

Passenger Operations (Domestic)



JAL uses the Boeing 737 as the workhorse of its local domestic route fleet.

Passenger numbers, particularly tourists, grew steadily. Borne along by this wave of demand, JAL expanded flights and raised the level of services. As a result, operating revenues for the year posted good growth.

Results—Year Ended March 31, 1997

Boosted by flights to long-haul destinations such as Sapporo and Okinawa, domestic tourist demand showed steady growth for the year. Total passenger volume rose 3.4 percent to 20.9 million. Domestic passenger revenues increased 2.5 percent to ¥310.8 billion (US\$2.5 billion).

Highlights of the Year

To boost convenience for customers and raise competitiveness, JAL inaugurated several new routes: Sendai-Obihiro, Niigata-Sapporo and Kansai-Hakodate in July 1996, and Nagoya-Miyazaki in December 1996. In addition, the company raised flight frequencies on the Tokyo-Miyazaki route in June. The new Boeing 777-200 “Star Jets” began

service on the Tokyo-Kagoshima route in April. By using aircraft with smaller seating capacities on a variety of routes to better match demand, JAL succeeded in raising the average passenger load factor by 1.7 points for the year.

Seizing upon the June 1996 introduction of a new domestic airfare system, JAL set a variety of new fares, including advance-purchase discount fares and multi-coupon tickets. By better catering to customer preferences, the new fares helped to stimulate demand and increase revenues.

On the promotional side, a repeat of the Super Seat campaign proved to be a great success. This campaign spans the busiest season of the year, from July to September; the number of passengers taking advantage of it this year soared by 60% compared with the same period

New uniforms have been introduced for both male and female flight attendants.



In April 1997 we introduced new automatic check-in machines.

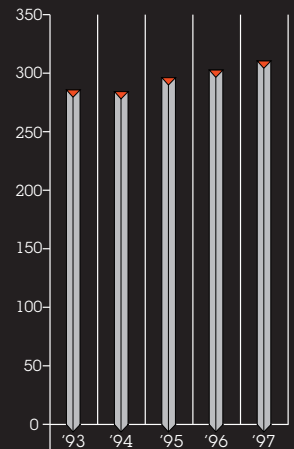
in the previous year. Two other perennial favorites, the Okinawa and JAL SKI campaigns, were also successful in eliciting new demand.

JAL introduced ticketless travel—from June 1996, customers making reservations by credit card could simply pick up their boarding pass at the check-in counter on the day of departure. In July, JAL started a domestic reservations service on the Internet. “Ticketless ticketing” is now also available from the company’s Web site. Finally, the JAL Mileage Bank frequent flyer program was extended to domestic flights during the year. Thanks to JAL’s linked domestic and international network, this move radically improved the mileage service and boosted JAL’s competitiveness in this area.

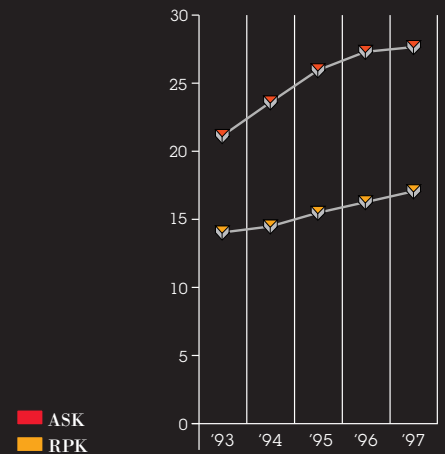
Outlook

The completion of the new third runway at Haneda will enable all airlines using the airport to expand their slots. JAL plans to use this opportunity to inaugurate new routes from Haneda to Obihiro, Memanbetsu and Kochi and also to raise flight frequencies on a number of routes from two to three times daily. In tandem with the more extensive use of smaller aircraft, these moves will significantly raise JAL’s presence in the domestic market.

Consolidated Domestic Passenger Revenues
(Billions of Yen)



Domestic Revenue Passenger-Km & Available Seat-Km
(Billions of Passenger-km)



Domestic Passenger Numbers for JAL and JTA
(Millions)

