

International Passenger Operations

Two major issues to address during the term were bringing about a swift recovery from the downturn in demand resulting from the terrorist attacks in the United States in September 2001, and securing market share amid fiercer competition after the opening of the new runway at Narita Airport. A range of measures will continue to be implemented to improve profitability.



New uniforms to be worn by JAL staff from April 2004.

Measures Taken and Results for the Term

■ Route operation

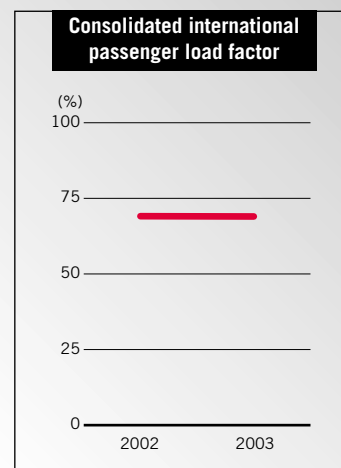
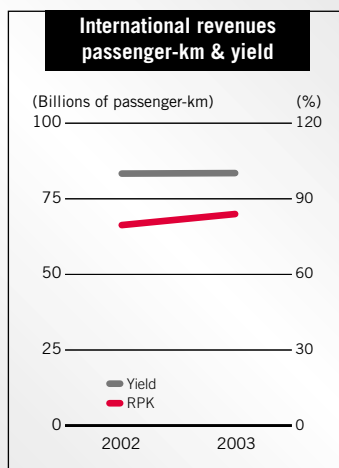
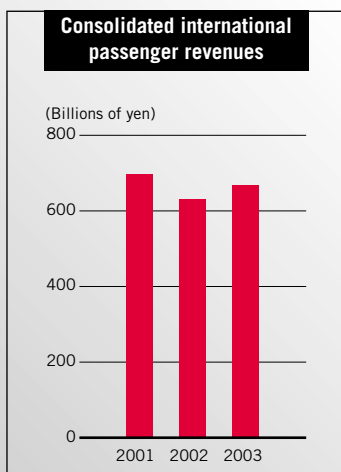
By making use of the second runway at Narita Airport newly opened in April 2003, JAL increased the number of flights, on the London, Paris, Beijing, Shanghai, Seoul, and other routes, and inaugurated new routes to Hanoi (April) and Xiamen (June). In addition, taking advantage of the increase in transportation volume permitted through the aviation negotiations between Japan and China held in September, by year-end JAL had built one of the world's largest China route networks, serving 10 cities from Japan.

With the opening of the new runway at Narita Airport, JAS transferred its central hub from Kansai International Airport to Narita. With this, it improved its route network to China and sought to improve competitiveness by changing the terminus of its Kunming and Hong Kong routes to Narita, and by inaugurating a route to Shanghai. However, from October JAS ceased operations on its Tokyo-Hong Kong route with the aim of more appropriate network efficiency with JAL, prior to similar measures on domestic routes.

■ Marketing

Efforts were devoted to conducting marketing for China routes, the number of which was increased through the establishment of new flights and the start of operation of JAL/JAS code-sharing flights*. July saw the start of the "JAL New China" and "JAL Business China" sales campaigns, through which JAL sought to build a new image of China to generate tourism demand, and also to stimulate business demand for China as a new market. Other sales measures included the establishment in October of a fare structure to make possible the amalgamation—through the integration—of the "JAL Goku" (economy class discount ticket on international routes) and "JAS Superpex."

In the realm of e-business the "JAL e-style" campaign was run from November with the objective of encouraging use of the Internet. Also, since February 2003 all customers, not only JAL Mileage Bank members, have been able to reserve and purchase tickets for international



routes through the company's web site. As a result of these efforts, the number of bookings for JAL international routes made via e-channels was almost double that of the previous year.

All of these efforts notwithstanding, demand in the first half was only at 95% of its level in corresponding period of the previous term. This was because of the continued faltering of demand, mainly on U.S. and Hawaii routes, in the aftermath of the terrorist attacks in the U.S., and lackluster demand for tourism flights from Japan during the holding of the World Cup in Japan and South Korea. In the second half the impact of September 11 faded out, but demand was hit by a cluster of other negative factors, in particular the sluggishness of the Japanese economy, the Bali bombing in October, a typhoon in Guam in November, and the anxiety aroused by the Iraq situation.

In consequence, the number of passengers during the year under review totaled 14,640,627, up by 4.1% year-on-year, and revenues rose by 5.7%, to ¥668,472 million (US\$5,571 million).



JAL e-channel
<http://www.jal.co.jp/e-style/>

* Start of code-sharing operations

JAL and JAS commenced code-sharing operations on routes to China in January 2003. This means that JAL identification codes are placed on JAS's Narita-Shanghai, Narita-Guangzhou, and Narita-Xian routes, and transportation is provided under both names. As the interchange of people and goods between Japan and China expands, the JAL Group will increase its services and network still further.

