



**Summary on the Q&A Session at the Briefing on JAL Group
Account Settlement for FY2008 & FY2009 Management Plan**

Date & Time: May 12th, 2009 5:00-6:15 pm JST.

Venue: Keidanren-kaikan, Tokyo

The following dialogue is a summary of the Q&A session at the briefing on JAL Group Account Settlement for FY2008 and FY2009 Management Plan held for analysts and institutional investors on May 12th, 2009 in Tokyo.

Q1. With regard to international passenger operations, you forecast that the demand in FY2009 will increase by 0.6% year-on-year. Please tell us the breakdown of the first half and second half.

A1. In the first half of FY2009, the demand is forecast to decline by approximately 10% year-on-year due to the continuing global economic downturn since the second half of last year. In contrast, the demand is expected to increase in the second half by approximately 10%, due largely to such factors as ①year-on-year increase in business and leisure passengers as a numeric rebound from the sharp decline in the same period of the previous year and ②our prospect that the demand will modestly recover from the third quarter of FY2009.

Q2. Please tell us the reasons why the fuel cost for FY2009 is expected to drastically decrease by as much as ¥111.0 billion.

A2. Our FY2009 forecast is based on the assumption that average exchange rate will be ¥ 95.0/USD and average aviation fuel price (Singapore Kerosene) will be USD\$76.2/bbl. The main reasons for a drastic decline in fuel cost by ¥111.0 billion are as follows;

- 1) Reduction in fuel consumption resulting from route restructuring, aircraft downsizing and improvement in fuel efficiency, actual effect of which is expected to be approx. ¥57 billion.
- 2) Appreciation of the yen, actual effect of which is expected to be approx. ¥24 billion.
- 3) Drop in unit price of fuel with hedge loss included, actual effect of which is expected to be approx. ¥30 billion.

Q3. What is your estimate about the deferred hedge loss at the end of March 2010?

A3. We expect the deferred hedge loss to be reduced to approximately ¥70 to 80 billion at the end of FY2009. Moreover, taking into consideration the recent modest upward trend of fuel price, deferred hedge loss may be further reduced at the end of FY2009.

Q4. How can JAL further increase the effect of “cost structure reform” by ¥50 billion in FY2010 on a year-on-year basis? Will it be possible to bring some measures originally planned for FY2010 forward to FY2009?

A4. “Cost structure reform” is aimed at fundamentally rebuilding business design and operating process to appropriately deal with the environment change such as the expansion of Tokyo metropolitan airports (Haneda & Narita) and the consequently tougher competition. Before the global financial crisis broke out, we had begun to study the fields we should cover by the “cost structure reform” and concrete measures within each field. Thus forecast cost reduction of ¥100 billion in FY2010 is the outcome of careful accumulation of each measure’s effect. We have a solid intention to remain vigilant in advancing the reform even if the demand improves. In addition, some measures originally planned to be implemented in FY2010 may be moved up to FY2009 depending on circumstances.

Q5. What is the major reason for year-on-year increase in non-operating loss in FY2009?

A5. We have been making steady progress in fleet renewal to fuel-efficient small and medium-sized aircraft, leading to the complete decommissioning of classic-type Boeing 747 during FY2009. The increase in non-operating loss is attributable to disposal loss or sales loss of such aircraft. Thus it is not expected that this size of non-operating loss will constantly occur in the future.

Q6. What are concrete items to be listed as an extraordinary gain or loss for FY2009?

A6. As an extraordinary gain, ¥88 billion is expected to be listed due to amendment in our corporate pension system. On the other hand, impairment loss resulting from aircraft decommissioning and sales loss of fixed assets is expected to contribute to extraordinary loss. We will be making utmost efforts to carry out the amendments in the pension system by providing sufficient explanation to any person who will be affected because such amendments cannot be realized solely by the company’s decision.

Q7. How is the progress so far in the government support package for the airline industry in Japan? In addition, how is your financing plan for FY2009?

A7. As the airline industry has a high responsibility to the public, we are under discussions with

MLIT and public financial institutions from many points of view. With regard to financing, taking recent difficult situations in the financing market into consideration, we are under discussions with public financial institutions and private banks so that we can steadily obtain necessary funds when it is needed. As there are two ways to procure aircraft (purchase or lease), the amount to be financed may change in the future.

Q8. If the air passenger demand in Japan takes time to recover, will there be a possibility to revise your fleet plan or procrastinate securing the new slots at Haneda Airport?

A8. There is a very big merit to securing slots at Haneda Airport, considering the high profitability of local routes originating at Haneda Airport. On the other hand, at present the number of seats per aircraft arriving and departing Haneda Airport is approximately twice as large as other countries and this is one of the main factors leading to the deterioration of profitability. Therefore we think it is important to downsize the aircraft and increase frequency so that we will be able to flexibly revise the capacity in response to the change in demand.

We are promoting the introduction of a small-sized aircraft E170 on domestic routes. Hereafter we will be improving customer convenience, load factor, and profitability by high frequency operation of small and mid-sized aircraft.

Q9. Is it expected that there will be a surplus in aircraft due to reducing capacity in FY2009?

A9. It is necessary to compile our fleet plan taking into consideration the expansion of Haneda Airport and Narita Airport in 2010. We would like to explain our plan in detail in the next Medium-Term Business Plan.

Q10. Do you have any plans to change your network fundamentally in your next Medium-Term Business Plan?

A10. With regard to international passenger operations, although China routes may be revised to some extent in the future because we have many flights to many destinations in China, we have already significantly streamlined the network to the U.S. and Europe. It is definitely of great importance to accurately respond to movement such as the internationalization of Haneda Airport, but for now we have no intention of drastically restructuring our international network.