

Passenger Operations

International

With the intention of attaining broad recognition as the carrier of choice by a growing number of customers, JAL has been making strong efforts at increasing service over existing routes and linkage with other carriers through code sharing. Regarding sales promotion, favorable results have been obtained from the Riso'cha campaign, in its seventh year, and the ongoing "Travel that is Felt with the Heart" campaign carried out over a two year period, in 2000 and 2001. Efforts at stimulating demand are being made by expansion of the e-ticketing service, and promotion of e-marketing, as ways to provide greater convenience to customers.

Business Results for the March 2001 Term

Demand has been strong, overall, for international passenger travel, on the Europe, continental America, Southeast Asia and China routes in particular. The number of passengers carried rose 8.8%. Moreover, demand for executive class travel on Europe routes especially has been strong, contributing to a rise in the average fare paid. Consequently, its income increased to ¥676.1billion.

Current Term's Highlights

Concerning route management, as new routes Tokyo=Ho Chi Minh City was added in November. Tokyo=Zurich, Nagoya=Tianjin and Osaka=Seoul in April, Tokyo=Seoul in January, in addition to which the number of flights of each route were increased. Also, in April flights between Sapporo, Sendai, Niigata and Hiroshima to Honolulu, and Tokyo, Nagoya and Osaka to Guam, were transferred to JALways. Also transferred to JALways, in October, were flights from Fukuoka to Honolulu and the Tokyo and Osaka to Saipan resort route. These changes were made to enhance efficiency in the

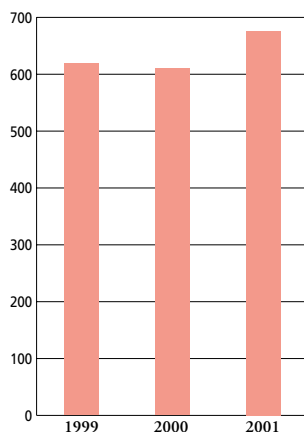
company and improve services for our customers.

Regarding fares, a special rate was introduced for the JAL Goku travel, called Riso'cha Goku 28, and for the first time television commercials were used to advertise Goku fare, as measures to improve the company's discount ticket offerings and further penetrate this part of the market. This activity was done to grow the business by stimulating interest in leisure travel.

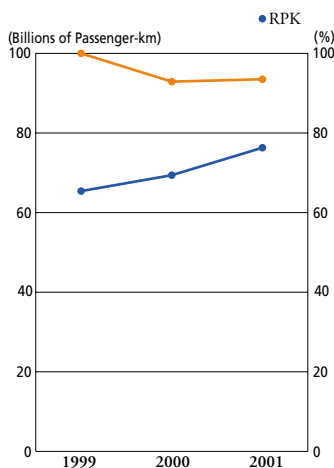
Notable among marketing efforts was the replacement of the Riso'cha that had been introduced in 1994 with the New Riso'cha, in April, and implementing of the Travel that is Felt with the Heart campaign with use of the turn of the century as a focal point. These efforts at increasing tourism demand helped income to increase.

In August, the company carried out four return charter flights from Havana, this being the first time direct service from Japan to that city. Other efforts were made to take advantage of the business opportunities presented by the lifting of restrictions on international charter flight use of Haneda, effective in February.

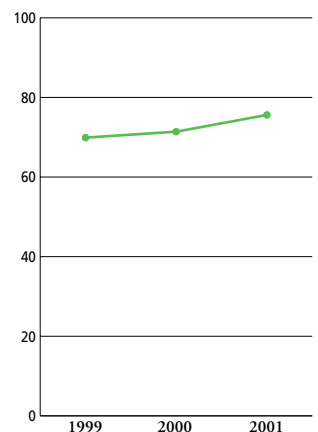
Consolidated international Passenger Revenues
(Billions of Yen)
Years Ended March 31



International Revenue Passenger-KM & Yield
Years Ended March 31



Consolidated International Passenger Load Factor
(%)
Years Ended March 31



Outlook

The JAL Group is making its best efforts at promoting e-business, with the intention of being a leading company in this application of information technology. Starting in May 2000, ticket upgrades and awards given to JAL Mileage Bank members were issued as e-tickets, eliminating the traditional form of ticketing, and from September this was also done for full-fare passengers and discount-ticket buyers such as JAL Goku customers. Because these tickets could also be obtained through the Internet, demand has been extremely high. The e-ticket eliminates such problems as loss or misplacing of a ticket, and has the added advantage of being capable of revision by nothing more than a telephone call. In addition, counter procedures at the airport are completed faster than when a traditional ticket is used. Routes for which this service is available have been expanded from the Honolulu and American continent at the outset, since 2001, to London,

Frankfurt, Guam, Southeast Asian routes, and others. Moreover, regarding the corporate travel market, a system for making and managing hotel reservations, and for business trip regulation management, the BT Planner, was developed for use when planning and making overseas business trips. Starting in the current fiscal year we are promoting use of this system at companies where there is need to improve control over overseas business travel. The use of e-business opportunities such as these is helping to increase corporate earnings.

As to route management, JAL increases or decreases the number of flights according to the profitability of the route in question, and seasonal fluctuation in demand. In order to augment international competitiveness further, the company has promoted the transfer of low-fare flights and particularly flights to nearby Pacific resort destinations, to JALways. This was one of the many measures for improving the effectiveness of management.

● Increased Service on the Tokyo–Seoul Route

Service between Tokyo and Seoul, which had been seven flights weekly, was increased in several steps starting in January 2001, to ten a week as of February 5, 2001. The improvement was made in response to increasing demand for passenger service on that route. The company is working to further expand Japan-Korea relations in advance of the joint sponsorship of the World Cup soccer games in 2002.



● New Service Between Tokyo and Ho Chi Minh city

Direct flights between Tokyo and Ho Chi Minh City (Vietnam) were inaugurated on November 2, 2000. The company has provided service between Osaka and Ho Chi Minh City since November 1994, and the number of Japanese visiting Vietnam has been increasing every year. This new service between Tokyo and Ho Chi Minh City increases the convenience of travel to Vietnam.



● JALways Becomes a Fully Owned Subsidiary

The company had held 80% of the stock in JALways, a low-cost operator specialized in resort route service. Through an exchange of shares, the company was made into a fully-owned subsidiary as of March 9, 2001. This change made in order to consolidate management and improve management of JAL group air operations, will contribute to improved business performance through augmented coordination of JAL Group air service, and through more flexible and efficient international passenger operations.



● Expansion of Code Sharing

Code sharing is being used to expand the route network as a means of improving the convenience afforded to customers, it now includes American Airlines, Swissair, Iberia, Air France and Vietnam Airlines. Starting in November 2000 all Japan-Italy flights have been operated on a code-sharing basis with Alitalia.

