(Security code: 9205)
June 4, 2009

Japan Airlines Corporation

4-11, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan

Notice of the Seventh Annual General Meeting of Shareholders

Disclamer

Please note that the English translation of this Notice of the Seventh Annual General Meeting of Shareholders and all of the attached documents is provided for reference only; Business Report, Balance Sheet (Consolidated and Non-Consolidated), Statement of Operations (Consolidated and Non-Consolidated), Statement of Changes in Net Assets (Consolidated and Non-Consolidated), copy of Report of Independent Auditors (Consolidated and Non-Consolidated), copy of Report of the Board of Corporate Auditors, and Proposed Resolutions and Reference Matter. The official documents are written in Japanese, and in the event of a discrepancy, the Japanese documents shall prevail.
Any amendments to the reference documents for the general meeting of shareholders or to the Company's business report, accounts documents, or consolidated accounts documents will be posted on the Company's website (Address: http://www.jal.com/ja/ir/shareholder/sokai.html).

Dear Shareholder:

This is to inform you that the seventh annual general meeting of shareholders of Japan Airlines Corporation (the Company) will be held in accordance with the schedule indicated below. You are cordially invited to attend.
If you are unable to attend the meeting, you may exercise your voting rights by a written document or via the Internet. In that event, please refer to the Reference Document for Exercising Voting Rights that appears later in this document, and either return the enclosed form for the exercise of voting rights after indicating your approval or disapproval of the proposed resolutions, timed to arrive by 5:55 pm on Monday, June 22, 2009, or exercise your voting rights via the Internet by 5:55 pm on Monday, June 22, 2009, after referring to the Procedure for the Exercise of Voting Rights via the Internet set out at the end of this document.

1. Date and Time: June 23, 2009 (Tuesday), 10:00 am (Open from 8:30 am)
2. Place: Nippon Budokan, 2-3 Kitanomaru Park, Chiyoda-ku, Tokyo
3. Objectives of the Meeting

   Reports

   Item 1: Reporting on the business report and consolidated financial statements, and reports on the consolidated financial statements by the independent auditors and the board of corporate auditors for the seventh term (from April 1, 2008, to March 31, 2009)

   Item 2: Reporting on the financial statements for the seventh term (from April 1, 2008, to March 31, 2009)

   Proposed Resolutions

   Proposal 1: Appropriation of surplus
   Proposal 2: Partial amendment of articles of incorporation
   Proposal 3: Election of 15 directors

4. Matters determined upon this convocation

- In the event that voting rights are exercised more than once via the Internet or are exercised more than once by means of a form for the exercise of voting rights, the final exercise of voting rights shall be deemed valid.
- In the event that voting rights are exercised by means of a form for the exercise of voting rights and also via the Internet, the exercise of voting rights via the Internet shall be considered the valid vote, irrespective of the date or time of its arrival.

Sincerely yours,

Haruka Nishimatsu
President

Business Report (Period from April 1, 2008, to March 31, 2009)

1. Business Overview

(1) Business Performance of the JAL Group

The Japanese economy underwent a gradual deceleration from the first half of the reporting period, impacted by the slowing of the world economy and sharp increases in prices of raw materials and energy. From the third quarter, however, the turmoil in financial markets, sparked in the U.S. by factors such as the subprime mortgage loan problem, spilled over into the real economy worldwide, causing a sharp downward spiral. Against that backdrop, Japan suffered setbacks in such forms as a major slump in exports, declines in corporate earnings and capital investment, substantial falls in production, and a serious deterioration in the employment situation that caused a rapid degeneration in the domestic economy.

For the JAL Group the operating environment remained very harsh throughout the year. During the first half, aviation fuel prices (Singapore Kerosene) rose even further, temporarily exceeding US$180 in July, causing fuel costs to rise substantially. Subsequently, the sharply deteriorating state of the domestic and overseas economies gave rise to adverse ripple effects such as companies limiting the number of business trips, leading to a significant fall in aviation demand, and outweighing positive factors such as the sharp declines in fuel prices in the second half.

Amid these circumstances, the JAL Group worked energetically on various initiatives in line with its FY2008-2010 Medium-Term Revival Plan, formulated in February 2008, which included reducing costs across the board, strengthening the competitiveness of its product and service offerings, and enhancing profitability. This plan focuses on the expansion of the two major airports in the Tokyo area – Narita International Airport and Tokyo International Airport (Haneda) – scheduled for completion in 2010, and aims to build a corporate fabric that will enable the Group to generate stable profit in any environment, no matter how harsh. Particular effort was devoted to restraining the rise in fuel costs, the Group's largest cost category, including by taking a variety of measures to reduce fuel consumption amid the volatility of fuel prices described above. With regard to non-fuel costs, we stepped up the intensity of our existing "nothing off-limits" cost-cutting measures, at the same time accelerating the implementation of some aspects of our cost restructuring, which included a radical overhaul of the operating structure and business processes, and implementing supplementary emergency measures to enhance profitability from the second half. Of course, all such measures were premised on the giving of utmost priority to ensuring aviation safety. As a result, we were able to cut costs to below year-earlier levels in most categories of our air transportation business segment.

The safety of flight operations constitutes the very foundation of the JAL Group. Under the leadership of the senior management we enhanced our ability to gather, study, and analyze information on safety-related issues, including by improving the voluntary reporting system and introducing the Interview Program, so as to ensure that the safety-management cycle functions appropriately.

In addition, the Safety Promotion Center, which was established in April 2006, has already hosted more than 60,000 visitors from within and outside the Group, and has begun to display new items from accidents and incidents. It is used for safety education for JAL Group employees, serving as an important arena for ensuring that past accidents are never forgotten and for learning lessons from past incidents.

Companies are assuming increasing social responsibility for protecting the environment, and for its part the JAL Group regards environment-conscious practices to be an important management issue. In consequence, the Group is making every effort to reduce total CO2 emissions by means of diverse measures to cut fuel consumption, including fleet-renewal by switching to highly fuel-efficient aircraft, actively introducing new aircraft operating methods, and enhancing fuel efficiency by increasing the frequency of aircraft engine cleaning. In addition, JAL engages in environmental activities such as the conduct of atmospheric observations and the provision of information on forest fires gathered from aircraft flying at high altitudes on international routes. In April 2008 JAL issued its "Sky Eco" declaration, through which it has pledged to further strengthen and promote the measures it has long been implementing in the sphere of environmental conservation. That was followed in January 2009 by the operation of the world's first demonstration flight using biofuel in which the principal component was camelina (a plant of the brassica family). Also, in response to customers' wishes we introduced the JAL Carbon Offset service, which enables customers to offset a portion of the CO2 emissions caused by their travel on JAL. Through measures such as these, the JAL Group will continue its efforts to address environmental issues.

The Group's consolidated results, covering 120 consolidated subsidiaries and 18 equity-method affiliates, were impacted by factors such as a year-on-year decline in revenues from air transportation business from early autumn, owing primarily to the fall in aviation demand resulting from the global economic downturn, and they were also impacted by the removal of former consolidated subsidiary PACIFIC FUEL TRADING CORPORATION (PFTC) from the scope of consolidation, as a result of the sale of its shares. In consequence, consolidated operating revenues declined by 12.5%, to ¥1,951.1 billion. Meanwhile operating expenses declined by 6.5% to ¥2,002.0 billion, in spite of the fact that we were unable to avoid an increase in fuel costs resulting from the soaring price of aviation fuel. This was because of positive factors such as the aforementioned removal of PFTC from the consolidation, and our continuous implementation of cost-reduction initiatives. In consequence, we registered an operating loss of ¥50.8 billion and an ordinary loss of ¥82.1 billion.

The posting of extraordinary gains, including from the sale of shares in JALCard, Inc., cushioned the degree of deterioration in the Group's overall net income/loss account and a net loss of ¥63.1 billion was recorded.

(2) Performance of the JAL Group by Business Segment
International Passenger Operations

In route operations, against the backdrop of very high fuel prices we took active steps to revise timetables and numbers of routes and flights with the aim of enhancing profitability. We inaugurated or increased flights on 10 routes, including the Narita–New York and Kansai–Shanghai routes, and ceased operations on four routes, including the Narita–Xian and Kansai–Qingdao routes, progressing further with the ongoing shift of management resources to fast-growing, high-profit routes. We also enhanced the timetables on the routes between Narita and Amsterdam, Kuala Lumpur, Busan, and Guangzhou, thereby strengthening Narita's status as a global hub. We also aggressively operated charter flights originating at Tokyo International Airport (Haneda), flying some 700 charter flights during the year, including on a route between Haneda and Hong Kong newly opened in July.

In addition, as a result of the integration of Japan Airlines International and Japan Asia Airways Co., Ltd. in April 2008, all flights to Taiwan were unified under the JAL code.

With regard to the fleet, we made active progress with downsizing aircraft, for example by switching the aircraft operated on the routes between Narita and New York and San Francisco, and between Haneda and Shanghai, from Boeing 747-400s to Boeing 777s, and switching aircraft operated on the routes between Narita and Guangzhou, Shanghai and Hangzhou, and between Kansai and both Shanghai and Guangzhou, from the medium-sized Boeing 767 to the narrowbody Boeing 737-800. This approach was designed to enhance operating efficiency and profitability by ensuring a good match between supply and demand, and the introduction of state-of-the-art aircraft boosted the Group's competitiveness.

We expanded codesharing alliances with British Airways and Finnair, members of the **one**world global alliance, which JAL joined in April 2007, and also with airlines that are not members of **one**world, including China Eastern Airlines, Air France, and Jetstar Airways. Customer convenience has been enhanced through the expansion of the JAL network in this way.

With respect to product strategy, as part of our Premium Strategies we introduced new types of seat on international routes, installing the new JAL Suite in First Class and the new JAL Shell Flat Neo in Executive Class on the routes between Narita and New York (flights JL006/005) and San Francisco. In addition, the routes on which the JAL Premium Economy service JAL Sky Shell Seat – winner of a Good Design Award in FY2008 – is available were widened in stages to include, in addition to the Narita–London route, the Narita–Paris, Narita–New York (flights JL006/005), and Narita–San Francisco routes in the first half, and in the second half the routes between Narita and Amsterdam and Moscow, and between Nagoya (Centrair) and Paris. First Class service was also inaugurated on the Narita–Delhi route, on which there is expected to be strong growth in business demand, reflecting the substantial influx of Japanese companies into India.

In the sphere of management at airports from which we operate international routes, we revamped and re-opened our Economy Class check-in counters in Terminal 2 at Narita, and further facilitated the check-in process by installing state-of-the-art automated check-in machines and introducing an inline luggage screening system that enables passengers to go through the check-in procedures more quickly than before, without first being obliged to have their hand luggage checked by x-ray scanners.

In the realm of marketing, various steps were taken to promote the Premium Strategies, by making the JAL Suite, JAL Shell Flat Neo, and JAL Premium Economy service widely known, and deploying a variety of sales-promotion measures designed to boost both market share and competitiveness. To stimulate tourist demand, meanwhile, we introduced fares tailored to match customer needs. The discounted Goku fares were offered again for the second successive year, and in addition the Value Goku fare was inaugurated on the Honolulu, Bangkok, Singapore, and other routes for a limited period.

Passenger capacity on international routes during the year declined by 5.4% year-on-year as measured by available seat-kilometers, owing to the measures to enhance the efficiency of route operations to improve profitability, and aircraft downsizing. On the other side, demand was hit by the sudden economic deterioration both in Japan and overseas, and passenger numbers in international operations were down by 12.4% at 11.7 million passengers. Revenues from international passenger operations were down by 6.7% year-on-year, at ¥703.5 billion, attributable to a sharp decline in business demand and the strength of the yen, which more than offset increases in fuel surcharges.

Domestic Passenger Operations

In domestic passenger operations we continued progress in route restructuring and aircraft downsizing. Steps to improve and enhance the efficiency of the operating structure included the suspension of 14 routes, including the Sapporo–Okinawa route, and the reduction of flight numbers on five other routes.

With regard to product strategy, in the previous fiscal year we introduced a first class service on the domestic network for the first time ever, on the Haneda-Itami (Osaka) route, and since then the JAL First Class service has gained an excellent reputation. During the reporting term it was also introduced on the Haneda-Fukuoka and Haneda-Sapporo routes, and in July it was extended to a total of 15 return flights on the original Haneda-Itami route. In ways such as these we endeavored to give customers greater comfort and convenience in our service offerings.

In the fleet, we began introducing the Embraer 170, a strategic small-scale aircraft for domestic routes, commencing operations on the Komaki (Nagoya)–Fukuoka and Komaki–Matsuyama routes in February.

At the airports from which we operate domestic flights, in conjunction with the increase in routes offering JAL First Class, we instituted exclusive security gates in the Sakura Lounges at airports in Fukuoka, Itami, and New Chitose Airports in Sapporo. These are for customers using JAL First Class, as well as JMB Diamond and JGC Premier members, enabling them to have a restful experience while waiting to board their flights to depart.

A number of marketing measures were implemented to counteract persistently high fuel costs, including increases in normal fares and round-trip discount fares and the introduction of business tickets to enhance our ability to secure business traveler demand. We also sought to maximize revenues by making painstaking efforts to fix Tokubin (specific flights) discount fares fine-tuned to demand trends and the competitive environment on individual routes. Among additional measures to tweak demand, we strengthened Web-based reservations enhanced by such means as adding new functions, extended the scope of our Sakitoku (Advance booking) Discount Fares to encompass the entire JAL Group domestic network, and expanded the JAL Dynamic Package travel products available only online.

Capacity on JAL Group domestic routes fell by 1.8% year-on-year during the year in terms of available seat-kilometers, reflecting the effect of our route restructuring and aircraft downsizing. Demand, meanwhile, was down by 1.8% at 41.15 million passengers, as in spite of year-on-year growth in group travel resulting in part from our measures to stimulate demand, demand from individual passengers was down, principally demand for business travel impacted by the economic downturn. Revenues declined by 1.6%, to ¥666.5 billion, largely attributable to the shift to low fares amid the increasingly harsh competitive environment in the air transportation industry.

Cargo and Mail

In international cargo operations, demand was down from the previous year on routes to the Americas and Europe, against the backdrop of the global economic downturn and the strength of the yen. In contrast, demand showed year-on-year growth on routes to Southeast Asia and China during the first half, but that also fell abruptly in the second half.

In the sphere of cargo fleet and route management, our existing program of decommissioning conventional Boeing 747 freighters was continued, and on routes to China and Southeast Asia services were provided primarily through the deployment of medium-sized Boeing 767 freighters. These measures reflected our efforts to ensure efficient allocation of aircraft to match the scale of demand. We suspended cargo flights on the New York route from January 2009 as part of our program of shifting rapidly and flexibly to a supply structure configured to achieve further increases in profitability. We also took steps to provide customers with greater convenience, including by inaugurating a route between Nagoya (Centrair) and Chicago via Narita.

With regard to product strategy, in addition to fundamental quality enhancement we endeavored to stimulate demand by expanding our high-value-added “J PRODUCTS” service, which is designed to cater to diverse customer needs. Specifically, we launched “J CARRY”, a freight delivery service by special couriers, and “J DIRECT” for direct carriage to airports of cargoes that have not yet cleared through customs.

As a result of the above factors, the total capacity for international air cargo transportation fell by 20.2% year-on-year in terms of available cargo ton-kilometers, to 3,492 million ton-kilometers. International cargo revenue fell by 19.2%, to ¥152.1 billion, in spite of sales-promotion efforts such as the expansion of the "J PRODUCTS" service and revisions in the fuel surcharge and other positive factors for cargo yield, owing to factors such as the intensification of competition and the yen's sharp appreciation.

In international mail services, the volume of business originating in Japan faltered under the impact of the recession, as was the case with regard to international cargo, but was robust from the U.S., buoyed by effective sales-promotion measures, and from Korea, where the won weakened. As a result, overall demand remained around its year-earlier level.

In domestic cargo operations, demand recorded year-on-year growth, in spite of the fact that business on some regional routes was affected by capacity reduction in line with route restructuring for passenger flights. The major factors offsetting that were painstaking sales measures to secure cargo business amid a climate of brisk shipments of home-delivery and perishable cargoes, and the fact that the handling of "Yu-Pack" parcels was switched from the mail services segment to the cargo segment. The total volume of domestic air cargo transportation during the year increased by 14.8% year-on-year in terms of revenue cargo ton-kilometers, to 454.50 million ton-kilometers, and cargo revenue was up by 24.8%, at ¥34.7 billion.

For domestic mail, demand registered a decline from the previous year as a result of the switch to handling "Yu-Pack" items as cargo.

Related Operations

In the airline-related business, in spite of the positive impact of newly inaugurated international charter flights from Haneda on the revenues of the in-flight meals business, revenues declined due to the weakening of airline demand caused by the economic downturn.

In the travel services business, demand for overseas travel declined due to the recession and the fuel surcharges. Meanwhile, in the domestic travel business the number of customers taking trips to almost all destinations increased over the previous year, leading to a year-on-year growth in revenues.

In the credit card and leasing services business segment, we signed a business tie-up with the Bank of Tokyo-Mitsubishi UFJ. As a result, the non-card businesses of JALCard, Inc. were spun off in July into a separately established company under the name of JAL Mileage Bank, and this constituted a major factor in the decline in both income and expenses. On the other hand, through vigorous efforts to gain new cardholders, for example the introduction of the "JAL Business Ticket" exclusively for members, both the number of cardholders and the transaction volume rose. The consequent growth in transaction volume enabled the company to achieve an increase in profit.

In other businesses, the Group's hotel business suffered from a decline in demand for both hotel rooms and reservations for parties and other events. Segment revenues were also brought down by the termination of the management of hotels owned by the Group.

As a result of the above developments, as well as the completed or partial sale of equity in subsidiaries such as PFTC, revenues of all JAL Group businesses in this segment (after consolidation adjustment), posted a decline of 29.9%, to ¥423.8 billion.

(3) Issues to Be Addressed by the JAL Group

For the JAL Group, universal issues that pervade its operations and will continue to be pursued are those of ensuring the maintenance of safety in flight operations, which constitutes the very foundation of the Group; ensuring that the customer's perspective is rigorously adopted; and reforming the corporate culture. With regard to aviation safety, under the leadership of the president, fundamental measures are currently being implemented to build and maintain a safety management system, establish a safety culture (measures to prevent human error), enhance crisis-management capability, and maintain aviation safety.

With regard to looking at our services from the customer's viewpoint, our fundamental measures will be to enhance basic quality, reflect customer opinion in merchandise and services, and generate and ensure the spread of dedication to customer satisfaction. On that basis, we will enhance the human touch in our services and ensure the extension of the use of universal designs globally, including at overseas locations.

Since FY2001 the JAL Group has been unable to secure profits consistently as a result of a succession of external factors, including the after-effects of the 9/11 terrorist attacks, the outbreak of the SARS (severe acute respiratory syndrome) outbreaks, and steep increases in fuel prices, and also internal factors such as a series of safety-related problems. Amid these difficult circumstances, in February 2008 the

JAL Group unveiled its FY2008-2010 Medium-Term Revival Plan, which is designed to improve the Group's financial position and put it on a stable growth track, positioning it to grasp the massive business opportunities for the airline industry presented by the expansion of Haneda and Narita Airports.

As stated above, however, the unprecedented deterioration of the global economy caused the Group to perform significantly below its forecast for FY2008, and thereby created a need to formulate the FY2009 Management Plan to cover a single fiscal year. In order to achieve an improvement in profitability in FY2009, the plan includes: a) measures to secure revenues, b) measures to ensure the most appropriate business scale, c) measures to reform the cost structure, and d) its priority strategy in the form of measures to strengthen human resources, which constitute the core element in business planning.

With regard to measures to secure a sufficient level of operating revenues, Premium Strategies will continue to be used as constructive measures – for both flights originating in Japan and those originating at overseas locations -- for enhancing competitiveness in the area of high-yield premium travel. Also, given the sluggishness of business demand, during FY2009 a variety of measures will be implemented to stimulate tourism-related demand and maximize revenues. To ensure the most appropriate business scale, in each field – international passengers, domestic passengers, and cargo – we will continue to revise routes and further downsize our aircraft, so as to optimize supply capacity and reduce fixed costs, thereby improving profitability. The Company will take prompt action to adapt to demand fluctuations even in the middle of the term, by adjusting supply flexibly.

For the reform of the cost structure, we will step up the radical overhaul of our operating structure and business processes that is currently ongoing, endeavoring to enhance basic quality and sales competitiveness and to build a cost structure able to withstand unforeseen risks. In this way we will create a structure able to overcome the competition that is certain to follow the increase in slots at Narita and Haneda airports. We will also take steps to cut fuel costs and implement supplementary measures to address personnel expenses, adopting methods of various kinds to maximize earnings.

With regard to the strengthening of the Group's human resources, recognizing that high-quality staff are vital to the operational success of a business – particularly amid the present difficult business conditions – we will take active steps to hire promising personnel and provide each of them with the training that will equip them to fully realize their potential and contribute to the prosperity of the JAL Group.

By around the middle of FY2009 we intend to announce our next medium-term business plan, which will incorporate the planned measures mentioned above for implementation from fiscal 2010 onward.

In order to remain the airline of choice for customers, we will further improve our domestic and international networks, taking maximum advantage of the increase in the number of airport slots in the Tokyo area schedule in 2010, doing so in line with the vision that "The JAL Group is a global player bridging the world, with safety, security and quality as our top priorities." We will do our utmost to enhance and raise the quality of our products and services.

As a corporate citizen we endeavor to fulfill our social responsibilities by engaging in activities in the economic, social, and environmental spheres that place importance on relationships with stakeholders. In this way we seek to repay their confidence in us and to meet their expectations.

We will also build a structure to ensure that internal controls prescribed by the Corporate Law, the Financial Instruments and Exchange Act, and other laws function effectively, assuring the effectiveness and efficiency of our business and reliability in our financial reporting.

To our great regret it will be impossible to avoid making an operating loss in fiscal 2009, owing to the rapid deterioration of the world economy. Nevertheless, the JAL Group will continue to act in a flexible manner in supplementing its measures or revising its strategies in light of changes in the domestic and international environment, for example a further slide in the global economy, the intensification of competition, or sharp increases in fuel prices. Steps taken may include the revision of business plans or capital investment plans, or additional reform of the cost structure. In this way we will build a strong corporate fabric that will enable us to generate a stable level of profits in any business environment.

In these endeavors we ask for your continuing understanding and support.

(4) JAL Group Capital Investment

The aggregate amount of capital investment by the JAL Group during the term was ¥165.4 billion, down by 18.1% year-on-year. This comprised ¥137.4 billion of investments in aircraft, down by 14.4%; ¥9.5 billion in ground equipment, down by 38.8%; and ¥18.4 billion in intangible fixed assets, down by 28.7%.

A total of 16 new aircraft were introduced during the term, of which 5 were purchased and 11 were leased. In addition, 7 aircraft were purchased upon the expiry of its lease, and 12 were decommissioned.

Among aircraft currently on order, 49 were included in the figure for capital investment made during the term, in such forms as prepaid expenses.

(5) JAL Group Fund Procurement

To procure the funds required for the capital investment described above, the Group raised ¥46.6 billion in the form of long-term borrowings.

(6) Sale of JAL Group Companies

On July 1, 2008 Japan Airlines Corporation sold 3,950 shares (49.375% of total equity) in JALCard, Inc., a consolidated subsidiary, to the Bank of Tokyo-Mitsubishi UFJ. Despite this sale, JALCard remains a consolidated subsidiary of Japan Airlines Corporation.

(7) JAL Group Assets and Business Results

Item	4th term (FY2005)	5th term (FY2006)	6th term (FY2007)	7th term (FY2008)
Operating revenue (¥ million)	2,199,385	2,301,915	2,230,416	1,951,158
Ordinary income (loss) (¥ million)	(41,608)	20,576	69,817	(82,177)
Net income (loss) (¥ million)	(47,243)	(16,267)	16,921	(63,194)
Net income (loss) per share (¥)	(23.88)	(6.52)	6.20	(25.47)
Total assets (¥ million)	2,161,240	2,091,233	2,122,784	1,750,679
Net assets (¥ million)	148,066	331,873	471,070	196,771
Net assets per share (¥)	74.78	113.97	110.08	5.44

Notes

1. Parentheses indicate losses.
2. Net income per share is calculated based on the average number of issued shares for the entire term, and net assets per share is calculated based on the number of issued shares at the end of the term. In each case, the number of shares of treasury stock is deducted from the number of issued shares.
3. As of the fifth term the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, Accounting Standards Board, December 9, 2005) and the related Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005) are being applied.

In the fourth term, the fiscal year to March 2006, we revised our international routes operations and reformed the cost structure, but were hit by soaring prices of aviation fuel and by a series of safety-related problems that led to the faltering of demand among individual travelers. In consequence, a net loss of ¥47.2 billion was incurred.
In the fifth term, the fiscal year to March 2007, we recovered competitiveness in our air transportation business, thereby realizing ordinary income of ¥20.5 billion. However, a partial reversal of deferred tax assets resulted in the posting of a net loss of ¥16.2 billion for the reporting period.
In the sixth term, against the backdrop of rising fuel prices, we posted ordinary income of ¥69.8 billion thanks to good business in the Air Transportation Business, but extraordinary retirement benefit payments and provisions to a reserve for payments relating to anti-trust lawsuits, etc. held net income for the term down to only ¥16.9 billion.

The situation in the seventh term is described in the preceding section “1. Business Overview (1) Business Performance of the JAL Group.”

(8) Status of Major JAL Group Subsidiaries (At March 31, 2009)

Company name	Capital (¥ million)	Ratio of voting rights (%)	Main line of business
Japan Airlines International Co., Ltd.	200,000	100.0	Air transportation
Japan Trans Ocean Air Co., Ltd.	4,537	*70.1	Air transportation
JALways Co., Ltd.	3,000	*100.0	Air transportation
JAL EXPRESS Co., Ltd.	2,500	*100.0	Air transportation
Japan Air Commuter Co., Ltd.	300	*60.0	Air transportation
JALPAK Co., Ltd.	900	*78.7	Travel product planning and sales
JAL Tours Co., Ltd.	80	*81.4	Travel product planning and sales
JAL Hotels Co., Ltd.	4,272	*90.7	Hotel management, hotel operation subcontractor

Notes

1. An asterisk (*) indicates the ratio of voting rights, including those held via subsidiaries.
2. On April 1, 2008, Japan Airlines International Co., Ltd. merged with Japan Asia Airways Co., Ltd.; Japan Airlines International Co., Ltd. is the surviving company.

(9) The JAL Group's Principal Activities (At March 31, 2009)

The operation of scheduled and non-scheduled air transportation businesses, aircraft maintenance business, and additional and related business activities

(10) Principal Branch Offices and Service Centers of the JAL Group (At March 31, 2009)

JAL Head office: 4-11, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo

In Japan: Sapporo, Hakodate, Asahikawa, Obihiro, Kushiro, Kitami, Aomori, Akita, Morioka, Yamagata, Sendai, Tokyo, Niigata, Nagoya, Kanazawa, Nagano, Osaka, Kobe, Okayama, Hiroshima, Sanin, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Yamaguchi-Kitakyushu, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, and Okinawa

Overseas: Seoul, Busan, Beijing, Tianjin, Qingdao, Shanghai, Dalian, Xiamen, Guangzhou, Hangzhou, Hong Kong, Taipei, Kaohsiung, Manila, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Denpasar, Sydney, Brisbane, Auckland, New Delhi, Moscow, Frankfurt, Amsterdam, London, Paris, Madrid, Milan, Rome, Vienna, Guam, Vancouver, New York, Chicago, Los Angeles, San Francisco, Anchorage, Honolulu, Kona, Mexico City, and Sao Paulo

Service Centers: Haneda Maintenance Center, Narita Maintenance Center

(11) JAL Group Employees (At March 31, 2009)

Field of operations	Employees
Air transportation	20,540
Airline-related	20,949
Travel services	2,401
Credit card and leasing services	285
Other business	3,351
Total	47,526

Note: Number of employees excludes those seconded to other organizations.

(12) JAL Group Fleet (At March 31, 2009)

Type of aircraft	Number of aircraft	Number of seats or maximum weight loading	Comments
747-400	29	303 to 449 seats	1 is on lease
747LR-SUD	6	437 to 452 seats	
747-400D	8	546 seats	
747-400F	7	110 tons	2 are on lease
747F	1	110 tons	
(Subtotal)	(51)		
777-200	15	375, 380 seats	2 are on lease
777-300	7	500 seats	5 are on lease
777-200ER	11	245, 302 seats	All are on lease
777-300ER	10	246, 272 seats	5 are on lease
(Subtotal)	(43)		
A300-600R	22	290 seats	4 are on lease
767-200	3	207 seats	
767-300	22	232, 261 seats	6 are on lease
767-300ER	21	234, 237 seats	All are on lease
767-300F	3	52 tons	All are on lease
(Subtotal)	(49)		
MD-90	16	150 seats	
MD-81	14	163 seats	6 are on lease
(Subtotal)	(30)		
737-400	23	145 to 167 seats	11 are on lease
737-800	18	144, 165 seats	16 are on lease
(Subtotal)	(41)		
Embraer170	2	76 seats	
DHC 8-400	11	74 seats	8 are on lease
DHC 8-300	1	50 seats	
DHC 8-100	4	39 seats	
(Subtotal)	(16)		
CRJ200	9	50 seats	All are on lease
SAAB 340B	14	36 seats	3 are on lease
BN-2B	2	9 seats	
Total	279		

(13) Principal Creditors of the JAL Group (At March 31, 2009)

Creditor	Loan balance at the end of term (¥ million)
Development Bank of Japan	234,614
Mizuho Corporate Bank, Ltd.	75,956
The Bank of Tokyo-Mitsubishi UFJ, Ltd	73,890
Sumitomo Mitsui Banking Corporation	44,307

(14) Other Matters of Significance with Respect to the Business Performance of the JAL Group

Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued. Further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

At the JAL Group, we are taking steps to ensure that our staff are fully acquainted with the laws relating to price cartels and other antitrust legislation in the various countries where we operate. These steps include special courses on this subject for staff about to be posted overseas, and special seminars on antitrust legislation, mainly for staff in our sales division. We are also making e-learning courses available. For management-level staff in sales sections, we make it mandatory to report on the state of legal compliance by their sections once every six months. In these ways, we endeavour to prevent any recurrence of price cartel activity.

Depending on how the foregoing circumstances develop, there is the possibility of an impact on our group results. In addition, there is the danger that our group companies will become involved in various lawsuits with respect to other business activities, and it is possible that such lawsuits would impact our group businesses and results.

2. Shares

(1) Number of shares issued and shareholders (At March 31, 2009)

Title	Number of shares issued	Number of shareholders
Ordinary shares	2,732,383,250	446,169 (21,471 year-on-year increase)
Type A Stock*	614,000,000	15

*The term “Type A Stock” refers to preferred shares without voting rights, issued by way of third-party allocation in March 2008, on the condition of acquisition of ordinary shares at the request of the holders of said preferred shares.

(2) Major Shareholders (At March 31, 2009)

a. Shareholders holding 10% or more of the total number of share issued (excluding treasury stock)

None

b. Principal shareholders

Ordinary shares

Name	Shares (1,000)	Ratio of Voting Rights
Japan Trustee Services Bank, Ltd. (trust account 4G)	136,423	5.04%
Tokyu Corporation	80,428	2.97
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	70,188	2.59
Japan Trustee Services Bank, Ltd. (trust account)	51,744	1.91
The Master Trust Bank of Japan, Ltd. (trust account)	46,769	1.73
Nissay Dowa General Insurance Co., Ltd	43,076	1.59
JAL Group Employees' Stockholding	37,302	1.38
Mizuho Corporate Bank, Ltd.	35,303	1.30
The Bank of Tokyo-Mitsubishi UFJ, Ltd	34,772	1.28
Nippon Life Insurance Company	29,339	1.08

Note: Ratios of voting rights are calculated after subtracting treasury stock (2,865,400 shares).

Type A Stock

Name	Shares (1,000)	Equity stake
Mizuho Corporate Bank, Ltd.	80,000	13.03%
Development Bank of Japan	80,000	13.03
Mitsui & Co., Ltd.	80,000	13.03
The Bank of Tokyo-Mitsubishi UFJ, Ltd	68,000	11.07
Sojitsu Corporation	60,000	9.77
Mitsubishi Corporation	60,000	9.77
UBS Securities Japan Ltd.	40,000	6.51
Sumitomo Mitsui Banking Corporation	22,000	3.58
Idemitsu Kosan Co., Ltd.	20,000	3.26
ITOCHU Corporation	20,000	3.26
Japan Energy Corporation	20,000	3.26
Nippon Oil Corporation	20,000	3.26
Sumitomo Corporation	20,000	3.26
Marubeni Corporation	20,000	3.26
COSMO OIL Co., Ltd.	4,000	0.65

3. Subscription Rights

(1) Subscription Rights Currently Issued (At March 31, 2009)

Subscription rights pertaining to currently issued bonds with subscription rights

	Guaranteed Euroyen convertible bonds with subscription rights, maturing in 2011
Date of issuance decision	March 17, 2004
Number of subscription rights*1	20,229
Class & number of issued shares*1	50,737,396 ordinary shares
Issue price	Gratis
Conversion price*2	¥398.7
Period for exercise of conversion rights	April 19, 2004, to March 11, 2011

Notes:

＊1. On March 25, 2007, bearers of the above bonds with subscription rights requested the redemption of their holdings of Company bonds at 100% of face value, with the result that a portion of the said bonds (redemption amount: ¥79,771 million) were redeemed, and the 79,771 subscription rights attached to the said bonds were cancelled.

＊2. A total of 750 million new shares were issued at an issue price of ¥198 on July 27, 2006, and August 28, 2006, and in consequence the initial issue price of ¥440 was adjusted.

4. Company Officers

(1) Directors and Auditors

Title	Name	Area of responsibility and representative status at other companies
President	Haruka Nishimatsu	Chairman JAL Group CEO Representative Director & President, Japan Airlines International Co., Ltd. (JALI)
Executive Vice President	Katsuhiko Nawano	Airport Projects, Corporate Governance Executive Vice President, JALI
Executive Vice President	Tetsuya Takenaka	Corporate Planning Executive Vice President, JALI
Executive Vice President	Kiyoshi Kishida	General Manager, Corporate Safety Division, Environmental Affairs Executive Vice President, JALI
Managing Director	Toshio Annaka	Industrial Relations
Managing Director	Shunichi Saito	Passenger Sales & Marketing
Managing Director	Masaaki Haga	Engineering & Maintenance
Managing Director	Teruo Harafuji	Flight Operations Division
Senior Vice President	Kimio Hiroike	Airport Operations
Senior Vice President	Masato Uehara	Customer Satisfaction Improvement
Senior Vice President	Shigemi Kurusu	Cabin Attendants
Senior Vice President	Kunio Hirata*	Cargo & Mail
Senior Vice President	Yoshimasa Kanayama*	Finance, Accounting, Purchasing

Title	Name	Area of responsibility and representative status at other companies
Senior Vice President	Kiyofumi Kamijo	Chairman and Representative Director, Tokyu Corporation Chairman and Representative Director, Tokyu Bunkamura, Inc. Representative Director and President, Three Hundred Club Co., Ltd.
Senior Vice President	Kunio Ishihara*	Chairman & Representative Director, Tokio Marine Holdings, Inc. Chairman & Representative Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Senior Corporate Auditor (standing)	Teruhisa Ishizawa	
Senior Corporate Auditor (standing)	Hideo Hiramoto	
Senior Corporate Auditor (standing)	Hirokazi Horinouchi	
Corporate Auditor	Masatake Matsuda	Advisor, East Japan Railway Company
Corporate Auditor	Hiroshi Suzuki	Director, Japan-Mexico Hotel Investment Co.,Ltd.
Corporate Auditor	Hideyuki Sakai	Partner at Sakai, Mimura & Aizawa Law Office

Notes:

1. Our directors and corporate auditors serve simultaneously as directors and corporate auditors of Japan Airlines International Co., Ltd.
2. Mr. Kiyofumi Kamijo and Mr. Kunio Ishihara are outside directors.
3. Mr. Hirokazu Horinouchi, Mr. Masatake Matsuda, Mr. Hiroshi Suzuki, and Mr. Hideyuki Sakai are outside auditors.
4. The directors marked with * were elected at the sixth annual general meeting of shareholders, convened on June 25, 2008, and duly assumed office.
5. Mr. Teruhisa Ishizawa, who serves as a corporate auditor, has many years of experience in the accounting units of Japan Airlines Corporation, and possesses considerable knowledge in the field of finance and accounting.
6. Mr. Hirokazu Horinouchi, who serves as a corporate auditor (standing), and Mr. Hiroshi Suzuki, who serves as a corporate auditor on a part-time basis, both have many years of experience working at financial institutions, and possess considerable knowledge in the field of financial accounting.
7. By resolution of meeting of the board of directors convened on September 17, 2008, Mr. Kiyoshi Kishida was promoted from Senior Managing Director to Executive Vice President, and Mr. Teruo Harafuji was promoted from Senior Vice President to Managing Director. These personnel changes became effective on October 1, 2008.

The names and areas of responsibilities of the executive officers are as follows.

Title	Name	Area of responsibility
Managing Executive Officer	Susumu Miyoshi	Legal Affairs, Business Activities Reappraisal
Executive Officer	Atsuro Nishi	Associated Businesses
Executive Officer	Toshinari Ohshima	Public Relations, Executive Secretariat Office, Strategic Corporate Relations
Executive Officer	Muneyuki Mitsui	IT Service Planning
Executive Officer	Tadao Sakai	Deputy General Manager,Corporate Safety Division (Assistant to Mr. Kishida)
Executive Officer	Ichiro Morii	Deputy General Manager, Corporate Planning (Medium- and Long-Term Strategy), Investor Relations
Executive Officer	Manabu Sato*	Deputy General Manager, Corporate Planning (Business Planning)

Notes:
1. The executive officers marked with * assumed office on April 1, 2008.
2. By resolution of a regular meeting of the board of directors convened on February 18, 2009, the following Senior Managing Executive Officer and Executive Officers were appointed, and assumed office on April 1, 2009.

Promoted Senior Managing Executive Officer: Susumu Miyoshi, Masato Uehara
Executive Officers: Toshinari Oshima, Chihiro Tamura, Tetsuo Takahashi, Hiroyasu Omura, Muneyuki Mitsui, Tadao Sakai, Ichiro Morii, Manabu Sato, and Toshiro Takahashi

(2) Directors Retired during the Year

Title at retirement	Name	Date of retirement
Managing Director	Teruo Harafuji	March 31, 2009
Senior Vice President	Kimio Hiroike	March 31, 2009
Senior Vice President	Masato Uehara	March 31, 2009
Senior Vice President	Shigemi Kurusu	March 31, 2009

Notes:
1. The abovementioned four individuals have resigned from office .
2. In addition to the above, Director Shunji Kono resigned from office upon the termination of the sixth annual general meeting of shareholders convened on June 25, 2008.

(3) Amounts of Compensation Paid to Directors and Corporate Auditors

1. Compensation paid for service during the reporting term

Title	Number of directors and auditors	Amount
Directors (o/w outside statutory directors)	16 (3)	¥78 million (¥5 million)
Corporate auditors (o/w outside corporate auditors)	6 (4)	¥35 million (¥16 million)

Notes:

1. The above amounts include compensation paid to one outside director who retired with effect from the conclusion of the sixth annual general meeting of shareholders of the company, held on June 25, 2008.
2. The Company's directors and auditors serve concurrently as officers of operating subsidiary Japan Airlines International Co., Ltd., which pay compensation as set out below. Compensation received from the operating subsidiary is set out below. (This includes compensation paid to one outside director who retired with effect from the conclusion of the company's 58th annual general meeting of shareholders, held on June 25, 2008.)

Title	Number of directors and auditors	Amount
Directors (o/w outside statutory directors)	16 (3)	¥175 million (¥5 million)
Corporate auditors (o/w outside corporate auditors)	6 (4)	¥35 million (¥16 million)

2. Others

In accordance with the resolution regarding the termination of the lump-sum retirement payment system approved at the annual general meeting of shareholders held in June 28, 2005, the retirement benefit payments shown below were made to an outside director who retired between April 1, 2008 and March 31, 2009.

1 retiring director: ¥3 million (including ¥3 million to 1 outside director)

(4) Outside Directors and Corporate Auditors

1. Status of concurrent positions as executive directors, or outside directors or auditors in other companies

(At March 31, 2009)

Title	Name	Position at other companies
Senior Vice President (nonstanding)	Kiyofumi Kamijo	Chairman and Representative Director, Tokyu Corporation Chairman and Representative Director, Tokyu Bunkamura, Inc. Representative Director and President, Three Hundred Club Co., Ltd. Director (nonstanding), Gold-Pak Co., Ltd. Director (nonstanding), Shiroki Corporation Director (nonstanding), Tokyu Agency Inc. Director (nonstanding), Director (nonstanding), Shizuoka Railway Co., Ltd. Director (nonstanding), Shochiku Co., Ltd. Director (nonstanding), Hokkaido Airport Terminal Co., Ltd. Senior Vice President (nonstanding), JALI
Senior Vice President (nonstanding)	Kunio Ishihara	Chairman of the boaed, Tokio Marine Holdings, Inc. Chairman of the boaed, Tokio Marine & Fire Insurance Co., Ltd. Director (nonstanding), Bank of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Senior Vice President (nonstanding), JALI
Corporate Auditor (nonstanding)	Hirokazu Horinouchi	Corporate Auditor (nonstanding), JALI
Corporate Auditor (nonstanding)	Masatake Matsuda	Corporate Auditor (nonstanding), JALI
Corporate Auditor (nonstanding)	Hiroshi Suzuki	Director (nonstanding), JAMEX Corporate Auditor (nonstanding), JALI
Corporate Auditor (nonstanding)	Hideyuki Sakai	Partner at Sakai, Mimura, & Aizawa Law Office Corporate Auditor (nonstanding), Tokyo Marine & Nichido Fire Insurance Co., Ltd. Corporate Auditor (nonstanding), JALI

2. Principal activities

Title	Name	Principal activities
Senior Vice President (nonstanding)	Kiyofumi Kamijo	Attended 94% of the meetings of the Board of Directors held during the year under review, and based on profound scholarship derived from long experience in the transportation industry and a wealth of experience and insights in corporate management and other fields, he gave advice and made proposals in regard to management problems facing the Company, thereby ensuring the soundness and appropriateness of the Board’s decision-making.
Senior Vice President (nonstanding)	Kunio Ishihara	Attended 92% of the meetings of the Board of Directors held during his term in office in the year under review, and backed by extensive experience in corporate management and other fields, and by profound insight, he gave advice and made proposals in regard to management problems facing the Company, thereby ensuring the soundness and appropriateness of the Board’s decision-making.
Corporate Auditor (nonstanding)	Hirokazu Horinouchi	Attended 100% of the meetings of the Board of Directors held during his tem in office in the year under review, and 100% of the meetings of the Board of Corporate Auditors in his capacity as a Corporate Auditor (serving on a full-time basis). He also attended important management meetings and made onsite audits of the company’s business operations. Drawing on his extensive experience of working in financial institutions and his wealth of knowledge in the field of financing, he gave advice and contributed insights into problems facing the Company, procedures for conducting meetings of the Board of Directors, and internal control and risk management systems.

Title	Name	Principal activities
Corporate Auditor (nonstanding)	Masatake Matsuda	Attended 71% of the meetings of the Board of Directors held during the year under review, and 67% of the meetings of the Board of Corporate Auditors. Drawing on his extensive experience as a manager, particularly in the field of transportation, he gave advice and contributed insights into problems facing the Company, procedures for conducting meetings of the Board of Directors, and internal control and risk management systems.
Corporate Auditor (nonstanding)	Hiroshi Suzuki	Attended 100% of the meetings of the Board of Directors and Board of Corporate Auditors held during the year under review. Drawing on his extensive experience in financial institutions and as a corporate manager, he shared his expertise in financing and gave advice regarding the problems facing the Company. He also contributed insights into procedures for conducting meetings of the Board of Directors, and internal control and risk management systems.
Corporate Auditor (nonstanding)	Hideyuki Sakai	Attended 71% of the meetings of the Board of Directors held during the year under review, and 83% of the meetings of the Board of Corporate Auditors. Drawing on his extensive experience in legal circles and from his perspective as an expert on legal affairs, he has provided advice and insights into problems facing the Company, procedures for conducting the meetings of the Board of Directors, and internal control and risk management systems.

3. Liability limitation agreements

Pursuant to the provisions of Article 427, Paragraph 1, of the Corporation Act, the Company has concluded an agreement with Mr. Kiyofumi Kamijo and Mr. Kunio Ishihara that limits their liability for damages under Article 423, Paragraph 1, of the said act to the minimum amount prescribed in Article 425, Paragraph 1, of the act.

5. Independent Auditors

(1) Name of independent auditors

Ernst & Young ShinNihon LLC (name changed effective July 1, 2008 from Ernst & Young Shinnihon)

(2) Amount of compensation to be paid to independent auditors

1. Aggregate amount of compensation to be paid by the Company to the independent auditors for the fiscal year under review: ¥277 million

2. Aggregate amount of cash and other property benefit to be paid by the Company and its subsidiaries: ¥521 million

Notes:

1. The amount in 1. above relates entirely to services provided in accordance with Article 2, Clause 1 of the Certified Public Accountants Law.
2. With respect to the amount in 1. above, in the audit agreement concluded between the Company and the independent auditors, the compensation for auditing pursuant to the Corporation Act and the compensation for auditing pursuant to the Financial Instruments and Exchange Law are not demarcated and cannot practically be demarcated. Therefore, an aggregate amount is included in the above amount.

(3) Nature of non-auditing work

Japan Airlines Corporation and certain of its subsidiaries outsources certain non-auditing work (i.e. work other than defined as auditing work in Article 1, Item 1 of the Certified Accountants Law) to the accounting auditor. The nature of this work is described below.

1. Consulting work relating to internal control on financial reporting

2. Advice regarding the preparation of financial reporting documents for translation into English (including documents to be submitted to overseas regulatory authorities), and the checking and correction of the English translation.

(4) Policy for dismissal and non-reappointment of independent auditors

In addition to the dismissal of independent auditors by the Board of Corporate Auditors provided for in Article 340, Paragraph 1, of the Corporation Act, if an event occurs that creates a situation that seriously impedes the Company’s audit activities or casts serious doubt as to the independent auditors’ ability to continue to fulfill their responsibilities, the Company shall, after obtaining the consent of the Board of Corporate Auditors or at its request, submit a proposal to a general meeting of shareholders for the dismissal or non-reappointment of the independent auditors.

6. Company Systems and Policies

(1) System for ensuring that the directors of the Company, in the performance of their duties, comply with the requirements of the law and of the Company's Articles of Incorporation, and system for ensuring that other business activities are appropriate

①Systems for ensuring that the directors of the Company, in the performance of their duties, comply with the requirements of the law and of the Company's Articles of Incorporation

Fundamental Policy

By putting top priority on compliance and creating a monitoring system to enforce strict compliance with legal requirements, we ensure that directors carry out their duties in accordance with all pertinent laws and regulations.

Current status

1. The Board of Directors decides on the basic policies to be followed in the creation of an internal control system, after which directors serving on a full-time basis are responsible for preparing the said internal control system. In addition, directors possessing representative authority have been appointed to take charge of the promotion of internal control, a new Auditing Division has been established, and various measures have been taken to draw up and promulgate a full set of rules for the handling of internal control matters, including the publication of the JAL Group Internal Control Manual. In these ways, all necessary steps are being taken to set up and effectively administer a system ensuring adequate compliance with the Corporate Law and the Financial Instruments and Exchange Law.
2. The JAL Group takes great care to ensure that all its directors and corporate auditors are fully aware of their responsibilities under the law, including the necessity to exercise due care and diligence in the performance of their duties, and their fiduciary duty of loyalty to the Company.
3. The JAL Group Code of Conduct has been drawn up, and we are making sure that all employees understand and follow the Code.
4. A Compliance and Risk Management Committee, headed by the President, is working with directors to share information and discuss issue related to corporate action.
5. A groupwide hotline has been established for reporting compliance violations. We are taking measures to raise awareness about compliance whenever possible, and are gathering information from inside and outside the company regarding actions that may possibly constitute a violation of laws and regulations.

②Systems for retaining and managing records on the performance of Company directors

Fundamental Policy

Directors must retain any information pertaining to the execution of their duties during the performance of their duties, and that information must be appropriately stored and protected, in accordance with all pertinent laws and internal regulations.

Current status

1. Reports (minutes of meetings or other documents) on the decision-making processes of important bodies such as the Board of Directors, and reports on specific resolutions taken on important matters (requests for managerial decisions [ringisho]) are drawn up in accordance with the law, the Company's regulations pertaining to the Board of Directors and other councils and committees, as well as the regulations pertaining to ringisho, and the said reports are managed and retained in accordance with the law and the Company's regulations governing such matters.
2. The computer systems containing "electronic ringisho" (requests for managerial decisions existing as data files) and other computer files are constantly monitored for safety from unauthorized access or tampering. In the event of the discovery of unauthorized access to or use of such files, appropriate remedial action is taken immediately. In order to ensure still stricter control in line with the Company's commitment to the principles of internal control, we have commenced operation of an advanced system for management decision-making.

③Regulations and other systems relating to the management of risk

Fundamental Policy

We have established a comprehensive risk management system covering the entire JAL Group to ensure effective risk management, as well as to mitigate problems and minimize loss or damage. In the event that risks materialize, we will take all possible steps to remedy the situation and keep loss or damage to a minimum.

Current status

1. Directors serving on a full-time basis are responsible for overseeing risk management for the

Group as a whole. Risks whose realization could seriously impact the business operations of the Company are divided into the following three categories: (1) risks related to air travel safety; (2) corporate risk; and (3) strategic risk. Each specialized committee (the Safety Enhancement Task Force, Corporate Compliance & Business Risk Management Committee, and the JAL Group Revival Medium-Term Management Plan Committee) work to lay down rules to manage each risk category, and to implement preventive measures.

2. Rules governing risk management have been drafted, acknowledging the substantial impact that such risks pose to management (risks relating to air safety, corporate risk, strategic risk), and countermeasures have been taken, with an emphasis on preventative measures.
3. Through the clear delineation of the channels of communication for urgent notifications in the event of an emergency, as well as of the spheres of responsibility of the Company's directors and other executives, we ensure prompt and appropriate responses to emergencies and other unforeseen contingencies, including steps to minimize injury or loss in the event of a contingency. Systems to prevent the recurrence of problems are also in place.
4. We have created an in-house system for dealing with criminal groups and individuals. In particular, we have drafted a manual outlining the proper responses to inappropriate requests, and have made this manual widely available to all Group members.

④Systems for ensuring the effectiveness of duties performed by directors

Fundamental Policy

By defining the corporate philosophy, and by creating and communicating clearly our Group business plan, we ensure that the directors will effectively perform their duties.

Current status

1. We have drafted the Corporate Philosophy of the JAL Group, and have drawn up a medium-term management plan for the achievement of the Corporate Philosophy. In addition, management plans for each business term are drawn up on an individual department basis, with a close linkage to the Groupwide medium-term management plan. Each plan is reviewed periodically, and we are working to create systems that will allow for greater efficiency in our operations.
2. The responsibilities of the directors have been clarified. Moreover, through the clear delegation of authority and delineation of the scope of duties, we are working to ensure greater effectiveness by directors in the performance of their duties.
3. Through the adoption of the executive officer system, we have enabled Board meetings to be held with fewer members, facilitating the centralized implementation of management decisions in line with our fundamental strategy and stance, as well as centralized auditing. This has created a system that enables administrative work to be carried out more effectively. We have also widened the scope of authority and responsibility of the executive officers to more closely and organically integrate the managements of the various airline companies in the JAL Group.

⑤Systems for ensuring compliance with legal requirements and the Company's Articles of Incorporation in the performance of employees of the Company

Fundamental Policy

By putting top priority on legal compliance, we ensure strict compliance by employees of the Company in the performance of their duties. Through the creation of an appropriate monitoring system, we confirm that employees are upholding all legal requirements and acting in accordance with the Company's Articles of Incorporation in the performance of their duties.

Current status

1. The JAL Group Code of Conduct ("Commitment to Society") has been drafted and distributed to all of our employees. In this Code of Conduct, we clearly state that we refuse all association with anti-social forces or individuals.
2. Through the various activities of the Compliance & Risk Management Committee, we ensure that the Group's business operations are conducted in a sound and ethical manner.
3. We are making sure that all Group employees are familiar with the Group Hotline, and we are endeavoring to identify, by collecting information from inside and outside the company, acts that may be deemed an infringement of laws and regulations.
4. The departments responsible for internal control systems monitor operations to ensure business is conducted in an appropriate manner and that compliance with all laws and regulations is upheld.

⑥Systems for ensuring properness of operations within the Group companies

Fundamental Policy

We have made sure that the Group's corporate philosophy and management policies are adopted Groupwide and put into practice, and that compliance is strictly observed and duties are performed in an appropriate manner.

Current status

1. We drafted the Corporate Philosophy and have publicized this policy throughout the entire Group. In addition, we have signed basic agreements with each Group company and set specific management targets. In this way, we are working to ensure that business is conducted in an appropriate manner.
2. We have designated separate departments in charge of overseeing the operations of each Group company, with the aim of clarifying the scope of responsibility and providing guidance and support to each company.
3. We have publicized groupwide the JAL Group Code of Conduct ("Commitment to Society"), and have distributed a copy to all Group employees.
4. In accordance with JAL Group Compliance Network regulations, we will provide information and training that will promote sound and ethical conduct in the undertaking of business activities. We have requested each member company to strengthen its in-house compliance system, and have provided them with necessary support.
5. Through audits conducted by the head office internal auditing departments and the internal control sections of all business units, we are taking measures to confirm that the operations of each member company are conducted in a sound and ethical manner.

⑦Matters relating to the assignment of employees to assist the corporate auditors at their request

Fundamental Policy

To enhance the effectiveness and thoroughness of the auditors in the performance of their auditing duties, we have established a unit that is separate and independent from the directors, and assigned or employees to this unit to assist the corporate auditors at their request.

Current status

1. We have established a unit under the control of the Board of Corporate Auditors, and assigned employees to this unit, to assist the corporate auditors.

⑧Regarding Independence of auditors' assistants from the directors of the Company

Fundamental Policy

The staff appointed to assist the corporate auditors follow all orders and instructions relating to auditing work given to them by the corporate auditors. Appointment of the said staff is subject to approval by the corporate auditors.

Current status

1. The staff selected to assist the corporate auditors follow all orders and instructions relating to auditing work given to them by the corporate auditors. Replacement of the said staff is subject to approval by the corporate auditors.

⑨Systems for submission of reports by the directors and employees of the Company to the Board of Corporate Auditors or to individual corporate auditors

Fundamental Policy

Systems have been put into place that enable directors and employees of the Company to submit reports to the Board of Corporate Auditors or to individual corporate auditors.

Current status

1. Corporate Auditors are invited to the Board of Directors and other important meetings, and all managerial decision reports (ringisho) are required to be submitted to the Corporate Auditors. All important information related to corporate management and operations, including periodic performance report, are being reported to the Corporate Auditors.
2. Departments responsible for internal control make available to Corporate Auditors the results of their assessment on internal control. The Auditing Division is organizationally independent of the departments it audits, to ensure objective judgments.

⑩Systems to ensure the effective performance of audits by the Board of Corporate Auditors or by individual corporate auditors

Fundamental Policy

In line with our Audit Plan, prepared by the corporate auditors as individuals or as a group, the auditors are authorized to create an appropriate system for evaluating the effectiveness of audits.

Current status

1. Care is taken to ensure that opinions are exchanged frequently between the Company's Corporate Auditors on the one hand and the independent auditors, the Company's directors and employees, and the directors and corporate auditors of subsidiary companies on the other.
2. Each division and each group company is expected to cooperate with the Corporate Auditors in their conduct of onsite audits.

(2) Appropriation of surplus

The JAL Group is currently making steady progress in implementing the measures laid out in its FY2008-2010 Medium-Term Revival Plan, with the aim of establishing a path towards stable growth from FY2010 onward. Of particular note is that the measures aimed at cutting personnel and other costs, in which nothing is off-limits, have already proved effective. Nevertheless, the business environment has been undergoing significant change as a result of the considerable volatility of fuel prices and unprecedented economic deterioration, pointing inevitably to a substantial worsening of our performance during the reporting term, primarily as a result of major declines in both passenger and cargo demand, and increased fuel costs.

In view of this, we express our most sincere regrets to our shareholders that we do not expect to be able to pay a dividend on common stock. To enable us to resume dividend payments as soon as possible, we will endeavor to further improve profitability and to build a company with the inherent capacity to pay dividends for business term, irrespective of the business environment.

1. The amounts and quantities listed in this Business Report are rounded down to the nearest unit of measure indicated. The percentage figures are rounded to the nearest digit.

Consolidated Balance Sheet As of March 31, 2009

(Millions of yen)

Assets	Amount
I. Current assets	
Cash and time deposits	163,696
Notes and accounts receivable - trade	170,912
Short-term investments in securities	9,391
Flight equipment spare parts and supplies,at cost	81,857
Deferred income taxes	2,909
Prepaid expense and other	60,952
Less: Allowance for doubtful accounts	(2,690)
Total current assets	487,029
II. Fixed assets	
(Tangible fixed assets)	(1,031,021)
Buildings and structures	110,012
Machinery, equipment and vehicles	30,342
Flight equipment	723,590
Land	35,013
Advance on flight equipment purchases and other	116,510
Other tangible fixed assets	15,551
(Intangible fixed assets)	(79,548)
Software	78,630
Other intangible fixed assets	917
(Investments)	(152,010)
Investments in securities	58,611
Long-term loans receivable	12,846
Deferred income taxes	6,030
Other investments	77,017
Less: Allowance for doubtful accounts	(2,494)
Total fixed assets	1,262,580
III. Deferred charges	
Stock issuance expenses	1,068
Total deferred charges	1,068
Total assets	1,750,679

Liabilities	Amount
I. Current liabilities	
Accounts payable - trade	190,045
Short-term borrowings	2,911
Current portion of bonds	52,000
Current portion of long-term debts	128,426
Accrued income taxes	1,521
Deferred income taxes	33
Reserve for loss on antitrust litigation	1,964
Liabilities on derivative instruments	126,259
Other current liabilities	146,734
Total current liabilities	649,897
II. Non-current liabilities	
Bonds	50,229
Long-term debts	567,963
Deferred income taxes	6,534
Accrued pension and severance costs	94,911
Reserve for loss on antitrust litigation	5,083
Other non-current liabilities	179,288
Total non-current liabilities	904,010
Total liabilities	1,553,907
Net assets	
I. Stockholders' equity	
Common stock and preferred stock	251,000
Capital surplus	155,806
Retained earnings	(21,874)
Common stock in treasury, at cost	(917)
Total stockholders' equity	384,014
II. Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	(1,440)
Net unrealized gain on hedging instruments, net of taxes	(201,816)
Translation adjustments	(6,101)
Total valuation, translation adjustments and other	(209,358)
III. Minority interests	22,115
Total net assets	196,771
Total liabilities and net assets	1,750,679

Consolidated Statement of Operations As of March 31, 2009

(Millions of yen)

Operating revenues	Amount
Operating revenues	1,951,158
Cost of operating revenues	1,687,881
Gross profit	263,277
Selling, general and administrative expenses	314,162
Operating loss	50,884
Non-operating income	31,341
Interest income	3,878
Dividend income	1,425
Equity in earnings of affiliates	1,630
Gain on derivative instruments	17,462
Other non-operating income	6,944
Non-operating expenses	62,634
Interest expense	17,536
Loss on sale and disposal of flight equipment	7,633
Loss on derivative instruments	8,874
Exchange loss, net	19,571
Other non-operating expenses	9,018
Ordinary loss	82,177
Extraordinary gain	44,604
Gain from licensing card-related usage rights	23,426
Gain on sale of investments in securities	18,088
Other extraordinary gain	3,088
Extraordinary loss	21,440
Loss recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plan, net	8,798
Loss on sales and disposal of fixed assets	2,577
Non-recurring depreciation	2,504
Loss on impairment of fixed assets	2,273
Other extraordinary losses	5,286
Loss before income taxes and minority interests	59,014
Income taxes - current	3,181
Income taxes - deferred	22
Minority interests	977
Net loss	63,194

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2009

(Millions of yen)

	Amount
Stockholders' equity	
Common stock	
Balance at March 31, 2008	251,000
Changes during the year ended March 31, 2009	
Total changes	-
Balance at March 31, 2009	251,000
Capital surplus	
Balance at March 31, 2008	155,836
Changes during the year ended March 31, 2009	
Sales of common stock in treasury	(30)
Total changes	(30)
Balance at March 31, 2009	155,806
Retained earnings	
Balance at March 31, 2008	41,320
Changes during the year ended March 31, 2009	
Net loss for the year ended March 31, 2009	(63,194)
Total changes	(63,194)
Balance at March 31, 2009	(21,874)
Common stock in treasury, at cost	
Balance at March 31, 2008	(890)
Changes during the year ended March 31, 2009	
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	141
Total changes	(26)
Balance at March 31, 2009	(917)
Total stockholders' equity	
Balance at March 31, 2008	447,266
Changes during the year ended March 31, 2009	
Net loss for the year ended March 31, 2009	(63,194)
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	110
Total changes	(63,252)
Balance at March 31, 2009	384,014
Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	
Balance at March 31, 2008	2,578
Changes during the year ended March 31, 2009	
Changes other than stockholders' equity, net	(4,018)
Total changes	(4,018)
Balance at March 31, 2009	(1,440)

(Millions of yen)

	Amount
Net unrealized gain on hedging instruments, net of taxes	
Balance at March 31, 2008	8,167
Changes during the year ended March 31, 2009	
Changes other than stockholders' equity, net	(209,983)
Total changes	(209,983)
Balance at March 31, 2009	(201,816)
Translations adjustments	
Balance at March 31, 2008	(4,077)
Changes during the year ended March 31, 2009	
Changes other than stockholders' equity, net	(2,024)
Total changes	(2,024)
Balance at March 31, 2009	(6,101)
Total valuation, translation adjustments and other	
Balance at March 31, 2008	6,668
Changes during the year ended March 31, 2009	
Changes other than stockholders' equity, net	(216,026)
Total changes	(216,026)
Balance at March 31, 2009	(209,358)
Minority interests	
Balance at March 31, 2008	17,136
Changes during the year ended March 31, 2009	
Changes other than stockholders' equity, net	4,979
Total changes	4,979
Balance at March 31, 2009	22,115
Total net assets	
Balance at March 31, 2008	471,070
Changes during the year ended March 31, 2009	
Net loss for the year ended March 31, 2009	(63,194)
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	110
Changes other than stockholders' equity, net	(211,047)
Total changes	(274,299)
Balance at March 31, 2009	196,771

Notes to Consolidated Financial Statements

Basis of Presentation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries
Number of consolidated subsidiaries: 120

The names of the major consolidated subsidiaries are stated in the Business Report section 1. Members of the JAL Group (8) Status of Major Subsidiaries.

JAL Mileage Bank Co., Ltd. was newly established as a result of a corporate split at JALCARD, INC. and has been included in the scope of consolidation as of the reporting term.

Former consolidated subsidiary Japan Asia Airways Co., Ltd. merged with Japan Airlines International Co., Ltd., Narita Logistics Terminal Co., Ltd. merged with JAL Cargo Service Co., Ltd., and Tour Create, Inc. and Hawaii Hotel Reservations Systems, Inc. merged with JALPAK International Hawaii, Inc. and thus have been excluded from the scope of consolidation as of the reporting term.

Holdings in former consolidated subsidiaries JALPAK INTERNATIONAL U.S.A., INC., JALPAK MALAYSIA SDN. BHD, and UNIVERSAL HOLIDAYS were sold, and these companies have been excluded from the scope of consolidation as of the reporting term.

Owing to their having become immaterial, ASIA CREATIVE TOURS CO., LTD., J INTER Co., Ltd., JALPAK DE MEXICO S.A. DE C.V., JALSKY FUKUSHIMA Co., Ltd., and JAL CAPITAL CORPORATION have been excluded from the scope of consolidation as of the reporting term.

The equity interest in former consolidated subsidiary TRANS QUALITY, INC. decreased as a result of the sale of shares, with the result that it has become a company accounted for by the equity method as of the reporting term.

With the exclusion of TRANS QUALITY, INC. from the scope of consolidation as of the reporting period, CREATIVE GREETING SERVICE, INC., a subsidiary of the former consolidated subsidiary TRANS QUALITY, INC., has also been excluded from the scope of consolidation as of the reporting term.

(2) Non-consolidated subsidiaries

Name of major non-consolidated subsidiary
Shimojishima Airport Facilities Co., Ltd.

The total assets, operating revenue, net income (loss) and retained earnings of the non-consolidated subsidiaries are all small in scale, and have no material effect in the aggregate on the consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the Equity Method

(1) Non-consolidated subsidiaries and affiliates accounted for by the equity method

Number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method: 18
Names of the major non-consolidated subsidiaries and affiliates, which are accounted for by the equity method:

JALUX Inc., Airport Facilities Co., Ltd., Japan Turbine Technologies Co., Ltd. and JAL Information Technology Co., Ltd.
Since the sale of shares held in Former consolidated subsidiary TRANS QUALITY, INC. led to a reduction in the proportion of shares held, it has become a company accounted for by the equity method

as of the reporting term.

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Name of the major non-consolidated subsidiary which is not accounted for by the equity method.

Shimojishima Airport Facilities Co., Ltd.

The non-consolidated subsidiaries and affiliates not accounted for by the equity method had an insignificant effect on consolidated net loss and retained earnings and had no material effect on the consolidated financial statements. They have thus been excluded from being accounted for by the equity method.

3. Fiscal Years of Consolidated Subsidiaries

The balance sheet dates of 17 of the consolidated subsidiaries, including JAL HAWAII INCORPORATED, is December 31, and is February 28 for Official Filing Co., Ltd. Any significant differences arising on intercompany transactions during the period between these dates and the consolidation date have been adjusted if necessary.

4. Significant Accounting Policies

(1) Valuation of significant assets

(a) Securities

Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined principally by the moving average method.

(b) Inventories: Inventories are principally stated at cost based on the moving average method (regarding balance sheet values, however, they are being calculated by a method that reduces book value on the basis of declines in profitability).

Changes in accounting policy
Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). Due to the adoption of this Standard, the costs of inventories over the net realizable value would be recorded as cost when their costs exceed the net realizable value. The effect of the adoption of this standard was to increase operating loss by \19 million, ordinary loss and loss before income taxes and minority interests by \468 million for the year ended March 31, 2009.

(c) Derivatives: Derivatives are stated at fair value.

(2) Depreciation and amortization of tangible and intangible fixed assets

(a) Aircraft (excluding leased assets): The straight-line method or the declining-balance method based on the estimated useful life of the aircraft

Additional information
Japan Airlines International Co., Ltd. (“JALI,” which is a consolidated subsidiary of the Company) has adopted new estimated useful lives for certain aircraft and spare parts related to certain types of aircraft, resulting from a review of the useful lives and residual value of aircraft and spare parts for which sales contracts are certain to be entered into. As a result of the adoption of these new useful lives, operating loss increased by \753 million and ordinary loss decreased by \1,216 million and loss before income taxes and minority interests increased by \1,208 million for the year ended March 31, 2009 from the amount which would have been recorded under the previous method.

(b) Other tangible fixed assets (excluding leased assets) of:

Japan Airlines International Co., Ltd.	The straight-line method based on their estimated useful lives
Other companies	Principally the declining-balance method based on their estimated useful lives

(c) Intangible fixed assets (excluding leased assets): The straight-line method based on their estimated useful lives

(d) Lease assets The straight-line method based on their estimated useful lives

Leased property arising from transactions under finance lease agreements which transfer the ownership to the lessee is depreciated by the same method as applied to owner's own asset.

Leased property arising from transactions under finance lease agreements which do not transfer the ownership to the lessee is amortized to residual value of zero by the straight-line method using the terms of the agreements as useful life.

(3) Deferred charges

Stock issuance expenses are capitalized and are being amortized over a period of 3 years.

(4) Provision of significant allowances:

(a)Accrued pension and severance costs

To provide for employees' severance indemnities, net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.

The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of 15 years. However, JALI introduced a revised pension scheme under which employees have the option to change a portion of their existing lump-sum payments of retirement benefits to a defined contribution plan or to an early payment scheme on October 1, 2005. The portion of the unrecognized obligation at transition which relates to reducing the benefit obligation by the introduction of the option referred to above is being amortized by the straight-line method over a period of 8 years in accordance with Paragraph 15, "Transitional Arrangement," of "Accounting for the Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Implementation Guidance No.1).

The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which is less than the average remaining years of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.

With regard to the substitutional portion of the Japan Airlines employees' pension fund (kosei nenkin kikin, whose form of management was revised on October 1, 2008, as the JAL corporate pension fund), in which consolidated subsidiary Japan Airlines International Co., Ltd. (JALI) is a participant, approval was received on October 1, 2008, from the Minister of Health, Labour and Welfare with respect to exemption from the benefit obligation related to past services, and the scheme was also partially reformed. As a result, in the year ended March 31, 2009, both operating loss and ordinary loss increased by ¥955 million, and income before loss taxes and minority interests increased by ¥9,753 million.

Airport Ground Service Pension Fund, consisting of consolidated subsidiaries JAL Ground Service Co., Ltd. and JAL Ground Service Kansai Co., Ltd., received approval from the Minister of Health, Labour and Welfare on March 31, 2008, with respect to exemption from the benefit obligation related to past service, and returned the substitutional portion (minimum actuarial reserve) to the government on January 13, 2009. The impact of this on profit and loss was insignificant.

With regard to the portion pertaining to domestic employees of Japan Asia Airways Co., Ltd., which merged with JALI. on April 1, 2008, the latter being the surviving company, and to part of the consolidated subsidiary, the method of calculating projected benefit obligations changed from the simplified method to the standard method. The impact of this on profit and loss was insignificant.

(b) Reserve for loss on antitrust litigation

Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued; further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

We have, with regard to the European Commission investigation and the US class action passenger lawsuits, recorded a reserve for our best estimate at the current time of losses that may arise in the future. With regard to the cargo lawsuits, it is difficult to make a reasonable estimate of what the results might be.

(c) Allowance for doubtful accounts

The allowance for doubtful accounts on specific receivables is provided at an estimate of the unrecoverable amounts. The allowance for doubtful accounts on other receivables is provided based on the historical rate of losses on receivables.

(5) Foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and any gain or loss on translation is included in current earnings.

Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates accounted for by the equity method into yen at the applicable exchange rates at the year end are presented in minority interests and translation adjustments in the consolidated balance sheets.

(6) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized.

Foreign currency receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met.

The related interest differential paid or received on interest-rate swaps used as hedging instruments is recognized over the term of each swap agreement as an adjustment to the interest expense of the underlying hedged items if certain conditions are met.

(7) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(8) Income taxes

The Company and certain domestic subsidiaries have adopted the Japanese consolidated tax return system.

(9) Amortization of good will and negative goodwill

Goodwill acquired and negative goodwill recognized are amortized by the straight-line method over a period of five years.

(10) Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of newly consolidated subsidiaries are revalued at fair value.

(11) Changes in accounting policy

Accounting Standard for Lease Transactions
Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, revised on March 30, 2007) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, revised on March 30, 2007). The Company and its consolidated subsidiaries previously accounted for finance lease transactions which do not transfer the ownership of the leased property to the lessee as operating lease transactions. Due to the adoption of this standard, however, the Company and its consolidated subsidiaries account for them as sale and purchase transactions, excluding the transactions which started prior to April 1, 2008. Leased property arising from transactions under finance lease agreements which do not transfer the ownership to the lessee is amortized to residual value of zero by the straight-line method using the terms of the agreements as useful life.

Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006). The effect of the adoption of this standard was immaterial for the year ended March 31, 2009.

5. Notes to the Consolidated Balance Sheet

(1) Fractional amounts of less than one million yen have been omitted.

(2) Accumulated depreciation of tangible fixed assets ¥1,374,021 million

(3) Assets pledged as collateral and obligations related to collateral

Assets pledged as collateral
- Flight equipment ¥609,574 million

- Flight equipment parts ¥51,057 million
- Investments in securities ¥19,379 million
- Short-term investments in securities ¥8,550 million
- Ground prepay and equipment, net of accumulated depreciation and other ¥103,279 million

Obligations related to collateral

- Long-term debts ¥411,034 million

In addition to obligations stated in the consolidated balance sheet, future rental expenses under operating leases with collateral amounted to ¥6,453 million in the period under review. In addition, shares of common stock of certain consolidated subsidiaries were pledged as collateral at March 31.2009..

Also included in this category are assets set aside for revolving pledge on obligations accompanying syndicated loans taken out by our affiliated company Tokyo International Airport Terminal Co, Ltd. for the purpose of engaging in its core business.

(4) Contingent liabilities

- Guarantees ¥3,905 million
- Commitments such as guarantees, keep-well agreements and other ¥671 million
- Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued; further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

  In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

  Management of the Company holds the view that investigations and class action lawsuits on alleged anti-competitive practices could have a material impact on the financial results of the Company and the group. With regard to an investigation by the European Union antitrust authority and the US class action passenger lawsuits, the allowance for the Company's exposure is provided at the amount that the Company can reasonably estimate in the current circumstances. However, in respect of the aforementioned lawsuits and the investigations by the authorities of other jurisdictions, it is not possible to estimate the amounts of the Company's liabilities reasonably or to predict with assurance that certain liabilities will actually be incurred.

6. Note to consolidated statements of changes in net assets

(1) Fractional amounts of less than one million yen have been omitted.

(2) The total number and periodic changes in the number of shares of stock in issue and common stock in treasury were as follows:

(Thousands of shares)

	At March 31, 2008	Increase	Decrease	At March 31, 2009
No. of shares of stock in issue:				
Common stock	2,732,383	-	-	2,732,383
Preferred stock	614,000	-	-	614,000
Total	3,346,383	-	-	3,346,383
No. of shares of common stock in treasury:				
Common stock	3,037	792	520	3,309

Note
The increase in common stock in treasury of 792 thousand shares during the year ended March 31, 2009 resulted from the Company’s purchase of 792 thousand odd-lot shares of less than one unit at the request of the stockholders. The decrease in common stock in treasury of 520 thousand shares during the year ended March 31, 2009 resulted from the Company’s sales of 520 thousand odd-lot shares of less than one unit at the request of the stockholders.

7. Per-Share Data

(1) Net assets per share ¥5.44

(2) Net loss per share ¥25.47

Non-Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

	Assets	Amount
Assets	I. Current assets	
	Cash and deposits	11,445
	Accounts receivable - trade	2,493
	Short-term loans receivable from a subsidiary	44,588
	Current portion of long-term loans receivable from subsidiary	85,571
	Prepaid expenses	18
	Accounts receivable - other	3,047
	Deferred income taxes	34
	Other current assets	32
	Total current assets	147,233
	II. Fixed assets	
	(Tangible fixed assets)	(13)
	Furniture and fixtures	13
	(Intangible fixed assets)	(0)
	Software	0
	Other intangible fixed asset	0
	(Investments)	(915,098)
	Investments in securities	263
	Investments in subsidiaries and affiliates	413,210
	Long-term loans receivable from subsidiary	501,609
	Deferred income taxes	14
	Total fixed assets	915,112
	III. Deferred charges	
	Stock issuance expenses	1,068
	Total deferred charges	1,068
	Total assets	1,063,414

	Liabilities	Amount
Liabilities	I. Current liabilities	
	Accounts payable - trade	97
	Current portion of long-term debts	85,571
	Accounts payable - other	2,974
	Accrued income taxes	130
	Accrued expenses	2,087
	Other current liabilities	62
	Total current liabilities	90,924
	II. Non-current liabilities	
	Bonds	40,229
	Long-term debts	480,943
	Total non-current liabilities	521,172
	Total liabilities	612,097
Net assets	Net assets	
	I. Stockholders’ equity	
	Common stock and preferred stock	251,000
	Capital surplus	
	Additional paid-in capital	188,253
	Total capital surplus	188,253
	Retained earnings	
	Other retained earnings	
	Retained earnings curried forward	12,805
	Total retained earnings	12,805
	Common stock in treasury, at cost	(750)
	Total stockholders’ equity	451,308
	II. Valuation, translation adjustments and other	
	Unrealized gain on other securities, net of taxes	8
	Total valuation, translation and adjustments other	8
	Total net assets	451,316
	Total liabilities and net assets	1,063,414

Non-Consolidated Statement of Operation (As of March 31, 2009)

(Millions of yen)

Operating revenues	Amount
Operating revenues	18,495
Cost of operating revenues	12,803
Gross profit	5,691
Selling, general and administrative expenses	2,297
Operating income	3,394
Non-operating income	1,030
Interest income and dividends	966
Other non-operating income	64
Non-operating expenses	907
Amortization of stock issuance expenses	865
Other non-operating expenses	42
Ordinary income	3,517
Income before income taxes	3,517
Income taxes - current	570
Income taxes - deferred	(12)
Net income	2,959

Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2009

(Millions of yen)

	Amount
Stockholders' equity	
Common stock	
Balance at March 31, 2008	251,000
Changes during the year ended March 31, 2009	-
Balance at March 31, 2009	251,000
Capital surplus	
Additional paid-in capital	
Balance at March 31, 2008	188,253
Changes during the year ended March 31, 2009	-
Balance at March 31, 2009	188,253
Total Capital surplus	
Balance at March 31, 2008	188,253
Changes during the year ended March 31, 2009	-
Balance at March 31, 2009	188,253
Retained earnings	
Other retained earnings	
Retained earnings carried forward	
Balance at March 31, 2008	9,876
Changes during the year ended March 31, 2009	
Net income for the year ended March 31, 2009	2,959
Sales of common stock in treasury	(30)
Total changes	2,929
Balance at March 31, 2009	12,805
Total Retained earnings	
Balance at March 31, 2008	9,876
Changes during the year ended March 31, 2009	
Net income for the year ended March 31, 2009	2,959
Sales of common stock in treasury	(30)
Total changes	2,929
Balance at March 31, 2009	12,805
Common stock in treasury, at cost	
Balance at March 31, 2008	(723)
Changes during the year ended March 31, 2009	
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	141
Total changes	(26)
Balance at March 31, 2009	(750)
Total stockholders' equity	
Balance at March 31, 2008	448,406
Changes during the year ended March 31, 2009	
Net income for the year ended March 31, 2009	2,959
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	110
Total changes	2,902
Balance at March 31, 2009	451,308

	Amount
Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	
Balance at March 31, 2008	15
Changes other than stockholders' equity, net	(6)
Balance at March 31, 2009	8
Total valuation, translation and adjustments other	
Balance at March 31, 2008	15
Changes other than stockholders' equity, net	(6)
Balance at March 31, 2009	8
Total net assets	
Balance at March 31, 2008	448,421
Changes during the year ended March 31, 2009	
Net income for the year ended March 31, 2009	2,959
Purchase of common stock in treasury	(168)
Sales of common stock in treasury	110
Changes other than stockholders' equity, net	(6)
Total changes	2,895
Balance at March 31, 2009	451,316

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation of securities
Investments in subsidiaries and affiliates: Stated at cost determined by the moving average method

Securities
Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes cost of security sold is determined by the moving drayage method.

(2) Depreciation and amortization of tangible and intangible fixed assets
Tangible fixed assets: The straight-line method based on their estimated useful lives

Intangible fixed assets: The straight-line method based on their estimated useful lives

(3) Deferred charges

Stock issuance expenses are capitalized and are being amortized over a period of 3 years.

(4) Hedge accounting
The related interest differential paid or received on interest-rate swaps used as hedging instruments is recognized over the term of each swap agreement as an adjustment to the interest expense of the underlying hedged items if certain conditions are met.

(5) Consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(6) Income taxes

The Japanese consolidated tax return system has been adopted.

(7) Changes in accounting policy

Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, revised on March 30, 2007) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, revised on March 30, 2007). The Company and its consolidated subsidiaries previously accounted for finance lease transactions which do not transfer the ownership of the leased property to the lessee as operating lease transactions. Due to the adoption of this standard, however, the Company and its consolidated subsidiaries account for them as sale and purchase transactions, excluding the transactions which started prior to April 1, 2008. Leased property arising from transactions under finance lease agreements which do not transfer the ownership to the lessee is amortized to residual value of zero by the straight-line method using the terms of the agreements as useful life. There was no impact on operating income and income before income taxes for the year ended March 31, 2009.

2. Notes to Balance Sheet

(1) Fractional amounts of less than one million yen have been omitted.

(2) Accumulated depreciation of tangible fixed assets: ¥46 million

(3) Assets pledged as collateral, and obligations related to collateral

Assets pledged as collateral	
Investments in subsidiaries and affiliates	¥7,076 million
Investments in securities	¥263 million
Long-term loans receivable	¥666 million

Total ¥8,006 million

Obligations related to collateral	
Current portion of long-term debts	¥51,076 million
Long-term debts	¥149,116 million

Total ¥200,193 million

The above assets pledged as collateral include assets provided for real guarantees in regard to borrowings of ¥2,130 million by subsidiary Japan Airlines International Co., Ltd.
The above assets pledged as collateral include assets set aside for revolving pledge on obligations accompanying syndicated loans taken out by our affiliated company Tokyo International Airport Terminal Co, Ltd. for the purpose of engaging in its core business.

(4) Contingent liabilities for guarantees

Guarantees have been provided for the following companies' borrowings from financial institutions and lease obligations.

JAL Capital Co., Ltd.	¥410,833 million
Japan Airlines International Co., Ltd.	¥121,107 million

Total ¥531,940 million

(5) Receivables and payables relating to affiliated companies

Short-term receivables from subsidiaries:	¥134,597 million
Short-term payables to subsidiaries:	¥3,029 million
Long-term receivables from subsidiaries:	¥501,609 million

The amounts above include amounts to and from certain subsidiaries which are presented separately in the balance sheet.

3. Notes to Statement of Operations

(1) Fractional amounts of less than one million yen have been omitted.

(2) Transactions with affiliates

Operating revenues:	¥18,495 million
Operating expenses:	¥761 million
Non-operating transactions:	¥399 million

4. Relating to Statement of Changes in Net Assets

(1) Fractional amounts of less than one million yen have been omitted.

(2) Classes and numbers of shares of treasury stock at year-end
Common stock 2,865,400

5. Income Taxes

The significant components of deferred tax assets include revaluation losses on investments in affiliates and non-recognition of accounts payable, and the significant components of deferred tax liabilities include net unrealized gain on other securities.

6. Transactions with Related Parties

<table>
<tr><th rowspan="2">Attribute</th><th rowspan="2">Company name</th><th rowspan="2">Ratio of voting rights, direct or indirect</th><th colspan="2">Relationship</th><th rowspan="2">Transaction details</th><th rowspan="2">Transaction amount (¥ million)</th><th rowspan="2">Category</th><th rowspan="2">Balance at year-end (¥ million)</th></tr>
<tr><th>Concurrent officers</th><th>Business relationship</th></tr>
<tr><td rowspan="9">Subsidiary</td><td rowspan="9">Japan Airlines International Co.</td><td rowspan="9">100.0% held directly</td><td rowspan="9">Concurrent 21 persons</td><td rowspan="9">Management guidance, lending of funds</td><td>Lending of funds (Note 1)</td><td>42,537</td><td rowspan="2">Long-term loans to affiliates (including current portion)</td><td rowspan="2">586,515</td></tr>
<tr><td>Collection of loans (Note 1)</td><td>80,710</td></tr>
<tr><td>Receipt of management guidance fees, interest, etc. (Notes 2, 3)</td><td>16,206</td><td>Accounts receivable–trade</td><td>2,448</td></tr>
<tr><td>Underwriting of capital increase (Note 4)</td><td>200,000</td><td>-</td><td>-</td></tr>
<tr><td>Guarantees of obligations (Note 5)</td><td>121,107</td><td>-</td><td>-</td></tr>
<tr><td>Obtainment of guarantees of obligations (Note 6)</td><td>608,765</td><td>-</td><td>-</td></tr>
<tr><td>Real guarantees (Note 7)</td><td>2,130</td><td>-</td><td>-</td></tr>
<tr><td>Obtainment of real guarantees (Note 8)</td><td>351,257</td><td>-</td><td>-</td></tr>
<tr style="display:none"></tr>
<tr><td rowspan="6">Subsidiary</td><td rowspan="6">JAL Capital Co.</td><td rowspan="6">100.0% held directly</td><td rowspan="6">Concurrent 2 persons</td><td rowspan="6">Commissioning of funds-related business, lending of funds</td><td>Lending of funds (Notes 1, 9)</td><td>81,362</td><td rowspan="2">Short-term loans to affiliates</td><td rowspan="2">44,588</td></tr>
<tr><td>Collection of loans (Note 1, 9)</td><td>123,645</td></tr>
<tr><td>Dividend received, etc.</td><td>2,131</td><td>Accounts receivable–trade</td><td>34</td></tr>
<tr><td>Interest income (Notes 1, 9)</td><td>399</td><td>-</td><td>-</td></tr>
<tr><td>Guarantees of obligations (Note 5)</td><td>410,833</td><td>-</td><td>-</td></tr>
</table>

Transaction conditions and policy for determining them

Notes
1. Loan interest rates are determined rationally in light of market interest rates.
2. Management guidance fees are determined by mutual agreement between in light of the nature of the business.
3. Transaction amounts are net of consumption taxes, which are included in the balance at year-end.
4. Japan Airlines Corporation has underwritten the shares issued by Japan Airlines International (JALI) through private placement made by the company at 100 yen per share.
5. Guarantees of obligations are made in regard to subsidiaries' borrowings from financial institutions and lease obligations.
6. Guarantees are obtained by the Company for its corporate bonds and for borrowings from financial institutions.
7. Real guarantees entail the provision of collateral for borrowings by subsidiaries from financial institutions.
8. The obtainment of real guarantees entails the provision of collateral by subsidiaries for borrowing by the Company from financial institutions.
9. Includes cash management system (CMS) transactions.

7. Per-Share Data

Net assets per share	¥106.80
Net income per share	¥1.23

Copy of Report of Accounting Auditors (translation)

Report of Independent Auditors

(Consolidated)

The Board of Directors
Japan Airlines Corporation

May 15, 2009

ERNST & YOUNG SHINNIHON LLC

Takehiko Nagasaki
Designated and Engagement Partner
Certified Public Accountant

Yoichi Yamada
Designated and Engagement Partner
Certified Public Accountant

Hirohisa Fukuda
Designated and Engagement Partner
Certified Public Accountant

Atsusada Kato
Designated and Engagement Partner
Certified Public Accountant

In accordance with Section 4 of Article 444 of the Corporation Law, we have audited the consolidated balance sheet, the consolidated statement of operations and the consolidated statement of changes in net assets of Japan Airlines Corporation applicable to the fiscal year from April 1, 2008, to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these consolidated financial statements.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company's consolidated subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Japan Airlines Corporation and its consolidated subsidiaries at March 31, 2009 and the consolidated results of their operations in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

Copy of Report of Accounting Auditors (translation)

Report of Independent Auditors

The Board of Directors
Japan Airlines Corporation

May 15, 2009

ERNST & YOUNG SHINNIHON LLC

Takehiko Nagasaki
Designated and Engagement Partner
Certified Public Accountant

Yoichi Yamada
Designated and Engagement Partner
Certified Public Accountant

Hirohisa Fukuda
Designated and Engagement Partner
Certified Public Accountant

Atsusada Kato
Designated and Engagement Partner
Certified Public Accountant

In accordance with Section 1 of Article 436-2 of the Corporation Law, we have audited the balance sheet, the statement of operations, the statement of changes in net assets and accounting matters stated in the supplementary schedules of Japan Airlines Corporation applicable to the seventh fiscal year from April 1, 2008, to March 31, 2009. The accounting matters which we have audited in the business report and the supplementary schedules were derived from the accounting books and records of the Company. These financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company's subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the nonconsolidated financial statements and the supplementary schedules present fairly, in all material respects, the nonconsolidated financial position of Japan Airlines Corporation at March 31, 2009 and the nonconsolidated results of operations in conformity with the accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

Copy of Report of the Board of Corporate Auditors (translation)

Report of the Board of Corporate Auditors

May 19, 2009

We, the Board of Corporate Auditors of Japan Airlines Corporation, have received from each Corporate Auditor a report on auditing methods used and the results of its audits on the execution of duties by the directors during the seventh fiscal year from April 1, 2008, to March 31, 2009, and have compiled this audit report after consultations, and do hereby report as follows;

1. Outline of the auditing method used by Corporate Auditor

In accordance with the auditing policies and other guidelines set down by the Board of Corporate Auditors, the Board of Corporate Auditors received reports from directors and accounting auditors.

Each corporate auditor attended meetings of the Board of Directors and other important meetings, received business reports from directors and other officers to review important approval and other documents, and investigated the operational and financial position of the Company. In addition, we verified resolutions of the Board of Directors regarding systems and operations of internal control of companies stipulated in Article 100 Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Law to ensure that directors of the Company properly execute their duties pursuant to the law and the Company's Articles of Incorporation. With regard to internal controls on the drafting of financial reports, the Company received reports from directors of the Company and ERNST & YOUNG SHINNIHON LLC on evaluations of the said internal controls and reports on the progress of auditing, and requested further explanations from the submitting parties where this was deemed necessary. With respect to subsidiaries, we requested business reports as necessary and also investigated their operational and financial position and exchanged information and opinions with the corporate auditors of the subsidiaries. We also received reports and explanations from the independent auditors and examined the financial statements and the supplementary schedules.

With respect to audits by accounting auditors, we received detailed explanations on the execution of audits from accounting auditors. We also received a report on their auditing systems confirming that their audits were carried out in line with regulations in the quality control standards for auditing (issued by the Business Accounting Council). By implementing these procedures, we carried out audits on the nonconsolidated financial statements and supplementary schedules, as well as the consolidated financial statements, of the Company.

2. Results of audits

(1) Business report

a) The business report and its supplementary schedules have been recognized to comply with the law and the Articles of Incorporation, and to correctly reflect the position of the Company;

b) No unjust act or serious violation of the laws or the Articles of Incorporation has been detected as to directors performing their duties;

c) The resolutions made by the Board of Directors have been recognized to be appropriate. There is nothing to be reported regarding the execution of directors' duties with respect to internal control of the Company.

(2) Nonconsolidated financial statements and their supplemental schedules

The method used and results obtained by the accounting auditors, ERNST & YOUNG SHINNIHON LLC, have been recognized to be proper and fair.

(3) Consolidated financial statements

The method used and results obtained by the accounting auditors, ERNST & YOUNG SHINNIHON LLC, have been recognized to be proper and fair.

Teruhisa Ishizawa, Corporate Auditor (standing)
Hideo Hiramoto, Corporate Auditor (standing)
Hirokazu Horinouchi, Corporate Auditor (standing)
Masatake Matsuda, Corporate Auditor
Hiroshi Suzuki, Corporate Auditor
Hideyuki Sakai, Corporate Auditor

The Board of Corporate Auditors
Japan Airlines Corporation

(Note) Hirokazu Horinouchi, Masatake Matsuda, Hiroshi Suzuki and Hideyuki Sakai are outside corporate auditors as stipulated in Article 2, Paragraph 16 and Article 335, Paragraph 3 of the Corporation Law.

Reference Document for Exercising Voting Rights

Proposed Resolutions and Reference Matters

Proposed 1 Appropriation of surplus

To improve its financial position and enhance enterprise value, in March 2008 JAL issued preferred stock in the amount of ¥153.5 billion by means of third-party allotment, and it intends to pay a dividend on those preferred shares as provided by its articles of incorporation.

Dividend on preferred stock

(1) Type of dividend asset
Cash

(2) Matters relating to allocation of dividend asset and its aggregated amount
¥10.27 per share of JAL Type A Stock
Aggregate amount of dividend: ¥6,305,780,000

(3) Effective date for dividends
June 24, 2009

It is a matter of great regret that, as stated on page 31, no dividend will be paid on common stock for the fiscal year under review.

Proposal 2 Partial amendment of articles of incorporation

1. Reasons for the amendment

(1) The "Act for Partial Amendments to the Act Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement for Trade of Stocks and Other Securities" (Act No. 88 of 2004; hereinafter "Settlement Streamlining Act") was enforced as of January 5, 2009, whereupon all shares of listed companies were transferred to a paperless share-transfer system, and the Act on Custody and Transfer of Share Certificates, Etc. (Act No. 30 of 1984) was removed from the statute books.
As a result it is proposed that necessary consequential amendments, including deletion, be made to provisions relating to shares, beneficial shareholders, and the register of beneficial shareholders, which had become unnecessary to the Company's articles of incorporation. In addition, it has become mandatory for a register of lost share certificates to be prepared and kept for a period of one year beginning on the day immediately following the enforcement of the Settlement Streamlining Act, requiring the institution of the necessary provisions among the supplementary provisions.

(2) With regard to matters concerning the acquisition of own shares for inclusion in treasury stock, provided for in Item 1 of Article 459 (1) of the Companies Act, since it is possible to do so by resolution of the board of directors, it is proposed that the necessary provisions be newly inserted into Article 8 of the present articles of incorporation.

(3) The enforcement of the Companies Act has removed the restrictions on the venues for general meetings of shareholders, and thus to broaden the options for the selection of such venues it is proposed that the provisions relating to the locations for convening general meetings of shareholders be deleted.

(4) Pursuant to the provisions of Article 324 of the Companies Act, in order to ease the provisions for quorums at general meeting of holders of a class of shares it is proposed that the necessary amendments be made to Article 18-2 ("General Meeting of Holders of a Class of Shares") of the present articles of incorporation.

(5) It is also proposed that amendments to the wording of the articles of incorporation be made as a consequence of the amendments set out above.

2. Details of the amendments
The proposed amendments are described below.

(The proposed amended portions are underlined)

Existing Articles	Proposed Amendments
Chapter II Shares Article 7. Issuance of Share Certificates The Company shall issue share certificates representing all types of its issued shares.	Chapter II Shares (Delete)
Article 8. Shares 8.1 The number of shares constituting one (1) unit for shares of Common Stock and Type A Stock of the Company shall be one thousand (1,000) shares. 8.2 The Company shall not issue share certificates representing shares constituting less than one (1) unit, except when stipulated otherwise in the Shares Handling Regulations. 8.3 Shareholders of the Company (including beneficial shareholders; the same shall apply hereinafter) may request the Company to sell to such shareholders a number of shares that will, when added to the shares constituting less than one (1) unit held by such shareholders, constitute one (1) unit of shares (hereinafter to be referred to as "Request for Sale"). This shall not apply, however, if such a Request for Sale is made and the Company does not have the necessary number of its own shares to be transferred pursuant to such a Request for Sale. 8.4 In accordance with the provision of Article 165, Paragraph 1 of the Company Law, the Company may, by a resolution of the Board of Directors, acquire its own shares by market transactions and other methods specified in Article 165, Paragraph 1 of the Company Law.	Article 7. Shares (Same as existing text) (Delete) 7.2 Shareholders of the Company may request the Company to sell to such shareholders a number of shares that will, when added to the shares constituting less than one (1) unit held by such shareholders, constitute one (1) unit of shares (hereinafter to be referred to as "Request for Sale"). This shall not apply, however, if such a Request for Sale is made and the Company does not have the necessary number of its own shares to be transferred pursuant to such a Request for Sale. 7.3 (Same as existing text) 7.4 (New provision) The Company may determine the matters regarding acquisition of its own shares as set forth in Article 459, Paragraph 1, Item 1 of the Company Law by a resolution of the Board of Directors, except as otherwise provided by law.
Article 8-2 – Article 8-8 (Omitted here)	Article 8 – Article 8-7 (Same as existing text)
Article 9. Limitation on Inclusion of Foreigners and Other Persons in Register of Shareholders and Register of Beneficial Shareholders If the Company receives a request, from a person who falls into one of the categories listed in the items below, to enter or record such person's name and address in the register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter), and if acceptance of such request causes the total voting rights owned by persons who fall into one of the categories listed in the items below to represent one-third (1/3) or more of the total voting rights for the	Article 9. Limitation on Inclusion of Foreigners and Other Persons in Register of Shareholders If the Company receives a request, from a person who falls into one of the categories listed in the items below, to enter or record such person's name and address in the register of shareholders, and if acceptance of such request causes the total voting rights owned by persons who fall into one of the categories listed in the items below to represent one-third (1/3) or more of the total voting rights for the Company, the Company shall refuse to enter or record such name and address.

Existing Articles	Proposed Amendments
Company, the Company shall refuse to enter or record such name and address. (1) Persons who do not have Japanese citizenship (2) Foreign countries, foreign public bodies or similar entities (3) Corporations or other organizations established under foreign laws and regulations	(1) Persons who do not have Japanese citizenship (2) Foreign countries, foreign public bodies or similar entities (3) Corporations or other organizations established under foreign laws and regulations
Article 10. Share Handling Regulations All handling procedures for shares and stock acquisition rights, including, but not limited to, exercise of voting rights or other shareholders' rights by electronic means, types of share certificates, registration of transfer of shares and stock acquisition rights, on the register of shareholders,entry or record on the register of beneficial shareholders and the register of lost share certificates, purchase and sale by the Company of its shares constituting less than one (1) unit, registration of pledges of shares of the Company and cancellation of such registration, issuance of replacement share certificates, registration and indication of trust assets in shares and stock acquisition rights of the Company and cancellation thereof, and fees chargeable by the Company therefor, shall be governed by these Articles of Incorporation and the Shares Handling Regulations adopted by the Board of Directors.	Article 10. Shares Handling Regulations All handling procedures for shares and stock acquisition rights, including, but not limited to, exercise of voting rights or other shareholders' rights by electronic means, entry or record on the register of shareholders and the register of stock acquisition rights and purchase and sale by the Company of its shares constituting less than one (1) unit, and fees chargeable by the Company therefor, shall be governed by these Articles of Incorporation and the Share Handling Regulations adopted by the Board of Directors.
Article 13. Transfer Agent 13.1 The Company shall have a share transfer agent for its shares. 13.2 Such share transfer agent and its place of the handling business shall be decided by a resolution of the Board of Directors and public notice thereof shall be given in due course. 13.3 The preparation and the keeping of the register of shareholders, and the register of stock acquisition rights and the register of lost share certificates of the Company and any other matter related to the register of shareholders and the register of stock acquisition rights and the register of lost share certificates of the Company shall be entrusted to the transfer agent, and the Company shall not handle such business.	Article 13. Transfer Agent 13.1 (Same as existing text) 13.2 (Same as existing text) 13.3 The preparation and the keeping of the register of shareholders and the register of stock acquisition rights of the Company and any other matter related to the register of shareholders and the register of stock acquisition rights of the Company shall be entrusted to the transfer agent, and the Company shall not handle such business.
Chapter III General Meetings of Shareholders Article 14. Convening of General Meetings of Shareholders 14.1 The President shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General	Chapter III General Meetings of Shareholders Article 14. Convening of General Meetings of Shareholders 14.1 (Same as existing text)

Existing Articles	Proposed Amendments
Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary. 14.2 In the event the President fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors. 14.3 The General Meeting of Shareholders shall be convened at a location situated in a ward of Tokyo.	14.2 (Same as existing text) (Delete)
Article 18-2. General Meeting of Holders of a Class of Shares 18-2.1 The provisions of Articles 14, 15, and 18 shall apply *mutatis mutandis* to the General Meeting of Holders of a Class of Shares. 18-2.2 The provision of Section 12.1 shall apply *mutatis mutandis* to the General Meeting of Holders of a Class of Shares, which shall be held on the same day as the Annual General Meeting of Shareholders.	Article 18-2. General Meeting of Holders of a Class of Shares 18-2.1 The provisions of Articles 14 and 15, Section 17.1, and Article 18 shall apply *mutatis mutandis* to the General Meeting of Holders of a Class of Shares. 18-2.2 (Same as existing text) 18-2.3 (New provision) Resolutions of the General Meeting of Holders of a Class of Shares that should be adopted in accordance with the provision of Article 324, Paragraph 2 of the Company Law shall be adopted by two-thirds (2/3) or more of the voting rights of shareholders present at the meeting, at which shareholders holding in aggregate one-third (1/3) or more of the voting rights of the shareholders entitled to exercise their voting rights shall be present.
	(New provision) Supplementary Provisions Article 1. 1.1 Entry or record on the register of lost share certificates of the Company shall be governed by these Articles of Incorporation and the Share Handling Regulations adopted by the Board of Directors. 1.2 The preparation and the keeping of the register of lost share certificates of the Company and any other matter related to the register of lost share certificates of the Company shall be entrusted to the transfer agent, and the Company shall not handle such business. Article 2. The preceding Article and this Article shall remain effective until January 5, 2010, and shall be deleted as of such date.

Proposal 3: Election of 15 Directors

Among the fifteen (15) directors elected at the previous annual general meeting of shareholders, four (4) left office by March 31, 2009, leaving eleven (11) directors in office. However, the terms of office of these directors terminate as of the conclusion of this general meeting. Accordingly, your approval is sought for the appointment of fifteen (15) directors.

The candidates are as follows.

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
1	Haruka NISHIMATSU (Born on January 5, 1948)	April 1972 Joined JAL April 2003 Executive Officer, Responsible for Investor Relations (Assistant), Finance (Assistant) and Vice President, Finance Dept., JAL April 2005 Senior Vice President, JALI Senior Vice President, JALJ June 2005 Senior Vice President, JAL Responsible for Finance, Purchasing April 2006 Senior Managing Director, JAL Responsible for Finance Senior Managing Director, JALI Senior Managing Director, JALJ June 2006 Group CEO & President, JAL (currently serving) President, JALI (currently serving) President, JALJ April 2008 Chairman, Group CEO & President, JAL (currently serving)	Common stock 19,000
2	Katsuhiko NAWANO (Born on November 16, 1946)	July 1969 Joined Ministry of Transport August 2002 Vice-Minister for Ministry of Land, Infrastructure & Transport July 2003 Resigned from Ministry of Land, Infrastructure and Transport Oct. 2005 Managing Director, JALI Managing Director, JALJ April 2006 Senior Executive Officer, JAL Responsible for Airport Projects June 2006 Managing Director, JAL Responsible for Airport Projects April 2007 Executive Vice President, JAL Responsible for Airport Projects Executive Vice President, JALI (currently serving) April 2008 Executive Vice President, JAL Responsible for Airport Projects, Internal Control Promotion (currently serving)	Common stock 10,000

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
3	Tetsuya TAKENAKA (Born on February 12, 1947)	July 1970 Joined JAL June 2003 Senior Vice President, Japan Asia Airways (JAA) June 2005 Managing Director, JAA April 2006 Executive Officer, General Manager, Corporate Planning, JAL Senior Vice President, JALI Senior Vice President, JALJ June 2006 Senior Vice President, General Manager, Corporate Planning, JAL Responsible for Finance April 2007 Managing Director, General Manager, Corporate Planning, JAL Responsible for Finance Managing Director, JALI April 2008 Executive Vice President, General Manager, Corporate Planning, JAL Executive Vice President, JALI (currently serving) April 2009 Executive Vice President, JAL, Responsible for Corporate Planning, Customer Satisfaction Improvement (currently serving)	Common stock 16,310
4	Kiyoshi KISHIDA (Born on May18, 1948)	April 1971 Joined JAL April 2004 Vice President & Deputy General Manager, Flight Operations Division Vice President, Flight Planning Dept., JAL April 2005 Managing Director, JAL April 2006 Senior Executive Officer, General Manager, Corporate Safety Division, JAL Senior Managing Director, JALI Senior Managing Director, JALJ June 2006 Senior Managing Director, JAL Responsible for Corporate Safety April 2008 Senior Managing Director, JAL Responsible for Corporate Safety, Environmental Affairs October 2008 Executive Vice President, JAL Responsible for Corporate Safety, Environmental Affairs (currently serving) Executive Vice President, JALI (currently serving)	Common stock 8,570
5	Toshio ANNAKA (Born on January 2, 1951)	April 1973 Joined JAL April 2004 Managing Director, JAL Sales Co., Ltd. March 2006 Executive Officer, JALI Executive Officer, JALJ April 2006 Executive Officer, JAL Responsible for Human Resources Management Senior Vice President, JALI Senior Vice President, JALJ June 2006 Senior Vice President, JAL Responsible for Human Resources Management April 2008 Managing Director, JAL Responsible for Human Resources Management Managing Director, JALI (currently serving) April 2009 Managing Director, JAL Responsible for Industrial Relations (currently serving)	Common stock 7,155

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
6	Shunichi SAITO (Born on September 1, 1948)	April 1974 Joined JAL April 2003 Executive Officer, JAL April 2004 Executive Officer, JALJ April 2005 Executive Officer, General Manager, IT Strategy and Planning, JAL April 2007 Executive Officer, JAL Responsible for Passenger Sales & Marketing June 2007 Senior Vice President, JAL Responsible for Passenger Sales & Marketing Senior Vice President, JALI April 2008 Managing Director, JAL Responsible for Passenger Sales & Marketing (currently serving) Managing Director, JALI (currently serving)	Common stock 11,000
7	Masaaki HAGA (Born on September 24, 1948)	May 1972 Joined JAL April 2004 Executive Officer, JALI Executive Officer, JALJ April 2006 Executive Officer, Deputy General Manager, Corporate Safety, JAL April 2007 Executive Officer, JAL Responsible for Engineering & Maintenance Division June 2007 Senior Vice President, JAL Responsible for Engineering & Maintenance Division Senior Vice President, JALI April 2008 Managing Director, JAL Responsible for Engineering & Maintenance Division (currently serving) Managing Director, JALI (currently serving)	Common stock 21,223
8	Kunio HIRATA (Born on August 16, 1951)	April 1975 Joined JAL April 2000 Vice President, General Affairs Department, JAL April 2001 Seconded to JAL Sales Network Co., Ltd. June 2002 Vice President, Product Marketing & Development, Domestic Passenger, JAL April 2003 Seconded to Japan Air System Vice President, Product Marketing & Development, Domestic Passenger, JAL April 2005 Seconded to JALJ Vice President, Strategic Planning & Marketing, Domestic Passenger, JALI April 2006 Executive Officer, Deputy General Manager, Corporate Planning, JAL Executive Officer, JALI Executive Officer, JALJ April 2008 Executive Officer, JAL Responsible for Cargo & Mail June 2008 Senior Vice President, JAL Responsible for Cargo & Mail (currently serving) Senior Vice President, JALI (currently serving)	Common stock 13,465

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
9	Yoshimasa KANAYAMA (Born on January 17, 1952)	April 1974 Joined JAL June 1999 Vice President, Associated Business, JAL July 2000 Vice President, Procurement Administration Department, JAL June 2002 Vice President, Procurement Department, JAL Oct. 2002 Vice President, Procurement Department, JAL April 2004 Head of Revenue Management Center, JALI Seconded to JALJ April 2005 Head of Paris Office, JALI, and head of Marketing Unit at Paris Office Oct. 2006 Executive Officer, Responsible for Finance, Accounting and Vice President, Finance Dept., JAL Executive Officer, JALI April 2008 Executive Officer, JAL, Responsible for Finance, Accounting and Purchasing June 2008 Senior Vice President, JAL Responsible for Finance, Accounting and Purchasing (currently serving) Senior Vice President, JALI (currently serving)	Common stock 18,100
10	Toshinari OHSHIMA (Born on May 10, 1950)	April 1974 Joined JAL June 2000 Vice President, Passenger Ticket Sales Division, Osaka Office, JAL April 2001 Seconded to JAL Sales Network Co., Ltd. June 2002 Assistant to Directors Responsible for Human Resources Management, Secretary of Corporate Planning Office, JAL Oct. 2002 Deputy General Manager, Personnel Planning, JAL April 2004 Assistant head of U.S. subsidiary, head of U.S. subsidiary's Eastern Branch and head of Marketing Unit at New York Office, JALI Oct. 2006 Executive Officer, JAL, Responsible for Human Resources Management (Assistant to Mr. Annaka) Executive Officer, JALI April 2007 Executive Officer, JALI, Responsible for Public Relations, Executive Secretariat Office, Planning Operations April 2009 Senior Vice President, JAL Responsible for Airport Operations Division (currently serving)	Common stock 10,310

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
11	Chihiro TAMURA (Born on April 10, 1949)	Oct. 1972 Joined JAL July 2001 Deputy Vice President, Flight Planning Dept., JAL Dec. 2003 Flight crew under the direct supervision of Vice President of Flight Operations Division, JAL July 2004 Vice President, special assistant to General Manager of Flight Crew Dept., JALI April 2005 Vice President & Deputy General Manager, Flight Operations Division General Manager, Flight Planning Dept., JALI July 2005 General Manager, Flight Planning Dept., JALI May 2007 General Manager of Flight Safety Group, and General Manager, Flight Planning Dept., JALI July 2007 General Manager, Flight Planning Dept., JALI April 2008 Executive Officer, JALI Responsible for Flight Operations (currently serving) April 2009 Executive Officer, JAL Responsible for Flight Operations (currently serving)	Common stock 13,000
12	Tetsuo TAKAHASHI (Born on April 10, 1951)	April 1972 Joined JAL Dec. 2002 Vice President, Passenger Ticket Sales Division and Assistant to Director responsible for Marketing (Marketing System Project Group), JAL Seconded to JAL Sales Network Co., Ltd. April 2003 Seconded to JAL Sales Network Co., Ltd. Vice President, Passenger Ticket Sales, JAL June 2004 Seconded to JAL Sales Network Co., Ltd. April 2004 Managing Director, JAL Sales Co., Ltd. April 2005 Senior Vice President, JALI Senior Vice President, JALJ June 2006 President, JAL Royal Catering Co., Ltd. June 2008 President, JALPAK Co., Ltd. April 2009 Executive Officer, General Manager, Corporate Planning, JAL (currently serving) Executive Officer, JALI (currently serving)	Common stock 10,000
13	Hiroyasu OMURA (Born on December 16, 1951)	April 1974 Joined JAL June 1998 Vice President, Industrial Relations, JAL Oct. 2003 Executive Officer, JAL April 2004 Senior Vice President, JALI June 2006 President, JALOP June 2008 President, JALways Co., Ltd. April 2009 Executive Officer, JAL Responsible for Cabin Crew Dept. (currently serving) Executive Officer, JALI (currently serving)	Common stock 6,163

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
14	Kiyofumi KAMIJO (Born on September 12, 1935)	June 1987 Senior Vice President, Tokyu Corp. June 1993 Managing Director, Tokyu April 1995 Senior Managing Director, Tokyu June 1999 Vice President, Tokyu June 2001 President, Tokyu June 2005 Chairman, Tokyu (currently serving) June 2007 Senior Vice President, JAL (currently serving) Senior Vice President, JALI (currently serving) [Representative status at other companies] Chairman and Representative Director, Tokyu Bunkamura, Inc. Representative Director and President, Three Hundred Club Co., Ltd.	0
15	Kunio ISHIHARA (Born on October 17, 1943)	June 1995 Director, General Manager, Hokkaido District, Tokio Marine and Fire Insurance (TMFI) June 1998 Managing Director, General Manager, Hokkaido District, TMFI June 2000 Senior Managing Director, TMFI June 2001 President, TMFI April 2002 President, Millea Holdings, Inc. Oct. 2004 President, Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokio Marine & Nichido) June 2007 Chairman, Tokio Marine & Nichido Fire Insurance Co., Ltd (currently serving) Chairman, Millea Holdings, Inc. (Notes 3) (currently serving) June 2008 Senior Vice President, JAL (currently serving) Senior Vice President, JALI (currently serving)	0

Notes
1. There are no special interests between these candidates for director and the Company.
2. Mr. Kiyofumi Kamijo and Mr. Kunio Ishihara are candidates for appointment as outside directors.
3. Millea Holdings, Inc. changed its name on July 1, 2008 to Tokio Marine Holdings, Inc.
4. Reasons for candidacy for appointment as outside directors, and periods of office
   a. Mr. Kiyofumi Kamijo is a man of profound scholarship backed by long experience principally in the transportation industry, has a wealth of experience and a strong record of achievement in corporate management, and is also a person of great insight. We believe that he can make a major contribution to the management of the Company as an outside director, and thus are proposing him as a candidate. Mr. Kiyofumi Kamijo assumed the post of outside director in June 2007, and will have served a two year at the time of the closing of the current annual general meeting of shareholders.
   b. Mr. Kunio Ishihara has extensive experience and an extensive record of achievement in corporate management and all aspects of the business world, and possesses great insight. We believe that he can make a major contribution to the management of the Company as an outside director, and thus are proposing him as a candidate. Mr. Kunio Ishihara assumed the post of outside director in June 2008, and will have served a full year at the time of the closing of the current annual general meeting of shareholders.
5. In cases in which candidates for outside directorships have held office as director, executive officer, or auditor in other kabushikigaisha during the previous five years, and during their terms of office at those other companies there were acts that violated laws or articles of incorporation, or other incidences of improper execution of business, the facts of these cases and the manner in which relevant candidates acted to prevent them and dealt with them after their occurrence were as follows.
   a. While Mr. Kiyofumi Kamijo was concurrently serving as an outside director at Gold-Pak Co., Ltd. in October 2007, the company received a directive from the Ministry of Agriculture, Forestry and Fisheries ordering improvements in the labeling of certain of the company’s own-brand products

regarding the raw materials used in them, in accordance with the Law Concerning Standards and Proper Labeling of Agricultural and Forestry Products (the “JAS Law”). Until he was informed of this directive by company staff, Mr. Kamijo was unaware that the company’s procedure was in violation of the law. Mr. Kamijo had long been urging the executive directors of Gold-Pak to put management priority on legal compliance, and on learning of the case in point, he participated in inquiries aimed at discovering its causes, devising means whereby a recurrence could be prevented, and ensuring that the appropriate penalties were applied to any staff found responsible for the violation. Mr. Kamijo offered his opinions to the directors of Gold-Pak regarding changes in management style that he deemed necessary in order to regain public trust. In this way, he fulfilled the responsibilities of his position.

b. Tokio Marine & Nichido Fire Insurance Co., Ltd., where Mr. Kunio Ishihara serves as chairman of the Board of Directors, in November 2005 received a directive from the Financial Services Agency ordering improvements to be made in operating procedures in response to the discovery of the failure to pay certain amounts due under insurance plans. Additionally, in March 2007 the Financial Services Agency issued to the company an order for the cessation of certain business operations, and a directive to improve business procedures, in response to the discovery of irregularities in the payment of insurance money on insurance policies in the third-sector insurance field. The company is currently engaged in work to prevent the recurrence of such irregularities, and every effort is being made to operate the company in full compliance with the law.

c. In addition, in February and June of 2007, the Bank of Mitsubishi-Tokyo UFJ, where Mr. Kunio Ishihara concurrently serves as an outside director, received from the Financial Services Agency a directive ordering improvements to the bank’s systems for management and supervision, legal compliance, and internal control relating to overseas operations and the sale of investment trusts and similar products, and for improvements, in respect of compliance, in the supervision of transactions at corporate banking marketing units inherited from the former UFJ Bank. In addition, the Bank of Mitsubishi-Tokyo UFJ received a directive from the U.S. banking regulatory authorities in December 2006 for improvements to procedures relating to the prevention of money laundering in the United States. Prior to the receipt of this directive, Mr. Ishihara had been unaware of the details of the procedures involved, but he had, on many occasions, stressed the importance of legal compliance at meetings of the Board of Directors and other management forums. Since the problem was identified, Mr. Ishihara has been overseeing the drawing up of a plan by the Board for improvement of the bank’s procedures.

6. Liability limitation agreements

Pursuant to the provisions of Article 427, Paragraph 1, of the Corporation Act, the Company has concluded an agreement with Mr. Kiyofumi Kamijo and Mr. Kunio Ishihara that limits their liability for damages under Article 423, Paragraph 1, of the said act to the minimum amount prescribed in Article 425, Paragraph 1, of the act.

Procedure for Exercising Voting Rights via the Internet

Please read the following items before exercising your voting rights via the Internet.
Note: If you will be attending the General Meeting of Shareholders, it is not necessary to exercise your voting rights by mail (form for exercising voting rights) or the Internet.

Details

1. Site for Exercising Voting Rights

(1) You can exercise your voting rights via the Internet by accessing the Company's designated site (http://www.evote.jp/) via a personal computer or mobile phone (iMode, EZweb, or Yahoo! Keitai).*
* ("iMode" is a trademark of NTT DoCoMo, Inc., "EZweb" is a trademark of KDDI Corporation, and "Yahoo!" is a trademark of Yahoo! Inc. of the U.S.)
(2) Depending on their Internet user environments, shareholders using personal computers may not be able to exercise their voting rights via the site for exercising voting rights if they have a firewall on their Internet connection, have anti-virus software set up, or are using a proxy server.
(3) In order to exercise voting rights on a mobile phone, it is necessary to have the capability to use the iMode, EZweb, or Yahoo! Keitai service. Even if they have access to one of the above services, some shareholders may not be able to use the service if their mobile phone models are incapable of sending information, or because of encrypted communication (SSL communication) to ensure security.
(4) Votes will be accepted via the Internet through 5:55 p.m. of the day before the General Meeting of Shareholders (Monday, June 22, 2009). Please vote before this time, and send any inquiries or questions to the Help Desk below.

2. How to exercise voting rights via the Internet

(1) To exercise voting rights using a personal computer, access http://www.evote.jp/, the site for exercising voting rights, and use the log-in ID and the temporary password given on the enclosed form for exercising voting rights. Then please follow the instructions on the screen to vote for or against the proposed resolutions.
(2) To prevent people who are not shareholders (impostors) from illegally accessing the site and tampering with votes, we ask shareholders who use the site to change their temporary passwords on the site for exercising voting rights.
(3) We will send you a new log-in ID and temporary password every time a notice of a general meeting of shareholders is issued.
(4) Costs arising from accessing the site for exercising voting rights (dial-up connection fees, phone fees, etc.) will be borne by the shareholder.

Use of a Website for Online Exercise of Voting Rights

In the case of nominee shareholders (trust banks and similar institutions), including their standing proxies, application must be made beforehand for use of the website for the online exercise of voting rights provided by an entity jointly set up by the Tokyo Stock Exchange and related institutions. In the event that an application has been made and accepted, this website may be used for the exercise of voting rights in place of the method of exercise of voting rights via the Internet as described above.

For further information on this matter, please contact:
Mitsubishi UFJ Trust and Banking Corporation,
Securities Agent Department (Help Desk)
- Tel: 0120-173-027 (Business hours: 9:00 am-9:00 pm, toll free in Japan)