



JAL and NYK Commence Cargo Business Reform and Merger Negotiations

Tokyo, August 21, 2009: Japan Airlines (JAL) and Nippon Yusen Kaisha (NYK) jointly announced today that Japan Airlines International (JALI) - the key subsidiary of JAL, and NYK, have reached an agreement to commence negotiations involving the restructuring of their cargo business and a potential merger between the cargo business of JALI and Nippon Cargo Airlines (NCA) – a subsidiary of NYK.

Following the collapse of the economy in the United States last autumn, the financial crisis that spread worldwide caused demand for air cargo transport to fall drastically and market situations to worsen. In view of this, as a precondition for continued growth and development into the future, both companies are focusing on improving profitability in the present situation. Through a major restructuring of the cargo business and by combining the strengths of the two largest cargo operators in Japan to form the biggest solitary Japanese cargo transport provider, JALI and NCA foresee being able to secure profitability and raise the value of both companies. In order to further examine this prospect, JALI and NYK came to an agreement to formally commence discussions.

JALI and NCA started code-sharing flights for the first time in March this year which greatly expanded the network offered by both carriers and which resulted in a step up in quality of service and convenience provided to the customers. Further consolidation is expected to bring about more benefits such as allowing both companies to significantly reduce cost and to fortify their technical expertise through shared-knowledge in the areas of cargo handling, as well as improve the competitiveness of Japan's air cargo transport provider in the international arena which in turn, is anticipated to greatly support various industries in Japan.

Under the agreement, both companies can begin consulting with the relevant authorities and parties concerned to explore in greater depth, the feasibility and benefits of this reform and potential merger. The new business structure is targeted to start from April 1, 2010.

About Japan Airlines

The JAL Group, Asia's largest airline group by operating revenue, serves some 220 airports in 35 countries and territories, including 60 airports in Japan. Its international network covers over 250 passenger routes and 28 cargo routes, while its domestic operations include flights on 143 routes.



With around 23,000 employees in the air transport segment, JAL Group operates a fleet of some 270 aircraft including Boeing 747s and 777s and is now in the process of a major fleet renewal, introducing more fuel-efficient small and medium aircraft such as the B737 New Generation series and in the future the new high-tech Boeing 787 "Dreamliner".

A member of the **oneworld** global alliance since April 2007, JAL offers customers many benefits, such as the JAL Mileage Bank frequent flier program.

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