

# PASSENGER OPERATIONS

(International)



*JAL is attracting passengers to international flights by offering more flights and destinations and utilizing code sharing agreements. New advance purchase discounts and the extension of the JAL Mileage Bank to package tour passengers are also making JAL more appealing. To hold down costs, JAL will soon begin transferring responsibility for certain flights to subsidiary JALways.*

**RESULTS—YEAR ENDED MARCH 31, 1999**

Demand for business and leisure travel from Japan declined in the past fiscal year, impacted by Japan’s persistent economic downturn and soft consumer spending. Solid demand on Asia-U.S. routes, however, enabled JAL to achieve a 0.6 percent increase in international passenger volume to 12,831 thousand. Revenues were affected by intense competition and a drop in first class and executive class passengers due to a decrease in business travel. As a result, non-consolidated international passenger revenues were down 6.9 percent to ¥581.6 billion (US\$4.8 billion). On a consolidated basis, revenues fell 10.9 percent to ¥595.2 billion (US\$4.9 billion). This is the result of the transfer to the incidental and other category of revenues generated by sales of JAL Group airline tickets at the 29 overseas JALPAK subsidiaries. The inclusion

of these sales lifted incidental and other revenues 20.9 percent to ¥489.8 billion (US\$4.0 billion).

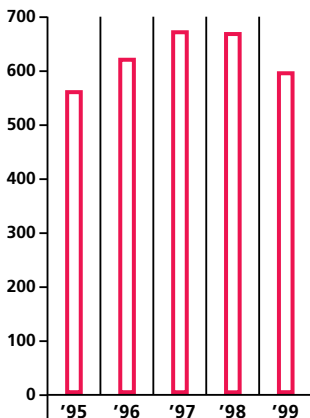
**HIGHLIGHTS OF THE YEAR**

In light of the trend toward independent individual travel, JAL increased the number of official fare discounts. The *JAL Goku* discounts have already demonstrated their popularity; to these were added the *Maeuri Goku 28* and *Maeuri Goku 42* advance purchase discounts. All fares aim to stimulate demand for leisure travel. To make the JAL Mileage Bank more attractive, group-fare tickets were brought under this program in January 1999.

Several sales campaigns targeted leisure travelers during the year. Among them were a campaign to promote *Reso’cha*, a program now in its fifth year that offers flights to resorts in

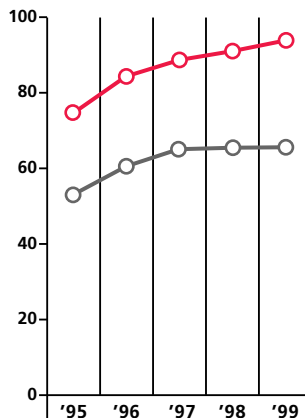
**CONSOLIDATED INTERNATIONAL PASSENGER REVENUES**

(Billions of Yen)  
Years Ended March 31



**INTERNATIONAL REVENUE PASSENGER-KM & AVAILABLE SEAT-KM**

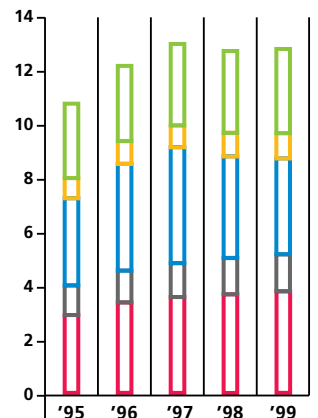
(Billions of Passenger-km)  
Years Ended March 31



○ RPK  
● ASK

**BREAKDOWN OF INTERNATIONAL PASSENGERS CARRIED BY ROUTE**

(Millions of Passengers)  
Years Ended March 31



■ Korea/China   ■ Guam/Saipan  
■ S.E. Asia/Oceania   ■ Europe  
■ Trans-Pacific



#### MAEURI GOKU 28 AND 42 MAKE THEIR DEBUT

The *Maeuri Goku* plan was created specifically to attract passengers from Japan who are traveling overseas on their own. The 28-day advance-purchase option, launched in April 1998, offers fares below the standard JAL *Goku* discount. The 42-day option, introduced in October 1998, has an even steeper discount.



#### CHARTER FLIGHTS MEET DEMAND FOR JAPANESE WORLD CUP FANS

A lot of Japanese fans went to France in June 1998 to watch the World Cup. JAL was involved in the event too, shuttling fans between Tokyo and Paris on a total of 14 charter flights and painting slogans of support for the Japanese team on its planes.



#### DIRECT FLIGHTS BETWEEN TOKYO AND LAS VEGAS

In October 1998, JAL inaugurated service linking Tokyo and Las Vegas. A series of new casinos, theme parks and other attractions has made this entertainment capital an appealing destination for the entire family. JAL plans to aggressively promote travel to the "entertainment capital of the world" to a variety of passenger categories.

the Pacific Ocean, and marketing efforts to raise awareness of the new Tokyo-Las Vegas service.

A significant number of new flights were inaugurated during the year. In April 1998, service began on the Nagoya-Los Angeles, Nagoya-London, Hiroshima-Honolulu, Osaka-Tianjin and Nagoya-Tianjin routes. Tokyo-Dalian and Tokyo-Qingdao service started in July and Tokyo-Las Vegas flights the following October. Niigata-Honolulu flights started in December and Tokyo-Dallas service was inaugurated in March 1999. Code sharing agreements were another means of growth. Tokyo-Zurich and Osaka-Zurich service began with Swissair and Tokyo-Istanbul with Turkish Airlines, both in October. Flight frequency was raised on many high-volume routes including those between Tokyo and New York, Los Angeles, San Francisco and Shanghai, and service linking Osaka with Honolulu, London and Shanghai. In June 1998, JAL operated a large number of charter flights to meet demand generated by the World Cup in France.

#### OUTLOOK

On Pacific routes, JAL plans to begin services between Osaka and Chicago and add Tokyo-Dallas and Tokyo-Las Vegas routes, among others. The first step in the code sharing agreement with American Airlines was taken in May 1999 with cooperation on 28 routes. This collaboration will be extended to about 150 routes by March 2000, thus enabling JAL to better serve independent travelers. Code sharing flights with Canadian Air and Cathay Pacific are slated to begin during the summer of 1999. An agreement linking JAL's mileage program with that of British Airways took effect in June 1999. To enlarge the *Resocha* Pacific Resort strategy and serve more group travelers, JAL began service between Nagoya and Guam and added other flights. And to take full advantage of its cost competitiveness, subsidiary JALways began operating its first scheduled flights. This company will gradually take over JAL's Southeast Asian, Oceania and Pacific resort routes.