Yokohama, November 13, 2010

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honor to refer to the recent consultations on the Civil Air Transport Agreement between Japan and the United States of America signed at Tokyo, on August 11, 1952(hereinafter referred to as the "1952 Agreement"). I have further the honor to propose, on behalf of the Government of Japan, that the provisions contained in the Memorandum of Understanding signed at Tokyo, on October 25, 2010, attached hereto, which were negotiated with a view to ensuring the implementation of the 1952 Agreement in a manner appropriate to the Japan-U.S. aviation relationship, shall be implemented and that, with respect to routes, the Schedule to the Agreement be modified accordingly.

If the above proposal is acceptable to the Government of the United States of America, I have the honor to propose that this Note with its attachment and Your Excellency's Note in reply shall constitute an agreement between the Government of Japan and the Government of the United States of America which will enter into force on the date of Your Excellency's reply."

I have the honor to inform Your Excellency that the Government of the United States of America accepts the above proposal of the Government of Japan and to confirm that Your Excellency's Note with its attachment and this reply shall constitute an agreement between the two Governments, which will enter into force on the date of this reply.

His Excellency
Mr. Seiji Maehara
Minister for Foreign Affairs
of Japan

Translation

Yokohama, November 13, 2010

Excellency,

I have the honor to refer to the recent consultations on the Civil Air Transport Agreement between Japan and the United States of America signed at Tokyo, on August 11, 1952(hereinafter referred to as the "1952 Agreement"). I have further the honor to propose, on behalf of the Government of Japan, that the provisions contained in the Memorandum of Understanding signed at Tokyo, on October 25, 2010, attached hereto, which were negotiated with a view to ensuring the implementation of the 1952 Agreement in a manner appropriate to the Japan-U.S. aviation relationship, shall be implemented and that, with respect to routes, the Schedule to the Agreement be modified accordingly.

If the above proposal is acceptable to the Government of the United States of America, I have the honor to propose that this Note with its attachment and Your Excellency's Note in reply shall constitute an agreement between the Government of Japan and the Government of the United States of America which will enter into force on the date of Your Excellency's reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Seiji Maehara
Minister for Foreign Affairs
of Japan

His Excellency
Mr. John V. Roos
Ambassador Extraordinary
and Plenipotentiary
of the United States of America

MEMORANDUM OF UNDERSTANDING

The following provisions were negotiated with a view to ensuring the implementation of the Civil Air Transport Agreement between Japan and the United States of America, signed at Tokyo on August 11, 1952, (hereinafter referred to as "the 1952 Agreement") in a manner appropriate to the Japan-U.S. aviation relationship.

The provisions of this Memorandum of Understanding (hereinafter referred to as "the 2010 MOU"), as incorporated into an agreement to be concluded between the Government of Japan and the Government of the United States of America by an exchange of diplomatic notes (hereinafter referred to as "the Agreement"), will constitute either understandings relating to implementation of the 1952 Agreement or amendments of the Schedule attached to the 1952 Agreement.

Before the entry into force of the Agreement, the Ministry of Land, Infrastructure, Transport and Tourism of Japan and the United States Department of Transportation intend to take necessary measures to implement the elements of the 2010 MOU on the basis of comity and reciprocity.

Part I. Applicability

The bilateral civil air transportation relationship between Japan and the United States shall be governed by the 1952 Agreement and the 2010 MOU implementing the 1952 Agreement.

Part II. Definitions

In addition to those terms defined in the 1952 Agreement, for the purposes of the 2010 MOU, the following definitions shall apply:

"Air transportation" means the public carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, scheduled or charter, for remuneration or hire;

"Full cost" means the cost of providing facilities and services plus a reasonable charge for administrative overhead;

"International air transportation" means air transportation that passes through the airspace over the territory of more than one State;

"Party" or "Parties" mean Japan, the United States of America (hereinafter referred to as "the United States" or "the U.S."), or both, as appropriate;

"Price" means any fare, rate, or charge for the carriage of passengers, baggage, or cargo (excluding mail) in air transportation charged by airlines (as well as their agents), including the conditions governing the availability of such fare, rate, or charge; and

"User charge" means a charge imposed on airlines for the provision of airport, airport environmental, air navigation, or aviation security facilities or services including related services and facilities.

Further, in light of changes in the authorities of both Parties, Article 2(a) of the 1952 Agreement shall be understood to mean the following:

"Aeronautical authorities" means, in the case of Japan, the Ministry of Land, Infrastructure, Transport and Tourism and, in the case of the United States, the Department of Transportation, and any person or agency authorized to perform functions exercised by the said Ministry or the said Department.

Part III. Rights of Airlines

1. The designated airlines of a Party shall have the right to perform international air transportation in accordance with sections 1, 3 and 4 of the Annex, which constitutes an integral part of the 2010 MOU.

2. Airlines of a Party shall have the right to perform international air transportation in accordance with sections 2, 3 and 4 of the Annex, which constitutes an integral part of the 2010 MOU.

3. Nothing in the 2010 MOU shall be deemed to confer on the airline or airlines of one Party the right to carry traffic between the territory of the other Party and a third country without a traffic stop in the territory of the first Party.

4. Nothing in the 2010 MOU shall limit the right of either Party to refuse to recognize certificates of competency and licenses granted to its own nationals

by the other Party in accordance with Article 7 of the 1952 Agreement, as well as the right of either Party to withhold, revoke, suspend, limit, or impose conditions on the operating authorization or technical permission of an airline or airlines of the other Party in accordance with Part IV or Part V of the 2010 MOU.

Part IV. Safety

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

Either Party may request consultations concerning the safety standards maintained by the other Party relating to aeronautical facilities, aircrews, aircraft, and operation of airlines of that other Party. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards and requirements in these areas that at least equal the minimum standards that may be established pursuant to the Convention on International Civil Aviation, signed at Chicago on December 7, 1944 (hereinafter referred to as "the Convention"), the other Party shall be notified of such findings and the steps considered necessary to conform with these minimum standards, and the other Party shall take appropriate corrective action. Each Party reserves the right to withhold, revoke, suspend, limit, or impose conditions on the operating authorization or technical permission of an airline or airlines of the other Party in the event the other Party does not take such appropriate corrective action within a reasonable time and the right to take immediate action, prior to consultations, as to such airline or airlines if the other Party is not maintaining and administering the aforementioned minimum standards and immediate action is essential to prevent further noncompliance.

Part V. Security

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. The Parties reaffirm their obligation to protect the security of civil aviation against acts of unlawful interference.

2. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the Convention on Offenses and Certain Other Acts Committed on Board Aircraft, done at Tokyo on September 14, 1963, the Convention for

the Suppression of Unlawful Seizure of Aircraft, done at The Hague on December 16, 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on September 23, 1971, and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, Supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on February 24, 1988.

3. The Parties shall provide upon request all necessary assistance to each other, in accordance with their respective laws and regulations, to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, and of airports and air navigation facilities, and to address any other threat to the security of civil air navigation.

4. The Parties shall, in their mutual relations, act in conformity with the aviation security standards and appropriate recommended practices established by the International Civil Aviation Organization and designated as Annexes to the Convention, to the extent that such security standards and practices are applicable to the Parties; they shall require that operators of aircraft of their registry, operators of aircraft that have their principal place of business or permanent residence in their territory, and the operators of airports in their territory act in conformity with such aviation security standards and practices, as applicable.

5. The Parties underline the importance of working towards compatible practices and standards as a means of enhancing aviation security and minimizing regulatory divergence. To this end, the Parties shall fully utilize and develop existing channels for the discussion of current and proposed security measures. The Parties expect that the discussions will address, among other issues, new security measures proposed or under consideration by the other Party, including the revision of security measures occasioned by a change in circumstances; measures proposed by one Party to meet the security requirements of the other Party; possibilities for the more expeditious adjustment of standards with respect to aviation security measures; compatibility of the requirements of one Party with the legislative obligations of the other Party; and optimum balance between securing aviation security and facilitation of international air transportation. Such discussions should serve to foster early notice and prior discussion of new security initiatives and requirements.

6. Without prejudice to the need to take immediate action in order to protect aviation security, the Parties affirm that when considering security measures, a Party shall evaluate possible adverse effects on international air transportation and, unless constrained by law, shall take such factors into account when it determines what measures are necessary and appropriate to address those security concerns.

7. Each Party agrees to observe the security provisions required by the other Party for entry into, for departure from, and while within the territory of that other Party and to take adequate measures to protect aircraft and to inspect passengers, crew, and their baggage and carry-on items, as well as cargo and aircraft stores, prior to and during boarding or loading. Each Party shall also give sympathetic consideration to any request from the other Party for special security measures to meet a particular threat.

8. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of passengers, crew, aircraft, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat.

9. When a Party has reasonable grounds to believe that the other Party has departed from the aviation security provisions of this Part, the aeronautical authorities of the first Party may request immediate consultations with the aeronautical authorities of the other Party. Failure to reach a satisfactory resolution within 15 days from the date of such request shall constitute grounds to withhold, revoke, suspend, limit, or impose conditions on the operating authorization and technical permissions of an airline or airlines of the other Party. When required by an emergency, the first Party may take interim action prior to the expiry of 15 days.

Part VI. Commercial Opportunities

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. The airlines of each Party shall be entitled, in accordance with the non-discriminatory laws and regulations of the other Party, to establish offices in the territory of the other Party for the promotion and sale of air transportation.

2. The airlines of each Party shall be entitled, in accordance with the laws and regulations of the other Party relating to entry, residence, and employment, to bring in and maintain in the territory of the other Party managerial, sales, technical, operational, and other specialist staff required for the provision of air transportation.

3. Each airline shall have the right to perform its own ground-handling in the territory of the other Party (hereinafter referred to as "self-handling") or, at the airline's option, select among competing agents for such services in whole or in part. The rights shall be subject only to physical constraints resulting from considerations of airport safety. Where such considerations preclude self-handling, ground-handling services shall be available on an equal basis to all airlines; charges shall be based on the costs of services provided; and such services shall be comparable to the kind and quality of services as if self-handling were possible.

4. An airline of a Party may engage in the sale of air transportation in the territory of the other Party directly and, at the airline's discretion, through its agents. Each airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory. In addition, each airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in freely convertible currencies according to local currency laws and regulations.

5. Each airline shall be permitted to convert and remit to its country and, except where inconsistent with applicable laws and regulations, any other country or countries of its choice, on demand, local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted promptly without restrictions or taxation in respect thereof at the rate of exchange applicable to current transactions and remittance on the date the airline makes the initial application for remittance.

6. The airlines of each Party shall be permitted to pay for local expenses, including purchases of fuel, in the territory of the other Party in local currency. At their discretion, the airlines of each Party may pay for such expenses in the

territory of the other Party in freely convertible currencies according to local currency laws and regulations.

Part VII. Cooperative Marketing Arrangements and Intermodal Cargo Services

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement: ,

1. In operating or holding out the authorized services under the 2010 MOU implementing the 1952 Agreement, any airline of one Party may enter into cooperative marketing arrangements such as blocked-space, code-sharing, or leasing arrangements, with:

   a. An airline or airlines of either Party; and

   b. An airline or airlines of a third country;

   provided that all participants in such arrangements (i) hold the appropriate authority and (ii) meet the requirements normally applied to such arrangements under the laws and regulations of the Parties.

2. Airlines and indirect providers of cargo air transportation of both Parties shall be permitted, without restriction, to employ in connection with international air transportation any surface transportation for cargo to or from any points in the territories of the Parties or in third countries, including to and from all airports with customs facilities, and to transport cargo in bond under applicable laws and regulations. Such cargo, whether moving by surface or by air, shall have access to airport customs processing and facilities. Airlines may elect to perform their own surface transportation or to provide it through arrangements with other surface carriers, including surface transportation operated by other airlines and indirect providers of cargo air transportation. Such intermodal cargo services may be offered at a single, through price for the air and surface transportation combined, provided that shippers are not misled as to the facts concerning such transportation.

3. With respect to operations of an airline in the territory of a Party, any company operating surface transportation under paragraph 2 of this Part is subject to the non-discriminatory laws and regulations applied to the transportation industry of that Party.

Part VIII. User Charges

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. User charges that may be imposed by the competent charging authorities or bodies of each Party on the airlines of the other Party shall be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favorable than the most favorable terms available to any other airline at the time the charges are assessed.

2. User charges imposed on the airlines of the other Party may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport, airport environmental, air navigation, and aviation security facilities and services at the airport or within the airport system. Such charges, however, may include a reasonable return on assets, after depreciation. Facilities and services for which charges are made shall be provided on an efficient and economic basis.

3. Each Party shall encourage consultations between the competent charging authorities or bodies in its territory and the airlines using the facilities and services or bodies representing them, and shall encourage the competent charging authorities or bodies and the airlines or bodies representing them to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles of paragraphs 1 and 2 of this Part. Each Party shall encourage the competent charging authorities to provide such airlines or bodies representing them with reasonable notice of any proposal for changes in user charges to enable them to express their views before changes are made.

Part IX. Fair Competition

The following procedures concerning the application of Articles 10, 11, and 12 of the 1952 Agreement shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. Each Party shall allow each airline to determine the frequency and capacity of the international air transportation it offers under the Annex based upon commercial considerations in the marketplace. Consistent with this right, neither Party shall unilaterally limit the volume of traffic, frequency, or regularity of service, or the aircraft type or types operated by the airlines of the other Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention

2. Neither Party shall impose on the other Party's airlines a first-refusal requirement, uplift ratio, non-objection fee, nor any other requirement with respect to capacity, frequency, or traffic of the international air transportation they offer under the Annex that would be inconsistent with the purposes of the 2010 MOU.

3. Neither Party shall require the filing of schedules, programs for charter flights, or operational plans by airlines of the other Party as a condition for obtaining economic authority to operate, except as may be required on a non-discriminatory basis to enforce the uniform conditions foreseen by paragraph 1 of this Part or as may be specifically authorized in the 2010 MOU. If a Party requires filings, it shall minimize the administrative burdens of filing requirements and procedures.

Part X. Pricing

The following procedures concerning the application of Article 13 of the 1952 Agreement shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. Each Party shall allow prices for international air transportation to be established by each airline based upon commercial considerations in the marketplace. Intervention by the Parties shall be limited to:

   a. Prevention of unreasonably discriminatory prices or practices;

   b. Protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position;

c. Protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support; and

d. Protection of airlines from prices that are artificially low, where evidence exists as to an intent to eliminate competition.

2. Each Party may require notification to or filing with its aeronautical authorities of prices to be charged to or from its territory by airlines of the other Party. Such notification or filing by the airlines may be required to be made not later than the initial offering, in any form, of a price.

3. Neither Party shall take unilateral action to prevent the inauguration or continuation of a price proposed to be charged or charged by (i) an airline of either Party for international air transportation between the territories of the Parties, or (ii) an airline of one Party for international air transportation between the territory of the other Party and any third country, including in both cases transportation on an interline or intraline basis. If either Party believes that any such price is inconsistent with the considerations set forth in paragraph 1 of this Part, it shall request consultations and notify the other Party of the reasons for its dissatisfaction as soon as possible. These consultations shall be held not later than 30 days after receipt of the request, and the Parties shall cooperate in securing information necessary for reasoned resolution of the issue. If the Parties reach agreement with respect to a price for which a notice of dissatisfaction has been given, each Party shall use its best efforts to put that agreement into effect. Without such mutual agreement, the price shall go into effect provisionally in accordance with Article 13 of the 1952 agreement.

Part XI. U.S. Government Procured Transportation

Effective October 1, 2011, Japanese airlines shall have the right to transport passengers and cargo on scheduled and charter flights for which a U.S. Government civilian department, agency, or instrumentality (1) obtains the transportation for itself or in carrying out an arrangement under which payment is made by the Government or payment is made from amounts provided for the use of the Government, or (2) provides the transportation to or for a foreign country or international or other organization without reimbursement, and that transportation is (a) between any point in the United States and any point in Japan, except – with respect to passengers only – between points for which there is a city-pair contract fare in effect, or (b) between any two points outside the

United States. This paragraph shall not apply to transportation obtained or funded by the Secretary of Defense or the Secretary of a military department.

MINISTER OF LAND, INFRASTRUCTURE, TRANSPORT AND TOURISM OF JAPAN	AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA

Tokyo, October 25, 2010

ANNEX

Section 1

Scheduled International Air Transportation

The designated airlines of a Party shall, in accordance with the terms of their designation, be entitled to perform scheduled international air transportation between points on the following routes:

1. Routes for the airline or airlines designated by the Government of the United States:

   From points behind the United States via the United States and intermediate points to a point or points in Japan and beyond.

2. Routes for the airline or airlines designated by the Government of Japan:

   From points behind Japan via Japan and intermediate points to a point or points in the United States and beyond.

Section 2

International Charter Air Transportation

1. Airlines of a Party shall have the right to carry international charter traffic of passengers (and their accompanying baggage) and/or cargo (including, but not limited to, freight forwarder, split, and combination (passenger/cargo) charters):

   a. between any point or points in its homeland and any point or points in the territory of the other Party; and

   b. between any point or points in the territory of the other Party and any point or points in a third country or countries, provided that such service constitutes part of a continuous operation, with or without a change of aircraft, that includes service to or from the homeland for the purpose of carrying local traffic to or from the homeland.

2. Each Party shall extend favorable consideration to applications by airlines of the other Party to operate charter flights not covered by the 2010 MOU, including charter flights between any point or points in the territory of the other Party and any point or points in a third country or countries, on the basis of comity and reciprocity.

3. Each Party may impose requirements upon an airline of the other Party performing international charter air transportation originating in the territory of either Party, whether on a one-way or round-trip basis, relating to the protection of passenger funds and passenger cancellation and refund rights.

Section 3

Access to Tokyo International Airport (Haneda)

The following shall apply to international air transportation prescribed in the Annex that includes Tokyo International Airport (hereinafter referred to as "Haneda") after the commencement of the operational use of its fourth runway scheduled in October 2010.

Subject to the following conditions, scheduled combination and charter services are permitted at Haneda between 2200 and 0700 hours local time:

1. The designated airlines of each Party shall be limited to a total of four (4) pairs of slots for scheduled combination service; extra sections shall not be permitted;

2. Slots for scheduled combination service shall not be used for all-cargo service;

3. Departures from Haneda to a point in the 48 contiguous U.S. states shall not be permitted prior to midnight; and

4. Airlines of each Party, in the aggregate, may operate no more than 600 one-way charter flights per year.

Section 4

General Provisions

The following shall apply to all services operated under the 2010 MOU implementing the 1952 Agreement:

1. Each airline of a Party may, on any or all flights and at its option:

    a. operate flights in either or both directions;

    b. combine different flight numbers within one aircraft operation;

    c. serve behind, intermediate, and beyond points and points in the territories of the Parties on the routes in any combination and in any order;

    d. omit stops at any point or points;

    e. transfer traffic from any of its aircraft to any of its other aircraft at any point on the routes;

    f. serve points behind any points in its territory with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services;

    g. make stopovers at any points whether within or outside of the territory of either Party;

    h. carry transit traffic through the other Party's territory; and

    i. combine traffic on the same aircraft regardless of where such traffic originates;

    without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under the 2010 MOU implementing the 1952 Agreement, provided that the transportation is part of a service that serves a point in the homeland of the airline.

2. On any segment or segments of the routes above, any airline of a Party may perform international air transportation without any limitation as to change, at any point on the route, in type or number of aircraft operated, provided that, in the outbound direction, the transportation beyond such point is a continuation of the

transportation from the homeland of the airline and, in the inbound direction, the transportation to the homeland of the airline is a continuation of the transportation from beyond such point.