



JAPAN AIRLINES

Challenge, Leading to Growth

**Fiscal Years 2017-2020 JAL Group Medium Term Management Plan
& Financial Results for Fiscal Year ended March 2017**



April 28, 2017 Japan Airlines Co., Ltd.

Please be noted that a few corrections are made,
in red, on Pages 17 and 34.



Medium Term Management Plan 2017-2020

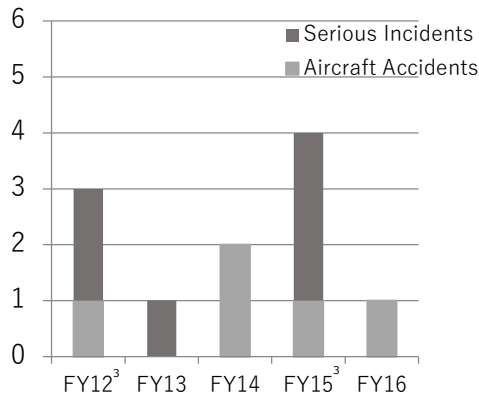
- 1 JAL Vision - What we aim to be
- 2 Review and Expected Environment
- 3 Essence of Strategies
- 4 Initiatives and Business Portfolio
- 5 Steps for growth
- 6 Financial Strategy – Financial Policy
- 7 International Passenger Operations
- 8 Domestic Passenger Operations
- 9 Fleet Plan
- 10 New Domain
- 11 Innovation of Passenger Service System
- 12 Profitability management, Cost management
- 13 Market Risk Management
- 14 Financial Strategy
Allocation of Cash Flow/ Return to Shareholders Policy/
Balance sheet/ Cash Flow Plan

Medium Term Management Plan 2012-2016 Review

Management Target

Safety

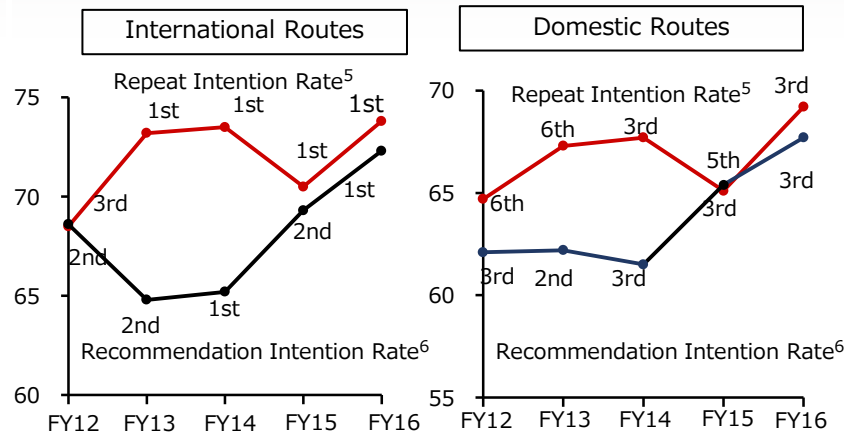
Achieve "Zero Aircraft Accidents¹ and Serious Incidents²"



1. Fatal or serious human injury as a result of aircraft operations, aircraft crash, collision or fire, damage which needs major repair works, etc.
2. An incident involving circumstances that there was a high probability of an accident, such as overrunning and emergency evacuation.
3. Except for cases not been pointed out problems of JAL Group.
4. "Repeat Intention Rate" / Recommendation Intention Rate⁶: JCSI (Japanese Customer Satisfaction Index)
5. Customer Loyalty: The customer's intention to receive the service next time.
6. Word of Mouth: The customer's intention to share the experience with family, friends or other people through blogs, etc.

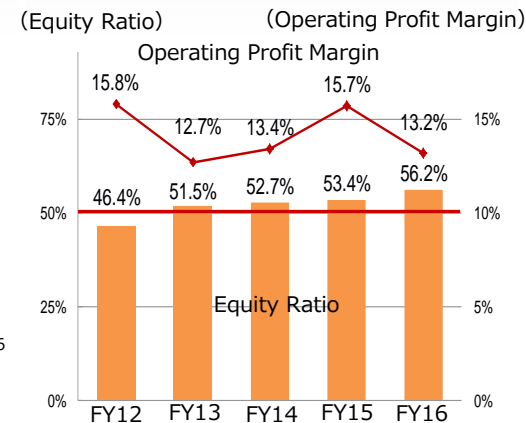
Customer Satisfaction

Achieve "No. 1 in Customer Satisfaction⁴" by FY2016



Finance

Achieve "10%+ or above operating profit margin for 5 consecutive years and 50% or above equity ratio in FY2016"



Medium Term Management Plan 2017-2020 JAL Vision

To realize the JAL Group Corporate Policy and become "The world's most valued and preferred airline", everyone who supports JAL's wings will put in joint efforts to maintain flight safety and to;

1

Transform JAL into a true global airline



2

Create new values one step ahead of competitors



3

Continue sustainable growth

Refine JAL's advantage and expand opportunities to leverage our strengths

2012 - 2016

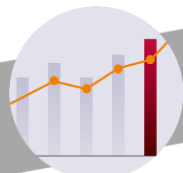
Previous Medium Term Management Plan



Unceasing efforts for safety



Pursue high quality service and on-time operations of the highest standard



Solid financial foundation

2017 - 2020

New Medium Term Management Plan



Increase presence in overseas markets



Increase customer preference in Japanese regional markets



Develop revenue sources besides air transport business

Top out

Grow and refine JAL's competitive advantage

Stretch

Expand opportunities to leverage JAL's strengths

Results achieved



On-Time Performance World No.1



JCSI Int'l flight Repeat Intention Rate Recommendation Rate No.1



Acquired Credit rating "A—"



Health & Productivity Stock Selection Awarded for 3 consecutive years

The expected environment



Increase in Inbound tourists to Japan and regional tourism promotion



Flight slot expansion at Tokyo metropolitan airports



Advances and spread of new technology (Chance and Risk)



Decrease in Air demand caused by diminishing working-age population in Japan

2 key drivers for growth

JAL Focus



Top out

Refine our Full Service Carrier business

- Increase competitiveness by adapting to changes in overseas and Japanese regional market environments.
- Pursue safety and high quality service by utilizing technology



Stretch

Expand business domains

- Create and develop businesses besides our Full Service Carrier business where we can leverage JAL's strengths
- Initiatives for New businesses contributing to Increase in inbound passengers and regional revitalization

5 key initiatives

JAL Action

Safety

Networks & Products

Divisional Profitability Management

Human Resources

Innovation

3 management targets

JAL Target

Safety

Safety

Realize "Zero Aircraft Accidents" and "Zero Serious Incidents"

Customer Satisfaction

Comfort

Achieve "Customer Satisfaction of the world's Top level"

Finance

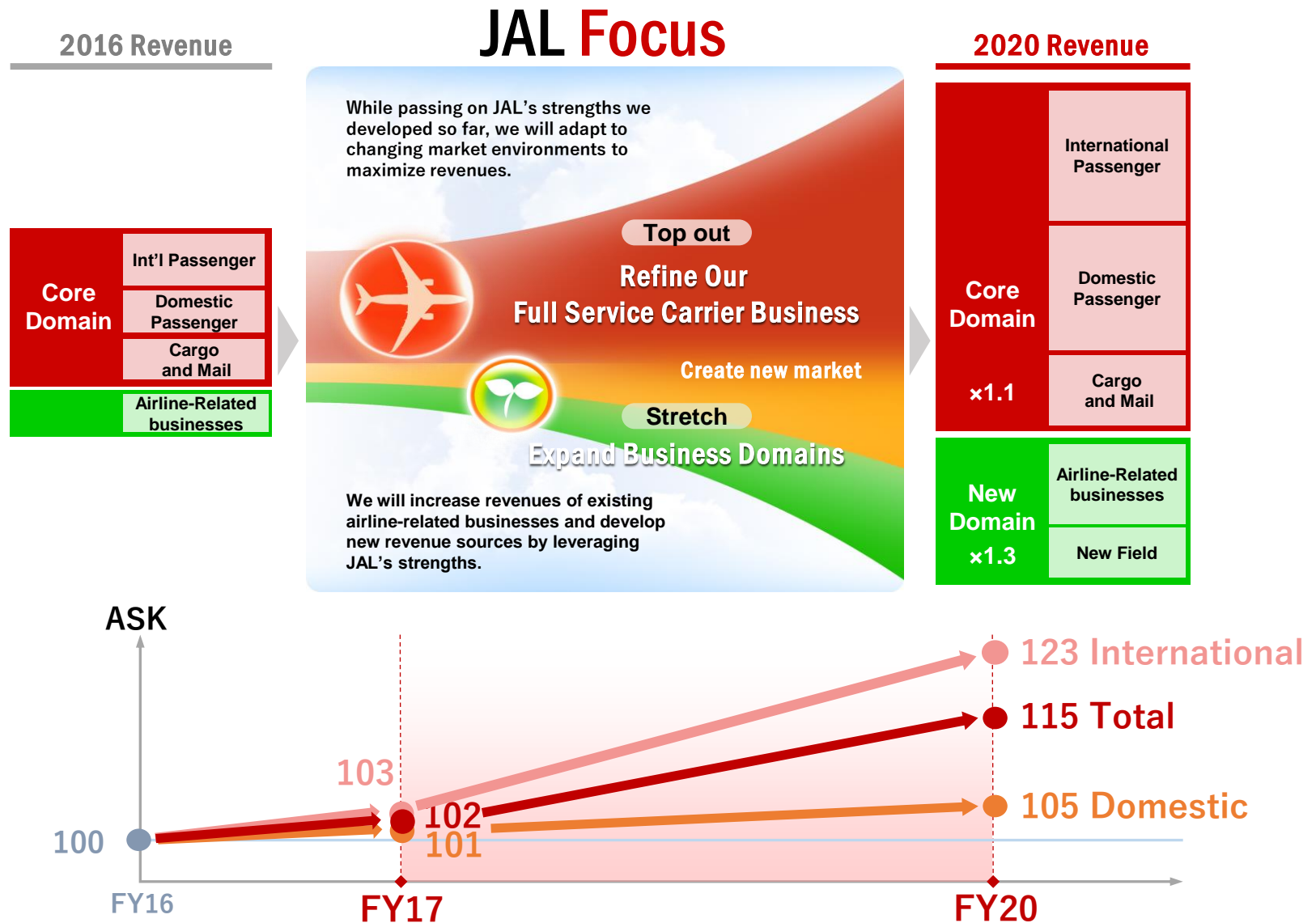
Profitability

Achieve "10% or above operating profit margin" and "9% or above ROIC*1 (Return on Invested Capital)" by 2020

* 1 Return on invested capital gives a sense of how well a company is using its money to generate returns

$$\text{Return On Invested Capital (ROIC)(\%)} = \frac{\text{Operating Profit (excl. Tax)}}{\text{Fixed Asset (incl. Future Rental Expenses under Operating Leases)}}$$

In addition to refining our Full Service Carrier business,
we will expand in business domains for our future growth



To win the competition and prepare for sustainable growth, we will continue “necessary capital expenditures” and “adaption to markets”

2012 - 2016

2017 - 2020

2021~

Previous Medium Term Management Plan

New Medium Term Management Plan

Theme

To the Next Growth Stage
upon Establishing a
High Profitability Structure
**Challenge,
Leading to Growth**
**Future
Image**

Revenue

Growth of a certain scale

Realize steady growth

 Establish capacity depending on market growth
Create and develop new revenue sources

Investment for the Future (Fleet Innovation etc.)

Cost

Enhance quality

Investment for
human resourcesCost increases of
Systems and Maintenance

Balance high quality and cost competitiveness

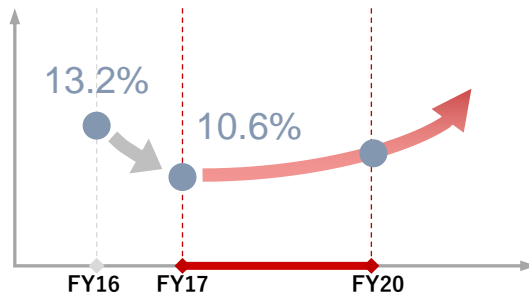
Profit

**Increase our corporate value by growing continuously
with a high profitability structure and strong financial stability.
Studying the optional application of IFRS**

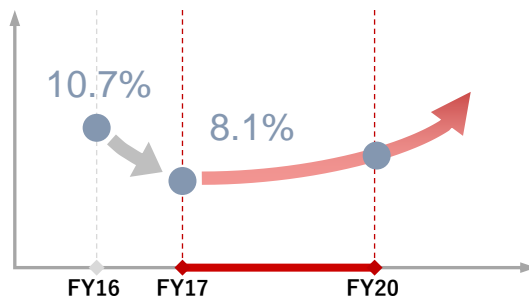
Profitability

- Pursue Profitability continuously
- Make focus on returns on investment and asset

■ Operating Profit Margin: above 10%



■ Return On Invested Capital (ROIC): above 9% by FY2020

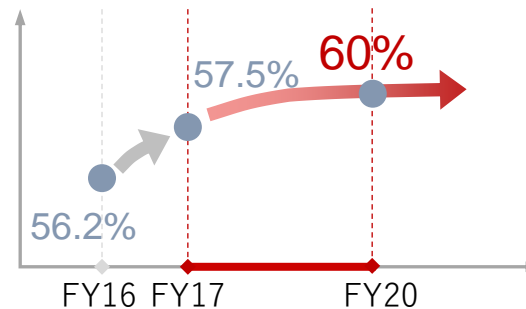


■ Return On Equity (ROE): Maintain above 10%

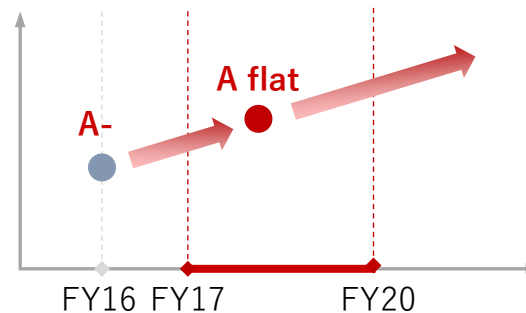
Stability

- Maintain shareholders' equity ratio at appropriate level
- Aim to raise the credit rating

■ Equity Ratio: keep approx. 60%



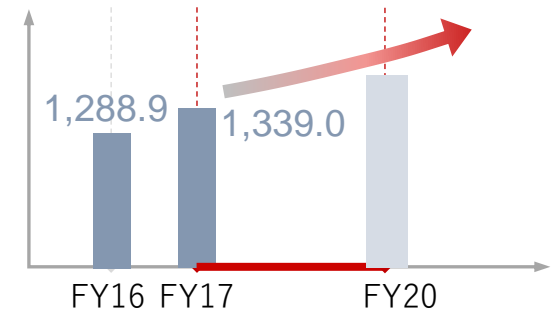
■ Credit Rating



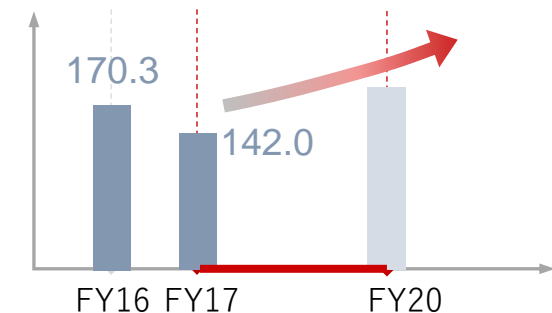
Growth

- Absorbing the cost pressure, we will move back to upward trend from FY2018.

■ Operating Revenue (JPY Bn)



■ Operating Profit (JPY Bn)



Demand and supply projections

Increase capacity to meet growth of total demand prospect

as FY16 = 100

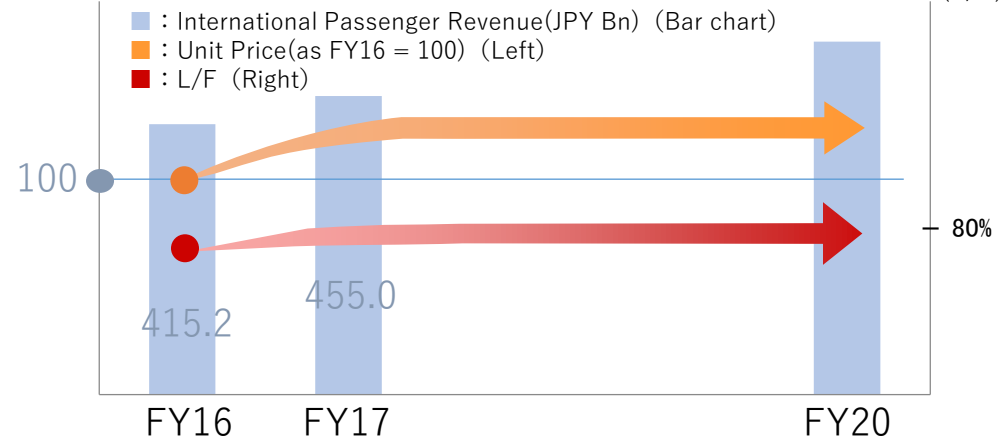
Total Demand

JAL ASK
123

FY16 FY17 FY20

Outlook of Passenger Revenue · Unit Price · Load Factor (L/F)

Maintain high load factors and unit price (excluding FSC/exchange rates)



Capture Overseas Demand

Increase of high-yield inbound passenger demand

(Passengers)

Improve the network between North America and Southeast Asia

50%

44%

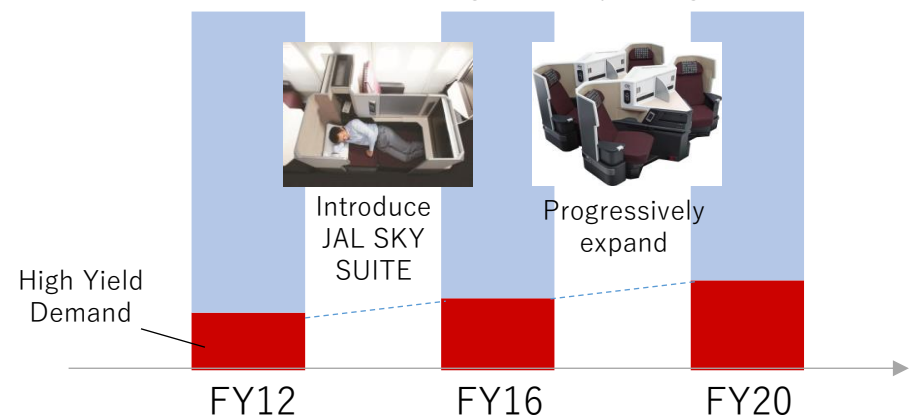
Outbound
Inbound

FY16 FY17 FY20

Capture Premium Demand

Actively capture high yield demand by introducing JAL SKY SUITE

(Percentage in total passenger numbers : Image)



Demand and supply projections

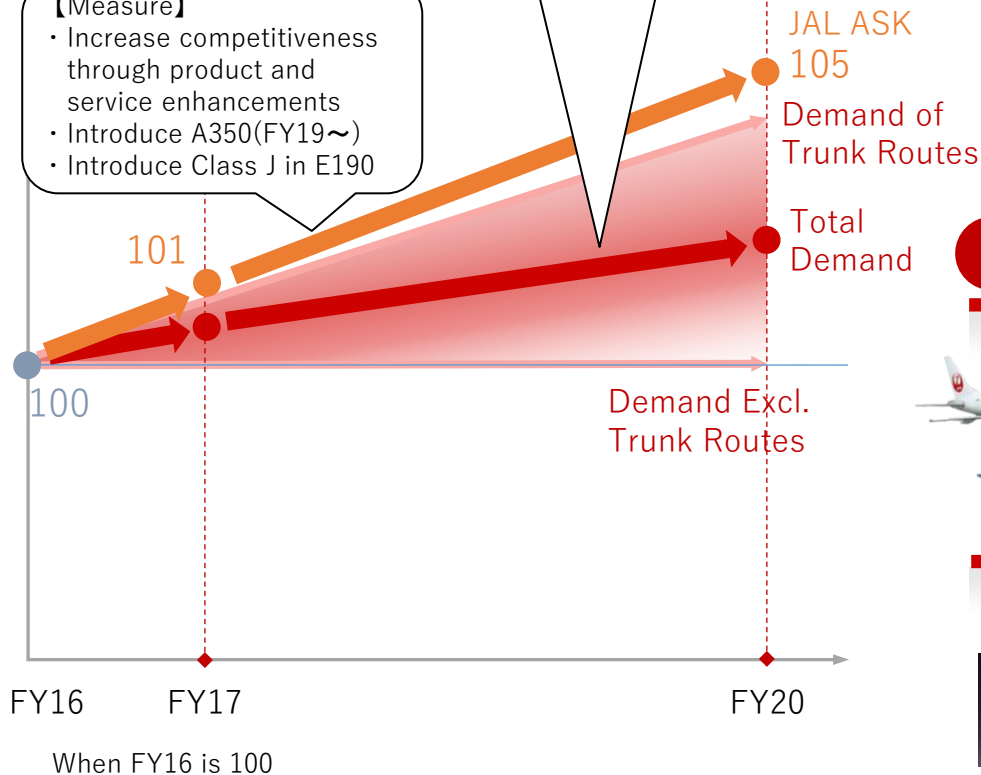
Expand capacity primarily on Haneda and Itami routes, which show higher growth

【Business Environment】

- Increase of population in central cities in regions (+)
- Increase inbound passenger (+)
- Declining birthrate and an aging population(▲)

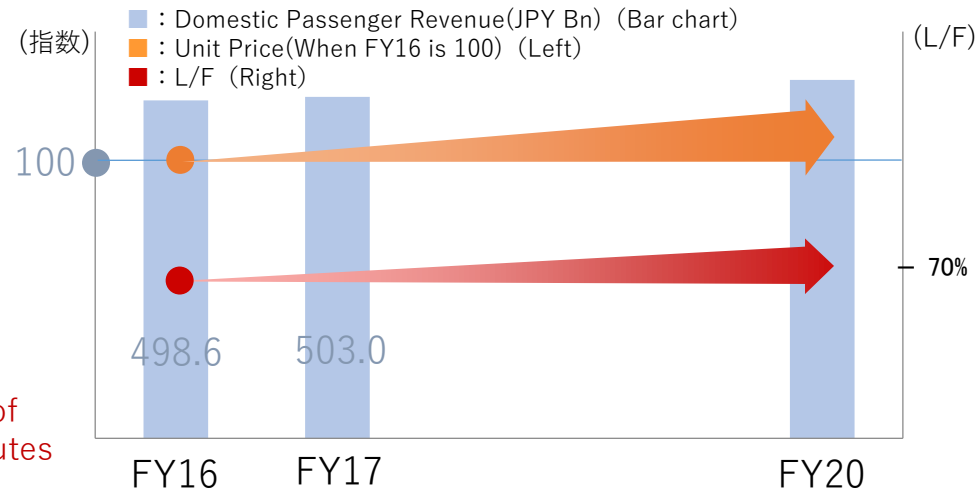
【Measure】

- Increase competitiveness through product and service enhancements
- Introduce A350(FY19~)
- Introduce Class J in E190



Outlook of Passenger Revenue · Unit Price · Load Factor (L/F)

Maintain revenue load factors of roughly 70% and current unit revenue levels



Main measures

Introduce New Aircraft



JAL SKY NEXT (77 aircraft)

【seat】



Renovation the Lounge



【inflight Wi-Fi】



Free Wi-Fi Campaign in progress

Fleet Plan Detail

End of FY16

End of FY17 Forecast

End of FY20 Forecast

Total

Total 230
International 84
Domestic 146
(excl. Regional 174)

Total 226
International 85
Domestic 141
(excl. Regional 174)

Total 231
International 92
Domestic 139
(excl. Regional 182)

Int'l

Large 24

Large 24

Middle 50

Middle 51

Small 10

Small 10

Large 16

Large 16

Middle 20

Middle 20

Small 54

Small 53

Regional
56Regional
52

Domestic

**777****787**

Continue to introduce
Three 789s will be added
in FY2017.

**767****NEW A350**

Introducing
in FY2019

**737**

Continue to replace from
737-400 to 737-800

**E190**

Replace
CRJ200 and
Q400

**NEW ATR42**

Start to replace
SAAB 340

**Q400CC**

Continue to replace
from DHC8

**E170****SAAB340**

Large

Middle

Small

Large

Middle

Small

Regional

**MRJ**

Will join FY21 and after

*CARGO COMBI

Increase revenues of airline-related businesses and develop new revenue sources by leveraging JAL's strengths

FY16

× 1.3

FY20



- Flight crew training
- Point tie-up business
- inbound tourists demand

- Collaboration with venture
- Airline-related businesses
- Regional revitalization, etc.

**New
Domain**

**Existing
airline
related
businesses**

- JALCARD (Financial)
- JALPAK (Travel agent)
- Entrusted maintenance
- Airport handling services, etc.


JAL CARD

JALPAK

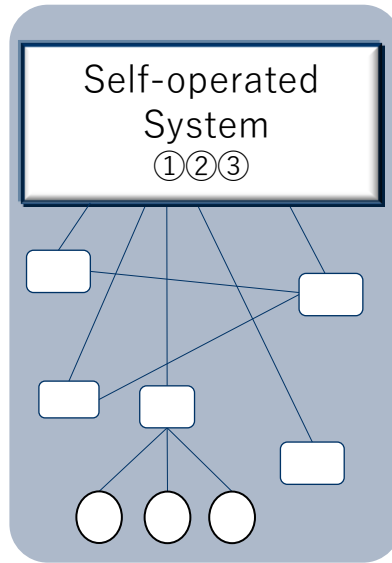

**Airline
related
businesses**

Build an IT Platform as foundation for sustainable growth

(Present)

JAL self-operated System

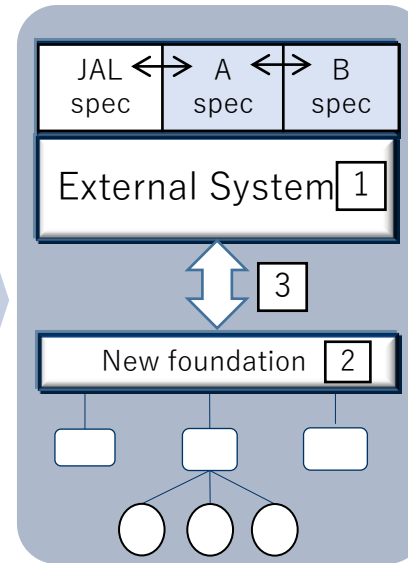
- ①Aged, outmoded, complicated
- ②Limitations of expandability and new added functions
- ③Cost efficiency declined (increase in fixed & maintenance costs)



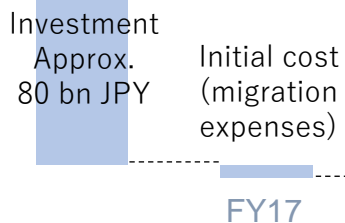
(Nov 2017~, scheduled)

New System (Outsource)

- 1 Global standardization
- 2 Secure freedom and flexibility of expandability and new added functions
- 3 Improve cost efficiency



Economic effect (image)



【Revenue increase】

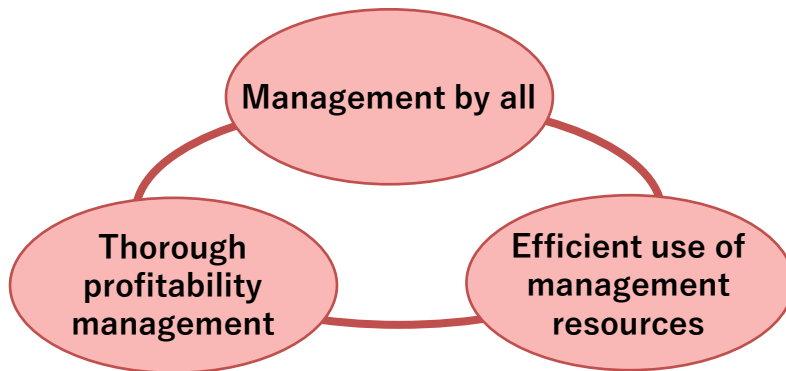
- Enhance revenue management
- Further capture demand by improving online functions, etc.
- Realize fare systems with increased flexibility

【Improve cost efficiency】

- Reduce system maintenance and management costs
- Convert to variable costs by linking to passenger demand
- Speedily add new functions

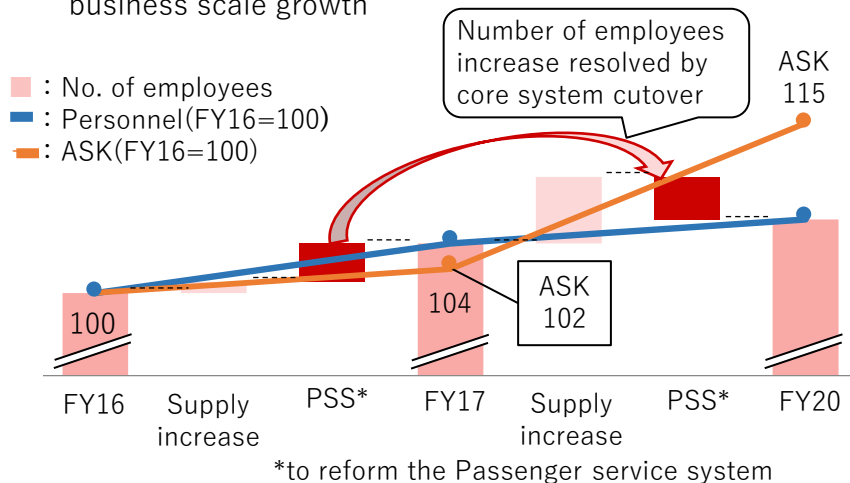
Divisional Profitability Management

Realize “Maximize revenues, Minimize expenses” and “Lean management”



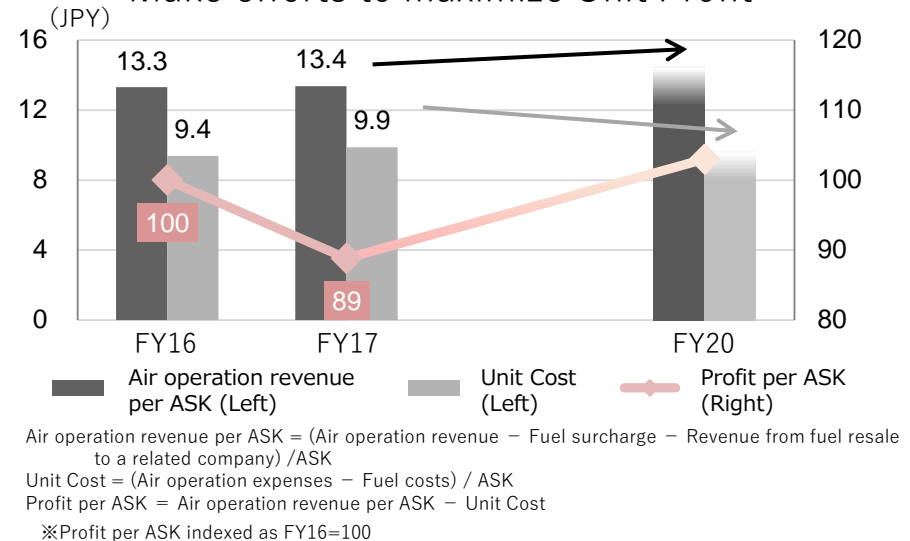
Number of Employees

Growth of number of employees to levels below business scale growth



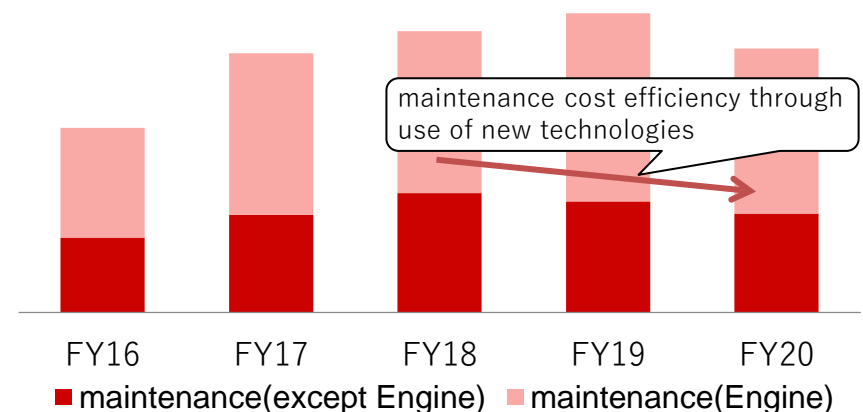
Maximizing Profit per ASK (Image)

Make efforts to maximize Unit Profit



Measures for control of maintenance costs

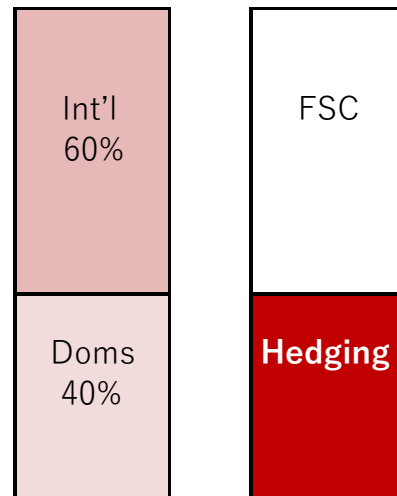
Engine maintenance costs are rising, but we will aim for greater maintenance cost efficiency on the whole through use of new technologies



Hedging Policy

< Fuel Hedge >

Amount of usage



※FSC...Fuel Surcharge

Fuel cost for domestic flights takes risks due to not getting FSC.

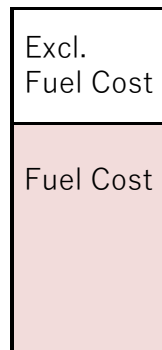
< Forex Hedge >

FX for revenue and costs excl. fuel have nearly offset. There are risks in exchange rates of fuel costs.

Foreign Currency Revenue

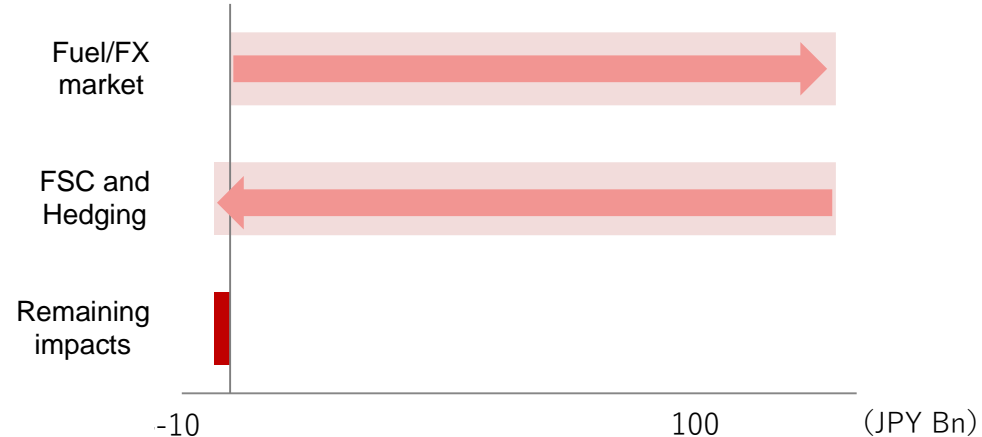


Foreign Currency Expense



Overcome Market Risks

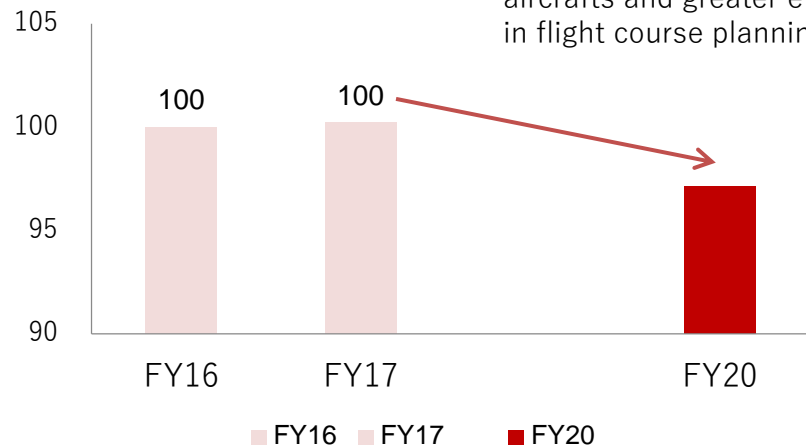
Impacts of fluctuating fuel & FX market FY14-16 total



There are impacts of fluctuating fuel prices and FX rates in a single fiscal year, but we were able to minimize impacts in the medium term through FSC and hedging

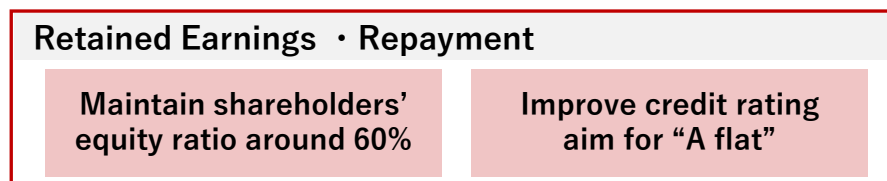
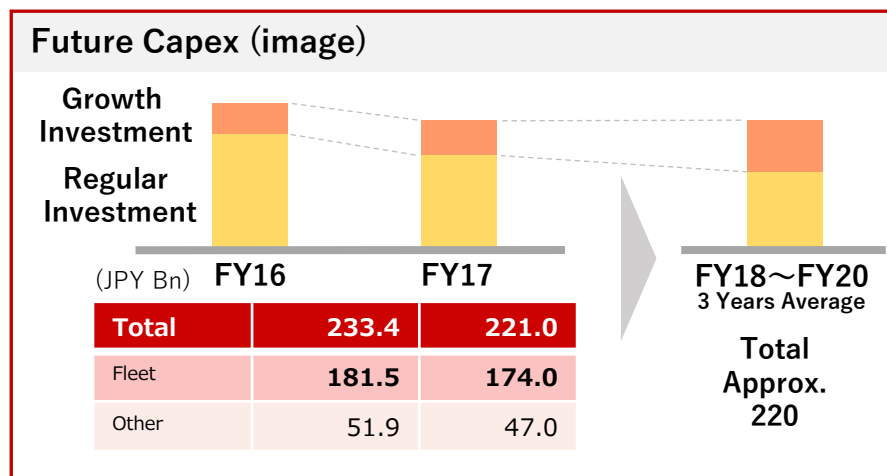
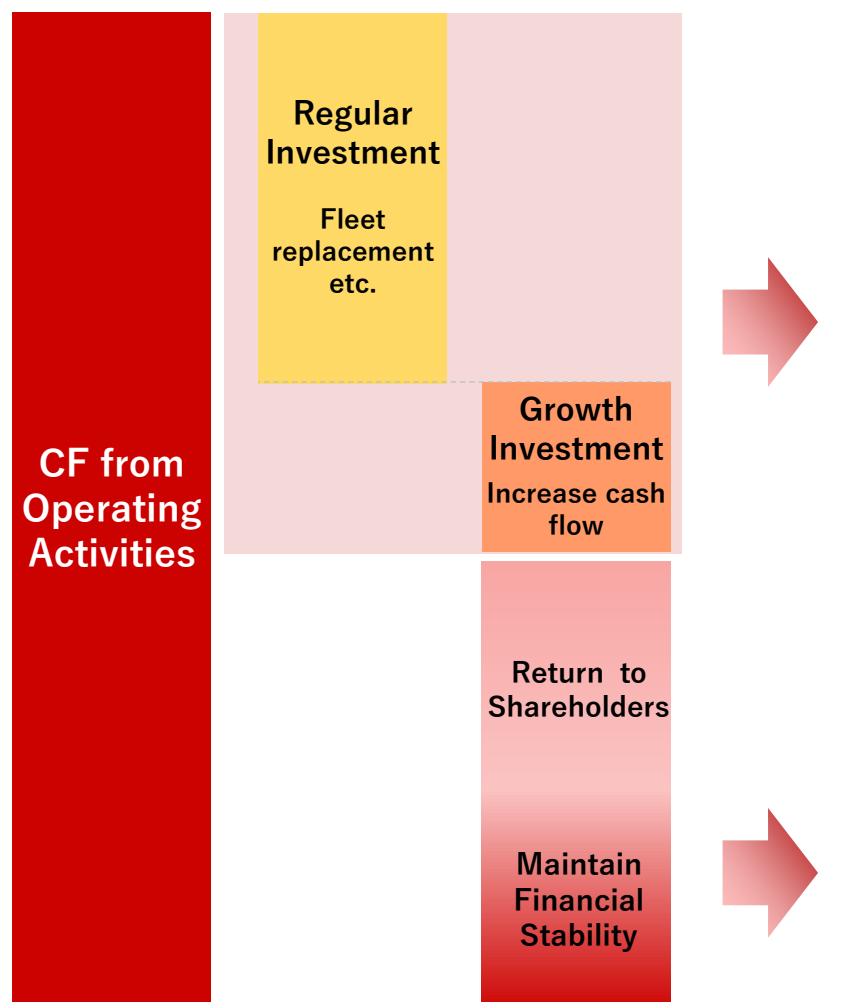
Reduce fuel consumption per ASK

Improve fuel efficiency through introduce new aircrafts and greater efficiency in flight course planning, etc.

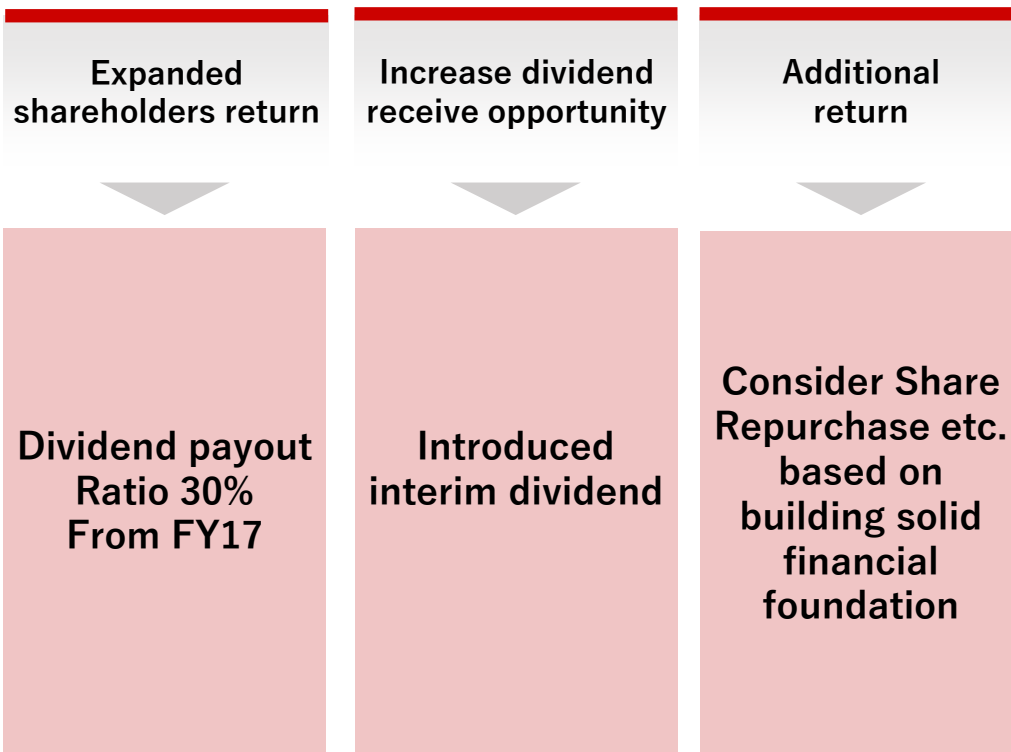


※Fuel consumption per ASK indexed as FY16=100

Use cash for investment for growth, return to shareholders and maintaining the financial stability

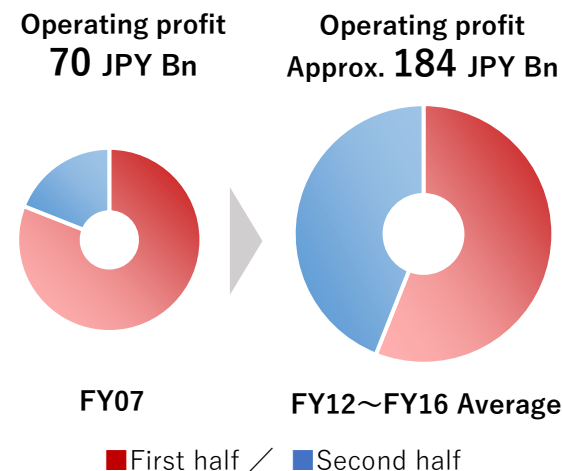


Stable dividend to shareholders
Introduced interim dividend
Consider additional shareholder return such as share repurchase
based on financial foundation



By containing seasonal deviations of profit, the environment to pay interim dividends has been established.

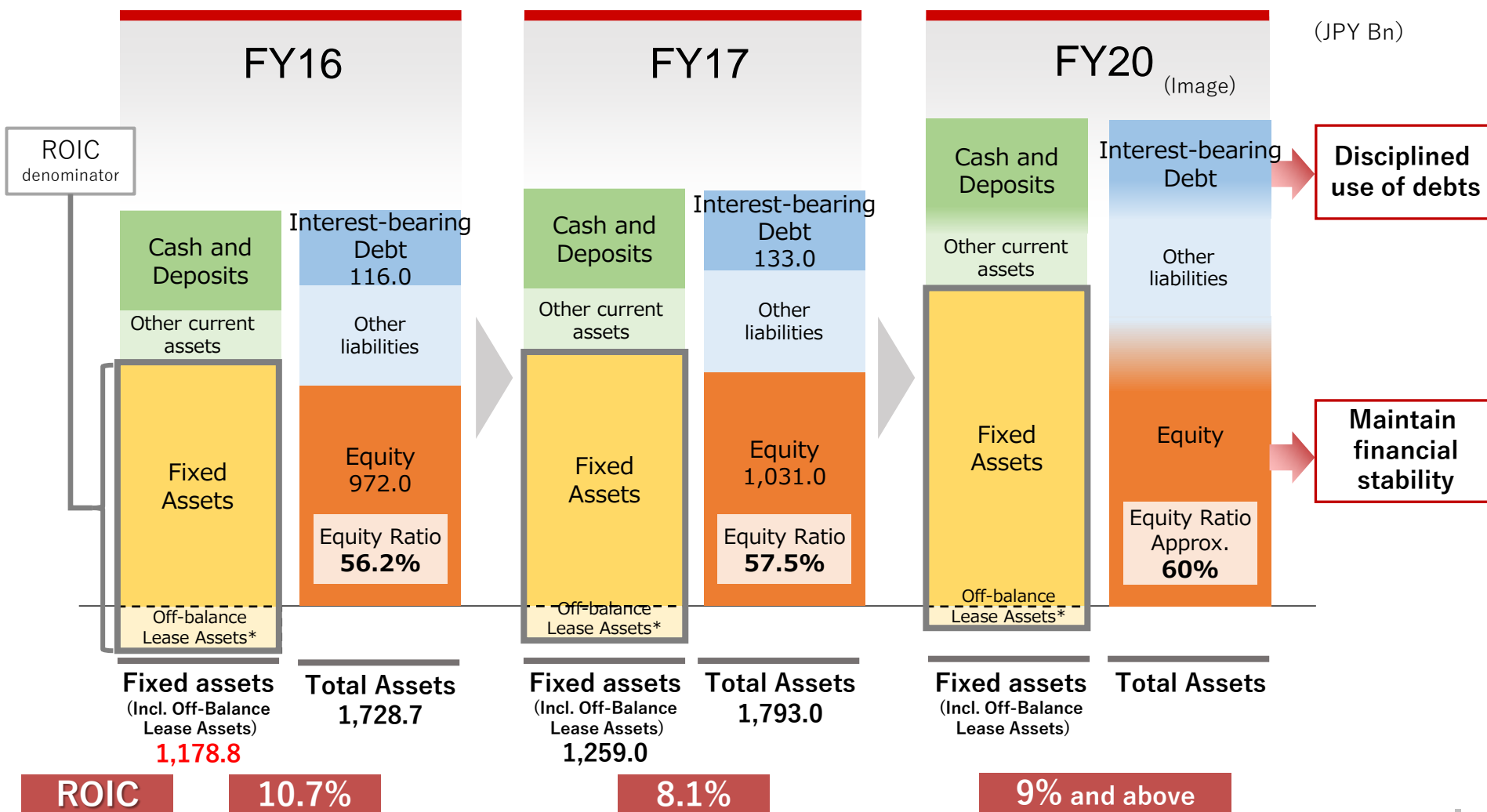
Seasonal deviations of operating profit



※ Operating profit of Second half FY07 has deducted 20 billion yen from disclosed amount because revision of retirement benefit plan pushed up operating profit by roughly 20 billion yen.

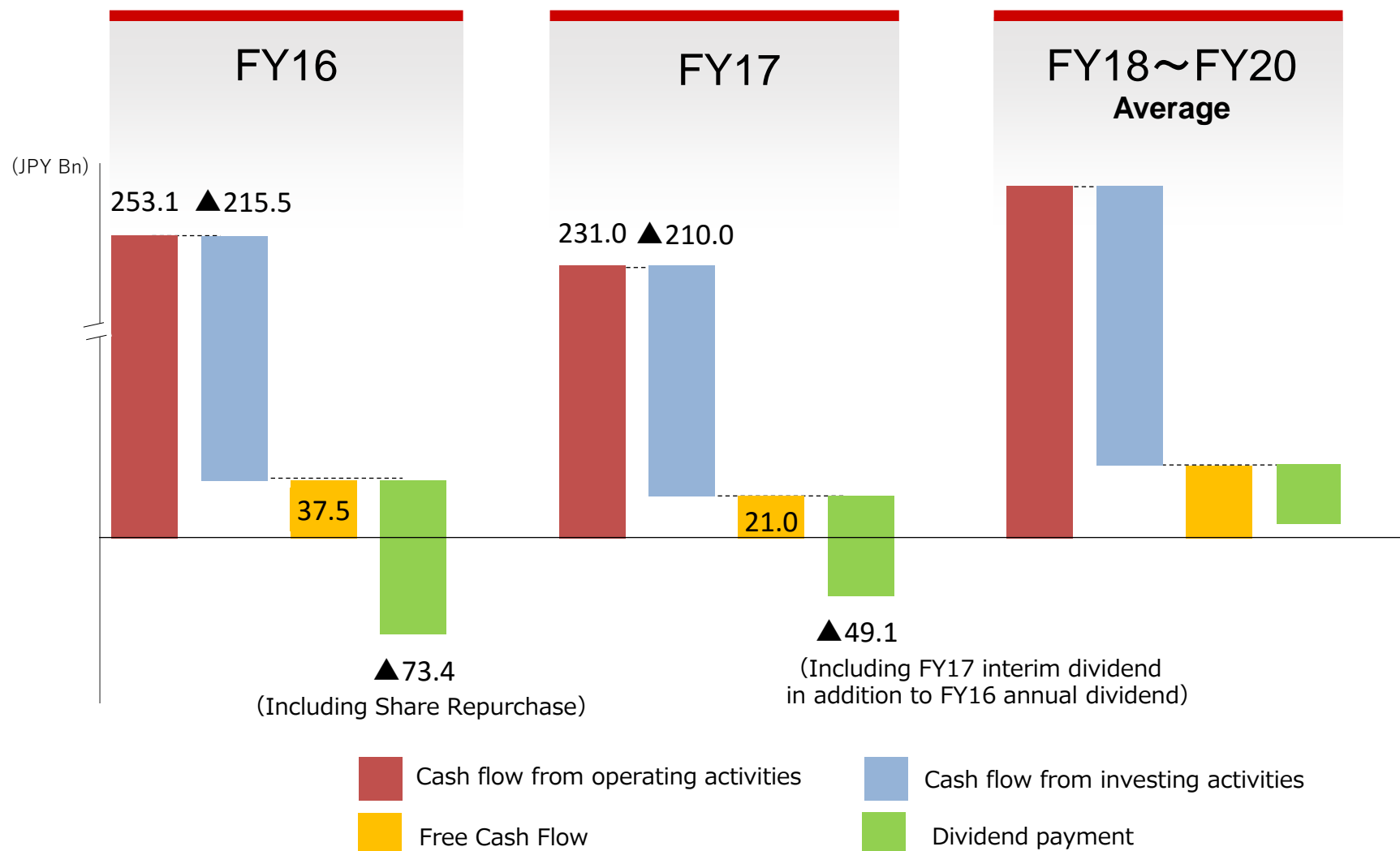
We will flexibly consider reviewing our financial targets and further improving shareholder returns as necessary, depending on the economic environment and our financial position.

Maintain shareholders' equity ratio around 60%
Improve credit rating, aim for "A flat"
For Growth Investment, Utilize debts with strict discipline



* Regard Future Rental Expenses under Operating Leases as Off-balance Lease Assets

The dividend payment will exceed Free Cash Flow Manage to cover dividend payment with Free Cash Flow from FY18



Financial Data

1 EARNINGS FORECAST FOR FY2017



JAPAN AIRLINES

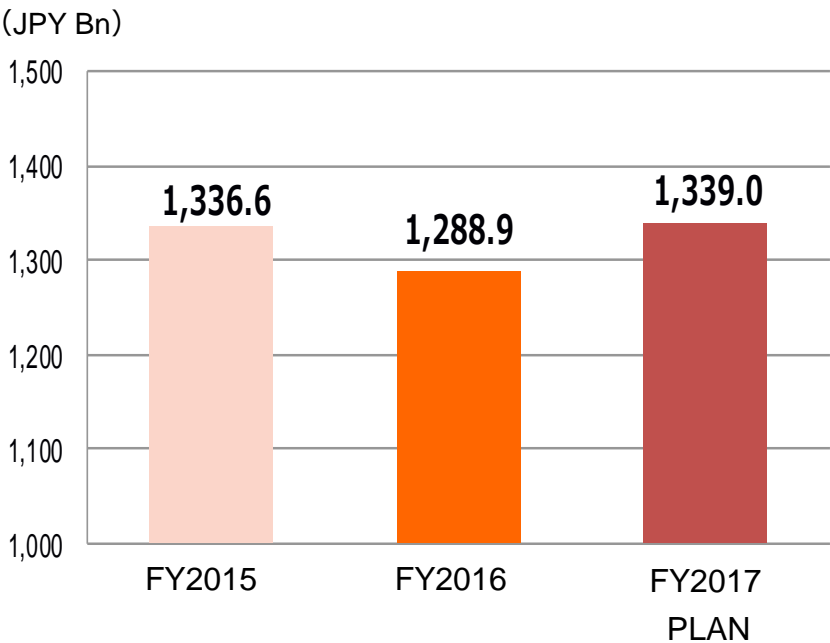
- From FY2016, figures for Revenue Passengers Carried, ASK, RPK and Load Factor include “Marketing Carriers’ on code-sharing flights operated by JAL”. The past fiscal years also shows the figures after reflecting this change. Also, figures exclude mileage travelers.

Overview of FY2016 Financial Results and Earnings Forecast for FY2017

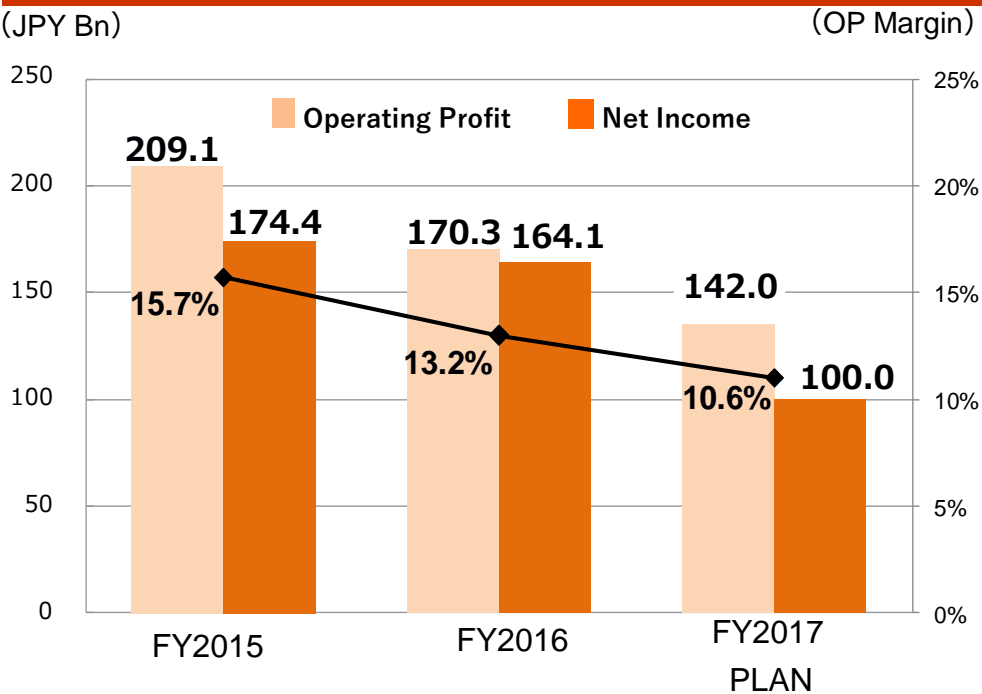


JAPAN AIRLINES

Operating Revenue



Operating Profit • Net Income



Operational Results • Fuel/FX Markets

ASK*	FY2016	FY2017 Plan		FY2015	FY2016	FY2017 Plan
Int'l flights	+0.1%	+2.7%	Singapore Kerosene (USD/bbl)	60.0	57.2	66.0
Dom. flights	▲1.2%	+1.4%	Dubai Crude Oil (USD/bbl)	47.2	45.6	53.0
Total	▲0.4%	+2.1%	FX Rate (JPY/USD)	120.5	108.6	115.0

*Y/Y

FY2017 Earnings Forecast



JAPAN AIRLINES

Revenue and Expenditure Plan

Operational Preconditions

(JPY Bn)	FY2016 Result	FY2017 Plan	Difference	y/y
Operating Revenue	1,288.9	1,339.0	+50.0	+3.9%
International Passenger	415.2	455.0	+39.7	+9.6%
Domestic Passenger	498.6	503.0	+4.3	+0.9%
Cargo / Mail	78.2	81.0	+2.7	+3.5%
Other	296.8	300.0	+3.1	+1.1%
Operating Expense	1,118.6	1,197.0	+78.3	+7.0%
Fuel	198.7	216.0	+17.2	+8.7%
Excluding Fuel	919.8	981.0	+61.1	+6.6%
Operating Profit	170.3	142.0	▲28.3	▲16.6%
Operating Profit Margin(%)	13.2%	10.6%	▲2.6pt	-
Ordinary Income	165.0	137.0	▲28.0	▲17.0%
Net Income⁽¹⁾	164.1	100.0	▲64.1	▲39.1%
Unit Cost (Yen)⁽²⁾	9.4	9.9	+0.5	-

	FY2016 Result	FY2017 Plan
ASK* Int'l	+0.1%	+2.7%
Doms	▲1.2%	+1.4%
Total	▲0.4%	+2.1%
RPK* Int'l	+0.8%	+3.3%
Doms	+0.9%	+1.3%
Total	+0.8%	+2.5%

*y/y

	FY2016 Result	FY2017 Plan
Singapore Kerosene (USD/bbl)	57.2	66.0
Dubai Crude Oil (USD/bbl)	45.6	53.0
FX Rate (JPY/USD)	108.6	115.0

1. Net income attributable to owners of the parent

2. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel costs) / ASK

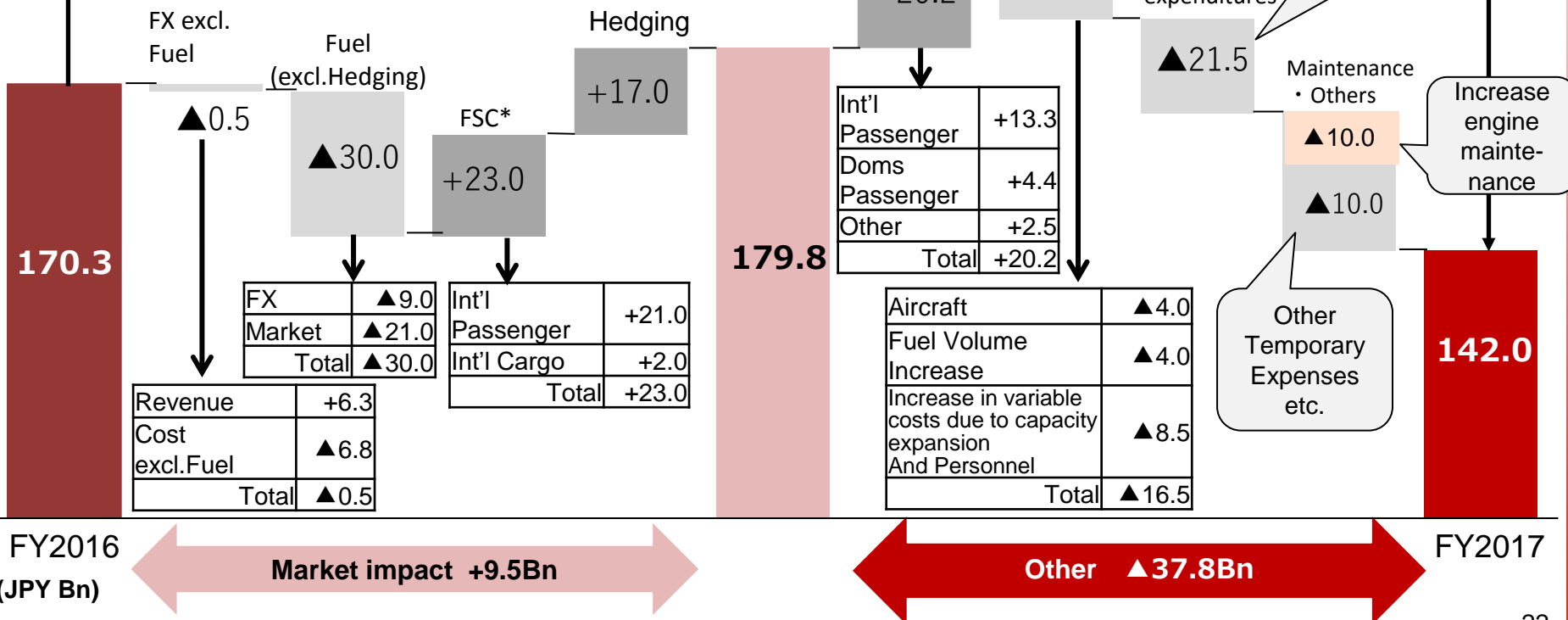
FY2017 Changes Forecast in Operating Profit

- ◆ FY2017 forecast expects lower earnings due to increases in IT system costs for building a platform to support future growth and maintenance costs.
- ◆ Aim to further accumulate profit through enhanced yield management and continued productivity improvement efforts

Market	FY2016	FY2017
Singapore Kerosene	57.2	66.0
Dubai Crude Oil	45.6	53.0
FX Rate (JPY/USD)	108.6	115.0

▲28.3 Bn
(▲16.6%)

+ means profit increase (revenue increase, cost reduction),
▲ means profit decrease (revenue decrease, cost increase)



Dividend Forecast

	FY2015 Results	FY2016 New Announcement	FY2017 Forecast ²
Net Income* ¹ (JPY Bn)	174.4	164.1	100.0
Income Tax-Deferred (JPY Bn)	▲0.4	▲31.6	5.0
Income available for dividend (JPY Bn)	174.0	132.5	105.0
	× 25%	× 25%	× 30%
Total amount for dividends (JPY Bn)	43.5	33.2	31.8
Total number of shares issued (exc. Treasury stock) ('000)	362,567	353,579	353,579
Dividends per share (JPY)	120	94 (Previous Announcement 92)	(Total) 90
Interim Dividend ^{*2}	—	—	45.0
Year-End Dividend	—	—	45.0

Dividend Ratio

30%

25%

Introduced interim dividend

Increase dividend
receive opportunity

*1 Net Income Attributable to owners of the parent.

*2 We plan to establish in the Articles of Incorporation to implement interim dividends with September 30 of each year as the record date by a resolution at the Board of Directors Meeting, through a resolution of the General Meeting of Shareholders to be held on June 22, 2017.

FY2017 Earnings Forecast



JAPAN AIRLINES

Balance Sheet

(JPY Bn)	End of FY2016 Results	End of FY2017 Forecast	Diff.
Total Assets	1,728.7	1,793.0	+64.2
Balance of Interest-bearing debts	116.0	133.0	+16.9
Shareholders' Equity	972.0	1,031.0	+58.9
Shareholders' Equity Ratio(%)	56.2%	57.5%	+1.3pt
ROE(%) ⁽¹⁾	18.1%	10.0%	▲8.1pt
ROA(%) ⁽²⁾	10.3%	8.1%	▲2.2pt
ROIC(%) ⁽³⁾	10.7%	8.1%	▲2.6pt

Cash Flow

(JPY Bn)	FY2016 Results	FY2017 Forecast	Diff.
Cash Flow from Operating Activities	253.1	231.0	▲22.1
Cash Flow from Investing Activities ⁽⁴⁾	▲215.5	▲210.0	+5.5
Free Cash Flow ⁽⁴⁾	37.5	21.0	▲16.5
Cash Flow from Financing Activities	▲53.5	▲35.0	+18.5
EBITDA	266.1	254.0	▲12.1
EBITDAR	286.2	271.0	▲15.2

(1) (Net Income Attributable to owners of the parent) / (average of shareholder's equity at beginning and end of fiscal year)

(2) (Operating profit) / (average of total assets at beginning and end of fiscal year)

(3) Return on invested capital gives a sense of how well a company is using its money to generate returns

(4) Exclude deposits and withdrawals from deposit accounts

Operating Profit
(excl. Tax)

ROIC(%) = $\frac{\text{Operating Profit (excl. Tax)}}{\text{Fixed Asset}}$

(incl. Future Rental Expenses under Operating Leases) 24

《Supplemental Reference》

Earnings Forecast Mar/2018 (Air transportation Segment)



JAPAN AIRLINES

International Passenger	FY2016 Results	FY2017 Forecast	y/y (%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	415.2	455.0	+9.7%	+7.5%	+11.9%
ASK (MN seat km)	50,621	51,981	+2.7%	+0.9%	+4.4%
RPK (MN passenger km)	40,633	41,970	+3.3%	+2.6%	+3.9%
Passengers ('000)	8,394	8,487	+1.1%	+0.8%	+1.4%
L/F (%)	80.3%	80.7%	80.7%	81.4%	80.1%
Yield ⁽¹⁾ (JPY)	10.2	10.8	+6.2%	+4.8%	+7.7%
Unit Revenue ⁽²⁾ (JPY)	8.2	8.8	+6.8%	+6.5%	+7.1%
Revenue per Passenger ⁽³⁾ (JPY)	49,461	53,650	+8.5%	+6.7%	+10.4%

Domestic Passenger	FY2016 Results	FY2017 Forecast	y/y (%)		
			Full-year (Forecast)	1H (Forecast)	2H (Forecast)
Passenger Revenue (JPY Bn)	498.6	503.0	+1.0%	+1.6%	+0.3%
ASK (MN seat km)	35,423	35,901	+1.4%	+0.9%	+1.8%
RPK (MN passenger km)	24,550	24,866	+1.3%	+2.1%	+0.5%
Passengers ('000)	32,570	33,011	+1.4%	+2.4%	+0.3%
L/F (%)	69.3%	69.3%	69.3%	68.8%	69.8%
Yield ⁽¹⁾ (JPY)	20.3	20.2	▲0.3%	▲0.4%	▲0.2%
Unit Revenue ⁽²⁾ (JPY)	14.1	14.0	▲0.4%	+0.7%	▲1.5%
Revenue per Passenger ⁽³⁾ (JPY)	15,309	15,250	▲0.4%	▲0.8%	▲0.0%

Notes: 1. Yield = Passenger Revenue / RPK 2. Unit Revenue=Passenger Revenue / ASK

3. Revenue per Passenger = Passenger Revenue / Passengers

Financial Data

1 DETAILS OF FY2016 FINANCIAL RESULTS



JAPAN AIRLINES

- From FY2016, figures for Revenue Passengers Carried, ASK, RPK and Load Factor include “Marketing Carriers’ on code-sharing flights operated by JAL”. The past fiscal years also shows the figures after reflecting this change. Also, figures exclude mileage travelers.

Consolidated Financial Results



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FY2016 Consolidated Financial Results

(JPY Bn)	FY2015	FY2016	Diff.	y/y ratio	4Q (Jan-Mar) ⁽⁵⁾	Diff.	y/y ratio
Revenue	1,336.6	1,288.9	▲47.6	▲3.6%	313.4	+0.2	+0.1%
Air Transportation Segment	1,205.2	1,159.3	▲45.8	▲3.8%	282.1	+0.1	+0.1%
Operating Expense	1,127.4	1,118.6	▲8.8	▲0.8%	280.4	+6.3	+2.3%
Air Transportation Segment	1,014.3	1,006.2	▲8.1	▲0.8%	252.7	+6.0	+2.5%
Operating Profit	209.1	170.3	▲38.8	▲18.6%	33.0	▲6.1	▲15.7%
Air Transportation Segment	190.8	153.1	▲37.6	▲19.7%	29.3	▲5.8	▲16.6%
Operating Profit Margin (%)	15.7%	13.2%	▲2.4pt	-	10.5%	▲2.0pt	-
Ordinary Income	209.2	165.0	▲44.2	▲21.1%	28.9	▲9.7	▲25.3%
Net Income ⁽¹⁾	174.4	164.1	▲10.2	▲5.9%	55.8	+25.1	+81.6%
ASK (MN seat km)	86,432	86,045	▲387	▲0.4%	21,096	▲153	▲0.7%
RPK (MN passenger km)	64,647	65,183	+535	+0.8%	16,149	+390	+2.5%
EBITDA Margin (%) ⁽²⁾	22.3%	20.6%	▲1.6pt	-	18.5%	▲1.3pt	-
EBITDAR Margin(%) ⁽³⁾	24.0%	22.2%	▲1.8pt	-	20.1%	▲1.5pt	-
Unit Cost(JPY) ⁽⁴⁾	9.1	9.4	+0.3	+3.2%	9.6	+0.2	+2.0%
Incl. Fuel	11.7	11.7	▲0.0	▲0.4%	12.0	+0.4	+3.2%

Notes: 1. Net income attributable to owners of the parent

2. EBITDA Margin = EBITDA / Revenue EBITDA=Operating Profit + Depreciation and Amortization

3. EBITDAR Margin = EBITDAR / Revenue EBITDAR=Operating Profit + Depreciation+ Aircraft Leases

4. Unit Cost = Air Transportation Segment Operating Cost (excluding fuel costs,) / ASK

5. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from full-year(April to March)

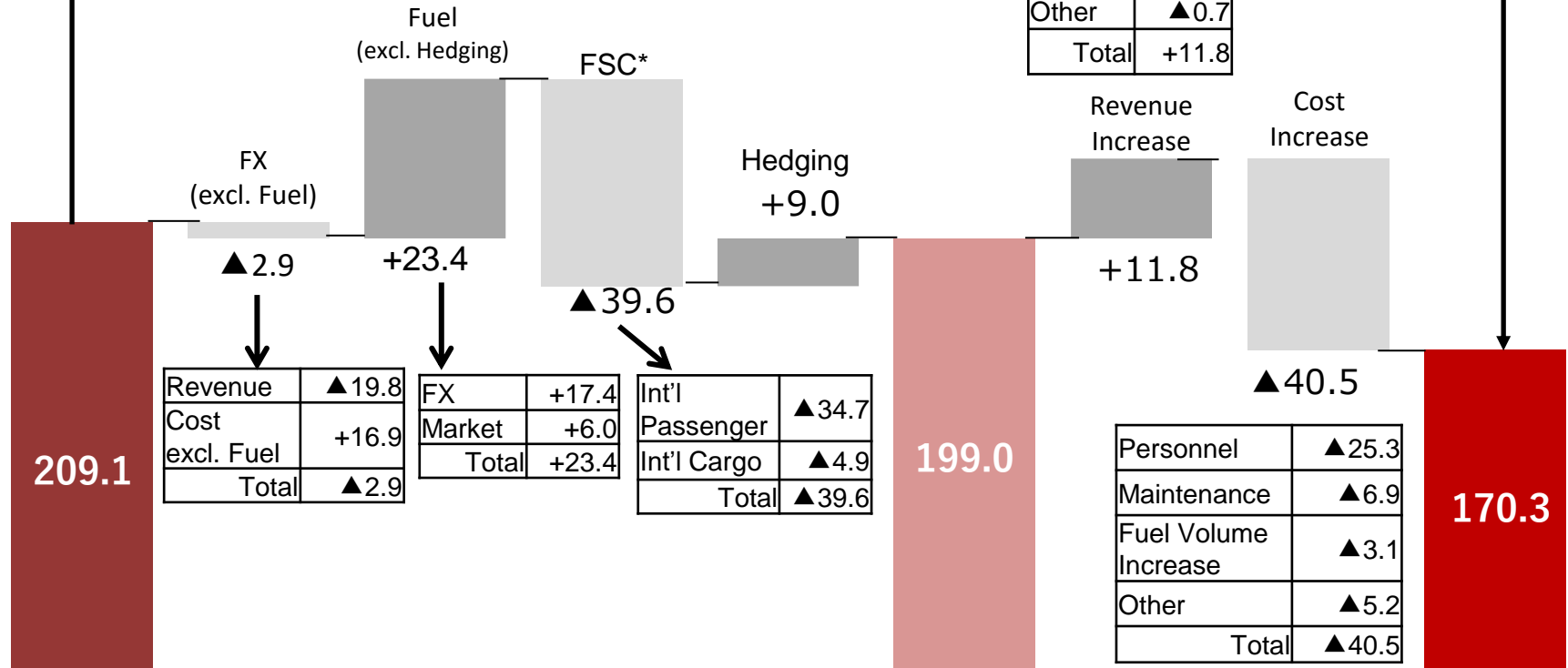
FY2016 Changes in Operating Profit

+ stands for profit increase (revenue increase, cost reduction)
 ▲ stands for profit decrease (revenue decrease, cost increase)

Market	FY2015	FY2016
Singapore Kerosene	60.0	57.2
Dubai Crude Oil	47.2	45.6
FX Rate (JPY/USD)	120.5	108.6

▲38.8Bn
 (▲18.6%)

Int'l	+15.1
Doms	▲2.6
Other	▲0.7
Total	+11.8



FY2015
 (JPY Bn)

*FSC=Fuel Surcharge

FY2016

FY2016 International Passenger Operations



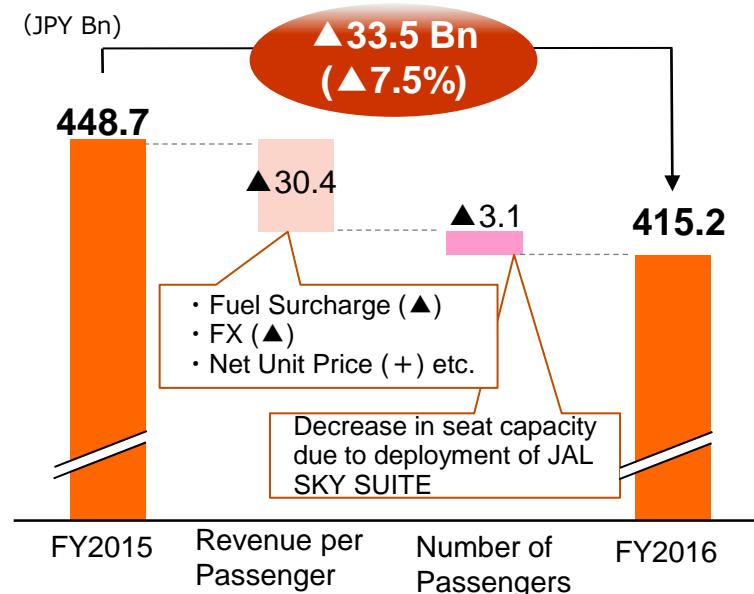
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International Passenger

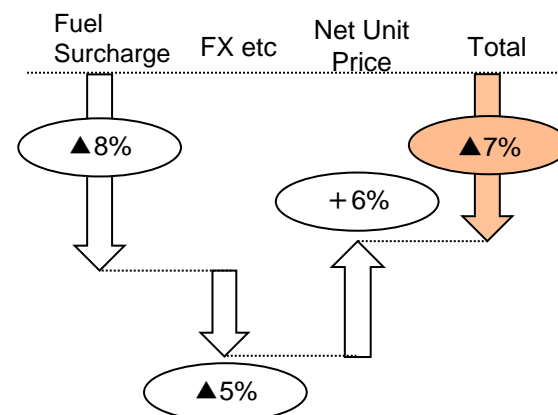
	FY 2015	FY 2016	y/y	4Q (Jan-Mar) FY2016 ⁽¹⁾	y/y
Passenger Revenue (JPY Bn)	448.7	415.2	▲7.5%	100.7	▲2.0%
ASK (MN seat km)	50,563	50,621	+0.1%	12,417	▲1.0%
RPK (MN passenger km)	40,305	40,633	+0.8%	10,124	+2.4%
Passengers ('000)	8,460	8,394	▲0.8%	2,114	+0.4%
L/F (%)	79.7%	80.3%	+0.6pt	81.5%	+2.7pt
Yield ⁽²⁾ (JPY)	11.1	10.2	▲8.2%	10.0	▲4.3%
Unit Revenue ⁽³⁾ (JPY)	8.9	8.2	▲7.6%	8.1	▲0.9%
Revenue per Passenger ⁽⁴⁾ (JPY)	53,047	49,461	▲6.8%	47,650	▲2.3%

1. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from Full-Year(April to March)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue= Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

FY2016 Full-Year (Change in Revenue)



Factors of changes in Revenue per Passenger(estimate)



FY2016 Domestic Passenger Operations

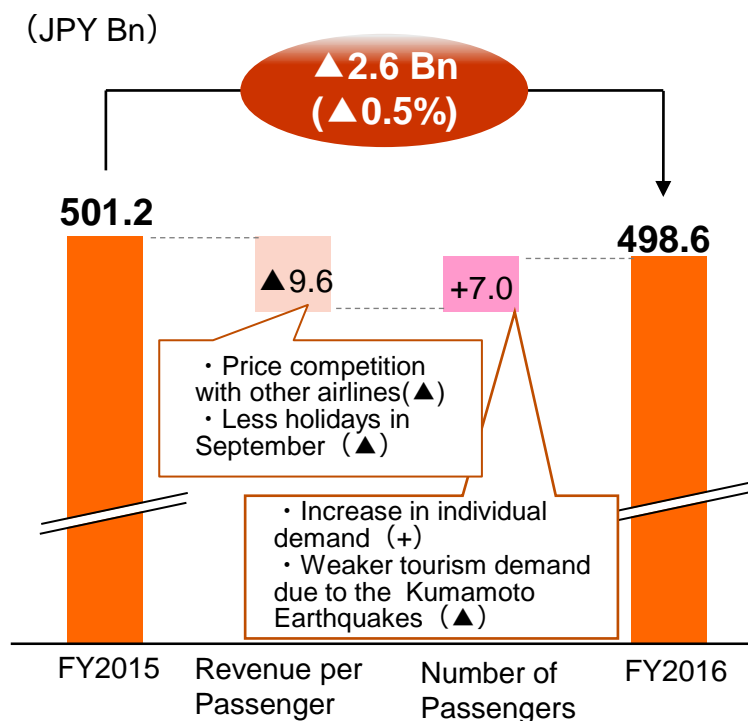


JAPAN AIRLINES

Domestic Passenger

	FY 2015	FY 2016	y/y	4Q (Jan-Mar) FY2016 ⁽¹⁾	y/y
Passenger Revenue (JPY Bn)	501.2	498.6	▲0.5%	117.7	+0.5%
ASK (MN seat km)	35,869	35,423	▲1.2%	8,678	▲0.3%
RPK (MN passenger km)	24,341	24,550	+0.9%	6,025	+2.6%
Passengers ('000)	32,114	32,570	+1.4%	7,947	+2.7%
L/F (%)	67.9%	69.3%	+1.4pt	69.4%	+1.9pt
Yield ⁽²⁾ (JPY)	20.6	20.3	▲1.4%	19.5	▲2.0%
Unit Revenue ⁽³⁾ (JPY)	14.0	14.1	+0.7%	13.6	+0.8%
Revenue per Passenger ⁽⁴⁾ (JPY)	15,609	15,309	▲1.9%	14,814	▲2.1%

FY2016 Full-Year (Change in Revenue)



1. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from Full-Year(April to March)
2. Yield = Passenger Revenue / RPK
3. Unit Revenue= Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

FY2016 Major Operating Expense Items



JAPAN AIRLINES

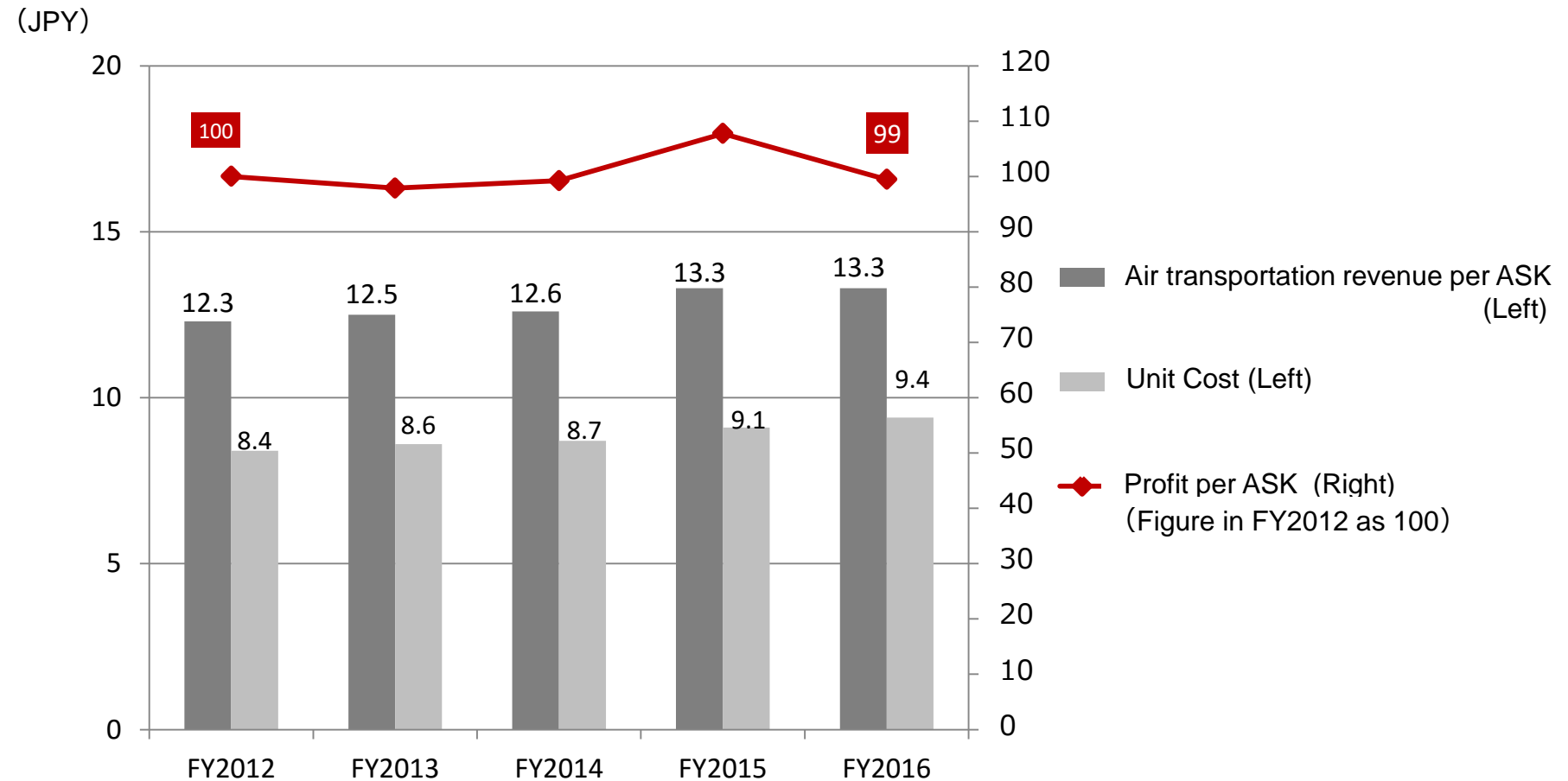
Operating Expenses

(JPY Bn)	FY2015	FY2016	Diff.	y/y ratio	4 th Quarter (Jan-Mar) ⁽⁴⁾	Diff.	y/y ratio
Fuel	228.1	198.7	▲29.3	▲12.9%	50.9	3.4	+7.3%
Landing and navigation fees	82.2	81.1	▲1.1	▲1.4%	20.1	+0.1	+0.7%
Maintenance	47.9	48.9	+1.0	+2.2%	8.0	▲2.2	▲21.9%
Sales Commissions (Air Transport) ⁽¹⁾	24.4	15.9	▲8.4	▲34.7%	4.3	▲1.6	▲27.4%
Aircraft ⁽²⁾	98.4	100.4	+1.9	+2.0%	25.6	+0.9	+3.8%
Services ⁽³⁾	36.3	37.9	+1.6	+4.6%	10.0	+1.0	+12.2%
Personnel	249.9	273.3	+23.3	+9.3%	69.0	+6.0	+9.7%
Expenses of travel agency	82.3	81.5	▲0.8	▲1.0%	19.7	+0.8	+4.6%
Other	277.5	280.4	+2.8	+1.0%	72.5	▲2.3	▲3.1%
Total Operating Expenses	1,127.4	1,118.6	▲8.8	▲0.8%	280.4	+6.3	+2.3%

ASK y/y : ▲0.4%

1. From FY2016, sales commissions for International Cargo are to be offset by its revenues.
2. Aircraft = Aircraft Depreciation+ Aircraft Leases+ Aviation Insurance Premium, etc.
3. Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc.
4. The results for 4Q (January to March) are calculated by deducting the results of 3Q (April to December) from full-year (April to March)

FY2016 Maximizing Profit per ASK



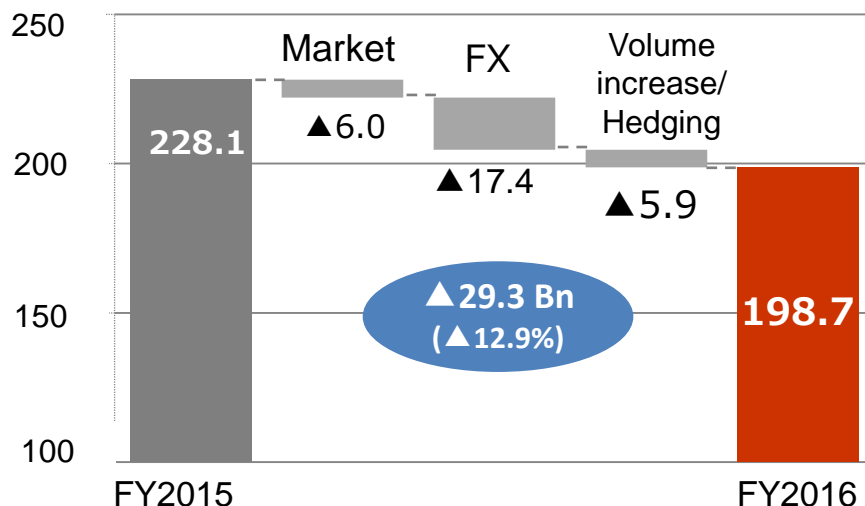
Air operation revenue per ASK = (Air operation revenue – Fuel surcharge – Revenue from fuel resale to a related company) /ASK

Unit Cost = (Air operation expenses – Fuel costs – Fuel costs for resale to a related company) /ASK

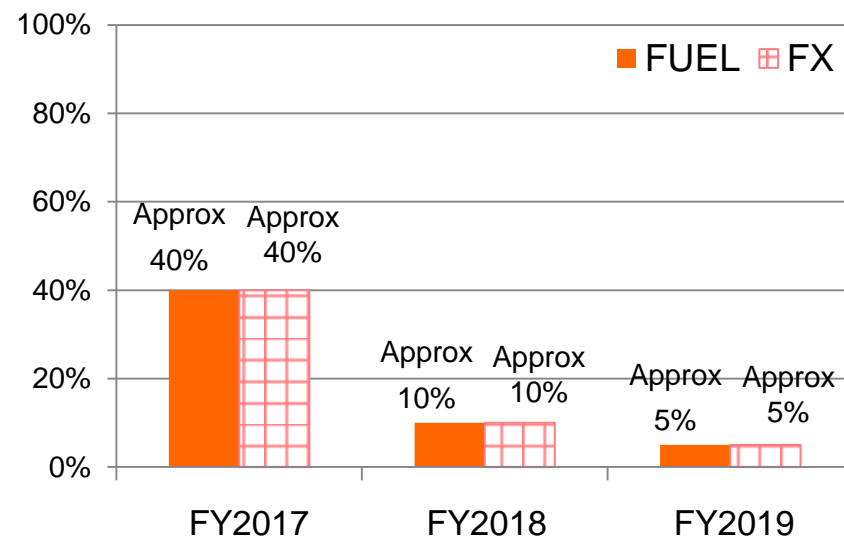
Profit per ASK = (Air operation revenue per ASK) – (Unit Cost)

Transition of Fuel Cost by factors

(JPY Bn)



Hedge Ratio of Fuel Costs (As of End of FY Mar/2017)



Fuel / FX Markets

	FY2015	FY2016	y/y ratio	FY2017 (Forecast)
Singapore Kerosene (USD/bbl)	60.0	57.2	▲4.6%	66.0
Dubai Crude Oil (USD/bbl)	47.2	45.6	▲3.3%	53.0
FX Rate (JPY/USD)	120.5	108.6	▲9.9%	115.0

Sensitivity for Fuel Costs

(Without Hedging) Mar/2018

Crude Oil (Change in 1 USD/bbl)	2.6 JPY Bn Per Year
FX (Change in 1 JPY/USD)	1.5 JPY Bn Per Year

《Supplemental Reference》 Major Balance Sheet Items



JAPAN AIRLINES

Consolidated Balance Sheet Summary as of FY2016

(JPY Bn)	End of FY2015	End of FY2016	Diff.
Total Assets	1,578.9	1,728.7	+149.8
Cash and Deposits ⁽¹⁾	420.3	404.0	▲16.2
Balance of Interest-bearing Debt ⁽²⁾	92.6	116.0	+23.4
Future Rental Expenses under Operating Leases	96.9	76.4	▲20.4
Shareholders' Equity	843.0	972.0	+128.9
Shareholders' Equity Ratio(%)	53.4%	56.2%	+2.8pt
D/E Ratio (x) ⁽³⁾	0.1x	0.1x	+0.0x
ROE (%) ⁽⁴⁾	21.5%	18.1%	▲3.5pt
ROA (%) ⁽⁵⁾	13.7%	10.3%	▲3.4pt

1. Certificate of deposits included

2. Accounts Payable-installment Purchase included

3. On-balance sheet Interest-bearing Debt / Shareholders' Equity

4. (Net Income Attributable to owners of the parent) / (average of shareholder's equity at beginning and end of fiscal year)

5. (Operating Profit) / (Average of Total Assets at beginning and end of fiscal year)

《Supplemental Reference》 FY2016 Major Cash Flow Items



JAPAN AIRLINES

(JPY Bn)	FY2015	FY2016	Diff.
Net income before income taxes and minority interests	207.3	162.7	▲44.6
Depreciation and Amortization	88.5	95.7	+7.2
Other	16.4	▲5.4	▲21.8
Cash Flow from Operating Activities	312.3	253.1	▲59.2
Capital Expenditure ⁽¹⁾	▲210.6	▲233.1	▲22.4
Other	3.4	17.5	+14.1
Cash Flow from Investing Activities ⁽²⁾	▲207.2	▲215.5	▲8.3
Free Cash Flow ⁽³⁾	105.1	37.5	▲67.5
Repayment of Interest-bearing Debt ⁽⁴⁾	▲27.6	▲25.0	+2.6
Cash dividend, and Other	▲21.9	▲28.5	▲6.5
Cash Flow from Financing Activities	▲49.6	▲53.5	▲3.8
Total Cash Flow ⁽⁵⁾	55.5	▲15.9	▲71.4
EBITDA	297.7	266.1	▲31.6
EBITDAR	321.1	286.2	▲34.9

1. Expenditures due to purchases of fixed assets

2. Exclude deposits and withdrawals from deposit accounts

3. Cash Flow from Operating Activities + Cash Flow from Investing Activities

4. Repayment of Loans + Repayment of Lease Obligations

5. Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

Revenue of International Routes by Geographic Segment

Passenger Revenue

(%)	4Q Cumulative y/y	4Q 3Months y/y	Component Ratio		
			4Q FY2015	4Q FY2016	4Q 3 Months
America	▲4.3%	▲4.4%	25%	26%	24%
Europe	▲6.6%	+6.7%	15%	15%	13%
Asia/Oceania	▲10.6%	▲4.4%	35%	34%	37%
China	▲15.5%	▲7.1%	11%	10%	11%
Hawaii/Guam	+0.3%	+6.1%	14%	15%	15%
Total	▲7.5%	▲2.0%	100%	100%	100%

- From FY2016, figures for Revenue Passengers Carried, ASK, RPK and Load Factor include "Marketing Carriers' on code-sharing flights operated by JAL". The year-earlier also shows the figures after reflecting this change. Also, figures exclude mileage travelers.

- Route categories have been changed as below.
 ・"Trans Pacific" routes of the previous year have been changed to "America" routes after removing Hawaii routes.
 ・"Asia/Oceania" routes have removed Guam routes.
 ・Hawaii and Guam routes above have been combined as "Hawaii/Guam" routes.

ASK

(MN seat km)	4Q (Cumulative)			4Q (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	13,282	14,322	+7.8%	3,545	+3.8%
Europe	7,660	7,490	▲2.2%	1,709	+1.3%
Asia/Oceania	18,102	17,836	▲1.5%	4,477	▲2.4%
China	3,454	3,506	+1.5%	862	▲4.0%
Hawaii/Guam	8,064	7,465	▲7.4%	1,823	▲6.9%
Total	50,563	50,621	+0.1%	12,417	▲1.0%

Revenue Passengers Carried

('000)	4Q (Cumulative)			4Q (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	1,112	1,194	+7.4%	292	+6.1%
Europe	641	660	+3.0%	157	+15.1%
Asia/Oceania	4,208	4,047	▲3.8%	1,040	▲2.5%
China	1,307	1,381	+5.7%	350	+4.6%
Hawaii/Guam	1,190	1,109	▲6.8%	273	▲6.4%
Total	8,460	8,394	▲0.8%	2,114	+0.4%

RPK

(MN passenger km)	4Q (Cumulative)			4Q (3Months)	
	FY2015	FY2016	y/y	FY2016	y/y
America	10,497	11,335	+8.0%	2,769	+6.4%
Europe	5,801	5,976	+3.0%	1,430	+15.2%
Asia/Oceania	14,639	14,371	▲1.8%	3,709	▲0.5%
China	2,453	2,577	+5.1%	655	+4.8%
Hawaii/Guam	6,913	6,372	▲7.8%	1,560	▲7.7%
Total	40,305	40,633	+0.8%	10,124	+2.4%

Load Factor

(%)	4Q (Cumulative)			4Q (3Months)	
	FY2015	FY2016	Diff.	FY2016	Diff.
America	79.0%	79.1%	+0.1pt	78.1%	+2.0pt
Europe	75.7%	79.8%	+4.1pt	83.7%	+10.1pt
Asia/Oceania	80.9%	80.6%	▲0.3pt	82.8%	+1.6pt
China	71.0%	73.5%	+2.5pt	76.0%	+6.4pt
Hawaii/Guam	85.7%	85.4%	▲0.4pt	85.6%	▲0.7pt
Total	79.7%	80.3%	+0.6pt	81.5%	+2.7pt

《Supplemental Reference》 Number of Aircraft



JAPAN AIRLINES

	End of FY2015			End of FY2016			Diff.
	Owned	Leased	Total	Owned	Leased	Total	
Boeing 777-200	12	0	12	12	0	12	-
Boeing 777-200ER	11	0	11	11	0	11	-
Boeing 777-300	4	0	4	4	0	4	-
Boeing 777-300ER	13	0	13	13	0	13	-
Large-sized Total	40	0	40	40	0	40	-
Boeing 787-8	23	0	23	25	0	25	+2
Boeing 787-9	3	0	3	8	0	8	+5
Boeing 767-300	9	0	9	6	0	6	▲3
Boeing 767-300ER	28	4	32	29	2	31	▲1
Middle-sized Total	63	4	67	68	2	70	+3
Boeing 737-400	12	0	12	11	0	11	▲1
Boeing 737-800	22	29	51	26	27	53	+2
Small-sized Total	34	29	63	37	27	64	+1
Embraer 170	17	0	17	17	0	17	-
Embraer 190	0	0	0	5	0	5	+5
Bombardier CRJ200	9	0	9	5	0	5	▲4
Bombardier D8-400	8	2	10	7	2	9	▲1
Bombardier D8-400CC	2	0	2	4	0	4	+2
SAAB340B	13	0	13	12	0	12	▲1
Bombardier D8-300	1	0	1	1	0	1	-
Bombardier D8-100	4	0	4	2	0	2	▲2
ATR42-600	0	0	0	1	0	1	+1
Regional Total	54	2	56	54	2	56	-
Total	191	35	226	199	31	230	+4

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