

## Domestic Passenger Operations

The increase in the number of slots at Haneda Airport, the hub airport for Tokyo, has made it possible to enter new routes and to increase numbers of flights on routes on which demand is high since July 2002. Various measures, including a number of sales campaigns to mark the integration, have been directed at boosting competitiveness through the integration, enhancing convenience and stimulating demand.



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

### Measures Taken and Results for the Term

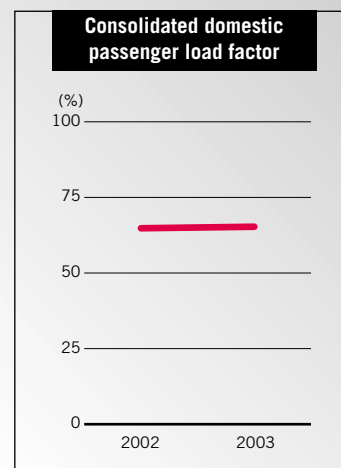
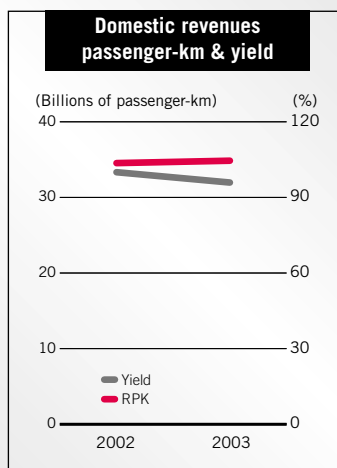
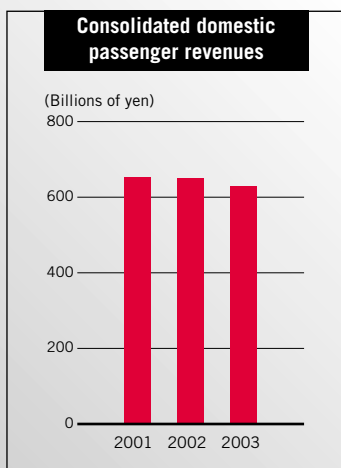
#### ■ Route operation

JAL made use of the increase in slots at Haneda Airport to inaugurate services to Toyama, Okayama, and Yamaguchi Ube—routes previously monopolized by a competitor. Meanwhile, JAS boosted customer convenience by such means as increasing flights on eight high-demand routes such as the Aomori and Takamatsu routes, and devising flight schedules to permit customers to make round trips between regional airports and the Tokyo area within a single day. It also revised its routes from Kansai International Airport, including new routes, and with some exceptions either closed them or transferred them to Itami Airport near downtown Osaka. With this, it sought both to improve its schedules and boost profitability.

From October, steps were taken to eliminate the duplication of JAL and JAS flights that had occurred as a result of the integration, and to ensure flexible route operation in line with demand. These moves were aimed at improving the network and also customer convenience, with a positive impact on profitability.

#### ■ Marketing

A number of sales campaigns were conducted, for example the “Hokkaido campaign” and the “Okinawa campaign.” Other steps to generate demand included the institution of special commemorative fares to mark the JAL/JAS integration, such as the “JJ Coupon,” in addition to the existing “JAL Bargain Fare.” On routes that are particularly fiercely contested, we aggressively introduced competitive fares. Among sales of travel products, “JAL/JAS Integration Commemorative Tours\*” were instituted to increase usage of both airlines’ planes, for example ski tours that combined the use of JAL and JAS flights.



October brought the start of the integration of mileage on JAL and JAS domestic routes, so as to make it easier for mileage-service members to gain miles as the domestic route network is expanded. Also, to increase demand, JAL and JAS jointly conducted a sales campaign offering triple mileage on domestic routes.

More than 70 charter flights were operated during the year, including those during the soccer World Cup held in Japan and South Korea. As a result, the number of passengers during the year under review increased by 0.4%, to 46,520,059. However, under the impact of lower fare prices resulting from increasingly intense competition, revenues slipped by 3.2%, to ¥629,358 million (US\$5,245 million).



\* Tours to mark the integration

As part of the special plan to mark the integration, special flights were operated on January 1, 2003 at the time of the sunrise on New Year's Day. Two flights were operated from Haneda and one from Kansai International Airport, taking passengers to vantage points above the clouds from where they could drink in the impressive beauty of the first rays of the sun in the new year.

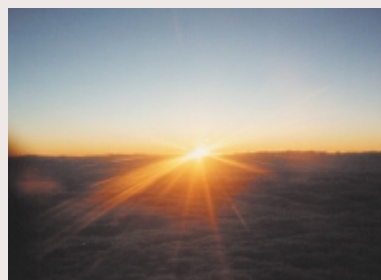


Photo taken by a passenger