



April 18, 2022

Subject: Fuel Price Surge

Dear valued Customers,

As an airline, jet fuel is one of our most significant expenses. It accounts for roughly one quarter of the total cost of operating our business. Since the onset of the COVID-19 pandemic, fuel prices have varied dramatically. PAL has addressed these changes and regular fluctuations in fuel price through diligent budgeting. However, in the past two weeks, jet fuel prices have more than doubled to almost twice the historic high price.

For the first 3 months of 2022, the average price per litre for jet fuel in eastern North America was approximately \$0.96. This was more than 40% above the average price in the year before the pandemic. Two weeks ago, the price jumped by over 70 cents to \$1.68 per litre. Last week, fuel prices jumped again by over 70 cents to \$2.39. In less than 2 weeks, jet fuel more than doubled in price, and increased to over 250% above the pre-pandemic price. The current price equates to over \$375 per barrel.

While we understand these surges are unlikely to continue at the current level in the longer term, we cannot wait weeks or months to address this. We have examined the situation closely and are left with very few options. Continuing without addressing this surge would mean operating at a huge loss every day, undermining the sustainability of our operations.

Temporary Fuel Surcharge

Given these circumstances, we are imposing a temporary surcharge on all PAL Airlines fares effective immediately. For all shorter flights (less than 500 miles), we will be adding \$50 per direction to the ticket price. For all our longer flights, we will be adding \$90 per direction to the ticket price.

We are hopeful fuel prices will return closer to historical norms in the coming weeks and months. In the meantime, we appreciate your understanding as we work to mitigate the effects of this unprecedented shift.

Sincerely,

Calvin Ash
President
PAL Airlines