

JAL Increases Normal Japan Domestic Fares

Tokyo, Tuesday December 26, 2006: Japan Airlines (JAL) will increase the price of domestic Japan normal passenger airfares during the period April 1 – September 30, 2007, to help the airline group cope with the financial impact of sustained high fuel prices.

During the period, JAL will increase the price of domestic Japan normal airfares from between 1.7% to 5.6%. Fares will increase from JPY400 to JPY1000 per one-way sector, depending on the distance flown (see the chart below).

The airline expects high fuel prices to continue into the future, and has estimated that its total fuel bill in fiscal year (FY)2007 will be 83 billion yen higher than its 377.2 billion yen fuel bill in FY2005. Compared to FY2005, the company has forecast a 43 billion yen increase in its FY2006 fuel bill.

JAL has taken a wide range of countermeasures to limit the full effect of increasing fuel prices by conducting a wide range of measures including fuel hedging, fuel consumption reductions, the introduction of more fuel-efficient small and medium-sized aircraft to its fleet, and extensive group-wide cost reform. Despite these measures the company is reluctantly obliged to ask its passengers to bear part of the burden.

JAL filed today a fare increase application with the Japanese Ministry of Land, Infrastructure and Transportation (MLIT). The increase will apply to air tickets purchased on and after February 1, 2007 for travel during the period April 1 – September 30, 2007.

In January 2005, JAL established a domestic fuel surcharge to offset the rising cost of fuel. In April 1, 2006, the surcharge was eliminated, replaced by domestic fare increases for FY2006 introduced to cover the high cost of fuel.

Domestic Fare Increase Per One-way Sector (April 1 – September 30, 2007) Units: yen (JPY)

Distance (km)	Example Routes	Domestic Fare Increase (Apr 1–Sept 30, 2007)
Under 400 km	Tokyo – Komatsu, Sapporo – Memanbestu, Fukuoka - Kagoshima	JPY 400
400 – 599 km	Tokyo – Osaka, Tokyo – Aomori, Osaka – Fukuoka	JPY 600
600 – 799 km	Tokyo – Hakodate, Tokyo – Hiroshima, Nagoya – Fukuoka	JPY 800
800 km +	Tokyo – Fukuoka, Tokyo – Sapporo, Tokyo - Naha	JPY 1,000

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