

ETIC reaches agreement on purchase of debt from Japan Airlines

March 26th 2010

Enterprise Turnaround Initiative Corporation of Japan

The Enterprise Turnaround Initiative Corporation of Japan (“ETIC”), following its decision 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, enacted in 2009, hereafter “the ETIC Act”), today under Article 28, Clause 1 of the same act, reached on the purchase decision of debt owed by the JAL Companies.

Today’s decision is subject to approval by the Tokyo District Court of the business revitalization plan to be submitted by the corporate trustee under Corporate Rehabilitation procedures currently filed by the JAL Companies.

Note: This agreement on the purchase of debt means that ETIC determined that it met the conditions stipulated in the ETIC Act such that all relevant financial institutions either (1) applied to ETIC to sell debt that fell within the scope of debt stipulated under the corporate rehabilitation plan, with an application price for the total debt obligation, or (2) agreed to the administration or disposal of such debt, in accordance with the business revitalization plan. Implementation of the purchase of debt by ETIC remains subject to the business revitalization plan being approved.

ETIC, as the corporate rehabilitation administration of the JAL Companies appointed under Corporate Rehabilitation procedures, will develop the business revitalization plan and continue to support the rehabilitation of the JAL Companies.

1. Name(s) of persons or companies concerned
Japan Airlines Corporation, Japan Airlines International Co., Ltd., and JAL Capital Co., Ltd. (collectively, “the JAL Companies”).
2. Amount of debt to be purchased*

	(Million yen)	
Principal value of total debt (as held by financial institutions as reorganization claim, etc.)	710,318	(A)
Principal value of debt to be purchased	190,853	(B)
Principal value of debt for which financial support to be provided by financial institutions	519,465	(A—B)

* The principal value of total debt shown is the total (prior to any offsets) as of the time ETIC announced its decision to support and may change as a result of debt appraisals or other such activities undertaken during the course of rehabilitation proceedings. Moreover, because the amounts arising from points (1) and (2) in the above note may change, within the scope of the total amount of debt, between this announcement and the approval of the business revitalization plan, the principal values (B) and (A—B) in the table are also subject to change.

3. Comments from State Ministers in charge of ETIC
Prime Minister, Minister of Internal Affairs and Communications, Minister of Finance:
None expressed

Minister of Economy, Trade and Industry:

“Airline operations are the foundations of people’s lifestyles and a nation’s economic activities. I trust that sufficient consideration should continue to be given so that no barriers arise to the continuing operation of Japan Airlines and that the business revitalization process should not impact on the businesses partners.”

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 ensure compliance with related laws and regulations and secures ample opportunities for discussions with the workforce.”

4. Amount of financial support

This revitalization program comprises a combination of ETIC support and Corporate Reorganization procedures. Because of this, the amount of debt forgiveness to be provided by creditor financial institutions (i.e. the book value of debt minus the amount of debt remaining after the change in ownership under the revitalization plan) will be determined during Corporate Reorganization procedures and cannot be confirmed at this stage.

5. Treatment of trade and general creditors

All trade and lease creditors continue to be paid as usual. Other general credits (credit extended by financial institutions or others that is outside the scope of this decision to purchase) will be handled in accordance with Corporate Rehabilitation procedures.

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