

**Q&A concerning the Explanation of Financial Results for
the First-Half of the Fiscal Year ending March 31, 2014 (Summary)**

◆ **International flights**

Q. What is the effect of introducing SKY SUITE 777?

A. SKY SUITE 777 is currently operated on 3 routes. Daily services were launched between Narita and London on February 22, to New York on May 21, and to Paris on August 15. London and New York flights have seen a significant improvement in load factor and yield from last year and remain high. We plan to deploy SKY SUITE on other long distance routes. SKY SUITE 777 will be launched on Los Angeles flights from November 10, and Chicago flights in January 2014 (planned). In December, SKY SUITE 767 will start services to Vancouver.

◆ **Domestic flights**

Q. What are your plans to resume domestic regional routes?

A. We are considering resuming operations on routes which were suspended due to our bankruptcy, as part of efforts to strike a balance between seeking profitability as a private company and fulfilling our social responsibilities as an airline.

We plan to resume operations on routes without alternative transport modes and where profitability can be expected, while continuing discussions with regions around Japan and local governments. We will delve into details in our discussions, and hope to provide information when we announce our FY2014 business plan.

◆ **Costs**

Q. How much did you achieve with your cost reduction initiatives?

A. According to cumulative results of the first-half of the fiscal year, other costs excluding effects of exchange rates and fuel costs decreased by 5 billion yen. We will continue to improve cost management.

Q. What is the reason for the increase in maintenance costs on P13?

A. According to cumulative results of the first-half of the fiscal year, maintenance costs totaled 20.6 billion yen (+38.9% year-on-year) , which is attributable to an increase in outsourcing costs for regular maintenance due to cabin modifications and the impact of exchange rates (weak yen).

◆Forecast for the full fiscal year

Q. What is the background of the weak growth in yield of international flights compared to the previous year, and what are the preconditions of domestic flights on P16?

A. While passenger demand on international flights to Europe, North America, and Southeast Asia is expected to remain robust, passenger numbers on China routes in the second-half is seen to grow, but outbound leisure demand from Japan may not recover as expected.

The situation may be severe for domestic flights in the second-half, resulting in a reduction of flights on the Itami=Fukuoka route in October, due to intensifying competition, etc.

◆Dividend policy

Q. Do you have quantitative targets for the strong financial basis mentioned on P3?

A. We do not have any specific figures to announce at present, but we consider it necessary to possess internal reserves of an absolute amount for ensuring sound financial conditions, despite event risks or impairment of assets, etc., as well as seeking a high equity ratio.

◆Others

Q.Are there any changes in the investment plan for introducing the Airbus A350?

A. We do not plan any additional investments in the Medium Term Management Plan.

Q. Please justify the equity injection for Jetstar Japan.

A. JAL has provided a 5.5 billion yen equity injection for Jetstar Japan.

As it is difficult for LCC businesses to be profitable in Japan, we would like to monitor the situation over a 3 year span or so. With regard to our relationship with Jetstar Japan, we would like to continue to render support as a shareholder, etc. to increase its presence in the Japanese market.

end