JAL Group Announces Financial Results for the First Three Quarters of FY2011

Achieved Consolidated Net Profit of 146.0 Billion Yen

TOKYO February 2, 2012: The JAL Group (JAL) announced today, the consolidated financial results for the reporting period of April 1 to December 31, 2011, the first three quarters of the fiscal year ending March 31, 2012.

JAL continued to review aircraft scheduling on each route and enforced measures to increase revenues while examining every cost category to achieve greater cost reduction, such as in fuel costs. Profit consciousness of each department has also been enhanced through the implementation of a new revenue management system introduced last April, which has helped to increase management efficiency.

As a result of these efforts, resilience to risks posed by changes in the operating environment has strengthened, and for the first three quarters of this fiscal year, JAL was able to achieve a consolidated net income of 146 billion yen based on consolidated operating revenue of 909.1 billion yen, operating expense of 747.4 billion yen and operating income of 161.6 billion yen.

(1) JAL Group Consolidated Results for the Period April 1, 2011 – December 31, 2011

	First Three Quarters for FY2011 (April 1, 2011 – December 31, 2011)
Total Operating Revenue	909.1
International Passenger	288.9
Domestic Passenger	367.2
International and Domestic Cargo	59.8
Others	193.0
Total Operating Expense	747.4
Operating Income (loss)	161.6
Ordinary Income (loss)	156.0
Net Income (loss)	146.0

Unit: Billions of yen.

Figures are rounded down to the nearest tenth of a billion yen.

(2) Air Transportation Segment

International Passengers

As with the previous fiscal year, following the termination of underperforming routes and reduction in the number of aircraft types in its fleet, JAL has continued to review its fleet to enhance profitability through improving the balance of demand and capacity, and to also improve the capability to respond swiftly to changes in the operating environment.

In October, when passenger numbers to Thailand decreased due to the severe flooding there, JAL reduced the number of flights after the evacuation of a large number of Japanese expatriates and their families leaving Thailand had settled down. Meanwhile, JAL increased the number of flights on the Delhi route from four to five a week beginning on October 30, 2011 to meet the robust corporate travel demand observed in that sector. In addition, as leisure demand for flights departing from Japan had recovered from the summer, special seasonal fares were offered and larger aircraft were used for over 148 flights to Honolulu between October and December 2011. In ways such as these, we strived to increase profitability by swiftly adapting to the fluctuations in demand.

JAL and **one**world alliance partner American Airlines have been steadily expanding the joint business launched in April 2010. Among other areas of co-operation, joint fares between China (via Japan) and the U.S. were announced in December. Timed with the commencement of code-share flights with WestJet on three domestic routes in Canada, JAL introduced attractive discount fares for flights between Japan (via Vancouver) and Canada in December. Furthermore, through improvements to in-flight services, such as the occasional tie-ups with popular restaurants to provide signature dishes onboard, JAL strived to attract passengers through greater convenience and better service.

International capacity for this reporting period on a consolidated basis declined year-on-year by 21.2% when measured in available-seat-kilometer (ASK), and demand declined year-on-year by 27.5% in terms of revenue-passenger-kilometer (RPK). Load factor was 6.0 points less at 68.8% compared to the same period in the previous year. Revenue from international passenger operations for the first three quarters of the fiscal year on a consolidated basis was 288.9 billion yen, representing 31.8% of total revenue.

Domestic Passengers

Continuing with efforts to improve profitability through timely reaction to changes in the operating environment and by striking an appropriate balance between demand and capacity, JAL scheduled larger aircraft and operated extra flights on several performing routes such as between Haneda and Sapporo as well as Okinawa to maximize revenue, following the recovery in passenger demand in July. In the winter schedule, from late October, flight frequency on six routes, including Haneda＝Akita and Haneda=Okayama, were also increased for the convenience of the customers.

In hoping to boost domestic tourism, which would contribute to the local communities in Japan, JAL also sought to create new demand through the JAPAN PROJECT. Working in collaboration with local governments and businesses, JAL has been introducing the unique attractions of regional areas in Japan each month through inflight magazines and inflight meals.

As a result, domestic capacity, measured in ASK, declined year-on-year by 17.7% in the first three quarters of the fiscal year on a consolidated basis, while demand declined to a lesser degree, by16.9% in terms of RPK. Accordingly, load factor rose slightly to 63.3%. Domestic passenger revenue in the first three quarters of the fiscal year on a consolidated basis was 367.2 billion yen, representing 40.4% of total revenue.

International and domestic Cargo

JAL endeavored to maximize revenues by responding to post-quake demand for transportation of automobile parts and cigarettes, and also scheduled larger aircraft to meet the urgent demand after the floods in Thailand last October.

In cargo sales, JAL strongly promoted its expertise in carrying temperature-controlled, high added-value goods, such as pharmaceuticals, as well as cargo from around Japan to overseas through the domestic-international connection services facilitated by the internationalization of Haneda airport. As a result of the suspension of freighters and large capacity cuts, many of which took effect in October 2010, the comparative volume of international cargo transported in this reporting period on a consolidated basis in revenue-cargo-ton-kilometer (RCTK) declined by 44.2% in comparison to the same period in the last year, and JAL logged a revenue of 40.6 billion yen in this segment.

Domestically, JAL made efforts to meet the demand for air transportation of cargo, which had shifted from surface transportation after the Great East Japan Earthquake. From July, JAL carried perishables especially from Hokkaido, Kyushu and Okinawa, and made full use of the belly space of extra passenger flights operated at the year-end to capture peak domestic cargo demand. While capacity, in terms of available ton-kilometer (ATK), decreased by 22.5% due to the downsizing of network and aircrafts, the volume of domestic cargo transported in the first three quarters on a consolidated basis in RCTK terms declined year-on-year by 13.8%, and revenue generated from domestic cargo operations was 19.1 billion yen.

(3) JAL Group Consolidated Financial Position

	First Three Quarters for FY2011 Apr 1 - Dec 31, 2011	FY2010 As of Mar 31, 2011	Difference
Total assets (billion yen)	1,046.4	1,206.5	- 160.0
Net assets (billion yen)	361.2	218.2	143.0
Capital ratio *1(%)	32.3	16.5	15.8 points
Interest-bearing debt *2(billion yen)	230.8	484.0	- 253.2
Debt/Equity Ratio *3	0.7	2.4	- 1.8

Figures are rounded down to the nearest tenth of a billion yen.

Notes:

1. Shareholders' equity is total net assets excluding minority interests
2. Debt-to-equity ratio is interest-bearing debt divided by shareholders equity

(4) Forecast of JAL Group Consolidated Financial Results

The outlook for consolidated results for the full year of fiscal 2011 has been revised from the previous forecast which was announced on November 8, 2011 along with the financial results for the first half of fiscal year 2011. Revenue for the third quarter of fiscal year 2011 has increased from the original projection in part due to the high yen rate, which encouraged international leisure travel from Japan, as well as from stable corporate travel demand, while domestically, reservations for special campaigns were made more convenient to help improve earnings.

As a result, figures for operating income and net profit estimates are now both adjusted upwards by 40 billion yen, to 180 billion yen and 160 billion yen, respectively. The consolidated financial statements for this reporting period are as follows:

(Billions of yen)	Operating Revenue	Operating Income	Ordinary Income	Net Income
Forecast for the full fiscal year ending March 31, 2012	1,190	180	170	160

The forecast in this document represents estimates of future results based on the information available at the time of release and the company's reasonable judgment on this information. They are inherently subject to risks which may result in a divergence in the actual result from the forecasts and estimates contained herein.

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