NEWS JTB

For Immediate Release

December 27, 2011

(Translation of Japanese Release No.99)

Prospective Travel Trends in 2012

Numbers of Overseas Travelers to Reach 17.4 Million, an Increase of 3.0%!

--Helped by continuing high yen exchange rates and more flights to Asian destinations and Hawaii.--

Number of Domestic Travelers to Rise 1.5%, Reaching 287 Million.

The Number of Overseas Visitors to Japan Will Reach 7.8 Million (25% up)

JTB Corp. has just published the results of a survey of projected trends in 2012 for travel by Japanese involving at least one overnight stay (including business travel and visits to the family home). The results are based on predictions of various economic trends, a survey of consumer motivation for travel expenditures, and tourism-related trends, etc. This survey is the 32nd since the first in 1981. The projected trends in the travel market in 2012 are as follows.

Table 1: Quantitative Projections and Comparisons

		Prospects for 2012		Estimates for 2011		Results for 2010
		Projected Numbers	%age change	Provisional Numbers	%age change	Actual Numbers
Total no. of travelers		304.40 million	+1.6	299.60 million	-2.8	308.08 million
	Domestic	287.00 million	+1.5	282.70 million	-3.0	291.44 million
	Overseas	17.40 million	+3.0	16.90 million	+1.6	16.64 million
Average expenditure on domestic travel		32,800 JPY	-0.9	33,100 JPY	+3.4	32,020 JPY
Average expenditure on overseas travel		252,000 JPY	-1.6	256,000 JPY	+1.6	251,900 JPY
Total expenditure		13,790 billion JPY	+0.7	13,690 billion JPY	+1.3	13,520 billion JPY
	Domestic	9,410 billion JPY	+0.5	9,360 billion JPY	+0.3	9,330 billion JPY
	Overseas	4,380 billion JPY	+1.2	4,330 billion JPY	+3.3	4,190 billion JPY
Average no. of trips		2.25	+0.03	2..22	-0.07	2.29
Overseas visitors		7.80 million	+25.0	6.24 million	-27.5	8.61 million

Notes: * In the table on the previous page, domestic travel expenditures are the average amounts for bookings with JTB and include all door-to-door costs, purchases and meals at the destination but exclude related before-and-after trip expenditures for clothing, luggage and DPE etc.
* Overseas travel expenditures include booking costs and fuel surcharges where applicable plus the costs of purchases and meals at the destination, but exclude all other related expenditures.
* Estimates of overseas visitors are for their numbers only, and do not cover expenditures.

The Market Environment in 2012

1. The Economic Outlook Continues Clouded, with Consumer Attitudes Changing.

While Japan is recovering from the effects of the Great East Japan Earthquake, the economic outlook remains clouded by high yen exchange rates, the problems of sovereign debt in European nations and concerns over the US economy. While 2012 will benefit from demand for reconstruction within Japan, and consumers' expenditures are tending to rise as the urge to economize and save electricity slackens, there is little chance of significant rises in wages or family budgets and the need to cope with electricity shortages will continue, so basically negative consumer attitudes are expected to persist.

On the other hand, the disaster gave rise to changes in Japanese awareness and actions, and these appear to have caused changes in consumerism. Personal ties with family members and others are being accorded greater importance, and lifestyles are being reexamined as people consider what is really essential. There is now more stress on contributing to society and getting involved than on personal gratification. The year 2012 will see strengthening ties with family and friends, and ongoing moves to ensure that consumption, including travel, contributes to their support.

2. Despite Fewer Long Weekends, There Will Be More Travelers than in 2011.

In 2012, the numbers of travelers are expected recover from the drop caused by the disaster in 2011, with domestic travelers increasing by 1.5% and overseas travelers by 3.0%. Overseas visitors to Japan are also expected to increase over 2011. Apart from the New Year break and Golden Week, there will only be five, three-day weekends in 2012, three fewer than the eight enjoyed in 2011, because three national holidays fall on a Saturday. However, by taking off Tuesday May 2 and Wednesday May 3, the Golden Week break can be extended to nine days, convenient for taking longer holidays. The traditional Japanese "Buddhist All Souls'" break in August will also enable many more to take a five-day holiday running from Saturday August 11 through Wednesday the 15th. Then again, many companies with experience of saving electricity by staggering summer work days and operating hours in 2011 are expected to stagger their summer holidays in 2012. This promises to encourage a more even spread of departure dates and to facilitate the taking of slightly longer holidays.

Table 2: Spring and Summer Holiday Calendars

Spring Golden Week（April - May）

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4/22	23	24	25	26	27	28
29	30	5/1	2	3	4	5
6						

Mid-August

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						8/11
12	13	14	15	16	17	18
19						

3. The Strong Yen Will Continue to Help, but Fuel Surcharges Need Watching.

Leading financial research organizations forecast that the yen will continue strong in 2012. Meals and shopping at the destination will therefore continue to benefit from high yen exchange rates, which are a powerful incentive for overseas travelers.

Increases in the cost of fuel have led to fuel surcharges considerably higher than in 2011. With demand for fuel expected to decline, reflecting the international economic situation, interest will focus on trends in fuel surcharges. Airline seat capacities promise to increase, particularly for Hawaii and destinations in Asia.

Table 3: Tokyo Foreign Exchange Market/TTS Yen Year-End Rates
(according to the Bank of Mitsubishi-Tokyo UFJ, December, 2011)

Currencies/Year end	2006	2007	2008	2009	2010	2011 (early Dec.)
One US Dollar	120.11	115.15	92.03	93.10	82.78	**78.69**
One GB Pound	237.66	231.90	135.83	150.53	130.55	**125.23**
One Euro	158.00	168.16	129.46	133.50	110.57	**105.63**
100 Korean Won	13.02	12.36	7.47	8.09	7.49	**7.10**
One Hong Kong Dollar	15.75	15.05	12.18	12.31	10.95	**10.43**

Table 4: Fuel Surcharges (for JAL) Return Flights
(December, 2011)

Destinations/Year-end	2006	2007	2008	2009	2010	2011
Korea	1,400	4,000	8,000	600	1,000	**5,000**
Taiwan/Hong Kong	2,600	9,400	21,000	3,000	5,000	**9,000**
China	2,400	3,200	21,000	3,000	5,000	**14,000**
Guam	2,600	12,000	26,000	4,000	6,000	**16,000**
Hawaii	10,000	19,800	44,000	8,000	12,000	**32,000**
Thai/Singapore	7,200	19.800	40,000	6,000	9,000	**26,000**
Europe/US/Oceania	10,000	26,000	66,000	14,000	21,000	**50,000**

4. In 2012, the First Baby Boomers Will Reach 65 and the Fully Retired Will Swell the Senior Market.

The first members of the postwar Baby Boom generation reached age 60 in 2007, and interest focused on their consumer motivation, but in fact many of them continued in employment, and conspicuous consumption tended to be limited to celebrations of their nominal retirement. However, from 2012 they will join the over-65s, with many more of them fully retired, and this promises to expand the travel market.

Prospects for 2012

Domestic Travel

In 2012, although there are three fewer long weekends than there were in 2011, the expected recovery from the reduction in travel caused by the Great East Japan Earthquake suggests that domestic travelers spending at least one night away from home will increase by 1.5% to reach a total of 287 million. However, concerns over the international situation, including the economy, mean that there are no prospects of any significant increase in disposable income and, if anything, the urge to economize will be stronger than it was in 2011, so average expenditures are expected to decline slightly to 32,800 JPY (a 0.9% decrease).

Visitors to Greater Tokyo Will Increase After the Opening of "Sky Tree."
On May 22 Tokyo's Sky Tree will open, and growing numbers will enjoy walking the historic city districts at its foot. Also, the opening of the redeveloped Marunouchi area around Tokyo station, and a succession of similar developments at Shibuya (Hikarie) and Odaiba (Diversity Tokyo) are increasing the attractions of the metropolis for tourists.

A Year-Long Historical TV Drama Will Boost the Attractions of the Associated Locations.
Kyoto, Kobe and Hiroshima, the settings for a historical drama on the life of *Taira-no-Kiyomori* (Japan's first *Shogun*) that begins in January and is to run throughout the year, will be among locations in western Japan that seem sure to attract more visitors. Hiraizumi, recently registered as a World Heritage site, will also continue to be a popular destination. From January 2012 through March 2013, the Japan Tourism Agency will be promoting a joint public-private initiative for what has provisionally been called an "exposition" of tourism in Tohoku. This envisages the whole Tohoku region as its setting, and will seek to generate tourism demand unrestricted to the actual disaster area.

Three Japanese Low-Cost Carriers (LCCs) Start Operations
Three LCCs—airlines that offer low fares based on severely restricted services—are at last going into operation. Peach Aviation's services between Kansai and Sapporo/Fukuoka will begin on March 1, and then in August Air Asia Japan plans to introduce services between Narita and Sapporo, Fukuoka and Naha. Jetstar Japan also plans to start operations within the year. Interest is focusing on the new routes and services, and their low fares are expected to stimulate tourism demand.

Volunteers, Get-Togethers for Family and Friends, Class Reunions, etc.
The Great East Japan Earthquake was the occasion for growing numbers of people to participate in volunteer activities and to take trips that involved making donations. There are also many who have been re-thinking their relationships with relatives and friends who live far away. Undoubtedly 2012 will again see more people who want to give some kind of support to the stricken areas, and to seize opportunities for meeting distant relatives and friends. Initially, volunteer activities largely consisted of clearing away debris and other forms of restoration work, but presently they are expanding to help support forestry, fishing and farming. Now, the concept of volunteer activity is being further extended to include cultural exchange programs in which survivors pass on their experiences and the lessons learned.

Overseas Travel

In 2012, overseas travelers are expected to total 17.40 million, up 3.0%. High exchange rates for the yen will continue, while travel will be increasingly weighted towards closer Asian destinations, for which airline seat capacity is rising. Average expenditures, helped by the higher yen and the anticipated preponderance of closer destinations, will drop slightly (by 1.6%) to 252,000 JPY.

The Convenience of International Services at Haneda is Recognized: Late-night Departures Established
Since Haneda Airport commenced international flights in October 2010, Japanese departures from Haneda have more than doubled, with many heading for the airport after the close of the working day to take advantage of late-night departures. In conjunction with the start of domestic LCC operations, consumers are being offered a widening range of options that are expected to attract even more overseas travelers to Tokyo in 2012.

The Yen Continues Strong; Travel to Closer Asian Destinations Increases.
High exchange rates for the yen and the expanding airline seat capacity seems sure to lead to more travel to

closer destinations in Asia and elsewhere. The number of Japanese heading for Singapore continued to rise after the Great East Japan Earthquake in March, and numbers were considerably higher than the same month of the previous year after the summer for Taiwan and Korea. China, Hong Kong and Macau are also among nearer destinations that will see more visitors in 2012, while more distant Hawaii and Europe, etc., will see an increase primarily among repeat travelers.

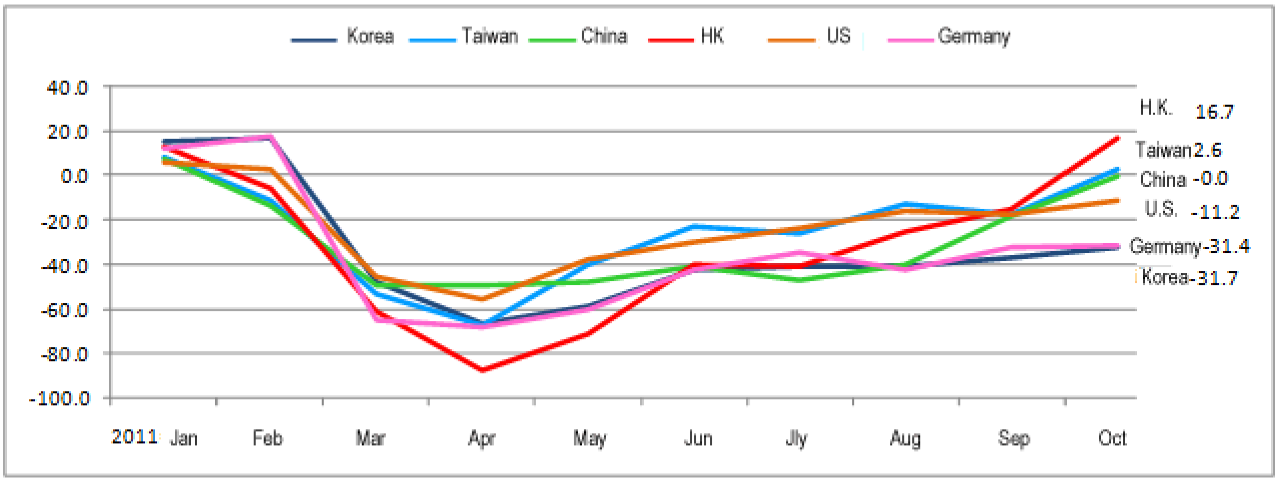
Overseas Visitors to Japan

The effects of the earthquake and tsunami, and the meltdown at the Fukushima Nuclear Power Plant, combined to reduce the number of overseas visitors to Japan, and recovery in tourist travel is proving slow, but visitors from Taiwan, China and Hong Kong are on the increase. Demand from Korea and other close Asian destinations is expected to recover in 2012. On the other hand, while business travelers from Europe and the United States are returning, tourists have been slow to return, and it looks as if it will take time to calm their concerns over radiation hazards. In addition to the high yen exchange rates, concerns over the U.S. economy and the European sovereign debt crisis are clouding the outlook, and this promises to further hamper the recovery in U.S. and European tourism.

Some 7.8 million overseas visitors to Japan are expected in 2012, 25% more than in 2011 but still 9.4% less than in 2010.

Graph 1: Trends in Overseas Visitors to Japan

(Percentage changes from the same month the previous year).



Calendar of Events in 2012

40th Anniversary of normalization of relations with China 60th Anniversary of diplomatic relations with Israel 100th Anniversary of Tennoji Zoo Tohoku Tourism Expo (provisional name) Jan.’12 ~Mar.’13.	50th Anniversary of diplomatic relations with Algeria 100th Anniversary of Japan-US Cherry-tree gift 100th Anniversary of ferry linking Osaka and Beppu

Jan.	Sat. 14 Mon. 23 Wed. 25	General election in Taiwan Chinese New Year (22-28 in China, 23-25 in Taiwan, Hong Kong, Macao, 22-24 in Korea) Korea-Japan cultural “fashion” event (running through the 27th at Yoyogi, Tokyo)
Feb.	Mon. 6 Sat.18	Sapporo Snow Festival (thro’ the 12th) Rio de Janeiro Carnival (thro’ the 21st)
March	Thu. 1 Sun. 11 Tue. 20	LCC Peach Aviation plans to start flights between Kansai and Sapporo/Fukuoka. First anniversary of the Great East Japan Earthquake Washington DC Cherry Blossom Festival marking 100th anniversary (thro’ April 27)
April	Sun. 1 Mon. 16 Thu. 26	Kumamoto becomes a major city by government decree. WTTC Global Travel and Tourism Summit (thro’ the 19th) Shibuya *Hikarie* opens.
May	Sat. 12 Mon. 21 Tue. 22	Yeosu International Expo in Korea (thro’ August 12) Annular eclipse of the sun, visible from China, Japan and the United States, etc. Tokyo Sky Tree opens.
June		Final Asian preliminary rounds for the FIFA Soccer Brazil World Cup Part of the Tokyo Station Marunouchi building opens (hotel and museum, etc., to follow in October).
July	Fri. 27	The 30th Summer Olympic Games open in London (thro’ August 12). World Model Railway Museum (provisional name) opens in Yokohama.
Aug.		LCC Air Asia Japan plans to start flights between Narita and Sapporo, Fukuoka and Naha, etc.
Sep.	Sat. 1 Fri. 7	Lake Towada Border Festival (thro’ the 2nd), Yao *“Kaze-no-bon”* Festival (thro’ the 3rd). Okinawa-wide *“Eisa”* Festival (thro’ the 9th)
Oct.	Fri. 5	50th Anniversary of the Beatles’ debut.
Nov.	Tue. 6 Wed. 14	U.S. Presidential Election Total eclipse of the sun, visible from the South Pacific and parts of Australia.
Dec.	Sun. 9 Wed. 19	Honolulu marathon Korean Presidential Election

Provisional Figures for 2011

Domestic Travel

- **It Looks as if the Number of Domestic Travelers Dropped 3.0% to 282.70 Million while Average Expenditures Increased 3.4% to 33,100 JPY.**

The devastation caused by the Great East Japan Earthquake and tsunami, followed by the power shortages resulting from the meltdown at the Fukushima Nuclear Power Plant, had a major effect on the Japanese economy. The power cuts planned to cope with inadequate power supplies had a serious impact on accommodation and other tourism facilities, primarily in East Japan. The rapid recovery from the disaster meant that GDP in the July-September quarter was 6.0% above the same quarter the previous year, but in autumn the worldwide economic slowdown and the influence of high yen exchanges rates on exports stalled the Japanese economy, and uncertainty over future prospects intensified.

Immediately after the disaster, there was a widespread feeling that travel plans and events should be cancelled, but as people became aware of the support that travel and other consumption could give the stricken areas, the numbers of travelers gradually increased. In May and June, power cuts and economies were still hindering travel and numbers grew slowly, if at all. However, in July there were clear signs of a real recovery in demand, with companies closing down for longer holidays as part of their power-saving policy, and more people took the disaster as the occasion to visit family and friends. As companies staggered their working hours and days off to save power, those traveling at the weekend were effectively joined by others who traveled during the week. Awareness of the need to support stricken areas grew, and many chose to do so by traveling to the Tohoku region or by participating in journeys priced to include donations.

Destinations did tend to be concentrated in West Japan, which was largely unscathed by the disaster, and much use was made of the Kyushu *Shinkansen* (bullet-train) line completed in March to visit Kyushu. Many visited Universal Studios Japan® which was celebrating its tenth anniversary in Osaka. Interest also focused on the Nagahama area of Shiga Prefecture, the setting for a year-long TV drama, making it a popular destination. After the summer, the extension of *Shinkansen* services in Tohoku was effective in boosting travel to Iwate and Aomori Prefectures, with strong interest being shown in the Hiraizumi World Heritage site.

Overseas Travel

- **Numbers and Average Expenditures Both Appear to be 1.6% Higher than the Previous Year, Reaching 16.90 Million and 256,000 JPY.**

The earthquake and tsunami also caused a sharp drop in overseas travel in March, April and May, but this recovered in step with the Japanese economy. From July, the monthly figures were all higher than those of the previous year.

Since Haneda started serving international routes in 2010, Tokyo is offering an expanded range of flight options and, with help from the strong yen, departures promise to be higher for the entire year than they were in 2010.

Immediately after the disaster, more travelers made for closer destinations like Vietnam and Singapore. After the summer, there was a surge in travel to Korea and Taiwan, which grew by more than 10% over the previous year. On the other hand, fuel surcharges were much higher than they were in 2010, which is one factor in the poor demand for remote destinations.

Overseas Visitors to Japan

- **Numbers Drop to 6.24 Million (27.5% below the previous year)**

Overseas visitors to Japan were the most strongly affected by the Great East Japan Earthquake and the nuclear power plant meltdown. National governments told their citizens to leave the Tohoku region and advised them not to visit Japan, and it was not only travelers who were affected. Many expatriate staff and students also returned to their home countries. Currently, most of these instructions and advisories have been withdrawn, although some countries still continue to list certain areas to be avoided. It is certainly true that many fear to eat radioactive foodstuffs, and the recovery of tourism seriously lags that of business travel. However, Japan is seeing signs of slow and steady increase in tourist visitors from nearer countries, and by October they had recovered to the previous year's level for China and were even higher than before for Taiwan and Hong Kong.

Issued by: Corporate Communication Division

JTB Corp., 2-3-11 Higashi Shinagawa,
Shinagawa-ku, Tokyo 140-8602 JAPAN
Phone: 03-5796-5833, Fax: 03-5796-5848

Table 4: Figures for 2001-2011 and Projections for 2012

Year	Travelers (thousands) (and % of previous year)			Average Expenditures (per person, Yen)		Total Expenditures (billions of Yen)			No. of Trips	Overseas Visitors (Millions)
	Total	Domestic	Overseas	Domestic	Overseas	Grand Total	Domestic	Overseas	(+/-)	
	% change			% change		% change				% change
2001	338,400	322,180	16,220	36,500	293,000	16,510	11,760	4,750	2.66	4.77
	-1,4%	-1.0%	-9.0%	-1.2%	-6.2%	-6.1%	-2.2%	-14.7%	-0.04	+0.2%
2002	340,420	323,900	16,520	35,550	293,800	16,360	11,510	4,850	2.67	5.24
	+0.6%	+0.5%	+1.8%	-2.6%	+0.3%	-0.9%	-2.1%	+2.1%	+0.01	+9.9%
2003	337,810	324,510	13,300	35,590	300,800	15,550	11,550	4,000	2.64	5.21
	-0.8%	+0.2%	-19.5%	+0.1%	+2.4%	95.0%	100.3%	84.1%	-0.03	-0.6%
2004	330,360	313,530	16,830	35,660	292,600	16,100	11,180	4,920	2.64	6.14
	-2.2%	-3.4%	+26.5%	+0.2%	-2.7%	+3.5%	-3.2%	+23.0%	0.00	117.9%
2005	322,560	305,160	17,400	35,600	294,500	15,990	10,860	5,130	2.62	6.73
	-2.4%	-2.7%	+3.4%	-0.2%	+0.6%	-0.7%	-2.9%	+4.3%	-0.02	+9.6%
2006	317,940	300,410	17,530	34,310	297,200	15,520	10,310	5,210	2.60	7.33
	-1.4%	-1.6%	+0.7%	-3.6%	+0.9%	-2.9%	+5.1%	+1.6%	-0.02	+8.9%
2007	317,140	299,810	17,290	34,170	305,600	15,520	10,240	5,280	2.60	8.35
	-0.3%	-0.2%	-1.4%	-0.4%	+2.8%	0.0%	-0.7%	+1.3%	0.00	+13.9%
2008	312,510	296,510	15,990	33,760	286,300	14,590	10,010	4,580	2.51	8.35
	-1.4%	-1.1%	-7.5%	-1.2%	-6.3%	-6.0%	-2.2%	-13.3%	-0.09	0.0%
2009	304,550	287,910	15,450	31,940	253,400	13,150	9,230	3,920	2.25	6.79
	-2.5%	-2.5%	-3.4%	-5.4%	-11.5%	-9.0%	-7.8%	-14.4%	-0.26	-18.7%
2010	308,080	291,440	16,640	32,020	251,900	13,520	9,330	4,190	2.29	8.61
	+1.2%	+0.8%	+7.7%	+0.3%	-0.6%	+2.8%	+1.1%	+6.9%	+0.04	+26.8%
2011	299,600	282,700	16,900	33,100	256,000	13,690	9,360	4,330	2.22	624
	-2.8%	-3.0%	+1.6%	+3.4%	+1.6%	+1.3%	+0.3%	+3.3%	-0.07	-27.5%
2012	304,400	287,000	17,400	32,800	252,000	13,790	9,410	4,380	2.25	780
	+1.6%	+1.5%	+3.0%	-0.9%	-1.6%	+0.7%	+0.5%	+1.2%	+0.03	+25.0%