



**May 2005**

**Summary of Monthly Operating Results**

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## Passenger

With 12.1% capacity cut, domestic passenger load factor went up by 7%p in May. Overall international ASK (available seat kilometers) and RPK (revenue passenger kilometers) went upward, but its load factor was 71.3% or 2.9%p down yoy. By region, RPK for Japan went down 7.3% yoy as the number of Japanese travelers visiting Korea declined due to a diplomatic conflict between the two countries. RPK for S.E Asia also was down by 2.8%, as the region struggled to recover from an aftermath of the tsunami. However, the rest of the regions did quite well with China recording 14.5% growth in ASK and 32% growth in RPK, thanks to the substantial capacity increase on Shanghai routes including Incheon~Shanghai. Europe and America regions also posted strong figures with new/expanded routes to destinations such as London, Amsterdam and Zurich in Europe and Atlanta, Chicago and Washington in America. As a result, ASK and RPK for Europe showed 24.1% and 15.9% increases respectively while that for America showed increases of 14.9% and 7.1%. In the meantime, load factor for Oceania improved by 8.1%p over the same month last year, owing to the flexible route management.



## Cargo

International cargo carried 4.6% less than it did a year ago in May. This was largely attributed to the month being a traditionally off-peak season for cargo and weeklong holidays in Japan and S.E Asia sectors. For these reasons, Japan posted 8.8% drop in FTK despite an increase in Japan-bound goods (cherry from the U.S) and S.E Asia a 30% drop in freight carried due to the decline in outbound shipments following the holiday. America and Oceania each posted yoy decreases of 13.4% and 13.6% due to a low seasonal demand and route consolidation. However, China, helped by new/expanded capacity to Guangzhou, Hangzhou and Shanghai, recorded FTK growth of 44.9% yoy while Europe posted 25.4% capacity growth and 22.1% rise in FTK, thanks to the added capacity on Amsterdam and Frankfurt routes combined with booming India market.



## Company Highlights

Korean Air is to expand fuel surcharge system on all outbound international flights (passenger & cargo) beginning July 1. Thus, for passenger, should jet fuel price exceed 150 cent/gallon, fuel surcharge of \$15 will be imposed on short-haul routes such as China and Hong Kong while that of \$30 will be added on long-haul routes including Italy and Canada. For cargo, should jet fuel cost hit 140 cent/gallon and above, maximum of 480 KRW/kg is to be imposed as fuel surcharge. While this amended surcharge system won't be enough to fully offset the recent spike in oil prices, additional revenue from the surcharge system is expected to help balance out the rise in operating costs.

## May 2005 Traffic Data

Passenger		ASK (in millions)			RPK (in millions)			L/F		
		2005	2004	Change	2005	2004	Change	2005	2004	Change
<b>May</b>	Domestic	524.2	596.6	-12.1%	354.7	362.0	-2.0%	67.7%	60.7%	7.0%p
	Japan	370.2	345.0	7.3%	218.9	236.1	-7.3%	59.1%	68.4%	-9.3%p
	China	292.5	255.4	14.5%	204.4	154.9	32.0%	69.9%	60.6%	9.2%p
	S.E Asia	802.0	778.0	3.1%	536.6	552.3	-2.8%	66.9%	71.0%	-4.1%p
	Oceania	461.3	535.4	-13.8%	320.5	328.5	-2.4%	69.5%	61.4%	8.1%p
	America	2,197.9	1,913.5	14.9%	1,699.5	1,586.1	7.1%	77.3%	82.9%	-5.6%p
	Europe	1,046.4	843.3	24.1%	704.8	608.1	15.9%	67.4%	72.1%	-4.8%p
	<i>Int'l Total</i>	<i>5,170.3</i>	<i>4,670.6</i>	<i>10.7%</i>	<i>3,684.7</i>	<i>3,465.9</i>	<i>6.3%</i>	<i>71.3%</i>	<i>74.2%</i>	<i>-2.9%p</i>
	<b>Total</b>	<b>5,694.5</b>	<b>5,267.3</b>	<b>8.1%</b>	<b>4,039.3</b>	<b>3,827.9</b>	<b>5.5%</b>	<b>70.9%</b>	<b>72.7%</b>	<b>-1.7%p</b>
<b>Year to Date</b>	Domestic	2,448.6	2,862.7	-14.5%	1,519.2	1,765.2	-13.9%	62.0%	61.7%	0.4%p
	Japan	1,788.6	1,614.1	10.8%	1,268.6	1,148.5	10.5%	70.9%	71.2%	-0.2%p
	China	1,457.1	1,258.8	15.8%	1,010.1	818.6	23.4%	69.3%	65.0%	4.3%p
	S.E Asia	4,076.2	3,803.0	7.2%	2,659.5	2,679.5	-0.7%	65.2%	70.5%	-5.2%p
	Oceania	2,914.8	3,236.9	-10.0%	2,131.9	2,155.5	-1.1%	73.1%	66.6%	6.6%p
	America	10,087.1	9,282.5	8.7%	7,366.5	6,961.9	5.8%	73.0%	75.0%	-2.0%p
	Europe	4,600.4	3,736.6	23.1%	2,987.6	2,538.5	17.7%	64.9%	67.9%	-3.0%p
	<i>Int'l Total</i>	<i>24,924.3</i>	<i>22,931.9</i>	<i>8.7%</i>	<i>17,424.2</i>	<i>16,302.4</i>	<i>6.9%</i>	<i>69.9%</i>	<i>71.1%</i>	<i>-1.2%p</i>
	<b>Total</b>	<b>27,372.9</b>	<b>25,794.5</b>	<b>6.1%</b>	<b>18,943.4</b>	<b>18,067.6</b>	<b>4.8%</b>	<b>69.2%</b>	<b>70.0%</b>	<b>-0.8%p</b>

Cargo		AFTK (in millions)			FTK (in millions)			L/F		
		2005	2004	Change	2005	2004	Change	2005	2004	Change
<b>May</b>	Domestic	11.2	17.8	-36.7%	7.4	7.9	-6.0%	66.0%	44.4%	21.5%p
	Japan	17.0	16.8	1.6%	12.0	13.2	-8.8%	70.4%	78.5%	-8.1%p
	China	41.3	23.8	73.7%	28.5	19.6	44.9%	68.8%	82.5%	-13.7%p
	S.E Asia	99.2	119.4	-16.9%	67.1	96.0	-30.0%	67.7%	80.4%	-12.7%p
	Oceania	18.9	18.5	2.3%	10.9	12.7	-13.6%	57.8%	68.5%	-10.7%p
	America	397.2	469.6	-15.4%	320.2	369.5	-13.4%	80.6%	78.7%	1.9%p
	Europe	276.9	220.9	25.4%	221.6	181.5	22.1%	80.0%	82.2%	-2.1%p
	<i>Int'l Total</i>	<i>850.5</i>	<i>868.8</i>	<i>-2.1%</i>	<i>660.3</i>	<i>692.4</i>	<i>-4.6%</i>	<i>77.6%</i>	<i>79.7%</i>	<i>-2.1%p</i>
	<b>Total</b>	<b>861.8</b>	<b>886.6</b>	<b>-2.8%</b>	<b>667.7</b>	<b>700.3</b>	<b>-4.7%</b>	<b>77.5%</b>	<b>79.0%</b>	<b>-1.5%p</b>
<b>Year to Date</b>	Domestic	71.2	92.4	-22.9%	42.1	48.7	-13.7%	59.0%	52.7%	6.3%p
	Japan	86.4	82.3	5.0%	60.9	62.6	-2.7%	70.5%	76.1%	-5.6%p
	China	201.4	122.3	64.7%	131.8	94.8	39.1%	65.4%	77.5%	-12.1%p
	S.E Asia	527.2	603.5	-12.6%	370.6	485.4	-23.7%	70.3%	80.4%	-10.1%p
	Oceania	97.2	99.7	-2.6%	49.7	60.5	-17.9%	51.2%	60.7%	-9.5%p
	America	2,106.0	2,245.4	-6.2%	1,595.3	1,728.3	-7.7%	75.8%	77.0%	-1.2%p
	Europe	1,314.7	1,018.5	29.1%	1,028.9	818.7	25.7%	78.3%	80.4%	-2.1%p
	<i>Int'l Total</i>	<i>4,332.8</i>	<i>4,171.8</i>	<i>3.9%</i>	<i>3,237.2</i>	<i>3,250.3</i>	<i>-0.4%</i>	<i>74.7%</i>	<i>77.9%</i>	<i>-3.2%p</i>
	<b>Total</b>	<b>4,404.0</b>	<b>4,264.2</b>	<b>3.3%</b>	<b>3,279.2</b>	<b>3,299.1</b>	<b>-0.6%</b>	<b>74.5%</b>	<b>77.4%</b>	<b>-2.9%p</b>

		May			Year to Date		
		2005	2004	Change	2005	2004	Change
<b>Persons carried</b>	Domestic	988,134	1,025,507	-3.6%	4,288,707	5,122,346	-16.3%
	Int'l	883,303	832,839	6.1%	4,426,134	4,022,784	10.0%
	<b>Total</b>	<b>1,871,437</b>	<b>1,858,346</b>	<b>0.7%</b>	<b>8,714,841</b>	<b>9,145,130</b>	<b>-4.7%</b>
<b>Tonnes carried</b>		<b>158,602</b>	<b>165,536</b>	<b>-4.2%</b>	<b>800,340</b>	<b>810,818</b>	<b>-1.3%</b>

\* Above table includes estimated figures and is subject to change

- \* ASK (Available Seat Kilometers)
- \* RPK (Revenue Passenger Kilometers)
- \* AFTK (Available Freight Ton Kilometers)
- \* FTK (Freight Ton Kilometers)
- \* L/F (Load Factor)