

## **JAL Reviews IT Management Structure**

**TOKYO, January 4, 2011:** Japan Airlines International (JAL) and IBM Japan (IBM) reached an agreement today after reviewing the terms of their "IT Partnership" - entered into by both companies in 2001, and thereby decided on the reforms below.

In this review, the IT department of the airline will be significantly reorganized to regain independence in carrying out the renewal of outdated and complex system as part of its ongoing efforts to achieve a successful corporate reorganization.

### **1. Transfer and acquisition of stocks of subsidiary JAL Information Technology Co., Ltd.**

By the end of June 2011, all of IBM's stocks (51.0%) in JAL Information Technology Co., Ltd (JIT) - a joint venture between JAL and IBM, will be transferred completely to JAL.

JIT has been creating and maintaining business applications and providing almost all aspects of IT services to the JAL Group and has accumulated extensive know-how in related fields. To ensure plans for the system renewal run smoothly in support of the revitalization of JAL, it is essential to reinvigorate JAL's internal IT department alongside the development of JIT.

From hence, JIT will operate distinctly as a core subsidiary providing fundamental support that meets the IT needs of JAL. At the same time, it will also continue to expand and strengthen external businesses that it has developed thus far. JIT will capitalize on know-how acquired from working with companies outside of the JAL Group as well as from relevant experience in system renewal projects to elevate the quality of its services.

### **2. Review and new agreement on comprehensive IT services**

JAL and IBM Japan drastically reviewed their "Strategic Outsourcing Agreement" which has been in effect till now. In view of the consistency in the quality of their work, as well as their high levels of productivity, it has been decided that IBM Japan will continue to provide services in the area of system usage, and the new contract terms will be in effect for 3 years and 6 months beginning January 2011 till June 2014.

In the new contract, IBM Japan will adapt IBM's Global Standard Delivery Model to efficiently provide JIT with a uniform, high quality production service.

Going forward, JAL and IBM Japan will carry on exploring the possibilities of establishing new collaboration in the areas of development and maintenance of business applications.

IBM Japan is committed to continue supporting JAL towards the successful renewal of its systems.



Company name : **JAL Information Technology Company Limited**

Address : Minato-ku, Shibaura 4-chome 15-33, Tokyo

Representative : Fumio Takemura

Date of establishment : August 26, 1978

Capital : 724.5 million yen

Employees : 1,151 (as of April 1, 2010)

Major stockholders : IBM Japan - 51.0%  
: Japan Airlines International - 41.5%  
: Nippon Information Industry Corp. - 7.5%

Company name : **Japan Airlines International Co., Ltd.**

Address : 4-11 Higashi-shinagawa, Shinagawa-ku, 2-chome, Tokyo

Representative : Enterprise Turnaround Initiative Corporation of Japan and Trustee Eiji Katayama

Date of establishment : October 1, 1953

Capital : 200 billion yen

Employees : 12,100 (as of December 1, 2010)

Major stockholders : Enterprise Turnaround Initiative Corporation of Japan - 100% (As of December 1, 2010)

Company name : **IBM Japan Limited**

Address : 19-21 Nihonbashi Hakozaiki-cho, Chuo-ku, Tokyo 103-8510

Representative : President Takayuki Hashimoto

Date of establishment : June 17, 1937

Capital : 135.3 billion yen

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