

Review of Operations

Air Transport Segment

International Operations

International Passenger Business

We stepped up measures to improve profitability, products and services in order to become the world's most preferred airline group by customers.

In our route operations, as Boeing 787 operations resumed in June 2013, after being suspended in January of the same year, we consequently increased flights on the Narita-San Diego route and launched a new Narita-Helsinki route. We also fine-tuned supply to balance with demand. For example, flight frequency was temporarily reduced on the Narita-Beijing route, while the Boeing 767 was progressively replaced by the larger Boeing 777-200ER for the Narita-Honolulu, Chubu/Kansai-Honolulu and Haneda-Bangkok routes.

Route Network

● Implemented ● Scheduled

- Launched route between Narita-Helsinki
- Increased flights between Narita-San Diego
- Decreased flights between Kansai-Seoul
- Haneda: Respond to demand for overseas and domestic routes as a hub connecting domestic and international flights
- Narita: Respond to demand for North America-Asia routes as a hub connecting international flights

Flight Operations Using Boeing 787s (as of July 1, 2014)



With respect to alliances, Finnair was included in our joint business with British Airways on European routes, and joint operations began in April 2014. We also started codesharing with fellow oneworld alliance member Qatar Airways starting in December 2013. As for collaboration with the oneworld alliance, which continues to induct new partners, we intend to further improve customer convenience by making full use of the networks of member airlines.

Alliances and Business Strategy

● Implemented ● Scheduled

- Finnair participated in joint business with British Airways on European routes
- Started codesharing with Qatar Airways
- Maintained a strong alliance with American Airlines on Pacific routes
- Further develop joint business to improve customer convenience and increase the efficiency of our business
- Continue to make maximum use of the oneworld alliance network including our new partners*

* US Airways (joined March 2014), TAM Airlines (joined March 2014), SriLankan Airlines (joined May 2014)

Member Airlines of the oneworld Alliance (as of July 1, 2014)



On the product side, we introduced JAL SKY SUITE 777, which offers sweeping upgrades in spaciousness, comfort and functionality in every class, and the in-flight Internet service, "JAL SKY Wi-Fi," to aircraft for the Europe, North America and Jakarta routes.

We also introduced the JAL SKY SUITE 767, equipped with full-flat business class seats for more direct access to the aisle, and the new SKY WIDER economy class seat, offering passengers an additional 10 centimeters of legroom compared to its predecessor, on routes between Narita and Kuala Lumpur, Singapore (some flights), Hanoi and Dalian.

In addition, we have been developing new menus for in-flight meals on an ongoing basis as part of our efforts to continually enhance our products and services.

Enhancing the JAL Brand (High quality, full service)

● Implemented ● Scheduled

- JAL SKY SUITE 777 service expanded to routes between Narita and London, New York, Paris, Los Angeles, Chicago, Frankfurt and Jakarta
- JAL SKY SUITE 767 introduced to routes between Narita and Kuala Lumpur, Singapore (some flights), Hanoi and Dalian routes
- JAL SKY Wi-Fi service expanded to seven routes between Narita and New York, Chicago, Los Angeles, London, Paris, Frankfurt and Jakarta
- New menu added to in-flight meals served in JAL BEDD-SKY AUBERGE under the concept of JAL's "exclusive restaurant in the sky" in first class and business class on Europe and North America routes
- New menu developed for popular AIR Series served in economy class
- Renovated the international lounge at Haneda Airport for enhanced comfort and convenience
- Install full-flat business class seats on 787 aircraft
- Progressively expand JAL SKY Wi-Fi service



JAL BEDD-SKY AUBERGE – First class in-flight menu (part of it) for flights from Paris



AIR KUMAMON from the popular AIR Series in-flight meal (limited time offer)

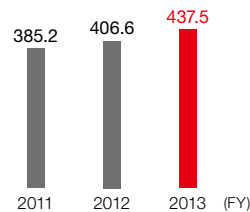


Renovated international lounge at Haneda Airport, which embodies the heart of Japan and Japanese hospitality

As a result, international supply for FY2013 increased by 3.3% year-on-year measured by available-seat-kilometer (ASK), demand in terms of revenue-passenger-kilometer (RPK) increased by 4.0%, load-factor (L/F) increased by 0.5 points to 76.5%, and international passenger revenue increased by 7.6% to 437.5 billion yen.

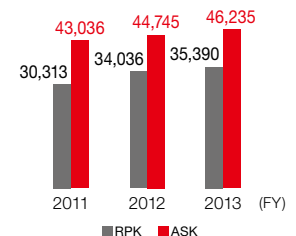
Operating Revenue

(JPY Bn)



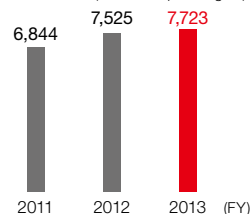
Revenue-Passenger-Kilometer (RPK) / Available-Seat-Kilometer (ASK)

(Mn passenger-km, Mn seat-km)



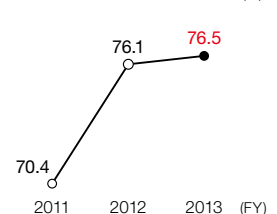
Revenue Passengers Carried

(Thousand passengers)



Load-Factor

(%)



International Cargo

Due to low growth prospects for total inbound and outbound demand in Japan, we sought to maximize revenue by securing volume by, for example, aggressively capturing transit cargo. In sales, we continued to improve performance by expanding customized transportation. As a result, demand was considerably higher compared to last year, and the volume of international cargo increased 9.7% year-on-year on a revenue-cargo-ton-kilometer basis (RCTK) and revenue increased by 7.4% to 54.2 billion yen.

Air Transport Segment

Domestic Operations

Domestic Passenger Business

We strove to improve profitability by taking action to stimulate demand and adjusting capacity to fit demand.

We increased the number of Haneda flights and launched services between Haneda and Chubu to improve connectivity to international flights. At Itami, we resumed scheduled flights to Matsuyama, Hakodate and Misawa, and added a total of 18 flights on 16 routes.

Joint operations with Hokkaido Air System were launched for greater customer convenience and to contribute to the regional and economic development of Hokkaido.

Route Network

● Implemented ● Scheduled

- Launched the Haneda-Chubu route
- Launched (resumed) Itami routes to Matsuyama, Hakodate and Misawa
- Increased flight frequencies for Itami routes to Sapporo, Hanamaki, Sendai, Niigata, Fukuoka, Oita and Miyazaki
- Launch (resume) Itami routes to Matsumoto and Memanbetsu, Sapporo routes to Izumo and Tokushima, and Chubu routes to Kushiro and Obihiro

Major New (and Resumed) Routes and Additional Flights for Routes in FY2013



In sales, we offered more affordable fares through the new Tokubin Discount 21. We increased the number of flights featuring Sakitoku and Super Sakitoku discount fares during the New Year holidays to serve greater demand by customers returning home or taking other trips.

We also began selling JAL Jalan Pack, a Dynamic Package product, through a partnership with one of Japan's largest accommodation booking sites. Furthermore, to improve smart-phone services and better serve the diversifying needs of customers, new functions were added and upgraded in various apps, such as JAL Countdown, JAL Sakitoku Calendar and JAL Schedule.



JAL Countdown

This useful app provides customers with timely information about domestic flights, including flight status and boarding gate details, as well as boarding procedures and notifications at the airport.



JAL Sakitoku Calendar

The Sakitoku Calendar helps customers find the best bargains by showing them the lowest available prices in a user-friendly graph and enables them to directly make reservations.



JAL Schedule

This app shows information on reservations for customer convenience while displaying regularly updated photographs of JAL aircraft, cabin attendants and splendid scenery. Information on events around Japan recommended by JAL staff is also made available.

In terms of products and services, we have been progressively introducing the new JAL SKY NEXT aircraft featuring an updated cabin interior under the theme of "Pioneering Standard" since May 2014 and the JAL SKY Wi-Fi in-flight Internet service since July 2014.

Enhancing the JAL Brand: Convenience and Simplicity

● Implemented ● Scheduled

- Renovated airport lounges for greater comfort and convenience at Itami, Kansai, Hiroshima, Matsuyama, Kumamoto and Kagoshima
- Started introducing JAL SKY NEXT on the Haneda-Fukuoka route
- Started introducing JAL SKY Wi-Fi on domestic routes

JAL SKY NEXT, featuring high quality genuine leather seats in all classes



JAL First Class Seats



Class J Seats

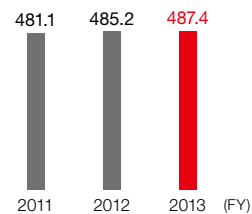


Economy Class Seats

As a result, domestic supply for FY2013 increased by 1.8% year-on-year when measured in available-seat-kilometer (ASK), demand in terms of revenue-passenger-kilometer (RPK) increased by 3.2%, load-factor (L/F) increased by 0.9 points to 64.0%, and domestic passenger revenue increased by 0.5% to 487.4 billion yen.

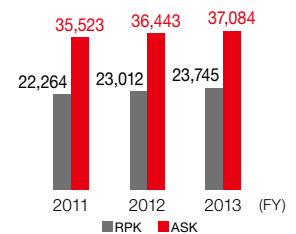
Operating Revenue

(JPY Bn)



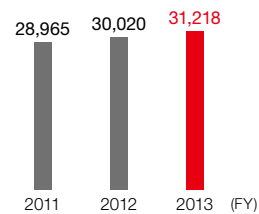
Revenue-Passenger-Kilometer (RPK) / Available-Seat-Kilometer (ASK)

(Mn passenger-km, Mn seat-km)



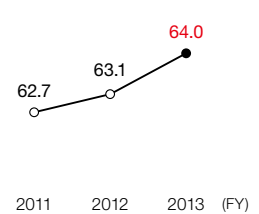
Revenue Passengers Carried

(Thousand passengers)



Load-Factor

(%)



Domestic Cargo

In spite of sluggish demand for farm products due to unseasonable weather and a shift to transporting goods by overland freight, we have endeavored to maximize our revenue by capturing home delivery parcels. As a result, the volume of domestic cargo increased by 1.9% year-on-year on an RCTK basis, and revenue increased by 1.5% to 25.4 billion yen.

Air Transport Segment

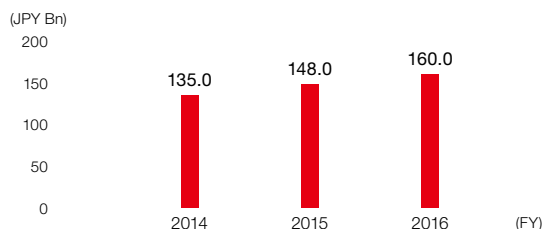
Aircraft Investment and Fleet

We plan to invest approximately 443.0 billion yen between FY2014 and FY2016.

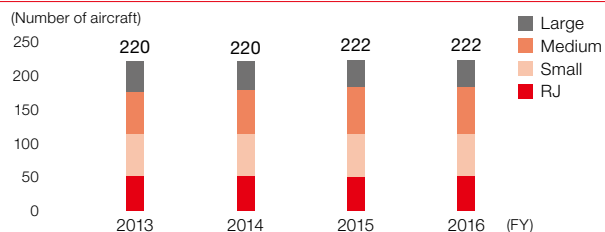
By the end of FY2016, the JAL Group's fleet will consist of 222 aircraft (82 international and 140 domestic aircraft), in line with the original Medium Term Management Plan.

Aircraft Investment and Fleet

Amount Invested in Aircraft (JAL Group)



Changes in the Number of Aircraft (JAL Group)



Figures are as of the end of the fiscal year. Large: 777, Medium: 787/767, Small: 737, RJ (regional jet or smaller): ERJ/CRJ/Q100-Q400/SAAB

● Implemented ● Scheduled

- Invest 443.0 billion yen by FY2016, introduce 33 787 aircraft by the end of FY2016
- Start introducing 787-9 aircraft in FY2015

Others

We strove to maximize the JAL Group's corporate value and improve our profit margin. The financial results of two major companies in this segment were as follows.

JALPAK Co., Ltd. rolled out timely products, handled more customers for its growing JAL Dynamic Package offerings to maximize revenue and effectively managed expenses. The number of overseas travelers handled by JALPAK reached 302,000, down 6.5% from the previous year, while the number of domestic travelers was 2,142,000, up 8.6% year-on-year. As a result, operating revenue (prior to intercompany transaction elimination) increased by 4.0% from last year to 168.0 billion yen.



JALCARD, Inc. proactively conducted activities to increase membership through efforts such as a membership promotion campaign in commemoration of the 30th anniversary of issuing JAL cards and brought in an additional 156,000 members as of March 31, 2014 from the previous year for a total of 2.92 million members. It sought to enhance its products by offering improved services for JAL CARD navi, a credit card for students, and adding the new JAL CLUB EST, a high value-added card for members in their 20s. Companies catering to daily needs were added as special "double-mile partners" to encourage the use of JAL Cards by cardholders, and JALCARD, Inc. consequently reported record high sales. As a result of these efforts, operating revenue (prior to intercompany transaction elimination) increased by 6.7% from the previous year to 18.5 billion yen.

