

Results of Japan Airlines Corporation and Consolidated Subsidiaries for the Fiscal Year Ended March 31, 2008

Tokyo May 9, 2008: Japan Airlines Corporation announced today the consolidated financial results of the JAL Group for FY2007, the fiscal year ended March 31, 2008. The announcement includes the Group's consolidated financial targets for FY2008 the year ending March 31, 2009.

1. JAL Group Consolidated FY2007 Financial Results

Units: Japanese yen (¥) billions*	FY 2007 Results (Year ending Mar 31, 2008)	FY 2007 Forecast (Announced on Feb 8, 2008*)	FY2006 Results (Year ending Mar 31, 2007)	Difference between FY2007 & FY2006 Results
Total Operating Revenue	2,230.4	2,238.0	2,301.9	- 71.4
International passenger	754.3	748.5	724.8	29.4
Domestic passenger	677.4	685.0	675.6	1.7
International cargo	188.2	188.5	190.5	- 2.2
Other	610.4	616.0	710.8	- 100.4
Total Operating Expenses	2,140.4	2,190.0	2,278.9	- 138.5
Operating Income (loss)	90.0	48.0	22.9	67.0
Ordinary Income (loss)	69.8	44.0	20.5	49.2
Net income (loss)	16.9	7.0	- 16.2	33.1

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

** FY 2007 Forecast announced on February 8, 2008 in JAL Corporation & Consolidated Subsidiaries FY2007 Third Quarter Results*

Although the air transport business segment was strong, as a number of consolidated subsidiaries were removed from the consolidated financial statement due to the sales of shares, total operating revenue for FY2007 was 2,230.4 billion yen, down 3.1% or 71.4 billion yen on the same period last year. In terms of air transportation, the JAL Group's core business, revenue increased by 25.1 billion yen to a total of 1,826.7 billion yen.

International passenger demand was strong, bolstered by 'premium strategies' initiated by JAL aimed at attracting business and top-tier travelers through product and service enhancement and development. International passenger revenue increased by 29.4 billion yen to 754.3 billion yen: a 4.0% year-on-year improvement.

Domestic passenger demand was stagnant primarily due to a reduction in supply after the JAL Group carried out in FY2007 its biggest review of domestic passenger operations since 2002. Compared to FY2006, domestic passenger revenue went up by 1.7 billion yen to a total of 677.4 billion yen.



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International cargo revenue was 188.2 billion yen, down 2.2 billion yen on the previous fiscal year.

The effectiveness of group-wide cost reduction measures implemented throughout FY2007 aimed at increasing profitability and tackling, for example, increases in the cost of jet fuel, combined with the aforementioned withdrawal of a number of subsidiaries from the consolidated statement enabled the JAL Group to significantly decrease total operating expenses. During FY2007, total operating costs went down by 138.5 billion yen to 2,140.4 billion yen compared to the previous year.

As a result, operating income was 90 billion yen and ordinary income was 69.8 billion yen, the highest since the integration of JAL and JAS in 2002. Operating income increased by 67 billion yen, and ordinary income increased by 49.2 billion yen from the previous year.

Compared to FY2006, JAL Group net income increased by 33.1 billion yen to a total of 16.9 billion yen, after extraordinary loss deductions resulting from implementation of special early retirement programs, reserve funds set aside for anti-trust law investigations by the U.S. and the E.U. authorities, and temporary depreciation costs.

2. Summary of Air Transportation Segment Results

Operating Revenue

a) International Passenger

- During FY2007, the JAL Group continued network restructuring by focusing resources on high profit, high growth routes and increasing the role of its low overheads international subsidiary, JALways. JAL increased flight frequency on China, India, Russia and Vietnam routes, as well as on the Tokyo - New York and Tokyo – Paris routes. In September 2007, JAL inaugurated a service between Haneda, Tokyo – Hongqiao, Shanghai, and in October 2007 increased flight frequency to establish a daily service between Tokyo and New Delhi.
- JAL increased its competitiveness by becoming a fully-fledged member of **oneworld**, the leading quality global airline alliance; completely revamping lounges and check-in areas at Narita Terminal 2, its main international hub; and by introducing JAL Premium Economy onboard its aircraft, starting with the Narita-London route in December 2007, followed by the Narita- Frankfurt route in February 2008.
- To increase customer comfort and increase profitability against the backdrop of increases in the price of fuel, JAL continued implementing its strategy of fleet downsizing and renewal by shifting to state-of-the-art, more fuel efficient primarily medium and small-size aircraft whilst retiring older types of aircraft.
- Through continued network restructuring and fleet downsizing, supply measured in available seat kilometers (ASK) decreased by 4.4% from the previous year.
- International passenger demand was strong, particularly in terms of business travelers. Passenger demand was especially strong on short and medium-haul routes, such as China, South Korea and Southeast Asia routes. Tourist demand on Europe routes was stagnant due to the strong Euro, and demand decreased on US mainland, Hawaii and



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Oceania routes due reductions in seat supply.

- As a result, international passenger demand measured in revenue seat kilometers (RPK), decreased by only 3.5%. International seat load factor (L/F) increased by 0.7 points to 71.8%.
- Unit price increased by 7.8% from the previous year due to a steady increase in high yield business demand resulting from product and service improvements, network restructuring by concentrating resources on high profit, high growth routes, a review of fares, and utilization of the international passenger fuel surcharge to offset the high cost of fuel.
- As a result, passenger revenue increased 4.1% from the previous year to 754.3 billion yen.
- The number of international passengers carried by JAL Group airlines decreased by just 0.7% to 13,367,904. (FY2006 total: 13,467,241).

b) Domestic Passenger

- In FY2007, JAL carried out its biggest review of domestic passenger operations since 2002 by suspending 9 under-performing routes, adjusting supply to demand through flight frequency reductions on other routes, adding more flights on popular routes, and by increasing the role of its low overheads subsidiary airline, JAL Express (JEX).
- To increase customer comfort and increase profitability against the backdrop of increases in the cost of fuel, JAL continued implementing its strategy of fleet downsizing and renewal by shifting to state-of-the-art, more fuel efficient primarily medium and small-size aircraft whilst retiring older types of aircraft.
- Targeting the high yield passenger, JAL greatly enhanced its product offering by introducing a first class service for the first-ever time on Japan domestic flights, starting with the Haneda, Tokyo - Itami, Osaka route in December 2007.
- As a result of route restructuring and fleet downsizing, supply measured in available seat kilometers (ASK) decreased by 3.4% from the previous year. Passenger demand measured in revenue passenger kilometers (RPK) decreased by 4.3% largely a consequence of this. The domestic seat load factor (L/F) was 63.4%, slightly down on last year.
- Unit price increased by 4.8% from the previous year due to fare increases.
- Domestic passenger revenue increased by 0.3% from the previous year to 677.4 billion yen.
- The number of domestic passengers carried by JAL Group airlines decreased by 4.7% to 41,904,924. (FY2006 total: 43,984,840).

c) International Cargo

- Although exports to North America decreased from the previous year due to a reduction in supply, exports to China, Europe and East Europe ensured the results for the whole financial year were favorable.
- In terms of imports, due to a rapid drop in demand to Japan, JAL attempted to increase profitability through a range of measures such as introducing early morning arrival cargo flights, and actively attracting demand both to and from Asia.
- As for fleet and route operations, amid unprecedented rises in the price of fuel, we retired five classic-type Boeing 747 freighters, and introduced new fuel efficient 767 freighters, which were put into service on China, Indonesia and Vietnam routes.
- As a result, international cargo volume (revenue cargo ton km) decreased by 3.1% from the previous year. Although



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the fuel surcharge was revised a number of times, due to intensifying competition and the rapid appreciation of the yen towards the end of 2007, unit price increased by only 1.9%, and revenue was 188.2 billion yen, a reduction of 1.2% compared to the previous financial year.

- The volume of international cargo carried was 762,910 tons, down 1.0% on the year before.

Operating Costs & Foreign Exchange

a) Fuel costs

The average market price for aircraft fuel was high, increasing from US\$79.7 per barrel (Singapore Kerosene) for the previous fiscal year to US\$93.2 per barrel for FY2007. As a result of a wide range of measures including fuel hedging and fuel consumption reductions, the JAL Group's FY2007 fuel bill decreased by 2.0% or 8.1 billion yen to a total of 412.7 billion yen.

b) Personnel costs

JAL managed to exceed its FY2007 personnel cost reduction measure target of 50 billion yen. Improvements in the workforce's productivity levels enabled the company to also exceed its original headcount reduction target of 697 staff for FY2007. The JAL Group's consolidated business workforce was reduced by 2,297 people through a combination of natural attrition, restraining new hiring, not replacing retiring staff and special early retirement programs

c) Foreign exchange

The average yen-to-dollar exchange rate for the fiscal year ended March 31, 2008 was ¥115 to US\$1.00 compared to the previous fiscal year's average rate of ¥117 to US\$1.00. The average yen-to-Euro foreign exchange rate was €1 = ¥161.0 compared with €1 = ¥149 yen the previous year. As a result, the affect of foreign exchange on operating income was an improvement of 9.6 billion yen (increased revenue of 7.0 billion yen/ cost reduction of 2.6 billion yen). However, due to the decreased effectiveness of hedging, non-operating income in terms of foreign exchange declined by 13.9 billion yen compared to the previous year.

3. Financial Indicators

	FY07 year ended Mar 31, 2008	FY06 year ended Mar 31, 2007	Difference
Total Assets (billion yen)	2,122.7	2,091.2	31.5
Stockholders' Equity (billion yen) *	453.9	311.0	142.8
Capital to Asset Ratio (%)*	21.4%	14.9%	+ 6.5 points
Interest-bearing debt on balance sheet (billion yen)	919.6	1026.1	- 106.5
Debt/ Equity Ratio (on balance sheet) *	2.0	3.3	- 1.3

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

Debt /Equity Ratio(on balance sheet) = interest bearing debts (on balance sheet) divided by stockholders equity.



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Due to an increase in cash and bills receivable, etc. from capital increase through third party allocation of priority shares, etc., total assets increased by 31.5 billion yen. Capital to Asset Ratio improved significantly, increasing 21.4%. Debt /Equity ratio dropped to 2.0.

Interest bearing debt significantly declined by 106.5 billion yen from the previous year, due to the sale of non-core assets and cash flow improvement.

4) JAL Group Consolidated FY2007 Fourth Quarter Result

Units: Japanese yen – billions

	4 th Quarter FY07 (January – March 2008)	4 th Quarter FY06 (January – March 2007)	Difference	Same period % comparison on previous year
Operating revenue	529.218	567.758	- 38.540	93.2%
<i>International Passenger</i>	181.333	175.590	5.743	103.3%
<i>Domestic passenger</i>	157.326	160.782	- 3.456	97.9%
<i>International cargo</i>	44,599	44.963	- 0.364	99.2%
<i>Other</i>	145.961	186.423	- 40.463	78.3%
Operating expenses	521.783	538.979	- 17.196	96.8%
Operating income (loss)	7.436	28.780	- 21.344	25.8%
Ordinary income (loss)	- 9.440	28.300	- 37.740	-
4th Quarter Net income (loss)	- 3.527	- 6.892	3.365	-

5. JAL Group Consolidated Financial Targets for FY2008

Unit: Japanese yen (¥) billions	FY 2008 (Year ending March 31, 2009)	Difference vs. FY 2007
Total operating revenues	2184.0	- 46.4
International passenger	807.0	52.7
Domestic passenger	704.0	26.6
International cargo	193.0	4.8
Other	480.0	- 130.5
Operating income	50.0	- 40.0
Ordinary income	30.0	- 39.8
Net income	13.0	- 3.9

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

Key assumptions used for above figures: ¥110 = US\$1.00; average aircraft fuel price = \$110 per barrel.

A reduction in operating income is expected caused mainly due to the removal of the Pacific Fuel Trading



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Corporation from the consolidated financial statement in FY2008.

JAL will continue to reduce supply by downsizing the fleet used on US routes. Regardless of this, international passenger unit price is expected to steadily increase due to increased flight frequency on, for example, New York, Moscow and Paris routes where business demand is strong, and continued product and service enhancements as part of its 'premium strategy'.

Despite a reduction in supply due to fleet downsizing, stagnant overall demand, and fierce competition with the *Shinkansen* and new entrant carriers, JAL expects domestic passenger demand to be strong and unit price to increase as a result of wider introduction of such premium passenger targeted products as the domestic first class, and the overall impact of its Corporate Customer Center etc.

Even though the JAL Group has made great strides towards achieving its overriding goal of building a robust management framework, a business structure which can produce profits even in the face of factors such as rising fuel costs or slowing demand, the business environment continues to be severe. JAL, therefore, forecasts operating income for the year ending March 31, 2009 to be 50 billion yen, 40 billion yen less than operating income in FY2007.

Based on the above targets, JAL Group does not expect to pay a dividend for the fiscal years ended March 31, 2008 for the year ending March 31, 2009.

6. JAL Corporation & Consolidated Subsidiaries Comparative Consolidated Statements of Operations for the Year Ended March 31, 2008

<i>Units:</i> <i>Japanese yen (¥) millions</i>	FY2007 (Year ending March 2008)	FY2006 (Year ending March 2007)
Operating revenues	2,230,416	2,301,915
Operating expenses	2,140,403	2,278,997
Operating costs	1,776,979	1,885,211
Selling, general & administrative expenses	363,423	393,785
Operating income (loss)	90,013	22,917
Non-operating income	20,825	33,834
Non-operating expenses	41,021	36,175
Ordinary income (loss)	69,817	20,576
Extraordinary profit	36,232	52,413
Extraordinary loss	76,217	20,933
Income before income taxes	29,832	52,055
Income taxes, current	4,897	9,953
Income taxes, deferred	6,894	54,424
Minority interests	1,118	3,945
Net income	16,921	- 16,267



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7. JAL Group: International Data - Passengers/ RPK/ ASK / Load Factors FY2007

(JAL, JAA and JALWAYS only)

ROUTE	PAX NBR FY2007	y.o.y %	RPK 000s FY2007	y.o.y %	ASK 000s FY2007	y.o.y %	FY2007 L/F%	FY2006 L/F%
Transpacific	2,739,857	92.3	21,175,458	91.5	26,955,246	90.3	78.6	77.5
Europe	1,341,682	95.9	12,587,842	96.8	16,878,987	99.0	74.6	76.3
S.E. Asia	4,345,618	102.8	15,625,573	107.1	23,456,551	102.5	66.6	63.8
Oceania	524,101	72.1	3,843,178	75.8	5,171,795	70.6	74.3	69.2
Guam	544,569	102.5	1,385,918	102.5	1,850,207	99.0	74.9	72.3
Korea	1,886,662	111.0	2,011,680	112.0	2,592,801	101.9	77.6	70.6
China	1,980,005	103.6	3,781,481	104.3	7,202,966	111.8	52.5	56.3
Others	5,410	123.2	15,150	115.9	19,642	120.2	77.1	80.0
TOTAL	13,367,904	99.3	60,426,280	96.5	84,128,194	95.6	71.8	71.1

RPK = Revenue Passenger Kilometers (product of distance flown multiplied by revenue passengers carried)

ASK=Available Seat Kilometers (capacity)

Seat L/F = Seat Load Factor, the percentage of seats filled per flight

8. Consolidated JAL Group Air Transport Segment Revenue for the year ended March 31, 2008

Units:	FY2007		FY2006		Change y.o.y
	Year ended March 31, 2008		Year ended March 31, 2007		
	Amount	%	Amount	%	%
<i>Japanese yen (¥) millions</i>					
International					
Passenger operations	754,300	41.3	724,889	40.3	104.1
Cargo operations	188,235	10.3	190,500	10.6	98.8
Mail-service operations	9,926	0.5	9,200	0.5	107.9
Luggage operations	1,949	0.1	1,975	0.1	98.7
Subtotal	954,411	52.2	926,565	51.5	103.0
Domestic					
Passenger operations	677,437	37.1	675,680	37.5	100.3
Cargo operations	27,862	1.5	28,938	1.6	96.3
Mail-service operations	10,122	0.6	10,858	0.6	93.2
Luggage operations	307	0.0	298	0.0	103.0
Subtotal	715,730	39.2	715,774	39.7	100.0
Other revenues	63,881	3.5	60,917	3.4	104.9
Incidental business revenues	92,693	5.1	98,262	5.4	94.3
Total revenues	¥1,826,717	100.0	¥1,801,520	100.0	101.4

9. JAL Group Consolidated Traffic Statistics Years ended March 31, 2008 & 2007

	FY2007 Year ended March 31, 2008	FY2006 Year ended March 31, 2007	Change % or points
INTERNATIONAL			
Passenger number	13,367,904	13,467,241	99.3%
Revenue passenger Kilometers (000)	60,426,280	62,597,923	96.5%
Available seat Kilometers (000)	84,128,194	87,987,011	95.6%
Revenue seat load Factor	71.8%	71.1%	+ 0.7 points
Revenue cargo ton Kilometers (000)	4,377,147	4,515,812	96.9%
Mail ton kilometers (000)	191,489	164,336	116.5%
Revenue ton Kilometers (000)	10,167,354	10,481,369	97.0%
Available ton kilometers (000)	15,030,186	15,769,219	95.3%
Revenue weight load factor	67.6%	66.5%	+ 1.1 points
DOMESTIC			
Passenger number	41,904,924	43,984,840	95.3%
Revenue passenger Kilometers (000)	31,746,470	33,187,684	95.7%
Available seat Kilometers (000)	50,085,682	51,864,339	96.6%
Revenue seat load factor	63.4%	64.0%	- 0.6 points
Revenue cargo ton Kilometers (000)	396,053	400,507	98.9%
Mail ton kilometers (000)	86,632	86,985	99.6%
Revenue ton Kilometers (000)	2,861,730	2,968,868	96.4%
Available ton kilometers (000)	5,878,950	6,073,609	96.8%
Revenue weight l/factor	48.7%	48.9%	- 0.2 points
TOTAL			
Passenger number	55,272,828	57,452,081	96.2%
Revenue passenger Kilometers (000)	92,172,750	95,785,607	96.2%
Available seat Kilometers (000)	134,213,876	139,851,350	96.0%
Revenue seat load factor	68.7%	68.5%	+ 0.2 points
Revenue cargo ton Kilometers (000)	4,773,200	4,916,319	97.1%
Mail ton kilometers (000)	278,121	251,321	110.7%
Revenue ton Kilometers (000)	13,029,084	13,450,237	96.9%
Available ton Kilometers (000)	20,909,136	21,842,828	95.7%
Revenue weight l/f	62.3%	61.6%	0.7 points

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