

### 13. Segment Information

The Company and its consolidated subsidiaries conduct worldwide operations related to aviation as well as to lifestyle and customer services. They have segmented their business into three categories: “Aviation business,” “Life service business” and “Customer service business.”

Aviation business:

Operations within the Aviation business segment are as follows:

- Purchases of aircraft, spare engines and full flight simulators
- Sales of used aircraft
- Aircraft parts – supply and logistics
- Handling airline surpluses
- Support for the steady supply of fuel as a fuel purchasing agent
- Sales of equipment for airport facilities and of materials for construction
- Sales of airport vehicles and security equipment
- Planning and sales of international inflight duty-free goods and domestic inflight goods
- Planning and sales of uniforms mainly for airlines and airport shops
- Aircraft leasing for training purposes

Life service business:

Operations within the Life service business segment are as follows:

- Import and sales of agricultural and marine products and flowers
- Planning and sales of processed foodstuffs, gifts of food, high quality wines
- Providing wines for JAL inflight beverage service
- Planning and sales of original jewelry
- Mail order business through inflight magazines (“JALSHOP”)

Customer service business:

Operations within the Customer service business segment are as follows:

- Planning and creation of printed matter and other media
- Wholesale sales of office appliances
- Insurance and life assurance agent
- Sales of real estate and relocation consulting services
- Management of BLUE SKY (souvenir shops, restaurants and coffee shops)
- Management of JAL/DFS Duty Free Shoppers (duty free stores)
- Management of JAL Plaza Igrisuya (gift shop)
- Online shopping on a web site

### 13. Segment Information (continued)

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2004, 2003 and 2002 are summarized as follows:

	Year ended March 31, 2004					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥22,219,979	¥27,174,191	¥36,695,820	¥86,089,991	¥ -	¥86,089,991
Inter-segment sales and transfers	716,613	83,201	5,177	804,992	(804,992)	-
Total	22,936,593	27,257,392	36,700,997	86,894,984	(804,992)	86,089,991
Operating expenses	21,331,771	26,586,777	34,343,179	82,261,728	1,746,900	84,008,629
Operating income	¥ 1,604,822	¥ 670,614	¥ 2,357,817	¥ 4,633,255	¥(2,551,892)	¥ 2,081,362
Depreciation and amortization	¥ 308,162	¥ 75,005	¥ 181,590	¥ 564,759	¥ 72,764	¥ 637,524
Capital expenditures	¥ 722,343	¥ 35,992	¥ 465,147	¥ 1,223,483	¥ 88,664	¥ 1,312,148
Identifiable assets	¥10,772,286	¥ 7,208,940	¥12,847,919	¥30,829,146	¥ 4,877,607	¥35,706,754

  

	Year ended March 31, 2004					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to outside parties	\$211,619	\$258,802	\$349,484	\$819,905	\$ -	\$819,905
Inter-segment sales and transfers	6,825	792	49	7,667	(7,667)	-
Total	218,444	259,594	349,533	827,571	(7,667)	819,905
Operating expenses	203,160	253,207	327,078	783,445	16,637	800,082
Operating income	\$ 15,284	\$ 6,387	\$ 22,455	\$ 44,126	\$(24,304)	\$ 19,822
Depreciation and amortization	\$ 2,935	\$ 714	\$ 1,729	\$ 5,379	\$ 693	\$ 6,072
Capital expenditures	\$ 6,879	\$ 343	\$ 4,430	\$ 11,652	\$ 844	\$ 12,497
Identifiable assets	\$102,593	\$ 68,657	\$122,361	\$293,611	\$ 46,453	\$340,064

  

	Year ended March 31, 2003					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥24,978,580	¥25,575,813	¥36,312,609	¥86,867,003	¥ -	¥86,867,003
Inter-segment sales and transfers	739,670	82,461	4,742	826,874	(826,874)	-
Total	25,718,251	25,658,275	36,317,352	87,693,878	(826,874)	86,867,003
Operating expenses	24,361,508	25,410,897	33,850,766	83,623,172	1,407,485	85,030,657
Operating income	¥ 1,356,743	¥ 247,377	¥ 2,466,586	¥ 4,070,706	¥(2,234,360)	¥ 1,836,346
Depreciation and amortization	¥ 330,858	¥ 69,066	¥ 183,286	¥ 583,211	¥ 79,703	¥ 662,914
Capital expenditures	¥ 931,857	¥ 133,967	¥ 518,842	¥ 1,584,668	¥ 95,067	¥ 1,679,735
Identifiable assets	¥ 9,726,191	¥ 7,335,800	¥10,591,959	¥27,653,951	¥ 5,003,147	¥32,657,099

### 13. Segment Information (continued)

Due to the reorganization during the year ended March 31, 2003, the domestic sales branches of the Company mainly engaging in the life service business segment were discontinued and transferred to each independent division of the headquarters. As a result, sales and operating income in the life service business segment decreased by ¥3,364,946 thousand and ¥129,213 thousand, respectively, while those in the aviation business segment increased by ¥1,115,186 thousand and ¥10,950 thousand, respectively. In addition, sales and operating income in the customer service business segment increased by ¥2,249,750 thousand and ¥118,263 thousand, respectively, for the year ended March 31, 2003.

	Year ended March 31, 2002					Consolidated
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥26,215,053	¥31,162,949	¥33,423,518	¥90,801,521	¥ -	¥90,801,521
Inter-segment sales and transfers	619,007	198,713	6,480	824,202	(824,202)	-
Total	26,834,061	31,361,663	33,429,998	91,625,723	(824,202)	90,801,521
Operating expenses	25,845,976	30,723,904	31,475,745	88,045,626	1,361,280	89,406,907
Operating income	¥ 988,084	¥ 637,758	¥ 1,954,253	¥ 3,580,097	¥(2,185,482)	¥ 1,394,614
Depreciation and amortization	¥ 369,922	¥ 50,133	¥ 184,365	¥ 604,420	¥ 61,134	¥ 665,554
Capital expenditures	¥ 245,297	¥ 65,151	¥ 241,113	¥ 551,562	¥ 71,967	¥ 623,530
Identifiable assets	¥ 9,237,083	¥ 8,203,650	¥ 9,599,691	¥27,040,425	¥ 4,932,512	¥31,972,938

Unallocated operating expenses included in “General corporate assets and intercompany eliminations” for the years ended March 31, 2004, 2003 and 2002 amounted to ¥2,553,981 thousand (\$24,324 thousand), ¥2,284,517 thousand and ¥2,197,734 thousand, respectively, and consisted primarily of administrative expenses incurred at the Company’s headquarters.

In addition, unallocated assets included in “General corporate assets and intercompany eliminations” at March 31, 2004, 2003 and 2002 amounted to ¥5,295,421 thousand (\$50,433 thousand), ¥5,472,550 thousand and ¥5,368,144 thousand, respectively, and consisted primarily of cash and cash equivalents, investments in securities and assets belonging to the headquarters of the Company.

### 13. Segment Information (continued)

The geographical segment information of the Company and the consolidated subsidiaries for the years ended March 31, 2004, 2003 and 2002 is summarized as follows:

Year ended March 31, 2004						
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥83,378,350	¥1,418,062	¥1,293,579	¥86,089,991	¥ -	¥86,089,991
Inter-segment sales and transfers	72,880	4,682,517	1,463,318	6,218,716	(6,218,716)	-
Total	83,451,230	6,100,580	2,756,897	92,308,708	(6,218,716)	86,089,991
Operating expenses	81,604,343	6,069,908	2,921,622	90,595,874	(6,587,245)	84,008,629
Operating income (loss)	¥ 1,846,887	¥ 30,671	¥ (164,725)	¥ 1,712,833	¥ 368,528	¥ 2,081,362
Identifiable assets	¥33,225,637	¥4,116,983	¥ 711,591	¥38,054,212	¥(2,347,458)	¥35,706,754

  

Year ended March 31, 2004						
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to outside parties	\$794,080	\$13,505	\$12,320	\$819,905	\$ -	\$819,905
Inter-segment sales and transfers	694	44,595	13,936	59,226	(59,226)	-
Total	794,774	58,101	26,256	879,131	(59,226)	819,905
Operating expenses	777,184	57,809	27,825	862,818	(62,736)	800,082
Operating income (loss)	\$ 17,589	\$ 292	\$ (1,569)	\$ 16,313	\$ 3,510	\$ 19,822
Identifiable assets	\$316,435	\$39,209	\$ 6,777	\$362,421	\$(22,357)	\$340,064

  

Year ended March 31, 2003						
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥84,335,906	¥1,240,302	¥1,290,794	¥86,867,003	¥ -	¥86,867,003
Inter-segment sales and transfers	125,397	5,237,016	1,749,497	7,111,910	(7,111,910)	-
Total	84,461,303	6,477,318	3,040,292	93,978,914	(7,111,910)	86,867,003
Operating expenses	82,678,178	6,356,929	3,119,346	92,154,454	(7,123,796)	85,030,657
Operating income (loss)	¥ 1,783,124	¥ 120,389	¥ (79,053)	¥ 1,824,460	¥ 11,885	¥ 1,836,346
Identifiable assets	¥29,760,169	¥4,322,449	¥ 641,806	¥34,724,425	¥(2,067,326)	¥32,657,099

### 13. Segment Information (continued)

	Year ended March 31, 2002					Consolidated
	Japan	North America	Other overseas countries	Total	General corporate assets and intercompany eliminations	
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥88,180,632	¥1,127,695	¥1,493,193	¥90,801,521	¥ -	¥90,801,521
Inter-segment sales and transfers	83,131	4,587,053	2,505,724	7,175,909	(7,175,909)	-
Total	88,263,763	5,714,749	3,998,917	97,977,430	(7,175,909)	90,801,521
Operating expenses	86,979,774	5,593,895	4,006,394	96,580,064	(7,173,157)	89,406,907
Operating income (loss)	¥ 1,283,988	¥ 120,854	¥ (7,477)	¥ 1,397,366	¥ (2,752)	¥ 1,394,614
Identifiable assets	¥29,782,767	¥3,518,436	¥ 763,113	¥34,064,317	¥(2,091,379)	¥31,972,938

For the years ended March 31, 2004, 2003 and 2002, operating revenues from overseas operations represented less than 10% of consolidated operating revenues. As a result, operating revenues from overseas operations are not required to be disclosed.

### 14. Derivative and Hedging Activities

The Company has utilized forward foreign exchange contracts and foreign currency coupon swaps to hedge certain foreign currency transactions related to foreign accounts receivable and payable on a consistent basis. The Company has also utilized interest-rate and currency swaps to minimize the risk of fluctuation in cash flows arising from changes in interest and foreign exchange rates related to its outstanding debt.

The Company enters into hedging transactions in accordance with its internal guidelines. The routine operations relating to hedging activities are formalized and controlled by the Accounting Department. Gain or loss on hedging instruments and the assessment of hedge effectiveness, which is performed both at the inception and on an ongoing basis, is reported to the related directors and department managers on a timely basis.

Since all derivative instruments held by the Company at March 31, 2004 and 2003, met the criteria for hedge accounting, fair value information has not been presented.