Fiscal Years 2012-2016
JAL Group Medium Term Management Plan
Rolling Plan 2015

- To The Next Growth Stage Upon Establishing A High Profitability Structure -

February 18, 2015
Yoshiharu Ueki

Today's Program

Points of Medium Term Management Plan FY2012-2016

JAPAN AIRLINES

To The Next Growth Stage Upon Establishing A High Profitability Structure

Surviving Future Competition (3 Differentiations)

- Enhancement of the JAL Brand
- Route Network, Products and Services
- Cost Competitiveness

Key Initiatives (5 Areas)

Safety Initiatives	Route Network	Products and Services	Group Management	Human Resources Development

Management Target (3 Targets)

1. JAL recognizes that “flight safety” is the basis of the existence of the JAL Group and our social responsibility. As a leading company in safety in the transportation sector, JAL will maintain the highest standards of safety.
2. JAL will provide unparalleled service to continuously deliver a fresh and enjoyable travel experience for customers. We aim to achieve “No. 1 in Customer Satisfaction[1]” by FY2016.
3. JAL aims to establish sufficient profitability and financial stability levels capable of absorbing the impact of economic fluctuations and risk events by achieving “10%+ operating margin for 5 consecutive years and 50%+ equity ratio in FY2016”.

1 Customer Loyalty rate, Word by Mouth rate: JCSI values (Japanese Customer Satisfaction Index) announced by Japan Productivity Center, Service Productivity and Innovation for Growth

- On this page, I will explain a few points of JAL Group’s Medium Term Management Plan.
- First, we have positioned the five years from fiscal year 2012 to fiscal year 2016 as a period to progress to the next growth stage upon establishing a high profitability structure.
- In our plan, we will differentiate ourselves in three areas to survive future competition, address five priority issues to distinguish JAL from other airlines, and consequently, achieve our three management targets.
- In order to realize growth as a full service carrier, we believe that it is important to differentiate ourselves to survive future competition.

Three Differentiations to Survive Future Competitions

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Differentiate ourselves from competitors and make steady growth as a Full Service Carrier

3 Differentiations

Enhancement of JAL Brand	Route Network, Products and Services	Cost Competitiveness
➢ Concentrate on Full Service Carrier business (Clearly differentiated from LCC business which offers our complementary network)	➢ Not merely pursue expansion, but enhance our route network, products and services to provide customers with a fresh and moving travel experience	➢ Continue efforts to reduce costs and maintain cost competitiveness by improving productivity and penetrating the divisional profitability management system
Review	**Review**	**Review**
➢ Improved customer satisfaction indicators ➢ Still necessary to improve safety and on-time arrival performance indicators	➢ Expanded “JAL SKY SUITE” routes for International routes and introduced “JAL SKY NEXT” for Domestic	➢ Continued to improve our productivity ➢ Unit Cost in FY2014 is expected to be 8.8 yen

- There are three areas for differentiating JAL from our competitors, that is, “Enhancement of the JAL Brand,” “Route Network, Products and Services,” and “Cost Competitiveness.”
- Looking back over this fiscal year, the third year of our medium term plan, we have concentrated on our business as a full service carrier and continuously strived to increase the customers’ convenience and improve productivity.
- We will continue to differentiate ourselves in order to create growth as a full service carrier and survive future competition.

Outlook for Business Environment

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Supply-demand balance to gradually improve, but the weaker yen and jet fuel price fluctuations to affect profitability

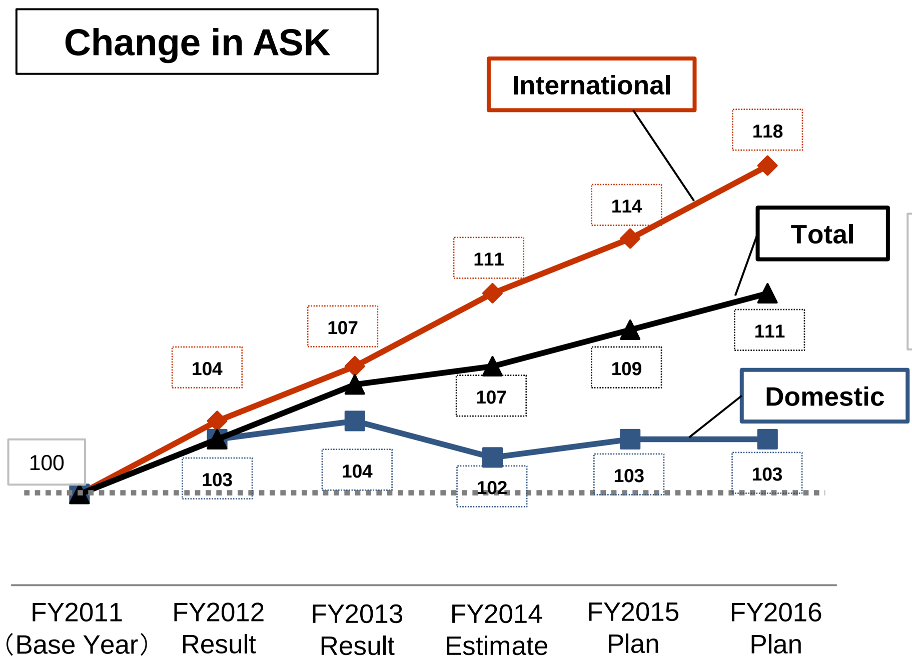
	Review	Outlook for FY2015-2016
	Supply-demand balance eased, the weaker yen, falling jet fuel prices affected profitability	**Supply-demand balance to gradually improve**
Business Environment	Overseas visitors to Japan increased significantly Front-loaded increase in demand prior to consumption tax hike and reactionary decline in demand	**Total demand for passengers to continue growing**
	Continued weaker yen and jet fuel price fluctuations	
Capacity Environment	**Increased capacity by both Japanese and foreign carriers**	**Capacity expansion to slow down**
	Additional international slots at Tokyo metropolitan airports Increased domestic capacity by other Japanese carriers and LCCs	Expansion of LCC businesses, Development of Shinkansen, bullet trains, network
Our Actions	**Built the high-profitability and developed the business foundation**	**JAL to grow and survive future competitions with “autonomy”, “embrace new challenges” and “speed”**
	Improved Route Network, Product and Services, Productivity	**Become the world’s most valued and preferred airline by enhancing JAL Brand and improving products and services**

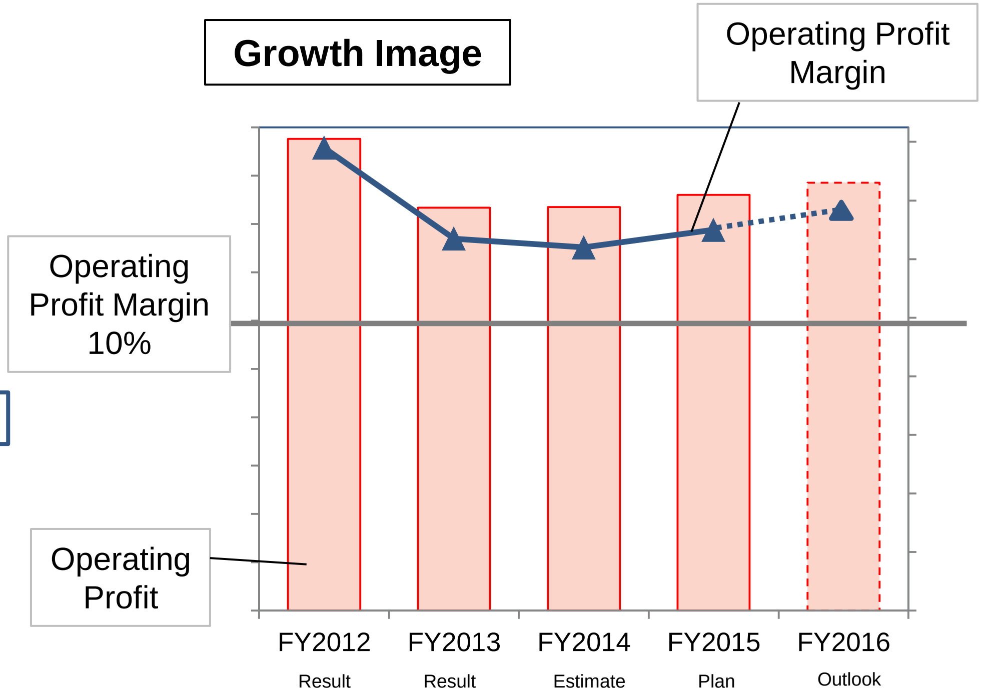
- On this page, I will explain the business environment during the period of our medium term plan.
- First, the airline industry faced economic conditions which significantly affected profitability, such as weakening of the Japanese yen and fluctuations in jet fuel prices.
- In fiscal year 2014, total capacity for both international and domestic flights increased significantly, but we do not expect such capacity expansion as this from fiscal year 2015 onwards.
- Though the exchange rate and jet fuel prices could affect our profitability, we expect the supply-demand balance to gradually improve due to an increase of foreign visitors to Japan, and so on.

Positioning of each fiscal year

FY2015 and FY2016 is a period to achieve Management Targets

	FY2012-2013	FY2014	FY2015-2016
Positioning of Each Fiscal Year	A period that our ability to build the high-profitability was tested	A Period to develop the business foundation for new growth	**A period to achieve our Management Targets and start new growth**





- On this page, I will explain the positioning of each fiscal year in our Medium Term Management Plan.

- Fiscal year 2014 is positioned as a period to develop the business foundation for new growth, in other words, higher earnings on higher revenues. We are expecting operating profit to increase over the previous fiscal year.

- Fiscal year 2015 onwards is positioned as a period to achieve our Medium Term Management Plan and realize new growth.

Progress of Management Targets – (1) Flight Safety

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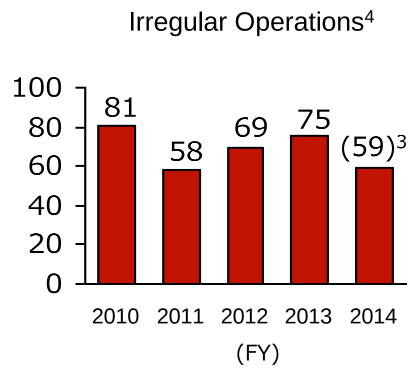
We seriously accept the fact that 2 Aircraft Accidents occurred
We will rigorously investigate the cause and implement countermeasures

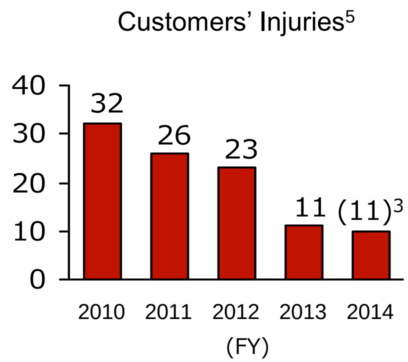
Key Indicators

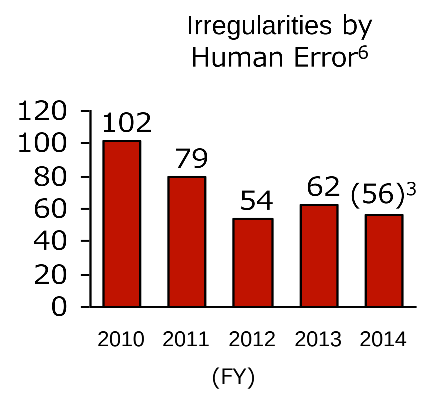
Achieve "Zero Aircraft Accidents[1] and Serious Incidents[2]"

Results

Indicators	FY2013	FY2014[3]
Aircraft Accidents[1]	0	2
Serious Incidents[2]	1	0







Review

- In FY2014, 2 Aircraft Accidents occurred, in which cabin attendants sustained injury due to turbulence during flight.
- We will deal with indirect causal factors in the background in addition to direct causal factors, regarding "Irregular Operations", "Customers' Injuries", and "Irregularities by Human Error"

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 As of 10 FEB, 2015
4 Diversion, air turn back, etc. for safety reasons after pilots have responded in accordance with the manual and the event does not lead immediate safety issues
5 When a customer is injured in the aircraft or at the airport, and receives a medical examination at a medical facility. This is verified through an internal report.
6 Typical troubles caused by human errors involving Flight Operations, Cabin Attendants, Maintenance, Airports, Cargo and Security Divisions, which repeatedly occur and must be eliminated with priority. This is verified through an internal report.

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- On this page, I will review our management targets.

- Regarding our safety initiatives, thirty years will have passed this year since the Mt. Osutaka accident. We will continue to put in joint efforts to maintain flight safety, which is the foundation of JAL Group’s existence.

- In fiscal year 2014, we have had two aircraft accidents in which cabin attendants sustained injury. Taking this fact seriously, we will investigate into the cause of the accidents and rigorously implement countermeasures.

Progress of Management Targets – (2) Customer Satisfaction

We are making steady progress to achieve the target

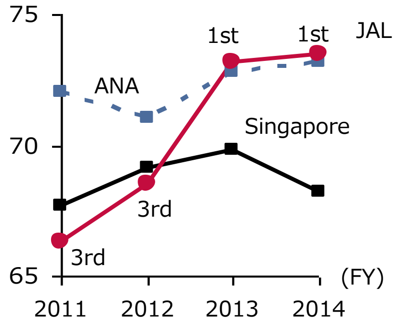
Key Indicator

Achieve “No. 1 in Customer Satisfaction” by FY2016

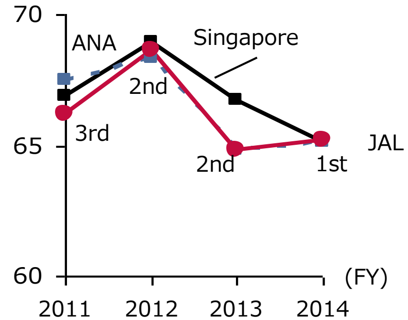
Result

International Routes

Repeat Intention Rate[1]

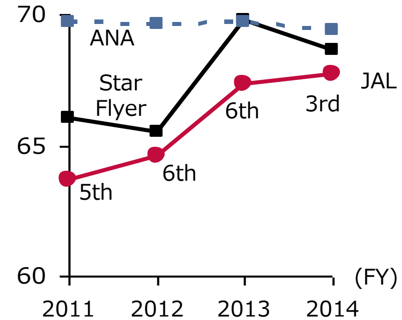


Recommendation Intention Rate[2]

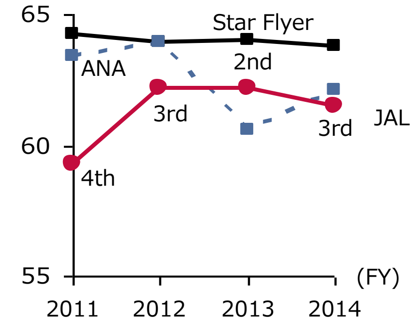


Domestic Routes

Repeat Intention Rate[1]



Recommendation Intention Rate[2]



Review

- Efforts to improve our services resulted in the top ranking in both Repeat Intention Rate and Recommendation Intention Rate of int’l flights, and a high score in both rates of domestic flights.
- On-time performance[3] was 4th in the world and the best in Asia-Pacific in 2014

1 Customer Loyalty: The customer’s intention to receive the service next time
2 Word of Mouth: The customer’s intention to share the experience with family, friends or other people through blogs, etc.
3 Flight Stats: On-time Performance Service Awards

- We achieved high levels of customer satisfaction for both international and domestic operations.

- Our on-time performance in 2014 ranked the first in the Asia-Pacific region but the fourth in the world.

- We will continue to enhance our services through every staff's efforts and aim to rank No. 1 in Customer Satisfaction in our industry by Fiscal Year 2016.

Progress of Management Targets (3) – Financial

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Financial targets

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

Review

We expect to achieve 10%+ operating profit margin and 50%+ equity ratio in FY2014

Future Outlook

We will strive to improve profitability in FY2015 as well to achieve operating profit margin of over 10%

Unit: JPY Bn	FY2013 Results	FY2014 Rolling Plan 2014	FY2014 Estimates	FY2015 Rolling Plan 2015
Operating Revenue	1,309.3	1,350.0	1,342.0	1,328.0
Operating Expense	1,142.5	1,210.0	1,175.0	1,156.0
Operating Profit	166.7	140.0	167.0	172.0
Operating Profit Margin	12.7%	10.4%	12.4%	13.0%
Ordinary Income	157.6	135.0	164.0	169.0
Net Income [1]	166.2	115.0	139.0	144.0
Shareholders' Equity	690.2	723.0	765.0	887.0
Shareholders' Equity Ratio	51.5%	52.1%	52.4%	56.5%
Singapore Kerosene (USD/bbl)	121.5	125.0	112.6	80.0
Dubai Crude (USD/bbl)	104.7	107.0	97.4	63.0
FX Rate (JPY/USD)	99.9	107.0	106.3	118.0

1. Net Income for FY2015 is calculated using Net Income Attributable to Japan Airlines

Key Financial Policies

Investment Expenditures, Internal Reserves and Returns to Shareholders

Investment expenditures

- **Review**: Continued to introduce 787, revamped cabin interiors, updated IT systems, etc.
- **Future Action**: Positively invest after examining effects of investments

Internal Reserves

- **Review**: Equity ratio of 52.4% at the end of FY2014
- **Future Action**: Equity ratio of over 50% at the end of FY2016

Returns to Shareholders

- **Review**: Upgraded to approx. 25% of consolidated net Income excluding Income Tax-Deferred
- **Future Action**: Maintain / improve considering Free Cash Flow, Financial conditions and Capital efficiency

- As for our financial targets, we aim for a profit margin of 10% or above for 5 consecutive years and an equity ratio of 50% or above by the end of fiscal year 2016.

- Through continued efforts to improve profitability, we have achieved an operating profit margin of more than 10% each fiscal year, and aim to increase earnings and achieve a profit margin of 13% next fiscal year.

- As for our dividend policy, as was announced on January 30, we plan to raise the current payout ratio of 20% to that of 25% from this fiscal year. Our key financial policies will remain as “Investment Expenditures, Internal Reserves and Returns to Shareholders”.


Toshiaki Norita
Corporate Planning

Today's Program

Safety Initiatives

Thirty years from Mt. Osutaka Accident

We will build a Safety Management System with the world's highest standards and ensure that every JAL Group staff acts with adequate knowledge and a high awareness for safety

	Review	Future Action
Develop Human Resources	➢ Identified staff's individual strengths and vulnerabilities to use in education and training ➢ Implemented human error preventive measures, centering on workplace Safety Leaders	➢ Start group-wide Safety Management System Education ➢ Continue ongoing measures centering on Safety Leaders and build a safety management system through consolidated efforts
Evolve Systems	➢ Developed Normal Line Operation Monitoring and Safety Performance Monitoring ➢ Introduced a framework for risk assessment of safety issues (New Risk Assessment Method)	➢ Instill a framework to quantitatively assess safety performance ➢ Promote proactive risk management using the new risk assessment method
Cultivate Culture	➢ Completed JAL Group Safety Education (planned) (35,000 staff incl. entrusted company personnel) ➢ Made manuals easier to use ➢ Raised staff awareness of the importance of reporting	➢ Start safety awareness education for new recruits and new managerial staff ➢ Implement measures to instill a "culture of polishing manuals" and a "culture of reporting"

- First, I will explain our “Safety Initiatives”.

- It will be thirty years this year since the Mt. Osutaka accident. We will maintain flight safety by increasing knowledge and awareness for safety of every staff.

- To accumulate our safety layers as mentioned in our medium term plan, we will address three issues, that is, develop human resources to secure safety by improving our education programs, evolve systems to realize proactive risk management, and cultivate a safety culture including activities to raise staff awareness.

Route Network

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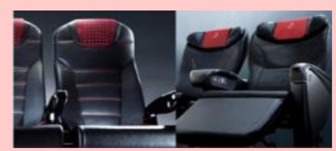
We will not simply pursue expansion, but build highly convenient network with profitability

	Review	Future Action
Inter-national Focus our resources to mid/long haul routes	➢ Launched daytime service between Haneda=London, Paris, Singapore and Bangkok ➢ Launched midnight service between Haneda=Ho Chi Minh City ➢ Increased frequency between Narita=New York and Jakarta ➢ Launched Chubu=Bangkok and Kansai=Los Angeles ➢ Finnair joined the Joint Business between Europe and Japan	➢ Expand medium and long haul routes, with anticipation of increased demand between North America and Asia ➢ Expand "JAL SKY SUITE" routes  
Domestic Balance capacity and traffic flexibly	➢ Increased frequency between Haneda=Yamagata as we were chosen in a Policy Contest ➢ Resumed 6 regional routes in the summer schedule with the cooperation of each region ➢ JAL merged with JAL Express (JEX) ➢ Hokkaido Air System (HAC) became a Group Airline	➢ Assign suitable size of aircraft to match demand, increase passenger convenience and profitability ➢ Expand "JAL SKY NEXT" routes  ➢ Continue to operate 6 regional routes in summer as in FY2014

- On this page, I will explain our route network strategies.

- We will not seek expansion of scale, but rather examine the profitability of each route, expand routes operated by new aircraft such as JAL SKY SUITE and JAL SKY NEXT, and such in order to build a highly convenient and comfortable domestic network and global network that connects Japan and the world.

- For international flights, we will expand our network of medium and long-haul routes, and for domestic flights, we will flexibly balance supply to match demand to increase the customers’ convenience and comfort and improve profitability.

Products and Services

We will provide products and services that deliver a refreshing and inspirational travel experience on every journey

	Review	Future Action
Human Service JAL Philosophy[1]	➢ Updated service quality evaluation system and conducted fine-tuned training by role	➢ Strive to improve human service, while reviewing effects of ongoing measures to see whether we are providing services that deliver a refreshing and inspirational travel experience or not ➢ Complete JAL Brand Seminar in FY2015
Inter-national High Quality Full Service	➢ Expanded "JAL SKY SUITE" routes - Completed installment on 777-300ER/767s - Started installment on 787s	➢ Continue to expand "JAL SKY SUITE" on 787 routes - Fully-flat Business Class seats and spacious Economy Class seats (5cm wider seat/seat pitch)  ➢ Deploy "JAL SKY Wi-Fi" on 767/787/777-200ERs
Domestic Convenient Simple	➢ Introduced "JAL SKY NEXT" - Revamped cabin interiors and LED cabin lighting - Deployed "JAL SKY Wi-Fi" ➢Installed First Class on 767s	➢ Expand "JAL SKY NEXT" primarily on 737-800 routes, and aim to install on all subject aircraft by FY2016 ➢ Accelerate our efforts to improve customer preference by introducing "JAL Smart Style", etc.
Mileage Easy to earn Easy to use	➢Increased opportunities to earn and use miles - Continued "Mile Flight" - Expanded new partnerships - Tied up with SriLankan Airlines	➢ Improve user-friendliness - Review necessary miles depending on congestion - Launch one-way special award ticket for int'l flights ➢ Expand new partnerships and services

1 Guide for basic attitudes and philosophy to manage JAL

- On this page, I will explain our products and services.

- We have expanded our international and domestic routes operated by newly configured aircraft offering inflight Internet services and added comfort onboard.

- In addition, we have fine tuned our training courses and improved staff education programs in order to enhance soft elements of services such as human service.

- We will continue to provide products and services in order to deliver a refreshing and inspirational travel experience to customers on every journey.

Unit Revenue (UR)

Maximize Revenue through improving the competitiveness

Review

International	Positively introduced new products, enhanced revenue management to increase yield, despite slightly lower L/F	FY2014 UR vs PY approx. +1%
Domestic	In addition to pricing measures and new products, flexibly balanced supply and demand to increase L/F (yield declined)	FY2014 UR vs PY approx. +2%

Future Action

FY2015	**International**	Revenue decrease by deducted Fuel Surcharge	International: UR vs PY approx. ▲5%
	Domestic	Expanding new products and adjusting supply with demand	Domestic: UR vs PY approx. +1%

To increase both Revenue and Profit

- Improve route network, products and services to raise Unit Revenue exceeding Unit Cost by ratio

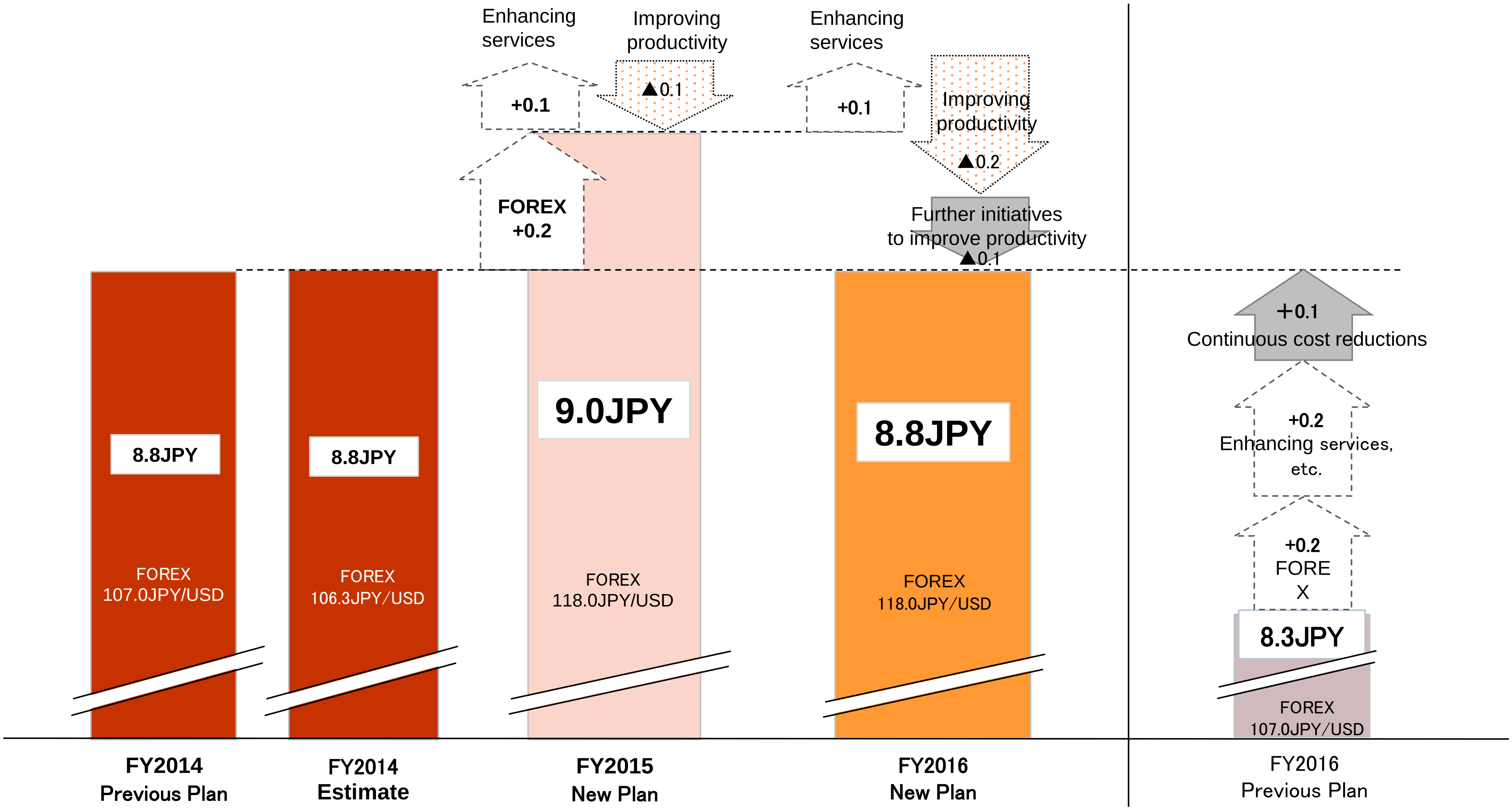
- Unit revenue (UR) of international flights in fiscal year 2014 is expected to increase by about 1% year-on-year due to an increase in yield with a slightly lower L/F. On domestic flights, L/F increased though yield declined, and consequently, unit revenue is expected to increase by about 2% year-on-year.

- Unit revenue of international flights in FY2015 is seen to fall by about 5% from the previous year due to a decline in fuel surcharge revenue.

- Unit revenue of domestic flights in FY2015 is seen to increase by about 1% over the previous year through an expansion of routes offering new products and rigorous adjustment of supply and demand.

Cost Competitiveness and Unit Cost[1]

Unit Cost expected to rise to 9.0JPY for FY2015, but aim to reach 8.8JPY (as in FY2014) for FY2016 by improving productivity



1 Unit Cost = Expenses of Air Transport Segment / ASK; cost to carry 1 seat for 1 km

- Unit Cost in fiscal year 2014 is expected to be 8.8 yen as initially planned.

- In fiscal year 2015, we will see Unit Cost rising to 9.0 yen due to the weaker yen, and such. But in fiscal year 2016, we aim to keep Unit Cost at the same level as FY2014, 8.8 yen, through continued efforts to improve productivity and minimize expenses.

Productivity Improvement

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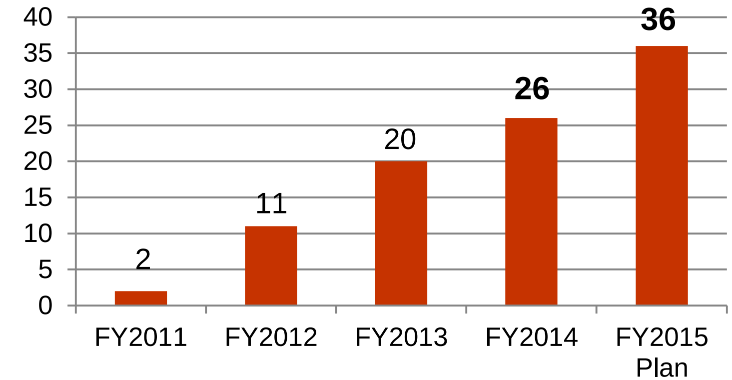
Continue to improve productivity and use resources efficiently through the penetration of the divisional profitability management system in JAL Group

Expand / penetrate divisional profitability management system

- **In FY2014, introduced the system to 6 companies (introduced to total 26 companies (including JAL))**
- **Aim to introduce to 36 Group companies by the end of FY2015 (including JAL). Penetrate awareness of "management by all"**

Companies introducing divisional profitability management system



Improving productivity

- Increase operational rate per person (vs py)
  Flight Operations Division(+4%): shorten period to transfer to different types of aircraft, optimal standby staff, ground duties with greater efficiency
  Cabin Attendants Division(+2%): efficient standby numbers, ground duties with greater efficiency, improvement in crew scheduling
- Improvement of productivity (vs py)
  Airports Division(+1%): promote multi-skilled staff, etc.
  Maintenance Division (＋2%): improve aircraft quality, HRD, etc.

Efficient use of resources

- Improve aircraft quality, shorten maintenance period, etc. to increase utilization rate of aircraft (FY2014: vspy+2%)
- Promote Fuel Saving Project (Saved approx.9.5million pounds of fuel in FY2014/1H): improve operational methods, ground handling, aircraft performance and reduce aircraft weight including that of loads, etc.
- Use facilities / equipment efficiently, upgrade IT systems

■ Next, I will explain our activities to improve productivity.

■ We have continued our cost reduction initiatives such as expanding and penetrating the divisional profitability management system into JAL Group companies. We have also improved productivity by increasing the operational rate of aircraft and crew, conducting a fuel saving project, and so on in order to use our business resources efficiently.

■ We will continuously strive to reduce Unit Cost.

Aircraft Strategies

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Introduce highly fuel-efficient aircraft and steadily promote retirement of old aircraft

New aircraft

787 delivery is going as planned. From FY2015, we will receive delivery of the 787-9.

In possession

	In possession	
787's	End of FY2014：**20**（planned） （In FY2014：receive delivery of **5 aircraft**）	FY2015 ～ start receiving delivery of stretched **787-9** As at end of 2016: **33 aircraft**
A350's		**FY2019 ～ start receiving delivery**
MRJ's		**FY2021 ～ start receiving delivery**

Retire old aircraft

Old aircraft will be retired to increase efficiency, progressively renew aircraft of Group airlines

	In possession	
777's	End of FY2014：**43** (planned) (**3 aircraft** retired in FY2014)	By end of FY2015: **▲3 aircraft**（domestic specs）
767's	End of FY2014：**45**（planned） (**2 aircraft** retired in FY2014）	By end of FY2016：**▲10 aircraft**

Group Airlines

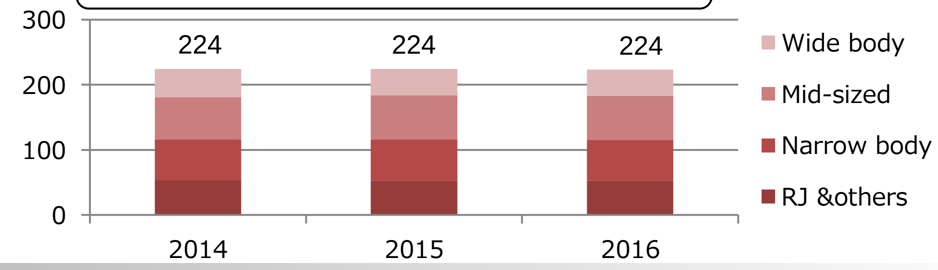
J-AIR (JAIR)	Start retirement of CRJ200 and introduce E170 and E190
Japan Transocean Air (JTA)	Introduce 737-800 as replacement of 737-400
Japan Air Commuter (JAC)	Start renewal program of aircraft
Ryukyu Air Commuter (RAC)	Introduce DHC-8 Q400EC as replacement of Q100/Q300

JAL Group Capital Expenditure Plan for Aircraft (unit：billions of yen)

FOREX：USD1=JPY118

FY2015	FY2016	Total of FY2015-2016
161.0	187.0	348.0

JAL Group Fleet Plan



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- On this page, I will explain our Aircraft Strategies.
- We will steadily introduce fuel-efficient aircraft and retire old aircraft.
- At the end of this fiscal year, our fleet will consist of twenty 787’s.
- From fiscal year 2015, we will start introducing the stretched 787-9, retire 777 and 767 aircraft, and replace them with new aircraft.
- Furthermore, we will progressively introduce the 737 and turboprop aircraft to Group airlines.


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Today's Program

Revenue and Expenditure Plan for FY2015

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Profit increase expected under changeable business environment

Operational Preconditions

vs FY2014 estimate		FY2015 Plan
ASK[1]	INT	+2.9%
	DOM	+0.6%
	TTL	+1.9%

Market Conditions	FY2014 Estimate [2]	FY2015 Plan
Singapore kerosene (USD/bbl)	112.6	80.0
Dubai Crude Oil (USD/bbl)	97.4	63.0
FX (JPY/USD)	106.3	118.0

Revenue and Expenditure Plan for FY2015

(JPY:Bn)	FY2014 Estimate [2]	FY2015 Plan	Difference
Operating Revenue	1,342.0	1,328.0	▲14.0
Operating Expense	1,175.0	1,156.0	▲19.0
Operating Profit	167.0	172.0	+5.0
Operating Profit Margin	12.4%	13.0%	+0.5pt
Ordinary Income	164.0	169.0	+5.0
Net Income	139.0	144.0	+5.0

(JPY:Bn)		FY2014 Estimate [2]	FY2015 Plan	Difference
Operating Revenue	International Passenger	455.0	445.0	▲10.0
	Domestic Passenger	488.0	494.0	+6.0
	Cargo / Mail	96.0	97.0	+1.0
	Other	303.0	292.0	▲11.0
Operating Expense	Fuel	296.0	265.0	▲31.0
	Excluding Fuel	879.0	891.0	+12.0

1 Available Seat Kilometers (excluding codeshare flights) Based on Great-Circle Distance for both Int'l and Domestic flights
2 Remains the same as January 30, 2015 announcement
3 Net Income for FY2015 is calculated using Net Income Attributable to Japan Airlines

- I will explain our revenue and expenditure plan for fiscal year 2015.

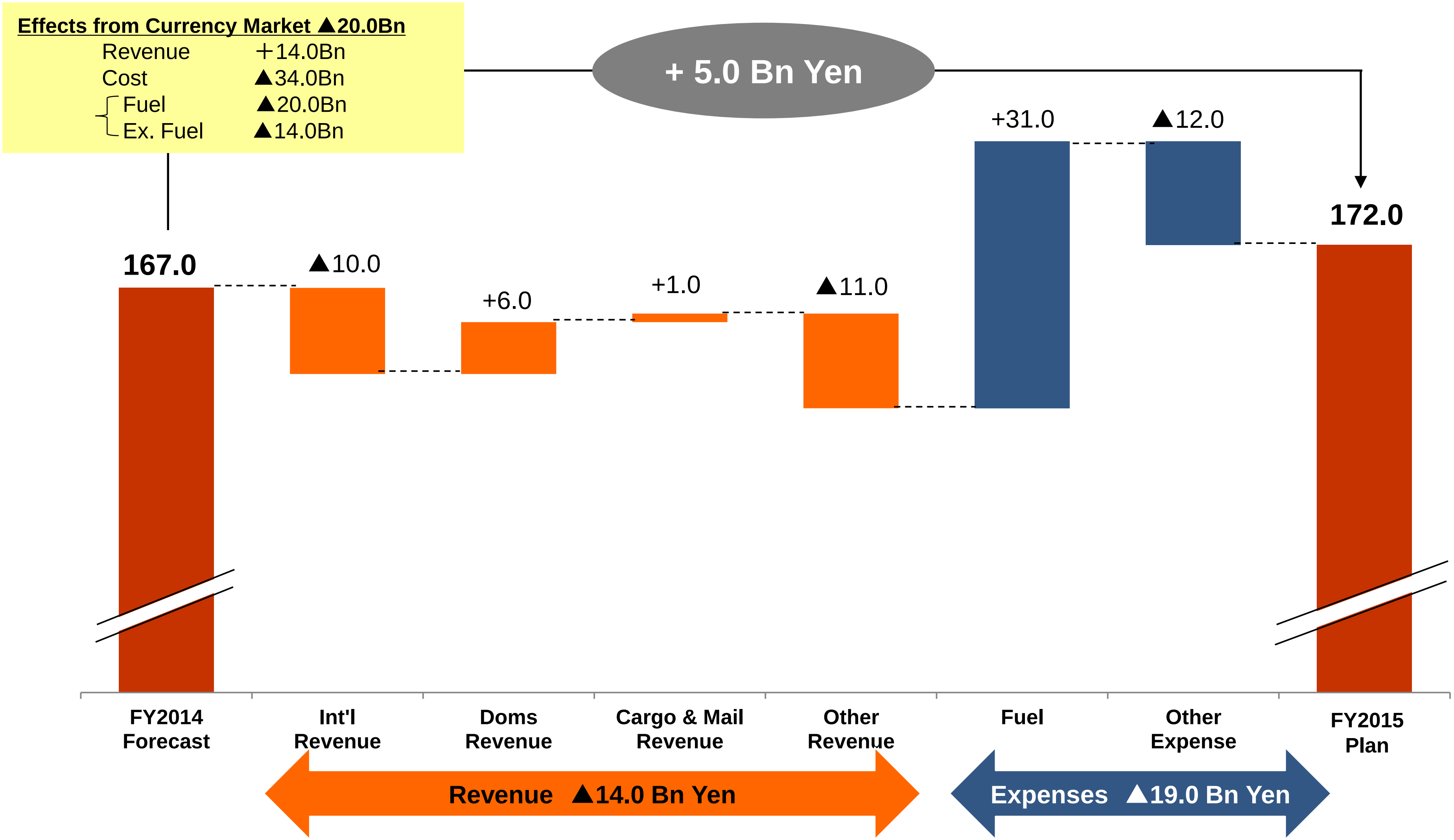
- First, regarding capacity, which is the precondition of our revenue and expenditure plan, we expect plus 2.9% for international flights and plus 0.6% for domestic routes over the previous year.

- As we expect the Japanese yen to further weaken, we use the exchange rate of 118 yen per U.S. dollar, and 80 U.S. dollars per barrel for Singapore kerosene.

- We expect a decline in fuel surcharge revenue, and consequently, operating revenue to end at 1,328 billion yen, a decrease from this year’s estimate. However, as costs will decrease due to fuel cost reductions, we aim for an operating profit of 172 billion yen to increase by 5 billion yen.

Operating Profit for FY2015

Operating Profit up 5.0 billion yen on FY2014 estimate



- This page shows our fluctuations in operating income.
- Revenue is seen to decline by 14 billion yen in total year-on-year, due to a 10 billion yen decline in international passenger revenue, a 6 billion yen increase in domestic passenger revenue, and so on.
- On the other hand, fuel costs are seen to fall by 31 billion yen from the current fiscal year.
- We expect an increase of 12 billion yen in other expenses. However, we will do our utmost to delve deeper into our measures to improve productivity.
- As a result, we aim for operating income of 172 billion yen, up 5 billion yen year-on-year.

International & Domestic Passenger Operations

JAPAN AIRLINES

International：Yield and revenue per passenger to decline due to fuel surcharges while L/F to improve

Domestic：Expect revenue increase by improved revenue per passenger together with RPK increase over ASK

International	FY2014 Estimate [1]	FY2015 Plan
Passenger Revenue (JPY Bn)	455.0	▲2.1%
ASK (MN seat km)	47,823	+2.9%
RPK (MN passenger km)	36,343	+5.2%
Passengers ('000)	7,798	+2.4%
L/F (%)	76.0	+1.7pt
Yield [2] (JPY)	12.6	▲7.4%
Unit Revenue [3] (JPY)	9.6	▲5.3%
Revenue per passenger [4] (JPY)	58,628	▲4.9%

Domestic	FY2014 Estimate [1]	FY2015 Plan
Passenger Revenue (JPY Bn)	488.0	+1.2%
ASK (MN seat km)	36,351	+0.6%
RPK (MN passenger km)	23,945	+1.0%
Passengers ('000)	31,516	+0.3%
L/F (%)	65.9	+0.2pt
Yield [2] (JPY)	20.4	+0.3%
Unit Revenue [3] (JPY)	13.4	+0.6%
Revenue per passenger [4] (JPY)	15,500	+1.0%

1. Remains the same as January 30, 2015 annoucement
2. Yield = Passenger Revenue / RPK
3. Unit Revenue=Passenger Revenue / ASK
4. Revenue per Passenger = Passenger Revenue / Passengers

■ On this page, I will explain our international and domestic passenger operations.

■ In our international passenger business, we expect a decline of 10 billion yen in revenue which includes a decline in fuel surcharge revenue. The indicators of yield and revenue per passenger are expected to fall, but L/F to rise.

■ In our domestic passenger business, we will increase our competitiveness through our new discount fares to stimulate demand and additional routes operated by JAL SKY NEXT. As a result, we expect both load factor and yield to rise.

Financial Plan / Cash Flows

JAPAN AIRLINES

Maintain equity ratio of over 50% and improve financial stability

Consolidated B/S

(JPY Bn)	End of FY2014 Estimate[1]	End of FY2015 Plan	Difference
Total Assets	1,461.0	**1,569.0**	+108.0
Balance of Interest-bearing Debt	99.0	**85.0**	▲14.0
Shareholders' Equity	765.0	**887.0**	+122.0
Shareholders' Equity Ratio (%)	52.4%	**56.5%**	+4.1pt
ROE (%) [2]	19.1%	**17.4%**	▲1.7pt
ROA (%) [3]	11.9%	**11.4%**	▲0.5pt

Consolidated C/F

(JPY Bn)	FY2014 Estimate[1]	FY2015 Plan	Difference
Operating Cash Flow	243.0	**261.0**	+18.0
Investment Cash Flow [4]	▲194.0	**▲215.0**	▲21.0
Free Cash Flow [4]	49.0	**46.0**	▲3.0
Financing Cash Flow	▲67.0	**▲52.0**	+15.0
EBITDA	254.0	**262.0**	+8.0
EBITDAR	280.0	**285.0**	+5.0

1. Remains the same as January 30, 2015 announcement
2. (Net Income)/(Average of Shareholders' Equity at beginning of year and end of year) Net Income for FY2015 is calculated using Net Income Attributable to Japan Airlines
3. (Operating Profit) / (Average of Total Assets at beginning of year and end of year)
4. Excludes deposit and withdrawal from deposit accounts.

- Finally, I will explain our financial plan for fiscal year 2015.

- Our equity ratio is seen to end at 56.5% at the end of fiscal year 2015.

- The balance of interest-bearing debt at the end of fiscal year 2015 is expected to decrease by 14 billion yen to 85 billion yen as a result of repaying lease obligations and long term loans.

- From next fiscal year onwards, we will strive to maintain an equity ratio of over 50%, and maintain and improve our financial stability.

- For your reference, we have provided the effects of fuel prices and exchange rates on page 22.

References

Reference; Effects by Fuel and Currency Markets

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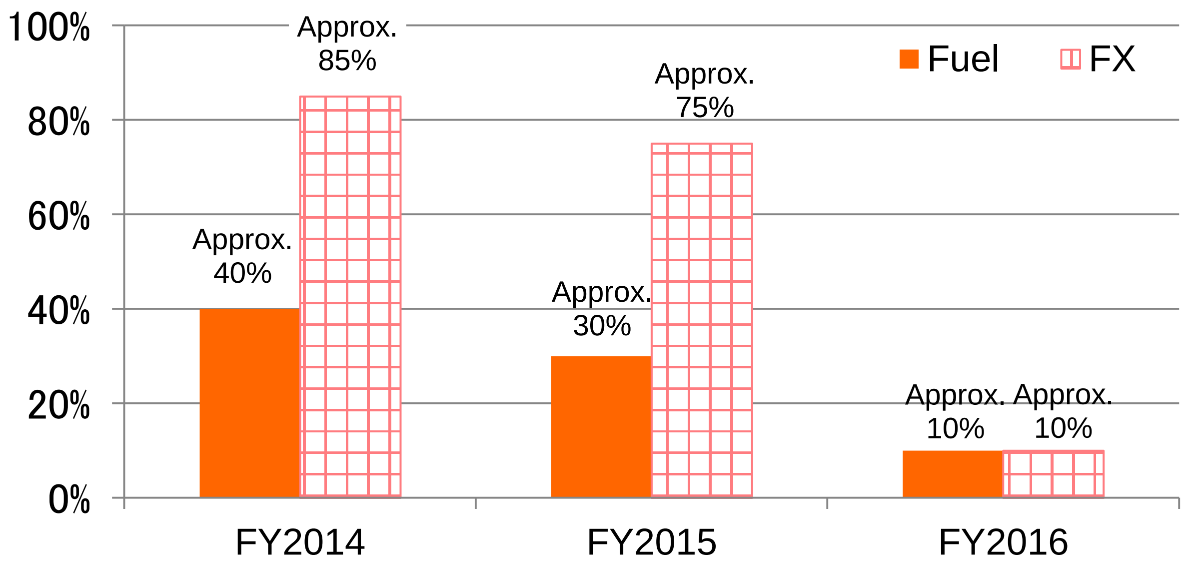
Hedging Ratio for Fuel Costs (as of end of FY2014/3Q)



Sensitivity for Fuel Costs [1] (Without hedging)

Singapore Kerosene (Change in 1 USD/bbl)	Approx. 2.6 Bn JPY per Year
FX (Change in 1 JPY/USD)	Approx. 1.7 Bn JPY per Year

Assumptions

	FY2014 Estimate	FY2015 Plan
Singapore Kerosene (USD/bbl)	112.6	80.0
Dubai Crude Oil (USD/bbl)	97.4	63.0
FX Rate (JPY/USD)	106.3	118.0

1. Data of FY2015 based on market assumptions of Medium Term Management Plan Rolling Plan 2015

Fly into tomorrow.

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