

Corporate Governance

Fundamental Approach to Corporate Governance

To continue to increase enterprise value, ANA believes that it must implement corporate governance in a way that maintains transparency and fulfills the responsibility to disclose information to stakeholders.

Implementation of Corporate Governance Initiatives—Business Management Organization and Other Corporate Governance Systems Involved in the Company’s Managerial Decision-Making, Execution, and Supervision

• Governing Bodies of the Company

ANA’s management system comprises 15 directors, 5 auditors, and 33 corporate executive officers (including those who are both directors and corporate executive officers). For important administrative issues, discussions are held and decisions are made by the Management Committee, which is led by the president and includes the 12 directors who are also corporate executive officers, 2 corporate auditors, and other corporate executive officers. Under the Company Law, certain issues must be considered by the board of directors, which makes the final decision on such issues.

The board of directors is led by the chairman. In addition to the directors, 2 of whom are external directors, the board includes 5 auditors, 3 of whom are external auditors. The board of directors met 14 times in the fiscal year ended March 31, 2006, including extraordinary meetings.

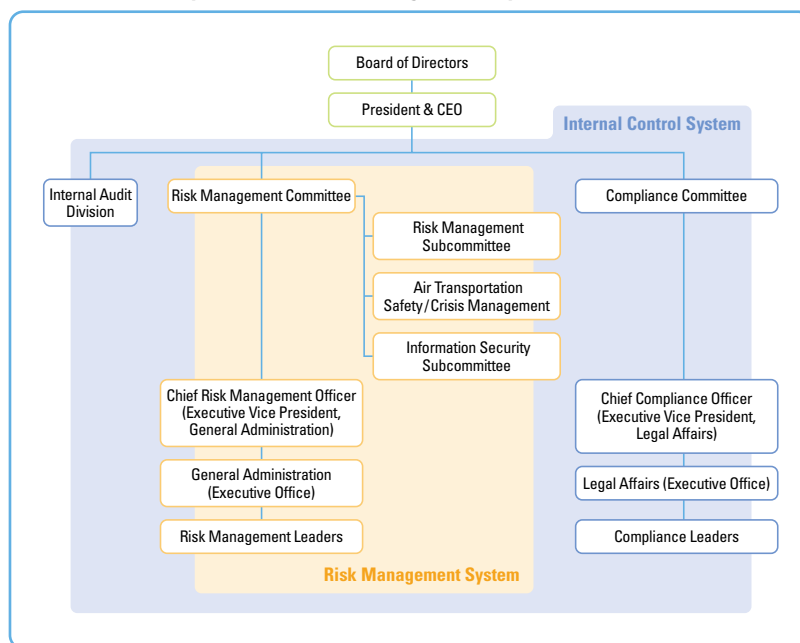
• Enhancement of Internal Control System and Risk Management System

In April 2003, ANA founded its internal control system, which comprises the Risk Management Committee, the Compliance Committee, and the Internal Audit Division.

In the Risk Management Committee, Risk Management Leaders, who are assigned to major departments and affiliated companies, work together to facilitate risk management activities. Risk Management Leaders, who are also Compliance Leaders and Information Security Leaders, act as promulgators of risk management and, when risks occur, take prompt countermeasures.

We have also established subcommittees with expertise in specific risks, such as the Air Transportation Safety / Crisis Management Subcommittee. In addition, in the event of the occurrence of certain risks, temporary subcommittees, such as the Pandemic Influenza Action Subcommittee, will be established to

Internal Control System and Risk Management System



take action in a cross-sectional manner.

• Internal Audits, Audits by Corporate Auditors, and Account Audits

For internal audits, the Internal Audit Division, which reports directly to the president, examines and evaluates management and operational systems and execution, for all business activities, from the viewpoints of sound, ethical practices, provides advice, and makes proposals. Under regular auditing, about 180 subjects are audited once every three years. Auditing results are reported to the president each month, and important items are reported to corporate auditors quarterly. A close relationship is maintained with the independent auditors. Information on important issues related to accounting and finance is provided to the independent auditors. When needed, guidance and advice is received from the independent auditors.

Audits by corporate auditors are performed by the five corporate auditors. Each auditor attends important internal meetings, including board of directors’ meetings, conducts audits of operations at each office and audits of subsidiaries,

Independent Auditors Engaged in Audits

Name of Accountant	Name of Audit Corporation	Continuous Auditing Years
Masaru Katafuchi	Ernst & Young ShinNihon	26 years (Note)
Kazuo Tanimura		1 year
Mitsuo Cho		3 years

Number of Accountants Assisting Audit Services	
Certified Public Accountants	9
Junior Accountants	3

Note: The independent auditors voluntarily adopted their own system of rotating executive officers prior to the enforcement of regulations stipulated in the Certified Public Accountant Law and the implementation of regulations by the Japanese Institute of Certified Public Accountants. Based on the rotation plan made by the independent auditors, Mr. Katafuchi was originally scheduled for rotation as of the end of the fiscal year ending March 31, 2007. However, he was replaced as of the end of the accounting year ended March 31, 2006, ahead of schedule, due to a revision of the regulations on rotation of independent accountants. (As of March 2006)

and reports the results to the board of auditors and to the representative directors. The auditors share information and opinions with the Internal Audit Division and the independent auditors on a quarterly basis and work to enhance auditing.

As for account auditing, Ernst & Young ShinNihon audited the Company, its work sites, and Group companies in accordance with the Commercial Code of Japan and the Securities Transaction Law. Auditing results were reported to ANA's management and to the board of auditors.

Personal Relationships, Business Relationships, and Other Interests between the Company and External Directors or Auditors

The Company has two external directors: Mr. Misao Kimura and Mr. Shosuke Mori. Nagoya Railroad Co., Ltd., where Mr. Kimura serves as chairman and representative director, is the largest shareholder of ANA, with 4.1% of the combined voting rights, and operates as ANA's sole agent in central Japan. There is no particular business relationship between ANA and the Kansai Electric Power Co., Inc., where Mr. Mori serves as president and representative director.

The 3 external auditors are Mr. Kunitaka Kajita (standing corporate auditor), Mr. Shingo Matsuo, and Mr. Hideo Minamiyama. There are no particular business relationships between ANA and Mr. Matsuo or Mr. Minamiyama or between ANA and Kyushu Electric Power Co., Inc., where Mr. Matsuo serves as president and director, or Hokkaido Electric Power Co., Inc., where Mr. Minamiyama serves as the chairman of the board of directors.

Corporate Governance Activities in the Year under Review

• Advisory Board

In order to hear frank and open opinions and advice about the Group's management, ANA has established an advisory board, which consists of seven members with a range of backgrounds. The board met four times during the year ended March 31, 2006.

• Enhancing the Internal Control System

ANA made the following efforts to reinforce and improve its internal control system in the year ended March 2006.

<Risk Management Function>

To address individual risks, we reviewed the status of risk management in response to an operational incident and compliance issue that occurred in the first quarter. Our operational continuance plan was formulated in response to the risk of a large earthquake in the Kanto region, where our management resources are concentrated, or a Tokai earthquake. In accordance with this plan, we introduced a safety confirmation system and prepared disaster backup facilities.

In information security, we trained employees using e-learning and reinforced system infrastructure to improve information security, including the protection of customer information.

<Compliance Function>

We took steps to further enhance our compliance system. We increased the number of Compliance Leaders and set up an outside reporting office, in addition to the inside reporting office, to enhance the internal notification system. At overseas offices, we disseminated our code of conduct and set up reporting offices for internal notification. We also distributed brochures that include revisions to the code of conduct to all employees.

<CSR Activities>

In regard to CSR (Corporate Social Responsibility) activities, we established the CSR Promotion Committee, which is headed by the president, in April 2005 and assigned dedicated staff to strengthen CSR promotion activities.

* For more information about our CSR activities, please refer to page 27.

<Internal Auditing Function>

During the year ended March 31, 2006, the Internal Audit Division emphasized accounting-related matters, personal information protection, and the internal control and risk management systems. The division conducted internal audits of more than 80 departments and Group companies, centered on maintenance and ground handling and on overseas branches in China and Asia.

Board Members' Remuneration and Audit Fees

Board Members' Remuneration

ANA paid the following remuneration to directors and auditors in the year ended March 31, 2006.

Remuneration paid to internal directors.	¥411 million
Remuneration paid to external directors	¥4 million
Remuneration paid to auditors	¥80 million
Total	¥496 million

Audit Fees

ANA paid the following fees to Ernst & Young ShinNihon in the year ended March 31, 2006.

Fees in accordance with services described in Clause 1, Article 2 of the Certified Public Accountant Law.	¥85 million
Fees based on services other than above	—
Total	¥85 million

Note: The above audit fees include the audit fees described in the Commercial Code of Japan and the Securities and Exchange Law.