

ETIC Resolves to Implement Capital Injection at Japan Airlines

August 31st 2010

Enterprise Turnaround Initiative Corporation of Japan

The Enterprise Turnaround Initiative Corporation of Japan (“ETIC”) decided on January 19th 2010 to provide support to Japan Airlines Corporation and related companies (“the JAL Companies”) under Article 25, Clause 4 of the Enterprise Turnaround Initiative Corporation of Japan Act (Act 63, of 2009, hereafter “the ETIC Act”), and on March 26th, 2010 reached agreement on the purchase of debt owed by the JAL Companies under Article 28, Clause 1 of the same act.

ETIC today resolved to implement a capital injection at the JAL Companies under Article 31, Clause 1 of the ETIC Act, subject to approval of the business revitalization plan submitted by the corporate trustee under Corporate Rehabilitation procedures filed by the JAL Companies with the Tokyo District Court and to passing of a resolution to implement the business revitalization plan

1. Name(s) of persons or companies concerned

Japan Airlines Corporation, Japan Airlines International Co., Ltd., JAL CAPITAL CO., LTD. (collectively “the JAL Companies”)

2. Outline of new share issue concomitant with capital increase

Issuer of new shares:	Japan Airlines International Co., Ltd.
Class of new shares:	Ordinary shares
Number of shares:	175,000,000 shares
Pay-in amount for new shares	¥350 billion
Pay-in date:	The day after resolution to implement the business plan (scheduled for December 1 st , 2010)
Increase in capital and capital reserve:	¥175 billion respectively
Share allocation:	ETIC 100%* (capital increase provided entirely by ETIC)

**Note: Under the terms of the business revitalization plan, in addition to a planned capital increase by ETIC, subject to court approval the corporate trustee is able to issue new shares through a third party capital increase. In the event of any such third party capital increase the percentage of issued and outstanding shares held by ETIC would reduce in accordance with the number of shares issued to the third party.*

3. Comments from State Ministers in charge of ETIC

Prime Minister, Minister of Internal Affairs and Communications: No opinion

expressed

Minister of Finance: *“I ask that ETIC, while working steadily to support implementation of the business plan outlined for the JAL Companies in the corporate revitalization plan, also seeks the cooperation of related parties to bring about a swift completion of the resuscitation proceedings.”*

Minister of Health, Labour and Welfare: *“I have no objection to the plan. However, I ask that in advising on and guiding the implementation of the corporate revitalization plan, ETIC should aim to ensure that the JAL Companies comply with related laws and regulations and create adequate opportunities for substantive discussions with the workforce with due consideration of employment stability and other such factors.”*

Minister of Economy, Trade and Industry: *“The airline industry provides a foundation for people’s livings and economic activity, and I ask that sufficient consideration continues to be given to ensure that there are no barriers to the continued operation of the JAL Companies, and that in carrying out the corporate revitalization there should no negative impact on transaction partners.”*

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