

Medium Term Management Plan: Key Initiatives 2 and 3

Route Network, Products and Services

We are quickly enhancing our route network, products and services to become the most loved, and number one airline of choice in the world.

International Operations

International Passenger Business

We expanded our route network and enhanced our products and services, including aircraft with new cabin interior, to maximize profit and capture the robust demand for inbound visits and transit services.

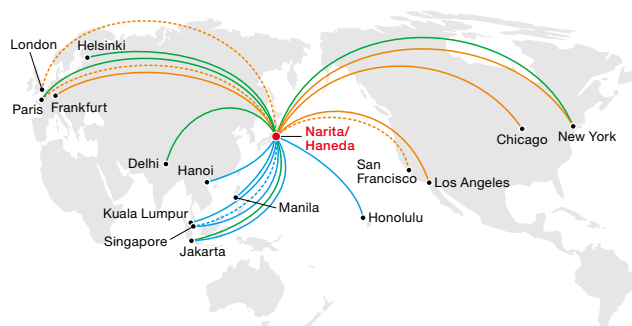
In our route operations, we launched daytime flights from Haneda to London, Paris, Singapore and Bangkok, and late-night and early-morning flights from Haneda to Ho Chi Minh City. To bolster our capacity to meet promising growth in demand from routes between North America and Asia, we increased our flights from Narita to New York and Jakarta. Outside the Tokyo metropolitan area, we became the only Japanese airline to operate direct routes between Chubu and Bangkok, and Kansai and Los Angeles, thereby contributing to economic revitalization in the Chubu and Kansai areas through international exchange and providing customers with greater convenience.

Route Network

● Implemented ● Scheduled

- Launched Haneda-London and Haneda-Ho Chi Minh City routes
- Increased flights on Haneda-Singapore and Haneda-Bangkok routes
- Increased flights on Narita-New York route
- Increased flights on Narita-Jakarta route
- Launched Chubu-Bangkok route
- Launched Kansai-Los Angeles route

Flight Operations Using JAL SKY SUITE (as of July 1, 2015)



- JAL SKY SUITE 777
Narita – inbound/outbound routes
Haneda – inbound/outbound routes
- JAL SKY SUITE 767
Narita – inbound/outbound routes
Haneda – inbound/outbound routes
- JAL SKY SUITE 787
Narita – inbound/outbound routes

With respect to alliances, through Finnair's participation in our joint business with British Airways on European routes, we sought to enhance our network by improving joint fares and expanding routes through codesharing with Finnair on routes beyond Helsinki. In our alliance with American Airlines on Pacific routes, we sought to bolster our capacity to meet the demand for North America-Asia routes by integrating our sales activities. We also began codesharing with TAM Airlines, which joined the oneworld alliance in March 2014, on routes connecting the U.S. and Europe to Brazil. In addition to the Japan-Brazil route that we offer via the U.S. through codesharing with American Airlines, we now offer routes via Europe.

Alliances and Business Strategy

● Implemented ● Scheduled

- Expanded codesharing beyond Helsinki through Finnair's participation in joint business on European routes
- Bolstered capacity to meet demand for North America-Asia routes through integrated sales activities with American Airlines
- Began codesharing with TAM Airlines on U.S.-Brazil and Europe-Brazil routes

Member Airlines of the oneworld Alliance (as of July 1, 2015)



On the product side, we introduced 787-8 aircraft equipped with the new JAL SKY SUITE 787 on the Europe and North America routes. These aircraft feature full-flat business class seats for more direct access to the aisle, and the new JAL SKY WIDER economy class seat, offering passengers more legroom. Moreover, we adopted an eight-seat format to provide more space and comfort compared to the predominant nine-seat row arrangement in economy class among international airlines.

We renovated and reopened the JAL first class lounge in the international terminal of Haneda Airport and will continue to take on new challenges to offer an ever-refreshing experience for customers while enhancing comfort.

Products and Services (High Quality, Full Service)

● Implemented ● Scheduled

- Completed installment of JAL SKY SUITE for thirteen 777-300ER and nine 767-300ER aircraft
- JAL SKY SUITE 787 introduced to routes between Narita and New York, and Paris
- Number of JAL SKY Wi-Fi service users passed the 40,000 mark
- New Sakura Lounge opened in the international terminal of Haneda Airport
- Renovated JAL First Class Lounge opened in the international terminal of Haneda Airport, featuring the Teppan Dining, cooking food on a plate in front of customers in a spacious and lively atmosphere



JAL BEDD-SKY AUBERGE from the first class in-flight menu



AIR MOS BURGER from the popular AIR Series in-flight meal (as of July 2015)

JAL SKY SUITE
JAL SKY WIDER Economy Class Seats



Japan Airlines received the Best Economy Class Airline Seat Award at the World Airline Awards 2015 hosted by SKYTRAX.



**BEST ECONOMY CLASS
AIRLINE SEAT**

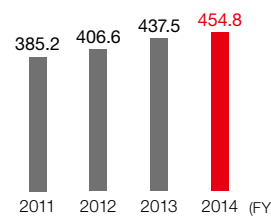


Renovated JAL First Class Lounge opens at Haneda Airport

As a result, international supply for fiscal 2014 increased by 3.2% year-on-year measured by available-seat-kilometer (ASK), demand in terms of revenue-passenger-kilometer (RPK) increased by 2.0% year-on-year, load-factor (L/F) decreased by 0.8 point to 75.7%, and international passenger revenue increased by 3.9% year-on-year to 454.8 billion yen.

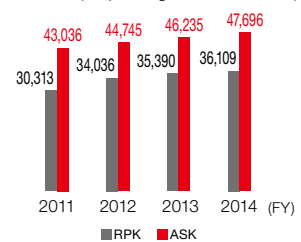
Operating Revenue

(JPY Bn)



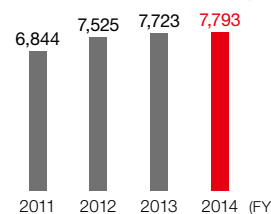
Revenue-Passenger-Kilometer (RPK) / Available-Seat-Kilometer (ASK)

(Mn passenger-km, Mn seat-km)



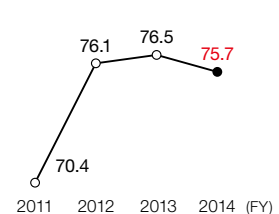
Revenue Passengers Carried

(Thousand passengers)



Load-Factor

(%)



International Cargo

Amid particularly strong demand from North America, we sought to maximize revenue by aggressively capturing automobile-related outbound demand in Japan and efficiently taking on transit cargo. In sales, we bolstered our system in Haneda Airport, where there was an increase in inbound and outbound flights, by enhancing the J-LINK service that offers efficient, seamless connections between international and domestic flights. We also transported cargo using the aircraft of other companies through the airline charter system after minimizing the risks. As a result, the volume of international cargo increased 16.0% year-on-year on a revenue-cargo-ton-kilometer basis (RCTK) and revenue increased by 11.2% to 60.3 billion yen year-on-year.

Domestic Operations

Domestic Passenger Business

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

In our route network, in addition to increasing flights connecting Haneda with Itami, Okayama and Kita Kyushu, we launched seasonal flights on six of the local routes in which flights had been suspended, and increased the Haneda-Yamagata flights as a “competition slot” in which municipal governments and airline companies collaborate to enhance local routes. We also sought to add to customer convenience by increasing flights on routes expected to grow in demand, such as Itami-Naha.

Route Network

● Implemented ● Scheduled

- Launched (resumed) seasonal flights on New Chitose routes to Izumo and Tokushima, Chubu routes to Kushiro and Obihiro, and Itami routes to Memanbetsu and Matsumoto



First class in-flight menu (photo shows a dish on the menu from the JAPAN PROJECT No. 49, featuring Miyazaki for July 2015)



JAL and Universal Studios Japan sign a corporate marketing partnership agreement.

In sales we offered products and services promoting domestic travel by foreigners visiting Japan, whose numbers are expected to rise with the increase of inbound and outbound slots for international flights at Haneda Airport. We also collaborated with JTB Global Marketing & Travel Inc. and launched the JAL Special Package for individual tourists visiting Japan. By using JAL's extensive network of domestic flights to bring foreign travelers to various cities around Japan, we have contributed to regional revitalization. Moreover, we introduced new services and offered upgraded functions targeting mobile devices, which included for tablets the JAL Flight Navi app for placing reservations, making purchases and gathering information about trips, as well as a major update to the smartphone app JAL Domestic.

Smartphone Apps



JAL Domestic

Customers can reserve and purchase air tickets and also confirm flight reservations and check arrival/departure status. The app offers a “Which side is Mount Fuji?” search to indicate the side of the aircraft that will afford a view of this iconic landmark.



JAL SKY Wi-Fi on Domestic Flights

This useful app provides customers with easy in-flight access to JAL SKY Wi-Fi by first registering a Gogo user account and then logging into the app.



JAL Flight Navi

For tablets, this JAL app allows customers to reserve and purchase air tickets for domestic and international flights. Users can gather and share information on their destination while enjoying seeing maps with airplane icons moving over them.

In terms of products and services, we began operating the new JAL SKY NEXT aircraft on domestic flights to offer more space and comfort by using genuine leather seats to present a sense of luxury and by streamlining economy class seats to create more legroom compared to conventional seating. We are gradually expanding the JAL SKY Wi-Fi in-flight Internet service as the first airline in Japan to do this on domestic flights. We also began offering the JAL Express Tag service at the domestic flight counter of Haneda Airport to enable customers to check in their baggage quickly and conveniently.

Products and Services (Convenience and Simplicity)

● Implemented ● Scheduled

- JAL SKY NEXT received the Good Design Best 100 award for 2014 from the Japan Institute of Design Promotion
- Expanded applicable routes for JAL SKY NEXT and JAL SKY Wi-Fi
- Began offering the JAL Express Tag service at the domestic flight counter of Haneda Airport
- Enhanced lounge facilities at New Chitose, Itami and Fukuoka airports

"Pioneering Standard" – JAL SKY NEXT



Class J Seats



Economy class seats

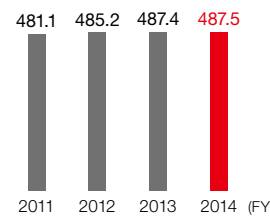


LED cabin lights create a sense of the passage of time during the day.

As a result, domestic supply for fiscal 2014 decreased by 2.1% year-on-year when measured in available-seat-kilometer (ASK), demand in terms of revenue-passenger-kilometer (RPK) increased by 1.0%, load-factor (L/F) increased by 2.1 points year-on-year to 66.1%, and domestic passenger revenue was little changed at 487.5 billion yen.

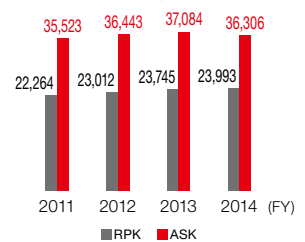
Operating Revenue

(JPY Bn)



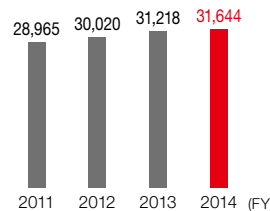
Revenue-Passenger-Kilometer (RPK) / Available-Seat-Kilometer (ASK)

(Mn passenger-km, Mn seat-km)



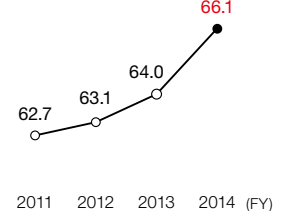
Revenue Passengers Carried

(Thousand passengers)



Load Factor

(%)



Domestic Cargo

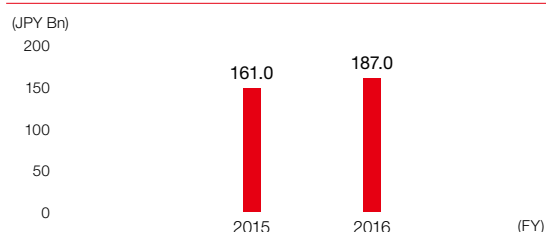
While demand rose due to factors including a shift from land transport to air transport caused by a shortage of trucks, supply fell. As a result, the volume of domestic cargo decreased by 2.8% year-on-year on an RCTK basis, and revenue decreased by 4.5% year-on-year to 24.2 billion yen.

Aircraft Investment and Fleet

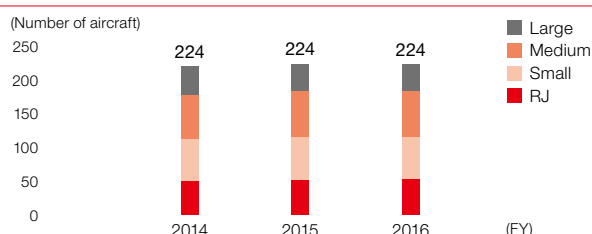
We plan to invest 348.0 billion yen between fiscal 2015 and fiscal 2016. The JAL Group's fleet will consist of 224 aircraft (82 international and 142 domestic aircraft) by the end of fiscal 2016.

Aircraft Investment and Fleet

JAL Group Aircraft Investment Plan



JAL Group Fleet (Actual and Planned)



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

Other Businesses

We strove to enhance customer convenience and maximize the JAL Group's corporate value. The financial results of two major companies in this segment were as follows.

JALPAK Co., Ltd. sought to maximize revenue by selling special tours commemorating the 50th anniversary of the launch of the JALPAK brand and rolled out its Internet-based JAL Dynamic Package offerings to meet trends in demand. The number of overseas travelers handled by JALPAK was 275,000, down 9.0% from the previous year, while the number of domestic travelers was 2,301,000, up 7.4% year-on-year. As a result, operating revenue (prior to intercompany transaction elimination) increased by 1.1% from last year to 169.8 billion yen.



JALCARD, Inc. actively conducted new membership campaigns and approached the organizations of sports enthusiasts to expand its customer base and increase membership, while issuing the JAL JCB Platinum, a new top-tier Platinum Card, to enhance its lineup of products. As a result, membership increased to 3.038 million, including the addition of 120,000 members from March 31, 2014, and operating revenue (prior to intercompany transaction elimination) increased by 6.2% from the previous year to 19.6 billion yen.

