



JAL Group 1st Quarter Account Settlement For FY2007

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Japan Airlines



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Table of Contents

JAL Group 1st Quarter Account Settlement For FY2007

Outline of 1st Quarter Account Settlement for FY2007

Outline of Consolidated Financial Results	P5
Operating Revenue and Income by Segment	P6
Improvement in profitability in Air Transportation Segment	P7
Operating Income of Air Transportation Segment	P8
Revenue Analysis - International Passenger	P9
Demand and Supply of International Passenger by Routes	P10
International Passenger - Steady Progress in Mid-term Revival Plan	P11
Revenue Analysis - Domestic Passenger	P12
Domestic Passenger - Competition with Rival Carrier	P13
Revenue Analysis - International Cargo	P14
Fuel Cost & FOREX (Air-transportation Segment)	P15

Progress in “ FY2007-2010 JAL Group Mid-term Revival Plan

Enhanced Safety Quality	P17
Enhanced Basic Quality	P18
Progress in Wage Cost Cut	P19
Dealing with improvement in personnel productivity	P20
Fleet renewal and focus on more profitable routes	P21
Progress in Premium Strategy	P22



Outline of 1st Quarter Account Settlement for FY2007

Progress in “ FY2007-2010 JAL Group Mid-term Revival Plan



Outline of Consolidated Financial Results



< Improvement in Operating/Ordinary/Net Income >

Billions of Yen

	FY06 Q1	FY07 Q1	yr-yr	yr/yr
Operating Revenues	522.2	520.6	-1.5	99.7%
(Operating Expenses)	554.1	529.2	-24.9	95.5%
Operating Income	-31.9	-8.5	23.3	-
Ordinary Income	-35.5	-3.2	32.3	-
Net Income	-26.7	-4.2	22.4	-



Operating Revenue and Income by Segment

< Improvement in profitability in Air Transportation Segment >

Billions of Yen

	Operating Revenues			Operating Income	
	FY07 Q1	yr-yr	yr/yr	FY07 Q1	yr-yr
Air Transportation	422.0	12.1	103.0%	- 10.8	22.1
Airline-related	86.2	-0.1	99.8%	1.4	0.8
Travel Service	89.4	4.0	104.7%	- 1.1	0.8
Card·Lease	16.5	0.8	105.2%	1.2	-0.1
Other	24.5	-25.1	49.4%	0.6	-0.4
Total	638.7	-8.3	98.7%	-8.7	23.2
General corporate assets and intercompany eliminations	- 118.0	6.8	-	0.2	-
Consolidated	520.6	-1.5	99.7%	-8.5	23.3

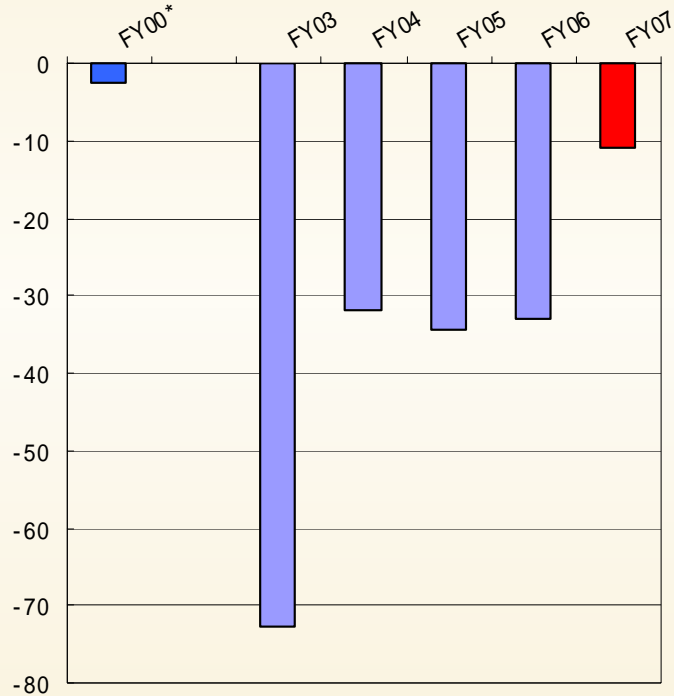


Improvement in profitability in Air Transportation Segment



Improvement of Q1 operating income in these years

(billions of Yen)



[Q1 operating income result]

	(billions of Yen)					(reference)
	FY03 Q1	FY04 Q1	FY05 Q1	FY06 Q1	FY07 Q1	FY00 * Q1
Operating Revenues	313.9	383.3	397.3	409.9	422.0	366.8
Operating Income	-72.8	-32.0	-34.5	-33.0	-10.8	-2.5
Operating Income Margin	-23.2%	-8.4%	-8.7%	-8.1%	-2.6%	-0.7%

Simple combination of JAL and JAS approximation



Operating Income of Air Transportation Segment



< Progress in revenue increase and reduction in cost >

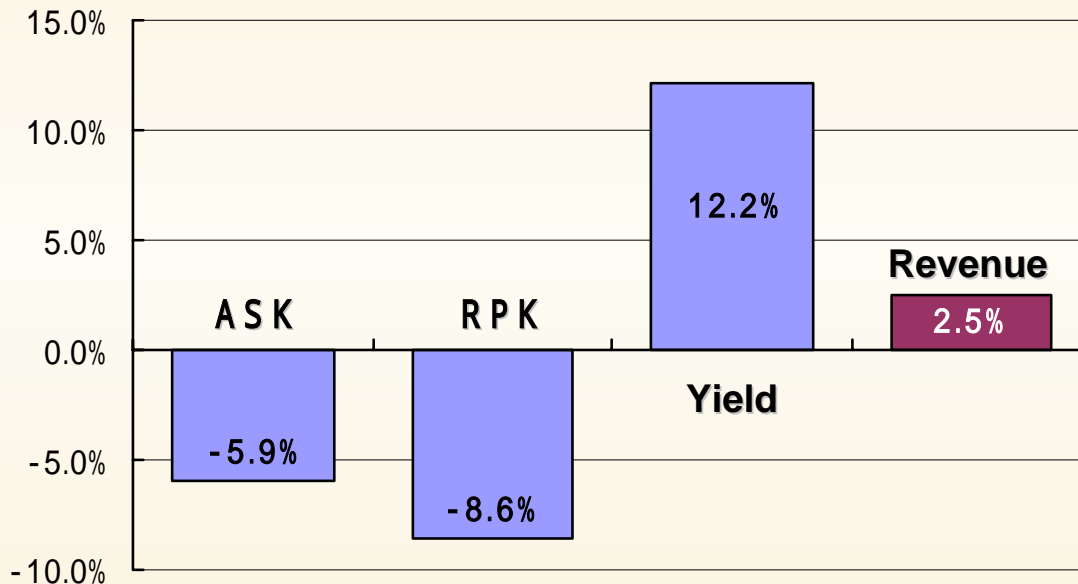
	F Y06 Q1	F Y07 Q1	yr-yr	yr/yr
Operating Revenue	409.9	422.0	12.1	103%
International Passenger	167.8	172.1	4.2	103%
Domestic Passenger	150.9	155.4	4.4	103%
International Cargo	43.8	44.4	0.6	101%
Domestic Cargo	6.8	6.7	0.0	99%
Other	18.8	20.2	1.4	108%
Incidental Business	21.6	23.0	1.4	107%
Operating Cost	443.0	432.9	-10.0	98%
Fuel	97.5	97.5	0.0	100%
Airport facilities	32.4	32.4	0.0	100%
Maintenance	34.9	33.0	-1.9	95%
Passenger services	12.0	11.8	-0.2	98%
Commissions	29.0	26.1	-2.8	90%
Aircraft Depreciation	18.3	17.8	-0.5	97%
Aircraft leases	26.6	26.9	0.3	101%
Personnel	78.3	72.5	-5.8	93%
Other	114.0	114.9	0.9	101%
Operating Income	-33.0	-10.8	22.1	-



Revenue Analysis - International Passenger



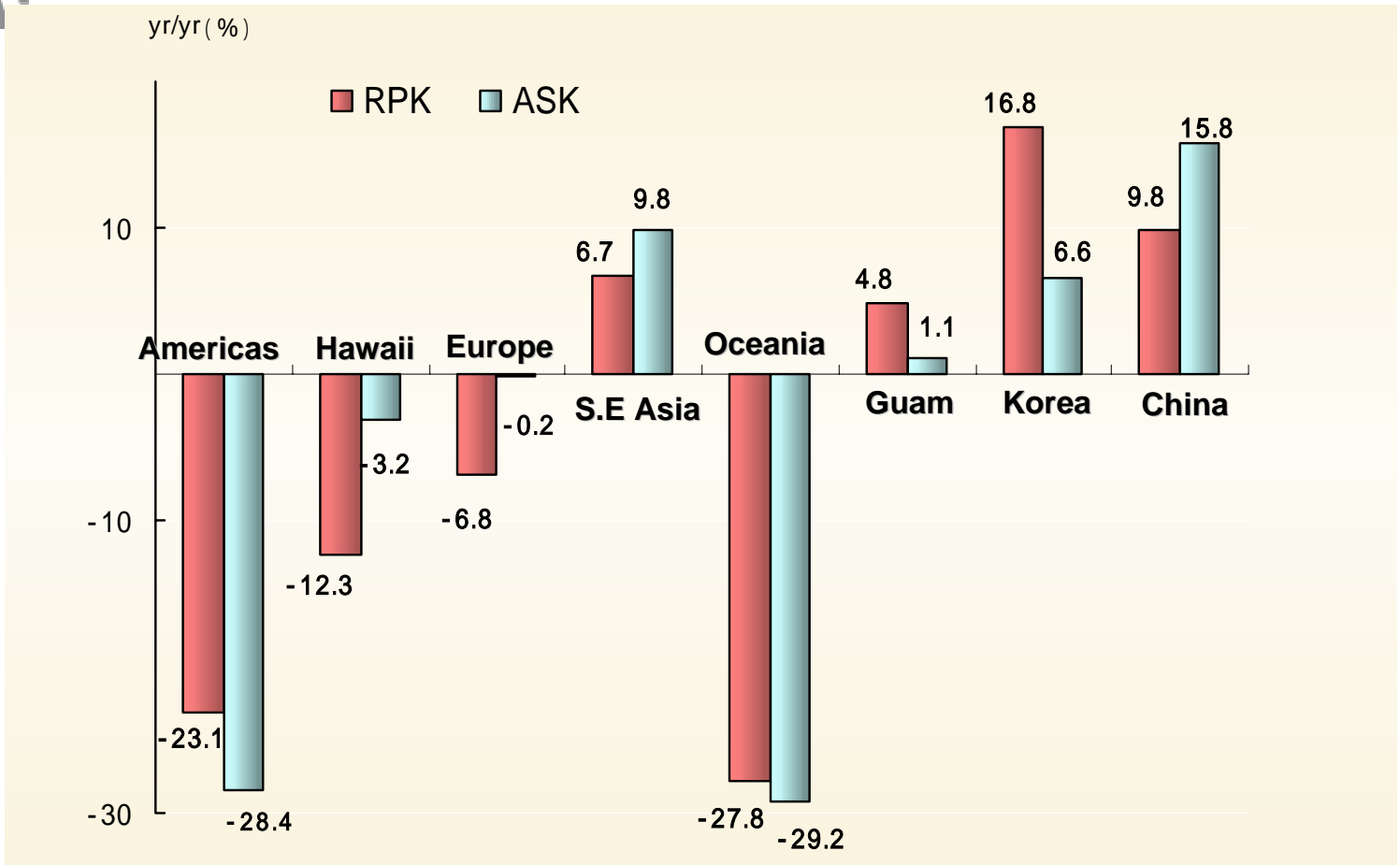
y/y



- Revenue ¥ 172.1 bln
(y-y +4.2 bln)
- Load Factor 67.8%
(y-y - 2.1%pt)



Demand and Supply of International Passenger by Routes





International Passenger - Steady Progress in Mid-term Revival Plan



Increase in profitability by reallocation of management resources

FY07 Q1 result

[Improved profitability ~ Routes restructuring]

- Japan = U.S. West Coast (capacity down 48%)
Tokyo = Las Vegas suspension in SH of FY2007
Osaka = Los Angeles suspension in SH of FY2007
L/F 78% 88% up +10 points
- Osaka - Brisbane - Sydney - Osaka
Start codesharing with Jetstar after suspending own flights in FY2007

[Passenger increase by enhancing business routes]

- Tokyo = New York (Capacity up 45%)
10/W 13/W passenger demand **up 38%**
- Japan = Vietnam (Capacity up 9%)
More flights on Hanoi, Ho chi Minh routes
Passenger demand **up 14%**
- Tokyo = New Delhi (Capacity up 49%)
3/W 4/W Passenger **up 48%**

Daily Operation in Oct.

Improvement in yield by rise in business class passengers

Passenger growth (FY2007 Q1)
Business class 108 % y/y
(Economy class 96%y/y)



Uplift of fuel surcharge
Weak Yen

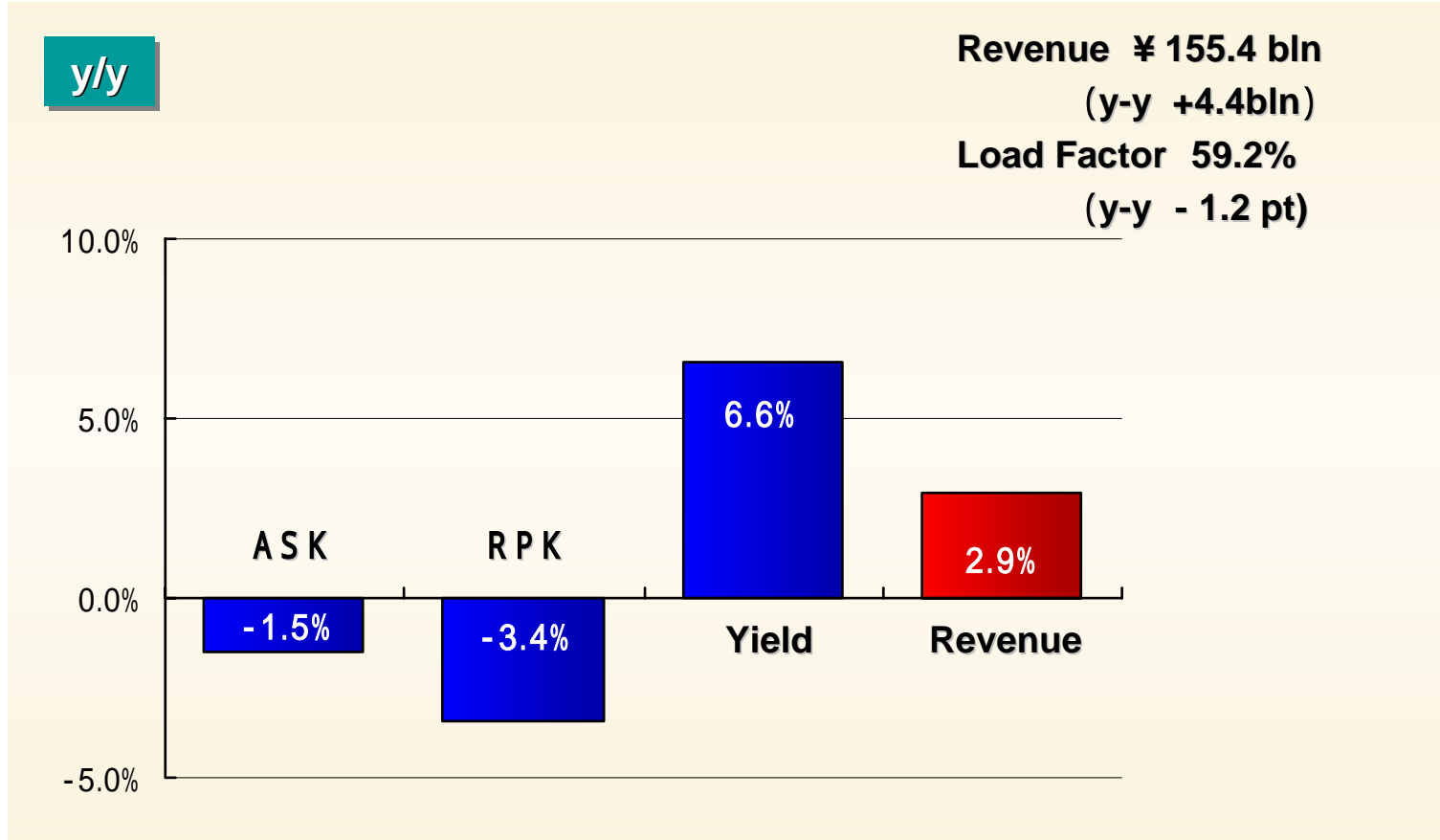


Rise in yield **+12.2% y/y**





Revenue Analysis - Domestic Passenger

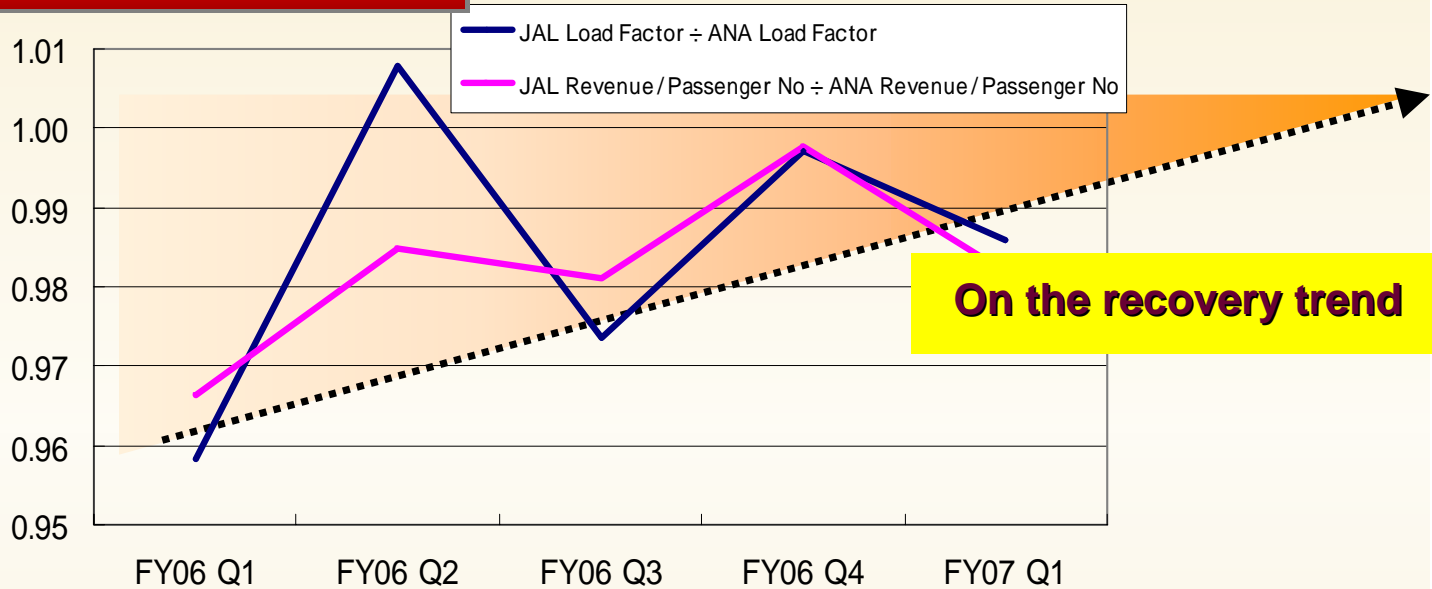




Domestic Passenger - Competition with ANA



Comparison since FY2006 Q1



		FY06 Q1	FY06 Q2	FY06 Q3	FY06 Q4	FY07 Q1
Load Factor (%)	JAL	60.4%	67.5%	64.9%	62.9%	59.2%
	ANA	63.1%	67.0%	66.7%	63.1%	60.1%
Revenue/Passenger No(yen)	JAL	¥14,563	¥16,483	¥14,985	¥15,293	¥15,497
	ANA	¥15,070	¥16,735	¥15,272	¥15,328	¥15,782

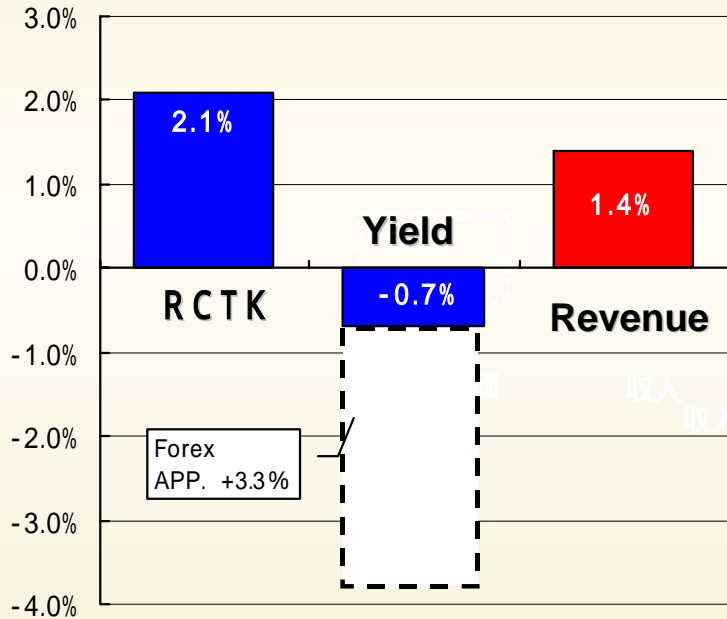


Revenue Analysis - International Cargo



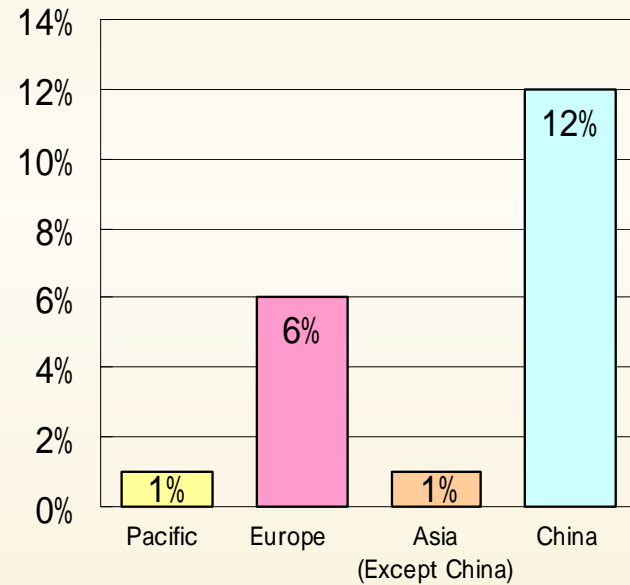
y/y

Revenue ¥ 44.4 bln
(y-y ¥0.6 bln)



Cargo Demand by Destination

yr/yr(%)





Fuel Cost & FOREX (Air-transportation Segment)

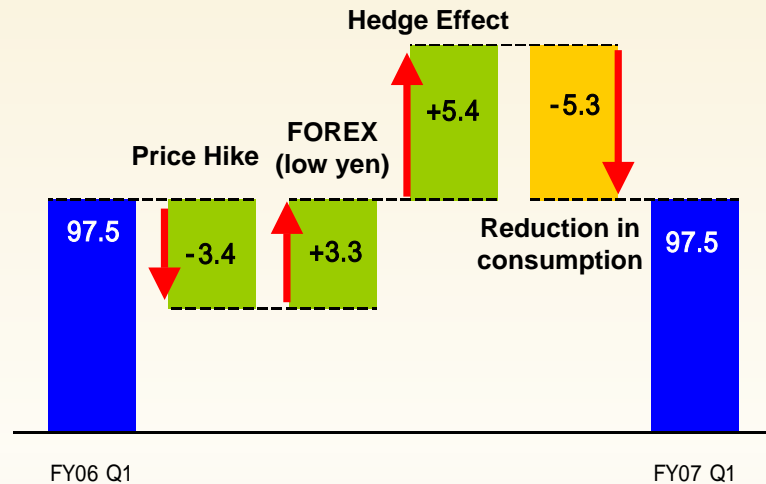
Fuel Cost

[Average Market Oil Price]

	FY06 Q1	FY07 Q1	Assumption for FY07
USD*	\$82.0	\$79.3	\$75.0

*SIN Kerosene average \$/bbl

	Q1	Q2	LH	FY07
Hedging of Fuel	94%	96%	60%	77%



FOREX

[Average Rate]

	FY06 Q1	FY07 Q1	Assumption for FY07
USD*	¥115.0	¥119.3	¥120.0

*Based on the average company exchange rate for Apr.2007-Jun.2007

[Impact]

	Billions of Yen
Operating Revenue	+4.4
Operating Expenses	+6.5
Operating Income	-2.1



Outline of 1st Quarter Account Settlement for FY2007

Progress in “ FY2007-2010 JAL group Mid-term Revival Plan



Enhanced Safety Quality



FY06 Decline in the number of serious incidents and irregular operations

- Number of safety problems occurred in FY2006 () incidence rate/1,000 flights

Types of incidents	FY2004		FY2005		FY2006	
Accident	2	(0.005)	0	(0)	1	(0.002)
Serious Incident	1	(0.002)	5	(0.012)	0	(0)
Irregular Operation	113	(0.267)	131	(0.313)	99	(0.235)
Total Flight Operation	422,955		417,453		421,833	

- Working on LOSA(Line Operations Safety Audit) Program
- Passed IOSA(IATA Operations Safety Audit) check-up without indication

*This page is for reference only

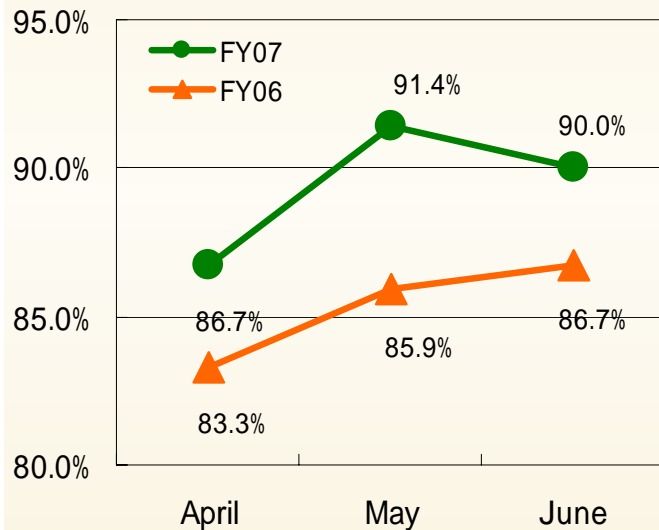


Enhanced Basic Quality

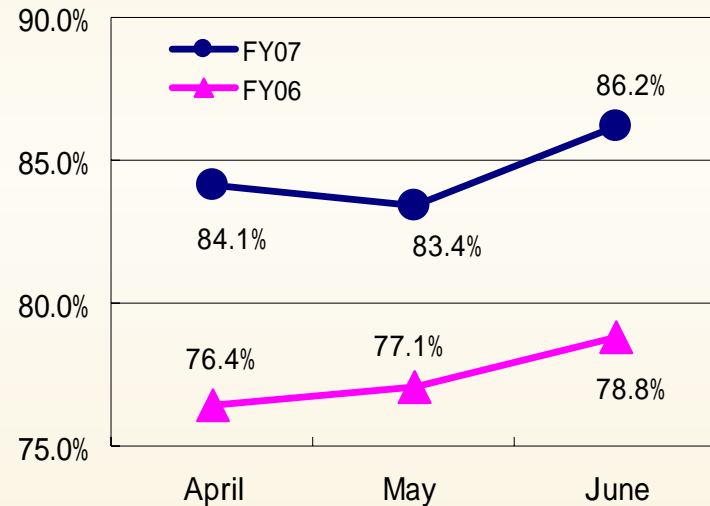


Improved punctuality as part of enhancing product competitiveness >

【International passenger】
Departure ratio within 15 minutes delay



【Domestic passenger*】
Departure ratio within 5 minutes delay



* This ratio is only for JAL's internal use and not official one.





Progress in wage Cost Cut



FY 07 Reduction in consolidated wage cost by ¥ 50 bln



➤ **Reduction of annual bonuses - ¥15 bln**

(Summer bonuses have been already paid at planned level having agreed bonus reduction for whole year with largest union).

➤ **Reduction of retirement benefit expenses through revision of pension-related system - ¥20 bln**

(In July, already proposed to each union new retirement benefit conditions, nearly 10% lower than current levels)

➤ **Other measures - ¥15 bln**

- Rise in personnel productivity by 10%
- Special early retirement plan etc.

(Already completed early retirement plan in June for division 250 chiefs : - ¥2 bln

Lower ranks of employees to be implemented in Nov.

Cabin Crew under study on when to start within FY2007, if possible)



Dealing with improvement in personnel productivity



Concrete plan has been set up
toward 10% improvement
in personnel productivity



✧ **Since July 2007**
move to
practical phase

「4,300 employees reduction
by the end of FY2009」

Under study about possibility of fulfilling
the target one year ahead of schedule



**Achieve improvement in personnel productivity while maintaining
high level of safety and service standard**



Fleet renewal and focus on more profitable routes



Main fleet change for FY2007

Forecast number of fleet at the end of FY2007

273 (down 1 y/y)

including one regional aircraft

Intoroduction

[Fleet Type]	[Change]	[Number of Fleet at the end of FY07]
Boeing777	+2	40
Boeing767	+3	43
Boeing767F	+3	3
Boeing737-800	+8	10
Retire		
Boeing747LR	- 5	9
Boeing747F	- 5	4
MD87	- 8	0

Main change in route plan for FY2007

The change of SH of FY2007 will be announced very shortly.

Frequency Increase

[Route]	[Change]	[Date]
Tokyo = New York	10 flights per week	13 flights per week
Tokyo = Moscow	2 flights per week	3 flights per week
Tokyo = Beijing	14 flights per week	19 flights per week
Nagoya = Tianjin	5 flights per week	7 flights per week
Tokyo = Ho Chi Minh City	5 flights per week	6 flights per week
Tokyo = Delhi	4 flights per week	7 flights per week*
(* 5 flights/W from October 01)		

Frequency Decrease

Osaka - Brisbane - Sydney	7 flights per week	Route suspension
Tokyo = Hong Kong	21 flights per week	17 flights per week
Tokyo = Zurich	3 flights per week	Route suspension
Nagoya = Beijing	2 flights per week	Route suspension



Progress in Premium Strategy



< Accelerate the improvement in service level by several measures >

2007 April Participation in the oneworld as an official member

Establishment of Corporate Sales Center



July Intoduction of new-style inflight meal on business class of long-haul international flights

Revamped JAL Narita lounge open with improved facilities and services

August Start of " any-time available web check-in service " for domestic flights



In the autumn Renewal of check-in counters for first and business class at Narita Airport



Introduction of new products such as "First Class Service" on domestic flights and "Premium Economy Service" on international flights

FY2008 Introduction of new seats on first and business class of international operation

Renewal of economy class check-in counter at Narita Airport

E-style new check-in counter open at Narita Airport (increase in automated check-in machine)

Premium Economy on International flight



First class on domestic flights





Japan Airlines Corporation