



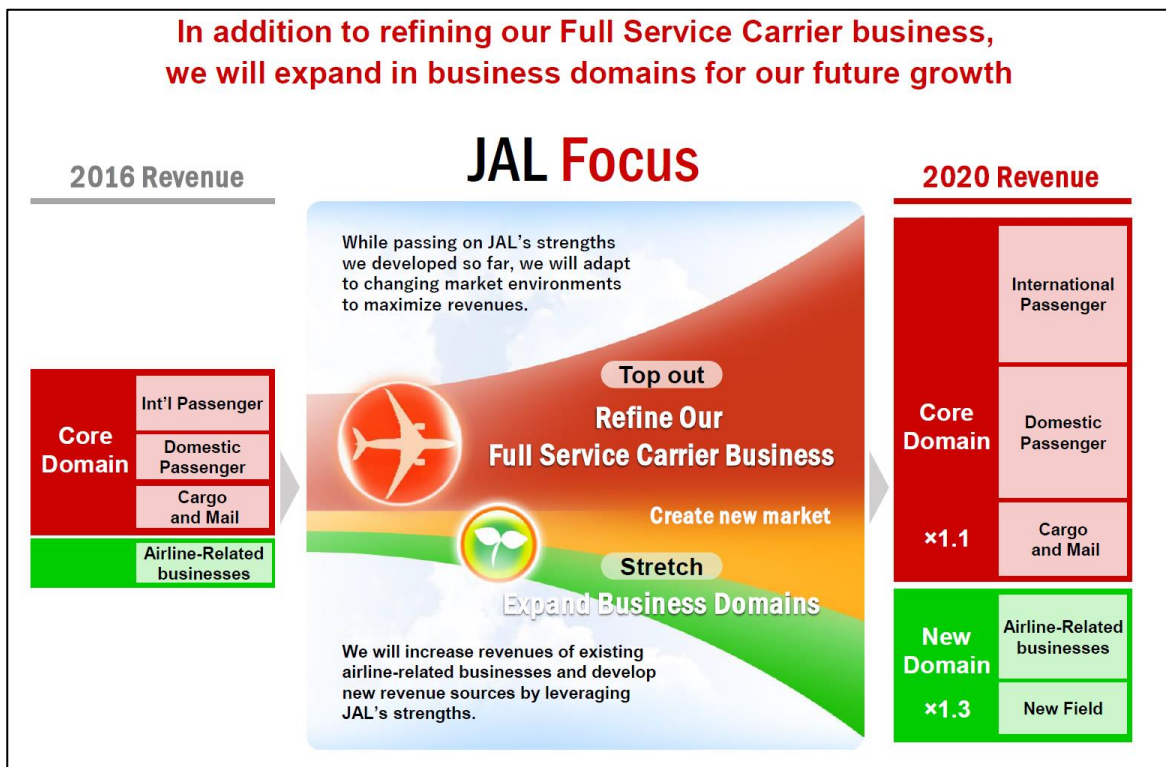
JAL Announces Fiscal Years 2017-2020 JAL Group Medium Term Management Plan “Challenge, Leading to Growth”

TOKYO April 28, 2017: Japan Airlines Co., Ltd. (hereinafter “JAL”) today announced JAL Group Medium Term Management Plan (hereinafter “the Plan”) for fiscal years 2017 to 2020 (year ending March 31, 2021), since 2020 is recognized as a milestone, which Tokyo hosts Olympic/Paralympic Games and the flight slot is expected to expand at Tokyo metropolitan airports.

On establishing the Plan, we laid out JAL Vision, which describes what we aim to be in future for “customers worldwide, from region to society” with key words of “Transform JAL into a true global airline” x “Create new values one step ahead of competitors” = “Continue sustainable growth”.



JAL will be embracing new challenges to “Refine Our Full Service Carrier Business” and “Expand Business Domains” as a step to realize the JAL Vision. The airline will move forward steadily and step by step in order to drive sustainable and consistent growth for the future.



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Positioning and Direction for the plan

~ Review ~

- In the FY2012-2016 Medium Term Management Plan, JAL concentrated on its Full Service Carrier business, and pursued initiatives for high quality service and profitability improvement, while making investments in aircraft, products, services, and human resources.
- As for management targets, JAL achieved the financial target of “10% or above operating margin for five consecutive years, and 50% or above equity ratio by the end of FY2016.” Although we fell short of its “Safety” and “Customer Satisfaction” targets, we put in joint efforts to accumulate safety layers and took first place for the JCSI (Japanese Customer Satisfaction Index) “Repeat Intention Rate” and “Recommendation Intention Rate” of international flights.

~ FY2017-2020 Medium Term Management Plan ~

- In the Plan, JAL will continue to refine its Full Service Carrier business, and will also adopt itself to global changes, while making capital expenditures for safety and service enhancements to become the customers’ airline of choice.
- In addition, JAL will make necessary preparations and take action to expand into new business domains such as creating and nurturing new profit resources by leveraging JAL’s strengths.
- Through the above measures, JAL will proceed step by step under the theme “Challenge, Leading to Growth” to realize sustainable and stable growth, and contribute to regions and society.

Indicators in 3 areas as JAL’s Management Targets

JAL set out 3 management targets in the Plan.

JAL Target



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

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

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Key Initiatives

JAL will strive to refine its Full Service Carrier business and expand business domains such as creating and nurturing new profit resources. To challenge these two drivers for growth, we will pursue initiatives in 5 key areas below to achieve the three management targets of the Plan.

1. Safety

- JAL continues to aim the safety targets (numeric targets) of “zero aircraft accidents” and “zero serious incidents” through new approaches. We will make an effort to stably achieve zero results.
- JAL will proactively prevent accidents through layers of measures to evolve the Safety Management System, and protect customers from terror threats by evolving the Security Management System. We will continuously act with top priority on safety to pass on lessons learned from accidents.

2. Network, Products and Services

- On international flights, JAL will provide the customer’s top choice of network, products and services, while promoting activities for overseas customers toward growth. Additionally the airline will progressively introduce fully-flat seats in the Business Class, and aircraft equipped with new spacious Economy Class seats providing more legroom.
- On domestic flights, JAL will aim stable growth by creating new air transport demand and providing high value services. We will introduce the Airbus A350-900 on the main-line routes in FY2019 and new aircraft such as the Embraer 190 and ATR 42-600 on the regional routes. We will increase newly configured aircraft equipped with inflight Internet service and high quality seats. Additionally we will also open routes focusing on the regional networks such as remote islands and Hokkaido.

3. Divisional Profitability Management

- JAL will execute appropriate cost control, restrain increases in fixed costs and promote variable costs to maximize revenues and minimize expenses. We aim to realize muscular management by fully using our resources to grow its cash generation capabilities.
- To accomplish this, JAL will consolidate the efforts of every staff through “Management by All” and implement PDCA speedily to improve ability to achieve the targets.

4. Human Resources

- To develop “environments to increase labor productivity,” and enable “diverse human resources” to exert their individuality, JAL will continue to nurture global human resources and promote diversity.
- In addition, to realize “leading values,” JAL will nurture leaders who continuously meet challenges and promote changes to form a group of professionals who can build a corporate group filled with opportunities for new value creation and human resources capable of translating ideas into action.

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5. Innovation

- JAL will meet the challenge of innovation (e.g. improve and change existing businesses by using IT technologies, contribute to regions and society, and create new revenues resources).
- In terms of “inbound passenger and regional revitalization,” JAL will deal with increasing inbound passengers to Japan by carrying customers to regions as “transport infrastructure.” The airline will also conduct unified activities such as “New JAPAN PROJECT” in collaboration with regional communities to contribute to their economic growth, increasing the resident population, etc.

Steps for Growth

JAL will make necessary capital expenditures for safety and service enhancements by the following steps to realize growth. We will strive to maintain high profitability and financial stability. We will also actively pass on benefits to customers, shareholders and staff, and contribute to regions and society.



For more details, please see the attached file. JAL will announce more information when new network, products and services are decided.

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