



# Passengers Operations

## > Domestic

The Company worked to improve competitiveness and convenience in route operation, airfares, and sales amid free domestic competition in FY2001, and enhanced services were implemented. Furthermore, greater stability of business operations will be produced by the business integration with Japan Air System scheduled for autumn 2002. Thus, the Company is now becoming more competitive as obstacles to business expansion will be removed by measures including the expansion of Haneda Airport, a hub airport.

### ■ Results for the Term

Demand was firm in the first half of FY2001 thanks to aggressive development of fares and other marketing measures. The impact of terrorism in the United States in September caused many cancellations of school trips and leisure travel to Okinawa. However, efforts to stimulate demand utilizing various measures, including the holding of popular events, allowed total demand for domestic routes during the term to slightly exceed the previous term. Although the number of passengers increased 1.5 percent over the previous term to 23,810,995 passengers, revenues declined 1.3 percent to ¥324.9 billion (US\$2,443 million) due to a fall in revenue per passenger.

### ■ Specific Measures

Measures for greater efficiency on flight operations, aggressive fares, and other marketing policies were implemented during the term amid the sluggish Japanese economy.

Flights were increased on the Tokyo-Fukuoka route and Tokyo-Naha route due to expected increases in demand, and planes were downsized on some routes. Some operations were transferred to group companies to raise the efficiency of flight operations and improve profitability. Additionally, approximately 90 domestic charter flights were flown in the last half of the term to meet demand that shifted from international tourism to domestic tourism after the terrorist attacks.

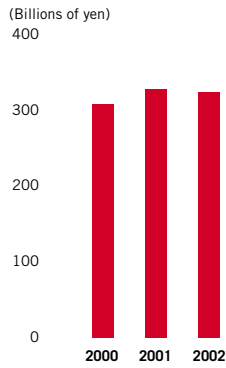
In terms of fares, unified ¥5,000 commemorative fare tickets were sold as *Maeuri Special* (advance purchase) tickets to commemorate the Company's 50th anniversary in the first half of the term, and demand was expanded by

commencing sales of the "JAL Bargain Fare" in October 2001. Additionally, "e-Discount" Internet discount tickets, Mini-group advance purchase, and advance purchase 21, and other discount tickets were applied to increased numbers of flights to enhance competitiveness.

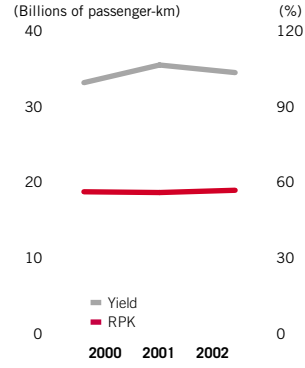
In passenger services, the time for purchasing tickets was extended to 20 minutes before departure time beginning in June 2001 to improve customer convenience. Additionally, sales were spurred by the Okinawa campaign (\*1) and the JAL Dream Express 21 (\*2) campaign.

In e-Business, Internet payment was introduced for the settlement of ticket purchase, and cash payments at convenience stores were launched. Additionally, we started reservations through L-mode — an Internet service over ordinary telephones, reservation services for domestic flights through PDAs, and information for domestic and international departures and arrivals.

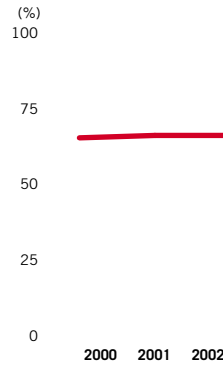
**Consolidated domestic passenger revenues**



**Domestic revenues passenger-km & yield**



**Consolidated domestic passenger load factor**



**\*1 Okinawa Campaign**



Tourism leaders from Okinawa and other regions nationwide and members of the press met to discuss how to achieve the recovery of Okinawan tourism, which has experienced substantial declines in demand since the terrorist attacks. The Company held a campaign and affixed the campaign logo to company aircraft, and efforts were coordinated with local leaders to stimulate the recovery of Okinawa's economy.

**\*2 JAL Dream Express 21**

This campaign started in March 2001 to commemorate the Company's 50th anniversary and the 100th birthday of Walt Disney. Special JAL Dream Express planes painted with five different designs are being flown to provide passengers with a "sky of dreams."



**JAL's e-Style**

The Company, which started up its website in 1995, became the first airline in Japan to offer domestic reservation services through its website in 1996. At present, services are not limited to the PC-compatible website, as services and information can be easily accessed from any point by ordinary cellular phones and PHS. The Company's website received the overall No. 1 ranking in the "Domestic Airline Site Scorecard Ranking" of the Gomez Company, which rates websites by industry. Additionally, JAL On-line, business trip services for corporate clients for which the Company has acquired a business model patent, is a new ticket-less service for domestic business trip arrangements requiring no individual payments. JAL's e-Style will actively evolve to respond to diversifying customer needs in the future as well.

