



JAL Group Account Settlement for FY2008 Q1

August 7th ,2008



Disclaimer



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Outline of the Consolidated Financial Statements (y-y)



	FY07	FY08	Billions of Yen
	Apr-Jun	Apr-Jun	y-y
Operating Revenue	520.6	490.3	-30.3
(Operating Cost)	529.2	486.4	-42.8
Operating Income	-8.5	3.9	12.4
Ordinary Income	-3.2	0.7	3.9
Net Income	-4.2	-3.4	0.8



Operating Revenue and Operating Income by Segment



Billions of Yen

	Operating Revenue			Operating Income	
	FY08 Apr-Jun	yr-yr	yr/yr	FY08 Apr-Jun	yr-yr
Air Transportation	428.1	6.1	101%	3.3	14.2
Airline - related	52.7	-33.4	61%	0.3	-1.0
Travel Service	79.7	-9.6	89%	-1.3	-0.2
Card · Lease	17.5	1.0	106%	1.5	0.3
Other	20.5	-4.0	83%	0.1	-0.4
Total	598.7	-40.0	94%	4.0	12.8
General corporate assets and intercompany eliminations	-108.4	9.6	92%	-0.1	-0.3
Consolidated	490.3	-30.3	94%	3.9	12.4



Operating Income of Air Transportation Segment



Billions of Yen

	FY07 Apr-Jun	FY08 Apr-Jun	yr-yr	yr/yr
Operating Revenue	422.0	428.1	6.1	101%
International Passenger	172.1	180.4	8.3	105%
Domestic Passenger	155.4	153.7	-1.6	99%
International Cargo	44.4	45.4	1.0	102%
Domestic Cargo	6.7	8.2	1.5	123%
International Mail	2.2	2.2	0.0	103%
Domestic Mail	2.4	1.3	-1.0	57%
Other	15.6	16.5	0.8	106%
Incidental Business	23.0	20.0	-2.9	87%
Operating Cost	432.9	424.8	-8.1	98%
Fuel	97.5	101.1	3.6	104%
Airport facilities	32.4	30.9	-1.4	95%
Maintenance*	31.6	30.1	-1.4	96%
Passenger services	11.8	11.3	-0.5	96%
Commissions	26.1	24.9	-1.2	95%
Aircraft Depreciation	17.8	18.4	0.6	104%
Aircraft leases*	27.1	26.7	-0.3	99%
Personnel	72.5	71.5	-1.0	99%
Other*	115.9	109.4	-6.5	94%
Operating Income	-10.8	3.3	14.2	-

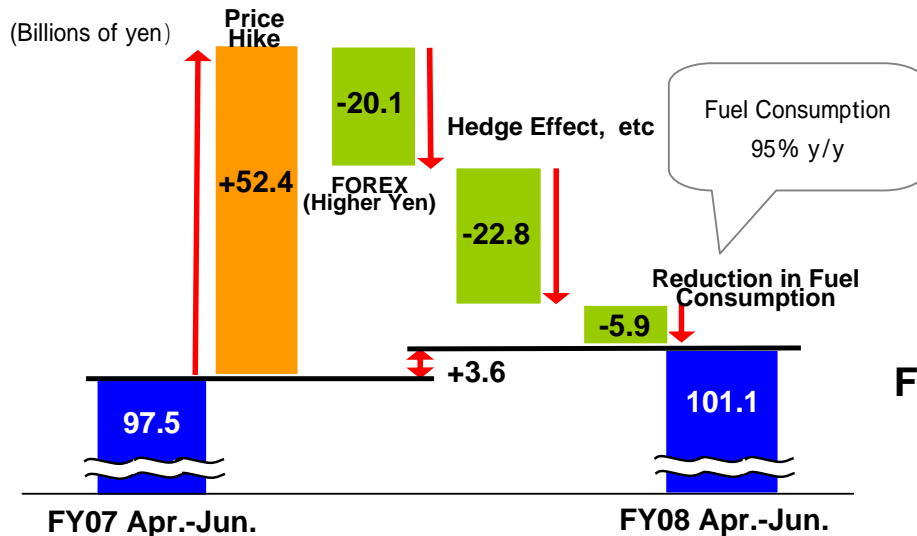
*The figures in FY2007 Q1 was slightly revised due to the change of elimination method on a consolidated basis.



Fuel Cost & FOREX (Air Transportation Segment)



Comparison of Fuel Cost (y/y)



< Average Market Fuel Price* >

FY07 Apr- Jun	FY08 Apr- Jun
---------------	---------------

US\$79.3

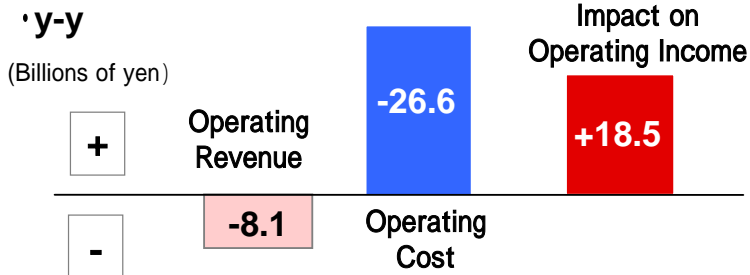
US\$141.2

* Average Singapore Kerosene \$/bbl

< Hedging Ratio >

FY08 Apr- Jun	FY08	FY09	FY10
87%	84%	47%	27%

Impact of FOREX (Impact on Operating Incomes)



< FOREX Average Market Rate ** >

	FY07 Apr- Jun	FY08 Apr- Jun
--	---------------	---------------

USD	¥119.3	¥102.0
-----	--------	--------

EUR	¥160.7	¥159.7
-----	--------	--------

** Based on the average company exchange rate



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Current Business Environment



Major Concerns

- Skyrocketing Fuel Prices
- Sluggish demand due to slowdown of economy and fare increase

Countermeasures

Additional measures

- ✓ Implement cost structure reform
- ✓ Drastic revision of route plan

Basic measures

- ✓ Implement measures to increase revenue
- ✓ Expand ongoing cost reduction measures
- ✓ Revision of fuel surcharge

FY08 FH

FY08 SH



Current Demand Trend



International passenger

- Robust first and business class passenger demand from Japan, but growth rate decelerated
- Sluggish group passenger demand from Japan and reduced number of transit passengers from abroad
- Sluggish demand on China routes as well as weak U.S. and Oceania routes

Measures to increase revenue

- ✓ Improvement in yield due to change in passenger class mix and revision of fuel surcharge
- ✓ Securing more leisure passengers through special “value Gokuu Fares”
- ✓ Expansion of premium strategy such as introduction of new first and business class seat to U.S routes

Domestic passenger

- Recovery of passenger volume on Haneda = Sapporo, Fukuoka routes.
- Tough competition on Haneda = Asahikawa, Kagoshima routes etc. on which competitors newly started operation or increased flight frequency
- Overall, robust group passenger demand and sluggish individual passenger demand

- ✓ Accelerate corporate sales
- ✓ Increase percentage of high yield passengers through enforcing seat control
- ✓ Increase in premium passenger through increase in F class capacity etc.

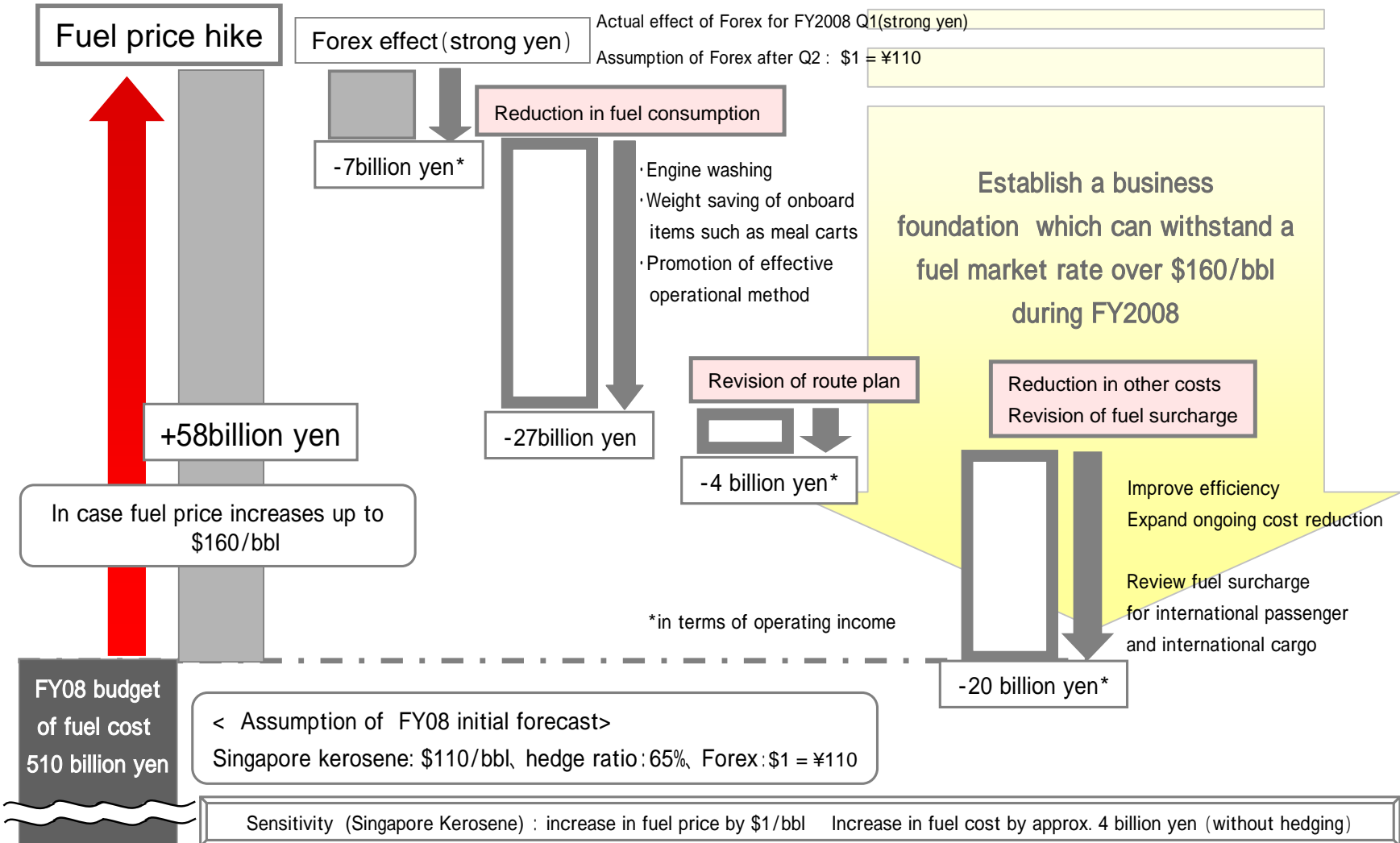
International Cargo

- Shrink in cargo demand between Japan and the U.S. due to reduction in cargo freighters and slowdown of U.S. economy
- Robust cargo demand from China and Asia to the U.S

- ✓ Strengthening sales of high-value added products, for example, development of new product (J-DIRECT etc.)



Impact of Surge in Fuel Prices and Countermeasures





Revision of Route Plan



Building a profit-making capacity structure even with steep rise in fuel price

International passenger

Change in supply (FY08 ASK) 95.8% y/y 96.2% y/y

- Key modifications (including changes at the end of FY08)*
 - Frequency increase :
Narita = Seoul, Osaka (Kansai) = Shanghai etc 4 routes
 - Suspend :
Fukuoka=Shanghai, Nagoya (Chubu) = Busan etc 3 routes
 - Aircraft downsizing :
Tokyo (Haneda)=Hongqiao, Narita = Hangzhou etc 5 routes

Domestic passenger

Change in supply (FY08 ASK) 98.1% y/y 97.5% y/y

- Key modifications (including changes at the end of FY08)*
 - Frequency increase :
Tokyo (Haneda) = Matsuyama, Miyazaki etc 5 routes
 - Frequency decrease :
Osaka (Kansai) = Sapporo, Fukuoka etc 4 routes
 - Suspend : total of 12 routes, 5 routes to/from Osaka (Kansai),
All routes to/from Fukushima

Improvement in profit : ¥6bln **

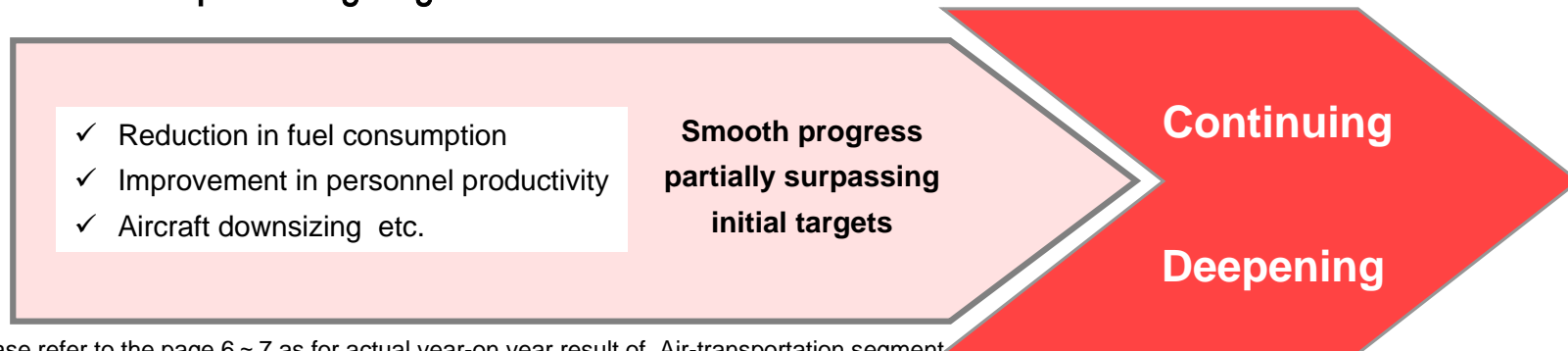
Improvement in profit : ¥6bln **

*Refer to P20,21 for details **Full year effect

Basic policy for further revision

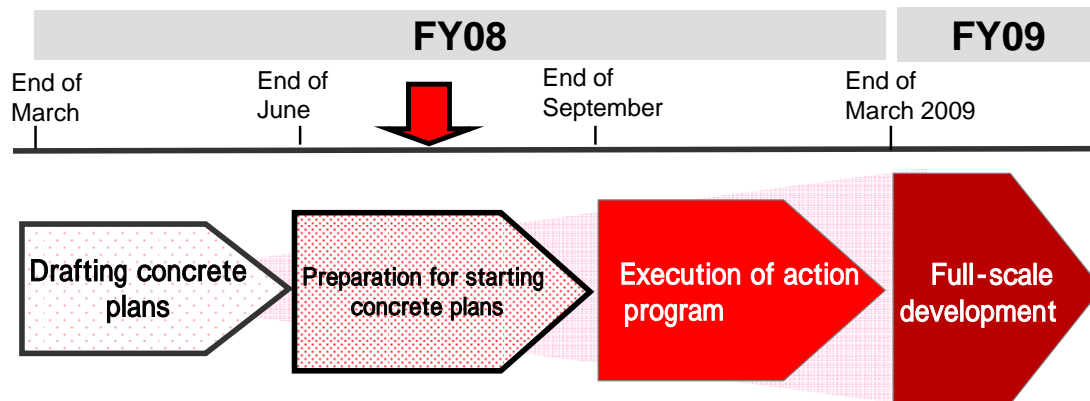
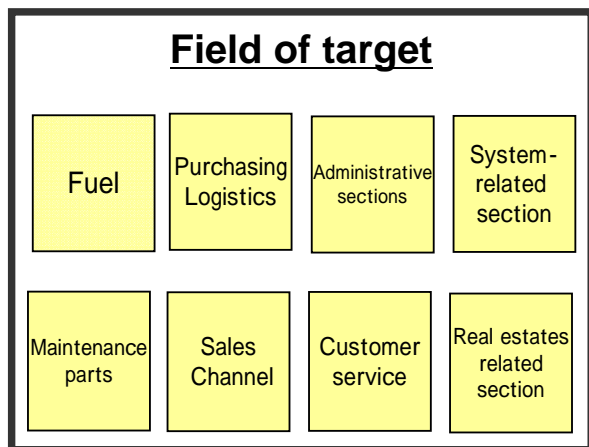
- Aim to improve profitability and optimize capacity of structure
- Continue considering revision of all routes to be prepared for rapid changes in external environment

■ Further expand ongoing measures



Please refer to the page 6 ~ 7 as for actual year-on year result of Air-transportation segment

■ Promote cost structure reform ~ cost structure reform involving full review of business design and process ~





Summary



■ Swiftly respond to the changing external environment

- ✓ Tackle sluggish demand by promoting Premium Strategy and revenue-increasing measures such as strengthening sales promotion
- ✓ Minimize the negative impact of steep rise in price of fuel through the implementation of all sorts of measures, mainly cost reduction
- ✓ Thoroughly review route plan aiming to build capacity structure which can make profit consecutively even in case of steep rise in fuel price

■ Leave the target of FY08 unchanged

- ✓ Implement all sorts of measures to achieve the initial target

■ Make every effort to achieve the F Y08-10 Medium-term Revival Plan

- ✓ Flexibly respond to the changing external environment through the implementation and expansion of additional measures



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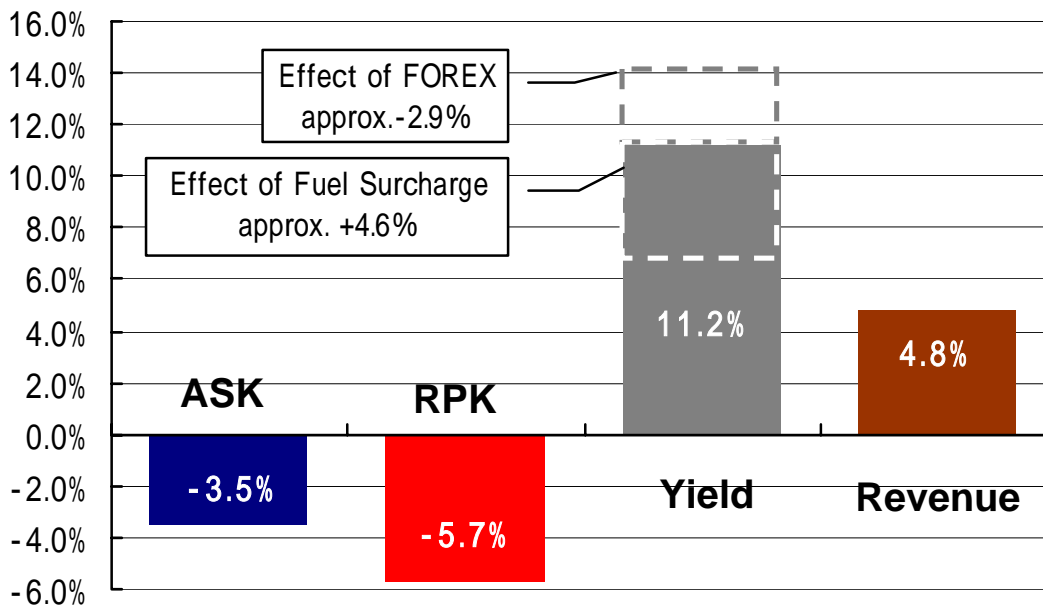


Revenue Analysis – International Passenger



- Revenue ¥180.4bn
(y-y +¥8.3bn)
- Loadfactor 66.3%
(y-y -1.5 pt)

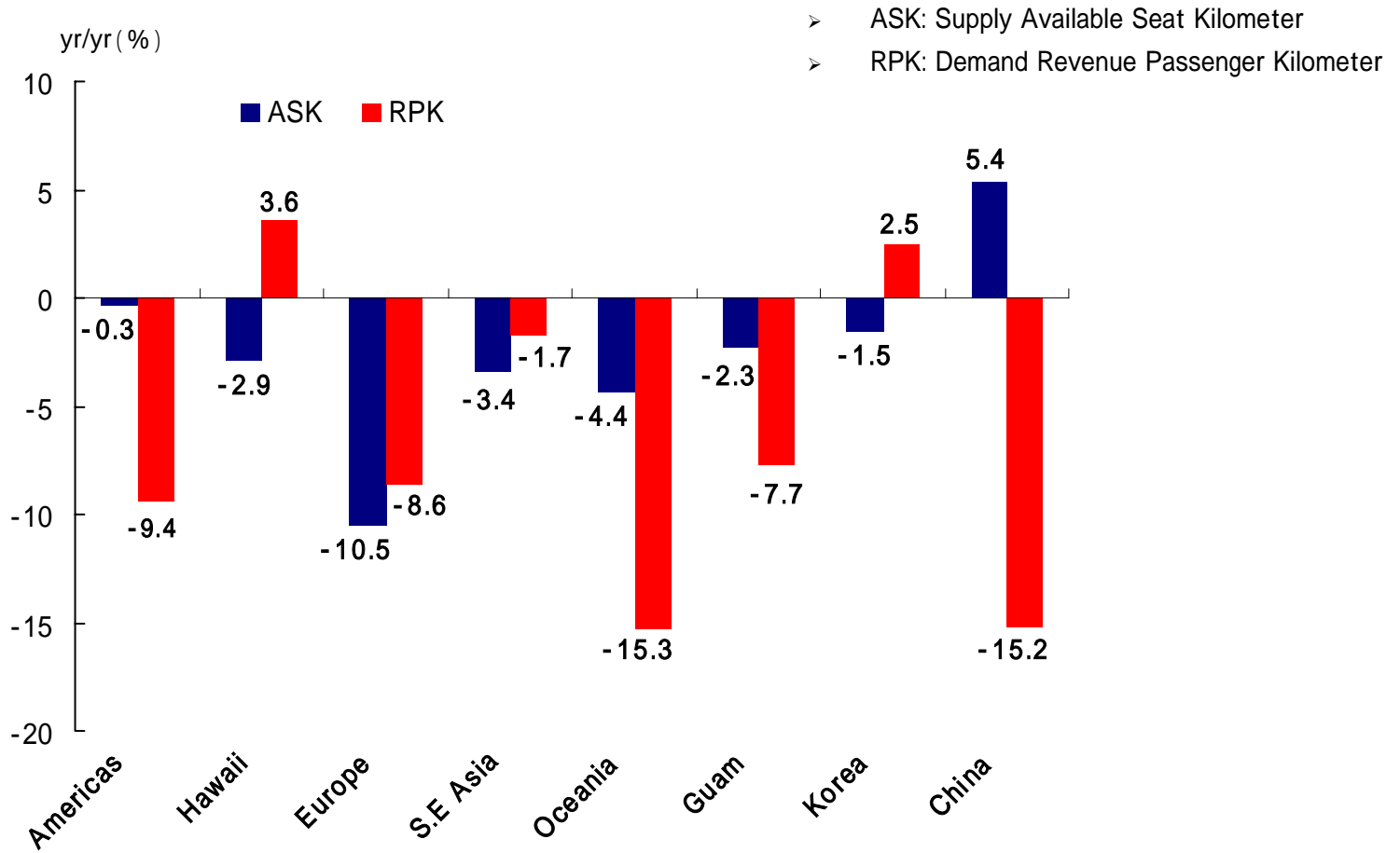
y/y



- ASK: Supply Available Seat Kilometer
- RPK: Demand Revenue Passenger Kilometer



Demand and Capacity of International Passenger by Routes



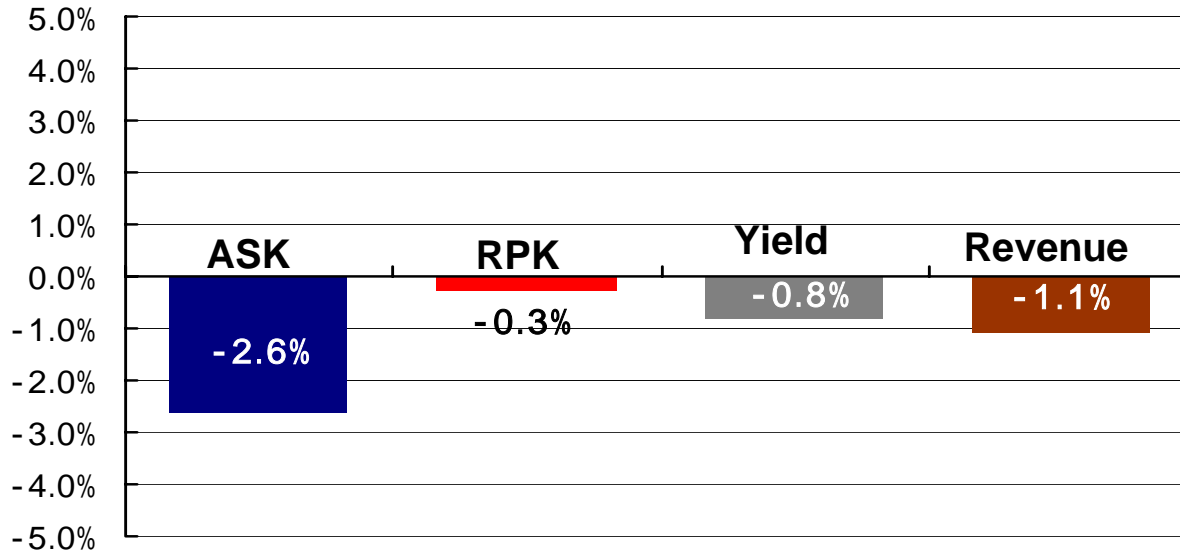


Revenue Analysis – Domestic Passenger



Revenue ¥153.7bn
(y-y -¥1.6bn)
Load factor 60.6%
(y-y +1.4 pt)

y/y



- ASK: Supply Available Seat Kilometer
- RPK: Demand Revenue Passenger Kilometer

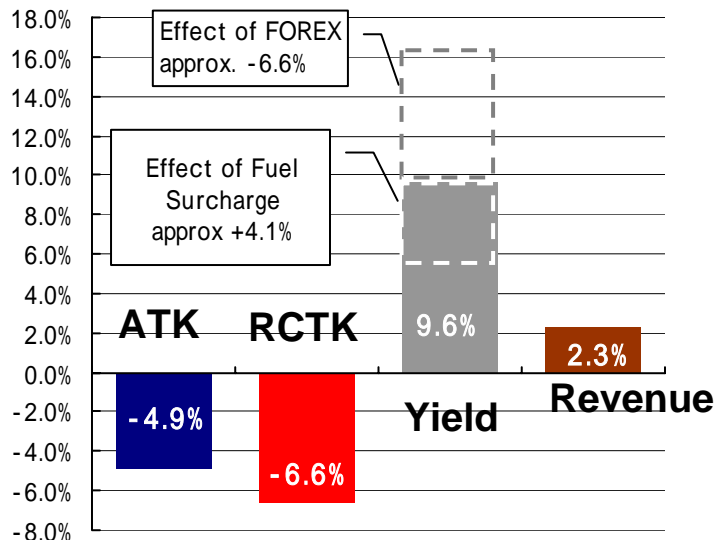


Revenue Analysis – International Cargo

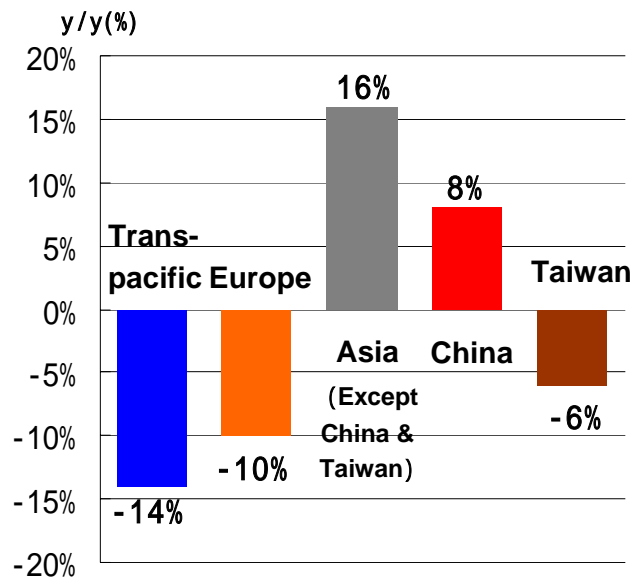


y/y

Revenue ¥45.4bn
(y-y +¥1.0bn)



Cargo Demand by Destination



Capacity : ATK (Available Cargo Ton-Kilometer) Total cargo capacity of Passenger Flights & Cargo Freighter

Demand : RCTK (Revenue Cargo Ton-Kilometer)



Revision of Route, Frequency, & Fleet Plan (International Passenger・International Cargo)



[Announced on Aug. 7 2008]

「International Passenger」

< Frequency Increase >

Route	Frequency increase	Effective	Remarks
Tokyo (Narita)=Seoul	21flights/w 26flights/w	Oct.26 2008 ~	
Osaka (Kansai)=Shanghai	14flights/w 21flights/w	Oct.26 2008 ~	
Osaka (Kansai)=Hanoi	4flights/w 7flights/w	Oct.26 2008 ~	
Osaka (Kansai)=Seoul	14flights/w 21flights/w	Oct.26 2008 ~	

< Suspend >

Route	Suspend	Effective	Remarks
Fukuoka=Shanghai	7flights/w suspend	Oct.26 2008 ~	
Nagoya (Chubu)=Busan	7flights/w suspend	Oct.26 2008 ~	
Osaka (Kansai)=London	7flights/w suspend	Mar.29 2009 ~	

< Fleet Downsizing >

Routes	Aircraft change	Effective	Remarks
Tokyo(Haneda)=Shanghai(Hongqiao)	747-400 777-200ER	Oct.26 2008 ~	
Tokyo(Narita)=Shanghai(Pudong)	767-300ER 737-800	Oct.26 2008 ~	JL619/610
Tokyo(Narita)=Hangzhou	767-300ER 737-800	Oct.26 2008 ~	
Tokyo(Narita)=Taipei	747-400 767-300ER	Mar.1 2009 ~	JL647/642
Osaka (Kansai)=Shanghai	767-300ER 737-800	Jan.1 2009 ~	JL629/620

「International Cargo」

Route	Change	Effective	Remarks
Tokyo(Narita)=Anchorage=New York	6flights/w 3flights/w	Oct.26 2008 ~	Aircraft : B747-400F
Tokyo(Narita)=Los Angeles	7flights/w 6flights/w	Oct.26 2008 ~	Aircraft : B747-400F
Tokyo(Narita)-Kuala Lumpur-Manila-Osaka(Kansai)-Tokyo(Narita)	1flight/w suspend	Oct.26 2008 ~	Aircraft : B767-300F
Tokyo(Narita)=Hong Kong	5flights/w 6flights/w	Oct.26 2008 ~	Aircraft for increased flight : B767-300F
Tokyo(Narita)-Singapore-Bangkok-Nagoya(Chubu)-Tokyo(Narita)	3flights/w 2flights/w	Oct.26 2008 ~	Aircraft : B747-400F
Tokyo(Narita)-Singapore-Bangkok-Osaka(Kansai)-Tokyo(Narita)	no flights 1flight/w	Oct.26 2008 ~	Aircraft : B767-300F
Tokyo(Narita)=Taipei	5flights/w 4flights/w	Oct.26 2008 ~	Aircraft : B747-400F
Tokyo(Narita)-Taipei-Nagoya(Chubu)-Tokyo(Narita)	no flights 1flight/w	Oct.26 2008 ~	Aircraft : B747-400F



Revision of Route, Frequency, & Fleet Plan (Domestic Passenger)



「Domestic Passenger」

[Announced on Aug. 7 2008]

< Frequency increase >

Route	Frequency increase	Effective	Remarks
Tokyo(Haneda)=Matsuyama	4flights/day 5flights/day	Nov. 2008 ~	
Tokyo(Haneda)=Miyazaki	4flights/day 5flights/day	Nov. 2008 ~	Except year-end and New Year holidays and spring holidays
Fukuoka=Tokyo(Narita)	1flight/day 2flights/day	Nov. 2008 ~	Connection flight to LAX, NYC, etc
Osaka(Itami)=Niigata	5flights/day 6flights/day	Mar. 2009 ~	
Nagoya(Chubu)=Sapporo	4flights/day 5flights/day	Feb. 2009 ~	

< Frequency decrease >

Route	Frequency decrease	Effective	Remarks
Osaka(Kansai)=Sapporo	6flights/day 4flight/day	Nov. 2008 ~	
Osaka(Kansai)=Fukuoka	4flights/day 3flights/day	Nov. 2008 ~	
Osaka(Kansai)=Naha	5flights/day 4flights/day	Nov. 2008 ~	Same number of flights with FY2007 SH
Nagoya(Komaki)=Kumamoto	2flights/day 1flight/day	Nov. 2008 ~	

< Suspend >

Route	Suspend	Effective	Remarks
Osaka(Kansai)=Hakodate	1flight/day suspend	Nov. 2008 ~	
Osaka(Kansai)=Sendai	1flight/day suspend	Nov. 2008 ~	
Osaka(Kansai)=IwateHanamaki	1flight/day suspend	Feb. 2009 ~	
Osaka(Kansai)=Akita	1flight/day suspend	Feb. 2009 ~	
Osaka(Itami)=Fukushima	1flight/day suspend	Feb. 2009 ~	
Osaka(Kansai)=Fukushima	1flight/day suspend	Feb. 2009 ~	
Kobe=Kagoshima	2flights/day suspend	Feb. 2009 ~	
Nagoya(Chubu)=Fukuoka	4flights/day suspend	Mar. 29 2009 ~	Nov. :3flights/day, Dec. ~ Mar.28: 1flight/day
IwateHanamaki=Naha	Operating only on spring holidays suspend	Mar. 2009 ~	
Sendai=Naha	Operating only on Dec. suspend	Dec. 19 2008 ~	
Fukushima=Naha	1flight/day suspend	Feb. 2009 ~	Operated by JTA
Kochi=Naha	3flights/w suspend	Feb. 2009 ~	Operated by JTA



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