Japan Airlines

Annual Report 2005

Year ended March 31, 2005

Spreading New Wings of Trust

The JAL Group is Japan's leading air transportation group, resulting from the integration of Japan Airlines and Japan Air System on October 2, 2002. On April 1, 2004 the Group was reorganized under a single "JAL/Japan Airlines" brand, with Japan Airlines Domestic handling domestic passenger operations and Japan Airlines International responsible for international passenger and cargo operations. Our ultimate objective is to build an operational structure bringing together the holding company and operating companies as a single entity.

Proud to be the largest domestic network in the industry, we bring peoples, their cultures and their hearts closer together, contributing to peace and prosperity in Japan and beyond. All this is predicated on a relentless commitment to flight safety. We strive to become a world-class air transportation group, one that is consistently chosen by our customers, and maximizes corporate value in pursuit of our fundamental policy of sharing the value we create with all our stakeholders. The JAL Group now is spreading new wings of trust, preparing for a renewed push forward.

The JAL Group's Corporate Philosophy:

1. We will prioritize safety and quality.
2. We will think and act from the standpoint of the customer.
3. We will strive to maximize corporate value.
4. We will fulfill our responsibility as a corporate citizen.
5. We will appreciate hard work and take on a positive attitude.

CONTENTS

JAL Group Overview

Comprising 288 subsidiaries and 96 affiliates, the JAL Group's businesses are grouped into four segments: air transportation, airline-related, travel services, and other. Japan Airlines Corporation, the holding company, formulates Group-wide targets and strategies, and ensures the optimum allocation of management resources in order to maximize corporate value.

Air transportation

The air transportation segment involves 11 consolidated subsidiaries. This massive network includes not only JAL International and JAL Domestic, but also Japan Asia Airways Co., Ltd., Japan Transocean Air Co., Ltd., JALways Co., Ltd., JAL Express Co., Ltd., Japan Air Commuter Co., Ltd., J- Air Co., Ltd., Harlequin Air Co., Ltd., Hokkaido Air System Co., Ltd., and Ryukyu Air Commuter Co., Ltd.

Airline-related business

Airline-related businesses include passenger services and cargo handling, in-flight catering, aircraft and ground equipment maintenance, and aviation fuel supply, involving 105 subsidiaries and 74 affiliates.

Travel services

A total of 53 subsidiaries and 3 affiliates are engaged in the travel services business, developing and marketing travel packages which include air travel on the 11 air transportation subsidiaries.

Other businesses

- **Hotel and resort business**

  The hotel and resort business is conducted through 25 subsidiaries and 4 affiliates.

- **Credit card and leasing business**

  A total of 53 subsidiaries are involved in the finance, credit card and leasing businesses.

- **Commercial, distribution and other business**

  This category includes wholesaling/retailing, real estate, printing, construction, outsourcing, information and advertising and cultural events, involving 41 subsidiaries and 15 affiliates.

Consolidated Financial Highlights

Japan Airlines Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005, 2004 and 2003

			Millions of yen	Thousands of U.S. dollars
Years ended March 31,	2005	2004	2003	2005
For the Year:				
Operating Revenues	¥2,129,876	¥1,931,742	¥2,083,480	$ 19,905,383
Operating Expenses	2,073,727	1,999,387	2,072,891	19,380,626
Operating Income (loss)	56,149	(67,645)	10,589	524,757
Net Income (loss)	30,096	(88,619)	11,645	281,271
Net Income (loss) Per Share (yen and dollars)	¥ 15.24	¥ (45.19)	¥ 5.92	$ 0.142
At Year-End:				
Long-Term Debt	¥1,178,932	¥1,170,156	¥1,094,285	$ 11,018,056
Stockholders' Equity	194,746	159,273	254,256	1,820,056
Total Assets	2,162,654	2,113,418	2,172,284	20,211,719
Shares Issued (thousands)	1,982,383	1,980,465	1,980,465	

Note: The U.S. dollar amounts in this annual report are translated from yen amounts, solely for convenience, at ¥107=U.S.$1.00, the exchange rate prevailing on March 31, 2005 (see Note 2 to the Consolidated Financial Statements).

Consolidated Operating Highlights

Japan Airlines Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005 and 2004

Years ended March 31,		2005	2004	Change (%)
Revenue passengers carried (number of passengers):	Domestic	44,705,084	46,427,218	-3.7
	International	14,743,222	11,745,032	25.5
	Total	59,448,306	58,172,250	2.2
Revenue passenger-km (1,000 passenger-km):	Domestic	33,367,574	34,627,625	-3.6
	International	68,986,317	59,159,861	16.6
	Total	102,353,891	93,787,486	9.1
Revenue passenger-load factor (%; percentage point change):	Domestic	63.7	63.9	-0.2
	International	69.3	64.6	4.7
	Total	67.4	64.3	3.1
Revenue ton-km performed (1,000 ton-km):	Domestic	2,973,756	3,050,235	-2.5
	International	11,252,602	10,032,252	12.2
	Total	14,226,358	13,082,487	8.7
Revenue weight-load factor (%; percentage point change):	Domestic	48.3	47.8	1.0
	International	67.7	64.8	4.5
	Total	62.5	59.8	4.5

Notes: 1. Ratios and percentages have been rounded to the nearest tenth of a percent.
2. Other figures less than one thousand, except for passengers carried, have been discarded.

REVIEW OF PERFORMANCE

World economic recovery was the keynote for fiscal 2004, as the U.S. and Chinese economies expanded and Europe showed signs of recovery. The economic situation in Japan was marked by a substantial improvement in corporate profits, but sluggish consumer spending held the recovery to a modest level. The economic expansion in the U.S. and China led to robust international cargo demand. International passenger traffic, which had been negatively impacted by last year's string of external events, including the SARS outbreak, also showed a steady recovery. Overall, however, business conditions remained difficult, as typhoons battered domestic passenger travel demand, and fuel prices reached historic levels. The Group responded with profitability improvement programs which resulted in a 10.3% growth in net consolidated sales year-on-year, to ¥2,129.8 billion, operating income of ¥56.1 billion, and net income of ¥30.0 billion.

FUTURE CHALLENGES

The JAL Group recently issued its 2005–2007 Medium-Term Business Plan, which sets forth the objective of bringing together holding company and operating companies into a single entity at an early date. The streamlined management structure will carry out fundamental reforms of our operations and cost structure, leading to a more robust enterprise, one which can respond flexibly to the rapid changes in international business conditions.

We also wish to take this opportunity to express our deepest apologies to our stockholders and investors for the serious concern caused by the order for operational improvements and Administrative Warnings taken vis-à-vis the JAL Group by the Japan Civil Aviation Bureau (JCAB) of the Ministry of Land, Infrastructure and Transport in March of this year, in response to a series of safety problems that occurred. JAL Group is entrusted with the lives and property of many customers. Flight safety is the basis for our existence and our social responsibility. In the future, those of us in management will exercise strong, fully committed leadership, taking the lead in our efforts to rebuild safety systems across the Group, devoting our utmost efforts to restoring trust from every segment of society.

Our approach to maximizing corporate value, predicated on a relentless commitment to flight safety, is to push forward with a high-quality service which appeals to our customers, and with structural reforms focusing on simplification, in pursuit of our goal of becoming the world's No. 1 airline group in terms of both service quality and business volume.

We appreciate the continued support of our stockholders and investors.

Representative Director
Toshiyuki Shinmachi, Group CEO and President

PROFILE
Joined Japan Airlines in 1965, serving as Managing Director and Senior Managing Director, and later Vice President, JAL Systems. Elected President of Japan Airlines in June, 2004. Assumed position of Group CEO and President in April, 2005.

Toshiyuki Shinmachi

While leveraging new business opportunities, we will push forward with revamping our cost structure to build a robust operational foundation allowing us even to deal even with factors outside our projections.

Q What are your thoughts looking back over the past year?

In fiscal 2003, events beyond our control, such as the war in Iraq, SARS and avian flu, conspired to rob the group of about ¥200 billion in operating revenue. In 2004, by comparison, we enjoyed an extremely smooth recovery, leading to improvements of more than ¥100 billion in both operating income and net income. International routes recovered particularly strongly, primarily in the U.S. and China for cargo, and in China and other Asian countries for passengers. Overall, I feel fiscal 2004 must be considered a good year, in the sense that we reported ¥30 billion in net profit and were able to restore the dividend.

Q What factors in the business environment do you think are likely to affect JAL in the future?

Let me discuss positive factors first, then move on to the negative. Demand is expected to grow strongly in Asia, our priority market for the future, particularly in China. In addition, the fourth runway which will be completed at Haneda Airport in 2009, greatly increasing the number of takeoffs and landings possible, represents a major business opportunity for us. A negative factor is that our international routes are particularly vulnerable to unpredictable events beyond our control, ranging from terrorism and war to outbreaks of disease and natural disasters. The rise in fuel prices in fiscal 2004 was a huge negative factor for us. We must build a robust operational foundation which permits us to deal with this kind of external factor. In fact, this thinking is at the heart of the Medium-Term Business Plan.

We will carry out the Medium-Term Business Plan expeditiously by narrowing the gap between management and the front line, thereby speeding up how decisions are made and communicated.

Q *Can you give us a brief outline of the 2005–2007 Medium-Term Business Plan?*

The plan contains three basic threads: restructuring international passenger operations, revamping cost structures, and aggressively developing growth markets. The first, restructuring international passenger operations, involves rebuilding our network and allocating resources to high-growth routes, as well as expanding the model used by JALWAYS, a low-cost airline in the Group where costs are about 10% under JAL's. The second, revamping cost structures, involves five programs including organizing personnel costs more wisely, improving or eliminating low-profit routes, and reviewing administrative processes and reviewing group outsourcing. Each of these includes its own structural reforms. When combined with emergency profitability improvement measures such as reducing employee bonuses, these measures will result in ¥80 billion more in savings in fiscal 2005 than called for by the previous plan. The third thread, aggressively developing growth markets, calls for focusing on China and other Asian markets, where huge growth in demand is forecast for both international passenger traffic and cargo.

Together, these three approaches constitute a fundamental structural reform to be carried out in our business in fiscal 2005–2007.

Q *What is the precise implication of the term "simplification" used in the Medium-Term Business Plan?*

Simplification indicates the pursuit of truly lean management of the Group. In fiscal 2006, we will bring the holding company and operational companies together into a single entity, while also reducing the number of directors and thereby speeding up the way decisions are made and communicated. That will improve management responsiveness and efficiency. Simplification is something that we will have to continue to work on in the future as well. We need to reduce the number of aircraft types and configurations, through standardization and averaging out. This also falls under the rubric of simplification. Another point is to simplify processes by using information technology. As we introduce unattended check-in using IC card-enabled systems more widely, for example, there should be efficiencies in airport staffing. All of these lead to cost reductions.

We will leave no stone unturned in implementing structural reforms in the areas of safety and CSR, including in compliance, reliably sharing returns with stakeholders, societal contribution and the environment.

Q *What is the significance of and outlook for bringing the holding company and operating companies together into one entity as part of the simplification efforts?*

To begin with, we have integrated the marketing and planning departments in fiscal 2005. Where jobs overlap, we will step up the approach of assigning one person to both, essentially moving toward a single entity in practice. The effect will be to bridge the gap between management and the front line and speed up the way decisions are made and communicated. That in turn will help us implement the Medium-Term Business Plan more expeditiously. We have set up an Integration Conference Committee, with three sub-teams looking at corporate planning, human resources and IT, to work out specific details as to what extent integration should be implemented, and how and when. The scenario we have constructed is to sketch out an action program during the first half of fiscal 2005, resolving the pending issues of business licenses, rights to international routes, taxes, labor conditions and systems, using the second half to flesh out the details of the plan, and then to move to implement it during fiscal 2006.

Q *What are the basic issues and metrics addressed in the Medium-Term Business Plan?*

It discusses the issue of how to build the cost competitiveness required to compete with major carriers in the Asian aviation market. If we can continue to reduce costs then we can compete with them by differentiating product and quality, and as a whole, we have a chance for success. We would like to put the first priority on achieving cost competitiveness during the 2005–2007 Medium-Term Business Plan.

A major management metric for us is our market capitalization. Market capitalization reflects how much we carry, how much money we make, and how well we are doing at CSR, among other elements. Raising market capitalization requires carefully managing the balance between international and domestic routes. The profit model we aim to move towards should balance international passengers, domestic passengers and cargo. Passenger and cargo traffic are to some extent counter-cyclical. During fiscal 2003 and 2004, when events beyond our control depressed the passenger business, cargo was much less unaffected. Moving ahead, we want our management approach to emphasize a balance between the businesses.

We are committed to ensuring flight safety in order to become the airline of first choice.

Q Finally, please share with us your long-term vision and goals.

Ever since the merger, we have talked about becoming the world's No. 1 airline in terms of both service quality and business volume. That very much remains our goal. An easier way of saying the same thing is that our vision is to become the airline of choice: I think this encompasses everything. So what do we need to do to get the customers to come to us? There is no question that safety is first and foremost. We are deeply regretful of the ongoing safety problems we have caused recently. We must rebuild our flight safety framework, and since many of the problems that occurred involved human error, our efforts will focus on campaigns to raise awareness about safety, improved handling manuals, and retraining.

In terms of service, we are developing strategies based on thinking and acting from the customer's perspective, utilizing a review of a number of problems unearthed through customer surveys.

Becoming the world's No. 1 airline also means sharing the returns from our business with stakeholders in a stable and sustainable manner. Shareholders are not the only stakeholders. Stakeholders also include customers, employees, and society as a whole. To be able to reliably share the returns from our business with stakeholders requires achieving all the things I have talked about so far.

Above all, these are things we can be proud of at JAL: our international and domestic networks, and our top-class employees. I am confident that working in tandem, these two assets can truly make us into the world's No. 1 airline in terms of both service quality and business volume.

Spreading New Wings of Trust

Becoming the world's No.1 airline group in terms of both service quality and business volume

Building a robust business framework that works under any conditions

The sharp rise in fuel prices is just one of many factors to buffet the aviation industry now and in years to come. The JAL Group is preparing to deal with these factors by means of its 2005–2007 Medium-Term Business Plan, which calls for it to restructure its businesses and costs. The overriding goal is to build a robust management framework, a business structure which can produce profits even in the face of factors such as rising fuel costs or slowing demand.

Medium-Term Business Plan: Three Threads

To overcome fierce competition and leverage opportunities

Fuel
Prices continuing at record-high levels

International passenger operations
External negative factors persist, recovery underway*

Domestic passenger operations
Competitive network almost complete

International cargo operations
Continuing to invest as growth continues

To restructure in a way to allow profitability even in the face of slowing demand and high fuel prices:

Medium-Term Business Plan: Three Threads

1. Restructure international passenger operations

2. Revamp cost structure

3. Aggressively develop growth markets

* Outlook for FY05 IP demand: 104% vs. FY02, 96% vs. FY00

Vision: What JAL Group strives to achieve

Becoming the world's No. 1 airline in terms of both service quality and business volume means reaching the top level in three separate aspects: service (customer evaluations and on-time record), profitability (consolidated operating profit), and corporate value (market capitalization). To become our customers' airline of first choice, we will endeavor to provide customers with even more convenience by enhancing human service. Our goal for market capitalization is to be the top network carrier in this regard.

Conditions affecting JAL Group: Analysis

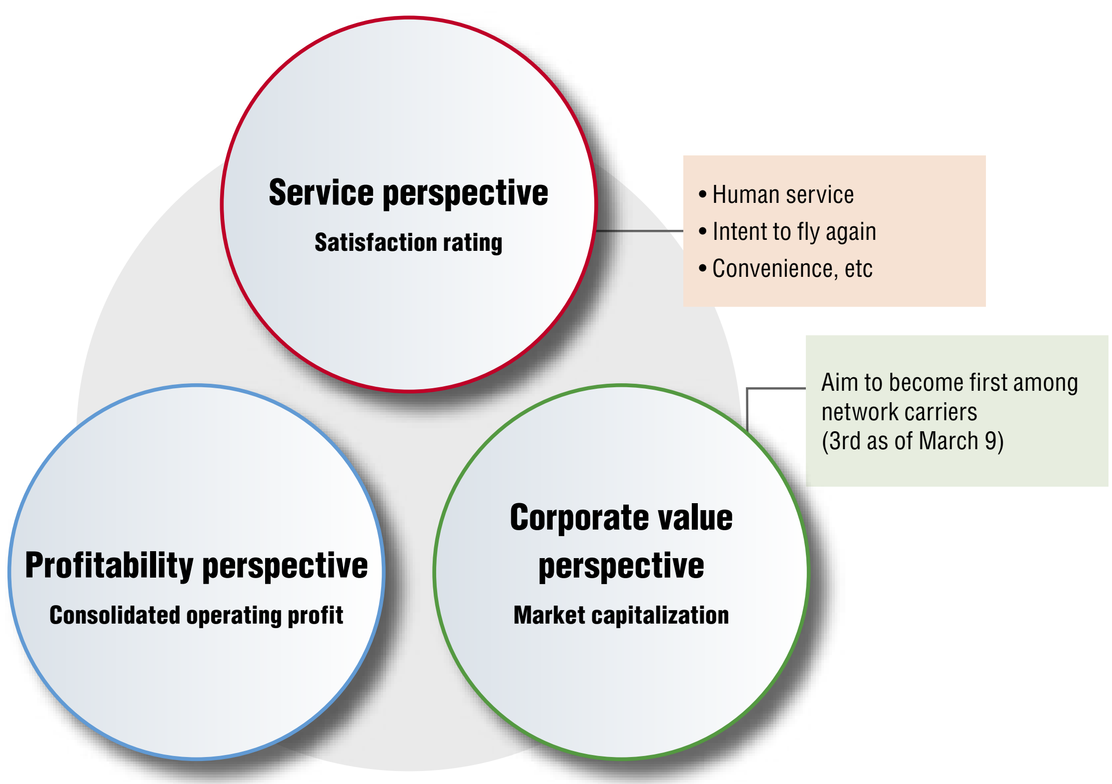
International passenger demand is still recovering, but we have nearly reached competitiveness with our domestic network, and growth in international cargo continues. Negative factors include some over which we have no control, such as rising fuel prices, terrorism, war, and natural disasters, but these are offset by positive factors including the strong growth in Asia and China, as well as Haneda Airport's new runway No.4.Competition is intensifying, and at the same time business opportunities are multiplying.

JAL Group Strategy: Medium-Term Business Plan

JAL Group has prepared its 2005–2007 Medium-Term Business Plan laying out three strategies: restructuring its international passenger business, revamping cost structures, and aggressively expanding growth markets. It sets out how we will win out over our competition and leverage our opportunities. The Group is united in its determination to build a business model which can be profitable even in the face of slowing demand or higher fuel prices, while maintaining our commitment to safety and CSR.

Vision

Becoming the world's No. 1 airline group in terms of both service quality and business volume means …



We are aiming at the top level in all three categories.

Spreading New Wings of Trust

Becoming the world's No.1 airline group in terms of both service quality and business volume

2005–2007 Medium-Term Business Plan #1 Restructuring international passenger operations

The 2005–2007 Medium-Term Business Plan calls for restructuring in two areas. The first is international passenger operations. A recovery in the international passenger business is currently being delayed by external factors. We will start a positive feedback loop involving restructuring, recovering funds, reducing debt, and speeding up fleet modernization, thereby further improving our cost competitiveness.

Restructure international passenger operations

Start positive feedback loop based on restructuring

Business restructuring

Improve bottom line by rebuilding network and downsizing

Speed up fleet modernization

Introduce efficient new aircraft while reining in growth in interest-bearing debt

Recover funds and reduce debt

Strengthen balance sheet by reducing interest-bearing debt

Managing international passenger operations in a profit-oriented way

Reallocating resources

We will focus resources on high-profitability and high-growth routes, while eliminating low-profitability ones, reallocating resources to build a profit-oriented network.

Applying the JALways model more broadly and deeply

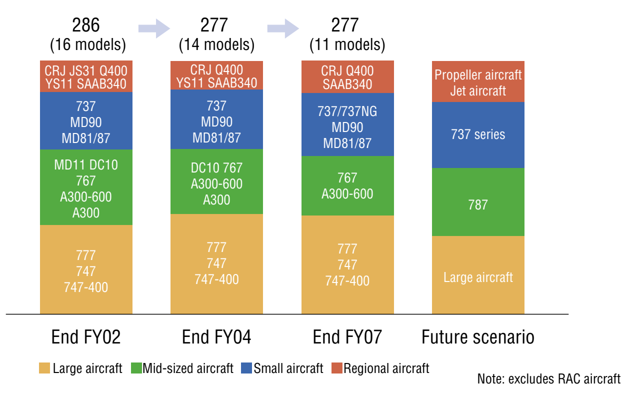
We will expand JALways, where operating costs are nearly 10% under JAL's, from 120 flights per week (20%) in fiscal 2004 to 180 flights (27%) per week in fiscal 2007, thereby improving profitability on fast growing routes.

Fleet Efficiency

We will fly fewer models and configurations, reducing the number of configurations in our fleet from 32 to 25. We will accelerate fleet downsizing, reducing the percentage of Boeing 747s, 747-300s, and 777-300s from 62% to 54%.

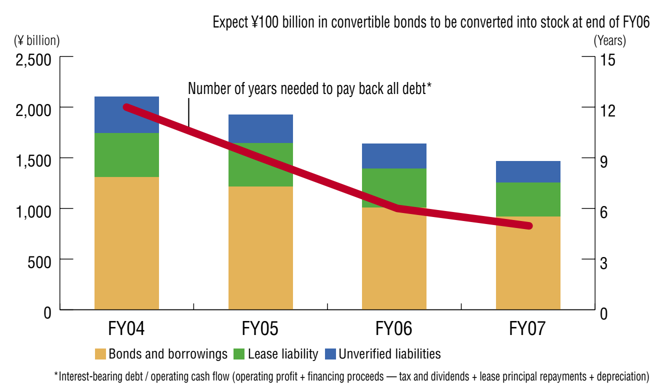
Medium-term fleet plan and long-term scenario

Reduce aircraft size, chop number of models



Interest-bearing debt

Reduce by ¥600 billion during period of medium-term plan



*The November 8, 2004 mid-term earnings release, modified by bringing forward FY05 borrowings portion of FY04 forecast and converting capital investments to financial leases

Maintenance
Toshiyuki Sakai
JAL Narita Aircraft Maintenance Co., Ltd.

Becoming the top airline not just in Asia, but in the whole world

The job of myself and my staff is to carry out regular day-to-day maintenance and safety checks on aircraft flying into and out of Narita Airport. I am proud to be able to say that the quality of JAL's aircraft maintenance is comparable with any other airline in the world. In the near future, the number of aircraft types is likely to decrease, and this will allow us to raise the efficiency of our maintenance process and attain an even higher quality level. JAL is able to offer its passengers a safe and comfortable flight not only because of the efforts of the ground maintenance crew, but thanks to the teamwork of staff – doing every imaginable type of job – in the whole JAL Group. With the entire Group working as one, we can confidently aim at becoming the top airline, not just in Asia, but in the entire world.

Spreading New Wings of Trust

Becoming the world's No.1 airline group in terms of both service quality and business volume

2005–2007 Medium-Term Business Plan #2
Revamping our cost structure

The second restructuring initiative called for in the 2005–2007 Medium-Term Business Plan is on the cost side. It can be broadly divided into two categories: structural reforms that will yield ongoing benefits and emergency measures such as cutting salaries and general expenses. In fiscal 2005, emergency measures will contribute more than structural reforms, but as the effect of the structural reforms gradually make themselves felt we expect a ¥75 billion impact in fiscal 2007, growing to more than ¥100 billion.

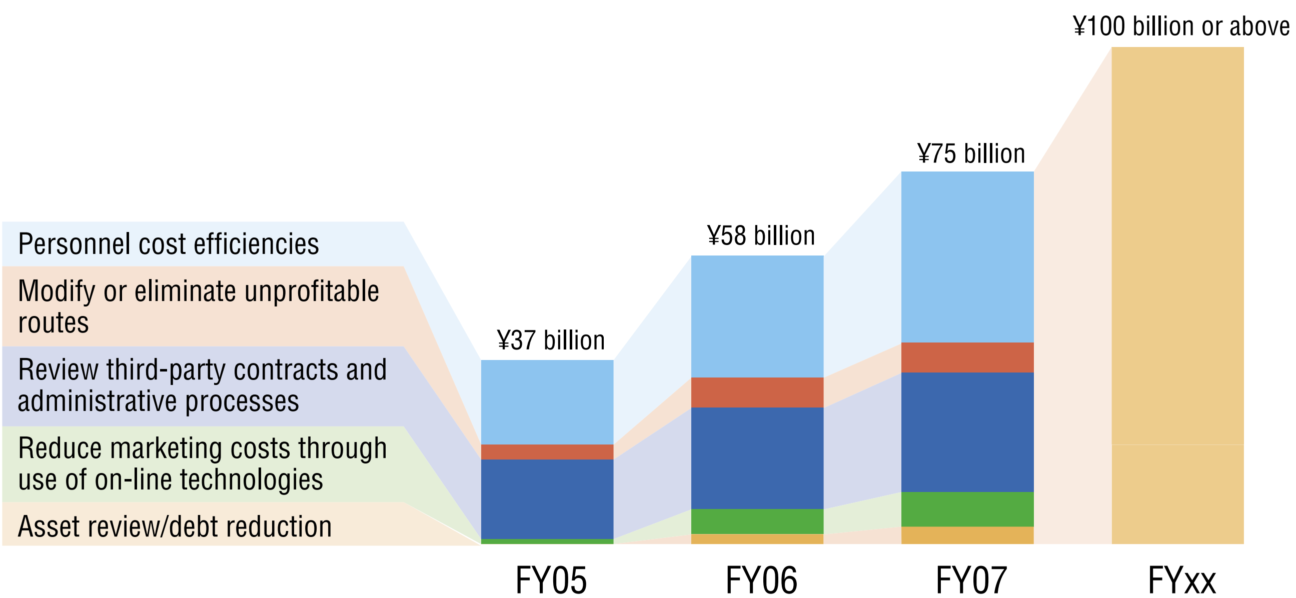
Growing and Continuing Impact of Structural Cost Reforms

Details of cost restructuring

Cost restructuring includes four primary categories: reductions in personnel expenses, elimination of unprofitable routes, review of administrative processes and group outsourcing, and lowered sales costs. The impact of these actions will grow from ¥37 billion in fiscal 2005 to ¥58 billion in fiscal 2006, thence to ¥75 billion in fiscal 2007.

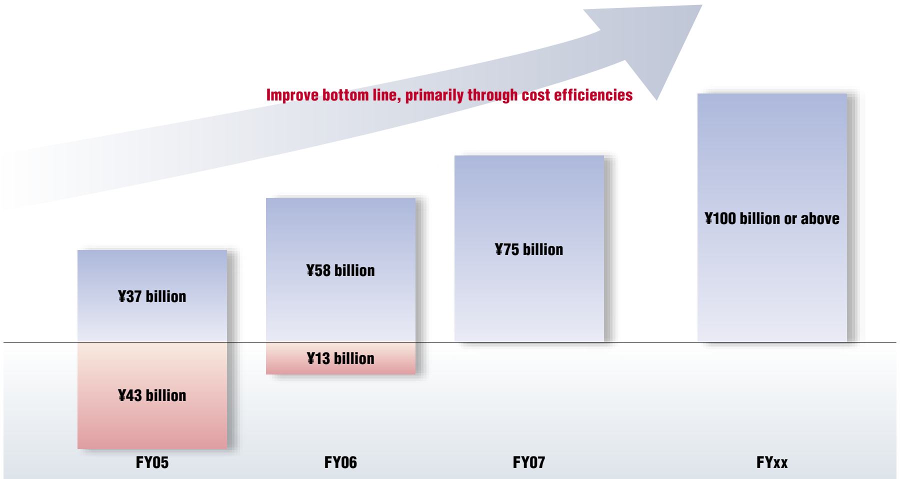
Details of cost restructuring

Effects of revamping cost structure continue to grow



Structural cost reforms and emergency measures

Achieve annual benefits of ¥75 billion from restructuring by end of medium-term business plan period



Spreading New Wings of Trust

Becoming the world's No.1 airline group in terms of both service quality and business volume

2005–2007 Medium-Term Business Plan #3
Aggressive expansion into growth markets

In addition to the two structural reforms presented thus far, the 2005–2007 Medium-Term Business Plan calls for a focus on expanding growth markets. We will tailor our strategy here for each segment of our business, aggressively expanding our business in China and other Asian countries, where rapid growth in international passenger traffic is expected, improving convenience for our domestic passengers by improving service, and aggressively developing growth markets within our cargo business.

Segment-by-Segment Strategies for Growth Markets

International passenger operations

We will expand aggressively in China and Asia. In addition to developing the largest Japan–China network, which as of July 1, 2005 already flies 247 flights per week by 30 routes to 13 destinations, with 20 connections, during the period of the Medium-Term Business Plan we will grow supply 135% on our China routes and 121% on our Asian routes.

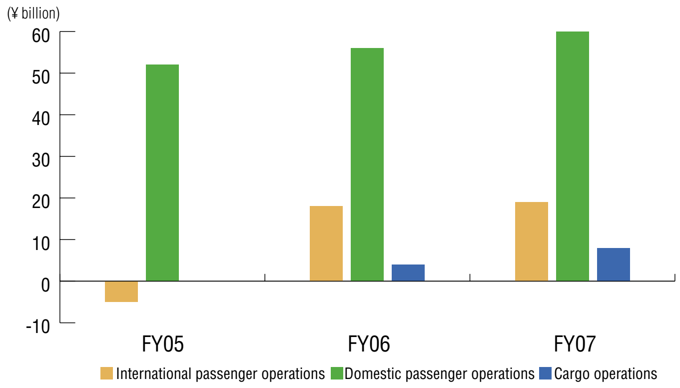
Domestic passenger operations

JEX operations are to be grown from eight planes in fiscal 2004 to 19 in fiscal 2007. In addition to ensuring our costs and coverage are competitive, we will raise service quality and push forward with e-marketing to improve customer convenience. Our goal is that use of automated check-in should increase by 15–20% during the period of the Medium-Term Business Plan.

Cargo operations

We will grow our cargo operations, targeting ¥300 billion in revenues. To achieve this aggressive growth plan we will enter growth markets such as China and domestic overnight flights.

Operating income by business segment (scenario)



The graph above shows the JAL Group's projections for operating income over the next three years, broken down into our three principal business segments.

We expect international passenger operations to once again post a loss in fiscal 2005. Thanks to our implementation of structural reforms, however, the segment should return to the black ink in fiscal 2006, and we forecast a gradual growth in operating income from that term onward.

If all goes as planned, the scheduled introduction of new passenger aircraft models from fiscal 2008 is projected to generate additional earnings thanks to improved operational efficiency.

Passenger Traffic
Kumiko Yonezawa
JAL Sky Service Co., Ltd.

Ensuring a smooth check-in process is our mission

Our work mainly involves passenger ticket issuance and check-in procedures, but also includes other customer services, such as assistance in finding the right departure gate. Our work at the check-in counter, and our behavior toward our customers, are particularly important, as this is where they first meet JAL staff. In the near future, JAL will be introducing new check-in methods involving IC cards and online services, to make the whole process more convenient. Our primary mission is to ensure that the check-in process goes smoothly, so that our customers are never kept waiting.

Spreading New Wings of Trust

Becoming the world's No.1 airline group in terms of both service quality and business volume

Targets under 2005–2007 Medium-Term Business Plan Basic initiatives and keywords

The 2005–2007 Medium-Term Business Plan involves three threads: restructuring international passenger operations, revamping cost structures, and aggressively expanding into growth markets. Its year-on-year targets are to achieve net profit of ¥10 billion or more in fiscal 2005, return the international passenger business to profitability in fiscal 2006, and reach consolidated operating income of ¥100 billion or more in fiscal 2007. We will push ahead with safety and CSR initiatives and make further service improvements, striving to become the airline group of first choice.

Numerical targets for current plan period

Three annual targets to attain through the reforms and marketing programs described so far

FY05

Net income

¥10 billion or more

FY06

International passenger operations

Return to profitability

FY07

Consolidated operating income

¥100 billion or more

Basic Management Strategy

Basic initiatives

Safety

Flight safety is the basis of the JAL Group's existence and is its prime corporate responsibility. We strive to instill the highest possible level of safety consciousness in each and every employee of the Group, and continue to work to strengthen the Group-wide safety management framework and achieve consistently high levels of safety. The goal is that customers can board our planes in complete confidence.

Corporate Social Responsibility (CSR)

Our CSR activities, leveraging the unique characteristics of the aviation business, focus on our relationships with all stakeholders – customers, shareholders, employees and the community – from economic, environmental and societal perspectives.

The key to reform: "simplification"

Simplification is the key concept behind the structural reforms in the Medium-term Business Plan – whether it be by making our Group management structure leaner or by optimizing administrative processes through the application of information technology. One aspect of making our Group management structure more lean is bringing the holding company and operating companies together into a single entity. Our goal is to accomplish this integration in fiscal 2006, the goal being to speed up the way decisions are made and communicated.

Schedule for bringing holding company and operating companies together into one entity

Reduce organizational duplication and speed up how decisions are made and communicated by creating a single entity

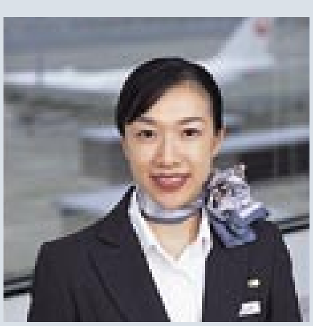
FY05

Effective integration
- **Establish Integration Conference Committee**

Determine scope and schedule for integration
- **Unify corporate planning and marketing functions**

Aim for integration in FY06

Accelerate reforms!



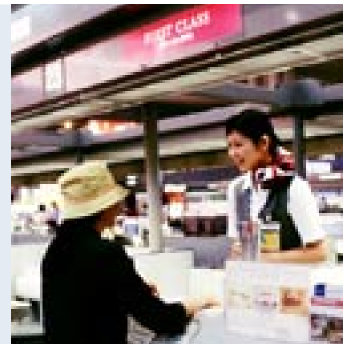
Cabin Attendant
Tomoko Nakata
Japan Airlines International Co., Ltd.

Providing top-quality cabin service

Out of all the airlines to which I applied for employment, I chose to join JAL because of the strong positive impression made on me at the job interview: the JAL staff were so much more hospitable. Once I began work at JAL, this first impression was confirmed as correct. Every day, as I perform my tasks, I always keep in the forefront of my mind the need to respond appropriately to the constantly changing needs of our passengers, so as to be able to provide the very best service. Only in this way can we expect customers to keep coming back, and only if they do so can we continue being the airline group of choice.

International Passenger Operations

International passenger operations are steadily rebounding from last year's levels, which were depressed by a string of events including the SARS outbreak, although the rebound is slower than we had hoped in some areas such as group flights to Southeast Asia. Revenue passengers increased by 25.5% over the previous year's level, or a growth of 16.6% on a paying passenger-kilometer basis.



ACTIONS AND ACCOMPLISHMENTS IN THE TERM

Route operations

This year we aggressively built up our business in the booming China market, inaugurating services between Tokyo and Hangzhou, Osaka and Hangzhou, and Osaka and Tsingtao, while in the Southeast Asia market we also added a service between Osaka and Hanoi and worked to build demand for these services. In conjunction with the opening of the Central Japan International Airport, we moved flights previously originating from or destined to Nagoya Airport to the new facilities, while also inaugurating services to meet the needs of customers in central Japan, such as new routes to Paris and Guangzhou, increasing flights to Manila, Bangkok, and Busan, and switching to larger aircraft. New aircraft in the fleet include two Boeing 777-300ER models, improving the competitiveness of our product offerings.

We worked to improve competitiveness by extending the JALways model to include all Japan–Bangkok routes, Tokyo–Kona–Honolulu, and Osaka–Brisbane–Sydney.

Marketing

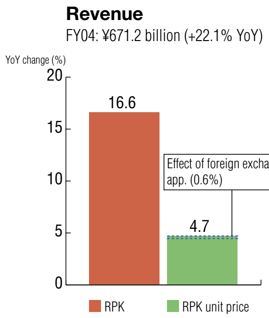
To celebrate the integration of all the international routes operated by Japan Airlines International Company under the JAL brand, in April we ran a "JJ Integration Celebration Campaign." Another campaign, "Feel New Hawaii," commemorated the 50th anniversary of the inauguration of service to Hawaii, showcasing Hawaii's new attractions to stimulate demand. In July we ran a "Power China! JAL" advertising campaign to take advantage of increasing demand for travel to China, as well as a "JAL China Power Up Campaign" to encourage business demand. We packaged tours to the Shanghai region in conjunction with the inauguration of our Hangzhou service to whet tourist demand. In order to encourage inward traffic, we are active participants in the Japanese government's "Visit Japan Campaign," and are working to promote tourism to Japan, not only from neighboring countries, but from Europe, America and Australia as well.

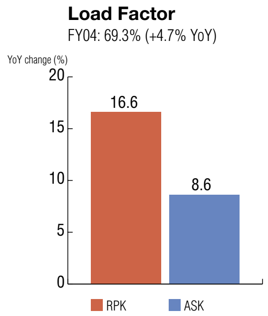
To respond to the diverse needs of our customers with regard to fares, we expanded our offerings of "Super Advance Goku" fares, "Long Stay Goku" fares, and the "Web Goku" fares which customers can purchase at our web site, and also introduced new "Economy Saver Plus" and "Birthday Goku" fares.

Committed to improve the quality of our products and services, we continued the rollout of "Shell Flat Seats", an Executive Class amenity which provides private space, now available on seven major European and North American routes. In December 2004, we initiated a service on our London route permitting passengers to connect their laptops to the Internet in-flight and send and receive mail.

We were rewarded with a 25.5% increase over the previous year to a total of 14.74 million passengers on international routes across the JAL Group as a whole, with revenues up 22.1% over the previous year at ¥671.2 billion.

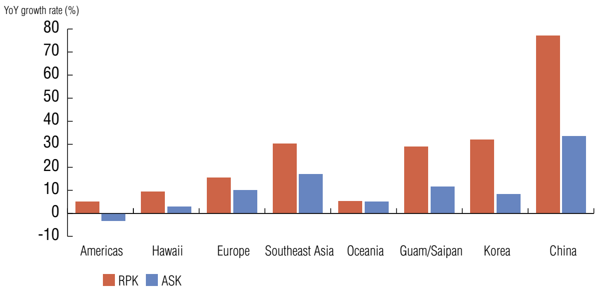
Revenue analysis: international passenger operations





RPK: revenue passenger kilometers
ASK: available seat kilometers

International passenger demand and supply by destination (YoY change)



FUTURE DEVELOPMENTS AND STRATEGY: MEDIUM-TERM BUSINESS PLAN

Our approach to route planning will be to rebuild our network in profit-oriented fashion, modifying or eliminating unprofitable routes and reallocating resources to profitable, fast-growing routes. On the service front, we will raise passenger amenity quality by rolling out our Shell Flat Seats on more routes to Europe and North America, as well as long-haul overnight routes to Asia. We will design and implement new in-flight dining services that respond to our customers' requirements, breaking away from past service styles if need be. These supply, product, and marketing strategies, designed to reflect the increasingly diverse needs of our customers, and executed in unison, will bring the business back to profitability in fiscal 2006.

Offering in-flight Internet connection service

JAL SkyOnline, our in-flight Internet connection service available in all classes, was introduced on our Tokyo–London route in December 2004 and our Tokyo–New York route in May 2005. This service employs a dedicated satellite circuit to allow customers to access the Internet conveniently in-flight from their wireless-equipped laptops. Provided by Connexion by Boeing, a business unit of Boeing, the service will be rolled out in stages, primarily on European and North American routes.

Domestic Passenger Operations

Starting in April 2004, we brought all domestic flights, operated by Japan Airlines Domestic Co., Ltd., under the JAL brand, and established a new destination-based flight naming system. We integrated reservation desks and airport counters, enhancing the convenience of the customer experience.

ACTIONS AND ACCOMPLISHMENTS FOR YEAR UNDER REVIEW

Route operations

We added flights and deployed larger planes on trunk routes, also expanding regional coverage with additional Nagoya–Fukuoka and Sendai–Sapporo flights. At the same time, we suspended or reduced services on unprofitable routes to improve profitability. In conjunction with the opening of the Central Japan International Airport, we moved most existing flights from Nagoya Airport to the new airport, while taking advantage of the proximity of the newly renovated Nagoya Komaki Airport (Nagoya Prefectural Airport) to the Nagoya city center by continuing service from that airport with J-AIR 50-seater CRJ200 model aircraft for the convenience of customers in the central Japan region.

Marketing

We worked towards a fare system which is competitive and attractive to our customers, continuing to offer popular fares such as “Bargain Fair” and “Birthday Discount” as a means of encouraging demand.

On the marketing front, we continued our existing Okinawa and Hokkaido campaigns, kicked off our “JAL Uraraka (bright) Shikoku” campaign starting April 2004 to encourage tourism, and carried out marketing promotions emphasizing the breadth of the JAL Group’s network.

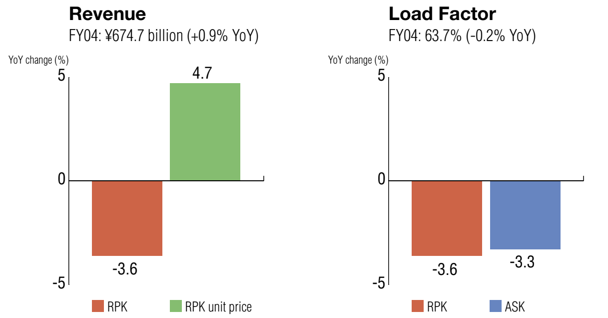
One of our aggressive product development initiatives was the introduction of Class-J in June 2004, giving passengers a more comfortable seat for a ¥1,000 fare increment. Offering a new style of relaxation, Class-J has been extremely popular since its introduction, with reliably high occupancy rates.

We remodeled Terminal 1 at Haneda Airport in December 2004. Laying emphasis on speeding customers “spaciously, easily, and smoothly” through the boarding process, we added many more counters and security gates.

In February 2005, we also introduced at major domestic airports our “JAL IC Check-in Service,” using an IC-card or IC-equipped mobile phone, allowing passengers to board easily without stopping at a check-in counter and without a boarding pass. This service is an advanced system which JAL is the first domestic airline company to introduce, and which represents a dramatic leap forward in customer service. Usage is growing steadily as more and more passengers discover its convenience.

Implementing these strategies allowed us to grow per-passenger revenue 4.7% year-on-year. The total number of passengers flying on JAL Group domestic routes totaled 44.7 million, a 3.7% year-on-year decline attributable to an increased number of cancelled flights resulting from the typhoons, but revenues grew 0.9% year-on-year to ¥674.7 billion.

Revenue analysis: domestic passenger operations



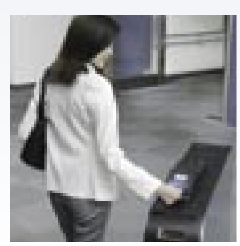
RPK: revenue passenger kilometers
ASK: available seat kilometers

FUTURE DEVELOPMENTS AND STRATEGY: MEDIUM-TERM BUSINESS PLAN

We ensured that we remained competitive from both cost and network perspectives through the expansion of JAL Express operations, the rebranding of J-AIR flights under the JAL name, and the cooperation of all the airline companies in the Group. In the future we will continue to raise basic service quality levels through “intimate and warm” human service, bring added convenience to our customers through e-marketing, and further differentiate our products through the continued rollout of Class-J and IC Check-in.

JAL’s convenient IC Check-in service

We launched our JAL IC Check-in service in February 2005 at Haneda Airport. This service permits passengers to board easily without stopping at the check-in counter or holding a boarding pass, simply by holding up a JAL-issued IC card or an IC-equipped mobile phone. We rolled this service out to all 44 domestic airports in April 2005. Applications for the JAL Card Suica which we introduced in December 2004, allowing passengers to use the same card to pay fares on both JAL domestic flights and trains in the JR East/Tokyo Monorail Suica area and JR West ICOCA area, have exceeded expectations.



Cargo Operations

Demand for international cargo services jumped sharply from the previous year, supported by the strong world economy, robust economic activity in the U.S. and the continued dynamic growth of the Chinese economy. Demand for transporting digital appliances such as digital cameras and DVD-related devices continued last year's striking growth.

ACTIONS AND ACCOMPLISHMENTS IN YEAR UNDER REVIEW

Scheduled operations

Scheduled international cargo operations saw increased flights to Shanghai starting April 2004, and a new service between Tokyo and Guangzhou starting in November, illustrating our expansion of service to China, whose energetic growth is expected to continue even into the medium term. Moreover, in conjunction with the opening of the Central Japan International Airport in February 2005, we launched the first cargo service from central Japan to the U.S., to capture the demand from one of the Japanese economy's premier manufacturing regions.

Our deployment of two Boeing 747-400 cargo freighters to increase capacity was an industry first in Japan. The fuel efficiency of the new model gives it a 19 ton greater take-off weight and allows it to fly more than 20% further than the 10 Boeing 747-200 freighters which the JAL Group currently owns. Together with the new model's improved temperature management capabilities, this means we can deliver more of our customers' precious cargoes more safely and across greater distances.

Marketing

Internationally, the cargo business was strong, driven by exports to all regions, with business booming on U.S. routes, led by automotive-related demand, European routes showing robust demand for digital appliances and seasonal demand for air conditioners through the summer, and Asian routes enjoying strong demand for electronic components and semi-conductor manufacturer equipment.

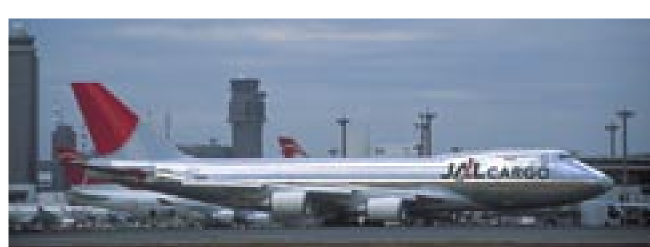
Domestically, the cargo business performed relatively well in the first half, boosted by economic recovery continuing from the previous year, but then slowed due to more flight cancellations caused by the typhoons and lower shipments of agricultural products originating from poor weather, compounded by the sense that the economy was stagnating.

Total transport volume on international cargo routes thus rose 7.1% year-on-year to 4,681.72 million ton-kilometers, with revenues up 12.0% year-on-year to ¥171.3 billion. Total transport volume on domestic cargo routes rose 4.9% year-on-year to 394.56 million ton-kilometers, with revenues down 0.9% to ¥30.5 billion.

FUTURE DEVELOPMENTS AND STRATEGY: MEDIUM-TERM BUSINESS PLAN

We will aggressively develop growth markets such as China and other Asian countries, and enter the domestic overnight cargo market, thus expanding our existing core areas.

In parallel with upgrading our existing B747s to B747-400s, we will introduce medium-sized freighters, ensuring our capacity can meet the growth in demand for international cargo.



Related Operations

Many Group companies in the related operations category enjoyed growth in sales and profits, due to growth in international passenger-related demand, among other factors. Revenues for related operations (after consolidation adjustments) thus rose 13.4% year-on-year to ¥636.1 billion.

Airline-related business

In the airline-related business, the recovery in demand boosted sales at in-flight catering companies, and the Narita-area auxiliary power unit business performed strongly based on increased sales to foreign carriers. Revenues for the airline-related business thus amounted to ¥293.7 billion, with operating income reaching ¥5.3 billion.

Travel services

Demand for travel services rose sharply over the previous year for all regions with the exception of Europe and Oceania. Domestic tourism demand also remained strong. As a result, the travel services business reported sales of ¥424.5 billion, with a ¥0.2 billion operating loss.

Other businesses

The Other businesses segment, primarily hotels and duty-free shops, benefited from recovering demand. Credit card business revenue increased as the number of JAL Card cardholders grew, as did revenue at Blue Sky shops and restaurants at domestic airports. Revenues from related operations as a whole thus amounted to ¥268.0 billion, with operating income of ¥10.0 billion.

(1) Fundamental approach

The JAL Group aims to engage in sound and transparent activities that are open to society, maximizing corporate value, and returning profit to every stakeholder.

Given this, the Group is taking a variety of measures in line with its conviction that the strengthening of corporate governance, rigorous compliance, and the assurance of transparency in management are important management issues.

(2) Corporate governance system for decision-making, business execution, and oversight

(As of March 31, 2005)

The Company is undertaking the following activities in the sphere of corporate governance.

a) The management responsibilities for the Group as a whole and the responsibilities for individual business operations are divided between Japan Airlines Corporation, as the holding company, and the operating companies, while the holding company supervises the operating companies. To speed up the decision-making process, the executive officer system has been adopted. At present the number of directors of the holding company is now 12, while the number of executive officers is 5.

To clarify management accountability on an annual basis, the term of office of directors and executive officers has been set at one year.

b) To facilitate the fair and transparent conduct of corporate activities and to enhance the corporate governance structure, the system of corporate auditing is being strengthened by including two external auditors among the total number of six auditors. In addition, there are three external directors.

c) A Compliance and Risk Management Committee has been established, chaired by the President and composed of full-time directors and corporate auditors. In addition, each of the operating companies – JAL International Co., Ltd. and JAL Domestic Co., Ltd. – has a committee charged with overseeing corporate activities and risk management. These committees ensure that Group management is transparent, and that a comprehensive risk management system is applied to corporate activities. The goal is to maintain the stability of the Group's management and ensure that Group companies fulfill their social obligations. A Directors' Compensation Advisory Committee, which is composed of the Group CEO and all external directors and external corporate auditors, has been established to advise the Board of Directors on matters involving the compensation of directors.

d) Contractual agreements covering management guidance and outsourcing of certain tasks exist between Japan Airlines Corporation, the holding company, and the operating companies Japan Airlines International Co., Ltd. and Japan Airlines Domestic Co., Ltd. In addition, these two operating companies function under the direct supervision of the holding company, including the requirement for discussing all important matters with the holding company prior to reaching decisions. From the standpoint of Group management, important subsidiaries and affiliates of the operating companies function under the supervision of the appropriate management systems of Japan Airlines International Co., Ltd. and Japan Airlines Domestic Co., Ltd. This system clarifies responsibilities and better facilitates the execution of business activities, thus strengthening the Group's corporate governance. Moreover, in addition to audits conducted by the corporate auditors, business, financial and Group audits are performed internally for the purpose of reinforcing the JAL Group's auditing functions.

e) In addition, the Group endeavors to bolster its ability to manage legal risk with regard to its operations, by maintaining a constant and close liaison with its consulting attorneys, as well as consulting with other attorneys and specialists.

f) In the FY2005-2007 Medium-Term Business Plan announced on March 10, 2005, it was stated that in order to implement the reform of the corporate structure and the cost structure swiftly, the holding company and operating companies are to be integrated. Specifically, in fiscal 2005 the corporate planning and marketing functions will be integrated and further steps to eliminate overlapping jobs and streamline the organization will be taken with a view to achieving substantial integration, the aim being to rapidly integrate the holding company and operating companies perhaps by as early as fiscal 2006. In addition, during fiscal 2005 the number of full-time officers will be cut by 30%. (By April 1, 2005, the number had been reduced by more than 30%.)

(3) Internal auditing and auditing by statutory auditors and independent auditors

Internal auditing entails the conduct of process audits, financial audits, group audits and environmental audits of the holding company, both operating companies and all Group companies by the Administration Department. Audits are conducted in accordance with plans for each fiscal year approved by the President, and if urgent matters arise during the course of a term they are addressed flexibly by prioritizing the audits again at those times. The selection of which units are to be audited involves the creation of a structure that ensures periodicity and inclusiveness, based on the audit record.

There are two categories of process audit: the themed audit and the unit-based audit. Themed audits address Group-wide themes that are consistent over the medium to long term and are in line with medium-term plans (e.g. themes that focus on the increase of efficiency and productivity, compliance-related themes), and involve auditing that cuts across the Group organization. Unit-based audits and financial audits involve visiting some 20 locations each year, targeting head office administrative units, overseas and domestic branches and offices, and airport branches and offices, and are timed to match the terms of office of the accounting personnel. Group audits cover approximately 140 Group companies, principally consolidated subsidiaries, involving management audits of some 15 companies every year, combined with the giving of guidance to enable companies to enhance their internal control capabilities independently.

With the cooperation of the Environmental Affairs, environmental audits inspect matters such as the state of in-Group observance of environment-related laws and of efforts directed at environmental conservation, and provide education and instruction in this field.

The results of each audit are reported to the President, and reports are also submitted subsequently to statutory auditors.

Audit visits are not purely for the purpose of unilaterally identifying and assessing problems. They also have the aim of providing advice and suggestions to stimulate improvements, and to work with the audited units to find solutions to problems. In addition, follow-up audits are conducted after a certain period to confirm what progress has been made with improvements. Auditing performed by our six statutory corporate auditors (of whom two are outside auditors in accordance with the stipulations of the Commercial Code) involves their attendance at meetings of the Board of Directors and other key meetings, as well as audits carried out annually with the seven staff of the Statutory Auditing Section, targeting approximately 100 company locations, subsidiaries, and affiliates. The results are reported to the Representative Directors. The statutory auditors also exchange information with internal audit units and the external auditors, and they hold meetings with the standing auditors of affiliates several times every year, with the aim of enhancing auditing throughout the Group.

Financial auditing is assigned to Ernst & Young Shin Nihon, which conducts its audits based on the Commercial Code of Japan and the Securities and Exchange Law. In addition to regular audits, whenever necessary the firm also conducts assessments with respect to accounting-related issues such as those arising from the enactment, revision, or annulment of laws and regulations, and rationalizes our accounting practices accordingly.

(4) Related party interests concerning external directors and external corporate auditors

External director Shinobu Shimizu is the President of Tokyu Corporation, a shareholder of Japan Airlines Corporation. There are no other noteworthy personal, financial or other types of relationship with the holding company involving any other external directors or external corporate auditors.

(5) Measures taken during the past year to improve corporate governance

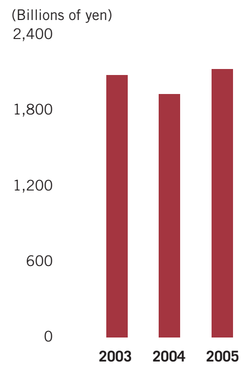
a) Meetings of the Compliance and Risk Management Committee were convened, and various actions were taken to ensure that our employees are fully familiar with the concepts contained in "Our Pledge to the Public" – the JAL Group's code of conduct – which sets out the ways in which the Group should interact with other companies and the public in general.

b) Japan Airlines Corporation, Japan Airlines International Co., Ltd., Japan Airlines Domestic Co., Ltd. and JAL Sales Co., Ltd. developed a lateral structure for the assumption of responsibilities by officers in times of emergency, and a structure for enhancing preventive measures for various corporate risk and adapting to them.

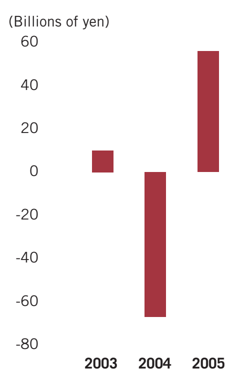
c) To ensure transparency of management, steps were taken to develop and enhance publicity activities directed at the general public and the media, as well as IR activities, so as to conduct accurate and information disclosure without undue delay.

d) A structure was put in place to bring about integration and reorganization in the same types of business Japan Airlines Corporation, Japan Airlines International Co. Ltd., and Japan Airlines Domestic Co., Ltd. each conduct. This was instigated to accelerate decision-making, enhance business efficiency, and also to conduct unified business management.

Consolidated operating revenues



Consolidated operating income



Operating Environment and Financial Strategy

During the year under review, the global economy showed recovery momentum, with growth picking up in the U.S. and China and signs of economic recovery emerging in Europe. The Japanese economy too saw significantly improved corporate earnings and increased capital investment, but personal spending was anemic. Overall, the national economy showed moderate recovery momentum.

Economic growth in the U.S. and China caused international freight demand to soar above last year's levels, and international travel demand depressed by the outbreak of SARS and other events in fiscal 2004 recovered steadily. However, growth in domestic passenger operations demand was blunted by the impact of typhoons. We were also hit by further historic hikes in fuel prices. For these reasons, the operating environment surrounding the JAL Group remained severe.

To deal with these increasingly difficult conditions, the Group worked to maximize enterprise value, by improving asset efficiency and strengthening the bottom line through enhanced profitability.

Our yardsticks for achieving this goal are return on equity (ROE) of at least 10% on a consolidated basis, and reducing the repayment period for interest-bearing debt from operating cash flows within 10 years.

In the year under review, we achieved ROE of 17.0% compared with negative ROE of 42.9% in the previous year. In addition, we reduced the repayment period for interest-bearing debt from operating cash flows from 22 to 11 years. Although we did not reach our target here, we aim to continue to bolster our financial position.

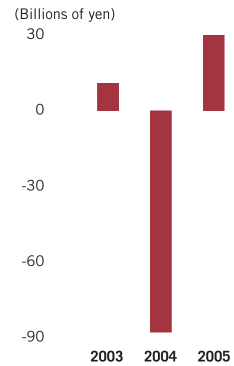
Results of Operations (consolidated basis)

Operating Revenues

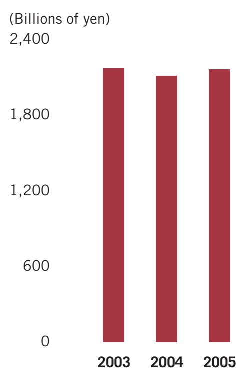
Consolidated operating revenues in the fiscal year ended March 31, 2005 rose ¥198.1 billion (US$), or 10.3%, from the previous year to ¥2,129.8 billion. The increase was mainly due to recovery following the big drop in international passenger numbers in the previous year caused by the Iraq War and the SARS outbreak, as well as a rise in international freight traffic due chiefly to the growth of the U.S. and Chinese economies.

Looking at sales by segment (including intrasegment transactions), sales in the air transportation business rose 9.8% year on year to ¥1,701.3 billion. This recovery was reflected in the performance of other segments: revenue rises were posted by the airline-related business, up 20.5% to ¥293.7 billion, travel services, up 11.2%, to ¥424.5 billion, and "other business," up 3.9%, to ¥268.0 billion.

Consolidated net income



Consolidated total assets



We enhanced the competitiveness of domestic passenger operations through a variety of marketing measures such as introduction of "Class J" premium seats and promotion of "e-business" online corporate ticketing, as well as the JAL IC check-in service. However, demand growth fell back, due to the recrudescence of overseas travel demand after a shift toward domestic travel in fiscal 2004, and the impact of typhoons and other factors. As a result, we suffered a 3.7% decline year on year in terms of revenue passenger numbers, and a 3.6% fall on a revenue passenger-km basis. However, the yield per passenger rose 4.7% due to fare adjustments, causing operating revenues to rise ¥5.8 billion to ¥674.7 billion.

Looking at international passenger operations, as a result of steady recovery in demand—badly affected by the SARS outbreak and a number of other events in fiscal 2004—the number of revenue passengers rose 25.5% and the revenue passenger-km basis also rose by 16.6%. Sales in Asia and Oceania rose substantially due to the popularity of destinations in China and South Korea (in the latter case popularized by the "Korean Wave"), underpinning growth in operating revenues. Under these conditions, operating revenues rose ¥121.5 billion year on year to ¥671.2 billion, due to fare adjustments from various demand stimulation measures such as the JJ integrated commemoration campaign.

International Cargo

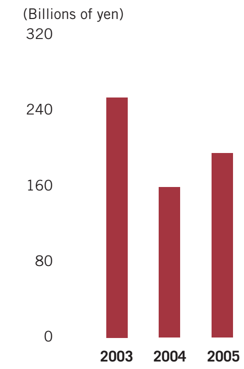
International cargo rose 107.1% on a revenue cargo ton-km basis, reflecting a steep year-on-year rise in demand triggered by growth in the U.S., China and elsewhere against a backdrop of recovery momentum in the global economy. All product categories generally saw strong shipments, including industrial products, textiles and perishables, all of which benefited from the strength in the global economy. Three categories fared particularly well: DVDs and related equipment, digital cameras, and flat-screen TV products and components, which saw increased imports and exports.

As a result, operating revenues rose ¥18.3 billion from the previous year to ¥171.3 billion.

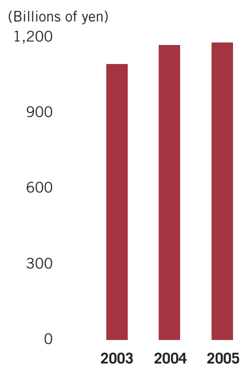
Operating Expenses

Operating expenses rose ¥74.3 billion, or 3.7%, to ¥2,073.7 billion. The main reason for this increase was higher fuel costs. To offset the rise in fuel costs, we increased revenues through fare adjustments and other measures, and pared ¥47.0 billion in total costs through various reduction measures and reorganization of routes. In addition to this enhancement of the revenue position, we curbed increases in operating expenses by reducing personnel costs through reforms of our retirement benefit system. As a result, operating expenses totaled 97.4% of operating revenues, a big improvement from 103.5% in the previous year.

Consolidated total stockholders' equity



Consolidated long-term debt



Earnings

Buoyed by the reduction in expenses and the recovery in the international air transportation business, operating income came in at ¥56.1 billion, compared with the loss of ¥67.6 billion in the previous year. As a result, operating income was equal to 2.6% of operating revenues.

By segment, operating income in the air transportation business totaled ¥41.6 billion, compared with a ¥72.2 billion loss in the previous year due to recovery in international routes. The airline-related business segment benefited from increased sales at affiliates and subsidiaries involved in in-flight catering, due to rising numbers of passengers on international routes. Another factor was an increase in revenues in our business of marketing electricity for airplanes, thanks also to a sales increase to foreign companies. As a result, operating income totaled ¥5.3 billion, higher than the ¥3.4 billion posted in the previous year.

In the "other business" segment, operating income rose ¥3.7 billion to ¥10.0 billion, propelled by strong duty-free and in-flight sales, and a good performance by the hotel resort business and card business.

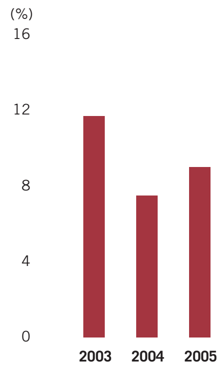
Operating income in the air transportation business was 2.4% of operating revenues. The figure was 1.8% for the airline-related business and 3.7% for "other business."

In travel services, revenues from in JALPAK and JALTOURS rose due to increased numbers of overseas travelers, but the segment could not avoid an operating loss of ¥0.3 billion as tourism demand originating in Japan has not yet fully recovered.

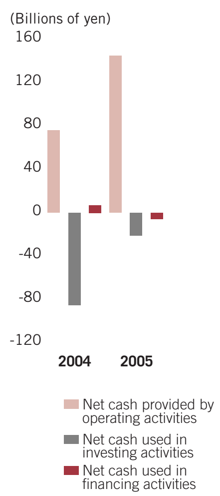
Non-operating expenses and extraordinary income/loss totaled ¥82.5 billion, ¥18.0 billion worse than the previous year. The main factors were lease termination and disposal losses on fixed assets. However, non-operating revenues and extraordinary income/loss totaled ¥71.0 billion, a ¥21.0 billion increase compared with the previous year, due to an increase in repayment for aircraft parts and foreign exchange transaction gains, as well as proceeds from sale of fixed assets. As a result, we posted a loss of ¥11.4 billion. The ¥3.0 billion improvement from the previous year was due to a reduction in interest expenses, our largest expense item.

As a result, net income rose ¥118.7 billion from the previous yaer to ¥30.0 billion, and accounted for 1.4% of operating revenues. Net income per share was ¥15.24, and we have restored the dividend to ¥4.00 per share.

Consolidated stockholders' equity ratio



Consolidated cash flows



Liquidity and Capital Resources

Financial Position

Total consolidated assets for year ended March 31, 2005 rose ¥49.2 billion, or 2.3%, to ¥2,162.6 billion, due mainly to a ¥164.0 billion increase in current assets to ¥683.1 billion. The main factors were a ¥14.3 billion increase in accounts receivable from the increase in operating revenues and a steep increase in cash on hand and in bank to ¥108.7 billion from fund-raising via convertible bonds issued in the euromarkets.

Property and equipment plunged to ¥1,191.7 billion, a decline of ¥130.5 billion year on year, due to ongoing aircraft depreciation and aircraft sales. We also sold our headquarters building to reduce interest-bearing debt.

At the same time, current liabilities increased ¥8.5 billion from the previous term to ¥569.1 billion. A decline in short-term borrowings, the current portion of bonds, and long-term borrowings was offset by an increase in accrued expenses accompanying the increase in operating revenues.

However, working capital (current assets minus current liabilities) came to ¥114.0 billion, emerging from the negative territory of the previous year. A rise in the current ratio to 120.0% from 92.6% in the previous year showed that liquidity has strengthened significantly over the year.

Long-term liabilities rose ¥10.8 billion from the previous year to ¥1,172.2 billion. Although long-term borrowings fell by ¥74.1 billion, we posted a ¥85.0 billion rise in corporate bonds (above-mentioned convertible bond issue). However, these bonds were zero-coupon, so there was no interest burden.

Stockholders' equity rose ¥35.4 billion, or 22.3%, to ¥194.7 billion. This was mainly due to a reduction in the deficit in the retained earnings, because of an increase in net income. Furthermore, capital surplus increased due to the issue of new shares through a stock swap, but declined ¥0.5 billion due to cancellation of shares in treasury.

As a result of the above, the stockholders' equity ratio rose from 7.5% in the previous year to 9.0%. ROE improved from minus 42.9% in previous year to 17.0%, beyond our target of 10%.

Cash Flows

In the year under review, net cash provided by operating activities totaled ¥145.2 billion, ¥68.9 billion more than previous year. This was mainly due to the increase in income before income taxes and minority interests.

Net cash used in investing activities stood at ¥21.4 billion, a drop of ¥63.9 billion from the previous year. In spite of a decline in the cash outflow for the acquisition of fixed assets such as aircraft, there was an increase in the inflow of cash from the sale of our headquarters building.

Net cash used in financing activities totaled ¥6.2 billion, compared with a cash inflow of ¥7.6 billion in the previous year. This was due mainly to a substantial decline in the balance of short-term borrowings and repayment of long-term borrowings to reduce interest-bearing debt, which were more than offset by bond issues.

As a result of the above, cash and cash equivalents rose ¥117.6 billion to ¥260.9 billion at the end of the term. In addition, free cash flow (cash flows from operating activities plus cash flows from investing activities) totaled ¥123.8 billion reversing a deficit in the previous year.

Outlook

The operating environment faced by the JAL Group is expected to remain harsh as fuel prices continue to post historic highs, and the international situation remains unsettled. In such circumstances, the Group will pare costs to the maximum through cost restructuring measures and emergency measures in line with the Fiscal 2005-2007 Medium-Term Business Plan, and work to raise revenue through a variety of measures in international, domestic and cargo operations, aiming at fundamental improvement of the revenue/expense position. Fuel prices have risen even higher than the level expected at the time of drafting of the Fiscal 2005-2007 Medium-Term Business Plan. However, we are making no change to our earnings forecast for fiscal 2005 because we expect to take further measures to boost revenues.

In our forecast for the full year we have assumed an exchange rate of ¥110 to the dollar, and a per-barrel oil price of $54 on the Singapore Kerosene market. Based on these assumptions, we forecast

(1) Consolidated operating revenue of ¥2,209.0 billion

(2) Consolidated operating income of ¥60.0 billion

(3) Consolidated net income of ¥17.0 billion

Japan Airlines Corporation and Consolidated Subsidiaries

As of March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Assets			
Current assets:			
Cash and time deposits (Note 3)	¥ 252,573	¥ 143,775	$ 2,360,495
Short-term investments in securities (Notes 3 and 4)	666	656	6,224
Accounts receivable (Note 14):			
Trade	219,185	205,524	2,048,457
Unconsolidated subsidiaries and affiliates	5,740	5,982	53,644
Allowance for doubtful accounts	(2,905)	(3,231)	(27,149)
Flight equipment spare parts and supplies, at cost (Note 5)	76,335	75,784	713,411
Deferred income taxes (Note 7)	9,618	8,690	89,887
Prepaid expenses and other (Note 3)	121,960	81,892	1,139,813
Total current assets	683,174	519,076	6,384,803
Investments and advances (Note 5):			
Unconsolidated subsidiaries and affiliates	33,480	36,358	312,897
Other (Note 4)	98,254	95,127	918,261
Total investments and advances	131,734	131,486	1,231,158
Property and equipment (Notes 5, 10 and 11):			
Flight equipment	2,022,488	2,080,078	18,901,757
Ground property and equipment	754,886	814,206	7,055,009
	2,777,375	2,894,284	25,956,775
Accumulated depreciation	(1,612,847)	(1,632,427)	(15,073,336)
	1,164,527	1,261,857	10,883,429
Advances on flight equipment purchases and other (Note 14)	27,217	60,424	254,364
Total property and equipment, net	1,191,744	1,322,281	11,137,794
Software	67,871	64,551	634,308
Long-term loans	14,383	15,695	134,420
Deferred income taxes (Note 7)	44,595	49,645	416,775
Bond issuance expenses	76	123	710
Other assets	29,074	10,559	271,719
	¥2,162,654	¥2,113,418	$20,211,719

The accompanying notes are an integral part of these consolidated statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
Liabilities and stockholders' equity			
Current liabilities:			
Short-term borrowings (Notes 3 and 5)	¥ 11,611	¥ 10,782	$ 108,514
Current portion of long-term debt (Notes 5 and 14)	127,974	144,718	1,196,018
Accounts payable (Note 14):			
Trade	206,159	198,530	1,926,719
Unconsolidated subsidiaries and affiliates	7,624	7,512	71,252
Accrued expenses	50,684	50,966	473,682
Accrued income taxes (Note 7)	6,464	6,572	60,411
Deferred income taxes (Note 7)	154	60	1,439
Other	158,465	141,416	1,480,981
Total current liabilities	569,140	560,559	5,319,065
Long-term debt (Notes 5 and 14)	1,178,932	1,170,156	11,018,056
Accrued pension and severance costs (Note 6)	149,665	163,128	1,398,738
Deferred income taxes (Note 7)	645	120	6,028
Other noncurrent liabilities	43,749	36,041	408,869
Minority interests	25,774	24,139	240,878
Commitments and contingent liabilities (Notes 10, 11 and 14)			
Stockholders' equity (Note 8):			
Common stock:			
Authorized: 6,936,918,000 shares in 2005 and 7,000,000,000 shares in 2004			
Issued: 1,982,383,250 shares in 2005 and 1,980,465,250 shares in 2004	100,000	100,000	934,579
Capital surplus	136,141	136,678	1,272,345
Accumulated deficit	(34,978)	(65,031)	(326,897)
Net unrealized gain on other securities, net of taxes (Note 4)	3,765	2,787	35,186
Translation adjustments	(9,406)	(9,958)	(87,906)
Common stock in treasury, at cost: 2,494,462 shares in 2005 and 18,448,160 shares in 2004	(775)	(5,202)	(7,242)
Total stockholders' equity	194,746	159,273	1,820,056
	¥2,162,654	¥2,113,418	$20,211,719

Japan Airlines Corporation and Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars (Note 2)
Years ended March 31,	2005	2004	2003	2005
Operating revenues:				
Passenger:				
Domestic	¥ 674,732	¥ 668,888	¥ 629,358	$ 6,305,906
International	671,291	549,764	668,472	6,273,747
Cargo:				
Domestic	40,497	42,670	42,217	378,476
International	179,031	161,331	165,613	1,673,186
Incidental and other revenues	564,322	509,086	577,818	5,274,037
	2,129,876	1,931,742	2,083,480	19,905,383
Operating expenses (Note 10):				
Wages, salaries and benefits	463,240	510,203	499,448	4,329,345
Aircraft fuel	288,405	244,341	245,921	2,695,373
Aircraft maintenance	89,428	82,206	81,139	835,775
Aircraft rent	100,644	86,720	91,921	940,598
Landing fees and other rent	239,288	233,230	231,835	2,236,336
Purchased services	111,943	106,695	111,922	1,046,196
Depreciation and amortization	124,713	119,388	118,187	1,165,542
Commission	126,264	113,396	125,717	1,180,037
Incidental and other expenses	529,799	503,203	566,796	4,951,392
	2,073,727	1,999,387	2,072,891	19,380,626
Operating income (loss)	56,149	(67,645)	10,589	524,757
Non-operating income (expenses):				
Interest and dividend income	3,170	2,928	2,932	29,626
Interest expense (Note 10)	(24,875)	(28,503)	(34,657)	(232,476)
Exchange gain (loss), net	2,075	424	(1,975)	19,392
Flight equipment purchase incentives	48,386	29,260	42,075	452,205
Gain on sales of ground property and equipment	1,905	1,330	4,446	17,803
Gain on sales of investments in securities	1,334	1,235	4,623	12,467
Subsidies received for purchases of aircraft for isolated island routes	1,716	1,618	—	16,037
Gain recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plan	—	755	—	—
Loss on sales and disposal of flight equipment	(17,417)	(13,946)	(10,637)	(162,775)
Loss on sales and disposal of ground property and equipment	(13,840)	(5,153)	(9,852)	(129,345)
Loss on investments in unconsolidated subsidiaries and affiliates	—	(6,518)	—	—
Equity in earnings of affiliates	1,514	1,221	340	14,149
Loss on cancellation of lease contracts	(9,682)	—	—	(90,485)
Expenses arising from business combination	—	—	(7,304)	—
Other, net	(5,767)	846	3,500	(53,897)
	(11,482)	(14,503)	(6,508)	(107,308)
Income (loss) before income taxes and minority interests	44,666	(82,148)	4,081	417,439
Income taxes (Note 7):				
Current	7,897	8,854	8,100	73,803
Deferred	4,251	(3,092)	(16,468)	39,728
	12,148	5,761	(8,368)	113,532
Minority interests	(2,420)	(709)	(804)	(22,616)
Net income (loss)	¥ 30,096	¥ (88,619)	¥ 11,645	$ 281,271

The accompanying notes are an integral part of these consolidated statements.

Japan Airlines Corporation and Consolidated Subsidiaries

	Number of shares of common stock issued	Common stock	Capital surplus	(Accumulated deficit) retained earnings	Net unrealized gain (loss) on other securities, net of taxes (Note 4)	Translation adjustments	Common stock in treasury	Total
		Millions of yen						
Balance at April 1, 2002	1,980,465,250	¥100,000	¥158,529	¥ 570	¥2,095	¥(4,717)	¥(7,467)	¥249,009
Net income for the year ended March 31, 2003				11,645				11,645
Bonuses to directors and statutory auditors				(35)				(35)
Transfer from capital surplus to retained earnings			(11,301)	11,301				—
Other			(51)		(2,875)	(2,734)	(701)	(6,363)
Balance at March 31, 2003	1,980,465,250	100,000	147,175	23,481	(780)	(7,451)	(8,168)	254,256
Net loss for the year ended March 31, 2004				(88,619)				(88,619)
Cash dividends			(7,844)					(7,844)
Bonuses to directors and statutory auditors				(38)				(38)
Increase resulting from change in scope of consolidation				144				144
Other			(2,652)		3,567	(2,506)	2,966	1,375
Balance at March 31, 2004	1,980,465,250	100,000	136,678	(65,031)	2,787	(9,958)	(5,202)	159,273
Net income for the year ended March 31, 2005				30,096				30,096
Bonuses to directors and statutory auditors				(43)				(43)
Stock issuance in an exchange of shares (*kabushiki-kohkan*)	65,000,000		5,069				(4,162)	906
Retirement of common stock in treasury	(63,082,000)		(7,428)				7,428	—
Other			1,821		978	552	1,160	4,513
Balance at March 31, 2005	1,982,383,250	¥100,000	¥136,141	¥(34,978)	¥3,765	¥(9,406)	¥ (775)	¥194,746

	Common stock	Capital surplus	(Accumulated deficit) retained earnings	Net unrealized gain (loss) on other securities, net of taxes (Note 4)	Translation adjustments	Common stock in treasury	Total
	Thousands of U.S. dollars (Note 2)						
Balance at April 1, 2004	$ 934,579	$ 1,277,364	$ (607,766)	$ 26,046	$ (93,065)	$ (48,616)	$ 1,488,532
Net income for the year ended March 31, 2005			281,271				281,271
Bonuses to directors and statutory auditors			(401)				(401)
Stock issuance in an exchange of shares (*kabushiki-kohkan*)		47,373				(38,897)	8,467
Retirement of common stock in treasury		(69,420)				69,420	—
Other		17,018		9,140	5,158	10,841	42,177
Balance at March 31, 2005	$934,579	$1,272,345	$(326,897)	$35,186	$(87,906)	$ (7,242)	$1,820,056

The accompanying notes are an integral part of these consolidated statements.

Japan Airlines Corporation and Consolidated Subsidiaries

			Millions of yen	Thousands of U.S. dollars (Note 2)
Years ended March 31,	2005	2004	2003	2005
Operating activities:				
Income (loss) before income taxes and minority interests	¥ 44,666	¥ (82,148)	¥ 4,081	$ 417,439
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	124,713	119,388	118,187	1,165,542
Gain on sales of, and loss on revaluation of, short-term investments in securities and investments in securities, net	(171)	(569)	(2,551)	(1,598)
Loss on sales and disposal of property and equipment, net	25,702	17,846	17,603	240,205
Net provision for accrued pension and severance costs	(13,645)	19,459	17,223	(127,523)
Interest and dividend income	(3,170)	(2,928)	(2,932)	(29,626)
Interest expense	24,875	28,503	34,657	232,476
Exchange (gain) loss, net	(200)	547	141	(1,869)
Equity in earnings of affiliates	(1,514)	(1,221)	(340)	(14,149)
(Increase) decrease in notes and accounts receivable	(16,000)	(7,215)	31,761	(149,532)
(Increase) decrease in flight equipment spare parts	(209)	2,387	(2,812)	(1,953)
Increase in accounts payable	7,545	2,608	7,778	70,514
Other	(15,743)	14,366	(29,111)	(147,130)
Subtotal	176,848	111,023	193,686	1,652,785
Interest and dividends received	3,648	3,386	3,427	34,093
Interest paid	(25,686)	(29,003)	(34,709)	(240,056)
Income taxes paid	(9,535)	(9,060)	(6,991)	(89,112)
Net cash provided by operating activities	145,275	76,345	155,413	1,357,710
Investing activities:				
Purchases of time deposits	(1,367)	(1,092)	(101)	(12,775)
Proceeds from maturity of time deposits	281	996	1,877	2,626
Purchases of property and equipment	(121,960)	(151,585)	(195,575)	(1,139,813)
Proceeds from sales of property and equipment	94,927	57,285	62,043	887,168
Purchases of investments in securities	(4,531)	(974)	(11,540)	(42,345)
Proceeds from sales and maturity of investments in securities	2,363	3,615	12,400	22,084
Proceeds from sales of consolidated subsidiaries resulting in change in scope of consolidation	—	103	683	—
Long-term loans receivable made	(2,787)	(2,853)	(4,937)	(26,046)
Collection of long-term loans receivable	6,273	8,875	42,887	58,626
Other	5,344	247	7,074	49,943
Net cash used in investing activities	(21,456)	(85,382)	(85,187)	(200,523)

			Millions of yen	Thousands of U.S. dollars (Note 2)
Years ended March 31,	2005	2004	2003	2005
Financing activities:				
Increase (decrease) in short-term borrowings, net	¥ 39	¥ (9,976)	¥ (36,196)	$ 364
Proceeds from long-term loans	48,182	200,882	214,804	450,299
Repayment of long-term loans	(130,978)	(134,638)	(199,550)	(1,224,093)
Proceeds from issuance of bonds	99,975	29,815	—	934,345
Redemption of bonds	(23,700)	(67,495)	(83,864)	(221,495)
Dividends paid to stockholders	(12)	(7,813)	(50)	(112)
Dividends paid to minority interests	(315)	(334)	(266)	(2,943)
Other	519	(2,825)	(2,979)	4,850
Net cash (used in) provided by financing activities	(6,290)	7,615	(108,103)	(58,785)
Effect of exchange rate changes on cash and cash equivalents	272	(1,568)	(670)	2,542
Net increase (decrease) in cash and cash equivalents	117,801	(2,991)	(38,548)	1,100,943
Cash and cash equivalents at beginning of year	143,327	146,318	185,399	1,339,504
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	—	176	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(195)	—	(708)	(1,822)
Cash and cash equivalents at end of year (Note 3)	¥260,933	¥143,327	¥146,318	$2,438,626

The accompanying notes are an integral part of these consolidated statements.

Japan Airlines Corporation and Consolidated Subsidiaries
Japan Airlines System Corporation, the holding company of the JAL group, was renamed Japan Airlines Corporation on June 26, 2004.

1. Summary of Significant Accounting Policies

a. Basis of presentation

Japan Airlines Corporation (the "Company," formerly Japan Airlines System Corporation) and its consolidated domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and its consolidated foreign subsidiaries, in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency as required by the Securities and Exchange Law of Japan and include certain additional financial information for the convenience of readers outside Japan.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

b. Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

The balance sheet date of 27 of the consolidated subsidiaries is December 31, for 2005 (26 for 2004), and for 1 consolidated subsidiary, it is the end of February. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 and the period from March 1 through March 31 have been adjusted, if necessary.

The differences between the cost and the fair value of the net assets at the dates of acquisition of the consolidated subsidiaries and companies accounted for by the equity method are amortized by the straight-line method over a period of 5 years.

All significant intercompany accounts and transactions and unrealized gain or loss on intercompany accounts and transactions have been eliminated.

In accounting for business combinations, both the pooling-of-interest method and the purchase method are permitted under accounting practices generally accepted in Japan. On October 2, 2002, the Company was established as a holding company by Japan Airlines International Co., Ltd. ("JALI," formerly Japan Airlines Company, Ltd.) and Japan Airlines Domestic Co., Ltd. ("JALJ," formerly Japan Air System Co., Ltd.) by means of a transfer of shares in accordance with the Commercial Code of Japan. The business combination of JALI and JALJ was accounted for by the pooling-of-interest method. The operating results of the consolidated subsidiaries were included in the consolidated financial statements of operations and cash flows from April 1, 2002, regardless of the date of establishment of the Company. In addition, the beginning balances in the consolidated statement of stockholders' equity for 2003 were presented assuming that the Company had existed as of April 1, 2002.

c. Securities

Securities, except for investments in unconsolidated subsidiaries and affiliates, are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of stockholders' equity, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined principally by the moving average method.

d. Derivatives

Derivatives positions are stated at fair value.

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Foreign receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met. In addition, the related interest differential paid or received under interest-rate swaps used as hedging instruments is recognized over the terms of the swap agreements as an adjustment to the interest expense of the underlying hedged items if certain conditions are met.

e. Property and equipment

Property and equipment is stated at cost except as indicated in the following paragraph.

Under Japanese tax legislation, it is permitted to defer certain capital gains, principally those arising from insurance claims, by crediting them to the cost of certain properties. Deferred capital gains at March 31, 2005 and 2004 amounted to ¥23,153 million ($216,383 thousand) and ¥15,236 million, respectively.

Depreciation of property and equipment is computed as follows:

Flight equipment:

Aircraft and spare engines:

Boeing 747 (with the exception of Boeing 747-400)	—principally the declining-balance method based on their estimated useful lives
Boeing 747-400	—the straight-line method based on their estimated useful lives
Boeing 767	—principally the straight-line method based on their estimated useful lives
Boeing 777	—the straight-line method based on their estimated useful lives
Boeing 737	—the straight-line method based on their estimated useful lives
Douglas DC-10	—principally the declining-balance method based on their estimated useful lives
Douglas MD-11	—the straight-line method based on their estimated useful lives
Douglas MD-90	—the straight-line method based on their estimated useful lives
Douglas MD-87	—the straight-line method based on their estimated useful lives
Douglas MD-81	—the straight-line method based on their estimated useful lives
Airbus A300	—the straight-line method based on their estimated useful lives
Airbus A300-600	—the straight-line method based on their estimated useful lives

Spare parts contained in flight equipment:

—principally the declining-balance method based on each aircraft's or engine's estimated useful life

Ground property and equipment:

—principally the straight-line method based on the estimated useful lives of the respective assets

The estimated useful lives are as follows:

Flight equipment	from 8 to 27 years
Ground property and equipment	from 2 to 65 years

f. Software

Computer software intended for internal use is amortized by the straight-line method based on its estimated useful life which ranges principally from 5 to 7 years.

g. Bond issuance expenses

Bond issuance expenses are capitalized and are amortized over a period of 3 years.

h. Accrued pension and severance costs

To provide for employees' severance indemnities, net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.

The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of 15 years.

The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which is principally less than the average remaining years of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain consolidated subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.

i. Foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and any gain or loss on translation is included in current earnings.

Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates accounted for by the equity method into yen at the applicable year-end exchange rates are presented as minority interests and as a separate component of stockholders' equity.

j. Revenue recognition

Passenger and cargo revenues are recognized when the transportation services are rendered.

k. Leases

As lessee

The Company and certain consolidated subsidiaries lease certain equipment under noncancelable lease agreements referred to as capital leases. Capital leases, defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

As lessor

Certain consolidated subsidiaries lease certain equipment under noncancelable lease agreements referred to as direct financing leases. Direct financing leases, defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

l. Appropriation of retained earnings and disposition of accumulated deficit

Under the Commercial Code of Japan, the appropriation of retained earnings and disposition of accumulated deficit with respect to a financial period is made by resolution of the stockholders at a general meeting held subsequent to the close of the financial period and the accounts for that period do not, therefore, reflect such appropriations and disposition.

m. Cash equivalents

Cash equivalents are defined as highly liquid, short-term investments with an original maturity of 3 months or less.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥107 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2005, has been used in translation. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

3. Cash and Cash Equivalents

The components of cash and cash equivalents at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Cash and time deposits	¥252,573	¥143,775	$2,360,495
Time deposits with a maturity of more than three months	(1,513)	(448)	(14,140)
Short-term investments in securities with a maturity of three months or less	0	0	0
Short-term investments included in other current assets, with a maturity of three months or less	9,998	—	93,439
Credit balances of current accounts included in short-term borrowings	(126)	—	(1,177)
	¥260,933	¥143,327	$2,438,626

4. Fair Value of Securities

No trading securities or held-to-maturity securities were held at March 31, 2005 and 2004. Securities classified as other securities are included in "short-term investments in securities" and "investments and advances — other" in the accompanying consolidated balance sheets.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2005 and 2004 are summarized as follows:

			Millions of yen
March 31, 2005	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥14,067	¥21,052	¥6,985
Bonds:			
Government bonds	17	19	1
Corporate bonds	42	42	0
Other	738	748	9
	14,866	21,863	6,997
Unrealized loss:			
Stocks	2,529	1,968	(560)
Bonds:			
Corporate bonds	10	9	(0)
Other	316	311	(5)
	2,855	2,289	(565)
Total	¥17,721	¥24,153	¥6,431

			Thousands of U.S. dollars
March 31, 2005			
Unrealized gain:			
Stocks	$131,467	$196,747	$65,280
Bonds:			
Government bonds	158	177	9
Corporate bonds	392	392	0
Other	6,897	6,990	84
	138,934	204,327	65,392
Unrealized loss:			
Stocks	23,635	18,392	(5,233)
Bonds:			
Corporate bonds	93	84	(0)
Other	2,953	2,906	(46)
	26,682	21,392	(5,280)
Total	$165,616	$225,728	$60,102

			Millions of yen
March 31, 2004			
Unrealized gain:			
Stocks	¥ 9,937	¥15,346	¥5,409
Bonds:			
Government bonds	17	19	2
Corporate bonds	99	100	0
Other	861	876	14
	10,916	16,343	5,426
Unrealized loss:			
Stocks	3,574	3,159	(415)
Bonds:			
Corporate bonds	52	51	(0)
Other	77	73	(4)
	3,704	3,284	(420)
Total	¥14,621	¥19,627	¥5,005

Non-marketable securities classified as other securities at March 31, 2005 and 2004 amounted to ¥26,851 million ($250,943 thousand) and ¥26,809 million, respectively.

Proceeds from sales of securities classified as other securities for the years ended March 31, 2005, 2004 and 2003 amounted to ¥156 million ($1,457 thousand), ¥16,541 million and ¥5,255 million, respectively. The aggregate gain realized on those sales for the years ended March 31, 2005, 2004 and 2003 totaled ¥75 million ($700 thousand), ¥500 million and ¥3,853 million, respectively, and the aggregate loss realized on those sales for the years ended March 31, 2005, 2004 and 2003 totaled ¥3 million ($28 thousand), ¥19 million and ¥53 million, respectively.

The redemption schedule at March 31, 2005 for bonds with maturity dates is summarized as follows:

	Millions of yen	
March 31, 2005	Due in one year or less	Due after one year through five years
Government bonds	¥ —	¥ 7
Corporate bonds	10	10
Total	¥10	¥17

	Thousands of U.S. dollars	
March 31, 2005		
Government bonds	$ —	$ 65
Corporate bonds	93	93
Total	$93	$158

5. Short-Term Borrowings and Long-Term Debt

The weighted-average interest rates for short-term borrowings outstanding at March 31, 2005 and 2004 were 1.5% and 1.2%, respectively.

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Bonds:			
Zero-coupon convertible bond in euro-yen, due 2011	¥ 100,000	¥ —	$ 934,579
Japanese yen bonds, due 2004 to 2018, at rates ranging from 1.5% to 3.4%	225,000	248,700	2,102,803
Loans with collateral, due 2004 to 2020, at rates ranging from 0.24% to 7.91%	544,321	599,398	5,087,112
Loans without collateral, due 2004 to 2030, at rates ranging from 0.05% to 6.6%	428,539	455,537	4,005,037
Other	9,047	11,238	84,551
	1,306,907	1,314,874	12,214,084
Less current portion of long-term debt	(127,974)	(144,718)	(1,196,018)
	¥1,178,932	¥1,170,156	$11,018,056

The convertible bond, unless previously redeemed, is convertible into shares of common stock of the Company at the following current conversion price:

	Conversion price per share	Conversion period
Zero-coupon convertible bond in euro-yen, due 2011	¥ 440.00	April 19, 2004 — March 11, 2011

The aggregate annual maturities of long-term debt subsequent to March 31, 2005 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2006	¥ 127,974	$ 1,196,018
2007	144,758	1,352,878
2008	185,779	1,736,252
2009	152,127	1,421,747
2010 and thereafter	696,266	6,507,158
	¥1,306,907	$12,214,084

A summary of assets pledged as collateral at March 31, 2005 and 2004 is as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Flight equipment, net of accumulated depreciation	¥556,308	¥557,141	$5,199,140
Flight equipment spare parts	49,675	53,286	464,252
Investments in affiliates and other securities	37,070	34,793	346,448
Ground property and equipment, net of accumulated depreciation	201,120	237,028	1,879,626
	¥844,174	¥882,249	$7,889,476

In addition, shares of common stock of certain consolidated subsidiaries were pledged as collateral at March 31, 2005.

6. Accrued Pension and Severance Costs

An employee whose employment is terminated is entitled, in most cases, to pension annuity payments or to a lump-sum severance payment determined by reference to the basic rate of pay, length of service and the conditions under which the termination occurs.

Certain significant domestic consolidated subsidiaries have established contributory defined benefit pension plans pursuant to the Welfare Pension Insurance Law of Japan, i.e., welfare pension fund plans (WPFPs). Each WPFP consists of the governmental welfare pension program (the substitutional portion) and an additional non-contributory pension plan portion. In addition, certain consolidated subsidiaries have maintained their non-contributory defined benefit pension plans and lump-sum severance indemnity plans.

The projected benefit obligation and the funded status of the plans are summarized as follows:

March 31,	Millions of yen 2005	2004	Thousands of U.S. dollars 2005
Projected benefit obligation	¥(906,702)	¥(936,352)	$(8,473,850)
Plan assets	423,435	396,371	3,957,336
Accrued pension and severance costs	149,665	163,128	1,398,738
Prepaid pension and severance costs	(21,975)	(647)	(205,373)
Net unrecognized amount	¥(355,577)	¥(377,499)	$(3,323,149)

In computing the projected benefit obligation, small companies are permitted to adopt several simplified methods and certain subsidiaries have done so.

The net unrecognized amounts were as follows:

March 31,	Millions of yen 2005	2004	Thousands of U.S. dollars 2005
Unrecognized benefit obligation at transition	¥(147,215)	¥(162,239)	$(1,375,841)
Adjustment for actuarial assumptions	(209,225)	(216,246)	(1,955,373)
Past service cost	863	986	8,065
Net unrecognized amounts	¥(355,577)	¥(377,499)	$(3,323,149)

The substitutional portions of the WPFP benefits have been included in the amounts shown in the above tables.

On September 10, 2004, JAL Pension Fund, in which a consolidated subsidiary, Japan Airlines International Co., Ltd. is a participant, resolved to revise its internal regulations to introduce an option similar to a cash-balance plan with certain other options in addition to the existing options. As a result, operating income, ordinary income, and income before income taxes and minority interests for the year ended March 31, 2005 increased by ¥51,292 million ($479,364 thousand).

In the semiannual consolidated financial statements for the six months ended September 30, 2004, the Company reported that operating income, ordinary income and income before income taxes and minority interests for the six months ended September 30, 2004 increased by ¥62,401 million ($583,186 thousand), based on the resolution above. However, the revised internal regulations filed with and approved by the regulatory authorities were partially changed from those on which the resolution was based and this change has been reflected in the consolidated financial statements for the year ended March 31, 2005.

On August 13, 2003, a certain domestic subsidiary received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the benefit obligation related to future employee services under the substitutional portion of the WPFP. In accordance with paragraph 47-2 of the "Practical Guidelines on Retirement Benefits Accounting (Interim Report)," Report No. 13 of the Accounting System Committee of the Japanese Institute of Certified Public Accountants, this subsidiary accounted for the separation of the substitutional portion from the corporate portion of the benefit obligation under its WPFP as of the date of approval of the exemption, assuming that the transfer to the Japanese Government of the substitutional portion of the benefit obligation and the related portion of the pension plan assets had been completed as of that date. As a result, the subsidiary recognized a gain of ¥755 million for the year ended March 31, 2004. At March 31, 2004, the pension plan assets to be transferred were calculated at ¥2,343 million.

The components of net periodic pension and severance costs excluding the employees' contributory portion were as follows:

Years ended March 31,	Millions of yen 2005	2004	2003	Thousands of U.S. dollars 2005
Service cost	¥32,738	¥31,421	¥31,169	$305,962
Interest cost on projected benefit obligation	23,848	27,386	26,939	222,878
Expected return on plan assets	(18,895)	(15,987)	(17,168)	(176,588)
Amortization of unrecognized severance benefit obligation at transition	14,819	14,844	15,143	138,495
Amortization of adjustment for actuarial assumptions	16,706	12,554	8,765	156,130
Amortization of past service cost	(51,362)	(126)	(140)	(480,018)
Other	126	—	—	1,177
Net periodic pension and severance costs	¥17,982	¥70,093	¥64,709	$168,056

Special additional termination benefits paid, but not included in determining the projected benefit obligation, were charged to income when paid. The amounts charged to income amounted to ¥1,415 million ($13,224 thousand), ¥1,485 million and ¥1,176 million for the years ended March 31, 2005, 2004 and 2003, respectively.

The assumptions used were as follows:

	2005	2004	2003
Discount rates	2.5% - 2.8%	2.5% - 2.8%	2.5% - 3.5%
Expected rates of return on plan assets	0.0% - 5.5%	0.0% - 5.5%	0.7% - 5.5%

7. Income Taxes

During the year ended March 31, 2003, the Japanese consolidated corporate tax return system went into effect, and the applications of the Company and certain domestic subsidiaries to file tax returns under the consolidated corporate tax return system were approved by the Japanese tax authorities. This system allows companies to base their tax payments on the combined profit or loss of a parent company and its wholly owned domestic subsidiaries. Accordingly, effective the year ended March 31, 2004, the Company and certain domestic subsidiaries adopted the Japanese consolidated corporate tax return system.

The significant components of deferred tax assets and liabilities and the related valuation allowance at March 31, 2005 and 2004 were as follows:

March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars 2005
Deferred tax assets:			
Accrued pension and severance costs	¥ 45,687	¥ 53,683	$ 426,981
Revaluation loss on investments in unconsolidated subsidiaries and affiliates	21,494	14,483	200,878
Deferred gain on hedging instruments	9,783	—	91,429
Accounts payable — trade	4,198	3,203	39,233
Revaluation loss on flight equipment spare parts	3,630	2,287	33,925
Allowance for doubtful accounts	2,427	1,814	22,682
Accrued bonuses	2,358	2,526	22,037
Tax loss carryforwards	24,724	44,994	231,065
Other	20,239	20,530	189,149
	134,545	143,524	1,257,429
Deferred tax liabilities:			
Accumulated earnings of consolidated subsidiaries and affiliates	(6,006)	(5,424)	(56,130)
Net unrealized gain on other securities	(2,487)	(2,042)	(23,242)
Other	(3,309)	(3,910)	(30,925)
	(11,803)	(11,377)	(110,308)
Valuation allowance	(69,328)	(73,992)	(647,925)
Net deferred tax assets	¥ 53,412	¥ 58,155	$ 499,177

A reconciliation between the Japanese statutory tax rates and the Company's and the consolidated subsidiaries' effective tax rates for the years ended March 31, 2005 and 2003 is summarized as follows:

Years ended March 31,	2005	2003
Statutory tax rates	40.7%	42.1%
Disallowed expenses, including entertainment expenses	4.3	39.9
Non-taxable income, including dividends received	(9.6)	(7.3)
Equity in earnings of affiliates	(1.4)	(3.5)
Inhabitants' per capita taxes	0.7	7.4
Changes in valuation allowance	(10.4)	(347.5)
Tax effect on undistributed earnings of consolidated subsidiaries and affiliates	2.2	53.7
Differences in tax rates of consolidated subsidiaries	(2.1)	10.2
Other	2.8	(0.0)
Effective tax rates	27.2%	(205.0)%

For the year ended March 31, 2004, a reconciliation between the Japanese statutory tax rate and the Company's and the consolidated subsidiaries' effective tax rate was not required to be disclosed since the Company and the consolidated subsidiaries recorded a loss before income taxes. The statutory tax rate for the year ended March 31, 2004 was 43.9%.

8. Stockholders' Equity

The Commercial Code of Japan (the "Code") provides that an amount equal to at least 10% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and the additional paid-in capital account, which is included in capital surplus in the consolidated balance sheets, equals 25% of the common stock account. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock upon approval by the Board of Directors. The Code further provides that if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. The Company's shares of common stock have no par value in accordance with the Code.

9. Supplementary Cash Flow Information

The assets and liabilities of companies excluded from consolidation following the sale of their stock were as follows:

Year ended March 31,	Millions of yen 2004
Current assets	¥1,187
Fixed assets	7,140
Current liabilities	(8,218)
Noncurrent liabilities	(1,346)
Minority interests	704
Gain on investments in securities	473
Increase in retained earnings resulting from exclusion of consolidated subsidiaries	170
Proceeds from sales of stock	111
Cash and cash equivalents held by subsidiaries	(7)
Net proceeds	¥ 103

10. Leases

As lessee

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property at March 31, 2005 and 2004, and the related depreciation and interest expense for the years ended March 31, 2005, 2004 and 2003, which would have been reflected in the consolidated balance sheets and the related consolidated statements of operations if capital lease accounting had been applied to the capital leases currently accounted for as operating leases:

March 31, 2005	Flight equipment	Ground property and equipment	Total
			Millions of yen
Acquisition costs	¥571,954	¥16,516	¥588,471
Less accumulated depreciation	(192,296)	(7,277)	(199,574)
Net book value	¥379,657	¥ 9,239	¥388,896

March 31, 2005			Thousands of U.S. dollars
Acquisition costs	$5,345,364	$154,355	$5,499,728
Less accumulated depreciation	(1,797,158)	(68,009)	(1,865,177)
Net book value	$3,548,196	$ 86,345	$3,634,542

March 31, 2004			Millions of yen
Acquisition costs	¥499,349	¥25,604	¥524,953
Less accumulated depreciation	(205,948)	(10,940)	(216,888)
Net book value	¥293,400	¥14,664	¥308,064

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2005	2004	2003	2005
Depreciation expense	¥53,438	¥48,654	¥47,376	$499,420
Interest expense	¥ 5,550	¥ 5,090	¥ 5,871	$ 51,869

Lease expenses relating to capital leases accounted for as operating leases amounted to ¥59,541 million ($556,457 thousand), ¥55,537 million and ¥55,541 million for the years ended March 31, 2005, 2004 and 2003, respectively.

The present value of future rental expenses under capital leases accounted for as operating leases outstanding at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Within 1 year	¥ 51,004	¥ 47,332	$ 476,672
Over 1 year	345,002	268,508	3,224,317
	¥396,007	¥315,840	$3,701,000

Future rental expenses under operating leases outstanding at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Within 1 year	¥ 27,274	¥ 24,175	$ 254,897
Over 1 year	164,947	167,368	1,541,560
	¥192,222	¥191,544	$1,796,467

As lessor

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the financing leases accounted for as operating leases at March 31, 2005 and 2004, and the related depreciation expense and interest revenue for the years ended March 31, 2005, 2004 and 2003, which are reflected in the consolidated balance sheets and the related consolidated statements of operations:

March 31, 2005	Millions of yen
Acquisition costs	¥1,940
Less accumulated depreciation	(1,421)
Net book value	¥ 519

March 31, 2005	Thousands of U.S. dollars Ground property and equipment
Acquisition costs	$18,130
Less accumulated depreciation	(13,280)
Net book value	$ 4,850

March 31, 2004	Flight equipment	Ground property and equipment	Total
			Millions of yen
Acquisition costs	¥347	¥2,559	¥2,907
Less accumulated depreciation	(324)	(1,702)	(2,027)
Net book value	¥ 23	¥ 857	¥ 880

	Millions of yen			Thousands of U.S. dollars
Years ended March 31,	2005	2004	2003	2005
Depreciation expense	¥409	¥513	¥624	$3,822
Interest revenue	¥ 27	¥ 51	¥ 69	$ 252

Lease revenues relating to direct financing leases accounted for as operating leases amounted to ¥467 million ($4,364 thousand), ¥602 million and ¥739 million for the years ended March 31, 2005, 2004 and 2003, respectively.

The present value of future rental revenues under direct financing leases accounted for as operating leases outstanding at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Within 1 year	¥289	¥433	$2,700
Over 1 year	251	474	2,345
	¥540	¥907	$5,046

Future rental revenues under operating leases outstanding at March 31, 2005 and 2004 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2005	2004	2005
Within 1 year	¥15	¥15	$140
Over 1 year	—	15	—
	¥15	¥31	$140

11. Commitments and Contingent Liabilities

Commitments outstanding at March 31, 2005 for the purchases of significant property and equipment amounted to ¥326,852 million ($3,054,691 thousand).

Consolidated subsidiaries lease aircraft, office space, hotel facilities, warehouses and office equipment. These leases are customarily renewed upon expiration.

At March 31, 2005, contingent liabilities for guarantees, principally for unconsolidated subsidiaries, affiliates and employees, amounted to ¥20,096 million ($187,813 thousand), and contingent liabilities for commitments such as guarantees, keep-well agreements and others, principally for unconsolidated subsidiaries, affiliates and employees, amounted to ¥921 million ($8,607 thousand).

A consolidated subsidiary provides a line-of-credit facility as a part of its financing activities. The amounts provided, used and unused, at March 31, 2005 were ¥1,570 million ($14,672 thousand), ¥18 million ($168 thousand) and ¥1,551 million ($14,495 thousand), respectively.

12. Amounts Per Share

Basic net income (loss) per share has been computed based on the net income (loss) available for or allocable for distribution to the stockholders of common stock and the weighted-average number of shares of common stock outstanding during each year, and diluted net income per share is computed based on the net income available for distribution to the stockholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the potentially dilutive securities to issued upon the conversion of a convertible bonds. However, diluted net income per share has not been presented for the years ended March 31, 2004 and 2003 since neither the Company nor any of the consolidated subsidiaries had any potentially dilutive securities at March 31, 2004 and 2003.

			Yen	U.S. dollars
Years ended March 31,	2005	2004	2003	2005
Net income (loss) per share of common stock:				
Basic	¥15.24	¥(45.19)	¥5.92	$0.142
Diluted	¥13.66	¥ —	¥ —	$0.127

The following table sets forth the computation of basic net income (loss) per share of common stock and diluted net income per share of common stock for the years ended March 31, 2005, 2004 and 2003:

			Millions of yen	Thousands of U.S. dollars
Years ended March 31,	2005	2004	2003	2005
Net income (loss) available for (allocable to) shareholders of common stock:				
Net income (loss)	¥30,096	¥(88,619)	¥11,645	$281,271
Less: Appropriation for payment of bonuses to directors and statutory auditors	(43)	(42)	(37)	(401)
	¥30,053	¥(88,661)	¥11,608	$280,869

			Thousand of shares
Years ended March 31,	2005	2004	2003
Weighted-average number of shares of common stock outstanding	1,972,336	1,961,792	1,962,051
Effect of dilutive securities:			
Convertible bond	227,272	—	—

Net assets per share have been computed based on the net assets available for distribution to stockholders of common stock and the number of shares of common stock outstanding at each balance sheet date.

		Yen	U.S. dollars
March 31,	2005	2004	2005
Net assets per share	¥98.34	¥81.16	$0.919

13. Segment Information

a. Business segment information

The Company and its consolidated subsidiaries conduct worldwide operations in air transportation, travel services, hotel and resort operations, card and lease operations, trading and other airline-related business. This segmentation has been determined for internal management purposes.

Until the year ended March 31, 2003, the business segment information was presented in four major categories: the air transportation segment, the travel segment, the hotel and resort operations segment and a segment entitled 'other' which included card and lease operations, trading and other airline-related business.

Effective the year ended March 31, 2004, the Company revised its method of segmentation. The airline-related business, which had been included in "Other" until the year ended March 31, 2003, was presented as a new segment since, under the Company's current business strategies, it is a separate function of the air transportation business. In addition, the hotel and resort operations business, which had been presented as a separate segment until the year ended March 31, 2003, were included in "Other" for the year ended March 31, 2004 since its size decreased following a change in basic business strategy under which it now operates its businesses under a system of administrative contracts.

Based on the new segmentation, the Company restated the previously reported business segments for the year ended March 31, 2003.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2005, 2004 and 2003 is summarized as follows:

Millions of yen

Year ended March 31, 2005	Air transportation	Airline-related business	Travel services	Other	Total	General corporate assets and intercompany eliminations	Consolidated
Operating revenues	¥1,493,701	¥103,157	¥381,784	¥151,232	¥2,129,876	¥ —	¥2,129,876
Inter-group sales and transfers	207,666	190,618	42,755	116,857	557,897	(557,897)	—
Total	1,701,367	293,776	424,539	268,090	2,687,774	(557,897)	2,129,876
Operating expenses	1,659,709	288,443	424,813	257,994	2,630,961	(557,234)	2,073,727
Operating income (loss)	¥ 41,658	¥ 5,332	¥ (273)	¥ 10,095	¥ 56,812	¥ (663)	¥ 56,149
Identifiable assets	¥1,854,034	¥125,912	¥ 83,126	¥343,023	¥2,406,097	¥(243,442)	¥2,162,654
Depreciation and amortization	¥ 106,404	¥ 3,058	¥ 1,381	¥ 14,165	¥ 125,009	¥ (296)	¥ 124,713
Capital expenditures	¥ 107,876	¥ 4,545	¥ 1,518	¥ 5,098	¥ 119,039	¥ (1,501)	¥ 117,538

Thousands of U.S. dollars

Year ended March 31, 2005							
Operating revenues	$13,959,822	$ 964,084	$3,568,074	$1,413,383	$19,905,383	$ —	$19,905,383
Inter-group sales and transfers	1,940,803	1,781,476	399,579	1,092,121	5,213,990	(5,213,990)	—
Total	15,900,626	2,745,570	3,967,654	2,505,514	25,119,383	(5,213,990)	19,905,383
Operating expenses	15,511,299	2,695,728	3,970,214	2,411,158	24,588,420	(5,207,794)	19,380,626
Operating income (loss)	$ 389,327	$ 49,831	$ (2,551)	$ 94,345	$ 530,953	$ (6,196)	$ 524,757
Identifiable assets	$17,327,420	$1,176,747	$ 776,878	$3,205,822	$22,486,887	$(2,275,158)	$20,211,719
Depreciation and amortization	$ 994,429	$ 28,579	$ 12,906	$ 132,383	$ 1,168,308	$ (2,766)	$ 1,165,542
Capital expenditures	$ 1,008,186	$ 42,476	$ 14,186	$ 47,644	$ 1,112,514	$ (14,028)	$ 1,098,485

As described in Note 6, the JAL Pension Fund, in which a consolidated subsidiary, Japan Airlines International Co., Ltd., is a participant, resolved to introduce an option similar to a cash-balance plan and certain other options in addition to the existing options on September 10, 2004. As a result, operating income for the year ended March 31, 2005 increased by ¥51,292 million ($479,364 thousand) in the air transportation segment.

In the semiannual consolidated financial statements for the six months ended September 30, 2004, the Company reported that operating income in the air transportation segment for the six months then ended increased by ¥62,401 million ($583,186 thousand) based on the resolution above. However, the revised internal regulations filed with and approved by the authorities were partially changed from those on which the resolution was based and this change has been reflected in the consolidated financial statements for the year ended March 31, 2005.

Millions of yen

Year ended March 31, 2004							
Operating revenues	¥1,370,548	¥ 75,775	¥337,356	¥148,061	¥1,931,742	¥ —	¥1,931,742
Inter-group sales and transfers	178,274	167,991	44,591	110,060	500,917	(500,917)	—
Total	1,548,823	243,766	381,948	258,122	2,432,659	(500,917)	1,931,742
Operating expenses	1,621,002	241,875	385,894	251,735	2,500,507	(501,119)	1,999,387
Operating income (loss)	¥ (72,179)	¥ 1,891	¥ (3,946)	¥ 6,386	¥ (67,847)	¥ 201	¥ (67,645)
Identifiable assets	¥1,791,150	¥113,582	¥ 79,979	¥356,812	¥2,341,525	¥(228,106)	¥2,113,418
Depreciation and amortization	¥ 103,303	¥ 3,029	¥ 1,335	¥ 12,006	¥ 119,675	¥ (286)	¥ 119,388
Capital expenditures	¥ 144,312	¥ 2,574	¥ 1,800	¥ 6,572	¥ 155,259	¥ (997)	¥ 154,262

Millions of yen

Year ended March 31, 2003							
Operating revenues	¥1,458,276	¥ 75,437	¥391,041	¥158,724	¥2,083,480	¥ —	¥2,083,480
Inter-group sales and transfers	192,195	170,660	44,747	103,225	510,828	(510,828)	—
Total	1,650,471	246,098	435,788	261,950	2,594,309	(510,828)	2,083,480
Operating expenses	1,647,671	243,634	436,058	255,562	2,582,926	(510,035)	2,072,891
Operating income (loss)	¥ 2,799	¥ 2,464	¥ (269)	¥ 6,387	¥ 11,382	¥ (792)	¥ 10,589
Identifiable assets	¥1,817,563	¥124,946	¥ 77,394	¥368,469	¥2,388,373	¥(216,089)	¥2,172,284
Depreciation and amortization	¥ 98,900	¥ 3,971	¥ 1,348	¥ 14,328	¥ 118,548	¥ (361)	¥ 118,187
Capital expenditures	¥ 185,982	¥ 1,893	¥ 2,073	¥ 9,944	¥ 199,894	¥ (704)	¥ 199,189

b. Operating revenues from overseas operations

Operating revenues from overseas operations, which include international passenger and cargo services of three (four for 2004 and 2003) domestic subsidiaries, export sales of domestic subsidiaries, and sales of subsidiaries outside Japan for the years ended March 31, 2005, 2004 and 2003 were as follows:

Year ended March 31, 2005	Asia and Oceania	North and South America	Europe	Total
				Millions of yen
Operating revenues from overseas operations	¥449,282	¥351,864	¥211,176	¥1,012,322
Consolidated operating revenues				¥2,129,876
Operating revenues from overseas operations as a percentage of consolidated operating revenues	21.1%	16.5%	9.9%	47.5%

Year ended March 31, 2005	Asia and Oceania	North and South America	Europe	Total
				Thousands of U.S. dollars
Operating revenues from overseas operations	$4,198,897	$3,288,448	$1,973,607	$ 9,460,953
Consolidated operating revenues				$19,905,383
Operating revenues from overseas operations as a percentage of consolidated operating revenues	21.1%	16.5%	9.9%	47.5%

Year ended March 31, 2004	Asia and Oceania	North and South America	Europe	Total
				Millions of yen
Operating revenues from overseas operations	¥348,492	¥302,232	¥187,973	¥ 838,698
Consolidated operating revenues				¥1,931,742
Operating revenues from overseas operations as a percentage of consolidated operating revenues	18.0%	15.7%	9.7%	43.4%

Year ended March 31, 2003	Asia and Oceania	North and South America	Europe	Total
				Millions of yen
Operating revenues from overseas operations	¥433,314	¥325,409	¥211,648	¥ 970,372
Consolidated operating revenues				¥2,083,480
Operating revenues from overseas operations as a percentage of consolidated operating revenues	20.8%	15.6%	10.2%	46.6%

c. Geographic segment information

Total assets in Japan at March 31, 2005, 2004 and 2003 and operating revenue from operations in Japan for the years then ended represented more than 90% of consolidated total assets and consolidated operating revenues. As a result, geographic segment information is not required to be disclosed in accordance with accounting principles generally accepted in Japan.

14. Derivatives and Hedging Activities

Certain consolidated subsidiaries utilize forward foreign exchange contracts, currency options, and currency swaps on a consistent basis to hedge certain foreign currency transactions related to foreign purchase commitments, principally for flight equipment and foreign accounts receivable and payable. The Company and its consolidated subsidiaries also utilize currency swaps, interest-rate swaps and interest-rate options to minimize the impact of foreign exchange and interest-rate movements related to their outstanding debt on their operating results. Certain consolidated subsidiaries also enter into a variety of swaps and options in their management of risk exposure related to the commodity prices of fuel.

The Company and certain significant consolidated subsidiaries enter into these hedging transactions in accordance with the internal guidelines and strategies established by management. The routine operations of the department which is responsible for hedging transactions are examined by other departments. Gain and loss on hedging instruments and the assessment of hedge effectiveness, which is performed both at inception and on an ongoing basis, are reported at meetings of the related department managers on a timely basis. Certain other consolidated subsidiaries have adopted procedures for hedging transactions which are more simplified than those adopted by the Company.

Report of Independent Auditors

Japan Airlines Corporation and Consolidated Subsidiaries
Japan Airlines System Corporation, the holding company of the JAL group, was renamed Japan Airlines Corporation on June 26, 2004.

The Board of Directors
Japan Airlines Corporation

We have audited the accompanying consolidated balance sheets of Japan Airlines Corporation (formerly Japan Airlines System Corporation) and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Airlines Corporation and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 28, 2005

Japan Airlines Corporation and Consolidated Subsidiaries

Company Name	Date of Establishment	Paid-in Capital	JAL's Equity Ownership (%)	Principal Business
JAPAN AIRLINES INTERNATIONAL CO., LTD.	October 1, 1953	¥ 188,550 million	100.0	Air Transport
JAPAN AIRLINES DOMESTIC CO., LTD.	April 15, 1964	¥ 21,486 million	100.0	Air Transport
HARLEQUIN AIR CO., LTD.	January 20, 1997	¥ 20 million	100.0*	Air Transport
HOKKAIDO AIR SYSTEM CO., LTD.	September 30, 1997	¥ 490 million	51.0*	Air Transport
J AIR CO., LTD.	August 8, 1996	¥ 200 million	100.0*	Air Transport
JAL EXPRESS CO., LTD.	April 1, 1997	¥ 2,500 million	100.0*	Air Transport
JALWAYS CO., LTD.	October 5, 1990	¥ 3,000 million	100.0*	Air Transport
JAPAN AIR COMMUTER CO., LTD.	July 1, 1983	¥ 300 million	60.0*	Air Transport
JAPAN ASIA AIRWAYS CO., LTD.	August 8, 1975	¥ 4,310 million	100.0	Air Transport
JAPAN TRANS OCEAN AIR CO., LTD.	June 20, 1967	¥ 4,537 million	51.1*	Air Transport
RYUKYU AIR COMMUTER CO., LTD.	December 24, 1985	¥ 396 million	70.3*	Air Transport
JAL CARGO SALES CO., LTD.	January 22, 2001	¥ 50 million	100.0*	Air Cargo
JAL KANSAI AIRCARGO SYSTEM CO., LTD.	December 10, 1975	¥ 123 million	54.3*	Air Cargo
JAL LOGISTICS INC.	March 28, 1970	¥ 144 million	100.0*	Air Cargo
JALTOS CO., LTD.	October 14, 1982	¥ 50 million	100.0*	Air Cargo
JUPITER GLOBAL LIMITED	May 17, 1983	HK$ 1 million	80.0*	Air Cargo
NARITA LOGISTIC TERMINAL CO., LTD.	April 1, 2003	¥ 100 million	100.0*	Air Cargo
NISHINIHON AIR CARGO SERVICE COMPANY LIMITED	June 1, 1987	¥ 20 million	80.0*	Air Cargo
CHITOSE AIRPORT FUELLING FACILITIES COMPANY, LTD.	August 5, 1977	¥ 200 million	60.0*	Aircraft Fuels
JAPAN FUEL TRADING CO., LTD.	November 16, 1988	¥ 25 million	100.0*	Aircraft Fuels
OKINAWA FUELING FACILITIES CO., LTD.	November 1, 1974	¥ 100 million	60.0*	Aircraft Fuels
PACIFIC FUEL TRADING CORPORATION	November 1, 1982	US$ 1 million	100.0*	Aircraft Fuels
JAL AIRTECH CO., LTD.	September 11, 1958	¥ 315 million	70.0*	Aircraft Maintenance
JAL AVIATION TECHNOLOGIES CO., LTD.	July 1, 1988	¥ 47 million	100.0*	Aircraft Maintenance
JAL ENGINE TECHNOLOGIES CO., LTD.	October 1, 1988	¥ 80 million	100.0*	Aircraft Maintenance
JAL MAINTENANCE SERVICE CO., LTD.	February 10, 1982	¥ 10 million	100.0*	Aircraft Maintenance
JAL MAINTENANCE SUPPORT CO., LTD.	June 29, 1993	¥ 10 million	100.0*	Aircraft Maintenance
JAL NARITA AIRCRAFT MAINTENANCE CO., LTD.	April 1, 1988	¥ 28 million	100.0*	Aircraft Maintenance
JAL SIMULATOR ENGINEERING CO., LTD.	December 1, 2003	¥ 10 million	100.0*	Aircraft Maintenance
JAL TECHNO SERVICE CO., LTD.	August 24, 1977	¥ 20 million	81.3*	Aircraft Maintenance
JAL TOKYO AIRCRAFT MAINTENANCE CO., LTD.	April 1, 1983	¥ 12 million	100.0*	Aircraft Maintenance
NIHON SERVICE CO., LTD.	November 11, 1969	¥ 12 million	68.3*	Aircraft Maintenance
AGP CORPORATION	December 16, 1965	¥ 2,038 million	63.0	Airport-Related Services
AGS AIR CARGO SERVICE COMPANY, LIMITED	September 2, 1999	¥ 50 million	100.0*	Airport-Related Services
AGS SKYSUPPORT COMPANY, LIMITED	July 6, 2001	¥ 20 million	100.0*	Airport-Related Services
AIRPORT GROUND SERVICE CO., LTD.	March 1, 1957	¥ 474 million	100.0*	Airport-Related Services
GROUND AIR SERVICE CO., LTD.	February 15, 1968	¥ 24 million	100.0*	Airport-Related Services
HOKKAIDO AIR SERVICE CO., LTD.	November 20, 1974	¥ 40 million	65.0*	Airport-Related Services
JAL ABC, INC.	December 15, 1977	¥ 100 million	51.0*	Airport-Related Services
JAL HAWAII, INCORPORATED	July 1, 1998	US$ 100,000	100.0*	Airport-Related Services
JAL NAVIA FUKUOKA CO., LTD.	April 16, 1990	¥ 10 million	100.0*	Airport-Related Services
JAL NAVIA OSAKA CO., LTD.	November 16, 1988	¥ 10 million	100.0*	Airport-Related Services
JAL NAVIA SAPPORO CO., LTD.	October 1, 2003	¥ 10 million	100.0*	Airport-Related Services
JAL NAVIA TOKYO CO., LTD.	May 8, 1997	¥ 10 million	100.0*	Airport-Related Services
JAL PASSENGER SERVICES AMERICA INCORPORATED	January 26, 1996	US$ 205,000	100.0*	Airport-Related Services
JAL PLAZA CO., LTD.	December 1, 1988	¥ 50 million	100.0*	Airport-Related Services
JAL SKY SERVICE CO., LTD.	September 13, 1982	¥ 100 million	100.0*	Airport-Related Services
JAL WAVE CO., LTD.	December 1, 1998	¥ 30 million	100.0*	Airport-Related Services
JALSKY FUKUSHIMA COMPANY, LTD.	September 21, 1992	¥ 15 million	100.0*	Airport-Related Services
JALSKY HAKODATE COMPANY, LTD.	May 9, 1989	¥ 15 million	100.0*	Airport-Related Services
JALSKY KANAZAWA COMPANY, LTD.	July 1, 1991	¥ 10 million	100.0*	Airport-Related Services
JALSKY KANSAI COMPANY, LTD.	June 1, 1992	¥ 50 million	100.0*	Airport-Related Services
JALSKY KYUSHU COMPANY, LTD.	April 3, 1986	¥ 30 million	100.0*	Airport-Related Services
JALSKY NAGASAKI COMPANY, LTD.	December 23, 1987	¥ 15 million	100.0*	Airport-Related Services
JALSKY NAGOYA COMPANY, LTD.	March 5, 1984	¥ 30 million	51.0*	Airport-Related Services
JALSKY OSAKA COMPANY, LTD.	January 26, 1988	¥ 30 million	100.0*	Airport-Related Services
JALSKY SAPPORO COMPANY, LTD.	December 24, 1987	¥ 30 million	100.0*	Airport-Related Services
JALSKY SENDAI COMPANY, LTD.	November 11, 1998	¥ 10 million	100.0*	Airport-Related Services
JALSKY TOKYO COMPANY, LTD.	February 2, 1998	¥ 50 million	100.0*	Airport-Related Services
JTA SOUTHERN SKY SERVICE CO., LTD.	June 5, 2000	¥ 20 million	100.0*	Airport-Related Services

KANSAI AIRPORT GROUND SERVICE CO., LTD.	April 14, 1989	¥ 96 million	100.0*	Airport-Related Services
NEW TOKYO SERVICE CO., LTD.	August 24, 1974	¥ 10 million	100.0*	Airport-Related Services
OKINAWA AIRPORT SERVICE CO., LTD.	October 1, 1965	¥ 33 million	100.0*	Airport-Related Services
SERVICE CREATION INC.	December 25, 1989	¥ 30 million	95.0*	Airport-Related Services
TOA AIR SERVICE CO., LTD.	February 10, 1976	¥ 25 million	100.0*	Airport-Related Services
INFLIGHT FOODS CO., LTD.	June 25, 1986	¥ 100 million	100.0*	Catering
INTERNATIONAL CATERING LTD.	October 14, 1982	GBP 4 million	100.0*	Catering
INTERNATIONAL IN-FLIGHT CATERING CO., LTD.	July 20, 1971	US$ 2 million	56.7*	Catering
JAL ROYAL CATERING CO., LTD.	January 28, 1992	¥ 2,000 million	51.0*	Catering
NARITA DRY ICE CO., LTD.	August 25, 1981	¥ 50 million	100.0*	Catering
NIKKO INFLIGHT CATERING CO., LTD.	November 15, 1984	US$ 2 million	100.0*	Catering
TFK CORPORATION	December 9, 1959	¥ 497 million	50.7*	Catering
JAL ACADEMY CO., LTD.	June 10, 1985	¥ 50 million	100.0*	Cultural Activities and Publishing
JAL BRAND COMMUNICATIONS CO., LTD.	March 8, 2004	¥ 100 million	100.0	Cultural Activities and Publishing
JAL BUSINESS CO., LTD.	November 8, 1979	¥ 100 million	100.0*	Cultural Activities and Publishing
JAL LIVRE CO., LTD.	October 1, 2002	¥ 50 million	100.0	Cultural Activities and Publishing
JAL SUNLIGHT CO., LTD.	November 15, 1995	¥ 20 million	100.0*	Cultural Activities and Publishing
OFFICIAL FILING CO., LTD.	February 10, 1984	¥ 10 million	89.0*	Cultural Activities and Publishing
JAL CAPITAL CO., LTD.	July 25, 1988	¥ 3,500 million	100.0	Financial Services
JAL CAPITAL CORPORATION	September 4, 1992	US$ 20	100.0*	Financial Services
JALCARD INC.	October 30, 1984	¥ 400 million	100.0*	Financial Services
JLC INSURANCE COMPANY LIMITED	November 22, 2002	US$ 2 million	100.0*	Financial Services
ASIA CREATIVE TOURS CO., LTD.	October 14, 1975	¥ 50 million	100.0*	Hotel and Travel Services
BENKAY (U.S.A.), INC.	February 6, 1986	US$ 1,000	100.0*	Hotel and Travel Services
CHITOSE INTERNATIONAL HOTEL CO., LTD.	April 13, 1978	¥ 2,317 million	85.3*	Hotel and Travel Services
CREATIVE GREETING SERVICE, INC.	October 1, 1991	US$ 10,000	100.0*	Hotel and Travel Services
CREATIVE TOURS (SINGAPORE) PTE. LTD.	May 1, 1979	S$ 100,000	100.0*	Hotel and Travel Services
CREATIVE TOURS LTD.	September 14, 1973	GBP 96,627	100.0*	Hotel and Travel Services
EURO CREATIVE TOURS (UK) LTD.	October 17, 1980	GBP 80,000	65.5*	Hotel and Travel Services
HAWAII HOTEL RESERVATION SYSTEM, INC.	October 1, 1997	US$ 10,000	100.0*	Hotel and Travel Services
HOTEL NEW NIKKO DE PARIS S.A.S.	June 5, 1996	EUR 1 million	100.0*	Hotel and Travel Services
HOTEL NIKKO (U.S.A.), INC.	July 18, 1984	US$ 1,000	100.0*	Hotel and Travel Services
HOTEL NIKKO ANNUPURI	November 5, 1984	¥ 980 million	70.5*	Hotel and Travel Services
HOTEL NIKKO OF SAN FRANCISCO, INC.	July 19, 1984	US$ 1,000	100.0*	Hotel and Travel Services
HOTEL NIKKO OSAKA CO., LTD.	December 10, 1980	¥ 100 million	100.0*	Hotel and Travel Services
HOTEL NIKKO SAIPAN, INC.	September 26, 1984	US$ 21 million	87.0*	Hotel and Travel Services
J INTER CO., LTD.	February 7, 1997	¥ 10 million	100.0*	Hotel and Travel Services
J PRO CO., LTD.	December 4, 1998	¥ 30 million	100.0*	Hotel and Travel Services
JAL HOTELS COMPANY LTD.	July 1, 1970	¥ 4,272 million	90.7*	Hotel and Travel Services
JAL SALES CO., LTD.	November 22, 1999	¥ 4,750 million	100.0	Hotel and Travel Services
JAL SALES OKINAWA CO., LTD.	July 5, 2000	¥ 50 million	100.0*	Hotel and Travel Services
JAL SATELLITE TRAVEL CO., LTD.	August 17, 1979	HK$ 750,000	100.0*	Hotel and Travel Services
JAL TOURS CO., LTD.	April 1, 1978	¥ 80 million	80.5*	Hotel and Travel Services
JAL TRAVEL CO., LTD.	December 15, 1993	¥ 460 million	100.0*	Hotel and Travel Services
JAL TRAVEL HOKKAIDO CO., LTD.	December 15, 1993	¥ 250 million	100.0*	Hotel and Travel Services
JAL TRAVEL KYUSHU CO., LTD.	May 23, 1984	¥ 200 million	100.0*	Hotel and Travel Services
JAL TRAVEL NAGASAKI CO., LTD.	April 1, 1977	¥ 10 million	73.0*	Hotel and Travel Services
JAL TRAVEL WESTERN JAPAN CO., LTD.	November 18, 1994	¥ 240 million	100.0*	Hotel and Travel Services
JALPAK CO., LTD.	April 4, 1969	¥ 900 million	78.6*	Hotel and Travel Services
JALPAK DE MEXICO S.A. DE C.V.	April 1, 1987	MXN 2,273,639	100.0*	Hotel and Travel Services
JALPAK HOLDING U.S.A., INC.	April 1, 1999	US$ 100	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (AUSTRIA) GES. M.B.H	March 19, 1985	EUR 72,672	75.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (CHINA) CO., LTD.	November 13, 2003	US$ 600,000	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (EUROPE) B.V.	November 1, 1979	EUR 907,560	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (FRANCE) S.A.S.	April 1, 1974	EUR 160,000	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (GERMANY) GMBH	October 26, 1979	EUR 102,258	90.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (SPAIN) S.A.	September 21, 1982	EUR 180,303	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL (THAILAND) CO., LTD.	November 9, 2000	THB 6 million	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL AMERICA, INC.	July 29, 1970	US$ 2 million	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL ASIA PTE LTD.	February 4, 1997	S$ 100,000	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL HAWAII, INC.	April 1, 1990	US$ 1 million	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL HONG KONG CO., LTD.	May 31, 1974	HK$ 550,000	100.0*	Hotel and Travel Services

JALPAK INTERNATIONAL MICRONESIA, INC.	April 1, 1986	US$ 1 million	100.0*	Hotel and Travel Services
JALPAK INTERNATIONAL OCEANIA PTY LIMITED	March 27, 1984	A$ 500,000	100.0*	Hotel and Travel Services
JALPAK MALAYSIA SDN. BHD.	September 19, 1970	MYR 466,000	100.0*	Hotel and Travel Services
JALPAK SERVICE INC.	July 1, 1987	¥ 125 million	100.0*	Hotel and Travel Services
JALPAK TOUR & TRAVEL (THAILAND) CO., LTD.	October 1, 1979	THB 6 million	73.3*	Hotel and Travel Services
JALTOUR GMBH	June 1, 1993	EUR 76,693	100.0*	Hotel and Travel Services
JDC GUAM INC.	April 26, 1994	US$ 1,000	100.0*	Hotel and Travel Services
MICRONESIAN HOSPITALITY, INC.	January 15, 1975	US$ 160,235	62.6*	Hotel and Travel Services
NANSEI TOURIST DEVELOPMENT CO., LTD.	May 1, 1981	¥ 3,000 million	76.7*	Hotel and Travel Services
NARITA NIKKO HOTEL CO., LTD.	November 24, 1977	¥ 50 million	100.0*	Hotel and Travel Services
NEW NIKKO HOTEL CO., LTD.	January 12, 1999	¥ 25 million	100.0*	Hotel and Travel Services
NIKKO HOTELS (U.K.) LTD.	May 24, 1985	GBP 21 million	100.0*	Hotel and Travel Services
OKUMA BEACH LAND CO., LTD.	June 12, 1978	¥ 1,080 million	94.4*	Hotel and Travel Services
P.T. JALPAK INTERNATIONAL BALI	October 1, 2000	US$ 300,000	100.0*	Hotel and Travel Services
P.T. TAURINA TRAVEL JAYA	April 1, 1982	IDR 500 million	51.0*	Hotel and Travel Services
PACIFIC INVESTMENT HOLDINGS CORPORATION	April 5, 1990	US$ 59 million	100.0*	Hotel and Travel Services
JAL SHURI KANKO CO., LTD.	December 10, 1969	¥ 1,116 million	57.9*	Hotel and Travel Services
TOUR CREATE, INC.	April 1, 1994	US$ 10,000	100.0*	Hotel and Travel Services
TRANS QUALITY, INC.	June 1, 1990	US$ 200,000	100.0*	Hotel and Travel Services
UNIVERSAL HOLIDAYS, INC.	February 21, 1978	PHP 6 million	88.9*	Hotel and Travel Services
AXESS INTERNATIONAL NETWORK, INC.	July 1, 1991	¥ 700 million	75.0*	Information Services
JTA INFORMATION & COMMUNICATION CO., LTD.	April 16, 1984	¥ 50 million	100.0*	Information Services
JAS ASAHIKAWA RESORT DEVELOPMENT CO., LTD.	February 26, 1990	¥ 300 million	90.0*	Leisure and Tourism Services
TOMAKOMAI RYOKKA KAIHATSU CO., LTD.	April 10, 1989	¥ 50 million	51.0*	Leisure and Tourism Services
GLOBAL BUILDING CO., LTD.	April 14, 1989	¥ 100 million	100.0*	Real Estate and Construction
JAL CONSTRUCTION CO., LTD.	June 1, 1976	¥ 180 million	91.0*	Real Estate and Construction
JAPAN AIRLINES MANAGEMENT CORP.	October 20, 1989	US$ 93	100.0*	Real Estate and Construction
PACIFIC BUSINESS BASE, INC.	October 20, 1989	US$ 400	100.0*	Real Estate and Construction
JAL AEROPARTS CO., LTD.	December 4, 1990	¥ 490 million	100.0*	Trading
JAL-DFS CO., LTD.	July 1, 1992	¥ 300 million	60.0*	Trading
JALUX AMERICAS, INC.	April 26, 1982	US$5 million	100.0*	Trading
JALUX EUROPE LIMITED	April 13, 1972	GBP 1 million	100.0*	Trading
JALUX INC.	March 28, 1962	¥ 2,558 million	51.8*	Trading
JTA TRADING CO., LTD.	July 1, 1985	¥ 20 million	100.0*	Trading

** Includes holdings of the parent company and those of subsidiaries and affiliates.*

Notes:
The name JAPAN AIRLINES CO., LTD. has been changed to JAPAN AIRLINES INTERNATIONAL CO., LTD.
The name JAPAN AIR SYSTEM CO., LTD. has been changed to JAPAN AIRLINES DOMESTIC CO., LTD.
The name JAS MAINTENANCE SUPPORT CO., LTD. has been changed to JAL MAINTENANCE SUPPORT CO., LTD.
The name NAGOYA INTERNATIONAL SERVICE CO., LTD. has been changed to JALSKY NAGOYA COMPANY, LTD.
The name J SOUTHERN SKY SERVICE CO., LTD. has been changed to JTA SOUTHERN SKY SERVICE CO., LTD.
The name YAMATO SHOKUZAI CO., LTD. has been changed to INFLIGHT FOODS CO., LTD.
The name J SALES OKINAWA CO., LTD. has been changed to JAL SALES OKINAWA CO., LTD.
The name SATELLITE TOURS CO., LTD. has been changed to JAL SATELLITE TRAVEL CO., LTD.
The name REISEBURO CREATIVE TOURS GES. M.B.H has been changed to JALPAK INTERNATIONAL (AUSTRIA) GES. M.B.H
The name CREATIVE TOURS (EUROPE) B.V. has been changed to JALPAK INTERNATIONAL (EUROPE) B.V.
The name JCT INTERNATIONAL (FRANCE) S.A. has been changed to JALPAK INTERNATIONAL (FRANCE) S.A.S.
The name CREATIVE REISE GMBH has been changed to JALPAK INTERNATIONAL (GERMANY) GMBH
The name CREATIVE TOURS (SPAIN) S.A. has been changed to JALPAK INTERNATIONAL (SPAIN) S.A.
The name JAS AIRCRAFT CO., LTD has been changed to JAL AEROPARTS CO., LTD.
The name JAL/DFS DUTY FREE SHOPPERS CO., LTD. has been changed to JAL-DFS CO., LTD.

(As of March 31, 2005)

Air Transport
JAPAN AIRLINES INTERNATIONAL CO., LTD.
JAPAN AIRLINES DOMESTIC CO., LTD.
HARLEQUIN AIR CO., LTD.
HOKKAIDO AIR SYSTEM CO., LTD.
J-AIR CO., LTD.
JAL EXPRESS CO., LTD.
JALWAYS CO., LTD.
JAPAN AIR COMMUTER CO., LTD.
JAPAN ASIA AIRWAYS CO., LTD.
JAPAN TRANS OCEAN AIR CO., LTD.
RYUKYU AIR COMMUTER CO., LTD.

Air Cargo
CARGO COMMUNITY SYSTEM JAPAN CO., LTD.
CARINA INTERNATIONAL LIMITED
DATA & JUPITER FREIGHT (BEIJING) CO., LTD.
DPEX WORLDWIDE EXPRESS HONG KONG LTD.
DPEX WORLDWIDE EXPRESS PTE., LTD.
EXPRESS HANDLING SERVICES LIMITED
FACT INC.
FAIRWAY EXPRESS CO., LTD.
FLEETPAK ENTERPRISES PTE. LTD.
FUKUOKA AIR CARGO TERMINAL CO., LTD.
GLOBAL LOGISTICS SYSTEM ASIA PACIFIC CO., LTD.
GLOBAL LOGISTICS SYSTEM WORLDWIDE GMBH
GLOBAL REGENT LIMITED
GUANGZHOU JUPITER WORLD-LINK INTERNATIONAL FORWARDING CO., LTD.
INTEGRATED EXPRESS LIMITED
J & B EXPRESS LIMITED
JAL CARGO SALES CO., LTD.
JAL KANSAI AIRCARGO SYSTEM CO., LTD.
JAL LOGISTICS INC.
JALTOS CO., LTD.
JALTRANS, INC.
JAPAN AIR MAIL CO., LTD.
JPM LOGISTICS
JTB EXPRESS PVT. LTD.
J-TRANS
JUPICOM COMPANY LIMITED
JUPITER AIR (CANADA) LTD.
JUPITER AIR (CHINA) LIMITED
JUPITER AIR (HONG KONG) LIMITED
JUPITER AIR (UK) LIMITED
JUPITER AIR OCEANIA LIMITED
JUPITER AIR SERVICES (MALAYSIA) SDN. BHD.
JUPITER GLOBAL LIMITED
JUPITER JAPAN CO., LTD.
JUPITER LOGISTICS CAMBODIA CO., LTD.
JUPITER LOGISTICS CHILE S.A.
JUPITER LOGISTICS PHILIPPINES, INC.
JUPITER PACIFIC FORWARDING JOINT VENTURE CO., LTD.
JUPITER SINGAPORE PTE. LTD.
MERCURY INTERNATIONAL CO., LTD.
MICOM AMERICA, INC.
NARITA LOGISTIC TERMINAL CO., LTD.
NISHINIHON AIR CARGO SERVICE COMPANY LIMITED
ORION INTERNATIONAL JOINT VENTURE CO., LTD.
OSAKA AIR MAIL CO., LTD.
PAN JUPITER TRANSPORT CO., LTD.
SHANGHAI JUPITER INTERNATIONAL FORWARDING CO., LTD.
SIRIUS AIR INTERNATIONAL LIMITED
SKY SUPPORT HANEDA COMPANY, LIMITED
SKYHERO COMPANY LIMITED
SUREPLUS LIMITED
TAS CARGO (THAILAND) CO., LTD.
TRENDY AIR SERVICES SDN. BHD.
U-FREIGHT JAPAN CO., LTD.
WHOLESALE COURIER (S) PTE. LTD.

Aircraft Fuels
CENTRAIR FUELING FACILITIES CO., LTD.
CHITOSE AIRPORT FUELLING FACILITIES COMPANY, LTD.
FUKUSHIMA AIRPORT FUELLING FACILITIES CO., LTD.
HIROSHIMA AIRPORT FUELLING FACILITIES COMPANY, LTD.
JAMAL INC.
JAPAN AIRPORT FUELING SERVICE CO., LTD.
JAPAN FUEL TRADING CO., LTD.
KAGOSHIMA AIRPORT FUELLING FACILITIES CO., LTD.
KOBE AIRPORT FUEL FACILITIES INC.
KOKUSAI AVIATION FUELING CO., LTD.
OKINAWA FUELING FACILITIES CO., LTD.
OOITA AIRPORT FUELLING FACILITIES CO., LTD.
OSAKA HYDRANT CO., LTD.
PACIFIC AIRCRAFT & AIRPORT SERVICE CO., LTD.
PACIFIC FUEL TRADING CORPORATION

Aircraft Maintenance
AIR COMPONENT MAINTENANCE COMPANY
CENTRAIR GSE SERVICE CO., LTD.
JAL AIRTECH CO., LTD.
JAL AIRTECH FUKUOKA CO., LTD.
JAL AIRTECH NARITA CO., LTD.
JAL AVIATION TECHNOLOGIES CO., LTD.
JAL ENGINE TECHNOLOGIES CO., LTD.
JAL MAINTENANCE SERVICE CO., LTD.
JAL MAINTENANCE SUPPORT CO., LTD.
JAL NARITA AIRCRAFT MAINTENANCE CO., LTD.
JAL SIMULATOR ENGINEERING CO., LTD.
JAL TECHNO SERVICE CO., LTD.
JAL TOKYO AIRCRAFT MAINTENANCE CO., LTD.
JAMCO CORPORATION
JAPAN TURBINE TECHNOLOGIES CO., LTD.
KANTO KIGYO CO., LTD.
NIHON SERVICE CO., LTD.
NITTO AIRCRAFT MAINTENANCE CO., LTD.
OAS MAINTENANCE CO., LTD.

Airport-Related Services
AGP CHUBU CO., LTD.
AGP CORPORATION
AGP DEVELOPMENT CO., LTD.
AGP HOKKAIDO CO., LTD.
AGP KANSAI CO., LTD.
AGP KYUSHU CO., LTD.
AGS AIR CARGO SERVICE COMPANY, LIMITED
AGS SKYSUPPORT COMPANY, LIMITED
AIRPORT AVIATION SERVICE CO., LTD.
AIRPORT FACILITIES CO., LTD.
AIRPORT GROUND SERVICE CO., LTD.
ASAHIKAWA AIRPORT TERMINAL BUILDING CO., LTD.
CHITOSE AIRPORT MOTOR SERVICE CO., LTD.
CHUBU SKY SUPPORT CO., LTD.
FUKUOKA AIRPORT BUILDING CO., LTD.
FUKUOKA TAS CORPORATION
FUKUSHIMA AIRPORT BUILDING CO., LTD.
GROUND AIR SERVICE CO., LTD.
HOKKAIDO AIR SERVICE CO., LTD.
IWATE PREFECTURE AIRPORT TERMINAL BUILDING CO., LTD.
IZUMO AIRPORT TERMINAL BUILDING CO., LTD.
JAL ABC SERVICE, INC.
JAL ABC, INC.
JAL AVIATION CONSULTING INCORPORATED
JAL HAWAII, INCORPORATED
JAL NAVIA FUKUOKA CO. ,LTD.
JAL NAVIA OSAKA CO., LTD.
JAL NAVIA SAPPORO CO., LTD.
JAL NAVIA TOKYO CO., LTD.
JAL PASSENGER SERVICES AMERICA INCORPORATED
JAL PLAZA CO., LTD.
JAL SKY SERVICE CO., LTD.
JAL WAVE CO., LTD.
JALSKY FUKUSHIMA COMPANY, LTD.
JALSKY HAKODATE COMPANY, LTD.
JALSKY KANAZAWA COMPANY, LTD.
JALSKY KANSAI COMPANY, LTD.
JALSKY KYUSHU COMPANY, LTD.
JALSKY NAGASAKI COMPANY, LTD.
JALSKY NAGOYA COMPANY, LTD.
JALSKY OSAKA COMPANY, LTD.
JALSKY SAPPORO COMPANY, LTD.
JALSKY SENDAI COMPANY, LTD.
JALSKY TOKYO COMPANY, LTD.
JAPAN SECURITY SUPPORT CO., LTD.
JTA SOUTHERN SKY SERVICE CO., LTD.
JUPITER GROUND SERVICE LIMITED
KANSAI AIRPORT GROUND SERVICE CO., LTD.
KOKUNAISEN DOTCOM CO., LTD.
KUSHIRO AIRPORT TERMINAL BUILDING CO., LTD.
KYUSHU AIRPORT SERVICE CO., LTD.
LAO-JAPAN AIRPORT TERMINAL SERVICES CO., LTD.
MATSUMOTO AIRPORT TERMINAL BUILDING CO., LTD.
MEMANBETSU AIRPORT BUILDING CO., LTD.
MISAWA AIRPORT TERMINAL CO., LTD.
NAGASAKI GRAND AIR SERVICE INC.
NAGOYA GROUND SERVICE CO., LTD.
NAHA AIRPORT GROUND SERVICE CO., LTD.
NAHA AIRPORT PASSENGER SERVICE CO., LTD.
NANKI-SHIRAHAMA AIRPORT TERMINAL BUILDING CO., LTD.
NEW CHITOSE AIRPORT SERVICE CO., LTD.
NEW TOKYO SERVICE CO., LTD.
NISHINIHON AIRPORT SERVICE CO., LTD.
NISHINIHON PASSENGER SERVICE CO., LTD.
OBIHIRO AIRPORT TERMINAL BUILDING CO., LTD.
ODATE NOSHIRO AIRPORT BUILDING CO., LTD.
OKINAWA AIRPORT SERVICE CO., LTD.
OKINOERABU AIRPORT TERMINAL BUILDING CO., LTD.
SANEI MAINTENANCE CO., LTD.
SERVICE CREATION INC.
SHIMOJISHIMA AIRPORT FACILITY CO., LTD.
TABINI HOLDINGS, INC.
TOA AIR SERVICE CO., LTD.
TOKUNOSHIMA AIRPORT BUILDING CO., LTD.
TOKUSHIMA AIR TERMINAL BUILDING CO., LTD.
TOKYO AIRPORT HEATING & COOLING CO., LTD.
TOKYO CITY AIR TERMINAL CO., LTD.
TSURUYA KOGYO CO., LTD.

Catering
INFLIGHT FOODS CO., LTD.
INTERNATIONAL CATERING LTD.
INTERNATIONAL IN-FLIGHT CATERING CO., LTD.
JAL ROYAL CATERING CO., LTD.
NAGOYA AIR CATERING CO., LTD.
NARITA DRY ICE CO., LTD.
NIKKO INFLIGHT CATERING CO., LTD.
TFK CORPORATION
TFK DEVELOPMENT CO., LTD.
TFK INTERNATIONAL (N,Z) LIMITED

Cultural Activities and Publishing
AIR FLITE JAPAN CORPORATION
JAL ACADEMY CO., LTD.
JAL BRAND COMMUNICATIONS CO., LTD.
JAL BUSINESS CO., LTD.
JAL CULTURAL DEVELOPMENT CO., LTD.
JAL LIVRE CO., LTD.
JAL PLANNING CO., LTD.
JAL SUNLIGHT CO., LTD.

JALUX LIFE DESIGN INC.
OFFICIAL FILING CO., LTD.
TOURISM ESSENTIALS INC.
WINDS PUBLICATIONS CO., LTD.

Financial Services
ACRES LEASING CO., LTD.
AILERON LEASING CO., LTD.
AIMS LEASING CO., LTD.
AVIONET LEASING LTD.
CAMBER LEASING CO., LTD.
FAIRING LEASING CO., LTD.
FANS LEASING CO., LTD.
FILLET LEASING CO., LTD.
FLAP LEASING CO., LTD.
GEAR LEASING CO., LTD.
HIGH SKY LEASING CO., LTD.
JAL CAPITAL CO., LTD.
JAL CAPITAL CORPORATION
JAL FSC LESSEE (CHI) COMPANY, LTD.
JAL FSC LESSEE (NC) COMPANY, LTD.
JAL FSC LESSEE (NC2) COMPANY, LTD.
JAL FSC LESSEE (PB) COMPANY, LTD.
JAL FSC LESSEE (PB2) COMPANY, LTD.
JALCARD INC.
JET LINER LEASING CO., LTD.
JF CARIB A.E.C.
JL AIRCRAFT LEASING CO., LTD.
JLC INSURANCE COMPANY LIMITED
JLMC AVIATION SERVICE CO., LTD.
KEEL LEASING CO., LTD.
LIFT LEASING CO., LTD.
NACELLE LEASING CO., LTD.
PITOT LEASING CO., LTD.
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PULSEJET LEASING CO., LTD.
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RIB LEASING CO., LTD.
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SELCAL LEASING CO., LTD.
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SPINNER LEASING CO., LTD.
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STATOR LEASING CO., LTD.
STRINGER LEASING CO., LTD.
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TAB LEASING CO., LTD.
TILLER LEASING CO., LTD.
TOGA LEASING CO., LTD.
TRIM LEASING CO., LTD.
TRIPLE A LIMITED
TWIN CRANE LEASING CO., LTD.
WINGLET LEASING CO., LTD.

Hotel and Travel Services
AIRPORT HOTEL MANAGEMENT CO., LTD.
ASAHI RYOKOUKAI CO., LTD.
ASIA CREATIVE TOURS CO., LTD.
ASIA CREATIVE TOURS HONGKONG LTD.
BENKAY (U.S.A.), INC.
BTG NIKKO INTERNATIONAL HOTEL MANAGEMENT CO., LTD.
CARGO CREATIVE SERVICE LTD.
CHITOSE INTERNATIONAL HOTEL CO., LTD.
CREATIVE GREETING SERVICE, INC.
CREATIVE TOURS (SINGAPORE) PTE. LTD.
CREATIVE TOURS LTD.
CREATIVE TRAVEL (TAIWAN) LTD.
EURO CREATIVE TOURS (UK) LTD.
HAKUSAN OGUCHI MANAGEMENT ASSOCIATION
HAWAII HOTEL RESERVATIONS SYSTEMS, INC.
HOTEL NEW NIKKO DE PARIS S.A.S.
HOTEL NIKKO (U.S.A.), INC.
HOTEL NIKKO ANNUPURI
HOTEL NIKKO OF SAN FRANCISCO, INC.
HOTEL NIKKO OSAKA CO., LTD.
HOTEL NIKKO SAIPAN, INC.
HOTELES NIKKO S.A. DE C.V.
HUAYA DEVELOPMENT CO., LTD.
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INDO JAPAN AIR SERVICES PVT. LTD.
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JAL HOTELS GMBH DUSSELDORF
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JAL TOURS CO., LTD.
JAL TRAVEL CO., LTD.
JAL TRAVEL EHIME CO., LTD.
JAL TRAVEL HOKKAIDO CO., LTD.
JAL TRAVEL KYUSHU CO., LTD.
JAL TRAVEL NAGASAKI CO., LTD.
JAL TRAVEL WESTERN JAPAN CO., LTD.
JALPAK CO., LTD.
JALPAK DE MEXICO S.A. DE C.V.
JALPAK HOLDING U.S.A., INC.
JALPAK INTERNATIONAL (AUSTRIA) GES. M.B.H.
JALPAK INTERNATIONAL (CHINA) CO., LTD.
JALPAK INTERNATIONAL (EUROPE) B.V.
JALPAK INTERNATIONAL (FRANCE) S.A.S.
JALPAK INTERNATIONAL (GERMANY) GMBH
JALPAK INTERNATIONAL (SPAIN) S.A.
JALPAK INTERNATIONAL (THAILAND) CO., LTD.
JALPAK INTERNATIONAL AMERICA, INC.
JALPAK INTERNATIONAL ASIA PTE LTD.
JALPAK INTERNATIONAL HAWAII, INC.
JALPAK INTERNATIONAL HONG KONG CO., LTD.
JALPAK INTERNATIONAL MICRONESIA, INC.
JALPAK INTERNATIONAL OCEANIA PTY LIMITED
JALPAK MALAYSIA SDN. BHD.
JALPAK SERVICE INC.
JALPAK TOUR & TRAVEL (THAILAND) CO., LTD.
JALTOUR GMBH
JDC (PACIFIC) LTD.
JDC GUAM INC.
JPI TOUR SERVICE, INC.
MICRONESIAN HOSPITALITY, INC.
NANSEI TOURIST DEVELOPMENT CO., LTD.
NARITA NIKKO HOTEL CO., LTD.
NEW NIKKO HOTEL CO., LTD.
NIKKO HOTEL MANAGEMENT (THAILAND) CO., LTD.
NIKKO HOTELS (U.K.) LTD.
OKUMA BEACH LAND CO., LTD.
P.T. JALPAK INTERNATIONAL BALI
P.T. TAURINA TRAVEL JAYA
PACIFIC INVESTMENT HOLDINGS CORPORATION
PARIS LIMOUSINE SERVICE S.A.R.L.
SHURI KANKO CO., LTD.
STS ENTERPRISES, INC.
SUN INTERNATIONAL TRAVEL, INC.
TNN GUAM INC.
TOKYO HUMANIA ENTERPRISE INC.
TOUR CREATE, INC.
TRANS QUALITY, INC.
TROPICAL LAUNDRY AND LINEN SUPPLY COMPANY, LTD.
UNIVERSAL HOLIDAYS, INC.
VIEW WORLD COMPANY LIMITED

Information Services
AVICOM JAPAN CO., LTD.
AVIONET (THAILAND) COMPANY LTD.
AXESS INTERNATIONAL NETWORK, INC.
E-MILENET LTD.
JAL AVIONET ASIA LIMITED
JAL AVIONET EUROPE LIMITED
JAL AVIONET USA
JAL INFORMATION TECHNOLOGY CO., LTD.
JTA INFORMATION & COMMUNICATION CO., LTD.

Leisure and Tourism Services
ASIA WINDS DEVELOPMENT CO., LTD.
JAS ASAHIKAWA RESORT DEVELOPMENT CO., LTD.
TOMAKOMAI RYOKKA KAIHATSU CO., LTD.

Limousine Services
AIRPORT TRANSPORT SERVICE CO., LTD.
AZUMA KOTSU CO., LTD.
KANSAI AIRPORT TRANSPORTATION ENTERPRISE
OSAKA AIRPORT TRANSPORT CO., LTD.
SOUTHERN AIRPORT KOTSU CO., LTD.

Real Estate and Construction
ANTARES INTERNATIONAL LIMITED
BLANCO VENDE, LTD.
GLOBAL BUILDING CO., LTD.
JAL CONSTRUCTION CO., LTD.
JAPAN AIRLINES MANAGEMENT CORP.
KOKEN CO., LTD.
NAHA GENERAL BUILDING SERVICE CO., LTD.
PACIFIC BUSINESS BASE, INC.
SHEEN CHART LIMITED
TERMINAL ONE MANAGEMENT INC.
TOKYO FLIGHT KITCHEN RESTAURANTES LTDA.

Trading
INTERNATIONAL AIRPORT CLEANING CO., LTD.
JAL AEROPARTS (USA) CORPORATION
JAL AEROPARTS CO., LTD.
JAL AEROPARTS S.A.S.
JAL-DFS CO., LTD.
JALUX AIRPORT, INC.
JALUX AMERICAS, INC.
JALUX ASIA LTD.
JALUX EUROPE LIMITED
JALUX HAWAII, INC.
JALUX INC.
JET FRESH THAILAND CO., LTD.
JTA TRADING CO., LTD.
MARUYOSHI CO., LTD.
NJS COMPANY, LTD.
NORDIS CO., LTD.
TOKYO BAY RESTAURANT CO., LTD.
TOKYO KINAI YOHIN CO., LTD.
TOKYO KOKU CLEANING CO., LTD.

AMSTERDAM
Office Centre Bldg. 2nd Floor
Jozef Israelskade 48e
1072 SB Amsterdam, THE NETHERLANDS
Phone: 0205-829-488 (Reservations & Information)

BANGKOK
12th Floor, Nantawan Bldg., 161
Ratchadamri Rd., Lumpini, Patumwan,
Bangkok 10330,THAILAND
Phone: (0)2649-9500 (Reservations)
(0)2649-9520 (Ticketing)

BARCELONA
Consell de Cent, 335-5.B 08007 Barcelona,
SPAIN
Phone: 9011-74770
(Reservations & Information)
(93)215-5128 (Sales)

BEIJING
1st Floor, Chang Fu Gong Office,
Jianguo Menwai Dajie 26 Chaoyang,
Beijing 100022, P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

BUSAN
Kookje Bldg. 69, 6-Ka
Jungang-Dong, Jung-Ku,
Busan, KOREA
Phone: (051)469-1215 (Reservations)
(051)469-1123 (Ticketing)

CAIRO
1, El Saleh Ayoub St., Zamalek
Cairo, EGYPT
Phone: (02)738-1422

CHICAGO
Terminal 5, Chicago O'Hare
International Airport,
Chicago Illinois 60666, U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

DALIAN
14th Floor Senmao Bldg.,
147 Zhongshan Road,
Xigang District, Dalian, Liaoning 116011,
P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

DÜSSELDORF
1st Floor, Deutsch-Japanisches Center,
Immermannstrasse 43B, 40210 Dusseldorf,
GERMANY
Phone: 01802228700
(Reservations & Information)
(0211)1679150 (Administration)

FRANKFURT
Rossmarkt 15,
60311 Frankfurt/Main 1, GERMANY
Phone: 01802228700 (Reservations & Information)
(069)13600 (Administration)

GENEVA
42, Rue De Lausanne, CH-1201 Geneva,
SWITZERLAND
Phone: 0844-888-700 English
(Reservations & Information)
0844-888-747 French
(Reservations & Information)
(022)731-7160 (Sales)

GUAM
Guam International Airport,
Guam, U.S.A.
A.B.Won Pat Guam Int'l Airport Suite
B225,355 Chalan Pasaheru Road Tamuning,
Guam 96913, U.S.A.
Phone: 642-6425~6 (Reservations & Ticketing)

GUANGZHOU
China Hotel A-201, Liu Hua Lu, Guangzhou,
Guangdong 510015, P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

HANGZHOU
1st Floor, Sofitel Westlake Hangzhou, 333
Westlake Avenue, Hangzhou 310002, P.R. of
CHINA
Phone: 800(810)5551
(Reservations & Information)

HONG KONG
30th Floor, Tower 6,
The Gateway, Harbour City,
9 Canton Road, Tsim Sha Tsui, Kowloon,
Hong Kong S.A.R., P.R. of CHINA
Phone: 2523-0081
(Reservations & Information)

HONOLULU
Honolulu International Airport,
300 Rodgers Blvd.,
Honolulu, Hawaii 96819, U.S.A.
Phone: 1-800-525-3663, (808)521-1441
(Reservations)
1-800-525-2355, (808)544-8221
(Flight Information)

JAKARTA
Kyoei Prince Building Ground Floor, JL.,
Jenderal Sudirman, Kav. 3-4,
Jakarta, 10220, INDONESIA
Phone: (021)572-3211
(Reservations & Flight Information)

KAOHSIUNG
Japan Asia Airways
Kaohsiung Chung-Cheng Bldg. 4F 2,
Chung-Cheng 3rd., Kaohsiung, Taiwan
Phone: 0800-065151

KONA
KONA INTERNATIONAL AIRPORT AT
KEAHOLE
P.O. Box 3300, Kailua-Kona, Hawaii 96745
U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

KUALA LUMPUR
Suite 20·03 Level 20 Menara Citibank 165
Jalan Ampang, 50450 Kuala Lumpur,
MALAYSIA
Phone: (03)2178-5931 (Reservations)

LAS VEGAS
MCCARRAN INTERNATIONAL AIRPORT
P.O. Box 11185, Las Vegas,
Nevada 89111-1185, U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

LONDON
Hanover Court, 5 Hanover Square,
London W1S 1JR, U.K.
Phone: (0845)7-747-700 (Reservations & Information)

LOS ANGELES
300 Continental Blvd., Suite 400,
El Segundo CA 90245, U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

MADRID
Calle Principe de Vergara,
111 Dpo. 1-Derecha,
28002, Madrid, SPAIN
Phone: 9011-74770 (Reservations & Information)
(91)594-0299 (Sales)
(91)594-2100 (Ticketing)

MANILA
2nd Floor 6788 Ayala Avenue, Oledan Square,
Makati City, PHILIPPINES
Phone: (02)886-6868 (Reservations)

MEXICO CITY
Paseo de la Reforma, 505, Torre Mayor
piso 36, Col. Cuauhtemoc,
06500 MEXICO D.F.
Phone: (555)242-0150

MILAN
Via San Clemente 1, 20122 Milan, ITALY
Phone: 8-488-74700 (Reservations & Information)

MOSCOW
4th Floor, GALS Tower, 1st Tverskaya
Yamskaya St.5, Moscow, 125047, RUSSIA
Phone: (095)730-3070

NEW DELHI
Chandralok Bldg. 36, Janpath,
New Delhi-110 001, INDIA
Phone: (011)2332-7104, 2332-7108

NEW YORK
461 5th Ave., 6th Floor, New York,
New York 10017, U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

PARIS
4, Rue Ventadour 75001 Paris, FRANCE
Phone: 0810-747-700 (Reservations & Information)
0144355525 (Administration)

QINGDAO
3rd Floor, Crowne Plaza Qingdao, 76,
Xiang Gang Zhong Lu, Qingdao,
Shandong 266071, P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

ROME
Via Lucullo 3, Scala B, Piano 1,
Interno 200187 Rome, ITALY
Phone: 8-488-74700 (Reservations & Information)

SAIPAN
P.O. Box 469, Saipan, MP 96950, U.S.A.
Phone: (670)234-6553~4 (Reservations & Ticketing)

SAN FRANCISCO
5th Floor, Hotel Nikko San Francisco,
222 Mason St., Suite 508
San Francisco, California 94102, U.S.A.
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

SÃO PAULO
Av. Paulista 542 2ND FLOOR
São Paulo-SP., BRAZIL
Phone: (011)3175-2270 (Reservations)
(011)3175-2233 (Information)

SEOUL
Paiknam Bldg., 188-3, Eulchi-Ro,
1-Ka Chung-Ku, Seoul, KOREA
Phone: (02)757-1711 (Reservations)
(02)3788-5770 (Ticketing)

SHANGHAI
Room 435, Mall, Plaza 66, No. 1266,
Nanjing West Road, Shanghai 200040,
P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

SINGAPORE
16 Raffles Quay #03-01,
Hong Leong Bldg., Singapore 048581
Phone: 6221-0522

SYDNEY
14th Floor Darling Park, 201 Sussex Street,
Sydney, NSW 2000, AUSTRALIA
Phone: (02)9272-1111 (Reservations)
(02)9272-1100 (Sales)

TAICHUNG
Japan Asia Airways
Enterprise Bldg. 4F No. 393 Sec 1, Taichung
Kang Rd., Taichung, Taiwan
Phone: 0800-065151

TAIPEI
Japan Asia Airways
IBM Bldg., No. 2, Tun Hua S. Rd.,
Taipei, Taiwan
Phone: (02)8771-6003, 0800-065151

TIANJIN
1st Floor, Tianjin International Bldg.,
75 Nanjing Road, Tianjin 300050,
P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

VANCOUVER
25th Floor, 1075 West Georgia St., Vancouver,
B.C., CANADA, V6E3C9
Phone: 1-800-525-3663 (Reservations)
1-800-525-2355 (Flight Information)

VIENNA
Kaerntnerstrasse 11/4 Stock Eingang:
Weihburggasse 2, A-1010 Vienna, AUSTRIA
Phone: (01)5029-18888 (Reservations & Information)
(01)512-7522 (Ticketing)

XIAMEN
1st Floor, The Bank Centre,
No. 189 Xiahe Road, Xiamen,
Fujian 361000, P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

XI'AN
Xi'an Xian Yang International Airport Termnal
Bldg., Two 0B048 Xianyang, Shannxi,
712035, P.R. of CHINA
Phone: 800(810)5551
(Reservations & Information)

YANGON
Room No.1, FMI Centre, Ground Floor,
No.380 Bogyoke Aung San St., Pabedan
Township, Yangon, MYANMAR
Phone: (01)243030

ZÜRICH
Sihlstrasse 55, 8001
Zurich, SWITZERLAND
Phone: 0844-888-700 (Reservations & Information)

JAPAN
Japan Airlines
2-4-11, Higashi-Shinagawa, Shinagawa-ku,
Tokyo 140-8605, JAPAN
0120-25-5931 (International)
0120-25-5971 (Domestic)

Tokyo
Akita
Aomori
Asahikawa
Fukuoka
Fukushima
Hakodate
Hiroshima
Kagoshima
Kanazawa
Kitakyushu
Kitami
Kobe
Kochi
Kumamoto
Kushiro
Kyoto
Matsue
Matsumoto
Matsuyama
Miyazaki
Morioka
Nagasaki
Nagoya
Nigata
Obihiro
Oita
Okayama
Okinawa
Osaka
Sapporo
Sendai
Takamatsu
Tokushima
Toyama
Yamagata

As of June 28, 2005

Aero Mexico	Iberia
Air France	Lufthansa Cargo AG
Air New Zealand	Northwest Airlines
Alitalia	Qantas Airways
American Airlines	Scandinavian Airlines System
British Airways	Singapore Airlines Cargo
Cathay Pacific Airways	Swiss International Air Lines
China Eastern Airlines	Thai Airways International
China Southern Airlines	Turkish Airlines
Emirates Airline	Vietnam Airlines

● Above cities include code-sharing destinations with these airline companies.

International Routes

Domestic Routes

MEMBERS OF THE BOARD OF DIRECTORS & EXECUTIVE OFFICERS

Assignments as of June 28, 2005

Toshiyuki SHINMACHI
JAL Group CEO & President

Katsuo HANEDA
Executive Vice President
Assistant to the President

Hidekazu NISHIZUKA
Senior Managing Director
Senior Vice President & General Manager, Corporate Safety
Senior Vice President & General Manager, Corporate Planning
Senior Vice President, Human Resources Planning
Senior Vice President, Corporate Compliance
Senior Vice President, Public Relations

Takenori MATSUMOTO
Managing Director
Senior Vice President & Deputy General Manager, Corporate Safety
Senior Vice President, Environmental Affairs

Nobuyoshi SERA
Senior Vice President
Senior Vice President, Investor Relations

Fumio TSUCHIYA
Senior Vice President
Senior Vice President & Deputy General Manager, Corporate Planning
Senior Vice President, Brand Management

Haruka NISHIMATSU
Senior Vice President
Executive Officer, Finance
Executive Officer, Purchasing

Shunji KONO
Senior Vice President

Ken MOROI
Senior Vice President

Shinobu SHIMIZU
Senior Vice President

Sumio YASUNAGA
Senior Executive Officer
Senior Executive Officer & General Manager, Corporate Affairs
Vice President, Executive Secretariat Office

Hideyuki KANENARI
Senior Executive Officer
Senior Executive Officer, Marketing Strategy & Research
Senior Executive Officer, Corporate Planning
Senior Executive Officer, Corporate Affairs
Vice President, Strategic Policy & Research

Kimio HIROIKE
Executive Officer
Executive Officer, Associated Business

Shunichi SAITO
Executive Officer
Executive Officer, IT Strategy & Planning

AUDITORS

Assignments as of June 28, 2005

Yasunaka FURUKAWA
Senior Corporate Auditor of the Board

Toshiyuki SAKAI
Senior Corporate Auditor of the Board

Shigeo MATSUI
Senior Corporate Auditor of the Board

Seiso NEO
Corporate Auditor of the Board

Yoshihisa AKIYAMA
Corporate Auditor of the Board

Masao NISHIMURA
Corporate Auditor of the Board

Company Name:	Japan Airlines Corporation (Japan Airlines Group Holding Company)
Date of Foundation:	October 2, 2002
Head Office:	2-4-11, Higashi-shinagawa, Shinagawa-ku, Tokyo 140-8605, Japan e-mail irdesk@jal.com
Paid-in Capital:	¥100,000,000,000

Number of Shares:

Authorized	6,936,918,000 shares (*)
Issued	1,982,383,250 shares

*At the Third Annual General Meeting of Shareholders in June 28, 2005, the Articles of Incorporation were changed. The Company is authorized to issue seven billion shares, out of which six billion shares shall be shares of common stock and one billion shares shall be shares of Type A stock.

Floating Stock:	41.30%
Number of Shareholders:	302,353 including 410 non-Japanese

Major Shareholders:

Name	Number of Shares Held (Thousands) / Ratio of shareholding
Tokyu Corporation	80,397/4.05
Tokio Marine & Nichido Fire Insurance Co., Ltd.	75,837/3.82
Eitaro Itoyama	74,500/3.75
Nissay Dowa General Insurance Co., Ltd.	45,326/2.28
Japan Trustee Services Bank, Ltd. (trust account)	44,532/2.24
Nippon Life Insurance Company	41,756/2.10
Fukoku Mutual Life Insurance Company	40,001/2.01
The Master Trust Bank of Japan, Ltd. (trust account)	37,839/1.90
JAL Group Employees' Stockholding	36,191/1.82
Mizuho Corporate Bank, Ltd.	35,303/1.78

Stock Listings:	Tokyo, Osaka, and Nagoya stock exchanges
Depositary for American Depositary Receipts (ADRs):	The Bank of New York 101 Barclay Street, New York, NY 10286, U.S.A Tel: (212) 815-2293 U.S. toll free: (888) 269-2377 (888-BNY-ADRS) http://www.adrbny.com Ratio: 1 ADR = 5 ordinary share
Fiscal Year-End:	March 31
General Meeting of Stockholders:	June
Stock Transfer Agent:	UFJ Trust Bank, Limited
Share Handling Office:	10-11, Higashi-Suna 7-chome, Koto-ku, Tokyo 137-8081, Japan
Date for Confirmation of Stock Ownership:	March 31
Media for Public Notices:	Nihon Keizai Shimbun issued in Tokyo area and our website (http://www.jal.com/ja/ir/stock/kabuka.html)
Auditor:	Shin Nihon & Co.

(As of March 31, 2005)

Japan Airlines Corporation
(Japan Airlines Group Holding Company)

2-4-11, Higashi-shinagawa, Shinagawa-ku,
Tokyo 140-8605, Japan
URL: http://www.jal.com/en/

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