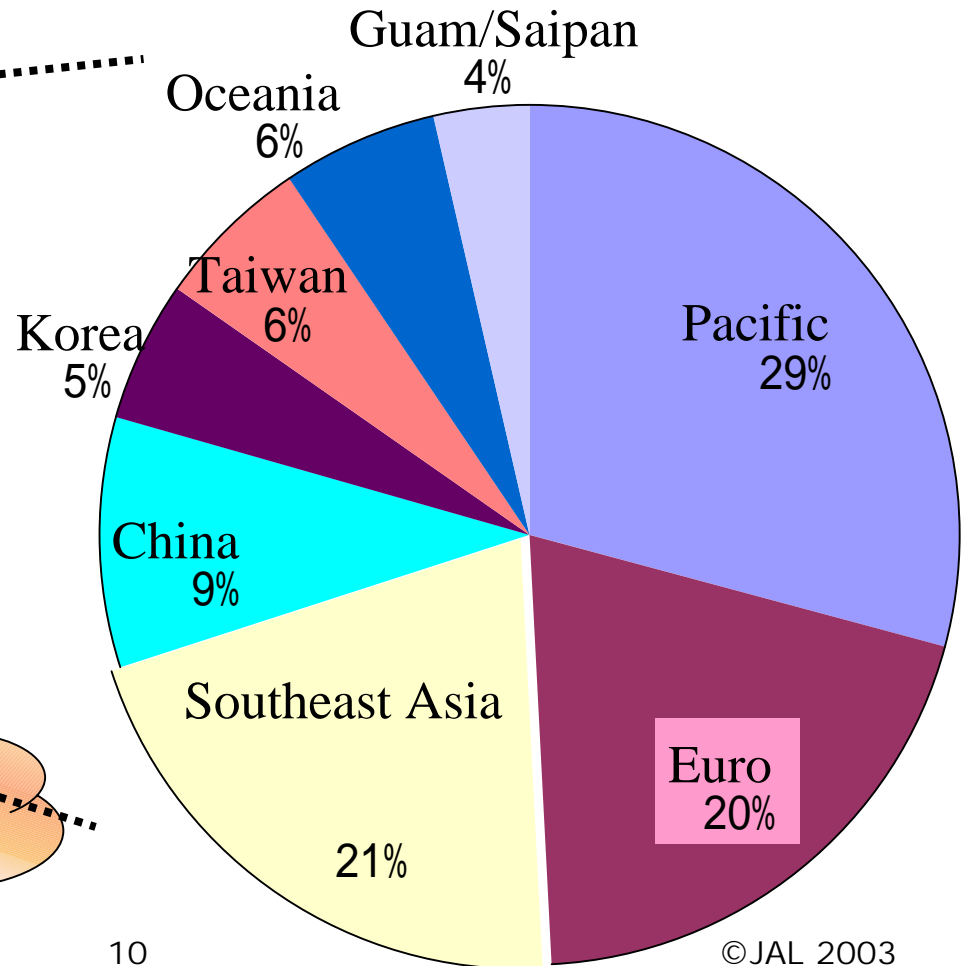
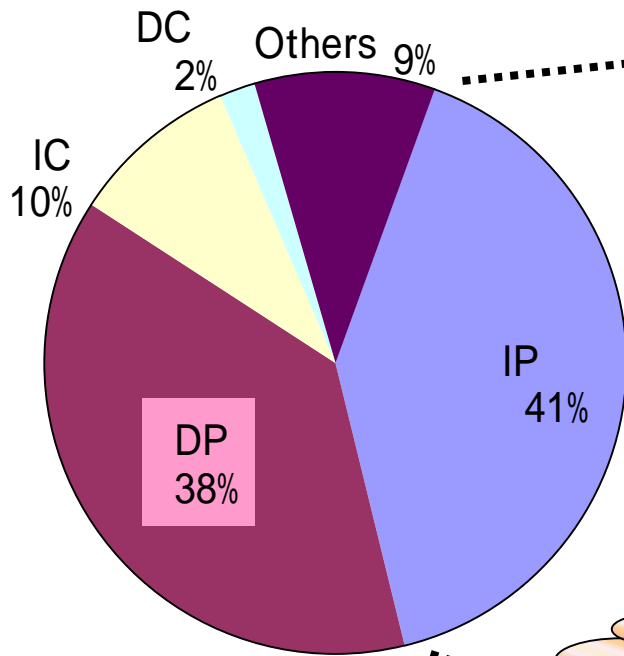
Toward the Achievement of Medium-term Business Plan(2)

< International Passenger -1 >

*Actual result of FY2002

[Breakdown of Revenues in Air Transportation Segment]*

[Composition of IP revenues by Routes]*

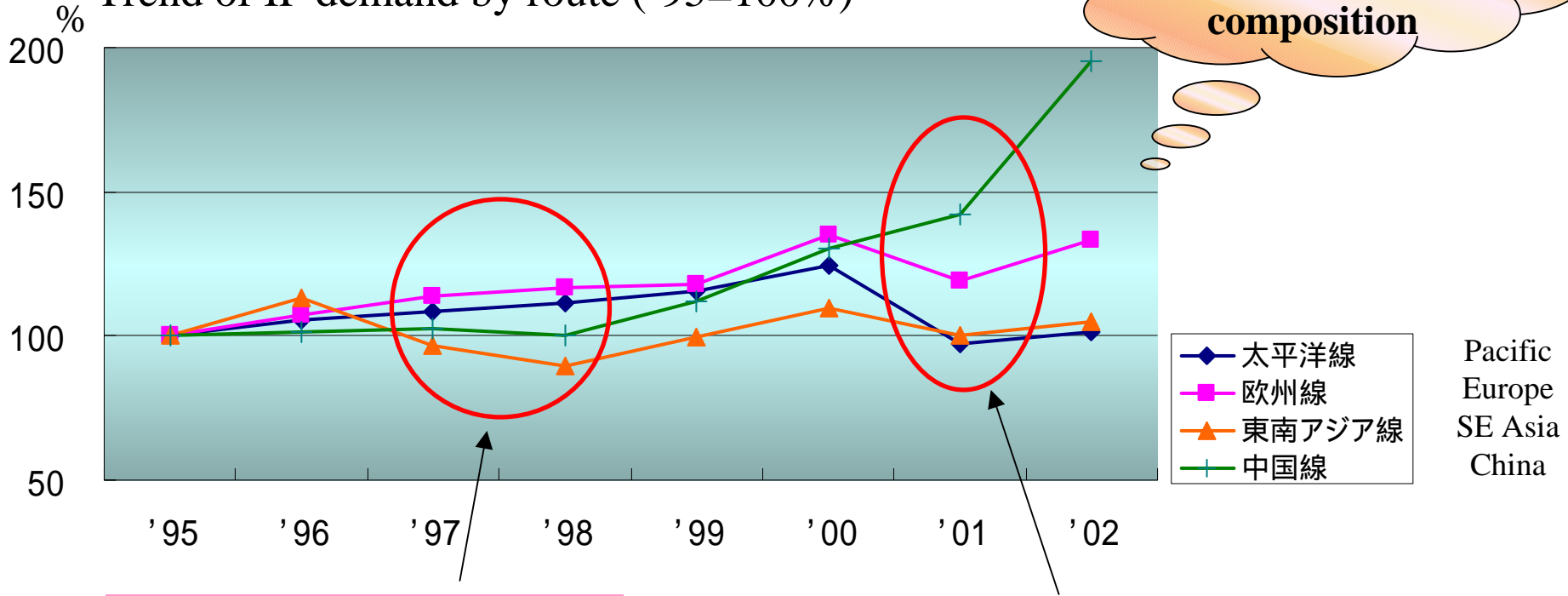


Well-balanced Revenue
Compositions by Business-
unit and Route

Toward the Achievement of Medium-term Business Plan(3)

< International Passenger -2 >

Trend of IP demand by route ('95=100%)



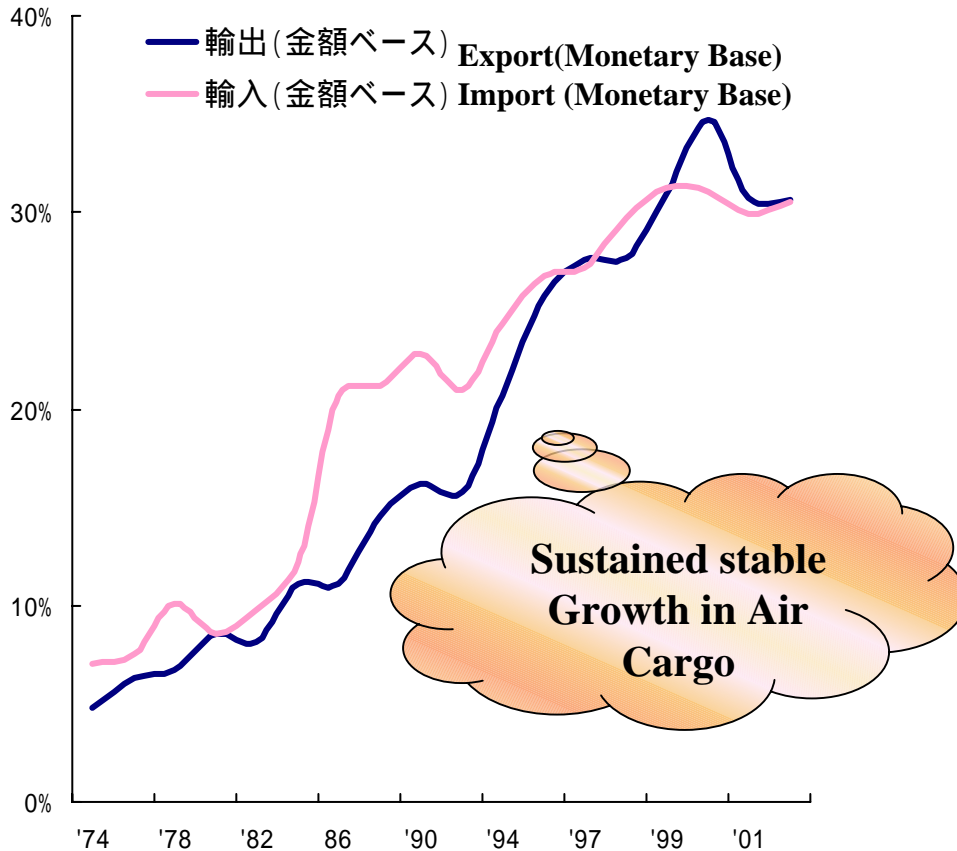
【Asian Currency Crisis】
Fall in demand in China & Southeast Asia routes, meanwhile strong demand in Europe & North America routes.

【9.11(Terrorist Attacks in the USA)】
Worldwide fall in demand, meanwhile consecutive increase in demand on China route.

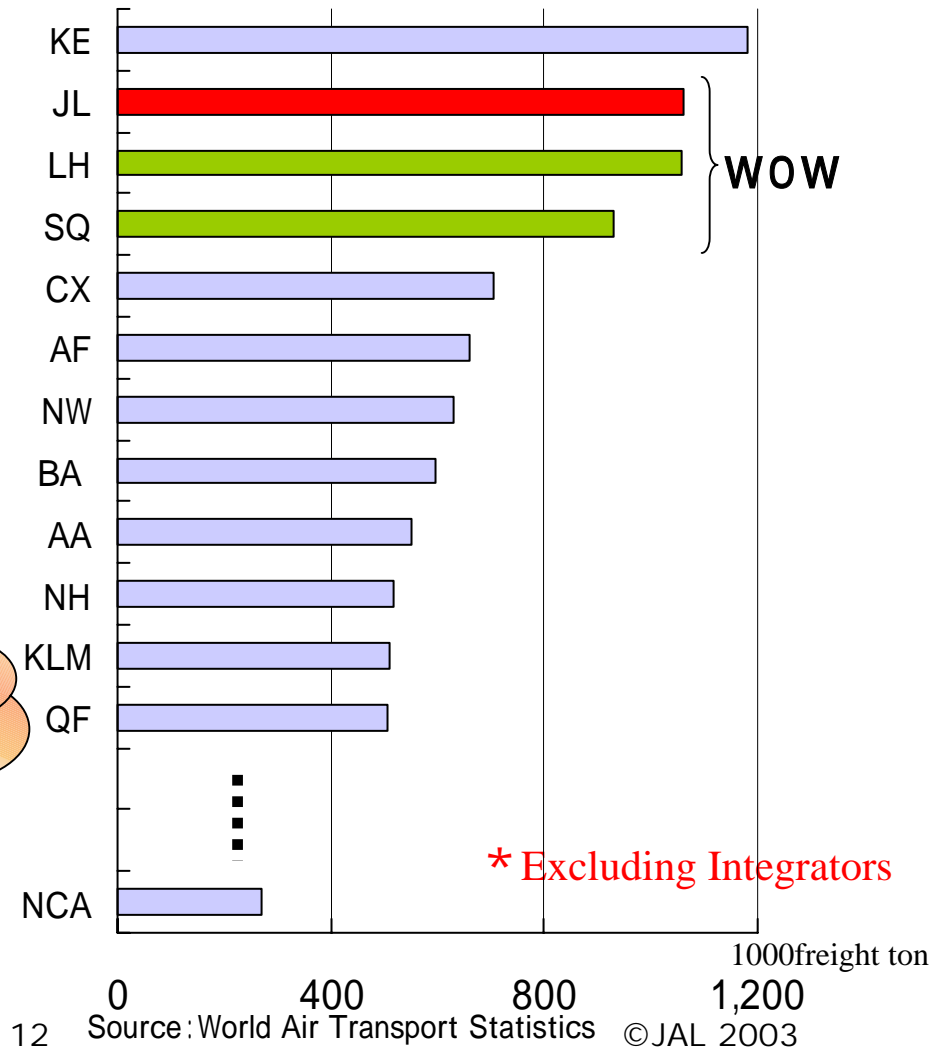
Toward the Achievement of Medium-term Business Plan(4)

< Cargo -1 >

Air Cargo Share in International Trade in Japan



IATA Members' Ranking 2001(Int'l & Dom.)



Source: Ministry of Land, Infrastructure and Transportation and Overview of Foreign Commerce

Source: World Air Transport Statistics ©JAL 2003

Toward the Achievement of Medium-term Business Plan(5)



< Cargo -2 >

Customers have more diverse, more sophisticated air cargo needs.

Taking on demand for high-yield cargo (IT products, perishable foods etc)

J-PRODUCTS

J SPEED J FREIGHT J CARE

J ART J FRESH J COOL

Target :

FY2002 8% of Cargo Revenue

FY2005 30% of Cargo Revenue

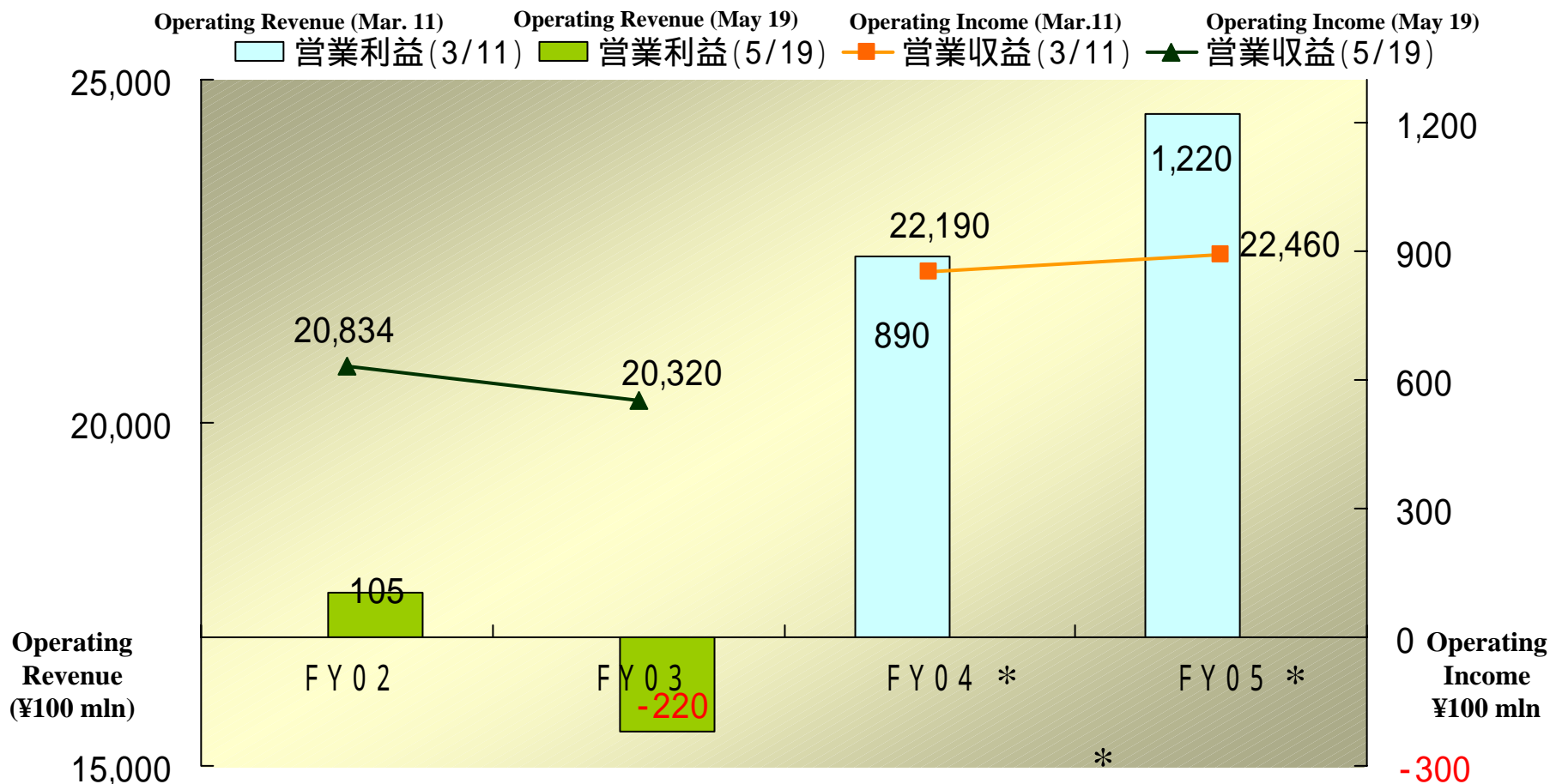
WOW

A fast, wide-reaching Cargo service provided by LH, SQ, SAS and JAL

Network : 523 cities 103 countries

Fleet : 810 (including 43 freighters)

From FY2002 to FY2005



*Figures for FY04 & FY05 are based on the Medium-term Business Plan announced on Mar. 11

Medium-term Targets and Tasks

**Relentless
Structural Reform**

**Top Airline
Group**

**Earlier Realization of
the Integration Effects**

**Agile Response to
Business Environment**

**Achievement of
Medium-term
Business Plan**

Changing World Airline Industry (North America, Europe, China, Asia)

*. Forecast of Business Results
for FY2003*



Assumptions of the Forecast for FY2003

Yr/yr (%)		FY03 (3/11) Forecast (11/Mar)	FY03 (5/19) Forecast (19/May)	
International Passenger	Supply _(ASK)	1%	3%	reflects Supply Adjustments announced until Apr. 28,2003. (Excluding those of announced on May 13.)
	Demand	7%	14%	
	Yield	2%	1%	
Domestic Passenger	Supply _(ASK)	2%	2%	counts freighter space only (excluding belly space of passenger aircraft)
	Demand	1%	1%	
	Yield	4%	5%	
International Cargo	Supply _(ATK)	3%	2%	actual figure of FY02 is 2%
	Demand	2%	0%	
	Yield	4%	2%	actual figure of FY02 is 2%

	FY03 (3/11) Forecast (a)	FY03 (5/19) Forecast (b)
Forex	\$1=¥120	\$1=¥120
Singapore Kerosene	\$30/BBL	\$28/BBL
CIF Japan	\$25/BBL	\$25/BBL

Forecast of Business Results for FY2003 (Consolidated)



	(Unit:¥100 mln)		
	FY02 (Actual)	FY03 (Mar. 11) Forecast (a)	FY03 (May 19) Forecast (b)
Operating Revenue	20,834	21,920	20,320
International Passenger	6,684	7,010	5,780
Domestic Passenger	6,293	6,630	6,690
International Cargo	1,572	1,640	1,600
Others	6,285	6,640	6,250
Operating Income	105	510	220
Ordinary Income	158	490	220
Net Income	116	110	430
ROE	5%	4%	-
Payback Period *1	12 years	10 years	15 years

*1: Interest-bearing Debts ÷ Operating Cash Flow



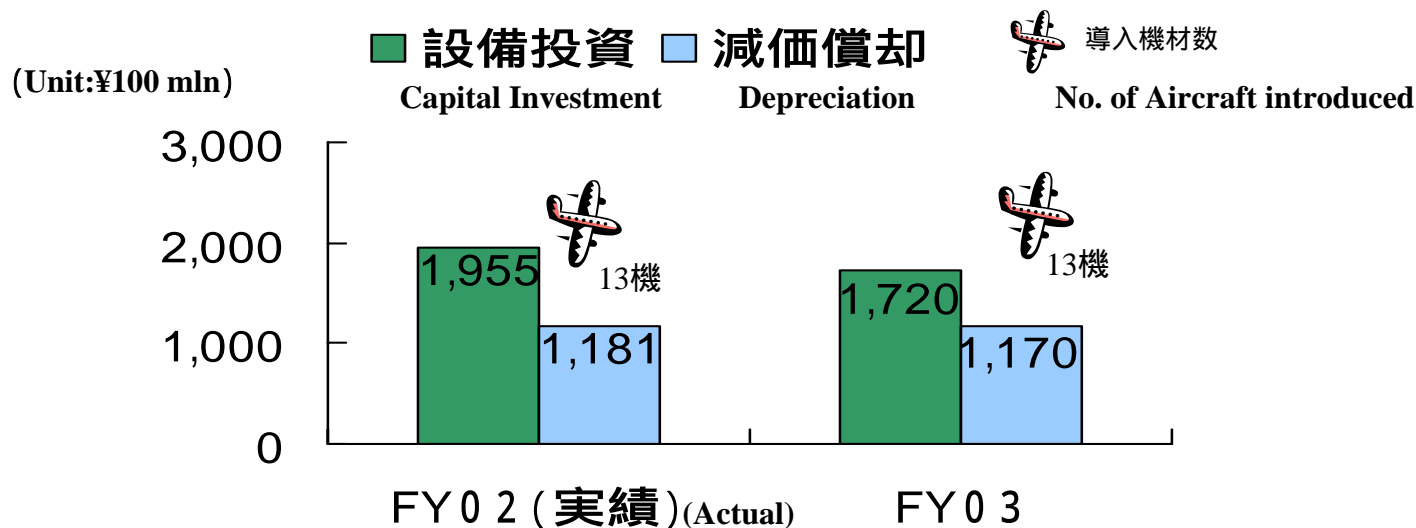
Forecast of Business Results for FY2003 (by Segment)

(Unit: ¥100 mln)

() yr / yr Difference	Operating Revenue	Operating Cost	Operating Income
Air Transportation	16,120 (385)	16,420 (57)	300 (328)
Aviation Related	4,580 (102)	4,498 (98)	82 (4)
Travel Services	4,320 (38)	4,332 (29)	12 (9)
Hotel & Resort	420 (22)	403 (7)	17 (15)
Consolidated Adjustment	5,120 (12)	5,113 (13)	7 (1)
Total	20,320 (515)	20,540 (189)	220 (326)



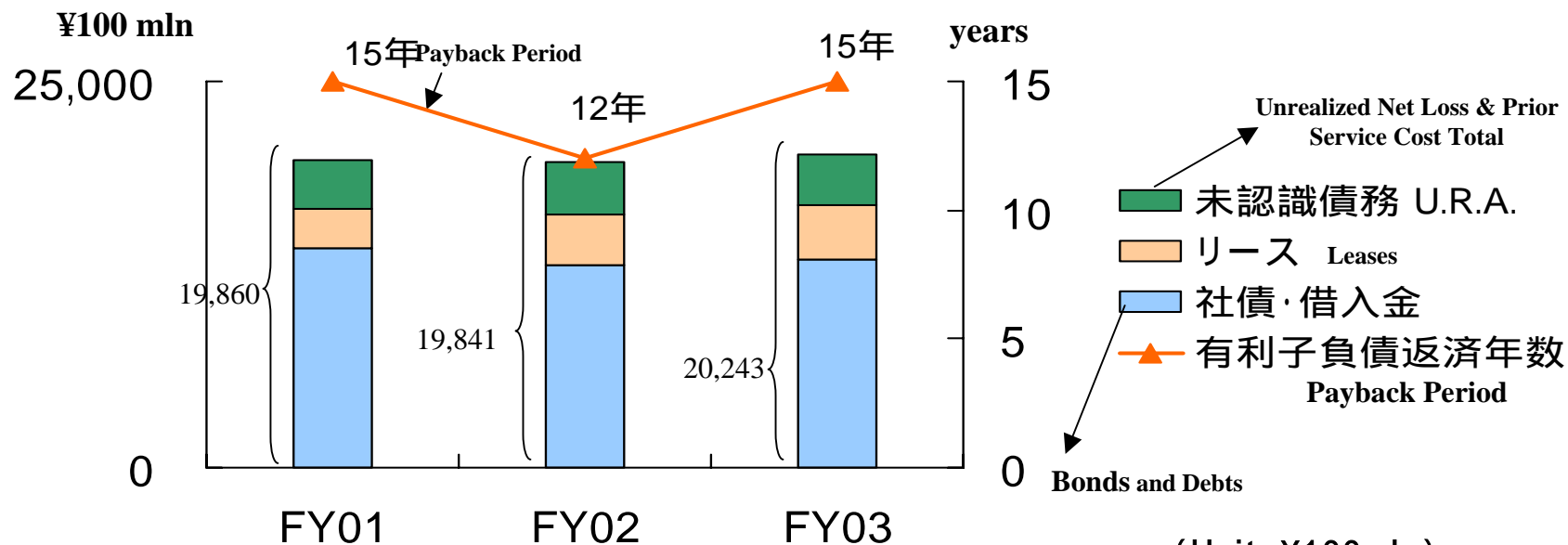
Capital Investment & Depreciation



	FY02 (Actual)	FY03 Forecast
Capital Investment	1,955	1,720
(Aircraft)	1,457	1,060
(Ground Assets)	244	340
(Intangible Fixed Assets)	254	320
Depreciation	1,181	1,170



Interest-bearing Debts



	FY01 * ₁ (Actual)	FY02 (Actual)	FY03 Forecast
Debts	14,184	13,138	13,500
Leases	2,506	3,219	3,500
Unrecognized Net Loss & Prior Service Cost Total	3,170	3,485	3,200
Total	19,860	19,841	20,200
Payback Period * ₂	15 years	12 years	15 years

(Unit: ¥100mln)

*1: revised from the Semiannual Account Settlement on Nov.18 2002

*2: Interest-bearing Debts ÷ Operating Cash Flow

*. Outline of Account
Settlement for FY2002*

Gist of the Consolidated Financial Statements



	FY0 1 * ₁	FY0 2 ^(A)	year on year	Forecast (Mar. 11) ^(B)	(Unit:100mil yen) Difference (A)-(B)
Operating Revenue	20,294	20,834	3%	20,700	134
Operating Income	10	105	-	20	125
Ordinary Income	336	158	-	10	148
Net Income	357	116	-	80	36
ROE	-	5%	-	3%	-
Payback Period* 2	15years	12years	-	14years	-

* 1:Add-up of JAL/ J A S without adjustment

* 2:Interest-bearing Debts ÷ Operating CF



Gist of Consolidated Statements of Cash Flows

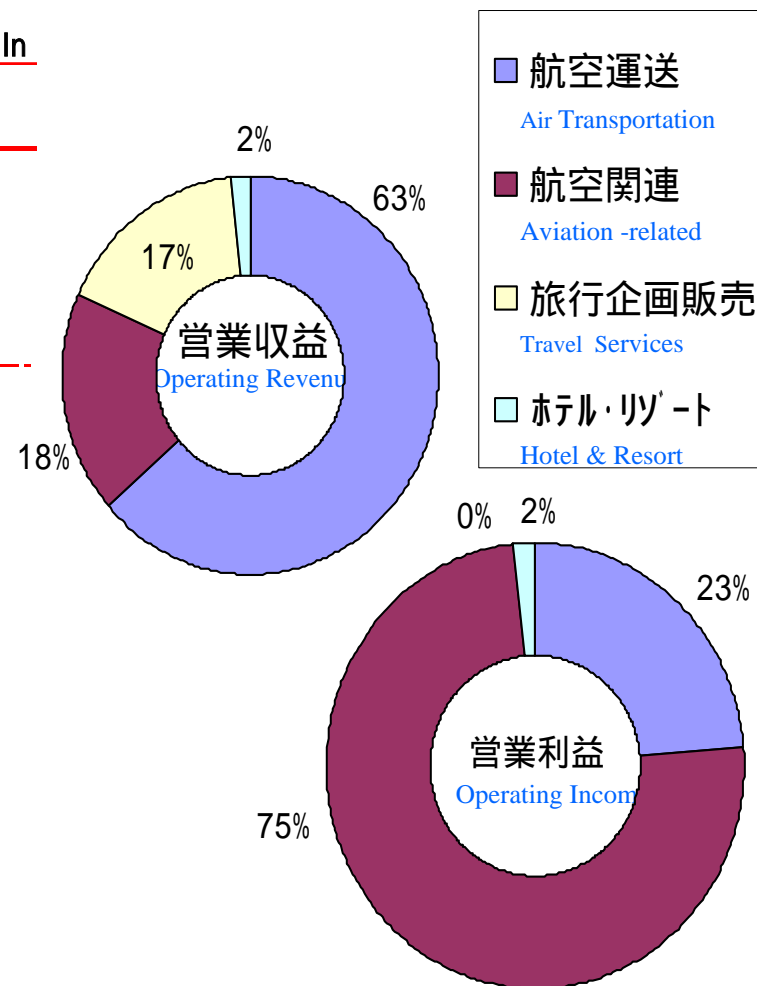
Net Cash provided by Operating Activities	399	1,554	1,155
Net Cash used in Investing Activities	672	851	179
Net Cash provided by Financing Activities	550	1,081	1,631
Net (decrease) increase in Cash and Equivalents	294	385	679
Cash and cash equivalents at end of Year	1,816	1,463	353

* 1: Figures in this column are add-up of JAL/ J A S without adjustments



Revenues & Operating Income by Segment

() yr / yr difference*1	Unit:¥100mln	
	Operating Revenue*2	Operating Income*2
Air Transportation	16,504 (378)	27 (58)
Aviation-related	4,682 (423)	86 (15)
Travel Services	4,357 (86)	2 (47)
Hotel & Resort	398 (15)	2 (0)

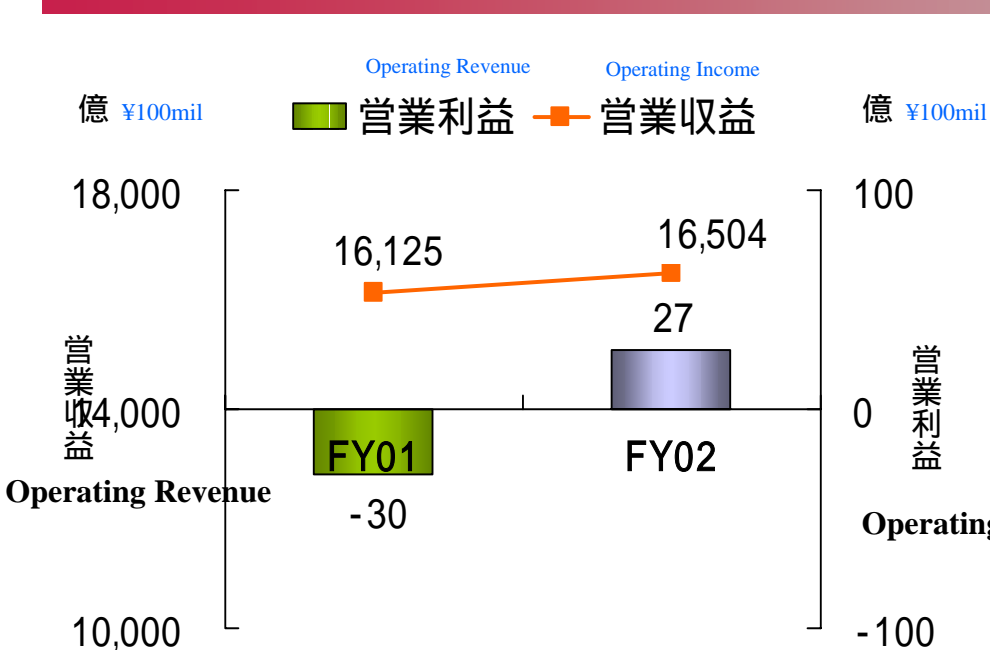


*1: Add-up of JAL/JAS without adjustments for FY2001 figures

*2: Before Consolidation Adjustments



Gist of the results of Air Transportation Segment



Breakdown of Revenue

< 収入内訳 >

(単位: 億円 Unit: 100mil yen)

		営業収益 Operating Revenue
		() yr / yr difference*1
国際 International	旅客 Passenger	6,684 (360)
	貨物 Cargo	1,572 (196)
国内 Domestic	旅客 Passenger	6,293 (208)
	貨物 Cargo	302 (3)
その他 Others		657 (6)
付帯事業 Associated Businesses		996 (27)

< グループ各社の業績 (連結調整前) >

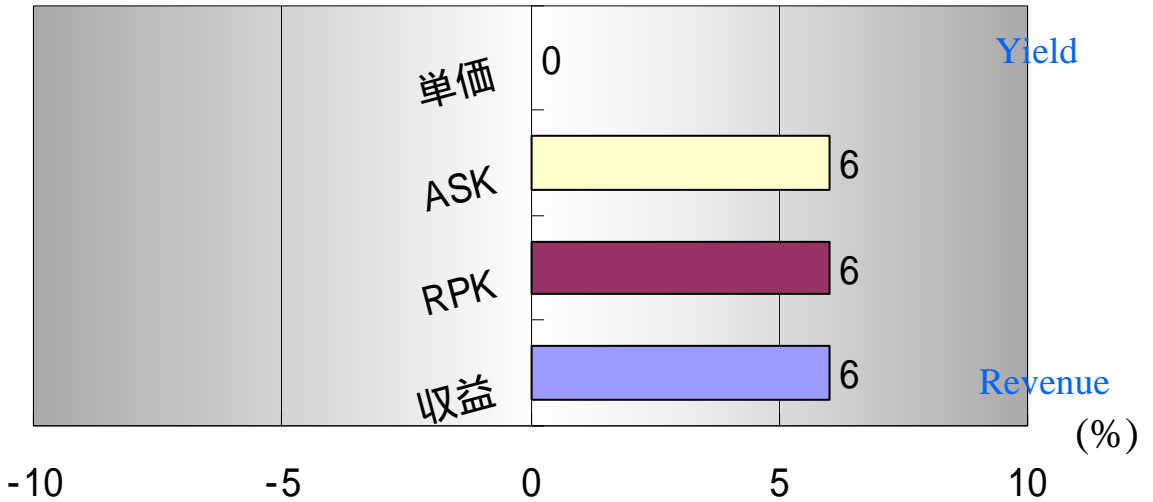
() yr / yr difference	営業収益 Operating Revenue	営業利益 Operating Income	当期利益 Net Income
日本航空 JAL	12,339 (644)	8 (172)	187 (536)
日本エアシステム JAS	3,381 (225)	24 (127)	47 (52)
日本アジア航空 JAA	567 (16)	39 (20)	17 (5)
日本トランスオーシャン航空 JTA	398 (15)	10 (5)	4 (2)
ジャルウェイズ JALways	595 (3)	4 (8)	0 (1)
ジャルエクスプレス JEX	156 (11)	10 (10)	10 (10)
日本エアコミューター JAC	157 (11)	1 (1)	4 (3)
北海道エアコミューター HAC	22 (4)	1 (1)	1 (1)
ハーレクインエア HLQ	32 (1)	0 (15)	0 (15)

*1: Add-up of JAL/JAS without Adjustments



Results of International Passenger

(対前年比 yr/yr)

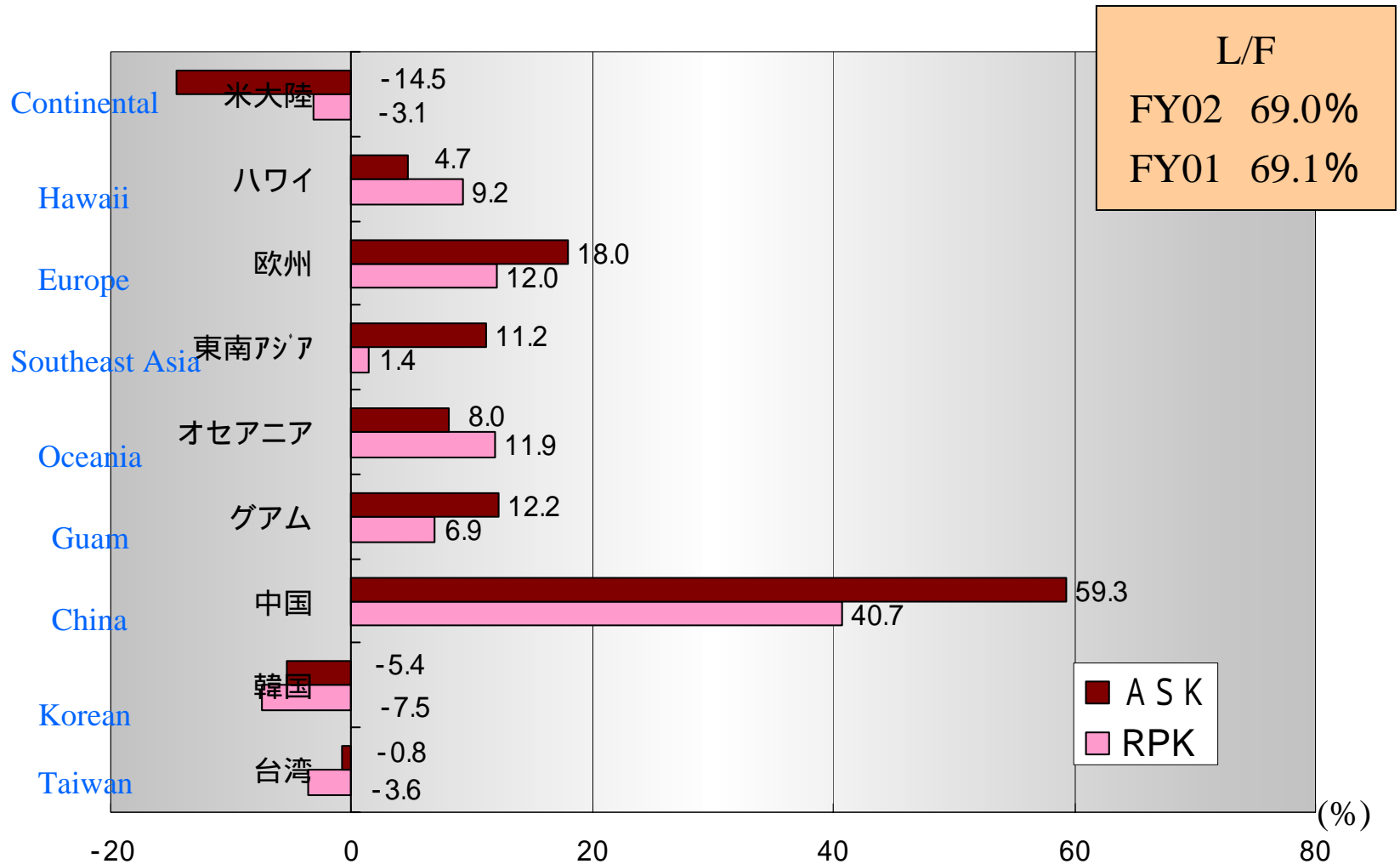


International Passenger Revenue ¥668.4bln
Yr / yr difference 36.0bln

	Revenue	RPK	ASK	Yield	Excluding FOREX
JAL	7%	6%	6%	1%	1%
JAS	19%	6%	7%	13%	12%
JAA	0%	4%	1%	3%	4%
TTL	6%	6%	6%	0%	0%



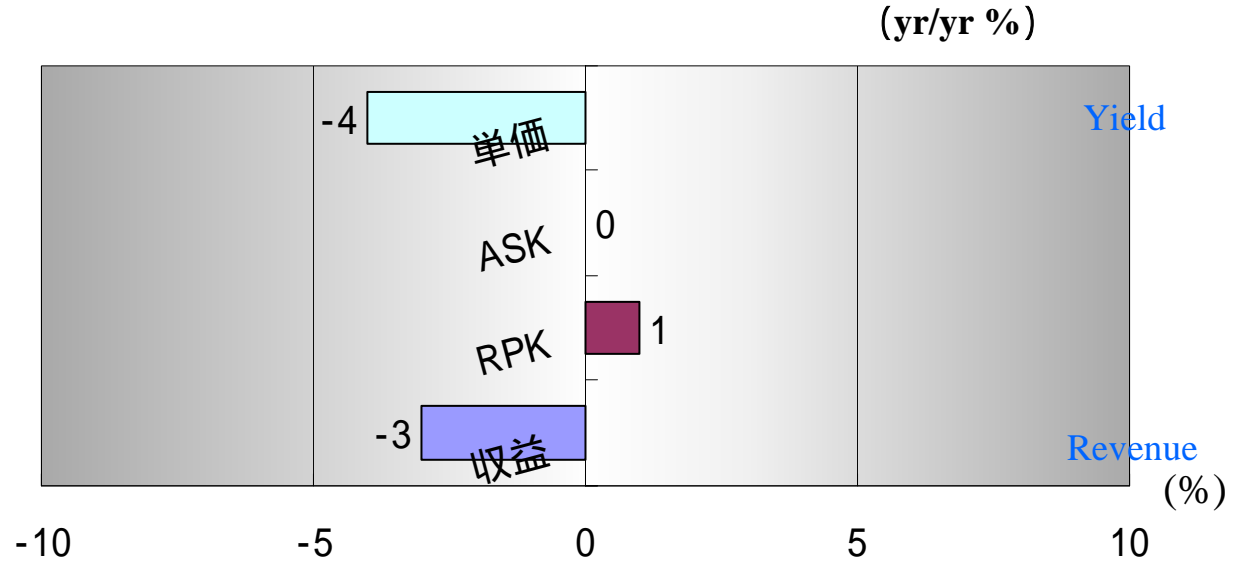
Number of International Passengers by routes(yr/yr)





Results of Domestic Passenger

Domestic Passenger Revenue
¥629.3 bln
Yr / yr difference
¥ 20.8 bln



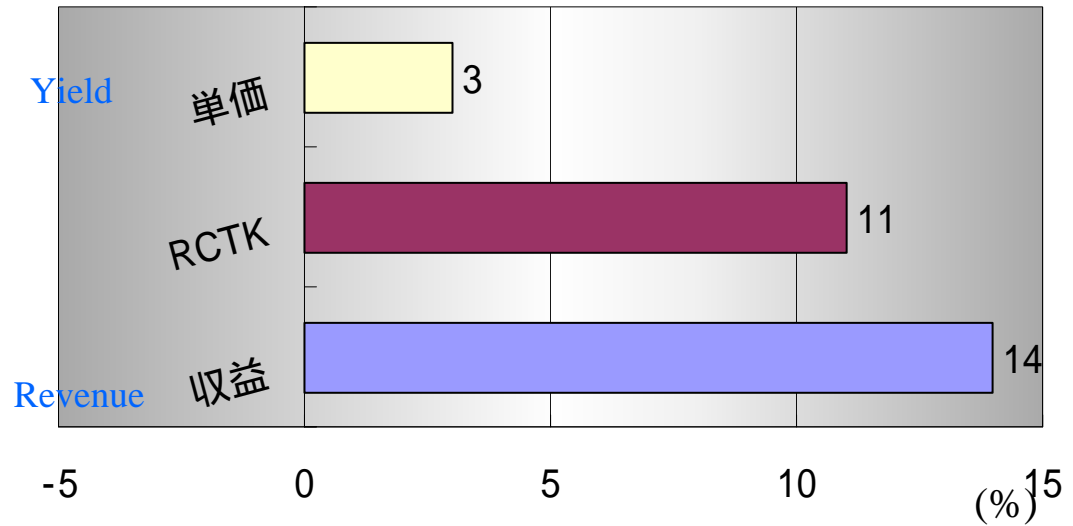
	Revenue	RPK	ASK	Yield
JAL	1%	3%	1%	4%
JAS	5%	2%	1%	4%
JEX	13%	9%	7%	4%
JTA	1%	4%	0%	3%
J - AIR	33%	46%	33%	9%
JAC	7%	7%	7%	0%
HAC	20%	19%	9%	1%
TTL	3%	1%	0%	4%



Results of International Cargo

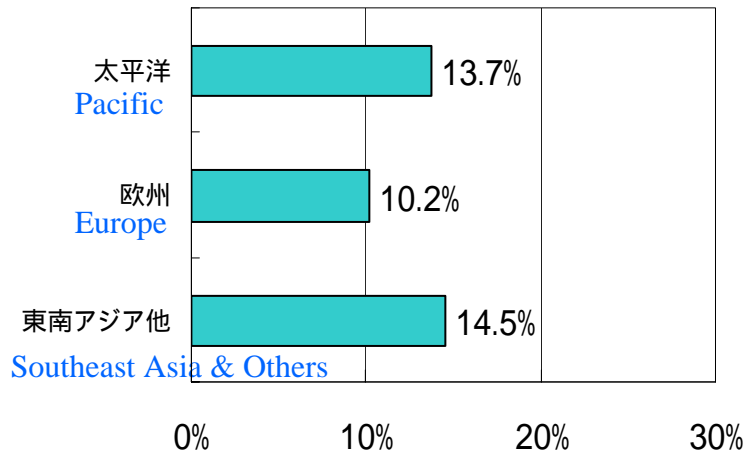
International Cargo Revenue
¥157.2 bln
Yr / yr difference
¥ +19.6 bln

(対前年比 yr/yr)



International Cargo Tonnage by route (yr / yr %)

(On a Tonnage basis)



* Based on RPK

	Revenue	RCTK	Yield	Excluding FOREX
JAL	16%	11%	5%	4%
JAS	19%	11%	9%	8%
JAA	9%	18%	8%	7%
TTL	14%	11%	3%	3%



Gist of the Breakdown of Operating Costs (Air Transportation Segment)

	(Unit:¥100mln)			
	FY01*1	FY02	Difference	yr / yr (%)
Fuel	2,507	2,462	45	2%
Airport Facilities	1,281	1,324	43	3%
Maintenance	976	1,027	51	5%
Passenger Services etc.	509	562	53	10%
Commissions	1,295	1,321	26	2%
Aircraft Depreciation	669	720	51	8%
Aircraft Leases	1,383	1,320	63	5%
Personnel	3,137	3,198	61	2%
Others & Consolidated Adjustments	4,399	4,542	143	3%
Total	16,156	16,476	320	2%

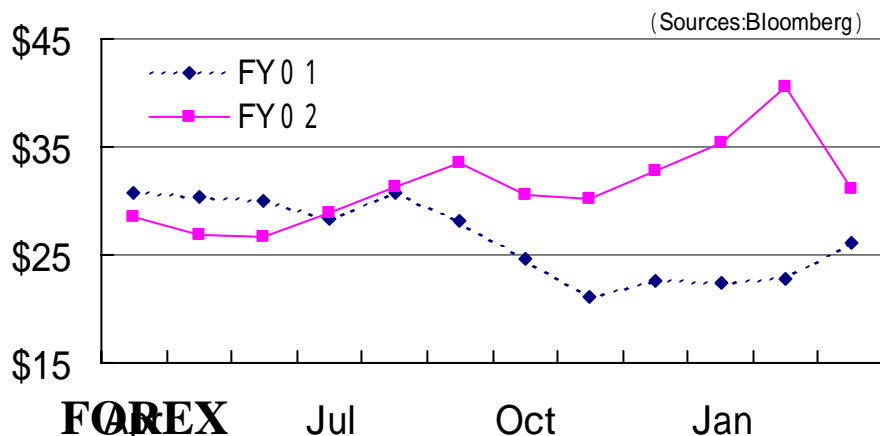
*1 Add-up of JAL / JAS without Adjustment

Fuel & FOREX

(Air Transportation Segment)

Fuel

Fuel Price (SIN kerosene US\$/bbl)



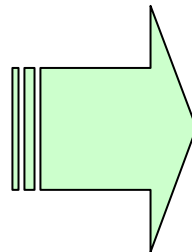
→ Averaged Fuel Price
FY02 \$30.5/bbl
(FY01 \$27.3/bbl)

→ Hedge Ratio for FY02
slightly over 50%

FOREX

Exchange Rate of main Foreign Currencies

	FY01	FY02
USD	124.6	122.9
EUR	110.4	120.0
HKD	16.0	15.8



Effects on Income

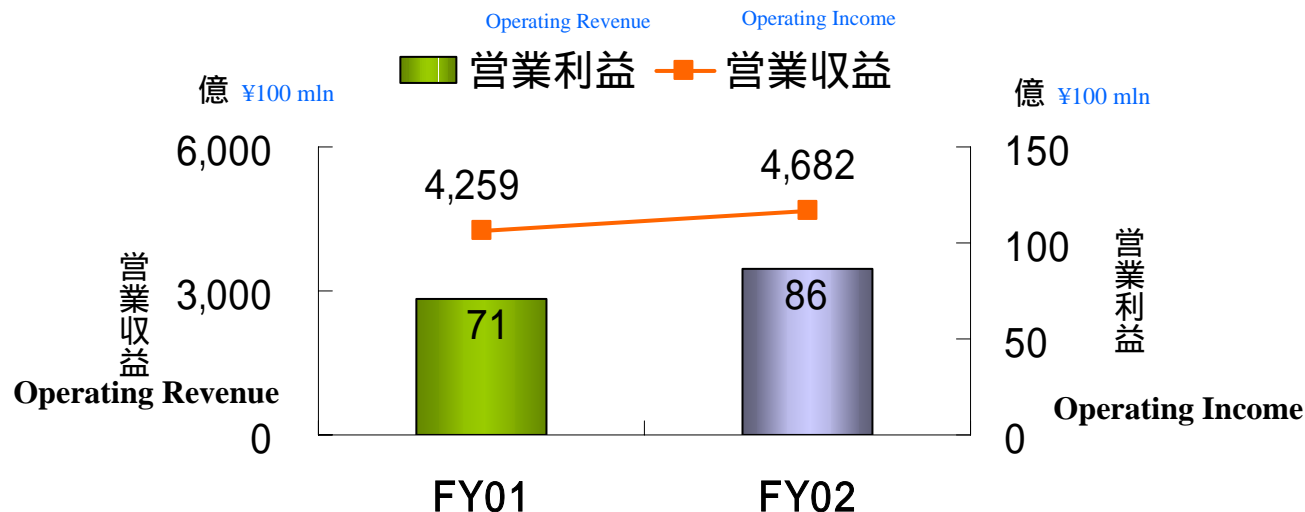
	(¥100 mln)
Operating Revenue	+9
Operating Costs	17
Operating Income	+26

N.B. Based on the averaged Company Exchange Rate for FY2002

Gist of the Results of Aviation-related Business* Segment



*Including Airline-related, Card & Leasing, Trading, Distribution businesses



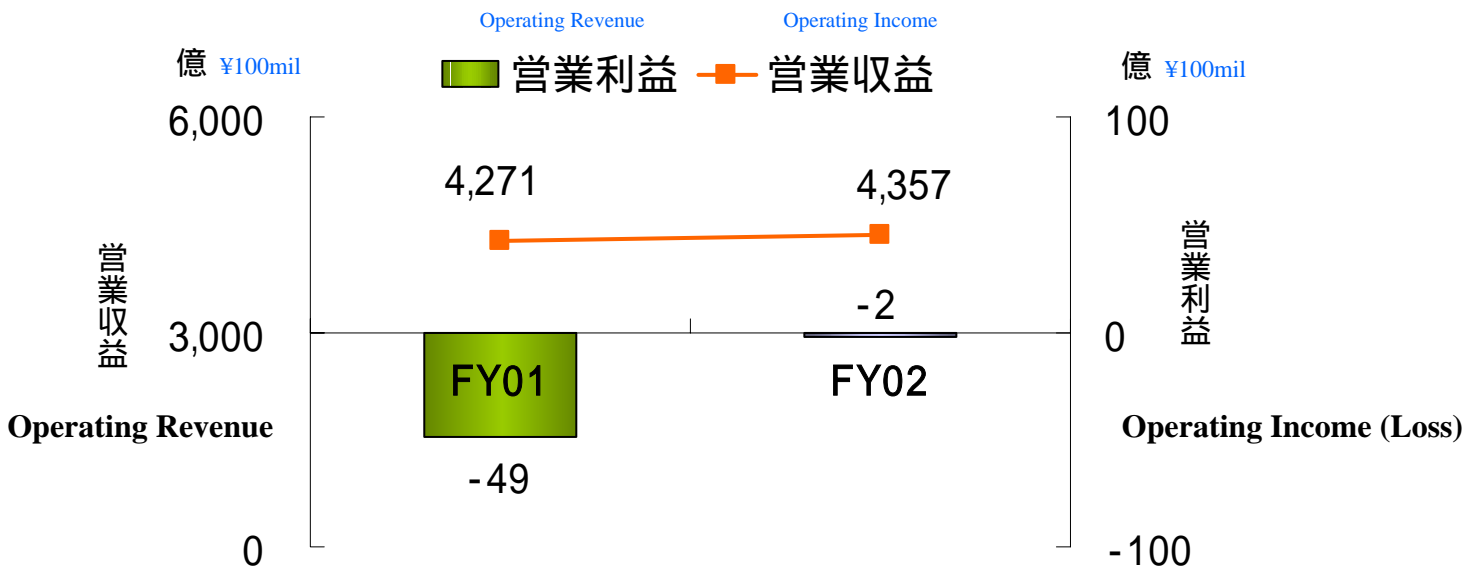
< Results of Main subsidiaries (before consolidation adjustments) > (Unit:¥100mil)

() yr / yr difference*1	Operating Revenue	Operating Income	Net Income
シャルックス JALUX	786 (54)	11 (3)	7 (2)
ティエフケー TFK	252 (19)	0 (3)	0 (1)
シャルカード JAL CARD	127 (15)	10 (0)	5 (0)
イージーピー AGP	93 (0)	5 (2)	1 (1)

*1 : Add-up of JAL / JAS for FY2001 figures



Gist of the Results of Travel Services Segment

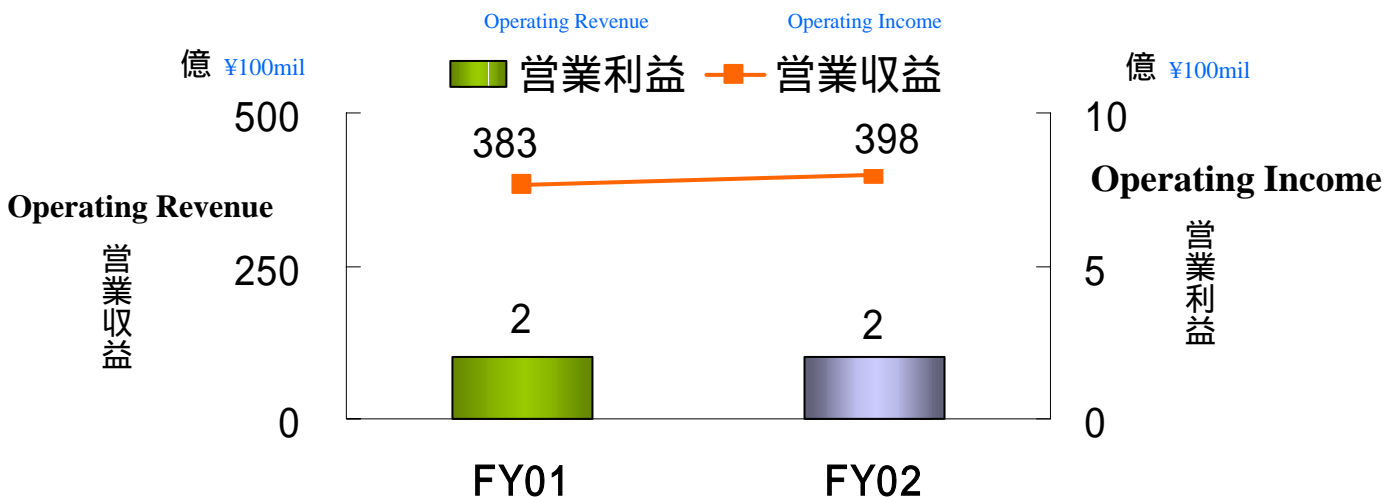


< Results of Main subsidiaries (before consolidation adjustments) > (Unit:¥100mln)

() yr / yr difference * 1	Operating Revenue	Operaing Income	Net Income
ジャルパック JLPK	2,143 (171)	15 (26)	12 (13)
ジャルストーリー JLS	575 (32)	1 (0)	1 (0)
ジャルセールス JSA	448 (69)	9 (13)	28 (25)
ジャルツアーズ JALT	431 (10)	1 (1)	0 (0)

*1: Add-up of JAL / JAS without adjustment for FY2001 figures

Gist of the Results of Hotel & Resort Operations Segment



< Results of main subsidiary (before consolidation adjustments) > (Unit:¥100mln)

() yr / yr difference * 1	Operating Revenue	Operating Income	Net Income
ジャルホテルズ JHC	244 (32)	7 (3)	8 (4)

*1 : Add-up of JAL / JAS without Adjustment

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(N.B.)

Please refer to the Financial Information (“Kessan Tanshin”, “Yukashoken Hokokusyo” etc.) for the precise figures on the account settlement. Any statements in this document, other than those of historical facts, are forward-looking statements about future performance, which are based on management’s assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts. This document is published as supplemental materials for the Briefing on JAL Group’s Financial Statements for FY2002. The copyright of this document belongs Japan Airlines System Corporation.

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