

## **Condensed Transcript of Q&A Session at Fiscal 2009 Third Quarter Results**

### **Briefing**

**(January 29, 2010)**

Q: Your tax rate is up a little over the fiscal first half. Please explain the increase, including relevant information on the tax effects of the loss on revaluation of JAL preferred shares, if any.

A: In the fiscal first half, we recorded gain on sales of investment securities in our non-consolidated accounts, where we had carried forward taxable loss, which meant that we were not required to pay income tax. Our tax rate consequently decreased. The recent losses on valuation were also recorded in our non-consolidated accounts, with the result that, contrary to the fiscal first half, our consolidated tax group's profit portion declined, leading to a higher tax rate.

Q: Venezuela has devalued its currency. Please tell us about conditions currently facing the automotive business in Venezuela and your future plans for the business.

A: We will need to gradually increase prices in response to the currency devaluation. However, because we assemble parts in Venezuela and the exchange rate applied to imported knock-down parts has been devalued by less than that applied to other items, we expect the impact to be relatively small. Demand has not decreased, so we intend to continue the business, although we need to keep a sharp eye on how labor disputes influence production efficiency.

Q: Your year-end dividend is undecided. How likely are you to pay a dividend?

A: We do not intend to secure the fund for dividend by gain on asset sales, but paying stable, continuous is one of our priorities in addition to payout ratio of 20% (consolidated) remains one of our priorities. We have therefore decided to propose a year-end dividend in light of full-year results once they are available. Accordingly, our year-end dividend is currently undecided.

Q: What is the possibility of additional losses arising associated with JAL, such as derivative and lease transaction losses?

A: We do not expect them to be a factor. We have no derivative exposures related to JAL. And with regard to leases, we have been told that contracts that are vital to JAL's operations will remain in effect.

Q: Why did you again revise down your earnings forecast from your previous downwardly revised forecast?

A: Results' recovery has been slower than we anticipated, notably in the automotive business in Russia and the marine products business, particularly with regard to tuna. Accordingly, we have disposed of some inventory in the aim of restoring earnings power as quickly as possible. We have also incorporated some temporary concerns into our revised forecast.