

Japan Airlines Corporation and Consolidated Subsidiaries Results for the Half-year Ended September 30, 2008

Tokyo November 7, 2008: Today, the JAL Group announced the consolidated half-year results for financial year 2008, the period from April 1, 2008 to September 30, 2008.

1. JAL Group First Half 2008 Consolidated Financial Results (Apr 1 - Sept 30, 2008)

Units: billion yen	Half year ended Sept 30, 2008	Half year ended Sept 30, 2007	Difference Half -Year-on- Year	Half Year-on-Year Comparison
Operating revenue	1,073.5	1,142.9	- 69.3	94%
<i>International Passenger</i>	393.8	384.1	+ 9.6	103%
<i>Domestic passenger</i>	352.5	352.7	- 0.1	100%
<i>International cargo</i>	95.4	91.4	+ 3.9	104%
<i>Others</i>	231.8	314.5	- 82.7	74%
Operating costs	1,043.3	1,086.2	- 42.9	96%
Operating income	30.2	56.6	- 26.4	53%
Ordinary income	18.0	58.7	- 40.6	31%
Net income	36.6	7.3	+ 29.3	502%

*Figures rounded down to the nearest 100 million yen

As a result of aircraft downsizing, route restructuring and premium strategies to reduce costs, increase product competitiveness and improve profitability, operating income in the international passenger operation increased by 9.6 billion yen from the year-earlier-period. In the domestic passenger operation, operating revenue was almost the same as the year previous.

Consolidated operating revenue of the JAL Group decreased by 69.3 billion yen to 1,073.5 billion yen, mainly because Pacific Fuel Trading Corporation (PFTC) - once a wholly owned consolidated subsidiary of JAL - was removed from the consolidated statement, when all of its shares were transferred to Vitol Inc.

Regardless of, for example, a flexible hedging policy and implementation of a variety of fuel consumption reduction measures, the high price of fuel still resulted in the JAL Group's fuel costs significantly rising when compared to last year. It was possible for the JAL Group to decrease most other expenses when compared to the same period the year before due to group-wide cost reduction measures. The removal of PFTC from the consolidated statement enabled the Group to reduce expenses further. As a result, consolidated operating expenses decreased 4% by 42.9 billion yen to 1,043.3 billion yen when compared to the year-earlier-period.

Consolidated operating income decreased by 26.4 billion yen to 30.2 billion yen, and ordinary income decreased by 40.6 billion yen to 18.0 billion yen. But due to an increase in special profits and decrease in special losses compared to last year, net income increased by 402% or 29.3 billion to 36.6 billion yen.

2. First Half Factors

a) Operating income

International Passenger

Supply measured in available seat kilometers (ASK) decreased by 4.5% from the same period last year due to



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ongoing route restructuring and aircraft downsizing.

Tourist demand remained weak and business demand, which had been strong in the first quarter, became stagnant as the effects of the global slowdown became evident during the summer. On China routes, affected negatively by reported food-related scares, and on Oceania and Guam routes demand decreased significantly from last year. Demand on US, Europe and South East Asia routes was also weak. Demand on Korea routes and Hawaii routes, which had enjoyed increases in passenger traffic in the first quarter of the FY2008, did not grow from the summer onwards.

Total international passenger demand measured in revenue passenger kilometers (RPK) decreased by 9.9% from the year-earlier-period. The revenue seat load factor fell 4.0 points from last year to 67.4%. The number of international passengers carried by JAL Group airlines decreased 9.4% to 6,075,858.

Unit price increased by 13.7%, due to an increase in the ratio of First and Business Class seating on board aircraft, part of an accelerated Group premium strategy, as well as increases in fares and fuel surcharges.

International passenger revenue increased by 2.5% from last year to 393.8 billion yen.

Domestic Passenger

As a result of reviewing routes to improve profitability and aircraft downsizing, supply measured in available seat kilometers (ASK) decreased by 1.3% from the year-earlier-period.

Individual passenger demand did not grow, but group passenger demand increased from the year-earlier-period, and subsequently, overall demand measured in revenue passenger kilometers (RPK) increased by 0.8% from the year-earlier-period. As a result, the domestic passenger load factor increased 1.4 points to 64.6%.

As for passenger revenue, unit price decreased by 0.8% from the year-earlier-period due to the increase in the ratio of group passengers, changes in the structure of fares etc. As a result, domestic passenger revenue decreased by 0.1% to 352.5 billion yen.

The number of domestic passengers carried by JAL Group airlines increased by 0.1% to 21,402,602.

International Cargo

As a result of the accelerated retirement of classic-type Boeing 747 freighters to improve profitability, supply measured in available cargo ton kilometers decreased by 4.2 % from the year-earlier-period.

Demand on Southeast Asia routes was strong, while demand on China routes, on which supply had been increased, rose from the year-earlier-period. On the other hand, on US routes and Europe routes where we had reduced supply, demand decreased from the year-earlier-period. As a result, revenue cargo ton kilometers decreased by 7.5% from the year-earlier-period.

Due to an increase in J PRODUCTS which offer the high quality cargo handling service, and review of the fuel surcharge, income increased by 12.8% from last year. As a result, revenue increased by 4.3% to 95.4 billion yen.

b) Operating Expenses & Foreign Exchange

Fuel costs

The price of Singapore kerosene jet fuel was particularly high, averaging US\$ 148.9 per barrel from April to September, and reaching a peak of US\$180.0 per barrel in July. Although we implemented measures such as reduction in fuel consumption and hedging, fuel costs increased by 44.9 billion yen to 251.0 billion yen.



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3. Revised Consolidated Financial Forecast for FY2008 (Year Ending March 31, 2009)

Based on recent market trends, we have decided to revise the forecast for consolidated results for FY2008, replacing the forecast announced on May 9, 2008. The forecast net income remains unchanged.

Units: billion yen	FY2008 Revised Forecast	FY2008 Original Forecast Announced May 9, 2008	Difference in forecasts	FY2007 Result at March 31 2008
Operating revenue	2,093.0	2,184.0	- 91.0	2,230.4
<i>International passenger</i>	765.0	807.0	- 42.0	754.3
<i>Domestic passenger</i>	691.0	704.0	- 13.0	677.4
<i>International cargo</i>	187.5	193.0	- 5.5	188.2
<i>Other</i>	449.5	480.0	-30.5	610.4
Operating Expenses	2,065.0	2,134.0	- 69.0	2,140.4
Operating income	28.0	50.0	- 22.0	90.0
Ordinary income	5.0	30.0	- 25.0	69.8
Net income	13.0	13.0	0.0	16.9

**Figures rounded down to the nearest 100 million yen*

The preconditions for the forecasts above are a foreign exchange rate of US\$1 = 106 yen, and an average Singapore jet fuel price of US\$90.00 per barrel.

Due to the stagnant growth of air transport demand caused by the slowdown in the global economy, operating revenue is expected to decrease, compared to the original forecast. As for operating expenses, the effect of high price of fuel has been great, and fuel costs are now expected to exceed original estimate for the whole year. However, as a result of continuous cost reduction efforts, costs on the whole are expected to decrease from the original forecast.

Compared to the original forecast, operating revenue is now expected to decrease by 91.0 billion yen to 2,093 billion yen. Operating income is expected to decline by 22.0 billion yen to 28.0 billion yen and ordinary income to decrease by 25.0 billion to 5.0 billion yen. On the other hand, special profit and losses are now expected to improve, and as a result the originally forecast consolidated net income of 13.0 billion yen for FY2008 remains unchanged.



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4. JAL Group – Consolidated Traffic Statistics

First Half 2008 vs 2007 (April 1 – September 30, 2008 vs. April 1 – September 30, 2007)

	First Half 2008	First Half 2007	Change% -Or points
INTERNATIONAL			
Passenger number	6,075,858	6,703,388	90.6%
Revenue passenger kms (000)	27,493,085	30,500,422	90.1%
Available seat kms (000)	40,815,887	42,743,468	95.5%
Revenue seat load factor	67.4%	71.4%	- 4.0 points
Revenue cargo ton kms (000)	2,030,594	2,194,721	92.5%
Mail ton kilometers (000)	95,259	85,670	111.2%
Revenue ton kms (000)	4,673,386	5,106,369	91.5%
Available ton kms (000)	7,289,231	7,626,384	95.6%
Revenue weight load factor	64.1%	67.0%	- 2.9 points
DOMESTIC			
Passenger number	21,402,602	21,371,961	100.1%
Revenue passenger kms (000)	16,283,460	16,159,645	100.8%
Available seat kms (000)	25,215,238	25,552,379	98.7%
Revenue seat load factor	64.6%	63.2%	1.4 points
Revenue cargo ton kms (000)	234,540	197,802	118.6%
Mail ton kilometers (000)	15,384	42,076	36.6%
Revenue ton kms (000)	1,470,212	1,450,922	101.3%
Available ton kms (000)	3,004,082	2,996,808	100.2%
Revenue weight load factor	48.9%	48.4%	0.5 points
TOTAL			
Passenger number	27,478,460	28,074,449	97.9%
Revenue passenger kms (000)	43,776,545	46,660,087	93.8%
Available seat kms (000)	66,031,125	68,295,847	96.7%
Revenue seat load factor	66.3%	68.3%	- 2.0 points
Revenue cargo ton kms (000)	2,265,134	2,392,523	94.7%
Mail ton kilometers (000)	110,643	127,746	86.6%
Revenue ton kms (000)	6,143,598	6,557,291	93.7%
Available ton kms (000)	10,293,313	10,623,192	96.9%
Revenue weight load factor	59.7%	61.7%	- 2.0 points

- International results include data from JAL International, Japan Asia Airways and JALways
- Domestic results include data from JAL International, Japan Transocean Air, JAL Express, Japan Air Commuter, Hokkaido Air System, J-Air & Ryukyu Air Commuter.

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