



**Summary on the Q&A Session at the Briefing on JAL Group Account Settlement  
(For the 3<sup>rd</sup> quarter of FY2008)**

Date & Time: February 6, 2009

Venue: Grand Prince Hotel New Takanawa, Tokyo

**The following dialogue is a summary of the Q&A session at the briefing on JAL Group Account Settlement for the 3<sup>rd</sup> quarter of FY2008 held on February 6<sup>th</sup>, 2009 in Tokyo.**

**Q1. With regard to the international passenger operations, it seems that business passenger demand using First Class and Business Class has been sluggish. How is the latest demand trend?**

A1. The recent trend shows that leisure passenger demand has a sign of slight recovery likely due to the yen's appreciation and lowering of fuel surcharge effective January 2009. The extent of the recovery differs by route but the number of leisure passenger posted plus figures from a year earlier in some months on short haul routes such as to Korea, Guam and Hong Kong. On the contrary, business passenger demand has been in a difficult situation because the number of passenger has been 10 to 20 % down from a year earlier due mainly to reduction in corporate business trips against the backdrop of the rapid deterioration of the world economy.

**Q2. JAL has estimated that the effect of the cost structure reform scheduled for FY2009 will amount to JPY50 billion. According to your explanation, JAL managed to reduce cost by JPY 9billion thanks to the cost structure reform partially implemented ahead of schedule in the second half of FY2008. Is this JPY9 billion included in the JPY50 billion? With regard to the cost structure reform in FY2009, would you tell us the concrete figure of cost reduction item by item?**

A2. The above mentioned JPY 9 billion is included in this JPY50 billion. We plan to announce the detailed contents and monetary effect item by item in the business plan for FY2009 which is expected to be issued in March.

**Q3. You posted a big deferred hedge loss in your balance sheet for the 3<sup>rd</sup> quarter of FY2008. Would you explain the backdrop?**

A3. The purpose of our derivative transaction is to curb the big fluctuation of fuel cost. Hedge accounting is applied in most of our derivative transaction, and therefore, hedge loss or gain for the future is carried forward without being recognized as a loss or profit of each period. As a result, net unrealized gain or loss on hedge instruments at the end of each term is posted not in the P/L statement but in the net assets of the balance sheet.

**Q4. According to the routes and frequency plan for FY2009 recently announced by JAL, capacity is expected to further decrease for both international and domestic passenger operations. To what extent, does this capacity estimation take into consideration the forecasted reduction in passenger demand for FY2009? Flight Suspension and reduction in flight frequency are included in your new plan, some of which are related to passenger or cargo flights to/from Narita Airport. As a result, is it expected that there will be a surplus in take-off and arrival slots at Narita Airport in the future?**

Q4. Foreseeable reduction in passenger demand was carefully considered during the planning of flight routes and frequency for FY2009. However, we are ready to modify the plan swiftly whenever there is a revision in demand forecast in order to adapt quickly to the fast changing circumstances. Currently we have not changed our intention to make full use of allocated slots at Narita Airport.

**Q5. Repayment of long-term debt and redemption of corporate bond is scheduled in FY2009. Under the current circumstances how do you manage cash flow?**

A5. Liquidity on hand amounted to about JPY 200billion at the end of December 2008 combining cash and cash equivalent and securities easily convertible to cash. There seems to be no difficulty in terms of cash flow considering the depreciation and amortization etc. Cash flow plan for FY2009 is now under study including the partial revision of capital investment and is expected to be explained in the coming business plan for FY2009 scheduled to be issued in March.

**Q6. Would you tell us your dividend policy for the preferred stock?**

A6. With regard to the preferred stock, our dividend policy remains unchanged at this moment. We continue to try to improve our profitability and will make the utmost efforts toward implementation of the dividends.