

J-WING TRAVEL

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***JAL expects a financial effect of 7 billion yen through aircraft downsizing and route revision**

JAL Group announced its route, flight frequency and fleet plan for FY2008 on February 1, aiming to improve its profitability by downsizing aircraft, renewing fleet, shifting to high profitable routes and introducing high-quality products.

For more efficient operation, JAL will retire 10 classic type B747s, two 767-300s and six MD81s, while introduce three 777-300ERs, five 767-300ERs, nine B737-800s and two Embraer 170s. Also, it will expand international flight networks from Narita International Airport and Haneda Airport in preparation for the capacity expansion of both of the airports in 2010.

Through the efforts, JAL expects a financial effect of around 7 billion yen for

FY2008, broken down into 3 billion yen in the international passenger flight business, 3 billion yen in the domestic passenger flight business and 1 billion yen in the cargo flight business.

As one of its premier service strategies, new seats for the first class and the executive class will be offered on Narita-JFK and San Francisco flights in the third quarter of FY2008. Premium economy classes will be available on Paris flights from April, on JFK flights from August and San Francisco flights from September.

To strengthen its international passenger flight network from Narita, JAL will increase Busan flights from seven a week to 14 a week, JFK flights from 13 a week to 14 a week, Paris flights from seven a week to 11 a week, Hangzhou flights from five a week to seven a week and Moscow flights from two a week to three a week. Also, JAL will increase Kasnai International Airport-Qingdao flights from three a week to four a week.

From Haneda Airport, JAL is now planning to serve scheduled charter flights to Nanyuan Airport of Beijing and will also increase international charter flights from about 280 for FY2007 to 350 to 400 for FY2008.

Aircraft will be changed on the following international routes:

From B747-400 to B777-300ER on Narita-JFK (from August 1 2008)

From B747-400 to B777-300ER on Narita-San Francisco (from September 1 2008)

From B767-300 to B737-800 on Narita-Guangzhou (from October 1 2008)

From B747-400 to B767-300 on Narita-Kaohsiung (from October 1 2008)

From B767-300 to B737-800 on Kansai-Guangzhou (from March 30 2008)

From B767-300 to B737-800 on Centrair-Busan (from June 1 2008)

For the domestic passenger flight business, J-Air will begin using Embraer 170 on main routes from Nagoya Airport (Komaki) in February 2009. Another new business is to fly between Mt. Fuji Shizuoka Airport, which opens in March 2009, and Fukuoka and Sapporo.

Also, JAL will introduce domestic first class services on Haneda- Fukuoka

and ?Sapporo flights, in addition to Haneda-Itami (Osaka) flights today.

For the cargo flight business, JAL will complete the fleet renewal from B747-200 freighters to B747-400 freighters and meet cargo demands especially for Southeast Asia with B767-300 freighters.

***The 150th year anniversary of Japan-France relations is a chance to expand two-way tourism**

Maison de la France (the tourism authority of France) is making efforts to expand both outbound and inbound travels between Japan and France in the 150th year anniversary of Japan-France diplomatic establishment this year. Catherine Oden, director of the tourism authority Japan office, said at an interview with the Wing Travel Weekly, "A series of celebration events for the anniversary is an unique opportunity to deep friendship between Japan and France. Our office is working with a passion to expand the tourism market of Japan." The tourism authority will work together with Ministry of Land, Infrastructure and Transport, Japan National Tourist Organization(JNTO) and local governments.

She explained a basic concept for tourism promotion: "We are developing unprecedented campaigns with a theme of blending Japan and France. Each country is actually close despite far from each other. We have similar tourism sources, such as the Tokyo Tower and the Eiffel Tower or Shinkansen and TGV. By appealing such similarities, we will encourage Japanese people to deepen affinity with France and to visit France."

After March this year, the tourism authority will begin full-scale advertising campaigns for general consumers in Japan, featuring Miyajima of Hiroshima in Japan and Mont Saint-Michel in France as the same World Heritages on the sea. The advertisement will be developed on buses of Paris.

Regarding Visit World Campaign promoted by Japan Association of Travel Agents (JATA) to boost Japanese outbound travelers, Oden said that the tourism authority of France would contribute to the campaign if requested.

For the travel industry of Japan, the tourism authority will collect giveaways from local tourism bureaus of France to distribute them to travel companies on a request basis. A variety of giveaways are already prepared and will increase from now on, according to Oden.

For the inbound market, the tourism authority will further make efforts to encourage French tourists to visit Japan, working together with JNTO and contributing to the government-leading Visit Japan Campaign.

Japanese visitors to France in 2007 had increased for the first half, however had been slow down for the latter half. Oden revealed that the annual number of Japanese visitors might result in 650,000 approximately, smaller than about 680,000 in 2006.

For 2008, the tourism authority is focusing on encouraging Japanese tourists to visit local areas of France beyond Paris, particularly targeting senior travelers who have enough budgets and times. For that, it is strengthening to send information on its website.

Also, the tourism authority emphasizes collaborations with other European countries' tourism authorities for tourism promotions to the Japan market. Oden said, "Our competitor is not other countries in Europe but Asia especially. By working together with counterparts of other European countries, we hope to boost tourism demand over Europe."

***KNT resulted in 0.9%increase of the total travel transaction in 2007**

Kinki Nippon Tourist (KNT) recently reported that the total travel transaction for FY2007 (January to December 2007) slightly increased by 0.9%to 496.9 billion yen over FY2006. The total was broken down into 176.8 billion yen for the outbound travel business (down 1.7%), 309 billion yen for the domestic travel business (up 2.2%) and 9.1 billion yen for the foreigner-inbound travel business (up 47.3%).

In the outbound travel business, transaction of group travels totaled 52.9 billion yen, 5.2% less than FY2006, as transaction of student group travels increased by 13.4%, while transaction of general group travel decreased by 10.3%.

Transaction of package tour Holiday products reduced by 2.9% to 77.9 billion yen, and including planned products for other companies, the total transaction of the segment was down 2.8% to 78.4 billion yen.

Transaction of FIT reached 45.5 billion yen, 4.7% more than FY2006.

In the domestic travel business, transaction of group travels totaled 93.8 billion yen, 1.4% more than FY2006, and that of package tour Mate products was up 5.0% to 134 billion yen. Transaction of FIT slightly decreased by 1.2% to 80.9 billion yen in FY2007 compared to FY2006.

***NTA resulted in 2.6% reduction of the total travel transaction in FY2007**

Nippon Travel Agency (NTA) reported that the total travel transaction in FY2007 (January to December 2007) reduced by 2.6% to 466.8 billion yen over FY2006, broken down into 160.8 billion yen for the outbound travel business (down 4.8%), 298.8 billion yen for the domestic travel business (down 1.8%) and 7 billion yen for the foreigner-inbound travel business (up 23.2%).

In the outbound travel business, transaction of educational group travels increased by 15.4%, however that of general group travels decreased by 6.6%. The total transaction of group travels accordingly reached 33.7 billion yen, 1.3% less than FY2006.

Transaction of overseas package tour Mach/Best Tour products largely decreased by 12.7% to 62.5 billion yen in FY2007, compared to FY2006. The total transaction of the planned travel segment was down 9.1% to 78.3 billion yen. Transaction of FIT was also down 1.5% to 41.1 billion yen.

In the domestic travel business, the total transaction of group travels reduced by 3.9% to 66.6 billion yen, as both general group travels and educational group travels decreased transactions by 5.6% and by 1.5% respectively. Transaction of package tour "Akai Fusen" products decreased by 5.1% to 74.2 billion yen. Transaction of FIT was slightly up 0.6% to 39 billion yen in FY2007.

***JAL air transport result for December 2007**

INTERNATIONAL FLIGHT (JAL, JAS, JAA, JAL Ways)

Passengers = 1,102,590 (101.1%)

RPK = 4,988,417 thousand passenger kilometers (101.1%)

ASK = 7,059,715 thousand seat kilometers (96.1%)

Load factor = 70.7%

<Results by destination>

Trans-Pacific routes

Passengers = 230,854 (103.1%)

RPK = 1,758,994 thousand passenger kilometers (103.6%)

ASK = 2,343,361 thousand seat kilometers (102.6%)

Load factor = 75.1%

Europe routes

Passengers = 98,247 (96.4%)

RPK = 922,250 thousand passenger kilometers (97.2%)

ASK = 1,308,388 thousand seat kilometers (93.4%)

Load factor = 70.5%

Southeast Asia routes

Passengers = 371,139 (104.3%)

RPK = 1,377,218 thousand passenger kilometers (108.5%)

ASK = 1,975,723 thousand seat kilometers (96.5%)

Load factor = 69.7%

Oceania routes

Passengers = 48,188 (73.2%)

RPK = 354,519 thousand passenger kilometers (76.8%)

ASK = 449,572 thousand seat kilometers (70.1%)

Load factor = 78.9%

Guam

Passengers = 43,861 (107.0%)

RPK = 111,807 thousand passenger kilometers (106.8%)

ASK = 153,312 thousand seat kilometers (95.5%)

Load factor = 72.9%

Korea routes

Passengers = 149,901 (103.8%)

RPK = 161,918 thousand passenger kilometers (105.0%)

ASK = 211,344 thousand seat kilometers (97.6%)

Load factor = 76.6%

China routes

Passengers = 160,400 (102.0%)

RPK = 301,711 thousand passenger kilometers (101.7%)

ASK = 618,014 thousand seat kilometers (103.2%)

Load factor = 48.8%

DOMESTIC FLIGHT (JAL, JAS, JTA, JEX, J-Air, JAC, HAC, RAC)

Passengers = 3,181,954 (96.5%)

RPK = 2,409,636 thousand passenger kilometers (97.5%)

ASK = 4,129,798 thousand seat kilometers (94.7%)

Load factor = 58.3%

***Narita resulted in 1% more passengers in 2007**

Narita International Airport Co. (NAA) recently reported that the number of passengers in 2007 was up 1% to 35,556,893 over 2006. The total international flight passengers were broken down into 19,025,969 Japanese (down 1%), 9,100,561 foreigners (up 9%) and 6,189,392 transits (down 3%). The yearly number of domestic flight passengers totaled 1,240,971, 11% more than 2006.

Growths of passengers were found in China routes (up 7%), Asia routes (up 5%), Europe routes (up 1%) and Oceania routes (up 3%). On the contrary, transpacific routes and Hong Kong route resulted in 1% and 5% reductions of

passengers respectively. Passengers on Korea, Taiwan and Guam routes in 2007 were almost the same as 2006.

Narita handled 193,748 aircraft take-offs and landings in total in 2007, 3% more than 2006, broken down into 132,123 on A runway and 61,625 on B runway.

In December 2007, the number of passengers reached 2,889,182, representing the second most passengers in the last Decembers. Japanese passengers on international flights decreased by 3%, while foreigner passengers on international flights increased by 8%.

NAA conducted the passenger survey on Tokyo-Shanghai flights in December 2007. It finds that passengers on Haneda-Hongqiao reached about 19,000, while those on Narita-Pudong decreased by 20% to 44,600 over December 2006. Narita has obviously influenced by the new charter flights between Haneda and Hongqiao. In the same manner, the new charter flights between Haneda and Nanyuan, the other airport in Beijing, will probably impact the current scheduled flights between Narita and Beijing Capital International Airport.

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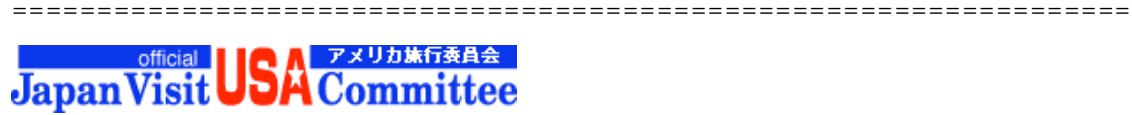
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