

Note: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Securities code: 9201

May 28, 2013

NOTICE OF THE 64th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 64th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the “Company”), which will be held on Wednesday, June 19, 2013, as described hereunder.

If you are unable to attend the meeting, please review the attached Reference Documents for General Meeting of Shareholders, and please exercise your voting rights no later than 6:00 p.m., Tuesday, May 18, 2013 by either procedure described in “Guide for Exercising Voting Rights” on page 2.

Sincerely yours,

Yoshiharu Ueki
Representative Director, President
Japan Airlines Co., Ltd.
2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo

MEETING DETAILS

1. Date and Time: 10:00 a.m., Wednesday, June 19, 2013 (The reception starts at 8:30 a.m.)

2. Venue: NIPPON BUDOKAN
2-3 Kitanomaru Koen, Chiyoda-ku, Tokyo

3. Agenda:

- Items to be reported:*
1. Business Report and Consolidated Financial Statements for the 64th Fiscal Year (April 1, 2012 to March 31, 2013); and Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the 64th Fiscal Year (April 1, 2012 to March 31, 2013)

Items to be proposed:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Partial Amendment to the Articles of Incorporation
- Proposal 3: Election of Seven (7) Directors

4. Predetermined Terms of the Convocation

- If you exercise your voting rights via the Internet or by mail more than once, your final vote shall prevail.
- If you exercise your voting rights both by mail and via the Internet, your vote via the Internet shall prevail regardless of the arrival date and time.

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- There are no souvenirs available for shareholders attending the shareholders' meeting. It is prohibited to bring any PET bottles into the meeting place. We would appreciate your understanding.
 - In order to save resources, please bring this "Notice of Convocation."
 - If it becomes necessary to amend any item to be listed in the reference documents for the general meeting of shareholders, business report, consolidated financial statements, and non-consolidated financial statements occurs, we will notify you of the amendment(s) on the Company's website (http://www.jal.com/ja/investor/stockholders_meeting).

[Guide for Exercising Voting Rights]

- In case you attend the meeting

Please kindly submit the enclosed voting form at the reception desk on the day of the General Meeting of Shareholders.

- In case you are not available to attend the meeting

1. Exercise by mail

Please indicate your votes for or against the Items on the enclosed Voting Form and return it to the Company no later than 6:00 p.m., Tuesday, June 18, 2013.

2. Exercise via the Internet

Please review the "Procedure for the exercise of Voting Rights via the Internet" below and exercise your voting rights no later than 6:00 p.m., Tuesday, June 18, 2013.

Procedure for the exercise of Voting Rights via the Internet

If exercising voting rights via the Internet, please review the items below and exercise your voting rights. If attending the General Meeting of Shareholders in person, neither mailing (Voting Form) nor the exercise of Voting Rights via the Internet are necessary.

Details

1. Voting Rights Exercise Site

- (1) Voting rights via the Internet may be exercised only by accessing the designated voting rights exercise site (<http://www.evotep.jp/>) (*Japanese only*) using a personal computer, smart-phone or cell phone (i-mode, EZweb, Yahoo! *Keitai*)*. (Please note that the website is unavailable from 2:00 a.m. through 5:00 a.m. every day.)

* “i-mode,” “EZweb,” and “Yahoo!” are the respective registered trademarks of NTT Docomo, Inc., KDDI Corporation, and Yahoo! Inc. of the U.S.

- (2) Firewalls, anti-virus software, proxy servers, or other aspects of the shareholders’ Internet usage environment may prevent the use of a personal computer or smart-phone to exercise voting rights.
- (3) Please use i-mode, EZweb, or Yahoo! *Keitai* services when using a cell phone to exercise voting rights. For security reasons, only cell phones that can send encrypted data (SSL transmissions) and cell phone information can be used to exercise voting rights. Please understand that some of the models cannot be used.
- (4) Voting rights may be exercised until 6:00 p.m. on Tuesday, June 18, 2013, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk (*only in Japanese*).

2. Exercising voting rights via the Internet

- (1) Enter your “Login ID” and “Temporary Password,” both of which are noted on the Voting Form, on the voting rights exercise site (<http://www.evotep.jp/>). Follow the instructions on your computer screen and indicate whether you are for or against each item.
- (2) To prevent unauthorized access by parties other than shareholders and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their “Temporary Password” on the voting rights exercise site.
- (3) You will be provided with a new “Login ID” and “Temporary Password” each time a General Meeting of Shareholders is convened.
- (4) The internet connection fees to the provider and telecommunication fees to carriers (telephone charges, etc.) for accessing the voting rights exercise site shall be borne by the shareholder.

Electronic voting platform

Custodian trust banks and other nominee shareholders (including standing proxies) who have applied to use the electronic voting platform operated by a joint venture company established by the Tokyo Stock Exchange, Inc. and others may use the platform rather than voting via the Internet, to exercise their voting rights electronically.

Contact for inquiries regarding the system, etc.

Stock Transfer Agency Department (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 am to 9:00 pm (Japan Time), toll free (Only within Japan))

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Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

Returning profits to our shareholders is one of the management top priorities. It is our fundamental policy to maintain consistent stable distribution of profits to our shareholders in the form of dividends, while executing capital expenditures to respond to business growth in the future and changes in business conditions, and ensuring internal reserves for building a strong financial structure.

Under this policy, the Company proposes to pay year-end dividends for the current fiscal year as follows:

1. Type of dividend property
Cash
2. Allocation of dividend property and total amount thereof
190 yen per common share of the Company
Total amount of dividends: 32,385,876,200 yen
3. Effective date for dividend of surplus
June 20, 2013

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

(1) Amendment of Article 12

As for limitation on listing or recording citizens of foreign countries and other persons in the register of shareholders and the register of beneficial shareholders, this amendment clarifies the treatment in accordance with the Act on Book-Entry Transfer of Company Bonds, Shares, etc.

(2) Amendment of Article 45

This amendment stipulates that year-end dividends are also paid to shares held by citizens of foreign countries and other persons of which listing or recording in the register of shareholders and the register of beneficial shareholders is limited. The amendment of Article 45 shall be applied to the year-end dividend for the 65th fiscal year ending March 31, 2014 and not applied to dividend of surplus in case that the Proposal 1 is approved.

2. Details of the amendments

Details of the amendments are as follows:

(Underlined parts represent changes.)

Existing provisions	Proposed amendments
<p>Article 12. Limitation on <u>Inclusion of</u> Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders</p> <p>If the Company receives from a person who falls into one of the categories listed in the items below, a request for <u>inclusion of</u> their name and address in the register of shareholders (including the register of beneficial shareholders; hereinafter the same) and if its acceptance of such a 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 of the total voting rights for the Company or more, the Company shall refuse such <u>inclusion</u>.</p> <p>(1) Person who does not have Japanese citizenship (2) Foreign country, foreign public body or similar entity (3) Corporation or other organization established under foreign laws and regulations</p>	<p>Article 12. Limitation on <u>listing or recording</u> Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders</p> <p><u>12.1</u> If the Company receives from a person who falls into one of the categories listed in the items below a request for <u>listing or recording</u> their name and address in the register of shareholders (including the register of beneficial shareholders; hereinafter the same) and if its acceptance of such a 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 of the total voting rights for the Company or more, the Company shall refuse such <u>listing or recording</u>.</p> <p>(1) Person who does not have Japanese citizenship (2) Foreign country, foreign public body or similar entity (3) Corporation or other organization established under foreign laws and regulations</p>

Existing provisions	Proposed amendments
(Newly added)	<p>2. <u>When the Company intends to list or record all shares held by any of the shareholders listed in the items of the following paragraph, upon notification from a book-entry institution in accordance with Article 151, Paragraph (1) or (8) of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., and thereby the total number of voting rights held by such persons listed in the items of the preceding paragraph will account for more than a third of the Company's voting rights, the Company shall list or record such shareholders in the register of shareholders in accordance with measures provided for in the Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism to list or record only a part of the shares so that the total number of voting rights held by such shareholders in the items of the preceding paragraph accounts for less than a third of the Company's voting rights.</u></p>
<p>Article 45. Dividends Distribution of surplus, if declared for any fiscal year, shall be paid to <u>those shareholders or their registered share pledgees whose names appear or are recorded on the register of shareholders as of the 31st day of March of such fiscal year.</u></p>	<p>Article 45. Dividends Distribution of surplus, if declared for any fiscal year, shall be paid to <u>persons stipulated in the following items:</u></p> <p>(1) <u>Shareholders or their registered share pledgees whose names are listed or recorded on the register of shareholders as of the 31st day of March of such fiscal year;</u></p> <p>(2) <u>Shareholders as of the 31st day of March notified by a book-entry institution in accordance with Article 151, Paragraph (1) of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., who are neither listed nor recorded on the register of shareholders for whole or part of the shares held by them under Article 12, Paragraph (2) of this Articles of Incorporation, or persons shown as share pledgees of shares held by such shareholders in the notice.</u></p>
(Newly added)	<p><u>(Supplementary provision)</u> Article 1. Article 45 (Dividends), as amended, shall <u>be applied to the year-end dividend for the 65th fiscal year ending March 31, 2014 and not applied to any year-end dividend for the 64th fiscal year ending March 31, 2013 or before.</u></p>

(Note) Some underlining does not coincide with the Japanese version because of translation adjustments.

Proposal 3: Election of Seven (7) Directors

Of the current seven (7) Directors who was elected at the General Meeting of Shareholders on July 10, 2012, one (1) Director retired on March 31, 2013 and currently there are six (6) active Directors on the Board. The terms of office of all six (6) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company hereby proposes that you elect seven (7) Directors.

The nominees for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company	Number of Company shares held
1	Masaru ONISHI (May 19, 1955)	<p>April 1978 Joined the Company</p> <p>December 2002 General Manager, Maintenance Planning And Administration Office of the Company</p> <p>April 2007 Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Representative Director, President of JAL Narita Aircraft Maintenance Co., Ltd. (on secondment)</p> <p>April 2009 Executive Officer of the Company Advisor of Japan Air Commuter Co., Ltd.</p> <p>June 2009 Representative Director, President of Japan Air Commuter Co., Ltd.</p> <p>February 2010 Trustee Representative of the Company President of the Company</p> <p>November 2010 Director of the Company</p> <p>March 2011 Representative Director, President of the Company, Safety (Safety General Manager)</p> <p>February 2012 Representative Director, Chairman of the Company General Manager, Corporate Safety & Security (Safety General Manager)</p> <p>April 2013 Representative Director, Chairman (Safety General Manager) (to present)</p>	300
2	Yoshiharu UEKI (September 16, 1952)	<p>June 1975 Joined the Company</p> <p>April 1994 Captain, DC10 Flight Crew Office, of the Company</p> <p>April 2004 Deputy General Manager, Flight Planning And Administration Office, Administration Department of the Company Deputy General Manager, Flight Planning And Administration Office, Flight Crew Planning Department, of the Company</p> <p>April 2005 Vice President and Deputy General Manager, Flight Operation Division of the Company General Manager, Flight Planning And Administration Office, of the Company</p> <p>April 2007 General Manager, Flight Crew Training Development Department of the Company</p> <p>February 2008 Representative Director, Executive Vice President of J-AIR CO., LTD. (on secondment)</p> <p>February 2010 Executive Officer of the Company General Manager, Flight Operations</p> <p>December 2010 Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing</p> <p>February 2012 Representative Director, President of the Company General Manager, Managing Division Route Marketing</p> <p>April 2013 Representative Director, President and Executive Officer of the Company (to present)</p>	500

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company	Number of Company shares held
3	Hirohide KAMIKAWA (June 29, 1951)	<p>April 1974 Joined the Company</p> <p>April 2003 General Manager, Sales [Domestic Passenger] of the Company</p> <p>April 2006 Executive Officer of the Company Regional Manager, Western Japan and Senior Vice President of Osaka Branch</p> <p>April 2009 Managing Executive Officer of the Company Deputy General Manager, Passenger Sales Division Regional Manager, Eastern Japan and Senior Vice President of Tokyo Branch</p> <p>February 2010 Executive Officer of the Company Regional Manager, Eastern Japan and Senior Vice President of Tokyo Branch</p> <p>June 2010 Representative Director, President of JAL Sales Co., Ltd. (to present)</p> <p>December 2010 Senior Managing Executive Officer of the Company General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales</p> <p>June 2012 Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales (to present)</p>	100
4	Nobuhiro SATO (October 13, 1950)	<p>April 1969 Joined the Company</p> <p>April 2003 General Manager, Aircraft Maintenance Business Division (Haneda) of the Company</p> <p>April 2006 Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company General Manager, Maintenance Department (Haneda) of the Company.</p> <p>April 2007 Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Representative Director, President of JAL Tokyo Aircraft Maintenance Co., Ltd. (on secondment)</p> <p>April 2009 Executive Officer of the Company Deputy General Manager, Engineering & Maintenance Division</p> <p>February 2010 Executive Officer of the Company General Manager, Engineering & Maintenance Division Representative Director, President of JAL Engineering Co., Ltd. (to present)</p> <p>February 2012 Senior Managing Executive Officer of the Company General Manager, Engineering & Maintenance Division</p> <p>June 2012 Director and Senior Managing Executive Officer of the Company General Manager, Engineering & Maintenance Division (to present)</p>	100

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company		Number of Company shares held
5	Junko OKAWA (August 31, 1954) (Newly appointed)	December 1977	Joined the Company	100
		April 2006	General Manager, Administration & Planning of the Company	
		April 2007	General Manager, In-flight Services Planning of the Company	
		October 2009	General Manager, In-flight Quality Planning of the Company	
		February 2010	Executive Officer of the Company General Manager, Cabin Attendants Division	
		February 2012	Managing Executive Officer of the Company General Manager, Cabin Attendants Division (to present)	
		April 2013	Senior Managing Executive Officer of the Company General Manager, Cabin Attendants Division (to present)	
6	Tatsuo KAINAKA (January 2, 1940)	April 1966	Appointed as Public Prosecutor	-
		January 2002	Superintending Prosecutor, Tokyo High Public Prosecutors Office	
		October 2002	Judge of the Supreme Court	
		March 2010	Registered with Tokyo Bar Association	
		March 2010	Vice Chairman, Compliance Investigations Committee of the Company	
		April 2010	Joined Takusyou Sogo Law Office (to present)	
		January 2011	Governor of Life Insurance Policyholders Protection Corporation of Japan (to present)	
		April 2011	Chairman, Special Investigation Committee on System Failures of Mizuho Bank, Ltd.	
		November 2011	Chairman, Third Party Committee of Olympus Corporation	
		February 2012	External Director of the Company (to present)	
		June 2012	Corporate Auditor (External) of Oriental Land Co., Ltd. (to present)	

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and important positions concurrently assumed outside the Company	Number of Company shares held
7	Kimie IWATA (April 6, 1947)	<p>April 1971 Joined the Ministry of Labor</p> <p>July 1996 Deputy Director-General of the Minister's Secretariat, Ministry of Labor</p> <p>October 1998 Assistant Minister for International Labor affairs, Ministry of Labor</p> <p>January 2001 Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare</p> <p>August 2003 Retired from Ministry of Health, Labour and Welfare</p> <p>December 2003 Full-time Advisor of Shiseido Company, Limited</p> <p>June 2004 Director, Corporate Officer of Shiseido Company, Limited</p> <p>April 2007 Director, Corporate Executive Officer of Shiseido Company, Limited</p> <p>April 2008 Director and Vice President of Shiseido Company, Limited</p> <p>June 2008 Representative Director, Executive Vice President, of Shiseido Company, Limited</p> <p>March 2012 External Auditor of Kirin Holdings Company, Limited (to present)</p> <p>April 2012 Director of Shiseido Company, Limited</p> <p>June 2012 Advisor of Shiseido Company, Limited (to present)</p> <p>July 2012 External Director of the Company (to present)</p>	-

- (Notes)
1. There is no special interest between the nominees for Directors and the Company.
 2. Ms. Junko Okawa is a nominee for Director to be newly appointed.
 3. The nominees for External Directors are: Mr. Tatsuo Kainaka and Ms. Kimie Iwata.
 4. Reasons for the nomination of these individuals as External Directors, etc.
 - a) Mr. Tatsuo Kainaka has extensive experience, numerous achievements and deep insight into corporate legal affairs including corporate governance, with a profound knowledge based on many years of experience in the legal world. Therefore, we propose that he be appointed as an External Director as we believe that he will make a significant contribution to the Company's management as an External Director.
 - b) Ms. Kimie Iwata has extensive experience, numerous achievements and considerable insight into support for women's empowerment, corporate social responsibility, etc., with many years of experience in administration and business management. Therefore, we propose that she be appointed as an External Director as we believe that she will make a significant contribution to the Company's management as an External Director.
 5. Mr. Tatsuo Kainaka and Ms. Kimie Iwata are currently serving as the Company's External Directors. As of the conclusion of this annual shareholders meeting, Mr. Kainaka's tenure as an External Director of the Company will be one year and four months and Ms. Iwata's tenure as an External Director will be 11 months.
 6. The Company designates Mr. Tatsuo Kainaka and Ms. Kimie Iwata as the Independent Officers stipulated by the Tokyo Stock Exchange and notified them to the stock exchange. When they are reappointed as External Directors and assume the post, the Company will reappoint them as the Independent Officers.
 7. Overview of limited liability agreement
In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with Mr. Tatsuo Kainaka and Ms. Kimie Iwata to limit their liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. When they are reappointed as External Directors and assume the post, the Company will extend the agreement with them.

(Attached Documents)

Business Report

(April 1, 2012 to March 31, 2013)

1. Current state of the JAL Group

(1) Business progress and results

During the fiscal year under review, post-quake restoration demand continued to drive the Japanese economy; however, the economic rebound was blunted by a slowdown in the global economy. Since the change of administration in Japan in December 2012, exports started to slowly decline, while capital investments and production resurged. Corporate earnings and employment have shown signs of improvement.

The JAL Group finds itself in a tough business environment with temporarily stagnated aviation demand due to territorial issues surrounding the Senkaku Islands and the Takeshima Islands, and the entry of Japanese low-cost carriers (LLC) into the market, rising fuel prices, and the weaker Japanese yen that triggered a rise in fuel costs.

Under these circumstances, the JAL Group did its utmost to provide customers with unparalleled service on the premise of maintaining safe operations, heightened the profit consciousness of its employees through its conduct guidelines “JAL Philosophy” and a divisional profitability management system that promoted autonomous management. These measures aim to achieve greater management efficiency, and ultimately the management targets set out in the Medium-Term Management Plan announced on February 15, 2012. We strive to minimize the impact of the suspension of Boeing 787 operations from January 2013 by prompt decision making.

In addition, the JAL Group has been implementing “safety initiatives (“human resources development for safety initiatives”, “advancement of system for safety initiatives” and “nurturing a safety-related climate”)” provided in the Medium-Term Management Plan. For human resources development for safety initiatives, in October 2012 we started the JAL Group Safety Education Program for about 32,000 staff, which includes a tour of the Safety Promotion Center, with the aim of nurturing all the employees of the JAL Group to be safety professionals. For the advancement of the system for safety initiatives, we are building a database to store information on safety, such as records of defects, across all departments of the JAL Group to facilitate preventive measures. We are also taking steps for nurturing a safety-related climate, receiving advice from the Safety Advisory Group led by Mr. Kunio Yanagida.

Moreover, as part of our CSR activities, the JAL Group continued to promote environmental activities as an “eco-first company,” implementing new “environment guidelines” and “action plans” from June 2012. Following the heavy rains in northern Kyushu and floods in the Philippines that occurred in the summer of 2012, we were heavily engaged in our unique social action programs including support for volunteers traveling to the devastated areas. We will not only focus on core corporate activities including safe flights, compliance and corporate governance, but we will also continue to provide unique value to respond to various social agendas, promote CSR activities to solve issues, and strive to achieve sustainable and synergistic development along with society, so as to continue to evolve as a desired and trusted company.

As for the consolidated financial results of the JAL Group for the fiscal year under review, operating revenues increased year on year by 2.8% to 1,238.8 billion yen and operating expenses increased by 4.4% to 1,043.5 billion yen; however, operating income declined by 4.7% to 195.2 billion yen, ordinary income declined by 6.0% to 185.8 billion yen, and net income declined by 8.0% to 171.6 billion yen.

(2) Business conditions by business segment

International passenger operations

In international passenger operations, we stepped up measures to improve profitability, products and services in order to become the world’s most preferred airline group by customers.

In route operations, we launched a nonstop service to Boston on April 22, 2012, our first new transpacific destination in 13 years, and to San Diego on December 2, 2012. In addition to the convenience of being the sole nonstop service between Asia/Japan and the two cities, we leveraged the sales network of joint business partner and oneworld alliance partner American Airlines to attract customers from Asia and North America in order to maximize revenue, while deploying the mid-size Boeing 787 to improve cost-efficiency and profitability. Adjusting aircraft flexibly to meet demand, we swiftly reduced flights on China routes where demand weakened due to territorial issues, while increasing flights on Asian routes where demand thrives, such as Narita – Delhi (from 5 to 7 flights a week) and Narita – Singapore (from 7 to 14 flights a week). In these ways, we deployed our aircraft effectively to maximize revenue. As we suspended the operations of our 787 fleet on January due to battery failures, we declined the number of flights and changed aircrafts. Also, we postponed the launch of our Helsinki route. We have been cooperating with U.S. and Japanese investigation teams, and participating closely with activities by the aircraft manufacturer Boeing, U.S. and Japanese civil aviation bureaus, and third party institutions, to ensure the highest levels of safety of Boeing 787.

To improve our network within and to/from Europe, we commenced a joint business with British Airways in October 2012, which includes joint fares and code-sharing between Tokyo (Haneda, Narita) and London, and to destinations beyond London. To improve our Russian route network as well as our Moscow flights, we launched code-share flights in January 2013 with Russia's domestic carrier S7 Airlines, which operates from Narita to Vladivostok and Khabarovsk. Between Japan and Asia, we launched code-share flights with Malaysia Airlines in January 2012, which was inducted into oneworld on February 1, 2013, and with Bangkok Airways in November 2012. By adding Kuala Lumpur and Bangkok as hubs in our Southeast Asia network, we improved connectivity to Asia and the Middle East, and increased opportunities to capture new demand. In our partnership with Jetstar Japan, which has been improving its network between major regional Japanese cities and Narita, Kansai and Chubu international airports, we started code-sharing in March 2013 to improve connectivity between regional Japan and domestic airports with international air services.

In our sales strategies, we actively offered fares targeting new customers, such as special business class fares during summer holidays when corporate demand slumps and long-vacation fares for people on long-term stays.

Product-wise, we began offering JAL SKY Wi-Fi service, an in-flight Wi-Fi connection service that supports passengers' smartphones, computers and other wireless LAN devices, between Narita and New York, Chicago, Los Angeles, and Jakarta. As JAL's unique service and the first of its kind in Japan, it has been well-received by passengers, and will be progressively expanded to other routes. In January 2013, we launched JAL SKY SUITE 777, which offers brand new products and services under the concept "quality a class above in every class." For example, Business Class passengers can enjoy direct access to the aisle from their full-flat seats and savor delicious meals created by top Japanese chefs. Premium Economy is configured with the world's largest seat pitch, while the seat pitch in Economy Class is about 10 centimeters wider than before. This service will be progressively expanded to routes to Europe and North America in 2013, for example, the New York route. This is part of our package of enhanced products and services.

Consequently, international supply for the fiscal year under review increased by 4.0% year on year when measured in available-seat-kilometer (ASK); demand increased by 12.3% in terms of revenue-passenger-kilometer (RPK); load factor (L/F) increased by 5.6 points to 76.1%; and international passenger revenue increased by 5.5% to 406.6 billion yen.

Domestic passenger operations

In domestic passenger operations, we strove to improve profitability by implementing measures to stimulate demand and adjusting capacity according to demand.

In the first-half of the fiscal year under review, we increased flights and deployed larger aircraft on Haneda flights, where passenger demand resurged after the post-quake slump the year before, and on Tohoku routes where post-quake restoration demand was strong. To improve our route network, we resumed scheduled services between Fukuoka-Hanamaki and Sapporo-Niigata. In the second-half of the fiscal year, we increased flights between Haneda-Izumo, Sapporo-Sendai, and Fukuoka-Miyazaki based on seasonal demand, and strove to maximize revenue.

At airports, we upgraded self-check-in and ticketing machines installed at major airports, and installed

kiosks with new functions to improve customers' convenience. At Itami and Shin-Chitose airports, lounges were renovated to improve the quality of our lounge service. At four major airports (Haneda, Itami, Fukuoka, and Shin-Chitose), Diamond and Premier security gates and JAL Global Club entrances were installed for frequent users. This service shortened waiting time at security checkpoints, and enabled our customers to proceed to the lounge more speedily and stress-free.

Our sales promotions included an additional discount fare to the lineup of Sakitoku and Super Sakitoku fares, which offers greater savings by purchasing tickets 55 days in advance. We also sold Sakitoku and Super Sakitoku fare tickets during New Year's holidays (December 29 – January 3) for the first time, and they were widely used by many customers to return to their hometown or to travel during the holidays. We also strove to increase leisure demand by strengthening sales promotion of TOKYO SKYTREE tours as an Official Partner. In response to the advancement of mobile terminals such as smartphones, we launched various new applications for smartphones, such as a booking and purchasing service for JAL Dynamic Packages, JAL Airport Navi to navigate customers to the boarding gate via the best route, and JAL Touch & Go, which eliminates check-in procedures at the airport. In this way, we strove to comprehensively improve our web channels.

On the product side, in addition to increasing the number of flights offering JAL's popular First Class service, we expanded First Class service to flights between Haneda-Okinawa from August 2012. Class J seats, which are popular among corporate customers, were increased for customers' convenience.

Consequently, domestic supply for the consolidated fiscal year increased by 2.6% year on year when measured in available-seat-kilometer (ASK); demand increased by 3.4% in terms of revenue-passenger-kilometer (RPK); the load factor (L/F) increased by 0.5 points to 63.1%; and domestic passenger revenue increased by 0.9% to 485.2 billion yen.

Cargo and mail service operations

International cargo operations experienced sluggish inbound and outbound demand on the whole, but sales sections responded flexibly, such as by seeking new customers, improving services to existing customers, and capturing transit cargo in order to maximize revenue. In our sales activities, we leveraged Haneda's convenient location to aggressively capture perishables and express cargo, and transport temperature-sensitive consignments such as pharmaceuticals using our J SOLUTIONS PHARMA service. On our new services from Narita to Boston and San Diego, we transported shipments from China and Asia, where strong demand was seen, and perishables, such as seafood on inbound flights to Japan. The volume of international cargo increased by 4.9% year on year on a revenue-cargo-ton-kilometer basis (RCTK); however, revenue declined by 6.1% to 50.4 billion yen due to various factors including tough competition.

Domestic cargo operations encountered sluggish demand from the second-half of the fiscal year, but we strove to capture perishables and home delivery parcels by improving customer relations. We also operated extra flights flexibly to meet the needs of our customers. Volume increased by 1.2% year on year in terms of revenue-cargo-ton-kilometer (RCTK), and revenue increased by 0.2% to 25 billion yen.

Other operations

We did our utmost to maximize the JAL Group's corporate value and improve our profit margin. Here are the results of two major companies in this segment.

JALPAK Co., Ltd. offered additional products to respond to changes in demand and timely JAL Dynamic Packages to maximize revenue and improve cost-efficiency. Although the number of overseas travelers to Korea, China, Hong Kong and Taiwan decreased due to territorial issues, a strong yen supported the huge movement of passengers to other regions including Europe, North America and Southeast Asia, resulting in an increase in customers by 3.4% from the previous year to 323,000. Due to a recovery in post-quake demand for Tokyo Disney Resort tours, and buoyant demand for JAL Dynamic Packages sold over JAL's website, the number of domestic customers handled by JALPAK increased by 3.3% from the year before to 1,972,000. As a result, operating revenue (prior to intercompany transactions elimination) increased by 5.5% from the previous year to 161.6 billion yen.

JAL Card Co., Ltd. aggressively carried out activities to increase members and promote the use of

JAL Card. It conducted various enrollment campaigns, such as First Time JAL Card Membership Campaign, Web marketing measures, such as affiliate marketing and listing (search advertising), sought greater media exposure through TV commercials, and improved enrollment activities through major channels such as airports and its website. These efforts proved to be successful, as the number of members increased by approximately 120,000 from March 31, 2012 to 2.76 million. In December 2012, the company issued a new brand card for the first time in six years: the JAL American Express Card, and by adding it to the lineup of platinum cards, it targeted top-tier customers. As for services, it extended call center service hours from October 2012 in order to improve service quality from the customers' standpoint. In addition to the above, supported by stable personal consumer spending and an increase in noncash settlements, such as credit cards, JAL Card handled the largest number of customers ever recorded. Consequently, operating revenue (prior to intercompany transactions elimination) increased by 7.4% from the previous year to 17.3 billion yen.

(3) Issues to be addressed

Flight safety is the foundation and social responsibility of the JAL Group. We will develop our safety systems, based on our rich experience nurtured over the years as the pioneer of air transportation in Japan, and provide customers with safe and comfortable flights.

The JAL Group established the JAL Group Medium-Term Management Plan for Fiscal Years 2012-2016 – To the Next Growth Stage on Establishing a High Profitability Structure –, with the aim to overcome major changes in the operating environment and future uncertainties, survive future competition, and achieve sustainable growth and development.

We aim to achieve the following three management targets, as set out in the Medium-Term Management Plan.

1. JAL recognizes that “flight safety” is the basis of the existence of the JAL Group and our social responsibility. As a leading company in safety in the transportation sector, JAL will maintain the highest standards of safety.
2. JAL will provide unparalleled services to continuously deliver a fresh and enjoyable travel experience for customers. We aim to achieve “Customer Satisfaction No. 1” by FY2016.
3. JAL aims to establish sufficient profitability and financial stability levels capable of absorbing the impact of economic fluctuations and risk events by achieving “10% or above operating margin for 5 consecutive years and 50% or above equity ratio in FY2016”.

To achieve these targets, we have defined five areas in which we will put in focused efforts: (a) Safety Initiatives, (b) Route Network, (c) Products and Services, (d) Group Management, and (e) Human Resources Development.

As for Safety Initiatives, we will steadily take steps to make sure that every JAL Group staff attends the JAL Group Safety Education by FY2014, and heighten our preventive measures against accidents, utilizing the safety database released in the first-half of FY2013 and a system to share preventive measures across the JAL Group launched this fiscal year. We will strive to pass on a strict safety culture, always remembering past accidents, and act on advice from the Safety Advisory Group. In FY2013 we will continue to nurture a safety-related climate under the theme “a corporate culture to progressively refine the guidelines”, as mentioned in the Safety Advisory Group’s Recommendations.

As for Route Network, we will regularly review routes by thoroughly analyzing the profitability of each route, and continuously improve our network, rather than merely expanding it. We aim to build a route network that provides customers with highly convenient connectivity within Japan and to destinations around the world from Japan. On international routes, while keeping an eye on the resumption of 787 operations, we will continue to deploy our aircraft on mid-/long-haul routes (Europe, North America, and Southeast Asia). Practically speaking, among other activities, we will launch new routes (Helsinki route launched on July 1, 2013) and change aircraft on mid-/long-haul routes (Europe, North America, Southeast Asia and Honolulu). While flexibly responding to changes in aircraft specifications, we will meet the challenge to build a network that offers both convenience and comfort for customers. On domestic routes, to leverage the departure and arrival slots at Haneda Airport allocated in FY2013, we will launch flights to/from Chubu, increase flights to/from Okinawa and Sapporo, and improve connections between domestic and international flights in preparation for the increase of international departure and arrival slots at Haneda Airport in FY2014 or after.

As for Products and Services, in FY2013, we will expand JAL SKY SUITE 777 routes primarily on long-haul routes, starting with the New York route in May 2013, install full-flat seats in Business Class and revamp seats in Economy Class of our 767 fleet to improve in-flight comfort. Also for the in-flight internet access, we are going to expand the routes introduced, and for in-flight meals, we strive to provide the delight of cuisine. We will offer flights satisfying than ever. As for airport lounges, we will refurbish the interior of JFK airport lounge. Upon the expansion of international slots for Haneda airport in FY2014, we will strive to improve the products and services which meet our customers' satisfaction.

With regard to Group Management, we will hold JAL Philosophy Education classes at the same pace as now to instill common values, introduce/expand the divisional profitability management system to Group companies (7-8 companies a year during the period covered by the Medium-Term Management Plan) to build a firm organizational operating structure for "management by all", and thereby achieve the JAL Group Corporate Policy and Management Targets.

Regarding Human Resource Development, we have consolidated those departments dealing with human resources, including work philosophy reform and human resources development, into a new Human Resources Management Division for managing unified activities. We will continue to recruit employees required by the company in appropriate numbers. JAL Training Center facilities will be used to train staff, manage training programs, and achieve maximum beneficial effects. Through human resources development and productivity improvements at each division, we will maintain an optimum workforce of approximately 32,000 as set out in the Medium-Term Management Plan. (JAL Group consolidated headcount.)

The operating environment of the JAL Group has become tough due to various factors including a decline in overall demand owing to an aging society and a falling birthrate in Japan, an increase in departure and arrival slots in the Tokyo metropolitan area, the commencement of full-scale activities by LCCs, and the extension of the Shinkansen (bullet train) network. However, by steadily implementing the abovementioned measures, we will offer new routes and new services on international routes to improve customers' preference for JAL, and thus maximize revenues. As for expenses, we will deepen measures to reduce unit costs (consolidated operating expenses relating to air transport per ASK) so as to improve cost-efficiency, earn stable revenues no matter how tough the competition and economic conditions may be, and meet the expectations of all our stakeholders, including our shareholders.

The JAL Group will deliver a refreshing and enjoyable travel experience to customers in order to become the world's most preferred airline group. We will accomplish this by undertaking joint efforts to achieve the Management Targets stated in our Medium-Term Management Plan.

To our shareholders, we appreciate your continuing support and understanding.

(4) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 124.6 billion yen, which is broken down into 103.4 billion yen for aircraft-related capital expenditures, 5.6 billion yen for ground-based assets, etc., and 15.5 billion yen for intangible fixed assets.

During the current fiscal year, the JAL Group introduced 15 new airplanes, which are broken down into 12 purchased airplanes and 3 leased ones, and purchased 15 airplanes at lease end. On the other hand, 14 airplanes were retired.

The number of airplanes for which the JAL Group has placed orders and already made payments on as capital investment, including up-front disbursement, during the current fiscal year is 41.

(5) Financing

During the current fiscal year, the JAL Group took out long-term borrowings of 11.8 billion yen from domestic financial institutions to purchase the above airplanes.

(6) Business transfer, etc.

There are no matters to be reported.

(7) Business results and assets

Classification	62 nd fiscal year ended March 31, 2011	63 rd fiscal year ended March 31, 2012	64 th fiscal year ended March 31, 2013
Operating revenues (Millions of yen)	383,021	1,204,813	1,238,839
Ordinary income (Millions of yen)	42,041	197,688	185,863
Net income (Millions of yen)	621,073	186,616	171,672
Net income per share (Yen)	3,523.39	1,029.03	946.71
Total assets (Millions of yen)	1,206,517	1,087,627	1,216,612
Net assets (Millions of yen)	218,234	413,861	583,189
Net assets per share (Yen)	1,094.80	2,142.37	3,116.30

- (Notes) 1. The 61st fiscal year commenced on January 20, 2010, the day following the day on which the corporate reorganization proceedings were decided, and ended on November 30, 2010 on which the reorganization plan was approved. During the period, the Company was under reorganization and therefore did not prepare consolidated financial statements. Thus, information for the period is not included in this document.
2. The 62nd fiscal year was a consolidated fiscal year commencing December 1, 2010, the day following the day on which the reorganization plan was approved, and ending March 31, 2011.
3. Earnings per share are calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of shares in the Company held by associated companies. Net assets per share are calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of shares in the Company held by associated companies.

(8) Major parent companies and subsidiaries (as of March 31, 2013)

[Business Office]

a. Parent companies

None

b. Subsidiaries

Name	Capital	Ratio of voting rights	Principal business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537 million yen	72.8%	Air transport business
JAL EXPRESS CO., LTD.	2,500 million yen	100.0%	Air transport business
JAPAN AIR COMMUTER CO., LTD.	300 million yen	60.0%	Air transport business
J-AIR CO., LTD.	200 million yen	100.0%	Air transport business
JALPAK CO., LTD.	80 million yen	* 97.7%	Travel agency

(Note) Figures with an asterisk (*) show the ratio of voting rights including those owned by subsidiaries.

(9) Principal business (as of March 31, 2013)

Air transport business and other businesses incidental or related thereto.

(10) Principal locations of business and plants (as of March 31, 2013)

The Company: 2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo
(the Head Office)

Japan: Sapporo, Hakodate, Asahikawa, Obihiro, Kitami, Aomori, Akita, Sendai, Tokyo, Niigata, Nagoya, Kanazawa, Osaka, Okayama, Hiroshima, San'in, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Yamaguchi/Kitakyushu, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, Okinawa

Overseas: Seoul, Busan, Beijing, Tianjin, Shanghai, Dalian, Guangzhou, Hong Kong, Taipei, Kaohsiung, Manila, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Sydney, New Delhi, Moscow, Helsinki, Frankfurt, London, Paris, Guam, Vancouver, New York, Boston, Chicago, Los Angeles, San Diego, San Francisco, Honolulu

Plants: Haneda Maintenance Center, Narita Maintenance Center

(11) Employees (as of March 31, 2013)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transport business	12,427 persons	235
Other	18,455 persons	(228)
Total	30,882 persons	7

(Note) The number of employees represents all individuals working within the JAL Group (including temporary employees) excluding those on leave.

(12) Aircraft (as of March 31, 2013)

Aircraft	Number of aircraft	Number of seats	Note
787-8	7	186	
777-200	15	375	
777-300	7	500	
777-200ER	11	245, 312	
777-300ER	13	232, 246, 272	
(Subtotal)	(46)		
767-300	16	232, 261	
767-300ER	32	227, 234, 237, 261	The number of aircraft includes 18 on lease
(Subtotal)	(48)		
MD-90	2	150	
737-400	16	145, 150	The number of aircraft includes 2 on lease
737-800	49	144, 165	The number of aircraft includes 31 on lease
(Subtotal)	(65)		
Embraer170	12	76	
DHC8-400	11	74	The number of aircraft includes 2 on lease
CRJ200	9	50	
SAAB340B	11	36	The number of aircraft includes 2 on lease
DHC8-300	1	50	
DHC8-100	4	39	
Total	216		

(13) Major Creditors (as of March 31, 2013)

Creditor	Loans outstanding at the end of the period
Mizuho Corporate Bank, Ltd.	12,264 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,264 million yen
Sumitomo Mitsui Banking Corporation	3,302 million yen

(14) Other important matters concerning current status of the JAL Group

With regard to the dismissal for reorganization that the Company carried out in December 2010 as provided in the reorganization plan, 74 former flight crew (currently 76 as two more pilots filed a

lawsuit in May 2011) and 72 former cabin attendants among those dismissed filed a lawsuit with the Tokyo District Court against the Company in January 2011, demanding confirmation of their contractual status under the contract of employment. On March 29 and 30, the Tokyo District Court delivered judgment on the case brought by the flight crew and on the case brought by the flight attendants, respectively; the plaintiffs' claims for confirmation of their contractual status were all dismissed. The plaintiffs appealed against the decisions to the Tokyo High Court on April 11, 2011, which is currently pending.

As regards an alleged air cargo price cartel charged by anti-trust authorities, we filed a suit with European and Korean courts in January 2011, objecting to orders from the European Union and Korean anti-trust authorities to pay a fine. In addition, several airlines including JAL were sued by shippers in a civil suit in the Netherlands, claiming they suffered damages through an alleged air cargo cartel.

The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and e-learning using its Website mainly for staff in the sales department in order to prevent similar cartel-related behavior, while requiring management-level employees in the sales department to confirm compliance every six months. This way, the JAL Group endeavors to strengthen the structure for compliance with the antimonopoly law.

Currently, the Japan Transport Safety Board under the Ministry of Land, Infrastructure, Transport and Tourism is investigating two aviation accidents and four serious incidents involving the JAL Group. The JAL Group has taken necessary measures in each case and will appropriately implement additional measures depending on the results of an investigation conducted by the board.

With regard to the Boeing 787 aircraft, the operation of which we have suspended, the JAL Group will implement measures presented by aviation authorities and Boeing. The JAL Group will also meticulously implement additional measures to secure reliability of the aircraft. The resumption of operations of the Boeing 787 aircraft is scheduled for June 1, 2013.

Depending on how the situation develops, it could negatively affect our business performance. In addition, the JAL Group is currently subject to various legal proceedings concerning business activities that could affect our business or business performance.

2. Shares

(1) Total number of shares issued and number of shareholders

(As of March 31, 2013)

Classification	Total number of shares issued	Number of shareholders
Common stock	181,352,000 shares	99,616 persons

Note: The Company does not own treasury shares.

(2) Major shareholders

(As of March 31, 2013)

Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,141,000	5.59
Japan Trustee Services Bank, Ltd. (Trust account)	9,374,200	5.16
Japan Trustee Services Bank, Ltd. (Trust account 9)	6,808,600	3.75
STATE STREET BANK AND TRUST COMPANY	5,023,900	2.77
SMBC Nikko Securities Inc.	4,319,100	2.38
MSCO CUSTOMER SECURITIES	4,187,400	2.30
Mizuho Securities Co., Ltd.	3,843,300	2.11
KYOCERA Corporation	3,819,200	2.10
GOLDMAN, SACHS & CO. REG	2,733,600	1.50
MORGAN STANLEY & CO. LLC	2,726,300	1.50

Note: There are 10,900,020 adjusted shares held by foreigners, etc., which are among the shares held by foreigners, etc., who refused registration in the shareholders' register of the Company pursuant to the Civil Aeronautics Act and its Articles of Incorporation.

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2013)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Director, Chairman Emeritus	Kazuo INAMORI		Chairman Emeritus of KYOCERA Corporation
Representative Director, Chairman	Masaru ONISHI	Chairman of the Board of Directors General Manager, Corporate Safety & Security (Safety General Manager)	
Representative Director, President	Yoshiharu UEKI	General Manager, Managing Division Route Marketing	
Director	Hirohide KAMIKAWA	General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales	Representative Director, President of JAL Sales Co., Ltd.
Director	Nobuhiro SATO	General Manager, Maintenance Department	Representative Director, President of JAL Engineering Co., Ltd.
Director	Tatsuo KAINAKA		Takusyou Sogo Law Office Governor of Life Insurance Policyholders Protection Corporation of Japan Corporate Auditor (External) of Oriental Land Co., Ltd.
Director	Kimie IWATA		Advisor of Shiseido Company, Limited External Auditor of Kirin Holdings Company, Limited
Audit & Supervisory Board Member	Hisao TAGUCHI		
Audit & Supervisory Board Member	Yasushi SUZUKA		
External Audit & Supervisory Board Member	Eiji KATAYAMA		Partner of Abe, Ikubo & Katayama Board Member for Seikagaku Corporation
External Audit & Supervisory Board Member	Hiroyuki KUMASAKA		Representative Liquidator of MISUZU Audit Corporation Auditor of MATSUDA SANGYO CO., LTD.
External Audit & Supervisory Board Member	Shinji HATTA		Dean, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo Corporate Auditor, RISO KAGAKU CORPORATION Member of Sub-committee on Auditing of the Business Accounting Council, Financial Services Agency

Notes: 1. Changes of Directors and Audit & Supervisory Board Members during the current fiscal year

(1) Appointment

At the annual shareholders meeting held on June 20, 2012, Mr. Hirohide Kamikawa and Mr. Nobuhiro Sato were newly appointed as Directors and assumed office on the same date.

At the extraordinary shareholders meeting held on July 10, 2012, Ms. Kimie Iwata was newly appointed as a Director and Mr. Yasushi Suzuka and Mr. Shinji Hatta were newly appointed as Audit

& Supervisory Board Members, and they assumed office on the same date.

(2) Retirement

Mr. Hideo Seto, Director, retired as of the conclusion of the annual shareholders meeting held on June 20, 2012.

2. Directors, Mr. Tatsuo Kainaka and Ms. Kimie Iwata, are External Directors. The Company designates them as the Independent Officers stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
3. Audit & Supervisory Board Members, Mr. Eiji Katayama, Mr. Hiroyuki Kumasaka and Mr. Shinji Hatta are External Audit & Supervisory Board Members. The Company designates them as the Independent Officers stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
4. Audit & Supervisory Board Member, Mr. Hiroyuki Kumasaka is qualified to be a certified public accountant and has a considerable knowledge of finance and accounting.
5. Audit & Supervisory Board Member, Mr. Shinji Hatta has an extensive experience and deep insight as an authority on research on corporate practices in corporate auditing and corporate internal control and has considerable knowledge of accounting and audit.

Name, title and responsibility of Executive Officers are as follows:

Position	Name	Responsibility
Senior Managing Executive Officer	Yoshihito OHTA (*3)	Aid to the President
Senior Managing Executive Officer	Kunio HIRATA (*3)	General Manager, Cargo & Mail
Managing Executive Officer	Tadashi FUJITA	Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Corporate Sales General Manager, Web Sales Senior Vice President, Eastern Japan
Managing Executive Officer	Hideki KIKUYAMA	General Manager, Managing Division Route Marketing (Domestic Route Marketing)
Managing Executive Officer	Toshinori SHIN	General Manager, Flight Operations
Managing Executive Officer	Junko OKAWA	General Manager, Cabin Attendants
Managing Executive Officer	Tetsuya ONUKI	General Manager, Corporate Planning
Managing Executive Officer	Makoto YONEYAMA	General Manager, Corporate Control
Managing Executive Officer	Norikazu SAITO	General Manager, Finance & Accounting
Managing Executive Officer	Toshiaki NORITA	General Manager, General Affairs
Managing Executive Officer	Shigemi KURUSU	General Manager, Group Companies Support
Executive Officer	Nobuyoshi GONDO	Deputy General Manager, Corporate Safety & Security
Executive Officer	Akira YONEZAWA	General Manager, Managing Division Route Marketing (International Route Marketing)
Executive Officer	Jun KATO (*1)	General Manager, Managing Division Route Marketing (Marketing & Branding)
Executive Officer	Tsutomu ANDO	General Manager, Managing Division Route Marketing (International Relations and Alliances)
Executive Officer	Kiyoshi MARUKAWA	General Manager, Airport Operations
Executive Officer	Kiyoshi ISHIZEKI	General Manager, IT Planning
Executive Officer	Munemitsu ERIKAWA	General Manager, Human Resources Work Philosophy & HR Development Promotion

Position	Name	Responsibility
Executive Officer	Toshiki OKA	General Manager, Purchasing
Executive Officer	Manabu SATO	Representative Director, President of JAPAN TRANSOCEAN AIR CO., LTD.
Executive Officer	Ryuzo TOYOSHIMA (*2)	Representative Director, President of JAL EXPRESS CO., LTD.
Executive Officer	Tsuyoshi YAMAMURA	Representative Director, President of J-AIR CO., LTD.
Executive Officer	Arata YASUJIMA	Representative Director, President of JAPAN AIR COMMUTER CO., LTD.
Executive Officer	Takahiro KATO	Senior Vice President, Western Japan
Executive Officer	Toshio SHINOHARA	Vice President, Haneda Airport
Executive Officer	Eiichi YAMAGUCHI (*3)	Senior Vice President, China Vice President and Regional Manager, Beijing District Sales Manager, Beijing

(Note) Executive Officer with asterisk (*1) was newly assumed office on April 1, 2012.

Executive Officer with asterisk (*2) was newly assumed office on June 19, 2012.

Executive Officer with asterisk (*3) was retired by resignation on March 31, 2013.

- (2) Directors and Audit & Supervisory Board Members who held office on and after the day following the date of conclusion of the 63rd annual shareholders meeting held on June 20, 2012 and retired during the current fiscal year

Position on retirement	Name	Responsibilities	Important concurrent position	Date of retirement
Audit & Supervisory Board Member	Chihiro TAMURA			July 10, 2012
Director, Chairman Emeritus	Kazuo INAMORI		Chairman Emeritus, Kyocera Corporation	March 31, 2013

(Notes) 1. Mr. Chihiro Tamura retired due to the expiration of the term of office pursuant to Article 336, Paragraph (4), Item (iv) of the Companies Act as of the conclusion of the extraordinary shareholders meeting held on July 10, 2012.

2. Mr. Kazuo Inamori resigned as Director as of March 31, 2013.

- (3) Remuneration, etc. paid to Directors and Audit & Supervisory Board Members

- a. Remuneration, etc. paid for the fiscal year under review

Classification	Number of Directors and Audit & Supervisory Board Members	Amount paid
Directors (Of which, External Directors)	8 (3)	172 million yen (20 million yen)
Audit & Supervisory Board Members (Of which, External Audit & Supervisory Board Members)	6 (3)	63 million yen (25 million yen)

Note: The above table includes one External Director who retired as of the conclusion of the 63rd annual shareholders meeting held on June 20, 2012 and one Audit & Supervisory Board Member who retired as of the conclusion of the extraordinary shareholders meeting held on July 10, 2012.

- b. Policy on determination of remuneration in kind for Directors and Audit & Supervisory Board Members

The company resolved that the maximum annual remuneration (total amount) for Directors shall be no more than 450 million yen (approved and passed at the shareholders meeting on March 28, 2011). This amount of remuneration for Directors does not include salaries for employees serving concurrently as Directors. The remuneration for Directors is determined within the said ceiling at the Board of Directors, following a recommendation by the remuneration committee, which

consists of External Directors and Representative Director, President.

The maximum annual remuneration (total amount) for Audit & Supervisory Board Members was approved and passed at the extraordinary shareholders meeting on July 10, 2012 to be no more than 100 million yen.

(4) Outside Corporate Officers

a. Important concurrent occupations or positions at other organizations and relationship with the Company

Position	Name	Important concurrent occupations or positions at other organizations	Relationship with the Company
Director	Tatsuo KAINAKA	Takusyou Sogo Law Office Governor of Life Insurance Policyholders Protection Corporation of Japan Corporate Auditor (External) of Oriental Land Co., Ltd.	There are no relationships to disclose.
Director	Kimie IWATA	Advisor of Shiseido Company, Limited External Auditor of Kirin Holdings Company, Limited	There are no relationships to disclose.
Audit & Supervisory Board Member	Eiji KATAYAMA	Partner of Abe, Ikubo & Katayama Board Member for Seikagaku Corporation	There are no relationships to disclose.
Audit & Supervisory Board Member	Hiroyuki KUMASAKA	Representative Liquidator of MISUZU Audit Corporation Auditor of MATSUDA SANGYO CO., LTD.	There are no relationships to disclose.
Audit & Supervisory Board Member	Shinji HATTA	Dean, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo Corporate Auditor, RISO KAGAKU CORPORATION Member of Sub-committee on Auditing of the Business Accounting Council, Financial Services Agency	There are no relationships to disclose.

b. Major activities during the current fiscal year

Position	Name	Major activities during the current fiscal year
Director	Tatsuo KAINAKA	Mr. Kainaka attended 82% of the Board of Directors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal professional based on his many years of experience in the legal world.
Director	Kimie IWATA	Ms. Iwata attended 94% of the Board of Directors' meetings during her term of office in the current fiscal year and provided advice and recommendations mainly on the Company's managerial issues to ensure adequacy and appropriateness of decision-making by the Board of Directors, based on her extensive experience and deep insight into support for women's empowerment, CSR, etc., backed by her many years of experience in administration and corporate management.
Audit & Supervisory Board Member	Eiji KATAYAMA	Mr. Katayama attended 91% of Board of Directors' meetings and all Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal professional based on his many years of experience in the legal world.
Audit & Supervisory Board Member	Hiroyuki KUMASAKA	Mr. Kumasaka attended all Board of Directors' meetings and Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional based on his many years of experience as a certified public accountant.
Audit & Supervisory Board Member	Shinji HATTA	Mr. Hatta attended 94% of Board of Directors' meetings and all Board of Corporate Auditors' meetings held during the current fiscal year and provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional based on his many years of experience in the accounting world.

(5) Overview of liability limitation agreement

In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with each External Director and External Audit & Supervisory Board Member, by which they are bound to be liable for damages specified in Article 423, Paragraph (1) of the Companies Act, to the extent of the amount of the minimum liability specified in Article 425, Paragraph (1) of the said Act.

4. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc., for Accounting Auditor

a. Remuneration, etc., for Accounting Auditor for the current fiscal year	135 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	205 million yen

(Notes) 1. The amount in a. above is all attributed to services in the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan.

2. In the audit agreement by and between the Company and the Accounting Auditor, the Company does not keep accounts by each category of the amount of audit fee, etc., for auditing services under the Companies Act and under the Financial Instruments and Exchange Act. As the amount of auditing services may be difficult to classify, the Company states the total amount thereof in a. above.

(3) Non-auditing services

The Company commissions the Accounting Auditor to provide the following services outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan (non-auditing services).

- a. Assurance engagements in accordance with International Standards on Assurance Engagements
- b. Preparation of comfort letters at the time of relisting of shares

(4) Policy regarding determination of removal or refusal of reappointing of Accounting Auditor

In addition to removal of the Accounting Auditors by the Board of Corporate Auditors in accordance with Article 340, Paragraph (1) of the Companies Act, the Company may propose the agenda regarding removal or refusal of reappointment of Accounting Auditors with the consent or upon the request of the Board of Corporate Auditors to the shareholders meeting if there is any event that has a substantial detriment on the Company's audit activities, or any other event in which serious doubts arise about the Accounting Auditors' ability to continue to perform their duties

5. Company's systems and policies

(1) System to ensure compliance by Directors, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation and structure to ensure the appropriateness of other operations

1. System to ensure compliance by Directors, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

<Fundamental policies>

- (1) The Company shall promote the maintenance of an internal controls system by establishing the "Corporate Governance Guidelines" and a corporate governance system in which transparent management and robust monitoring capabilities can be implemented.
- (2) The Company shall establish the Company's code of conduct "JAL Philosophy" and encourage directors to abide by these practices.
- (3) The Board of Directors shall determine the "Fundamental Policies on the Internal Controls System" and the general affairs department shall maintain the System.
- (4) The general affairs department shall supervise operations in association with compliance and monitor the status of maintenance and operation of relevant rules.
- (5) The Company shall set up an inspection system to ensure the ordinances that enforce the duties of the directors.

<Current status>

- (1) The Company has established the corporate governance system by introducing the "Corporate Governance Guidelines" as the superior policy of the "Fundamental Policies on the Internal Controls System".
- (2) The Board of Directors determines the "Fundamental Policies on the Internal Controls System" and the general affairs department establishes the Internal Controls System. Furthermore, the Company prepares, operates and evaluates internal controls as appropriate to comply with the Companies Act and the Financial Instruments and Exchange Act through internal rules such as the "Outlines of JAL Group Internal Controls".
- (3) The Company presents important legal considerations to Directors to ensure that Directors are fully aware of their duties including fiduciary duty and duty of care of a good manager.
- (4) The Company has established the "Nominating Committee" to ensure the appropriate appointment of Directors.

- (5) The Company has established the Company's conduct guidelines "JAL Philosophy" and works to instill common values among directors by periodically holding JAL Philosophy Education classes.
 - (6) The Company has established the "Risk Management Committee" that comprehensively manages risks, where directors deliberate on matters concerning corporate behaviors and share information.
 - (7) The Company endeavors to keep all employees in the JAL Group informed of the "Group Hotline" and to secure internal and external information on doubtful activities, etc., in light of compliance with laws and regulations.
2. System related to the management and preservation of information related to the execution of directors' duties

<Fundamental policies>

The Company manages and properly preserves information related to directors' execution of duties according to the laws and regulations as well as company rules.

<Current status>

- (1) The Company prepares documents for information on decision-making at the Board of Directors' meetings and other important meetings (papers and minutes) and information on significant managerial decisions (requests for approval) in accordance with laws and regulations as well as the "Board of Directors' Rules," various meeting rules and the "Regulations for Kessai and Administrative Authority," and preserves and manages these documents in accordance with laws and regulations as well as rules on document maintenance and preservation.
 - (2) The Company manages safety and security of the systems related to electronic systems for requests for decisions (system for managerial decisions and requests for decisions) and responds to unexpected situations as appropriate.
3. Other official regulation systems related to the management of the dangers of losses

<Fundamental policies>

In order to manage the risk of the entire group, the Company has established the Safety Measures Meeting, Risk Management Committee, and Financial Risk Committee to prevent losses by consistently monitoring the appropriateness of duties, establishing the "JAL Group Internal Controls Summary," alongside appropriately managing risks. In addition, we plan to minimize loss by corresponding on all levels when the danger of loss does happen to occur.

<Current status>

- (1) To help the management liaison committee manage risks that may have a significant effect on the overall management of the JAL Group across the board, the Company has established the Risk Management Committee that is designed to manage company risks, operation risks and strategy risks; thereby, the Company prevents the occurrence of risk of loss through examination of research on risks. In addition, the "Financial Risk Committee" monitors financial risks, while the "Safety Measures Meeting" manages risks regarding aviation security.
- (2) The Company deals with emergency situations in a swift and appropriate manner through an established communication route and clarified responsibilities for directors. The Company has also introduced follow-up preventive measures to minimize losses.
- (3) In order to ensure continuity of our business in a prompt and appropriate manner in the event of a massive earthquake, the Company has developed the Business Continuity Plan (BCP), integrating lessons learned from the Great East Japan Earthquake.
- (4) The Company has established the internal system to ban any relations with antisocial forces and prepared a manual to deal with unreasonable demands. The Company has fully disseminated the system to all employees in the JAL Group.

4. System to ensure the execution of directors' duties is effectively carried out

<Fundamental policies>

- (1) The Company holds a monthly board of directors' meeting and additionally holds provisional meetings when important decisions regarding group management policies and plans need to be decided. In addition, to ensure the effective execution of directors' duties, we have established meeting bodies such as the Executive Committee and Earnings Announcements Sessions.
- (2) In accordance with company rules, the Company has segregated authority in order to maintain effective execution of duties, and determined the division of duties, authority of managerial posts and authority of duties.

<Current status>

- (1) The Company has established the "JAL Philosophy" as conduct guidelines, and maps out the management plan so as to put them into practice. In addition, each department has prepared its own plan in accordance with the management plan. Each plan is periodically reviewed to make sure that operations can be executed more efficiently.
 - (2) The Company clarifies basic matters on its office organization with the "Rules on authority of managerial posts," and ensures that duties are executed in a sound and efficient manner based on the "Regulations for Kessai and Administrative Authority" and the "Rules on Division of Duties."
 - (3) Under the executive officer system, the Company has established a system in which the Board of Directors, consisting of a small number of Directors, decides on the Company's basic strategy and serves as the supervising function in an integral manner to ensure that duties are executed efficiently. In addition, the Company cooperates with group companies more organically by expanding the supervising area of each executive officer.
5. System to ensure compliance by employees, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

<Fundamental policies>

- (1) The Company has established the "JAL Philosophy" as conduct guidelines for our company and the practices therein are followed by the employees.
- (2) The general affairs department promotes maintenance of the Internal Controls System.
- (3) The general affairs department summarizes duties related to compliance and monitors the operational situation and maintenance of related official regulations.
- (4) We have set up an inspection system to ensure the ordinances that enforce the duties of the employees.

<Current status>

- (1) The Company has established the Company's conduct guidelines, "JAL Philosophy," and works to instill common values among all employees by periodically holding JAL Philosophy Education classes.
- (2) The Company has set out the "JAL Group's Rules on Responding to Antisocial Forces" and the "Manuals on Banning Antisocial Forces," which calls for making all-out efforts to ban relations with any antisocial forces.
- (3) The Company endeavors to promote and raise awareness on sound corporate behavior in the entire group through the activities of the Risk Management Committee, while increasing employees' awareness on risk through research on risk.
- (4) The Company has established the "Rules on Group Hotline" and endeavors to collect internal and external information on doubtful activities, etc., in light of compliance with laws and regulations.
- (5) The general affairs department promotes development of the Internal Controls System, while the internal audit department confirms the status of conformity when executing duties.

6. Corporate structure and system for ensuring appropriateness of operations at the corporate group level

<Fundamental policies>

The Company established the “JAL Group Business Management Official Regulations.” Each company in the group ensures that the system is used to effectively and justly carry out the management based on the “JAL Philosophy.” In addition, the “JAL Group Internal Controls Summary” is enacted and continuously monitors the appropriateness of duties.

<Current status>

- (1) The Company has developed the “JAL Group Internal Controls Summary” and provides and raises awareness of information through lobbying, etc., and continuously monitors the appropriateness of operations.
- (2) The Company has established the “JAL Philosophy” and works to instill common values among group companies. We also developed related rules for associated companies and entered into basic agreements with subsidiaries.
- (3) Each group company has a responsible department to clarify accountability, while the associated company’s support department provides advice and support to group companies.
- (4) Based on the “JAL Group’s Rules on Compliance Network,” the Company provides and raises awareness of information that contributes to the sound corporate behavior of group companies, while assisting them in establishment and strengthening of a promotion structure.
- (5) The Company confirms the appropriateness of each group company’s operations through audits and monitoring conducted by the internal audit department or other departments.

7. Matters related to employees who are assigned to assist in the duties of Audit & Supervisory Board Members at the request of the Audit & Supervisory Board Members

<Fundamental policies>

In order to increase the effectiveness of audits conducted by Audit & Supervisory Board Members and perform auditing duties smoothly, the Company shall establish a function independent from Directors and assign employees (assistants to Audit & Supervisory Board Members).

<Current status>

The Company has set the Audit & Supervisory Board Members’ office where employees (Corporate Auditing staff) are assigned to assist auditing operations.

8. Matters related to independence of the aforementioned employees from Directors

<Fundamental policies>

Corporate Auditing staff shall receive instructions on duties and take orders from Audit & Supervisory Board Members and perform personnel affairs with the approval of the Audit & Supervisory Board Members.

<Current status>

In performing the duties, Corporate Auditing staff receives instructions on duties and takes orders from Audit & Supervisory Board Members and performs personnel affairs with the approval of the Audit & Supervisory Board Members.

9. System for Directors and employees to report to Audit & Supervisory Board Members, and to report to other Audit & Supervisory Board Members.

<Fundamental policies>

- (1) The Company shall endeavor to strengthen Audit & Supervisory Board Members’ function of monitoring the management and operations of Directors and Employees through establishment of the Corporate Governance.
- (2) The Company shall ensure the system and chance for Directors and employees to

appropriately report to Audit & Supervisory Board Members.

- (3) The Company shall call upon Audit & Supervisory Board Members to the Board of Directors' meetings and other important meetings. The Company shall forward important circulars for corporate approvals to Audit & Supervisory Board Members. In addition, the Company shall report the circumstances on the execution of duties and all important matters on company management and business operations to Audit & Supervisory Board Members.

<Current status>

- (1) The Company presents results of audits conducted by the internal audit department to Audit & Supervisory Board Members. The internal audit department is independent from the target function subject to evaluation and maintains its objectivity.
 - (2) The Company calls upon Audit & Supervisory Board Members to the Board of Directors' meetings, the Management Liaison Committee, the Executive Committee, the Risk Management Committee and other important meetings and committees and seeks advice from them as needed. All circulars for managerial decisions subject to approval by executive officers or higher level are forwarded to Audit & Supervisory Board Members.
10. Other systems to ensure the effective execution of the audit by the Board of Corporate Auditors or Audit & Supervisory Board Members

<Fundamental policies>

- (1) The Company shall adjust the system in order to effectively implement the inspection according to the audit plan devised each year by the Audit & Supervisory Board Members.
- (2) The Directors, employees the Directors of each group and the Audit & Supervisory Board Members shall exchange opinions with Audit & Supervisory Board Members.

<Current status>

All departments and group companies cooperate for on-site auditing by Audit & Supervisory Board Members and periodically exchange opinions with Audit & Supervisory Board Members.

- (2) Policy on distribution of profits and dividends

Passing benefits to our shareholders is one of the most important management goals of the company. It is our basic policy to distribute benefits to our shareholders in the form of dividends, while executing capital expenditures to respond to business growth in the future and changes in business conditions, and management internal reserves for building a strong financial structure.

For the amounts and volumes shown in this business report, any fraction less than the presenting unit of amount and volume is truncated. Any fraction included in percentages is rounded off.

Consolidated Balance Sheet

As of March 31, 2013

(Millions of yen)

ASSETS	
Current assets	
Cash and time deposits	347,986
Notes and accounts receivable – trade	121,058
Short-term investments in securities	7
Flight equipment spare parts and supplies	22,277
Deferred income tax assets	1,055
Other	59,727
Allowance for doubtful accounts	(764)
Total current assets	551,348
Fixed assets	
Tangible fixed assets	
Buildings and structures, net	34,521
Machinery, equipment and vehicles, net	5,984
Flight equipment, net	385,267
Land	1,898
Construction suspense account	70,425
Other tangible fixed assets, net	6,340
Total tangible fixed assets	504,438
Intangible fixed assets	
Software	40,991
Other intangible fixed assets	3,227
Total intangible assets	44,219
Investments and other assets	
Investments in securities	55,826
Long-term loans receivable	13,018
Deferred income tax assets	4,354
Other investments	43,783
Allowance for doubtful accounts	(376)
Total investments and other assets	116,606
Total fixed assets	665,263
Total assets	1,216,612

Consolidated Balance Sheet

As of March 31, 2013

(Millions of yen)

LIABILITIES	
Current liabilities	
Accounts payable – trade	135,830
Short-term debt	828
Current maturities of long-term debt	9,767
Lease liabilities	35,801
Reserve for business restructuring	1,184
Deferred tax liabilities	2,751
Other	126,990
Total current liabilities	313,154
Non-current liabilities	
Long-term debt	34,517
Lease liabilities	77,592
Accrued pension and severance costs	154,483
Reserve for loss on antitrust liabilities	6,466
Deferred tax liabilities	7,669
Asset retirement obligations	4,271
Other	35,268
Total non-current liabilities	320,269
Total liabilities	633,423
NET ASSETS	
Shareholders' equity	
Common stock	181,352
Capital surplus	183,043
Retained earnings	198,196
Treasury stock	(122)
Total shareholders' equity	562,469
Accumulated other comprehensive income	
Net unrealized gain on other securities, net of taxes	2,353
Net unrealized gain on hedging instruments, net of taxes	6,603
Translation adjustments	(6,378)
Total accumulated other comprehensive income	2,578
Minority interests	18,141
Total net assets	583,189
Total liabilities and net assets	1,216,612

Consolidated Statement of Income

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Operating revenues	1,238,839
Cost of operating revenues	884,004
Gross operating profit	354,834
Selling, general and administrative expenses	159,592
Operating income	195,242
Non-operating income	
Interest income	813
Dividend income	563
Gain on sale of flight equipment	3,221
Other	3,511
Total non-operating income	8,109
Non-operating expenses	
Interest expense	3,182
Loss on sales of flight equipment	3,434
Equity in loss of affiliates	2,188
Exchange losses	1,826
Other	6,855
Total non-operating expenses	17,488
Ordinary income	185,863
Extraordinary gains	
Gain on compensation	8,674
Other	1,965
Total extraordinary gains	10,640
Extraordinary losses	
Impairment loss	1,764
Loss on difference of retirement benefit plan	1,516
Loans payable prepayment expenses	1,295
Loss on sales and disposal of fixed assets	712
Loss on definition of undetermined reorganization claims	628
Other	108
Total extraordinary losses	6,026
Income before income taxes and minority interests	190,477
Income taxes – current	12,882
Income taxes – deferred	1,047
Net income before minority interests	176,547
Minority interests	4,875
Net income	171,672

Consolidated Statement of Changes in Net Assets

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Shareholders' equity	
Common stock	
Balance at the end of previous period	181,352
Changes of items during the period	
Total changes during the period	–
Balance at the end of the period	181,352
 Capital surplus	
Balance at the end of previous period	189,901
Changes of items during the period	
Deficit disposition	(6,858)
Total changes during the period	(6,858)
Balance at the end of the period	183,043
 Retained earnings	
Balance of the end of previous period	19,665
Changes of items during the period	
Net income	171,672
Deficit disposition	6,858
Total changes during the period	178,530
Balance at the end of the period	198,196
 Treasury stock	
Balance of the end of previous period	–
Changes of items during the period	
Purchases of common stock in treasury	(122)
Total changes during the period	(122)
Balance at the end of the period	(122)
 Total shareholders' equity	
Balance at the end of previous period	390,919
Changes of items during the period	
Net income	171,672
Purchases of common stock in treasury	(122)
Total changes during the period	171,550
Balance at the end of the period	562,469

Consolidated Statement of Changes in Net Assets

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Accumulated other comprehensive income	
Net unrealized gain on other securities, net of taxes	
Balance at the end of previous period	(661)
Changes of items during the period	
Net changes of items other than shareholders' equity during the period	3,014
Total changes during the period	<u>3,014</u>
Balance at the end of the period	<u>2,353</u>
Net unrealized gain on hedging instruments, net of taxes	
Balance at the end of previous period	5,343
Changes of items during the period	
Net changes of items other than shareholders' equity during the period	1,260
Total changes during the period	<u>1,260</u>
Balance at the end of the period	<u>6,603</u>
Translation adjustments	
Balance at the end of previous period	(7,077)
Changes of items during the period	
Net changes of items other than shareholders' equity during the period	699
Total changes during the period	<u>699</u>
Balance at the end of the period	<u>(6,378)</u>
Total accumulated other comprehensive income	
Balance at the end of previous period	(2,395)
Changes of items during the period	
Net changes of items other than shareholders' equity during the period	4,974
Total changes during the period	<u>4,974</u>
Balance at the end of the period	<u>2,578</u>
Minority interests	
Balance at the end of previous period	25,337
Changes of items during the period	
Net changes of items other than shareholders' equity during the period	(7,196)
Total changes during the period	<u>(7,196)</u>
Balance at the end of the period	<u>18,141</u>
Total net assets	
Balance at the end of previous period	413,861
Changes of items during the period	
Net income	171,672
Purchases of common stock in treasury	(122)
Net changes of items other than shareholders' equity during the period	(2,222)
Total changes during the period	<u>169,328</u>
Balance at the end of the period	<u>583,189</u>

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 59

Names of principal consolidated subsidiaries:

JAL Express, J-Air Corporation, Japan Transocean Air Co., Ltd.

JAL Okinawa Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation due to its merger with JTA Sales Co., Ltd. (changed name from JTA Shoji Co., Ltd.) from this fiscal year.

(2) Non-consolidated subsidiaries

Name of principal non-consolidated subsidiary: Shimojishima Airport Facility Co., Ltd.

Since the amounts of accounts of non-consolidated subsidiaries, such as total assets, net sales, net income or loss, retained earnings and others are small in value terms and of little importance as a whole, these companies have a materially insignificant impact on the consolidated financial statements and were therefore excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated affiliated company accounted for by the equity-method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: 13

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method:

JALUX Co., Ltd., Airport Facility Co., Ltd.

Nitto Air Maintenance Co., Ltd., which was an affiliated company accounted for by the equity method, was excluded from the scope of the equity method as it fell into bankruptcy during the reporting period.

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

Name of principal non-consolidated subsidiary and affiliate not accounted for by the equity method:

Shimojishima Airport Facility Co., Ltd.

Non-consolidated subsidiaries and affiliated companies not applicable to the equity method have been excluded from the scope of the equity method, as they have very low impact on net profit/loss, retained earnings and others, and as a whole, they do not have a material impact on the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The balance sheet dates of 8 of the consolidated subsidiaries, including JAL HAWAII, INCORPORATED, are December 31, and February 28 for Official Filing Co., Ltd.

Any significant differences arising on intercompany transactions during the period between these dates and the consolidated balance sheet date have been adjusted if necessary.

4. Summary of significant accounting policies

(1) Valuation of significant assets

a. Securities:

Bonds held to maturity: Amortized cost method

Other securities (securities classified as such):

With market value: Evaluated based on the market price method according to market price, etc. on the date of financial closing (the difference in market price is reported as a component of net assets, and the cost of securities sold is mainly calculated by the moving-average method.)

Without market value: Principally stated at cost based on 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 calculated by a method that reduces book value on the basis of declines in profitability).

c. Derivatives:

Derivative positions are stated at fair value.

(2) Depreciation of fixed assets

a. Aircraft (excluding leased assets):

Straight-line method

b. Tangible fixed assets other than aircraft (excluding leased assets):

Japan Airlines Co., Ltd

Straight-line method

Other companies

Principally the declining-balance method

c. Intangible fixed assets (excluding leased assets):

Straight-line method

d. Leased assets

Leased assets in finance lease transactions that transfer ownership

We use the same method as the depreciation method applied to fixed assets owned by the Company.

Leased assets in finance lease transactions that do not transfer ownership

We use the straight-line depreciation method with the lease period as the useful life, and residual value as zero.

(3) Significant provisions

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 amortized by the straight-line method principally over a period of 15 years. The adjustment for actuarial assumptions is 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 as incurred 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 amortized by the straight-line method over a period which is less than the average remaining years of service as incurred of the active participants in the plans.

b. Reserve for loss on antitrust liabilities

To prepare for payment of court fees or compensation, etc. relating to a price cartel, an estimated amount of losses in the future is recorded.

c. Reserve for business restructuring

To provide for costs for business restructuring, the reasonably estimated amount is recorded.

d. Allowance for doubtful accounts

To provide for losses due to unrecoverable claims, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable based on individual consideration of recoverability.

(4) Significant foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rate 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 overseas 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 sheet.

(5) Significant 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. Transactions under foreign exchange forward contracts are translated at the applicable forward foreign exchange rates.

(6) Treatment of consumption taxes

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

(7) Amortization of goodwill

Goodwill acquired is amortized by the straight-line method over a period of 5 years.

5. Change of accounting policy

Change of depreciation method of tangible fixed assets

Some domestic consolidated subsidiaries adopt the declining-balance method for depreciation of tangible fixed assets, but due to an amendment of the Corporation Tax Act of Japan, from this fiscal year, the method has been changed to the depreciation method according to the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012. The impact of this change on gain/loss for this fiscal year is minimal.

6. Change of presentation

(Consolidated statement of income)

Gain on sales of investment securities

“Gain on sales of investment securities” (49 million yen for the current fiscal year), which was separately recorded in the previous fiscal year, was not more than 10% of total extraordinary gains, and therefore included in “Other” under extraordinary gains from the current fiscal year.

Loss on cancellation of lease

“Loss on cancellation of lease” (2 million yen for the current fiscal year), which was separately recorded in the previous fiscal year, was not more than 10% of total extraordinary losses, and therefore included in “Other” under extraordinary losses from the current fiscal year.

Loss on difference of retirement benefit plan

“Loss on difference of retirement benefit plan” exceeded 10% of total extraordinary losses, and was therefore separately recorded from the current fiscal year. For the previous fiscal year, it was 547 million yen and included in “Other” under extraordinary losses.

7. Change in estimates in accounting

From this fiscal year, the JAL Group has changed the years of useful life of some aircraft (including spare parts) from the number of years of useful life previously used to the number of years of useful life reflecting expected use in the future.

As a result, operating income for this fiscal year declined by 3,452 million yen compared to the former method, and ordinary profit and pre-tax, etc. net profit declined by 3,192 million yen.

8. Notes to consolidated balance sheet

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Accumulated depreciation of tangible fixed assets 241,914 million yen

(3) Assets pledged as collateral and obligations secured by such collateral

Assets pledged as collateral

• Aircraft 179,196 million yen
• Others 18,593 million yen

Obligations secured by such collateral

• Current maturities of long-term debt, etc. 9,949 million yen
• Long-term debt, etc. 35,162 million yen

The above amounts include assets for which revolving pledge has been established to secure debts of Tokyo International Air Terminal Corporation, an affiliate, under the syndicated loan agreement concluded between Tokyo International Air Terminal Corporation and financial institutions for the business that is the objective of this company's establishment. The above amounts also include guarantee money paid to banks with which JAL does business for derivative transactions.

(4) Contingent liabilities

• Guarantee liabilities 341 million yen

9. Notes to consolidated statement of income

All amounts of less than one million yen have been rounded down in the accounts.

10. Notes to consolidated statement of changes in net assets

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total number of issued shares at the end of the current fiscal year

Total number of issued shares Common stock 181,352 thousand shares
 Treasury stock 31 thousand shares

(3) Dividends

Dividends for which the record date is in the current fiscal period and the effective date falls in the following period

The following proposal will be submitted to the 64th Annual Shareholders Meeting to be held on June 19, 2013.

Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Common stock	Retained earnings	32,385	190 yen	March 31, 2013	June 20, 2013

11. Financial instruments

(1) Status of financial instruments

a. Policy on handling of financial instruments

The JAL Group procures funds for investment in necessary aircraft and other equipment, etc. from own funds based on operating activities as well as through loans from financial institutions including banks in light of its capital expenditure plan mainly for the air transport business. As for borrowings, short-term debt is principally for funds for ordinary expenditure, while long-term debt is chiefly for funds for capital expenditure. Lease liabilities in association with financial lease transactions are mainly for funds for capital expenditure. The JAL Group, by policy, utilizes derivatives to evade risks described hereafter and not for the purpose of speculative transactions.

b. Contents of financial instruments and associated risks, and risk management system

(i) Credit risk

Trade accounts receivable, which are operating receivables, are exposed to the credit risk of customers. For this risk, management of payment date and balances is conducted for each counterparty, and the credit status of major counterparties is monitored periodically. Short-term investments in securities and investments in securities are investments in stocks of companies with which the JAL Group holds business relationships. Fair values of these securities and financial conditions, etc. of issuers are monitored periodically and necessary measures are taken. As for trade accounts payable, most of the items are due for payment within one year. When conducting derivative transactions, the JAL Group has such transactions only with financial institutions with high credit standings in order to mitigate credit risk.

(ii) Market risk

As for Short-term investments in securities and investments in securities, fair value and financial conditions, etc. of issuers are monitored periodically, and the status of holdings is reviewed continuously in consideration of market conditions and relationships with counterparties. Variable-rate debts and foreign currency liabilities are exposed to risk of fluctuations in interest rate and exchange. In order to avoid this risk, the JAL Group utilizes derivative transactions. As for derivatives, exchange forward contracts for purchase price of aircraft fuel and liabilities denominated in specific foreign currencies and linked to foreign currencies are used to avoid risk of future fluctuations in foreign exchange rate on foreign currency liabilities in the market. Commodity derivatives are also used for the purpose of controlling risk of fluctuations in prices of commodities including aircraft fuel and stabilizing costs.

Execution and management of derivative transactions are conducted in accordance with the internal rules on risk management that stipulate the amount of trading limit and other internal rules that set forth power in transactions, after the department in charge receives approval from the person who makes the final decision. Furthermore, meetings are held every month in principle with attendance of executives in charge to report monthly records of transactions, monitor volume of risk at the time, make decision on methods for hedging risk and percentage of hedge, and confirm contents of transactions.

c. Supplementary explanation on the fair value of financial instruments, etc.

The fair value of financial instruments include, in addition to the value based on market price, a value rationally computed in the absence of market value. The computation of such a value incorporates fluctuation factors, and if different preconditions, etc. are adopted, the value may be subject to fluctuation.

The amounts of derivative contracts, etc. in “2. Fair values of financial instruments, etc.” do not indicate market risk relating to the derivative transactions.

(2) **Fair value of financial instruments, etc.**

Amounts on the consolidated balance sheet as of March 31, 2013, fair value and the variance are as follows. Description of fair value is omitted in the table below in case it is extremely difficult to obtain the value. Please refer to (Note 2).

(Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Variance
(1) Cash and time deposits	347,986	347,986	—
(2) Notes and accounts receivable – trade	121,058	121,058	—
(3) Short-term investments in securities and investments in securities			
Shares of subsidiaries and affiliates	13,359	10,415	(2,943)
Other securities	19,749	19,749	—
Total assets	502,154	499,211	(2,943)
(1) Accounts payable – trade	135,830	135,830	—
(2) Short-term debt	828	828	—
(3) Long-term debt (*1)	44,285	44,285	—
(4) Lease liabilities (*2)	113,394	113,394	—
Total liabilities	294,338	294,338	—
Derivative transactions (*3)	14,515	14,939	424

*1. Include long-term debt due within one year.

*2. Include long-term lease liabilities due within one year.

*3. Net receivables and payables arising from derivative transactions are shown in net amounts.

Figures in parentheses are posted to liabilities.

Items to which hedge accounting is not applied are omitted because they are insignificant.

(Note 1) Matters concerning measurement method for fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash and time deposits, and (2) Notes and accounts receivable – trade

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

(3) Short-term investments in securities and investments in securities

The fair value of these items is mainly based on market prices. Please refer to “Securities” for notes on securities by holding purpose.

Liabilities

(1) Accounts payable – trade, and (2) Short-term debt

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

(3) Long-term debt, and (4) Lease liabilities

The fair value of these items is calculated by discounting the total amount of principal and interest by the expected interest rate assumed for a similar new loan.

Derivative transactions

Please refer to “Derivative transactions”.

(Note 2) Financial instruments for which identification of fair value is extremely difficult

(Millions of yen)

	Carrying amount on consolidated balance sheet
Shares of subsidiaries and affiliates	16,970
Bonds held to maturity	666
Other securities	5,088

These items do not have market prices and a considerable cost is likely to be incurred to estimate future cash flow. They are not therefore included in “Assets (3) Short-term investments in securities and investments in securities” because it is deemed to be extremely difficult to identify their fair value.

Securities

1. Other securities with fair value

(Millions of Yen)

Other securities of which carrying amount on the consolidated balance sheet exceeds the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	15,799	19,349	3,549
Subtotal	15,799	19,349	3,549

Other securities of which carrying amount on the consolidated balance sheet dose not exceed the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	610	400	(210)
Subtotal	610	400	(210)
Total	16,410	19,749	3,339

2. Other securities sold during the current fiscal year

(Millions of Yen)

Amount sold	Total gain on sales of securities	Total loss on sales of securities
130	49	0

Derivative transactions

1. Derivatives to which hedge accounting is not applied

Omitted due to lack of importance.

2. Derivatives to which hedge accounting is applied

As for derivatives trading requiring hedge accounting, the contracted amount or principal equivalent amounts provided in contracts on the closing date on a consolidated basis by hedge accounting method are as below.

(Millions of Yen)

Hedge accounting	Type of transactions	Main hedged items	Contract amount		Estimated fair value	Method of measuring the fair value
				Over 1 year		
Principle treatment	Foreign exchange forwards Long:					Based on forward quotation
	USD	Trade accounts payable	41,252	15,757	7,381	
	EUR	Trade accounts payable	2,660	–	255	
	Other	Trade accounts payable	1,158	–	186	
Currency option Long:	Call options	Trade accounts payable	168,373	8,151	7,466	Based on prices provided by financial institutions with which JAL does business, etc.
	Short: Put option	Trade accounts payable	63,346	7,745	(1,930)	
Commodity swaps Receivable floating/payable fixed		Aviation fuel	99,175	25,225	919	Based on prices provided by financial institutions with which JAL does business, etc.
Commodity swaps Long:	Call options	Aviation fuel	135,944	–	236	Based on prices provided by financial institutions with which JAL does business, etc.
Translation of foreign currency receivables and payables using the contracted rates	Foreign exchange forwards Long:					Based on forward quotation
	USD	Trade accounts payable	2,572	–	373	
	EUR	Trade accounts payable	143	–	29	
	Other	Trade accounts payable	94	–	21	
Total					14,939	

12. Investment and rental properties

Because the total amount of investment and rental properties is insignificant, notes on these items are omitted.

13. Per share information

- (1) Net assets per share 3,116.30 yen
- (2) Net income per share 946.71 yen

Non-consolidated Balance Sheet

As of March 31, 2013

(Millions of yen)

ASSETS	
Current assets	
Cash and time deposits	334,349
Accounts receivable	134,497
Flight equipment spare parts and supplies	18,461
Short-term prepaid expenses	7,594
Other current assets	63,282
Allowance for doubtful accounts	(107)
Total current assets	558,078
Fixed assets	
Tangible fixed assets	
Buildings, net	28,675
Structure, net	27
Machinery, equipment, net	4,610
Flight equipment, net	370,415
Vehicles, net	206
Tools, furniture and equipment	5,375
Land	1,246
Construction suspense account	70,168
Total tangible fixed assets	480,725
Intangible fixed assets	
Software	37,393
Other intangible fixed assets	5
Total intangible assets	37,398
Investments and other assets	
Investments in securities	24,117
Investment securities in subsidiaries and affiliates	76,786
Corporate bonds of subsidiaries and affiliates	666
Long-term loans receivable	12,905
Long-term prepaid expenses	9,792
Other investments	29,808
Allowance for doubtful accounts	(195)
Total Investments and other assets	153,882
Total fixed assets	672,006
Total assets	1,230,084

Non-consolidated Balance Sheet

As of March 31, 2013

(Millions of yen)

Liabilities	
Current liabilities	
Accounts payable-trade	148,755
Short-term debt	130,726
Current maturities of long-term debt	8,854
Accounts payable - other	15,269
Lease liabilities	35,285
Accrued income taxes	731
Accrued expenses	9,241
Advances received	40,834
Deposits received	12,884
Air transport deposits received	24,295
Reserves for business restructuring	1,184
Deferred tax liabilities	2,107
Other current liabilities	3,059
Total current liabilities	433,230
Non-current liabilities	
Long-term debt	32,386
Lease liabilities	76,871
Accrued pension and severance costs	126,822
Provision for losses on business of subsidiaries and affiliates	841
Reserve for loss on antitrust liabilities	6,466
Deferred tax liabilities	2,476
Other non-current liabilities	34,610
Total non-current liabilities	280,475
Total liabilities	713,706
Net Assets	
Shareholders' equity	
Common stock	181,352
Capital surplus	
Capital reserves	174,493
Total capital surplus	174,493
Retained earnings	
Other retained earnings	
Retained earnings brought forward	152,374
Total retained earnings	152,374
Total shareholders' equity	508,220
Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	2,227
Net unrealized gain on hedging instruments, net of taxes	5,930
Total valuation, translation adjustments and other	8,158
Total net assets	516,378
Total liabilities and net assets	1,230,084

(Note) Accumulated depreciation of tangible fixed assets: 182,541 million yen

Non-consolidated Statement of Income

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Operating revenues	989,989
Cost of operating revenues	735,176
Gross operating profit	254,812
Selling, general and administrative expenses	118,438
Operating income	136,374
Non-operating income	
Interest income and dividend income	11,496
Other non-operating income	6,173
Total non-operating income	17,670
Non-operating expenses	
Interest expense	3,230
Foreign exchange losses	1,745
Other non-operating expenses	9,893
Total non-operating expenses	14,870
Ordinary income	139,174
Extraordinary gains	
Gain on compensation	8,674
Reversal of provision for losses on business of subsidiaries and affiliates	1,745
Others	600
Total extraordinary gains	11,020
Extraordinary losses	
Loans payable prepayment expenses	1,295
Impairment loss	683
Loss on definition of undetermined reorganization claims	628
Loss on disposal of fixed assets	507
Other	36
Total extraordinary losses	3,152
Net income before income taxes	147,042
Income taxes – current	(8,335)
Income taxes – deferred	3,003
Net income	152,374

Non-consolidated Statement of Changes in Net Assets

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Shareholders' equity	
Common stock	
Balance at the end of previous period	181,352
Changes of items during the period	
Total changes during the period	–
Balance at the end of the period	181,352
 Capital surplus	
Capital reserves	
Balance at the end of previous period	181,352
Changes of items during the period	
Deficit disposition	(6,858)
Total changes during the period	(6,858)
Balance at the end of the period	174,493
Total Capital surplus	
Balance at the end of previous period	181,352
Changes of items during the period	
Deficit disposition	(6,858)
Total changes during the period	(6,858)
Balance at the end of the period	174,493
 Retained earnings	
Other retained earnings	
Balance at the end of previous period	(6,858)
Changes of items during the period	
Net income for the year ended Mar 31, 2013	152,374
Deficit disposition	6,858
Total changes during the period	159,232
Balance at the end of the period	152,374
Total retained earnings	
Balance at the end of previous period	(6,858)
Changes of items during the period	
Net income for the year ended Mar 31, 2013	152,374
Deficit disposition	6,858
Total changes during the period	159,232
Balance at the end of the period	152,374
 Total shareholders' equity	
Balance at the end of previous period	355,845
Changes of items during the period	
Net income for the year ended Mar 31, 2013	152,374
Total changes during the period	152,374
Balance at the end of the period	508,220

Non-consolidated Statement of Changes in Net Assets

(April 1, 2012 – March 31, 2013)

(Millions of yen)

Valuation, translation adjustments and other	
Net unrealized gain on other securities, net of taxes	
Balance at the end of previous period	(779)
Changes of items during the period	
Changes other than shareholders' equity, net	3,007
Total changes during the period	3,007
Balance at the end of the period	2,227
Net unrealized gain on hedging instruments, net of taxes	
Balance at the end of previous period	5,122
Changes of items during the period	
Changes other than stockholders' equity, net	807
Total changes during the period	807
Balance at the end of the period	5,930
Total valuation, translation adjustments and other	
Balance at the end of previous period	4,342
Changes of items during the period	
Changes other than stockholders' equity, net	3,815
Total changes during the period	3,815
Balance at the end of the period	8,158
Total net assets	
Balance at the end of previous period	360,188
Changes of items during the period	
Net income for the year ended Mar 31, 2013	152,374
Changes other than stockholders' equity, net	3,815
Total changes during the period	156,189
Balance at the end of the period	516,378

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

- (1) Valuation of securities
 - Bonds held to maturity: Amortized cost method
 - Investment securities in subsidiaries and affiliates
 - Cost method based on the moving-average method
 - Other securities (securities classified as such):
 - With market value: Evaluated based on the market price method according to market price, etc. on the date of financial closing (the difference in market price is reported in as a component of net assets, and the cost of securities sold is calculated by the moving-average method.)
 - Without market value: Stated at cost based on the moving average method
- (2) Valuation principles and methods of inventories
 - Inventories are principally stated at cost based on the moving average method (regarding balance sheet values, however, they are calculated by a method that reduces book value on the basis of declines in profitability).
- (3) Depreciation of fixed assets
 - Tangible fixed assets (excluding leased assets): Straight-line method
 - Intangible fixed assets (excluding leased assets): Straight-line method
 - Leased assets
 - Leased assets in finance lease transactions that transfer ownership
 - We use the same method as the depreciation method applied to fixed assets owned by the Company.
 - Leased assets in finance lease transactions that do not transfer ownership
 - We use the straight-line depreciation method with the lease period as the useful life, and residual value as zero.
- (4) Accounting standards of provisions
 - Accrued pension and severance costs
 - Net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.
 - Actuarial gains and losses are amortized using the straight-line method over a period of 13 to 14 years from the period subsequent to the period in which they are incurred.
 - Past service cost is charged to income as incurred.
 - Allowance for doubtful accounts
 - Ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable considering the recoverability.
 - Provision for losses on business of subsidiaries and affiliates
 - To provide for losses arising from the related business, the expected amount of these losses to be borne by the Company is reported as provision for loss on business of subsidiaries and affiliates.
 - Reserve for loss on antitrust liabilities
 - To prepare for payment of court fees or compensation, etc. relating to a price cartel, an estimated amount of losses in the future is recorded.
 - Reserve for business restructuring
 - To provide for costs for business restructuring, the reasonably estimated amount is recorded.
- (5) 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. Transactions under foreign exchange forward contracts are translated at the applicable forward foreign exchange rates.
- (6) Treatment of consumption taxes
 - Recorded at amounts exclusive of consumption taxes.

2. Change of presentation

Because “gain on compensation” exceeds 10% of total extraordinary gains, it was separately recorded from the current fiscal year. For the previous fiscal year, this item was 1,576 million yen and included in “others” under extraordinary gains.

3. Change in estimates in accounting

From this fiscal year, JAL has changed the years of useful life of some aircraft (including spare parts) from the number of years of useful life previously used to the number of years of useful life reflecting expected use in the future.

As a result, operating income for this fiscal year declined by 3,452 million yen compared to the former method, and ordinary income and net income before income taxes declined by 3,192 million yen.

4. Notes to non-consolidated balance sheet

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Accumulated depreciation for tangible fixed assets	182,541 million yen
(3) Assets pledged as collateral and obligations secured by such collateral (Assets pledged as collateral)	
Aircraft	173,963 million yen
Investment securities in subsidiaries and affiliates	2,595 million yen
Corporate bonds of subsidiaries and affiliates	666 million yen
Long-term loans receivable	3,330 million yen
Other investments	10,804 million yen
(Obligations secured by such collateral)	
Current maturities of long-term debt	8,854 million yen
Long-term debt	32,386 million yen

The above assets pledged as collateral include the following assets:

1. Assets for which revolving pledge has been established to secure debts of Tokyo International Air Terminal Corporation, an affiliate, under the syndicated loan agreement concluded between Tokyo International Air Terminal Corporation and financial institutions for the business that is the objective of the company's establishment
2. Guarantee money paid to banks with which JAL does business for derivative transactions

(4) Liabilities for guarantee, etc. Liabilities for guarantee (Guarantee for bank loans, etc.)	
Japan Air Commuter Co., Ltd.	88 million yen
Others	112 million yen
Total	<u>200 million yen</u>

(5) Monetary claims and liabilities to subsidiaries and affiliates	
Short-term monetary claims	75,170 million yen
Short-term monetary liabilities	176,817 million yen
Long-term monetary claims	4,372 million yen
Long-term monetary liabilities	8,167 million yen

5. Non-consolidated statement of income

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total transactions with subsidiaries and affiliates	
Operating income	120,741 million yen
Operating expense	161,101 million yen
Amount resulting from non-business transactions	19,956 million yen

6. Tax effect accounting

Principal sources of deferred tax assets are loss brought forward, Accrued pension and severance costs and lease liabilities, etc., while principal sources of deferred tax liabilities are leased assets, etc.

7. Transactions with related parties

Subsidiaries and affiliates, etc.

Attribute	Name	Percentage of voting rights holding or being held (%)	Relations		Details of transaction	Amount (millions of yen)	Item	Ending balance (millions of yen)
			Concurrently serving, etc.	Business relations				
Subsidiary	JAL Mileage Bank Co., Ltd.	Holding direct 100%	-	Consignment of settlement related operations	Collection of proceeds from sale of air tickets (Note 1)	77,158	Accounts receivable	25,000
Subsidiary	JAL Express	Holding direct 100%	Concurrently serving 1	Joint acceptance of passenger transport	Payment of proceeds from sale of air tickets, etc. (Note 2)	123,113	Accounts payable-trade	12,163
					Borrowing and lending of money (Note 3)	-	Short-term debt	36,815
Subsidiary	JALPAK Co., Ltd.	Holding direct 96.4%	Concurrently serving 1	Consignment of sale of air tickets	Borrowing and lending of money (Note 3)	-	Short-term debt	19,793

Terms of transactions and method for determining them

- (Notes)
1. Proceeds from sale of air tickets are collected under the service consignment contract, and commissions paid for the collection are determined through negotiations.
 2. Proceeds from sale of air tickets, etc. are paid under the contract for joint acceptance of passenger transport and do not include commissions on the payment.
 3. Since these transactions are conducted under the cash management system operated by the JAL Group, the amount of transaction is omitted. Interest rate is reasonably determined in light of the market interest rate.

8. Per share information

(1) Net assets per share 2,847.38 yen

(2) Net income per share 840.21 yen

Independent Auditor's Report

May 9, 2013

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC

Hideki Amano (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsuki Kanazuka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaru Nagai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Pursuant to Article 444-4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet as of March 31, 2013, and the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Japan Airlines Co., Ltd. for the 64th fiscal year from April 1, 2012 to March 31, 2013.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and implemented depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of overall presentation of the consolidated financial statements, and the evaluation of accounting principles and methods used and estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Independent Auditor's Report

May 9, 2013

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC

Hideki Amano (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsuki Kanazuka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaru Nagai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Pursuant to Article 436 (2) (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet as of March 31, 2013, and the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Japan Airlines Co., Ltd. for the 64th fiscal year from April 1, 2012 to March 31, 2013.

Management's Responsibility for the Non-consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected and implemented depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of overall presentation of the non-consolidated financial statements and the supplementary schedules, and the evaluation of accounting principles and methods used and estimates made by management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Audit Report of the Board of Corporate Auditors

Audit Report

Based on the audit reports prepared by Audit & Supervisory Board Members with regard to the performance of duties by the Directors of Japan Airlines Co., Ltd. (the “Company”) for the 64th fiscal year from April 1, 2012 to March 31, 2013, the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified auditing policies, assigned duties to each Audit & Supervisory Board Member and, received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, as well as received reports from Directors, etc. and accounting auditors on the status and results of the execution of their duties and asked them for explanation as necessary.

Pursuant to the audit policies and audit plan, etc., all Audit & Supervisory Board Members endeavored to collect information and establish audit environment, attended Board of Directors’ meetings and other important meetings, received reports from directors and employees on the status and results of the execution of duties and asked them for explanation as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets of the Company. Furthermore, Audit & Supervisory Board Members verified the contents of the resolution by the Board of Directors regarding the establishment of an internal control system as stipulated in Article 100, Paragraph (1) and Paragraph 3 of the Ordinance for Enforcement of the Companies Act for ensuring that the execution of duties by Directors conforms with laws and regulations and the Company’s Articles of Incorporation and for otherwise ensuring proper business conduct by companies as well as the status of the internal control system established based on said resolution. For subsidiaries, all Audit & Supervisory Board Members communicated and exchanged information with Directors, Audit & Supervisory Board Members, etc. of the subsidiaries, received business reports as necessary, and investigated the situation of business operations and assets. Business reports and supplementary statement thereto for the 64th fiscal term were examined based on the abovementioned methods.

We have also verified whether accounting auditors maintained independence and properly implemented its audit, received the accounting auditor’s reports on the execution of their duties, and asked them for explanation as necessary. The accounting auditors reported to us that the systems for ensuring proper execution of duties have been developed in accordance with the “Quality Control Standards concerning Audit” (prepared by the Business Accounting Council) and other applicable regulations and we asked them for explanation as necessary.

Based on the methods mentioned above, we have reviewed the non-consolidated financial statements and their supplementary schedules, and the consolidated financial statements for the said fiscal year.

2. Audit Results

(1) Results of audit of the business reports, etc.

- 1) We confirm that the business reports and supplementary statement thereto present fairly the situation of the Company in accordance with relevant laws and regulations and the Company’s Articles of Incorporation.
- 2) We found no wrongful act or material fact in violation of law or ordinance or the Company’s Articles of Incorporation with respect to the execution of duties by the Directors.
- 3) We confirm that past resolutions of the Board of Directors on the internal control system are proper. We found no matter to be pointed out on the execution of duties by the directors with respect to the internal control system.

(2) Result of audit of non-consolidated financial statements and supplementary statement thereto

We confirm that the auditing methods used and results KPMG AZSA LLC, Accounting Auditor, are proper and correct.

(3) Result of audit of consolidated financial statements

We confirm that the auditing methods used and results of KPMG AZSA LLC, Accounting Auditor, are proper and correct.

May 10, 2013

The Board of Corporate Auditors of Japan Airlines Co., Ltd.

Full-time Audit & Supervisory Board Member	Hisao Taguchi (Seal)
Full-time Audit & Supervisory Board Member	Yasushi Suzuka (Seal)
Audit & Supervisory Board Member	Eiji Katayama (Seal)
Audit & Supervisory Board Member	Hiroyuki Kumasaka (Seal)
Audit & Supervisory Board Member	Shinji Hatta (Seal)

(Note) Audit & Supervisory Board Members Eiji Katayama, Hiroyuki Kumasaka and Shinji Hatta are External Audit & Supervisory Board Members of the Company as defined in Article 16 Paragraph (2) and Article 335 Paragraph (3) of the Companies Act