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F.Y.I.

Tetsuzo Fuyushiba, who was recently inaugurated as Minister of Land, Infrastructure and Transport (MLIT) under the new administration of PM Abe on September 26, mentioned the international competitiveness of Japanese airports at a news conference on September 27. He said, "In preparation for international competition in the future, the Haneda Airport's re-expansion program will allow the airport to handle about 1.4 times more flights than today and offer 30,000 departure slots annually for international flights. At the same time, the northward extension of Narita Airport B runway will contribute to increase of capacity. (Jetwing)

INFINI Homepage:
<http://www.infini-trvl.co.jp/english/index.html>

Air China: Finding China's Future

IU: Summer 2006 provided some good results for many airlines. Can you tell us about this period for Air China and your outlook for 4Q 2006?

CA: I think that 2006 will be positive year for us. 2005 results, in contrast, were directly impacted by the anti-Japanese demonstrations in China, so the positive numbers are more of a recovery for us. Overall, we are clearly ahead of last years results.

We move by the calendar year, but our business follows the Japanese fiscal year (Apr-Mar). As I mentioned we feel good about the 1st half of our fiscal year in September.

The second half (Oct-Mar) is the problem. The Japanese/Chinese bilateral air talks will open up new capacity for Chinese and Japanese carriers. We plan to increase our flights and Japanese carriers will also. This means a significant increase in the competition within this market.

IU: Looking ahead what is your forecast for 2007?

CA: I am cautiously optimistic, but there are points of concern: China-Japan relations and terrorism. On the other hand, the 2008 Beijing Olympics is only 2 years away and the 2010 Worlds Fair, to be held in Shanghai, quickly follows. I think we can look forward to continued positive results.

IU: Is the Star Alliance participation for Air China also a key to your future?

CA: It is necessary for us to be in an alliance. We can no longer consider going it alone in the airline industry today. It makes sense to cooperate with some partners.



*Honbin Gu
Air China General Manager Japan*

On a variety of levels, participation in an alliance will help to raise our level of service.

We are now working hard on the preparations needed to join the Star Alliance.

IU: Does CA plans for a capacity increase reflect your confidence in the long-term potential of the market?

CA: Yes. In July 2006 Tourism Ministers of China and Japan met in Hokkaido, Japan and issued the Hokkaido Declaration, in conjunction with the Japanese government's Visit Japan Project. The declaration sets an objective of 10M travelers from China.

About half of those numbers (5.0M passengers) are from Taiwan, Hong Kong, and China. But approximately 3.0 M of those travelers are from mainland China. This is a significantly large market for which we have high expectations.

Outbound Japan travelers to China last year number 3.39M and this numbers will definitely continue to grow. I think this market could expand to a 7-8M passenger mar-

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ket if there is an appropriate level of capacity. We have to increase flights to meet the demand and ensure that bright future of this market.

IU: You mentioned that more capacity in the market will mean increased competition for Air China. How do you distinguish your product?

CA: Japan is a very important market for Air China. Our plan is to continue enhancing our product in terms of equipment and service, especially in-flight service. We are planning to add more Japanese cabin attendants (23 new staff) by October 2006. They are in training now and should be starting soon. This is one example of how we are paying more attention to our service.

On average, 70% of our outbound customers are Japanese, so it makes sense to have staff numbers that more closely reflect our cus-

tomers' "profile"

IU: You have introduced new seats in your first and business class service on you long haul routes recently. Is this something you will do in Japan?

CA: For the Japanese routes, we are focused on introducing the newest of our aircraft fleet. The new First and Business class seats will implemented in stages on routes to the US and Europe. We continue to improve our product on the hard and soft side, but with an average flight time of 3-4 hours between China and Japan, a new seat like this cannot be truly appreciated.

IU: Japan and China are closer than ever before as partners, but this has also caused some real friction between the two countries. What is your view on their future?

CA: Japan and China have a relationship that spans 2000 years, so the events in May 2005 (anti-Japan demonstrations) are only one point

on the line of this historical relationship. Taking the long-term view, I believe it will remain a good relationship. In Asia, Japan and China are two significant countries that need to get along.

IU: What are CA's plans for Electronic Ticketing in Japan?

CA: We are focusing on being ready to meet the IATA objective (100%ET). There is a great effort to make E-ticketing available in our markets.

IU: What kind of role does the Internet play in the CA for Japan?

CA: We actually announced the start of our revised B2C homepage in the US on September 25th. We plan to add EU Australia and Japan soon.

The Internet population in Japan has significantly increased and we cannot ignore that. Internet shopping will be more of a standard in the future for us here.

Skiping Through the Airport with ANA

RF technology saves time at Japan domestic airports

Presently, customers can complete domestic flight check-in online via a PC or mobile phone and pick up the boarding pass at the airport. With SKIP, he or she can use an RF-enabled mobile phone, credit card, ANA mileage card, or 2-D bar code copy at designated check-in kiosks and head straight to the security gate.

The new SKIP system- does exactly that-it skips one step! Customers who have paid for their tickets and reserved their seats either via internet-using their computer or mobile phone- or at a travel agent, have only to proceed



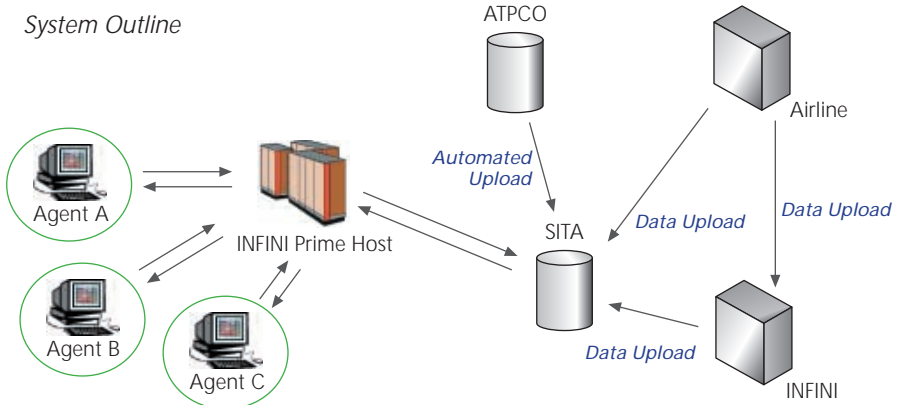
directly to security on arrival at the airport, and then to the gate, skipping check-in altogether. One touch of their RF chip enabled mobile phone or credit/ ANA Mileage Club Card, or 2D bar code to a sensor at security prints

a receipt with their seat number. Once screening is complete they then go to the gate.

To make the process more convenient and speedy, three extra security lanes will be provided at Tokyo's Haneda airport - bringing the total to 27 - some of which will be exclusively for SKIP users. At the gate, another touch of the above on a sensor on the gate itself is enough to permit customers to board. A boarding pass is then printed for final seat number verification.

Fare Enhancements Mark INFINI's New Release

INFINI recently announced that it would upgrade its fare system in November 2006. In conjunction with the release of Airfare by its technical partner, SITA, INFINI will implement a full upgrade of its own fare systems. The enhancement includes pricing, Net fares, GUI features, and other innovative functions that will be included in this new fare platform for the future.

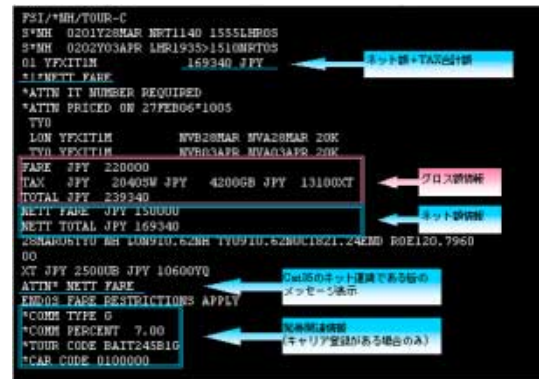


Pricing: Leading fare product among Asia carriers

- SITA and INFINI, whose products are especially well regarded by major Asian Airlines, collaborated to deliver this pricing product for the Japan market.
- Provides consistently accurate fare calculations with ATPCO and enhancements in the data maintenance.
- Delivers real time reliability.

Net Fare (Planned January 2007 release)

- CAT 15
Airlines using ATPCO's CAT 15 will be able to reach INFINI users with this data
- CAT 35
Airlines can connect to INFINI users with negotiated fares in the 2A format.

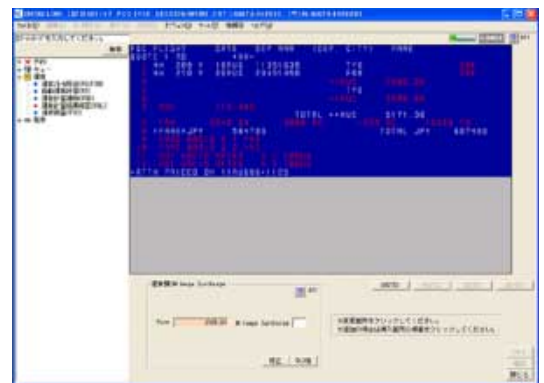


Net Fares

Added Graphic User Interface Features (GUI)

Aware of agent's various levels of experience INFINI has added more user-friendly GUI features to ensure that veterans and new employees alike can use INFINI fare products right away. Here are some of the new helpful features:

- Japanese language versions of fare data and fare rules
- Automatic Fare Calculation- Accurate and automatic calculations for all types fares
- Fare Assistance special features let you check fare amounts with simple departure date or stopover input entries
- Fare Repricing allows you to change fare amounts even after calculation
- Currency function puts all major currencies at your fingertips



GUI Screens

Tax Surcharge data

INFINI delivers country and airline tax surcharge data keeping you in touch with changes as they happen. An easy to use search function allows INFINI users to pinpoint the exact Tax information they need.



Tax Surcharge Data

INFINI and Abacus Wow Chinese Carriers

The Abacus and Infini joined together to demonstrate the strength of their combined network in Asia at the Joint Chinese Carrier Conference 2006 held in Hokkaido, Japan 5-9 July 2006. Executives and senior management from seven of the nine carriers from mainland China attended the conference, with representation from Air China (CA), China Eastern Airline (MU), China Southern Airline (CZ), Xiamen Airlines (MF), Shandong Airlines (SC), Sichuan Airlines (3U) and Hainan Airlines (HU).

The event focused on the importance of effective GDS partners, highlighted travel "drivers" in Asia and how to take advantage of the projected growth for Chinese carriers within Asia.

"This is the first time Abacus has held a conference of this magnitude for our Chinese customers and we were overwhelmed with the response. The conference allowed us to showcase the latest Abacus products and solutions to our Chinese carriers as well as demonstrate how both Abacus and Infini can help them expand their reach, automate processes and drive down costs," said Patrick Lai, Vice President, Airline Marketing and North Asia.

Mitsuhiko Oyama, Director of Marketing, said the conference was a good way to bring the leaders of



the Chinese air industry together to talk through the region's issues, opportunities, and different ways in which the industry can cooperate to ensure they are making the most out of the travel boom in the region.

"We were very happy with the level of the attendance and it was positive to see the airlines take

such an interest in our solutions and offerings. I think the conference has taken us to the next level and is a good platform to continue to further develop and grow together. We better understand what carriers are looking for and they can better appreciate our solutions and services," said Mr Oyama.

INFINI Connectivity Upgrades

- **Daily MIDT**
Japan Airlines (JL)
Qatar Airways (QR)
- **Direct Connect Sell**
Jet Airways (9W)

- **Multi Access Agent / ARO**
Vietnam Airlines (VN)
- **Electronic Ticketing**
Bangkok Airways (PG)
Hong Kong Express (UO)

- **Equipment Lease**
China Airlines (CI)

(Implemented: Mar.06 - Oct.06)