



2007
ANNUAL
REPORT

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor



A MESSAGE FROM THE GOVERNOR AND LIEUTENANT GOVERNOR OF GUAM

Hafa Adai! We are pleased to present the Guam Visitors Bureau 2007 Annual Report. Throughout the past year, we focused on improving Guam's position in the global market while we aggressively compete with destinations in the region.

We applaud GVB and all our partners in the visitor industry for the tremendous progress we made together in 2007. The innovation and vision of this industry led to the development of a strategic plan, the *Gohoubi* campaign, the expansion and opening of hotels and restaurants and many other notable achievements. The hard work of the men and women of tourism is laying the foundation for a decade of unprecedented expansion. This is an opportunity for us to strengthen our place in the international visitor market and sustain growth for decades.

Guam is growing into a future of major developments. Outside investors continue to express interest and already hundreds of millions of dollars have been invested. We have much to look forward to as we improve our island as a world class resort destination and a better place for all our people.

We thank the hard working staff, management and members of the Guam Visitors Bureau for their accomplishments and we invite you to grow with Guam.

On behalf of the people of Guam, *Un dangkolo na Si Yu'us Ma'ase!*

Sinseru yan Magåhet,

FELIX P. CAMACHO
I Maga' Låhen Guåhan
Governor of Guam

MICHAEL W. CRUZ, M.D.
I Segundo Na Maga' Låhen Guåhan
Lieutenant Governor of Guam



Senator James V. Espaldon
I Mina' Bente Nuebi Na Liheslaturan Guåhan
Twenty-Ninth Guam Legislature

Chairman • Committee on Judiciary, Natural Resources, Infrastructure and Cultural Affairs
Chairman (Acting) • Committee on Tourism, Maritime, Military, Veterans and Foreign Affairs



*A Message from the
Legislative Acting Chairman on Tourism*

HAFA ADAI! The year 2007 was full of many changes in Guam's visitor industry. Local and off-island interests began a series of investments and acquisitions changing the ownership and the physical attributes of hotel properties along both Tumon Bay and Hagatna Bay. By all accounts, this renewed interest in investing in Guam's number one industry will continue well into 2008!

As the year went by, businesses were constantly tweaking their marketing plans to keep pace with market conditions impacted by rising fuel costs, fluctuations in the exchange rates, and the surge in competition by both Japanese and Korean domestic destinations. It is expected that these conditions will not change for the first three quarters of 2008.

For the first time in many years, the Guam Visitors Bureau recognized the importance in developing a strategic vision to guide the industry's growth. The resulting Five Year Strategic Plan contains proposals that touch all of the industry stakeholders, while mapping out the division of responsibility for the myriad of activities to be undertaken. One of the key recommendations was a strong need for funding of destination development and maintenance programs and projects. While some funds were requested for those purposes for FY2008, it is hoped that the 2009 budget request for the Guam Visitors Bureau and other government entities sets aside sufficient sums of money to achieve those ends.

The Guam Visitors Bureau has taken steps to self-evaluate itself as an organization responsible for the carrying out of activities to achieve the goals and objectives established by the Five Year Strategic Plan. Changes to the board committee structure and the manner in which business is conducted proceeds as a work in progress. While it may be premature to deem these changes as better as or worse than the former structure, the work of directing the marketing Guam proceeds as usual.

Throughout all of the changes experienced in 2007, the one constant has been the dedication of the staff and management to achieving the targets set by its board of directors. These employees continue to offer their best efforts to make Guam THE destination in the Western Pacific. On behalf of I Mina' Bente Nuebi na Liheslaturan Guåhan, please accept our sincerest appreciation for a job well done!

Senseramente,

JAMES V. ESPALDON



A Message from
David B. Tydingco
Chairman of the Board

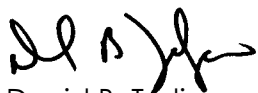
Buenas Yan Hafa Adai!

The Board of Directors and I are happy to join GVB in presenting the 2007 Annual Report. Last year began with high hopes and closed with clear evidence of a strengthening tourism industry. We are extremely pleased and determined to keep this upward trend growing in 2008.

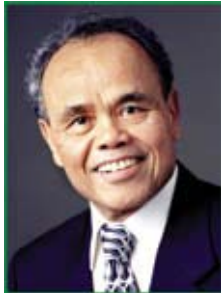
As our visitor arrivals show positive signs of growth, it is more important than ever that to remain focused on our mission to promote Guam as a destination with a unique culture, rich heritage and history, and breathtaking natural beauty. It is equally important that we encourage our community to embrace the importance of tourism and its impact on our economy and every day lives.

The Board and I are committed to attaining these goals and will continue working with GVB to insure Guam remains a tropical resort paradise with a strong sense of place, celebrating and promoting our island individuality.

Si Yu'os Ma'åse,



David B. Tydingco
Chairman of the Board



Letter to Shareholders

Gerald S.A. Perez, General Manager

Dear Shareholders,

I am pleased to report on the performance of your Guam Visitors Bureau for the fiscal year ending September 30, 2007. As a public, non-stock and non-profit membership corporation, the Bureau is a unique organization in which its members and the people of Guam share an interest.

FOUR DECADES OF TOURISM

May 1, 2007 marked the 40th year anniversary of Guam's Tourism industry. That was the day in 1967 when Pan Am brought 109 Japanese tourists to the island, and which subsequently launched what is to become the island's number one industry today. This humble beginning spawned an economic sector worth billions of dollars in the decades that followed, and which continues to make significant contributions to Guam's quality of life.

ADMINISTRATIVE HIGHLIGHTS

Fiscal Year 2007 began by completing the Bureau's Five Year Strategic Plan and sharing it with the island's political leadership, village mayors, GVB members, various civic and educational groups, and island media. The plan, which is available on GVB's website, is a framework for acting on the strategic initiatives needed to sustain and grow Guam's \$1.3 billion tourism industry. Key elements of the plan focus on:

- Increasing visitor arrivals and their spending;
- Creating a unique brand identity differentiating Guam from other destinations;
- Maximizing use of the island's tourism plant and infrastructure;
- Strengthening strategic alliances;
- Facilitating the development and/or restoration of Guam's cultural, historical natural and man-made attractions; and
- Making institutional and organizational changes to improve destination management and marketing effectiveness.

This past year was a difficult challenge in attracting our core customer base and focusing on destination improvement projects because of budgetary limitations. This impediment is recognized in the strategic plan and several initiatives will be pursued in 2008 to stimulate broad community support and ameliorate funding restrictions.

The Chairman's Strategic Advisory Council was stood up during the second quarter and immediately focused on the following major initiatives which are currently in various stages of progress:

- Branding and Community support;
- Zoning legislation to mitigate or eliminate offensive adult entertainment;
- China market opportunity;
- Private funding support to augment GVB's limited budget for marketing and destination improvements; and
- Proposed tax surcharge earmarked to fund the restoration and development of our cultural, historical, and natural assets; and to fund a comprehensive signage program that identifies island villages, attractions and scenic routes as well as interpretive signs.



FISCAL AND MARKETING HIGHLIGHTS

The case for "Powering Up" the Bureau's marketing budget, and for investing in the island's tourism plant, has never been more acute than it is today.

As regional competition heightens, we must elevate our marketing voice in key and emerging markets. We must also do much more to restore and showcase historical, cultural, and other natural assets that can enhance Guam's destination brand appeal, generate events around their significance, and collectively underpin the marketing message promoted overseas. This island wide community effort will be launched in 2008.

The Bureau's cash allotments in 2007 were 12% below authorized budget levels and seriously hampered our overseas marketing and advertising initiatives. This necessitated an emphasis in P.R. activities to generate maximum free publicity and ad value exposure. In Japan alone, for instance, this effort was tripled and generated \$19,061,994.00 in advertising exposure value. In total, the Bureau averaged nearly \$6.5 million per month worth of free advertising exposure per \$150,000 in monthly expenditures for all markets, 60% of which was in Japan, 30% in Korea, and 10% in all other markets. For the year, the Bureau invested \$1.8 million in about 70 public relations events, which generated \$77.6 million in publicity coverage for the island, an amount more than the entire combined GVB budgets for the five year period 2003 to 2007.

Japan Market

We continued our brand repositioning strategy in Japan and are seeing progress in improving the mix of affluent visitors from essentially the same demographic profile coming to Guam. For example, the percentage of our Japan visitors with annual incomes of more than seven million yen (\$61,400 @ 114 yen) increased progressively from 9% in FY2005 to 30% last year and 37% in 2007. Conversely, those with annual incomes under three million yen (\$26,300 @ 114 yen) decreased from 34% in 2005 to 21% last year, and 14% in 2007.

This improvement in our affluent visitor content is starting to show in local spending improvements on a yen adjusted basis. Indeed, it is also reflected in significant growth of business class seats sold by three of the four airlines serving the Japan Market.

But while our repositioning and P.R. strategy would appear to improve our yield objectives in 2006 and 2007, it was not sufficient to drive growth in arrivals from the second half of FY2006 and throughout 2007 when Japan arrivals ended down -3% year on year. Clearly, the pull of more competing destinations in Asia and elsewhere is a strategic challenge for the Bureau in a flat outbound market environment. This challenge is especially daunting as travel continues to normalize and recover from the adverse impacts of geopolitical, health related, and tsunami events that have plagued Asian destinations in the last five years.

Typically 80% of our business is the Japan Market, an aging and mature industrialized society in demographic stagnation. Japan overseas departures continue to be anemic, and more destinations are attracting these travelers aggressively, thereby putting enormous pressure on our ability to maintain the 5.35% share of market and the 933,283 visitors who came to Guam in 2007.

We ended the year with a new advertising and public relations agency following a lengthy procurement process that saw us engaging Asatsu DK and replacing Tokyo Agency and Kyodo, our advertising and public relations vendors, respectively.

Korea Market

Korea, our second largest market at 122,848 arrivals in 2007, accounts for 10% of all visitors and represented an increase of 8% over last year. Despite this increase, however, we have failed to hold the 4% share of overseas travelers previously enjoyed (1997) and have not regained the number of arrivals previously seen before the KAL disaster and Asian currency meltdown in late summer and fall of 1997. Serious challenges currently associated with our ability to restore previous visitor numbers include single carrier service; Asiana Air's expanded service to the CNMI, which include daylight flights; and the inability of travel agents to reconcile room availability and pricing expectations with Guam's Japan centric hotels.



The expansion of a visa waiver program, that will now include Hawaii and the U.S. Mainland, takes away the competitive advantage that Guam has previously enjoyed. This expanded program goes into effect in Summer 2008, or shortly thereafter following approval of procedural details by the U.S. Government.

In 2008, the Bureau will be contracting and financially incentivizing a Guam sales agent who will work directly with distribution channels, hotels and the airlines to drive visits.

Emerging Markets

But as we focus on Japan and Korea, however, it is important to note that 10% of our arrivals mix grew about 8%, which added diversification value and a hedge on Japan and Korea visitor fluctuations. This segment, collectively, include the U.S.A. market (4%), Taiwan, Hong Kong, the Philippines, and all other nationalities. The emerging opportunity in China has not escaped our attention, and to which the Bureau will be devoting more focus in 2008.

FINANCIAL HIGHLIGHTS

Funding for the Bureau's operations come from the 11% hotel occupancy tax, and is made through the Legislature's annual budget appropriations. The Bureau was appropriated \$13.6 million for operations and \$1.4 million for special projects under Public Law 28-150. However, the Bureau received a total allotment of \$12.0 million for operations and \$1.3 million for special projects. These receipts were short of the original budget appropriation for operations and special projects by 12% and 7%, respectively. Membership dues, in-kind contributions and foreign exchange transactions represent other sources of income and account for 3% or \$471,000 of total revenues.

The Bureau continues to live within its means, and has been financially responsible in managing its expenditures. In doing so, however, drastic measures had to be taken in 2007 to ensure budgetary compliance with cash allotments required by law. And while cuts were made in all areas of operations, austerity measures affected our variable Japan and Korea budgets the most with a 20% pullback needed to stay within cash receipts. Additionally, significant reductions were made in community development (-87%), research (-11%) and cultural heritage (-19%) programs, all of which were adversely impacted by lower than expected hotel tax revenues and the reallocation of funds for other legislative priorities.

DESTINATION MAINTENANCE

The Bureau's leadership in managing various contracts for island wide highway landscape maintenance, beach cleaning and Tumon landscape maintenance continued throughout 2007 in collaboration with village mayors and other government agencies. To supplement these tasks, the Bureau established a working relationship with the Superior Court Probation Office and the Department of Corrections using clients obligated to perform community service. The Bureau also facilitated improvement projects through the Lt. Governor's Beautification Task Force and engaged in graffiti clean-up, signage enforcement along San Vitores Road, and plans for streetscape beautification along highly visible intersections on Marine Corp Drive.

Rationalizing the basis for grant applications was carried forward from last year and improved the marketing value associated with sports tourism, village events and cultural attractions. Sports tourism grew with an increase in the number of professional teams from Japan and Korea training on island and increase in number of competing athletes participating in annual sporting events sponsored by GVB. The 2nd Annual Ko'ko' Road Race attracted twice the number of participants from the inaugural race last year. Cultural tourism also reached a new milestone with the creation and successful launch of the First Annual Mango Festival, sponsored by the Village of Agat and with the celebrated success of the 20th Annual Guam Micronesian Island Fair which drew a record number of visiting delegations, vendors and attendees.



Looking forward to the creation of new facilities, the Bureau actively supported the Guam Museum Task Force in its planning efforts to fund and build a permanent Guam Museum. The Bureau also funded travel expenses for the team commissioned by the Guam Tourism Foundation to conduct an economic impact study for a convention center on Guam. Funds were also pledged to purchase interpretive signage for the Heritage Walk Trail project spearheaded by the Guam Preservation Trust. Notwithstanding this forward vision, the proliferation of adult entertainment and deteriorating appeal of Guam's tourist zone did not escape attention. Together with other industry leaders, the Bureau has initiated an effort with the Guam Land Use Commission to introduce zoning legislation that will reduce or eliminate offensive adult entertainment in Guam's "center stage" of tourism.

ACKNOWLEDGEMENTS

I take this opportunity to thank the Bureau's Staff and Management for the time taken to tend to the business of tourism, a 24/7 business for Guam. Seventy-one overseas events were planned, executed and reported on during the 52-week fiscal year, and this does not include seminars and sales calls in our various markets. For this effort, I truly appreciate your family's understanding, support and sacrifice.

I am especially indebted to the late Senator and Former Speaker, Antonio R. Unpingco, whose chairmanship of the Legislature's Tourism Committee and wise counsel we will all miss in the industry.

I especially thank all GVB members who have contributed generously whenever we call for assistance and other "in-kind" contributions. Most especially, I thank the various committee members and directors, chaired by David Tydingco, for their advice, unyielding support and encouragement even during the most difficult times. Their involvement in GVB has been time consuming, unpaid, and gratefully acknowledged.

Finally, I thank Governor Felix Camacho and Lt. Governor Mike Cruz, for their active involvement in the industry, and without whose advocacy the results achieved this past year would not have been possible.

Sincerely,

Gerald S.A. Perez
General Manager

07 GVB Staff



Gerald S.A. Perez
General Manager



Mary C. Torres
Deputy General Manager



Administration
Juanita Aguon, Rose Cunliffe, Emily Quinata, Miranda Munoz, Dina Rose Hernandez, Jay San Nicolas, Nonoy Solidum



Destination Development & Maintenance
June Sugawara, Sonja Lujan-Sellers, Mary Camacho, Doris Ada, Amy Pangelinan



Marketing
Loretta Garcia, Nadine Leon Guerrero, Regina Nedlic, Felix Reyes, Kraig Camacho, Joseph Okada, Elaine Pangelinan, Juvsee Atalig, Mark Manglona, Pilar Laguaña, Gina Kono



Research
Celia Dydasco, Deborah Phillips, Ana Cid

07 Board of Directors



Jesse A. Leon Guerrero
Vice Chairman
Legislative Appointee



David B. Tydingco
Chairman of the Board
Governor Appointee



T. "Jerry" J.M. Cavo
Secretary/Treasurer
Legislative Appointee



Jim Beighley
GVB Membership
Elected



Marie Guerrero
GVB Membership
Elected



**Vice Mayor
Robert Hofmann**
*Mayors Council/
Governor Appointee*



**Bartley A.
Jackson**
GVB Membership
Elected



Akiyoshi Kakazu
GVB Membership
Elected



**Bruce
Kloppenburg**
GVB Membership
Elected



Richard Lai
Governor
Appointee



Carl Peterson
GVB Membership
Elected



Im Hong Soon
Governor
Appointee



Dr. Judy Flores
Governor
Appointee

07 Election Restructure

Board of Directors

Jesse A. Leon Guerrero
Vice Chairman

David B. Tydingco
Chairman of the Board

Thomas "Jerry" J.M. Calvo
Secretary/Treasurer

General Manager

Gerald S.A. Perez

Deputy General Manager

Mary C. Torres

Chairman's
Strategic
Advisory
Council

David B.
Tydingco

Executive

Jesse A.
Leon Guerrero

Administration
and
Government
Relations

Carl
Peterson

Membership
and
Community
Relations

Vice Mayor
Robert
Hofmann

Destination
Development
and
Maintenance

Bruce
Kloppenburger

Board
Marketing
Committee

Bartley A.
Jackson

Research
and
Planning

Jim
Beighley

Administration
and Finance

T. "Jerry"
Calvo

Guam
Marketing
and Public
Education

Dr. Judy
Flores

Attractions
and
Special Events

Marie
Guerrero

Visitor
Satisfaction
and Special
Projects

Bruce
Kloppenburger

Japan
Market

Akiyoshi
Kakazu

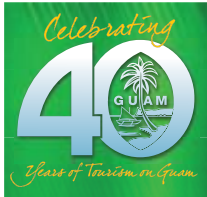
Korea
Market

Richard
Lai

Emerging
Markets

Im Hong
Soon

07 40 Years of Tourism



The first Pan Am World Airways jet with 109 Japanese tourists onboard landed on Guam on May 1, 1967 at the new Guam International Airport Terminal. Although the Guam Tourism Commission (a forerunner to the

Guam Visitors Bureau) was established in 1963, this Japan-Guam direct flight is the historic launch of Guam's dynamic tourism industry.

GVB's celebration of the 40th Anniversary of Tourism began in January 2007 with a special press conference in Tokyo, an advertising campaign in search of the original 109 passengers of the first Pan American Flight to Guam, and a search for couples who were married on Guam 40 years ago. GVB continued the celebration with a Hafa Adai Card Campaign, a special VIP Reception with Governor Felix Camacho, and a Proclamation Signing and Cake Cutting Ceremony that officially kicked off the 40th Anniversary publicity campaign on Guam. We aired commercials featuring the milestones of tourism on Guam, planted a commemorative garden, held an Oyazi Band Concert, and conducted radio and TV interviews with industry members and pioneers of tourism.

On May 1, 2007, GVB, alongside the Tourism Education Council was at hand at the Guam International Airport to welcome the passengers arriving on the anniversary flights. Welcome greeters passed out commemorative cookies created by the GCC Culinary Art Program students during the early morning flights. Afternoon flights were greeted by cultural entertainers from the Paraisu Cultural Dance group, Tourism Education Council students and the newly crowned Miss Guam Tourism winners.



GVB culminated the 40th year recognition of tourism by honoring the Pioneers of Tourism at a Black Tie GALA Dinner at the Sheraton Laguna Resort on October 27th. The ambiance of the ball room décor drew attention to the museum cause while paying homage to the pioneers of tourism who laid the groundwork for the tourism model in the 1950's and 1960's that burgeoned

into the island's key economic engine today. In our mission to secure Guam's allure as a unique cultural destination, we realize that building a permanent Guam Museum is vital to preserving what we know for a fact to be our ancestry and to showcasing our distinct cultural identity.

The Bureau developed the theme **"We're on the Same Team: Recognizing the Past, Acknowledging the Present, and Securing the Future"** for its 40th Anniversary of Tourism Celebration and highlighted the various contributions of the earliest pioneers to the tourism industry and the impact they have had on Guam.

Recognizing the Past

We honored the political leaders of the First Guam Legislature who passed a law encouraging the development of tourism, the Governors who lobbied to lift the edict requiring naval security clearance for Guam, who issued an executive order establishing the Guam Tourist Commission, and who created the Guam Visitors Bureau to drive tourism to new heights. We credited the vision of the first managers of the Guam Tourism Commission and the Guam Visitors Bureau for changing the perception of Guam from a rugged military outpost to an attractive resort destination. And in celebration of 40 successful years of tourism on Guam, we extended our gratitude to the business pioneers of Guam who took great risks to chase a dream and to establish a business model that provided opportunities for island residents to directly benefit from Guam's burgeoning tourism industry.

Acknowledging the Present

Today, tourism accounts for 60% of the island's gross revenue and approximately 35% of total jobs in Guam. Following the first Pan American World Airways Flight, the Guam Visitors Bureau recorded 4,284 visitor arrivals to the island in 1967. Forty years later, that number has risen to 1.2 million visitors in 2007.

Securing the Future

The pioneers of tourism recognized the potential for Guam to position itself as a unique destination of choice and realized the benefit such an industry would provide to the people of the island. Guam's tourism industry has sparked international interest in our distinct local culture and has highlighted the need to perpetuate and showcase the culture of Guam and her people to the world.

Hafa Adai! and welcome to the Guam Visitors Bureau's English Language website! Our website is now being maintained and updated by WSI-Internet Consulting and Education. Visitors to our site will find a wide range of options and menus such as the activities page, research section, accommodations information, an "About Guam" feature, and much more. Here is some of what you can find online at www.visitguam.org:

Get up to date!

Find important information for and about visitors and Guam's visitor industry online at www.visitguam.org. Get the latest up-to-date news in the GVB monthly newsletter, access visitor arrivals statistics as well as monthly, quarterly and annual reports. Also available are membership notices and a listing of benefits available to members of the Guam Visitors Bureau.

As an added bonus, our website provides online visitors with the latest developments in research studies and findings organized by the Guam Visitors Bureau Research Department. Of special interest is the Economic Impact of Tourism on Guam study recently completed by Global Insight, highly regarded as a global leader in economic and financial analysis forecasting and market intelligence for more than 40 years. In addition to the study, Global Insight set up a Tourism Satellite Account (TSA) for Guam, which is the internationally adopted system for measuring the economic impact of travel and tourism on an economy. Compared with traditional economic-impact methods, the TSA system provides a more comprehensive and accurate view of the visitor industry in a specific area. You can find this wealth of information and much more at www.visitguam.org.

What's Happening on Guam!

Find out what's happening on Guam online at www.visitguam.org in the activities section featured on the homepage. Just one click will

connect you to the GVB events calendar, Guam's favorite attractions and sites, transportation information, guides on how to navigate the island, and more. Be sure to review this very important section which also includes an optional tour section and a local events calendar complete with year-round events and activities.

Got Special Interest?

Whether you are into diving, shopping, hiking, fishing or fine dining, www.visitguam.org will give you the information you need to help get you on your way. Information for special interest travelers is located on the homepage and lists detailed descriptions and contact information for those needing more specific information regarding a particular area of interest. Find out more about your area of interest at www.visitguam.org.

Contact us!

For more information contact the Guam Visitors Bureau at guaminfo@visitguam.org or call us at (671) 646-5278/9. To access the Guam Visitors Bureau foreign language websites in Japanese, Korean, Mandarin, or Cantonese, simply click on the links provided when entering www.visitguam.org.





MARKETING

Japan Market

Korea Market

Taiwan Market

Emerging Markets

Americas/Europe/Military

Australia

China

Hong Kong

Pacific/Micronesia

Philippines

07 Marketing

Japan

FY2007 was a landmark year in many ways for the Japan market. Guam's celebration of 40 years of tourism from Japan started out with a bang with GVB hosting a press conference held at the Park Hyatt in Tokyo in January. Lead by Lt. Governor Michael Cruz and Senator Antonio Unpingco, a delegation from Guam announced the activities planned for the year that included an endorsement of Japan actor and singer Akira Terao.



2007 was also a milestone for two of GVB's airline partners in Japan. Japan Airlines celebrated their 35th and Continental Airlines marked their 30th anniversary flights of their operations on Guam from Japan. Not only have these two companies provided air service to our island they have both been great community partners in assisting with various causes both within the industry and our island community as a whole.



In the annual Sapporo Snow Festival our tropical island placed 4th in the International Snow Statue Contest. Participants and consumers

alike, marveling at Guam's ability to join the contest despite the lack of a winter season on our island, was amazed at the seascape carved in snow.



Continuing on with the Guam Live Presentations (GLP), a consumer promotion where cultural entertainers, musicians or Miss Guam's are brought to Japan to meet with consumers and put on a Guam show, were held in most cities with direct flights. To help boost arrivals, 24 GLPs were planned in FY2007. Visiting local media outlets, travel agents and various government offices, this promotion was designed to help forge relationships with Guam as well as appeal directly to consumers to entice them to our island.



One particular highlight of the GLPs featured three Miss Guam's attending the opening ceremony for Japan League team Albirex Niigata soccer game.



07 Marketing

Japan

During the summer months we ventured into new territory with two new projects. The Oyaji Band Contest and the Gohoubi Island Guam promotion. The Bureau is always seeking new ways to attract visitors to our island. As Japan's population ages an idea emerged to help our tourists relive their past by hosting a band contest at Ypao Beach Park. Featuring six bands from Japan and the only requirement being at least one member must be over 50 years of age the Oyaji (older man) Band Contest battled local and off-island bands alike with Akira Terao judging the contest.

With tremendous support of our travel industry, the Japan market broke new ground with the launching of an internet special promotion. GVB and the Guam Hotel and Restaurant Association joined together to introduce a new website campaign called **Gohoubi** (pronounced Go-Ho-Bee) for Japan. **Gohoubi**, the Japanese word for "reward," provided our Japanese visitors with tons of local information and chances for prizes at participating local businesses with free publicity. The purpose of **Gohoubi** was to educate potential Japanese visitors about Guam, excite them about visiting the places they have learned about, and of course, to come and redeem their prizes, which will run the gamut from large prizes such as free trips to Guam to small prizes like a free soft drink. Most of the funds for this project came from one of GVB's greatest supporters, DFS.

Considered as Asia's leading travel event aimed at the general travel consumer, the Japan Association of Travel Agents - World Travel Fair is held annually during the month of September. Exhibitors from all over the world are able to promote their various properties and services to the travel trade and general consumers in the Kanto region. This year over 100,000 visitors came to the fair where Guam

featured cultural entertainers, conducted fashion shows from beach resort wear and wedding gowns, and continued the celebration of our 40th anniversary of tourism by honoring the companies who have contributed greatly to the development of our island.



The fiscal year ended with our island meeting yet another goal, welcoming our 20 Millionth Japanese visitor to Guam on September 28, 2007.

Arriving on Continental Airlines Nagoya flight CO970, Mr. Hiroaki Ono and Ms. Yumi Shibuya planned their wedding on Guam. Upon exiting the aircraft they received a warm welcome from Miss Guam Tourism. Accompanied by the groom's family, the couple also received wonderful prizes from the Bureau's membership. SandCastle dinner show tickets, a Tropics BBQ Dinner show from Hilton Guam Resort and Spa, I Love Guam T-shirts and stickers from Archway, complimentary car rental from Avis Rent A Car, massages from Mandara Spa, water park passes from the Pacific Islands Club, and gift certificates from Guam Chocolate. The couple and entourage were provided transportation from the airport to their hotel by a Hummer Limousine provided by Miki Taxi. For their return trip Continental Airlines upgraded their seats to Business First.



07 Marketing

Korea

The Korea Market remained Guam's second largest market striving to collect its 2007 market share from a healthy growing Korean outbound. However, due to pricey room rates and the lack of room availability, a rise in interest for travelers leaving Korea for more affordable resort destinations continue to plague Guam's share of the traveling Korean outbound.

Though Korean outbound (though no longer tracked accurately in Korea) remains quite high. Guam challenges continued to increase as other, less costly destinations realized the value of the Korean traveler and have aggressively pursued the Korean market.

Such destinations include Saipan, Boracay (PI), Australia (Darwin), Las Vegas, Texas, British Columbia, Japan, China, and others who were not on the radar scope a couple of years ago (at least just a blip) but are now all vying for the Korean traveling market.

Guam continued to attract families and honeymooners in 2007 although the strengthening Korean Won versus the US dollar is now presenting opportunities for longer haul and longer stay travel.



Guam though still has a fair chance in the Education segment as the desire to learn American English makes Guam's location to Korea very attractive indeed.

This year again, Guam remained a popular filming location for Korean Broadcast companies garnering more than \$16 million in total media exposure for Guam.



In 2007 Guam's relationship with Professional sports team such as the Samsung Lions and Incheon United Soccer Club continued to strengthen. Although opportunities to train on Guam remain challenging as sporting facilities and other resources become limited to competing Japanese teams who arrive in hordes and secure practice facilities year after year for spring training.



With the continual struggle in 2007 for GVB Korea representation to assimilate into the travel and trade industry, GVB has decided to source a Korean Guam Sales Agent (GSA) as its primary sales and promotions services provider for 2008. The newly hired GSA will be tasked to focus and direct GVB towards increasing arrivals in the coming year.

With this approach the GVB hopes to reinvigorate a close and stronger relationship within the travel and trade industry, but has since decided to secure Edelman and highlight their attributes towards generating media exposure and increasing awareness. Along with PR support in 2008, Edelman will continue the development, creation and maintenance of the new GVB Korea website, which is expected to be launched in early 2008.

07 Marketing

Korea

The new site features a travel planner in which online visitors can plan their trip and/or mirror other pre-planned trips prepared by visitors to the site. Altogether, the site will allow for more interactivity and an abundance of visuals and information about Guam.



With the New Year fast approaching, the GVB makes way for the opportunity to strengthen ties with the Korea Travel Trade, but more importantly, with members of the Korea-Guam Tourism Council (KGTC). The GVB also highly anticipates the release of its new ad creative in 2008.



With a detailed scope of work outlined for 2008, GVB remains optimistic that it's fresh and reinvigorated presence in the market will achieve up to 150,000 arrivals in 2008.

Taiwan

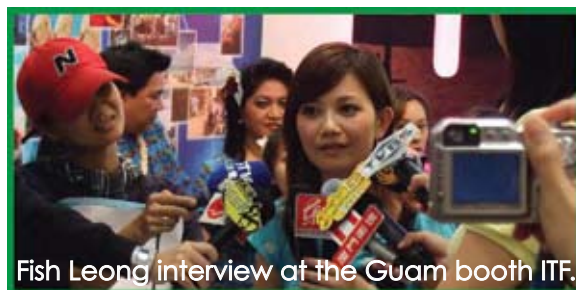
The Taiwan Market has successfully executed various programs in mass media and to gain Guam awareness through SET TV "Cuisine No Limit," Fish Leong MV, Celebrity Golf, Celebrity Wedding, and Lantern Festival. The total FY07 year-end publicity and media exposure value was \$20,140,347.63

The Taiwan Market continues to cooperate with TV programs and print media to maximize the media exposure. GVB uses both free and paid media and innovative programs to maintain awareness and in building crucial relationships with travel industry executives, media influencers and potential customers in Taiwan.

The Taiwan Market has focused on promotional campaigns to stimulate people's travel to Guam. The goal of promotional campaigns is helping travel agents to provide "extra benefits" to travelers and further attract consumers to choose Guam as a travel destination. The launch of the GVB Taiwan website has allowed GVB to intergrate online, and to support its FY07 strategies with on-line tie-in programs.

Taipei International Travel Fair

The Guam Visitors Bureau attended the Taipei International Travel Fair from November 3~6, 2007. This was the largest trade show in Taipei with an attendance of 172,280 people (37% increase from last year). GVB's objectives in attending the Taipei International Travel Fair was to touch bases with key industry players, to announce the release of the Fish Leong music video and to seek support for the upcoming Guam Ko'Ko' Bird Road Race 2007. Fish Leong, a superstar who is popular in Malaysia, Singapore, Hong Kong, South East Asia and Mainland China, and whose music is comparable to Shania Twain. The launch of her music video, album and performance were at the Guam booth during ITF. Her stellar performance made Guam's booth the most popular booth.



Fish Leong interview at the Guam booth ITF.

07 Marketing

Taiwan

GVB Taiwan Website launched at the Taipei Lantern Festival. The Guam Visitors Bureau participated in the Taipei Lantern Festival at the Chiang Kai-shek Memorial Hall Plaza. Guam's lantern was located at the entrance main gate. An estimated 6 million people attended this event. GVB launched the Taiwan website www.visitguam.org.tw during the lantern festival. There was an on-line campaign where one can send a Chinese New Year card to friends and family. The Taiwan website, during this campaign, received 15,206,356 hits with 270,770 unique visitors.



Celebrity Wedding Campaign

The Guam Visitors Bureau in coordination with Sun Peng and Beyin from Taiwan were married on Guam, part of the GVB Wedding Campaign. A total of thirteen (13) media outlets were on hand to cover the event. Taiwan Media introduced Guam as a first class overseas wedding destination with various wedding packages offered. Guam received a total of 106 clips totalling US \$3,927,796.15 from 5 newspapers, 3 magazines and 5 TV shows in media exposure.



Americas/Europe/Military

FY2007 programs were aggressively implemented in the areas of public relations and promotional campaigns to create a greater awareness of Guam in the North America and Military market place. These programs were developed to assist servicing airlines and travel agencies in successfully filling seat capacities from North America. The GVB's main objective is to develop Guam as a destination of choice and continue its marketing efforts and introduce new approaches to attract more North America/Military visitors. The following goals and objectives were developed in order to increase our market share:



Increase Guam's awareness in North America and with the Military to allow us to reach our projected visitor arrival goals. Marketing programs were implemented to effectively promote travel and increase visitor arrivals. GVB's goal was to achieve 47,932 North American visitor arrivals at the end of FY2007.

Programs were designed to attract target market segments in North America. This accomplished through placement of advertisements in selected special interest magazines. FY2007, ad placements were based on supplemental Guam editorials, circulation and previous reader responses. GVB also attended three major international travel shows; two in California and one in Florida.

07 Marketing

Americas/Europe/Military

The GVB took an aggressive and pro-active public relations position in North America and the military for the development of Guam's image and travel product. Several press releases were developed and distributed to the various media via email that increased awareness of Guam in North America and other English-speaking countries globally.

The GVB also continues to communicate with the Chamorro clubs in North America, as well as the servicing airlines to develop special airfare for the (Visiting Friends & Relatives) VFR market.

Australia

Most of the budget requested for the Australia/Guam Only Visa Waiver Program is for trade activity and media publicity within Australia. GVB wants Guam to stay in the minds of the Australia travel trade, by, developing and maintaining contact through joint cooperative campaigns and marketing activities going after these specific niche markets. Continental Micronesia (CMI) operates three (3) flights a week from Australia (Cairns) to Guam. With this direct air service GVB had hoped to increase Guam's inbound numbers from Australia.

Guam/Micronesia Road Show & In-flight Expo Joint Marketing Promotions

With its limited funding, GVB concentrated on joint marketing efforts in Australia with Continental. GVB joined the Micronesia Road Show that took place in March 2007 with other Micronesia national tourism offices and private businesses. The road show took place in Cairns, Townsville and Brisbane. Agent seminars and media interviews were arranged in each city.

China

The Guam Visitors Bureau sets its objective to achieve growth in China arrivals in 2007 through active marketing. The Bureau implemented programs to diversify market segments and market regions. Its primary target market for 2007 is the expatriates and the affluent Chinese travelers. These travelers travel

frequently and a high proportion already has proper travel documents.



As part of the 5-year plan to diversify, GVB continues its participation with the American Chambers, expat media publications and shows catered to the Expatriates. With the recently negotiated bilateral agreements between the US and China granting the right for all Chinese national air carriers to fly from any city in China to Guam, another door of opportunities was opened.

Press Conference to Announce Charter Flights

Governor Camacho signed an agreement assisting with the inauguration of the first charter flight from Beijing to Guam.

The first flight is scheduled for the 2008 Chinese New Year. The signing ceremony was attended by more than 100 people from China travel industry and media, followed high-level discussion with the Vice Chairman of the National People's Congress and officials from the Ministry of Foreign Affairs, Ministry of Commerce and the China National Tourism Administration.

Governor Camacho led a 12-member delegation from Guam to discuss cultural, social and economic issues with leaders of the Chinese government. He met with Jiang Zhenghua, Vice Chairman of the National People's Congress, the country's highest political body. The official visit was held in the Shanghai Province Room in the National People's Congress Great Hall. Governor Camacho also met with the leadership of Beijing city and the US Ambassador to China.

Hong Kong

The Guam Visitors Bureau marketing and strategies overview for FY 2007 continue to promote Guam as the preferred overseas wedding destination and honeymoon destination in Hong Kong.

07 Marketing

Hong Kong

In addition to the wedding and honeymoon segment, GVB worked closely with travel agents in Hong Kong to promote various thematic packages. GVB worked closely with Guam vendors to come up with interesting thematic packages to sell through travel agents to widen our visitors' profile.

The primary target market for 2007 is the Hong Kong traveler between the ages of 18 and 49 years old. These travelers travel frequently and a high proportion already has proper travel documents. GVB public relations activities are ongoing and varied throughout the year. Monthly news releases are developed to continue creating a positive image of Guam through the various media. GVB will be working closely with all the airlines that have air service to Guam to disseminate monthly press releases, maintain/develop close contacts and good relationships with the media in order to keep them informed and interested.

Hong Kong Wedding Campaign

The Guam Visitors Bureau conducted the Hong Kong Wedding Campaign from December 4~8, 2007. For the second year, GVB promoted this market segment. A total of eighteen (18) couples, five (5) media participated with this campaign. There was enormous growth with this market segment that Watabe Wedding opened a branch office in Hong Kong.



Pacific/Micronesia

The Pacific/Micronesia budget allowed GVB the marketing opportunities target niche markets within the Asia Pacific region.

PATA MICRONESIA CHAPTER MEETINGS

The Guam Visitors Bureau is one of the original chartered members of the Pacific Asia Travel

Association (PATA) Micronesia Chapter. The Guam Visitors Bureau actively participates in various chapter functions and attends all quarterly PATA Micronesia Chapter meetings.

The objectives of the PATA Micronesia Chapter are to contribute to the growth, value and quality of travel to and within the Pacific-Asia area; To foster a closer working relationship among PATA members and between all travel industry representatives.

The Guam Visitors Bureau currently has a leadership role in all aspects involving the PATA Micronesia Chapter. Membership meetings are held at least once each quarter of the calendar year and are hosted by the various island National Tourism and/or State Tourism Offices throughout Micronesia.

Philippines

GVB's primary target market for 2007 is the Filipino traveler between the ages of 25 and 45 years and from the AB Socio-economic class level. These travelers are frequent travelers and a high proportion already possesses travel documents or U.S. visas. They are in the upper income bracket able to take more frequent trips for recreation and shopping and to visit friends/relatives.

A publicity campaign was designed to maintain and heighten the awareness of Guam as a tourist destination, easily accessible from the Philippines. GVB promoted an image of Guam as a relaxing, fun, safe and value-packed destination with a wide variety of activities available for visitors. This campaign was also recommended to build specific target market tour packages. Plans were to work with the travel agents in the Philippines to develop special interest packages and publicize them during a specific time period.

