



**Summary on the Q&A Session at the Briefing  
on JAL Group Account Settlement for FY2008 Q2**

 **Date & Time: November 7<sup>th</sup>, 2008 16:00-17:30**

 **Venue : Grand Prince Hotel Takanawa, Tokyo**

The following dialogue is a summary of the Q&A session at the briefing on JAL Group Account Settlement for FY2008 Q2 held on November 7<sup>th</sup>, 2008 in Tokyo.

**Q1. With regard to international passenger operations, did the passenger volume by class increase or decrease in the first half of FY2008 from a year earlier, and how about the latest booking trend compared with the previous year ?**

A1. Against the backdrop of the progress in fleet downsizing and route restructuring, the number of seats supplied has been decreasing. With this in mind, the comparison of the number of the passengers by class between the first half of FY2007 and that of FY2008 is as follows:

First Class 108%, Business Class 95%, Economy Class 90%

When it comes to seat booking for October and November, the above figures change to approximately 85 - 90% in the business class, and 85% in the economy class.

**Q2. It has been reported that ticket sales commission for the international passenger operations will be abolished in Japanese travel market. What will JAL's response be?**

A2. So called "zero-commission" is a worldwide trend and there are many countries in which the sales commission has already been abolished. Even in Japan, more than a few American and European carriers have introduced or announced the future introduction of the zero commission. JAL has also started negotiation with travel agencies regarding the possible abolition of sales commission to be effective April 1<sup>st</sup>, 2009. However, a final conclusion has yet to be reached.

**Q3. With sluggish demand due to the global economic slowdown, does JAL have any plans to further reduce the capacity of its international operations in the second-fiscal year? In particular, does JAL intend to cut back on capacity on Japan=China routes where passenger demand has been weakening and is lingering at a lower level to the previous year due to the negative impact of food safety-related problems and so forth?**

A3. Although it might be possible to change aircraft type to match the demand or to suspend flights on an ad-hoc basis reflecting the actual demand of each flight, JAL basically intends to operate in accordance with the already announced revised plan for the second-fiscal year.



As for China routes, JAL has been accelerating fleet downsizing aimed at narrowing the supply-demand gap and has already switched part of its fleet to small-sized aircraft such as Boeing 737-800, not only on medium-scale routes but also on the trunk routes. JAL has the intention to respond to fast-fluctuating demand appropriately and swiftly in the future as well.

**Q4. In light of the sharply declining price of fuel and current hedging ratio, what is the appropriate fuel-cost forecast for FY2009?**

A4. Looking at the current fuel hedging ratio, approximately 30% of fuel consumption necessary for FY2009 has yet to be hedged and will be exposed to the market fluctuation. It is clear that an ongoing drop in the price of fuel and the yen's appreciation, as well as our own self-help efforts to decrease fuel consumption, will contribute to a reduction in our total fuel bill.

**Q5. There has been a downturn in international passenger operations since this summer. Did the decline in demand hit its lowest point in September?**

A5. The margin of decline in international passenger demand should be a little bit reduced judging from the state of seat booking at the moment. Our outlook regarding business passenger demand is not overly optimistic due to the slowdown in the world economy, but part of leisure passenger demand seems to be getting a little more brisk backed up by the yen's appreciation against euro and won etc. It is highly expected that the strong yen and a reduction in the fuel surcharge effective from January next year would help in stimulating passenger demand.

**Q6. Does JAL have a plan to reduce domestic passenger fares?**

A6. Taking into account the fact that the price of jet fuel (Singapore Kerosene) was around \$80 to \$90 a barrel when JAL last decided to raise its domestic fares, the current fuel price is still not low enough for us to consider reducing the domestic passenger fares at present.

**Q7. In the revision of the forecast for FY2008 JAL announced on the same day, the ordinary income decreases to ¥5billion but the net income remains unchanged at the level of ¥13billion. Please explain the backdrop to this improvement between ordinary income and net income.**

A7. The main reason of this improvement is that the extraordinary gain arising from the sale of JALCARD shares exceeded our initial forecast.