Japan Airlines Corporation

FY2008 – 2010
JAL Group Medium Term Revival Plan

February 29, 2008

Disclaimer

This document is for background information purposes only. Please see other disclosure and public filings we made or will make for information regarding the results of our operations.

Certain statements made in this document, including some management strategies and targets, may contain forward-looking statements which reflect management's views and assumptions. We may not be successful in implementing our business strategies, and management may fail to achieve its targets. The management targets and other forward-looking statements involve current assumptions of future events as well as risks and uncertainties that could significantly affect expected results, including without limitation adverse economic or political conditions in Japan or other countries; increased jet fuel prices, negative changes in foreign exchange rates, terrorist attacks and military conflicts, and health epidemics. Please see our latest Annual Report for additional information regarding the risks in our businesses. To the extent this document contains such forward-looking statements, we have no obligation or intent to update them.

In addition, information on companies and other entities outside the JAL group that is included in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by us and cannot be guaranteed.

This document was prepared for our FY2008-2010 Medium-Term Revival Plan presentation on February 29th, 2008.

** FY2007-2010 JAL Group Medium Term Revival Plan will hereafter be referred to as the “Current Medium Term Revival Plan”, and the FY2008-2010 JAL Group Medium Term Revival Plan will hereafter be referred to as the “New Medium Term Revival Plan”.*

Executive Summary: Our Determination and Commitment for Revival

- **The Current Medium Term Revival Plan has made a satisfactory start with steady progress in each and every measure.**
  - Confirmed that the Current Medium Term Revival Plan is appropriate in terms of direction.

- **However, due to changes in the operating environment, including higher fuel costs and fiercer competition, speedy and decisive counter-measures are required**
  - Using the Current Medium Term Revival Plan as its base, the New Medium Term Revival Plan greatly expands on and adds to the measures currently being undertaken.

- **The New Medium Term Revival Plan continues the measures outlined in the Current Medium Term Revival Plan, such as ¥50bn in total consolidated wage cost reductions compared to FY2006, and aims to achieve the same goals. Adjustments have been made to the new plan to increase the feasibility of all targets set. The new plan also runs up until FY2010.**

- **In order to ensure that the measures in the New Medium Term Revival Plan can be successfully implemented and the targets set can be achieved in any business environment, preferred shares are to be issued by means of a third-party allocation with the aim of raising an extra ¥150bn in capital.**
  - Improve our ability to raise funds and increase resistance to event risk by establishing a strong financial position

- **We will make every effort to implement the measures in the New Medium Term Revival Plan by making full use of the combined strength of the JAL Group**
- **Our minimum goals is to achieve the targets set in the Current Medium Term Revival Plan and we further aim to fulfill a ¥96bn operating income target for FY2010, set forth in the New Medium Term Revival Plan.**

Summary of the Current Medium Term Revival Plan

Steady progress in the Current Medium Term Revival Plan

Measures under Current Medium Term Revival Plan	Achievement of Current Medium Term Revival Plan
▪ Wage cost reductions	▪ Making every effort in FY2007 to implement all measures of the planned ¥50bn consolidated wage cost reduction compared to FY2006. ▪ Some measures for special early retirement and productivity improvement have been brought forward by one year.
▪ Fuel consumption reduction	▪ Despite sharp rise in fuel prices, fuel costs have been greatly restrained
▪ Fleet renewal/downsizing	▪ Downsizing of most of aircraft used on Europe routes, and aircraft on domestic routes are being steadily replaced.
▪ Shift to high profit routes and Premium Strategy	▪ Achieved good balance of routes by shifting to high growth, high profit routes, introduced First Class on DP and Premium Economy on IP
▪ Concentrate our resources on air transportation (core business)	▪ Total assets worth just over ¥80bn were sold during FY2007

Expect to Exceed Original Financial Forecasts For FY2007

- Targets for FY2007 have been raised upward despite the fuel price hike

Including level of equity capital, the financial base is still not strong enough

Reinforce efforts to rebuild business begun in Current Corporate Medium Term Revival Plan through New Corporate Medium Term Revival Plan

- As well as taking over the basic principles of the Current Medium Term Revival Plan, we will increase capital through a third-party share allotment

Note: IP = International Passenger, DP = Domestic Passenger, IC = International Cargo

Position of the New Medium Term Revival Plan

Current Medium Term Revival Plan

Review

- **A good start with steady progress in each measure**
- **Confirmation that rebuilding of business in line with the Current Medium Term Revival Plan is working.**
- **However financial base still needs to be strengthened further.**

New Medium Term Revival Plan

Fundamental Policy

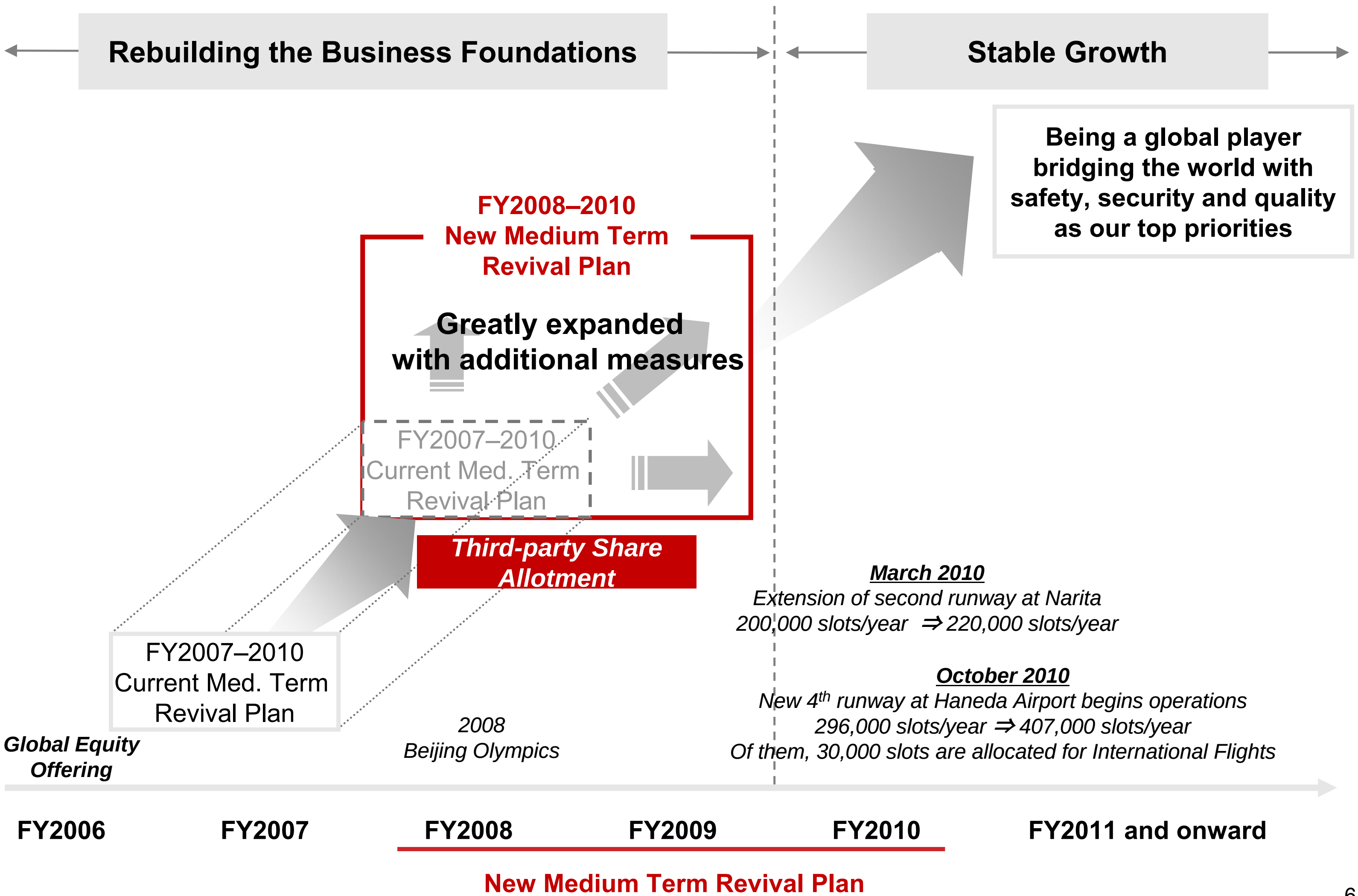
Strengthen risk resistance and improve ability to achieve targets, in order to maintain stable growth after FY2010

- **Strengthen marketing (including the expansion of Premium Strategy etc.)**
  - Improve competitiveness of products and services aimed at high yield customers
  - Promote sales strategies targeting, for example, sales channels on which we should place priority.
- **Achieve a fleet structure which is flexible enough to cope with changes in the business environment.**
- **Establish a business structure which can withstand risks such as higher fuel prices by improving our financial position through a capital increase**

Changes in Underlying Business Environment

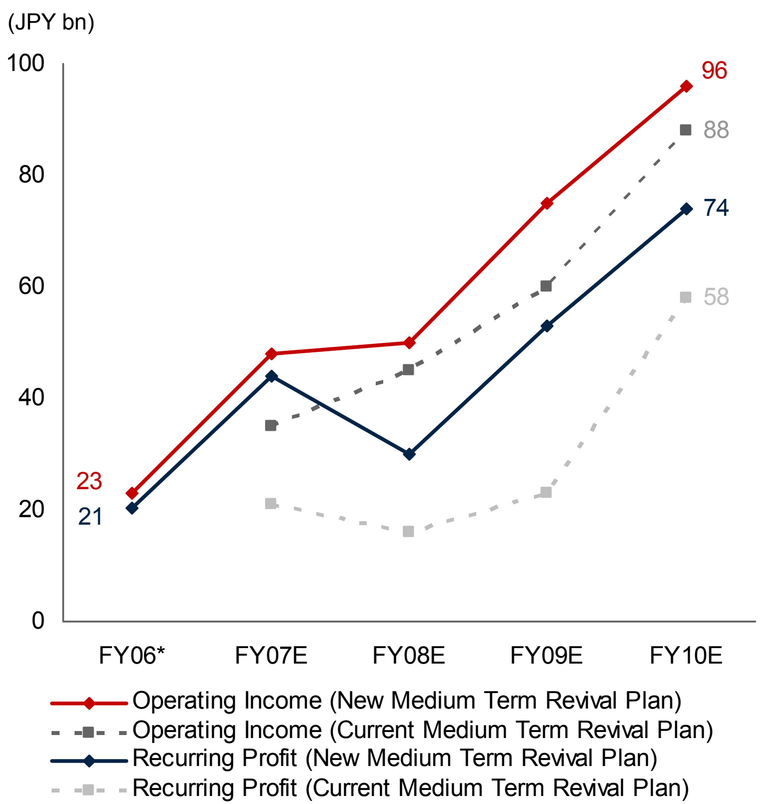
- Rising fuel prices
- Risk of reduced demand for air travel due to sub-prime financial crisis, etc.
- Response to changes in competitive environment in international passenger, domestic passenger, and international cargo segments

Roadmap of the New Medium Term Revival Plan



Enhance Corporate Value through the New Medium Term Revival Plan

Further profit improvement

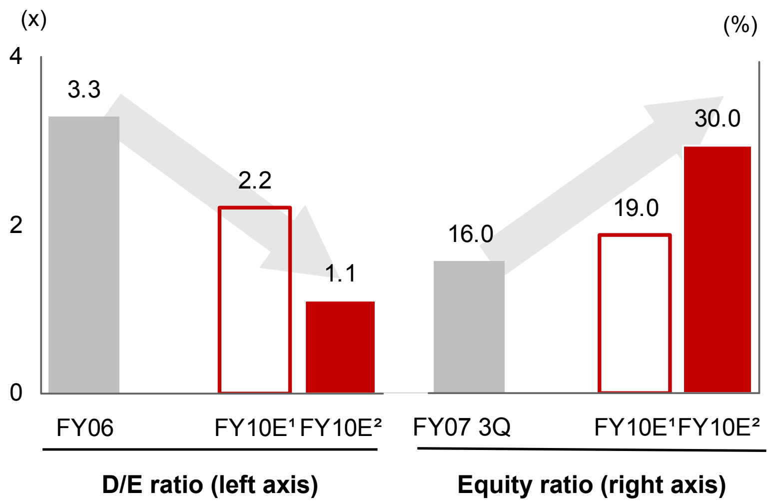


** Actual figures used for FY06*

Enhance further ability to generate cash flow

	Current Medium Term Revival Plan	New Medium Term Revival Plan
Cumulative Operating CF over 4 years (FY07-FY10)	**¥711 bn**	**¥736 bn**

Substantial improvement in financial position



Note:
1 Current Medium Term Revival Plan
2 New Medium Term Revival Plan

Third-party allocation of preferred shares: Necessity of Strengthening Our Financial Position

Equity Offering in 2006

- Out of ¥148bn funded through the equity offering in FY2006, ¥113bn was spent on aircraft-related investment between FY2006 and FY2007
- The remaining amount will be appropriated for investment in aircraft as originally planned during FY2008 to strengthen competitiveness

Need to Strengthen Financial Position Further

- With the current fuel price hovering around $110/bbl (Singapore Kerosene), there is a need to enhance the measures to cope with a fuel price hike
- Increase resistance to geopolitical risks such as terrorism and the sub-prime crisis, etc.
- Respond to entry of emerging domestic and international LCCs and alliances in the cargo market

Changes in Underlying Business Environment

- Rising fuel prices
- Risk of reduced demand for air travel due to sub-prime financial crisis, etc.
- Response to changes in competitive environment in international passenger, domestic passenger, and international cargo segments

Third-party allocation of preferred shares: Effect of Capital Increase

Business Operations Stabilized by Strengthening Financial Position

Improved Financial Position

- Strengthening financial position improves ability to raise funds, build business structures capable of flexible implementation of measures, such as capital expenditure.

Debt Reduction

- By using the increase in capital to fund capital expenditure programs, internal cash generated from operating cash flow and asset sales etc. can be used to accelerate corporate loan/debt repayment

Increase Resistance to Event Risk

- Increasing the ability to absorb shocks from geopolitical risks such as the sub-prime crisis or terrorism allows for stable business operations

Improved Corporate Value Through Capital Expenditure

Capital Expenditure to Strengthen Competitiveness

- Funds raised facilitate the capital expenditure necessary to execute the New Medium Term Revival Plan

Uses of the funds:

- Fleet Renewal
  - Aircraft: 777, 787, 737-800, Embraer 170 (E170), etc.
  - Invest in 65 aircraft during the New Medium Term Revival Plan
- Safety and Service Improvements
  - Strengthen the IT system in DP. Upgrade website functions. Expand First Class in DP and Premium Economy in IP. Revamp airport lounges. Introduce next generation maintenance system

Achieve the FY2008-2010 New Medium Term Revival Plan under any environment

New Medium Term Revival Plan: Strategic Map

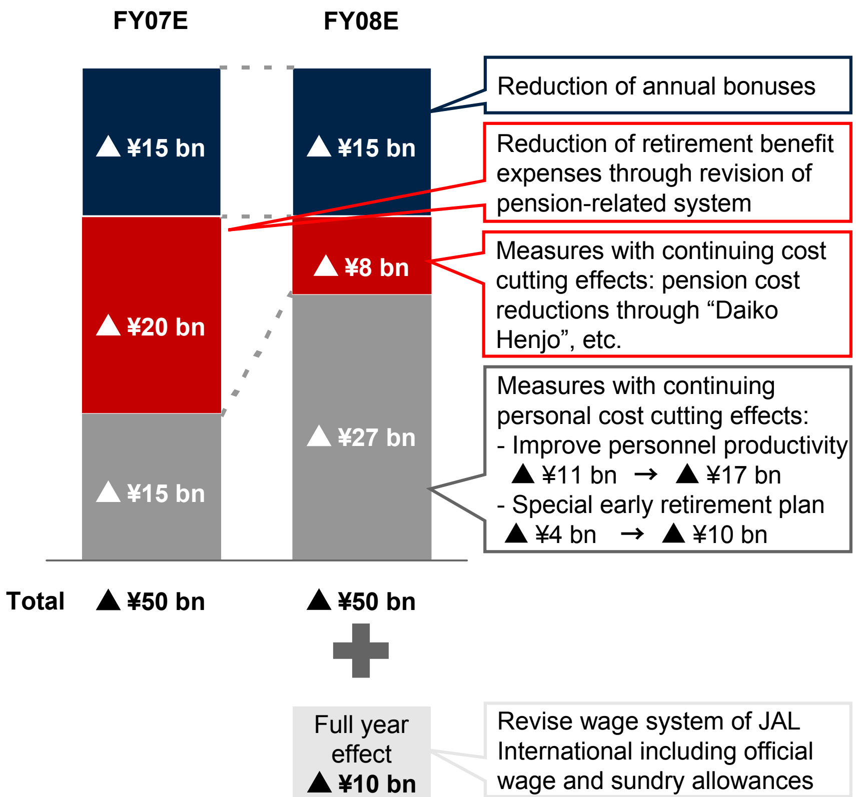
Basic Principle	Measures	IP	DP	IC	Air Transport Related	Other
		Business Segments				
Premium Strategy	▪ Strengthen competitiveness in services and products aimed particularly at high yield customers by broadening the Premium Strategy ▪ Promote strategy to address rapid changes in the market environment, focus on important sales channels, areas, routes	✓	✓		✓	
Business Profitability Improvement	▪ Fleet renewal, downsizing, focus resources on high growth, high profit routes ▪ On domestic routes which require urgent recovery in profitability, promote fleet downsizing by using Regional Jets ("RJ") as well as introducing small aircraft ▪ As for cargo business, search for further opportunities to improve profitability mainly for cargo flight, as well as addressing how the cargo transportation business should be managed ▪ Seek efficient operations through increased utilization of less overhead group subsidiary airlines	✓	✓	✓	✓	
Personnel Productivity Improvement	▪ Achieve productivity improvement targets by the end of FY2008, one year ahead of schedule ▪ TPS* "Kaizen" to become a permanent element of corporate culture	✓	✓	✓	✓	
Review of Related Businesses	▪ Concentrate our resources on air transportation business by reviewing independent related businesses ▪ Reduce costs related to air transportation business and achieve efficiencies in related businesses				✓	✓

** Toyota Production System*

Personnel Productivity Improvement (Wage Cost Cut Measures)

Wage Cost Reduction Measures

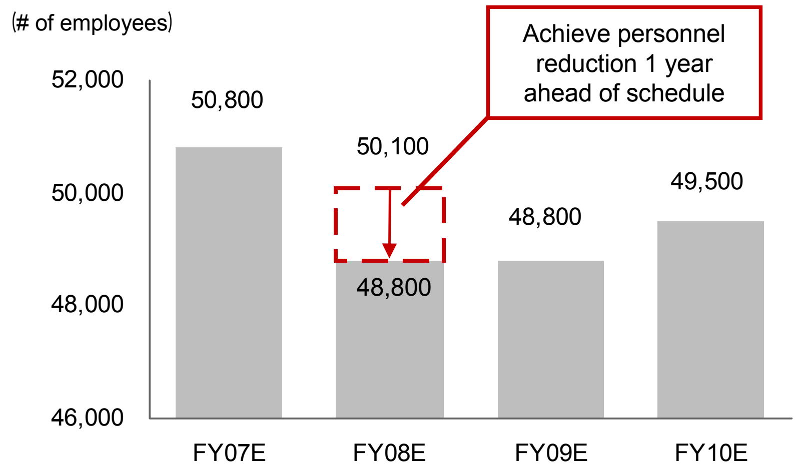
Measures to Save ¥50bn in Consolidated Wage Costs



Measures to Reduce Number of Employees

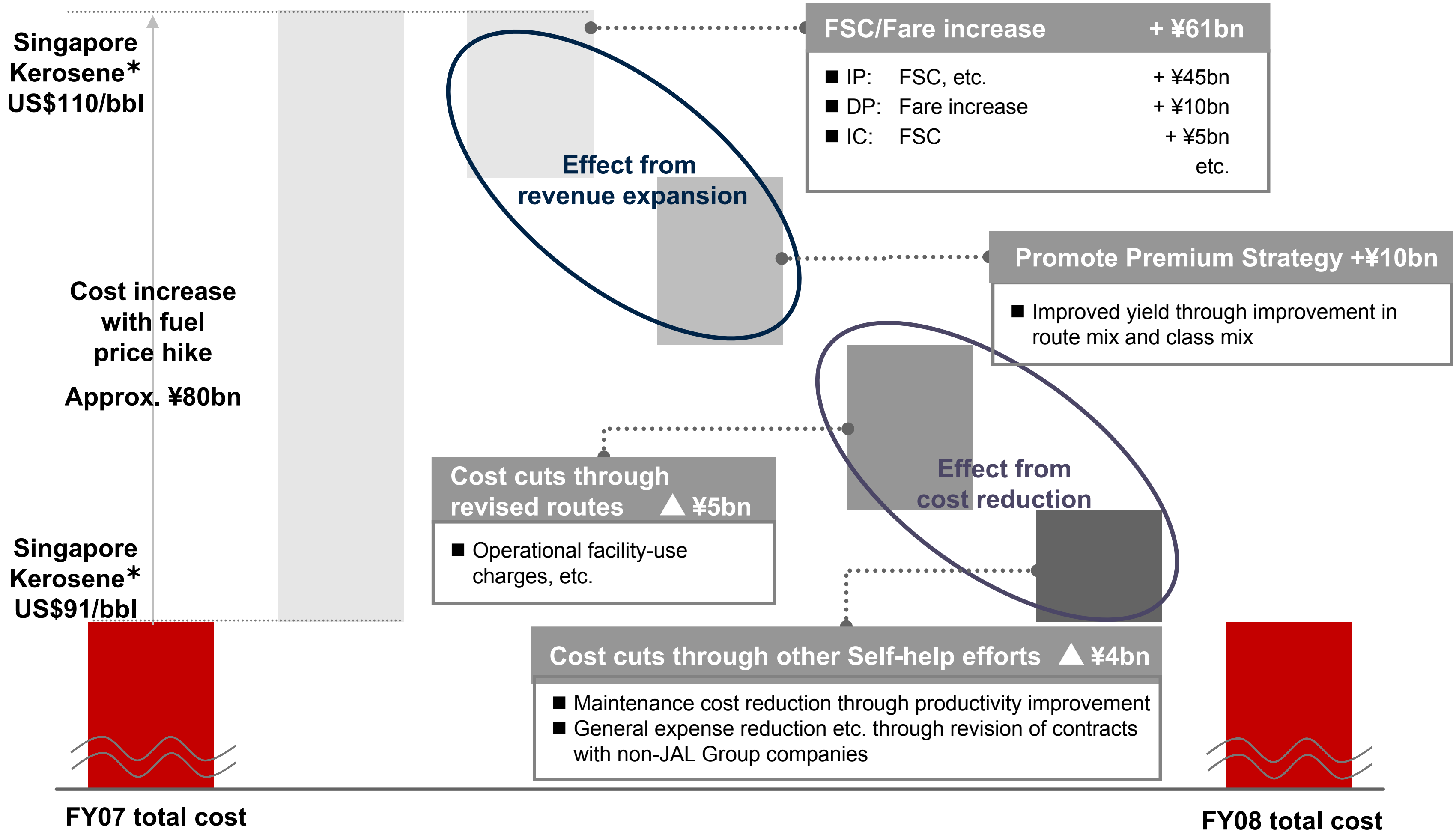
- Achieve targets for personal productivity improvement one year ahead of schedule

Trend in Consolidated Staff Numbers



Improved Business Profitability: Countermeasures for Increasing Fuel Cost

(Schematic diagram)



** The New Medium Term Revival Plan has been calculated based on a price of 110US$/bbl*

Improved Business Profitability: Utilizing Less Overhead JAL Group Subsidiary Airlines

Basic Principle

- Compete with foreign airlines, new domestic airlines, and “Shinkansen”, by means of an efficient group operation system created ahead of our competitors.
  Also, make preparations for the expansion of Haneda and Narita airports.
- Maintain network and improve profitability by efficiently utilizing less overhead JAL Group airlines. Operating costs at JAZ, JEX and JAIR are roughly 10% lower than in JAL’s operations

JALWAYS

Established in 1990

- Role on tourist routes expanded and growing role on Asian business routes

JAL Express

Established in 1997

- Operates on domestic routes nationwide with small-sized aircraft. From FY2009, start operating 737-800 on international Asian routes, primarily China.

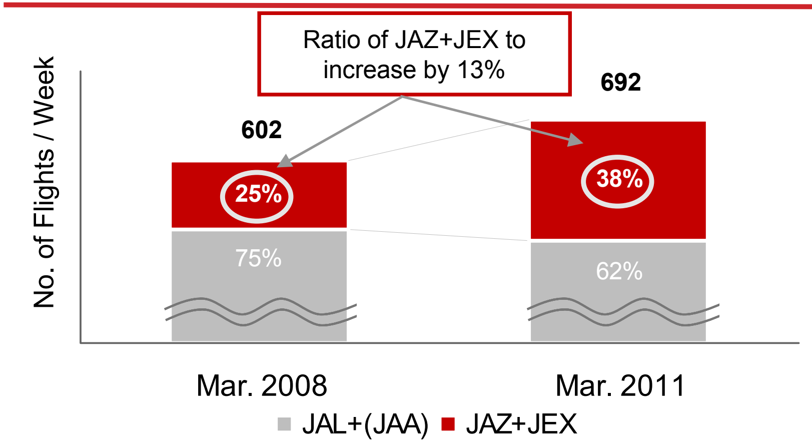
J-AIR

Established in 1996

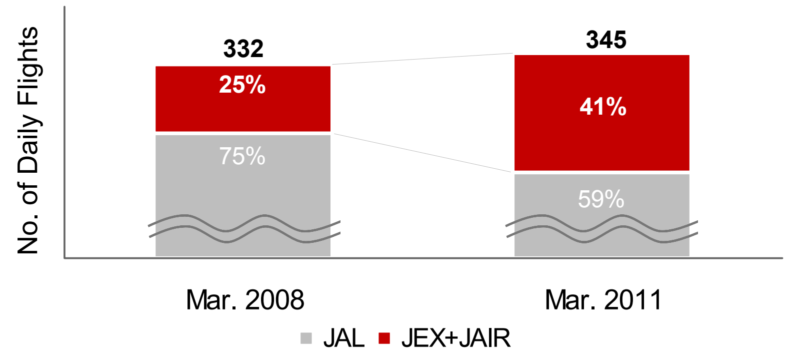
- Operates on domestic routes with regional jets nationwide, including CRJ. From FY2008 starts operating E170.

Promote Efficient Operation System

IP: Percentage of flights operated by JAL Group airlines



DP: Percentage of flights operated by JEX+JAIR in JAL, JEX, JAIR

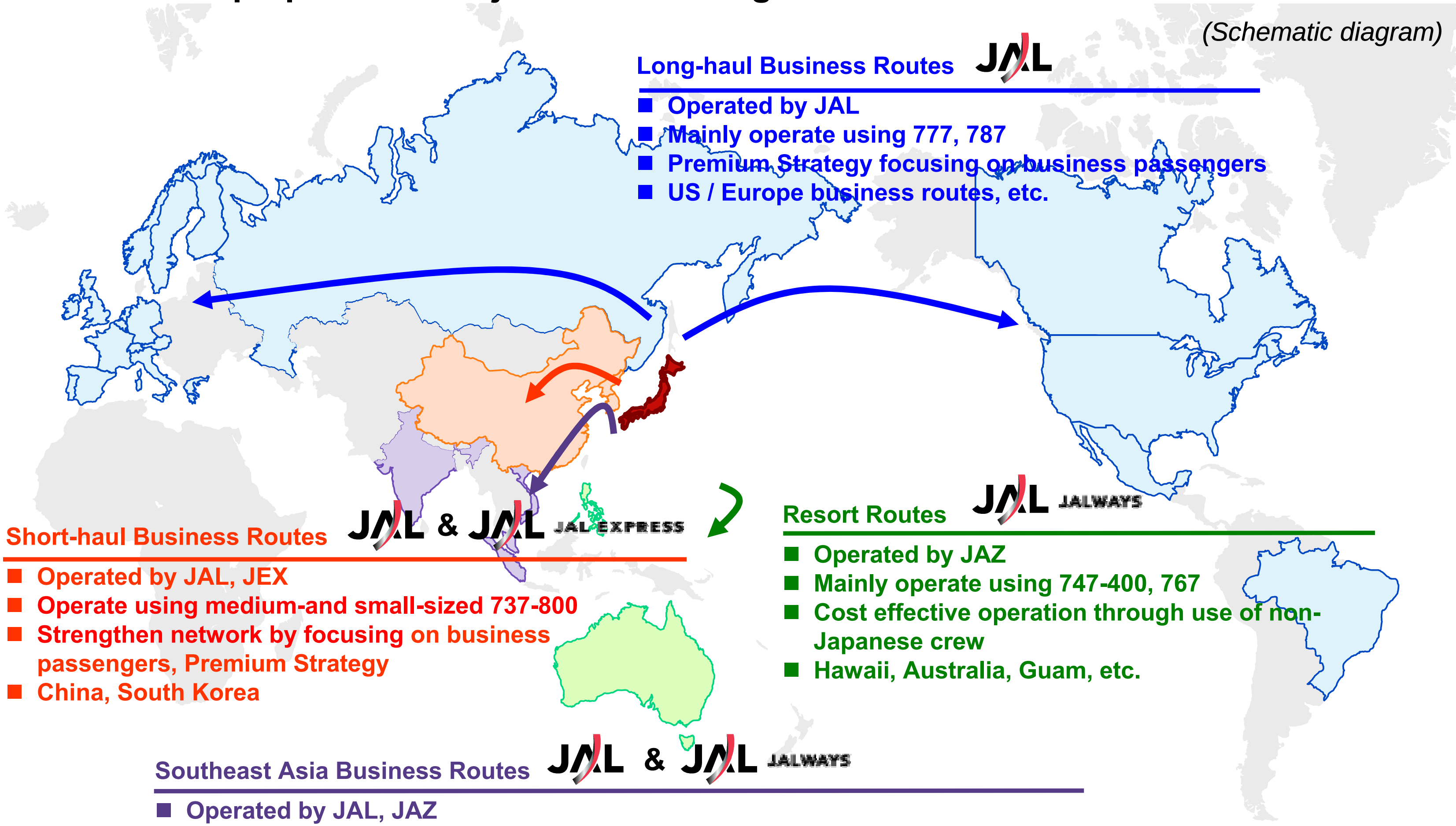


Note: JAZ = JALWAYS, JEX = JAL Express, JAA＝Japan Asia Airways

Group Airlines: Development of International Route Network

The JAL Group operations adjusted according to each market's characteristics

(Schematic diagram)



Long-haul Business Routes JAL

- Operated by JAL
- Mainly operate using 777, 787
- Premium Strategy focusing on business passengers
- US / Europe business routes, etc.

Short-haul Business Routes JAL & JAL JAL EXPRESS

- Operated by JAL, JEX
- Operate using medium-and small-sized 737-800
- Strengthen network by focusing on business passengers, Premium Strategy
- China, South Korea

Resort Routes JAL JALWAYS

- Operated by JAZ
- Mainly operate using 747-400, 767
- Cost effective operation through use of non-Japanese crew
- Hawaii, Australia, Guam, etc.

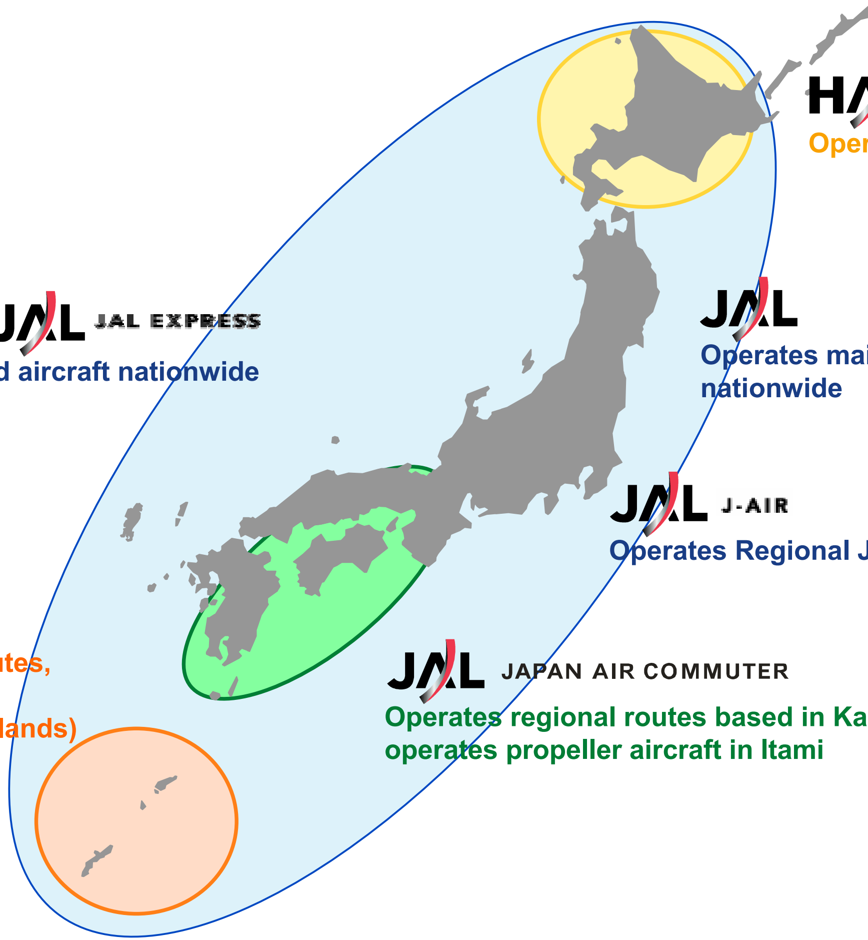
Southeast Asia Business Routes JAL & JAL JALWAYS

- Operated by JAL, JAZ
- Operate using 747-400, 777, 787,737-800, etc. in accordance with demand volume
- Strengthen network and promote Premium Strategy focusing on business passengers
- India, Vietnam, etc.

Group Airlines: Development of Domestic Route Network

Building Efficient Group Operations Utilizing Group Airline Companies

(Schematic diagram)



HAC
Operates local routes within Hokkaido

JAL EXPRESS
Operates small-sized aircraft nationwide

JAL
Operates mainly large and medium-sized aircraft nationwide

J-AIR
Operates Regional Jets Nationwide

JTA RAC
Operates regional routes,
based in Okinawa
(Naha & Sakishima Islands)

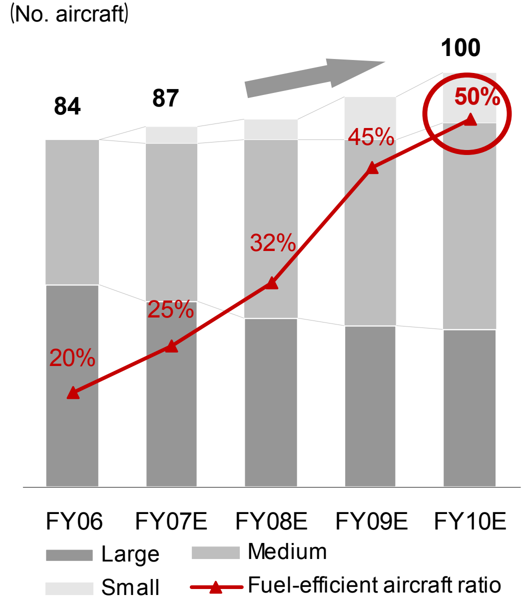
JAPAN AIR COMMUTER
Operates regional routes based in Kagoshima and operates propeller aircraft in Itami

Business Profitability Improvement: Fleet Strategy

Basic Principle

- Replace existing fleet with more fuel-efficient aircraft and further accelerate downsizing
  - Introduce 65 new aircraft, and retire 46 aircraft during current medium term plan
    - → The ratio of fuel-efficient aircraft will increase significantly (International Route: FY07E, 25% → FY10E, 50%, Domestic Route: FY07E, 20% → FY10E, 41%)
  - The average number of seats per flight will decrease (International Routes: FY07E, 303 seats → FY10E, 259 seats, Domestic Routes: FY07E 191 seats → FY10E 180 seats)
  - All classic-type 747 aircraft are scheduled to be retired by FH of FY2009. Operating leases are planned to be actively utilized with the introduction of medium- and small-sized aircraft
- Introduce RJs ahead of competitors （E170 will begin operation in Feb. 2009）

International Routes

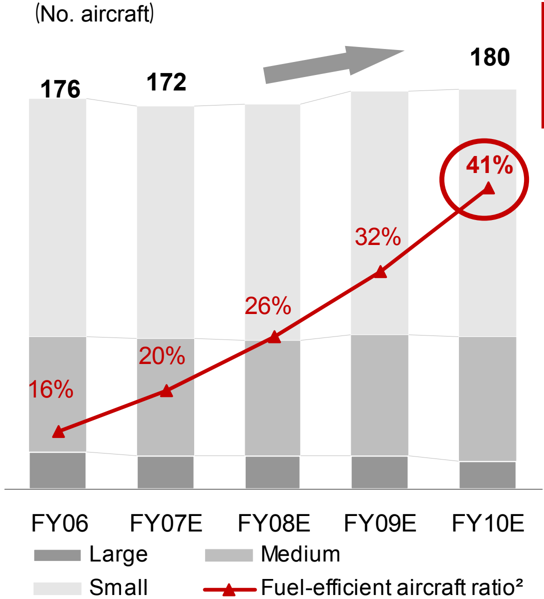


Ratio of fuel-efficient aircraft (FY07E→FY10E) 25%→50%

Fleet composition (FY07E→FY10E)

Small 5% → 12%
Medium 44% → 50%
Large 52% → 38%

Domestic Routes



Ratio of fuel-efficient aircraft (FY07E→FY10E) 20%→41%

Fleet composition (FY07E→FY10E)

Small 61% → 62%
Medium 31% → 31%
Large 9% → 7%

Note:
1 Large fleet: 747-400, 747, 777-300; Medium fleet: 787, 767, 777-200, A300-600; Small fleet: MD90, MD81, MD87, 737; Fuel-efficient aircraft: 777, 787, 737-800, E170
2 Excluding propeller aircraft of JAC, HAC and RAC

International Passenger: Basic Principle and Measures

Market Trends

- Respond to start of international operation at Haneda
- Increased competition from, for example, liberalization of international fares
- Increase in in-bound passengers
- Respond to aging/ shrinking Japanese population
- Fuel price hike ■Emerging LCC

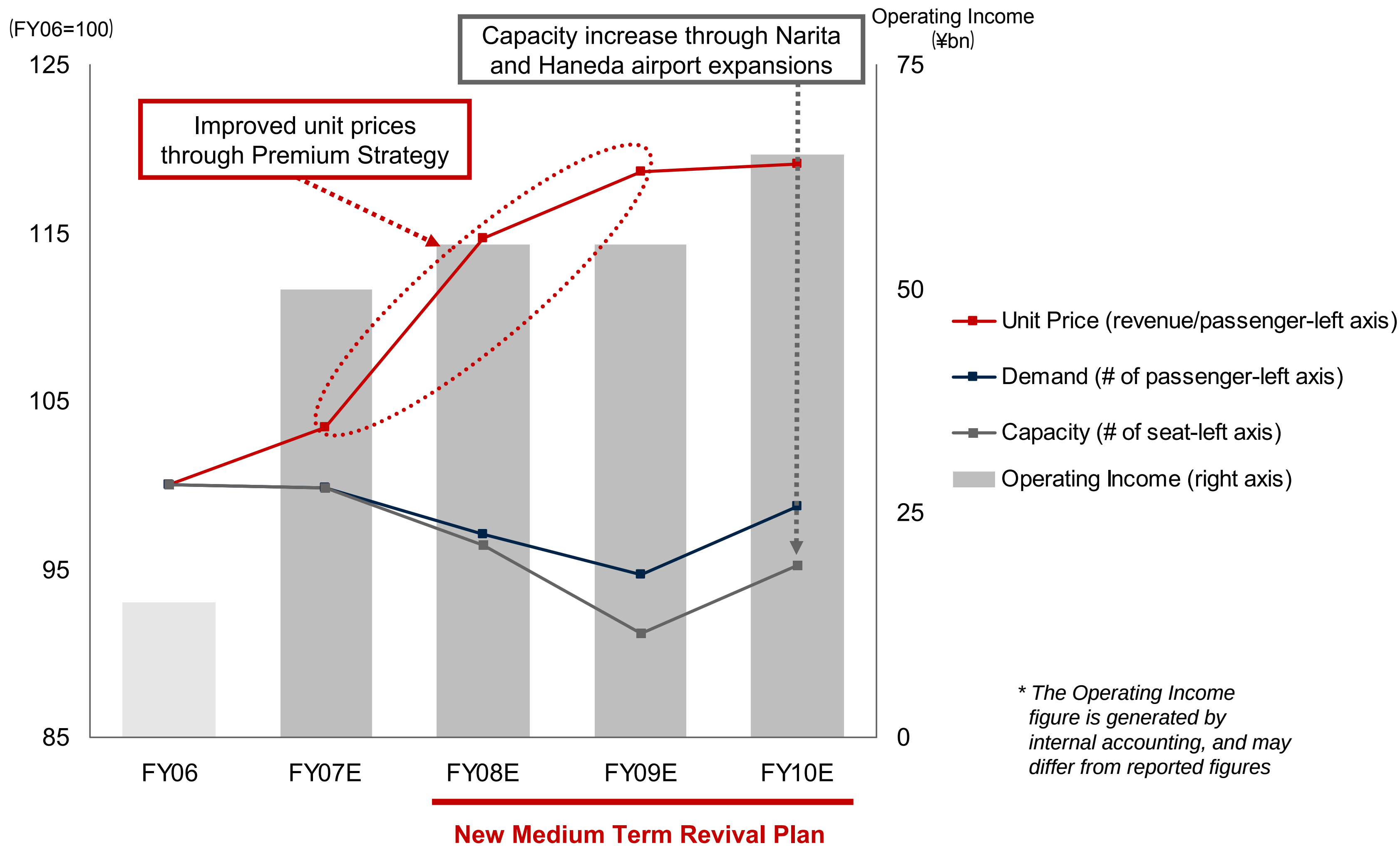
JAL's Basic Principle

- Improving products and services targeted mainly at business passengers
- Promote sales strategy focusing on main sales channels and routes
- Concentrate resources on high growth, high profit routes
- Enhance products, cost efficiency and appropriate capacity through fleet renewal and the introduction of strategic aircraft
- Promote an efficient system of operations by strengthening ties with group companies

Specific Measures

- **Extend Premium Strategy further**
  - Expand Premium Economy, introduce new F and C class seats
- **Strengthen sales efforts through main sales channels and on main air routes in tandem with change in business environment**
  - Strengthen sales of business passenger and overseas sales channels
  - Strengthen sales competitiveness for China region
- **Respond to expansion of Haneda and Narita and focus resources on high profit routes**
  - Haneda: increase number of short-haul international flights and late night and early morning flights
  - Narita: increase flight frequency on high demand business routes such as Asia and Russia, etc.
- **By renewing fleet, improve competitiveness and strengthen response to business demand**
  - By utilizing 787s exploit new business passenger market
  - Raising L/F by downsizing, improve profitability
- **Re-organizing the network connecting growing Asia routes and US/Europe**
- **Expand tourist/Asian routes by utilizing JAZ**
- **JEX to start operating on international routes primarily China.**

International Passenger: Target Figures



** The Operating Income figure is generated by internal accounting, and may differ from reported figures*

Domestic Passenger: Basic Principle and Measures

Market Trends

- Tougher competition with new airlines and Japan Rail
- Lingering weak growth in demand from non-Tokyo metropolitan areas
- Increasing IT needs
- Fuel price hike

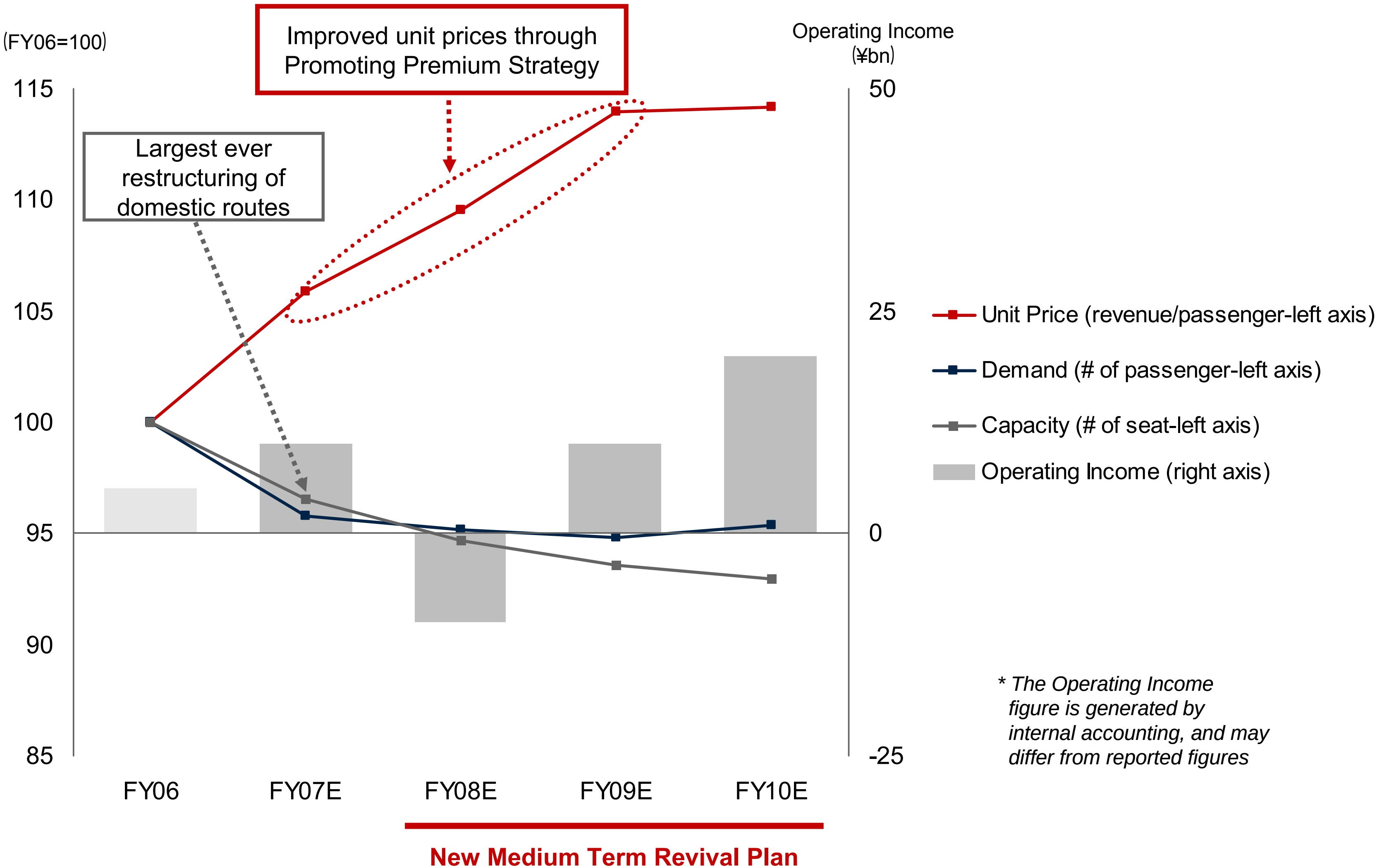
JAL's Basic Principle

- Improve products and services targeted at business and frequent flyer passengers
- Promote strategic sales in important sales channels and regions
- Formulate appropriate plan of action looking forward to Haneda's expansion
- Increase frequency of operations, optimize capacity, and improve profitability through fleet renewal and introducing small-sized aircrafts and regional jets
- Clarify the mission of the group airlines and build an efficient operations system

Specific Measures

- **Extend Premium Strategy**
  - Expand First Class service, which was first introduced in Japan's domestic market last December
- **Strengthen sales efforts in JAL ONLINE and Web Channel**
- **Strengthen business passenger sales and regional sales**
- **Make use of Haneda's increased capacity by operating small aircraft at higher frequency**
- **Actively introduce small aircraft**
  - Actively introduce 737-800s, E170s
  - Complete retirement of MD81s (by FY2010)
- **Continual review of unprofitable routes**
  - By optimizing capacity, continue to expand routes with market potential
- **Expand business scale of strategic group airlines**
  - JEX: Operating domestic routes with small aircraft nationwide
  - JAIR: Operating domestic regional routes nationwide

Domestic Passenger: Target Figures



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International Cargo: Basic Principle and Measures

Market Trends

- Tougher competitive environment
- Fuel price hike
- Start of international operation at Haneda Airport

JAL's Basic Principle

Change our basic principle from "revenue growth by expansion" to "emphasis on profitability"

- Optimizing capacity and continuing with fleet renewal to improve profitability of cargo flights and cargo business segment
- Continuing to strengthen business foundations by improving safety, quality and productivity

While implementing the above measures, we will also explore a variety of options including business reorganization

Specific Measures

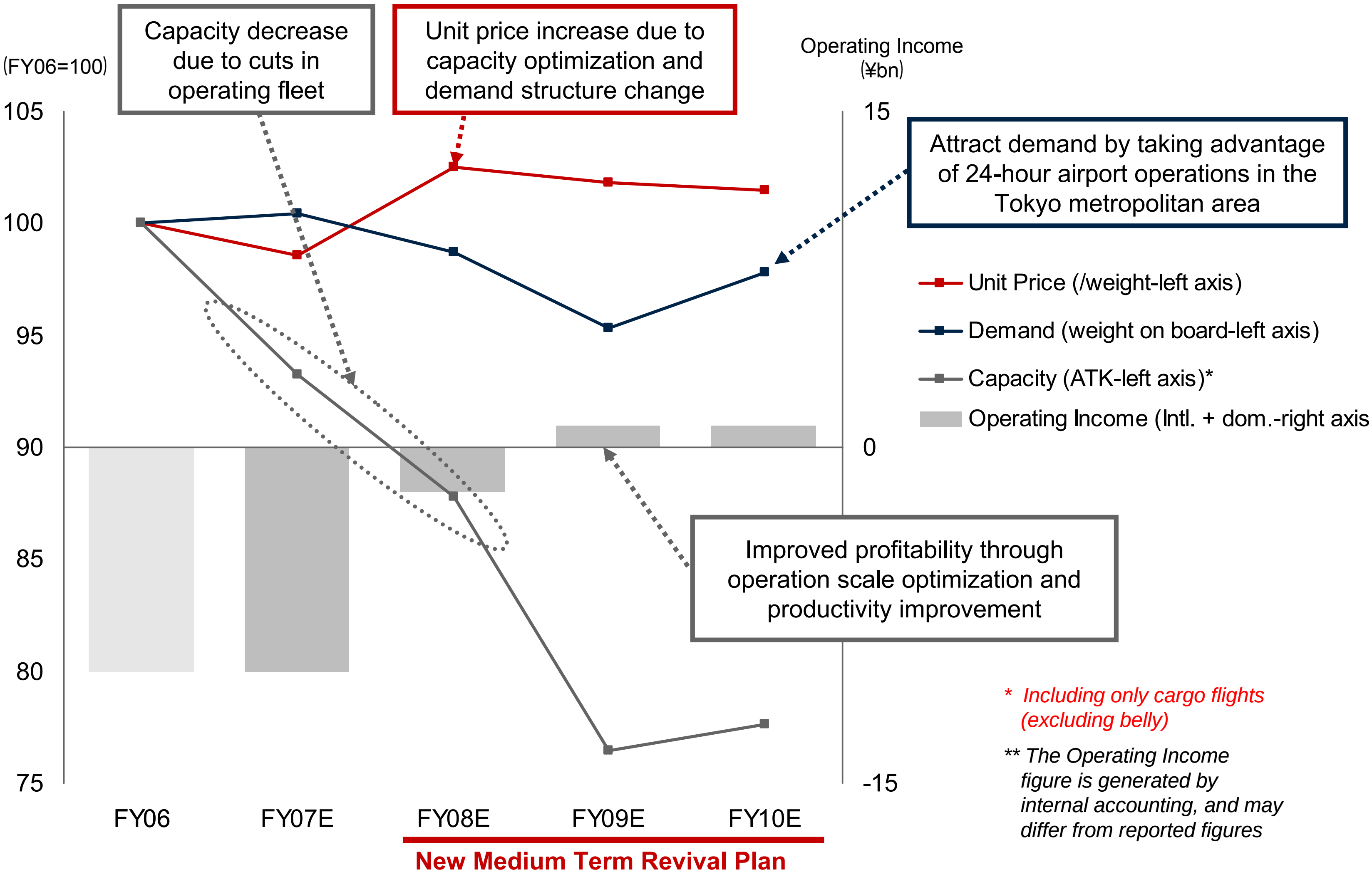
Step I: From FY2008 until internationalization of Haneda Airport

- Continuing with fleet renewal of classic 747F aircraft retirement and 747-400F aircraft introduction
  - All classic 747F aircraft will be retired in FY2008
- Improve profitability by optimizing capacity
  - Optimize routes and capacity on transpacific.
  - Promote downsizing by replacing all aircraft on Southeast Asia routes with 767F models
- Improve profitability by introduction and sale of high value-added services

Step II: Post-Internationalization of Haneda

- Build a 24-hour operations structure in the Tokyo metropolitan area by making use of Narita and Haneda
  - Attract regional demand by taking advantage of domestic and international network
  - Improve operation efficiency by increasing aircraft operate time

International Cargo: Target Figures



Including only cargo flights (excluding belly)

*** The Operating Income figure is generated by internal accounting, and may differ from reported figures*

Review of Air Transportation-related and Other Businesses

Air Transportation-related Businesses

- Reduce costs related to air transportation business by restructuring indispensable functions, including outsourcing as a means to cut costs, and achieve efficiencies in related businesses

Other Businesses

- Continue to review independent related businesses, for example IPO of JAL Hotels

Reduce costs and achieve efficiencies in air transportation-related businesses.

Concentrate business resources on core business: the air transportation segment

Strengthen financial position by reducing interest-bearing debt

Improve asset efficiency

Other Important Additional Measures and Global Environmental Measures

Additional Measures

【HR Strategy】

We aim to achieve a more robust group operation system based on "safety" and "customer-standpoint"

- Building a framework to ensure that group employees surely acquire skills and know-how
  - Management and leadership training programs
  - Expanded group systems and faster appointment to management positions
- Improving organizational performance as a group
  - Implementing PDCA cycle steadily
  - Achieve a strategic and efficient operation system by streamlining the organization and by consolidating companies
  - Cross-organizational job rotation

【Restructuring of Cost Structure】

We will further improve our traditional framework and fundamentally review our business design/business process to make the operational structure which can withstand business risks

- Development of a framework to ensure that effects will be realized in 2009 or later

Global Environmental Measures

Further promote global environmental measures on the back of increasing Corporate Social Responsibility (CSR) awareness on environmental issues

- **Countermeasures to prevent global warming**
  → Increased efforts towards reducing carbon emissions
  - Fleet renewal and downsizing (fuel-efficiency improvement)
  - Accelerate reduction of on-board equipment and/or replace with more lightweight solutions
  - Promote the use of Ground Power Units (GPU)
  - Increase the frequency of aircraft engine cleaning
  - Shift to more environmentally friendly flight operations (speed, altitude) etc.
- **Other measures**
  - Environmental Social Activities (tropospheric-observation, etc.)
  - Promote recycling
  - Green procurement (selection of environment-friendly products, materials)
  - Waste reduction and proper waste disposal, etc.

Looking Beyond FY2011

Basic Principle: To realize our group vision "The JAL Group is a global player bridging the world with safety, security and quality as our top priorities"

- Develop business based on "safe aviation", the cornerstone policy of the JAL Group
- We stand united to face increasing competition as a business group
- We aim to be the customers' No. 1 airline by strengthening our safety, product and service quality and cost competitiveness during the course of the Current Medium Term Revival Plan
- "People" are the source of our competitive edge, and we continue to promote a group personnel strategy

International Passenger

- Expand projected high-growth routes
- Take full advantage of the business opportunity presented by the internationalization of Haneda airport and actively develop routes mainly in Asia and China
- Grow by making use of the combined strength of the JAL Group leveraging JAZ/JEX.

Domestic Passenger

- Obtain maximum share of domestic landing slots after Haneda's expansion and enhance our network. Realize operational cost savings by downsizing and improve convenience by increasing the frequency of flights
- Expand our domestic network by leveraging the strengths of JEX and J-AIR as nationwide small aircraft operators
- Build operations closely connected to regional areas by taking advantage of the characteristics of JTA, JAC, HAC and RAC

Cargo

- Activate our domestic and international network with a 24-hour operational system and use our quality product to actively develop growing markets in Asia

1. Position of New Medium Term Revival Plan

2. New Medium Term Revival Plan Measures

2-1. Financial Measures

2-2. Business Measures

3. Targets of New Medium Term Revival Plan

4. Appendices

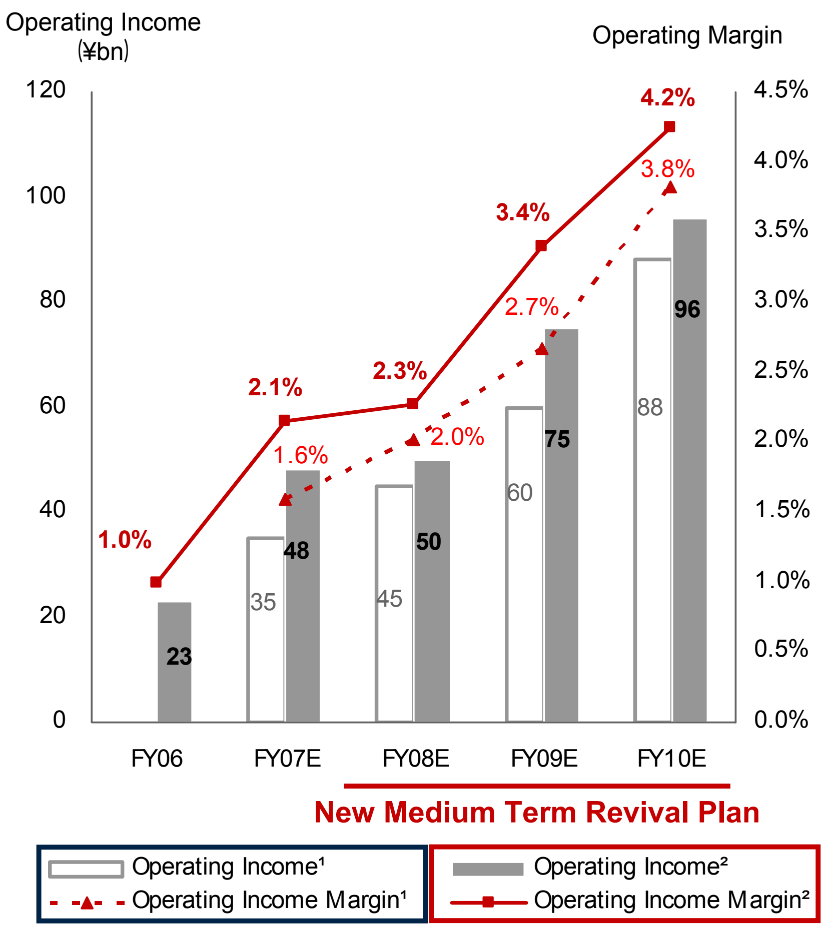
4-1. Outline of Type A Equity Share Issue Allotment to Third Parties

4-2. Data on New Medium Term Revival Plan

4-3. Progress of Current Medium Term Revival Plan

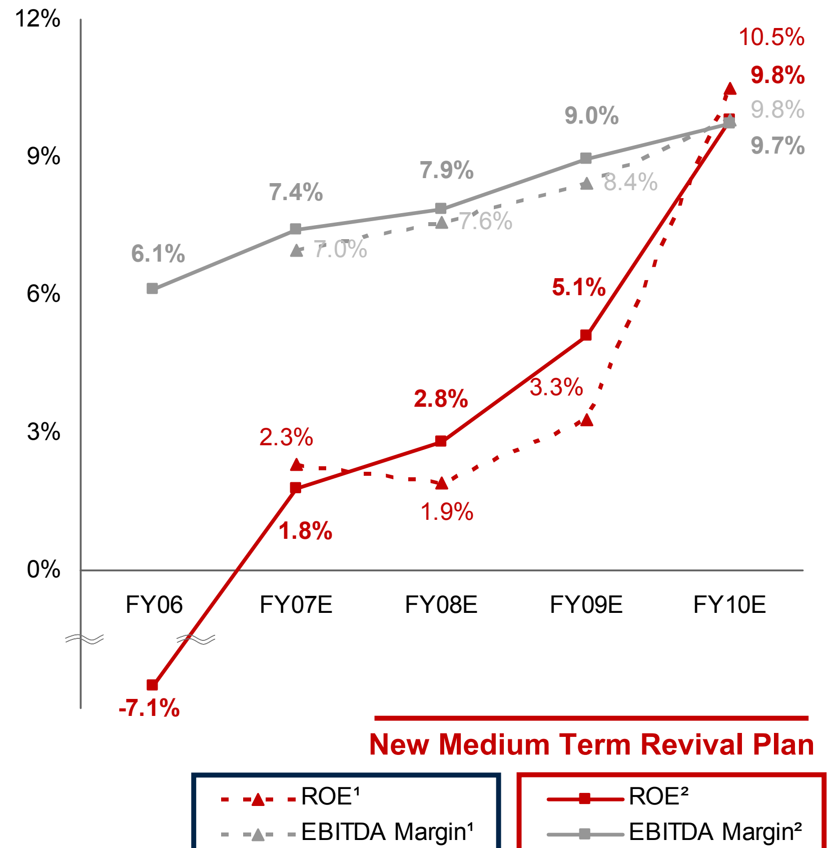
New Medium Term Revival Plan: Consolidated Financial Targets (PL)

Operating Income Trends



Note
1 Current Medium Term Revival Plan
2 New Medium Term Revival Plan
3 Actual figures used for FY06

ROE and EBITDA Margin Trends



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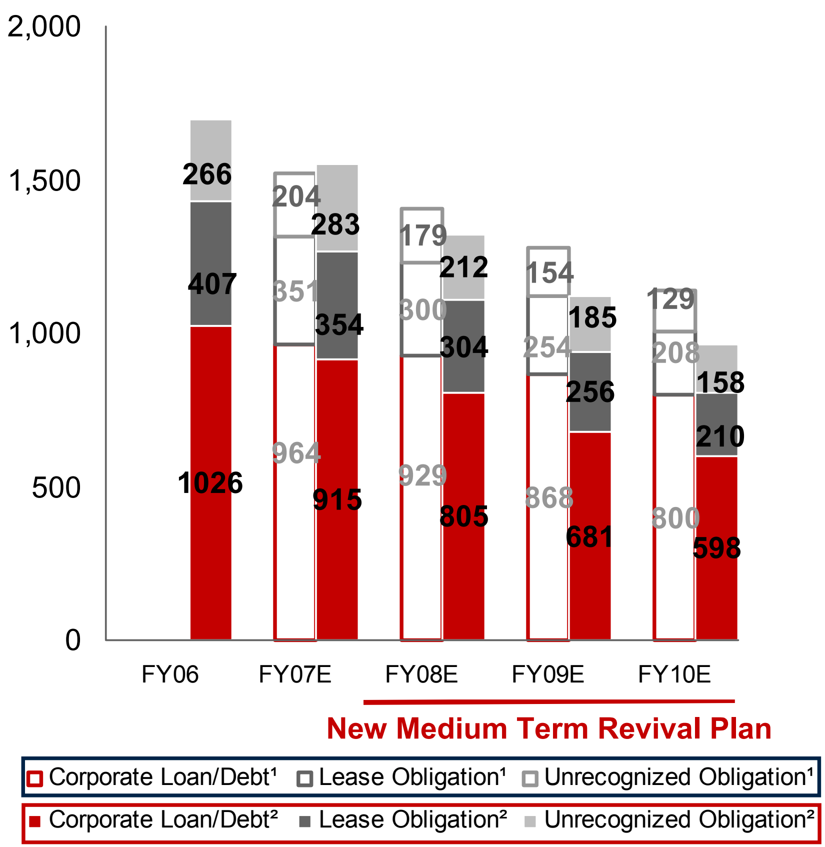
New Medium Term Revival Plan
Consolidated Financial Targets (BS)

Interest-bearing Debt Trends



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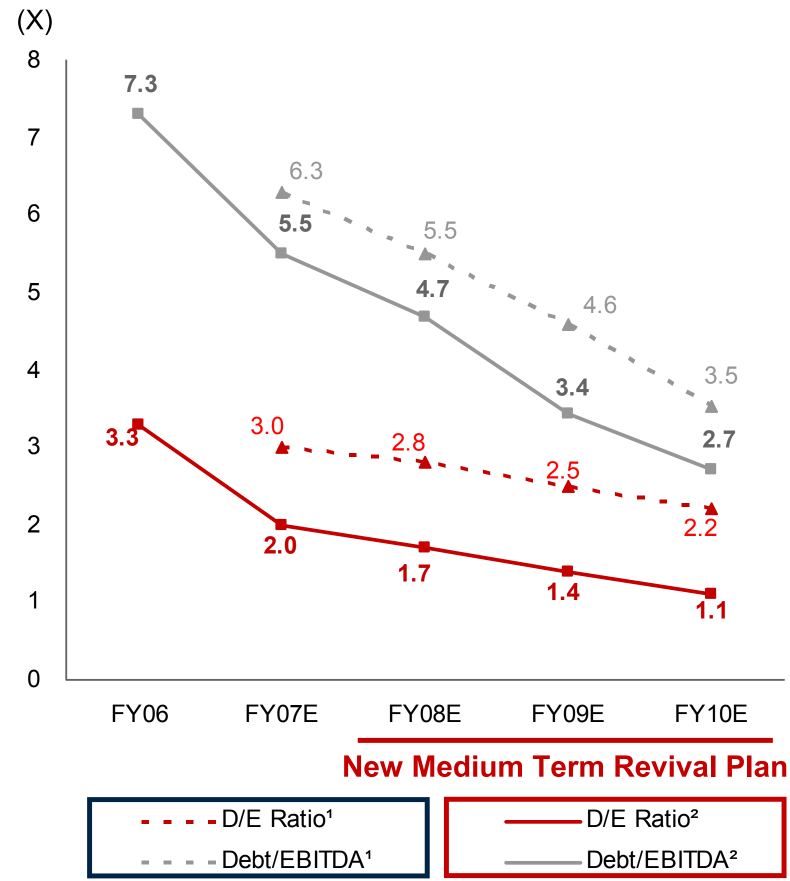
D/E Ratio and Debt/EBITDA Ratio Trends



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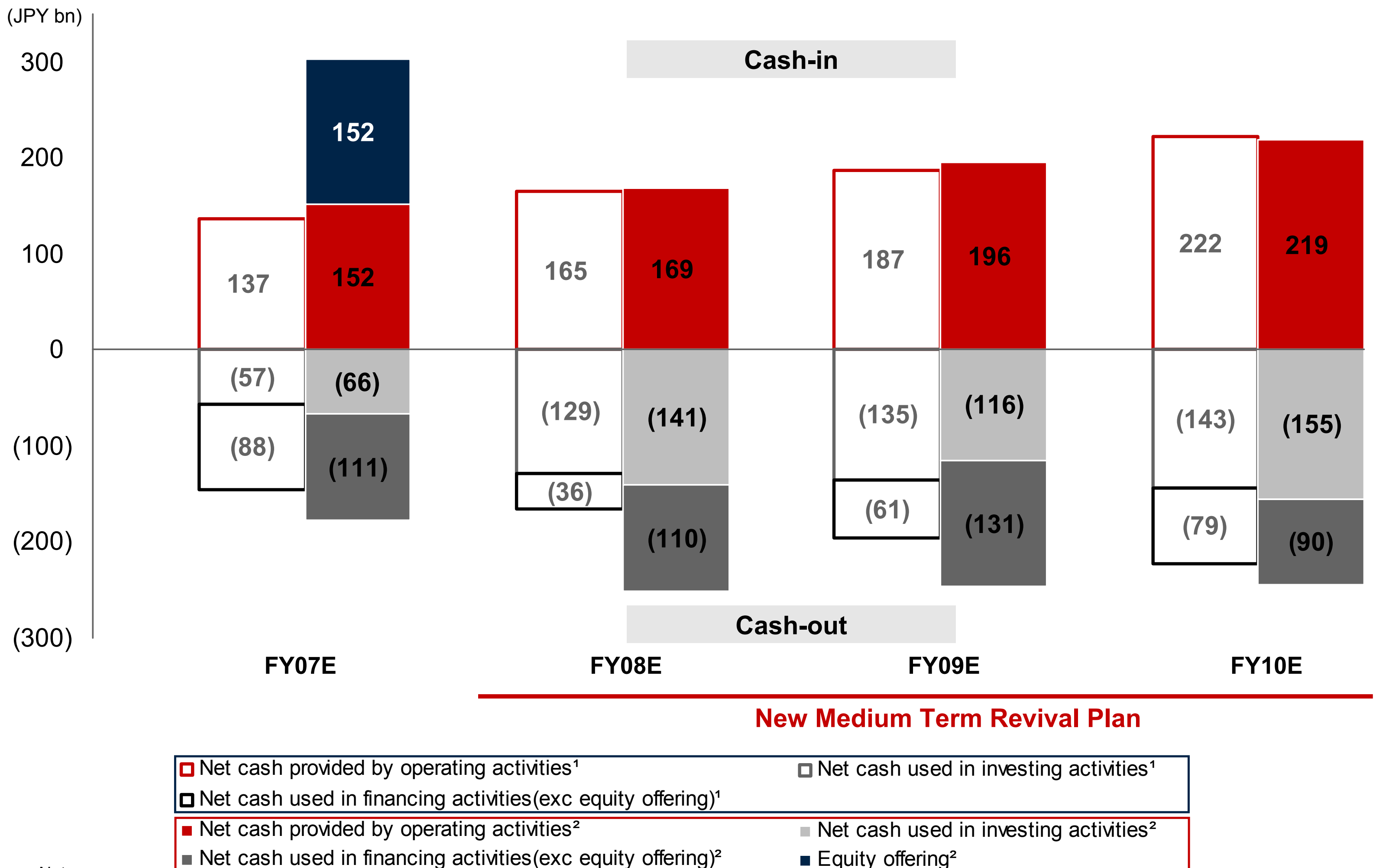
New Medium Term Revival Plan
Consolidated Financial Targets (CF)



Note
1 *Current Medium Term Revival Plan*
2 *New Medium Term Revival Plan*

Scheme Takes Into Consideration Current Shareholders

Total Issue Amount: ¥153.5 bn

3-Year Restriction on Request for Acquisition

The preferred shares issued provide an essential strengthening of paid-in capital which will be realized at the time of issue and will become the platform for accomplishing the New Medium Term Revival Plan. As these preferred shares cannot be converted into normal/ regular shares for 3 years after issue, their dilution effect is restricted during the period of the New Medium Term Revival Plan.

Setting Conversion Rate After 3 Years

The initial rate at which the preferred shares can be converted into regular stock will be decided approximately 3 years after issue, when the term of the New Medium Term Revival Plan is finished. That is to say, the rate will be set 3 years after issue when the market has evaluated the improved results expected to be generated by the New Medium Term Revival Plan, and reflected that evaluation in the market price. So, compared to a course of issuing a similar type of preferred share with a value based on the current share price, we anticipate the dilution effect of this issue to be relatively limited.

Allotment to Related Banks and Business Partners

The target of this allotment are the financial firms and business partners which endorse our plans to grow the future value of our business. As we have received their medium-to-long term support, we expect this will be to the benefit of all stakeholders, starting with our current regular shareholders.

Assumptions of the Plan

(Y/Y)

		FY07E			FY08E			FY09E			FY10E		
		New	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**
Int'l Passenger	Capacity (ASK)	95.5%	95.3%	0.2%	95.9%	95.6%	0.3%	96.6%	96.4%	0.2%	105.7%	104.7%	1.0%
	Demand (# of passenger)	99.9%	99.0%	0.9%	97.2%	99.7%	▲2.5%	97.6%	98.0%	▲0.4%	104.3%	104.4%	▲0.1%
	Seat Occupancy Rate*	70.0%	-	-	70.4%	-	-	72.6%	-	-	72.5%	-	-
	Unit Price (revenue/passenger)	103.4%	100.5%	2.9%	110.9%	101.0%	9.9%	103.5%	102.0%	1.5%	100.4%	98.7%	1.7%
Domestic Passenger	Capacity (ASK)	96.6%	97.5%	▲0.9%	98.1%	100.4%	▲2.3%	99.1%	98.9%	0.2%	99.3%	101.8%	▲2.5%
	Demand (# of passenger)	95.8%	98.4%	▲2.6%	99.3%	100.9%	▲1.6%	99.7%	99.5%	0.2%	100.6%	101.2%	▲0.6%
	Seat Occupancy Rate*	65.9%	-	-	66.6%	-	-	67.1%	-	-	68.0%	-	-
	Unit Price (revenue/passenger)	105.9%	104.8%	1.1%	103.5%	101.4%	2.1%	104.0%	101.3%	2.7%	100.2%	100.4%	▲0.2%
Int'l Cargo	Capacity (ATK)	93.1%	94.5%	▲1.4%	90.6%	97.9%	▲7.3%	90.5%	103.1%	▲12.6%	101.5%	107.8%	▲6.3%
	Demand (weight on board)	100.4%	102.4%	▲2.0%	98.3%	103.8%	▲5.5%	96.6%	104.9%	▲8.3%	102.6%	107.5%	▲4.9%
	Unit Price (/weight)	98.6%	99.1%	▲0.5%	104.0%	99.9%	4.1%	99.4%	98.7%	0.7%	99.6%	98.4%	1.2%

		FY07E			FY08E			FY09E			FY10E		
		New	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**
Fuel	Singapore kerosene	$91/bbl	$75/bbl	$16/bbl	$110/bbl	$75/bbl	$35/bbl	$110/bbl	$75/bbl	$35/bbl	$110/bbl	$75/bbl	$35/bbl
	Hedge ratio	88%	-	-	61%	-	-	33%	-	-	16%	-	-
Forex	US$1	¥117	¥120	¥▲3	¥110	¥120	¥▲10	¥110	¥120	¥▲10	¥110	¥120	¥▲10

* *Seat Occupancy Rate: # of passenger / # of seat*

New Medium Term Revival Plan: Consolidated Financial Targets (PL)

(¥bn)

	FY07E			FY08E			FY09E			FY10E		
	New	Current	Diff.	New	Current	Diff.	New	Current	Diff.	New	Current	Diff.
Operating Revenues	**2,238**	2,200	**38**	**2,184**	2,230	**▲ 46**	**2,205**	2,247	**▲ 42**	**2,260**	2,298	**▲ 38**
(Int'l Passenger)	749	726	23	807	731	76	815	731	84	853	753	100
(Domestic Passenger)	685	693	▲ 8	704	709	▲ 5	730	715	15	736	726	10
(Int'l Cargo)	189	192	▲ 4	193	199	▲ 6	185	206	▲ 21	189	218	▲ 29
Others	616	589	27	481	591	▲ 110	475	595	▲ 120	483	601	▲ 118
Operating Income	**48**	35	**13**	**50**	45	**5**	**75**	60	**15**	**96**	88	**8**
EBITDA*	**166**	153	**13**	**172**	169	**3**	**198**	190	**8**	**220**	226	**▲ 6**
Recurring Profit	**44**	21	**23**	**30**	16	**14**	**53**	23	**30**	**74**	58	**16**
Net Income	**7**	7	**0**	**13**	6	**7**	**26**	11	**15**	**53**	37	**16**
Operating Income Margin	**2.1%**	1.6%	**0.6%**	**2.3%**	2.0%	**0.3%**	**3.4%**	2.7%	**0.7%**	**4.2%**	3.8%	**0.4%**
EBITDA Margin	**7.4%**	7.0%	**0.5%**	**7.9%**	7.6%	**0.3%**	**9.0%**	8.4%	**0.5%**	**9.7%**	9.8%	**▲0.1%**
ROE	**1.8%**	2.3%	**▲0.5%**	**2.8%**	1.9%	**0.9%**	**5.1%**	3.3%	**1.8%**	**9.8%**	10.5%	**▲0.7%**

* *Sum of operating Income and depreciation expense*

New Medium Term Revival Plan: Consolidated Financial Targets (BS)

(¥bn)

	FY07E			FY08E			FY09E			FY10E		
	New	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**
Interest-bearing Debt	**1,552**	1,520	**32**	**1,321**	1,408	**▲ 87**	**1,122**	1,275	**▲ 153**	**965**	1,136	**▲ 171**
(Corporate Loan/Debt)	915	964	**▲ 49**	805	929	**▲ 124**	681	868	**▲ 187**	598	800	**▲ 202**
(Lease Obligation)	354	351	**3**	304	300	**4**	256	254	**2**	210	208	**2**
(Unrecognized Obligation)	283	204	**79**	212	179	**33**	185	154	**31**	158	129	**29**
D/E (x)	**2.0**	3.0	**▲ 1.0**	**1.7**	2.8	**▲ 1.1**	**1.4**	2.5	**▲ 1.1**	**1.1**	2.2	**▲ 1.1**
Interest-bearing Debt/EBITDA (x)	**5.5**	6.3	**▲ 0.8**	**4.7**	5.5	**▲ 0.8**	**3.4**	4.6	**▲ 1.1**	**2.7**	3.5	**▲ 0.8**

* *Note: Estimate figures are rounded to closest ¥1bn*

New Medium Term Revival Plan: Capital Expenditure and Depreciation

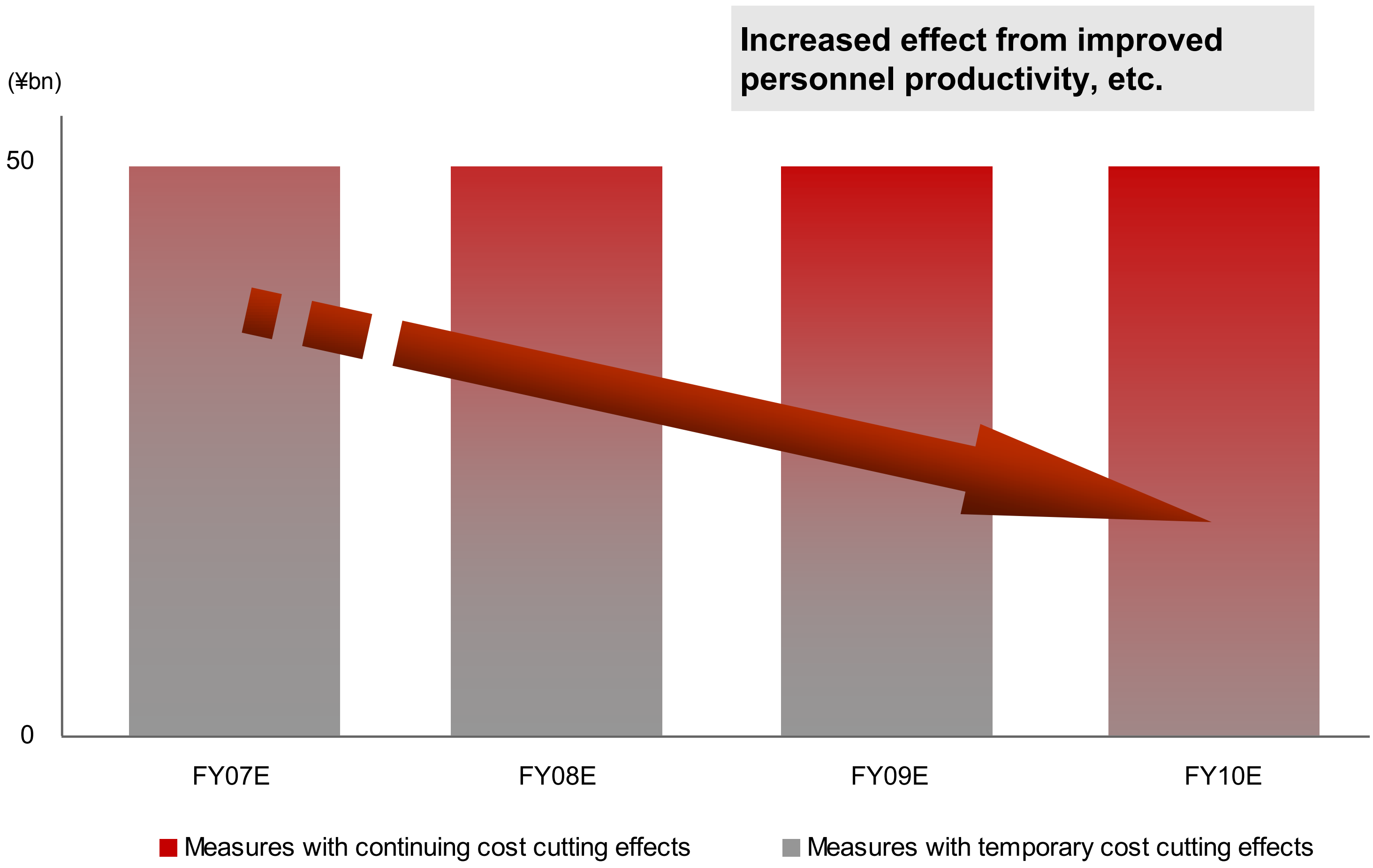
(¥bn)

	FY07E			FY08E			FY09E			FY10E		
	New	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**	**New**	Current	**Diff.**
Capital Expenditure (Purchase)	119	108	**11**	155	144	**11**	109	141	**▲ 32**	155	146	**9**
(Aircraft)	83	72	**11**	115	114	**1**	77	111	**▲ 34**	125	116	**9**
Others (Ground Facilities)	36	36	**0**	40	30	**10**	32	30	**2**	30	30	**0**
Depreciation	118	118	**0**	123	124	**▲ 2**	123	130	**▲ 7**	124	138	**▲ 14**
Finance Lease Amortization	57	51	**6**	51	51	**0**	48	47	**1**	46	46	**0**

* *Note: Estimate figures are rounded to closest ¥1bn*

Measures to Save ¥50bn in Consolidated Wage Costs: Effect in the Coming Years

(Schematic diagram)



Review of Current Medium Term Revival Plan: Wage Cost Reductions

Wage Cost Reduction Measures in FY2007

Large reduction of annual bonuses: ▲ ¥15bn

Reduction of retirement benefit expenses through revision of pension-related system ▲ ¥20bn

Other measures: ▲ ¥15bn
(Improve personnel productivity by 10%
Special early retirement plan)

Headcount reduction plan

FY07 Plan
▲ 2,300 employees

FY08-FY09 Plan
▲ 2,000 employees

FY07: Partly implemented ahead of schedule

Review of FY2007

- Making every effort to implement all measures of planned ¥50bn consolidated wage cost reduction in FY2007
- Some measures for special early retirement and productivity improvement have been brought forward
  - Progress made such that a reduction of 4,300 staff will be achieved 1 year ahead of schedule

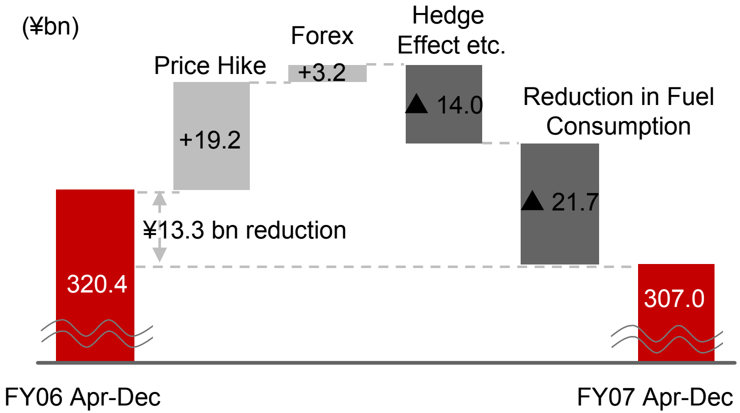
Future developments

- Continue to implement measures to reduce consolidated total wage cost by ¥50bn each fiscal year
- Increased effect from measures to improve productivity

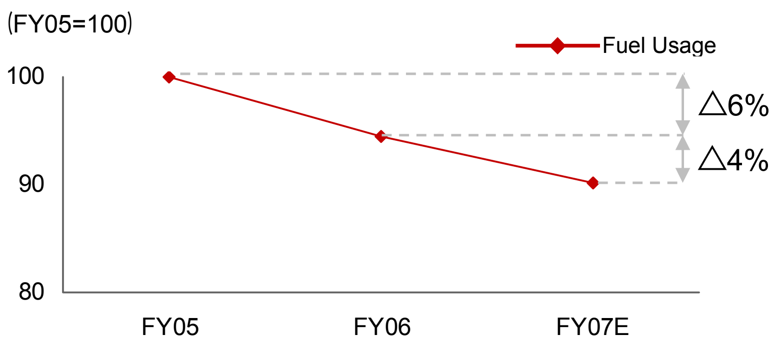
Review of Current Medium Term Revival Plan: Fuel Consumption Reduction

Fuel Costs in FY2007 (to 3Q)

Analysis of Fuel Cost (y/y)



Reduction in Fuel Usage (Including IP and DP)



Review of FY2007

- Despite sharp rise in fuel prices, fuel costs have been greatly restrained
- As well as hedging effects, we have responded with various fuel-saving measures
  - Singapore kerosene market price (Apr-Dec):
    FY06 $81.9/bbl → FY07 $88.1/bbl

Future Developments

- The introduction of fuel-efficient aircraft models (777, 787, 737-800) will bring about a further reduction in fuel usage

Review of Current Medium Term Revival Plan: Fleet Renewal and Downsizing

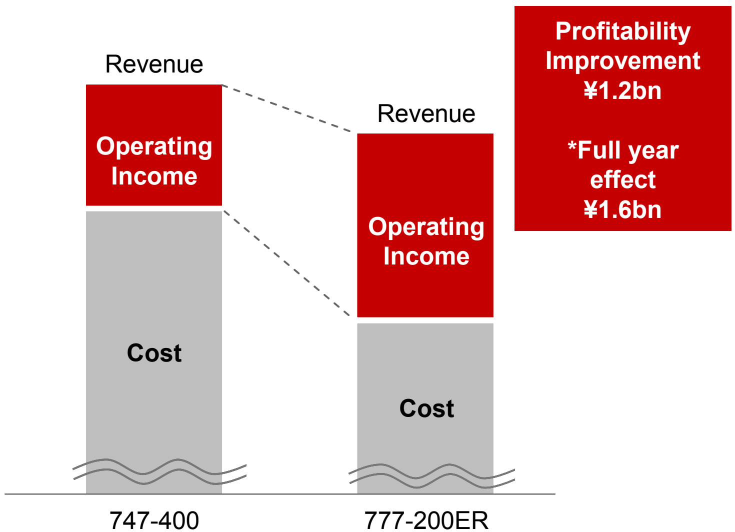
Downsizing measures in FY2007

- FY2007 aircraft renewals
  Introduced: 18
  Retired: ▲ 20

  (11 x classic type 747 aircraft retired, including 1 x 747F ahead of schedule)

Profitability Improvement (Narita-Amsterdam)

- Improvement during FY07 Apr–Dec



Review of FY2007

- **International Passenger**

  % of large aircraft: 58%(FY06) → 52%(FY07)
  Seats per aircraft (y/y): 96%

  Exchanging 747-400s for 777-200ER,-300ERs on Europe routes achieved large-scale downsizing

- **Domestic Passenger**

  % of large aircraft: 10%(FY06) → 9%(FY07)
  Seats per aircraft (y/y): 97%

  MD87 models were completely retired (8 aircraft) and 737-800s (4 aircraft) were introduced

Future developments

- For international passenger, while maintaining our network, we will improve profitability by introducing highly fuel-efficient aircraft (777-200ERs, -300ERs, 787s and 737-800s) for US and Asia routes
- On domestic passenger, we will improve cooperation across the network of JAL Group airlines by introducing new aircraft (787s, 737-800s, E170s)

Review of Current Medium Term Revival Plan: Shift to High Profitable Routes and Premium Strategy

Measures for high profit routes in FY2007

Routes Reviewed in FY2007

Internat.

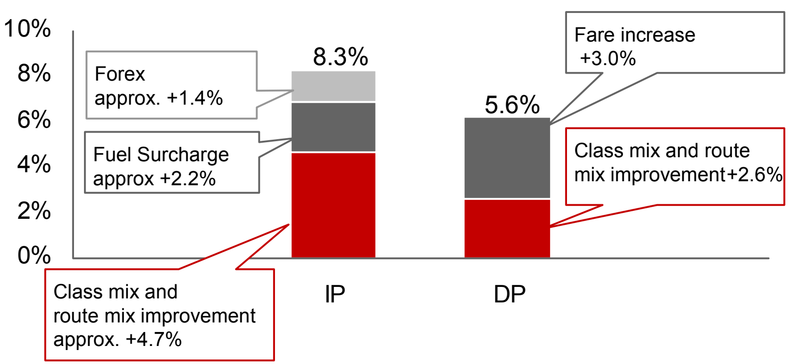
	Increase in Flights	Flight Suspensions & reductions
Original plan	8 routes 16 flights	4 routes 17 flights
Additional measures	6 routes 20 flights	4 routes 9 flights

Domestic

- Frequency decrease
  11 routes, 13 flights per day (including additional reduction of 7 routes, 7 flights per day compared to the original plan)
- Route Suspension
  9 routes

Yield Improvement

(FY07 Apr-Dec, y/y)



Review of FY2007

- Developed good balance of routes by shifting to high profit routes, etc.
  - Focused on high demand business routes
  - Strengthened position in markets with high growth potential e.g. China, India, Vietnam, Russia, etc.
  - Largest ever restructuring of domestic routes
- Premium Strategy
  - Introduced First Class in DP
  - Introduced Premium Economy in IP
  - Participation in oneworld alliance

Future Developments

- Full-scale development of Premium Strategy
- Further strengthening/build-up of business routes
- Under threat of rising fuel prices, continue to review all routes without exception

Review of Current Medium Term Revival Plan: Concentrate Our Resources on Air Transportation

Measures Taken in FY2007

Fixed Assets

- London Hanover Court Building (Mar 2008)
- Haneda Airport hangars (Hangars M1, M2) (Feb 2008)

Affiliated Company Stocks

- Pacific Fuel Trading Corporation (Jan 2008)
- Hotel Nikko Saipan (Jan 2008)
- The Montcalm (Dec 2007)
- AGP (Partially sold, Nov 2007)
- JAMCO (Partially sold, Sep 2007)

Sold Assets Worth Over ¥80bn in FY 2007

Review of FY2007

- After reviewing all areas of the JAL Group's operating structure without exception, we undertook our largest ever sale of assets
- Reduced interest-bearing debt and concentrated business resources on the core air transportation segment
- Exited from hotel assets holding risk by completely selling them (changed to a commissioned-basis business model)

Future Developments

- Continue to review independent related businesses, reduce interest-bearing debt, improve asset efficiency
- Restructure and reorganize within the air transportation business, including outsourcing, with a view to increasing efficiency

Japan Airlines Corporation