JAL Group Announces Consolidated Financial Results for the Nine Months Ended December 31, 2013

TOKYO January 31, 2014: JAL Group (JAL) today announced consolidated financial results for the nine months ended December 31, 2013. For the details, please refer to attached **[Consolidated Financial Results for the Nine Months Ended December 31, 2013]**

During the reporting period of consolidated financial results for the third quarter of the fiscal year (April 1 to December 31, 2013)(hereinafter referred to as the "third quarter"), Japan's economy has been on a moderate recovery track with a last-minute surge in demand ahead of the increase of consumption tax. Exports have shown movements of picking up and the effects of Japanese government policies have been developing, while household income and business investment have increased. However, the slowdown of overseas economies has been a downside risk to the Japanese economy.

Under these economic conditions, JAL Group strived to increase management efficiency and deliver the highest standard of service, founded on its strong commitment to flight safety, in an effort to achieve the targets of Rolling Plan 2013 of the Medium Term Management Plan announced on April 30, 2013.

As a result of the above, consolidated operating revenues and operating expenses increased to 989.9 billion yen (up 5.1%) and to 852.4 billion yen (up 8.7%) respectively year-on-year, while operating income and ordinary income declined to 137.4 billion yen (down 13.1%) and 131.2 billion yen (down 14.9 %) respectively from the previous year. Net income declined to 123.5 billion yen (down 12.2%) from a year ago.

(1) JAL Group Consolidated Financial Results for the Period April 1, 2013 – December 31, 2013

Unit: Billions of yen	**Fiscal Year 2012 (Apr. 1, 2012 – Dec. 31, 2012)**	**Fiscal Year 2013 (Apr. 1, 2013 – Dec. 31, 2013)**	**Difference vs. prior year**	**% vs. prior year**
Total Operating Revenues	942.0	**989.9**	+ 47.8	105.1
International Passenger	308.3	**331.3**	+ 22.9	107.5
Domestic Passenger	373.4	**374.9**	+ 1.4	100.4
Int. and Dom. Cargo	57.5	**60.1**	+ 2.5	104.4
Others	202.6	**223.5**	+ 20.9	110.3
Total Operating Expenses	783.8	**852.4**	+ 68.5	108.7
Operating Income	158.1	**137.4**	- 20.6	86.9
Operating Margin	16.8%	**13.9%**	- 2.9 points	-
Ordinary Income	154.2	**131.2**	- 23.0	85.1
Net Income	140.6	**123.5**	- 17.1	87.8

Figures are rounded down to the nearest tenth of a billion yen while percentage points are rounded up to the nearest tenth.

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(2) Air Transportation Segment

International Passenger

In international passenger operations, we took steps to maximize revenue such as expanding our Boeing 787 network, and enhance our product and service lineup, including the introduction of newly designed cabin seats.

Regarding route operations, we resumed operations of the Boeing 787 from/after June 1, 2013 on Narita=Boston, Narita=San Diego, Haneda =Beijing routes, etc., and inaugurated the Narita=Helsinki route on July 1, 2013 to increase product competitiveness and operational cost-efficiency.

Sales-wise, to promote sales during the winter low season, special time-limited fares were offered to short-haul Asian destinations and to Helsinki, and to counter the decline in load factor in Business Class during the year-end holidays, we offered time-limited fares on business class travel for leisure passengers to improve the load factor and maximize revenue.

On the product side, the JAL SKY SUITE 777, a fully revamped Boeing 777-300ER with sweeping upgrades in spaciousness, comfort and functionality in every class, was deployed between Narita and Los Angeles in November 2013, and will be put into service between Narita and Chicago in January 2014, in addition to current services on Narita=London, Narita=New York and Narita=Paris routes. Additionally, new Boeing 767-300ER "JAL SKY SUITE 767" featuring fully-flat seats in Business Class with direct access to the aisle and the JAL SKY WIDER in Economy Class will be progressively expanded to long-haul Southeast Asia routes and to Honolulu. JAL's inflight Internet service, JAL SKY Wi-Fi, is now available on flights between Narita and New York/Chicago/Los Angeles/London/Paris/Frankfurt and Jakarta. In this way, we will continuously enhance our products and services.

As a results, international supply when measured in available-seat-kilometer (ASK) increased by 4.4% year-on-year, demand in terms of revenue-passenger-kilometer (RPK) increased by 4.4% year-on-year, while the load factor (L/F) increased 0.1 point to 76.2%. International passenger revenue increased by 7.5% year-on-year to 331.3 billion yen.

Domestic Passenger

In domestic passenger operations, we implemented demand-boosting measures and allocated aircraft according to changes in demand to maximize profitability.

In route operations, we endeavored to expand our domestic network following the addition of flight slots at Haneda and Itami airports. Flights were increased on routes to and from Haneda, and the Haneda=Chubu route was opened to improve connectivity to international flights. At Itami, scheduled flights to Matsuyama/Hakodate/Misawa were resumed, and a total of 18 flights were increased on 16 routes.

In sales activities, we offered a new discount fare called Tokubin Discount 21 from October 27, 2013 to make traveling more affordable. During the year-end holidays, we increased flights for users of Sakitoku Discount and Super Sakitoku fares. Many customers used them to travel home or enjoy the holidays. To boost leisure demand, we collaborated with Disneyland in various projects to celebrate their 30th anniversary, as an official sponsor of Tokyo Disney Resort ® since its opening in 1983.

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As a result of the above, domestic supply during the reporting period increased by 2.6% year-on-year when measured in available-seat-kilometer (ASK), demand increased by 2.9% in terms of revenue-passenger-kilometer (RPK), while the load factor (L/F) increased by 0.2 point year-on-year to 63.7%. Domestic passenger revenue increased by 0.4% year-on-year to 374.9 billion yen.

International and Domestic Cargo

Regarding international cargo operations, in addition to a recovery in outbound demand from Japan since last autumn, we strove to increase volume and maximize revenue by attracting perishable commodities overseas, amongst others. Though the environment remained severe, we managed to secure demand surpassing the previous year. During the reporting period, the volume of international cargo in terms of revenue-cargo-ton-kilometer (RCTK) increased by 9.8% year-on-year, and international cargo revenue increased by 6.1 % year-on-year to 40.5 billion yen.

Domestic cargo operations were affected by a decline in perishable commodities due to adverse weather conditions, and a partial shift to surface transport, but sales staff strengthened relationships with customers and acquired new shipments to maximize revenue. During the reporting period, the volume of domestic cargo in terms of revenue-cargo-ton-kilometers (RCTK) increased by 2.0% year-on-year, and domestic cargo revenue increased by 1.2% to 19.6 billion yen.

(3) JAL Group Consolidated Financial Position

	FY2012 As of Mar. 31, 2013	The Third Quarter of FY2013 As of Dec.31, 2013	Difference
Total assets (billion yen)	1,216.6	**1,305.1**	+ 88.5
Net assets (billion yen)	583.1	**688.1**	+ 104.9
Equity ratio [*1](%)	46.4	**51.2**	+ 4.8 points
Interest-bearing debt (billion yen)	160.1	**128.2**	- 31.9
Debt/Equity Ratio [*2]	0.3	**0.2**	- 0.1

Figures are rounded down to the nearest tenth of a billion yen while percentage points are rounded up to the nearest tenth.

Note:

*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

[Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2014]

Unit: Billions of yen	Operating Revenues	Operating Income	Ordinary Income	Net Income
Previous forecast (Announced on October 31, 2013)	1,286.0	155.0	144.0	128.0
New forecast	**1,291.0**	**158.0**	**147.0**	**148.0**

Note: The forecast above 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. **Note:** Revisions to the most recently disclosed dividend forecast: Yes

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[Dividends]

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3Rd Quart End	Fiscal Year end	Total
Year Ended March 31, 2013	-	-	-	190.00 yen	190.00 yen
Year Ended March 31, 2014 (Forecast)				**147.00 yen**	**147.00 yen**

Note: Revisions to the most recently disclosed dividend forecasts: Yes

[Reasons for Revisions of Financial Forecast for Fiscal Year Ending March 31, 2014]

Consolidated operating revenues for the full year are expected to increase by 5.0 billion yen from the previously announced forecast, due to the growth of travel demand on international routes. Consolidated operating expenses for the full year are expected to increase by 2.0 billion yen from the previous forecast resulting from raising fuel prices and other expenses increased. Consolidated operating income for the full year is expected to increase by 3.0 billion yen.

Consolidated net income is expected to increase by 20 billion yen, due to an increase of 3.0 billion yen in operating income, Income Tax-Deferred amounting to 15.0 billion and extraordinary income is expected to increase by 2.0 billion yen. As a result, we have revised our forecast for the full year upward from the previously announced forecast.

Our forecast includes the addition of Income Tax-Deferred, etc. based on Tax-Effect Accounting. Due to the nature of Tax-Effect Accounting, we must depend on forecasts and estimates of future phenomena, and as they may fluctuate due to changes in the situation, we have decided not to include them in the calculation of dividends. Therefore, we intend to use approximately 20% of consolidated net income for the full year, excluding Tax-Deferred for paying dividends.

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