





Summary on the Q&A Session at the Briefing on JAL Group Account Settlement for FY2008 Q1

 Date & Time: August 7th, 2008 16:30pm ~ 18:00pm JST

 Venue: Otemachi Sun Sky Room

The following dialogue is a summary of the Q&A session at the briefing on JAL Group Account Settlement for FY2008 Q1 held on August 7th, 2008 in Tokyo.

Q1 . As domestic passenger business demand seemed to be sluggish this first quarter, did the revenue from the domestic passenger business meet your expectations?

A1 . Domestic passenger business revenue slightly fell short of our target due to the decline in average unit price caused by the change in passenger mix where individual passengers decreased and group passengers increased.

Q2 . Will JAL be able to achieve the revenue target for domestic passenger business for the whole financial year of FY2008? Are there any changes to your strategy after the second quarter?

A2 . We are making the utmost effort to achieve our target by not only stimulating demand of group passengers, but winning over individual business passengers through strengthening corporate sales, etc.

Q3 . How was the result of the first quarter on a consolidated basis compared with your initial target?

A3 . In spite of a slight decline in revenue, we could slightly surpass our target in operating income as we were able to cut down on costs in almost all the items.

Q4 . You have said that JAL would consider additional countermeasures such as a further decrease in frequency and suspension of routes in case of a further fuel hike in the future. Isn't there any possibility that further reduction in your capacity will negatively affect your plans to take advantage of the airport expansion at Narita and Haneda to take place in 2010?

A4 . We have to flexibly tackle the steep rise in fuel price, and the movements of our competitors. On the other hand, since the expansion of Narita and Haneda airport in 2010 is a very big business chance for us we have no intention of changing our medium and long-term strategies. The course of action we take will adequately ensure that our strategies are not impacted by any short-term counter-measures.

Q5 . In the event that you further decrease frequency or suspend routes, won't impairment substantially increase as a result of an acceleration in the number of aircraft decommissioned?

A5 . It will depend on the content and scale of future revision of route, frequency, and fleet plan, but at this moment there seems to be no major impact in the sphere of the revision we announced today.

Q6 . In the sphere of international passenger business, your newly-introduced "Premium Economy Service" is said to be enjoying brisk sales. Is this good result attributed to a passenger shift from business class to premium economy or a passenger shift within the economy class?

A6 . Business class demand has been increasing year on year, so we think business class passengers have not been shifting to our new premium economy service. Our analysis shows that in actual fact the number of economy class passengers purchasing higher priced tickets has been increasing.

Q7 . Currently Chinese routes have been poorly performing. Do you think China will continue to be a high growth market? Please tell us your strategy for China.

A7 . Currently, it is true that outbound tourist demand from Japan has been declining.

However, inbound tourist and business demand from China are booming and we still consider China a fast-growing market. From now onwards, not only will we continue targeting Japanese passengers, but we are considering changing our business strategy to focus more on the growing Chinese passenger market, developing active sales promotion, that will enable us to position ourselves as China's first choice international airline.

Q 8 . Cost cutting was achieved in almost all the cost items for the first quarter. Will these effects continue?

A 8 . Cost cutting has been progressing smoothly, partially surpassing our initial targets. We will make every effort to continue and deepen this cost cutting trend.

Q 9 . Please tell us about the progress of cost structure reform which was announced in the "FY2008-2010 JAL Group Medium-Term Revival Plan"

A 9 . Cost structure reform is fundamental to the bold review of work form, content and processes currently being conducted at our organization. We have gone back to basics to find ways we can improve how we do business and increase productivity. We have been making smooth progress, and the full-scale overhaul of our structure which we planned to carry out in FY2009 will partially be completed ahead of schedule in FY2008.