

***JAL Group's Q1 Account Settlement
for FY2004
- Analyst Briefing -***

August 2, 2004

Japan Airlines Corporation

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Part I

Q1 Account Settlement for FY2004

Outline of the Consolidated Financial Statements

(Billions of yen)

	FY 03 / 1Q	FY 04 / 1Q	Difference
Operating Revenue	398.8	479.3	+80.4
Operating Income	(76.9)	(30.2)	+46.7
Ordinary Income	(76.7)	(35.7)	+40.9
Net Income	(77.2)	(40.7)	+36.5



Operating Revenue & Income by Segment

	(Billions of yen)			
	Operating Revenue	Difference	Operating Income	Difference
Air Transportation	383.3	+69.3	(32.0)	+40.8
Aviation - related	69.1	+10.0	1.3	+3.2
Travel Services	98.3	+21.1	(0.5)	+1.4
Others	57.1	(12.0)	1.1	+1.1

* All figures are before consolidation adjustments

Outline of the Results of Air Transportation Segment

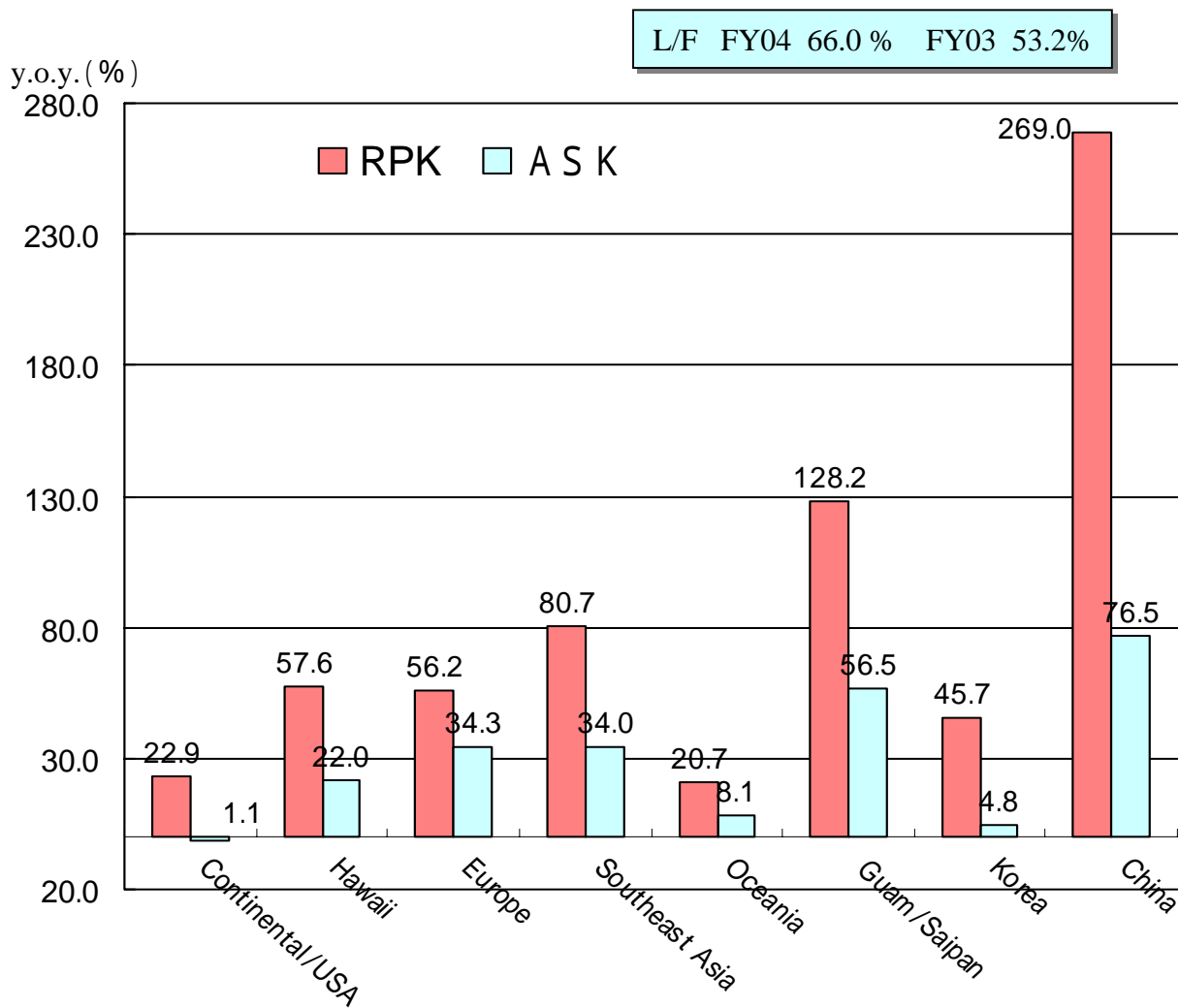


(Billions of yen)

	FY03/1Q	FY04/1Q	Difference	y.o.y (%)
Operating Revenue	313.9	383.3	+69.3	122.1%
International Passenger	93.8	150.0	+56.2	159.9%
Domestic Passenger	145.7	150.0	+4.2	102.9%
International Cargo	35.6	40.4	+4.7	113.4%
Domestic Cargo	7.1	7.4	+0.3	104.6%
Others	31.4	35.2	+3.8	112.1%
Operating Expenses	386.8	415.3	+28.5	107.4%
Operating Income	(728.0)	(320.0)	+40.8	-

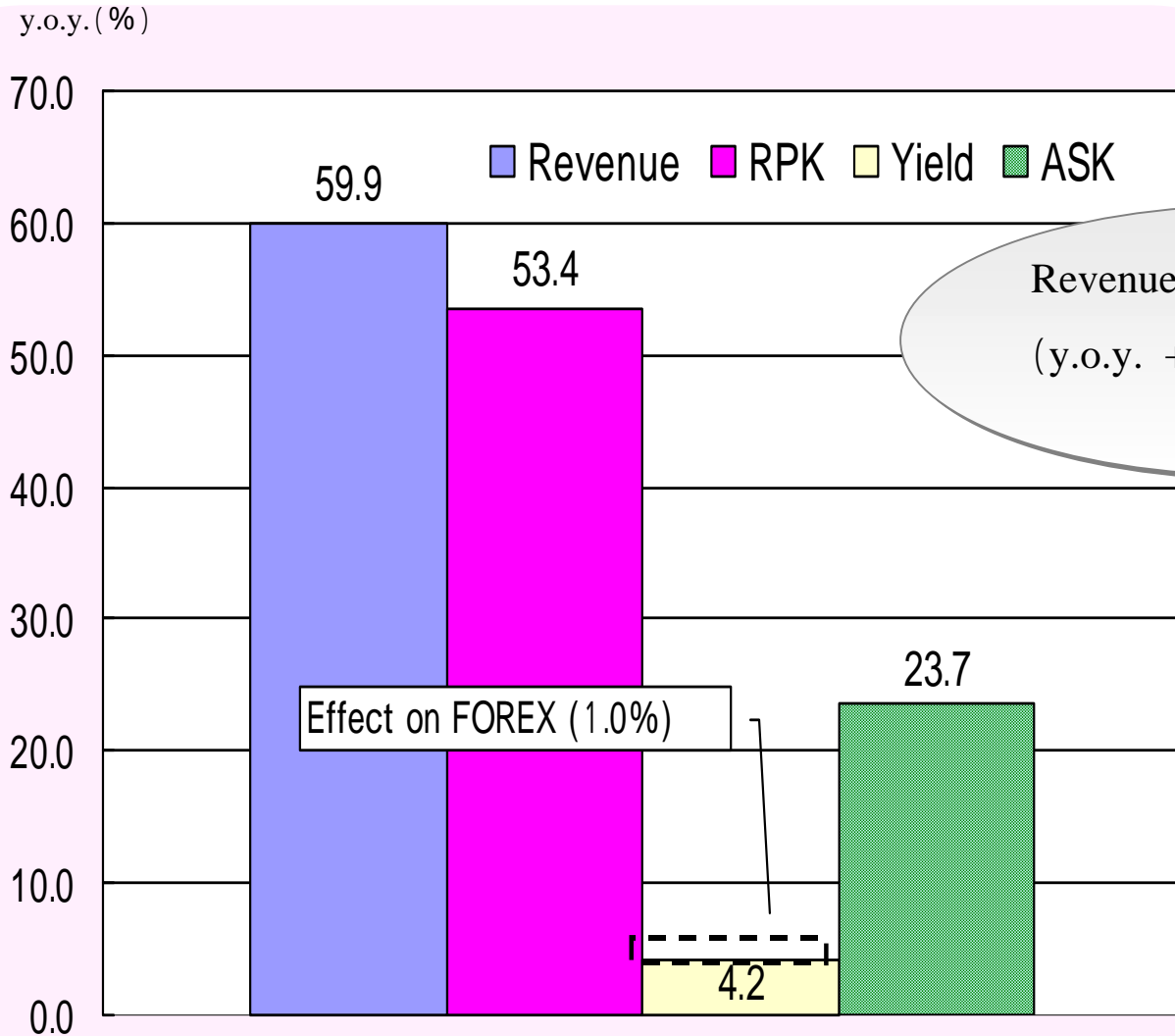


Demand & Supply of International Passengers by Route (vs.FY03)





Results of International Passenger

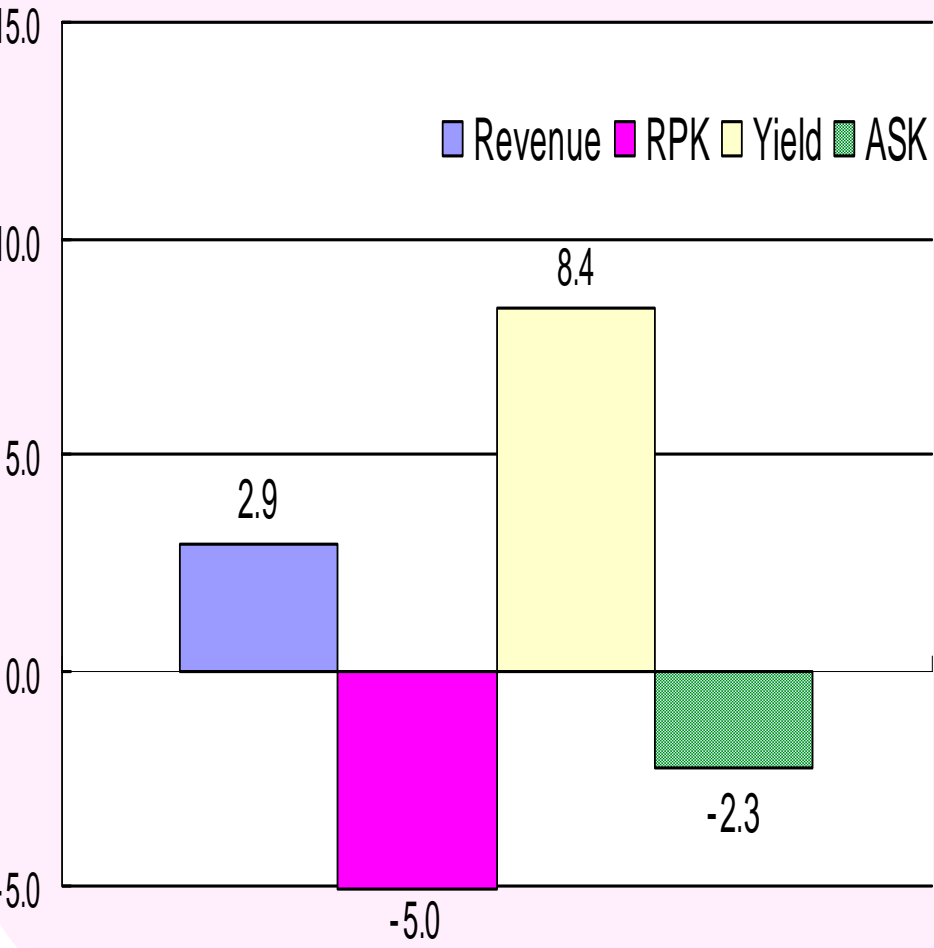




Result of Domestic Passenger

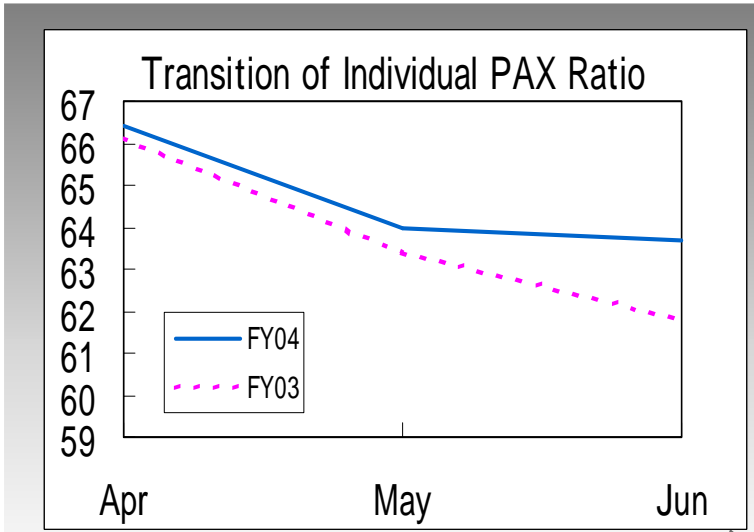
L/F FY04 59.7% FY03 61.4%

y.o.y. (%)



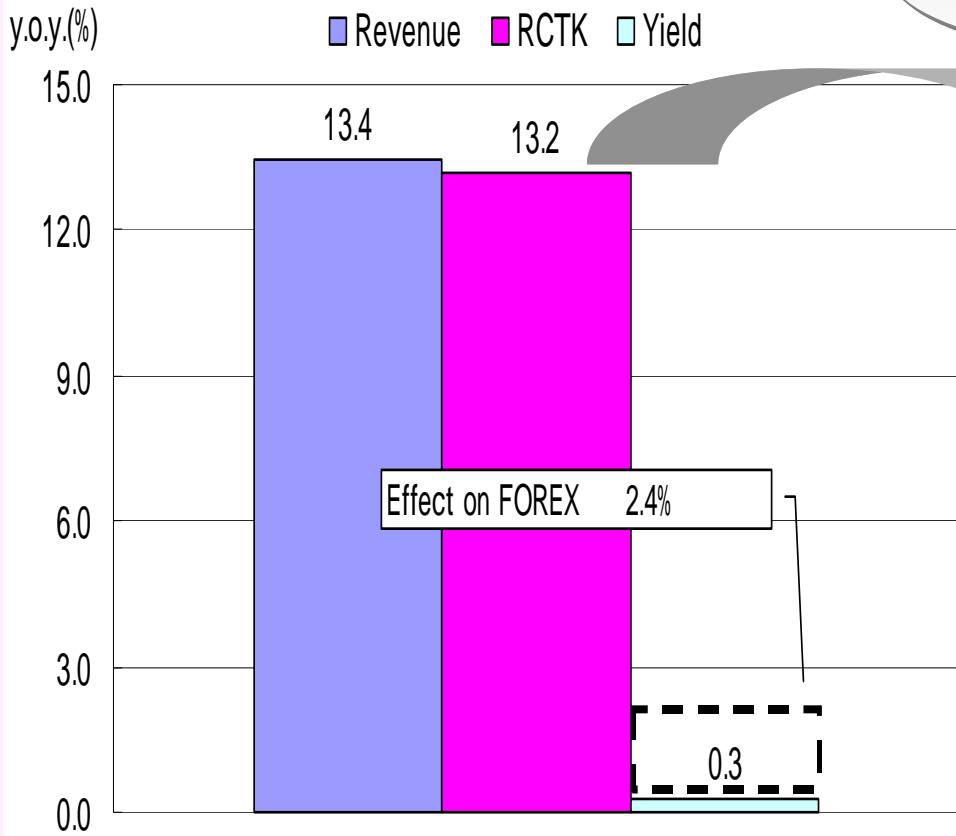
Revenue 150.0 billion yen
(y.o.y.+4.2billion yen)

Individual PAX Ratio (Apr-Jun)
64.7% y.o.y +1.0



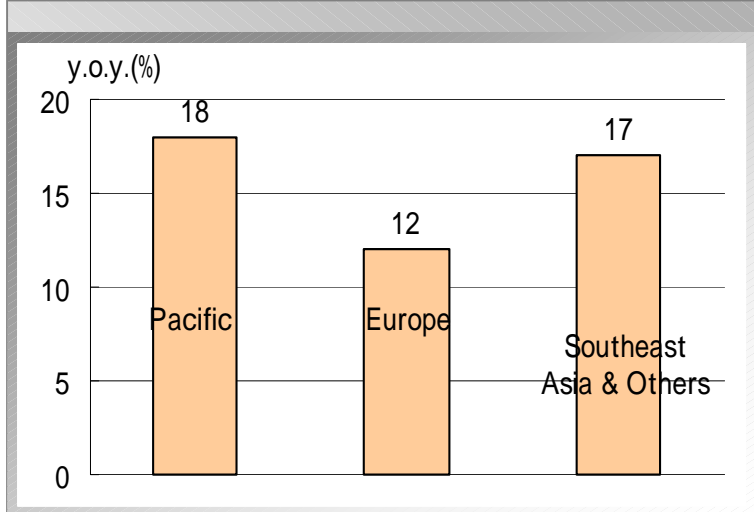


Results of International Cargo



Revenue 40.4 billion yen
(y.o.y. +4.7 billion yen)

International Cargo Tonnage by Route
to and from Japan (y.o.y. %)



Outline of the Breakdown of Operating Costs

(Air Transportation Segment)

	FY03 *1	FY04	Difference	Billions yen y.o.y (%)
Fuel	59.3	65.4	+6.1	110%
Airport Facilities	31.3	33.4	+2.1	107%
Maintenance	29.6	29.1	0.6	98%
Passenger Services etc	9.7	12.3	+2.6	127%
Commissions	23.6	31.6	+8.0	134%
Aircraft Depreciation	19.0	19.6	+0.7	104%
Aircraft Leases	23.1	24.7	+1.6	107%
Personnel	83.4	83.6	+0.2	100%
Others & Consolidated Adjustments	107.8	115.7	+7.8	107%
Total	386.8	415.3	+28.5	107%

*1 Partially changed the material's data of Account Settlement for FY2003/Q1 on Aug/04/2003.

Fuel & FOREX (Air Transportation Segment)

Fuel (Average of Apr-Jun)

**Averaged Fuel Price
(Singapore Kerosene)**

FY04 \$41/bbl
(FY03 \$30.5/bbl)

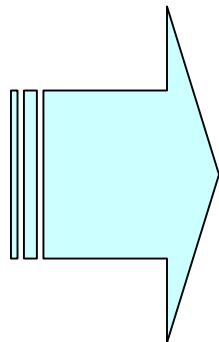
Hedge Ratio of FY04

About 40%

(Budget of FY04 \$34/bbl)

FOREX

	<u>FY03/1Q</u>	<u>FY04/1Q</u>
USD	¥119.0	¥110.0
EUR	¥131.3	¥132.6



Operating Revenue	2.8	billions yen
Operating Costs	7.6	
Operating Income	+4.8	

Part II

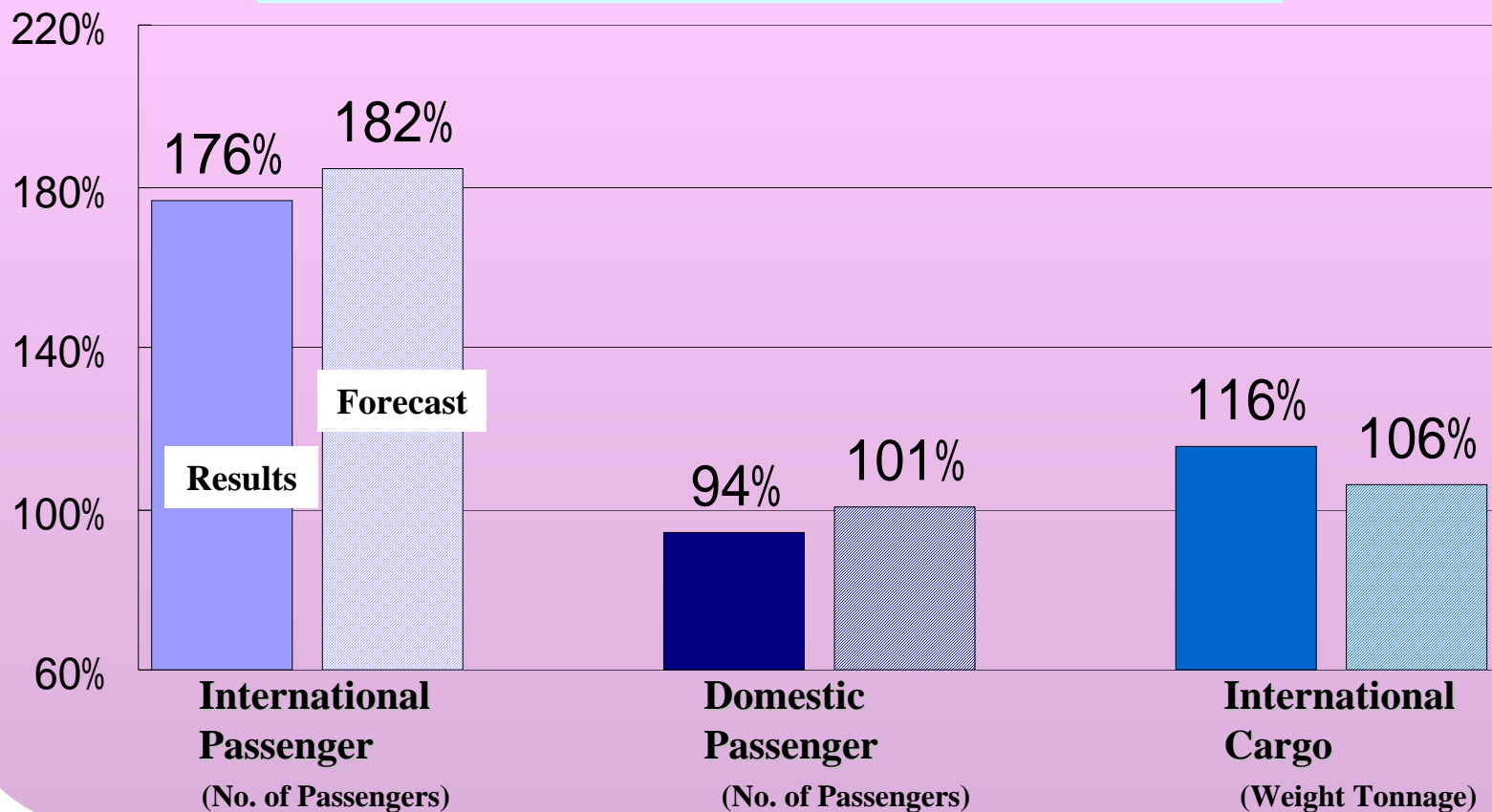
Measures for the Rest of the Term

Demand Trend for Q1

➤ Passenger Segment : Slightly less than forecast

➤ Cargo Segment : better than forecast

Results vs. Forecast for Q1 by business segment



Revenue Increase Measures (Domestic Passenger)

Sales for Individual Passenger

1. Special campaign to promote FFP (8/30-10/31)
2. Airfare for the LH
 - “Bargain Fair”
 - “Birthday Discount”
 - “e-ticketless Discount” (from Dec)
3. Careful matching of Airfares in response to Demand Fluctuation

Sales for Group Passenger

1. Campaign targeting by destination
2. Beef-up of sales of Group Tour Products

Sales Promotion

1. Promotion of “class-J”
2. Summer vacation campaign to spur demand targeting families

Others

Promotion of Revenue Management

Revenue Increase Measures (International Passenger)



Demand Boosting in Japanese Business Market

1. Power China · Bonus Mileage Campaign
2. Introduction of B777-300ER, Start of CBB* (from December)

Demand Boosting in Japanese Market

1. Expansion of lineup of Tour Products
2. Focusing on Asia routes
3. New Airfare for students (Youth “GOKU” 28)

Sales Promotion in Foreign Market

1. On China routes (contract with companies, sales through Web)
2. “Visit Japan” -related Products

Others

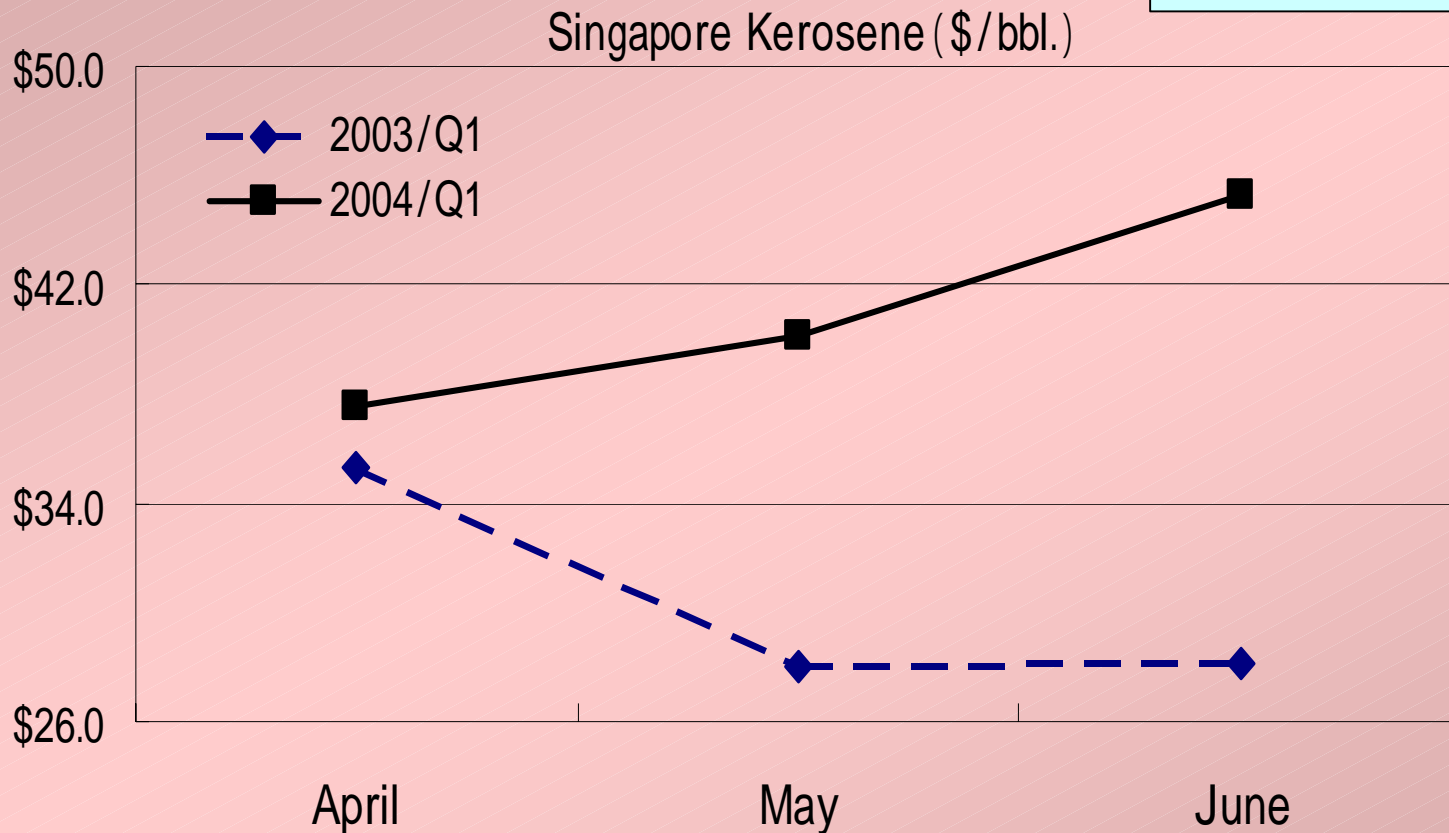
1. Enhancement of Reservation Management
2. Increase of Charter Flights on high-demand routes

*Connexion by Boeing = inflight internet services

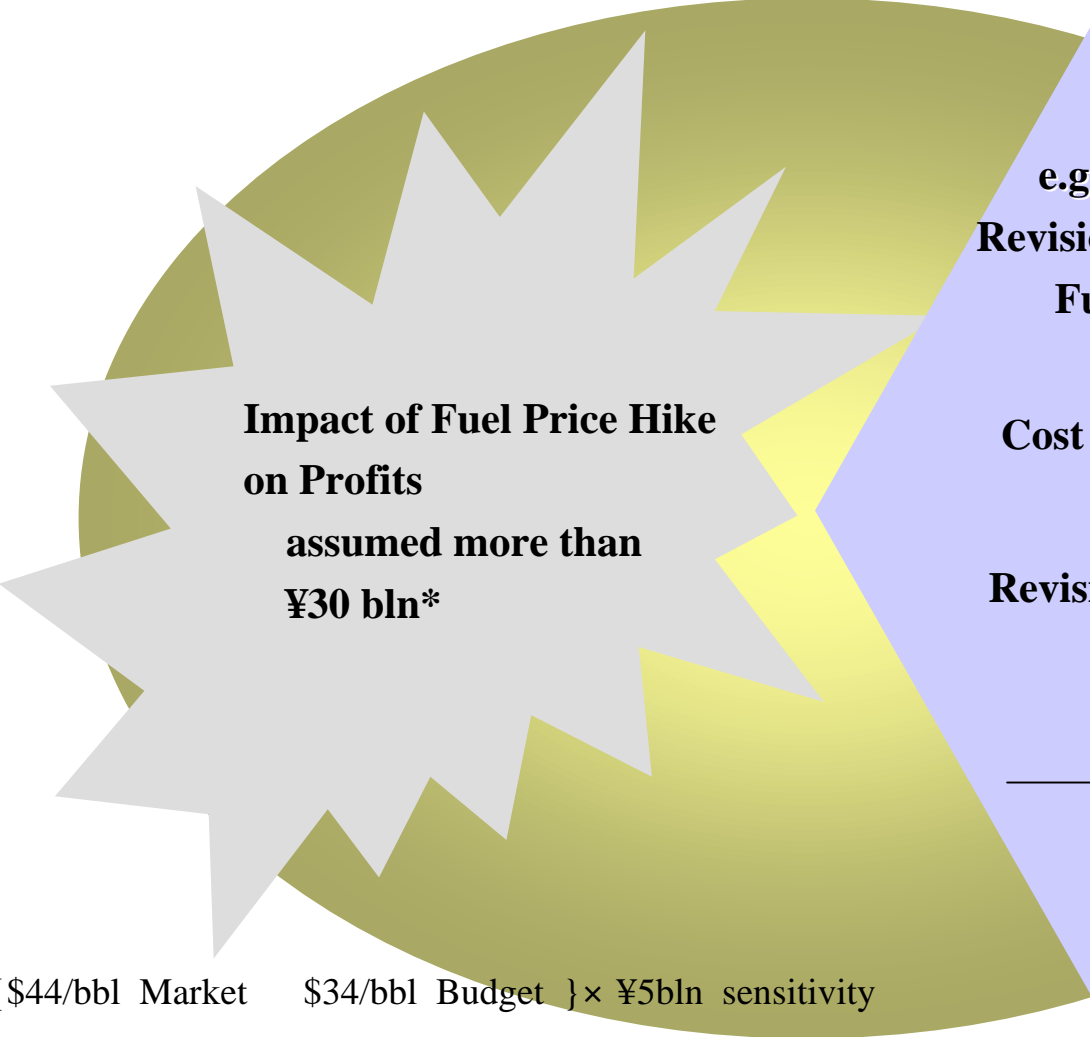
Rising Fuel Price

➤ Fuel Price remains high.

Assumptions for FY2004
\$34/bbl



Measures to cope with soaring Fuel Price



**Impact of Fuel Price Hike
on Profits
assumed more than
¥30 bln***

- < Additional remedial Measures >**
e.g.
- **Revision of Airfare in IP & Raise of Fuel Surcharge in IC**
¥9bln
 - **Cost Reduction Measures**
¥17bln
 - **Revision of Flight & Route Plan in LH for FY2004**
¥4bln
-
- Total ¥30 bln**

*{ \$44/bbl (Market) - \$34/bbl (Budget) } × ¥5bln (sensitivity)
× 60% (non-hedged ratio)

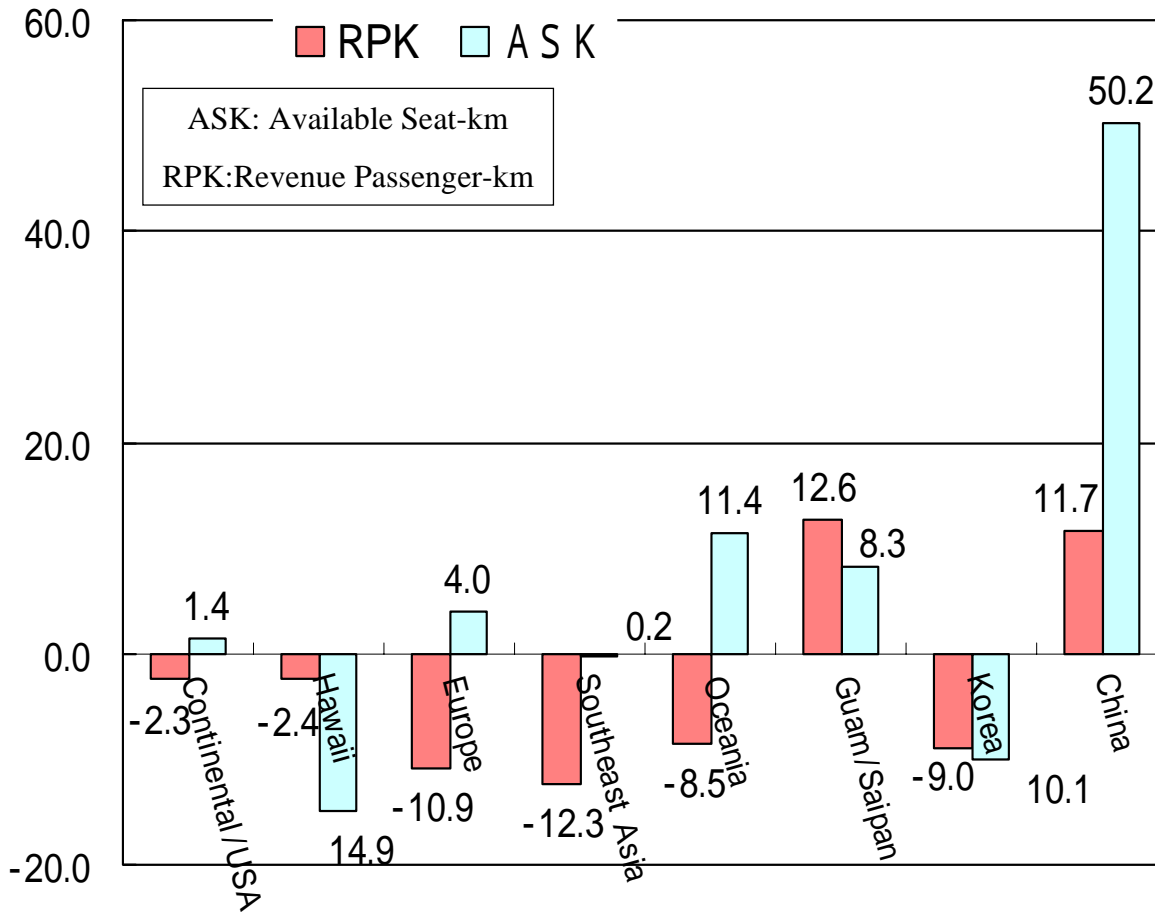
APPENDIX

Demand & Supply of International Passengers by Route (vs.FY02)

FY04/FY02

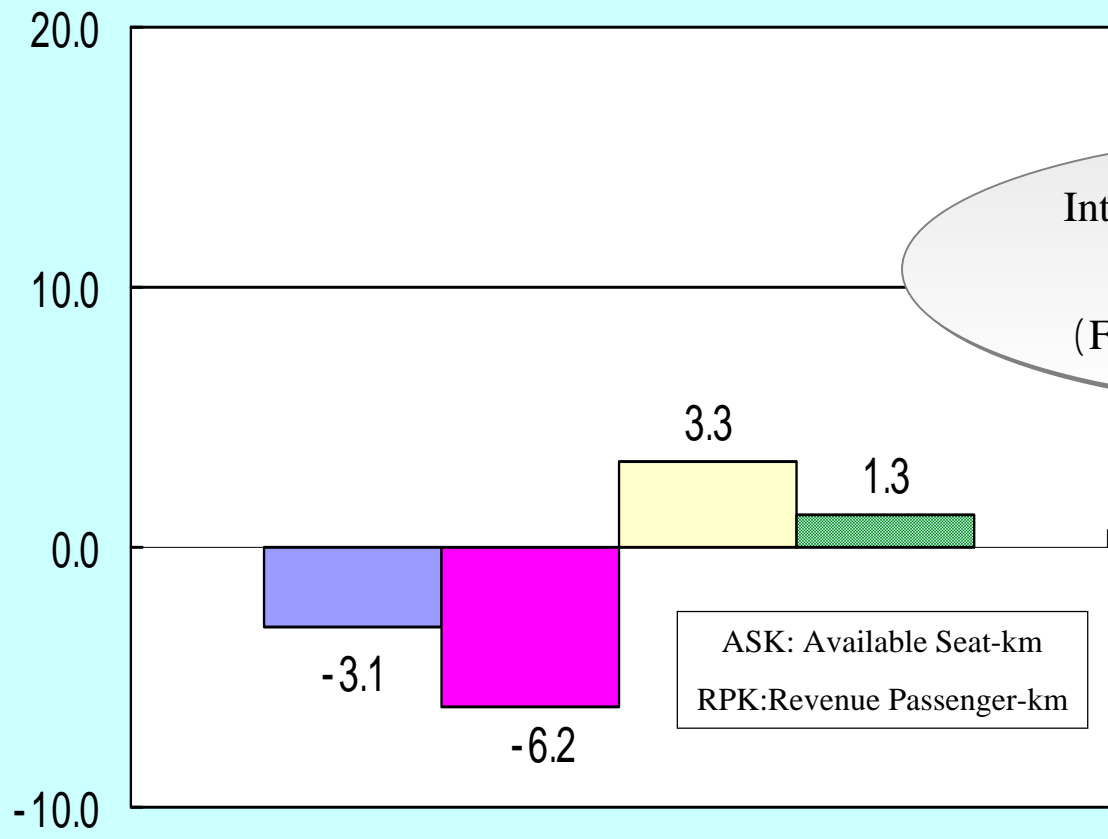
FY04/FY02 Difference (%)

L/F FY04 66.0 % FY02 71.2%



Results of International Passenger

FY04/FY02 Difference (%) Revenue RPK Yield ASK



FY04/FY02

International Passenger Revenue
 150 Billion yen
 (FY04/FY02 4.8 Billion yen)

ASK: Available Seat-km
 RPK: Revenue Passenger-km

Consolidated Traffic Statistics (FY04/FY03)

		FY04(4-6)	FY03(4-6)	YR/YR
IP	Revenue Passengers(persons)	3,337,752	1,901,799	175.5%
	RPK (thousands)	16,024,965	10,443,939	153.4%
	ASK (thousands)	24,290,190	19,636,290	123.7%
	Passenger-load factor(%)	66.0%	53.2%	12.8
	RCTK (thousands)	1,146,051	1,012,830	113.2%
	Mail ton-kilometers (thousands)	34,015	37,996	89.5%
	Revenue ton-kilometers (thousand)	2,671,699	2,023,709	132.0%
	Available ton-kilometers (thousand)	4,050,834	3,448,758	117.5%
Revenue weight-load factor(%)	66.0%	58.7%	7.3	
DP	Revenue Passengers(persons)	10,530,669	11,184,355	94.2%
	RPK (thousands)	7,797,341	8,210,956	95.0%
	ASK (thousands)	13,058,600	13,362,458	97.7%
	Passenger-load factor(%)	59.7%	61.4%	1.7
	RCTK (thousands)	94,889	84,842	111.8%
	Mail ton-kilometers (thousands)	16,566	15,872	104.4%
	Revenue ton-kilometers (thousand)	695,901	716,281	97.2%
	Available ton-kilometers (thousand)	1,543,124	1,567,034	98.5%
Revenue weight-load factor(%)	45.1%	45.7%	0.6	
TTL	Revenue Passengers(persons)	13,868,421	13,086,154	106.0%
	RPK (thousands)	23,822,306	18,654,896	127.7%
	ASK (thousands)	37,348,790	32,998,748	113.2%
	Passenger-load factor(%)	63.8%	56.5%	7.3
	RCTK (thousands)	1,240,940	1,097,672	113.1%
	Mail ton-kilometers (thousands)	50,581	53,868	93.9%
	Revenue ton-kilometers (thousand)	3,367,600	2,739,991	122.9%
	Available ton-kilometers (thousand)	5,593,958	5,015,792	111.5%
Revenue weight-load factor(%)	60.2%	54.6%	5.6	

(Note)

IP: JALI+JAA+JAZ

DP: JALI+JALJ+JTA +
JEX+JAC + HAC + J-AINumbers: cut off
decimals%: Rounded up to the
first decimals

<Notice>



<Contact Address>

Japan Airlines Corporation, IR Desk TEL: (03)5769-6097 FAX: (03)5769-6492

Office Hour: Weekday: 9:30-12:00 , 13:00-17:00

Address: JAL Bldg. 2-4-11, Higashi-Shinagawa Shinagawa-ku, Tokyo 140-8605

(N.B.)

Please refer to the Financial Information (“Gyoseki no Gaikyo”) 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 Q1 in FY2004. The copyright of this document belongs Japan Airlines System Corporation.

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