

JAL Applies for Increase in International Passenger Fare Fuel Surcharges

Tokyo, August 17, 2006: Today the JAL Group requested approval from the Japanese Ministry of Land, Infrastructure and Transport (MLIT), to increase the fuel surcharge placed on all international passenger tickets issued on or after October 1st, 2006.

JAL originally introduced the fuel surcharge on international tickets in February 2005 in response to unprecedented rises in the cost of fuel. Since then continuing fuel cost increases have forced JAL to review the amount of fuel surcharges. This will be the third increase in international surcharges since their introduction.

Based on ticket sales in Japan, the new surcharges range from 2,000 yen on a Seoul-Tokyo ticket (up from 1,300 yen) to 17,100 yen on a Japan- Brazil ticket (up from 11,500 yen). The surcharge on a Japan-Europe ticket or a Japan- North America ticket is 13,600 yen up from 8,000 yen. (See chart below).

In the first quarter of FY2006 (the year-ending March 31, 2007) fuel costs rose to an average of US\$82.0 per barrel of Singapore Kerosene, compared to an average price of US\$66.7 in the same period last year. As a result, the fuel bill for the quarter was 97.4 billion yen (US\$846 million), an increase of 10.1 billion yen (US\$80 million), up 11.6% on the same period last year.

The airline expects high fuel prices to continue into the future. In fiscal year FY2005 (the year ending March 31, 2006), the group's fuel bill was 88.2 billion yen higher than that of the FY2004. In FY2006, JAL forecasts that its fuel bill will be 117 billion yen (US\$975 million) higher than that of FY2004.

JAL has taken a wide range of countermeasures to limit the full impact of the price increase including fuel hedging, fuel consumption reductions, and the introduction of more fuel-efficient small and medium-sized aircraft to its fleet. The JAL Group's medium term corporate plan for the period FY2006 through FY2010 also includes reform of structural costs by 81.5 billion yen (US\$679 million) during FY2006.

Despite these measures, the company is again reluctantly obliged to ask its international passengers to bear part of the burden caused by the unprecedented increase in the price of fuel over the past few years.

The revised surcharge will be reduced once the price of Singapore kerosene stays below the benchmark of US\$80.00 per barrel for 30 consecutive working days. The surcharge will be progressively reduced as the price of fuel decreases, and will be cancelled completely when the price of Singapore kerosene stays below the benchmark of US\$40.00 per barrel for 30 consecutive working days.

Fuel Surcharges to and from Japan (Per person per sector flown)	For sale in Japan		For sale outside Japan	
	Current	Revised*	Current	Revised*
Korea	¥1,300	¥2,000	US\$11	US\$17
Mainland China	¥3,000	¥4,800	US\$25	US\$40
Hong Kong	¥1,800	¥6,000	US\$15	US\$50
Guam, Philippines, Taiwan, Vietnam	¥3,900	¥6,000	US\$32	US\$50
India, Indonesia, Malaysia, Singapore, Thailand	¥6,500	¥10,000	US\$54	US\$83
Hawaii	¥8,000	¥10,000	US\$66	US\$83
Europe, North America, Mexico, Middle East, Oceania	¥8,000	¥13,600	US\$66	US\$113
Brazil	¥11,500	¥17,100	US\$95	US\$142

* Applicable to all international passenger tickets issued on or after October 1st, 2006.

Fuel Surcharges on Sectors Outside Japan (Per person per sector flown)	For sale in Japan		For sale outside Japan	
	Current	Revised*	Current	Revised*
New York – Sao Paulo sector only	¥3,500	¥6,000	US\$29	US\$50
Vancouver – Mexico City sector only	¥2,300	¥2,300	US\$19	US\$19
Amsterdam-Madrid, Barcelona sectors only	¥400	¥3,000	US\$3	US\$25
Certain sectors within Europe, Oceania excluding those specified above.	¥400	¥1,700	US\$3	US\$14
Certain sectors within Asia, Hawaii, North America excluding those specified above.	¥400	¥400	US\$3	US\$3

* Applicable to all international passenger tickets issued on or after October 1st, 2006.

- The surcharge applies to flights operated by Japan Airlines and its international subsidiaries JALways & Japan Asia Airways including JAL code-share flights operated by other airlines.
- The same amounts apply to adult/child/infant fares. The surcharges also apply to frequent flyer program international award tickets issued to members of the JAL Mileage Bank.
- In the case of refunds, the fuel surcharge will be refunded in full and no cancellation or refund charge will be applied.
- The planned increase and extension of the fuel surcharge is subject to government approval.

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