(Security code: 9205)
June 7, 2007

Japan Airlines Corporation

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

Notice of the Fifth Annual General Meeting of Shareholders

Dear Shareholder:

This is to inform you that the fifth annual general meeting of shareholders of Japan Airlines Corporation (the Company) will be held in accordance with the schedule indicated below. You are cordially invited to attend.
If you are unable to attend the meeting, you may exercise your voting rights by a written document or via the Internet. In that event, please refer to the Reference Document for Exercising Voting Rights that appears later in this document , and either return the enclosed form for the exercise of voting rights after indicating your approval or disapproval of the proposed resolutions, timed to arrive by 5:55 pm on Monday, June 25, 2007, or exercise your voting rights via the Internet by 5:55 pm on Monday, June 25, 2007, after referring to the Procedure for the Exercise of Voting Rights via the Internet set out at the end of this document.

1. Date and Time: June 26, 2007 (Tuesday), 10:00 am
2. Place: Tsurunoma Room, main banquet hall floor (Main Bldg. 1F), Hotel New Otani, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
   * In the event that all seats at this meeting are occupied, you will be directed to an alternative venue. We appreciate your understanding.
3. Objectives of the Meeting
   Reports
   Item 1: Reporting on the business report and consolidated financial statements, and reports on the consolidated financial statements by the independent auditors and the board of corporate auditors for the fifth term (from April 1, 2006, to March 31, 2007)
   Item 2: Reporting on the financial statements for the fifth term (from April 1, 2006, to March 31, 2007)
   Proposed Resolutions
   Item 1: Election of 15 directors
   Item 2: Election of 6 corporate auditors
4. Matters determined upon this convocation

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

Sincerely yours,

Haruka Nishimatsu
President

Notes

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

Business Report (Period from April 1, 2006, to March 31, 2007)

1. Business Overview

(1) Business Performance of the JAL Group

During the year, the Japanese economy maintained its moderate recovery course, buoyed by improvements in corporate earnings and growth in capital investment, while the employment situation improved and consumer spending strengthened. Nevertheless, the business environment for the air transportation industry remains difficult, in particular because of the persistence of high fuel prices.

Against this backdrop, the JAL Group followed up the reorganization of its sales structure in April 2006 with the merger, in October, of its two core operating companies: Japan Airlines International (responsible for international passenger operations and cargo operations) and Japan Airlines Domestic (handling domestic passenger operations). A Group reorganization was also implemented, in particular for the purpose of melding the holding company and the operating companies into a unified corporate entity. This resulted in the elimination of duplication, the acceleration of the reform of the operating structure and cost structure, and the building of a corporate culture utterly dedicated to safety and seeing things from the customer's perspective.

In air transportation business we implemented structural reforms aimed at enhancing profitability, including the restructuring or closure of poorly performing routes, the thorough reallocation of resources to highly profitable and fast-growing routes, and the downsizing of aircraft types. Other steps taken included the review of business processes and other measures to reform the cost structure radically and measures to reduce personnel costs, including by cutting basic wages by 10%. To counter sharp rises in prices of aviation fuel, we took steps to absorb them as much as possible by such means as flexible hedging while monitoring crude-oil prices, and the addition of fuel surcharges, in this way endeavoring to improve profitability.

In addition, as part of the strategy called for in our medium-term business plan, to enable us to acquire highly economical aircraft, we increased our capital through a public offering in July, raising ¥148.5 billion.

As part of efforts to ensure safe aviation, based on the recommendations of the Safety Advisory Group, an external committee of experts, in April 2006 we established the Corporate Safety Division, strengthening our structure for ensuring safety improvement throughout the Group. Also, to ensure that the lessons drawn from past accidents are not forgotten and to reaffirm the importance of safe aviation, we established the Safety Promotion Center, which is being used to provide safety education to employees.

The decision was also taken to become an official member of oneworld™, one of the world's three major global airline alliances, which will expand our network. This will enable us to give our customers added value, convenience, and comfort through an array of services, including by means of collaboration in e-ticketing and mileage member services, the mutual provision of airport lounges, and the operation of codesharing flights.

During the period under review, the total volume of passengers and cargo carried by the JAL Group (on international and domestic routes combined) declined by 3.2% year-on-year, to 13,450.23 million ton-kilometers, owing to the reorganization of the international route network.

On a consolidated basis (142 consolidated subsidiaries; 20 affiliates accounted for by the equity method) the Group posted operating revenues of ¥2,301.9 billion, up by 4.7% from the previous fiscal year. The increase in operating expenses was held to 2.4% year-on-year, to ¥2,278.9 billion, as the sharp rises in fuel prices were partially offset by reductions in spending, including the transfer of the substitutional portion of welfare pension funds. As a result, the Group achieved operating income of ¥22.9 billion, representing a ¥49.7 billion year-on-year increase, and ordinary income of ¥20.5 billion, up by ¥62.1 billion, as the competitiveness of its air transportation business underwent a recovery. However, as a result of factors such as a partial reduction of deferred tax assets, the Group posted a net loss of ¥16.2 billion for the reporting period.

(2) Performance of the JAL Group by Business Segment

International Passenger Operations

In route operations, progress was made in rebuilding the route network to better meet trends in demand and place greater emphasis on profitability. Specifically, as a result of the air transportation agreement between Japan and China reached in July 2006, we increased flights on routes such as Tokyo-Shanghai and Tokyo-Guangzhou. We also expanded our codesharing alliances with other airlines on China routes, operating the maximum number of flights between Japan and China. To meet business demand we gave travelers greater convenience by increasing flights on routes such as Tokyo-Delhi and Tokyo-Moscow, while suspending flights on other routes such as Osaka-Brisbane-Sydney and Tokyo-Las Vegas; this formed part of our policy of route selection and concentration.

In addition, we accelerated the renewal of aircraft, including by operating Boeing 777s on most European routes, and we also continued the downsizing of aircraft types and took steps to enhance service quality and secure greater economies. We also transferred some Asian routes, such as the Jakarta route, to JALways, a Group airline, so as to bolster our cost-competitiveness still further.

We also took the decision to become an official member of oneworld™, a major global airline alliance, at the same time continuing to increase one-on-one collaboration with other airlines.

In regard to service strategy, we further extended the number of routes on which aircraft are fitted with the popular JAL SHELLFLAT SEAT, enhancing passenger comfort still further. We also enhanced airport services, including by inaugurating the "JAL Fast Security Lane" at Narita International Airport to offer smoother security checks for First Class passengers and others boarding flights frequently. This was the first-ever such facility at any of Japan's airports handling international flights.

In the sphere of in-flight catering, the Takitate Gohan (freshly-cooked rice) service, which has been well-received in First Class and Executive Class on European and North American routes, was also started on some Southeast Asian routes. Additionally, on Chinese routes we took steps to make the in-flight meals even better, including by introducing the Gozen range of Japanese dishes, including Sushi-Gozen, in Executive Class, and by starting to change the menus twice every month in Economy Class on some routes.

In our marketing we sought to cater vigorously to business demand by increasing the number of companies enrolled in the “JAL Corporate Flight Merit" program to around 600, which provides a variety of privileges for company personnel making overseas business trips. Services for business travelers were also extended by providing the "With JAL You Can Choose! Europe/Mainland US Routes Okaeri Service" and the "JAL China Business Gateway Program" to support customers making business trips to China.

Steps were also taken to satisfy increasingly varied tourist demand. Among these there was a year-on-year increase in the number of charter flights, which offer the convenience and comfort of direct flights, to destinations for which there is high demand, such as Hawaii and Palau.

JAL has also sought to increase customer numbers by making the JAL Mileage Service more attractive. For example, we have adopted a strategy in common with that used on domestic routes by reaching agreement with Odakyu Electric Railway and Kinki Nippon Railway to issue partnership cards for earning mileage points, and we have also made it possible for people to exchange points and miles with Yahoo! JAPAN, the “Surutto Kansai” Association, and the Kanku Club Card (Kansai International Airport).

Passenger capacity fell by 9.5% as measured by available seat-kilometers, owing to the enhanced efficiency of route operations, but the number of passengers on JAL Group international routes fell by only 5.1%, to 13.46 million passengers. However, revenues increased by 5.0% year-on-year, to ¥724.8 billion, owing to factors such as the growth in business demand and the revision of fares.

Domestic Passenger Operations

In domestic passenger operations the numbers of flights and the aircraft used were adjusted to match demand according to each season and each time-band.

From November onwards in particular, we pursued this objective by introducing the "Weekend Big" timetable for Saturdays and Sundays, on which for certain flights larger aircraft were used, and the flights increased on routes on which demand is high at weekends, for example from Haneda to Sapporo, Kagoshima, Kumamoto, and Okinawa. This both boosted customer convenience and maximized revenues.

Also, continuing last year's practice, the operation of MD81 aircraft was transferred to Group airline JAL Express, expanding our low-cost operating structure. Efforts were also made to improve profitability in the face of the very high level of cost for aviation fuel, including through the commissioning of highly fuel-efficient next-generation Boeing 737-800s, which were brought into service on the Haneda–Yamaguchi/Ube and Haneda–Miyazaki routes in March 2007.

With regard to service strategy, the “Class-J” seats have enjoyed a high rate of usage since their introduction, and during the year we increased the number of these seats on widebody and medium-sized aircraft, also fitting them progressively on smaller planes such as Boeing 737s and MD90s.

Since October the JAL IC Check-in Service, known familiarly as "Touch & Go," has also been available for use by passengers on package tours.

Various marketing measures were employed to stimulate demand, while fares were increased as a means of countering high fuel costs. These included the introduction of the new special "Sakitoku (Advance) Discount Fares", in which the prices are fine-tuned in line with demand, and the stepping-up of advertising and publicity, plus the widening of the periods of "Bargain Fares" and "Birthday Discount Fares" and the introduction of "Special Bargain Fares" to commemorate the integration of Japan Airlines International and Japan Airlines Domestic.

Sales-promotion measures included not only the conduct of ongoing tourism campaigns to Okinawa, Hokkaido, Kyushu, and Shikoku, but also the "JAL Minna no Natsuzora" promotion jointly with international routes during the summer holiday period, and the "JAL Heartful Campaign" during the winter, all designed to promote usage by both individual and group travelers.

In spite of these measures, demand by individual travelers was late in recovering, and business demand was particularly lackluster. As a result, the JAL Group’s total number of domestic passengers rose by only 0.3% from the previous fiscal year, to 43.98 million, and revenue was up by 2.4% year-on-year, to ¥675.6 billion.

Cargo and Mail

With regard to cargo exports on international routes, demand in Europe eased somewhat during the year, but demand for exports to North America was on a recovery trend, centered on the fields of construction machinery and production equipment, and demand for shipments to China was robust throughout the year. On the import side, demand was sluggish overall, owing to factors such as the strength of the euro with regard to flights originating in Europe, and to lower capacity resulting from a reduction in passenger flights with regard to cargoes originating in Southeast Asia.

In regard to route management we further enhanced supply capacity and profitability by adding a Boeing 747-400 all-cargo transport freighter to the fleet, and in September we strengthened the Asian route network by bringing a dedicated freighter into service in Manila. In addition, we availed ourselves of Kansai International Airport's advantage of being able to operate round the clock by operating late-night cargo flights to Shanghai from July on a temporary basis, and in October began operating them as scheduled flights.

Tie-ups with other operators continued to be pursued. In June we formed a tie-up with Florida West International Airways, a specialist airfreight company in the southern U.S., to meet demand for the shipping of cargoes into and out of Miami and Dallas. In China the convenience of services was improved by supplementing the existing truck forwarding service by the start, in July, of an airline forwarding service in partnership with China Eastern Airlines.

As a result, the JAL Group’s total cargo transportation volume fell by 0.6% from the previous fiscal year, to 4,515.81 million ton-kilometers, but factors such as fuel surcharges enabled revenue to be increased by 5.5% from the previous fiscal year, to ¥190.5 billion.

In international mail services, the volume of business originating in China remained robust throughout the year, supplemented by robust volume from the Americas from the second half.

In the sphere of domestic cargo operations we secured a higher level of demand than in the previous year. This was because although at the outset of the year the downsizing of passenger aircraft reduced the availability of hold space, we implemented an intricate sales strategy involving the segmentation of time-bands.

In regard to route management we formed a tie-up with Galaxy Airlines in November, beginning airline freight forwarding by means of late-night flights, and thereby generating new demand.

In addition, a system of weighing domestic cargoes with the use of IC tags was brought into use and installed on a full-scale basis at 13 domestic airports. This has ensured highly reliable weight management so as to enhance safety, and has also increased productivity.

In consequence, the total volume of domestic air cargo transportation increased by 3.1% year-on-year, to 400.5 million ton-kilometers, but revenue slipped by 1.7% from the previous year, to ¥28.9 billion.

Domestic mail is subjected to very flexible space management in conjunction with domestic cargo in a way that minimizes the impact of a decline in supply capacity. In consequence, demand remained around its year-earlier level.

Other Operations

Airline-related business achieved profit growth, in spite of a reduction in supply capacity on international routes, owing to factors such as the maintenance of revenue from in-flight catering at around its year-earlier level, and an increase in productivity. In addition, the electric power supply business, which includes the supplying of electricity to aircraft, continued to perform well.

In travel services the number of people traveling overseas decreased, in part because of the reorganization of JAL route management, but domestic passenger business remained around its level in the previous year.

In the sphere of credit card and leasing services, in the card business the number of JAL Card members rose strongly, owing to measures to attract new cardholders, and revenue in card business increased as a result.

In the hotel and resort business, ongoing sales of holdings of hotel assets meant that the switch in the hotel segment to commissioned hotel management business for specialty hotels for businesspeople was almost completed.

As a net result of these developments, revenue from airline-related operations (after consolidation adjustments) rose by 2.5% from the previous fiscal year, to ¥700.7 billion.

(3) Issues to Be Addressed by the JAL Group

Demand for air transportation is forecast to expand steadily in tandem with the recovery of the Japanese economy. Since the 2001 fiscal year, however, the JAL Group has been unable to achieve an adequate level of profitability, in part because of factors such as the 9/11 terrorist attacks in the U.S., SARS (severe acute respiratory syndrome) outbreaks, and steep rises in aviation-fuel prices, and the economic environment remains very difficult.

Given these circumstances, the JAL Group drew up its FY2007-2010 Medium-Term Revival Plan, the aim of which is to rebuild the foundation of the Group's business and maintain a stable level of profit.

In order to raise the level of safety still higher we will continue to put into action the recommendations of the Safety Advisory Group, enhancing the safety-management structure, and nurturing a safety culture. In addition, we will firmly establish a Plan, Do, Check, Act (PDCA) inspection cycle entailing the gathering and analysis of information, the formulation and implementation of countermeasures, and then verification, and we will advance further with safety measures now in place to prevent the recurrence of problems, aiming to establish totally comprehensive preventative measures.

A priority measure is to enhance profitability by renewing the fleet through the active introduction of highly economical medium and small aircraft.

In addition, we will address the opportunities presented by the planned increase in takeoff and landing slots at Narita International Airport from FY2009 and the re-expansion and internationalization of Tokyo International Airport (Haneda), and concentrate resources on fast-growing and highly profitable routes. In addition, we will seek to gain a competitive edge by providing the finest quality products and services by such means as introducing a first class on domestic routes and a premium economy class on international routes.

We will also build an efficient Group operating structure by such means as expanding the scale of operations of low-cost operators, and will take steps to raise labor productivity and implement extensive cost-cutting measures.

In addition, to concentrate management resources on the JAL Group's core air transportation business, ongoing efforts will be made to restructure related businesses.

The JAL Group recognizes that fiscal 2007 will be of crucial importance in achieving its goal of corporate revival, and the management and employees of the Group are working together to implement the various measures devised as part of the Medium-Term Revival Plan. Of the tasks being tackled, cost reduction – premised on the condition that it does not in any way hinder the achievement of our overriding objective of ensuring the safety of flight operations – will be applied to all areas of the Group's operations. With this concept at base, we will proceed to reform our cost structure across all our fields of operation. In regard to personnel expenses, in addition to maintaining the 10% reduction in the base wage which we have been applying since fiscal 2006, in fiscal 2007 we will be making an additional reduction of ¥50 billion through such measures as cutting back on bonuses and encouraging staff to take advantage of our early retirement scheme. We have already begun preparations for taking these measures, and we also plan to greatly reduce pension expenses by revising our existing retirement benefit plan.

We plan to reduce our workforce on a consolidated basis by 4,300 by the end of fiscal 2009. This workforce reduction will be made possible by raising staff productivity through the application of an early retirement scheme, among other measures, and restructuring our affiliated companies. Of the aforementioned 4,300-employee reduction, 2,300 will be off the payroll by the end of fiscal 2007.

The JAL Group bears considerable interest-bearing debt, lease obligations, and retirement benefit obligations, and the maintenance of good relations with financial institutions is vital for enabling us to raise the funds required to redeem this debt and renew our fleet. If the stance of financial institutions towards the JAL Group were to undergo a significant change, for example if the goals of the Medium-Term Revival Plan were not met, that may make it more difficult to procure funds. In this respect, too, the total achievement of the plan's goals is a prerequisite for positioning the JAL Group to generate a stable level of profit on an ongoing basis, and will also be of great importance for enabling us to raise funds smoothly from financial institutions and the capital markets.

In accordance with the new Group vision that "The JAL Group is a global player bridging the world with safety, security and quality as our top priorities," all Group employees are engaged in implementing reform. Premised on the firm maintenance of the safety of flight operations, which constitutes the very foundation of the Group, we are committed to gaining an accurate understanding of what customers want and of providing services by adopting the customer's perspective, providing an ever-greater standard of comfort, convenience, and on-schedule service. In addition, we will repay the confidence held in us by our stakeholders by means of vigorous dedication to fulfilling our corporate social responsibilities, also fulfilling our responsibility to our shareholders through the steady implementation of the Medium-Term Revival Plan, the enhancement of profitability, and the building of a solid corporate fabric.

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

(4) JAL Group Capital Investment

The aggregate amount of capital investment by the JAL Group during the term was ¥160.1 billion, up by 10.1% year-on-year. This comprised ¥113.7 billion of investments in aircraft, up by 5.7%; ¥21.7 billion in ground equipment, up by 12.3%; and ¥24.7 billion in intangible fixed assets, up by 33.1%.

A total of 9 new aircraft were introduced during the term, of which 1 was purchased and 8 were leased. In addition, 1 aircraft was purchased upon the expiry of its lease, 3 were converted from passenger to cargo use, and 13 were decommissioned.

Among aircraft currently on order, 52 were included in the figure for capital investment made during the term, in such forms as prepaid expenses.

(5) JAL Group Fund Procurement

To procure the funds required for the capital investment described above, the Group raised a total of ¥170.6 billion, comprising ¥148.5 billion from a capital increase, and ¥22.1 billion in the form of long-term borrowings.

(6) Sale of JAL Group Companies

1. On March 15, 2007 the Company sold to Odaiba Urban Development Co., Ltd. its entire investment (11,077 shares, accounting for 48.55% of all voting rights) in Tokyo Humania Enterprise Inc. (operator of Hotel Nikko Tokyo), an affiliate accounted for by the equity method.

2. On March 28, 2007 the Company sold to Sojitsu Corporation a portion (3,832,500 shares, accounting for 30% of all stock issued and outstanding) of its investment in its consolidated subsidiary JALUX Co., Ltd. In line with this, the relationship of JALUX to the Company was changed from consolidated subsidiary to affiliate accounted for by the equity method.

(7) JAL Group Assets and Business Results

Item	2nd term (FY2003)	3rd term (FY2004)	4th term (FY2005)	5th term (FY2006)
Operating revenue (¥ million)	1,931,742	2,129,876	2,199,385	2,301,915
Ordinary income (¥ million)	(71,938)	69,805	(41,608)	20,576
Net income (¥ million)	(88,619)	30,096	(47,243)	(16,267)
Net income per share (¥)	(45.19)	15.24	(23.88)	(6.52)
Total assets (¥ million)	2,133,418	2,162,654	2,161,240	2,091,233
Net assets (¥ million)	159,273	194,746	148,066	331,873
Net assets per share (¥)	81.16	98.34	74.78	113.97

Notes

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

In the second term, the fiscal year to March 2004, in spite of cost reductions achieved through the business integration, there was a substantial decline in passenger demand on international routes owing to developments such as the Iraq war and the SARS outbreaks. As a result, the Group incurred a net loss of ¥88.6 billion.

In the third term, the fiscal year to March 2005, amidst a severe business environment caused by a surge in aviation fuel prices we recorded increased revenue owing to factors such as a revision in planned numbers of flights and routes and also in fares. Combined with various successful cost-reduction measures, this brought about an improvement in the balance of income and expenditure, and the Group recorded net income of ¥30 billion.

In the fourth term, the fiscal year to march 2006, we revised our management of international route operations and reformed the cost structure, but were hit by soaring prices of aviation fuel and by a series of safety-related problems that led to the faltering of demand among individual travelers. In consequence, a net loss of ¥47.2 billion was incurred.

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

(8) Status of Major JAL Group Subsidiaries

Company name	Capital (¥ million)	Ratio of voting rights (%)	Main line of business
Japan Airlines International Co., Ltd.	100,000	100.0	Air transportation
Japan Asia Airways Co., Ltd.	4,310	100.0	Air transportation
Japan Trans Ocean Air Co., Ltd.	4,537	*70.1	Air transportation
JALways Co., Ltd.	3,000	*100.0	Air transportation
JAL EXPRESS Co., Ltd.	2,500	*100.0	Air transportation
Japan Air Commuter Co., Ltd.	300	*60.0	Air transportation
AGP Corporation	2,038	60.2	Power supply to aircraft
JALPAK Co., Ltd.	900	*78.6	Travel product planning and sales
JAL Tours Co., Ltd.	80	*81.4	Travel product planning and sales
JAL Hotels Co., Ltd.	4,272	*90.7	Hotel management, hotel operation subcontractor

Notes
1. An asterisk (*) indicates the ratio of voting rights, including those held via subsidiaries.
2. On April 1, 2006, Japan Airlines International Co., Ltd. merged with JAL Sales Co., Ltd.; Japan Airlines International Co., Ltd. is the surviving company.
3. On October 1, 2006, Japan Airlines International Co., Ltd. merged with Japan Airlines Domestic Co., Ltd.; Japan Airlines International Co., Ltd. is the surviving company.
4. As a result of the sale by the Company of its holding of shares, JALUX Inc. ceased to be a subsidiary of the Company.

(9) The JAL Group's Principal Activities (At March 31, 2007)

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

(10) Principal Branch Offices and Service Centers of the JAL Group (At March 31, 2007)

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

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

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

Service Centers: Haneda Maintenance Center, Narita Maintenance Center

(11) JAL Group Employees (At March 31, 2007)

Field of operations	Employees
Air transportation	22,624
Airline-related	21,090
Travel services	3,602
Credit card and leasing services	332
Other business	3,849
Total	51,497

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

(12) JAL Group Fleet (At March 31, 2007)

Type of aircraft	Number of aircraft	Number of seats or maximum weight loading	Comments
747-400 (long distance)	31	303 to 449 seats	1 is on lease
747LR-SUD (long distance)	12	403 to 483 seats	
747LR (long distance)	2	405, 435 seats	1 is on lease
747-400D (short distance)	8	546 seats	
747-400F (cargo only)	5	110 tons	2 are on lease
747F (cargo only)	9	110 tons	1 is on lease
(Subtotal)	(67)		
777-200	14	380, 397 seats	3 are on lease
777-300	7	500 seats	All are on lease
777-200ER	11	268, 302 seats	All are on lease
777-300ER	6	292 seats	5 are on lease
(Subtotal)	(38)		
A300-600R	22	290 seats	4 are on lease
767-200	3	207 seats	
767-300	22	232 to 270 seats	6 are on lease
767-300ER	15	237 seats	All are on lease
(Subtotal)	(40)		
MD-90	16	150 seats	
MD-87	8	134 seats	
MD-81	18	163 seats	6 are on lease
(Subtotal)	(42)		
737-400	23	145 to 167 seats	14 are on lease
737-800	2	165 seats	Both are on lease
(Subtotal)	(25)		
DHC 8-400	9	74 seats	6 are on lease
DHC 8-300	1	50 seats	
DHC 8-100	4	39 seats	
(Subtotal)	(14)		
CRJ200	9	50 seats	All are on lease
SAAB 340B	14	36 seats	4 are on lease
BN-2B	3	9 seats	
Total	274		

(13) Principal Creditors of the JAL Group (At March 31, 2007)

Creditor	Loan balance at the end of term (¥ million)
Development Bank of Japan	309,688
Mizuho Corporate Bank, Ltd.	100,545
The Bank of Tokyo-Mitsubishi UFJ, Ltd	91,893
Japan Bank for International Cooperation	47,386
Sumitomo Mitsui Banking Corporation	41,356
Shinkin Central Bank	17,623
Sumitomo Trust & Banking Co., Ltd.	17,150
Nippon Life Insurance Company	16,017
Mitsubishi UFJ Trust and Banking	13,617
The Dai-ichi Mutual Life Insurance Company	13,264

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

JALI, a wholly owned subsidiary of the Company, is alleged to have been involved in anti-competitive practices such as price-fixing and collusion with several international cargo operators and its cargo operations office in Frankfurt was inspected by the European Union antitrust authorities on February 14, 2006. On the same date, the U.S. Department of Justice inspected JALI’s cargo operations office in New York. In relation to the investigation of alleged anti-competitive practices, certain air cargo customers have filed class action lawsuits in the U.S against international cargo operators including JALI claiming that alleged price-fixing practices have damaged their interests and such practices should be enjoined. No amounts of damages or compensation have been specified in these class action proceedings, but penal compensation is demanded. In addition, a number of class-action suits making very similar claims were initiated in Canada and Australia (though penal compensation may not be demanded under Canadian and Australian laws). The management of the Company holds the view that these investigations and class action lawsuits could have a material impact on the results of operations of the Group. However the management is unable to estimate the possible outcome of the ongoing investigations and class action lawsuits reasonably at this stage, since investigations by the authorities of a number of jurisdictions (including the European Union, the United States, Canada, Switzerland, and Australia) remain ongoing.

2. Shares

(1) Number of shares issued 2,732,383,250 shares (750,000,000 year-on-year increase)

The increase in the number of issued shares was attributable to the issuance of new shares for the public offering, and a capital increase by means of the issue of shares to third parties by exercising an overallotment option.

(2) Number of Shareholders 425,070 (95,148 year-on-year increase)

(3) Major Shareholders

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

None

b. Principal shareholders

Name	Shares (1,000)	Ratio of Voting Rights
State Street Bank and Trust Company	87,700	3.25%
Tokyu Corporation	80,428	2.98
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	75,471	2.80
Eitaro Itoyama	48,000	1.78
The Master Trust Bank of Japan, Ltd. (trust account)	45,272	1.68
Nissay Dowa General Insurance Co., Ltd	43,076	1.60
JAL Group Employees' Stockholding	41,531	1.54
Mizuho Corporate Bank, Ltd.	35,303	1.31
The Bank of Tokyo-Mitsubishi UFJ, Ltd	34,772	1.29
Japan Trustee Services Bank, Ltd. (trust account)	34,190	1.27

Note: Ratios of voting rights are calculated after subtracting treasury stock (2,302,504 shares).

3. Subscription Rights

(1) Subscription Rights Currently Issued (At March 31, 2007)

Subscription rights pertaining to currently issued bonds with subscription rights

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

Notes:

1. On March 25, 2007, bearers of the above bonds with subscription rights requested the redemption of their holdings of Company bonds at 100% of face value, with the result that a portion of the said bonds (redemption amount: ¥79,771 million) were redeemed, and the 79,771 subscription rights attached to the said bonds were cancelled.
2. A total of 750 million new shares were issued at an issue price of ¥198 on July 27, 2006, and August 28, 2006, and in consequence the initial issue price of ¥440 was adjusted.

4. Company Officers

(1) Directors and Auditors

Title	Name	Area of responsibility and representative status at other companies
Chairman	Toshiyuki Shinmachi	Chairman, Executive Management Board
President	Haruka Nishimastu	JAL Group CEO Representative Director & President, Japan Airlines International Co., Ltd. (JALI) Chairman, All Japan Air Transport and Service Association
Senior Managing Director	Kiyoshi Kishida *	Corporate Safety Division Senior Managing Director, JALI
Managing Director	Katsuyuki Arai *	Cabin Services
Managing Director	Katsuhiko Nawano *	Airport Projects

Title	Name	Area of responsibility and representative status at other companies
Managing Director	Fumio Tsuchiya	Corporate Communications (Public Relations, Investor Relations) Legal Affairs Business Activities Reappraisal Environmental Affairs
Senior Vice President	Toshikazu Endo *	Engineering & Maintenance
Senior Vice President	Shoji Fukai *	Flight Operations
Senior Vice President	Yutaka Yoshino *	Cargo & Mail
Senior Vice President	Osamu Sasahara *	Engineering & Maintenance (Assistant to Mr. Endo)
Senior Vice President	Kimio Hiroike*	Airport Operations Division Purchasing
Senior Vice President	Toshio Annaka *	Human Resources Management
Senior Vice President	Masato Uehara *	Passenger Sales & Marketing Customer Satisfaction Improvement
Senior Vice President	Tetsuya Takenaka *	General Manager, Corporate Planning Finance
Senior Vice President	Teruo Harafuji *	Flight Operations (Assistant to Mr. Fukai)
Senior Vice President	Shunji Kono	Advisor, The Tokio Marine & Nichido Fire Insurance Co., Ltd.
Senior Vice President	Ken Moroi	Advisor, Taiheiyo Cement Corp.
Senior Vice President	Shinobu Shimizu	Advisor, Tokyu Corp.
Senior Corporate Auditor (standing)	Yasunaka Furukawa	
Corporate Auditor	Teruhisa Ishizawa*	
Corporate Auditor	Yoshihisa Akiyama	Advisor, The Kansai Electric Power Co., Inc. Chairman, Kansai Economic Federation
Corporate Auditor	Masao Nishimura	Former President, The Industrial Bank of Japan, Ltd.
Corporate Auditor	Masatake Matsuda*	Advisor, East Japan Railway Company

Notes:
1. Shunji Kono, Ken Moroi, and Shinobu Shimizu are outside directors.
2. Yoshihisa Akiyama, Masao Nishimura, and Masatake Matsuda are outside auditors.
3. The directors and auditors marked with * were elected at the fourth annual general meeting of shareholders, convened on June 28, 2006, and duly assumed office.
4. By resolution of the regular meeting of the board of directors convened on February 21, 2007, the following changes were made to the representative directors and executive directors, and these directors assumed office on April 1, 2007.
   Katsuhiko Nawano, Managing Director, became Executive Vice President, and Tetsuya Takenaka, Senior Vice President, became Managing Director.
5. By resolution of the meeting of the board of corporate auditors, Teruhisa Ishizawa, Corporate Auditor, assumed office as Senior Corporate Auditor of the Board on April 1, 2007.

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

Title	Name	Area of responsibility
Executive Officer	Shunichi Saito	IT Service Planning
Executive Officer	Masaaki Haga *	Corporate Safety Division (Assistant to Mr. Kishida)
Executive Officer	Toshiro Moriya *	Corporate Communications (Public Relations, Investor Relations) (Assistant to Mr. Tsuchiya) Executive Secretariat Office Strategic Corporate Relations
Executive Officer	Shinobu Kobayashi **	Safety Supervision Deputy General Manager, Corporate Safety (Assistant to Mr. Kishida)
Executive Officer	Kunio Hirata *	Deputy General Manager, Corporate Planning
Executive Officer	Atsuro Nishi *	Associated Businesses
Executive Officer	Toshinari Ohshima ***	Deputy General Manager, Human Resources Management (Assistant to Mr. Annaka)
Executive Officer	Yoshimasa Kanayama ***	Finance Accounting Vice President, Finance Dept.

Notes:

1. The executive officers marked with * assumed office on April 1, 2006, those marked ** assumed office on May 1, 2006, and those marked *** assumed office on October 1, 2006.
2. Executive Officers Toshiro Moriya and Shinobu Kobayashi completed their terms of office and retired on March 31, 2007.
3. By resolution of the regular meeting of the board of directors convened on February 21, 2007, the following Senior Executive Officer and Executive Officers were elected, and assumed office on April 1, 2007.

Senior Executive Officer: Susumu Miyoshi

Executive Officers: Shunichi Saito, Masaaki Haga, Kunio Hirata, Atsuro Nishi, Toshinari Ohshima, Yoshimasa Kanayama, Muneyuki Mitsui, Takao Fukuchi, Tadao Sakai, Ichiro Morii and Shigemi Kurusu

(2) Directors and Auditors Retired during the Year

Among the directors and auditors in office as of the day immediately following the fourth annual general meeting of shareholders, convened on June 28, 2006, the following officers retired during the year under review.

Title at retirement	Name	Date of retirement
Corporate Auditor	Masao Nishimura	August 1, 2006
Senior Vice President	Ken Moroi	December 29, 2006
Managing Director	Katsuyuki Arai	March 31, 2007
Managing Director	Fumio Tsuchiya	March 31, 2007
Senior Vice President	Hisaichi Endo	March 31, 2007
Senior Vice President	Shoji Fukai	March 31, 2007
Senior Vice President	Yutaka Yoshino	March 31, 2007
Senior Vice President	Osamu Sasahara	March 31, 2007

Notes:

1. Corporate Auditor Masao Nishimura passed away on August 1, 2006.
2. Senior Vice President Ken Moroi passed away on December 29, 2006.
3. Managing Directors Katsuyuki Arai and Fumio Tsuchiya, and Senior Vice Presidents Hisaichi Endo, Shoji Fukai, Yutaka Yoshino, and Osamu Sasahara resigned from office and retired.
4. In addition to the above, Senior Corporate Auditors Toshiyuki Sakai and Shigeo Matsui, and Corporate Auditor Seiso Neo, resigned from office upon the termination of the annual general meeting of shareholders convened on June 28, 2006.

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

Title	Number of directors and auditors	Amount
Directors (o/w outside statutory directors)	18 (3)	¥86 million (¥10 million)
Corporate auditors (o/w outside statutory auditors)	5 (3)	¥27 million (¥7 million)

Notes:

1. In addition to the above amounts, in accordance with a resolution passed at the annual general meeting of shareholders convened on June 28, 2005, with regard to payments for the termination of retirement bonuses, retirement bonuses have already been paid or are scheduled to be paid as set out below to directors and auditors retiring between March 31, 2006, and March 31, 2007.
   5 retiring directors: ¥40 million (including ¥3 million to 1 outside director)
   3 retiring auditors: ¥32 million (including ¥3 million to 1 outside auditor)
2. The Company's directors and auditors serve concurrently as officers of operating subsidiaries Japan Airlines International Co., Ltd. and Japan Airlines Domestic Co., Ltd., both of which pay compensation as set out below. Japan Airlines Domestic Co., Ltd. merged with Japan Airlines International Co., Ltd. on October 1, 2006.

Title	Number of directors and auditors	Amount
Directors (o/w outside statutory directors)	18 (3)	¥234 million (¥5 million)
Corporate auditors (o/w outside statutory auditors)	5 (3)	¥23 million (¥4 million)

(4) Outside Directors and Corporate Auditors

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

(At March 31, 2007)

Title	Name	Position at other companies
Senior Vice President (nonstanding)	Shunji Kono	Senior Vice President (nonstanding), JALI Director (nonstanding), Nippon Sogo Juseikatsu K.K. Director (nonstanding), Nikon Corporation Director (nonstanding), Seiko Instruments Inc. Director (nonstanding), Shin-Etsu Chemical Co., Ltd. Corporate Auditor (nonstanding), Mitsubishi Research Institute, Inc. Corporate Auditor (nonstanding), Tokyu Corporation
Senior Vice President (nonstanding)	Shinobu Shimizu	Director & Advisor, Tokyu Corporation Senior Vice President (nonstanding), JALI Director (nonstanding), Tobu Railway Co., Ltd. Director (nonstanding), Toei Company, Ltd. Director (nonstanding), Shochiku Co., Ltd.

Title	Name	Position at other companies
Corporate Auditor (nonstanding)	Yoshihisa Akiyama	Corporate Auditor (nonstanding), JALI Representative Director & Chairman, Keihanna Interaction Plaza Inc. Director (nonstanding), Nippon Life Insurance Company
Corporate Auditor (nonstanding)	Masatake Matsuda	Corporate Auditor (nonstanding), JALI

2. Principal activities

Title	Name	Principal activities
Senior Vice President (nonstanding)	Shunji Kono	Attended 88% of the meetings of the Board of Directors held during the year under review, and backed by extensive experience in corporate management and other fields, and by profound insight, he gave advice and made proposals to ensure the soundness and appropriateness of the Board's decision-making.
Senior Vice President (nonstanding)	Ken Moroi	Attended 45% of the meetings of the Board of Directors held during his term of office in the year under review, and based on his wealth of experience, in particular long practical experience of the business world, and his considerable insight, he gave advice and made proposals to ensure the soundness and appropriateness of the Board's decision-making.
Senior Vice President (nonstanding)	Shinobu Shimizu	Attended 76% of the meetings of the Board of Directors held during the year under review, and based on profound scholarship derived from long experience principally in the transportation industry and a wealth of experience and insights in corporate management and other fields, he gave advice and made proposals to ensure the soundness and appropriateness of the Board's decision-making.
Corporate Auditor (nonstanding)	Yoshihisa Akiyama	Attended 35% of the meetings of the Board of Directors held during the year under review and 77% of meetings of the Board of Corporate Auditors. Based on his extensive experience, in particular practical experience of the business world, and his keen insights, he gave advice and made proposals in regard to management problems facing the Company, and matters such as methods of administering the Board of Directors.

Title	Name	Principal activities
Corporate Auditor (nonstanding)	Masao Nishimura	Attended 67% of the meetings of the Board of Directors held during his term of office in the year under review, and all meetings of the Board of Corporate Auditors. Drawing in his considerable experience in corporate management and other fields and his strong insightfulness, he gave advice and made proposals in regard to management problems facing the Company and matters such as methods of administering the Board of Directors.
Corporate Auditor (nonstanding)	Masatake Matsuda	Attended 79% of the meetings of the Board of Directors held during his term of office in the year under review, and all meetings of the Board of Corporate Auditors. Based on deep knowledge derived from long experience, principally in the transportation industry, he dispensed advice and proposals on such matters as management problems facing the Company and methods of administering the Board of Directors.

3. Liability limitation agreements

Pursuant to the provisions of Article 427, Paragraph 1, of the Corporation Act, the Company has concluded agreements with all outside directors and outside auditors that limit their liability under Article 423, Paragraph 1, of the said act. The limit of their liability for damages under these agreements is the minimum amount prescribed in Article 425, Paragraph 1, of the act.

5. Independent Auditors

(1) Name of independent auditors

Ernst & Young Shinnihon

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

1. Aggregate amount of compensation to be paid by the Company to the independent auditors for the fiscal year under review: ¥81 million

2. Aggregate amount of cash and other property benefit to be paid by the Company and its subsidiaries: ¥328 million

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

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

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

6. Company System and Policies

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

The JAL Group’s first priority in the field of corporate responsibility is to ensure passenger safety; this is the very bedrock on which the Group’s existence is built. Our other main responsibilities are not limited to purely business aspects, such as competing fairly and honestly through the provision of high-quality air transportation and ancillary services, and thereby earning an appropriate level of profit. We also take seriously our wider duties as a good corporate citizen, and endeavor to make a contribution to the healthy development of society. On the basis of this fundamental stance, the JAL Group has laid out a set of basic policies regarding the Group’s internal control system to improve the effectiveness and efficiency of our operational procedures and to ensure the reliability of the Group’s financial reports, and we take care to observe the stipulations of all relevant legislation. Concurrently with the above, by carefully identifying factors that could potentially exert a negative impact on the Group’s business operations, we endeavor to minimize the risks to which our business is subject as part of our objective of raising the Group’s enterprise value and achieving our business targets.

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

(1) As laid down by law, directors of a company must fulfill a fiduciary duty of loyalty to that company, and must exercise due care and diligence in the performance of their duties. All the directors of the Company are fully aware of their duties.

(2) In addition, the Board of Directors is responsible for determining the policies according to which the Company sets up and organizes its internal control system for ensuring compliance with legal requirements, and for drawing up specific plans relating to the said internal control system. Each director is obligated to make regular reports to the Board regarding the operation of the internal control system within his/her area of authority.

(3) We appoint outside directors on a regular basis so that they can effectively fulfill their function of monitoring the performance of all the directors.

2. System of safekeeping and management of records of the performance of their duties by the Company’s directors

(1) Reports (minutes of meetings or other documents) on the decision-making processes of important bodies such as the Board of Directors and the Strategy Council, and reports on specific resolutions taken on important matters (requests for managerial decisions [ringisho]) are drawn up in accordance with the Company’s regulations pertaining to the Board of Directors and other councils and committees, as well as the regulations pertaining to ringisho, and the said reports are managed and held in safekeeping in accordance with the Company’s regulations governing such matters.

(2) The computer system containing “electronic ringisho” (requests for managerial decisions existing as data files) and other computer files is constantly monitored for safety from unauthorized access or tampering. In the event of the discovery of unauthorized access to or use of such files, appropriate remedial action is taken immediately.

3. Regulations and other systems relating to the management of risk

(1) To ensure effective risk management we have established a comprehensive risk management system covering the entire JAL Group. At the core of the system are a number of specialist committees, such as the Safety Measures Committee and the Compliance & Risk Management Committee.

(2) The Company, fully recognizing the critical nature of certain risks attendant on its business operations (notably risks affecting the safety of air transportation operations, as well as other business risks) to the continued prosperity, and even the very existence of the Company, constantly reviews its risk management regulations, and revises them as deemed necessary. At all times the Company puts priority on proactive measures to prevent the occurrence of problems.

(3) Through the clear delineation of the channels of communication for urgent notifications in the event of an emergency, as well as of the spheres of responsibility of the Company’s directors and other executives, we ensure prompt and appropriate responses to emergencies and other unforeseen contingencies. A system to prevent the recurrence of problems is also in place.

4. System for ensuring the effective performance of their duties by directors

(1) The Company has published regulations clarifying the hierarchy of its directors and the apportionment of responsibilities among the directors, and it appropriately enforces the delineation of scopes of authority and the division of labor among directors.

(2) We pursue various means of rendering our operating processes more efficient, such as reducing the number of staff in certain units where this is desirable, simplifying administrative procedures, and making more use of information technology.

5. System for ensuring compliance with legal requirements and the Company's Articles of Incorporation in the performance of their duties by employees of the Company

(1) The JAL Group as a whole endeavors to promote compliance and improve the level of understanding and knowledge concerning compliance among the employees of Group companies, principally through the sharing of information on compliance, with the Compliance & Risk Management Committee (chaired by the Group CEO and President) as the central organizational body.

(2) In accordance with the JAL Group Code of Conduct (entitled "Commitment to Society"), the Group's management works to spread understanding of, and observance of, the Group's compliance standards throughout the Group and to encourage the practice of legally and morally unexceptionable conduct in management.

(3) In line with the Whistleblower Protection Act, the JAL Group has set up a whistleblower hotline for use by all Group management and staff, and has informed all staff of its existence and purposes. All staff are encouraged to make use of this hotline system to report conduct that they suspect may be illegal.

(4) The internal audit departments of the Group keep abreast of developments in the field of compliance throughout the Group.

6. System for ensuring proper conduct of management at Group companies

(1) The Company concludes a Basic Agreement with each member company in the Group under which that member company agrees to abide by the Company's management policies and to work together with the Company toward the achievement of same corporate mission.

(2) A division has been established to take responsibility for overseeing the management and operation of other Group companies and the structure of responsibility is clearly stated. In this way guidance and support is given to all Group companies.

(3) Through the "compliance network," comprising all members of the JAL Group, compliance-related information is exchanged, enabling the fostering of higher levels of awareness regarding the importance of compliance, and facilitating efforts by individual Group companies to build or improve their own compliance systems.

(4) The Company's Internal Audit Department performs audits of all Group members.

7. Matters relating to an employee or employees assigned to assist the statutory auditors at their request

(1) An Auditing Office has been set up and staffed with full-time employees possessing specialist knowledge and experience in the auditing field, to assist the statutory auditors in the performance of their duties.

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

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

9. System for submission of reports by the directors and employees of the Company to the Board of Corporate Auditors or to individual statutory auditors

(1) The statutory auditors are summoned to attend meetings of the Board of Directors and other important meetings, and the auditors are included in the list of persons to whom ringisho must be sent. In these ways, the auditors are kept fully informed and up-to-date regarding important matters relating to the conduct of the Company's management and day-to-day business operations.

(2) The results of audits performed by the internal audit departments are made available to the statutory auditors.

10. System to ensure the effective performance of audits by the Board of Corporate Auditors or by individual statutory auditors

(1) Care is taken to ensure that opinions are exchanged frequently between the Company's Corporate Auditors on the one hand and the independent auditors, the Company's directors and employees, and the directors and statutory auditors of subsidiary companies on the other.

(2) Appropriation of surplus

In air transportation business there was a gradual recovery in profitability during the year, with the result that consolidated ordinary income reached ¥20.5 billion. However, as a result of factors such as a partial reduction of deferred tax assets we incurred a consolidated net loss of ¥16.2 billion for the term. In view of this situation it remains difficult to secure a sufficient surplus to fund dividend payments, and for this reason we greatly regret to inform shareholders that no dividend will be paid this term.

As is explained on page 6 of this report, through the steady implementation of the FY2007-2010 Medium-Term Revival Plan we are endeavoring to further improve profitability with a view to achieving an early resumption of dividend payments, and we hope for your understanding and support.

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

Consolidated Balance Sheet As of March 31, 2007

(Millions of yen)

Assets	Amount
I. Current assets	
Cash and deposits	198,933
Accounts and notes receivable - trade	262,564
Short-term investments in securities	13,234
Supplies	82,881
Deferred income taxes	2,549
Other	150,156
Less: Allowance for doubtful accounts	(3,008)
Total current assets	707,311
II. Fixed assets	
(Tangible fixed assets)	(1,116,391)
Buildings and structures	174,019
Machinery, equipment and vehicles	31,532
Flight equipment	742,545
Land	42,773
Construction in progress	105,418
Other	20,101
(Intangible fixed assets)	(77,007)
Software	75,440
Other	1,566
(Investments and other assets)	(189,853)
Investments in securities	66,561
Long-term loans	13,580
Deferred income taxes	7,751
Other	104,344
Less: Allowance for doubtful accounts	(2,382)
Total fixed assets	1,383,253
III. Deferred charges	
Stock issuance expenses	669
Total deferred charges	669
Total assets	2,091,233

Liabilities	Amount
I. Current liabilities	
Accounts payable - trade	263,885
Short-term borrowings	4,810
Current portion of bonds	70,000
Current portion of long-term loans	110,549
Accrued income taxes	5,172
Deferred income taxes – current	16,585
Other	188,792
Total current liabilities	659,796
II. Non-current liabilities	
Bonds	130,229
Long-term loans	705,957
Accrued pension and severance costs	129,061
Deferred income taxes- non-current	9,012
Other	125,303
Total non-current liabilities	1,099,563
Total liabilities	1,759,360
Net assets	
I. Stockholders' equity	
Common stock	174,250
Capital surplus	79,096
Retained earnings	24,776
Treasury stock	(887)
Total stockholders' equity	277,235
II. Valuation and translation adjustments	
Net unrealized gain on other securities, net of taxes	3,557
Net unrealized gain on hedging instruments, net of taxes	35,314
Translation adjustments	(5,020)
Total valuation and translation adjustments	33,851
III. Minority interests	20,785
Total net assets	331,873
Total liabilities and net assets	2,091,233

Consolidated Statement of Operations As of March 31, 2007

(Millions of yen)

Operating revenues	Amount
Operating revenues	2,301,915
Cost of operating revenues	1,885,211
Gross Profit	416,703
Selling, general and administrative expenses	393,785
Operating income	22,917
Non-operating income	33,834
Interest income	3,471
Dividend income	2,470
Equity in earnings of affiliates	2,481
Exchange gain	18,036
Other	7,374
Non-operating expenses	36,175
Interest expense	19,068
Loss on sales and disposal of flight equipment	12,257
Other	4,849
Ordinary income	20,576
Extraordinary gain	52,413
Gain on sales of fixed assets	8,822
Gain on sales of investments in securities	34,338
Other extraordinary gain	9,251
Extraordinary loss	20,933
Loss on sales and disposal of fixed assets	3,546
Special termination benefits	8,517
Loss on partial termination of defined benefit plan	2,291
Loss on impairment of fixed assets	2,600
Other	3,976
Income before income taxes and minority interests	52,055
Income taxes - current	9,953
Income taxes - deferred	54,424
Minority interests	3,945
Net loss	16,267

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2007

(Millions of yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance, at March 31, 2006	100,000	136,145	(90,186)	(892)	145,065
Changes during the year ended March 31, 2007					
Issuance of common stock	74,250	74,250			148,500
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit		(131,274)	131,274		-
Bonuses to directors and statutory auditors			(26)		(26)
Net loss for the year ended March 31, 2007			(16,267)		(16,267)
Purchases of treasury stock				(131)	(131)
Sales of treasury stock		(24)		129	105
Changes in scope of consolidation and adoption of equity method			(17)	8	(9)
Changes other than stockholders' equity, net					
Total changes	74,250	(57,048)	114,962	5	132,169
Balance, at March 31, 2007	174,250	79,096	24,776	(887)	277,235

	Valuation, translation and other				Minority interests	Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Translation adjustments	Total valuation, translation and other		
Balance at March 31, 2006	8,777	-	(5,776)	3,000	27,449	175,515
Changes during the year ended March 31, 2007						
Issuance of common stock						148,500
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit						-
Bonuses to directors and statutory auditors						(26)
Net loss for the year ended March 31, 2007						(16,267)
Purchases of treasury stock						(131)
Sales of treasury stock						105
Changes in scope of consolidation and adoption of equity method						(9)
Changes other than stockholders' equity, net	(5,219)	35,314	756	30,851	(6,664)	24,187
Total changes	(5,219)	35,314	756	30,851	(6,664)	156,357
Balance at March 31, 2007	3,557	35,314	(5,020)	33,851	20,785	331,873

Notes

Basis of Presentation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries
Number of consolidated subsidiaries: 142

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

In view of their significant materiality, the following companies became consolidated subsidiaries as of the period under review: JALPAK INTERNATIONAL U.S.A., INC., JAL GROUND SERVICE SAPPORO CO., LTD., JAL GROUND SERVICE OSAKA CO., LTD. (name changed from NISHINIHON AIRPORT SERVICE CO., LTD.), JAL GROUND SERVICE KYUSHU CO., LTD. (name changed from KYUSHU AIRPORT SERVICE CO., LTD.), JALTRANS, INC., CONTACT CUSTOMS CLEARANCE, INC. Former consolidated subsidiaries JAPAN AIRLINES DOMESTIC CO., LTD. and JAL SALES CO., LTD. merged with JAPAN AIRLINES INTERNATIONAL CO., LTD., HOKKAIDO AIR SERVICE CO., LTD. merged with JAL GROUND SERVICE SAPPORO CO., LTD., TOA AIR SERVICE CO., LTD. merged with JAL GROUND SERVICE CO., LTD. (name changed from AIRPORT GROUND SERVICE CO., LTD.), and GROUND AIR SERVICE CO., LTD. merged with JAL GROUND SERVICE OSAKA CO., LTD., and as a result were excluded from the scope of consolidation.

JAL MAINTENANCE SUPPORT CO., LTD. was liquidated, and as a result of the sale of shareholdings, INTERNATIONAL CATERING LTD., CHITOSE INTERNATIONAL HOTEL CO., LTD., HOTEL NIKKO ANNUPURI CO., LTD., NANSEI TOURIST DEVELOPMENT CO., LTD., and OKUMA BEACH LAND CO., LTD. were excluded from the scope of consolidation.

As a result of the reduction in the proportions of shares held owing to the sale of shares, former consolidated subsidiaries JALUX INC. and CHITOSE AIRPORT FUELLING FACILITIES COMPANY, LTD. became companies accounted for by the equity method as of the period under review.

As a result of the exclusion of JALUX INC. from the scope of consolidation, that company's subsidiaries JALUX AMERICAS, INC., JALUX EUROPE LIMITED, and JAL-DFS CO., LTD. were also excluded from the scope of consolidation.

(2) Non-consolidated subsidiaries

Name of major non-consolidated subsidiary
JAL FSC Lessee (Chi) Company, Ltd.

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

2. Application of the Equity Method

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

Number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method: 20
Names of the major non-consolidated subsidiaries and affiliates, which are accounted for by the equity method:

JAMCO Corporation, Airport Facilities Co., Ltd., Tokyo City Air Terminal Co., Ltd. and JAL

Information Technology Co., Ltd.

In view of its materiality, AVICOM JAPAN CO., LTD. became a company accounted for by the equity method as of the period under review. JALUX INC. and CHITOSE AIRPORT FUELLING FACILITIES COMPANY, LTD. ceased to be consolidated subsidiaries owing to the sale of their shares and consequent reduction in the proportions of shares held, and as of the period under review they became companies accounted for by the equity method.

JALUX INC. affiliates TOKYO KOKU CLEANING CO., LTD. and TOKYO KINAI YOHIN CO., LTD. were formerly companies accounted for by the equity method, but owing to the reduction in the proportions of shares as a result of the sale of JALUX INC. shares, as of the period under review they ceased to be included among companies accounted for by the equity method. In addition, owing to the sale of shares of TOKYO HUMANIA ENTERPRISE INC., formerly a company accounted for by the equity method, that company also ceased to be included among companies accounted for by the equity method.

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

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

JAL FSC Lessee (Chi) Company, Ltd.

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

3. Fiscal Years of Consolidated Subsidiaries

The balance sheet date of 24 consolidated subsidiaries including Pacific Fuel Trading Corporation is December 31 and the balance sheet date of Official Filing Co., Ltd. is February 28.Any significant differences in inter-company transactions between the balance sheet dates of those subsidiaries and the balance sheet date of the consolidated financial statements have been adjusted, if necessary.

4.Significant Accounting Policies

(1) Valuation of significant assets

(a) Investment in securities: Other securities

Marketable securities: Stated at fair value as of the fiscal year end (Valuation difference is directly charged to net assets, net of taxes.

Cost of securities sold is determined principally by the moving average method.

Non-marketable securities: Stated at cost determined by the moving average method

(b) Inventories: Stated primarily at cost by the moving average method

(c) Derivatives: Stated at fair value

(2) Depreciation of fixed assets

(a) Aircraft: Straight-line method or declining balance method

(b) Tangible fixed assets excluding aircraft:

Japan Airlines International Co., Ltd.	Straight-line method
Others	Principally, the declining balance method

(c) Intangible fixed assets: Straight-line method

(3) Amortization of deferred charges

Share transfer expenses: Amortized by straight line method over a period of three years.
Bond issuance expenses: Amortized by straight line method over a period of three years.

(4) Provision of significant allowances:

(a) Accrued pension and severance costs

- To provide for employees' severance indemnities, a provision is recorded based on the projected benefit obligation and the plan assets as of the fiscal year end.

- The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of fifteen years.

- The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which falls within the average remaining years of service of the employees when incurred at respective fiscal year ends. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

- Past service cost is principally charged to income as incurred. However, certain consolidated subsidiaries have amortized past service cost by the straight-line method over a period which is less than the average remaining years of service of the employees.

- The JAL Group Pension Fund established by certain consolidated subsidiaries, whose operation was reorganized on April 1, 2006, received approval from the Ministry of Health, Labor and Welfare on April 1, 2006, with respect to the portion of the substitutional portion of the Welfare Pension Fund Plans ("WPFP") relating to past service, and the payment of the amount to be transferred to the government (minimum actuarial liability) was made on December 25, 2006. As a result, income before income taxes increased by ¥1,524 million.

- Certain domestic consolidated subsidiaries transferred parts of their retirement benefit plans to defined contribution plans, primarily on April 1, 2006, October 1, 2006, and February 1, 2007, and applied "Accounting for Transfer between Retirement Benefit Plans" (Accounting Standard Implementation Guidance No. 1). As a result, income before income taxes increased by ¥84 million.

- On October 1, 2005, consolidated subsidiary Japan Airlines International Co., Ltd. ("JALI") introduced a revised pension scheme under which employees have the option to change a portion of their existing lump-sum payment of retirement benefits to a defined contribution plan or to an early payment scheme. In addition, former consolidated subsidiary Japan Airlines Domestic Co., Ltd. entered a merger with JALI on October 1, 2006, in which JALI was the surviving company and JALI's retirement benefit plan was applied to its retirement benefit plan, resulting in the introduction of a system in which a portion of its retirement benefits were able to be changed to a defined contribution plan or an early payment scheme. In consequence, both operating income and ordinary income rose by ¥3,957 million, and income before income taxes increased by ¥2,317 million.

  With the aforementioned introductions on October 1, 2005, and October 1, 2006, of the systems in which a portion of retirement benefits were able to be changed to a defined contribution plan or an early payment scheme, a portion of the unrecognized obligation at transition, which relates to reducing the benefit obligation by revision of the pension scheme, has been amortized by the straight-line method over a period of 8 years by applying Paragraph 15 "Transitional Arrangement," of "Accounting for the Transfer between Retirement Benefit Plans" (Accounting Standard Implementation Guidance No. 1). As a result, in comparison with the method under which one-off charges were expensed, accrued pension and severance costs declined by ¥1,271 million, and income before income taxes rose by ¥238 million.

- With respect to the substitutional portion of the WPFP, on March 15, 2007, JALI received approval from the Ministry of Health, Labor and Welfare for exemption from the benefit obligation relating to future employee service. In consequence, operating income, ordinary income, and income before income taxes each increased by ¥36,639 million. At the fiscal year-end, the amount to be transferred (minimum actuarial liability) was estimated at ¥68,329 million. The potential effect on the result of operations in accordance with paragraph 44-2 of the "Practical Guidelines on Retirement Benefits Accounting (Interim Report)," Report No.13 of the Accounting System Committee of the Japanese Institute of Certified Public Accountants, was an extraordinary loss of ¥2,276 million, based on the assumption that the transfer of the substitutional portion of the benefit obligation had been completed as of the end of the fiscal year.

- As of the period under review, certain consolidated subsidiaries have changed their method of calculating pension benefit obligations from the simplified method to the principle method. As a result of this change, the ¥429 million difference between the amount of benefit obligations calculated by the two methods has been stated in the accounts as an extraordinary loss.

(b) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided based on the Company's historical experience of losses on receivables. In addition to the aforementioned general allowance, a provision is made for specific potentially uncollectible receivables in the amounts of estimated losses.

(5) Translation of significant accounts denominated in foreign currencies

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and any gain or loss on translation is included in current earnings. Adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates which are accounted for by the equity method are included in translation adjustment under net assets and minority interests.

(6) Accounting for significant leases

Finance leases which do not transfer the ownership of the leased property to the lessee are principally accounted for as operating leases.

(7) Hedge accounting

Deferred hedge accounting is adopted. Foreign receivables and payables for which currency forward exchange contracts are designated are translated at the applicable forward foreign exchange rates. Interest rate swaps are accounted for by special method if certain conditions are met.

(8) Accounting for consumption taxes

Tax exclusion method is adopted.

(9) Adoption of consolidated tax return system

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

(10) Amortization of good will and negative goodwill

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

(11) Valuation of assets and liabilities of consolidated subsidiaries

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

5. Change in Accounting Policy

(1) New accounting standards for classification of net assets

Beginning with the reporting term, the Company has adopted new accounting standards for classification of net assets (Business Accounting Standard No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005) and related practical guidelines (Implementation Guidance for Business Accounting Standards No. 8, on December 9, 2005). Amounts equivalent to shareholders' equity under the old standards came to¥275,772 million as of the balance-sheet date.

(2) Accounting standards for business combinations and business divestitures

Effective this fiscal year, the "Accounting Standard for Business Combinations" (Business Accounting Council, October 31, 2003), "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan, December 27, 2005, Corporate Accounting Standard No.7), and "Implementation Guidance on Accounting Standards for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan, December 27, 2005, Accounting Standard Implementation Guidance No.10) are being applied.

(3) Change in method of depreciation of tangible fixed assets

The method used by consolidated subsidiary Japan Airlines International Co., Ltd. for the depreciation of spare parts for aircraft was formerly the declining balance method, but as of the period under review the straight-line method is being applied.

The reason for this change is that Japan Airlines International Co., Ltd. merged with another consolidated subsidiary Japan Airlines Domestic Co., Ltd. on October 1, 2006, and it became necessary to standardize the depreciation method and to harmonize it with other factors, namely that DC-10 aircraft, for which the declining balance method was used, were taken out of service in the previous term, and the medium-term business plan calls for the accelerated retirement of older aircraft and the active introduction of new aircraft, with the straight-line method as the uniform depreciation method for all aircraft and related equipment.

As a result of this change, compared with the previous methods used, the Company's operating expenses declined by ¥1,408 million, operating income increased by ¥1,408 million, and both ordinary income and income before income taxes and minority interests rose by ¥1,335 million.

6. Notes to Consolidated Balance Sheet

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

(2) Accumulated depreciation of tangible fixed assets ¥1,497,366 million

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

Assets pledged as collateral

- Flight equipment ¥592,677 million
- Supplies ¥56,104 million
- Investments in securities¥30,979 million
- Securities ¥9,031 million
- Land, buildings and other ¥158,585 million

Obligations related to collateral

- Long-term borrowings ¥428,493 million

In addition to obligations stated in the consolidated balance sheet, future lease payments totaled ¥7,592 million in the period under review. In addition, shares in certain consolidated subsidiaries have been pledged as collateral.

(4) Contingent liabilities

- Guarantees ¥5,187 million
- Commitments such as guarantees, keep-well agreements and other ¥507 million

- JALI, a wholly owned subsidiary of the Company, is alleged to have been involved in anti-competitive practices such as price-fixing and collusion with several international cargo operators and its cargo operations office in Frankfurt was inspected by the European Union antitrust authorities on February 14, 2006. On the same date, the U.S. Department of Justice inspected JALI's cargo operations office in New York. In relation to the investigation of alleged anti-competitive practices, certain air cargo customers have filed class action lawsuits in the U.S against international cargo operators including JALI claiming that alleged price-fixing practices have damaged their interests and such practices should be enjoined. No amounts of damages or compensation have been specified in these class action proceedings, but penal compensation is being demanded. In addition, a number of class-action suits making very similar claims were initiated in Canada and Australia (though penal compensation may not be demanded under Canadian and Australian laws). The management of the Company holds the view that these investigations and class action lawsuits could have a material impact on the results of operations of the Group. However the management is unable to estimate the possible outcome of the ongoing investigations and class action lawsuits reasonably at this stage, since investigations by the authorities of a number of jurisdictions (including the European Union, the United States, Canada, Switzerland, and Australia) remain ongoing.

7. Relating to Consolidated Statement of Changes in Net Assets

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

(2) Number of shares issued and outstanding, and number of shares of treasury stock

(Thousands of shares)

	At March 31, 2006	Increase	Decrease	At March 31, 2007
Number of shares of stock in issue:				
Common stock	1,982,383	750,000	-	2,732,383
Number of shares of common stock in treasury:				
Common stock	2,863	534	464	2,934

Notes

1. The increase of 750,000,000 in the total number of shares of ordinary shares issued and outstanding comprises an increase of 700,000,000 shares derived from capital increases by means of public offerings of stock, and an increase of 50,000,000 shares by means of a paid-in capital allotment to third parties (capital increase by means of the issue of shares to third parties by exercising an overallotment option).

2. The increase of 534,000 in the number of shares in treasury resulted from the purchase of 531,000 shares that were insufficient in number to form unit shares, 3,000 shares that reverted to the Company from among Company shares acquired by companies accounted for by the equity method. The decline of 464,000 shares of treasury stock comprised the sale of 438,000 shares that were insufficient in number to form unit shares, and a decrease of 25,000 shares owing to changes in the extent of the Company's holdings in companies accounted for by the equity method.

8. Per-Share Data

(1) Net assets per share ¥113.97

(2) Net loss per share ¥6.52

Supplementary information

The “Implementation Guidance on Accounting Standard for Net Income per Share” (Accounting Standard Implementation Guidance No. 4) was amended on January 31, 2006, and as of this fiscal year deferred hedge gains and losses are being included in net assets related to common stock. The amount of net assets per share at the end of the period under review calculated according to the method employed at the end of the previous fiscal year was ¥101.04.

Non-Consolidated Balance Sheet (As of March 31, 2007)

(Millions of yen)

Assets	Amount
Assets	
I. Current assets	
Cash and deposits	8,960
Accounts receivable - trade	2,488
Short-term loans receivable from a subsidiary	90,200
Current portion of long-term loans receivable from subsidiaries	53,800
Prepaid expenses	50
Accounts receivable - other	3,764
Deferred income taxes	7
Other	3
Total current assets	159,276
II. Fixed assets	
(Tangible fixed assets)	(28)
Furniture and fixtures	28
(Intangible fixed assets)	(5)
Software	4
Other	0
(Investments and other assets)	(767,721)
Investments in securities	490
Investments in subsidiaries	213,489
Long-term loans receivable from subsidiaries	553,669
Other	72
Total fixed assets	767,754
III. Deferred charges	
Stock issuance expenses	669
Total deferred charges	669
Total assets	927,700

Liabilities	Amount
Liabilities	
I. Current liabilities	
Accounts payable - trade	240
Current portion of long-term loans	53,800
Accounts payable - other	1,599
Accrued income taxes	14
Accrued expenses	2,467
Other current liabilities	1,610
Total current liabilities	59,731
II. Non-current liabilities	
Bonds	50,229
Long-term loans	523,669
Deferred income taxes	67
Other	49
Total non-current liabilities	574,015
Total liabilities	633,747
Net assets	
Net assets	
I. Stockholders' equity	
Common stock	174,250
Capital surplus	
Additional paid-in capital	111,503
Total capital surplus	111,503
Retained earnings	
Other retained earnings:	
Unappropriated retained earnings	8,718
Total retained earnings	8,718
Treasury stock	(661)
Total stockholders' equity	293,810
II. Valuation, translation and other	
Net unrealized gain on other securities, net of taxes	142
Total valuation, translation and other	142
Total net assets	293,953
Total liabilities and net assets	927,700

Non-Consolidated Statement of Operations From April 1, 2006 to March 31, 2007

(Millions of yen)

Operating revenues	Amount
Operating revenues	21,808
Cost of operating revenues	9,449
Gross Profit	12,359
Selling, general and administrative expenses	3,764
Operating income	8,594
Non-operating income	411
Interest and dividend income	354
Other non-operating income	57
Non-operating expenses	432
Amortization of start-up costs	130
Amortization of share issuance	223
Other non-operating expenses	79
Ordinary income	8,573
Extraordinary gain	503
Gain on sale of investments in subsidiaries	503
Income before income taxes	9,077
Income taxes - current	249
Income taxes - deferred	85
Net income	8,742

Non-consolidated Statement of Changes in Net Assets   For the year ended March 31, 2007

(Millions of yen)

	Stockholders' equity								Valuation, translation and other		Total net assets
		Capital surplus			Retained earnings						
					Other retained earnings						
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Unappropriated retained earnings	Total retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gain on other securities, net of taxes	Total valuation, translation and other	
Balance at March 31, 2006	100,000	105,069	63,458	168,528	(131,274)	(131,274)	(659)	136,593	-	-	136,593
Changes during the year ended March 31, 2007											
Issuance of common stock	74,250	74,250		74,250				148,500			148,500
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit		(67,815)	(63,458)	(131,274)	131,274	131,274		-			-
Net income for the year ended March 31, 2007					8,742	8,742		8,742			8,742
Purchases of treasury stock							(130)	(130)			(130)
Sales of treasury stock					(24)	(24)	129	105			105
Changes other than stockholders' equity, net									142	142	142
Total changes	74,250	6,434	(63,458)	(57,024)	139,993	139,993	(1)	157,217	142	142	157,359
Balance at March 31, 2007	174,250	111,503	-	111,503	8,718	8,718	(661)	293,810	142	142	293,953

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Policies

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

Available-for-sale securities

Securities with market prices are stated at fair value as of the balance sheet date. (Net unrealized gains or losses on these securities are recorded directly in net assets, and costs of securities sold are computed using the moving average method.)
Securities without market prices are stated at cost determined by the moving average method.

(2) Depreciation of fixed assets
Tangible fixed assets: Straight-line method
Intangible fixed assets: Straight-line method

(3) Amortization of deferred charges
Start-up costs: Amortized over a period of five years
Bond issuance expenses: Amortized over a period of three years
Stock issuance expenses: Amortized over a period of three years by the straight-line method

(4) Accounting for significant leases
Finance leases which do not transfer the ownership of the leased property to the lessees are principally accounted for as operating leases.

(5) Hedge accounting
Interest rate swaps are accounted for by special method if certain conditions are met.

(6) Accounting for consumption taxes
Amounts are recorded exclusive of consumption tax.

(7) Adoption of consolidated tax return system
The consolidated tax return system has been adopted.

(8) Changes in accounting policies

New accounting standards for classification of net assets

Beginning with the reporting term, the Company has adopted new accounting standards for classification of net assets (Business Accounting Standard No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005) and related practical guidelines (Implementation Guidance for Business Accounting Standards No. 8, on December 9, 2005). Amounts equivalent to shareholders' equity under the old standards came to¥293,953 million as of the balance-sheet date.

2. Notes to Balance Sheet

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

(2) Accumulated depreciation of tangible fixed assets: ¥31 million

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

Assets pledged as collateral
Investment in affiliates ¥5,546 million
Investments in securities ¥490 million

Total ¥6,037 million

Obligations related to collateral
Long-term debt due within 1 year ¥44,818 million
Long-term debt ¥206,947 million

Total ¥251,765 million

The above assets pledged as collateral include assets provided for real guarantees in regard to borrowings of ¥3,618 million by subsidiary Japan Airlines International Co., Ltd.

(4) Contingent liabilities for guarantees

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

JAL Capital Co., Ltd. ¥420,480 million
Japan Airlines International Co., Ltd. ¥225,838 million

Total ¥646,318 million

(5) Receivables and payables relating to affiliated companies

Short-term receivables from subsidiaries: ¥149,693 million
Short-term payables to subsidiaries: ¥3,196 million
Long-term receivables from subsidiaries: ¥553,669 million

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

3. Notes to Statement of Operations

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

(2) Transactions with affiliates
Operating revenues: ¥21,808 million
Operating expenses: ¥1,320 million
Non-operating transactions: ¥144 million

4. Relating to Statement of Changes in Net Assets

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

(2) Classes and numbers of shares of treasury stock at year-end
Common Stock 2,302,504

5. Tax-Effect Accounting

The significant components of deferred tax assets include valuation losses on investments in affiliates and non-recognition of accounts payable, and the significant components of deferred tax liabilities include valuation differences on available-for-sale securities.

6. Fixed Assets Used under Leases

Fixed assets used under lease contracts include transportation equipment.

7. Transactions with Related Parties

Attribute	Company name	Ratio of voting rights, direct or indirect	Relationship		Transaction details	Transaction amount (¥ million)	Category	Balance at year-end (¥ million)
			Concurrent officers	Business relationship				
Subsidiary	Japan Airlines International Co.	100.0% held directly	Concurrent 21 persons	Management guidance, lending of funds	Lending of funds (Note 1)	237,333	Long-term loans to affiliates (including those due for repayment within 1 year)	607,469
					Collection of loans (Note 1)	40,311		
					Receipt of management guidance fees, interest, etc. (Notes 2, 3)	9,968	Accounts receivable–trade	2,459
							Other current liabilities	1,546
					Guarantees of obligations (Note 4)	225,838	-	-
					Obtainment of guarantees of obligations (Note 5)	630,134	-	-
					Real guarantees (Note 6)	3,618	-	-
					Obtainment of real guarantees (Note 7)	336,516	-	-
Subsidiary	Japan Airlines Domestic Co., Ltd. (Note 8)	-	-	Management guidance, lending of funds	Collection of loans (Note 1)	12,772	Long-term loans to affiliates (including those due for repayment within 1 year)(Note 10)	218,633
					Receipt of management guidance fees and interest, etc. (Notes 2, 3)	3,401	Accounts receivable-trade (Note 10)	1,326
					Guarantee of obligations (Notes 9, 10)	29,856	-	-
Subsidiary	JAL Capital Co.	100.0% held directly	Concurrent 1 person	Commissioning of funds-related business, lending of funds	Lending of funds (Notes 1, 11)	106,901	Short-term loans to affiliates	90,200
					Collection of loans (Note 1, 11)	28,401		
					Guarantees of obligations (Note 4)	420,480	-	-
Subsidiary	Japan Asia Airways Co.	100.0% held directly	Concurrent 2 persons	-	Receipt of dividend	5,304	-	-

Transaction conditions and policy for determining them

Notes

1. Loan interest rates are determined rationally in light of market interest rates.

2. Management guidance fees are determined by mutual agreement between in light of the nature of the business.

3. Transaction amounts are net of consumption taxes, which are included in the balance at year-end.

4. Guarantees of obligations are made in regard to subsidiaries' borrowings from financial institutions and lease obligations.

5. Guarantees are obtained by the Company for its corporate bonds and for borrowings from financial institutions.

6. Real guarantees entail the provision of collateral for borrowings by subsidiaries from financial institutions.

7. The obtainment of real guarantees entails the provision of collateral by subsidiaries for borrowing by the Company from financial institutions.

8. Japan Airlines Domestic Co., Ltd. merged with Japan Airlines International Co., Ltd. on October 1, 2006, and ceased to exist as an independent entity.

9. Guarantees of obligations are made in regard to subsidiaries' lease obligations.

10. The obligations of Japan Airlines Domestic Co., Ltd. were, as a result of the merger, assumed by Japan Airlines International Co., Ltd., and this figure states the balance at September 30, 2006.

11. Includes cash management system (CMS) transactions.

8. Per-Share Data

Net assets per share	¥107.67
Net income per share	¥3.50

Copy of Report of Accounting Auditors (translation)

Report of Independent Auditors

(Consolidated)

The Board of Directors
Japan Airlines Corporation

May 15, 2007

ERNST & YOUNG SHINNIHON

Yoichi Yamada
Designated and Engagement Partner
Certified Public Accountant

Hiroshi Saito
Designated and Engagement Partner
Certified Public Accountant

Hirohisa Fukuda
Designated and Engagement Partner
Certified Public Accountant

In accordance with Section 4 of Article 444 of the Corporation Law, we have audited the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net asset and notes of Japan Airlines Corporation applicable to the fiscal year from April 1, 2006 to March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these consolidated financial statements.

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

As a result of our audit, it is our opinion that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Japan Airlines Corporation and its consolidated subsidiaries at March 31, 2007 and the consolidated results of their operations in conformity with accounting principles generally accepted in Japan.

As described in Note 5, "Changes in accounting policy," effective the fiscal year ended March 31, 2007 the Company adopted new accounting standards for classification of net assets. The consolidated financial statements of the Company were prepared in accordance with regulations stipulated in the new standards.

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

Copy of Report of Accounting Auditors (translation)

Report of Independent Auditors

The Board of Directors
Japan Airlines Corporation

May 15, 2007

ERNST & YOUNG SHINNIHON

Yoichi Yamada
Designated and Engagement Partner
Certified Public Accountant

Hiroshi Saito
Designated and Engagement Partner
Certified Public Accountant

Hirohisa Fukuda
Designated and Engagement Partner
Certified Public Accountant

In accordance with Section 1 of Article 436-2 of the Corporation Law, we have audited the balance sheet, the statement of operations, the statement of changes in net assets, notes and accounting matters stated in the supplementary schedules of Japan Airlines Corporation applicable to the fifth fiscal year from April 1, 2006 to March 31, 2007. These financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements and the supplementary schedules based on our audit.

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

As a result of our audit, it is our opinion that the nonconsolidated financial statements and the supplementary schedules present fairly, in all material respects, the nonconsolidated financial position of Japan Airlines Corporation at March 31, 2007 and the nonconsolidated results of operations in the period ended March 31, 2007 in conformity with the accounting principles generally accepted in Japan.

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

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

Report of the Board of Corporate Auditors

May 17, 2007

We, the Board of Corporate Auditors of Japan Airlines Corporation, have received from each Corporate Auditor a report on auditing methods used and the results of its audits on the execution of duties by the directors during the fifth fiscal year from April 1, 2006 to March 31, 2007, and have compiled this audit report after consultations, and do hereby report as follows;

1. Outline of the auditing method used by Corporate Auditors and the Board of Corporate Auditors

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

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

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

2. Results of audits

(1) Business report

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

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

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

(2) Nonconsolidated financial statements and their supplemental schedules

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

(3) Consolidated financial statements

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

Yasunaka Furukawa, Corporate Auditor (standing)
Teruhisa Ishizawa, Corporate Auditor (standing)
Yoshihisa Akiyama, Corporate Auditor
Masatake Matsuda, Corporate Auditor

The Board of Corporate Auditors
Japan Airlines Corporation

(Note) Yoshihisa Akiyama and Masatake Matsuda are outside statutory auditors as stipulated in Article 2, Paragraph 16 and Article 335, Paragraph 3 of the Corporation Law.

Reference Document for Exercising Voting Rights

Proposed Resolutions and Reference Matter
Proposed Resolution No. 1: Election of 15 Directors
Among the eighteen (18) directors elected at the previous annual general meeting of shareholders, seven (7) left office by March 31, 2007, leaving eleven (11) directors in office. However, the terms of office of these directors terminate as of the conclusion of this general meeting. Accordingly, your approval is sought for the appointment of fifteen (15) directors.
The candidates are as follows.

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
1	Toshiyuki SHINMACHI (Born on January 20, 1943)	April 1965 Joined Japan Airlines Co., Ltd. (JAL) June 1997 Senior Vice President, JAL April 2000 Managing Director, JAL April 2001 Senior Managing Director, JAL Oct. 2002 Senior Managing Director, Japan Airlines System Corporation (JALS), General Manager, Strategic Operations Dept. June 2003 Executive Vice President, General Manager, Strategic Operations Dept., General Manager, Associated Business, JALS Executive Vice President, JAL June 2004 President, Japan Airlines Corporation (JAL) April 2005 Group CEO & President, JAL President, Japan Airlines International Co., Ltd. (JALI) President, Japan Airlines Domestic Co., Ltd. (JALJ) June 2006 Chairman, JAL (currently serving) Chairman, JALI (currently serving) Chairman, JALJ (Japan Airlines Corporation = Stock Holding company which changed its corporate name from Japan Airlines System Corporation in June 2004)	29,000
2	Haruka NISHIMATSU (Born on January 5, 1948)	April 1972 Joined JAL April 1999 Vice President, Finance Dept., JAL Nov. 2001 Vice President, Finance Dept. Integration Committee, Corporate Planning, JAL April 2003 Executive Officer, Responsible for Investor Relations (Assistant), Finance (Assistant) and Vice President, Finance Dept., JALS April 2005 Senior Vice President, JALI Senior Vice President, JALJ June 2005 Senior Vice President, JAL Responsible for Finance, Purchasing April 2006 Senior Managing Director, JAL Responsible for Finance Senior Managing Director, JALI Senior Managing Director, JALJ June 2006 Group CEO & President, JAL (currently serving) President, JALI (currently serving) President, JALJ [Representative status at other companies] Chairman, All Japan Air Transport and Service Association	14,000

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
3	Katsuhiko NAWANO (Born on November 16, 1946)	July 1969 Joined Ministry of Transport August 2002 Vice-Minister for Ministry of Land, Infrastructure & Transport July 2003 Resigned from Ministry of Land, Infrastructure and Transport Oct. 2005 Managing Director, JALI Managing Director, JALJ April 2006 Senior Executive Officer, JAL Responsible for Airport Projects, June 2006 Managing Director, JAL Responsible for Airport Projects April 2007 Executive Vice President, JAL Responsible for Airport Projects (currently serving) Executive Vice President, JALI (currently serving)	5,000
4	Kiyoshi KISHIDA (Born on May18, 1948)	April 1971 Joined JAL July 1998 Vice President, Flight Crew Technical Service Dept., JAL July 2001 Vice President, Flight Planning Dept., JAL April 2004 Vice President & Deputy General Manager, Flight Operations Division Vice President, Flight Planning Dept., JAL April 2005 Managing Director, JAL April 2006 Senior Executive Officer, General Manager, Corporate Safety Division, JAL Senior Managing Director, JALI (currently serving) Senior Managing Director, JALJ (currently serving) June 2006 Senior Managing Director, JAL Responsible for Corporate Safety (currently serving)	7,570
5	Tetsuya TAKENAKA (Born on February 12, 1947)	July 1970 Joined JAL April 1999 Vice President & Regional Manager, Frankfurt June 2003 Senior Vice President, Japan Asia Airways (JAA) June 2005 Managing Director, JAA April 2006 Executive Officer, General Manager, Corporate Planning, JAL Senior Vice President, JALI Senior Vice President, JALJ June 2006 Senior Vice President, General Manager, Corporate Planning, JAL Responsible for Finance April 2007 Managing Director, General Manager, Corporate Planning, JAL Responsible for Finance (currently serving) Managing Director, JALI (currently serving)	16,310

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
6	Kimio HIROIKE (Born on May 31, 1949)	April 1974 Joined JAL May 1999 Vice President, Associated Business, JAL April 2004 Executive Officer, General Manager, Associated Business, JAL Executive Officer, JALI April 2005 Executive Officer, JALJ Oct. 2005 Executive Officer, General Manager, Associated Business and Deputy General Manager, Personnel Planning, JAL April 2006 Executive Officer, JAL Responsible for Purchasing Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving) June 2006 Senior Vice President, JAL Responsible for Airport Operations Division (currently serving)	6,000
7	Toshio ANNAKA (Born on January 2, 1951)	April 1973 Joined JAL June 1998 Seconded to JALPAK Co., Ltd. April 2004 Managing Director, JAL Sales Co., Ltd. March 2006 Executive Officer, JALI Executive Officer, JALJ April 2006 Executive Officer, JAL Responsible for Human Resources Management Senior Vice President, JALI (currently serving) Senior Vice President, JALJ June 2006 Senior Vice President, JAL Responsible for Human Resources Management (currently serving)	4,155
8	Masato UEHARA (Born on January 6, 1951)	April 1974 Joined JAL July 2000 Deputy Vice President, Flight Crew General Affairs, JAL June 2002 Seconded to JAL Sales Network Co., Ltd. Vice President, Mileage Center, International Passenger, JAL Vice President, Mileage Center, Domestic, Passenger, JAL April 2003 Vice President, Strategic Planning & Marketing, International Passenger, JAL Seconded to Japan Air System April 2004 Executive Officer, JALI April 2006 Senior Vice President, JALI (currently serving) Senior Vice President, JALJ June 2006 Senior Vice President, JAL Responsible for Passenger Sales & Marketing and Customer Satisfaction Improvement April 2007 Senior Vice President, JAL Responsible for Customer Satisfaction Improvement Division (currently serving)	8,541

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
9	Teruo HARAFUJI (Born on May 21, 1947)	April 1971 Joined JAL April 2001 Deputy Vice President, Flight Crew, Boeing 747 Dept., JAL Dec. 2001 Vice President, Flight Crew, JAA Dec. 2002 Vice President, Flight Crew, Boeing 747 Dept., JAL July 2005 Vice President, General Manager, Flight Crew Dept., JALI April 2006 Senior Vice President, JALI (currently serving) June 2006 Senior Vice President, JAL Responsible for Flight Operations (Assistant to the General Manager) April 2007 Senior Vice President, JAL Responsible for Flight Operations (currently serving)	3,000
10	Shunichi SAITO (Born on September 1, 1948)	April 1974 Joined JAL June 1996 General Manager, Mileage Center in Loyalty Marketing, International Passenger, JAL April 2000 Vice President, Product Planning & Marketing, JAL June 2002 Vice President, Product Marketing & Development, International Passenger, JAL April 2003 Executive Officer, JAL (currently serving) April 2004 Executive Officer, JALJ April 2005 Executive Officer General Manager, IT Strategy and Planning, JAL April 2007 Executive Officer, JAL Responsible for Passenger Sales & Marketing (currently serving)	8,000
11	Masaaki HAGA (Born on September 24, 1948)	May 1972 Joined JAL July 1995 Senior Director, Engineering Planning Dept., Engineering, JAL June 1997 Senior Director, Aircraft Heavy Maintenance Division, Haneda, JAL June 2000 Deputy Vice President, Aircraft Heavy Maintenance Division, Haneda, JAL June 2001 Deputy Vice President, Senior Director, Aircraft Heavy Maintenance Division, Narita, JAL June 2002 Vice President, Aircraft Maintenance Business Division, Haneda, JAL April 2003 Vice President, Component Services Business Division, JAL April 2004 Executive Officer, JALI (currently serving) Executive Officer, JALJ April 2006 Executive Officer Deputy General Manager, Corporate Safety, JAL April 2007 Executive Officer, JAL Responsible for Engineering & Maintenance Division (currently serving)	17,223

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
12	Takao FUKUCHI (Born on December 23, 1951)	April 1974 Joined JAL April 1999 General Manager, Planning & Marketing Dept., Cargo & Mail Division, JAL April 2000 Vice President, Planning & Marketing Dept., Cargo & Mail Division, JAL Senior Vice President (nonstanding), JAL Cargo Sales Co., Ltd. April 2004 President, JAL Cargo Sales Co., Ltd. (currently serving) April 2007 Executive Officer, JAL Responsible for Cargo & Mail Division (currently serving) Executive Officer, JALI (currently serving)	15,000
13	Shigemi KURUSU (Born on July 29, 1955)	April 1978 Joined JAL Dec. 2001 Deputy Vice President, Corporate Planning Office, JAL Oct. 2002 Vice President, Corporate Planning Office, JAL Oct. 2003 Vice President, Industrial Relations, JAL April 2007 Executive Officer, JAL Responsible for Cabin Crew Dept. (currently serving) Executive Officer, JALI (currently serving)	11,000
14	Shunji KONO (Born on August 1, 1927)	June 1990 President, Tokio Marine and Fire Insurance (TMFI) June 1996 Chairman, TMFI June 1997 Senior Vice President, JAL June 2001 Adviser, TMFI (currently serving) (The corporate name has changed to Tokio Marine & Nichido Fire Insurance Co. Ltd. from Oct. 1, 2004) Oct. 2002 Senior Vice President, JAL (currently serving) June 2006 Senior Vice President, JALI (currently serving)	2,000
15	Kiyofumi KAMIJO (Born on September 12, 1935)	June 1987 Senior Vice President, Tokyu Corp. June 1993 Managing Director, Tokyu April 1995 Senior Managing Director, Tokyu June 1999 Vice President, Tokyu June 2001 President, Tokyu June 2005 Chairman, Tokyu (currently serving) [Representative status at other companies] Chairman and Representative Director, Tokyu Bunkamura, Inc.	0

Notes
1. There are no special interests between these candidates for director and the Company.
2. Shunji Kono and Kyofumi Kamijo are candidates for appointment as outside directors.
3. Reasons for candidacy for appointment as outside directors, and periods of office
   a. Mr. Shunji Kono has extensive experience and an extensive record of achievement in corporate management and all aspects of the business world, and possesses great insight. We believe that he can make a major contribution to the management of the Company as an outside director, and thus are proposing him as a candidate. Mr. Kono became an outside director of the Company in October 2002.
   b. Kyofumi Kamijo is a man of profound scholarship backed by long experience principally in the transportation industry, has a wealth of experience and a strong record of achievement in corporate management, and is also a person of great insight. We believe that he can make a major contribution to the management of the Company as an outside director, and thus are proposing him as a candidate.
4. In cases in which candidates for outside directorships have held office as director, executive officer, or auditor in other kabushikigaisha during the previous five years, and during their terms of office at those other companies there were acts that violated laws or articles of incorporation, or other incidences of

improper execution of business, the facts of these cases and the manner in which relevant candidates acted to prevent them and dealt with them after their occurrence were as follows.

a. Shunji Kono held office concurrently as an outside director at Seiko Instruments Inc., where arbitrary, unilateral business execution by the then representative director greatly increased the probability that a loss would be incurred. To counter this, in November 2006 Mr. Kono lent his support to a resolution of that company's board of directors to dismiss the aforesaid individual from the concurrent posts of chairman and representative director and acting president.

b. Also at Seiko Instruments Inc., an incident occurred in which that company acquired overseas real estate via one of its subsidiaries, and the aforesaid former representative director padded the purchase price, acquiring a portion of the funds illicitly. In response, in March 2007 Mr. Kono lent his support to a resolution of that company's board of directors to initiate a civil suit against the aforesaid individual to demand compensation.

5. Liability limitation agreements

a. Pursuant to the provisions of Article 427, Paragraph 1, of the Corporation Act, the Company has concluded an agreement with Mr. Shunji Kono that limits his liability for damages under Article 423, Paragraph 1, of the said act to the minimum amount prescribed in Article 425, Paragraph 1, of the act.

b. If the election of Mr. Kiyofumi Kamijo is approved in accordance with this proposal, the Company intends to conclude the same sort of agreement with him as that described above.

Proposed Resolution No. 2: Election of 6 Corporate Auditors

The terms of office of the current four (4) corporate auditors terminate as of the conclusion of this annual general meeting of shareholders. To enhance corporate governance and internal control, your approval is sought for an increase in the number of outside auditors and the appointment of six (6) corporate auditors.

This proposal has already been approved by the Board of Corporate Auditors.

The candidates are as follows.

Candi-date no.	Name (Date of birth)	Background and representative status at other companies			Number of shares of the Company held
1	Teruhisa ISHIZAWA (Born on June 11, 1949)	April April Oct. June June April	1973 1999 2002 2003 2006 2007	Joined JAL Vice President, Accounting, JAL Vice President, Corporate Planning, JALS Vice President, Corporate Planning & Finance Department, JAL Vice President, Corporate Planning, JALS Vice President, Strategic Planning & Administration, International Passenger, JAL Seconded to JAS Corporate Auditor (nonstanding), JAL Corporate Auditor, JALI (currently serving) Corporate Auditor, JAL (currently serving)	12,465
2	Hideo HIRAMOTO (Born on April 9, 1950)	April Nov. April June April June	1973 1997 2000 2002 2006 2006	Joined JAL Seconded to Japan Trans Ocean Air Co., Ltd. Deputy Vice President, Engineering, and General Manager, Engineering Service Office Haneda, Engineering, JAL Vice President, Engineering, JAL Assistant to the Auditors, JALI Officer of Auditing Operations, JALI (currently serving)	4,155
3	Hirokazu HORINOUCHI (Born on May 3, 1949)	June Oct. June June June	1997 1999 2001 2003 2005	Director General, Treasury Department, the Japan Development Bank (DBJ) Director General, Credit Analysis Department, DBJ Director General, Environment & Energy Department, DBJ Director General, Personnel Department, DBJ Senior Executive Director, DBJ (currently serving)	0
4	Masatake MATSUDA (Born on January 9, 1936)	April June June June April June	1987 1990 1993 2000 2006 2006	Managing Director, East Japan Railway Company (JR East) Executive Vice President, JR East President, JR East Chairman, JR East Counselor, JR East (currently serving) Corporate Auditor, JAL (currently serving) Corporate Auditor, JALI (currently serving)	0
5	Hiroshi SUZUKI (Born on May 27, 1942)	June May June June June June	1994 1995 1997 2001 2004 2006	Director and General Manager, Corporate Banking Department No.7, the Industrial Bank of Japan, Limited (IBJ) Managing Director, IBJ Securities Managing Director, IBJ Director of the Board, Executive Vice President, Fuji Heavy Industries Ltd. (FHI) Representative Director of the Board, Senior Executive Vice President, FHI Advisor, FHI (currently serving)	30,000

Candi-date no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held
6	Hideyuki SAKAI (Born on December 9, 1949)	April 1976 Attorney April 1976 Joined Law Offices of Tatsuo Okamoto July 1979 Joined Logan, Okamoto & Takashima Jan. 1987 Established Sakai Sogo Law Office Jan. 1990 Joined Blakemore & Mitsuki Feb. 1995 Established Law Offices of Hideyuki Sakai (current Sakai & Mimura) (currently serving) June 2006 Statutory Auditor, Tokyo Marine & Nichido Fire Insurance Co., Ltd. (currently serving)	0

Notes:

1. Mr. Hirokazu Horinouchi, a candidate for Corporate Auditor of the Company, is currently serving as a senior executive director of the Development Bank of Japan, which has a balance of outstanding loans in the Company. Mr. Horinouchi is expected to retire from the bank before the date for the Company's general meeting of shareholders scheduled in this month.
   There are no special interests between these candidates for corporate auditor and the Company.
2. Hirokazu Horinouchi, Masatake Matsuda, Hiroshi Suzuki, and Hideyuki Sakai are all candidates for appointment as outside corporate auditors.
3. Reasons for candidacy for appointment as outside corporate auditors, and periods of office
   a. Hirokazu Horinouchi has many years of experience in financial institutions and has extensive financial and related knowledge. We believe that he will be able to carry out fully the role of an outside auditor for the Company, and thus are proposing him as a candidate. We are proposing him for the position of Senior Corporate Auditor.
   b. Masatake Matsuda has long experience and an extensive track record in management in the transportation industry, with broad-ranging knowledge and insights. We believe that his expert perspectives will enable him to carry out fully the role of an outside auditor for the Company, and thus are proposing him as a candidate. He has relatives who are employees of companies with special relationships with JAL. He was originally appointed in June 2006 as a replacement in the role of outside auditor, and duly assumed office.
   c. Hiroshi Suzuki has many years of experience in financial institutions and has extensive financial and related knowledge. By making use of his experience of direct involvement in management as a corporate manager, we believe that he will be able to carry out fully the role of an outside auditor for the Company, and thus are proposing him as a candidate.
   d. Hideyuki Sakai is a person of discernment and experience gained from many years as an attorney-at-law, has long experience of practicing company law, and has experience serving as an outside auditor for other companies. Accordingly, we believe that he will be able to carry out fully the role of an outside auditor for the Company, and thus are proposing him as a candidate.
4. Liability limitation agreements
   a. Pursuant to the provisions of Article 427, Paragraph 1, of the Corporation Act, the Company has concluded an agreement with Mr. Masatake Matsuda that limits his liability for damages under Article 423, Paragraph 1, of the said act to the minimum amount prescribed in Article 425, Paragraph 1, of the said act.
   b. If the election of Messrs. Hirokazu Horinouchi, Hiroshi Suzuki, and Hideyuki Sakai is approved in accordance with this proposal, the Company intends to conclude the same sort of agreement with them as that described above.

Procedure for Exercising Voting Rights via the Internet

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

Details

1. Site for Exercising Voting Rights
(1) You can exercise your voting rights via the Internet by accessing the Company's designated site (http://www.evote.jp/) via a personal computer or mobile phone (iMode, EZweb, or Yahoo! Keitai).*
* ("iMode" is a trademark of NTT DoCoMo, Inc., "EZweb" is a trademark of KDDI Corporation, and "Yahoo!" is a trademark of Yahoo! Inc. of the U.S.)
(2) Depending on their Internet user environments, shareholders using personal computers may not be able to exercise their voting rights via the site for exercising voting rights if they have a firewall on their Internet connection, have anti-virus software set up, or are using a proxy server.
(3) In order to exercise voting rights on a mobile phone, it is necessary to have the capability to use the iMode, EZweb, or Yahoo! Keitai service. Even if they have access to one of the above services, some shareholders may not be able to use the service if their mobile phone models are incapable of sending information, or because of encrypted communication (SSL communication) to ensure security.
(4) Votes will be accepted via the Internet through 5:55 p.m. of the day before the General Meeting of Shareholders (Monday, June 25, 2007). Please vote before this time, and send any inquiries or questions to the Help Desk below.

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

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