

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 27, 2016

NOTICE OF THE 67th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 67th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the “Company”), which will be held on Wednesday, June 22, 2016, 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, June 21, 2016 by either procedure described in “Guide for Exercising Voting Rights” on page 3.

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 22, 2016 (The reception starts at 8:30 a.m.)

2. Venue: MAIHAMA Amphitheater
2-50 Maihama, Urayasu-shi, Chiba
(Please note that the meeting venue is different from last year’s venue)

3. Agenda:

- Items to be reported:*
1. Business Report and Consolidated Financial Statements for the 67th Fiscal Year (April 1, 2015 to March 31, 2016); and Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the 67th Fiscal Year (April 1, 2015 to March 31, 2016)

Items to be proposed:

- Proposal 1: Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Eleven (11) Directors
Proposal 4: Election of Five (5) Audit & Supervisory Board Members

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 dangerous items or PET bottles etc. into the meeting place. We would appreciate your understanding.
 - Proceedings on the day of the General Meeting of Shareholders will be carried out in Japanese. The Company will not be providing interpreters, however, in the event that a shareholder is accompanied by their own interpreter (including sign-language interpreters), if the shareholder informs the reception desk on the day of the General Meeting of Shareholders, it will be possible for the interpreter to enter the meeting place.
 - If you exercise your voting rights by a proxy, in accordance with the Articles of Incorporation of the Company, said proxy must be another shareholder of the Company who also owns voting rights. A written power of attorney must be submitted together with the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders.
 - 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 21, 2016.

2. Exercise via the Internet

Please review "The Voting Rights Exercise via the Internet" below and exercise your voting rights no later than 6:00 p.m., Tuesday, June 21, 2016.

The Voting Rights Exercise via the Internet

If exercising voting rights via the Internet, please review the items below and exercise your voting rights. Voting rights may be exercised by 6:00 p.m. on Tuesday, June 21, 2016, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk (*only in Japanese*).

1. Voting Rights Exercise via the Internet

Voting rights via the Internet may be exercised only by accessing the designated voting rights exercise website. (Please note that the website is unavailable from 2:00 a.m. through 5:00 a.m. every day. Please note that the shareholders' Internet usage environment may prevent the use of a personal computer or smart-phone to exercise voting rights.)

[Voting rights exercise site] <http://www.evotepj/>

- (1) Enter your "Login ID" and "Temporary Password," both of which are noted on the Voting Form. Follow the instructions on your computer screen to exercise your voting rights.
- (2) If you exercise the voting rights both by mail and via the Internet, the exercise of the voting rights via the Internet will be treated as effective. If you exercise the voting rights multiple times via the Internet, the final exercise of the voting rights will be treated as effective.
- (3) The fees for accessing the voting rights exercise site (such as internet connection fees or telecommunication fees etc.) shall be borne by the shareholder.

2. Handling of Passwords

- (1) You will be provided with a new "Login ID" and "Temporary Password" each time a General Meeting of Shareholders is convened.
- (2) Please keep your password safe as it is the means by which the identity of the shareholder exercising the voting rights is verified. Any inquiry about the password by telephone or other means will not be accepted.

3. Contact for inquiries regarding the Voting Rights Exercise via the Internet (Help Desk)

Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation

- (1) Inquiries about the operation of Personal Computer etc.
Phone: 0120-173-027 (toll free (Only within Japan))
Open: 9:00 am to 9:00 pm (Japan Time)

For Institutional Investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc., in which Tokyo Stock Exchange Inc. has a stake.

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Proposal 1: Appropriation of Surplus

Returning profits to our shareholders is one of the management top priorities. It is our fundamental policy of return to shareholders 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 to our shareholders and total amount thereof
120 yen per common share of the Company
Total amount of dividends: 43,508,141,160 yen
3. Effective date for dividend of surplus
June 23, 2016

The Company has adopted a policy of targeting a dividend payout ratio of approximately 25% of profit attributable to owners of parent (*) for the full fiscal year excluding the impact of income taxes - deferred for the payment of dividends.

*The previous “consolidated net income” was changed to “profit attributable to owners of parent” due to changes in accounting standards, so our dividend policy has not changed from the previous fiscal year.

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

The Company has introduced the executive officer system since FY1999 and worked to separate execution from supervision. In order to be able to agilely establish the most appropriate management structure, the Company proposes that required amendments be made so that President may be selected not only from Directors but also from Executive Officers and that Vice Chairman of the Board of Directors and Executive Vice President may be selected from including, but not limited to, Directors.

Along with the above, this proposal includes stipulation of a method of selecting Executive Officers and their roles in the Articles of Incorporation, necessary amendments to provisions relating to the convener and chairman of General Meetings of Shareholders, and officers with titles, as well as organization of paragraph numbers.

2. Details of the amendments

Details of the amendments are as follows:

(Underlined parts represent changes.)

Existing provisions	Proposed amendments
<p>(Administrative Bodies) Article 4 1. Other than Directors and General Meetings of Shareholders, the Company shall appoint the following administrative bodies:</p> <p>(1) Board of Directors (2) Audit & Supervisory Board Members (3) Board of Corporate Auditors (4) Accounting Auditors</p>	<p>(Administrative Bodies) Article 4 1. Other than Directors and General Meetings of Shareholders, the Company shall appoint the following administrative bodies:</p> <p>(1) Board of Directors (2) Audit & Supervisory Board Members (3) Board of Corporate Auditors (4) Accounting Auditor</p> <p><u>2. The Company may appoint Executive Officers by a resolution of the Board of Directors and delegate them to execute its business.</u></p>
<p>(Convening of General Meetings of Shareholders) Article 25 1. <u>The President</u> shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary</p> <p>2. In the event <u>the President</u> fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>	<p>(Convening of General Meetings of Shareholders) Article 25 1. <u>A Director determined in advance out of Representative Directors by the Board of Directors</u> shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary.</p> <p>2. In the event the <u>Director in the preceding paragraph</u> fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>

Existing provisions	Proposed amendments
<p>(Chairman of General Meetings of Shareholders) Article 26</p> <ol style="list-style-type: none"> 1. <u>The President</u> shall act as chairman at all General Meetings of Shareholders. 2. Should <u>the President</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors. 	<p>(Chairman of General Meeting of Shareholders) Article 26</p> <ol style="list-style-type: none"> 1. <u>A Director determined in advance out of Representative Directors by the Board of Directors</u> shall act as chairman at all General Meetings of Shareholders. 2. Should the <u>Director in the preceding paragraph</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.
<p>(Representative Directors and <u>Directors</u> with Titles) Article 34</p> <ol style="list-style-type: none"> 1. <u>The Board of Directors may, by resolution thereof, select, from among its members, one Chairman, one President and several Vice Chairmen of the Board of Directors, Executive Vice Presidents, Senior Managing Directors and/or Managing Directors.</u> 2. <u>The Board of Directors shall, by its resolution, appoint, from among its members, one or more Representative Directors, who shall have the power and authority to represent and bind the Company.</u> 3. <u>Each of the Representative Directors of the Company shall have the power and authority to represent and bind the Company individually.</u> 4. The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors. 5. Should the President fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors. 	<p>(Representative Directors and <u>Officers</u> with Titles) Article 34</p> <ol style="list-style-type: none"> 1. <u>The Board of Directors shall, by its resolution, appoint, from among its members, one or more Representative Directors, who shall have the power and authority to represent and bind the Company.</u> 2. <u>Each of the Representative Directors of the Company shall have the power and authority to represent and bind the Company individually.</u> 3. <u>The Board of Directors may, by resolution thereof, select, from among its members, one Chairman and one President; provided, however, that the Board of Directors may select the President from among Executive Directors.</u> 4. The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors. 5. Should the President fail or be unable to act or be absent, one of the other members of the Board of Directors <u>or the other Executive Officers</u> shall act in his place in accordance with the seniority order previously determined by the Board of Directors. 6. <u>The Board of Directors may, by resolution thereof, select, from among its members, one or more Vice Chairmen of the Board of Directors and Executive Vice Presidents.</u>


Proposal 3: Election of Eleven (11) Directors


The Company's Articles of Incorporation sets out the term of office for Directors as one (1) year in order to clarify their management responsibility for each fiscal year. Accordingly, the terms of office of all nine (9) active Directors will expire at the conclusion of this General Meeting of Shareholders.


In nominating candidates for Director, adding two (2) more Directors including one (1) External Director for the current term, an emphasis was put on securing diversity among members of the Board of Directors with the aim of further enhancing corporate value by establishing a corporate governance system at a higher level, which enables more appropriate management decisions and a highly transparent management style as well as an enhanced monitoring of corporate management. Furthermore, for this proposal, the Company consulted the Nominating Committee, which was established by the Board of Directors and was chaired by an External Director, and made a proposal in consideration of the Committee's verdict.

Accordingly, the Company hereby proposes that you elect the eleven (11) Directors including three (3) External Directors.


The nominees for Directors are as follows:


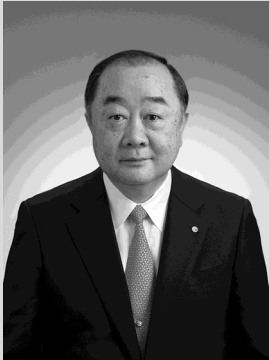
<p>No. 1</p>  <p>Masaru ONISHI (May 19, 1955)</p> <p>Number of Company shares held Common share 7,100</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)	
	April 1978	Joined the Company
	December 2002	General Manager, Maintenance Planning And Administration Office of the Company
	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)
April 2009	Executive Officer of the Company Advisor of Japan Air Commuter Co., Ltd.	
June 2009	Representative Director, President of Japan Air Commuter Co., Ltd.	
February 2010	Trustee Representative of the Company President of the Company	
November 2010	Director of the Company	
March 2011	Representative Director, President of the Company, Safety (Safety General Manager)	
February 2012	Representative Director, Chairman of the Company General Manager, Corporate Safety & Security (Safety General Manager)	
April 2013	Representative Director, Chairman of the Company (Safety General Manager)	
April 2014	Director, Chairman of the Company (to present)	
(Important positions concurrently assumed outside the Company)		
Outside Director of Japan Airport Terminal Co., Ltd.		
Chairman of JAL Foundation		
Representative Director of General Incorporated Foundation Air Traffic Service Research Institute		
(Reasons for the nomination as Director)		
After joining the Company, Mr. Onishi engaged mainly in Engineering & Maintenance Division and acquired on-the-job experience and insight related to safe operations, etc. at an extremely high level as well as much knowledge and many connections in the airline industry through negotiating operations with outsiders such as aircraft manufacturers, engine manufacturers, and maintenance operators. He exercised strong leadership and decision-making skills as President after 2010 and early accomplished reorganization of the Company after bankruptcy. Now he considerably contributes to strengthening of the supervisory function of the Board of Directors serving as Director, Chairman, chairman of the Board of Directors, and a member of the Corporate Governance Committee. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.		

<p>No. 2</p>  <p>Yoshiharu UEKI (September 16, 1952)</p> <p>Number of Company shares held Common share 12,400</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)		
	June	1975	Joined the Company
	April	1994	Captain, DC10 Flight Crew Office, of the Company
	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
	April	2005	Vice President and Deputy General Manager, Flight Operation Division of the Company General Manager, Flight Planning And Administration Office of the Company
	April	2007	General Manager, Flight Crew Training Development Department of the Company
	June	2008	Representative Director, Executive Vice President of J-AIR CO., LTD. (on secondment)
	February	2010	Executive Officer of the Company General Manager, Flight Operations
	December	2010	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing
	February	2012	Representative Director, President of the Company General Manager, Managing Division Route Marketing
April	2013	Representative Director, President of the Company (to present)	
(Important positions concurrently assumed outside the Company)			
None.			
(Reasons for the nomination as Director)			
<p>After joining the Company, Mr. Ueki acquired on-the-job experience and insight related to safe operations, etc. as a flight crew at an extremely high level. He has taken control of developing the Medium-Term Management Plan and certainly executed it, exercising strong leadership and decision-making skills, as Representative Director, President, since 2012. Furthermore, he considerably contributes to strengthening of the supervisory function of the Board of Directors serving as a member of the Nominating Committee, Compensation Committee, etc. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.</p>			


<p>No. 3</p>  <p>Tadashi FUJITA (October 25, 1956)</p> <p>Number of Company shares held Common share 1,400</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)		
	April	1981	Joined the Company
	April	2007	General Manager, Corporate Business, Corporate Center of Tokyo Branch of the Company
	June	2009	General Manager, Sales Department of Tokyo Branch of the Company
	October	2009	Deputy General Manager, Customer Division and General Manager, Planning Promotion Department, Customer Division of the Company
	February	2010	Executive Officer of the Company General Manager, Passenger Sales Division, Regional Manager of Asia & Oceania
	December	2010	Executive Officer of the Company 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
	February	2012	Managing Executive Officer of the Company 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
	April	2013	Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan
	June	2014	Director and Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan
April	2015	Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales Representative Director, President of JAL Sales Co., Ltd.	
April	2016	Representative Director, Executive Vice President of the Company (to present)	
(Important positions concurrently assumed outside the Company)			
None.			
(Reasons for the nomination as Director)			
<p>After joining the Company, Mr. Fujita engaged mainly in the sales and marketing departments such as in the Head Office and Osaka, Okinawa and Paris Branches, and took the leadership of all the revenue-producing departments as General Manager, Managing Division Passenger Sales, and made achievements. Now, he assists the President serving as Representative Director, Executive Vice President, and considerably contributes to further strengthening and enhancement of the management structure. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.</p>			


<p>No. 4</p>  <p>Junko OKAWA (August 31, 1954)</p> <p>Number of Company shares held Common share 2,800</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)	
	December 1977	Joined the Company
	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	
April 2013	Senior Managing Executive Officer of the Company General Manager, Cabin Attendants Division	
June 2013	Director and Senior Managing Executive Officer of the Company General Manager, Cabin Attendants Division	
November 2014	Director and Senior Managing Executive Officer of the Company Corporate Brand Promotion Division	
April 2016	Representative Director, Senior Managing Executive Officer of the Company General Manager, Communication Division (to present)	
	(Important positions concurrently assumed outside the Company) None.	
	(Reasons for the nomination as Director) After joining the Company, Ms. Okawa acquired on-the-job experience and insight related to safe operations and services as a flight attendant. After 2010, as General Manager, Cabin Attendants Division, she accomplished various tasks and goals of the division, exercising great leadership and using her high performance ability, from a strong managerial perspective. Now, serving as Representative Director, Senior Managing Executive Officer and General Manager, Communication Division, she considerably contributes to enhancing the JAL brand and promoting efforts towards Tokyo 2020 Olympic and Paralympic Games. For all of these reasons, she is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect her as Director.	
<p>No. 5</p>  <p>Norikazu SAITO (November 23, 1956)</p> <p>Number of Company shares held Common share 1,900</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)	
	April 1980	Joined the Company
	October 2006	General Manager, Accounting of the Company
	February 2010	Executive Officer of the Company Funds, IR, Accounting and Internal Control Promotion (Deputy)
December 2010	Executive Officer of the Company General Manager, Finance & Accounting	
February 2012	Managing Executive Officer of the Company General Manager, Finance & Accounting	
April 2014	Senior Managing Executive Officer of the Company General Manager, Finance & Accounting	
June 2014	Director and Senior Managing Executive Officer of the Company General Manager, Finance & Accounting (to present)	
	(Important positions concurrently assumed outside the Company) None.	
	(Reasons for the nomination as Director) Since joining the Company, Mr. Saito has engaged mainly in finance and accounting over the years and developed his knowledge of finance and accounting, investor relations activities, etc. Now, serving as Director, Senior Managing Executive Officer and General Manager, Finance & Accounting, he considerably contributes to transparent information disclosure understandable to shareholders and investors and proper management decisions that make for shareholder returns. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.	

<p>No. 6</p>  <p>Toshiaki NORITA (August 27, 1957)</p> <p>Number of Company shares held Common share 1,500</p> <p style="background-color: #e0e0e0; padding: 5px;">Reappointment</p>	(Career summary, position and responsibilities at the Company)		
	April	1982	Joined the Company
	April	2005	General Manager, Corporate Planning Office of the Company
	April	2007	General Manager, Public Relations Division of the Company
	February	2010	Executive Officer of the Company Human Resources
	December	2010	Executive Officer of the Company General Manager, General Affairs Executive Secretariat Office Internal Control Promotion
	February	2012	Managing Executive Officer of the Company General Manager, General Affairs
	April	2013	Managing Executive Officer of the Company General Manager, Corporate Planning Business Creation Strategy
	April	2015	Senior Managing Executive Officer of the Company General Manager, Corporate Planning Business Creation Strategy
	June	2015	Director and Senior Managing Executive Officer of the Company General Manager, Corporate Planning Business Creation Strategy (to present)
(Important positions concurrently assumed outside the Company)			
Director (Outside), Airport Facilities Co., Ltd.			
Director (Outside), Fukuoka Airport Building Co., Ltd.			
(Reasons for the nomination as Director)			
<p>After joining the Company, Mr. Norita successively engaged in branch operation, marketing, personnel and labor affairs, corporate planning, public relations, etc. in the Head Office, Okinawa and Mexico Branches, etc. and made achievements, exercising great leadership and strong planning and coordination capabilities. Now, serving as Director, Senior Managing Executive Officer and General Manager, Corporate Planning, he considerably contributes to developing the Medium-Term Management Plan and executing it without fail. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.</p>			

<p>No. 7</p>  <p>Hideki KIKUYAMA (March 19, 1960)</p> <p>Number of Company shares held Common share 600</p> <p>Newly appointed</p>	(Career summary, position and responsibilities at the Company)																									
	<table border="1"> <tbody> <tr> <td>April</td> <td>1983</td> <td>Joined the Company</td> </tr> <tr> <td>September</td> <td>2005</td> <td>General Manager, General Affairs Department, the Americas Office of the Company</td> </tr> <tr> <td>April</td> <td>2007</td> <td>General Manager, Corporate Planning Office of the Company</td> </tr> <tr> <td>February</td> <td>2010</td> <td>Executive Officer of the Company Deputy General Manager, Corporate Planning</td> </tr> <tr> <td>February</td> <td>2012</td> <td>Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (Domestic Route Marketing)</td> </tr> <tr> <td>April</td> <td>2013</td> <td>Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (to present)</td> </tr> </tbody> </table>	April	1983	Joined the Company	September	2005	General Manager, General Affairs Department, the Americas Office of the Company	April	2007	General Manager, Corporate Planning Office of the Company	February	2010	Executive Officer of the Company Deputy General Manager, Corporate Planning	February	2012	Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (Domestic Route Marketing)	April	2013	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (to present)							
	April	1983	Joined the Company																							
	September	2005	General Manager, General Affairs Department, the Americas Office of the Company																							
April	2007	General Manager, Corporate Planning Office of the Company																								
February	2010	Executive Officer of the Company Deputy General Manager, Corporate Planning																								
February	2012	Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (Domestic Route Marketing)																								
April	2013	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (to present)																								
(Important positions concurrently assumed outside the Company)		None.																								
(Reasons for the nomination as Director)		After joining the Company, Mr. Kikuyama successively engaged in IT systems, passenger reservation, personnel and labor affairs, corporate planning, etc. in the Head Office, Osaka and the Americas Offices, etc. and made achievements, exercising great leadership and strong planning and coordination capabilities. Now, serving as Senior Managing Executive Officer and General Manager, Managing Division Route Marketing, he considerably contributes to improving and stabilizing route profits that are elaborate and secure. Furthermore, he has had extensive management experience and made management decisions as a member of the Management Committee. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.																								
<p>No. 8</p>  <p>Toshinori SHIN (August 23, 1955)</p> <p>Number of Company shares held Common share 1,400</p> <p>Newly appointed</p>	(Career summary, position and responsibilities at the Company)																									
	<table border="1"> <tbody> <tr> <td>October</td> <td>1977</td> <td>Joined the Company</td> </tr> <tr> <td>January</td> <td>1996</td> <td>Captain, 747-400 Flight Crew Office, of the Company</td> </tr> <tr> <td>July</td> <td>2004</td> <td>Chief instructor of line oriented pilot, 747-400 Flight Crew Office, of the Company</td> </tr> <tr> <td>December</td> <td>2005</td> <td>Deputy Director, Flight Planning And Administration Office, Flight Crew Planning Department of the Company</td> </tr> <tr> <td>July</td> <td>2007</td> <td>General Manager, 747-400 Flight Crew Office, of the Company</td> </tr> <tr> <td>December</td> <td>2010</td> <td>Executive Officer of the Company General Manager, Flight Operations</td> </tr> <tr> <td>February</td> <td>2012</td> <td>Managing Executive Officer of the Company General Manager, Flight Operations</td> </tr> <tr> <td>April</td> <td>2016</td> <td>Senior Managing Executive Officer of the Company General Manager, Flight Operations (to present)</td> </tr> </tbody> </table>	October	1977	Joined the Company	January	1996	Captain, 747-400 Flight Crew Office, of the Company	July	2004	Chief instructor of line oriented pilot, 747-400 Flight Crew Office, of the Company	December	2005	Deputy Director, Flight Planning And Administration Office, Flight Crew Planning Department of the Company	July	2007	General Manager, 747-400 Flight Crew Office, of the Company	December	2010	Executive Officer of the Company General Manager, Flight Operations	February	2012	Managing Executive Officer of the Company General Manager, Flight Operations	April	2016	Senior Managing Executive Officer of the Company General Manager, Flight Operations (to present)	
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	January	1996	Captain, 747-400 Flight Crew Office, of the Company																							
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February	2012	Managing Executive Officer of the Company General Manager, Flight Operations																								
April	2016	Senior Managing Executive Officer of the Company General Manager, Flight Operations (to present)																								
(Important positions concurrently assumed outside the Company)		None.																								
(Reasons for the nomination as Director)		Since joining the Company, Mr. Shin has acquired on-the-job experience and insight related to safe operations, etc. as a flight crew at a high level. Now, serving as General Manager, Flight Operations, he accomplishes various tasks and goals of the division, exercising great leadership and using his high performance ability, from a strong managerial perspective. Furthermore, he has had extensive management experience and made management decisions as a member of the Management Committee. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as Director.																								

<p>No. 9</p>  <p>Kimie IWATA (April 6, 1947)</p> <p>Number of Company shares held Common share 1,200</p> <p>Reappointment, External Director, Independent Officer</p>	<p>(Career summary, position and responsibilities at the Company)</p> <table border="1"> <tr> <td>April</td> <td>1971</td> <td>Joined the Ministry of Labor</td> </tr> <tr> <td>July</td> <td>1996</td> <td>Deputy Director-General of the Minister's Secretariat, Ministry of Labor</td> </tr> <tr> <td>October</td> <td>1998</td> <td>Assistant Minister for International Labor affairs, Ministry of Labor</td> </tr> <tr> <td>January</td> <td>2001</td> <td>Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare</td> </tr> <tr> <td>August</td> <td>2003</td> <td>Retired from Ministry of Health, Labour and Welfare</td> </tr> <tr> <td>December</td> <td>2003</td> <td>Full-time Advisor of Shiseido Company, Limited</td> </tr> <tr> <td>June</td> <td>2004</td> <td>Director, Corporate Officer of Shiseido Company, Limited</td> </tr> <tr> <td>April</td> <td>2007</td> <td>Director, Corporate Executive Officer of Shiseido Company, Limited</td> </tr> <tr> <td>April</td> <td>2008</td> <td>Director and Vice President of Shiseido Company, Limited</td> </tr> <tr> <td>June</td> <td>2008</td> <td>Representative Director, Executive Vice President, of Shiseido Company, Limited</td> </tr> <tr> <td>March</td> <td>2012</td> <td>Audit & Supervisory Board Member (Outside), Kirin Holdings Company, Limited</td> </tr> <tr> <td>April</td> <td>2012</td> <td>Director of Shiseido Company, Limited</td> </tr> <tr> <td>June</td> <td>2012</td> <td>Advisor of Shiseido Company, Limited (to present)</td> </tr> <tr> <td>July</td> <td>2012</td> <td>External Director of the Company (to present)</td> </tr> <tr> <td>July</td> <td>2012</td> <td>President of Japan Institute for Women's Empowerment & Diversity Management (to present)</td> </tr> <tr> <td>October</td> <td>2015</td> <td>Audit and Inspection Commissioner of the Tokyo Metropolitan Government (to present)</td> </tr> <tr> <td>March</td> <td>2016</td> <td>Director of the Board(outside), Kirin Holdings Company, Limited (to present)</td> </tr> <tr> <td>April</td> <td>2016</td> <td>External Director of STRIPE INTERNATIONAL INC. (to present)</td> </tr> </table> <p>(Important positions concurrently assumed outside the Company)</p> <p>Advisor of Shiseido Co., Ltd. President of Japan Institute for Women's Empowerment & Diversity Management Audit and Inspection Commissioner of the Tokyo Metropolitan Government Director of the Board(outside), Kirin Holdings Company, Limited External Director of STRIPE INTERNATIONAL INC.</p> <p>(Reasons for the nomination as External Director)</p> <p>Ms. Iwata has extensive experience and numerous achievements in and deep insight into the support for women's empowerment, diversity, corporate social responsibility (CSR), reform of work patterns, etc. backed by many years of experience in administration and corporate management, and gives advice to the Company's management and appropriately supervises the execution of operations from objective and professional perspectives. For all of these reasons, she is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect her as External Director who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>She is currently serving as the Company's External Director. As of the conclusion of this General Meeting of Shareholders, her tenure as External Director will be three (3) years and 11 months.</p> <p>(Independent Officer)</p> <p>She meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. The Company, therefore, has designated her as the Independent Officer and provided the notification to the stock exchange. If she is reappointed as Director and assumes the post of External Director, she will become an Independence Officer.</p> <p>(Overview of limited liability agreement)</p> <p>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 her to limit her 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. If she is reappointed as Director and assumes the post, the Company will continue the agreement with her.</p>	April	1971	Joined the Ministry of Labor	July	1996	Deputy Director-General of the Minister's Secretariat, Ministry of Labor	October	1998	Assistant Minister for International Labor affairs, Ministry of Labor	January	2001	Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare	August	2003	Retired from Ministry of Health, Labour and Welfare	December	2003	Full-time Advisor of Shiseido Company, Limited	June	2004	Director, Corporate Officer of Shiseido Company, Limited	April	2007	Director, Corporate Executive Officer of Shiseido Company, Limited	April	2008	Director and Vice President of Shiseido Company, Limited	June	2008	Representative Director, Executive Vice President, of Shiseido Company, Limited	March	2012	Audit & Supervisory Board Member (Outside), Kirin Holdings Company, Limited	April	2012	Director of Shiseido Company, Limited	June	2012	Advisor of Shiseido Company, Limited (to present)	July	2012	External Director of the Company (to present)	July	2012	President of Japan Institute for Women's Empowerment & Diversity Management (to present)	October	2015	Audit and Inspection Commissioner of the Tokyo Metropolitan Government (to present)	March	2016	Director of the Board(outside), Kirin Holdings Company, Limited (to present)	April	2016	External Director of STRIPE INTERNATIONAL INC. (to present)
April	1971	Joined the Ministry of Labor																																																					
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March	2016	Director of the Board(outside), Kirin Holdings Company, Limited (to present)																																																					
April	2016	External Director of STRIPE INTERNATIONAL INC. (to present)																																																					

<p>No. 10</p>  <p>Eizo Kobayashi (January 7, 1949)</p> <p>Number of Company shares held Common share 400</p> <p>Reappointment, External Director, Independent Officer</p>	(Career summary, position and responsibilities at the Company)		
	April	1972	Joined ITOCHU Corporation
	June	2000	Executive Officer of ITOCHU Corporation
	April	2002	Managing Executive Officer of ITOCHU Corporation
	June	2003	Representative Director, Managing Director of ITOCHU Corporation
	April	2004	Representative Director, Senior Managing Director of ITOCHU Corporation
	June	2004	President and Chief Executive Officer of ITOCHU Corporation
	April	2010	Chairman of ITOCHU Corporation
	July	2010	Outside Auditor of Asahi Mutual Life Insurance Company (to present)
	June	2011	Chairman of ITOCHU Corporation (to present)
June	2013	Director(Outside), OMRON Corporation (to present)	
June	2015	External Director of the Company (to present)	
(Important positions concurrently assumed outside the Company)			
Chairman of ITOCHU Corporation			
Director(Outside), OMRON Corporation			
Outside Auditor of Asahi Mutual Life Insurance Company			
(Reasons for the nomination as External Director)			
<p>Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a top management of a general trading company which develops businesses around the world, and gives advice to the Company's management and appropriately supervises the execution of operations from practical and diversified perspectives. For all of these reasons, he is believed to be the right person for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as External Director who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>He is currently serving as the Company's External Director. As of the conclusion of this General Meeting of Shareholders, his tenure as External Director will be one (1) year.</p>			
(Independent Officer)			
<p>He is a candidate for External Director and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Director and assumes the post of External Director, he will become an Independence Officer.</p>			
(Overview of limited liability agreement)			
<p>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 him to limit his 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. If he is reappointed as Director and assumes the post, the Company will continue the agreement with him.</p>			

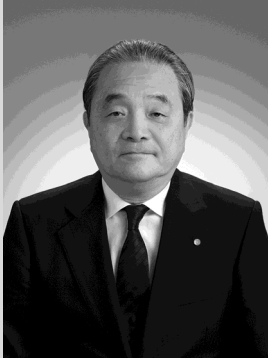
<p>No. 11</p>  <p>Masatoshi ITO (September 12, 1947)</p> <p>Number of Company shares held 0</p> <p>Newly appointed, External Director, Independent Officer</p>	(Career summary, position and responsibilities at the Company)		
	April	1971	Joined Ajinomoto Co., Ltd.
	June	1999	Member of the Board of Ajinomoto Co., Ltd. General Manager, Food Products Division
	April	2003	Representative Director, President of Ajinomoto Frozen Foods Co., Inc.
	August	2006	Representative Director, Member of the Board & Corporate Senior Vice President President, Food Products Company of Ajinomoto Co., Inc.
	June	2009	Representative Director, President & Chief Executive Officer of Ajinomoto Co., Inc.
	June	2015	Representative Director & Chairman of the Board of Ajinomoto Co., Inc. (to present)
February	2016	Chairman of the JAA Council, Japan Advertisers Association (to present)	
(Important positions concurrently assumed outside the Company)			
Representative Director & Chairman of the Board of Ajinomoto Co., Inc. Chairman of the JAA Council, Japan Advertisers Association			
(Reasons for the nomination as External Director)			
Mr. Ito has extensive experience and deep insight into management as a top management of a global company which is proficient at marketing from the customers' perspectives. He is believed to be the right person for the diversification of, and stimulation of discussion at, the Board of Directors and for the Company to achieve the continued enhancement of corporate value, so the Company hereby proposes that you elect him as External Director who meets the Independence Standards of External Officers stipulated by the Company.			
(Independent Officer)			
He is a new External Director candidate and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. If he is appointed as Director and assumes the post of External Director, he will become an Independence Officer.			
(Overview of limited liability agreement)			
If he is appointed as Director and assumes the post, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company will enter into an agreement with him to limit his 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.			


(Note) There is no special interest between the nominees for Directors and the Company.


Proposal 4: Election of Five (5) Audit & Supervisory Board Members


The terms of office of all five (5) active Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company hereby proposes that you elect five (5) Audit & Supervisory Board Members including three (3) External Audit & Supervisory Board Members. Submission of this Proposal to this General Meeting of Shareholders was approved in advance by the Board of Corporate Auditors.


The nominees for Directors are as follows:

No. 1  Hisao TAGUCHI (October 21, 1955) Number of Company shares held Common share 800 Reappointment	(Career summary, position and responsibilities at the Company)		
	April	1978	Joined the Company
	June	2002	Deputy Vice President, Domestic Passenger Marketing of the Company
	April	2005	Deputy Vice President, China Business Development, Japan Airlines International Co., Ltd. of the Company
	April	2006	Vice President, Corporate Planning Office of the Company
	April	2007	Executive Officer of the Company CEO, the Americas Office
	February	2010	Trustee Representative of the Company Executive Vice President of the Company
	December	2010	Executive Officer of the Company General Manager, Purchasing
	February	2012	Audit & Supervisory Board Member of the Company (to present)
	(Important positions concurrently assumed outside the Company)		
None.			
(Reasons for the nomination as Audit & Supervisory Board Member)			
After joining the Company, Mr. Taguchi engaged in various operations such as sales, personnel affairs and flight operations and served as Executive Officer and CEO for the Americas Office, from April 2007 and as Executive Vice President from February 2010. He has served as Audit & Supervisory Board Member since February 2012 and has extensive experience in the Company's operations and insight. Accordingly, the Company hereby proposes that you elect him as Audit & Supervisory Board Member.			
(Overview of limited liability agreement)			
If he is reappointed as Audit & Supervisory Board Member and assumes the post, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company will enter into an agreement with him to limit his 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.			

<p>No. 2</p>  <p>Yasushi SUZUKA (October 26, 1956)</p> <p>Number of Company shares held Common share 800</p> <p style="background-color: #e0e0e0; padding: 5px; text-align: center;">Reappointment</p>	<p>(Career summary, position and responsibilities at the Company)</p>	
	<p>April 1979</p> <p>April 2003</p> <p>April 2004</p> <p>December 2010</p> <p>July 2012</p>	<p>Joined the Company</p> <p>Deputy Vice President, Engineer Department of the Company</p> <p>General Manager, Maintenance Project Office of the Company</p> <p>Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Senior Executive Director of JAL Engineering Co., Ltd. (on secondment)</p> <p>Audit & Supervisory Board Member of the Company (to present)</p>
	<p>(Important positions concurrently assumed outside the Company)</p>	
	<p>President of Japan SAP Users' Group</p>	
	<p>(Reasons for the nomination as Audit & Supervisory Board Member)</p>	
	<p>Since joining the Company, Mr. Suzuka has engaged in maintenance-related operations such as maintenance project and engineering and contributed to the Company's group management. He has served as Audit & Supervisory Board Member since July 2012 and has extensive experience in the Company's operations and production-related insight. Accordingly, the Company hereby proposes that you elect him as Audit & Supervisory Board Member.</p>	
	<p>(Overview of limited liability agreement)</p>	
	<p>If he is reappointed as Audit & Supervisory Board Member and assumes the post, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company will enter into an agreement with him to limit his 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.</p>	

<p>No. 3</p>  <p>Hiroyuki Kumasaka (June 30, 1948)</p> <p>Number of Company shares held Common share 1,200</p> <p>Reappointment, External Audit & Supervisory Board Member, Independent Officer</p>	(Career summary, position and responsibilities at the Company)		
	April	1973	Joined MISUZU Audit Corporation (Former FUSOU Audit Corporation)
	January	1983	Partner of MISUZU Audit Corporation
	February	1989	Senior Partner of MISUZU Audit Corporation
	May	2006	Councilor of MISUZU Audit Corporation
	January	2007	Chairs of the Board of Council, Head of Tokyo Office of MISUZU Audit Corporation
August	2007	Representative Liquidator of MISUZU Audit Corporation	
June	2008	Auditor of MATSUDA SANGYO CO., LTD.	
March	2011	Audit & Supervisory Board Member of the Company (to present)	
June	2015	Director-Audit and Supervisory Committee Member of MATSUDA SANGYO CO., LTD. (to present)	
(Important positions concurrently assumed outside the Company)		None.	
(Reasons for the nomination as External Audit & Supervisory Board Member)		<p>Mr. Kumasaka has extensive experience and numerous achievements as a certified public accountant and advanced accounting insight, so the Company hereby proposes that you elect him as External Audit & Supervisory Board Member who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>He is currently serving as the Company's External Audit & Supervisory Board Member. As of the conclusion of this General Meeting of Shareholders, his tenure as External Audit & Supervisory Board Member will be five (5) years and three (3) months.</p>	
(Independent Officer)		<p>He meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Audit & Supervisory Board Member and assumes the post of External Audit & Supervisory Board Member, he will become an Independence Officer.</p>	
(Overview of limited liability agreement)		<p>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 him to limit his 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. If he is reappointed as Audit & Supervisory Board Member and assumes the post, the Company will continue the agreement with him.</p>	

<p>No. 4</p>  <p>Shinji Hatta (August 3, 1949)</p> <p>Number of Company shares held Common share 2,100</p> <p>Reappointment, External Audit & Supervisory Board Member, Independent Officer</p>	(Career summary, position and responsibilities at the Company)		
	April	2001	Professor of Auditing, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo,
	January	2005	Chairman of Sub-committee on Internal Control of the Business Accounting Council, Financial Services Agency
	April	2005	Professor of Auditing, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo (to present)
	October	2008	Corporate Auditor (Outside, nonstanding) of Development Bank of Japan Inc. (to present)
	June	2011	Corporate Auditor (Outside, nonstanding) of RISO KAGAKU CORPORATION (to present)
	July	2012	Audit & Supervisory Board Member of the Company (to present)
February	2015	Member of Sub-committee on Auditing of the Business Accounting Council, Financial Services Agency (to present)	
(Important positions concurrently assumed outside the Company)			
Professor of Auditing, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo			
Corporate Auditor (Outside, nonstanding) of Development Bank of Japan Inc.			
Corporate Auditor (Outside, nonstanding) of RISO KAGAKU CORPORATION			
Member of Sub-committee on Auditing of the Business Accounting Council, Financial Services Agency			
(Reasons for the nomination as External Audit & Supervisory Board Member)			
Mr. Hatta has extensive experience and deep insight in the “financial auditing” and “internal controls in corporations” as an authority in the study of corporate practice, so the Company hereby proposes that you elect him as External Audit & Supervisory Board Member who meets the Independence Standards of External Officers stipulated by the Company.			
He is currently serving as the Company’s External Audit & Supervisory Board Member. As of the conclusion of this General Meeting of Shareholders, his tenure as External Audit & Supervisory Board Member will be three (3) years and 11 months.			
(Independent Officer)			
He meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Audit & Supervisory Board Member and assumes the post of External Audit & Supervisory Board Member, he will become an Independence Officer.			
(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 him to limit his 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. If he is reappointed as Audit & Supervisory Board Member and assumes the post, the Company will continue the agreement with him.			

<p>No. 5</p>  <p>Osamu KAMO (March 25, 1947)</p> <p>Number of Company shares held 0</p> <p>Newly appointed, External Audit & Supervisory Board Member, Independent Officer</p>	(Career summary, position and responsibilities at the Company)		
	April	1973	Registered as Attorney at law
	April	1981	Established Ginza Sogo Law Office (Former Kamo Law Office) (to present)
	April	1987	Vice President Dai-Ichi Tokyo Bar Association
	April	1992	Managing Director, Japan Federation of Bar Associations
	June	1997	Chairman of finance committee, Japan Federation of Bar Associations
	September	2006	External Audit & Supervisory Board Member of Azearth Corporation (to present)
April	2007	Vice President, Japan Federation of Bar Associations	
April	2007	President, Dai-Ichi Tokyo Bar Association	
October	2010	Chairman of Government Procurement Review Board (Cabinet Office, Government Of Japan) (to present)	
(Important positions concurrently assumed outside the Company)			
Attorney at Law, Ginza Sogo Law Office			
External Audit & Supervisory Board Member of Azearth Corporation			
Chairman of Government Procurement Review Board (Cabinet Office, Government Of Japan)			
(Reasons for the nomination as External Audit & Supervisory Board Member)			
Mr. Kamo has given guidance to government and companies about compliance and successively held positions as member of an investigation committee on misconduct cases since registered as attorney at law and has extensive experience in and insight into compliance and corporate governance. The Company expects him to conduct audits and give advice from legal and other viewpoints as the Company's Audit & Supervisory Board Member and contribute considerably to stimulating, and maintaining the health of, the Company, so the Company hereby proposes that you elect him as External Audit & Supervisory Board Member who meets the Independence Standards of External Officers stipulated by the Company.			
(Independent Officer)			
He is a new External Audit & Supervisory Board Member candidate and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company. If he is appointed as Audit & Supervisory Board Member and assumes the post of External Audit & Supervisory Board Member, he will become an Independence Officer as prescribed by the stock exchange.			
(Overview of limited liability agreement)			
If he is appointed as Audit & Supervisory Board Member and assumes the post, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company will enter into an agreement with him to limit his 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			

(Note) There is no special interest between the nominees for Directors and the Company.

(Reference)

In order to establish a high level corporate governance system that delivers high transparency of management and enhanced monitoring of corporate management, and to enhance its corporate value, the Company stipulates the following standards of judgment regarding the independence of the Company's External Officers (in principle, a person to whom none of the following apply shall be judged to be independent).

Independence Standards of External Officers

1. An individual who has executed business (Note) of JAL and JAL Group consolidated subsidiaries at present or in the past ten years.
2. An individual who corresponded to the any of the items a ~ f in the past three years.
 - a. A business counterpart or a person who executed business of such business counterpart, whose transactions with the Company for one business ear exceeded 1% of consolidated revenue of the Company or the business counterpart.
 - b. A major shareholder or a person executing business of such shareholder having an equity ratio of 5% or more in the Company.
 - c. A major lender of borrowings of the Company or a person executing business of such lender.
 - d. An individual receiving contributions of over 10 million yen a year from the Company or a person belonging to an organization receiving such contributions.
 - e. An individual receiving remuneration of over 10 million yen excluding Director's remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
 - f. In case a person executing business of the Company is assigned as External Director of another company, the person executing business of such other company.
3. The spouse or relative within second degree of kinship of individuals corresponding to 1 and 2.

(Note) A person executing business refers to an Executive Director or executive officer.

* The above is part of the JAL Group's "Fundamental Policies of Corporate Governance," which can be found in full on pages 41 to 44 of this notice.

(Attached Documents)

Business Report

(April 1, 2015 to March 31, 2016)

1. Current state of the JAL Group

(1) Business progress and results

During the fiscal year under review, the Japanese economy continued to recover moderately, while consumer spending, etc. tended to stand firm overall. Looking abroad, economic recovery remained on track as a whole including the U.S. economy, despite weaker trends observed in certain Asian developing countries including China. Meanwhile, the number of passengers visiting Japan, which impacts on the Company's passenger revenue, totaled 21,359,000 passengers in the current fiscal year, a large 45.6% increase compared with the previous fiscal year. Crude oil prices, which affect the Company's fuel procurement costs, and international passenger and cargo revenues remained at a lower level than in the previous fiscal year, but the yen continued weakening against the U.S. dollar.

Under these economic circumstances, the Company, aiming to achieve the targets set out in its "JAL Group Medium-Term Management Plan Rolling Plan 2015" announced on February 18, 2015, did its utmost to heighten the profit consciousness of its employees through "JAL Philosophy" and a divisional profitability management system, increase business efficiency and provide customers with unparalleled service, on the premise of maintaining safe operations.

In addition, the JAL Group has been implementing as part of the "safety initiatives" provided in the Medium-Term Management Plan "human resources development for safety initiatives," "advancement of system for safety initiatives" and "nurturing a safety-related climate."

For the "human resources development for safety initiatives," we provided a Safety Management System (SMS) education course directed at all JAL Group staff to enable them to gain basic knowledge on the SMS and perform their duties with the knowledge. Safety Leaders assigned in each workplace shared activities of their respective workplaces, and as a result, safety activities in each workplace were invigorated.

For the "advancement of system for safety initiatives," we introduced the proactive framework to detect a potential contributory factor of a defect in daily operations and regular work, which had introduced into flight operations department and maintenance department of the Company, in J-AIR, Japan Transocean Air and Ryukyu Air Commuter and modified the safety database to enable staff to report and analyze more easily.

As for the "nurturing a safety-related climate," we held 28 safety seminars for new staff and 8 safety seminars for new managers in FY2015 to penetrate the principle of "every staff has to pitch in to protect safety" into workplaces. In addition, staff was reminded of the "report and share information" principle in their respective workplaces through the SMS education course.

We will continue our efforts to develop "safety systems" with the advice of the JAL Safety Advisory Group, headed by Mr. Kunio Yanagida.

As for the "CSR activities," in order to meet the expectations of society, we conducted CSR activities through our main business, the air transport business. With the participation of many JAL Group employees, we promoted various activities, centering on the continuing control of environmental impact and Tohoku Support measures.

Aiming to "reduce CO₂ emissions from aircraft by 23% per Revenue Ton Kilometers from FY2005 by FY2020," we have certainly implemented the target (reduced by 13.4% by March 2015). We have also worked on the cooperation in the development of domestic biojet fuel, atmospheric observation project, which we have continued since 1993, conservation of biodiversity and educational activities thereon including cranes, the motif of the Company's logo.

We continually worked to promote industry in Tohoku through our business, as Tohoku Support measures, such as by expanding tours to the Tohoku region, offering Tohoku products in flight and at our lounges and adopting them as products in exchange for earned mileage, providing employee

training programs, and transmitting various information. In addition, we continued the project “Gifts for smiling face” aimed at bringing smiles back to children in elementary schools and their families victimized by the disaster through travel and an educational support project “Chance for Children” where customers can donate charity miles to provide educational opportunities in Tohoku for children with financial difficulties due to the earthquake.

Furthermore, our efforts to utilize a variety of human resources including women in the workplace and related to maintaining the health of the employees were appreciated, and the Company was selected as the “Nadeshiko Brand” and “Brand of Companies Enhancing Corporate Value through Health and Productivity Management” for the second year in a row, both of which are jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

As for the consolidated financial results of the JAL Group for the fiscal year under review, operating revenues decreased year on year by 0.6% to 1,336.6 billion yen, and operating expenses decreased by 3.2% to 1,127.4 billion yen; however, operating income increased by 16.4% to 209.1 billion yen, ordinary income increased by 19.4% to 209.2 billion yen, and profit attributable to owners of parent increased by 17.1% to 174.4 billion yen.

(2) Business conditions by business segment

International passenger operations

In international passenger operations, passengers carried significantly increased on account of a continuation of firm demand for outbound flights and initiatives targeting the burgeoning demand of passengers visiting Japan, mainly on North American, Chinese and Southeast Asian routes.

As for route operations, we launched four flights per week between Narita and Dallas/Fort Worth operated by 787-8 aircraft with newly introduced “SKY SUITE 787” on November 30, 2015, and since March 20, 2016, we increased the frequency to daily flights for this route. The Dallas/Fort Worth Airport is the largest hub of American Airlines, which is our joint business partner, and utilizing its extensive network within the U.S. and to the Latin American area, we have significantly improved customer convenience. Moreover, we launched flight operations between Haneda and Shanghai (Pudong)/Guangzhou and added flights between Haneda and Beijing on October 25, 2015, thereby expanding our Chinese network of flights to and from the Haneda Airport. We suspended flights between Narita and Paris, which experienced a downturn in demand because of the impact of the terrorist attacks, for a certain period from January to March 2016 to flexibly respond to the demand.

As for products, we have promoted the introduction of “SKY SUITE” aircraft on which full-flat seats are installed in Business Class that allow passengers in all seats direct access to the aisle and “New Spacious Economy” seats are installed in Economy Class that provide more spaciousness than the standard seating arrangement. As of March 31, 2015, the use of “SKY SUITE” aircraft was extended to 26 routes. Since we installed “SKY SUITE 787” to flights to and from Moscow in February 2016, we have operated our all European flights using “SKY SUITE” aircraft. Additionally, we opened newly-renovated Sakura Lounge “The Dining” at Narita Airport on March 30, 2016, as part of efforts to provide a “quality of service one class above” to more customers.

As for sales strategies, in order to inform more foreign customers visiting Japan about the attractiveness of Japan and in order for them to use JAL Group more conveniently, we made “Guide to Japan,” a travel information section for foreign travelers visiting Japan of JAL website, available in seven languages in total, enhanced the tourist information content and started the mobile site.

In January 2016, JAL was recognized by FlightStats, Inc., a U.S. company which makes various analyses including on-time arrival rates of airlines, etc., as the number-one ranking airline in the Major International Airlines category for its flight performance on domestic and international routes from January to December 2015. Furthermore, JAL placed first in the Asia-Pacific Major Airlines category and also the Airline Alliance category as a member of the oneworld alliance. As a result, JAL ranked first in all three categories and became a Triple Crown winner for the fourth time after 2010*, 2012 and 2013. We continue to enhance customer convenience and comfort in various areas to provide customers with unparalleled service and try new things to make a fresh impression on customers every time.

*In 2010, the Airline Alliance category was not established. JAL was the winner in the Regional Asian Airlines category, which does not exist currently.

Consequently, international supply for the fiscal year under review increased by 1.3% year on year when measured in available-seat-kilometer (ASK); demand increased by 5.4% in revenue-passenger-kilometer (RPK); load factor (L/F) increased by 3.1 points to 78.8%; and international passenger revenue decreased by 1.3% to 448.7 billion yen.

(Reference)

Available-seat-km: Unit expressing passenger capacity. Number of seats × Distance traveled (km)

Revenue-passenger-km: Unit expressing revenue passenger transport volume.

Number of revenue passengers (people) × Distance traveled (km)

Load factor (L/F): Revenue-passenger-km ÷ Available-seat-km

Domestic passenger operations

In domestic passenger operations, we took measures to boost demand and worked to improve profitability, introducing aircraft that met demand.

Regarding route operations, during the current fiscal year, we continued seasonal flights on six routes out of regional routes that had been previously suspended. Furthermore, on April 1, 2015, we started to offer three code-sharing flight routes with Amakusa Airlines Co., Ltd. between Amakusa and Fukuoka/Kumamoto and between Kumamoto and Itami. Through such measures we strived to contribute to the regional economy by further improving customer convenience.

As for products, since the previous fiscal year, we have been steadily expanding use of our revamped aircraft “JAL SKY NEXT” in routes to and from Itami Airport in addition to routes between Haneda Airport and various regional cities. As the “JAL SKY NEXT” offers real leather seats, increased legroom (space for knees), and in-flight Wi-Fi service, its introduction is highly appreciated by many passengers.

As for sales strategies, we managed to get many customers to use JAL for the purpose of flying home or vacationing by newly offering “Ultra Sakitoku,” available to customers when booking 75 days or longer in advance of flying, in addition to making extra seats available at discounted fares during high season such as Golden Week holidays in spring and Bon holidays in summer. As for advance purchase connection fares, we strengthened efforts such as expanding eligible sectors to promote regional exchanges and revitalize local communities. In December 2015, we introduced new domestic fares called “Japan Explorer Pass” to boost demand for travel from abroad to various places in Japan. We have provided information in “Guide to Japan,” a travel information section for foreign travelers visiting Japan of JAL website. These efforts create opportunities for many customers from abroad to visit rural areas in Japan.

We completely renewed the PC and mobile sites of “JAL Dynamic Package,” by which customers can create their own packages by freely combining flight tickets with accommodation. We pursued improvement in operability by changing the screen design to be more user-friendly, and significantly enhanced options so that customers can arrange plans in various ways according to their desires.

We made efforts to contribute to attracting tourists to various regions by participating in the Regional Vitalization Grant Program promoted by the national and local governments including the start of regional development promotion using “Furusato Discounts*” in June 2015.

*A common name used for creating any travel product, where a certain amount of money is deducted through subsidy as part of the “Grant Program for Emergency Support for Local Residents’ Lives, etc.”

As for airport services, Since March 2015, we started to provide the “JAL Express-Tag Service,” which allows customers to save their time at counters and comfortably check their baggage, at domestic counters in Haneda Airport based on the “JAL Smart Style” concept in order to achieve easier-to-use, more convenient, simpler services for customers. In March 2016, we expanded the service to New Chitose, Itami, Fukuoka and Naha Airports. In July 2015, we launched a service to provide waiting time at security checkpoints in Haneda Airport through an application for

smartphones to reduce customers' stress caused by waiting time. In Itami Airport, we installed "JAL battery charging stations" to enable customers to charge their smartphones and personal computers free of charge in May 2015 so that customers may get on board without worrying about their battery power.

Consequently, domestic supply for the fiscal year under review decreased by 1.2% year on year when measured in available-seat-kilometer (ASK); demand increased by 1.5% in revenue-passenger kilometer (RPK); load factor (L/F) increased by 1.8 points to 67.9%; and domestic passenger revenue increased by 2.8% to 501.2 billion yen.

Cargo service operations

For international cargo operations, we steadily secured demand and strived to maximize revenue by efficiently capturing transit cargo between three countries while aggregate demand for inbound and outbound cargo fell below the previous year's level. Additionally, we expanded our lineup of value-added air freight products such as by originally developing new type of container that has a higher performance to maintain a constant temperature than traditional containers and equipment that enables us to transport finished vehicles.

As a result, for the fiscal year under review, the volume decreased by 1.7% year on year on a revenue-cargo-ton-kilometer basis (RCTK), and international cargo revenue decreased by 10.0% to 54.2 billion yen, compared with the previous fiscal year.

In domestic cargo operations, although our supply volume decreased, we secured increased demand compared with the previous fiscal year by our proactive sales activities and a technique for managing cargo space to effectively utilize the limited space.

As a result, for the fiscal year under review, the volume increased by 1.8% year on year on a revenue-cargo-ton-kilometer basis (RCTK), and domestic cargo revenue decreased by 3.8% to 23.3 billion yen, compared with the previous fiscal year.

(Reference)

Revenue-cargo-ton-km: Unit expressing revenue cargo transport volume.
Revenue cargo weight (ton) × Distance traveled (km)

Other operations

In other operations, we strove to maximize the JAL Group's corporate value by enhancing the convenience for customers. Summary on two major companies in other operations is as follows:

As for JALPAK Co., Ltd., timely introduced various products to meet demand trends and increased revenue. The number of overseas travelers decreased by 11.7% from the previous fiscal year to 243,000 due to concerns over European situation and other effects. The number of domestic travelers increased by 5.6% from the previous fiscal year to 2,429,000 thanks to favorable sales of Dynamic Packages.

As a result, operating revenue (prior to intercompany transaction elimination) for the fiscal year under review increased by 1.4% year on year to 172.2 billion yen.

JALCARD, Inc. worked to increase the number of new members by actively conducting online and direct mail campaigns as well as by starting to accept enrollments at major airports utilizing tablets and by increasing solicitors. Furthermore, it increased corporate awareness through TV commercials and cultural events and, as for products, issued the "JAL JCB Card (Disney Design)," design of which is pilot Mickey. Consequently, the number of members increased by 91,000 from the end of March 2015 to 3,129,000. The transaction volume grew strongly thanks to implementation of measures to encourage card use including expanded special agencies where customers earn double mileage and encouragement for customers to enroll in and change to superior card programs.

Consequently, operating revenue (prior to intercompany transaction elimination) for the fiscal year under review increased by 4.2% from the previous fiscal year to 20.4 billion yen.

(3) Issues to be addressed

The JAL Group established the “JAL Group Medium -Term Management Plan for Fiscal Years 2012-2016 – To the Next Growth Stage upon Establishing a High Profitability Structure –,” with the aim to overcome major changes in the operating environment, survive the competition, and continue to exist and develop permanently. Since then, we have been making revisions to the plan every year. In February 2016, after reanalyzing the internal and external changes in the operating environment and reflecting on the current progress toward achieving the plan’s goals, the JAL Group formulated “Medium-Term Management Plan Rolling Plan 2016” aimed at achieving the desired outcome. The Medium -Term Management Plan provides the following five items as “key initiatives” to focus our efforts.

- (a) Safety Initiatives
- (b) Route Network
- (c) Products and Services
- (d) Group Management
- (e) Human Resources Development

We will work on each key initiative as follows:

(a) Safety Initiatives

Flight safety is the foundation and social responsibility of the JAL Group. Based on our rich experience nurtured over the years as the pioneer of air transportation in Japan, we will work on the three initiatives: “human resources development for safety initiatives,” “advancement of system for safety initiatives” and “nurturing a safety-related climate,” develop our “safety systems,” and provide customers with safe and comfortable flights. In order to build a safety management system with the highest standards and ensure that every JAL Group employee acts with adequate knowledge and a high awareness for safety, we will work for the initiatives speedily under management’s strong leadership.

(b) 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, we will continue to intensively deploy our aircraft on mid-/long-haul routes (Europe, North America, and Southeast Asia). To appropriately respond to changes in supply and demand, we will expand our network in anticipation of increasing demand for flights between North America and Asia, while carefully assessing profitability. For domestic routes, given the competitive environment, we will focus on “increasing our competitiveness,” appropriately respond to changes in the environment of main markets, Haneda and Itami, and we aim to maintain and improve profitability while matching demand and supply.

(c) Products and Services

Pursuing “high quality, full service” for international flights and “convenience and simplicity” for domestic flights, we aim to provide such products and services that make a fresh impression on customers every time. By utilizing “JAL Training Center” established in FY2012 to conduct cross-functional education with a sense of unity, and internal and external evaluation systems, we will develop human resources capable of understanding customers, foreseeing customer demand, and responding to it flexibly. As for our mileage program, we will improve usability of award tickets, the most attractive mileage redemption in our program, and make our program “easier-to-accumulate and easier-to-use.”

(d) Group Management

We will continue “JAL Philosophy Education,” by which all Group employees attend courses, and make JAL Philosophy prevail, and introduce the divisional profitability management system into our Group companies to establish a firm organizational operating structure where all JAL Group employees participate in management with an awareness of “maximizing revenues and minimizing

expenses.”

(e) Human Resources Development

We will create the ideal staff image sought by the JAL Group and recruit the appropriate number of staff the Group needs. We will develop a fundamental education/training system common to all JAL Group companies and conduct training, focusing on development of future leaders and safety and service professionals.

The JAL Group has been expanding opportunities for its employees with abilities and enthusiasm regardless of the company or region of employment and will continue efforts to create workplaces that allow a diversity of human resources to have opportunities and those around to support it. Furthermore, we will continue to provide training programs to create opportunities and motivation for further growth and thereby develop female employees. On the condition of merit-based appointment, we aim to increase the proportion of women in management positions in the JAL Group to 20% or more by the end of FY2023.

Looking to the future, while firmly upholding flight safety and seeking to maximize passenger numbers, we will work together as a team to resolutely achieve our management goals. Fiercely determined to perform successfully in the fast-changing airline industry, we will strive to boost revenues through providing comfortable services, forever remaining appreciative of our customers, shareholders and business partners.

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 212.4 billion yen, which is broken down into 175.5 billion yen for aircraft-related capital expenditures, 8.0 billion yen for ground-based assets, etc., and 28.8 billion yen for intangible fixed assets.

During the current fiscal year, the JAL Group introduced 11 new airplanes, all of which are purchased airplanes, and purchased 4 airplanes that were previously on lease. On the other hand, 9 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 38.

(5) Financing

During the current fiscal year, the JAL Group took out long-term borrowings of 19.0 billion yen from domestic financial institutions to purchase the above airplanes, etc.

(6) Business transfer, etc.

None

(7) Business results and assets

Classification	64 th fiscal year ended March 31, 2013	65 th fiscal year ended March 31, 2014	66 th fiscal year ended March 31, 2015	67 th fiscal year ended March 31, 2016
Operating revenues (Millions of yen)	1,238,839	1,309,343	1,344,711	1,336,661
Operating income (Millions of yen)	195,242	166,792	179,689	209,192
Operating margin (%)	15.8	12.7	13.4	15.7
Ordinary income (Millions of yen)	185,863	157,634	175,275	209,219
Profit attributable to owners of parent (Millions of yen)	171,672	166,251	149,045	174,468
Basic earnings per share (Yen)	473.36	458.45	411.06	481.29
Return On Equity (ROE) (%)	36.0	26.5	20.3	21.5
Total assets (Millions of yen)	1,216,612	1,340,168	1,473,354	1,578,928
Net assets (Millions of yen)	583,189	711,064	800,751	870,557
Net assets per share (Yen)	1,558.15	1,903.53	2,142.00	2,325.79
Equity ratio (%)	46.4	51.5	52.7	53.4

- (Notes) 1. Basic earnings per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies. Net assets per share is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies.
2. The Company conducted a stock split of common stock at a ratio of two shares for every share on October 1, 2014. Basic earnings per share and net assets per share were calculated based on the assumption that the said stock split was conducted at the start of the 64th fiscal year.

(8) Major parent companies and subsidiaries (as of March 31, 2016)

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
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, 2016)

Air transport business and other businesses incidental or related thereto.

(10) Principal locations of business and plants (as of March 31, 2016)

Business Office	
Head Office	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Japan	Sapporo, Hakodate, Asahikawa, Obihiro, Kitami, Aomori, Akita, Sendai, Tokyo, Niigata, Nagoya, Kanazawa, Osaka, Okayama, Hiroshima, San'in, Yamaguchi, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, 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, Dallas, Los Angeles, San Diego, San Francisco, Honolulu

Plants
Haneda Maintenance Center, Narita Maintenance Center

(11) Employees (as of March 31, 2016)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transport business	28,020 persons	476
Other	3,966 persons	(24)
Total	31,986 persons	452

(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, 2016)

Aircraft	Number of aircraft	Number of seats	Note
Boeing 787-8	23	161, 186	
Boeing 787-9	3	195	
(Subtotal)	(26)		
Boeing 777-200	12	375	
Boeing 777-300	4	500	
Boeing 777-200ER	11	245, 312	
Boeing 777-300ER	13	244	
(Subtotal)	(40)		
Boeing 767-300	9	261	
Boeing 767-300ER	32	199, 227, 237, 252, 261	The number of aircraft includes 4 on lease
(Subtotal)	(41)		
Boeing 737-400	12	145, 150	
Boeing 737-800	51	144, 165	The number of aircraft includes 29 on lease
(Subtotal)	(63)		
Embraer 170	17	76	
Bombardier DHC8-100	4	39	
Bombardier DHC8-300	1	50	
Bombardier DHC8-400	10	74	
Bombardier DHC8-400CC	2	50	
(Subtotal)	(17)		The number of aircraft includes 2 on lease
Bombardier CRJ200	9	50	
SAAB 340B	13	36	
Total	226		

(13) Major Creditors (as of March 31, 2016)

Creditor	Loans outstanding at the end of the period
Mizuho Bank, Ltd.	12,813 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,813 million yen
Sumitomo Mitsui Banking Corporation	3,516 million yen

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

As regards the case that the Company was charged with forming a price cartel on air cargo by antitrust authorities, the Company filed a suit with the European Court of Justice in January 2011, objecting to an order to pay a monetary penalty received from the European Union. In February 2016, the Court ruled in favor of the Company, nullifying the monetary penalty payment. However, in a civil suit, cargo owners are suing several airlines including the Company in the Netherlands, etc., claiming damages arising from the alleged air cargo cartel. Among these cases for which the probability and amount of possible losses can be reasonably estimated, an estimated amount of possible losses is recorded as a reserve.

The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and provides e-learning using the Web mainly for staff in the sales departments, in order to prevent recurrence of cartel behavior, while requiring managerial staff in the sales departments to confirm compliance every six months. Thus, 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 one aviation accident and five serious incidents by the JAL Group. The JAL Group has taken necessary measures and will appropriately implement additional measures depending on the results of investigation conducted by the board.

Depending on how these matters develop, they could negatively affect our business performance. In addition, the JAL Group is at risk of various legal proceedings concerning its business activities that could affect its business or business performance.

(Reference)

Aviation Accident: Including but not limited to fatal or serious injury of a person as a result of the operation of an aircraft, or an aircraft crash, collision, fire or damage to an aircraft during flight (that requires major repairs)

Serious Incident: Incident that, while not resulting in an aviation accident, involves circumstances that indicate there was a high probability of an aviation accident, such as overrunning or emergency evacuation.

2. Shares

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

(As of March 31, 2016)

Classification	Total number of shares issued	Number of shareholders
Common stock	362,704,000 shares	105,163 persons

(Note) The total number of shares issued includes 136,157 shares of treasury stock.

(2) Major shareholders

(As of March 31, 2016)

Name	Number of shares held (shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust account)	21,048,400	5.80
The Master Trust Bank of Japan, Ltd. (Trust account)	16,050,600	4.42
KYOCERA Corporation	7,638,400	2.10
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,470,700	1.50
Daiwa Securities Group Inc.	5,000,000	1.37
MSCO CUSTOMER SECURITIES	4,541,100	1.25
STATE STREET BANK AND TRUST COMPANY	4,464,400	1.23
Japan Trustee Services Bank, Ltd. (Trust account 6)	3,924,500	1.08
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,922,100	1.08
Japan Trustee Services Bank, Ltd. (Trust account 1)	3,904,400	1.07

(Notes) 1. Shareholding ratio is calculated with 136,157 shares of treasury stock excluded, rounded down to two decimal places.

2. Of shares held by foreigners, etc. with respect to the general shareholders notification, 105,083,774 shares are adjusted shares held by foreigners, etc., which the Company refused to register in the shareholders' register 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, 2016)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Director, Chairman	Masaru ONISHI	Chairman of the Board of Directors	Outside Director, Japan Airport Terminal Co., Ltd. Chairman, JAL Foundation Representative Director, General Incorporated Foundation Air Traffic Service Research Institute
Representative Director, President	Yoshiharu UEKI	Chairman of the Board of Managing Executive Officers Chairman of the Council for Group Safety Enhancement Chairman of the Corporate Brand Promotion Council Chairman of the JAL Philosophy Committee Chairman of the CSR Committee	Chairman, All Japan Air Transport and Service Association
Representative Director, Executive Vice President	Nobuhiro SATO	Aid to the President Safety General Manager	
Director, Senior Managing Executive Officer	Junko OKAWA	In charge of Corporate Brand Promotion	
Director, Senior Managing Executive Officer	Tadashi FUJITA	General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales	Representative Director, President of JAL Sales Co., Ltd. Director (Outside), JTB Corp. Audit & Supervisory Board Member (Outside), JR EAST VIEW Travel Service Co., Ltd. Audit & Supervisory Board Member (Outside), Okura Nikko Hotel Management Co., Ltd.
Director, Senior Managing Executive Officer	Norikazu SAITO	General Manager, Finance & Accounting	
Director, Senior Managing Executive Officer	Toshiaki NORITA	General Manager, Corporate Planning, Business Creation Strategy	Director (Outside), Airport Facilities Co., Ltd. Director (Outside), Fukuoka Airport Building Co., Ltd.
Director	Kimie IWATA		Advisor of Shiseido Company, Limited President, Japan Institute for Women's Empowerment & Diversity Management Audit and Inspection Commissioner of the Tokyo Metropolitan Government Director of the Board(outside), Kirin Holdings Company, Limited
Director	Eizo Kobayashi		Chairman of ITOCHU Corporation Director(Outside), OMRON Corporation Outside Auditor of Asahi Mutual Life Insurance Company
Audit & Supervisory Board Member	Hisao TAGUCHI		

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Audit & Supervisory Board Member	Yasushi SUZUKA		President, Japan SAP Users' Group
External Audit & Supervisory Board Member	Eiji KATAYAMA		Partner of Abe, Ikubo & Katayama Outside Corporate Auditor of Mitsubishi UFJ Trust and Banking Corporation Board Member for Seikagaku Corporation
External Audit & Supervisory Board Member	Hiroyuki KUMASAKA		Representative Liquidator of MISUZU Audit Corporation Director Audit and Supervisory Committee Member, MATSUDA SANGYO CO., LTD.
External Audit & Supervisory Board Member	Shinji HATTA		Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University, Tokyo Outside Audit & Supervisory Board Member of Development Bank of Japan Inc. Corporate Auditor, RISO KAGAKU CORPORATION Member of Committee of the Business Accounting Council, Financial Services Agency

- (Notes) 1. Changes of Directors and Audit & Supervisory Board Members during the current fiscal year
- (1) Assumption

At the 66th Ordinary General Meeting of Shareholders held on June 17, 2015, Mr. Toshiaki Norita and Mr. Eizo Kobayashi were newly appointed as Directors and assumed office on the same date.
 - (2) Retirement

At the conclusion of the 66th Ordinary General Meeting of Shareholders held on June 17, 2015, Mr. Hirohide Kamikawa and Mr. Tatsuo Kainaka retired from office of Director.
 2. Directors, Ms. Kimie Iwata and Mr. Eizo Kobayashi, are External Directors who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to cause a conflict of interests with ordinary shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
 3. External Director, Ms. Kimie Iwata, assumed office as the Audit and Inspection Commissioner of the Tokyo Metropolitan Government on October 15, 2015. On March 30, 2016, she retired from the position of the External Auditor of Kirin Holdings Company, Limited and assumed office as the Outside Director of the same company.
 4. Audit & Supervisory Board Members, Mr. Eiji Katayama, Mr. Hiroyuki Kumasaka and Mr. Shinji Hatta are External Audit & Supervisory Board Members who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to cause a conflict of interests with ordinary shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
 5. Audit & Supervisory Board Member, Mr. Hiroyuki Kumasaka is qualified to be a certified public accountant and has a considerable knowledge of finance and accounting.
 6. 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.
 7. The Company has business relationship with Abe, Ikubo & Katayama (entrustment of legal services), Mitsubishi UFJ Trust and Banking Corporation (consignment of stock transfer agency service, etc.) and Development Bank of Japan Inc. (borrowing of money, etc.).

8. Positions and responsibilities and important concurrent occupations or positions at other organizations of the Directors were changed as of April 1, 2016, as follows.

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations
Representative Director, President	Yoshiharu UEKI	Chairman of the Management Committee Chairman of the Council for Group Safety Enhancement Chairman of the Corporate Brand Promotion Council Chairman of the JAL Philosophy Committee Chairman of the CSR Committee	Chairman, All Japan Air Transport and Service Association
Representative Director, Executive Vice President	Tadashi FUJITA	Aid to the President	Director (Outside), JTB Corp. Audit & Supervisory Board Member (Outside), JR EAST VIEW Travel Service Co., Ltd. Audit & Supervisory Board Member (Outside), Okura Nikko Hotel Management Co., Ltd.
Representative Director, Senior Managing Executive Officer	Junko OKAWA	General Manager, Communication Division	
Director	Nobuhiro SATO	Safety General Manager	

Name, title and responsibility of Executive Officers (excluding Directors concurrently serving as Executive Officer) are as follows:

(Reference) (as of March 31, 2016)

Position	Name	Responsibility
Senior Managing Executive Officer	Hideki KIKUYAMA	General Manager, Managing Division Route Marketing
Managing Executive Officer	Toshinori SHIN	General Manager, Flight Operations
Managing Executive Officer	Nobuyoshi GONDO	General Manager, Corporate Safety & Security Manager, Family Assistance & Support
Managing Executive Officer	Kiyoshi ISHIZEKI	General Manager, IT Planning
Managing Executive Officer	Ryuzo TOYOSHIMA	General Manager, Corporate Control
Managing Executive Officer	Shinichiro SHIMIZU	General Manager, Human Resources
Executive Officer	Tsuyoshi YAMAMURA	General Manager, Cargo & Mail
Executive Officer	Arata YASUJIMA	President of JAPAN AIR COMMUTER CO., LTD.
Executive Officer	Tetsuya ONUKI	President of J-AIR CO., LTD.
Executive Officer	Munemitsu ERIKAWA	Senior Vice President, China Vice President and Regional Manager, Beijing District Sales Manager, Beijing
Executive Officer	Kiyoshi MARUKAWA	President of JAPAN TRANSOCEAN AIR CO., LTD.
Executive Officer	Akira YONEZAWA	General Manager, Managing Division Route Marketing (International Route Marketing)
Executive Officer	Toshiki OKA	General Manager, Purchasing
Executive Officer	Jun KATO	General Manager, Managing Division Route Marketing (Products & Services Planning)
Executive Officer	Hiroyuki HIOKA	General Manager, General Affairs
Executive Officer	Hidetsugu UEDA	Human Resources, in charge of Education Vice President, Human Resources Management
Executive Officer	Tadao NISHIO	General Manager, Managing Division Route Marketing (Domestic Route Marketing)
Executive Officer	Hoshiko NAKANO	Senior Vice President, Western Japan
Executive Officer	Hiroki KATO	Vice President, Haneda Airport President of JAL SKY CO., LTD.
Executive Officer	Tomohiro NISHIHATA	In charge of Managing Division Route Marketing (Passenger System Planning)
Executive Officer	Takahiro ABE	General Manager, Airport Operations
Executive Officer	Hideki OSHIMA	In charge of Managing Division Route Marketing (International Relations and Alliances)
Executive Officer	Yuji AKASAKA	General Manager, Engineering & Maintenance President of JAL Engineering
Executive Officer	Eri ABE	General Manager, Cabin Attendants
Executive Officer	Hideo NINOMIYA(*)	Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan

(Note) Executive Officer with asterisk (*) newly assumed office on April 1, 2015.

(2) 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.

(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)	11 (3)	339 million yen (24 million yen)
Audit & Supervisory Board Members (Of which, External Audit & Supervisory Board Members)	5 (3)	75 million yen (28 million yen)

(Note) The above table includes two (2) Directors (including one (1) External Director) who retired from office at the conclusion of the 66th Ordinary General Meeting of Shareholders held on June 17, 2015.

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) External Officers

Major activities during the current fiscal year

Position	Name	Major activities during the current fiscal year
Director	Kimie IWATA	Ms. Iwata attended 94% of the Board of Directors' meetings held during 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. In addition, she actively served as Lead Independent Outside Director, Chairman of the Corporate Governance Committee, and Chairman of the Compensation Committee.
Director	Eizo Kobayashi	Mr. Kobayashi attended 93% of the Board of Directors' meetings during his 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 his extensive experience and deep insight backed by his many years of experience in global corporate management. In addition, he actively served as Chairman of the Nominating Committee.
Audit & Supervisory Board Member	Eiji KATAYAMA	Mr. Katayama attended 76% 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 76% 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.

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	94 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	158 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. The Board of Corporate Auditors shall provide consent to remuneration, etc. of the Accounting Auditor as provided for in Article 399, Paragraph (1) of the Companies Act based on the result of examining the suitability, etc. of the proposed audit time and remuneration amount of the current fiscal year, giving consideration to a comparison of the audit plan and results of the previous fiscal year and the trend of audit time and remuneration amount based on important obtained materials and reports from the Directors, internal related offices and the Accounting Auditor.

(3) Non-auditing services

The Company and some of its subsidiaries commission the Accounting Auditor to provide the assurance engagements and other services in accordance with International Standards on Assurance Engagements, which are outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan (non-auditing services).

(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 Board of Corporate Auditors may resolve the agenda regarding removal or refusal of reappointment of Accounting Auditors, and the Directors may submit the said agenda 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) Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the properness of operations of the Company, and operation statuses of such systems

1. The following JAL Group "Fundamental Policies of Corporate Governance" have been established:

We maintain an awareness that our corporate group is a member of society at large with the duty to fulfill our corporate social responsibility and contribute to society as we develop our business, in addition to fulfilling our financial responsibility of earning adequate profits by providing high quality products through fair competition while maintaining flight safety as the leading company of safety in the transport sector and providing the finest service to our customers.

Taking this into account, we have established JAL Philosophy in accordance with the JAL Group Corporate Policy, "JAL Group will pursue the material and intellectual growth of all our employees, deliver unparalleled service to our customers, and increase corporate value and contribute to the betterment of society." We will strive to enhance corporate value and achieve accountability by establishing a corporate governance system that results in high management transparency and strong management monitoring, while at the same time engaging in speedy and appropriate management decision making.

The Board of Directors has established corporate governance by adopting the Fundamental Policies of Corporate Governance as a key set of rules subsequent to the Companies Act, relevant laws and regulations and the Articles of Incorporation, and reviews it at least once a year.

[Relationship with Stakeholders]

- 1) Ensuring shareholder rights

We conduct business for the joint benefit of the Company and shareholders, comply with provisions stipulated in the Companies Act and Civil Aeronautics Act, and give sufficient consideration to ensure that shareholders can exercise their rights smoothly. Especially, we are aware that the general meeting of shareholders is a venue for constructive dialogue with shareholders, and have developed an environment in which they can exercise their rights appropriately from their perspective.

Furthermore, we emphasize fairness, accuracy and continuity, actively engage in IR (Investor Relations) activities to maintain interactive communication, and promote constructive dialogue with shareholders. (*1)

- 2) Social responsibilities as a corporate citizen

JAL Group has established the Basic CSR Policy "The JAL Group will strive to meet the expectations of society, address social issues, and pass on a better society to future generations through its core air transport business as the 'Wings of Japan'." We aim to realize our Corporate Policy by collaborating with stakeholders and practicing JAL Philosophy.

[Board of Directors]

- 1) Board of Directors

The Board of Directors ensures high management transparency and strong management monitoring through the election of candidates for the positions of Directors, Audit & Supervisory Board Members, and Executive Officers, decides their remuneration, and makes important decisions.

In order to separate the management monitoring function and business execution function, the Board appoints a Director who is not a business executing director as Chairman, and an appropriate number of three or more Outside Directors who qualify as highly independent. Outside Directors perform the function of providing appropriate advice.

In order to carry out efficient decision-making, the Board may delegate decision-making of matters set forth in the Administrative Authority Criteria Table to the President pursuant to Regulations for Kessai and Administrative Authority approved by the Board. The Management Committee has been established for the purpose of contributing to appropriate and flexible decision-making on management issues by the Board of Directors and the President.

2) Ensuring effectiveness of the Board of Directors

The Board of Directors has established the Corporate Governance Committee, which is comprised of the Chairman of the Board and Outside Directors, to evaluate the effectiveness of the Board of Directors while referring to self-evaluations by each Director once a year, review operation, etc. of the Board appropriately, and disclose an overview of findings. The Lead Independent Outside Director serves as the Chairman of the Corporate Governance Committee.

3) Directors

Legal considerations are explained to Directors to ensure that they are aware of their responsibilities including the “fiduciary duty of loyalty” and the “duty of care of a prudent manager.” The term of office is one year in order to confirm their accountability for each fiscal year.

External Directors are appointed from persons with vast knowledge and experience in various fields in order to ensure diversity. Those who do not qualify as highly independent within the meaning of “Standards for Independence of Outside Directors” (*2) established by the Company are not appointed. Furthermore, one Outside Director from among Outside Directors is appointed as the Lead Independent Outside Director to improve coordination with Audit & Supervisory Board Members and internal divisions.

To deepen the understanding of the Company of Outside Directors, we arrange tours of airports, sales, maintenance, and other workplaces and provide training on safety.

[Audit & Supervisory Board Members and Board of Corporate Auditors]

1) Audit & Supervisory Board Members

Audit & Supervisory Board Members monitor important matters concerning corporate management, business operations and the execution of duties by reviewing important Kessai (written approval) documents, as well as participating in board meetings and other important meetings. Furthermore, Audit & Supervisory Board Members, together with staff members of the Audit & Supervisory Board Members’ Office, conduct an annual audit of each business location, subsidiary and affiliated company and report the results to the Representative Directors. Audit & Supervisory Board Members also share information with internal audit departments and accounting auditors, hold regular meetings with audit & supervisory board members of subsidiaries to improve and strengthen auditing of JAL Group.

We provide opportunities for Audit & Supervisory Board Members to sufficiently understand the roles and responsibilities required of them by providing corporate information, allowing continuous participation in external training and external associations, etc., and bear necessary expenses.

External Audit & Supervisory Board Members are appointed from among persons with vast knowledge and experience in various fields, and those who do not qualify as highly independent within the meaning of “Standards for Independence of Outside Directors” (*2) established by the Company are not appointed. External Audit & Supervisory Board Members ensure sound management by conducting audits from a neutral and objective standpoint, with the cooperation of internal audit departments and accounting auditors.

To deepen the understanding of the Company of External Audit & Supervisory Board Members, we arrange tours of airports, sales, maintenance, and other workplaces and provide training on safety.

2) Board of Corporate Auditors

The Board of Corporate Auditors makes appropriate judgment from an independent objective standpoint, based on their fiduciary responsibilities to the shareholders when fulfilling their roles and responsibilities, such as auditing the execution of Director's duties, appointing or removing accounting auditors, and executing rights concerning auditor remuneration.

[Establishment of Various Committees]

We have established the following committees in addition to the aforementioned Corporate Governance Committee under the Board of Directors to build a corporate governance system that results in high management transparency and strong management monitoring.

1) Nominating Committee

When submitting a proposal to the general meeting of shareholders concerning the appointment of candidates to the positions of Director and Audit & Supervisory Board Member, the Nominating Committee makes comprehensive judgment of the personality, knowledge, ability, experience and performance, etc. of a candidate based on an inquiry from the Board of Directors and reports back to the Board. The Nominating Committee is comprised of not more than five members including the President, and the majority of Directors are Outside Directors. The Chairman is elected from Outside Directors.

Furthermore, the Nominating Committee considers the succession plan for top management such as the President in order to realize our Corporate Policy, medium to long-term management strategies and management plan.

2) Compensation Committee

The Compensation Committee discusses matters concerning the amount of compensation for Directors, Executive Officers and Audit & Supervisory Board Members based on an inquiry from the Board of Directors and reports back to the Board. The Compensation Committee is comprised of not more than five Directors including the President, and the majority of Directors are Outside Directors. The Chairman is elected from among Outside Directors. As a result, transparency and fairness in the compensation determining process is secured. The Compensation Committee considers the compensation system that would provide a sound incentive for sustainable growth.

3) Personnel Committee

When appointing or removing an Executive Officer, the Board of Directors consults the Personnel Committee and takes into account the Personnel Committee's report on such matters before passing any resolution. The Personnel Committee is comprised of not more than five Directors including the President, and majority of Directors are Outside Directors. The President serves as the Chairman of the Personnel Committee.

4) Officers Disciplinary Committee

When taking disciplinary action against Directors and Executive Officers, the Officers Disciplinary Committee makes decisions. The Officers Disciplinary Committee is comprised of not more than five Directors including the President, and the majority of Directors are Outside Directors. The Chairman is elected from among Outside Directors. Any submission of proposals to the general meeting of shareholders concerning the removal of a Director requires the approval of the Board of Directors.

In addition to the committees listed above, venues for exchange of opinions are held comprised of Independent Directors only, in order to exchange information and share views from an independent, objective standpoint.

[Information Disclosure]

To enable our stakeholders to easily access JAL Group's corporate stance, various information such as our Fundamental Policies of Corporate Governance, Corporate Policy, management strategies, and management plan, is posted on our website. We issue "JAL Report" containing financial information and CSR activities each year.

[JAL Philosophy Education]

The Representative Director, President conducts JAL Philosophy Education for JAL Group Directors including the President, and employees in order to penetrate JAL Philosophy into JAL Group.

(*1) [Policy on Constructive Dialogue with Shareholders]

We are aware that the general meeting of shareholders is a venue for constructive dialogue with shareholders, and secure and provide a period for them to sufficiently examine accurate information from their standpoint through the Convocation Notice of the General Shareholders' Meeting, etc. We provide easy-to-understand information at the general meeting of shareholders and have developed an environment in which shareholders can exercise their rights appropriately.

Furthermore, we conduct IR (Investor Relations) activities to maintain positive interactive communication under the following policy, in which Representative Directors, the Finance and Accounting Director, etc. engage in active dialogue, and fairness, accuracy and continuity of management strategies, business strategies, financial information, and such are emphasized.

- 1) We assign the Finance and Accounting Director and General Affairs Director as management to oversee dialogue with shareholders.
- 2) We assign a supervisor to oversee information gathering, management and disclosure, and also staff to implement these duties in the Finance Department, and disclose information in a timely, fair and appropriate manner in coordination with related departments.
- 3) We hold meetings to explain our financial results and management plan when announcing them, issue "JAL Report" and "To Our Shareholders," and arrange tours of facilities, etc. to promote investment opportunities and improve information disclosure.
- 4) We feedback results of dialogue with shareholders to management, as necessary, so that management may share the shareholders' requests and opinions and an awareness of issues, and reflect their views in corporate management.
- 5) We establish and disclose a "silent period," during which we do not provide any replies or comments to inquiries or information on corporate status to prevent information leaks and ensure fairness. We conduct information management and control insider information

(*2) [Standards for Independence of Outside Directors]

We have established the following standards to determine if an Outside Director qualifies as independent in order to establish a corporate governance system that results in high management transparency and strong management monitoring and to enhance corporate value. (Basically, persons who are not described as follows qualify as independent.)

- 1) A person who executes or has executed business in the Company or a consolidated subsidiary in the past 10 years
- 2) A person who is described by any of the items a ~ f in the past three years.
 - a. a business counterpart or a person executing business of such business counterpart, whose transactions with the Company for one business year exceeded 1% of consolidated revenue of the Company or the business counterpart
 - b. a major shareholder of the Company or a person executing business of such shareholder holding an equity ratio of 5% or more in the Company
 - c. a major lender for the Company or a person executing business of such lender.
 - d. a person who receives over JPY 10 million in donations annually from the Company or a person belonging to an entity receiving such donations
 - e. a person receiving remuneration of over 10 million yen excluding director remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company
 - f. a person executing business of the Company, who also executes business of another company as Outside Director
- 3) The spouse or relative within the second degree of kinship of an individual described in 1 and 2.

(Note) A person executing business refers to an executive director or executive officer.

2. The fundamental Policies on the Internal Controls System have been established as follows:

To provide unparalleled service to the customers, increase corporate value, and contribute to the betterment of society, JAL Group has established the Fundamental Policies of Corporate Governance. To increase its effectiveness, we have established rules and organizations concerning the following systems and matters, and ensure that business operations are conducted appropriately in accordance with the Companies Act and Companies Act Enforcement Regulations. We evaluate and verify development and operation of the internal control system and implement corrective action when correction is required.

- 1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of directors.
 - a. We have established JAL Philosophy as behavioral guidelines of the Company. Directors and employees are encouraged to abide by these practices.
 - b. The Board of Directors decides the Fundamental Policies on the Internal Controls System and the General Affairs Department promotes development of the internal control system.
 - c. The General Affairs Department supervises compliance operations and monitors development and operation of relevant company regulations.
 - d. We have developed an audit system to ensure the duties of directors and employees are executed in compliance with applicable laws and regulations.
- 2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of directors

We preserve and manage information concerning the execution of duties of directors in compliance with applicable laws and regulations and company regulations.
- 3) We have developed regulations and other systems concerning risk management of losses.

In order to manage risks to JAL Group, we have established a Council for Safety Enhancement, a Risk Management Committee, and a Financial Risk Committee, etc. to appropriately manage risks, and have established Guidance for JAL Group Internal Control to monitor the appropriateness of duties and proactively prevent risks of losses. In addition, we are prepared in the event of a risk of losses and strive to minimize losses.
- 4) We have developed a system to ensure that the duties of directors are executed efficiently.
 - a. We hold ordinary Board of Directors meetings once a month and extraordinary meetings when it is necessary to make important decisions regarding group management policies and plans. In addition, to ensure the duties of directors are executed efficiently, we have established meeting structures such as the Management Committee and Group Earning Announcement Session.
 - b. We have defined administrative authority, authority of managerial posts, division of duties, etc. in accordance with company regulations, and have segregated authority in order to ensure that duties are executed efficiently.
- 5) We have developed a system to ensure that duties in JAL Group are executed appropriately.
 - a. We have established JAL Group Business Management Regulations to ensure that each subsidiary has established a system to carry out management in a fair and efficient manner in accordance with JAL Philosophy. We have also enacted Guidance for JAL Group Internal Control and continuously monitor the appropriateness of duties.
 - b. We have developed a system to report matters concerning the execution of the duties of directors of subsidiaries, etc. to the Company.
 - c. We have developed regulations and other systems for risk management of losses of

subsidiaries.

- d. We have developed a system to ensure the duties of directors of subsidiaries, etc. are executed efficiently.
 - e. We have developed a system to ensure that directors, etc., and employees of subsidiaries execute duties in compliance with applicable laws, regulations and the Articles of Incorporation.
- 6) We have developed a system concerning employees in case audit & supervisory board members require the assignment of employees to support their duties, a system concerning independence of such employees from directors, and a system to ensure that instructions by audit & supervisory board members to those employees are effective.
 - 7) We have developed a system concerning reports, etc. to audit & supervisory board members
 - a. We have developed a system for directors and employees to report to audit & supervisory board members.
 - b. We have developed a system for directors, audit & supervisory board members, employees or persons who receive reports from them to report to audit & supervisory board members.
 - c. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.
 - 8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of audit & supervisory board members and the policy for processing of costs or liabilities arising from the execution of other duties.
 - 9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or audit & supervisory board members are executed effectively.

3. The operation of the internal controls system has been established as follows:

- 1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of directors and employees.
 - a. We conduct JAL Philosophy Education seminars according to the fiscal year plan.
 - b. We have revised regulations in adherence to the spirit of the Corporate Governance Code, such as Fundamental Policies of Corporate Governance, and at the same time, submitted a Corporate Governance Report reflecting the revisions to the Tokyo Stock Exchange and disclosed them on the corporate website, etc. We have also taken necessary action and developed systems for each principle.
 - c. We have established Fundamental Policies on the Internal Controls System and JAL Group Internal Control Guidance, and have developed, operate and evaluate internal control concerning the Companies Act and Financial Instruments and Exchange Act.
 - d. We disseminate our Compliance Hot Line (internal and external contacts) to staff in a compliance information newsletter issued every three months in principle and on the Intranet.
 - e. We inspect attributes of new business partner candidates, and conduct a review every three years as a regular inspection to verify whether there are any changes in attributes and/or information.
 - f. Legal considerations are explained to Directors to ensure that they are aware of their duties, authorities, and responsibilities including the fiduciary duty of loyalty and the duty of care as a prudent manager. We provide education courses for employees, etc. to ensure that they acquire the necessary knowledge to perform their duties.
 - g. The Audit Department inspects the development and operation of the internal controls system stipulated by JAL Group Internal Control Guidance according to the

- fiscal year plan. It reports audit results of each audit to management and regularly reports progress of audits and audit results to audit & supervisory board members.
- h. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations and internal rules.
 - i. The Corporate Safety and Security Promotion Department holds meetings of the Group Council for Safety Enhancement, inspects deliberations, involvement, instructions, etc. on safety by management through submitted reference materials, etc. according to the Safety Audit Plan. It conducts Safety Roving of branch offices and operational audits.
- 2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of directors.
 - a. We prepare information (documents, minutes) on decision-making of the Board of Directors and other important meetings, and information (circular ‘Ringi’ documents) on important approvals according to laws, regulations, Regulations for the Board of Directors, regulations of various meeting structures, and Regulations for Kessai and Administrative Authority, and retain and manage them according to Regulations for Retention and Storage of Documents.
 - b. We manage the system relating to the e-Ringi system (Kessai and Ringi system) safely and deal with unexpected situations appropriately.
 - 3) We have developed regulations and other systems concerning risk management of losses.
 - a. We nurture risk management consciousness of each staff to prepare ourselves for unexpected situations, such as conducting a group-wide notification exercise using the safety confirmation system more than twice a year in principle.
 - b. We oversee manuals of each division to further develop and increase effectiveness of the Business Continuity Plan of various assumed risks. The department in charge of the Post-Earthquake Business Continuity Plan is currently establishing a plan. We participated in the Pandemic Influenza Notification Exercise conducted by the Japanese Government on November 27, 2015 as a designated public business operator, and have reconfirmed the effectiveness of the internal notification system specified in the Business Continuity Plan.
 - c. We maintain a system to regularly extract risks in the JAL Group including status of compliance with laws and regulations through a risk assessment, extract potential and apparent risks facing the JAL Group, and report to management at Risk Management Committee meetings.
 - d. To care for families and the bereaved who suffer damage caused by an aircraft accident, we have established a system to provide Care Staff Education courses for staff promoted to manager, by incorporating a course in the curriculum for Training for New Managers. For managers in Tokyo who did not have the opportunity to attend Care Staff Education courses in the past, we hold seminars whenever the need arises. In fiscal year 2017, the number of staff appointed to Care Staff will reach 1,000 persons.
 - 4) We have developed a system to ensure that the duties of directors are executed efficiently.
 - a. We have established a corporate governance system to ensure quick, appropriate management decisions, and at the same time, demonstrates high management transparency and strong management monitoring according to the JAL Group Corporate Policy, and strive to increase corporate value and fulfill accountability. The Board of Directors has established Fundamental Policies of Corporate Governance, which are important fundamentals next to the Companies Act, related laws and regulations, and the Articles of Incorporation, to ensure corporate governance.
 - b. We have clarified basic matters for managerial staff of the Company according to Regulations for Managerial Staff, to ensure that duties are executed efficiently according to Regulations for Meeting Structures and Regulations for Kessai and

Administrative Authority, Segregation of Duties Regulations.

- c. We review Regulations for Kessai and Administrative Authority appropriately and have established an efficient decision-making process.
 - d. We provide Transactions Education courses for staff mainly engaged in transaction operations.
- 5) We have developed a system to ensure that duties in JAL Group are executed appropriately.
- a. We have established JAL Group Company Management Regulations and Guideline for JAL Group Internal Control, and the General Affairs Department mainly monitors the appropriateness of duties.
 - b. We manage the e-Ringi system safely and deal with unexpected situations appropriately.
 - c. Information on the duties of the Board of Directors is stored and managed appropriately according to laws, regulations and internal rules.
 - d. We coordinate and share information with staff in charge of compliance in each division and administration departments on a daily basis, instruct them on compliance and risk management, deal with events and establish preventive measures, and thus provide guidance which contributes to improving the compliance and risk management system of each company and division.
 - e. We clarify basic relationships of business operations with the Company.
 - f. We have established Regulations for the Board of Directors, an Administrative Authority Criteria Table, etc. to ensure that duties are executed efficiently.
 - g. We inspect priority items of the JAL Group Medium Term Management Plan and fiscal year operating policy through Roving, Expanded Earnings Announcement Sessions, etc. and conduct monitoring to ensure that initiatives to achieve our targets are implemented properly.
 - h. We strive to develop an environment to ensure that duties are executed surely and efficiently, such as holding meetings of administration directors and various seminars.
 - i. We have established Guideline for JAL Group Internal Control and developed a system to ensure that duties are executed appropriately.
 - j. We conduct JAL Philosophy Education seminars according to the fiscal year plan.
 - k. We share information on compliance with administration departments and release relevant information to staff and organizations as necessary. We assemble staff in charge during Compliance Month and hold seminars.
 - l. We disseminate and reinforce matters relating to legal affairs to directors, employees, etc.
 - m. The Audit Department conducts auditing appropriately.
 - n. The Maintenance Audit Department inspects and verifies that maintenance work is performed according to various laws and regulations and internal regulations.
 - o. The Corporate Safety and Security Promotion Department conducts safety audits appropriately.
 - p. We hold training for new managers and seminars on legal affairs as necessary, and have established a system to ensure that the execution of duties fulfills laws, regulations and the Articles of Incorporation.
- 6) We have developed a system concerning employees in case audit & supervisory board members require the assignment of employees to support their duties, a system concerning independence of such employees from directors, and a system to ensure that instructions by audit & supervisory board members to those employees are effective.

To increased effectiveness of audits by audit & supervisory board members and execute audit duties smoothly, we have established an organization independent from the Board of Directors and assigned employees (audit & supervisory board member staff). Audit & supervisory board member staff receive work instructions and orders from audit & supervisory board members, and they are appointed with consent of audit & supervisory board members.

- 7) We have developed a system concerning reports, etc. to audit & supervisory board members
 - a. Audit & supervisory board members attend board meetings and other important meetings, read Ringi documents requiring approval from director and above, and audit the status of execution of corporate duties through interviews with the President, hearings with related departments, visits to internal departments, etc.
 - b. Audit & supervisory board members exchange opinions and information regularly with audit & supervisory board members of subsidiaries and visit subsidiaries.
 - c. We have established an internal Compliance Hot Line, and have established a system to provide consultation on compliance issues and protect staff who report violation of laws, regulations and internal rules by organizations or individuals. Furthermore, we have opened a new external Compliance Hot Line, and strive to quickly detect and rectify illegal acts, etc. and increase compliance.
- 8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of audit & supervisory board members and the policy for processing of costs or liabilities arising from the execution of other duties.

Necessary expenses for audits by audit & supervisory board members are paid appropriately.

- 9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or audit & supervisory board members are executed effectively.

Audit & supervisory board members exchange opinions and information regularly with the Audit Department and auditing company and increase effectiveness of audits.

- (Note) “Fundamental Policies on the Internal Controls System” was revised, abolishing the Managing Executive Officers Committee and establishing the Management Committee, through a resolution of the JAL Board of Directors on March 30, 2016, and took force on April 1, 2016. The operation of the internal controls system described above are the stated initiatives in “Fundamental Policies on the Internal Controls System” dated March 31, 2016.

(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 of return to shareholders to continue distributing 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.

Any fractions in the amounts and volumes shown in this business report are rounded down and those in the ratios are principally rounded off.

Consolidated Balance Sheet

As of March 31, 2016

	(Millions of yen)	
ASSETS	Amount	(Reference) Amount of previous fiscal year
Current assets		
Cash and time deposits	420,333	364,988
Notes and accounts receivable – trade	128,148	142,150
Flight equipment spare parts and supplies	20,314	19,754
Deferred income tax assets	16,725	12,448
Other	44,429	76,931
Allowance for doubtful accounts	(709)	(817)
Total current assets	629,242	615,455
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	32,720	33,686
Machinery, equipment and vehicles, net	9,105	7,714
Flight equipment, net	560,601	491,295
Land	1,330	1,793
Construction suspense account	116,929	97,752
Other tangible fixed assets, net	7,985	7,016
Total tangible fixed assets	728,673	639,258
Intangible fixed assets		
Software	79,866	61,668
Other intangible fixed assets	651	1,505
Total intangible assets	80,518	63,174
Investments and other assets		
Investments in securities	84,931	93,185
Long-term loans receivable	8,169	9,343
Deferred income tax assets	6,172	3,860
Asset for retirement benefit	1,090	1,974
Other investments	40,376	47,362
Allowance for doubtful accounts	(245)	(258)
Total investments and other assets	140,494	155,466
Total fixed assets	949,686	857,899
Total assets	1,578,928	1,473,354

Consolidated Balance Sheet

As of March 31, 2016

	(Millions of yen)	
LIABILITIES	Amount	(Reference) Amount of previous fiscal year
Current liabilities		
Accounts payable – trade	145,413	144,846
Short-term debt	5,792	106
Current maturities of long-term debt	10,851	7,807
Accrued income taxes	19,333	7,443
Lease liabilities	13,254	25,123
Accounts payable-installment purchase	178	174
Advances received	83,365	78,770
Provision for losses on business of subsidiaries and affiliates	–	3,889
Deferred tax liabilities	0	181
Asset retirement obligations	234	–
Other	90,128	104,730
Total current liabilities	368,552	373,074
Non-current liabilities		
Long-term debt	51,331	43,809
Lease liabilities	10,373	22,548
Long-term accounts payable-installment purchase	847	1,025
Reserve for loss on antitrust liabilities	6,294	5,858
Liability for retirement benefit	236,310	191,635
Deferred tax liabilities	358	2,317
Asset retirement obligations	3,723	3,419
Other	30,578	28,914
Total non-current liabilities	339,818	299,528
Total liabilities	708,371	672,603
NET ASSETS		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus	183,042	183,042
Retained earnings	557,905	421,137
Treasury stock	(538)	(538)
Total shareholders' equity	921,761	784,992
Accumulated other comprehensive income		
Net unrealized gain on other securities, net of taxes	14,767	24,334
Net unrealized gain on hedging instruments, net of taxes	(24,777)	(15,612)
Translation adjustments	427	(4,101)
Remeasurement of defined benefit plans	(69,079)	(13,136)
Total accumulated other comprehensive income	(78,662)	(8,516)
Non-controlling interests	27,457	24,275
Total net assets	870,557	800,751
Total liabilities and net assets	1,578,928	1,473,354

Consolidated Statement of Income

(April 1, 2015 – March 31, 2016)

	(Millions of yen)	
	Amount	(Reference) Amount of previous fiscal year
Operating revenues	1,336,661	1,344,711
Cost of operating revenues	931,902	986,723
Gross operating profit	404,759	357,988
Selling, general and administrative expenses	195,567	178,298
Operating income	209,192	179,689
Non-operating income		
Interest income	887	808
Dividend income	1,556	1,097
Gain on sale of flight equipment	5,798	3,154
Foreign exchange gains	–	1,889
Other	4,408	3,376
Total non-operating income	12,651	10,326
Non-operating expenses		
Interest expense	1,172	1,665
Loss on sales of flight equipment	3,978	6,954
Exchange losses	3,837	–
Equity in loss of affiliates	–	2,609
Other	3,636	3,510
Total non-operating expenses	12,624	14,740
Ordinary income	209,219	175,275
Extraordinary gains		
Subsidy for purchasing aircrafts	7,063	–
Settlement funds for returning facilities	2,201	–
Gain on compensation	1,198	846
Other	716	328
Total extraordinary gains	11,179	1,175
Extraordinary losses		
Loss on reduction of aircrafts	6,972	–
Impairment loss	2,714	881
Provision for losses on business of subsidiaries and affiliates	–	3,889
Other	3,330	1,778
Total extraordinary losses	13,017	6,549
Profit before income taxes	207,381	169,901
Income taxes – current	26,834	14,656
Income taxes – deferred	(436)	1,319
Profit	180,983	153,925
Profit attributable to non-controlling interests	6,514	4,880
Profit attributable to owners of parent	174,468	149,045

Consolidated Statement of Changes in Net Assets

(April 1, 2015 – March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	181,352	183,042	421,137	(538)	784,992
Changes of items during the period					
Dividends of surplus			(37,700)		(37,700)
Profit attributable to owners of parent			174,468		174,468
Net changes of items other than shareholders' equity during the period					
Total changes during the period	-	-	136,768	-	136,768
Balance at the end of the period	181,352	183,042	557,905	(538)	921,761

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	24,334	(15,612)	(4,101)	(13,136)	(8,516)	24,275	800,751
Changes of items during the period							
Dividends of surplus							(37,700)
Profit attributable to owners of parent							174,468
Net changes of items other than shareholders' equity during the period	(9,566)	(9,165)	4,529	(55,942)	(70,145)	3,182	(66,962)
Total changes during the period	(9,566)	(9,165)	4,529	(55,942)	(70,145)	3,182	69,805
Balance at the end of the period	14,767	(24,777)	427	(69,079)	(78,662)	27,457	870,557

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 55

Names of principal consolidated subsidiaries:

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

J-PRO Co., Ltd. is included in the scope of consolidation from the current fiscal year since the Company acquired its shares.

JAL AEROPARTS CO., LTD., which had been a consolidated subsidiary, was excluded from the scope of consolidation from the current fiscal year since the merger with JAL ENGINEERING CO., LTD.

PACIFIC INVESTMENT HOLDINGS CORPORATION was excluded from the scope of consolidation from the current fiscal year accompanying liquidation.

Moreover, from the perspective of importance, the two companies below were excluded from the scope of consolidation from the current fiscal year.

PACIFIC BUSINESS BASE, INC.

JAPAN AIRLINES MANAGEMENT CORP.

(2) Non-consolidated subsidiaries

Name of principal non-consolidated subsidiary: Naha Airport Service Co., Ltd

Since the amounts of accounts of non-consolidated subsidiaries, such as total assets, net sales, profit (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: 14

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

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

(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:

Naha Airport Service 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 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 6 of the consolidated subsidiaries, including JAL HAWAII, INCORPORATED, are December 31.

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. 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.

b. 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 non-controlling 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) Accounting treatment of retirement benefit

To provide for employees' severance indemnities, asset and liability for retirement benefit are accounted for based on the projected amount at the end of the current fiscal year, and the difference between benefit obligations and the plan assets is recognized.

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 period 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.

Unrecognized adjustment for actuarial assumptions and the unappropriated amount of unrecognized past service cost are recorded under remeasurements of defined benefit plans under accumulated other comprehensive income within the net asset section after adjusting for tax effects.

(7) Treatment of consumption taxes

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

(8) Amortization of goodwill

Goodwill acquired is amortized by the straight-line method over a period of 3 to 5 years.

5. Change of presentation

(Changes due to the application of "accounting standard for business combinations", etc.)

The Company has applied provisions of Paragraph 39 of the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), etc., and has accordingly made changes in the presentation of net income, etc. and has also made changes in presentation from minority interests to non-controlling interests.

(Consolidated balance sheet)

Accrued income taxes

"Accrued income taxes" (7,443 million yen for the previous fiscal year), which was included in "Other" under "Current liabilities" in the previous fiscal year, exceeded 1% of total liabilities and net assets and is therefore separately recorded from the current fiscal year.

(Consolidated statement of income)

Gain on sales of investment securities

"Gain on sales of investment securities" (265 million yen for the current fiscal year), which was separately recorded under "Extraordinary gains" in the previous fiscal year, was not more than 10% of total extraordinary gains and is therefore included in "Other" from the current fiscal year.

Loss on cancellation of lease

"Loss on cancellation of lease" (1,020 million yen for the current fiscal year), which was separately recorded under "Extraordinary losses" in the previous fiscal year, was not more than 10% of total extraordinary losses and is therefore included in "Other" from the current fiscal year.

6. 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 364,355 million yen

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

Assets pledged as collateral

- Aircraft 122,725 million yen
- Others 22,466 million yen

Obligations secured by such collateral

- Current maturities of long-term debt 8,861 million yen
- Long-term debt 49,471 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 186 million yen

7. Notes to consolidated statement of income

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

8. 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	362,704 thousand shares
	Treasury stock	203 thousand shares

(3) Dividends

a. Dividends paid

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 17, 2015 General Meeting of Shareholders	Common stock	Retained earnings	37,707	104	March 31, 2015	June 18, 2015

(Note) Total amount of dividends includes dividends of 6 million yen for treasury stock (common stock) held by companies accounted for by the equity-method.

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

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 22, 2016 (planned) General Meeting of Shareholders	Common stock	Retained earnings	43,508	120	March 31, 2016	June 23, 2016

9. 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, currency option 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 value 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, 2016, 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	420,333	420,333	–
(2) Notes and accounts receivable – trade	128,148	128,148	–
(3) Short-term investments in securities and investments in securities			
Shares of subsidiaries and affiliates	14,878	13,090	(1,787)
Other securities	36,129	36,129	–
Total assets	599,490	597,702	(1,787)
(1) Accounts payable – trade	145,413	145,413	–
(2) Short-term debt	5,792	5,792	–
(3) Long-term debt (*1)	62,183	62,183	–
(4) Lease liabilities (*2)	23,627	23,627	–
(5) Long-term accounts payable-installment purchase (*3)	1,025	1,025	–
Total liabilities	238,043	238,043	–
Derivative transactions (*4)	(29,571)	(29,672)	(100)

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

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

*3. Include long-term accounts payable-installment purchase due within one year.

*4. 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, (4) Lease liabilities, and (5) Long-term accounts payable-installment purchase

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	24,552
Bonds held to maturity	3,330
Other securities	6,040

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	15,870	36,095	20,225
Subtotal	15,870	36,095	20,225

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

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	40	33	(6)
Subtotal	40	33	(6)
Total	15,910	36,129	20,218

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
273	265	—

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	53,335	1,801	(3,146)	
	EUR	Trade accounts payable	3,176	–	(149)	
	Other	Trade accounts payable	1,182	–	(62)	
	Currency option Long:					Based on prices provided by financial institutions with which JAL does business, etc.
	Call options	Trade accounts payable	85,238	23,650	1,890	
Short:						
Put options	Trade accounts payable	78,875	21,322	(3,089)		
	Commodity swaps Receivable floating/payable fixed	Aviation fuel	77,531	21,620	(25,013)	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	1,166	–	(75)	
	EUR	Trade accounts payable	217	–	(11)	
	Other	Trade accounts payable	157	–	(13)	
Total					(29,672)	

10. Investment and rental properties

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

11. Per share information

- | | | |
|-----|---------------------------------|--------------|
| (1) | Net assets per share | 2,325.79 yen |
| (2) | Basic earnings per share | 481.29 yen |

Non-consolidated Balance Sheet

As of March 31, 2016

	(Millions of yen)	
ASSETS	Amount	(Reference) Amount of previous fiscal year
Current assets		
Cash and time deposits	408,285	349,592
Accounts receivable	136,913	150,431
Flight equipment spare parts and supplies	17,176	16,046
Short-term prepaid expenses	6,575	7,315
Deferred tax assets	14,878	10,860
Other current assets	35,068	73,228
Allowance for doubtful accounts	(177)	(113)
Total current assets	618,720	607,361
Fixed assets		
Tangible fixed assets		
Buildings, net	27,573	28,331
Structure, net	134	72
Machinery, equipment, net	4,452	3,793
Flight equipment, net	549,167	479,065
Vehicles, net	711	719
Tools, furniture and equipment	6,794	6,104
Land	1,222	1,246
Construction suspense account	104,444	90,692
Total tangible fixed assets	694,500	610,026
Intangible fixed assets		
Software	79,670	59,855
Other intangible fixed assets	3	4
Total intangible assets	79,673	59,859
Investments and other assets		
Investments in securities	41,450	54,796
Investment securities in subsidiaries and affiliates	76,841	71,948
Corporate bonds of subsidiaries and affiliates	3,330	3,330
Long-term loans receivable	8,195	9,284
Long-term prepaid expenses	1,522	1,526
Deferred income tax assets	3,344	185
Other investments	35,918	42,478
Allowance for doubtful accounts	(112)	(109)
Total Investments and other assets	170,490	183,440
Total fixed assets	944,664	853,327
Total assets	1,563,384	1,460,688

Non-consolidated Balance Sheet

As of March 31, 2016

	(Millions of yen)	
Liabilities	Amount	(Reference) Amount of previous fiscal year
Current liabilities		
Accounts payable-trade	165,113	162,867
Short-term debt	134,970	123,035
Current maturities of long-term debt	8,009	7,127
Accounts payable - other	17,636	16,422
Lease liabilities	12,758	24,778
Accounts payable-installment purchase	178	174
Accrued income taxes	11,869	742
Accrued expenses	9,290	8,618
Advances received	69,080	64,466
Deposits received	19,663	18,765
Air transport deposits received	16,942	24,459
Other current liabilities	27,816	33,009
Total current liabilities	493,328	484,467
Non-current liabilities		
Long-term debt	46,363	40,853
Lease liabilities	8,432	20,950
Long-term accounts payable-installment purchase	847	1,025
Accrued pension and severance costs	141,092	151,444
Reserve for loss on antitrust liabilities	6,294	5,858
Other non-current liabilities	30,535	27,650
Total non-current liabilities	233,565	247,783
Total liabilities	726,894	732,251
Net Assets		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus		
Capital reserves	174,493	174,493
Total capital surplus	174,493	174,493
Retained earnings		
Other retained earnings		
Retained earnings brought forward	490,542	364,967
Total retained earnings	490,542	364,967
Treasury stock		
Treasury stock	(408)	(408)
Total Treasury stock	(408)	(408)
Total shareholders' equity	845,979	720,404
Valuation, translation adjustments and other		
Net unrealized gain on other securities, net of taxes	14,400	23,819
Net unrealized gain on hedging instruments, net of taxes	(23,889)	(15,786)
Total valuation, translation adjustments and other	(9,489)	8,032
Total net assets	836,490	728,437
Total liabilities and net assets	1,563,384	1,460,688

Non-consolidated Statement of Income

(April 1, 2015 – March 31, 2016)

	(Millions of yen)	
	Amount	(Reference) Amount of previous fiscal year
Operating revenues	1,092,312	1,090,140
Cost of operating revenues	779,198	825,467
Gross operating profit	313,113	264,673
Selling, general and administrative expenses	148,506	136,049
Operating income	164,607	128,623
Non-operating income		
Interest income and dividend income	12,862	14,179
Foreign exchange gains	–	1,944
Other non-operating income	9,206	5,534
Total non-operating income	22,069	21,659
Non-operating expenses		
Interest expense	1,255	1,734
Exchange losses	3,703	–
Other non-operating expenses	6,596	9,920
Total non-operating expenses	11,554	11,655
Ordinary income	175,121	138,627
Extraordinary gains		
Settlement funds for returning facilities	2,201	–
Gain on compensation	1,198	846
Gain on extinguishment of tie-in shares	–	26,980
Other	584	14
Total extraordinary gains	3,984	27,841
Extraordinary losses		
Impairment loss	2,052	820
Loss on cancellation of lease	1,020	1,454
Loss on valuation of investment securities in subsidiaries and affiliates	611	3,959
Loss on sales and disposal of fixed assets	502	250
Other	23	32
Total extraordinary losses	4,210	6,517
Profit before income taxes	174,895	159,951
Income taxes – current	11,572	(3,984)
Income taxes – deferred	41	760
Profit	163,281	163,175

Non-consolidated Statement of Changes in Net Assets

(April 1, 2015 – March 31, 2016)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserves	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the end of previous period	181,352	174,493	174,493	364,967	364,967	(408)	720,404
Changes of items during the period							
Dividends of surplus				(37,707)	(37,707)		(37,707)
Profit				163,281	163,281		163,281
Net changes of items other than shareholders' equity during the period							
Total changes during the period	-	-	-	125,574	125,574	-	125,574
Balance at the end of the period	181,352	174,493	174,493	490,542	490,542	(408)	845,979

	Valuation, translation adjustments and other			Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the end of previous period	23,819	(15,786)	8,032	728,437
Changes of items during the period				
Dividends of surplus				(37,707)
Profit				163,281
Net changes of items other than shareholders' equity during the period	(9,419)	(8,102)	(17,521)	(17,521)
Total changes during the period	(9,419)	(8,102)	(17,521)	108,052
Balance at the end of the period	14,400	(23,889)	(9,489)	836,490

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.

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.

(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.

(6) Treatment of consumption taxes

Recorded at amounts exclusive of consumption taxes.

2. Change of presentation

“Gain on compensation”, which was included in “Other” under “Extraordinary gains” in the previous fiscal year, exceeded 10% of the total extraordinary gains and is therefore separately recorded from the current fiscal year. “Gain on compensation” was 846 million yen in the previous fiscal year.

“Loss on sales and disposal of fixed assets”, which was included in “Other” under “Extraordinary losses” in the previous fiscal year, exceeded 10% of the total extraordinary losses and is therefore separately recorded from the current fiscal year. “Loss on sales and disposal of fixed assets” in the previous fiscal year was 250 million yen.

3. 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	309,484 million yen
(3) Assets pledged as collateral and obligations secured by such collateral	
(Assets pledged as collateral)	
Aircraft	118,254 million yen
Investment securities in subsidiaries and affiliates	2,595 million yen
Corporate bonds of subsidiaries and affiliates	3,330 million yen
Long-term loans receivable	3,330 million yen
Other investments	12,465 million yen
(Obligations secured by such collateral)	
Current maturities of long-term debt	8,009 million yen
Long-term debt	46,363 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.	25 million yen
Others	58 million yen
Total	<u>84 million yen</u>
(5) Monetary claims and liabilities to subsidiaries and affiliates	
Short-term monetary claims	63,524 million yen
Short-term monetary liabilities	183,530 million yen
Long-term monetary claims	6,852 million yen
Long-term monetary liabilities	6,825 million yen

4. 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	55,799 million yen
Operating expense	222,799 million yen
Amount resulting from non-business transactions	29,409 million yen

5. Notes to non-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	362,704 thousand shares
	Treasury stock	136 thousand shares

6. Tax effect accounting

Principal sources of deferred tax assets are loss brought forward, Accrued pension and severance costs, etc., while principal sources of deferred tax liabilities are Net unrealized gain on other securities, net of taxes, 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)	155,886	Accounts receivable	27,110
Subsidiary	JAL INFORMATION TECHNOLOGY CO., LTD.	Holding direct 100%	Concurrently serving 1	Entrustment of system development	Development of software (Note 2)	16,313	Accounts payable - other	3,619
Subsidiary	JALPAK Co., Ltd.	Holding direct 96.4%	Concurrently serving 1	Sale of air tickets	Borrowing and lending of money (Note 3)	-	Short-term debt	25,513

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. Contractual price is reasonably determined in light of the market price.
 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 2,307.13 yen

(2) Basic earnings per share 450.35 yen

Independent Auditor's Report

May 9, 2016

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

KPMG AZSA LLC
Tsutomu Takahashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Atsuki Kanazuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Ikuo Hiruma
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, 2016, 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 67th fiscal year from April 1, 2015 to March 31, 2016.

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, 2016

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

KPMG AZSA LLC
Tsutomu Takahashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Atsuki Kanazuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Ikuo Hiruma
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, 2016, 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 67th fiscal year from April 1, 2015 to March 31, 2016.

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 67th fiscal year from April 1, 2015 to March 31, 2016, 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

- (1) 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, and it also received reports from Directors, etc. and accounting auditors on the status of their duties and asked them for explanation as necessary.
- (2) All Audit & Supervisory Board Members, while endeavoring to collect information and establish audit environment, executed their audits while maintaining proper communication with Directors, internal audit staff and other employees, executed their audits in the manner described below in conformity with the Standard for Audit & Supervisory Board Members established by the Board of Corporate Auditors and in accordance with the audit policy, audit plan, etc.
 - 1) Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings of the Company, received reports from Directors and employees, etc. on the status and results of the execution of their duties and asked them for explanations as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets at Head Office and at major offices. Also, Audit & Supervisory Board Members have maintained good communications and exchanged information with Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.
 - 2) Audit & Supervisory Board Members periodically received reports, sought explanations as necessary and made opinions, regarding the contents of the resolution by the Board of Directors regarding the establishment of a system as stipulated in Article 100(1) and (3) of the Ordinance for Enforcement of the Companies Act as necessary for ensuring that the performance of duties by the Executive Directors conforms to the laws and regulations and the Articles of Incorporation, as well as for ensuring an appropriateness of operations of a corporate organization consisting of a stock company and its subsidiaries, and the internal control system established based on said resolution.
 - 3) Audit & Supervisory Board Members have also monitored and verified whether the accounting auditors maintain independence and properly implement audit, received from the accounting auditors reports on the execution of their duties and asked them for explanations as necessary. In addition, Audit & Supervisory Board Members were informed of the arrangement of the “System for ensuring that the duties are executed appropriately” (matters stipulated in the items of Article 131 of the Corporate Accounting Rules) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council, October 28, 2005) from the accounting auditors and requested explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report and its supplementary schedules, the non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and their supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, etc. and notes to consolidated financial statements).

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 in violation of 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 concerning either the descriptions in the business report or 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, 2016

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

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