Main Q&A on the Announcement of
Medium Term Management Plan Rolling Plan 2014 (Summary)

◆International passenger operations

Q. You expect an increase in international passenger operations revenue of 19 billion yen. How do unit price and passenger traffic account for this respectively? L/F will fall by 1.6% points. What are the features by region if any?

A. Unit price and passenger traffic will account for 16 billion yen and 3 billion yen respectively of the 19 billion in revenue increase. We have taken into account our competitive disadvantage compared with our competitor from the previous year on European and Southeast Asian routes, as our flights depart from only Narita.

Q. What about yield on international routes?

A. Corporate demand on international flights will continue to be robust, and with the expansion of strategic products JAL SKY SUITE 767/777 routes and increase in unit price of inbound passengers from overseas prompted by the weaker yen, we expect yield to rise by 1.8%.

Q. Is the 4.8% increase in international ASK expected through the current route plan, or are unannounced route plans included in this forecast?

A. Basically, this forecast is based on the recently announced route plan. We would like to develop our network to achieve maximum effects.

◆Domestic passenger operations

Q. Does the 0.6% increase in revenue per passenger include normal fare increases?

A. It includes fare increase including normal fares. Fares, in terms of fares of all customer categories, will increase by about 1.5%.

Q. What is the trend of international and domestic passenger traffic from April to May?

A. We have received reservations for international and domestic flights exceeding the previous year's results.

Q. How much profit do you expect in 2016 three years from now?

A. We will strive to increase profit from FY2013, and achieve an operating profit margin of 10% and above each year until FY2016.

◆Others

Q. Your plan is based on an exchange rate of 107 yen to the US dollar. Are you hedging against currency exchange risks at the same rate? If the exchange rate were the current level (102 yen),

how would it affect profitability?
A. We drew up our plan on the condition of 107 yen to the US dollar. We are not necessarily hedging at the exchange rate of 107 yen. As we have hedged about 80% of our FX exposure as at the end of March, 20% is not yet hedged. As the sensitivity of one yen is 2.6 billion yen, cost reductions in the scale of 2.6 billion yen x 20% x 5 yen (if 102 yen to the US dollar, 107-102 yen) would be achieved, and profitability would also improve.

Q. What is the background of the increase in capital expenditures compared to the rolling plan of the past 3 years?
A. Aircraft capital expenditures for FY2014 total 135 billion yen, which is an increase of approximately 40 billion yen. This amount includes ①effects of FX, ② A350 orders, ③ purchase of some leased aircrafts on conclusion of the lease.

Q. What is your image of capital expenditures from FY2017 onwards, if any? Will capital expenditures for A350 increase from FY2017 or not?
A. We have not yet draw up a plan from FY2017 onwards. Capital expenditures excluding those relating to aircraft will peak in 2014 and decline after that. Though aircraft capital expenditures will gradually increase, we will maintain the FY14 level for 3 years.

◆Returns for shareholders
Q. What is the next stage regarding returns for shareholders? Will you increase dividends or acquire your own shares?
A. We have announced that about 20% of consolidated net profit after deduction of corporate tax adjustments, etc., would be applied as the total amount of dividends. We will consider increasing the payout ratio from 20% with priority.

◆Costs
Q. Free cash flow in FY2014 will be 26 billion yen, which is a decline from the previous year. What is your forecast of free cash flow?
A. Due to an increase in aircraft capital expenditures, etc., free cash flow will decrease in FY2014, but from FY2015, we will strive to increase operating profit and operating profit margin, and increase our cash flows.

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