



***JAL Group's Semiannual Settlement
for FY2004***

November 8, 2004

Japan Airlines Corporation



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Part 1

Semiannual Settlement for FY2004

Part 2

**Forecast of Business Performance
for FY2004 and Future Measures**

Part 1

Semiannual Settlement for

FY2004



Outline of the Consolidated Financial Statements

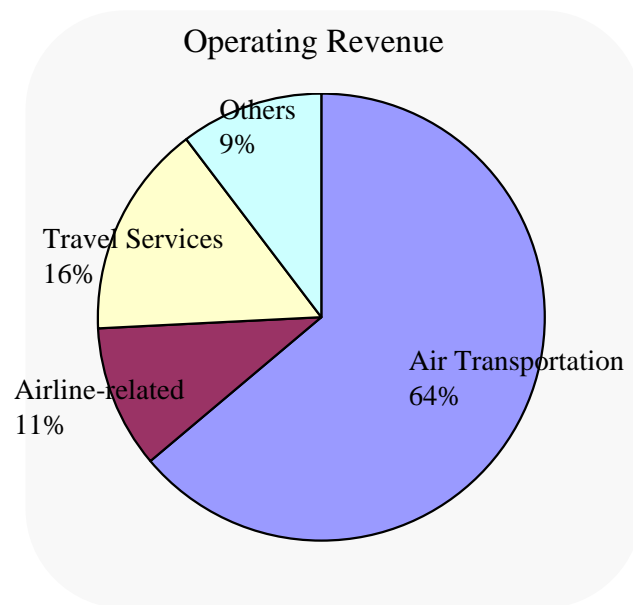
	Billions of Yen		
	FH03	FH04	Difference
	(A)	(B)	(B) - (A)
Operating Revenue	944.4	1,075.7	(+131.2)
Operating Income	48.4	86.8	(+135.3)
Ordinary Income	49.8	107.8	(+157.7)
Net Income	57.5	82.9	(+140.5)



Revenue & Operating Income by Segment

	Billions of Yen			
	Operating Revenue		Operating Income	
Transportaion	864.1	(+112.6)	77.1	(+125.4)
Airline-related	142.8	(+23.2)	3.5	(+4.1)
Travel Services	221.7	(+38.3)	1.0	(+3.0)
Others	127.4	(+6.5)	5.6	(+3.7)

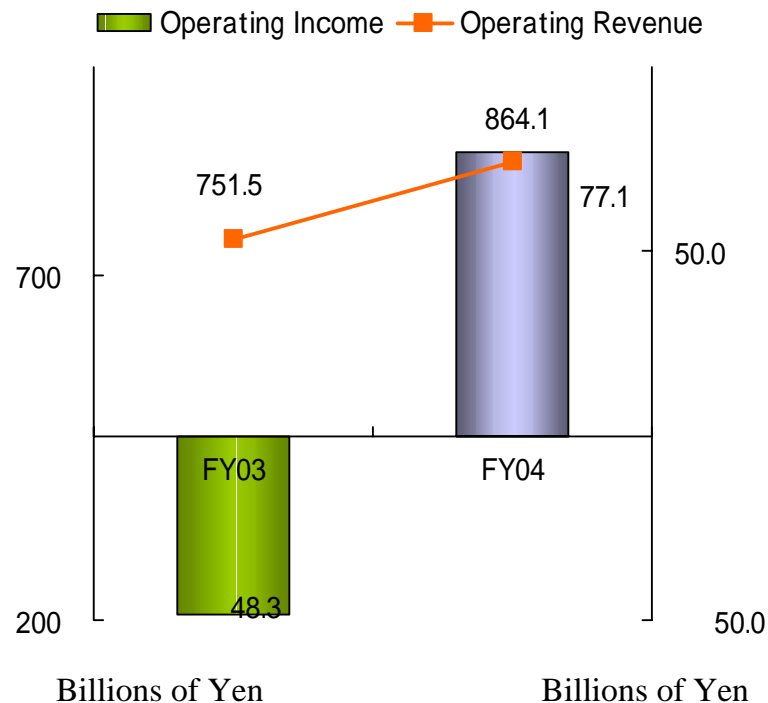
() difference from FH03





Outline of the Results of Air Transportation Segment

		Operating Revenue	
International Passenger	346.0	(+95.2)	
Cargo	83.5	(+12.1)	
Domestic Passenger	344.9	(+1.0)	
Cargo	15.3	(+0.2)	
Others	32.0	(+0.3)	
Associated Business	42.3	(+3.6)	



() Yr/Yr Difference



Results of International Passenger

International Passenger

Revenue

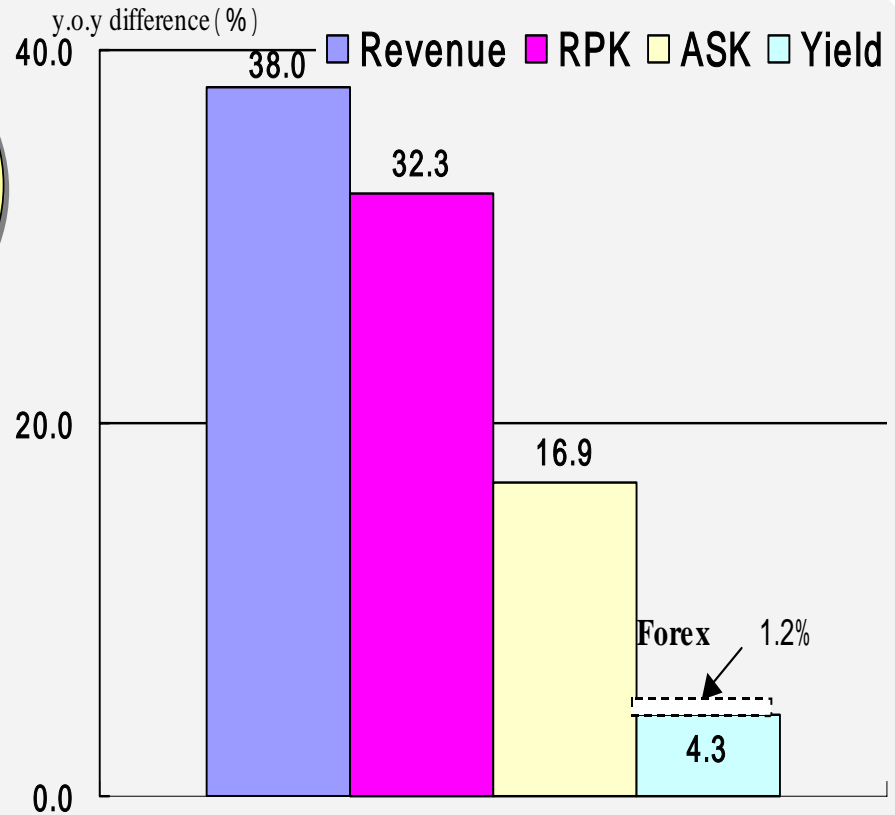
¥346.0bln

(Yr/Yr difference +¥95.2bln)

L/F

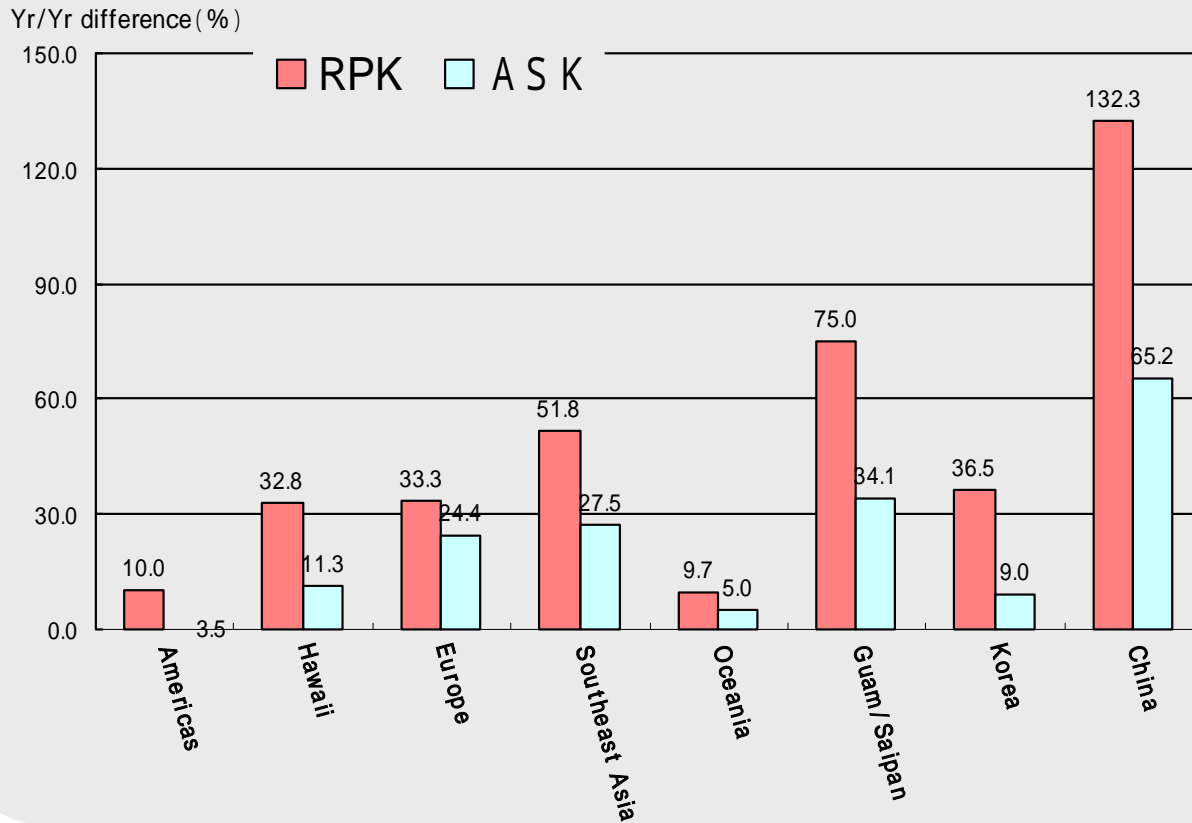
FH04 69.0%

FH03 61.0%





Demand & Supply of International Passengers by Route



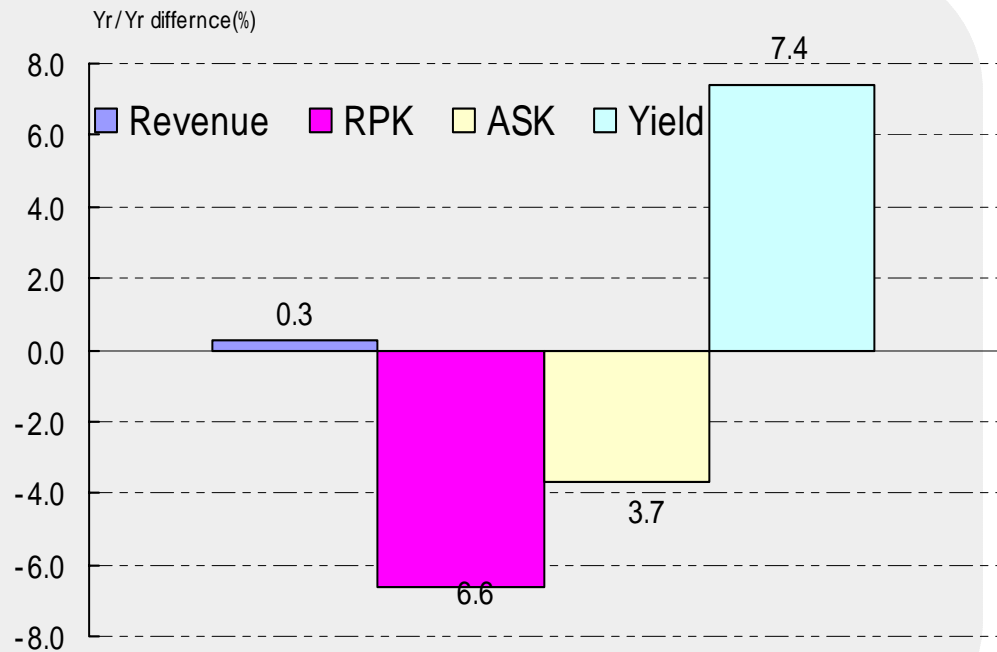


Results of Domestic Passenger



Domestic Passenger Revenue
¥344.9bln
(Yr/Yr difference+1.0bln)

L/F
FH04 63.7%
FH03 65.8%



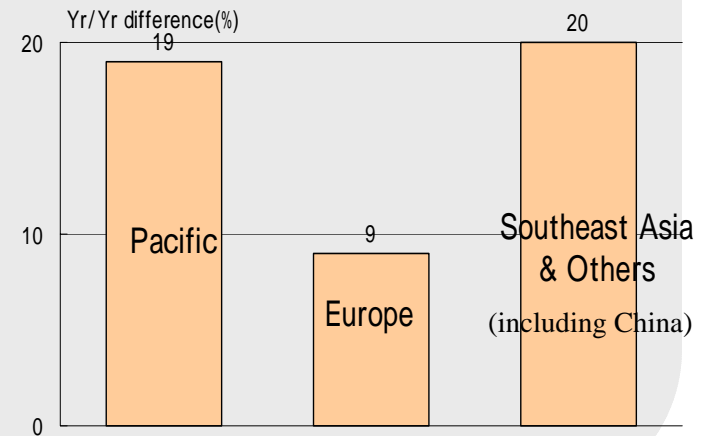
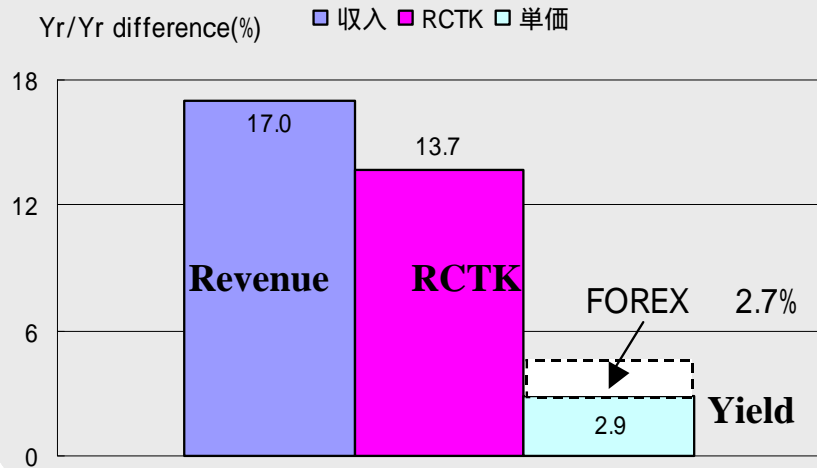


Results of International Cargo

International Cargo Revenue
¥83.5bln
 (Yr/Yr difference+12.1bln)



* International Cargo Tonnage by Route (y.o.y %)





Outline of the Breakdown of Operating Cost (Air Transportation Segment)

	Billions of Yen			
	FH03*	FH04	Difference	Yr/Yr (%)
Fuel	121.5	137.0	15.5	(13%)
Airport Facilities	65.2	67.6	2.4	(4%)
Maintenance	56.2	53.3	2.9	(5%)
Passenger Services etc.	22.8	26.4	3.6	(16%)
Commissions	57.5	70.0	12.5	(22%)
Aircraft Depreciation	37.8	37.4	0.4	(1%)
Aircraft Leases	48.3	52.5	4.2	(9%)
Personnel	167.2	105.3	61.8	(37%)
Others & Consolidated Adjustments	223.0	237.1	14.0	(6%)
Total	799.8	787.0	12.7	(2%)

* Data announced on November 17, 2003 were partially revised. (Total amount remains same)



Fuel & FOREX (Air Transportation Segment)

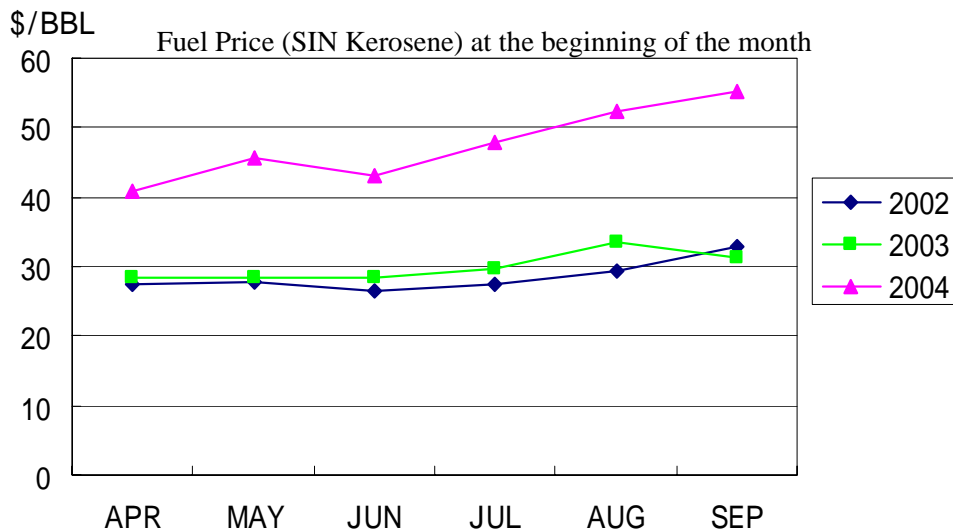
Fuel

→ Averaged Fuel Price
(SIN Kerosene)

FH04 \$44.4/bbl

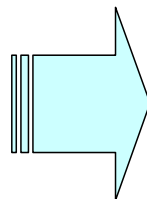
(FH03 \$30.6/bbl)

(FH02 \$27.5/bbl)



FOREX

	FH03	FH04
USD	¥118.7	¥109.7



	Billions of Yen
Operating Revenue	6.8
Operating Costs	16.1
Operating Income	+9.3

*Based on the averaged Company Exchange Rate for Apr-Sep of FY2004



Interest-bearing Debt

Billions of Yen

		FY03	FH04
		Balance	
On Balance	Long-term loans	1,054.9	1,004.8
	Bonds	248.7	326.7
	Short-term loans	10.8	10.5
	Installment	11.2	9.9
Total		1,325.6	1,352.0

		FY03		FH04	
		Balance	Decrease	Increase	Balance
Off Balance	Lease Obligation	355.0	27.1	90.7	418.6
	Unrecognized Net Loss & Pension Liabilities	377.4	15.7	12.1	373.8

		FY03	FH04
		Balance	
Total of Interest-bearing Debt		2,058.0	2,144.6



Results of Main Subsidiaries

< before consolidation adjustments >		Operating Revenue	Operating Income	Billions of Yen Net Income
Airline-related Business Segment	AGP	4.4 (0.0)	0.0 (0.0)	0.0 (0.0)
	TFK	13.1 (+2.3)	0.2 (+0.9)	0.2 (+0.8)
Travel Services Segment	JAL Tours	55.7 (0.3)	0.6 (0.7)	0.6 (0.5)
	JALPAK	101.7 (+25.5)	0.4 (+2.8)	0.0 (+2.7)
	JAL Sales	20.7 (2.3)	0.7 (+1.0)	0.4 (+2.2)
Other Segment	JAL Card	8.6 (+1.3)	1.5 (+0.4)	0.9 (+0.2)
	JAL Hotels	12.5 (+1.3)	1.1 (+1.2)	1.0 (+1.0)
	JALUX	41.1 (+6.5)	0.8 (+0.5)	0.6 (+0.3)

() yr/yr difference.

Part 2 Forecast of Business Performance for 2004 & Future Measures

I. Forecast of Business Performance for 2004

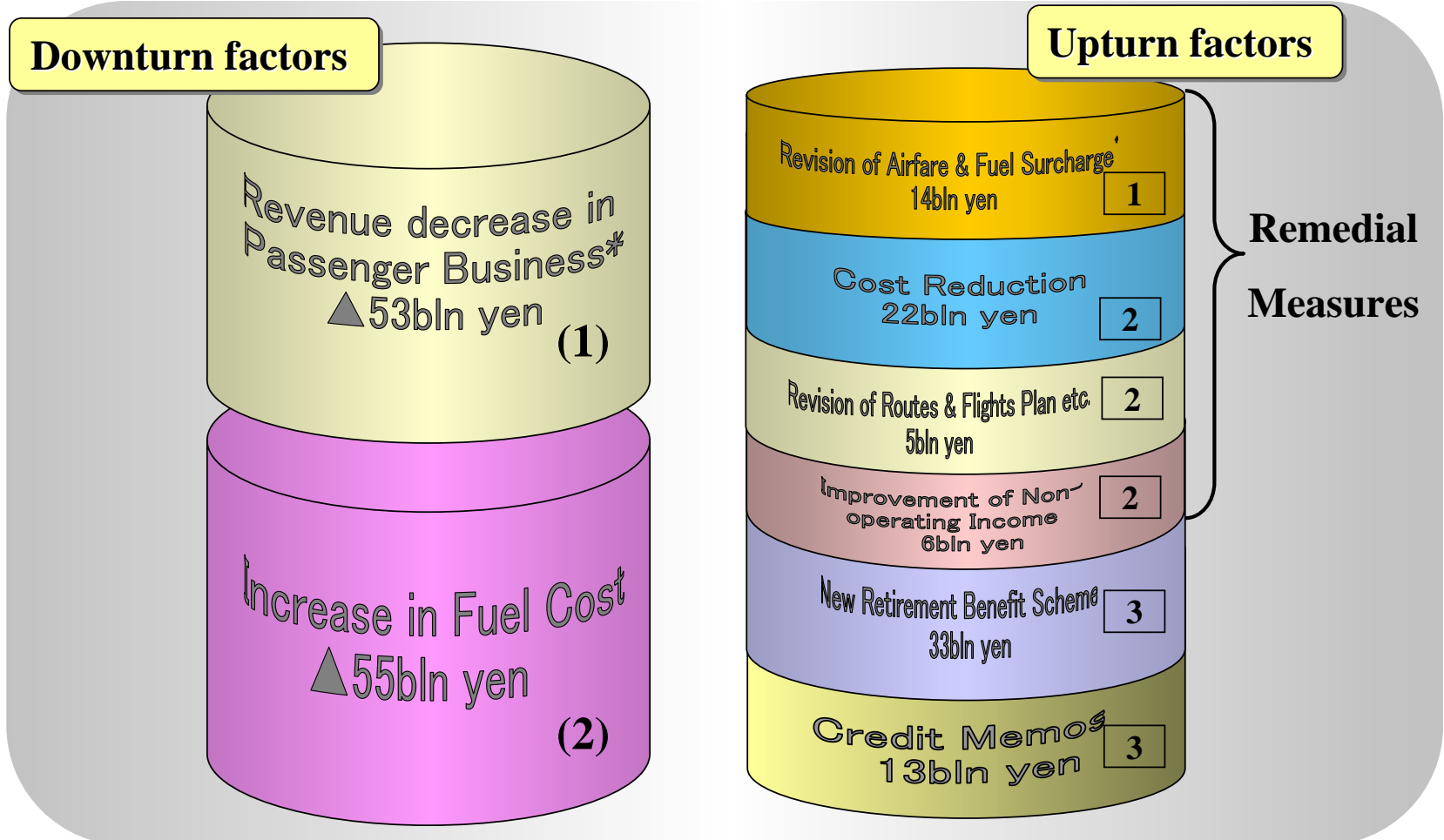


Forecast of Business Performance for FY2004

Billions of Yen

	Forecast on May 7, 2004 (a)	Corrected Forecast on Nov 5, 2004 (b)	Difference (b)-(a)
Operating Revenue	2,190	2,128	62
IP (International Passenger)	695	676	19
DP (Domestic Passenger)	690	672	18
IC (International Cargo)	162	171	9
Others	643	609	34
Operating Income	81	53	28
Ordinary Income	69	66	3
Net Income	36	23	13

Factors of Adjustment to the Forecast



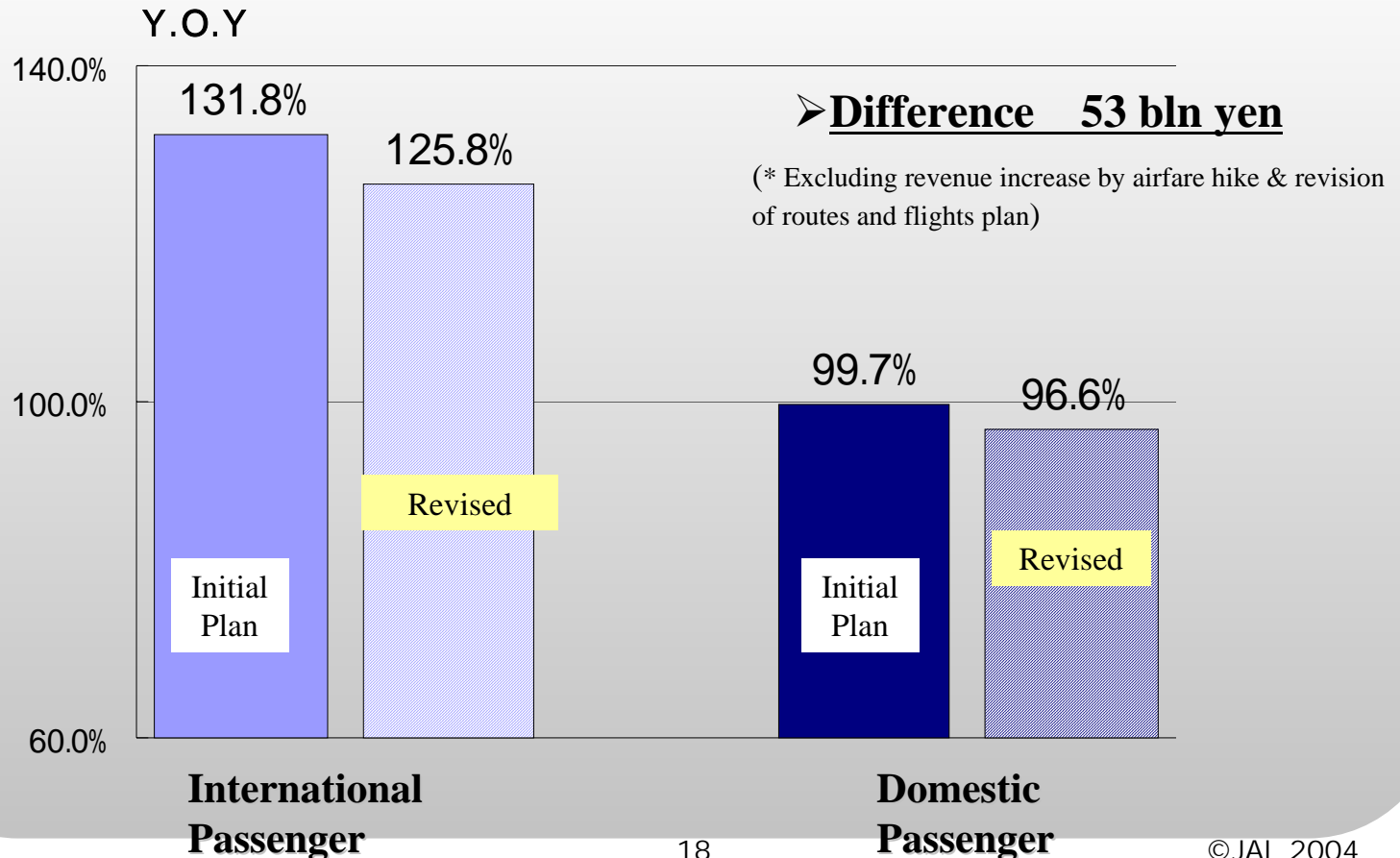
* Excluding revenue increase by airfare hike & revision of routes and flights plan



Downturn Factors (1)

(Revenue decrease in Passenger Businesses)

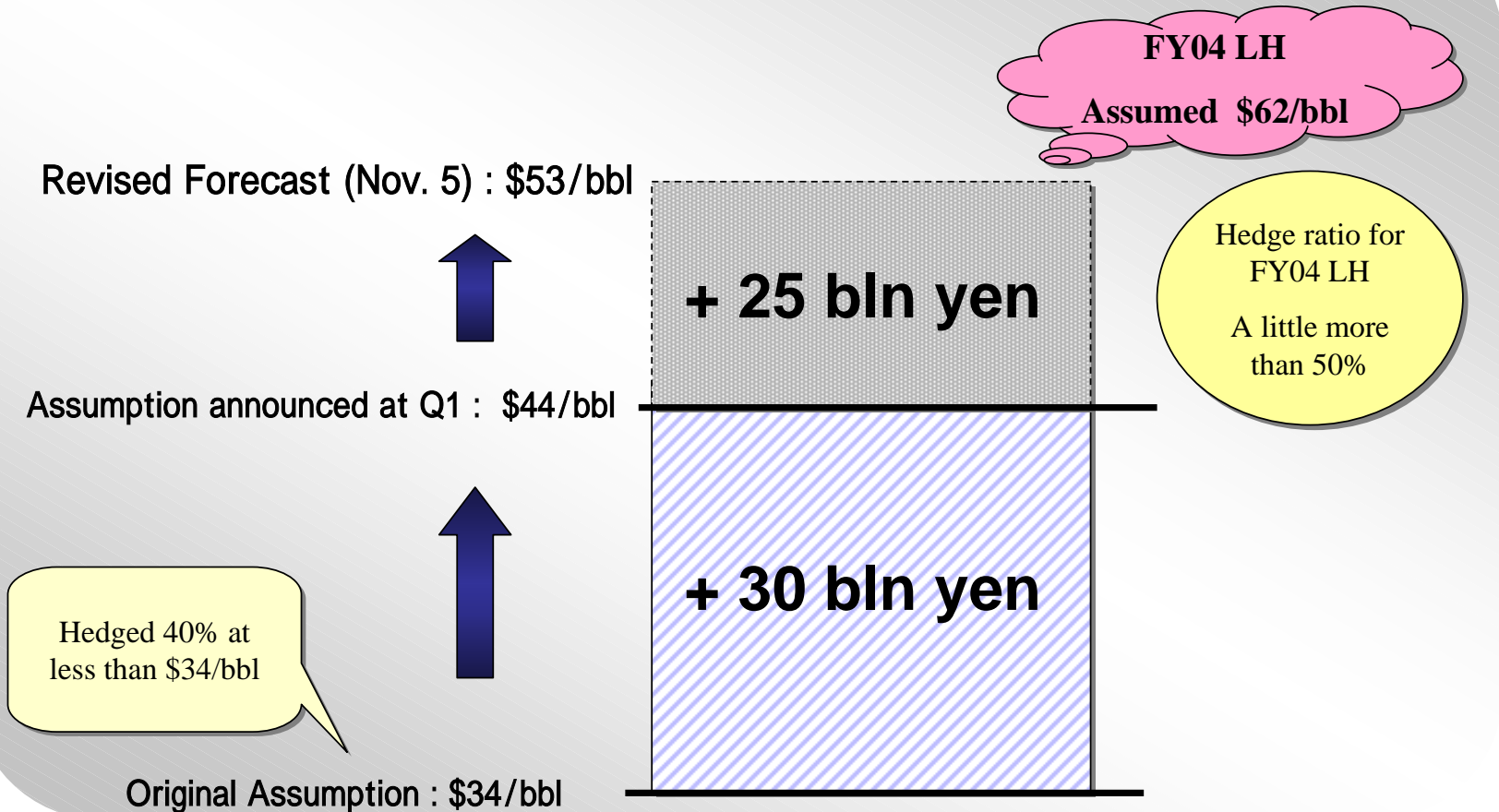
Comparison between the Initial Plan and the Revised Forecast





Downturn factor (2) (Fuel Cost)

➤ Impact of the Change of Fuel Price from the Original Forecast: ¥55 bln





Remedial Measures

➤ Total amount of Remedial Measures : ¥47 bln

Unit : billions of yen

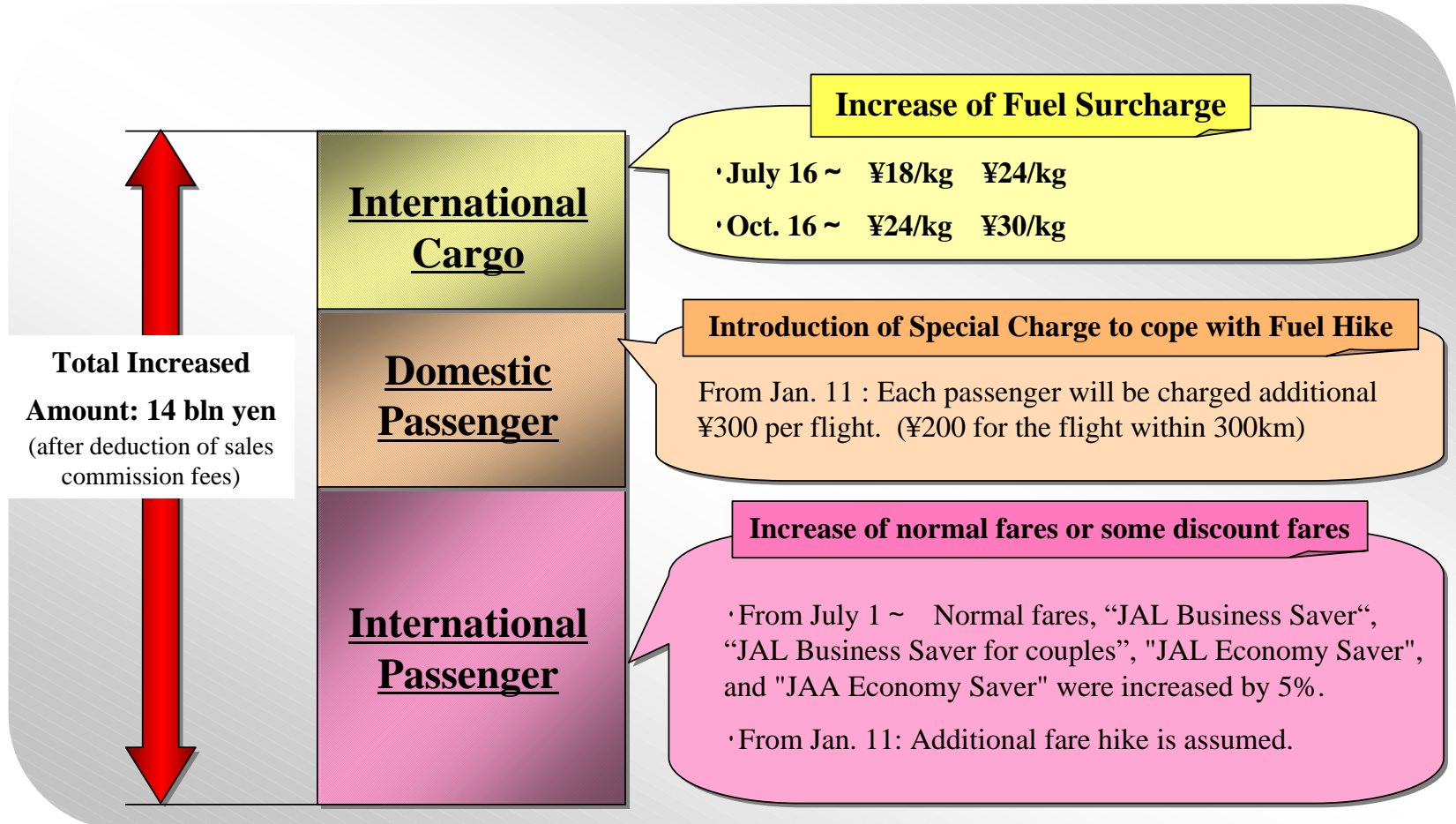
	Announced at Q1 (on Aug. 2)	Additional Remedial Measures	Total
Revenue Increase by Revision of Airfare and Fuel Surcharge*	9	5	14
Cost Reduction etc.	17	5	22
Revision of Routes & Flights Plan	4	1	5
Improvement of non-operating income	-	6	6
Total	30	17	47

* After deduction of increased commission fees



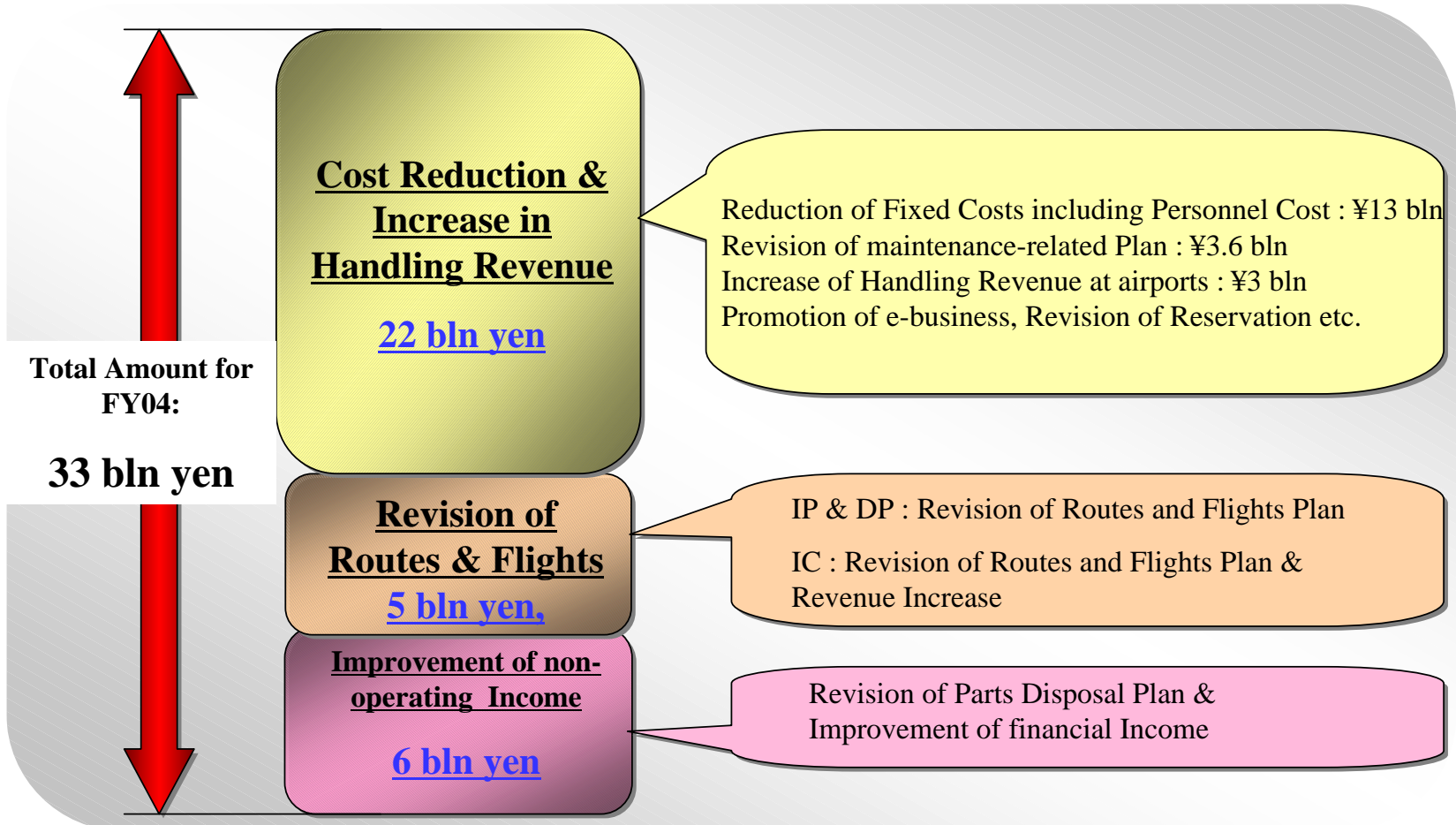
Increase of Airfare & Fuel Surcharge

1



Cost Reduction, Revision of Routes & Flights, Improvement of non-operating Income

2



Introduction of New Retirement Benefit Scheme and Credit Memos

3



➤ Difference from the initial Forecast : 46 bln yen

Impact of the introduction of the new scheme

Initial Forecast: ¥32bln

Increased by
+¥33 billion

Revised to ¥65 bln

Annual amount of credit memos

Initial Forecast: ¥35bln

Increased by
+¥13 billion

Revised to ¥48 bln

Part 2

II. Future Measures



Challenges to be considered

**Continuance of
Fuel Hike**

**Negative
exteriorities**
e.g. terrorism, epidemics

**Business
Opportunities**
e.g. Increase in Slots at
Haneda & Narita airport

**Provision of
Services to be
chosen by
customers**

To devise future business plan

In order to overcome negative exteriorities

Profit increase by
cost reduction

Improvement of asset
utilization & carefully
selected investment

Drastic reform of cost
structure

... To the next medium-term business plan

Appendix

Assumptions

		LH04		FY04 Year Total	
y.o.y		Forecast(Nov 5)		Forecast(May 7)	Forecast(Nov. 5)
International Passenger	ASK	0.9%		5.8%	8.3%
	Number of PAX	10.9%		31.8%	25.8%
	Yield	0.5%		4.1%	2.2%
Domestic Passenger	ASK	3.1%		3.8%	3.4%
	Number of PAX	0.4%		0.3%	3.4%
	Yield	0.2%		3.4%	4.1%
International Cargo	ATK	1.3%		2.0%	2.0%
	Tonnage	6.4%		1.5%	11.4%
	Yield	0.7%		4.1%	0.3%

*Freighter

		LH04		FY04 Year Total	
		Forecast(Nov 5)		Forecast(May 7)	Forecast(Nov 5)
FOREX		\$1=¥110		\$1=¥110	\$1=¥110
Singapore Kerosene		\$62/BBL		\$34/BBL	\$53/BBL
CIF Japan		\$48/BBL			

Forecast of Business Results for FY2004 by Segment



	Operating Revenue		Operating Cost		Operating Income	
Air Transportation	1,703.0	25.0	1,663.0	(+ 2.0)	40.0	27.0
Airline-related	296.9	(+ 28.9)	291.9	(+ 27.4)	5.0	(+ 1.5)
Travel Services	431.9	23.1	434.4	20.1	2.5	3.0
Others	263.2	10.8	253.7	10.8	9.5	0
Consolidated Adjustments	566.9	31.9	567.9	32.4	1.0	0.5
Total	2,128.0	62.0	2,075.0	34.0	53.0	28.0

() difference from announced data on May 7

Forecast of Operating Cost (Air Transportation Segments)

	FY03	Original Budget(a)	Forecast (b)	Difference (b)-(a)
Fuel	244.8	249.0	304.0	55.0
Airport Facilities	132.7	136.0	135.0	1.0
Maintenance	106.0	111.0	108.0	3.0
Passenger Services etc.	48.1	55.0	53.0	2.0
Commissions	121.6	140.0	138.0	2.0
Aircraft Depreciation	76.1	77.0	74.0	3.0
Aircraft Leases	96.8	104.0	107.0	3.0
Personnel Cost	332.0	302.0	262.0	40.0
Others & Consolidated Adjustments	462.9	487.0	482.0	5.0
Total	1,621.0	1,661.0	1,663.0	2.0

Capital Expenditure and Depreciation

Billions of Yen

Forecast and Results of Capital expenditure & Depreciation

	FY03	FH04	Forecast for FY2004	
			May 7	Nov. 5
Investment (Purchase) (A)	151.5	60.5	150.0	103.8
(Aircraft)	105.4	27.7	85.0	44.5
(Ground Assets etc.)	19.1	22.0	39.0	35.8
(Intangible Fixed Assets)	27.0	10.8	26.0	23.5
Capital Investment(Finance Lease) (B)	78.5	66.0	37.6	87.6
(A)+(B)	230.0	126.5	187.6	191.4
Depreciation (C)	119.3	61.8	112.0	108.0
Principal Payment of Finance Lease (D)	68.0	29.3	57.1	59.1
(C)+(D)	187.3	91.1	169.1	167.1

Interest-bearing Debt

Forecast for Interest-bearing Debt

		May 7	Nov 5	
		Balance	Balance	Difference
On Balance	Total	1,272.0	1,271.0	1.0
Off Balance	Lease Obligation	402.0	422.0	20.0
	Unrealized net loss & Pension liabilities	311.0	357.0	46.0
	Total	1,985.0	2,050.0	65.0

<Notice>



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(N.B.)

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