

FY2012~2016

JAL Group Medium Term Management Plan Rolling Plan 2016

To the Next Growth Stage upon establishing a High Profitability Structure



February 18, 2016

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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 Targets (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 Satisfaction¹” 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 profit 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

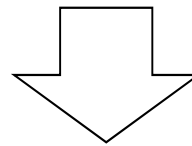
- This page shows the outline of the JAL Group Medium Term Management Plan.
- We will pursue differentiation in 3 areas to survive the competition, and 5 initiatives to achieve differentiation, and subsequently achieve 3 management targets, which are Safety, Customer Satisfaction 1st, and Financial Targets.

Progress of Management Targets (1) Flight Safety



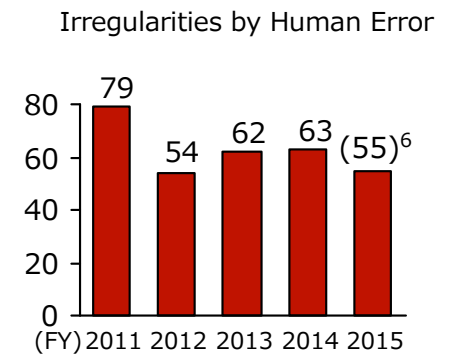
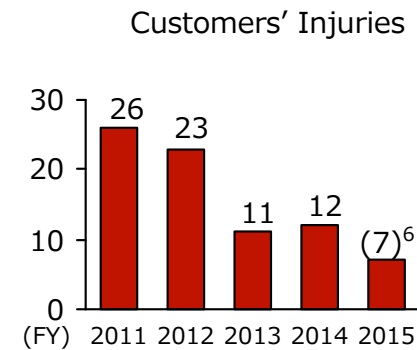
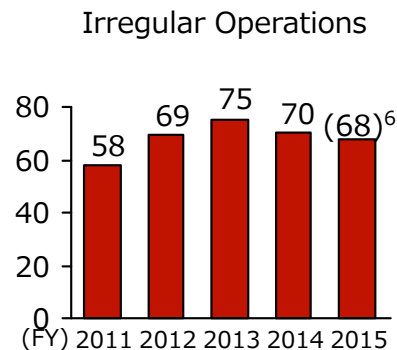
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- Despite zero “Aircraft Accident¹” in FY2015, 3 “Serious Incidents²” were occurred
- The number of customers’ injuries³ continued to decrease, but the number of “irregular operations⁴” and “irregularities by human error⁵” remains at the same level. We will also deal with underlying factors in the background in addition to direct causal factors.



Achieve Zero Aircraft Accidents¹ and Serious Incidents²

Indicator	FY2014	FY2015 ⁶
Aircraft Accidents	2	0
Serious Incidents	0	3



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. Counted when a customer is injured in the aircraft or at the airport, and receives a medical examination at a medical facility. These were verified through an internal report.
4. Diversion, air turn back, etc. which pilots have responded for safety reasons in accordance with the manual. These event does not immediately raise safety issues.
5. 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. These were verified through an internal report.
6. As of 5 FEB, 2016. Two cases (JL455 on 5 APR, Haneda-Tokushima and JL651 on 10 OCT, Haneda-Kagoshima) are delisted because problems of our operations were not pointed.

- From this page, we will explain our review of our three management targets and objectives for fiscal 2016.

- Regarding flight safety, we have had no Aircraft Accidents in fiscal 2015, but three Serious Incidents.

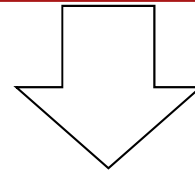
- In fiscal 2016, we will aim for zero Aircraft Accident and zero Serious Incident, and put in joint efforts to maintain flight safety, which is the foundation of the existence of the JAL Group.

Progress of Management Targets (2) Customer Satisfaction

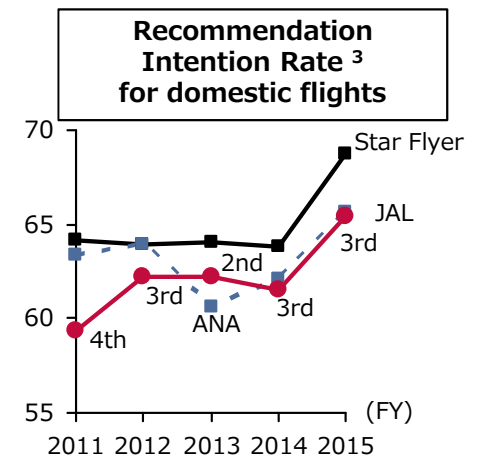
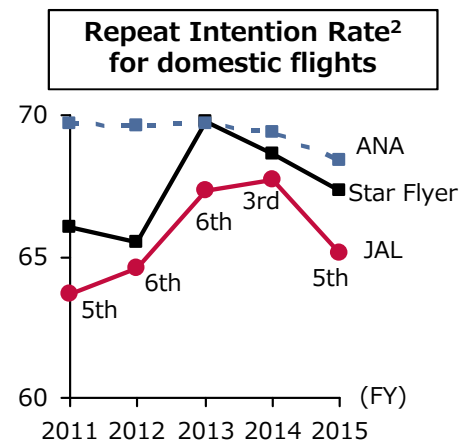
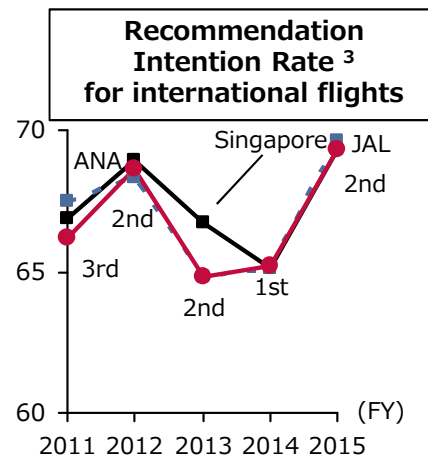
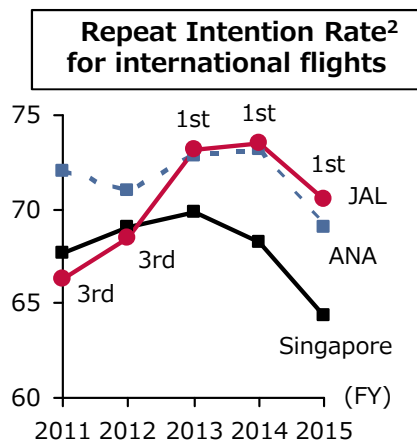


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- Awarded the Best On-time Arrival Performance³ in all 3 applicable categories
- Became the 1st in the Repeat Intention Rate of international for the 3rd consecutive year, but fell to 2nd in the Recommendation Intention Rate.
- The Repeat Intention Rate of domestic fell from the previous year to 5th place, while the Recommendation Intention Rate remained in 3rd place.



Achieve "No. 1 in Customer Satisfaction" by FY2016



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

- We ranked first in Repeat Intention Rate of international flights for three consecutive years, but could not maintain last year's ranking in Recommendation Intention Rate. Rankings in Repeat Intention Rate and Recommendation Intention Rate of domestic flights did not improve.
- In fiscal 2016, we will aim to enhance service through the joint efforts of all staff and rank first in Customer Satisfaction.
- We were named the world's best airline for on-time arrival performance in 2015 in three applicable categories .

Progress of Management Targets (3) Finance



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We have strengthened our business foundation by accumulating positive results steadily and acquired the credit rating of Single-A-minus¹

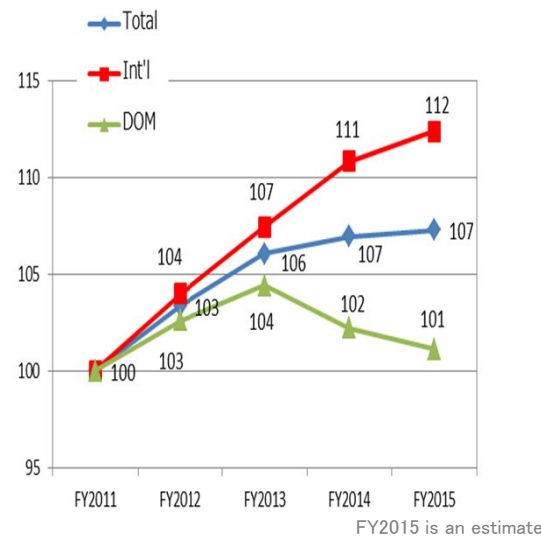
Achieved 10%+ operating profit margin and 50%+ shareholder's equity ratio each year

(JPY Bn)	FY2012	FY2013	FY2014	FY2015 estimate
Operating revenue	1,238.8	1,309.3	1,344.7	1,337.0
Operating profit	195.2	166.7	179.6	204.0
Ope. profit margin (%)	15.8%	12.7%	13.4%	15.3%
Ordinary Income	185.8	157.6	175.2	202.0
Net Income ²	171.6	166.2	149.0	172.0
EBITDA	275.7	249.4	266.1	294.0
Air operation revenue per ASK(JPY)	12.5	12.7	12.9	13.7
Unit Cost(JPY) ⁴	8.5	8.8	8.9	9.4
Shareholder's Equity Ratio(%)	46.4%	51.5%	52.7%	53.0%

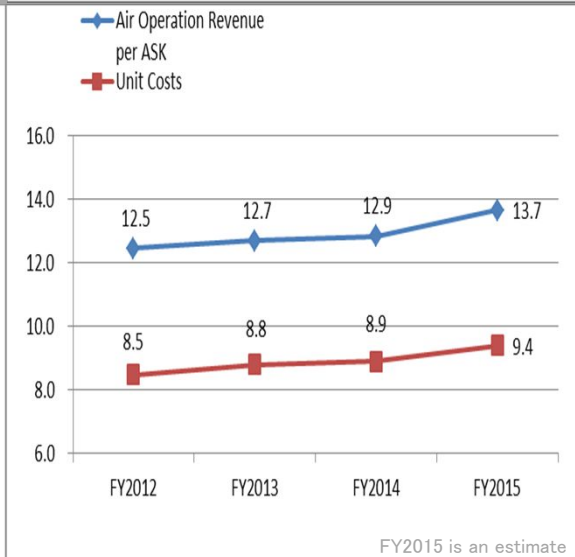
Strengthen and improve corporate control system

- Autonomous cost management by penetrating and expanding the amoeba management system
- Appropriate capital investments based on rigorous investment discipline
- Minimize fuel and foreign exchange risks through appropriate hedging

Growth of ASK (FY2011=100)



Increase in air operation revenue per ASK³ exceeds increase in Unit Cost⁴



Enhance Products and Services, Expand Network

- Expand JAL SKY SUITE (international flights)
- Open new international routes (Haneda - Shanghai(Pudong), Guangzhou and Narita - Dallas/Fort Worth.)
- Enhance inflight meals, airport lounges
- Expand JAL SKY NEXT (domestic flights)

1. Credit rating by Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd.
 2. In FY2015; net income attributable to owners of the parent
 3. Air operation revenue per ASK = (Air operation revenue – Fuel surcharge – Revenue from fuel resale to a related company) / ASK
 4. Unit Cost = (Air operation expenses – Fuel Costs – Fuel costs for resale to a related company) / ASK

- As for our financial targets, we aim to achieve operating profit margin of 10% or above for five consecutive years and shareholder's equity ratio of 50% or above by the end of FY2016.
- As a result of our efforts to "maximize revenues and minimize expenses", we have achieved operating profit margin of 10% or above for four consecutive years. Shareholder's equity ratio has constantly been over 50% since the end of fiscal 2013.
- Our credit rating is currently "Single-A-minus" given by Japanese credit agencies.

FY2016 Objectives

- To accomplish the Medium Term Management Plan, we will achieve our Management Targets perfectly.
- Though we expect lower earnings on higher revenues, we aim for higher earnings on higher revenues.

Strengthen the basis for future growth

To realize sustainable growth in the future, intensify investments in human resources to strengthen the basis for growth

- Review wage standards, forms of employment
- Work style reforms
- Promote female participation "Nadeshiko Labo", etc.



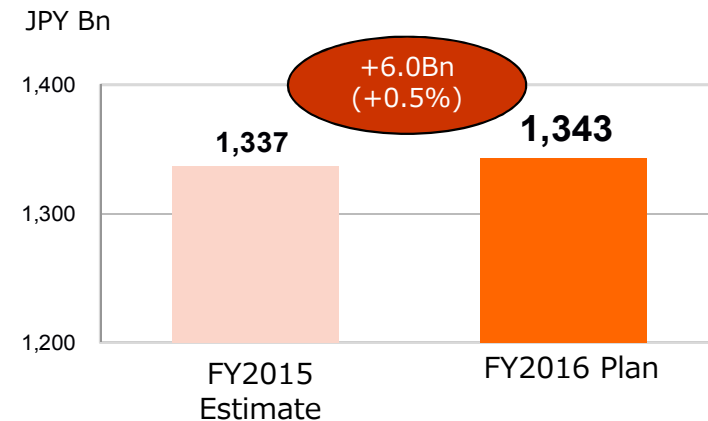
High flight operations quality
High quality service
Increase product competitiveness



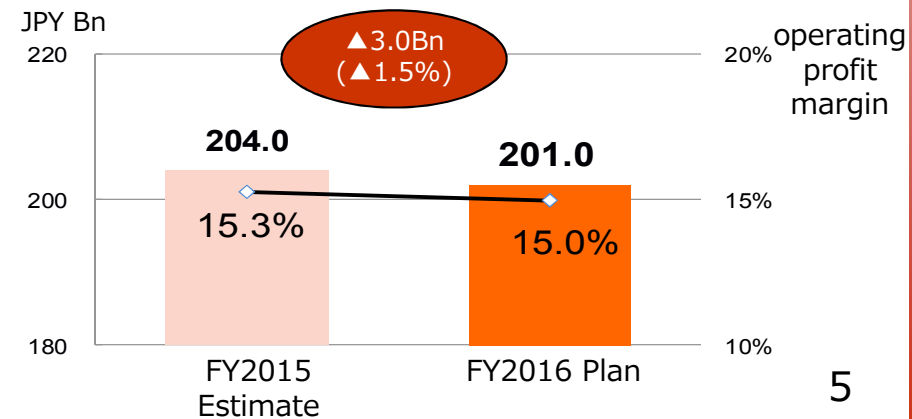
Realize sustainable growth

Earnings

Operating Revenue



Operating Profit



- Now, we will explain our objectives in fiscal 2016, the final year of the Medium Term Management Plan.

- In fiscal 2016, we will intensify investments in human resources to strengthen the basis for growth in order to achieve sustainable growth in the future.

- The revenue and expense plan indicates “lower earnings on higher revenues”, but we will continue to improve our business performance in order to achieve “higher earnings on higher revenues”.

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The supply-demand balance will gradually improve. We will keep close watch on fuel and foreign exchange markets and Japanese and global economic conditions

~FY2015

FY2016 Forecast

- **Inbound passenger growth**
- Front-loaded increase and reactionary decline due to **consumption tax hike**

Overall passenger demand continues to increase

Weak yen prevails, fuel price changes

Capacity expansion of competitors

Slowing pace of capacity expansion

- **Increased slots at Tokyo metropolitan airports**
- **LCC capacity expansion**

LCC's business expansion, development of new Shinkansen network

Establish high profitability structure, develop business foundation

Period to accomplish the Medium Term Management Plan, through stable growth, and prepare for FY2017 onwards

Expand route network, enhance products and services, improve productivity

Pursue JAL's Brand, Enhance products and services, rigorously control revenues and expenditures

Business environment

Responses by JAL

- From this page, we will explain the business environment expected in fiscal 2016.
- First, economic conditions with great impact on the airline business have prevailed, such as changes in foreign exchange rates and decline in fuel prices.
- Total capacity on both international and domestic routes increased significantly until fiscal 2015. But in fiscal 2016 we expect the pace of capacity expansion to slow down, whereas demand is expected to stay strong due to an increase in inbound demand.
- Stock prices, foreign exchange rates, and interest rates have been unstable recently. We will keep a close watch on Japanese and global economic conditions.

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

~FY2015

Future Action

Develop Human Resources

- Started group-wide education of Safety Management System
- Safety Leaders assigned in each workplace shared activities of their respective workplaces

- Review the Safety Management System Education, and accomplish measures to promote better understandings
- Visit and learn from other companies and share information to expand knowledge and raise safety motivations

Evolve Systems

- Introduced Normal Line Operation Monitoring¹ to J-AIR, Japan Transocean Air and Ryuku Air Commuter
- Modified the safety database for Safety Performance Monitoring

- Introduce Normal Line Operation Monitoring¹ into Japan Air Commuter
- Consider rebuilding a new safety database system to increase data volume and improve analysis functions

Cultivate Culture

- Held safety seminars for new staff and new managers
- Reminded to encourage “report and share information” principle

- Continue to hold safety seminars for new staff and new managers to cultivate a shared awareness of safety
- Pass on JAL Group’s austere safety culture to the next generation





1. Preventive measures to proactively identify any potential risk factors that may lead to irregularities

- We will explain our Safety Initiatives.

- We will build a Safety Management System of the highest standards, and pursue initiatives to enable every staff to act with sufficient knowledge and high awareness.

- To be specific, we will continue to pursue our three initiatives to “accumulate our safety layers” as mentioned in the Medium Term Management Plan, that is, “develop human resources for safety” through improved training courses, “evolve systems” to proactively prevent and control potential risks, and “cultivate a safety culture” which includes raising awareness of safety.

We will expand our network taking profitability and passenger convenience into account, without merely seeking to expand scale. And we will provide products and services that deliver a refreshing and inspiring travel experience.

	International flights	Domestic flights
Route Network	Focus our resources to mid/long haul routes	<ul style="list-style-type: none"> ➤ Assign aircraft to suit demand, increase customer convenience and profitability ➤ Promote aircraft renewal in Group airlines to increase comfort for customers ➤ Maintain Haneda - Yamagata route, with increased flight frequency using Policy Contest slot ➤ In FY2016 continue summer services on 6 routes as last year
Products and Services, etc.	<ul style="list-style-type: none"> ➤ Expand JAL SKY SUITE routes <ul style="list-style-type: none"> • Continue to introduce JAL SKY SUITE 787 • Introduce JAL SKY SUITE to 777-200ER <div style="display: flex; justify-content: space-around;">   </div>	<ul style="list-style-type: none"> ➤ Complete introduction of JAL SKY NEXT aircraft in FY2016 (all 77 aircraft) ➤ Provide Class J services on the E190 (J-AIR operated) ➤ Open top tier lounge for domestic flights in Shin-chitose Airport, improve lounges at Itami, Fukuoka and Naha airports <div style="display: flex; justify-content: space-around;">   </div>
	Continue initiatives for on-time operations, retain title of world's best airline for on-time operations	
Mileage	<ul style="list-style-type: none"> ➤ Improve user-friendliness of award tickets (introduce online discounts to international upgrade awards, etc.) ➤ Expand new partnerships and services 	

- On this page, we will explain our route network, products and services.
- In terms of route network, we will not merely pursue scale but keep an eye on route profitability. On our international operations, we will expand mid- to long- haul routes. On our domestic operations, we will effectively balance supply with demand to increase customer convenience, comfort and profitability.
- As for products and services, we will increase flights operated by JAL SKY SUITE aircraft and JAL SKY NEXT, which both have received favorable customer reviews, and improve our inflight meals to help provide the finest services that satisfy foreign passengers as well as the Japanese.

We will introduce new, fuel-efficient aircraft and steadily retire older aircraft.

New aircraft

Introduction of 787 progressing as planned, progressively introducing 787-9 (stretched model) from FY2015

787

FY2015 : six 787s were delivered

Total 787s at end of FY2016 : 33

737-800

FY2015~ started to introduce (Japan Transocean Air)

E170/E190

FY2015 : introduced two E170s (J-AIR) FY2016 ~ start to introduce E190 (J-AIR)

Commuter

FY2015 : started to introduce DHC-8 Q400CC (Ryuku Air Commuter)
FY2016 : start to introduce ATR42 (Japan Air Commuter)

A350

FY2019~ start to introduce

MRJ

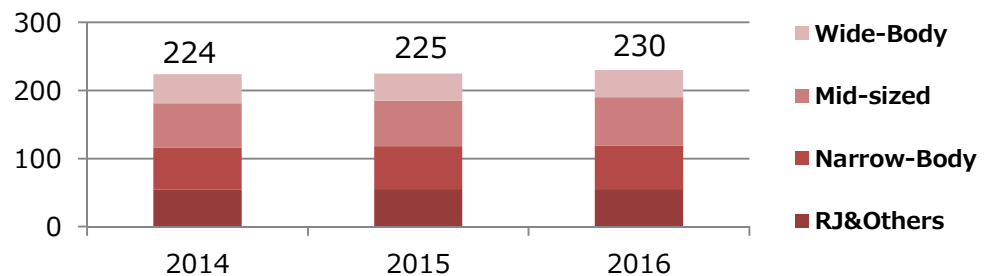
FY2021~ start to introduce (J-AIR)

Retired aircraft

Retire older 777 and 767

Plan of JAL Group aircraft investment
FY2016 : JPY191Bn
(FOREX : JPY123.0/USD)

Number of JAL Group aircraft



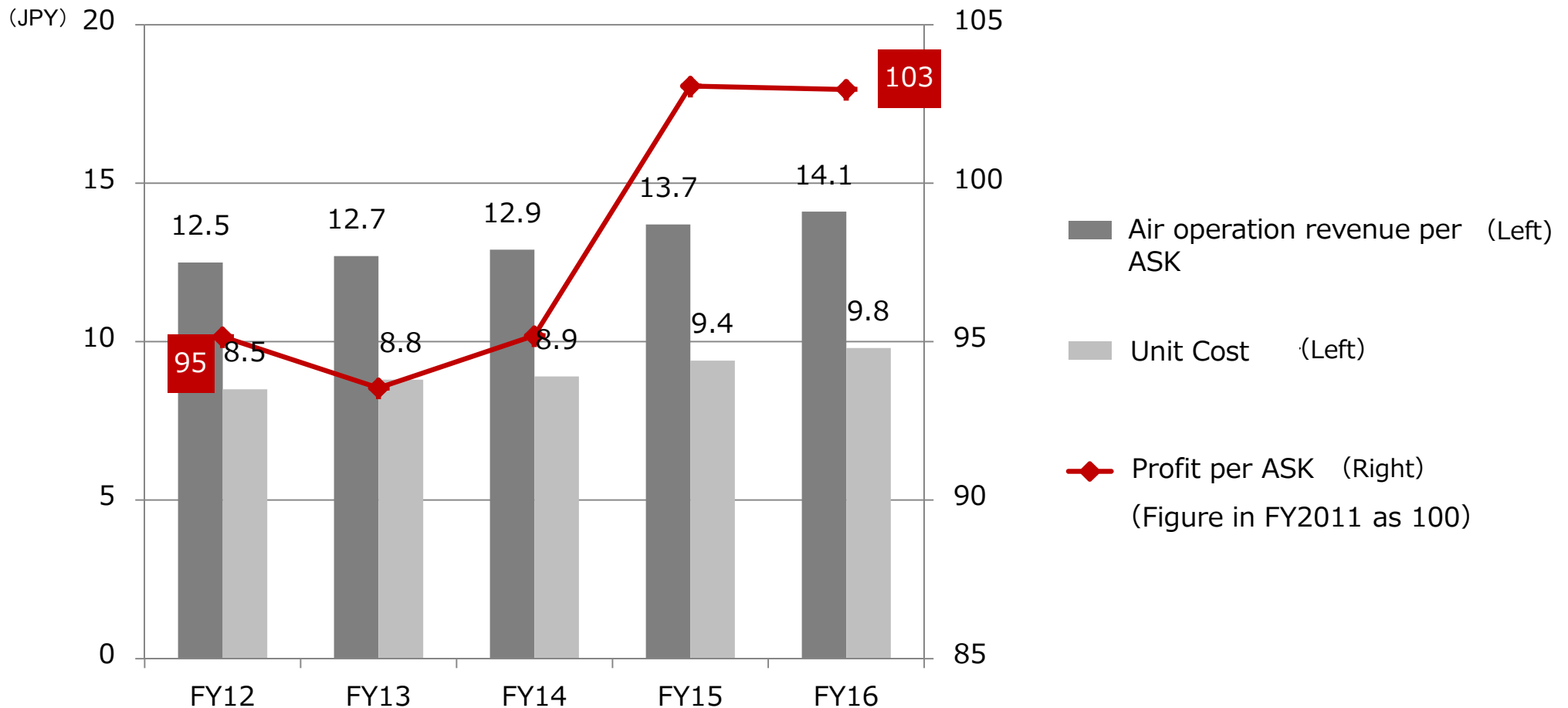
- On this page, we will explain our aircraft strategy.
- JAL will continue to introduce new fuel-efficient aircraft and retire older aircraft steadily.
- We started introducing the stretched 787-9 model from fiscal 2015, and expect to have a total of thirty-three 787's at the end of fiscal 2016.
- We have also been retiring older 777 and 767 aircraft to steadily renew them.
- Furthermore, we have been introducing 737-800 aircraft and renewing commuter airplanes for our Group airlines.

Maximizing Profit per ASK



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To build the foundation for stable business operations in the medium and long term and enhance services and products, we will proactively assign resources to human resources and products and services to maximize 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)

- On this page, we will explain air operation revenue per ASK and Unit Cost.
- To improve yield while pursuing cost efficiency, we have been investing in primary areas that directly affect customer service.
- In fiscal 2016, we will enhance products and services, and also intensively invest in human resources to build the foundation for stable business for the medium to long term. Although Unit Cost has been gradually increasing as ASK has not so much increased as expected, the increase in air operation revenue per ASK has exceeded that in Unit Cost, by appropriate expenses for the business. As a result, the profit per ASK has increased. We will continue to strive to decrease Unit Cost as much as possible.

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FY2016 Revenue/Expense Plan



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Make prior investments to enhance products and services and address management issues for future growth, and aim for operating profit of over 200 billion yen, as in FY2015.

Operational Preconditions

vs FY2015 Estimate	FY2016 Plan
ASK Int'l flights	▲0.6%
Dom. flights	▲0.2%
Total	▲0.4%

FY2016 Revenue and Expense Plan

JPY Bn	FY2015 Estimate	FY2016 Plan	Diff.	y/y ratio
Operating Revenue	1,337.0	1,343.0	+6.0	+0.4%
Int'l Passenger	451.0	450.0	▲1.0	▲0.2%
DOM Passenger	501.0	503.0	+2.0	+0.4%
Cargo/Mail	92.0	85.0	▲7.0 ²	▲7.6%
Other	293.0	305.0	+12.0	+4.1%
Operating Expense	1,133.0	1,142.0	+9.0	+0.8%
Fuel	229.0	202.0	▲27.0	▲11.8%
Excluding Fuel	904.0	940.0	+36.0	+4.0%
Operating Profit	204.0	201.0	▲3.0	▲1.5%
Ope. Profit margin	15.3%	15.0%	▲0.3pt	-
Ordinary Income	202.0	193.0	▲9.0	▲4.5%
Net Income¹	172.0	192.0	+20.0 ³	+11.6%

Market Conditions	FY2015 Estimate	FY2016 Plan	y/y Ratio
Singapore Kerosene (USD/bbl)	60.6	50.0	▲17.5%
Dubai Crude Oil (USD/bbl)	47.8	36.0	▲24.7%
FX (JPY/USD)	121.3	123.0	+1.4%

1. Net income attributable to owners of the parent

2. Includes the 8.0 billion yen decrease by offsetting international cargo sales commissions

3. Due to application of new tax effect accounting guideline, we expect to report about 30.0 billion yen of income tax deferred at the end of FY2016. However, income tax deferred to be deducted from the calculation of dividends.

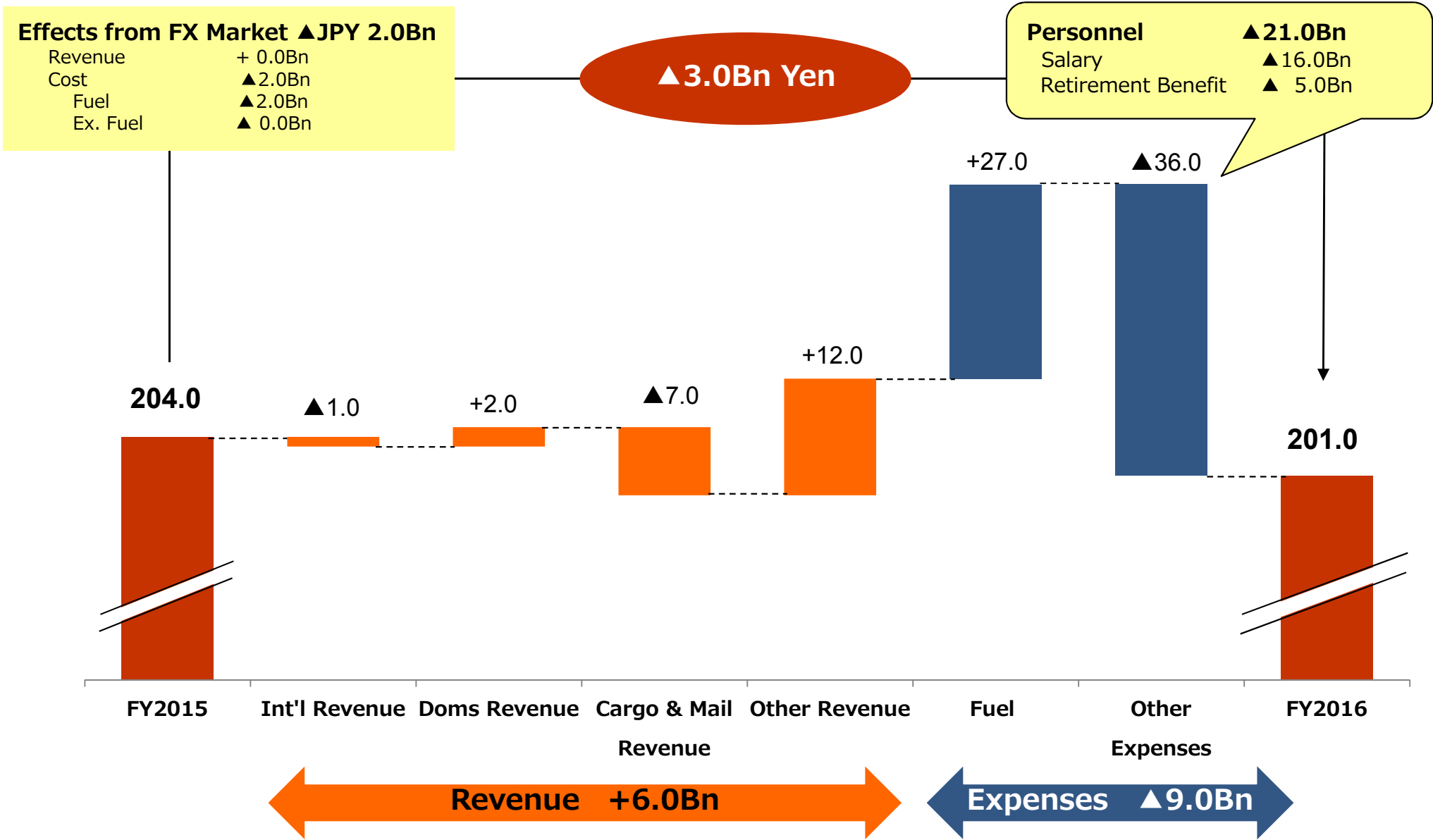
- On this page, we will explain our revenue and expense plan for fiscal 2016.
- First, regarding our capacity plan, capacity on international routes is expected to be minus 0.6%, and on domestic routes , minus 0.2% from last year's estimates.
- As for market conditions, we expect the weaker yen to prevail with the exchange rate at 123 yen to the U.S. dollar, and the price of Singapore Kerosene at 50 USD per barrel.
- Operating revenue is expected to be 1,343 billion yen, up 6 billion yen from last year's estimate.
- Operating expense is expected to rise by 9 billion yen from last year's estimate, due to advance investments in human resources to improve products and services and achieve future growth, while fuel costs are seen to decrease.
- As a result, we expect an operating profit of 201 billion yen, down 3 billion yen year-on-year. But we aim for "higher earnings on higher revenues" based on sustained efforts to "maximize revenues and minimize expenses." Since we expect to report approximately 30 billion yen in income tax deferred at the end of fiscal 2016, we expect net profit to end at 192 billion yen, up 20 billion yen year-on-year.

Operating Profit for FY2016



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Operating Profit to decrease by 3 billion yen from FY2015 Estimate



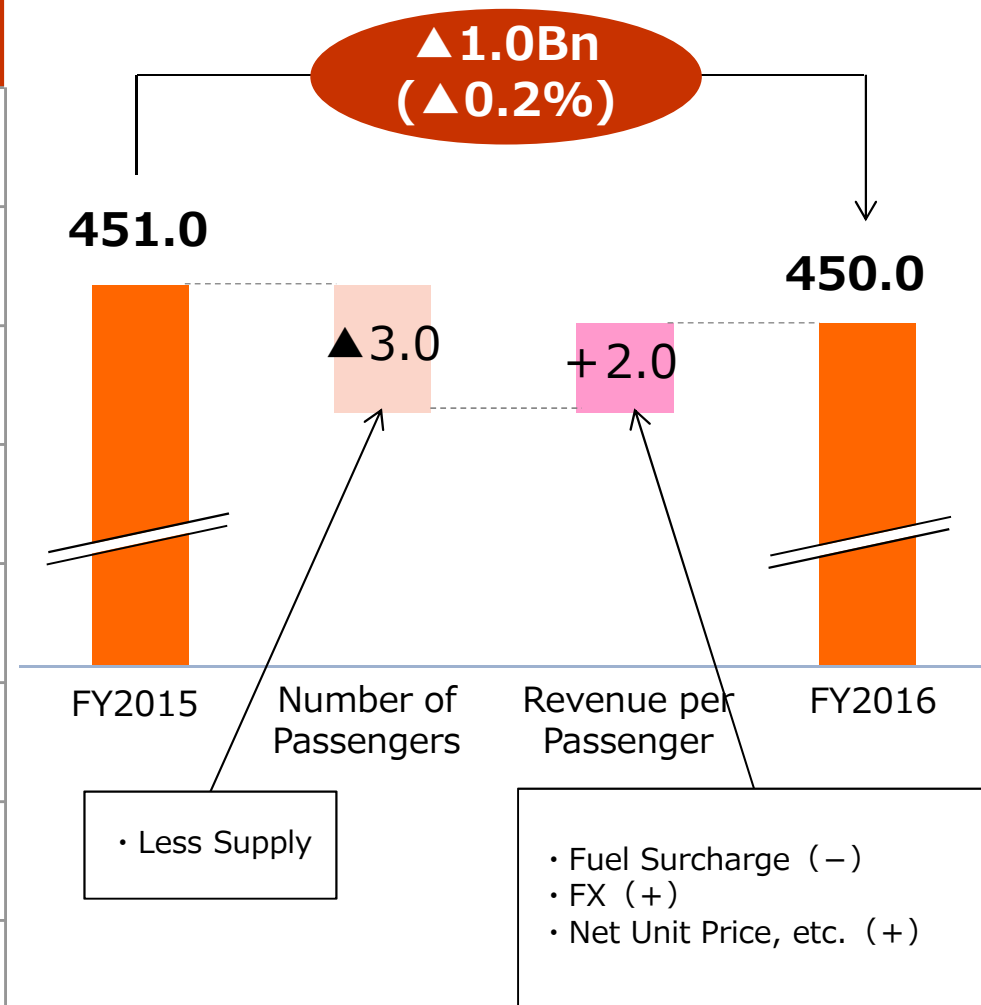
- This page shows the factors of change in operating profit.
- International passenger revenue is expected to decrease by 1 billion yen and domestic passenger revenue to increase by 2 billion yen from last year's estimate. Including the other revenues, we expect a total revenue increase of 6 billion yen.
- As for expenses, fuel costs are expected to fall by 27 billion yen year-on-year primarily due to lower fuel prices. In other cost items, personnel costs are seen to increase by 21 billion yen year-on-year, and costs for services enhancement are also planned. Consequently, expenses are expected to increase by 36 billion yen.
- As a result, operating profit is expected to decline by 3 billion yen to 201 billion yen.

International Passenger Operations



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International	FY2015 Estimate	FY2016 Plan	y/y
Passenger Revenue (JPY Bn)	451.0	450.0	▲0.2%
ASK (MN seat km)	48,349	48,045	▲0.6%
RPK (MN Passenger km)	38,335	38,517	+0.5%
Passengers ('000)	8,093	8,053	▲0.5%
L/F (%)	79.3%	80.2%	+0.9pt
Yield ¹ (JPY)	11.8	11.7	▲0.6%
Unit Revenue ² (JPY)	9.3	9.4	+0.5%
Revenue per Passenger ³ (JPY)	55,716	55,915	+0.4%



1. Yield=Passenger Revenue / RPK
2. Unit Revenue=Passenger Revenue / ASK
3. Revenue per Passenger=Passenger Revenue / Passengers

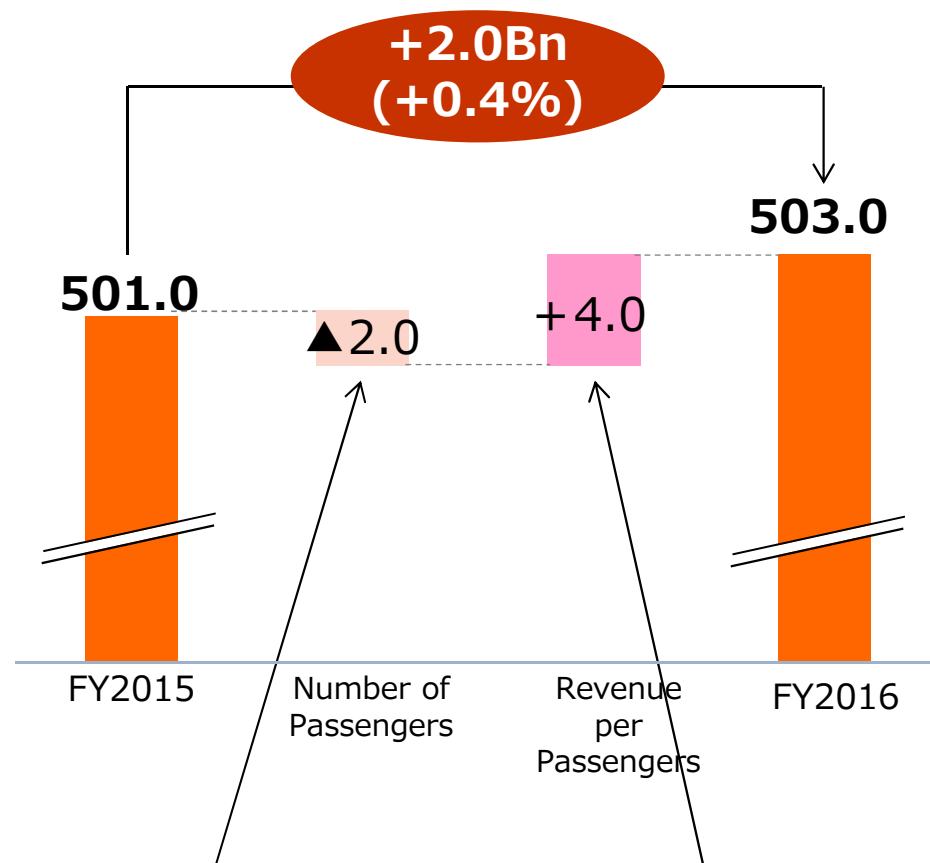
- We plan to curb the revenue decrease at 1 billion yen in total by the revenue management system, the expansion of routes with new products and capturing robust inbound demand although the fuel surcharge revenue will decrease.

Domestic Passenger Operations



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Domestic	FY2015 Estimate	FY2016 Plan	y/y
Passenger Revenue (JPY Bn)	501.0	503.0	+0.4%
ASK (MN seat km)	35,925	35,860	▲0.2%
RPK (MN Passenger km)	24,245	24,193	▲0.2%
Passengers ('000)	32,133	31,962	▲0.5%
L/F (%)	67.5%	67.5%	▲0.0pt
Yield ¹ (JPY)	20.7	20.8	+0.6%
Unit Revenue ² (JPY)	14.0	14.0	+0.6%
Revenue per Passenger ³ (JPY)	15,600	15,742	+0.9%



- Day arrangement of holidays(-)
- Increase by boosted competitiveness(+)

- Change in Customer Mix
- Revenue Management

1. Yield=Passenger Revenue / RPK
2. Unit Revenue=Passenger Revenue / ASK
3. Revenue per Passenger=Passenger Revenue / Passengers

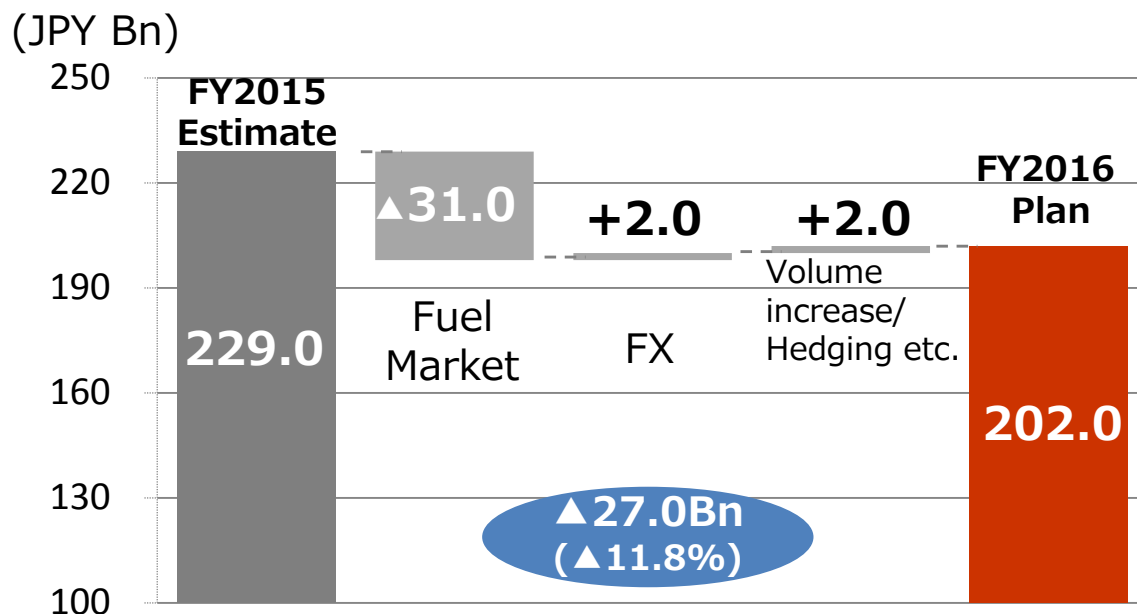
- Regarding domestic passenger operations, we expect a decrease in passengers carried from the previous year, owing to the reaction of leap year and the arrangement of the days of long holidays. However, we aim for a revenue increase of 2 billion yen by raising Revenue per Passenger through revenue management and measures to boost competitiveness.

Analyses for Fuel Costs

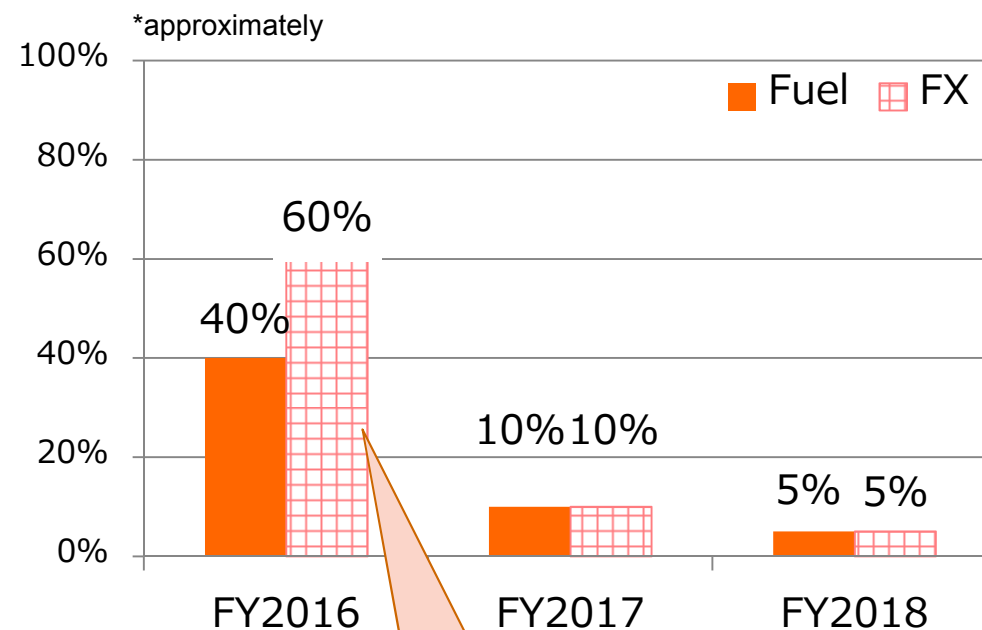


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Breakdown for Fuel Cost Change



Hedging Ratio for Fuel Costs (Forecast as of end of MAR 2016)



Currency hedging to rise due to expected drop in fuel prices in FY16. No basic change in hedging policy.

Fuel/FX Markets

	FY2015 Estimate	FY2016 Plan	y/y
FX (JPY/USD)	121.3	123.0	+1.4%
Singapore Kerosene (USD/bbl)	60.6	50.0	▲17.5%
Dubai Crude Oil (USD/bbl)	47.8	36.0	▲24.7%

Sensitivity for Fuel Costs

(Without Hedging) per Year

Crude Oil (Change in 1 USD/bbl)	2.7 Bn JPY
FX (Change in 1 JPY/USD)	1.0 Bn JPY

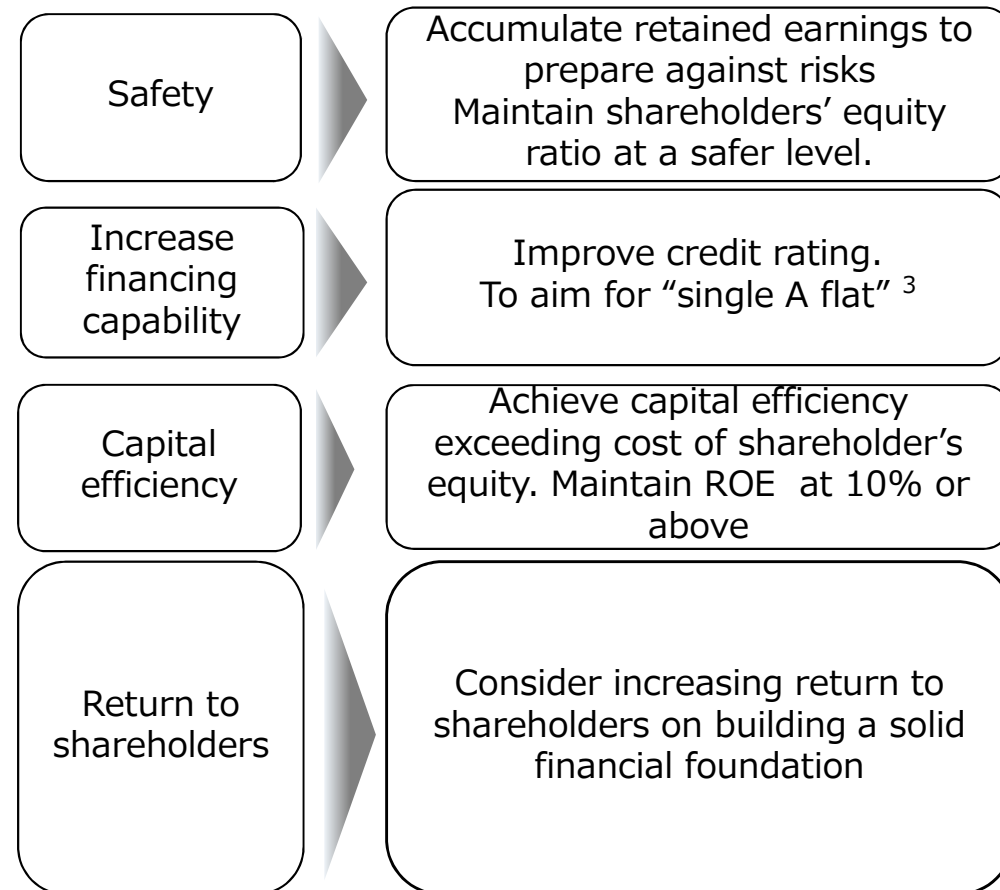
- Fuel costs in fiscal 2015 are expected to amount to 229 billion yen.
- In fiscal 2016, we expect fuel costs of 202 billion yen in total. This forecast is based on market conditions of Singapore Kerosene at 50 USD per barrel, Dubai Crude Oil at 36 USD per barrel, and 123 Japanese yen to the U.S. dollar.
- On analyzing factors for fuel cost changes from fiscal 2015 to fiscal 2016, lower fuel prices are seen to drive down fuel costs by 31 billion yen year-on-year, the weaker yen to increase fuel costs by 2 billion yen, and loading volume and hedging effects to lead to a cost increase of 2 billion yen.
- The hedging ratio of fuel costs is shown in the chart in the upper right corner.
- Currency hedging ratio in fiscal 2016 may appear to be increasing, but we have not changed our hedging policy or method. The increase is caused by changing our fuel price assumption in fiscal 2016 from Singapore Kerosene at 71 USD per barrel to 50 USD per barrel, resulting in an increase in the hedging ratio.

We aim to improve our credit rating, maintain shareholder's equity ratio of 50% or above, and increase financial stability.

Balance Sheet

(JPY Bn)	End of FY2015 Estimate	End of FY2016 Plan	Diff.
Total Assets	1,602.0	1,753.0	+151.0
Balance of interest-bearing debts	92.0	88.0	▲4.0
Shareholder's Equity	849.0	1,023.0	+174.0
Shareholder's Equity Ratio(%)	53.0%	58.4%	+5.4pt
ROE¹	21.2%	20.5%	▲0.7pt
ROA²	13.3%	12.0%	▲1.3pt

Fundamental Capital Policy



1. (Net profit 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. Credit rating by Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd.

- On this page, we will explain our Balance Sheet and Capital Policy.
- Shareholder's equity ratio at the end of fiscal 2016 is expected to be 58.4% together with tax effects.
- By accumulating retained earnings against risks, we aim to maintain shareholder's equity ratio at a safer level, around 60%.
- The balance of interest-bearing debts at the end of fiscal 2016 is expected to decrease by 4 billion yen to 88 billion yen, after repaying lease obligations and long-term loans.
- As for capital efficiency, we aim to secure capital efficiency exceeding cost of shareholder's equity, and maintain ROE of 10% or above.
- We will consider increasing return to shareholders as soon as we have built a solid financial foundation.

Consolidated Cash Flows



JAPAN AIRLINES

Make relevant capital investments based on strict investment discipline.
Secure return on investment and maximize Free Cash Flow

Cash Flow

(JPY Bn)	FY2015 Estimate	FY2016 Plan	Diff.
Cash Flow from Operating Activities	301.0	268.0	▲33.0
Cash Flow from Investing Activities ¹	▲212.0	▲ 243.0	▲31.0
Free Cash Flow ¹	89.0	25.0	▲64.0
Cash Flow from Financing Activities	▲49.0	▲ 50.0	▲1.0
EBITDA	294.0	298.0	+4.0
EBITDAR	317.0	318.0	+1.0

Use of cash flows (FY2016)

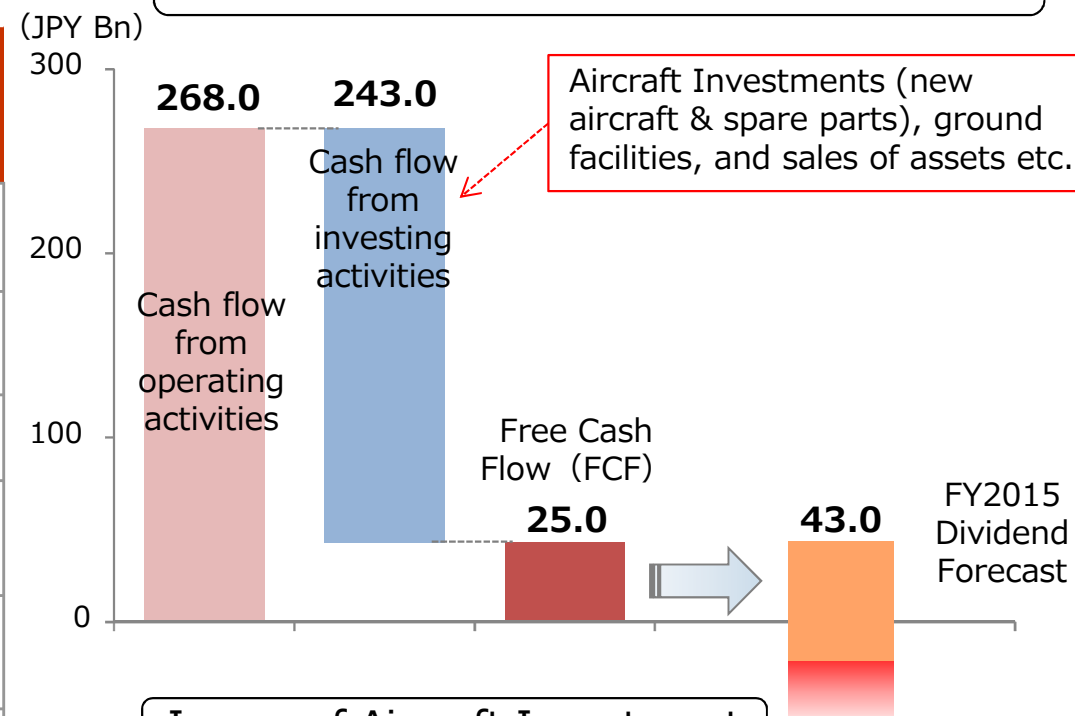
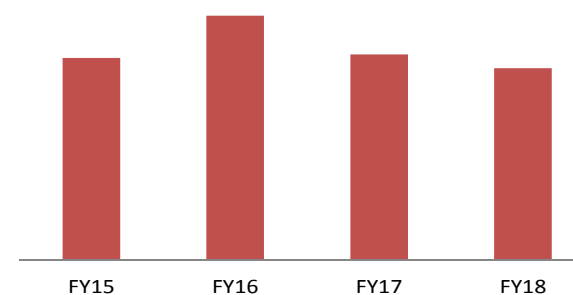


Image of Aircraft Investment

* If FOREX remains JPY123/USD



Utilization of Cash (repayment of debt etc.)

1. Exclude deposits and withdrawals from deposit accounts

- Now, for cash flows.
- We will make relevant capital investments based on the rigorous investment discipline.
We will strive to secure reasonable return on investment and maximize Free Cash Flow.
- In fiscal 2016, total cash flow from operating activities is expected to decrease by 33 billion yen from last year's estimate to an inflow of 268 billion yen.
- On the other hand, cash flow from investing activities is seen to increase by 31 billion yen from last year's estimate to an outflow of 243 billion yen, as investments in aircraft will concentrate in fiscal 2016.
- As a result, Free Cash Flow is expected to decline by 64 billion yen from last year's estimate to 25 billion yen.
- In fiscal 2016, Free Cash Flow is seen to fall below the payment of dividends. But from fiscal 2017, we plan to maintain disciplined control of cash flows so that we can cover loan repayment and strategic investments as well as the payment of dividends with Free Cash Flow.



1	Progress of FY2012~2016 JAL Group Medium Term Management Plan	P.1
2	Overview of Rolling Plan 2016 for FY2012~2016 JAL Group Medium Term Management Plan	P.6
3	FY2016 Revenue/Expense Plan, Financing Plan	P.11
4	Towards FY2017 Onwards	P.18
	Reference	P.20



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Business environment from FY2017 onwards and issues to tackle in next Medium Term Management Plan

Surely catch business opportunities to achieve corporate growth

Changes in business environment

2016

2020

2030

Macro economic

Decline in Japan's working-age population and an increase in older population

Global economic growth (especially Asia-Pacific region)

Advancement of technology contributing to increased customer satisfaction and productivity

Customers

Diversification of values sought by customers

Increase of inbound passenger numbers

Competition

Expansion in use of LCCs, foreign entrants in Japanese market

Additional slots at Tokyo area airports

Opening of linear Shinkansen

Perceived issues

International

- Steadily capture demand in countries/regions with large prospective growth to drive growth

Domestic

- Build a system to increase preference in mature markets, increase inbound passenger demand
- Contribute to regional revitalization

Business operation

- Explore new businesses from long term perspective (outside air transport domain)
- Expand to global markets optimizing Japan's appeal (markets, human resources, organizations, customer basis, etc.)

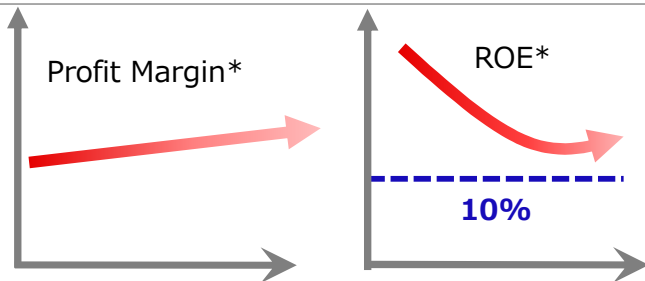
- On this page, we will explain our recognition of the business environment from fiscal 2017 and issues to tackle in the next Medium Term Management Plan.
- We recognize that our business environment contains a mixture of positive and negative factors for the airline business, but we will surely catch business opportunities and solve issues one by one to achieve the corporate growth.

Medium and long term Management Targets from FY2017 ~To increase corporate value~

We will appropriately respond to passenger demand growth and continue to grow based on profitability and stability, and thus increase corporate value

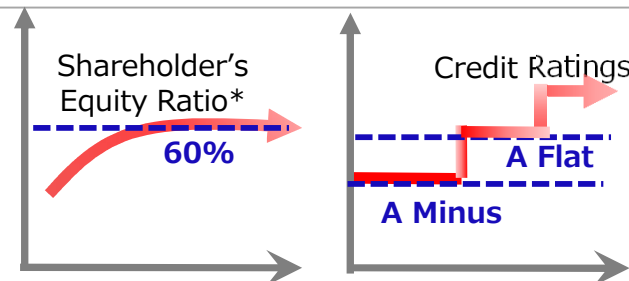
Profitability

- Pursue profitability, not merely business scale
- Review asset efficiency and capital efficiency



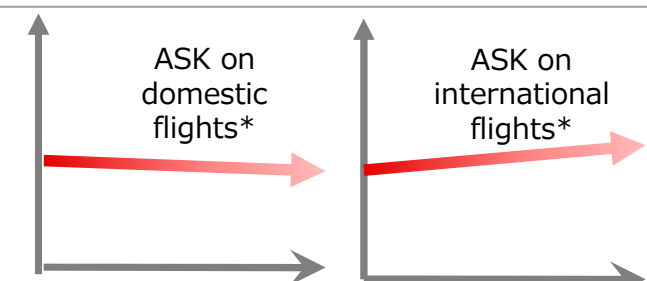
Stability

- Maintain shareholder's equity ratio at appropriate level to balance financial stability and capital efficiency
- Improve credit rating



Growth

- Capacity strategy with maintaining profitability
- Introduce fuel-efficient next generation aircraft



*Specific target is to be announced around the end of FY2016.

What to plan in Medium Term Management Plan* from FY2017

- Build business operation structure to respond to expected slot increase at Tokyo metropolitan airports
- Consider and take action to medium and long term management issues
- Smoothly introduce next generation aircraft (787, A350, MRJ, etc.)

Objectives in FY2016

- Accomplish FY2016 management targets in final year of FY2012-2016 Medium Term Management Plan, and accomplish the plan.
- Establish Medium Term Management Plan for new growth, and prepare to implement from FY2017

- This page shows our business direction from fiscal 2017.
- There will be no change in our business direction to place emphasis on profitability without merely seeking to expand scale.

We will strive to manage the company so that every stakeholder can realize growth in addition to profitability and stability, which we accumulated over the past five years. To materialize this, in fiscal 2016, we will focus on:

accomplishing the current Medium Term Management Plan,
establishing a new management plan aimed at achieving new growth and preparing to put it into action from fiscal 2017.

- For your reference, page 20 provides our earnings forecast for the fiscal year ending March 31, 2016. After scrutinizing our recent business performances, we have partly revised the latest forecast announced on October 30, 2015.



1	Progress of FY2012~2016 JAL Group Medium Term Management Plan	P.1
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《Reference》 Earnings Forecast for the fiscal year ending March 31, 2016 (Consolidated financial results/Balance Sheet/Cash flow)



JAPAN AIRLINES

Consolidated Financial Results

(JPY Bn)	Previous Forecast ¹	New Forecast	Difference
Operating Revenue	1,347.0	1,337.0	▲10.0
Int'l Passenger	458.0	451.0	▲7.0
Dom. Passenger	497.0	501.0	+4.0
Cargo/Mail	96.0	92.0	▲4.0
Other	296.0	293.0	▲3.0
Operating Expense	1,143.0	1,133.0	▲10.0
Fuel	247.0	229.0	▲18.0
Excluding Fuel	896.0	904.0	+8.0
Operating Profit	204.0	204.0	-
Operating Profit margin (%)	15.1%	15.3%	+0.1pt
Ordinary Income	202.0	202.0	-
Net Income²	172.0	172.0	-

Consolidated Balance Sheet

(JPY Bn)	Previous Forecast ¹	New Forecast	Difference
Total Assets	1,598.0	1,602.0	+4.0
Balance of interest-bearing debts	86.0	92.0	+6.0
Shareholder's Equity[※]	860.0	849.0	▲11.0
Shareholder's Equity Ratio(%)	53.8%	53.0%	▲0.8pt
ROE (%)³	21.0%	21.2%	+0.2pt
ROA (%)⁴	13.3%	13.3%	▲0.0pt

※ Since the practice for calculating retirement benefit obligations will be changed at the end of FY2015, JPY50.0Bn decrease in accumulated other comprehensive income is expected. In addition, possible reduction of shareholder's equity by fluctuation of deferred gains or losses on hedges upon changes in presumption is considered.

Consolidated Cash Flows

(JPY Bn)	Previous Forecast ¹	New Forecast	Difference
Cash Flow from Operating Activities	294.0	301.0	+7.0
Cash Flow from Investing Activities⁵	▲206.0	▲212.0	▲6.0
Free Cash Flow⁵	88.0	89.0	+1.0
Cash Flow from Financing Activities	▲55.0	▲49.0	+6.0
EBITDA	294.0	298.0	-
EBITDAR	317.0	318.0	-

1. Disclosed on October 30th, 2015.
2. Net Income attributable to owners of the parent.
3. ROE = Net Income attributable to owners of the parent / Average of Shareholder's Equity at beginning of year and end of year.
4. ROA = Operating Profit / Average of Total Assets at beginning of year and end of year.
5. Excludes deposit and withdrawal from deposit accounts.

Fly into tomorrow.



JAPAN AIRLINES

Contact:

Finance, Japan Airlines

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