

Japan Airlines and American Airlines Joint Business Benefits from April 1, 2011

January 11, 2011



October 25, 2010: Signing of Japan-USA Open Skies Agreement

Antitrust immunity was granted to airlines operating over the Pacific, as the industry becomes increasingly competitive

Under antitrust laws, absent antitrust immunity, airlines were prohibited from coordinating schedules, setting airfares, discussing yield management, inventory, revenue and expense sharing etc.

By working together, the airlines can greatly improve the network, products, and services offered to customers. A stronger business management, increased efficiency, and increased opportunity for cost-savings make our airlines more competitive.

Events leading up to ATI approval

- Feb 12, 2010** – American and JAL applied to US DOT for ATI
- Jun 18, 2010** – JAL applied to Japan MLIT for ATI
- Oct 7, 2010** – US DOT granted tentative approval
- Oct 22, 2010** – MLIT approved ATI application
- Nov 11, 2010** – US DOT issued final order, approving ATI

2 months later, today ...

- We bring our customers the first product of our closer cooperation permitted by ATI
- We bring to customers a list of benefits to expect from our joint business that we began formulating in the last 2 months



What is the trans-Pacific Joint Business?

ISN'T

- A new or separate business
- A traditional merger between airlines

IS

- A business agreement between JAL and American
- On trans-Pacific routes, which will bring substantial benefits to both our airlines

Each airline retains:

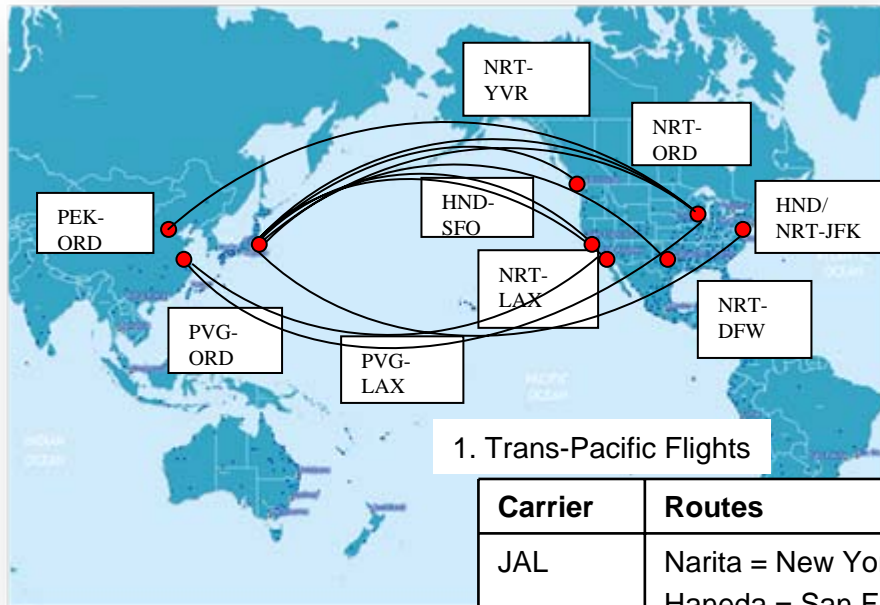
- Its own separate brand
- Its individual corporate identity
- Its independent operations
- Its existing relationships within **oneworld**



The Partners:	American Airlines	Japan Airlines
Established:	January 25, 1930	October 1, 1953
Executives:	Chief Executive Gerard Arpey President Thomas Horton	Chairman Kazuo Inamori President Masaru Onishi
Annual Revenue:	USD 20 billion (~ 1.7 trillion yen)	1.5 trillion yen (~ USD 18 billion)
Destinations:	250	226 (incl. codeshare, as of April 1, 2010)
Aircraft:	900	258 (as of April 1, 2010)
Trans-Pacific Flights	Narita – Chicago Narita – Dallas / Fort Worth Narita – Los Angeles Narita – New York Haneda – New York Beijing – Chicago Shanghai - Chicago Shanghai – Los Angeles (starts Apr. 5)	Narita – Chicago Narita – Los Angeles Narita – New York Haneda – San Francisco
	Cornerstone Markets: Chicago, Miami Dallas/Fort Worth, New York, Los Angeles	Hubs: Narita, Haneda
Strengths:	Premium passengers, business travel demand, global route network, mileage program	Premium passengers, business travel demand, largest domestic operation in Japan, high service standards



Applicable trans-Pacific Routes



1. Trans-Pacific Flights

Carrier	Routes
JAL	Narita = New York, Chicago, Los Angeles, Vancouver Haneda = San Francisco
AA	Narita = Dallas/Fort Worth, New York, Chicago, Los Angeles Haneda = New York, Beijing = Chicago*, Shanghai = Chicago*, Los Angeles*

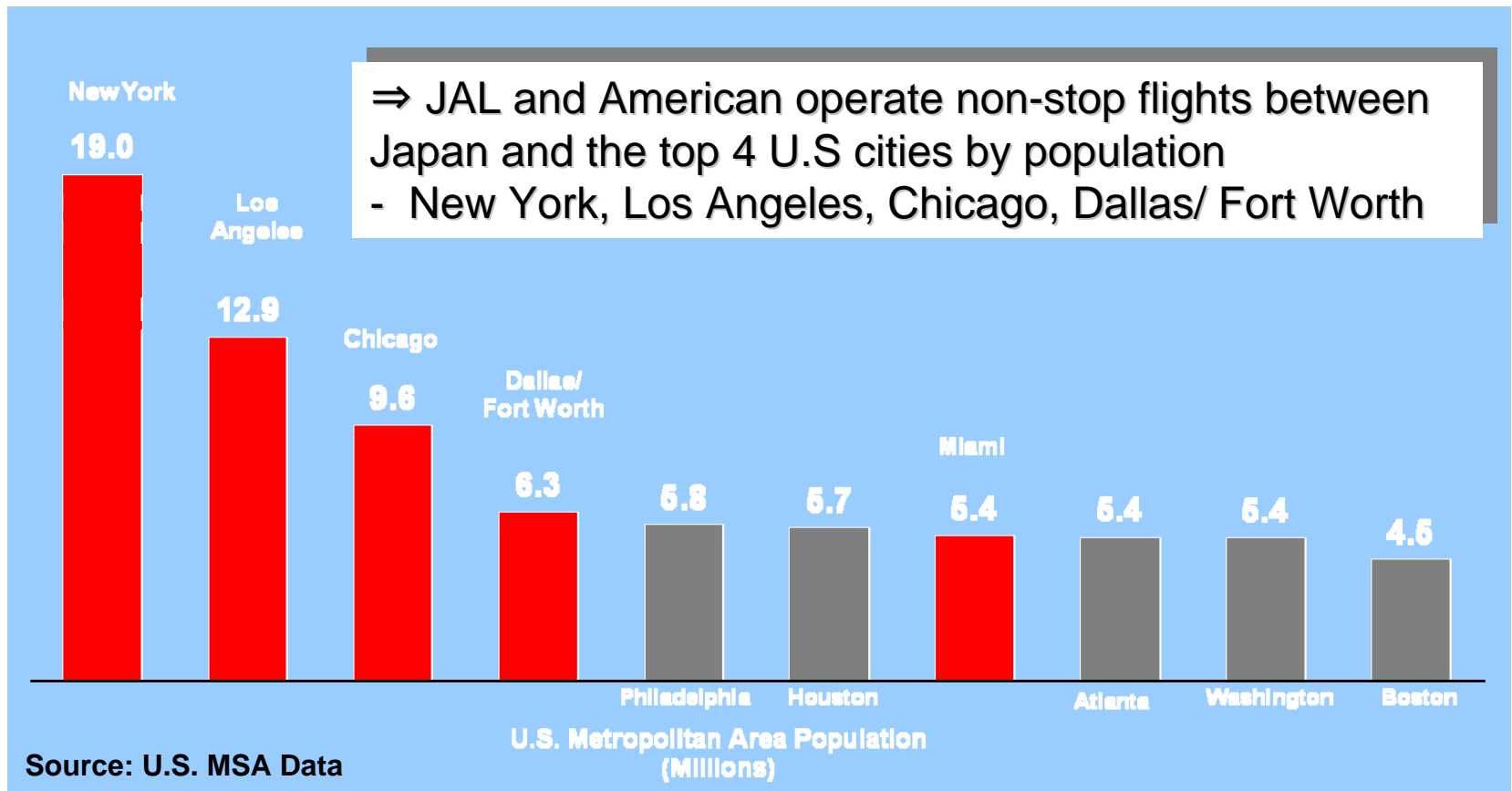
2. Connecting flights from the above trans-Pacific Flights

Carrier	Routes
JAL	Asia, domestic points within Japan
AA	Canada, Mexico, Puerto Rico, U.S. Virgin Islands, domestic points within USA

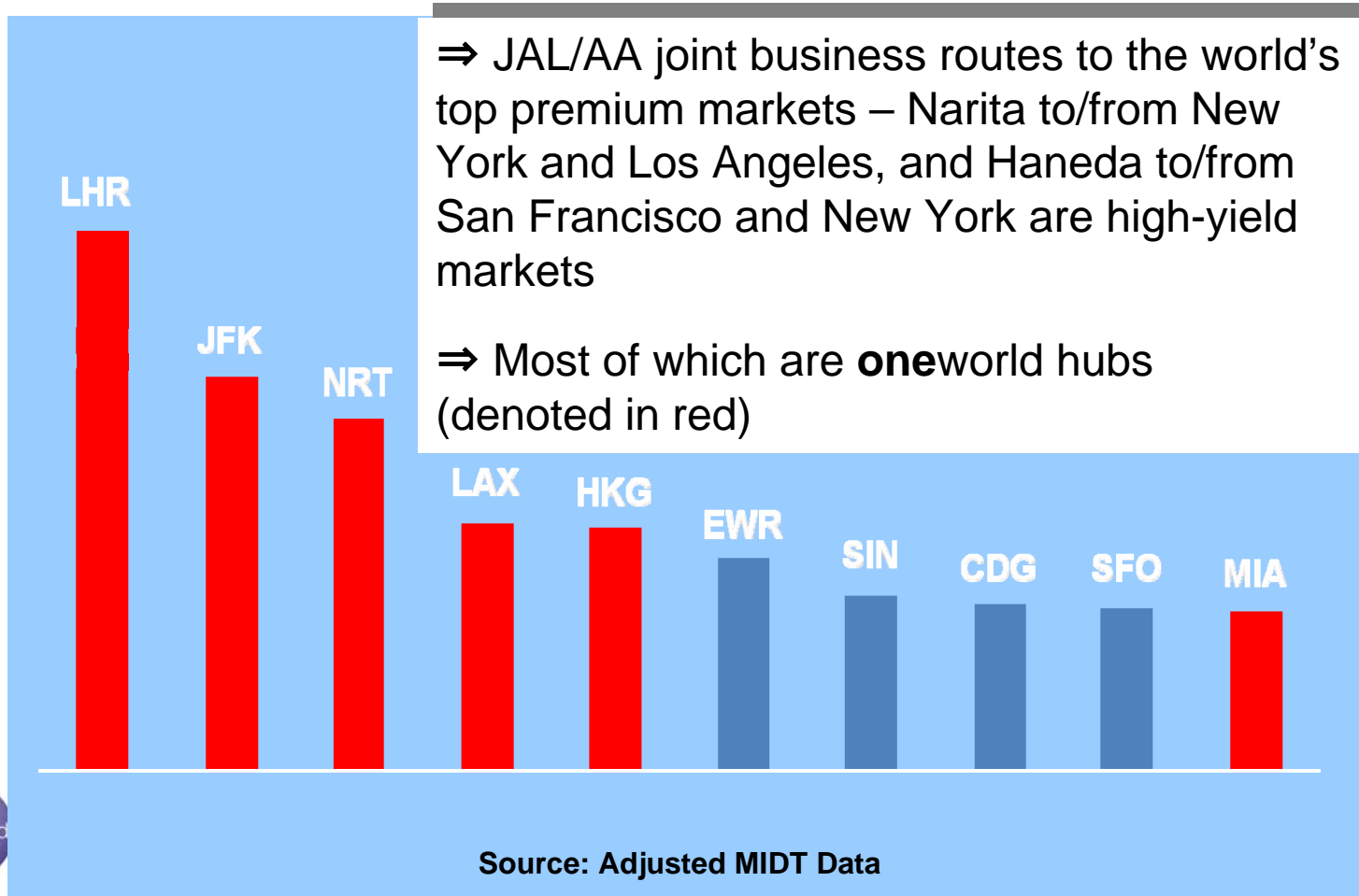


*Chinese Government approval pending

Top U.S Gateways by Population

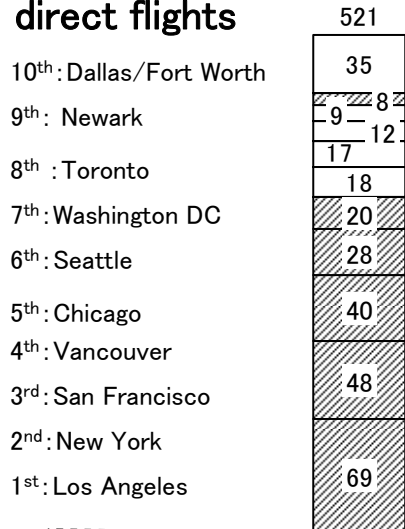


Top Ten Worldwide Premium Revenue Markets



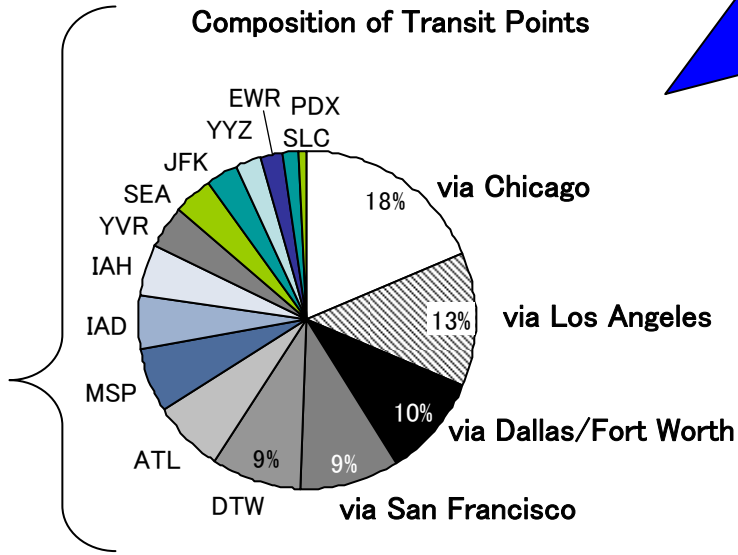
Analysis of Trans-Pacific Route Demand

Demand for direct flights



⇒ JAL and AA fly non-stop to most key destinations with the highest traffic demand.

Demand for transit routes*



High demand at certain transit points!

⇒ Demand for connecting flights account for approximately 40% of overall demand on trans-Pacific routes, highlighting the importance of an airport's hub function.

* Transit demand includes to 22 airports in Central and South America
 • DATA Source: MIDT Market Manager FY09 data
 • Data is in units of 10,000 passengers



Analysis of Trans-Pacific Route Demand

Importance of Chicago as a key transit point

2 points in East Canada

8 points in Central USA

8 points in East Coast

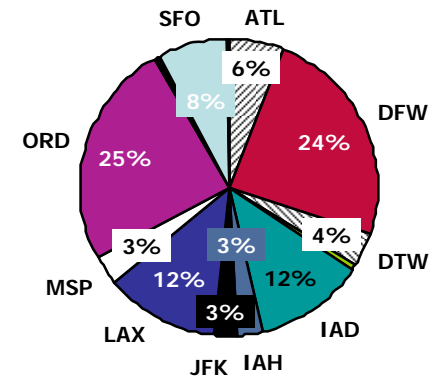
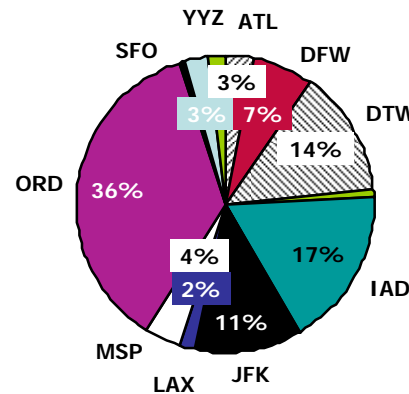
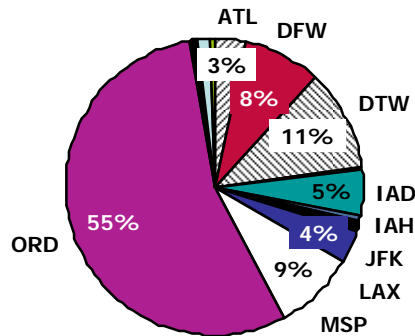
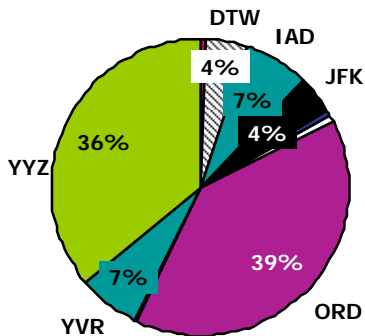
6 points in South America

via Chicago 39%
via Toronto 36%

via Chicago 55%
via Detroit 11%

via Chicago 36%
via Washington DC 17%

via Chicago 25%
via DFW 24%



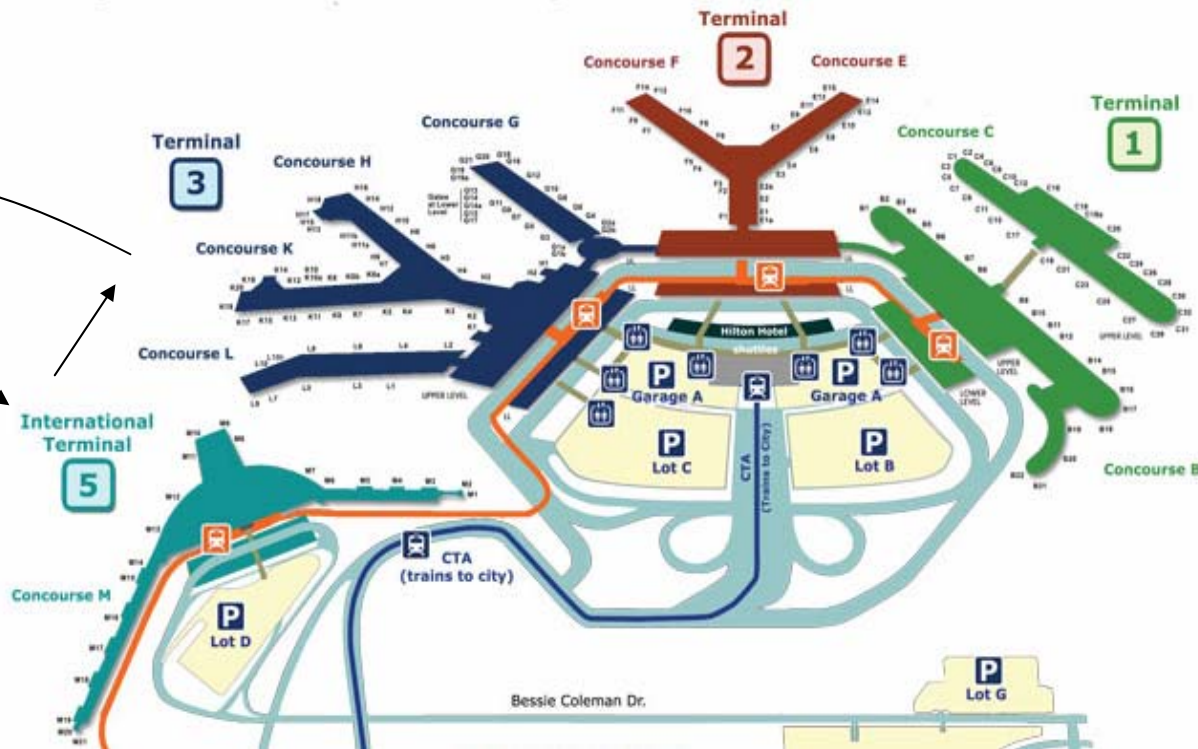
⇒ Regions outside the West Coast USA are well-covered by connecting flights from Chicago!

1. Chicago O'Hare International Airport Terminal Co-location

「Connections at Chicago will now be more convenient!」

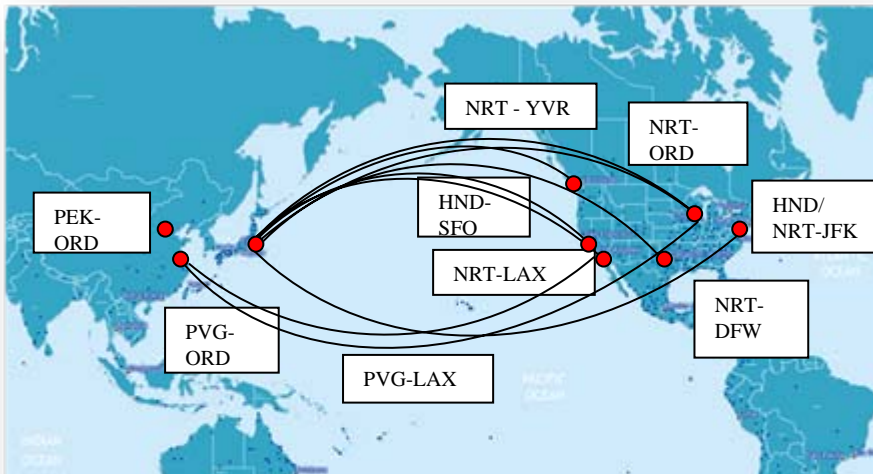
Departure of JAL's Chicago-Narita flight from American's Terminal 3

Arrival of JAL's Narita-Chicago flight into Terminal 5 (all international flight arrives here due to the location of CIQ facilities)



2. Improved flight schedules for greater customer convenience

① From Japan to Chicago



(2010 Summer Schedule)

	Dep. from	Dep. time	Arr. at	Arr. time
JAL	NRT	11:40	ORD	09:20
AA	NRT	17:35	ORD	15:15

(2011 Summer Schedule)

	Dep. from	Dep. time	Arr. at	Arr. time
JAL	NRT	11:00	ORD	08:40
AA	NRT	18:15	ORD	16:05

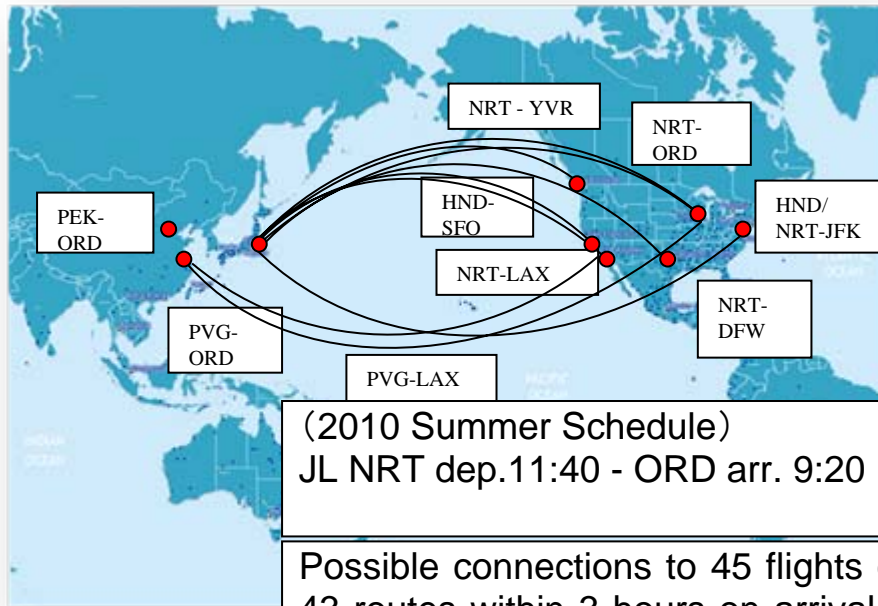


Select JAL for an early arrival into Chicago or choose AA for a longer stay in Japan!



2. Improved flight schedules for greater customer convenience

② From Japan to North America via Chicago



(2010 Summer Schedule)
 JL NRT dep. 11:40 - ORD arr. 9:20

Possible connections to 45 flights on 43 routes within 3 hours on arrival in Chicago

(*) Chicago – Boston, Dallas/ Fort Worth, Miami, Montreal etc.



(2011 Summer Schedule)
 JL NRT dep. 11:00 – ORD arr. 08:40

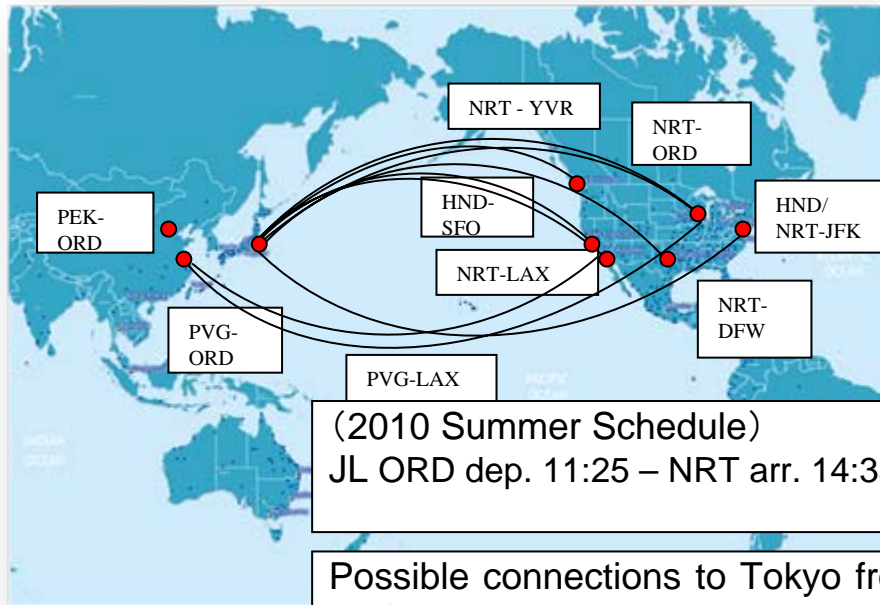
Possible connections to 47 flights on 45 routes within 3 hours on arrival in Chicago

(*) Chicago – Cleveland and Toronto.



2. Improved flight schedules for greater customer convenience

③ From North America to Japan via Chicago



(2010 Summer Schedule)
 JL ORD dep. 11:25 – NRT arr. 14:35

Possible connections to Tokyo from 22 flights and routes within the USA within just 2 hours of arrival into Chicago.

(*) Boston, Dallas/Fort Worth, Philadelphia etc.



(2011 Summer Schedule)
 JL ORD dep. 11:10 – NRT arr. 14:15

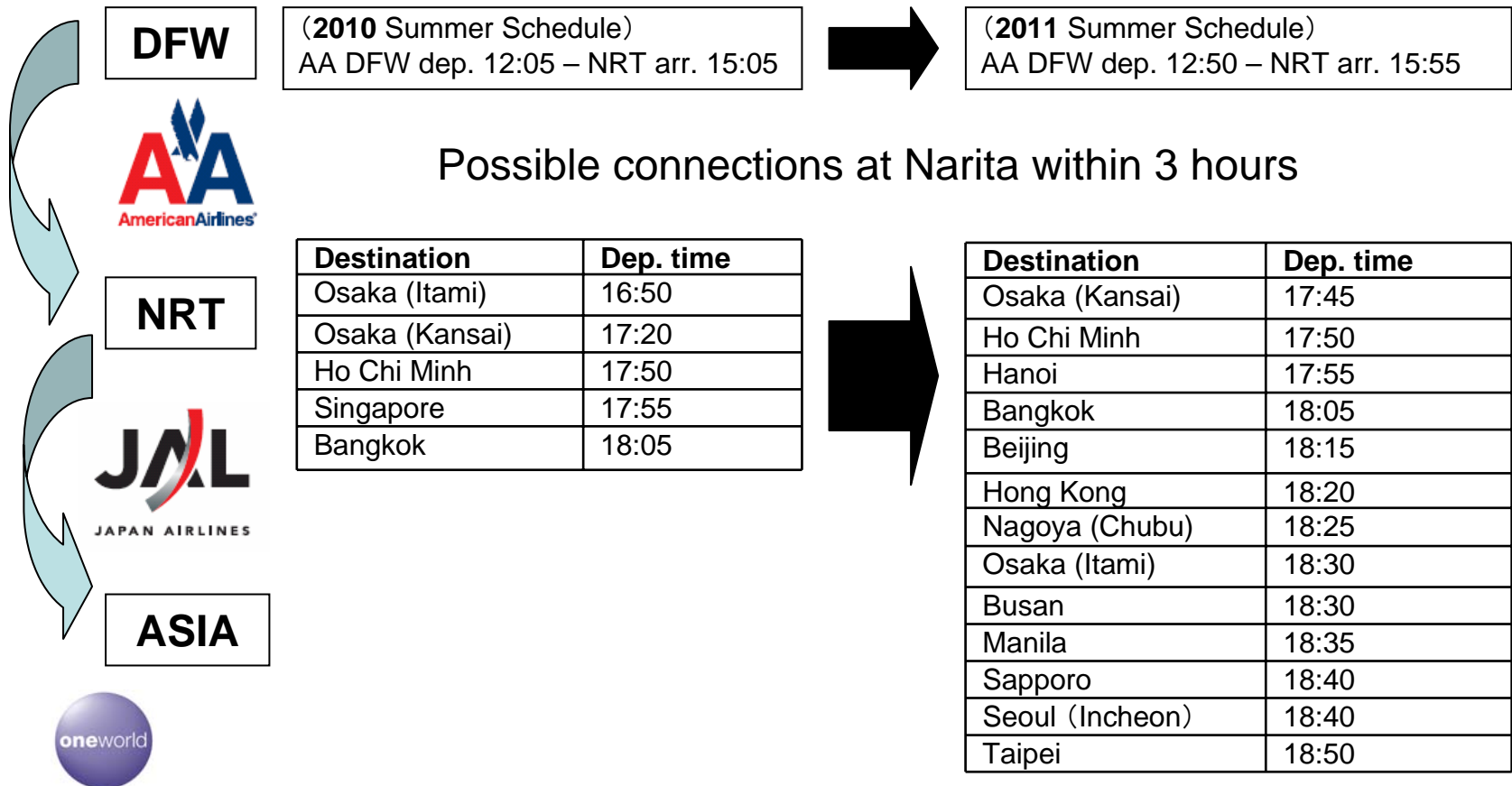
Possible connections to Tokyo from 44 flights and 42 routes within the USA within just 2 hours of arrival into Chicago.

(*) Toronto, Cincinnati, Charlotte etc



2. Improved flight schedules for greater customer convenience

④ From Dallas/Fort Worth to Asia



2. Improved flight schedules for greater customer convenience

⑤ Non-stop flights between Japan and North America

2011 Summer Schedule: Japan to West Coast

	Dep. from	Dep. time	Arr. at	Arr. time
JAL	HND	00:05	SFO	17:10
AA	NRT	15:25	LAX	09:20
JAL	NRT	17:25	LAX	11:00
JAL	NRT	17:40	YVR	10:30

2011 Summer Schedule: West Coast to Japan

	Dep. from	Dep. time	Arr. at	Arr. time
AA	LAX	11:35	NRT	15:15
JAL	YVR	12:05	NRT	14:30
JAL	LAX	12:55	NRT	16:50
JAL	SFO	18:55	HND	22:35

2011 Summer Schedule: Japan to New York

	Dep. from	Dep. time	Arr. at	Arr. time
AA	HND	06:40	JFK	06:35
JAL	NRT	11:20	JFK	11:15
AA	NRT	17:50	JFK	17:55

2011 Summer Schedule: New York to Japan

	Dep. from	Dep. time	Arr. at	Arr. time
AA	JFK	08:20	NRT	11:15
JAL	JFK	13:15	NRT	16:25
AA	JFK	19:05	HND	22:15

⇒ More choice of departure and arrival timings!

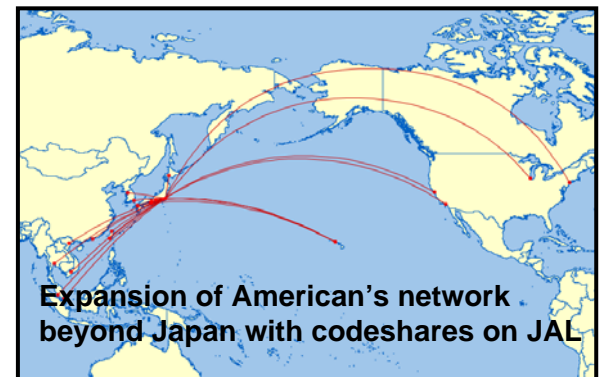
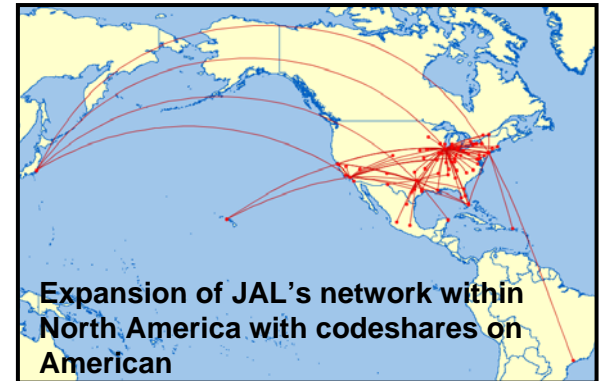


2. Improved flight schedules for greater customer convenience

⑥ Expansion of network through more codesharing

- Expansion of JAL's network in North America through planned codesharing on American's new routes from Los Angeles to destinations such as Salt Lake City and Sacramento from April 5, 2011
- Expansion of American's network to Asia and regional Japan via Tokyo

Flight numbers	Route	Schedule	Days of Operation
AA5867/JL035	Haneda – Singapore	23:50 - 06:30+1	Daily
AA5868/JL036	Singapore – Haneda	22:00 - 05:40+1	Daily
AA5832/JL027	Haneda – Hong Kong	10:00 - 14:05	Daily
AA5870/JL028	Hong Kong – Haneda	15:45 - 20:25	Daily
AA5872/JL018	Narita – Vancouver	17:50 - 09:35	Daily
AA5871/JL017	Vancouver - Narita	11:30 - 14:30+1	Daily



3. Wider variety of fares

① Alignment of fare types

JAL's airfares for departures from Japan

IATA Fares

JAL Business Saver (regular discounted fares on business)

JAL Economy Saver (regular discounted fares on economy)

Dynamic Saver (Dynamic pricing based on seat-availability)

...

AA's airfares for departures from Japan

IATA Fares

American Dream Business Class (regular discounted fares on business)

American Dream (regular discounted fares on economy)

American Dream Special (regular discounted fares on economy)

...

Fares will be adjusted and aligned as part of the joint business.

Routings which include a combination of travel on both carriers will soon be eligible for use with more types of discounted fares.



3. Wider variety of fares

② First-to-market Special Airfare for Travel between February and March

JAL Economy Saver for a journey combining the use of JAL and American flights over the Pacific previously cost JPY 249,000...

JAL and American's commemorative economy class airfare allows passengers to use JAL, American, or a combination of AA/JL.

Sample airfare

Tokyo – San Francisco/Los Angeles = JPY 69,000* (includes JPY21,000 roundtrip fuel surcharge)

Period of purchase : January 11 – March 17, 2011
Period of travel : Outbound travel from Japan is valid from February 1 – March 31, 2011
 Terms and conditions apply.

Reference: Tokyo – San Francisco/ Los Angeles: Usual airfare for travel between February and March

Economy class IATA fare	: JPY 481,600 ~ JPY 715,000
JAL Economy Saver	: JPY 249,000 ~ JPY 328,000
JAL Dynamic Saver	: JPY 71,000 ~ JPY 236,000
AA American Dream	: JPY 103,800 ~ JPY 287,800
AA American Dream Special	: JPY 69,800 ~ JPY 96,800



*Fares shown do not include the September 11th Security Fee of JPY 210 (\$2.50) per U.S. enplanement, local U.S. airport charges of up to JPY 1,500 (\$18.00) per roundtrip, and for international service up to JPY 15,000 (\$180) in additional U.S. and foreign taxes and fees depending on the itinerary.

4. Service enhancements

- ① Increase mileage promotion opportunities
- ② Convenient online reservations and check-in services
- ③ Learning about service and culture

5. Strengthened business management and competitiveness

① Start of joint sales activities

Revenue sharing means both airlines now have the incentive to sell each other's flights, resulting in a more powerful sales effort

- ⇒ Joint selling of both airlines' trans-Pacific network
- ⇒ More focused selling by JAL of American's North American flights
- ⇒ More focused selling by American of JAL's connection flights via Japan to Asia



Japan Airlines and American are also exploring potential opportunities to utilize each other's online presence around the globe

6. Efficient organization structure leading to greater competitiveness

③ Co-location of facilities

Sharing of lounges at airports in Haneda, Chicago etc.



Co-location of offices –

- **JAL's New York Office into American's**
- **American's Asia Pacific Office into JAL's**

7. Knowledge sharing of best business practices

- JAL is developing a financial forecast system based on American's financial forecast concept and will continue studying its investment and cost reduction strategies



- American will learn JAL's Japanese hospitality and service culture
- Both airlines will share maintenance knowledge

Joint business - Bringing New Value to Stakeholders

- Through the joint business, each airline is expected to have a greater ability to invest in its people, products, services and fleets over the long term.
- Alignment of some policies and procedures simplifies employees' jobs and increases job fulfillment by making it easier to serve joint business customers
- Sharing best practices and culture help employees learn new skills and knowledge, equipping them to provide better services to customers.

Japan Airlines and American will continue building upon their joint business while maintaining and enhancing their relationships with other members of **oneworld**.

