



NEWS RELEASE

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R&I Downgrades JAL/Japan Airlines Int'l. to BBB-

Rating and Investment Information, Inc. (R&I), has downgraded the following ratings:

ISSUER: **Japan Airlines Corp. (Sec. Code: 9205)**
Senior Long-term Credit Rating
Long-term Debt (3 Series)
Preliminary Rating for the Shelf Registration scheme

R&I RATING: BBB- (Downgraded from BBB)

ISSUER: **Japan Airlines International Co., Ltd. (Sec. Code: Unlisted)**
Senior Long-term Credit Rating
Long-term Debt (7 Series)

R&I RATING: BBB- (Downgraded from BBB)

RATIONALE:

The Japan Airlines (JAL) Group posted substantial consolidated net losses for fiscal 2003 and financial resilience decreased considerably. After carefully examining cost reduction and other effects anticipated under the group's plan to improve management efficiency, R&I decided that in the current operational environment there is a strong likelihood the company will not be able to enhance its financial resilience sufficiently to weather fluctuations in demand. Consequently, R&I has downgraded the Senior Long-term Credit Rating of the holding company Japan Airlines Corp. (JAL) and its core subsidiary Japan Airlines International Co., Ltd. (JALI), which operates the group's international airlines and freight business, by one notch respectively from BBB to BBB-.

With effective debt including lease payables remaining at a high level, there is ample room for improvement in financial composition. However, the lack of equity capital in particular is becoming increasingly acute and in conditions where the operational risk of international airlines must be seen as having become more severe, the fact that financial resilience has been greatly impaired must be given serious consideration in the rating.

In addition to strong competition from the U.S. and European international airlines, JAL is subject to the significant impact of fluctuations in fuel prices and currency exchange rates. In addition to these negative influences, unexpected international occurrences such as terrorism, the outbreak of war, and infectious disease epidemics cause huge numbers of customers to refrain from flying. Although year on year international passenger demand has been rising significantly since the beginning of the 2004 fiscal year, the pace of recovery to levels that could have been previously anticipated is slow. Pressure on earnings as a result of surges in fuel costs continues and R&I believes that if JAL is to succeed in bringing about the early recovery of its financial base and in securing an earnings base that can cope with the increase in operational risk, further reduction of fixed costs is essential.

Due to the existence of restrictions on landing capacity for domestic airlines and the further monopolization of certain routes accompanying management integration, JAL's operational base as Japan's largest domestic airlines company remains solid. Continued support from the government can also be expected in the future, particularly in dealing with unforeseen situations whereupon emergency financing systems of government financial organizations come into operation. Consequently, there is little concern regarding fund raising. Such factors will continue to underpin the creditworthiness of the JAL group.

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Taking into consideration that unity with its subsidiary is strong in areas such as business planning and fund raising and that the new bonds the company is issuing carry a guarantee of obligation by JALI and JAL, R&I has placed the holding company JAL at the same level as JALI and simultaneously adjusted both ratings downwards.

R&I RATINGS:

ISSUER: Japan Airlines Corp. (Sec. Code: 9205)

Senior Long-term Credit Rating: BBB- (Downgraded from BBB)

ISSUE: Preliminary Rating for the Shelf Registration scheme

ISSUE: Bonds to be Rated: Corporate Bonds

Issue Amount (mn): Yen 150,000 (Shelf Amount)

Issue Period: Two years from November 13, 2003

R&I RATING: BBB- (Downgraded from BBB)

ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1 *	Dec 18, 2003	Dec 18, 2013	Yen 10,000
Unsec. Str. Bonds No. 2 *	Dec 18, 2003	Dec 18, 2008	Yen 10,000
Unsec. Str. Bonds No. 3 *	Feb 04, 2004	Feb 04, 2011	Yen 10,000

* These bonds are guaranteed by Japan Airlines International Co., Ltd.
and Japan Airlines Domestic Co., Ltd.

R&I RATING: BBB- (Downgraded from BBB)

ISSUER: Japan Airlines International Co., Ltd. (Sec. Code: Unlisted)

Senior Long-term Credit Rating: BBB- (Downgraded from BBB)

ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 4	Dec 06, 1996	Dec 06, 2006	Yen 30,000
Unsec. Str. Bonds No. 6	May 09, 1997	May 09, 2007	Yen 50,000
Unsec. Str. Bonds No. 7	May 26, 1997	May 26, 2009	Yen 10,000
Unsec. Str. Bonds No. 8	Aug 07, 1997	Aug 07, 2009	Yen 20,000
Unsec. Str. Bonds No. 9	Jan 22, 1998	Jan 22, 2018	Yen 10,000
Unsec. Str. Bonds No. 10	Feb 10, 1998	Feb 08, 2008	Yen 20,000
Unsec. Str. Bonds No. 11	Mar 05, 1998	Mar 05, 2010	Yen 17,000

R&I RATING: BBB- (Downgraded from BBB)

An R&I Senior Long-term Credit Rating is an opinion regarding an issuer's overall capacity to pay its entire financial obligations, without taking into account the degree of recovery of specific obligations.

A Senior Long-term Credit Rating will be assigned to all issuers. Ratings for individual issues may differ from the Senior Long-term Credit Rating depending on the terms and conditions of the issue.