

Corporate Governance

Fundamental Approach to Corporate Governance

ANA believes that it is essential to institute a system of corporate governance that promotes business transparency and accountability to stakeholders in order to continue enhancing ANA's corporate value.

Governing Bodies of the Company

ANA's management system comprises 17 directors, 5 corporate auditors, and 35 corporate executive officers (including those who are both directors and corporate executive officers). ANA's Articles of Incorporation stipulate that the number of directors shall not exceed 20.

Under the Corporation Law of Japan, important issues must be considered by the Board of Directors, which makes the final decision on such issues. All directors including the 2 external directors and the 5 corporate auditors including the 3 external auditors attend meetings of the Board of Directors, which are led by the chairman. The Board of Directors met 12 times in the fiscal year ended March 2009, including extraordinary meetings.

For important administrative issues, the Management Committee, which meets four times a month and is chaired by the president and includes directors who are also corporate executive officers, corporate auditors and others as members, makes drafts and proposals, and decides on specific manage-

ment activities. In addition, the executive vice president of Operations & Airport Services chairs the Operations Committee, which meets once a month to handle structural issues related to ANA Group operations. Its perspective covers organization, cultivation of personnel, systems, regulations and authority in investigating and deciding on interdivisional solutions among relevant Group airlines. The CSR Promotion Committee, the supreme decision-making body for CSR promotion, is supervised by the President and includes board members and corporate auditors. The Risk Management Committee, Compliance Committee and Environment Committee are subordinate organizations under the CSR Promotion Committee.

Moreover, in order to hear frank and open opinions and advice about the ANA Group's management, ANA established the Advisory Board, which consists of 7 members with a range of backgrounds. The board met 4 times during the fiscal year ended March 2009.

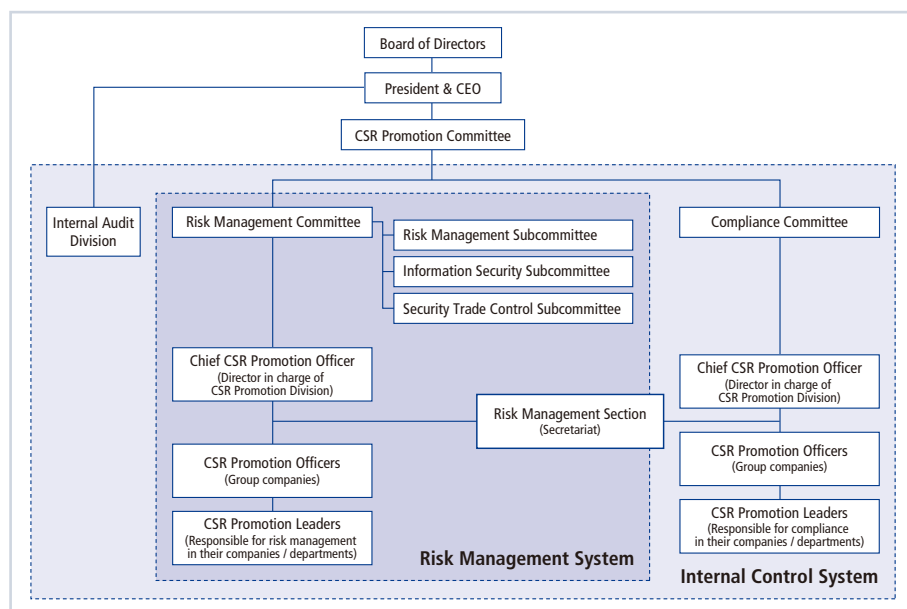
Enhancement of Internal Control System and Risk Management System

The ANA Group defines its internal control system as a framework built internally by management, and the processes using that framework carried out by everyone in the Group, with the four objectives of "business effectiveness and efficiency," "reliability of financial reporting," "observance of laws and regulations for business activities" and "conservation

of assets." Specifically, considering risk management, compliance and internal audits to be instrumental in achieving these objectives, in April 2003, ANA founded its internal control system, which comprises the Risk Management Committee, the Compliance Committee, and the Internal Audit Division. In May 2006 ANA set the basic policy on construction of a system to maintain appropriate operations (internal controls) at the meeting of the Board of Directors, based on the Corporation Law of Japan, which was enacted that month.

In the first fiscal year of application of the requirement to establish a

Internal Control System and Risk Management System



system for internal control of financial reporting that was introduced by the Financial Instruments and Exchange Law of Japan, ANA established a basic policy and a system to ensure accurate financial reporting, as well as the ANA Group Internal Control Regulations for Financial Reporting. ANA upgrades, implements and evaluates internal controls based on these measures.

● Risk Management

The ANA Group Total Risk Management Regulations set out the basic terms of the Group's risk management. Under these regulations, the Risk Management Section, which is the Risk Management Committee's secretariat, and CSR Promotion Leaders assigned to ANA's departments and Group companies facilitate risk management activities based on the Risk Management Committee's policies. The role of CSR Promotion Leaders is to promote risk management in their departments by executing risk countermeasures according to plans. Moreover, in addition to the Risk Management Subcommittee, the Risk Management Committee has established subcommittees with expertise in specific risks, such as the Information Security Subcommittee and the Security Trade Control Subcommittee, to which it delegates the response to certain risks, such as new types of influenza.

In response to the various risks in its operating environment, ANA has structured a system with two approaches to managing the various risks it faces in the course of its business. The risk management approach entails a preventative perspective, with the goal of advance preparation and control. The crisis control approach is for handling risks that actually materialize.

For the risk management approach with a preventative perspective, ANA is building a risk management cycle (identification → analysis → evaluation → study and implementation of controls and countermeasures → monitoring) with the goal of minimizing risk.

For the crisis control approach, which takes precautions for emergencies, ANA has constructed a response system based on detailed manuals in order to minimize damage and ensure safe and secure future operations by investigating the causes. The Emergency Response Manual (ERM) sets out responses to accidents or hijacking involving the ANA Group's aircraft, and the Crisis Management Manual (CMM) provides responses to other crises including systems failure, information leaks, scandals and risks from external sources. Responses to accidents and hijacking are drilled and practiced every year. The ANA Group as a

whole is also promoting the creation of a safety confirmation system for when crises occur.

● Compliance

In enhancing internal control, compliance is an important structural element in addition to the risk management function. ANA is promoting education and enlightenment based on the ANA Group Compliance Regulations in order to fulfill its compliance responsibilities by constructing a compliance system for the entire Group.

At the top of the compliance promotion system is the Compliance Committee, which is composed of the senior managers responsible for compliance in each department. These are mainly corporate executive officers. Under this committee, the CSR Promotion Leaders assigned at each ANA Group workplace and company conduct evaluations of the level of compliance awareness and promote and strengthen compliance throughout the ANA Group.

Internal reporting contact points have been established inside the Company and outside the Company at a law firm. In accordance with the provisions of the Whistleblower Protection Act of April 2006, ANA established regulations concerning the handling of internal reporting and disseminated them throughout the ANA Group and to its business partners.

Internal Audits, Audits by Corporate Auditors, and Account Audits

The Internal Audit Division (16 members) conducts internal audits and reports directly to the president. It carries out operational audits, accounting audits and evaluations for ANA and Group companies pursuant to the "Evaluation System for Internal Controls for Financial Reporting" under the Financial Instruments and Exchange Law of Japan. The Division conducts regularly scheduled audits according to the plan for the fiscal year and unscheduled audits at the will of senior management. Scheduled audits are conducted from an independent and objective standpoint based on risk analysis of ANA's divisions and Group companies. Auditing results are reported to the president each month, and important items are also reported to the corporate auditors on a quarterly basis.

Audits by corporate auditors are performed by the 5 corporate auditors, 3 of whom are external auditors. Each corporate auditor conducts audits of operations at each office and audits of subsidiaries and reports the results to the Board of Corporate

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 LLC audits the Company, its work sites, and Group companies in accordance with the Corporation Law and the Financial Instruments and Exchange Law of Japan. Auditing results are reported to ANA's management and to the Board of Corporate Auditors.

■ Independent Auditors Engaged in Audits

| Name of Certified Public Accountant | | Name of Audit Corporation |
|-------------------------------------|------------------|-----------------------------|
| Engagement Partner | Kazuo Tanimura | Ernst & Young ShinNihon LLC |
| | Masatsugu Hamada | |
| | Mitsuo Cho | |

Notes: 1. All the independent auditors have spent less than 7 continuous years auditing ANA. Therefore, figures for continuous auditing years have been omitted.
 2. The audit corporation has voluntarily adopted a system whereby their executive officers cease from ANA account auditing after a specified period.

There are 9 certified public accountants and 14 other staff members assisting with audit services.

External Directors and Corporate Auditors

● External Directors

As part of the strengthening of corporate governance at ANA, the Company has appointed external directors in order to further bolster the supervisory function for administrative issues by incorporating viewpoints from outside management. ANA has 2 external directors: Mr. Misao Kimura and Mr. Shosuke Mori. Both use their broad insights as managers to provide appropriate advice to the Company and were selected because the Company judged that they would further strengthen its management structure.

Mr. Kimura and Mr. Mori attend meetings of the Board of Directors, and also provide advice and exchange opinions with representative directors as needed outside of meetings of the Board of Directors.

Nagoya Railroad Co., Ltd., where Mr. Kimura serves as chairman, is the second-largest largest shareholder of ANA, holding 4.13% of total voting rights. In addition, ANA and Nagoya Railroad Co., Ltd., have dealings concerning the consignment of flight ticket sales business. There is no particular business relationship between ANA and The Kansai Electric Power Co., Inc., where Mr. Mori serves as president and director.

● External Corporate Auditors

ANA has three external corporate auditors: Mr. Kunitaka Kajita (full-time), Mr. Shingo Matsuo and Mr. Tatsuo Kondo.

As a full-time corporate auditor, Mr. Kajita attends meetings of the Board of Directors, the Board of Auditors, the Management Committee and other regularly scheduled meetings of officers, and also conducts visiting audits of offices and divisions inside and outside the Company. Mr. Matsuo attends meetings of the Board of Directors and the Board of Auditors, and Mr. Kondo is scheduled to attend meetings of the Board of Directors and the Board of Auditors following his assumption of office in June 2009.

There are no particular business relationships between ANA and Mr. Kajita, Mr. Matsuo, or Mr. Kondo or between ANA and Kyushu Electric Power Co., Inc., where Mr. Matsuo serves as chairman and representative director, or Hokkaido Electric Power Co., Inc., where Mr. Kondo serves as chairman of the board of directors.

Efforts to Improve Corporate Governance in the Fiscal Year Ended March 2009

In the fiscal year ended March 2009, ANA made the following efforts to reinforce its internal control system, which is an important part of the infrastructure supporting effective corporate governance.

● Risk Management Function

In order to enhance the Group risk management function, ANA began risk management activities covering Group companies. Based on events of the fiscal year ended March 2009, including malfunction of the domestic passenger check-in system and infringement of the Act Against Unjustifiable Premiums and Misleading Representations regarding advertising for services and material describing mail-order products, in the second half of the fiscal year the Group implemented inspections of urgent business process and compliance issues.

Moreover, ANA updated regulations concerning individual events in order to increase the responsiveness of its crisis control. In the fiscal year ended March 2009, ANA established the Crisis Management Manual (CMM), which sets out responses to general crises other than aviation accidents and hijacking, and the H1N1 Influenza Manual, which sets out responses to an outbreak of H1N1 influenza. ANA also reformed and implemented regulations for information security.

● Compliance Function

ANA implemented the following specific initiatives in order to raise awareness of compliance.

- An employee survey of compliance awareness
- Compliance education, including education by employment class, covering topics such as information security in sales departments and the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

● Internal Auditing Function

The Audit Division reports directly to the president. It audits the management and operating systems throughout the operations of ANA and Group companies, and also conducts activities such as studying, evaluating, advising and making proposals from the perspectives of the legal compliance of operating conditions, rationality and corporate ethics. In the fiscal year ended March 2009, the Audit Division audited the consistency of departments' action plans, and key areas in the management of departments' operations, with the Group's Mid-term Corporate Strategy. Audits were conducted in about 10 locations, focused on headquarters, the Engineering & Maintenance Department and overseas workplaces. Moreover, as it was the first year of application of the "Reporting System for Internal Control of Financial Reporting" under the Financial Instruments and Exchange Law of Japan, the Audit Division evaluated the effectiveness of Company-level control, control of business processes and financial reporting processes, and general control of information technology.

● Meetings of Bodies Responsible for Corporate Governance

In the fiscal year ended March 2009, bodies responsible for corporate governance met the following number of times.

| | |
|-----------------------------|----------|
| Board of Directors | 12 times |
| Board of Corporate Auditors | 8 times |
| Advisory Board | 4 times |
| Management Committee | 54 times |
| Operations Committee | 12 times |
| CSR Promotion Committee | 3 times |
| Risk Management Committee | 4 times |
| Compliance Committee | 2 times |

Remuneration of Directors and Corporate Auditors and Audit Fees in the Fiscal Year Ended March 2009

● Remuneration of Directors and Corporate Auditors

| | Number Serving | 2009 Remuneration Paid | 2008 Remuneration Paid |
|----------------------|----------------|------------------------|------------------------|
| Directors | 17 | ¥474 million | ¥441 million |
| (External Directors) | (2) | (¥11 million) | (¥12 million) |
| Auditors | 6 | ¥88 million | ¥82 million |
| (External Auditors) | (3) | (¥38 million) | (¥39 million) |
| Total | 23 | ¥563 million | ¥524 million |

● Breakdown of Audit Fees

1) Breakdown of fees paid to certified public accountants and other parties

| | |
|---------------------------------------|--------------|
| Fees for certification of audit | ¥153 million |
| Fees for non-audit services..... | ¥10 million |

2) Breakdown of non-audit services by the companies that the certified public accountants and other parties report to
Non-audit services for which ANA pays fees to certified public accountants and other parties are advisory services related to enhancing the internal control system for financial reporting.

Initiatives to Increase the Transparency of the General Meeting of Shareholders

ANA implemented e-voting to allow shareholders who do not attend the General Meeting of Shareholders to exercise their voting rights. In addition, since the June 2006 General Meeting ANA has been using an electronic voting platform for institutional investors to allow institutional investors to exercise the substantial proxy voting rights they own. Moreover, video coverage of the General Meetings is posted on ANA's website.

(<http://www.ana.co.jp/ir/soukai/index.html>)