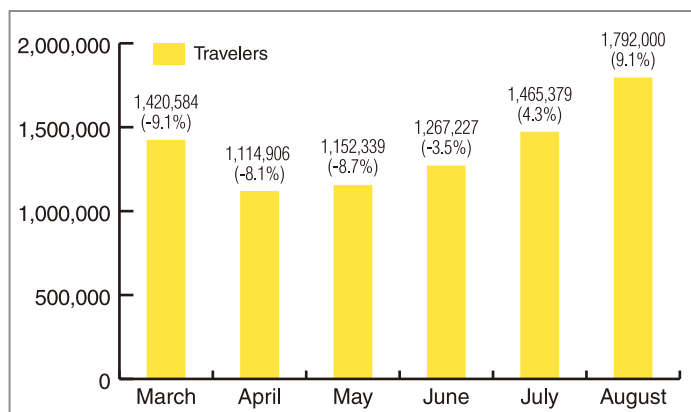


Japan will surely recover and thrive

Mr. Nishida, head of the Japan Travel and Tourism Association, made this statement at the Global Travel and Tourism Summit in Las Vegas on May 19. Mr. Nishida invited other countries to come to Tokyo in 2012 for the upcoming summit in a revitalized Japan. After the earthquake, Japan faced an unprecedented disaster, but has looked ahead since the day of the disaster and is gradually making progress toward recovery. IATA, ICAO and other authorities haven't put any travel restrictions to Japan, and the Japanese government lifted its power-saving measures that had been in place for the first time in 37 years sooner than anticipated. These can be recognized as signs of things returning to normal. The disaster was followed by booking cancellations and foreign residents rushing to leave Japan. Companies responded by ordering employees to stay at home temporarily or by moving their operations to western Japan. Also, the nuclear plant accident has caused radiation concerns, as well as power supply problems. However, the self-imposed restraint of the Japanese people after the disaster brought the economy to a standstill. With a 15% reduction in electricity consumption imposed by the government on companies and households this summer, many residents travelled abroad instead of staying in Japan, resulting in a steady monthly increase in overseas travel. As shown by the monthly departures data from Japan, there was a large drop of 9.1% in March after the earthquake. During the Golden Week holiday period in May, the difference was 8.7%, only slightly lower than in 2003 during the SARS epidemic and during the global economic crisis in 2009.

In July, there was a 4.3% increase in the number of Japanese overseas travellers; the first increase over the previous year since the earthquake. This indicates that a steady recovery is underway.



Source : Japan National Tourism Organization
http://www.jnto.go.jp/jpn/tourism_data/data_info_listing.html



Compared to leisure travel, business travel showed an early recovery, being only marginally affected by the disaster. The number of visitors to Japan was still 36.1% lower than the previous year as of July. Countermeasures taken by airlines include promotions to increase the number of travellers from Japan. Also, regular flights cancelled on a large scale after the disaster have gradually returned. Some airlines are making plans for new routes or more flights and others have reinstated charter flights. Similar measures that target the Japanese market are also being introduced little by little. It is hoped that the industry will continue to recover. The coming year should see airports bustling once again with Japanese overseas travellers and visitors who come to see the cherry blossoms in the spring. And again they will be reminded how wonderful it is to travel.

Sources: *Travel Journal Online, March 5, 2011*
Global Travel & Tourism Summit 2011, May 20, 2011

AXESS's Efforts Toward Recovery

Since the Great East Japan Earthquake, AXESS International Network has also taken steps to promote recovery. A part of the sales made in the booking campaign was donated to victims. We also sent relief supplies to the affected areas. Regarding saving electricity, we were able to reduce our use by about 20%. We achieved this by restricting energy consumption as much as possible, for instance, by setting the air conditioners to higher temperatures, switching computers to energy-saving mode, and turning off the lights during the day. Also, many businesses took part in the energy-saving efforts by opting to operate during weekends and taking weekdays off, while some travel agencies were open on weekends. AXESS set the precedent in Japan's GDS/CRS by providing customer support on Sundays as well.

Deregulation of Approval and Private Fares

In response to demands and trends in the aviation industry, The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) passed the following guidelines deregulating the approval system for new fares. Once approved by the MLIT, fares under a certain value will be able to be arbitrarily set and it will not be necessary to receive new approval for every fare with same conditions. Fares over the MLIT approved rate must still go through the standard approval procedures.

In addition, these new guidelines include allowance of special private fares for major companies, which were not previously allowed because the MLIT felt these rates were unfair to consumers.

Going forward, airlines will be able to negotiate private fares with corporations after receiving the approval from the MLIT for fare parameters.

This decision by the MLIT has caused controversy in the travel agency industry. Previously, travel agencies preferred issuing tickets that displayed only the published fare, which was often substantially higher than the travel agency's real purchase price. This allowed the travel agency to hide their

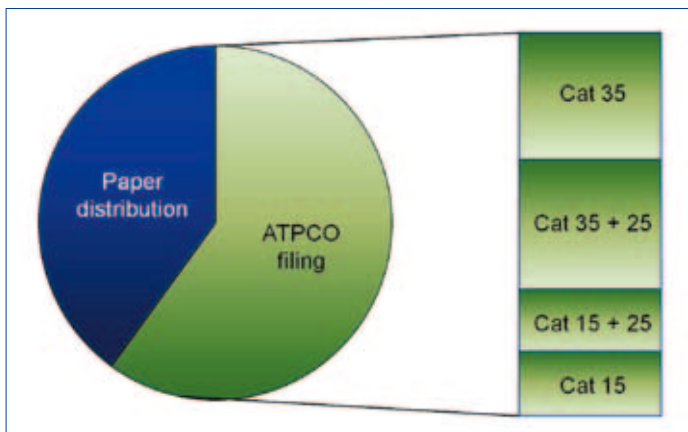
margin from the customer and often created a sense of customer satisfaction because the purchaser often felt they were getting a good deal. There are discrepancies between airlines and their policies on displaying the actual price and the published fare on the ticket, which has led to confusion and frustration for travel agencies who don't want the purchasers to see their sales margin on tickets.

Since there is a variety of ways of displaying fares on tickets (NET or GROSS), the issuance of tickets through travel agencies has become overly complex. In Japan, travel agencies use multiple GDSs. This forces airlines to update their display information across multiple platforms. (Please see exhibit 1 and 2 for detailed distribution and settlement information)

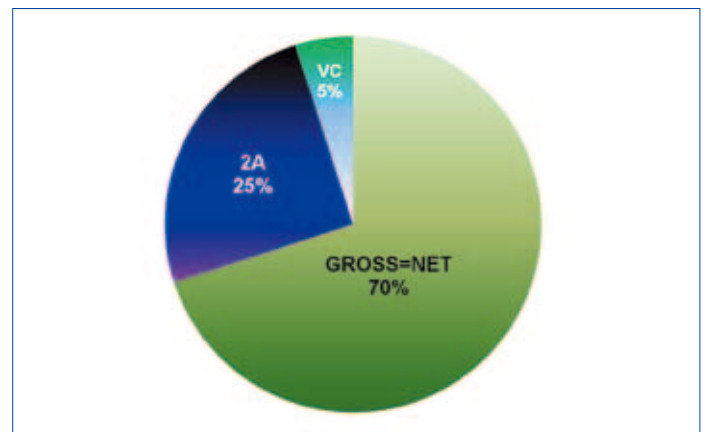
Another related issue is between airlines with a code sharing agreement. On occasion, partner airlines have opposing methods for displaying fare information on tickets.

While many travel agencies dislike the changes, others welcome the transparency of the new system.

Hopefully, an amiable resolution can be found for all parties in the near future.



Means of private fares distribution, September 2011, by AXESS



Means of private fare settlements, September 2011, by AXESS

Introducing fare products

FR-navi



FR-navi is a well-reputed tool for searching the latest carrier fares & rules (for Japan outbound business & economy class) in Japanese through the web browser which are originally reflected on GDS screen in English. Fare revisions or rule changes are updated regularly. FR-navi contributes airlines to expand carrier fares.

Bargain Finder

Bargain Finder is a useful fare search function for travel agencies to automatically seek for available fares among numerous carrier fares in a short time. This function contributes to improving efficiency at travel agencies.

Campaign Report

AXESS carries out a campaign to promote airlines and hotels. This year, AXESS's 20th anniversary TC3 campaign was highly praised by many airlines. We have also organized tie-up seminars.

Airlines can use over 20,000 AXESS terminals located all over the country to post campaign advertisements

on the AXESS Information Web at no cost. Furthermore, through a questionnaire of campaigns on the AXESS Information Web, airlines can better understand the needs of their users, and collect information.

- **American Airlines:** Haneda ⇄ New York Launching Campaign
- **Finnair:** Mr. Europe Booking Campaign
- **China Airlines:** 35th Anniversary of FUK-TPE Launching Campaign
- **AXESS 20th Anniversary:** TC3 Campaign
- **China Southern Airlines:** Booking and Beyond Campaign
- **Hainan Airlines Group:** Joint Booking and Ticketing Campaign
- **Asiana Airlines:** Carrier Fare Campaign
- **Lufthansa German Airlines:** 20th Anniversary Campaign



AXESS Hosts Airlines Seminar

The AXESS Airlines Seminar, held on August 24, 2011 at the AXESS training room, was attended by 85 representatives from 48 airlines.

The first part focused on the private fares in the Japanese market after the deregulation of fare strictions, introducing examples of ticket faces and BSP settlement methods.

In the second part, AXESS functions, marketing tools, and simple & reasonable AXESS fee structure were presented.

At the cocktail reception that followed the seminar, representatives from AXESS and participating airlines had the opportunity to exchange information and strengthen relationships.

The AXESS airline seminar ended successfully with praise and positive feedback from the participants.

Joint Seminars & Sales Blitz

Joint seminars and Sales Blitz are often held by AXESS and airlines for sales promotions. If you are interested in taking part, please feel free to contact your account manager.



Recent Seminars

- OZ** Carrier Fare Seminar
- AI** Booking and Ticketing Seminar
- CA** Carrier Fare Seminar
- JJ** Private Fare Seminar
- UO** Carrier Fare Seminar
- CI** Booking and Ticketing Seminar (at 7 nationwide places)

Sales Blitz

- CI** **HR**

AXESS UPDATE ▶▶

PCA

- WS** WestJet Airlines Ltd.
- HG** NIKI Luftfahrt GmbH

L/D

- WS** WestJet Airlines Ltd.
- HG** NIKI Luftfahrt GmbH
- F9** Frontier Airlines Inc.

ET

- IT** Kingfisher Airlines Limited
- VV** Aerosvit Airlines
- AB** Air Berlin PLC & Co. Luftverkehrs KG



Season's Greetings and Best Wishes for The New Year

FAQ

Q Is it possible to issue an electronic ticket (ET) for a flight marketed or operated by another airline alone that has an Interline E-ticketing Agreement (IET) with the validating airline?

A *It is possible to issue an ET for any other airline's flight without the validating airline's flight as long as that airline is registered in the AXESS ET profile of the validating airline as a pseudo IET partner. There are no limits on the number of airlines that can be registered in the profile. For details, ask your account manager.*

Q We would like to update the IET table in AXESS. How shall we go about it?

A *Please send an update request for any new IET airline(s) or cancelled airline(s) to the following e-mail address: iet@axess.co.jp. AXESS is a system provider of IATA Japan BSP only and we maintain the IET table of airlines for IATA Japan BSP members only.*

New Arrival



Mr. Yohei Yabe

Account Manager

I started working in the Airline Marketing Sales in June. I am in charge of Chinese airlines after a two-year hiatus. Actually, I taught Japanese in China for two years as a Japan Overseas Cooperation Volunteer. I'm very glad to be back with everyone again and I'm looking forward to working with you all.



Mr. Daisuke Kuribayashi

Account Manager

I am very glad to be a part of Airline Marketing Sales in November 2011. I used to be in AXESS Support Desk answering phone calls. My hometown is Nagaoka-City in Niigata, famous for its great fireworks in August. That's really worth seeing. I'm looking forward to working with you all.

Mr. Yoshimune Hachisuka

Senior Manager

The time has come to say farewell to you all. I'm going to leave AXESS Airline Marketing and will assume a new responsibility. It's been 17 years since I joined the team in late 1995. I have a lot of good memories working with you all and I would like to thank you for the support in the past. I wish you all a happy and prosperous New Year. Good bye.



Departure

Mr. Toru Okada

Assistant Manager

Since joining Airlines Marketing Sales in 2005, I have had a great time, successful business. I will have many fond memories of you and your team. I wish all of you success and happiness!!

