

Amendment to JAL Auction Settlement Terms

It has been brought to the attention of the Credit Derivatives Determinations Committee for the Japan Region (the **Japan DC**) that the Reference Obligation applicable to Japan Airlines Corporation (**JAL**) specified in respect of transactions referencing the iTraxx Japan HiVol Series Number 6 is not an obligation of JAL. The Reference Obligation (ISIN JP370520AV17) (the **JAIC Bond**) is issued by Japan Airlines International Co., Ltd.. Because this obligation is not an obligation of JAL, it would not (other than by virtue of being the Reference Obligation) be a Deliverable Obligation in respect of JAL.

Therefore, these transactions have a potentially Deliverable Obligation (i.e. the JAIC Bond) which would not be included in the Deliverable Obligations specified for the purposes of the auction. For this reason, such transactions would not constitute "Auction Covered Transactions" for the purposes of the JAL Auction Settlement Terms, as published on 14 April 2010.

The Japan DC considers that the intention of the parties to these transactions would have been that they should settle based on the auction price in circumstances where an auction for JAL is being held. Accordingly, the Japan DC has resolved to amend the JAL Auction Settlement Terms (by amending the "Deliverable Obligation Terms" set out in Schedule 1 thereto) such that these transactions do constitute Auction Covered Transactions and Auction Settlement will therefore apply to them.

For the avoidance of doubt, the JAIC Bond will not constitute a Deliverable Obligation for the purposes of Representative Auction-Settled Transactions, i.e. it will not be deliverable into the auction.