

News Bulletin Service

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This Week Headline

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****Notification***

Thank you for reading JVUSA News Bulletin every week. The next issue (May 5th) will be suspended due to the Golden week period. Thank you for your understandings.

***Mr. Tagawa will be the next president and CEO of JTB**

At a meeting of the Board of Directors of JTB Corp. on Friday 25 April 2008, an informal decision was made to appoint Mr. Hiromi Tagawa, currently Senior Managing Director, as President to replace Mr. Takashi Sasaki, who has served three terms as President and CEO for a total of six years. President Sasaki will become the chairman of the Board, while the current chairman, Mr. Ryuji Funayama, will remain on the Board of Directors in a consultative

capacity. The official decisions will be taken on Monday 30 June 2008 at the 45th Annual General Meeting of Shareholders planned for that day and the Board Meeting that will follow it.

President Sasaki took up his appointment in June 2002 in a very hostile financial environment, and set up three successive business plans: the "Brand New" plan (which ran through FY2002 and '03), "Brand New Phase II" (for FY2004 and '05) and "JTB Group Synergy 08" (running from FY2006 through '08), actively addressing structural reforms that sought to strengthen management, enhance business financial fundamentals, and renew the system of administration, always from the point of view of establishing viable bases for consolidated business. In particular, he led the separation of JTB into individual companies in FY2006 and the transition to the new system of administration.

By intensive, group-wide sales efforts and cost-effective initiatives, the initial objectives of the management plans have been achieved for all three terms, and with the group administrative system entering its third year since the corporation was split up into separate companies, it has been decided that now is the time for management change.

From now on, under our new President, in implementing both the last year of the current management plan "JTB Group Synergy 08" and the start of the next medium-term plan that will run from FY2009, we will seek to meet the challenges of a changing environment and address the various problems facing management, preserving and enhancing the corporate value of JTB Group.

The background of the new President is as follows:

Name: Hiromi Tagawa (Mr.)

Born: January 2, 1948

Education: Graduated from Keio University, March 1971

Employment:

April 1971 Joined Japan Travel Bureau, Inc.

February 1990 Appointed as planning Manager, Planning & Marketing Department, JTB Inc.

February 1993 Appointed as Assistant General Manager, Overseas Travel Department, JTB Inc.

February 1996 Appointed as General Manager, Kawasaki Office, JTB Inc.

April 1998 Appointed as Director & General Manager Planning, JTB

International Inc.

February 1999 Appointed as Director & Vice President, JTB International Inc.

June 2000 Appointed as Director & General Manager, Planning & Marketing Department. JTB Inc.

January 2001 Appointed as Director & General Manager, Planning & Marketing Department. JTB Corp.

June 2002 Appointed as Managing Director, JTB Corp.

June 2003 Appointed as Managing Director & General Manager, Regional Headquarters Eastern Japan, JTB Corp.

June 2005 Appointed as Senior Managing Director & Director, Planning Marketing Headquarters, JTB Corp.

April 2006 Appointed as Senior Managing Director & Director, Travel Marketing & Strategy, JTB Corp.

***JNTO survey finds Japanese departures reduced nationwide in 2007**

Japan National Tourist Organization (JNTO) reported on April 18 that the defined number of Japanese departures overseas in 2007 (January to December 2007) was down 1.4% to 17,294,935 over 2006. Despite the slight reduction as a whole, Japanese departures from all regions reduced unlike the 2006 result that all regions except Kyushu and Hokkaido increased Japanese departures.

The largest reduction was found in Tohoku, where Japanese departures decreased by 10.5% to 126,936 in 2007 compared to 2006. Sendai Airport decreased Japanese departures by 7.3% to 94,757, and other local airports in Tohoku (Fukushima, Aomori, Akita and Hanamaki) suffered from large reductions of Japanese departures.

In Hokkaido, Shin-Chitose Airport (Sapporo) and Hakodate Airport decreased Japanese departures by 7.7% to 101,858 and by 6.8% to 4,345 respectively. Although Asahikawa Airport succeeded in 73.9% increase to 5,889 Japanese departures, the total in Hokkaido was down 5.6% to 112,885 in 2007.

In Hokuriku, Noto Airport increased Japanese departures by 35.6% to 360, but

Niigata, Toyama and Komatsu each resulted in year-on-year reductions.

Japanese departures from Chugoku and Shikoku regions totaled 262,111 in 2007, 1.4% smaller than 2006. Okayama Airport increased Japanese departures by 1.2% to 87,661, and Hiroshima Airport kept almost the same number of Japanese departures, resulting in 0.2% reduction to 135,219. However, Yonago, Takamatsu and Matsuyama each reduced Japanese departures by around 10%.

The total number of Japanese departures from Kyushu in 2007 was down 4.2% to 262,111 over 2006. The largest Fukuoka Airport reduced those by 3.3% to 679,279, resulting in year-on-year reductions for two consecutive years. Kagoshima and Nagasaki decreased those by 10.7% to 19,866 and by 15.8% to 10,583 respectively.

In the Tokyo Metropolitan area, the number of Japanese departures combined Narita International Airport and Haneda Airport was slightly down 0.5% to 10,013,274 in 2007. Narita resulted in 0.9% reduction to 9,547,579, while Haneda succeeded in 10.1% increase to 465,695 due to increase of international charter flights.

Kansai International Airport suffered from 4.5% reduction to 3,687,939 Japanese departures, while Central Japan International Airport slightly increased those by 1.9% to 2,104,948, resulting in only year-on-year increase in Chubu region.

***JHTC will make up an action plan to increase Japanese tourists for Hawaii**

Japan-Hawaii Tourism Conference (JHTC) held the first general meeting in Honolulu on April 15 to discuss the current market condition and issues for increase of Japanese tourists and higher-quality products. Based on such discussions, JHTC will hold a working group session in late May this year to make up a roadmap and an action plan. The next general meeting will be held

on September 24 in Tokyo.

JHTC Chairman of Japan Koji Shinmachi, who is Japan Association of Travel Agents (JATA) Chairman, said at the general meeting, “In addition to unique issues in Hawaii and Japan, we have faced severe business environment, such as high oil price, lower individual consumption, unstable Japanese economy and so forth. However, I believe Hawaii has basic value, so-called ‘Aloha value.’ We have to reconfirm it and bring it to the higher level.” He also emphasized that Visit World Campaign (VWC) would follow an action plan of JHTC.

JHTC Chairman of Hawaii Rex Johnson, Hawaii Tourism Authority President and CEO, said that Hawaii would continue developing tourism hand in hand with Japan.

Traditional Aloha Airlines and low-cost carrier ATA stopped the air transport businesses on March 31 this year. Although Hawaiian Airlines and GO! Are supposed to compensate for 56,000 seats on island flights, a total of 700 flights a week or 88,000 seats are likely to reduce. The impact will be large particularly on Hawaii-mainland U.S. routes, and an air ticket between Hawaii and a West Coast city allegedly rises from \$300 to \$900 or more than \$1000 sometimes.

Under the current circumstance, the tourism industry of Hawaii is re-focusing on the Japan market.

In a theme meeting regarding flights between Japan and Hawaii, JAL said that it would keep the current business-scale for its scheduled flights by 2010 and serve around 65 charter flights this year, almost the same as last year. In summer, JAL is planning to serve charters from local cities via Haneda Airport.

ANA also revealed that it would maintain seven flights a week with B767-300 by 2010, however it would be difficult to serve charters due to shortage of pilots. Northwest Airlines will reduce available seats by 13% in this year compared to the last year because it uses smaller aircraft.

Both JAL and ANA said that it was difficult to begin serving direct scheduled flights to Maui, however some travel companies pointed out that it would certainly be possible to create tourist demands enough for charters in big cities.

In another theme meeting regarding creation of new products, several travel companies said that it was necessary to send a basic message on real Hawaii to general consumers.

***Japanese airlines' ITC charters increased by 5.7% to 9-11 in FY2007**

The Ministry of Land, Infrastructure and Transport recently reported that Japanese airlines served a total of 911 ITC charter flights in FY2007 (April 2007 to March 2008), 5.7% more than FY2006, and carried a total of 238,666 passengers on the charters, 8.9% more than FY2006. However, the growth rate was practically low because ITC charters in FY2006 were three-fourth of those in FY2005.

ITC charters for new destinations, such as Central Europe, increased through FY2007, while Haneda-Guam charters decreased from 151 in FY2006 to zero in FY2007.

Although the deregulations on ITC charter flights were enforced in FY2007, it was true that travel companies did not have enough time to produce charter products taking advantage of the deregulations in FY2007.

Including affinity and own-use charters, Japanese carriers served a total of 945 charters (up 4.8%) and carried a total of 244,072 passengers (up 7.8%) in FY2007. The statistics do not include Haneda-Gimpo and Hongqiao charters during a special daytime zone.

The followings are ITC charter results by airport:

Sapporo = 86 charters (down 27.7%) / 27,132 passengers (down 30.6%)

Asahikawa = two charters (down 50%) / 408 passengers (down 55.7%)

Hakodate = two charters (new) / 674 passengers (new)

Sendai = 29 charters (down 19.4%) / 8,049 passengers (down 19.5%)
Hanamaki = two charters (even) / 340 passengers (down 17.9%)
Fukushima = two charters (new) / 683 passengers (new)
Niigata = eight charters (down 42.9%) / 1,998 passengers (down 47.6%)
Narita = 184 charters (up 18.7%) / 43,458 passengers (up 16.9%)
Haneda = 258 charters (down 6.2%) / 66,893 passengers (up 10.3%)
Central Japan = 93 charters (up 20.8%) / 23,778 passengers (up 47.2%)
Toyama = two charters (even) / 399 passengers (down 6.8%)
Komatsu = four charters (new) / 1,535 passengers (new)
Kansai International = 102 charters (up 27.5%) / 21,717 passengers (up 15.1%)
Matsuyama = two charters (even) / 566 passengers (up 27.2%)
Kochi = four charters (double) / 1,062 passengers (up 48.3%)
Okayama = eight charters (new) / 2,248 passengers (new)
Hiroshima = ten charters (down 37.5%) / 2,659 passengers (down 39%)
Ube = two charters (new) / 692 passengers (new)
Iwakuni = two charters (new) / 497 passengers (new)
Fukuoka = 76 charters (up 35.7%) / 23,416 passengers (up 19.2%)
Kitakyushu = five charters (new) / 1,358 passengers (new)
Oita = four charters (double) / 1,427 passengers (up 246.4%)
Nagasaki = four charters (double) / 1,155 passengers (up 75.5%)
Kumamoto = four charters (double) / 1,202 passengers (up 95.8%)
Miyazaki = eight charters (new) / 2,843 passengers (new)
Kagoshima = four charters (new) / 1,201 passengers (new)
Naha = four charters (down 50%) / 1,276 passengers (down 56.4%)

It was distinctive that Japanese carriers served more ITC charters to Europe through FY2007, including 35 charters to Zurich from 14 airports nationwide. ITC charters particularly increased from 7 to 20 for Prague with 5,356 passengers and from 7 to 18 for Budapest with 5,095 passengers, and eight ITC charters for Croatia were served for the first time.

Although ITC charters for Honolulu were served nationwide, the number decreased by 12.5% to 126 in FY2007, carrying a total of 38,364 passengers (down 9.5%).

The followings are ITC charter results by destination:

Calgary = six charters (down 57.1%) / 1,865 passengers (down 51.4%)
Montreal = five charters (up 66.7%) / 1,833 passengers (up 85.2%)
Toronto = five charters (down 44.4%) / 1,833 passengers (down 85.2%)
Guam = six charters (down 96.4%) / 1,146 passengers (down 96.7%)
Saipan = 36 charters (up 80%) / 8,021 passengers (up 75.3%)
Honolulu = 126 charters (down 12.5%) / 38,364 passengers (down 9.5%)
Las Vegas = six charters (down 62.5%) / 1,289 passengers (down 73.1%)
Anchorage = 26 charters (up 30%) / 8,117 passengers (up 21.4%)
Fairbanks = 35 charters (up 25%) / 9,921 passengers (up 17.4%)
Zurich = 35 charters (new) / 8,967 passengers (new)
Rome = six charters (new) / 1,216 passengers (new)
Budapest = 18 charters (up 157.1%) / 5,095 passengers (up 134.1%)
Zagreb = four charters (new) / 1,402 passengers (new)
Dubrovnik = four charters (new) / 1,404 passengers (new)
Prague = 20 charters (up 185.7%) / 5,356 passengers (up 146.4%)
Chengdu = ten charters (up 150%) / 1,834 passengers (up 129.8%)
Kunming = six charters (new) / 1,148 passengers (new)
Ulan Bator = 22 charters (up 22.2%) / 4,613 passengers (up 15.5%)
Hong Kong = 51 charters (up 2.0%) / 14,489 passengers (down 7.9%)
Macau = 12 charters (down 14.3%) / 3,342 passengers (down 59.2%)
Seoul = 231 charters (up 110%) / 64,301 passengers (up 120.2%)
Denpasar = 14 charters (up 600%) / 4,166 passengers (up 677.2%)
Siem Reap = 22 charters (new) / 4,736 passengers (new)
Koror = 138 charters (even) / 26,076 passengers (down 0.9%)
Majuro = eight charters (double) / 1,140 passengers (up 45%)
Auckland = 22 charters (down 12%) / 7,599 passengers (down 19.1%)
Alice Springs = six charters (down 70%) / 1,189 passengers (down 72.7%)

***Japanese airlines carried more than 110,000 with Haneda-Hongqiao charters**

February 2008 = 15,968

March 2008 = 20,129

***JAL and ANA reduced bookings for this GW**

JAL and ANA recently reported that bookings for both international flights and domestic flights have decreased during this Golden Week (April 25 to May 6) compared to a year earlier mainly because of more expensive air tickets and worse holiday sequence during the period.

JAL Group has decreased bookings of its international flights by 6.7% to 401,787 over the same period last year, and the reduction rate is larger than 1.6% reduction of available seats. Bookings for short-haul overseas destinations, such as Guam, Korea or Taiwan have been preferred. Flights for Hawaii have kept higher booking rate. On the contrary, Bookings for Europe and North America have largely decreased by 15% and 16% respectively compared to a year earlier.

The followings are detailed bookings by major destination:

Hawaii = 46,021 bookings (down 12.8%)/56,847 seats (down 15%)/booking rate of 81%

North America = 35,592 bookings (down 15.8%)/48,158 seats (down 3.4%)/booking rate of 73.9%

Europe = 38,006 bookings (down 15%)/54,202 seats (down 7.9%)/booking rate of 73.9%

Southeast Asia = 90,810 bookings (down 11.3%)/160,400 seats (up 4.1%)/booking rate of 56.6%

Oceania = 12,267 bookings (down 14.9%)/22,886 seats (up 0.9%)/booking rate of 53.6%

Guam = 19,978 bookings (up 8.7%)/23,954 seats (down 6%)/ booking rate of 83.4%

Korea = 64,249 bookings (up 18.3%)/84,498 seats (up 3.6%)/booking rate of 76%

China = 56,188 bookings (down 14.1%)/126,035 seats (up 7.1%)/booking rate of 44.6%

Taiwan = 38,674 bookings (up 7.8%)/54,798 seats (down 15.8%)/booking rate

of 70.6%

ANA has had better booking status of its international flights during this GW than JAL, however it has reduced bookings by 1.6% to 116,357 over the same period last year. The booking rate is 63.7% at this moment. At the same time, ANA has reduced bookings of its domestic flights by 2.5% to 1,503,960. The booking rate is 63.7% at this moment.

ANA has increased bookings for Asia, but decreased those for North America and Europe in the same manner as JAL. As ANA reduces available seats on its resort flights by 36% compared to a year earlier, bookings for such destinations have decreased by more than 20%.

The followings are detailed bookings by major destination:

North America = 20,115 bookings (down 11.5%)/29,040 seats (down 2%)/booking rate of 69.3%

Europe = 16,503 bookings (down 9%)/20,568 seats (down 6.7%)/booking rate of 80.2%

China = 43,012 bookings (down 7.7%)/80,808 seats (up 9.3%)/booking rate of 53.2%

Asia = 28,921 bookings (up 38.9%)/41,948 seats (up 32%)/booking rate of 68.9%

Resorts = 7,803 bookings (down 21.4%)/10,320 seats (down 36.4%)/booking rate of 75.6%

***Centrair also reduces bookings for international flights during this GW**

Central Japan International Airport (Centrair) Co. reported that bookings for international flights from the airport during this Golden Week (April 25 to May 6) have reduced by 8% to 179,000 over the same period last year. The total is broken down into 88,400 departures (down 6%) and 90,600 arrivals (down 10%).

The airport company says that Taiwan, Hong Kong and Macau are preferred particularly. Even bookings for Europe and North America have exceeded the

results a year earlier, however bookings for China have largely decreased to 10,800 from the result of 13,175 a year earlier.

During the period, Centrair will operate 329 scheduled international flights, 25 fewer than a year earlier, and 15 international charter flights, four fewer than a year earlier.

The followings are bookings by destination during GW 12 days this year (results for GW 10 days last year)

Korea = 16,400 (13,398)

China = 10,800 (13,175)

Taiwan, Hong Kong, Macau = 17,500 in total (16,011 in total)

Southeast Asia = 13,000 (10,269)

Oceania = 1,400 (1,429)

Beach Resorts = 10,200 (9,605)

North America = 6,400 (3,857)

Europe = 8,200 (6,348)

***Kansai had suffered from reduction of Japanese passengers through FY2007**

Kansai International Airport Co. recently reported that the number of passengers through FY2007 (April 2007 to March 2008) totaled 16,685,038, almost the same as FY2006. While foreign passengers increased by 8% to record-high 3,328,211, Japanese passengers decreased by 5% to 7,269,931. Transits in FY2007 were 402,966, 17% smaller than FY2006.

The number of domestic flight passengers in FY2007 was up 4% to 5,683,930 over FY2006, more than the passenger result at Itami Airport for the first time since FY2002, when the long-haul domestic flight operation was deregulated at Itami.

Kansai handled 128,943 aircraft take-offs and landings in total in FY2007, 11% more than FY2006. Out of the total, the number of take-offs and landings for international flights was up 8% to 79,759, broken down into 60,754 for passenger flights (up 3%), 17,370 for cargo flights (up 25%) and 1,635 for

others (up 47%). The number of those for domestic flights reached 49,184 in FY2007, 15% more than FY2006.

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