



***JAL Group Q1 Account Settlement
for FY2005***

July 29, 2005

Japan Airlines Corporation



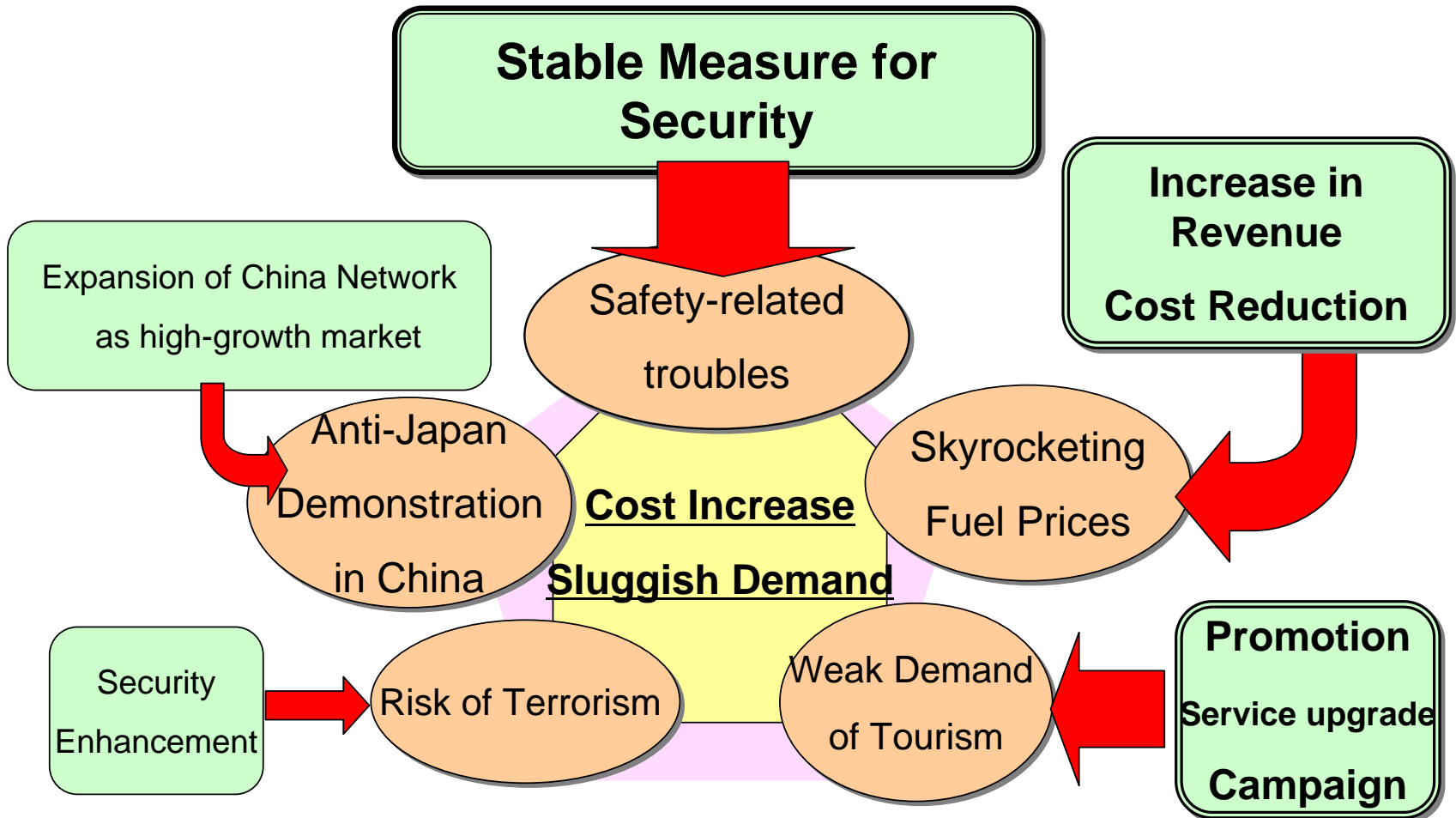
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. Q1 Account Settlement for FY2005



Environment surrounding JAL



Outline of the Consolidated Financial Statements

(Billions of yen)

	FY 04 / Q1	FY 05 / Q1	Difference
Operating Revenue	479.3	503.3	+24
Operating Income	(30.2)	(32.0)	(1.7)
Ordinary Income	(35.7)	(37.4)	(1.6)
Net Income	(40.7)	(38.3)	+2.3

Operating Revenue & Income by Segment



	FY05/Q1		FY05/Q1	
	Operating Revenue	y/y difference	Operating Income	y/y difference
Air Transportation	397.3	+13.9	(34.5)	(2.5)
Airline-related Business	76.1	+6.9	1.5	+0.1
Travel Services	97.2	(1.1)	(0.6)	(0.1)
Other	62.8	+5.6	1.9	+0.7

* All figures are before consolidation adjustments

Outline of the Result of Air Transportation Segment

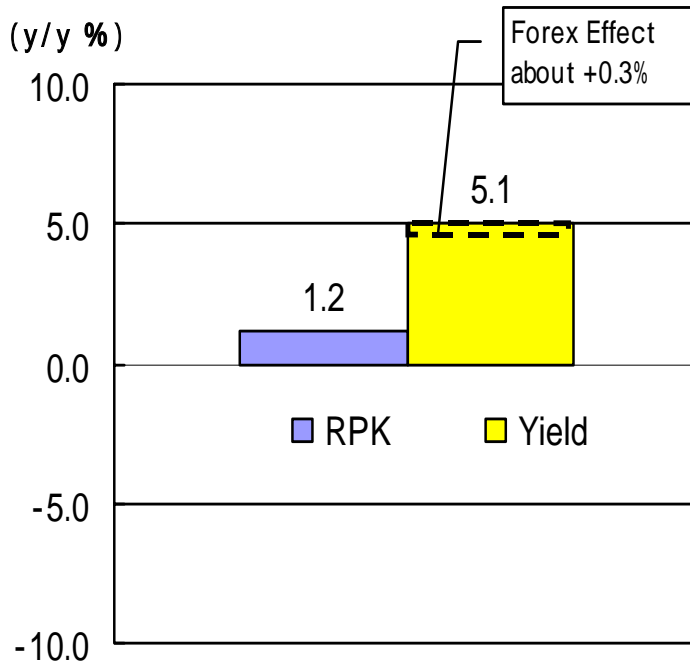
	FY04/Q1	FY05/Q1	Difference	y.o.y (%)
Operating Revenue	383.3	397.3	+13.9	103.7%
International Passenger	150.0	159.6	+9.5	106.4%
Domestic Passenger	150.0	150.3	+0.3	100.2%
International Cargo	40.4	41.1	+0.6	101.6%
Domestic Cargo	7.4	7.1	(0.3)	95.1%
Others	35.2	39.1	+3.8	110.0%
Operating Expenses	415.3	431.9	+16.5	104.0%
Operating Income	(32.0)	(34.5)	(2.5)	-



Revenue Analysis - International Passenger

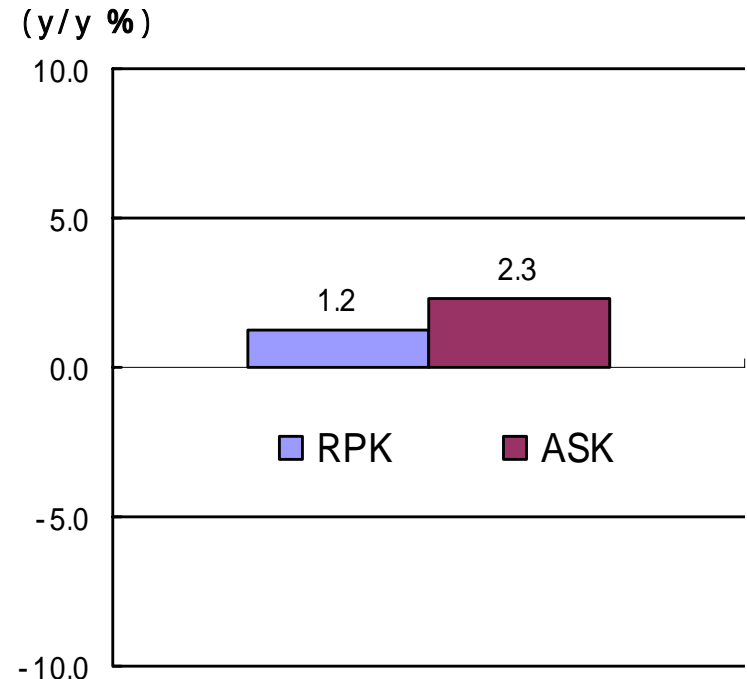
< Revenue >

FY05 Q1 159.6 billion yen (y/y + 6.4%)



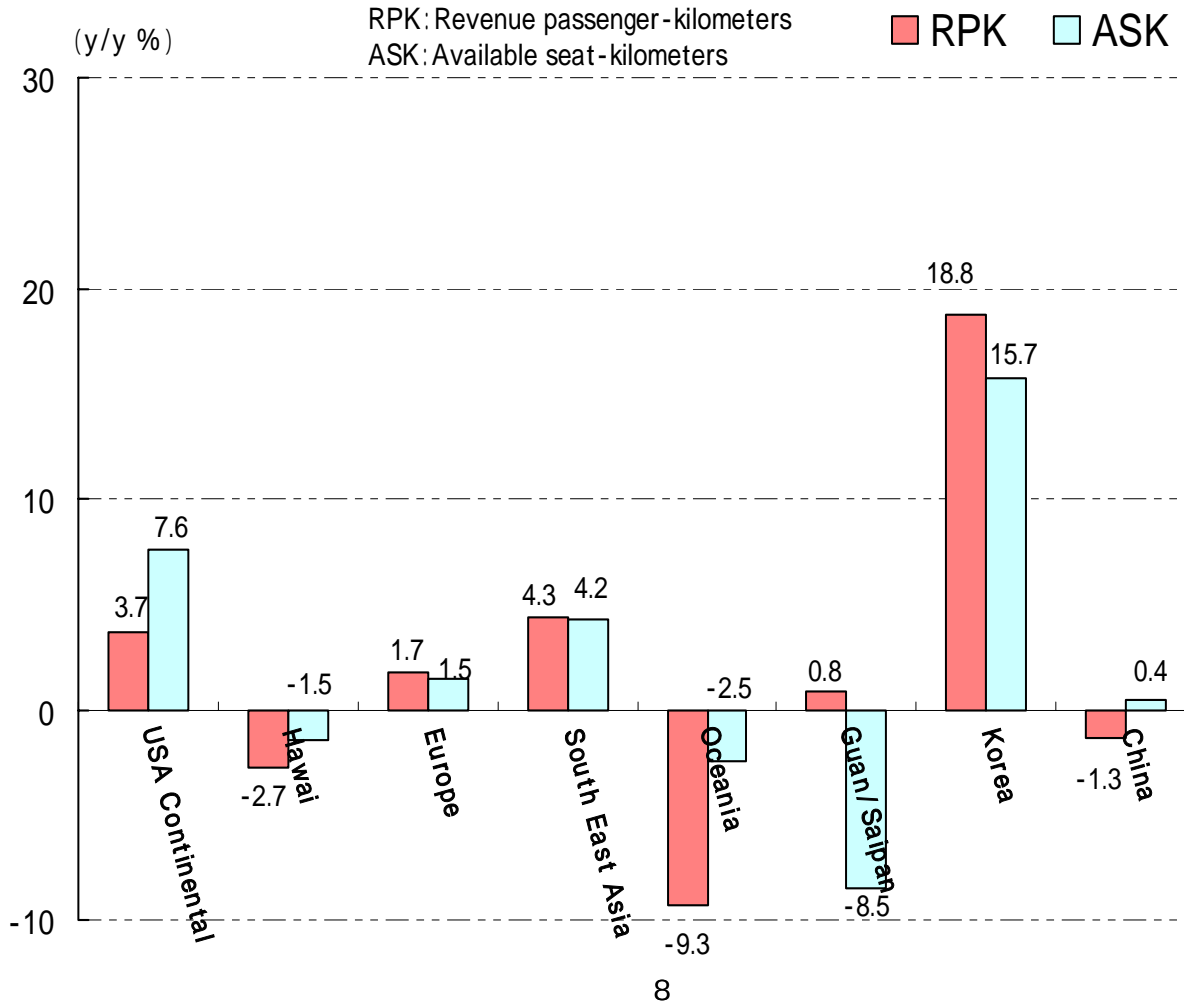
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FY05 Q1 65.3% (y/y - 0.7%)



RPK: Revenue passenger-kilometers
ASK: Available seat-kilometers

Demand and Supply of International Passenger

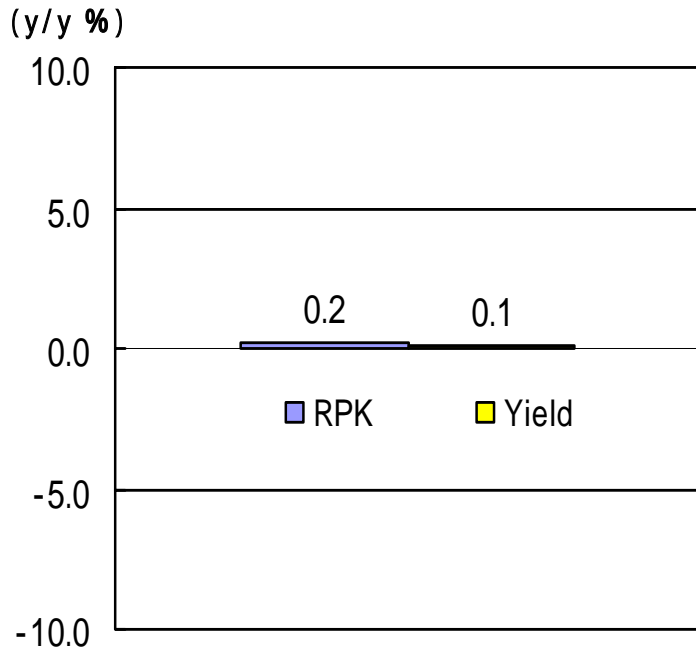


Revenue Analysis - Domestic Passenger



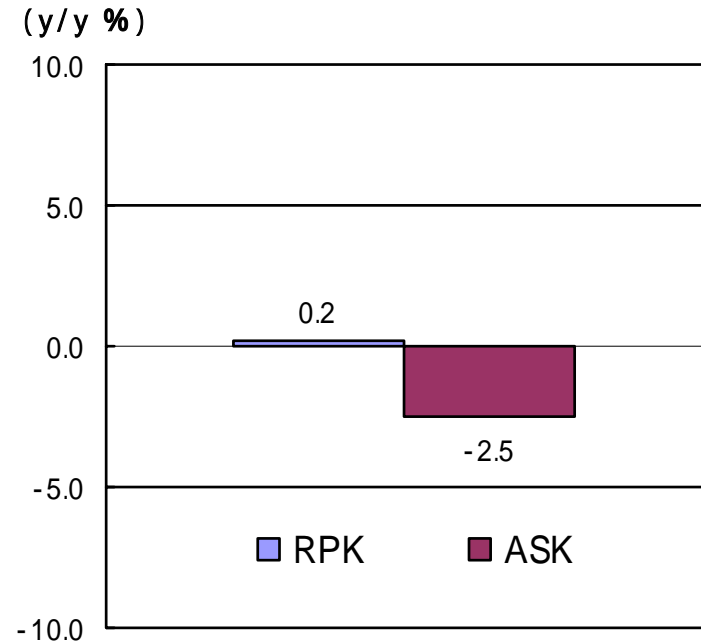
< Revenue >

FY05 Q1 150.3 billion yen (y/y +0.2%)



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FY05 Q1 61.2% (y/y +1.7%)

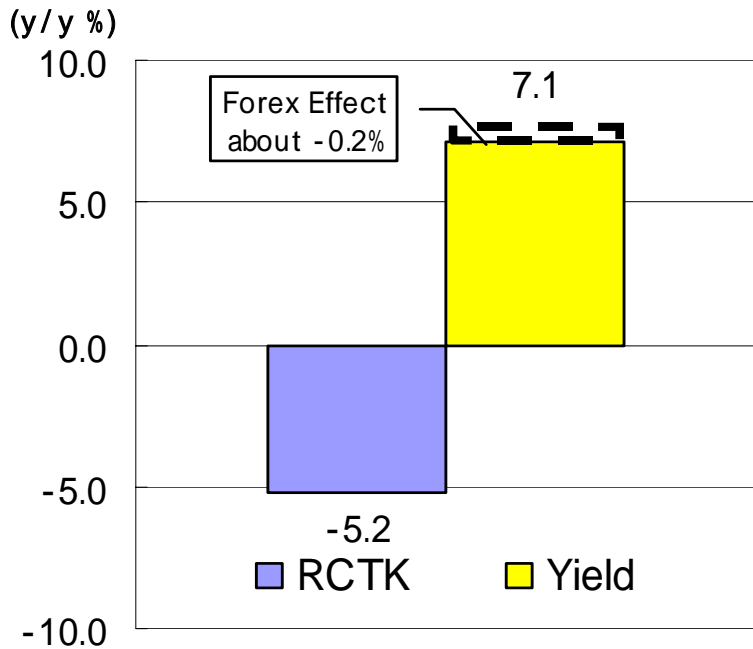


RPK: Revenue passenger-kilometers
 ASK: Available seat-kilometers

Revenue Analysis - International Cargo

< Revenue >

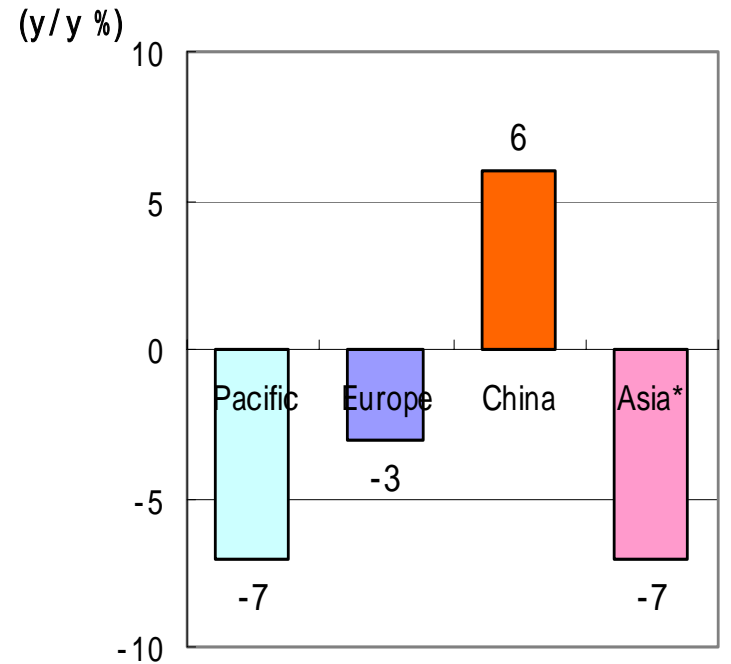
FY05 Q1 41.1 billion yen (y/y + 1.6%)



RCTK: Revenue cargo ton-kilometers

< Tonnage >

FY05 Q1 187,807 ton (y/y - 5.4%)



* Excluding China



To Achieve the Goal of FY2005

Target : Net income of at least ¥10 billion

Measures to increase revenue for achieving the goal

Stable progress of
Cost Structural Reform
Structural reform ¥37billion
Emergency measures ¥43billion

Measure for dealing with
Soaring fuel price
¥45billion

Measures to ensure safety

Restoration of Customer and Public Trust



Progress of Cost Structural Reform

Q1 Result and Prospect

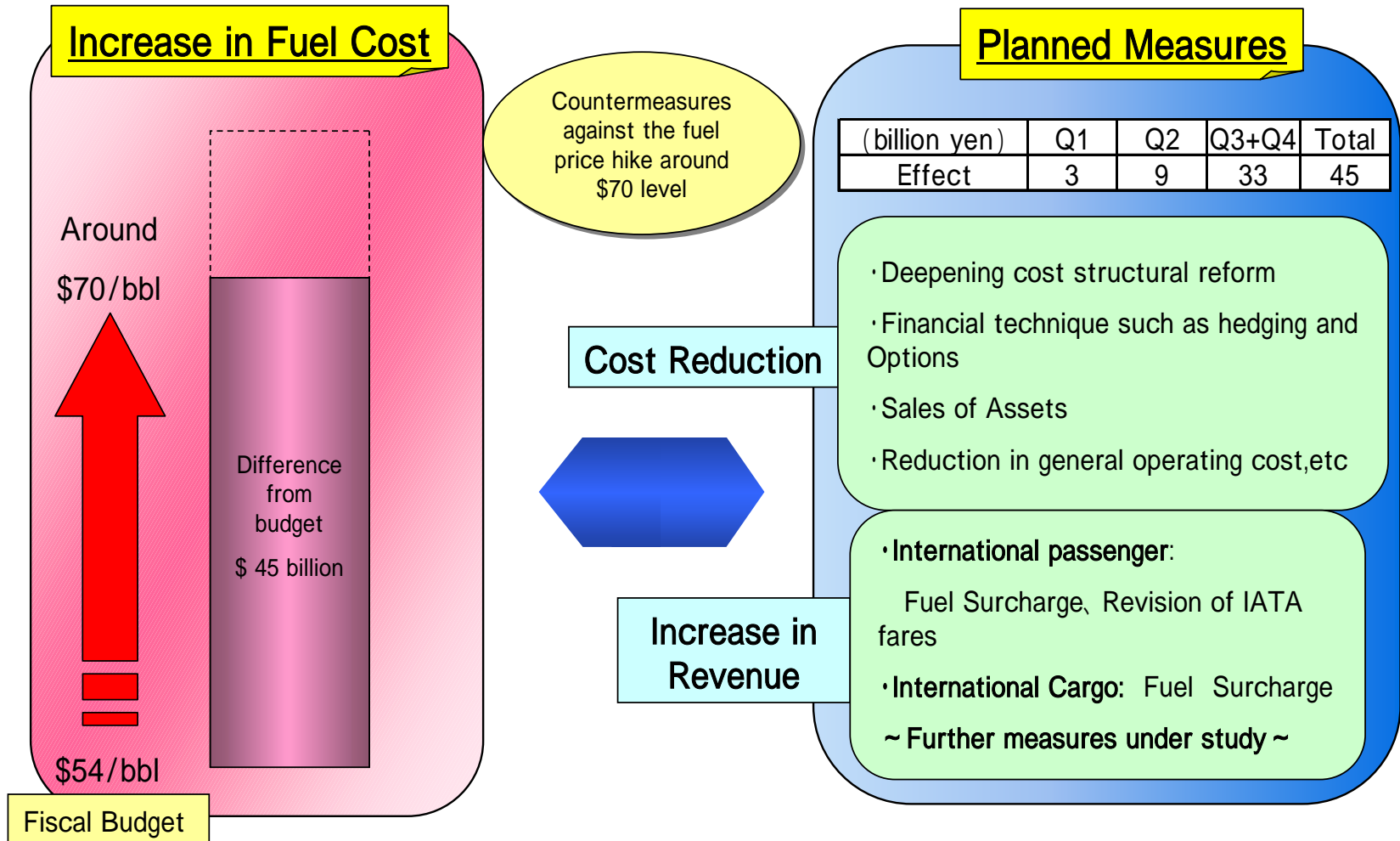
(billion yen)

		Q1	Q2	Q3+Q4	FY05
Cost Structural Reform	Increase in Personal Cost Efficiency	1	2	14	17
	Improvement/Elimination of Low-profit routes	0	0	3	3
	Review of Group Outsourcing and Operational Process	2	3	11	16
	Reduction in sales cost through developing E-business	0	0	1	1
	Subtotal	3	5	29	37
Emergency Measures		3	19	21	43
Total		6	24	50	80

Stable Progress

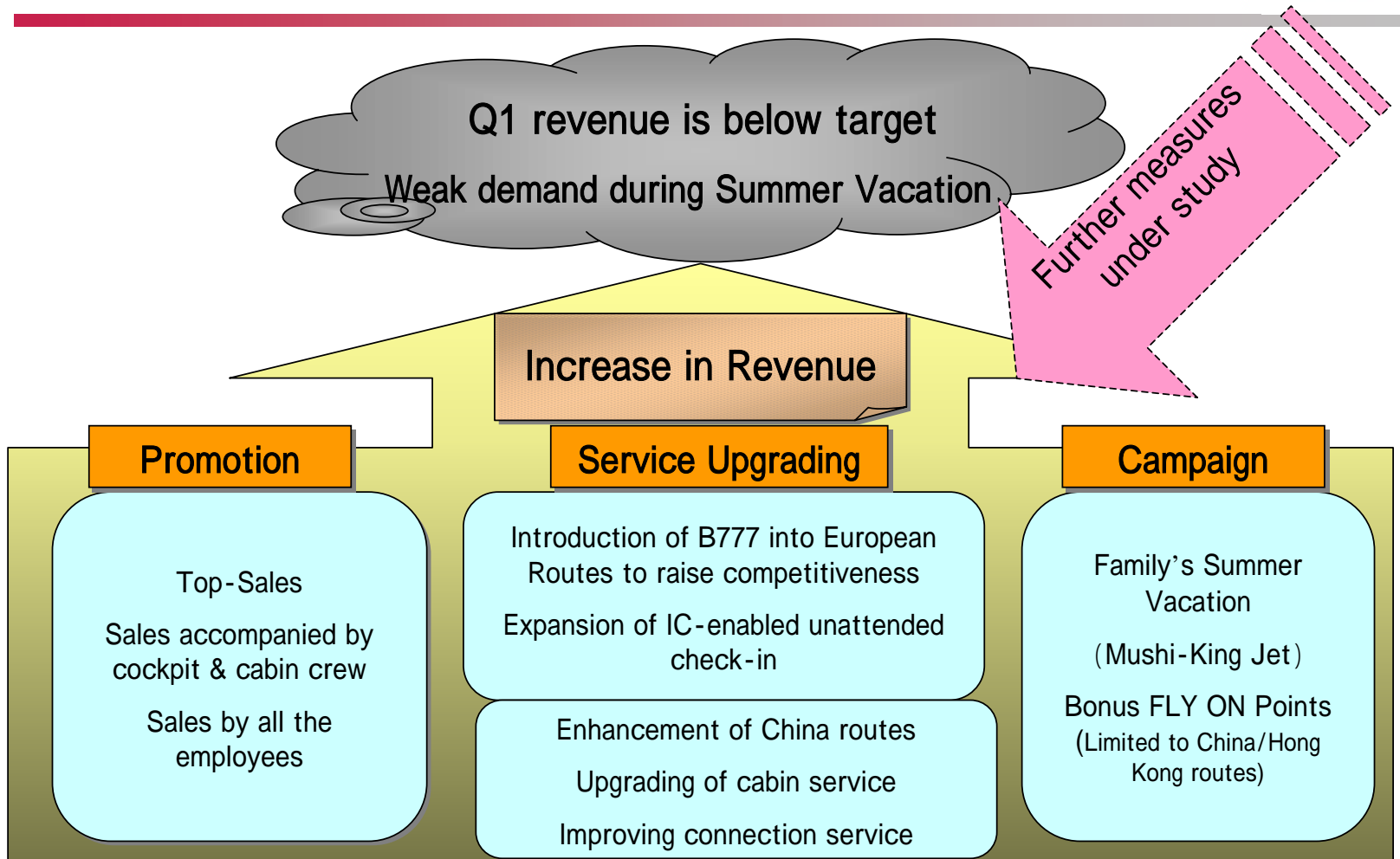


Measures for Coping with Escalating Fuel Price





Measures to Increase Revenue





APPENDIX



Outline of the Breakdown of Operating Costs

(Air Transportation Segment)

	Billion yen			
	FY04	FY05	Difference	y.o.y (%)
Fuel	65.3	87.3	21.9	134%
Airport Facilities	33.4	33.5	0.0	100%
Maintenance	29.0	28.9	0.0	100%
Passenger Services etc	12.3	12.1	(0.1)	98%
Commissions	31.6	31.2	(0.3)	99%
Aircraft Depreciation	19.6	19.2	(0.4)	98%
Aircraft Leases	24.7	25.5	0.8	103%
Personnel	83.5	79.9	(3.6)	96%
Others	115.9	114.3	(1.6)	99%
Total	415.3	431.9	16.5	104%



Fuel and Forex (Air Transportation Segment)

< Fuel Price >

【 Singapore Kerosene average price \$/bbl 】

	FY04/Q1	FY05/Q1
USD	\$41.0	\$66.7



【 Impact 】 billion yen

FY04/Q1	65.3
FY05/Q1	87.3
difference	21.9
factor analysis	22.0
Forex	(2.2)
market rate	25.0
hedging etc	(0.8)
amount of consumption	(0.1)

Hedging Ratio

FY05 : about 70%

FY06 : about 50%

FY07 : about 30%

< Foreign Exchange Rate >

【 Average rate during the period 】

	FY04/Q1	FY05/Q1
USD	¥110.0	¥106.7



【 Impact 】

billion yen

Operating revenue	0.2
Operating cost	(3.0)
Operating income	+3.2

- **Efforts to Improve safety**

Operation Improvement Order and JAL's Response



. Background leading up to the business operation improvement order and administrative warning

- 2005 Jan. Misuse of landing gear parts of B747 cargo aircraft
- 2005. Jan. Failure to follow ATC takeoff procedure at Shin-Chitose Airport
- 2005. Mar. Failure to confirm ATC instruction at Incheon Airport
- 2005. Mar. Failure by cabin crew to change exit door mode



. Counter-measures to respond to the order

1. Improving safety awareness
2. Revision and thorough compliance with the procedures and manuals for preventing human error
3. Enforcement of safety-related organization
4. Others

Counter-measures (No.1)

- 1. Improving safety awareness

- Holding of “ Emergency Safety Meeting ” (April ~ May)
 - Held 220 times at domestic and overseas offices attended by the Company President and executives
 - Setting up “ Follow-up committee for Emergency safety meeting “ and the result of its study being disseminated to all employees in late July
- Continuation of “ Emergency Safety Meeting “ (to be held 210 times this year)
- Holding of management-level meeting for safety awareness development
 - Targeted at around 3,300 management level employees including group affiliated companies (held 618 times between April and May)
 - Deepening of safety awareness and re-education on safety laws, ordinances and regulations
 - Also held for all the front-line staff employees of operation, cabin, maintenance, airport
- Concerted full re-examination of safety (March ~ April)
 - Conducted to confirm whether the manuals and regulations are strictly observed in the areas of operation, cabin, maintenance and airport

Counter-measures (No.2)

- 2. Revision of, and thorough compliance with the procedures and manuals for preventing human error (between April and December)

- Urgent review of the procedures and manuals related to the series of incidents
- Reviewing all the procedures and manuals in every safety-related Department
 - Compiling easy-to-understand and user-friendly manuals

- 3. Enforcement of safety-related organization

- Establishment of Safety Committee (March ~)
 - Sharing of safety information and quick decision-making for safety measures (so far held 2 2 times)
- Creation of “Safety Advisory Position” under the direct supervision of the President (April ~)
 - Composed of 3 officers and aimed at giving safety information and appropriate advise to top management
- Holding concerted Safety Enhancement Task Force (April ~)
 - Advancing uniform and high-level safety as a whole group

- 4. Others

- Setting up “ Safety Advisory Group “ consisting of external advisors
- Aimed to rebuild the corporate organization and culture with a high sense of safety
 - Composed of 4 to 5 external knowledgeable persons chaired by Mr. Kunio Yanagida

<Notice>



(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 FY2005. The copyright of this document belongs to Japan Airlines corporation.

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