Flight Path to New Horizons

Annual Report 2012

For the Year Ended March 31, 2012

ANA

A STAR ALLIANCE MEMBER

Shinichiro Ito
President and
Chief Executive Officer

Editorial Policy

The ANA Group aims to establish security and reliability through communication with its stakeholders, thus increasing corporate value. Annual Report 2012 covers management strategies, a business overview and our management structure, along with a wide-ranging overview of the ANA Group's corporate social responsibility (CSR) activities.

We have published information on CSR activities that we have selected as being of particular importance to the ANA Group and society in general. Please see our website for more details.

ANA's CSR Website: http://www.ana.co.jp/eng/aboutana/corporate/csr/

Welcome aboard
Annual Report 2012

The ANA Group targets growth with a global business perspective. Based on our desire to deliver ANA value to customers worldwide, our corporate vision is to be one of the leading corporate groups in Asia, providing passenger and cargo transportation around the world.

The ANA Group will achieve this vision by responding quickly to its rapidly changing operating environment and continuing to innovate in each of its businesses. We are working toward our renaissance as a stronger ANA Group in order to make further meaningful progress.

Annual Report 2012 follows the ANA Group on its journey through the skies as it vigorously takes on new challenges to get on track for further growth. Annual Report Flight 2012 is now departing. Enjoy your flight!

S. Ito

Targeted Form of the ANA Group

ANA Group Corporate Philosophy

Our Commitments

On a foundation of security and reliability, the ANA Group will

- Create attractive surroundings for customers
- Continue to be a familiar presence
- Offer dreams and experiences to people around the world

ANA Group Safety Principles

Safety is our promise to the public and is the foundation of our business.

Safety is assured by an integrated management system and mutual respect.

Safety is enhanced through individual performance and dedication.

ANA Group Corporate Vision

With passenger and cargo transportation around the world as its core field of business, the ANA Group aims to be one of the leading corporate groups in Asia.

Being the leader in Asia means that we will become:

- Number one in quality
- Number one in customer satisfaction
- Number one in value creation

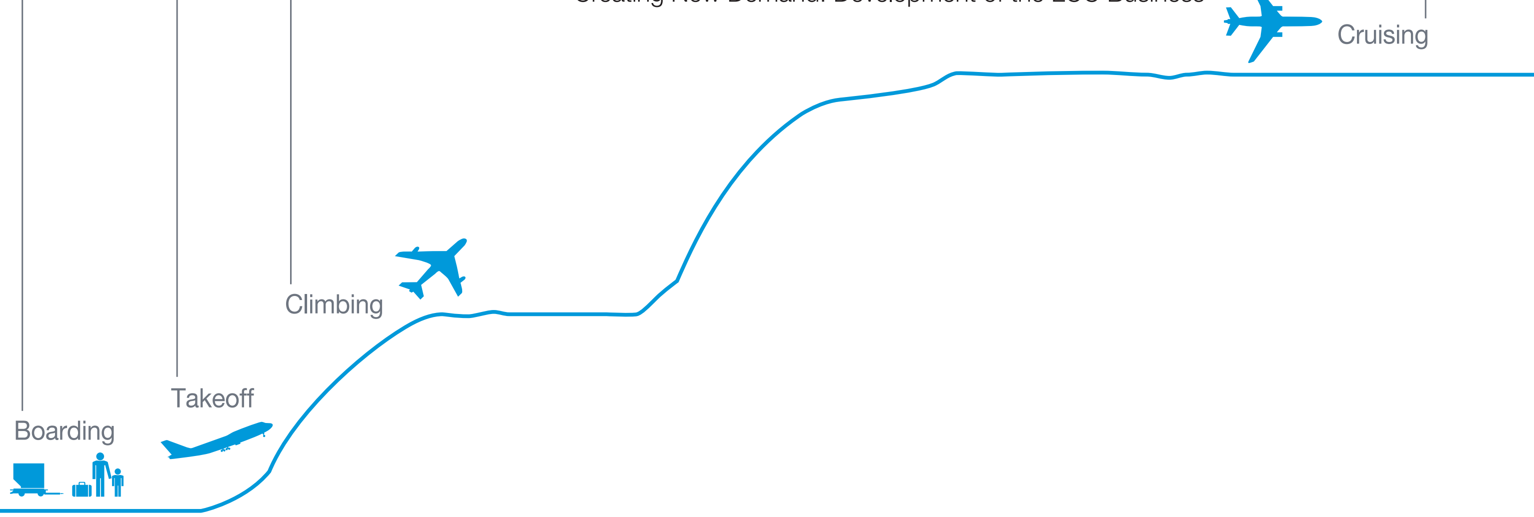
Forward-Looking Statements

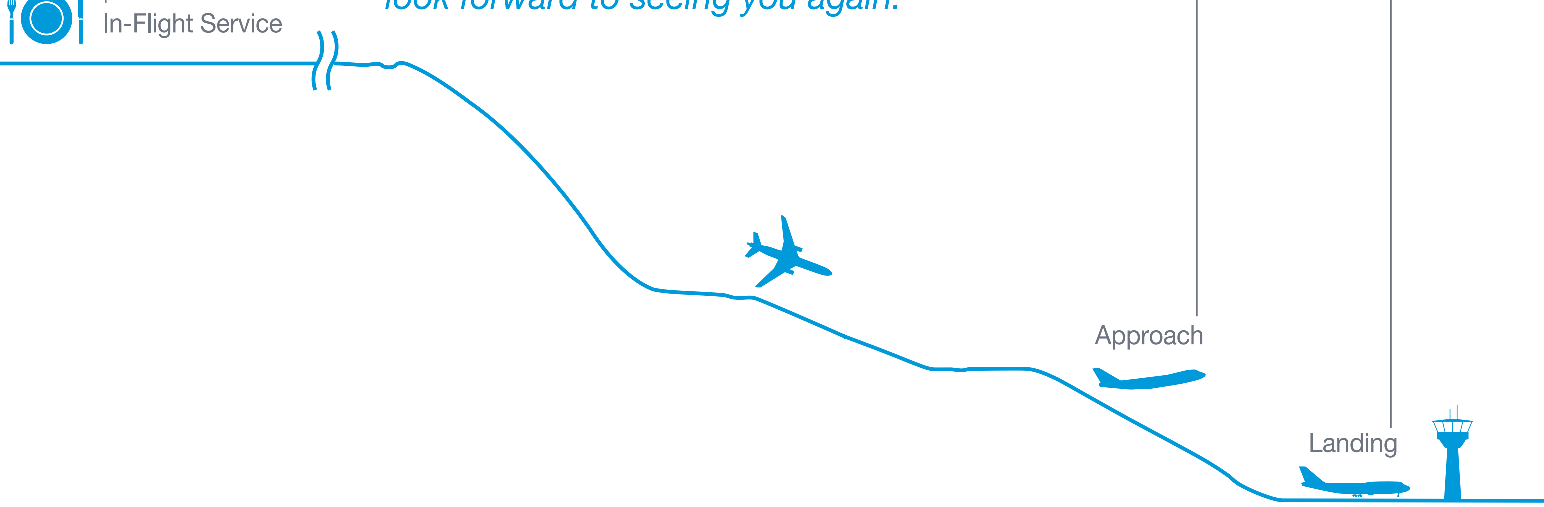
This annual report contains statements based on ANA's current plans, estimates, strategies, and beliefs; all statements that are not statements of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. Air transportation, the Company's core business, involves government-mandated costs that are beyond the Company's control, such as airport utilization fees and fuel taxes.

In addition, conditions in the markets served by the Company are subject to significant fluctuations. Factors that could affect actual results include, but are not limited to economic trends, sharp changes in exchange rates, fluctuations in the price of crude oil and disasters.

Due to these risks and uncertainties, the Company's future performance may differ significantly from the contents of this annual report. Accordingly, there is no assurance that the forward-looking statements in this annual report will prove to be accurate.

Contents





In-Flight Service
Approach
Landing

Boarding

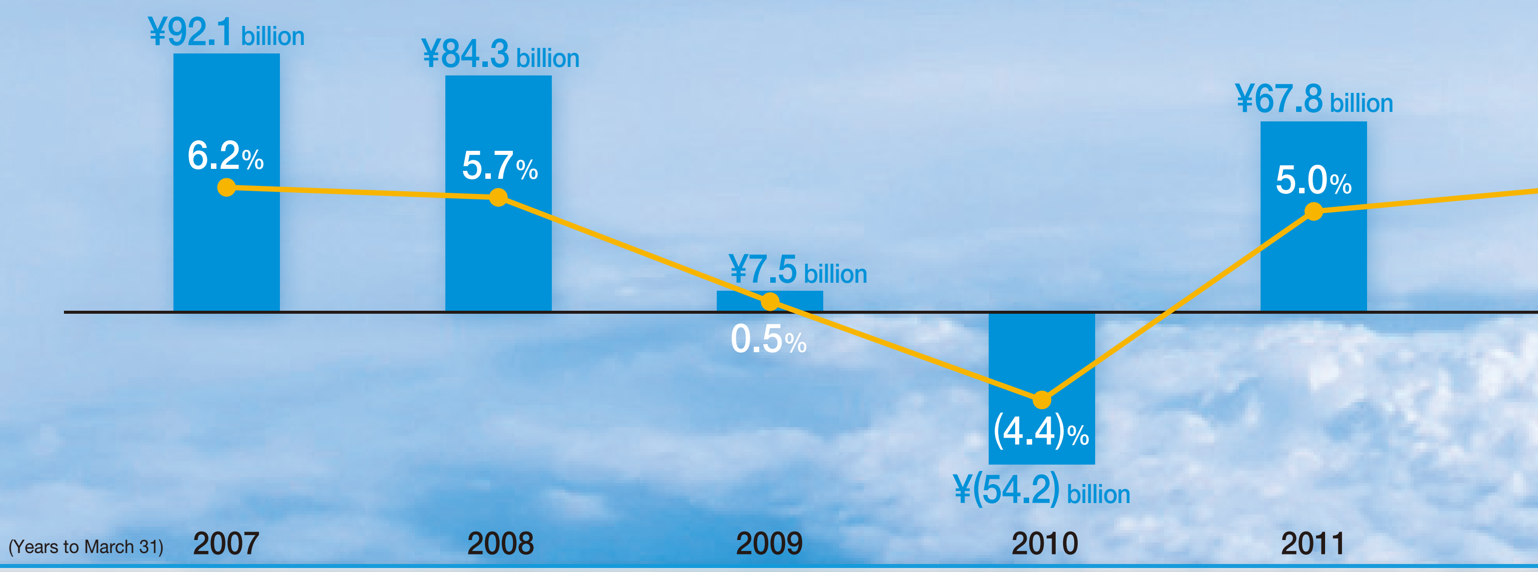
... First, an introduction.

Since its foundation in 1952, All Nippon Airways Co., Ltd. (ANA) has continued to provide air transportation services with safety as its highest priority, and has reached its sixtieth anniversary in 2012. Proud to serve more than 44 million passengers annually, ANA has grown into a world-class airline. This section covers topics such as the features of the ANA Group's operations, results for the fiscal year ended March 2012, and management structure to provide a clear understanding of the ANA Group.

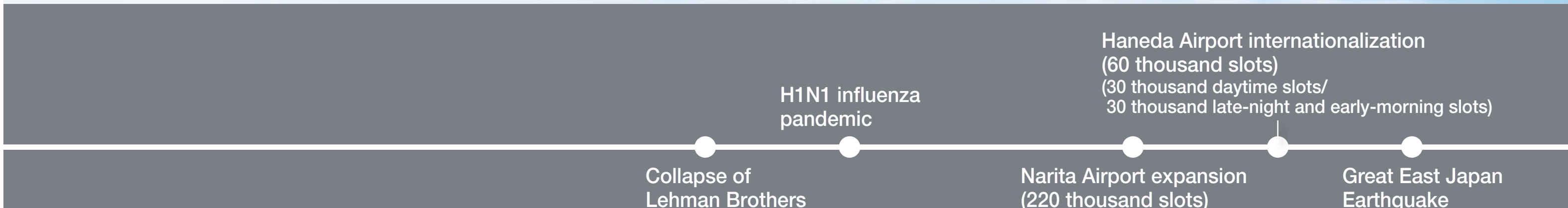
Where We Are Flying

An Overview of the ANA Group

Operating Income and Operating Income Margin



Strategy



ANA Group Mid-Term Corporate Strategy (April 2006 to March 2010)

- Growth of international operations
- Establish financial base

ANA Group Mid-Term Corporate Strategy (April 2008 to March 2012)

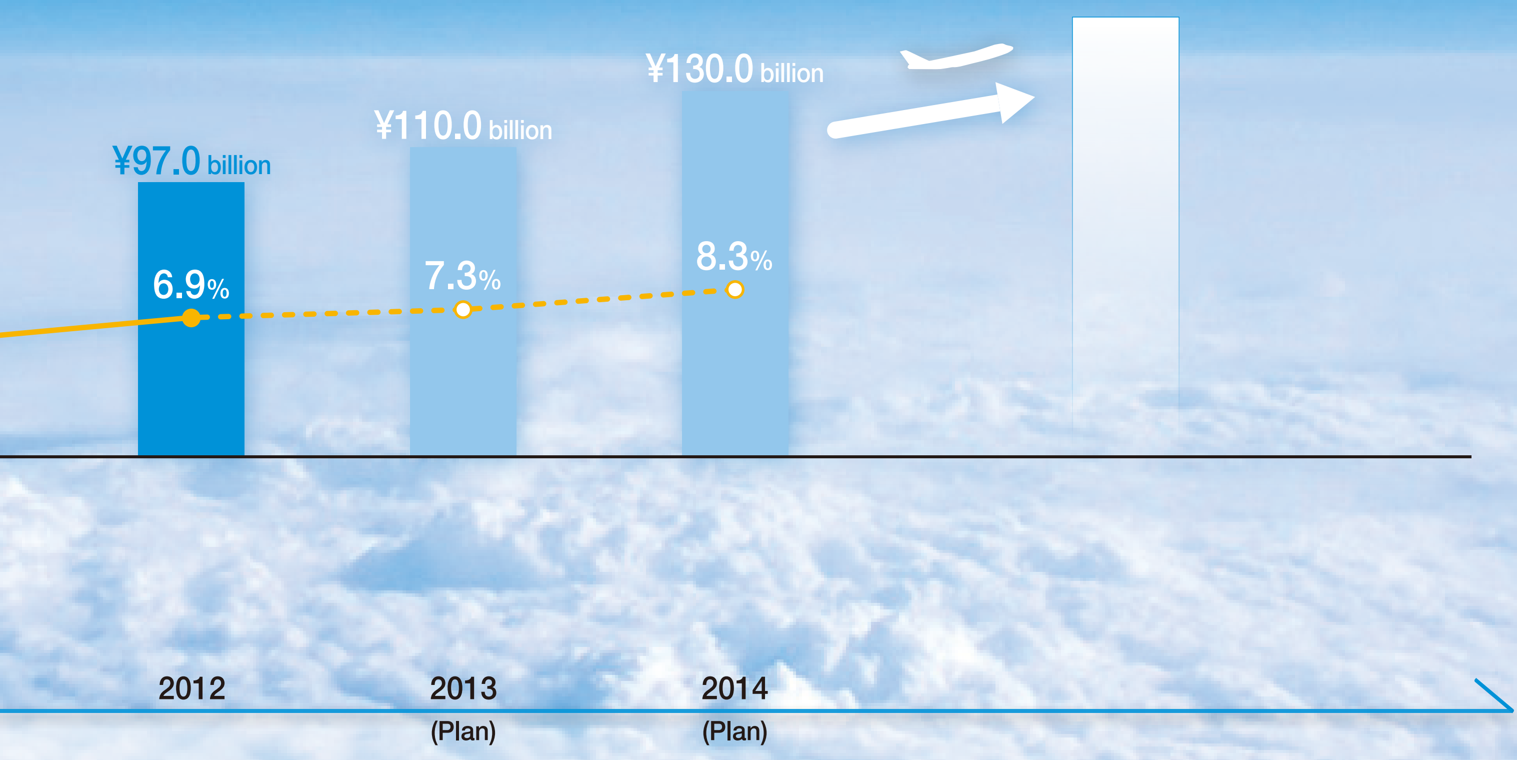
- Target becoming Asia's number one airline group
- Establish strong financial base

ANA Group FY2010-2011

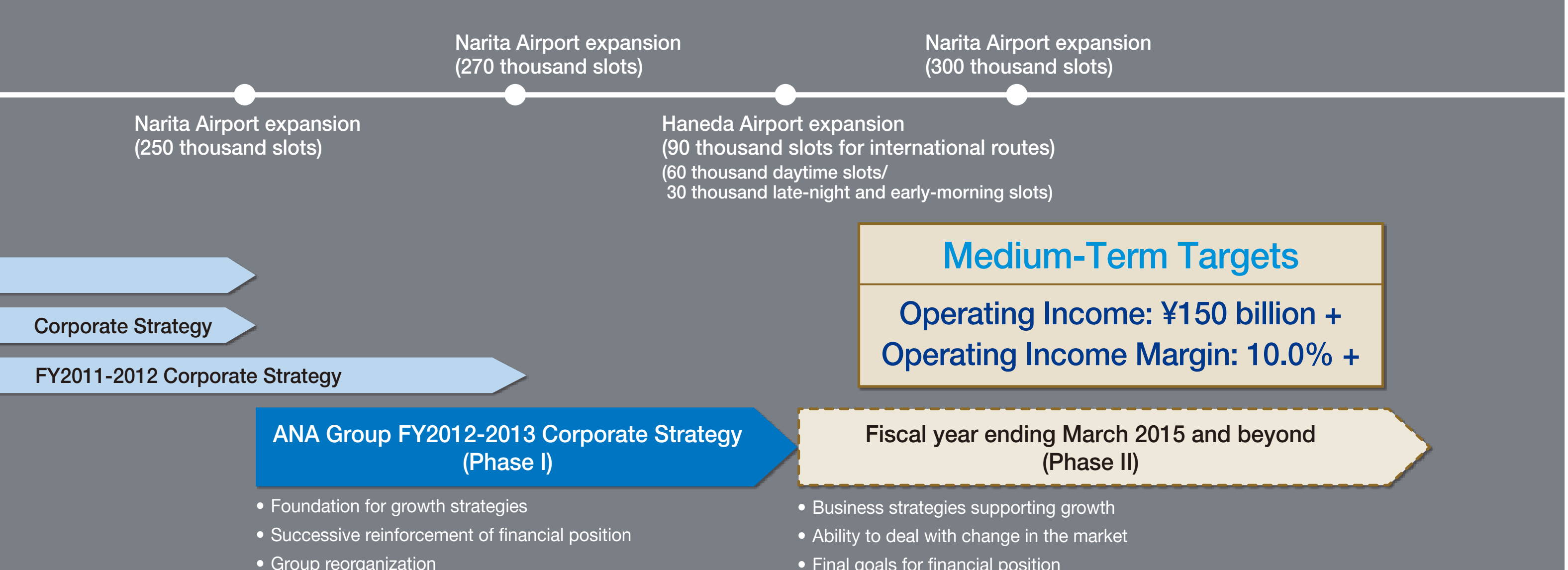
- Growth from international route expansion
- Build a strong corporate structure that can withstand changes in the operating environment

ANA Group

- Enhance managerial efficiency
- Establish solid revenue foundations
- Establish resistance to volatility



With a focus on the capacity expansion to date at Tokyo-area airports, the ANA Group has achieved steady growth by implementing strategies to deal rapidly and flexibly with events that caused major changes in demand, such as the global recession and the Great East Japan Earthquake. We intend to prevail in an era of increasingly intense global competition to achieve further growth.



Position

ANA is the **number one** airline in Japan in terms of operating revenues.
ANA is **sixth*** among global airlines in terms of market capitalization.

* Source: Bloomberg (USD market capitalization of passenger airlines as of March 31, 2012)

Where We Are Flying
An Overview of the ANA Group

50.2*%

Share of Domestic Passenger Operations

* Includes code share flights

15th

Among World Airlines

Number of Revenue Passengers
(Total of Domestic and International Flights)

15.6%

International Passenger Operations
(Year-on-Year Growth in Available Seat-Kilometers)

37.0*%

Share of Star Alliance
(Japan Inbound and Outbound International Flights, Available Seat-Kilometers Base)

* Source: OAG, as of February 2012 (February 2012 data)

(Year ended/As of March 31, 2012)

Network

Making maximum use of the Star Alliance, the world's largest airline alliance, our domestic and international networks now encompass 502 routes (including code share flights).

Where We Are Flying
An Overview of the ANA Group

Domestic Routes
1,027
Flights / Day
(Total of Passenger and Cargo Flights)

International Routes
966
Flights / Week
(Total of Passenger and Cargo Flights)

Code Share
International Routes
31* Airlines
Domestic Routes
5* Airlines

*As of March 31, 2012

Star Alliance Members
27 Airlines

(As of July 1, 2012)

Operations

ANA is introducing fuel-efficient aircraft. We are the launch customer for the next-generation Boeing 787, deploying six in the fiscal year ended March 2012 with **55** on order.

Where We Are Flying
An Overview of the ANA Group

Global No.1 in On-Time Performance*

* In January 2012, ANA received awards for the first time in two categories (number one in the world and number one in Asia) of Conducive Technology's 2011 FlightStats On-Time Performance Service Awards.

226 Aircraft in Service

Wide-Body: 57 aircraft
Medium-Body: 72 aircraft
Narrow-Body/Regional: 97 aircraft

43.9*% Ratio of Fuel-Efficient Aircraft

* Ratio of 205 jet aircraft
Applicable aircraft: Boeing 787, Boeing 777-200, 200ER, 300 and 300ER, and Boeing 737-700, 700ER and 800.

Best Transpacific Airline* SKYTRAX

* In addition to receiving a 4-Star rating on an airline rating scale of one to five stars in SKYTRAX's 2011 Airline Star Ranking, ANA received the Best Transpacific Airline Award in the 2012 World Airline Awards in July 2012.

(As of March 31, 2012)

Management Members

(As of June 19, 2012)

Board of Directors

① Yoji Ohashi
Chairman of the Board
1993: Executive Vice President
2001: President & Chief Executive Officer
2005: Chairman of the Board

② Shinichiro Ito
President & Chief Executive Officer,
Chairman of Group Strategy Committee,
Head of Safety Promotion Committee
and CSR Promotion Committee
2003: Executive Vice President
2007: Senior Executive Vice President

③ Hayao Hora
Senior Executive Vice President,
Purchasing, Facilities
1971: Joined Ministry of Transport
2003: Vice-Minister for International Affairs,
Ministry of Land, Infrastructure,
Transport and Tourism
2007: Full-time Advisor
2008: Executive Vice President

④ Osamu Shinobe
Senior Executive Vice President,
Chairman of CSR Promotion Committee,
Public Relations,
Holding Company Preparatory Office,
General Administration, Legal & Insurance,
Chairman of Environment Committee,
Risk Management Committee and
Compliance Committee
2004: Senior Vice President
2007: Executive Vice President

⑤ Katsumi Nakamura
Senior Executive Vice President,
Corporate Safety and Audit,
Chairman of Safety Promotion Committee,
Flight Operations
2005: Senior Vice President
2007: Executive Vice President

Keisuke Okada
Senior Executive Vice President,
Alliances & International Affairs,
Innovation & IT Strategy,
Chairman of Information Technology Strategy
2003: Senior Vice President
2004: Executive Vice President

Shigeyuki Takemura
Senior Executive Vice President,
Executive Office,
Government & Industrial Affairs,
Strategic Planning-Asia Pacific
2005: Senior Vice President
2008: Executive Vice President

Hiroyuki Ito
Senior Executive Vice President,
Operations Report Committee & Review
Operations, Engineering & Maintenance
2003: Senior Vice President
2006: Executive Vice President
2008: Corporate Auditor

Shinya Katanozaka
Senior Executive Vice President,
Corporate Planning
2007: Senior Vice President
2009: Executive Vice President

Yoshinori Maruyama
Executive Vice President,
Personnel, ANA JINZAI University,
Employee Relations, Business Support
2006: Senior Vice President
2009: Executive Vice President

Kiyoshi Tonomoto
Executive Vice President,
Investor Relations, Finance & Accounting
2006: Senior Vice President
2009: Executive Vice President

Akira Okada
Executive Vice President,
Cargo Marketing & Services
2007: Senior Vice President
2010: Executive Vice President

Ken Nishimura
Executive Vice President,
Chairman of CS Promotion Committee,
Marketing, Promotion, CS &
Products Services, Sales Regions,
ANA Sales Co., Ltd.
2007: Senior Vice President

Koichi Uchizono
Executive Vice President,
Operations & Airport Services,
Chairman of Operations Committee
2008: Senior Vice President

Misao Kimura
External Director,
Adviser of Nagoya Railroad Co., Ltd.
2004: External Director

Shosuke Mori
External Director,
Chairman of the Board of Directors of
The Kansai Electric Power Co., Inc.
2006: External Director

Corporate Auditors

Shinichi Inoue
Corporate Auditor

Eiji Kanazawa
Corporate Auditor

Sumihito Okawa
External Corporate Auditor

Shingo Matsuo
External Corporate Auditor,
Adviser of Kyushu Electric Power Co., Inc.

Tatsuo Kondo
External Corporate Auditor,
Director & Adviser of
Hokkaido Electric Power Co., Inc.

Corporate Executive Officers

Katsumi Kobayashi
Senior Vice President,
General Manager,
Osaka Airport,
President of ANA OSAKA
AIRPORT., LTD.

Akihiko Hasegawa
Senior Vice President,
President of ANA WINGS CO., LTD.

Takashi Shiki
Senior Vice President,
General Manager, Sales Regions,
Regional Headquarters for Japan,
General Manager,
Tokyo Sales Office

Hiroko Kawamoto
Senior Vice President,
Inflight Services

Masato Ogawa
Senior Vice President,
General Manager,
Nagoya Sales Office

Takanori Yukishige
Senior Vice President,
Innovation & IT Strategy

Kenji Inaoka
Senior Vice President,
President of ANA Sales Co., Ltd.

Miyoshi Ozawa
Senior Vice President,
Operations & Airport Services,
General Manager, Narita Airport,
President of ANA AIR SERVICE
TOKYO CO., LTD.

Toyoyuki Nagamine
Senior Vice President,
Director, Employee Relations

Kenya Inada
Senior Vice President,
General Manager, China
General Manager,
Beijing•Tianjin

Tomoyuki Kotsuji
Senior Vice President,
General Manager,
Fukuoka Sales Office

Shinzo Shimizu
Senior Vice President,
Corporate Planning, Holding
Company Preparatory Office

Shuichi Fujimura
Senior Vice President,
Marketing

Tetsuo Fukuda
Senior Vice President,
CS & Products Services

Yuji Hirako
Senior Vice President,
The Americas
General Manager, New York

Toshitaka Watanabe
Senior Vice President,
General Manager,
Sapporo Sales Office

Hideki Imokawa
Senior Vice President,
Flight Operations,
General Manager

Nobuyuki Suzuki
Senior Vice President,
Finance & Accounting

Hiroe Iizuka
Senior Vice President,
Promotion

Masaharu Shirouzu
Senior Vice President,
General Manager,
Osaka Sales Office

Katsuhiro Ogami
Senior Vice President,
Engineering & Maintenance,
Planning & Administration

Katsuya Kato
Senior Vice President,
Operations & Airport Services,
General Manager, Tokyo Airport

Takashi Mineo
Senior Vice President,
Operations & Airport Services,
General Manager, Operations
Management Center

Koji Shibata
Senior Vice President,
Europe, Middle East & Africa
General Manager, London

The Fiscal Year Ended March 2012 for the ANA Group

All Nippon Airways Co., Ltd. and its consolidated subsidiaries[1]
Years ended March 31, 2012, 2011, 2010, 2009 and 2008

Highlights

Operating revenues **increased 4.0%** year on year to ¥1,411.5 billion. Supported by programs to stimulate demand, international routes primarily drove growth, which more than compensated for the decrease due to the impact of the Great East Japan Earthquake.

+4.0%

Operating income **increased 43.1%** year on year to a record-high ¥97.0 billion, with the effect of accelerated cost restructuring in addition to assiduous cost reductions throughout the ANA Group.

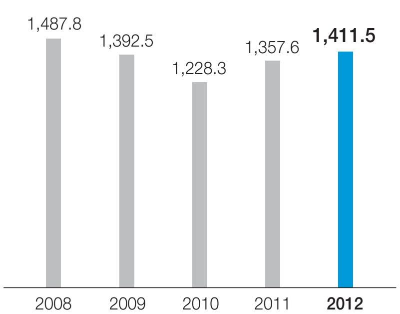
+43.1%

Net income **increased 20.9%** year on year to ¥28.1 billion from ¥23.3 billion for the previous fiscal year. Earnings per share increased ¥1.93 year on year to ¥11.22.

+20.9%

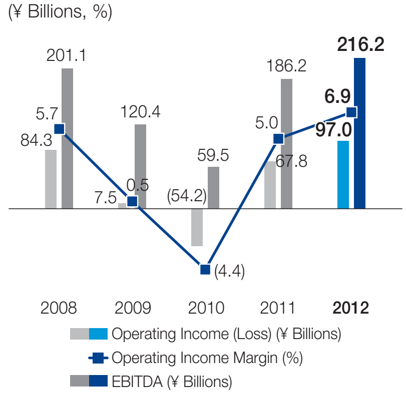
Operating Revenues

(¥ Billions)



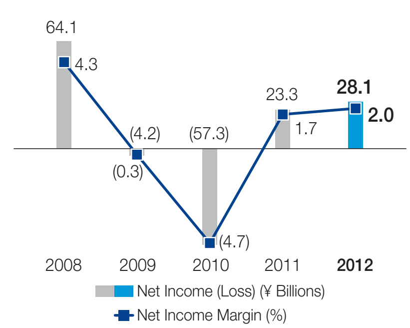
Operating Income (Loss) / Operating Income Margin / EBITDA[2]

(¥ Billions, %)



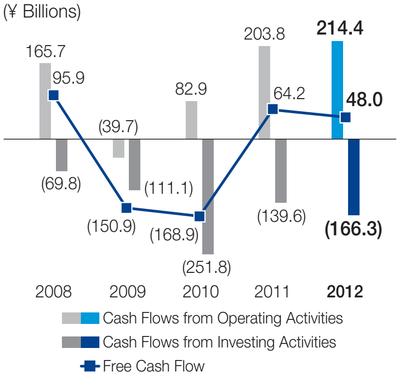
Net Income (Loss) / Net Income Margin

(¥ Billions, %)



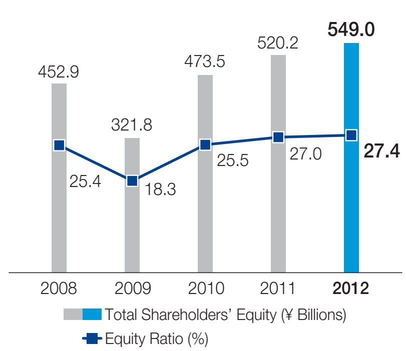
Cash Flows from Operating Activities / Cash Flows from Investing Activities / Free Cash Flow

(¥ Billions)



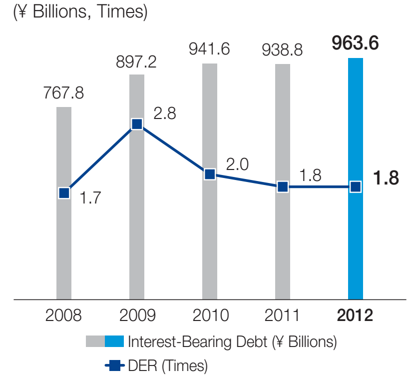
Total Shareholders' Equity[3] / Equity Ratio

(¥ Billions, %)



Interest-Bearing Debt / DER (Debt/Equity Ratio)

(¥ Billions, Times)



Notes: 1. As of March 31, 2012, there were 62 consolidated subsidiaries and 22 equity-method subsidiaries and affiliates.
2. EBITDA = operating income + depreciation and amortization
3. Total shareholders' equity = shareholders' equity + accumulated other comprehensive income

The equity ratio **increased 0.4 percentage points** from a year earlier to 27.4%.

+0.4 points

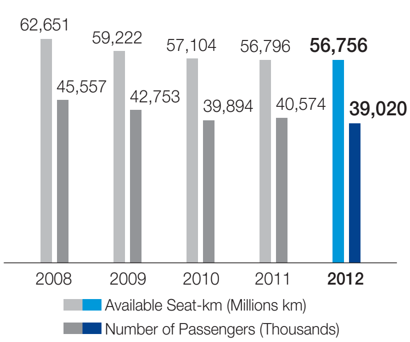
Return on equity (ROE) **increased 0.6 percentage points** year on year to 5.3%.

+0.6 points

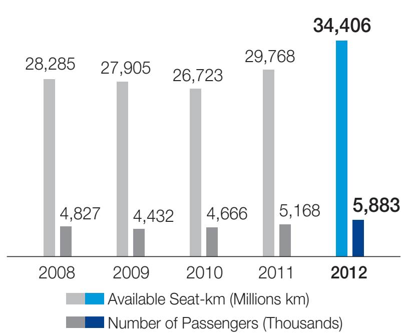
ANA **increased** cash dividends per share **¥2.00** year on year to ¥4.00.

+¥2.00

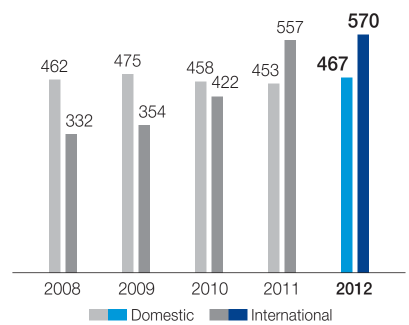
Domestic Passenger Operations Available Seat-km / Number of Passengers
(Millions km, Thousands)



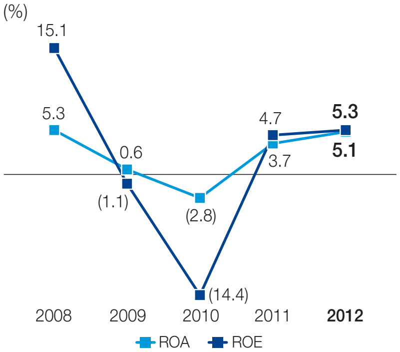
International Passenger Operations Available Seat-km / Number of Passengers
(Millions km, Thousands)



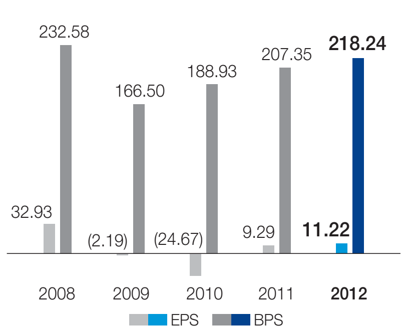
Cargo Volume
(Thousand tons)



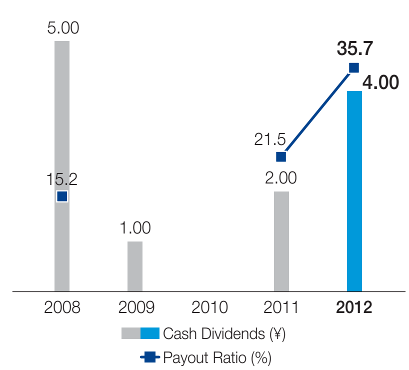
ROA (Operating Return on Assets)[4] / ROE (Return on Equity)[5]
(%)



EPS (Earnings per Share) / BPS (Book-Value per Share)
(¥)



Cash Dividends / Payout Ratio
(¥, %)



4. ROA = (operating income + interest and dividend income) / simple average of total assets
5. ROE = net income / simple average of total shareholders' equity
6. Yen amounts are rounded down to the nearest million. Percentages are rounded to the nearest number.

Takeoff

... ANA's growth strategy is ready for takeoff.
President and CEO Shinichiro Ito discusses strategy.

Feature: ANA Group FY2012-2013 Corporate Strategy

In February 2012, the ANA Group formulated the ANA Group FY2012-2013 Corporate Strategy to prevail in the era of mega competition and work toward a renaissance as a stronger ANA Group. Our corporate strategy has three pivot points: a Multi-Brand Strategy, Group Reorganization and Cost Restructuring.

This section covers the ANA Group's strategy for continuously taking on the challenge of being one of the leading airline groups in Asia in terms of quality, customer satisfaction and value creation.

Renaissance as a Stronger ANA Group That Aims

Strategies & Policies

(Years to March 31)	2012	2013	2014	2015	2016
Arrival and departure slots at Tokyo-area airports (Slots per year)					
Narita Airport	220 thousand slots	250 thousand slots	270 thousand slots		300 thousand slots
Haneda Airport (International routes)	60 thousand slots (30 thousand daytime slots/ 30 thousand late-night and early-morning slots)		90 thousand slots (60 thousand daytime slots/ 30 thousand late-night and early-morning slots)		
		ANA Group FY2012-2013 Corporate Strategy (Phase I)	Fiscal year ending March 2015 and beyond (Phase II)		

Multi-Brand Strategy

We will expand the international route network while establishing ANA as a full-service carrier brand distinct from LCCs. We will also achieve a thoroughly low-cost operating system and create new demand based on the new LCC business model.

Progress in implementing the three pivot points of our corporate strategy will further strengthen profitability and our financial structure and subsequently enable sustained growth and progress.

Group Reorganization

From April 2013, we will transition to a holding company system to formulate strategy and allocate resources from the perspective of overall optimization. At the same time, we will delegate authority and responsibility to Group companies in order to further strengthen Group management and promote improvements that raise the operating efficiency of each operating company.

Cost Restructuring

In order to enhance resistance to revenue volatility risk and prevail in cost competition with other airlines, we will raise the productivity of operating units without exception and streamline indirect personnel to reduce costs by a cumulative ¥100.0 billion over the three fiscal years ending March 2015 and achieve a decrease of ¥1.0 in unit cost.

to Be One of the Leading Airline Groups in Asia

Management Plan

ANA Group FY2012-2013 Corporate Strategy

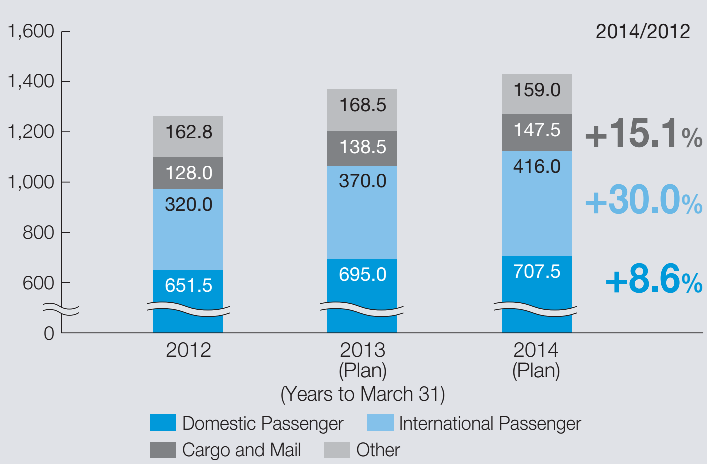
(Years to March 31)

(¥ Billions)		2012 (Actual)	2013 (Plan)	2014 (Plan)	2014/2012
Operating revenues		1,411.5	1,500.0	1,560.0	+10.5%
	Air transportation	1,262.5	1,372.0	1,430.0	+13.3%
Operating income		97.0	110.0	130.0	+34.0%
	Air transportation	88.4	102.0	122.0	+37.9%
Operating income margin		6.9%	7.3%	8.3%	+1.4 points
Net income		28.1	40.0	55.0	+95.2%
Earnings per share (¥)		¥11.2	¥15.9	¥21.9	+¥10.7

Medium-Term Targets	Operating Income: ¥150 billion + Operating Income Margin: 10.0% +

Composition of Air Transportation Operating Revenues

(¥ Billions)



Note: Includes AirAsia Japan

In international passenger operations, which will drive growth, we will increase earnings by strengthening our full-service carrier business model. In domestic passenger operations, we will better match capacity with demand and work for greater efficiency and optimization of aircraft deployment. In cargo and mail operations, we will maximize operating income in the freighter business while targeting growth in the international cargo business.

As a result of these initiatives, we intend to increase operating revenues and segment profit in each business with structural improvements that enable stable operating income of ¥100.0 billion or above annually.

President and Chief Executive Officer Shinichiro Ito on the ANA Group FY2012-2013 Corporate Strategy

Our Renaissance as a Stronger ANA Group

The ANA Group FY2012-2013 Corporate Strategy will help us achieve our corporate vision of being one of the leading airline groups in Asia. Based on changes in our operating environment, we are taking on the challenges of transforming the Group's management structure and improving its cost structure to ensure we have the profitability and financial base to prevail in an era of all-out competition. Expect great things from our renaissance as a stronger ANA Group.

Overview of the ANA Group FY2012-2013 Corporate Strategy

Phase I of Getting on Track for Substantial Growth

I would like to begin my explanation of the ANA Group FY2012-2013 Corporate Strategy (years ending March 2013 and March 2014) we formulated in February 2012 by covering the background and positioning of the plan.

The ANA Group is now aiming to achieve its corporate vision of being one of the leading airline groups in Asia. We looked ahead to 2014 and 2015 when expansion of capacity at Tokyo-area airports will be almost complete, then formulated Phase I of the ANA Group FY2012-2013 Corporate Strategy for the initial two-year phase when departure and arrival slots will not change significantly. As we move forward under the three themes of laying the foundation for our growth strategies, successive reinforcement of our financial position, and Group reorganization, Phase I will be a two-year transition period. Phase II will begin the year ending March 2015, when expansion of departure and arrival slots at Tokyo-area airports will present another chance to expand capacity.

In 2011, we revised the ANA Group FY2011-2012 Corporate Strategy, which we had formulated in February 2011, because of significant changes in the preconditions of our strategy as a result of events such as the Great East Japan Earthquake and our decision to launch Narita Airport-based AirAsia Japan (AirAsia Japan Co., Ltd.). However, the previous management themes of enhancing managerial efficiency through maximum utilization of management

ANA Group FY2012-2013 Corporate Strategy and Medium-Term Management Targets

ANA Group FY2012-2013 Corporate Strategy (Phase I)	Fiscal year ending March 2015 and beyond (Phase II)
Themes • Foundation for growth strategies • Successive reinforcement of financial position • Group reorganization	**Future Themes** • Business strategies supporting growth • Ability to deal with change in the market • Final goals for financial position

resources and establishing solid revenue foundations resistant to volatility remain crucial tasks.

In addition, our achievements during the fiscal year ended March 2012 illuminated our corporate strategy. The impact of the decrease in demand caused by the Great East Japan Earthquake was substantial during the fiscal year, but we exceeded our forecasts with record-high operating income of ¥97.0 billion by thoroughly reducing costs groupwide and flexibly matching capacity with demand. Net income was ¥28.1 billion, and cash dividends per share increased ¥2.00 to ¥4.00.

The ANA Group has thus strengthened its operating base, bringing the stage of further future growth into view.

Three Pivot Points in Our Renaissance as a Stronger ANA Group to Prevail against Competition

I would like to explain the operating environment assumed for the ANA Group FY2012-2013 Corporate Strategy. The global economic outlook is uncertain due to factors such as the sovereign debt crisis in Europe, but the current outlook for global airline demand is solid because of growth in areas including China and elsewhere in Asia. We also see the low-cost carrier (LCC) market in Japan as an opportunity to tap into latent demand. However, we expect an era of even more intense global competition because of additional capacity expansion at Tokyo-area airports and further airline industry deregulation.

In this environment, the ANA Group FY2012-2013 Corporate Strategy contains three pivot points for our renaissance as a stronger ANA Group to prevail against competition. (See page 20 for an overall image of the three pivot points.) The first is a Multi-Brand Strategy. The ANA Group is operating in the LCC business through two companies, AirAsia Japan and Peach (Peach Aviation Limited) so that its LCC brands penetrate the market in conjunction with growth in the ANA brand. The second pivot point is Group Reorganization. We will transition to a holding company system and implement reforms to further strengthen Group management and raise management efficiency at operating companies. The final pivot point is Cost Restructuring so that we are resistant to revenue volatility risk and can prevail in cost competition with other airlines. We intend to reduce costs by ¥100.0 billion over the next three years in order to reduce unit cost by ¥1.0.

We will increase revenues and earnings by expanding international passenger operations, domestic passenger operations, and cargo and mail operations. Expansion in international passenger operations and improved profitability will be growth drivers as we craft a strong enterprise that can steadily generate operating income of ¥100.0 billion or above. We plan on substantial performance gains. For the fiscal year ending March 2013, we forecast a 6.3% increase in operating revenues compared with the fiscal year ended March 2012 to ¥1,500.0 billion and a 13.4% increase in operating income to ¥110.0 billion. For the fiscal year ending March 2014, we forecast a 4.0% increase in operating revenues compared with the fiscal year ending March 2013 to ¥1,560.0 billion and an 18.2% increase in operating income to ¥130.0 billion. We therefore aim to achieve our medium-term targets of operating income of ¥150.0 billion or above and an operating income margin of 10.0% or above by successfully completing the ANA Group FY2012-2013 Corporate Strategy.

Pivot Point 1: Multi-Brand Strategy

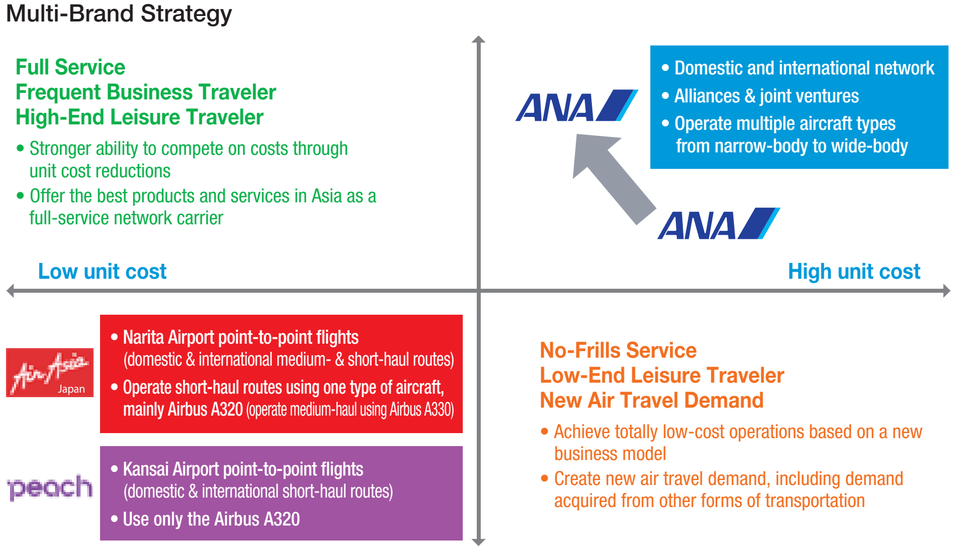
We will strategically position the ANA brand and our LCC brands so that both evolve.

Peach flights started in March 2012, and AirAsia Japan flights will begin in August 2012. The fiscal year ending March 2013 is therefore the ANA Group's LCC launch year. The ANA Group will execute a multi-brand strategy that encompasses the ANA brand and its two LCC brands. We will clarify the customer segments each brand serves, develop networks that are well suited to the features of each brand, and offer products and services with the goal of maximizing revenues for each brand and increasing the value of the ANA Group.

We will leverage the low unit cost of our two LCC companies to establish a new business model. We aim to create new demand in business areas that the ANA brand cannot cover while capturing demand in the domestic market from other forms of transportation including railroads and expressway buses. The ANA brand will remain central to the ANA Group as a full-service carrier that serves passengers who require high-quality service and network convenience.

We are already seeing extremely favorable short-term results from Peach, which began flights in March 2012. Looking at single-month results for March 2012 on two routes that ANA also serves — Osaka (Kansai)–Sapporo (Chitose) and Osaka (Kansai)–Fukuoka — the number of ANA passengers did not decrease while Peach drew in customers. While we have just launched Peach, we believe that we are achieving our objective of two growing brands rather than the full-service carrier and the LCC cannibalizing existing demand. (See the business strategy feature, "Creating New Demand: Development of the LCC Business," on pages 50-53 for additional details on our approach to the LCC business.)

Multi-Brand Strategy



Pivot Point 2: Group Reorganization

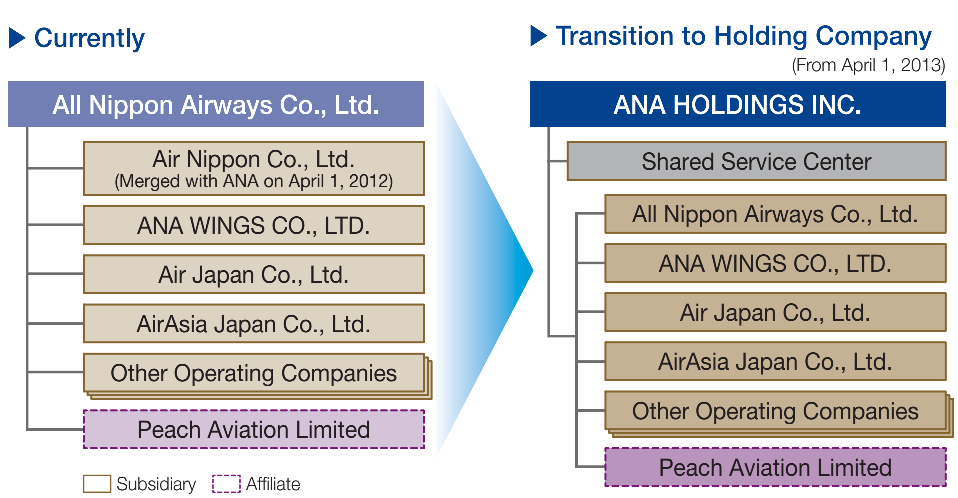
We will transition to a holding company system to ensure flexible and efficient management.

The ANA Group has implemented structural reforms that have reorganized seven Group airline companies as of April 2010 into three companies as of April 2012. Taking full advantage of the benefits of reorganization and integration, we will transition to a holding company system from April 2013 to further strengthen the Group's management structure and ensure flexible and efficient management.

Given the rapid pace of change in our operating environment, our objective in making this transition is to create an even stronger ANA Group by separating management policy decision-making from business execution and optimizing the allocation of management resources. Our increasingly intense competitive environment requires that we make market-oriented decisions with a sense of urgency, and that our operating companies autonomously build their businesses by looking for opportunities with companies outside the Group rather than relying exclusively on business opportunities within the Group. We also believe a flat Group hierarchy will allow even more effective management of the ANA brand and the LCC brands by each company. Having Group companies autonomously manage their operations for speed and efficiency will enable the management structure necessitated by global competition and will build the base for our future growth strategies.

In June 2012, the Ordinary General Meeting of Shareholders approved an absorption demerger contract proposal. We are now preparing to make the transition to a holding company with emphasis on strengthening the Group governance structure.

Group Organization



Pivot Point 3: Cost Restructuring

We will reduce costs by a cumulative total of ¥100.0 billion to lower unit cost by ¥1.0 and manage revenue volatility risk.

Confronted by events that caused major changes in demand, such as the global recession and the Great East Japan Earthquake, the ANA Group has been implementing emergency cost reduction measures since the fiscal year ended March 2009. Successful completion of all of these cost-cutting plans has strengthened our business base.

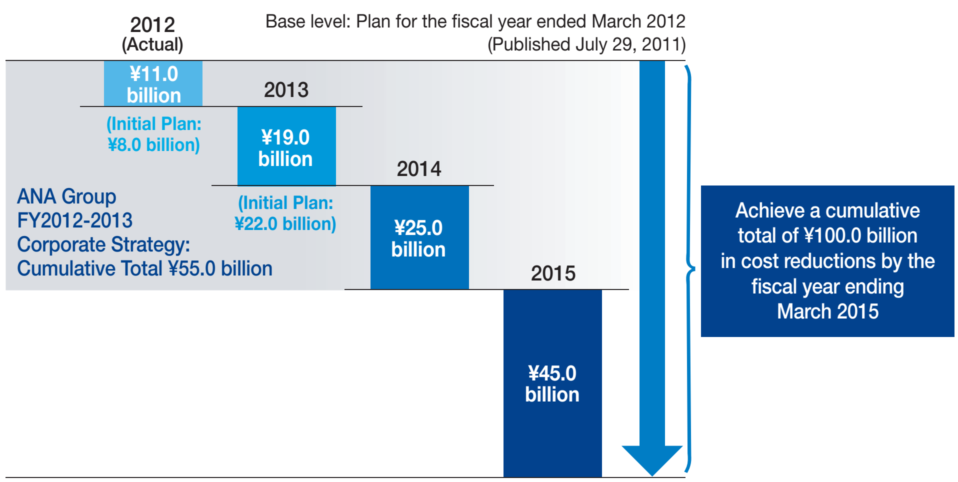
However, while these initiatives have steadily produced results, we are only about halfway to our targeted level of cost competitiveness. With global competition intensifying further, we absolutely must continuously reduce unit cost in light of unit price trends on our domestic routes

due to the entry of LCCs, the comparative productivity of overseas airlines, and the increasing share of highly volatile international operations in our future operations. We need further restructuring to maintain global competitiveness and build a strong earnings structure. The ANA Group will therefore focus on raising the productivity of operating units without exception and streamlining indirect personnel as we decisively reduce costs by a cumulative ¥100.0 billion through the fiscal year ending March 2015. This will reduce unit cost by ¥1.0.

The table below outlines our cost reduction plan. Every department throughout the entire Group once again conducted a thorough review of costs under the direction of management. We then carried out a detailed study, considering the most feasible cost reductions. Our plan differs from conventional cost-reduction programs because rather than reducing costs to improve short-term profitability, it features initiatives to revamp our earnings structure itself to improve competitiveness and profitability.

Our cumulative numerical target for the fiscal year ending March 2014 is to reduce costs by ¥55.0 billion to lower unit cost by ¥0.6. We therefore expect to achieve more than half of our overall plan by the final year of our current corporate strategy.

Overview of Cost Reduction Plan (Years to March 31)



▶ Breakdown of ¥100.0 Billion

¥48.0 billion	• Right-size indirect personnel • Higher productivity from direct personnel (personnel expense, outsourcing expense, etc.)
¥16.5 billion	• Appropriate new investment, revised costs (aircraft expense, depreciation/amortization, etc.)
¥10.5 billion	• New sales approach, appropriate service costs (sales commissions, in-flight service, etc.)
¥7.0 billion	• Business / IT restructuring (leasing fees, etc.)
¥18.0 billion	• Stronger Group procurement function • Review/revise flight operation standards (fuel and fuel tax, etc.)

Strategy by Business: International Passenger Operations

We will enhance our business model as a full-service carrier to increase earnings by substantially expanding operating revenues.

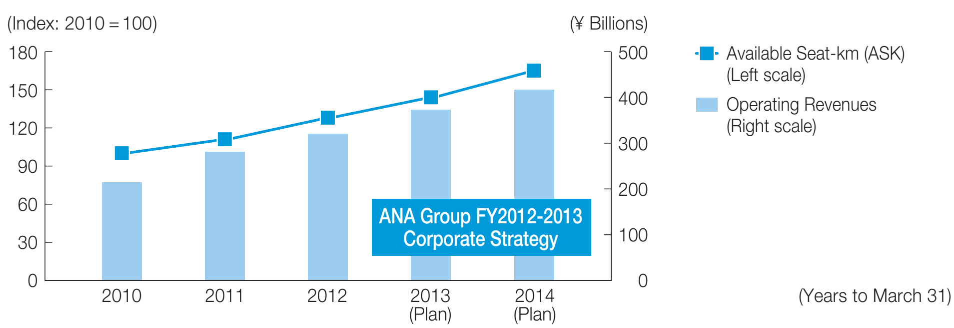
At this point I would like to cover the main strategies for each of our businesses.

International passenger operations are our growth driver. Including the use of the increased arrival and departure slots at Tokyo-area airports, we will enhance and expand our network with particular emphasis on long-haul international routes and transit passengers. We forecast significant growth in the LCC business from AirAsia Japan, and therefore plan to increase operating revenues for the fiscal year ending March 2014 by 30.0%, or ¥95.9 billion, compared with the year ended March 2012 to ¥416.0 billion.

We first put the strategic Boeing 787 aircraft into service as a long-haul aircraft on Haneda–Frankfurt route in January 2012, and will deploy this aircraft fully during the fiscal year ending March 2013. The Boeing 787 is a medium-body aircraft that enables service on long-haul routes, and we will take advantage of this characteristic to further expand capacity.

On European and North American routes, we will energetically leverage our trans-Pacific joint venture with United Airlines and Continental Airlines and our European route joint venture with Deutsche Lufthansa AG. We will therefore build a competitive network by expanding our catchment area globally. In the fiscal year ended March 2012, the joint venture on North American routes steadily produced results, including approximately 300% growth in the number of reciprocal seat sales on United Airlines code share flights. In the fiscal year ending March 2013, we plan to launch service on Narita–Seattle and Narita–San Jose routes, and will concentrate on enhancing joint marketing as we accelerate initiatives. The joint venture on European routes began setting common fares in April 2012 and is fully under way. ANA and Deutsche Lufthansa AG are currently working together to expand subject routes and plan to effectively handle vigorous passenger flows between Japan and Europe.

International Passenger Operations Plan (Including AirAsia Japan)



Strategy by Business: Domestic Passenger Operations

We will further expand earnings by better matching capacity with demand and optimizing aircraft utilization.

The domestic passenger market is maturing but the scale of demand is large. The ANA Group's domestic market share was 50.2%* for the fiscal year ended March 2012, indicating a powerful competitive position in a market that we expect to contribute steadily to earnings in the future.

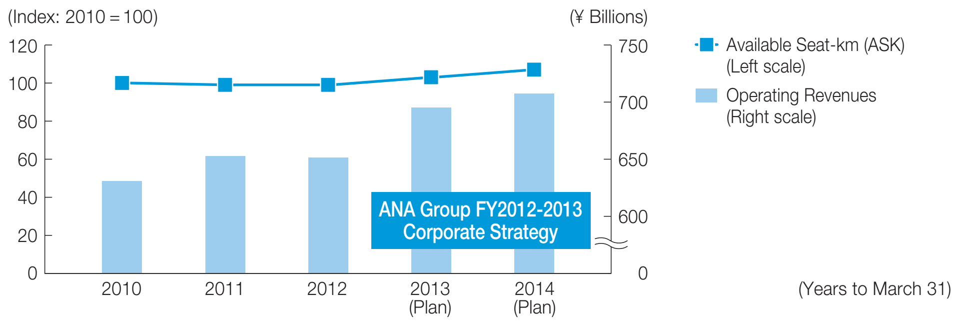
We will maintain our strong market position by optimizing route and aircraft plans to enhance efficiency and profitability, and by moving forward with strategic deployment on routes of the Boeing 787 aircraft, which have already begun full-scale service. In addition, we will successfully compete with other forms of transportation through the LCC business while creating new air travel demand.

* Includes code share flights with alliance partners.

We also intend to further increase profitability. During the fiscal year ended March 2012, we were able to minimize the decrease in earnings resulting from depressed demand after the Great East Japan Earthquake by meticulously adjusting capacity and flexibly setting fares. We will further enhance this precise approach to yield management in the future.

We expect these initiatives to increase operating revenues for the fiscal year ending March 2014 by 8.6%, or ¥55.9 billion, compared with the fiscal year ended March 2012 to ¥707.5 billion. Over the medium-to-long term, we will sustain overall Group growth by leveraging the powerful ANA brand to generate stable earnings while expanding in the LCC business to rapidly create new demand.

Domestic Passenger Operations Plan (Including AirAsia Japan)



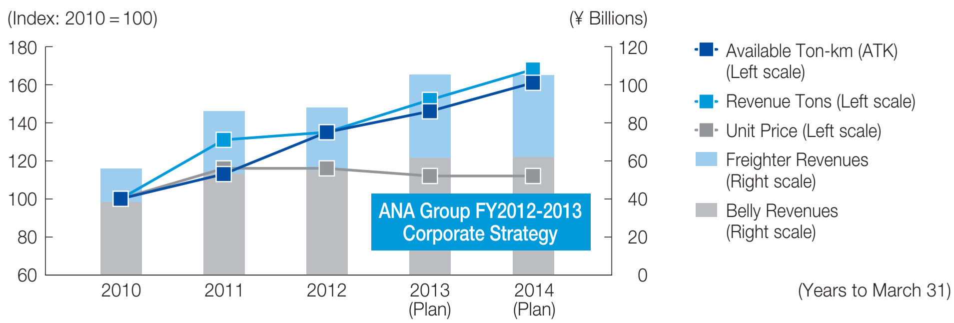
Strategy by Business: Cargo and Mail Operations

We will improve freighter business profitability while targeting growth in the international cargo business.

Cargo and mail operations will concentrate on expanding international cargo services, for which we expect growth in demand. We forecast that operating revenues from international cargo services for the year ending March 2014 will increase 19.3%, or ¥17.0 billion, compared with the fiscal year ended March 2012 to ¥105.0 billion, and that operating revenues from overall cargo and mail operations will increase 15.1%, or ¥19.4 billion, to ¥147.5 billion.

As for the belly (cargo space of passenger aircraft), new service and additional flights on international passenger routes and our expanding number of Boeing 787 aircraft, which have large belly capacity, are significantly increasing cargo capacity. This will enable us to steadily expand operating revenues. In the freighter business, which uses dedicated cargo aircraft, we will effectively use the Okinawa Cargo Hub & Network in deploying a fleet of nine highly efficient medium-body freighters while capturing strong demand in China and elsewhere in Asia to improve profitability. We will also raise aircraft operating efficiency and reduce costs with the objective of making the freighter business profitable in the fiscal year ending March 2014. Moreover, we will functionally integrate our expanded belly and freighter networks while aggressively promoting logistics agreements to acquire high-value-added cargo in the express and other businesses.

International Cargo Services Plan



Cash Flow Management and Investment Plan

We will continue to invest in aircraft while generating over ¥100.0 billion in free cash flow over the two years of the Corporate Strategy.

We will steadily generate operating cash flow by executing the corporate strategy I have been explaining. As a result, we plan to steadily generate free cash flow while executing our ongoing investment plan to ensure earnings growth over the medium-to-long term. Specifically, we forecast that free cash flow over the two years of the Corporate Strategy will total more than ¥100.0 billion.

Our investment plan entails ensuring the competitiveness of our fleet through the planned introduction of economically efficient aircraft and renovations. At this point, we plan to invest approximately ¥200.0 billion per fiscal year for the time being. Our fleet strategy plan has not changed. We will aggressively introduce fuel-efficient aircraft ahead of competitors while focusing on raising productivity by increasing the proportion of medium-body aircraft in our fleet and integrating models. We added six Boeing 787 aircraft to our fleet during the fiscal year ended March 2012 and will fully deploy Boeing 787s in the future. We plan to introduce a total of 21 Boeing 787 aircraft during the two fiscal years ending March 2014, which along with the six introduced during the fiscal year ended March 2012 will bring the total of our Boeing 787 aircraft to 27. That will represent about half of the 55 aircraft the ANA Group has ordered. The Boeing 787 is a truly strategic aircraft that we expect to be broadly effective in increasing operating income.

We forecast potent growth from the fiscal year ending March 2015 onward. As I mentioned earlier, our medium-term targets are operating income of ¥150.0 billion or above and an operating margin of 10.0% or above. Our medium-term outlook is free cash flow of ¥70.0 billion to ¥80.0 billion annually, and capital expenditure and investments at the ¥170.0 billion to ¥210.0 billion level.

Cash Flow Plan and Capital Expenditure and Investments Plan (Years to March 31)

(¥ Billions)

	2012 (Actual)
Cash flows from operating activities	214.4
Cash flows from investing activities	(166.3)
Free cash flow	48.0
Cash flows from financing activities	16.1
Capital expenditure and investments	203.7

(¥ Billions)

	2013 (Plan)	2014 (Plan)
Cash flows from operating activities[1]	233.5	240.0
Cash flows from investing activities[2]	(155.5)	(190.0)
Free cash flow	78.0	50.0
Cash flows from financing activities[1]	(62.0)	(102.0)
Capital expenditure and investments	194.5	196.0

Medium-Term Targets

Free cash flow:
¥70.0 billion to ¥80.0 billion

Capital expenditure and investments:
¥170.0 billion to ¥210.0 billion

1. Includes repayment of lease obligations.
2. Does not include purchases of time deposits or negotiable certificates of deposit.

Financial Targets and Shareholder Returns

We will improve the soundness of our financial position and enhance shareholder returns.

We will strengthen our financial position over the coming two years by steadily enhancing earnings to increase shareholders' equity and generate stable free cash flow to reduce interest-bearing debt. We expect to reduce interest-bearing debt, including off-balance-sheet lease obligations, to about ¥1 trillion by March 31, 2014, with a debt/equity ratio of 1.6 times. As a result of these initiatives, we plan on return on assets (ROA) of 6.6% and return on equity (ROE) of 9.4% for the fiscal year ending March 2014, and are targeting further improvement over the medium term to ROA of 8% or above and ROE of 10% or above.

Financial Targets (Years to March 31)

	2012 (Actual)	2013 (Plan)	2014 (Plan)
Equity ratio (%)	27.4	28.4	31.1
ROA (%)	5.1	5.5	6.6
ROE (%)	5.3	7.2	9.4
Interest-bearing debt/ EBITDA ratio* (Times)	5.2	4.2	3.5
Debt/equity ratio* (Times)	2.0	1.9	1.6

* Includes off-balance sheet lease obligations

Medium-Term Targets

ROA: 8%+
ROE: 10%+
Interest-bearing debt/ EBITDA ratio: 3x level
Debt/equity ratio: 1.0x – 1.5x level

Column: ANA Group Capacity Trends

The ANA Group is increasing capacity on international routes based on changes in capacity at other airlines and demand trends, while matching capacity with demand on domestic routes according to fluctuations in demand.

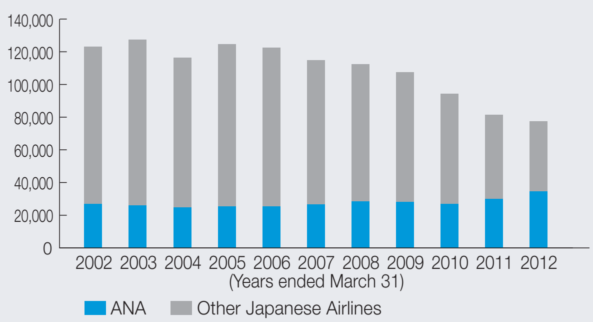
The ANA Group has been exposed to numerous events over the past 10 years including the simultaneous terrorist attacks in the United States, the global recession, the H1N1 influenza pandemic and the Great East Japan Earthquake. In addition, issues including further airline deregulation and the rise of LCCs have made the global competitive environment increasingly intense.

Even in this harsh operating environment, the ANA Group has continued to precisely match capacity with demand to maintain steady capacity. Over the past decade, the ANA Group has adjusted available seat-kilometers to match capacity with demand while the domestic and international routes of Japanese airline companies have fluctuated and decreased overall.

We have been able to do so by matching capacity with accurately determined demand to maximize earnings while minimizing expenses. As a result, we have been able to establish optimum capacity for our next phase of growth.

Available Seat-Kilometers on International Routes by Airline

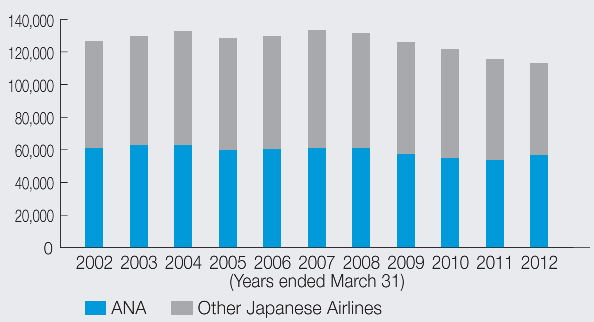
(Million Seat-km)



Source: Materials released by respective companies

Available Seat-Kilometers on Domestic Routes by Airline

(Million Seat-km)



Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics

We see enhanced shareholder returns as a primary management responsibility. We will balance returns with the need to enhance the internal capital resources that support stable operations, stronger finances, and investments that ensure growth and profitability over the medium-to-long term. During the course of our current corporate strategy, we intend to provide shareholder returns that ensure a high and stable level of investor interest.

We achieved record-high operating income during the fiscal year ended March 2012, and therefore increased the per-share dividend we planned at the beginning of the fiscal year by ¥2.00 to ¥4.00. The payout ratio was higher than it has been in the past because we want investors to recognize our strong determination to grow in the future. We plan to pay cash dividends of ¥4.00 per share in the fiscal year ending March 2013.

Corporate Social Responsibility (CSR) Initiatives

We will actively fulfill our social responsibilities with safety as the number-one priority, practicing CSR according to international norms and standards as a global corporate group.

The ANA Group views CSR as the foundation for corporate activities that put its corporate philosophy into practice. Above all, we recognize that our primary mission is to provide the safest air transportation, which is the core of our business. In a very serious incident in September 2011, the flight attitude of ANA Flight 140 from Naha to Haneda temporarily became unstable. An incident occurred in February 2012 in which the rear section of ANA Flight 731 from Osaka (Itami) to Sendai came in contact with the runway during landing. In another incident in June 2012, a hard landing resulted in deformation of a part of the fuselage of ANA Flight 956 from Beijing to Narita. I would like to extend my deepest apologies to our customers and everyone concerned for the inconvenience and anxiety due to these incidents. We are implementing assiduous measures to prevent recurrence and are reaffirming the ANA Group Safety Principles tenet of “Safety is our promise to the public and is the foundation of our business” among all officers and employees. We are committed to living up to our promise to provide the world’s highest safety standard.

In implementing CSR, we emphasize involvement with all stakeholders. We always aim to be the airline of choice by establishing the ANA brand as number one in Asia because of its focus on high-quality service and products that take the perspective of customers. The targets we have set and energetically worked to achieve include the highest five-star rating from SKYTRAX and the world’s highest punctuality record. The efforts of each and every employee have been instrumental to achieving these goals. We will continue to take on challenges while nurturing personnel with global and diverse perspectives and strong individuality in order to generate inimitable value for the ANA brand.

In addition, as a member of local communities we believe that our CSR includes contributing to solutions to social issues. We continue to provide support for the region stricken by the Great East Japan Earthquake while continuing CSR activities that are unique to ANA and contribute to society worldwide. We have also formulated ANA FLY ECO 2020 as an ecology plan for the medium-to-long term through 2020, and will further strengthen initiatives with the objective of being a world-leading airline in terms of the environment.

We are determined to respond to the expectations and demands of diverse stakeholders both in Japan and overseas in order to achieve our corporate vision of being one of the leading airline groups in Asia. We will make use of international guidance including ISO26000 for CSR so that we continually test, verify and improve CSR in our business operations as we energetically put it into practice.

The Future

We will take on the ongoing challenge of our renaissance as a stronger ANA Group.

Since the serious drop in demand in the fiscal year ended March 2009 due to the global recession, the ANA Group has adapted successfully to a series of events that caused major changes in demand, including the H1N1 influenza pandemic and the Great East Japan Earthquake. We have responded quickly to rapid changes in our operating environment, implementing reforms according to plan in each of our business areas to steadily produce results.

The two years ending March 2014 will be a time for us to innovate based on past restructuring to establish the business foundation for prevailing in the coming era of all-out competition. We will anticipate the global operating environment as we transform our Group management system and implement the dramatic cost restructuring we have already initiated, which is differentiated from past cost reduction efforts by its intensity. As the first airline in Japan to enter the LCC business, we will take the initiative in creating new demand. The ANA Group is also a global leader in introducing the Boeing 787 and will develop an innovative network strategy through the full-scale rollout of this aircraft. In a rapidly changing environment, we will manage adroitly and flexibly to further strengthen our profitability and financial position in order to achieve our renaissance as a stronger ANA Group that can achieve sustained growth and make substantial progress in the future.

We are proud that we have overcome various difficulties and blazed a new way forward. The ANA Group will continue to take on challenges as we push forward on our track toward growth.

We will devote ourselves to evolving to achieve our corporate vision of being one of the leading airline groups in Asia in terms of quality, customer satisfaction and value creation. We value our stakeholders and request your continued support as we work toward our goals.

June 19, 2012

Shinichiro Ito
President and Chief Executive Officer

Important Announcement for Shareholders and Investors

(As of August 17, 2012)

▶ Capital Increase through a Public Offering

At a meeting held on July 3, 2012, the Board of Directors of ANA resolved to conduct a public offering of new shares of stock in Japan and overseas and to issue new shares through a third-party allotment, and subsequently carried out this resolution. Details are as follows:

Number of new shares issued:	991,466,000
Issue price:	¥184 per share
Amount to be paid:	¥176.32 per share
Estimated amount of total net proceeds:	¥173,612,285,120
Increase in paid-in capital:	¥87,407,642,560

The ANA Group formulated the ANA Group FY2012-2013 Corporate Strategy in February 2012, and will transition to a holding company system from April 2013 to raise management efficiency by separating management policy decision-making from business execution, strengthening Group management and having Group companies autonomously manage their operations. In addition, as an airline company with strongly growing Asia as its core market, the ANA Group is looking beyond Japan with the aim of implementing a multi-brand strategy based in Asia, and will accelerate proactive business development in Asia while flexibly implementing an array of future growth strategies.

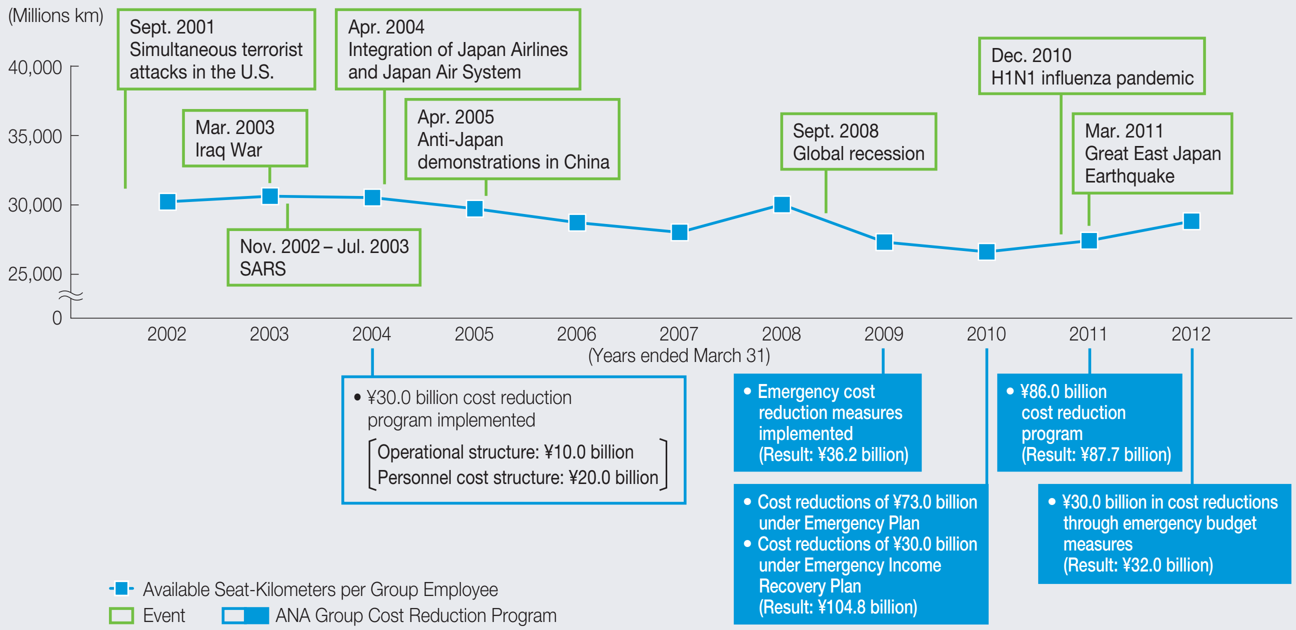
The ANA Group will use the capital obtained through the public offering to proceed with strategic investments in economically efficient aircraft, primarily the Boeing 787. This is particularly crucial to enhancing the competitiveness of our network in international passenger operations, which is a growth segment as we expand our business portfolio. We will also use the capital with the objective of establishing our Asia-based multi-brand strategy and establishing a financial base that allows us to take timely and flexible advantage of future growth opportunities.

We will maintain and improve the quality of our air transportation services as we steadily implement the ANA Group FY2012-2013 Corporate Strategy toward achieving our corporate vision of being one of the leading airline groups in Asia.

Column: Results from the ANA Group's Cost Reduction Initiatives

To date, the ANA Group has quickly formulated and fully implemented cost reduction policies in response to changes in the external environment such as decreased demand. From the fiscal year ending March 2013, the entire Group will promptly deploy all of its capabilities in a cost restructuring program.

ANA Group Cost Reduction Programs



In a rapidly changing operating environment, the ANA Group has implemented a variety of measures. Of particular note, we have continuously achieved outstanding results in implementing new cost reduction programs as planned in every fiscal year from 2008 onward. Details of initiatives since the fiscal year ended March 2009 follow below.

Fiscal Year Ended March 2009

The global recession caused global demand for air transportation to decrease significantly while the price of crude oil rose sharply. The operating environment was therefore harsh. The ANA Group responded to these conditions from the second half of the fiscal year ended March 2009, implementing emergency measures that reduced costs by ¥36.2 billion by reconciling capacity with demand in ways such as revising the number of flights and routes and downgauging aircraft while cutting personnel expenses, marketing expenses and other costs.

Fiscal Year Ended March 2010

The depressed demand of the fiscal year ended March 2009 continued. We therefore announced the Emergency Plan to reduce costs by ¥73.0 billion in April 2009. Responding to the subsequent outbreak of the H1N1 influenza pandemic, the ANA Group implemented the Emergency Income Recovery Plan in July 2009 and began working to reduce costs by an additional ¥30.0 billion. We steadily reduced operating expenses and other costs including personnel expenses, outsourcing expenses and sales commissions. As a result, our cost reductions totaled ¥104.8 billion.

Fiscal Year Ended March 2011

The ANA Group needed to transform its operating structure to prepare for the expansion in arrival and departure slots at Tokyo-area airports. We therefore launched the ANA Group FY2010-2011 Corporate Strategy in the fiscal year ended March 2011, for which we formulated structural reforms and a decisive plan to reduce costs by ¥86.0 billion. The ANA Group reduced costs by a total of ¥87.7 billion through these measures. We removed ¥51.0 billion from our cost and operating structure, reduced personnel expenses by ¥18.3 billion and cut marketing expenses by ¥18.3 billion.

Fiscal Year Ended March 2012

Because a downturn in demand was forecast due to the impact of the Great East Japan Earthquake, we quickly began reducing variable costs in ways such as reducing certain regularly scheduled flights and downgauging aircraft. In tandem with these measures, we deeply cut costs in all divisions and implemented policies to raise productivity. These and other emergency budget measures reduced expenses by ¥30.0 billion. As a result, we reduced costs by a total of ¥32.0 billion, consisting of ¥10.0 billion in variable costs and ¥22.0 billion in other cutbacks.

In addition, we moved up a portion of a restructuring program to reduce costs by ¥100.0 billion, which had been scheduled to begin in the fiscal year ending March 2013, and carried out ¥11.0 billion in cost reductions. (See Pivot Point 3: Cost Restructuring on page 25 for additional details on restructuring to reduce costs by ¥100.0 billion.)

As a result of the above, we achieved record-high operating income for the fiscal year ended March 2012.

Climbing

... Each of ANA's businesses is gaining altitude.

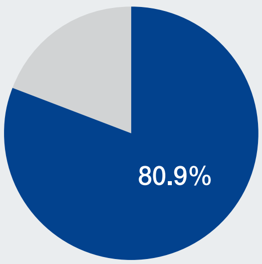
We provide an overview of performance in the fiscal year ended March 2012 and an explanation of strategies for the future.

The ANA Group has two reportable segments, air transportation and travel services. Air transportation is categorized into domestic passenger operations, international passenger operations, cargo and mail operations, and other transportation services. This section provides a review by business of operations during the fiscal year ended March 2012 and strategies based on the ANA Group FY2012-2013 Corporate Strategy. It also provides a business strategy feature on how we will create new demand with the LCC business.

Air Transportation

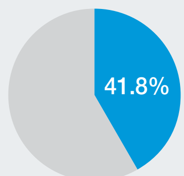
Status in the Fiscal Year Ended March 2012

Segment Operating Revenues as a Percentage of Total Operating Revenues



Domestic Passenger Operations

Operating Revenues as a Percentage of Total Operating Revenues

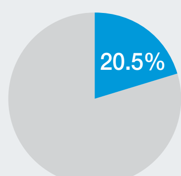


With an extensive domestic route network centered on Haneda Airport and 1,018 flights on 127 routes daily (as of July 1, 2012), the ANA Group serves approximately 39.02 million passengers annually and is a leader on domestic routes with a 50.2% share of Japan's domestic passenger operations market.

Demand dropped precipitously during the fiscal year ended March 2012 due to the impact of the Great East Japan Earthquake. However, operating revenues decreased 0.2% compared with the previous fiscal year, essentially unchanged year on year because the ANA Group concentrated on meticulously matching capacity with demand, raising unit price by improving passenger composition and increasing competitiveness.

International Passenger Operations

Operating Revenues as a Percentage of Total Operating Revenues

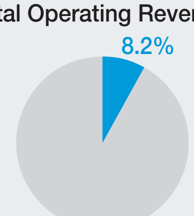


With 812 flights weekly on 48 routes from Japan (as of July 1, 2012), the ANA Group serves approximately 5.88 million international passengers annually. As a core member of the Star Alliance, the world's largest airline alliance, the ANA Group is building a global network. The Group is also operating joint ventures with United Airlines and Continental Airlines on its trans-Pacific routes and with Deutsche Lufthansa AG on routes between Japan and Europe.

While capacity increased substantially during the fiscal year ended March 2012, the ANA Group implemented measures to stimulate demand and appropriately matched capacity with demand. Operating revenues therefore increased 14.0% year on year.

Cargo and Mail Operations

Operating Revenues as a Percentage of Total Operating Revenues



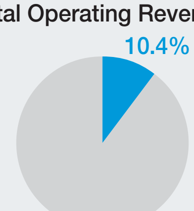
The ANA Group provides cargo services through nine medium-body cargo freighters and belly space on passenger planes. We offer nine domestic freighter flights on six routes daily, and 154 international freighter flights on 18 routes weekly (as of July 1, 2012).

With the development of the Okinawa Cargo Hub & Network, we are working to capture intra-Asia express cargo demand as we continue to build a foundation for operations and earnings.

Shipments weakened during the fiscal year ended March 2012 because of the appreciation of the yen and economic factors. Operating revenues increased 2.4% year on year because the ANA Group took steps such as handling third-country cargo.

Other Transportation Services

Operating Revenues as a Percentage of Total Operating Revenues



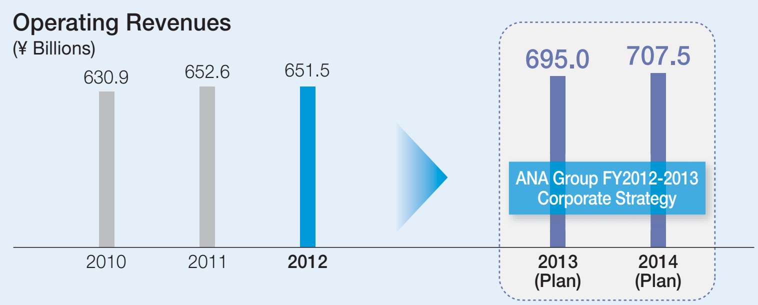
ANA Airport Handling Co., LTD., ANA Telemart Co., Ltd., ANA Aircraft Maintenance Co., Ltd. and other Group companies provide services including ground support at airports, reservation confirmation and aircraft maintenance. These services are also provided to airlines outside the ANA Group. ANA Logistic Services Co., Ltd., supports cargo-related business and Overseas Courier Service Co., Ltd. provides land-based delivery services to promote the express business.

Operating revenues increased 1.8% year on year during the fiscal year ended March 2012 due to factors including an increase in ground support service contracts.

Note: Segment operating revenues are before eliminations.

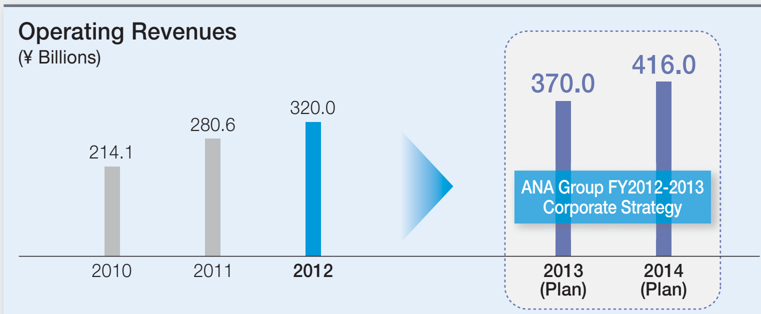
ANA Group FY2012-2013 Corporate Strategy

Plan for Domestic Passenger Operations



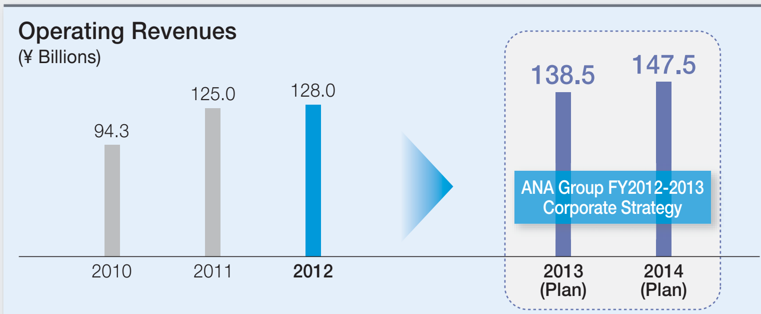
- Optimize route and aircraft plans to improve efficiency and profitability.
- Maintain or improve competitiveness by promoting a route introduction strategy that leverages aircraft advantages through the full-scale introduction of the Boeing 787.
- Fully develop the LCC business to prevail in competition with other forms of transportation and create new air transportation demand.

Plan for International Passenger Operations



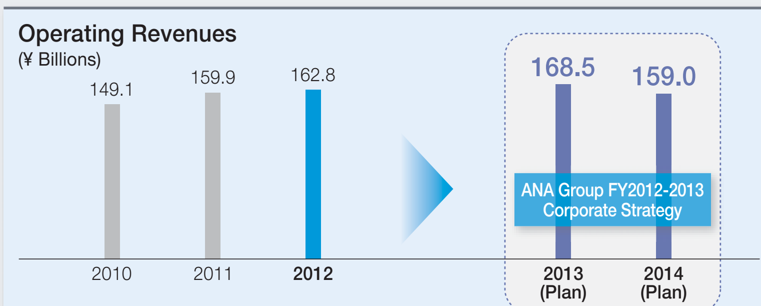
- Develop the European and North American networks using the Boeing 787. Expand routes in China and elsewhere in Asia using medium- and narrow-body aircraft.
- Strengthen the foundation as a full-service carrier through collaborative strategies in joint ventures.
- Establish a new business model by developing the LCC business and create new demand based on a comprehensively low-cost operating structure.

Plan for Cargo and Mail Operations



- Improve aircraft capacity utilization and restructure costs. Improve profitability of freighter operations and stabilize cash flow by using the Okinawa Cargo Hub & Network effectively.
- Given increased capacity on international passenger flights, further utilize belly space on passenger flights.
- Execute strategies to add value in the express cargo and other businesses.

Plan for Other Transportation Services



- Enhance capabilities in line with the increase in operating scale.
- Strengthen profitability by raising productivity and reducing costs.

Note: Includes AirAsia Japan

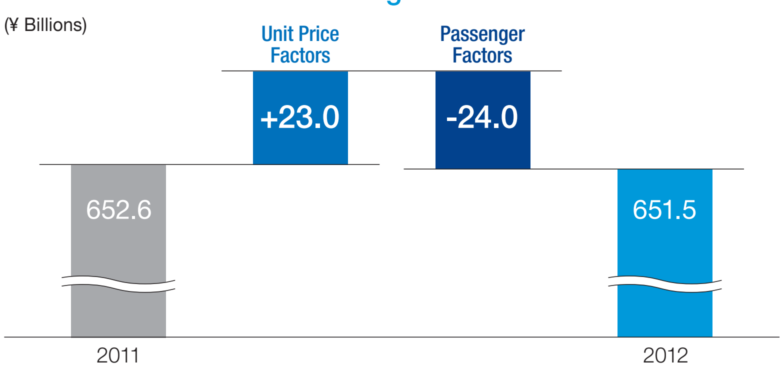
Domestic Passenger Operations

Highlights

	2012	2011	2010	2009	2008
Passenger revenues (¥ Billions)	**651.5**	652.6	630.9	699.3	739.5
Passenger numbers (Millions)	**39.02**	40.57	39.89	42.75	45.55
Available seat-kilometers (Billions km)	**56.7**	56.7	57.1	59.2	62.6
Revenue passenger-kilometers (Billions km)	**34.5**	35.9	35.3	37.5	39.9
Load factor (%)	**60.9**	63.4	62.0	63.5	63.7
Unit revenues (¥)	**11.5**	11.5	11.0	11.8	11.8
Yield (¥)	**18.8**	18.1	17.8	18.6	18.5
Unit price (¥)	**16,698**	16,084	15,816	16,359	16,233

Domestic Passenger Operations accounted for 41.8% of total operating revenues (before eliminations) in the fiscal year ended March 2012.

Domestic Passenger Operations: Factors in Year-on-Year Change in Revenues



Overview of the Fiscal Year Ended March 2012

The ANA Group recovered from the effects of the Great East Japan Earthquake by the end of the fiscal year.

Demand on domestic routes decreased because of the impact of the Great East Japan Earthquake in March 2011. However, business demand recovered to the level of the previous fiscal year in June 2011, and leisure travel shook off the effects of the Earthquake by the end of the fiscal year because the ANA Group implemented various sales and marketing measures to stimulate demand.

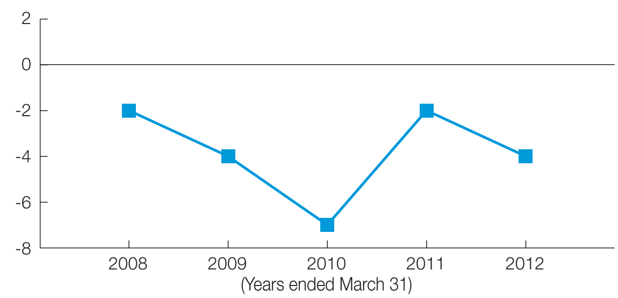
From an early stage, the ANA Group responded to the substantial decrease in demand caused by the Earthquake by reducing the number of some flights and downgauging aircraft on many routes. Moreover, the Group adjusted available seat-kilometers to increase capacity on high-demand routes. Measures included flexibly adjusting aircraft deployment to match weekend and weekday demand, primarily Haneda arrivals and departures, and adding extra flights on Haneda–Sapporo (Chitose), Haneda–Okinawa (Naha) and other routes during the summer vacation season and other times.

The ANA Group also strengthened its route network by establishing new routes: Matsuyama–Okinawa (Naha) in October 2011 and Osaka (Itami)–Akita in December 2011. The Group's focus on meticulously matching capacity with demand minimized the impact of the Earthquake. The load factor decreased by 2.4 percentage points compared with the previous fiscal year to 60.9%.

In November 2011, the ANA Group became the first in the world to put the strategic Boeing 787 aircraft into regular service, deploying it on Haneda–Okayama and Haneda–Hiroshima routes. The Group then successively deployed this aircraft on Haneda–Osaka (Itami), Haneda–Yamaguchi/Ube and Haneda–Matsuyama routes.

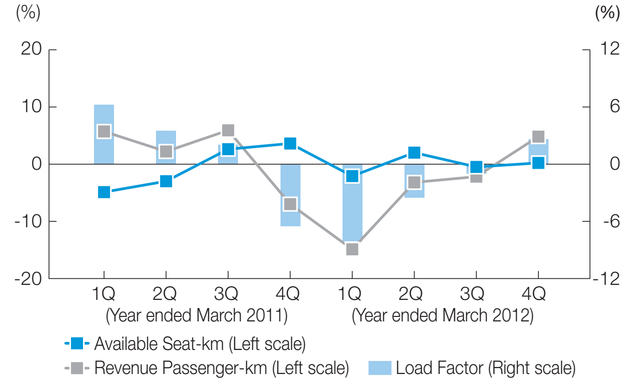
Other measures during the fiscal year ended March 2012 included extra flights to Sendai, Fukushima and Yamagata to support reconstruction after the Earthquake. The ANA Group also used the Boeing 787 for sightseeing charter flights to and from Narita and for reconstruction support flights in Sendai and Fukushima.

Year-on-Year Change in Domestic Air Travel Demand



Source: Ministry of Land, Infrastructure and Transport and Tourism, Annual Air Transport Statistics

Year-on-Year Comparison of Available Seat-Kilometers, Revenue Passenger-Kilometers and Load Factor



A higher unit price minimized the scope of the decrease in revenues from the drop in the number of passengers.

In sales and marketing, the ANA Group took steps to strengthen competitiveness and stimulate latent demand. In addition to offering the new *Shumatsu Waribiki* fare, a weekend-only discounted fare designed to stimulate leisure demand, the Group also expanded its *Tabi-Wari* discount fare offerings during the summer holiday season and lowered *Tabi-Wari* and *Super Tabi-Wari* fares.

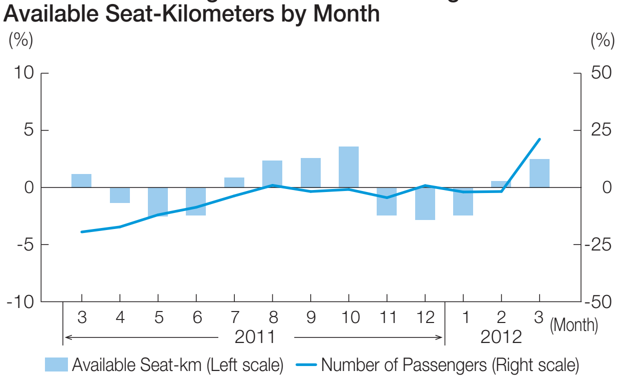
ANA SUITE LOUNGE

Service improvements included the April 2011 introduction of a new system that allows a member of the ANA Mileage Club frequent flyer program to exchange miles for a flight award as short as a one-way, single-segment (direct) flight. The ANA Group also enhanced passenger convenience and comfort in ways such as remodeling lounges at Naha Airport in February 2012 and Kagoshima Airport in March 2012.

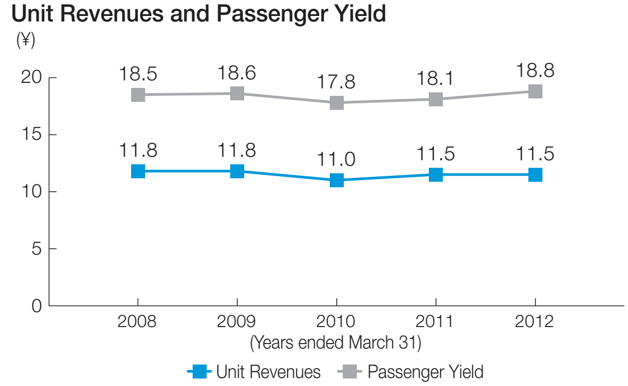
The number of domestic passengers decreased 3.8% to 39.02 million during the fiscal year ended March 2012. Unit price increased 3.8% year on year due to factors including a hike in leisure, promotional and business fares against a background of enhanced competitiveness. Unit price also increased due to a change in passenger composition resulting from rapid recovery in the number of individual passengers, including business travellers.

The higher unit price thus minimized the scope of the decrease in revenues from the drop in the number of passengers. Operating revenues from domestic passenger operations decreased 0.2% year on year to ¥651.5 billion.

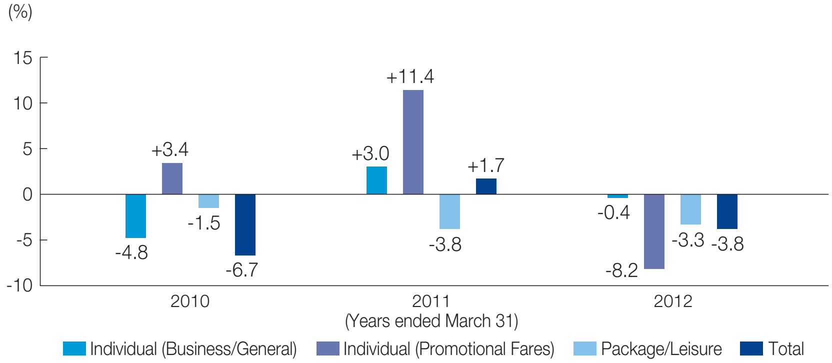
Year-on-Year Change in Domestic Passengers and Available Seat-Kilometers by Month



Unit Revenues and Passenger Yield



Year-on-Year Comparison of Number of Passengers by Passenger Type



Initiatives in the Fiscal Year Ending March 2013

The ANA Group forecasts that operating revenues will increase against a backdrop of recovery in demand and enhanced competitiveness.

In the fiscal year ending March 2013, the ANA Group expects more distinct post-Earthquake recovery. The Group will continue to target optimal aircraft deployment in each market in response to market conditions, and will concentrate on maintaining and improving competitiveness to ensure its ability to compete in domestic passenger operations, its primary source of revenues.

Moves to enhance the route network will include the launch of service on Haneda–Iwakuni and Narita–Niigata routes. ANA will also target further improvements in competitiveness through means including the introduction of the high-profile Boeing 787 on new routes.

In sales and marketing, the ANA Group will revise its promotional fares and offer new fares on domestic routes for inbound visitors to Japan to deal with changes in customer needs and the competitive environment. Additionally, the Group will enhance services to raise customer satisfaction.

Through these initiatives, for the fiscal year ending March 2013 the ANA Group plans to increase operating revenues from domestic passenger operations 6.7% year on year to ¥695.0 billion. This amount will include operating revenues from AirAsia Japan Co., Ltd. following its August 2012 launch of service. (See the business strategy feature, “Creating New Demand: Development of the LCC Business,” on pages 50 to 53 for details on LCC business development.) This forecast assumes a 4.1% increase in available seat-kilometers, a 2.4 percentage point increase in load factor, and a 2.5% increase in unit revenues.

Domestic Network Changes

New Service	October 2011	Matsuyama–Okinawa (Naha) (seasonal)
	December 2011	Osaka (Itami)–Akita
	March 2012	Niigata–Narita
Increased Flights	April 2011	Osaka (Itami)–Kumamoto
	June 2011	Sapporo (Chitose)–Memanbetsu
	July 2011	Osaka (Itami)–Sendai/Niigata
	October 2011	Tokyo (Haneda)–Sapporo (Chitose)/Akita/Tokushima, Narita–Fukuoka, Osaka (Itami)–Oita, Hiroshima–Okinawa (Naha)
Reduced Flights	June 2011	Sapporo (Chitose)–Hakodate
	July 2011	Nagoya (Chubu)–Sendai
	October 2011	Tokyo (Haneda)–Okhotsk-Monbetsu/Hakodate/Osaka (Kansai), Osaka (Itami)–Sendai, Osaka (Kansai)–Sapporo (Chitose)/Okinawa (Naha), Nagoya (Chubu)–Sapporo (Chitose)/Sendai/Fukuoka, Sapporo (Chitose)–Hakodate, Okinawa (Naha)–Ishigaki
Resumed	October 2011	Sapporo (Chitose)–Okhotsk-Monbetsu (seasonal)
	March 2012	Fukuoka–Miyazaki
Suspended	July 2011	Nagoya (Chubu)–Oita
	October 2011	Matsuyama–Sapporo (Chitose)
Code Share	July 2011	Initiated code sharing with IBEX Airlines Co., Ltd. for Nagoya (Chubu)–Sendai/Oita

International Passenger Operations

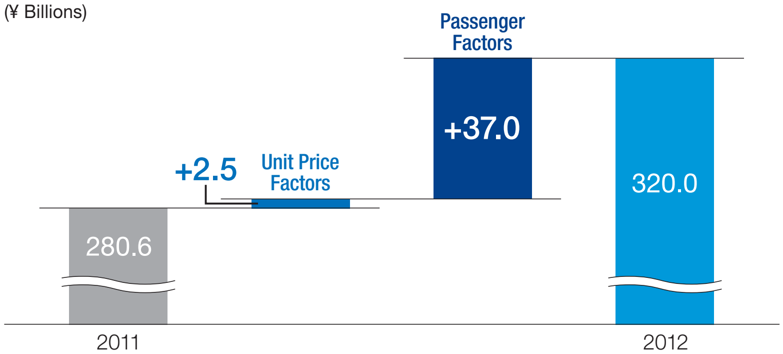
Highlights

	2012	2011	2010	2009	2008
Passenger revenues (¥ Billions)	**320.0**	280.6	214.1	291.0	311.5
Passenger numbers (Millions)	**5.88**	5.16	4.66	4.43	4.82
Available seat-kilometers (Billions km)	**34.4**	29.7	26.7	27.9	28.2
Revenue passenger-kilometers (Billions km)	**25.3**	22.4	20.2	19.3	21.2
Load factor (%)	**73.7**	75.3	75.7	69.4	75.3
Unit revenues (¥)	**9.3**	9.4	8.0	10.4	11.0
Yield (¥)	**12.6**	12.5	10.6	15.0	14.6
Unit price (¥)	**54,403**	54,296	45,883	65,674	64,555

International Passenger Operations accounted for 20.5% of total operating revenues (before eliminations) in the fiscal year ended March 2012.

International Passenger Operations: Factors in Year-on-Year Change in Revenues

(¥ Billions)



Overview of the Fiscal Year Ended March 2012

The ANA Group significantly expanded the scale of operations by capturing recovering demand.

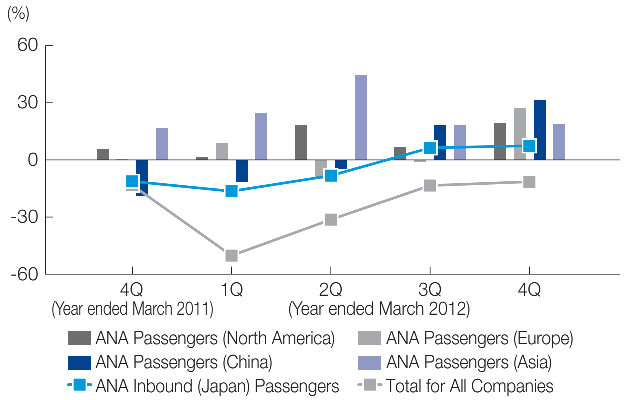
Demand on international routes fell significantly in the month following the Earthquake, but by June 2011 business demand had basically recovered to the pre-Earthquake level, and demand for overseas leisure travel departing from Japan in the summer had recovered to a level similar to the previous year. Inbound demand to Japan from overseas recovered moderately.

The ANA Group temporarily suspended or reduced flights in response to the drop in demand following the Earthquake, but upgauged aircraft on popular routes to match capacity with demand. In addition to newly establishing Narita–Chengdu and Chubu–Hong Kong routes in June and October 2011, respectively, the Group also launched Haneda–Frankfurt route service using Boeing 787 aircraft in January 2012.

Capacity therefore increased substantially, with available seat-kilometers increasing 15.6% year on year. The ANA Group limited the decrease in load factor to a modest 1.7 percentage points by effectively matching capacity with demand.

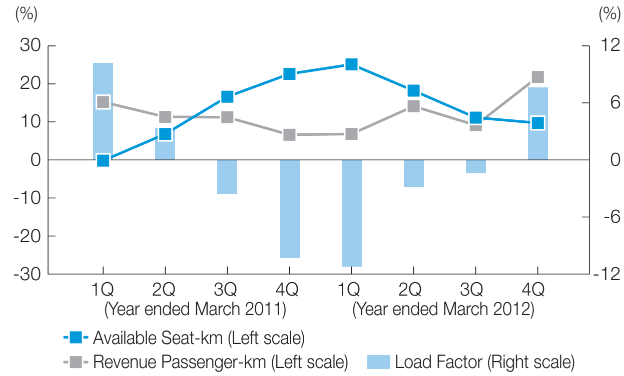
BUSINESS CLASS SEAT "ANA BUSINESS STAGGERED"

Year-on-Year Change in Quarterly Inbound Passengers to Japan and ANA Passengers by Destination



Source: Japan National Tourist Organization Data
Note: ANA inbound and total inbound numbers of passengers for 4Q 2012 are combined January and February results.

Year-on-Year Comparison of Available Seat-Kilometers, Revenue Passenger-Kilometers and Load Factor



Revenues expanded substantially due to successful measures to stimulate demand while expanding capacity.

The ANA Group enhanced sales and marketing following the Earthquake to take advantage of the limited opportunities to capture transit passenger demand between North America and Asia via Narita, and demand in the Western Japan market. As the recovery in demand gained momentum from June 2011, the Group introduced various discount fares to quickly tap into summer leisure demand and also worked to stimulate demand. On the other hand, inbound demand dropped most because of the Earthquake, but aggressive efforts to boost Japan's image, including campaigns to attract study tours from various countries, gradually revitalized sales of tour products and promotions.

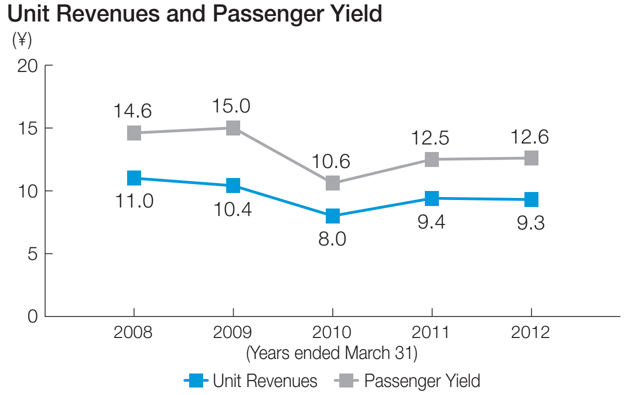
Additionally, ANA, United Airlines and Continental Airlines launched a trans-Pacific joint venture from April 1, 2011. (United Airlines and Continental Airlines unified their flight codes to UA in March 2012.) This joint venture sets common fares and allows passengers to freely choose flights from the networks of the three airlines. Substantial growth in reciprocal partner sales of ANA and United code share flights is a factor contributing strongly to route performance. Moreover, in June 2011 ANA and Deutsche Lufthansa AG received antitrust immunity approval for a joint venture covering routes between Japan and Europe, and began setting common fares in April 2012.

These initiatives to stimulate demand and successful marketing policies accompanying capacity expansion supported a 13.8% year-on-year increase in the number of passengers on international routes to 5.88 million for the fiscal year ended March 2012. In the fourth quarter, the number of passengers to all destinations exceeded the same period of the previous fiscal year, which clearly shows a recovery.

Unit price was essentially unchanged, increasing 0.2% year on year as higher fuel surcharges offset factors that reduced unit price excluding fuel surcharges such as discount fares to stimulate demand.

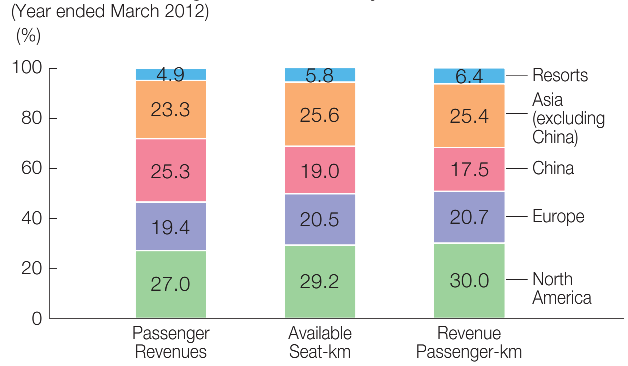
As a result of the above, operating revenues from international passenger operations increased 14.0% compared with the previous fiscal year to ¥320.0 billion.

Unit Revenues and Passenger Yield

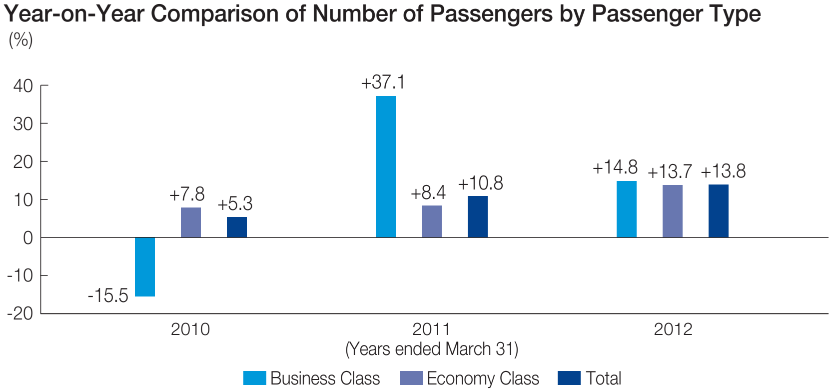


Passenger Revenues, Available Seat-Kilometers and Revenue Passenger-Kilometers by Area

(Year ended March 2012)



Year-on-Year Comparison of Number of Passengers by Passenger Type



Initiatives in the Fiscal Year Ending March 2013

The ANA Group forecasts substantial revenue gains from further capacity expansion and joint ventures.

Given expected growth in Asian markets, during the fiscal year ending March 2013 the ANA Group will continue to reinforce its network with a focus on long-haul routes and transit demand to further improve profitability.

In conjunction with the deployment of the Boeing 787, the ANA Group will make the most of the unique advantages of Narita Airport to launch service on new routes to strengthen its route network in North America and Asia.

These will include new Narita–Seattle and Narita–San Jose routes, and high-potential new Narita–Yangon and Narita–Delhi routes.

In sales and marketing, the ANA Group will transition to a flexible, simple fare structure that meets customer needs. ANA will also energetically develop its joint ventures with United Airlines and Deutsche Lufthansa AG, adaptably managing prices to further expand its catchment area and strengthen its ability to capture global demand.

As a result of the above, for the fiscal year ending March 2013 the ANA Group forecasts that operating revenues from international passenger operations will increase 15.6% year on year to ¥370.0 billion, This forecast includes operating revenues from AirAsia Japan Co., Ltd. following its scheduled October 2012 launch of international service, and assumes an 11.9% year on year increase in available seat-kilometers, a 0.6 percentage point increase in load factor, and a 3.4% increase in unit revenues.

Note: These route plans are subject to the approval of the relevant authorities.

International Network Changes

New Service	June 2011	Narita–Chengdu
	October 2011	Nagoya (Chubu)–Hong Kong
	January 2012	Tokyo (Haneda)–Frankfurt
Increased Flights	January 2012	Narita–Hangzhou
Resumed	March 2012	Nagoya (Chubu)–Shanghai (Pudong)
Code Share	May 2011	Initiated code sharing with Scandinavia Airlines for Narita–Copenhagen
	May 2011	Initiated code sharing with Continental Airlines for Narita–Houston/New York
	June 2011	Initiated code sharing with Continental Airlines for Guam–Sapporo (Chitose)/Niigata/Narita/ Nagoya (Chubu)/Osaka (Kansai)/Okayama/Hiroshima/Fukuoka
	January 2012	Initiated code sharing with Hawaiian Airlines for Tokyo (Haneda)–Honolulu
Suspended	October 2011	Nagoya (Chubu)–Shanghai
Reduced Flights	October 2011	Narita-Shenyang/Chengdu (periodically reduced flights)

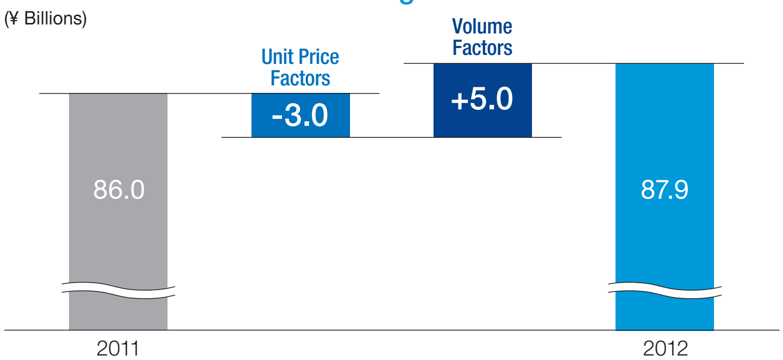
Cargo and Mail Operations

Highlights

	2012	2011	2010	2009	2008
Cargo and mail operating revenues (¥ Billions)	**128.0**	125.0	94.3	109.7	114.3
Cargo volume (Thousand tons)	**1,038**	1,011	881	829	795
Cargo revenues (¥ Billions)	**121.2**	118.4	87.5	102.1	102.7
Mail volume (Thousand tons)	**57**	53	53	56	103
Mail revenues (¥ Billions)	**6.8**	6.5	6.8	7.5	11.5

Cargo and Mail Operations accounted for 8.2% of total operating revenues (before eliminations) in the fiscal year ended March 2012.

International Cargo Operations: Factors in Year-on-Year Change in Revenues



Overview of the Fiscal Year Ended March 2012

Capacity expansion supported increased revenues despite the impact of the Earthquake.

In domestic cargo services, the Earthquake damaged a cargo warehouse at Sendai Airport, which temporarily halted cargo handling. However, factors including a shift to Hokkaido and other routes as an alternative to land transport allowed the ANA Group to capture increased home parcel delivery demand centered on Hokkaido arrival and departure routes. Additionally, the Boeing 787 introduced in November 2011 has larger belly space than the Boeing 767 the Group had been using, which has expanded cargo capacity and supported strong results.

As a result, domestic cargo traffic volume for the fiscal year ended March 2012 increased 3.0% compared with the previous fiscal year to 467 thousand tons, and operating revenues increased 2.6% year on year to ¥33.2 billion.

Domestic mail volume increased 1.0% year on year to 31 thousand tons, and operating revenues increased 3.6% year on year to ¥3.5 billion.

Cargo and Mail Operating Revenues

(¥ Billions)

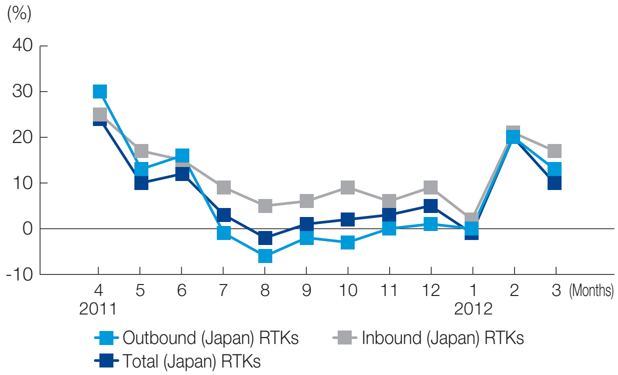
		2012		2011		2010	
		Result	YoY Change	Result	YoY Change	Result	YoY Change
Cargo	Domestic	**33.2**	**2.6%**	32.4	1.8 %	31.8	(3.8)%
	International	**87.9**	**2.2%**	86.0	54.4 %	55.7	(19.3)%
	Total	**121.2**	**2.3%**	118.4	35.3 %	87.5	(14.3)%
Mail	Domestic	**3.5**	**3.6%**	3.4	(3.9)%	3.5	(9.4)%
	International	**3.3**	**5.0%**	3.1	(2.5)%	3.2	(11.2)%
	Total	**6.8**	**4.3%**	6.5	(3.2)%	6.8	(10.3)%

Cargo and Mail Volume

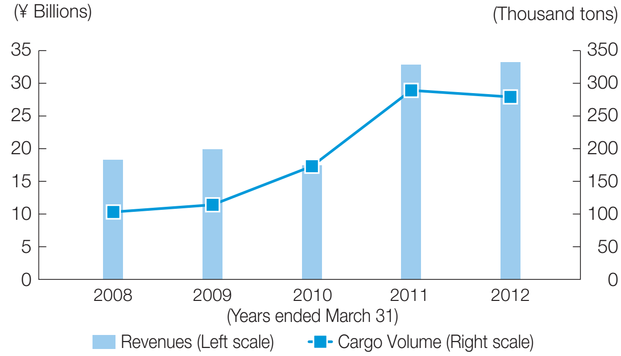
(Thousand tons)

		2012		2011		2010	
		Result	YoY Change	Result	YoY Change	Result	YoY Change
Cargo	Domestic	**467**	**3.0%**	453	(1.1)%	458	(3.4)%
	International	**570**	**2.4%**	557	32.0 %	422	19.3 %
	Total	**1,038**	**2.7%**	1,011	14.7 %	881	6.3 %
Mail	Domestic	**31**	**1.0%**	30	(5.8)%	32	(13.5)%
	International	**26**	**18.1%**	22	8.6 %	20	9.6 %
	Total	**57**	**8.2%**	53	(0.2)%	53	(5.9)%

Year-on-Year Change in International Cargo Revenue Ton-Kilometers by Month



International Freighter Revenues and Cargo Volume



With the appreciation of the yen and other factors weakening cargo shipments, the ANA Group secured volume by handling third-country cargo.

In international cargo services, the Earthquake gave rise to concerns about an overall decline in demand for air cargo services, but led to a temporary increase in demand that took advantage of the special features of air transportation for critical items such as daily necessities and medical supplies. However, the market environment for air cargo exports from Japan became more challenging from summer 2011 due to factors including the growing trend among Japanese companies to shift production overseas because of the record appreciation of the yen. Given these conditions, in the fiscal year ended March 2012 the ANA Group moved aggressively to handle third-country cargo, which has low unit prices, to secure cargo volume. On the other hand, large shipments of new mobile devices from February 2012 supported an increase in overall air cargo demand, and volume increased.

The Okinawa Cargo Hub & Network, which operates late-night connecting flights as a hub-and-spoke system servicing major Asian cities, proactively captured demand in Asia and is performing well. The ANA Group worked to strengthen its network, increasing Narita–Okinawa (Naha) flights to two per day from December 2011. The Group also responded to the November 2011 floods in Thailand by adding charter flights to Bangkok to support emergency aid and reconstruction.

Unit price decreased 0.1% compared with the previous fiscal year. Although the ANA Group increased fuel surcharges, unit price excluding fuel surcharges decreased because of the third-country cargo operations discussed above and the impact of the strong yen.

Consequently, cargo volume on international routes increased 2.4% year on year to 570 thousand tons. Operating revenues increased 2.2% year on year to ¥87.9 billion.

Moreover, international mail traffic volume increased 18.1% year on year to 26 thousand tons, while operating revenues increased 5.0% to ¥3.3 billion.

Initiatives in the Fiscal Year Ending March 2013

The ANA Group will work to maximize operating revenues by using belly space on passenger flights and raising aircraft efficiency in freighter operations.

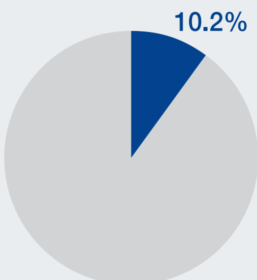
With the yen expected to remain strong in the future, export cargo demand is likely to take some time to rebound fully. On the other hand, signs of recovery in demand are apparent for cargo from Asia and China bound for North America.

The ANA Group will work to steadily capture this demand by using the additional belly space made available by increased passenger flights while raising aircraft efficiency in freighter operations. In particular, the Group will work to maximize revenues by further enhancing its express cargo transport and collection network in Asia, centered on the Okinawa Cargo Hub & Network, while increasing added value and implementing its unique strategy.

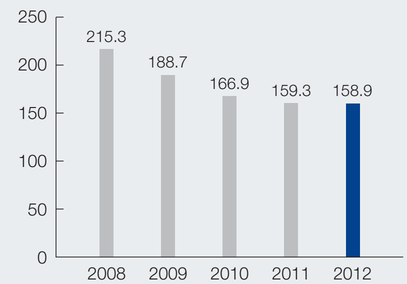
As a result of these measures, the ANA Group forecasts that operating revenues from cargo and mail operations for the fiscal year ending March 2013 will increase 8.2% year on year to ¥138.5 billion.

Status in the Fiscal Year Ended March 2012

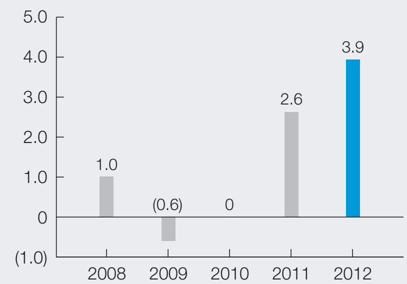
Segment Operating Revenues as a Percentage of Total Operating Revenues



Operating Revenues
(¥ Billions)



Segment Profit (Loss)
(¥ Billions)



Operating revenues decreased slightly but segment profit rose due to efforts to reduce costs. For the fiscal year ending March 2013, operating revenues are forecast to be essentially the same year on year.

In domestic travel services, demand for travel in the Kanto and Tohoku regions dropped sharply in the first half of the fiscal year because of the impact of the Earthquake. However, sales from October 2011 onward exceeded the same period of the previous year because of factors including increased demand for *Tabisaku* custom packaged tours, which allow the customer to freely combine flights and hotels.

In international travel services, overseas travel decreased temporarily in the first quarter of the fiscal year because of the Earthquake, but the impact of the appreciation of the yen and measures to stimulate demand supported a recovery to pre-Earthquake levels from July 2011 onward to all countries except China. Sales of various products in the ANA Group's flagship *ANA Hello Tour* program increased substantially, including the *Web Free Plan* package tour that enhances the Group's ability to capture last-minute demand.

Consequently, travel services operating revenues decreased 0.3% year on year to ¥158.9 billion. However, segment profit increased 48.2% year on year to ¥3.9 billion because of cost reductions and other initiatives.

During the fiscal year ending March 2013, domestic travel services will concentrate on expanding products for travel to Tokyo with the momentum from the opening of Tokyo Sky Tree. International travel services will create products using the network of Star Alliance member airlines and work to enhance the *ANA Hello Tour* brand and strengthen sales.

As a result, for the fiscal year ending March 2013 the ANA Group forecasts that travel services operating revenues will be ¥159.0 billion and segment profit will be ¥4.0 billion, both essentially unchanged year on year.

Business Strategy Feature

Creating New Demand: Development of the LCC Business

A Global Look at LCCs

LCCs have established a significant presence in the global airline market over the past several years, with the number of people using LCCs increasing substantially. Looking around the world, LCCs have acquired a share of over 30%* of capacity based on the number of seats in Europe and North America, mainly on domestic and intra-regional routes. In Asia, AirAsia and other LCCs have quickly grown market share since their establishment to about 14%* of capacity based on the number of seats on intra-Asia routes. Moreover, LCCs are forecast to grow faster than the full-service carriers in each of these regions, with a high potential growth rate in Northeast Asia because of its currently low LCC share.

In the Japanese market, deregulation since 1998 enabled the entry of new airlines that can charge lower fares than existing airlines. However, full-fledged LCCs using the business model developed in Europe, North America and elsewhere in Asia did not enter the market.

*Source: IATA Schedule Reference Service

The Challenge for the ANA Group

With this understanding of the status of LCCs by region and market, the ANA Group established Strategic Planning-Asia Pacific in 2008 to benefit from growth in Asia and create new demand. It began researching LCC growth potential and possibilities in Asian markets, conducting broadly based studies such as surveys of the business models and competitive strategies of full-service carriers after the launch of LCCs. The research included case studies of LCC successes and failures in Europe and North America. Other subjects included the possibility of the ANA Group entering the LCC business in Asia.

The results showed that LCCs would come to Japan in full force at some point, making competition with LCCs inevitable.

Actually, looking at the market environment in Japan, Kansai International Airport has surplus arrival and departure slots that permit the entry of LCCs at any time, while

Overview of Operations at the Two LCCs

	AirAsia Japan Co., Ltd.	Peach Aviation Limited
Equity ownership	ANA: 67%, AirAsia Bhd.: 33% (Including non-voting shares – ANA: 51%, AirAsia: 49%)	ANA: 38.7%, First Eastern Aviation Holdings Limited: 33.3%, Innovation Network Corporation of Japan: 28.0%
Established	August 2011	A&F Aviation Co., Ltd. established in February 2011 (corporate name changed to Peach Aviation Limited in May 2011)
Home airport	Narita Airport (domestic and international medium- and short-haul routes)	Kansai International Airport (domestic and international short-haul routes)
Aircraft	Mainly Airbus A320; some Airbus A330	Airbus A320
First flight	August 1, 2012 (scheduled)	March 1, 2012

The ANA Group is implementing a multi-brand strategy that encompasses the ANA brand and two low-cost carriers (LCCs), AirAsia Japan (AirAsia Japan Co., Ltd.) and Peach (Peach Aviation Limited). The ANA Group will consistently take on the challenge of innovative initiatives to create new demand.

expansion of arrival and departure slots at Narita Airport is also laying the groundwork for the full-scale entry of LCCs. Thus, foreign LCCs are expanding on Japanese routes. In Asia, LCCs such as AirAsia have been expanding in Southeast Asia. In Northeast Asia, LCCs have begun flying on certain domestic Korean routes, but compared with Southeast Asia, LCC expansion is yet to come.

Toward the Establishment of Two LCCs

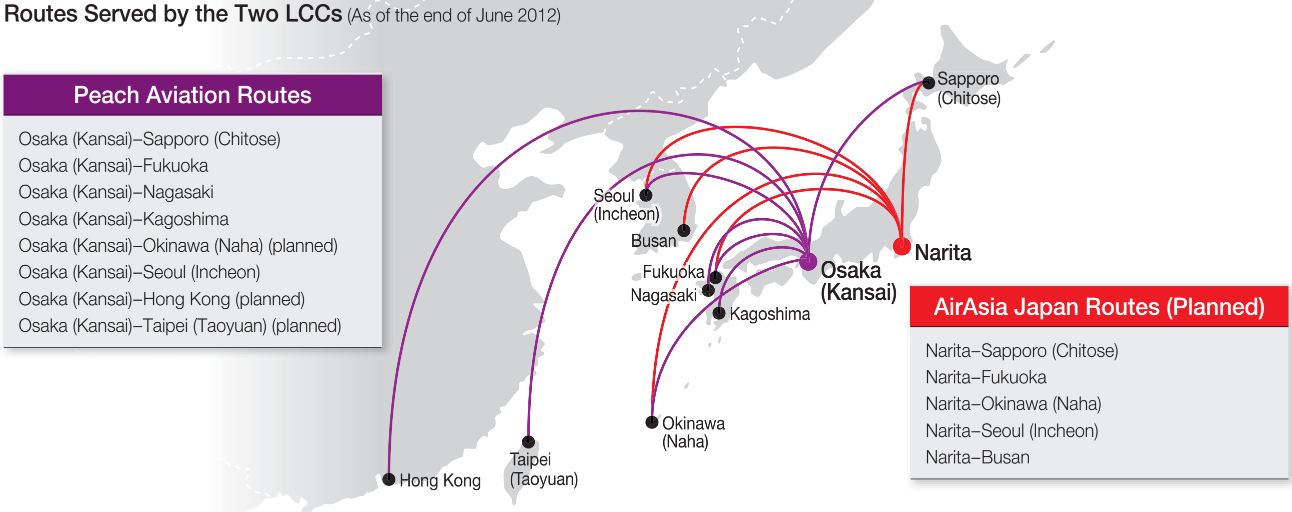
Based on this research and study of the LCC business and changes in the operating environment such as increases in arrival and departure slots, the ANA Group has been promoting the creation of strategies and approaches for the full-scale launch of an LCC in the Japanese market. As a result, we decided to target market share as the first mover by establishing our own LCCs ahead of our competitors with a sense of urgency.

We then compiled studies covering LCC establishment for the Tokyo-area market, the largest air transportation market in Japan and our number one target, as well as for the promising Kansai-area market centered on Japan's second-largest city, Osaka. Based on our understanding of the need to build LCC operations attuned to the characteristics of the markets they serve, we decided to establish separate LCCs for the Tokyo and Kansai areas because of considerations including differences in market environment and efficient resource deployment.

First, we launched an LCC based at Kansai International Airport, which is well suited to the LCC business model of maximizing aircraft utilization because it permits flight operations 24 hours a day. Thus Peach was born, Japan's first LCC and a new brand established using the key concept of "Cool Japan." In establishing the company, we believed that Peach required independence and autonomy because it had to take on the challenge of a new business and sweep away conventional values and ideas. As a result, we limited our capital participation to less than 40%, but we hold the position of largest shareholder.

Subsequently, encouraged by expansion in Tokyo-area arrival and departure slots and deregulation, we launched an LCC based at Narita Airport. The Tokyo area is home to more than 30 million people and therefore features enormous latent demand. At the same time, we knew we had to develop the business even more quickly than with Peach because we assumed that competition would intensify with the entry of other LCCs. Targeting rapid business expansion by leveraging the power of an existing LCC brand, we established AirAsia Japan in collaboration with Asia's largest LCC, AirAsia Bhd., which was seeking an opportunity to enter the Japanese market. We structured the company as a subsidiary to secure high-volume demand in the Tokyo area and to strengthen our control over management.

Routes Served by the Two LCCs (As of the end of June 2012)



LCC Business Model

We considered the business model as we studied the establishment of LCCs, focusing on totally simplified operations in all areas other than safety. Specifically, our model embraced the following characteristics.

- Flight operations primarily using a single type of narrow- or medium-body aircraft
- Maximum aircraft utilization through point-to-point routes with the absolute minimum turnaround at airports
- Simplified sales
  (reservations and sales limited to the Internet)
- Simplified check-in and boarding procedures
  (automated procedures)
- Simplified in-flight service and charges for value-added service
  (such as baggage fees and charges for in-flight beverages)
- Straightforward fares

We deployed this simple, low-cost, high-frequency flight business model for the two LCCs to give them autonomous operations that preclude influence by the parent company to the greatest extent possible.

From a Full-Service Carrier Strategy to a Multi-Brand Strategy

The ANA Group has launched LCCs while restructuring its overall strategy for the future, including its conventional business strategy as a full-service carrier.

Our multi-brand strategy reconciles the full-service carrier and LCC businesses. We will operate our network and provide products and services by delineating full-service carrier and LCC operating features, targets and markets.

Our full-service carrier will concentrate on setting flight operations with convenient times in mind, enhancing its network, expanding medium- and long-haul routes to Europe, North America and elsewhere, and providing products and services that target business users and other high-yield passengers. On the other hand, our LCCs operate frequent flights on point-to-point routes, enhancing domestic and short-haul international routes targeting primarily leisure travelers as well as creating new demand among cost-conscious passengers who formerly did not travel by airplane.

Issues to Be Addressed

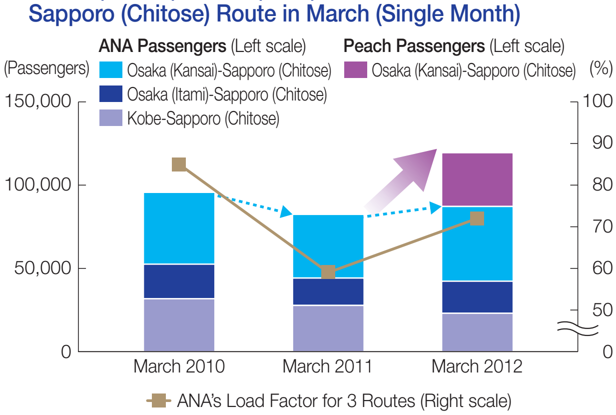
Peach began operations in March 2012, and has performed even better than initially expected. AirAsia Japan has been busily preparing for its launch in August 2012. Both companies are targeting immediate business expansion of domestic and short-haul international routes, and will consistently take on challenges with a strong commitment to developing new business in Japan.

However, several adjustments in our operating environment are necessary for the LCC business to develop and expand in Japan.

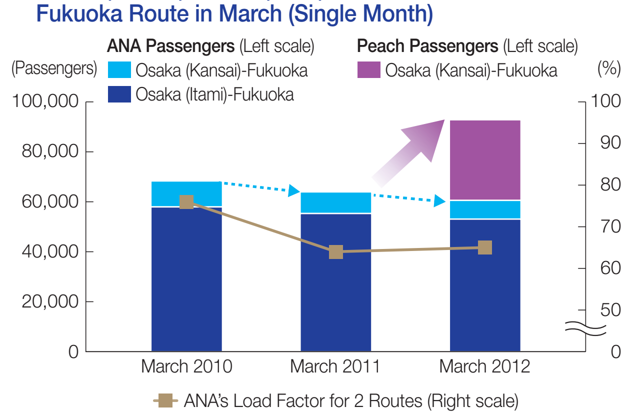
The first is deregulation, which led to the development of LCCs overseas and their creation in Japan. We expect that further deregulation would help lighten costs unique to Japan

Results of Competing Routes on ANA and Peach

▶ Osaka (Kansai)/Osaka (Itami)/Kobe-Sapporo (Chitose) Route in March (Single Month)



▶ Osaka (Kansai)/Osaka (Itami)-Fukuoka Route in March (Single Month)



and enhance the global competitiveness and evolution not only of LCCs, but also of Japanese airline companies.

Airport access is another key issue. The launch of LCCs has spurred the development of low-cost access to Narita Airport and Kansai International Airport via airport buses and other services, but raising convenience through means including late-night and early-morning transportation service remains an issue.

In addition, LCCs need airport terminal facilities that can be used at lower costs. Kansai International Airport and Naha Airport will open dedicated LCC facilities from autumn 2012, and Narita Airport will open a dedicated LCC terminal in 2014. At Naha Airport, for example, the ANA Group will implement a short-term, low-cost conversion of its former cargo facilities for use as passenger facilities.

Securing pilots is a medium-to-long term issue. LCCs need about 10 pilots per aircraft. We are currently recruiting experienced personnel mainly from other airlines, but in the future we will need to train a large number of pilots. Significant shortages of pilots are also forecast in the expanding air transportation markets of Asia. Accordingly, in December 2011 the ANA Group established panda Flight Academy Co., Ltd., which was the first company in Japan to use flight simulators to train pilots. We are enabling future business expansion by training and securing pilots, and are already training Peach pilots to operate other specific aircraft.

The last issue is cost. In the LCC business, cost competitiveness equals price competitiveness. The ability to build a system for low-cost operations separates the winners from the losers. While implementing our own programs and initiatives for reducing costs, we need to secure a certain business scale through expansion and reduce unit cost. We are working vigorously and with a sense of urgency to build our businesses ahead of other airlines.

Advancing Our LCC Strategy and Deepening Our Asia Strategy

Peach's track record since it started operating demonstrates that many of its customers traveled on an airplane for the first time or switched to Peach from other modes of transportation. Many customers have also told us that they intend to use Peach again. We therefore believe that LCCs have excellent potential to create new demand, and that we can generate strong growth by increasing aircraft and expanding routes.

Our two LCCs began operating with a focus on domestic routes. Once they reach a certain level of route coverage, they will shift their route development to regions that the ANA brand does not serve, including inbound and outbound Japan flights on short-haul international routes.

Over the long term, future population trends and other considerations suggest that relying on the Japanese market will limit our growth potential. We are therefore aiming to capture brisk demand in Asian markets with strong growth potential.

The ANA Group has already moved to capture customer demand from Asia to North America through alliances and joint ventures. We will continue to thoroughly analyze our business through our full-service carrier brand and the LCC brands, and are targeting further growth for the ANA Group as a whole by capturing customer demand in Asia.

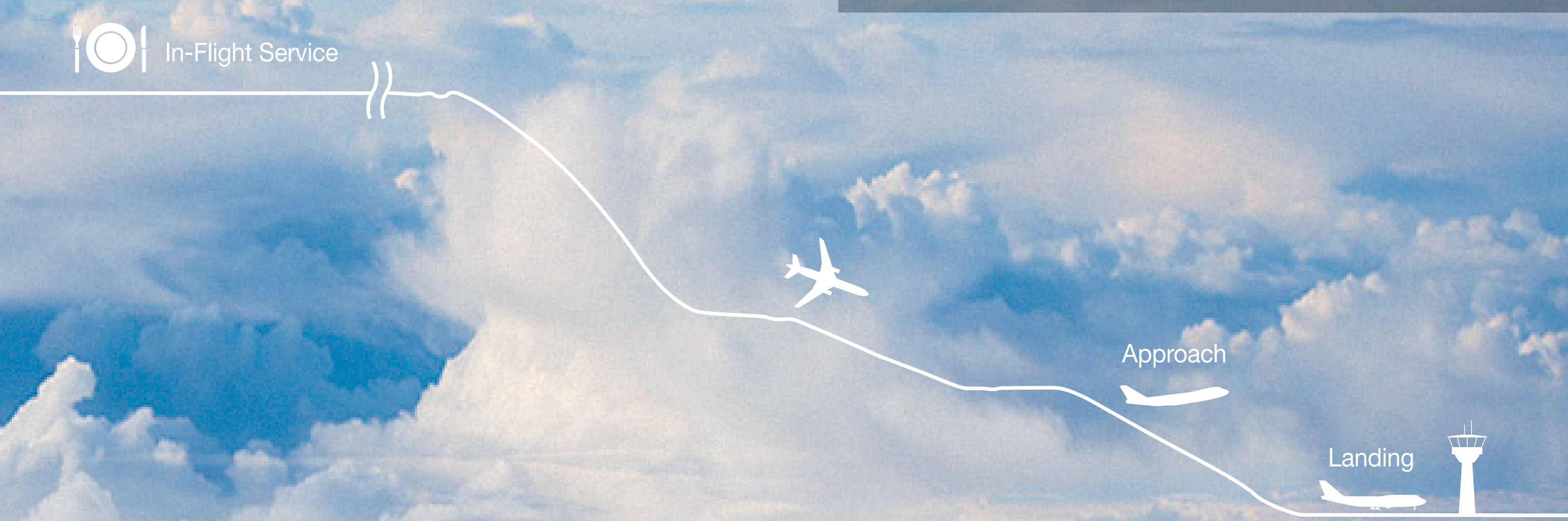
“We will continue to take on the challenge of using innovative measures to create new demand through the LCC business and other means.”

Kazunari Ohashi
Director
Strategic Planning-Asia Pacific

Cruising

... We introduce our initiatives for continuous growth together with society.

The ANA Group regards CSR as the basis for corporate activities that realize the ANA Group Corporate Philosophy. With safety as our priority mission and respect for international norms as a global corporate group, the entire ANA Group constantly implements initiatives to respond appropriately to society's expectations and demands.



The ANA Group's CSR

Our Aims for CSR

We aim to realize the ANA Group Corporate Philosophy and create peace of mind and confidence among all stakeholders by fulfilling our social responsibilities centered on safety in all of our operations. Toward the achievement of these goals, we have codified the behavior expected of each employee into the ANA Group Code of Conduct.

http://www.ana.co.jp/eng/aboutana/corporate/philosophy/index_sm.html

ANA Group Corporate Philosophy

Our Commitments

On a foundation of security and reliability, the ANA Group will

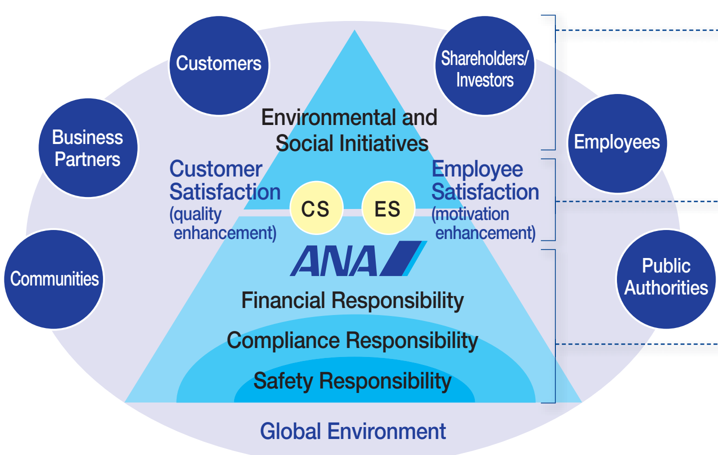
- Create attractive surroundings for customers
- Continue to be a familiar presence
- Offer dreams and experiences to people around the world

Course of Action

1. Maintain top priority on safety
2. Customer oriented
3. Contribute to society
4. Embrace new challenges
5. Debate with active interest, decide with confidence, and execute with conviction
6. Build a powerful ANA Group by effectively using human resources and focusing on teamwork as a competitive strength

Basic Approach

Through communication with all stakeholders, the ANA Group aims to accurately grasp the expectations and demands of a diversifying society, and contribute to its sustainable development while respecting international norms as a global corporate group.



Activities That Raise Corporate Value Using the ANA Character

We proactively implement initiatives that address environmental and social issues with the aim of creating a society that can pass along its heritage to the future.

Improving Customer and Employee Satisfaction

We concentrate on activities that protect and increase corporate value in working to raise customer and employee satisfaction.

Activities That Protect Corporate Value to Ensure Peace of Mind and Confidence

We prioritize safety in our business activities and ensure compliance. We thoroughly manage risk in our business operations and fulfill our economic responsibility.

THE GLOBAL COMPACT
WE SUPPORT

Participation in the UN Global Compact

In May 2008, the ANA Group signed the United Nations Global Compact, which calls for companies to observe ten principles in the areas of human rights, labor, the environment and anticorruption. Going forward, the ANA Group will make the most of its participation in the United Nations Global Compact by taking the initiative to conduct business activities as a good corporate citizen.

Relationships with Stakeholders

The ANA Group highly regards and values its relationships with stakeholders in conducting corporate activities. In order to meet our stakeholders' expectations for security and reliability, we incorporate the needs and opinions of stakeholders into our corporate activities through dialogue as we promote CSR.

	The ANA Group's Responsibilities and Initiatives	Major Means of Dialogue
Customers	◆ To achieve the ANA Group brand vision of "Creating Personal and Positive Experiences with Our Customers," we conduct initiatives committed to enhancing customer orientation and maintaining flight safety. ◆ We pursue customer satisfaction with high-level products and services as well as human service that exceeds customers' expectations.	• Customer Service Desk • ANA Disability Desk for passengers who require assistance • Customer Satisfaction Survey • Written in-flight comments • Group interviews
Shareholders and Investors	◆ To increase shareholder value, we are constructing a strong enterprise that is able to generate stable earnings and provide a continuous return on investment. ◆ We conduct timely and appropriate disclosure of corporate information.	• General Meeting of Shareholders and investor presentations • Investor relations activities • Questionnaires about socially responsible investment • Publication of the *ANA VISION* booklet
Business Partners	◆ We conduct fair trading while maintaining legal and regulatory compliance based on the ANA Group Purchasing/Transaction Guidelines ◆ We prepare mechanisms to strengthen cost competitiveness and compliance. Through measures such as the creation of supply chain guidelines, we promote mutual quality improvements and CSR with our business partners.	• Briefings and training • Meetings for opinion exchange • Questionnaires for business partners • Worksite tours
Employees	◆ We develop human assets able to act globally while sharing the values that are the strength of the ANA Group. ◆ We promote diversity that enables employees to display their capabilities through motivated work. We support independent personal growth and diverse working styles for employees irrespective of age, gender, or nationality, and with respect for their human rights.	• Intranet, web-based internal newsletter • Employee Satisfaction Survey. • Internal reporting desk (Helpline Desk) • Labor and management conferences • Education and training
Public Authorities	◆ We fulfill all legal and regulatory compliance, tax and other obligations. ◆ We actively support solutions aimed at the sustainable development of Japan and global society, through means such as maintaining and expanding the distribution of goods and transport of people on domestic routes to revitalize regional economies.	• Activities through industry organizations and the IATA • Providing opinions in government councils • Joint public-private sector projects
Communities	◆ As a corporate citizen acting in step with society, we conduct initiatives aimed at resolving social issues while interacting with NGOs, NPOs and communities. ◆ We conduct activities to encourage reconstruction after the Great East Japan Earthquake and other social contribution activities in line with the ANA Character, guided by the keywords "supporting people through air travel," "the environment," and "community."	• Volunteer activities • CSR lectures and educational support for the next generation • Social contribution activities in cooperation with NGOs and NPOs
The Environment	◆ We humbly recognize the environmental impact of our business activities, and implement initiatives that reflect our constant attention to what we can do for the sake of people and the Earth to achieve a sustainable society. ◆ We are aiming to be one of the world's leading eco-friendly airlines by achieving the objectives of our new medium-to-long-term ecology plan, ANA FLY ECO 2020.	• Various programs to protect the environment • Environmental communication activities • Disclosure of information through our annual report, website, etc.

Inclusion in Socially Responsible Investment (SRI) Indexes

ANA continues to be selected for inclusion in the FTSE4Good Index, an internationally recognized SRI index. For inclusion, companies must meet evaluation criteria in the following areas: environmental conservation activities, positive relationships with stakeholders, and support of human rights. In addition, ANA is included in other major indexes such as the Morningstar SRI Index "MS-SRI" and the Dow Jones Sustainability Asia Pacific Index.

(As of March 2012)

FTSE4Good Index Series

MS-SRI

Dow Jones Sustainability Indexes Member 2011/12

Promoting CSR Awareness across the ANA Group

CSR Promotion Structure

The ANA Group's top management displays leadership in promoting CSR through a structure consisting of a Conference and Committee led by the Group CEO and chaired by the officer in charge of CSR promotion. The CSR Promotion Committee directly under the CEO is convened three times a year to deliberate on CSR guidelines and measures, and to check the status of progress. In key divisions and Group companies, we appoint CSR Promotion Leaders who undergo training twice a year. These leaders promote CSR measures in the workplace and work to raise overall awareness. (See "Corporate Governance" on page 78 for details.)

Promotion of Activity by Every Employee

To promote responsible conduct by every employee, we provide ongoing opportunities to further enhance awareness and knowledge of CSR. In the fiscal year ended March 2012, we conducted group training 45 times, including overseas sessions. We have also created videos in Japanese, English and Chinese that explain the ANA Group's CSR approach and provide specific examples of conduct in easily understood terms. We distribute and use these materials at all workplaces in Japan and overseas. In addition, we conduct an annual groupwide survey of employees' CSR awareness to evaluate the Group's strengths and areas of improvement ahead of the next fiscal year's CSR promotion activities.

Inspection of Activities Based on ISO26000

To ensure global standards-based CSR activities, the ANA Group employs ISO26000, a set of international guidelines for CSR. In the fiscal year ended March 2012, we conducted interviews on the status of activities, centered on the head office. We have identified areas where we see a need for further strengthening, such as supply chain management and methods for dialogue with stakeholders, and are now working to address them. We will roll out such initiatives across all Group companies, and practice the CSR activities demanded by a global society in a unified groupwide manner.

▶ Seven Core Subjects of ISO26000

Note: A comparison table of the ANA Group's CSR initiatives classified according to the seven core subjects of ISO26000 is available on the website.

Initiatives for the ANA Group's Business Continuity Plan (BCP)

At the time of the Great East Japan Earthquake, prompt decision-making supported by our crisis response manuals allowed us to quickly resume almost all regular flights. While ground transportation remained paralyzed, we operated special relief flights to the Tohoku area while also continuing transport of passengers and relief supplies to affected areas on regular flights.

The ANA Group recognizes that, as a part of the public transport infrastructure, we are strongly expected to continue regular air transport even during emergencies, and to support the transport of relief supplies and other items to affected areas. For that reason, we have readied and regularly review comprehensive manuals for hypothetical large-scale disasters.

In the fiscal year ended March 2012, our actions included a thorough review of our advance preparations, strengthening of our facilities management, and expansion of communications methods. These initiatives were all based on our experience in the Great East Japan Earthquake. Amid strong concerns over the potential occurrence of an earthquake with its epicenter in the Tokyo area and a chain of earthquakes from the Tokai to Nankai regions, we will push ahead with unceasing effort to secure safe air service and continued operation under any conditions through regular drills and other measures.

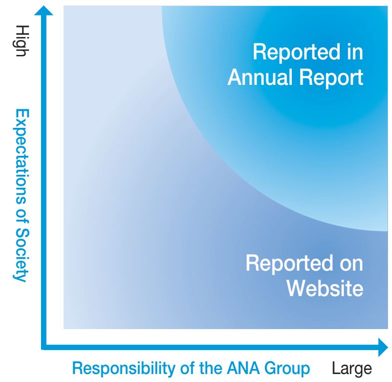
Backup facility

Disaster response simulation drill

Items Published on the Website

On the CSR-related pages of Annual Report 2012, reporting focuses on initiatives that are strongly connected to the expectations of society and the responsibilities of the ANA Group. The CSR-related pages on our website provide more detailed information, as well as items not included in the Annual Report. We will continue to update the website and to make efforts toward timely disclosure of information.

http://www.ana.co.jp/eng/aboutana/corporate/csr/



▶ Main Items Published on the CSR Website

The ANA Group's CSR	Commitment from Management / Corporate Philosophy / ANA Group Code of Conduct* / Basic Approach / Relationships with Stakeholders / CSR Promotion Structure and Overview of Initiatives / Inspection of Activities based on ISO26000 / Participation in the UN Global Compact / Inclusion in Socially Responsible Investment (SRI) Indexes / Third-Party Comments / Response to Third-Party Comments* / Comparison Tables for ISO26000* / Activity Outcomes Data*
Safety Initiatives	Safety Principles / Course of Safety Action / Medium-Term Target and Status of Specific Activities / Handling of Accidents and Incidents / Safety Education* / Safety Report*
Relationship with Customers	Brand Vision / Targets and Status of Specific Activities / Mechanisms for Improving Customer Satisfaction / Improvement Activities Based on Customer Feedback* / For Passengers Who Require Assistance* / Universal Design* / Customer Information Management*
Relationship with Employees	Human Resources Philosophy / Human Assets Strategy / Developing Global Human Assets / Diversity and Inclusion / Promotion of Work-Life Balance* / Cultivating People Who Can Support the Group* / Inculcating Group Culture* / Human Rights Initiatives* / Promotion of Employment of People with Disabilities* / Employee Safety and Health* / Labor-Management Relations*
Relationship with Business Partners	Basic Policy / Supply Chain Initiatives / Quality and Safety Improvement / Thoroughgoing Fair Competition and Transactions* / Protection of Intellectual Property*
Relationship with Society	Basic Approach / Activities to Encourage Reconstruction* / Forestation and Coral Regeneration Projects, and Other Environmental and Social Contribution Activities* / Other Activities to Contribute to Local Communities*
Environmental Initiatives	Environmental Principles / Medium-Term Targets and Results / ANA FLY ECO 2020* / Initiatives to Reduce Our Environmental Impact / Biofuel Initiatives / Environmental Compliance* / Countermeasures for Air Pollution, Chemical Substances and Noise* / Promotion of Resource Conservation* / Environmental Communication* / Carbon Offset Program* / Initiatives at Worksites*
Corporate Governance	Fundamental Approach / Corporate Governance System / Risk Management and Compliance / Business Continuity Plan (BCP)*

* Asterisks indicate items that are published only on the website or are introduced in more detail on the website. The content of the website is subject to change without notice.

Takuei Maruyama
Partner, CPA
PricewaterhouseCoopers Co., Ltd.

Third-Party Comment

With the quantitative and geographic expansion of corporate activities, the environmental and social issues that corporations face directly and indirectly reveal ever more complex aspects through interaction among issues such as human rights, depletion of resources and climate change. I can commend the ANA Group, which aims to strengthen its competitiveness in global markets under these conditions, for its comprehensive verification of its CSR activities through assessments using the ISO26000 international guidance for CSR, and its promotion of information disclosure. However, these assessments are only one step in CSR activities. Other leading companies use the results of assessments to sort out major issues and subject them to the PDCA cycle, and to advance initiatives to strengthen CSR management for greater sustainability.

Going forward, I have hopes that the ANA Group will deepen CSR activities that are truly unique to ANA while broadening its use of ISO26000-based assessments throughout its Group companies and clarifying the issues it should address and its direction through dialogue with stakeholders.

ANA Group Safety Principles

With air transportation as its core business, the ANA Group makes safety initiatives the foundation of management. Toward that end, we have established the ANA Group Safety Principles as a pledge shared by all executives and employees. Our Safety Principles declare our intent to thoroughly pursue safety through assured mechanisms and through the actions of each officer and employee, with mutual understanding and respect.

ANA Group Safety Principles

Safety is our promise to the public and is the foundation of our business.

Safety is assured by an integrated management system and mutual respect.

Safety is enhanced through individual performance and dedication.

Course of ANA Group Safety Action

To ensure that the actions of our officers and employees prioritize flight safety based on our Safety Principles, in the fiscal year ended March 2011 we enacted the Course of ANA Group Safety Action as specific standards of conduct. A set of guidelines for putting safety concerns into practice, the Course of ANA Group Safety Action was formulated through over 1,000 briefing sessions and discussions at Group workplaces, with participation by more than 12,000 Group employees. To disseminate the Course of ANA Group Safety Action throughout the Group, in the fiscal year ended March 2012 we created teaching materials incorporating actual case studies and conducted regular training.

Course of ANA Group Safety Action

1. Strictly observe rules & regulations, and all actions will be grounded on safety.
2. As a professional, place safety as the #1 priority while keeping in mind your health.
3. Address any questions and sincerely accept opinions of others.
4. Information will accurately be reported and shared in a timely manner.
5. Continuous self-improvement for prevention and avoiding re-occurrence.
6. Lessons learned from experiences, and increase skills for risk awareness.

Achieving Our Medium-Term Target for Safety

The ANA Group carries out diverse, industry-leading safety promotion activities such as the airline industry's first internal safety culture evaluation initiative. From the fiscal year ended March 2011, we have further heightened our initiatives to set "Ensure the World's Highest Safety Standard" as our medium-term target for safety. Our aim is to further strengthen our foundation of safety-first corporate culture and to achieve goals through initiatives built on the two pillars of "Personnel Training in Support of Safety" and "Organization-Building in Support of Safety."

Medium-Term Target for Safety: Ensure the World's Highest Safety Standard

Four Points

① Development and Dissemination of a "Course of Action" Supporting Safety

② Personnel Training in Support of Safety

③ Organization-Building in Support of Safety

④ Enhancing the ANA Group's Safety Promotion System

ANA Group Safety Promotion Plan for the Fiscal Year Ended March 2012 and its Major Achievements

To achieve our medium-term target for safety, "Ensure the World's Highest Safety Standard," we have formulated a medium-term plan to promote safety. In light of factors in our operating environment during the fiscal year ended March 2012 such as the expansion of international routes, the introduction of a new aircraft model, the expansion of alliances, and the merger of ANA and Air Nippon, we formulated the ANA Group Safety Promotion Plan, and focused on personnel training to disseminate the Course of ANA Group Safety Action and organization-building to promote improvement in employee skills.

Personnel Training Initiatives

To further heighten awareness of safety as our top priority, we have undertaken a variety of activities that included distributing cards listing our Safety Principles and Course of ANA Group Safety Action, creating and internally distributing booklets with case studies of accidents, creating safety education materials introducing case studies via video, promoting public awareness via our "Safety Caravan," and holding safety events during Aviation Safety Promotion Month. Moreover, we surveyed the safety awareness of Group employees in the third biennial Safety Culture Evaluation with questionnaires to measure the effects of our awareness activities. We analyze the relationship with the results of our Employee Satisfaction Survey, and use the information in personnel training.

In addition, we use the ANA Safety Education Center (ASEC) to expand opportunities for all Group employees to consider what they can do on behalf of aviation safety and to implement it in their daily work.

Organization-Building Initiatives

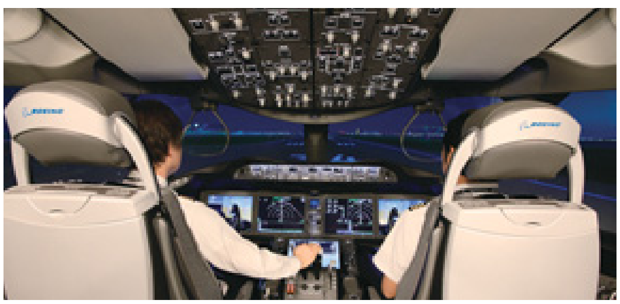
To reduce "near-miss" incidents, we have set up a mechanism for active and voluntary reporting when they occur. Our expert assessors evaluate and analyze reported incidents to plan measures to prevent recurrence. Moreover, through external audits by administrative authorities and the International Air Transport Association (IATA) and internal Group safety audits, we identify points for improvement from perspectives inside and outside the organization. In the fiscal year ended March 2012, we reviewed our training curriculum to improve the skills of assessors and internal auditors, taking measures such as introducing regular information exchange meetings. As we work to ensure the world's highest safety standard, we will continue observing the systems of foreign airlines and surveying and studying advanced initiatives for use in building new organizations in the ANA Group.

Inside the ANA Safety Education Center (ASEC)

Initiatives and Achievements by Area for the Fiscal Year Ended March 2012

Flight Operations

In ensuring safety during flights, much is entrusted to the skill of pilots. During the fiscal year ended March 2012, while conducting stricter management of pilot qualifications, training status, health status and other factors, the entire Group took initiatives to improve its safety management structure. For example, we performed detailed analysis of incident probability based on sources including captain's reports, and used this information to improve education and training for pilots. In addition, by developing training methods that bring pilot training closer to actual operations and enhancing support systems for pilot skill management, we worked to improve everyday safety and operational quality.



Training in a Boeing 787 simulator

Operational Management

We held meetings for employees to exchange ideas about possible incidents during airport operations as we focused on activities to ensure that the Course of ANA Group Safety Action spreads and takes root, and to raise safety awareness among all parties. By systematizing accident prevention activities and rolling out initiatives at all our domestic airports since the fiscal year ended March 2010, the number of prevented incidents reported has risen year by year. By getting employees to keenly sense the possibility of accidents and to report on them, we share potentially unsafe events throughout the organization. We aim for operational safety through the everyday awareness of all employees of potentially unsafe events.

Educational materials for employees to raise safety awareness

Inflight Services

The primary duty of Inflight Services is to secure the safety of passengers. In the fiscal year ended March 2012, the department strengthened voluntary reporting of near-miss incidents on flights. Based on an analysis of submitted reports, it set safety themes for specific periods and shared countermeasures with cabin crew while conducting reviews of work procedures. The department also regularly promotes safety awareness through direct interaction with the Senior Vice President of Inflight Services and other parties, and through discussions in meetings. Inflight Services introduced electronic tablets in March 2012 to further enhance education for cabin crew, and raised the frequency and quality of education.

Introduction of electronic educational materials (tablets)

Engineering and Maintenance

In the fiscal year ended March 2012, groupwide maintenance departments worked to train personnel and build an organization to improve safety and quality. For personnel training, we established and reviewed education programs of all types, and nurtured key persons to support quality. For organization-building, we worked to strengthen measures to prevent incidents by implementing inspections at each workplace based on workplace monitoring by on-site managers and on information regarding near-miss incidents.

In addition, aside from on-site work, we have also introduced self-checklists for management tasks in maintenance work, and a system of audits by third-party organizations. Moreover, to strengthen disaster prevention activities, we began experimental safety training. The training, which raises awareness of workplace safety through mock experiences of latent workplace dangers, is expected to have substantial results as a new method of safety training.

Experimental safety training

Aircraft Accidents and Serious Incidents in the Fiscal Year Ended March 2012: Investigation of Causes and Countermeasures

In the fiscal year ended March 2012, there were seven cases of aircraft accidents and serious incidents involving the ANA Group. Although the serious incidents included two events that were not caused by the ANA Group, the number of cases exceeded the norm. In particular, the September 6, 2011 serious incident involving ANA140, the February 5, 2012 aircraft accident involving ANA731, and the June 20, 2012 aircraft accident involving ANA956* were widely reported in the media. The ANA Group deeply regrets the concern and inconveniences that resulted.

Item	Time and date, etc.	Overview of incident	Countermeasures, etc.
ANA140 serious incident	**Time and date:** Approx. 22:50, September 6, 2011 **Flight:** ANA140 **Aircraft:** Boeing 737-700 **Passengers and crew:** 112 passengers (including 2 infants); 5 crew; 117 total	During flight, when the captain returned to the cockpit after temporarily leaving, the co-pilot activated the switch for the rudder instead of the cockpit door switch, and as a result the craft became abnormally positioned, descended about 6,300 feet, and its speed exceeded the operating limit.	Based on the incident, from October 17 to November 17, Flight Operations conducted urgent safety check flights for self-checks based on a checklist listing items easily mistaken, targeting groupwide flight crews.
ANA731 aircraft accident	**Time and date:** Approx. 09:05, February 5, 2012 **Flight:** ANA731 **Aircraft:** Airbus A320 **Passengers and crew:** 160 passengers (including 1 infant); 6 crew; 166 total	During landing at Sendai Airport, the aircraft was recognized as not having landed and a go-around was performed. However, the aircraft had actually contacted the ground, and the stern section of the craft was damaged due to contact with the runway.	Based upon this incident, in a response targeting all flight crews, Flight Operations implemented comprehensive safety check flights for approximately one-and-a-half months from February 10 to March 31 by leader crew and other managers to provide checks by persons other than pilots, and performed thorough and detailed corrections of identified deficiencies.

In the event of aircraft accidents and serious incidents, the Transport Safety Board of the Ministry of Land, Infrastructure and Transport of Japan conducts investigations. While actively cooperating with investigations by public organizations, the ANA Group also conducts internal investigations, investigates causes and gathers proposals to prevent recurrence. The Group's efforts will not stop with thorough implementation of these countermeasures, and will extend to groupwide activities to further heighten safety standards.

* Because the cause of the ANA956 air incident is currently under investigation, details will be reported as appropriate on ANA's website.

Akira Saito
Director
Research Institute for Social Safety

Third-Party Comment

While it is easy to say, "We're working for safety," flawlessly maintaining safety is no easy matter. During an extended period with few accidents or problems, lapsing into the self-satisfied attitude of "We're safe enough" and slacking off in safety initiatives becomes a possibility. The above accidents and major incidents can be seen as signs of organizational self-satisfaction and laxness.

Companies that go beyond platitudes to actually maintain safety are characterized by each employee's continuing stance of always asking himself or herself, "Are we really safe?" Because the self-satisfied, lax attitude of a single person can be the cause of a major accident or problem, the two points "individual awareness" and "continuity" are vital in safety initiatives.

The ANA Group continues to inspect organizational safety issues through means such as questionnaires for all employees, including the president and officers, to evaluate its safety culture. As part of the ongoing questioning of oneself, moving ahead without making the safety culture evaluations a mere formality requires facing up to the strong expectations set by society regarding safety, and resolving issues on one's own.

As the ANA Group interacts with its customers and other diverse stakeholders, I expect it to firmly respond to the expectations of society, to continue to review its initiatives, and to continue to maintain a level of safety that leads the world.

CSR Special Feature:

Ensuring the World's Highest Safety Standard

Flight Crew

I am a Boeing 787 co-pilot. As the launch customer for the model, the ANA Group worked with Boeing to resolve many issues to develop a state-of-the-art passenger aircraft. Even after introducing the aircraft, the ANA Group continues to make improvements for safer flight operation methods. Owing to various restrictions arising from its complex weather conditions and the restricted airspace, Japan is considered a difficult country for aviation. Pilots must have abilities at the world's highest level in order to acquire national qualifications, and we maintain our qualifications and skills through ongoing examinations. In addition, as a company pilot, I am working to create new flight methods for an appropriate response in the event of a large-scale disaster. I will continue my studies to offer safer flight operations while embracing new technologies, based on the flight operation skills passed down over 50 years of ANA's corporate culture and safety.

Yuzo Nakai
Co-Pilot
B787 Office
Flight Operation Center

Operation Management Staff

I am in charge of meteorology in Operations Management, where I collect the latest data from domestic and overseas weather forecasts to provide aircraft and related departments with timely information that affects flight operations. In particular, to minimize the impact from approaching blizzards, typhoons and developing low atmospheric pressure that can have a major impact on flights, I play a role in our response by conducting detailed analysis of original simulations based on data from the Japan Meteorological Agency, in addition to referencing past performance data. Moreover, in daily operations I select altitudes and routes based on analysis of airspace where turbulence is predicted, and also carefully judge aircraft storage and service advisability when faced with typhoon-strength winds. Meteorological information from external organizations is advancing every year, and we plan to make full use of such information through system improvements, as well as staff education and other activities, as we work to improve flight quality and safety.

Kei Sakamoto
Flight Operation Database Management Team
Operations Management

Airport Passenger Services Staff

I'm currently the Quality Supervisor for our Haneda Airport passenger services. As an airport staff member, during boarding procedures and other activities I carry out a cycle of searching for hidden dangers and deficiencies in our operations, proposing improvements for the problems I find, implementing the measures and verifying the results. Airport staff must be very sure to check every boarding pass at the gate, accurately determine the number of boarding passengers, notify staff about the latest information on dangerous items that cannot be carried on board, and thoroughly check these items on the spot. I work to collect and share information about procedures and behaviors that may lead to human error in order to help staff members identify problems quickly. By continuing to predict and prevent risks throughout our work, we aim to raise our safety quality to even higher levels.

Mami Nishimura
Passenger Services
Tokyo Airport Office

Under the ANA Group Safety Principle, "Safety is our promise to the public and is the foundation of our business," we practice responsible conduct with integrity as we create peace of mind and confidence in the ANA Group.

Cabin Attendant

As a Safety Leader, my role is to carry out safety awareness education and safety promotion activities for other crew members. The number of boarding passengers, weather, flight time, crew composition, aircraft model and other variables create a very different environment for every flight. For this reason, on every flight the crew shares measures against possible risks arising from weather and other variables, and conducts reviews and improvements after flights. We believe it is important to stay on top of the latest safety information and use it in risk management. To ensure safe, secure operations on daily flights, I confirm others' understanding based on our manuals, give alerts in accordance with conditions, and proactively report near-miss incidents and my observations about safety. In addition, the organization as a whole implements various initiatives to improve safety and quality. As each person reliably executes his or her duties to improve our performance as a team, we aim to ensure the world's highest level of safety.

Miyuki Tenokuchi
Cabin Attendant
Inflight Services

Maintenance Staff

I do heavy maintenance of aircraft at the Airframe Maintenance Center at Haneda Airport. The ANA Group grades all maintenance work according to difficulty and criticality, and work is performed only by state-certified maintenance staff with the aim of aircraft that are absolutely safe. In addition, based on the premise that mistakes can happen even when you pay attention, we have also introduced an inspector system for third parties to check the quality of maintenance work. Also, all maintenance staff share and practice key maintenance points based on the knowledge and experience built up within the Group over many years. As a maintenance staff worker, I remember to stop at key points throughout the work flow and conduct numerous checks until I am satisfied so that I can finish each job with confidence.

Kensaku Shimada
Airframe Maintenance Section
Airframe Maintenance Center
Engineering & Maintenance

Ground Handling Staff

For safe and accurate ground handling work, we take precautions against accidents and problems, prevent their recurrence and carry out performance checks. Precautions include training to eliminate human error, thorough use of point-and-call checks in our work, and procedures for accurate work even under time restrictions.

When problems occur, we promptly confirm the situation and take steps to prevent a recurrence. After a month, we check whether countermeasures have been thoroughly implemented and are effective at the airport where the problem occurred, as well as at other airports. Handling changes in step with changes in the environment. I therefore aim to create a framework that displays our strong on-site capabilities, repeatedly revising the handling system at each airport from various angles to enable the most appropriate response to even minor changes.

Noriyuki Kodama
Ground Handling Center
Cargo & Ramp Services Support &
Planning, Operations & Airport Services

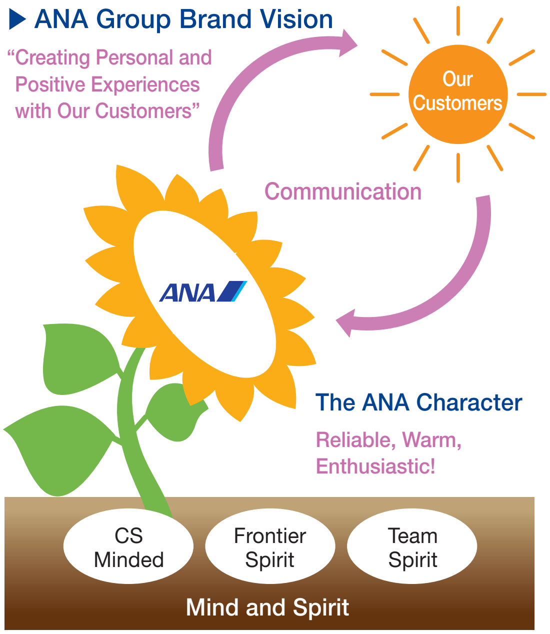
ANA Group Brand Vision

The ANA Group has a brand vision of "Creating Personal and Positive Experiences with Our Customers." Just as a sunflower always faces the sun as it grows, we always face our customers with sincerity. In doing so, we want to grow as we earn their support by continuing to create personal and positive experiences with both our customers and our partners.

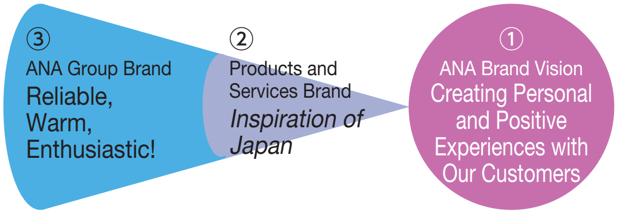
We strive to incorporate customer opinions into our everyday work, and each of our employees goes beyond workplace boundaries to offer customers the results of that commitment. Our employees face customers with sincerity, make prompt improvements where needed, and continue to deliver new value to customers. Through this two-way relationship with customers, we hone the ANA Group's products and services and further raise our brand value.

The ANA Group brand of "Reliable, Warm, Enthusiastic!" expresses the strength of our employees and organization and serves as our foundation. Our products and services brand *Inspiration of Japan* represents our strength in continuously providing advanced and exciting products and services. By placing value on the time and the space where our people, products and services interact with customers, we aim for "Creating Personal and Positive Experiences with Our Customers."

▶ ANA Group Brand Vision



▶ ANA Brand Concept



Aiming to Be Number One in Asia in Quality and Customer Satisfaction

The ANA Group aims to grow into a world-class airline by becoming one of the leading corporate groups in Asia, a market packed with competitors recognized as top-class globally. We always take the customer's perspective to offer "human service" that stays a step ahead of their expectations, in addition to our high-level products and services. In doing so, we aim for the world's highest level of customer satisfaction, recognized by customers not only in Japan but also around the world.

As a specific objective, from the fiscal year ended March 2012 we have been working to earn a 5-Star Airline ranking from SKYTRAX, one of the world's most influential aviation industry evaluation firms. Moreover, as a full-service carrier committed to "the value of time" and to becoming the world leader in on-time flights, we have set the target of again winning the number one spot we earned last year in the FlightStats On-Time Performance Service Awards sponsored by Conducive Technology Corp. of the U.S.

FlightStats On-Time Performance Service Awards Ceremony

SKYTRAX World Airline Awards Ceremony

Specific Initiatives: Developing People Who Demonstrate the ANA Character

Promoting "Positive Variation"

On the service frontline where we interact with customers, uniform service constrained by manuals or rules is not necessarily the best service. We need to accurately observe each customer's preferences and individuality, as well as on-the-spot circumstances, to provide service with speed and flexibility.

The ANA Group empowers employees working on the service frontline, making the most of their spontaneity and individuality so that each can display a kind of adaptability we like to call "positive variation." In addition to providing basic quality in areas such as safety and punctuality, we conduct cross-organizational discussions including back office divisions that support the service frontline, and share the incidents that earned praise from customers so that we can offer service tailored to each customer in every scenario — sales, reservations, the airport, the cabin, landing and elsewhere.

Omotenashi: Japanese Hospitality for Customers from Overseas

International routes are a mainstay of ANA's growth, and we are focusing on initiatives to further raise the satisfaction of customers from overseas. In consideration of other countries' cultures and customs, we aim to provide service with its roots in Japanese-style *omotenashi* (hospitality) to make ANA synonymous with Japanese hospitality.

In addition to conducting in-flight questionnaires, Internet surveys, and group interviews, we also work to improve our products and services with our foreign customers in mind.

In the 2011 World Airline Awards conducted by SKYTRAX, ANA was named number one worldwide in the Best Airport Services category, and number one in the Airline Staff Service Excellence — Asia category. In 2012, ANA was named Best Transpacific Airline.

Contest to Measure Airport Customer Service Skills

The ANA Group holds the Airport Customer Service Skills Contest throughout Japan as a means of evaluating and rewarding the skills called for in the Group airport service policy that provide customers with safe, on-time operations and prompt service that values their time and is a pleasure both to watch and to receive. The theme of the fourth contest, held in the fiscal year ended March 2012, was "Going the extra mile to ensure the highest level of customer satisfaction by taking appropriate action for premium customers." A preliminary round at 47 airports narrowed the race to 22 contestants, who competed based on how well they provided personable service with the ANA Character in responding to various customer needs. Judges from the Group as well as from external companies with an excellent reputation for service were invited to participate and assess the employees from a customer's perspective. By continuing to hold this contest, we hope to offer employees the chance to learn from each other's strengths in a spirit of friendly competition in order to provide "Reliable, Warm, Enthusiastic!" services to customers at all times.

Scenes from the contest

Specific Initiatives: Regularly Providing Advanced and Exciting Products and Services

Based on our products and services brand *Inspiration of Japan,* we develop products and services that enable us to provide new experiences in air travel. With "innovative," "original" and "modern Japan" as our keywords, we are creating products and services that make air travel more enjoyable. These include the introduction of new seats on international and domestic routes, the start of ANA SUITE CHECK-IN[1] for ANA Diamond Service status members and First Class passengers, wines chosen through a rigorous selection process that extended over roughly a half-year, in-flight meals rich in seasonal variety, and original desserts created in collaboration with Pierre Hermé Paris.[2] Service enhancements on domestic routes have included a renewal of Premium Class service from June 2012 and the addition of gourmet coffee in regular seats. In addition, we are working to enhance physical aspects of our service, such as renewing domestic route lounges and enlarging them successively for use by Premium Class customers. By deepening our commitment to customers and further enhancing the ANA brand, we are setting our sights on providing ever-higher quality service.

New Premium Class seats on domestic routes[3]

Original dessert

Notes 1. For First Class passengers of flights operated by ANA on international routes and ANA Diamond Service members
2. Offered in ANA First Class and Business Class on international routes
3. Installed on some Boeing 777-200 aircraft (two aircraft as of July 2012).

Specific Initiatives: Strengthening Customer Relations through Social Networking Services

The ANA Group actively uses the social networking services (SNS) Facebook and Twitter to strengthen communication with customers. Our Japanese-language Facebook page, launched in January 2011, gathered 600,000 followers by the end of March 2012, becoming one of Japan's leading corporate Facebook pages. Online activities have included "user communication" to vote on snacks and the design of products sold in-flight, and a special feature marking the launch of Boeing 787 service. In addition to an English version of the page, we launched Hong Kong and traditional Chinese versions during the fiscal year ended March 2012. As of the end of March 2012, the English page had over 170,000 followers.

Aside from using Twitter to provide flight information since June 2011, initiatives to enhance customer convenience include offering travel information and reservations for domestic and international routes on the smartphone apps *Tabidachi Kukan* and *ANA GLOBAL*.

Furthermore, to convey the attractions of Japan to people overseas amid a slowdown in visitors from abroad, we launched a website titled "Is Japan Cool?" linked to our English Facebook page. To date, the site has attracted about 80,000 participants.

Facebook page

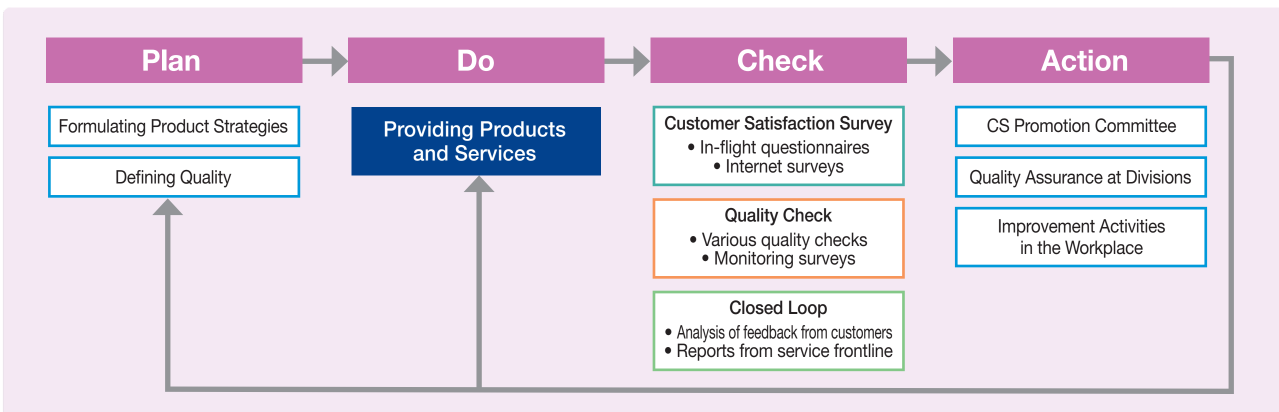
"Is Japan Cool?" website

Mechanisms for Improving Customer Satisfaction

The ANA Group's Service Quality Management

The ANA Group is thoroughly committed to the quality of the products and services it offers to customers. We believe that continuing improvement leads to ever-higher customer satisfaction and the creation of value. For that reason, we have established a cycle of accurately assessing the current status of quality linked to specific improvement measures, and regularly ascertain our progress through the CS Promotion Committee, which is composed of officers from each division under the supervision of the President. We assess quality through the following three mechanisms.

▶ Overview of Service Quality Management



Customer Satisfaction Survey

Every year, over 40,000 customers evaluate their degree of satisfaction with our services from reservations to in-flight and arrival. We then analyze points for further improvement.

Quality Check

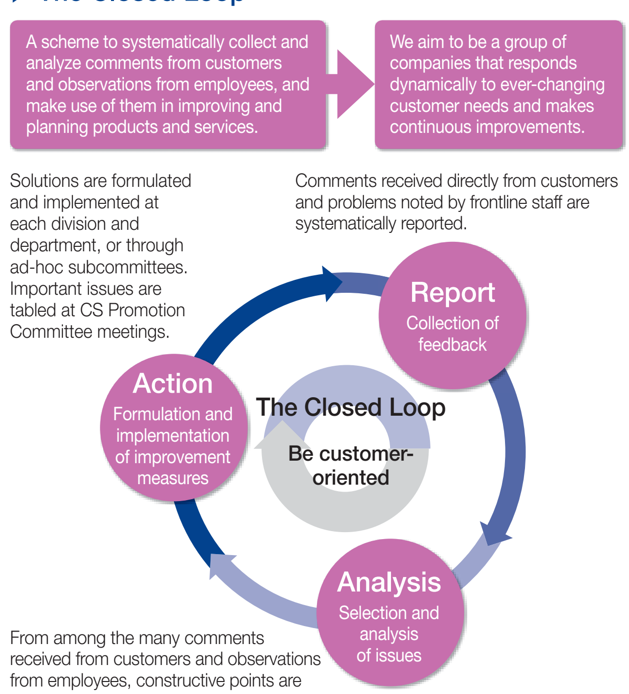
We regularly monitor quality, with our in-house quality management departments and external bodies performing third-party assessments of our status with respect to achieving the service evaluation standards set forth in manuals and elsewhere.

The Closed Loop

We receive valuable input from our interaction with customers on flights, at airports, via call centers, during sales and elsewhere. In an initiative that we call the "Closed Loop," the ANA Group gathers comments from customers and observations from employees on the service frontline, identifies and analyzes issues to be dealt with, and drafts and implements ways to make improvements.

In the fiscal year ended March 2012, we prepared over 70,000 reports. We thoroughly analyze this wealth of feedback, make improvements, and listen once again to input from customers, passing through a cycle that is firmly committed to customer feedback. We use this cycle to respond flexibly to ever-changing feedback from customers and gain insights that lead to new products and services.

▶ The Closed Loop



Relationship with Employees

▶ See page 92 for employee-related data.

ANA Group Human Resources Philosophy

"Diverse human assets who undertake challenges create value that is difficult to imitate." Under this basic approach, the ANA Group as a whole strives to nurture people who undertake challenges. Moreover, based on the ANA Group Course of Action, "Build a powerful ANA Group by effectively using human resources and focusing on teamwork as a competitive strength," we emphasize a culture in which we leverage our teammates' abilities to display maximum performance as a team. For example, employees who notice something praiseworthy in a teammate's work give the person a "Good Job Card." Through such actions, we manage a cycle of doing our best, praising others, and doing our best once again, as we share the belief within the Group that customers' delight and teammates' gratitude become our own delight. While reaffirming the ANA Group culture, we develop human assets with diverse individual characteristics who continue to undertake challenges.

ANA Group Human Resources Philosophy

"Take up the Challenge"

The challenge for personal GROWTH; the challenge to create customers' EXCITEMENT and EXPERIENCE.

Always challenge. Limitless challenge creates a strong ANA Group.

ANA Group Human Assets Strategy

To prevail in severe competition and develop sustainably, the ANA Group must combine a strong determination to never lose in competition with solidarity that prizes relationships among employees and partners. In order for each employee to display maximum ability by working with autonomy, energy and motivation, we have adopted the following four human asset strategies.

(1) Develop global human assets able to act on the world stage

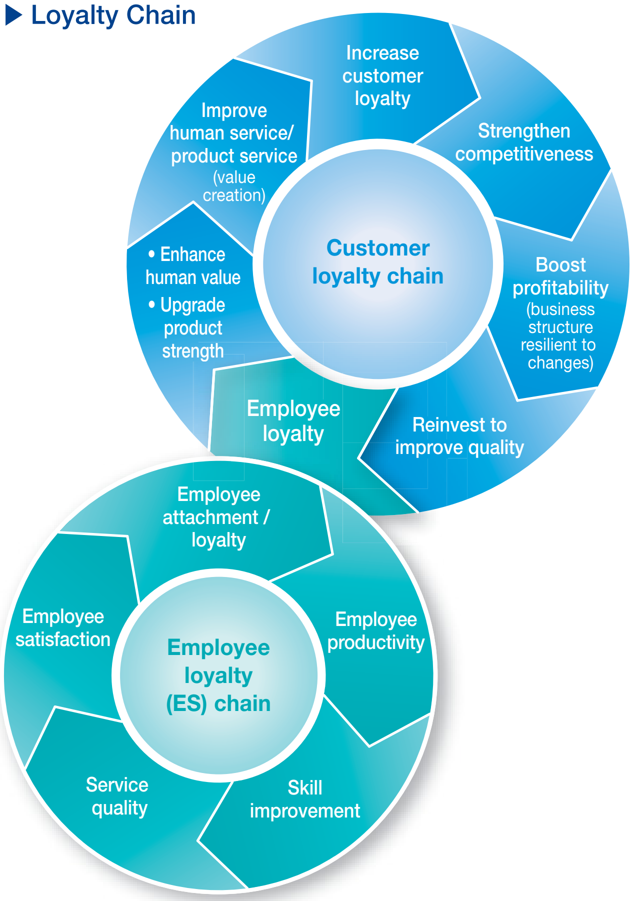
(2) Promote diversity and inclusion to make variety an advantage

(3) Develop human assets to support the Group from a medium-to-long-term perspective

(4) Create and promote Group culture with dialogue as the key

Regarding (4) above, in April 2012 we launched Group Culture Promotion and are conducting various initiatives to further reinforce the ANA Character that is our strength. We are fostering a corporate culture that creates value that only the ANA Group can offer in global markets.

▶ Loyalty Chain



Developing Global Human Assets Able to Work on the World Stage

To capture growth opportunities in global markets and continue meeting challenges positively, the ANA Group is developing human assets able to understand diverse cultures, customs and values. We have designated the three years ending March 2014 as the period of the ANA Global Talent Program 2011 to strengthen the focused and deliberate cultivation and deployment of global human assets. In the fiscal year ended March 2012, the first year of the program, initiatives to expand opportunities to interact with other cultures included overseas assignment of new domestic hires, intensive training for select employees, introduction of an internal recruitment system for overseas short-term postings, transfer of overseas hires to workplaces in Japan, cross-cultural seminars, and the addition of new languages to our language training.

Moreover, through activities such as multiple joint training sessions for domestic and overseas hires, we are shortening the sense of distance between domestic and overseas offices, and enhancing the environment under which ANA Group employees come together to undertake challenges.

Training of managers from overseas branches

Star Alliance Carrier cross-cultural training

Promoting Diversity and Inclusion to Make Variety an Advantage

The ANA Group has implemented various training policies and systems to promote activity by female, aged and other employees, and to enable all employees to work energetically.

Examples of promoting activity by female employees include conducting women's career training and seminars for those taking maternity or childcare leave, introducing role models via the intranet, and introducing a mentor system in which senior employees offer continuous support for nurturing newer employees. Other programs to promote diverse work styles and work/life balance among employees of both genders include lectures and seminars, manager training and telecommuting. With these initiatives, the number of employees taking childcare leave is increasing, with almost all returning to the workplace. The percentage of women in management positions is also increasing year by year.

Career design training for career-track female employees

Relationship with Business Partners

Basic Policy for Purchasing and Transactions

The services and products that the ANA Group provides to customers depend on materials and services—from aircraft and jet fuel to office supplies—provided by its business partners. Based on the ANA Group Purchasing/ Transaction Guidelines, we practice CSR procurement that incorporates strict compliance with related laws and regulations, fair business transactions, and development of high-quality services and reduction of environmental load in cooperation with our business partners.

ANA Group Purchasing / Transaction Guidelines

Basic Policies for Purchasing / Transactions

1. In terms of purchase transactions, we shall fairly select and purchase the best goods and services based on economic rationality.
2. Our purchase transactions shall be open to suppliers worldwide, shall be fair and transparent, and shall be conducted according to procedures that are simple and easy to understand.
3. For all purchase transactions, we shall observe the Group Code of Conduct, follow corporate ethics, fully comply with relevant laws and regulations, show consideration for resource conservation, environmental preservation and human rights, and ensure that our business partners understand these guidelines.

CSR Initiatives with Our Business Partners

To further improve quality and reduce costs, the ANA Group is working to standardize and unify procurement procedures within the Group. In an effort to promote rational procurement through multiple-company tenders, we receive diverse proposals through fair and impartial means in order to develop better services and products.

In the selection of services and products, our procurement takes into consideration recycling and the active use of environmentally friendly products. Following adoption, we use questionnaires to check the status of our business partners' initiatives with respect to compliance and the environment.

To further optimize the entire ANA Group's purchasing procedures, we will strengthen cost competitiveness and compliance in purchasing and transactions, while conducting a fundamental review of the structure, methods and scope of our procurement. Moreover, we are preparing CSR guidelines for the supply chain and are making arrangements to further promote CSR activities together with business partners.


Training at an overseas catering company

Improving In-Flight Meal Quality on Flights Originating Overseas

In order to offer safe, delicious in-flight meals, the ANA Group develops and manages meal preparation in accordance with strict international standards. We launched the ANA catering quality improvement program in July 2011, and we have been working in particular to offer in-flight meals on flights originating overseas of the same quality as the meals we offer on flights originating in Japan. Specifically, a dedicated team consisting of in-house "food safety inspectors" and the chefs that cook in-flight meals for flights originating in Japan tours catering company workplaces overseas to conduct sanitary inspections and offer cooking instruction. In addition to strict checks of sanitary conditions, flavor and quality, this team travels on-site to catering companies when issues are uncovered to support prompt and thorough improvement.

Basic Approach

Under the ANA Group Course of Action, "Contribute to society," the ANA Group actively undertakes initiatives to improve environmental and social issues as a good corporate citizen. Taking into account factors including the ANA Group's Corporate Philosophy and its business activities, the Group has set forth the core themes of 1) supporting people through air travel; 2) the environment; and 3) contributing to the community. For social contribution activities that display the ANA character, we promote volunteer activities by employees as well as joint activities in empathy with our customers.

Flight to encourage reconstruction at Fukushima Airport

Specific Initiatives

Activities to Encourage Reconstruction after the Great East Japan Earthquake

The ANA Group's activities have included making aircraft available for transportation of relief supplies, rescue teams and medical experts, contributing donations and relief goods, and carrying out a charity mileage points campaign in which passengers cooperated. At present, our ongoing volunteer activities, which are based on proposals from employees, center on the following three areas:

(1) In the area surrounding Sendai Airport, the ANA Group is providing long-term support for OISCA International's restoration project for the coastal forests of the Tohoku area. (See the Third-Party Comment below for details.)

(2) At Fukushima Airport, ongoing activities with local communities to promote industry and tourism in the area have included creation of a heart-shaped sunflower field, and Boeing 787 flights to encourage reconstruction.

(3) In Minami Sanriku Town in Miyagi Prefecture, we used our snow removal trucks to provide hot water for bathing at an evacuation center for two months after the Earthquake. The ANA Group also began forestation in Minami Sanriku in July 2012, and continues to support the revitalization of the community by providing wood harvested through thinning to manufacture products in local factories.

Other Activities

In the fiscal year ended March 2012, the ANA Group conducted forestation activities at seven locations nationwide, with the addition of Tokkari Forest at Okhotsk-Monbetsu Airport and Sudachi Forest at Tokushima Airport. Moreover, to protect the coral reef in Okinawa, which is being destroyed by the rising seawater temperature, we have been actively participating in the Team Tyura Sango coral regeneration program since 2004. Elsewhere in Japan and around the world, we engage in a variety of additional initiatives, such as conducting aviation classes. See our website for more details.

Team Tyura Sango website (in Japanese)
http://www.tyurasango.com/

Planting coral

Forestation in Minami Sanriku Town

Toshimichi Yoshida
Manager, Domestic Campaign Division, OISCA Japan

Third-Party Comment

OISCA International is undertaking a 10-year plan for projects to regenerate coastal forests damaged by the tsunami that followed the Great East Japan Earthquake.

We are seeking long-term funding support and volunteers, with the hope of raising people's interest in for the necessity of coastal forests. ANA helps our activities through a number of unique methods including transport cooperation for coastal forest study tours, mileage program support and introductions of our projects in its in-flight magazine. In addition, ANA has launched a study group and support activities for our projects with employee volunteers taking the lead. We have high expectations for these actions, which we have not seen in other companies. We want to keep on creating forests beloved by local residents, with the cooperation of ANA and other companies and groups.

Environmental Initiatives

▶ See page 90 for environmental data.

Toward Becoming a Leading Eco-Friendly Airline

While performing its role as a public transportation provider, the ANA Group strives to continue to co-exist with the global environment to help build a sustainable society. Starting from a humble recognition of our own environmental impact, we constantly consider and address the challenge of what we can do for people and the planet. We also actively work to share our consideration for the global environment with our stakeholders.

ANA Group Environmental Principles

Mindset to cherish environment comes from the recognition of burdensome impact of our activities to the Earth.

With the effort to minimize the use of natural resources and energy, we engage to support the realization of an affluent & sustainable society.

With the initiative to commit ourselves to conserve environment, we spread the chain of “planet mindfulness” among the people around the world.

Environmental Conservation Activities Unique to ANA

To achieve the targets of the ANA Group Ecology Plan (2008-2011), the ANA Group has undertaken environmental conservation activities with the awareness and teamwork of every employee. In 2008, the ANA Group became the airline and transport industry’s first certified Eco-First company. We will continue to conduct forward-looking activities unique to ANA with the cooperation of stakeholders and local communities. In addition to global warming countermeasures centered on CO_2 reduction, these initiatives include the ANA Carbon Offset Program aimed at regenerating Japan’s forests, e-flights to consider the global environment together with customers, “3R” (reduce, reuse and recycle) activities, participation in forestation and coral-regeneration programs, and the introduction of biofuels.

The ANA Group Medium-to-Long-Term Environmental Plan “ANA FLY ECO 2020”

Looking ahead to 2020, when an international global warming countermeasure framework to replace the Kyoto Protocol is expected to take effect, in April 2012 the ANA Group established the medium-to-long-term environmental plan ANA FLY ECO 2020. Under ANA FLY ECO 2020, the ANA Group is continuing its basic principle of regarding global warming as the core environmental issue to address, and has set numerical targets that take global standards into account. The Group aims to remain one of the world’s leading eco-friendly airlines by achieving this medium-to-long-term environmental plan.

Refueling with biofuel in Seattle

The World’s First Trans-Pacific Flight Using Biofuel

In April 2012, the ANA Group conducted the world’s first trans-Pacific flight in an aircraft running on biofuel. A delivery flight for a Boeing 787, the flight used conventional jet fuel containing a 15% mixture of biofuel derived mainly from used cooking oil. Through the synergy of the cutting-edge, low-environmental-impact Boeing 787 and the biofuel, the flight achieved a 30% reduction in CO_2 compared with the Boeing 767. In addition, the ANA Group participates in a biofuel development group with Boeing and other specialist organizations and companies, actively supporting development with the objective of putting alternative aviation biofuels into use by 2020.

Targets and Results of the ANA Group Ecology Plan (2008–2011)

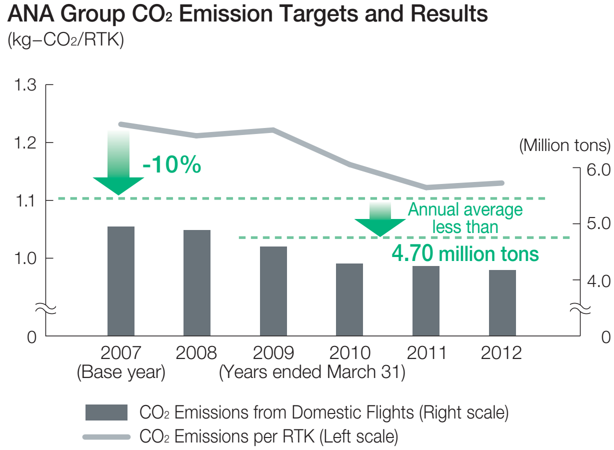
Item		Targets	Review of Fiscal Year Ended March 2012[1]
Climate Change Counter-measures	Reduce CO_2 Emissions from Aircraft Fuel	For the fiscal year ending March 2012, achieve a 10% reduction in CO_2 emissions per revenue ton kilometer (RTK)[2] on domestic and international routes compared with the fiscal year ended March 2007.	In the fiscal year ended March 2012, due to expansion of our international route network and an increase in the number of flights, total CO_2 emissions for ANA Group domestic and international routes were 8.39 million tons, a year-on-year increase of 5.0%, or 400,000 tons. However, CO_2 emissions per RTK[2] for domestic and international routes were 1.13kg-CO_2, which fell short of the target of 10% but represented a 9.3% reduction compared to the index year, the fiscal year ended March 2007.
		For the period from the fiscal year ended March 2009 through the fiscal year ending March 2012, keep average annual CO_2 emissions on domestic routes below 4.7 million tons.	With a slight decrease in domestic route output, emissions for the fiscal year ended March 2012 were 4.19 million tons, a further decrease from 4.21 million tons in the fiscal year ended March 2011. Average annual CO_2 emissions for April 2009-March 2012 were 4.28 million tons, within the target limit of 4.30 million tons.
	Reduce Energy Use at All Work Sites	Reduce energy use at all work sites by 1% each year.	Due to the introduction of new systems for integrated management following the enforcement of the revised Law Concerning the Rational Use of Energy, total ground-level energy consumption (crude oil equivalent) at all ANA work sites decreased 2% on a unit level compared with the previous fiscal year, meeting the requirements of the Law. We will work to further reduce energy use to deal with anticipated electrical power supply shortages in addition to the Law Concerning the Rational Use of Energy.
Air Pollution Counter-measures	Conform with Aircraft Emission Standards	All aircraft including leased aircraft to conform with International Civil Aviation Organization (ICAO) emission standards.	All ANA Group aircraft engines conform to the emission standards of Annex 16 to the ICAO's Convention on International Civil Aviation.
	Introduce Low-Pollution Vehicles	Actively introduce hybrid, electric and other low-pollution vehicles.	In the fiscal year ended March 2012, the number of low-pollution, low-emission vehicles increased by 102 to 985, making up 25% of vehicles. This is 5.5 times the number in the index year (178 vehicles in the fiscal year ended March 2003).
Noise Countermeasures		All aircraft including leased aircraft to conform with ICAO noise standards chapter IV.	All aircraft conform with ICAO noise standards chapter IV.
Resource Savings		Reduce waste and paper used in sales by 5%.	Waste emissions increased 11% year on year overall, due to changes in collection boundaries. Usage of various types of paper decreased by 7%, or 8% for paper used in sales.
		Conduct closed recycling[3] at all work sites.	Collected copy paper used at all work sites and some copies of the in-flight magazine "*Wingspan,*" and recycled them for use in in-flight magazines and envelopes and business cards used at work sites across Japan. The entire ANA Group promoted 3R activities and actively engaged in recycling cabin attendants' uniforms. Expanded efforts to reuse or recycle plastic sheets for luggage to more airports.
Environmental and Social Contribution Activities		Nationwide forestation activities at 50 airports	In the fiscal year ended March 2012, we conducted forestation at seven locations nationwide with the addition of Tokkari Forest at Okhotsk-Monbetsu Airport and Sudachi Forest at Tokushima Airport. We have conducted forestation activities at a total of 27 airports and 35 locations since 2004. (As of June 2012)
		Aozora Environmental Picture Book Competition	Activities have been suspended since the fiscal year ended March 2011.
		Participation in coral regeneration project	In the fiscal year ended March 2012, coral was planted twice in the spring and twice in the fall. A cumulative total of 1,844 volunteer divers/non-divers have taken part.
		Support for environmental training of next-generation personnel	We provided opportunities for environmental education, holding Aozora Juku during the forestation activities and taking part in the Green Challenge Festival at Shinjuku Gyoen National Garden.

1. See the website for details.
2. Includes cargo and passengers.
3. Closed recycling: A recycling system in which waste generated in aircraft, airports and Group business offices is reused in aircraft, airports and Group companies.

Reducing CO_2 Emissions from Aircraft Fuel

Under the ANA Group Ecology Plan (2008-2011), we set targets for the fiscal year ended March 2012 of achieving a 10% reduction in CO_2 emissions per revenue ton kilometer (RTK) on domestic and overseas routes compared with the fiscal year ended March 2007, and of keeping average annual CO_2 emissions on domestic routes below 4.7 million tons for each period from the fiscal year ended March 2009. While CO_2 emissions per RTK increased slightly in the fiscal year ended March 2012 due to the impact of the global economic downturn and the Great East Japan Earthquake, we were generally able to meet our targets through various fuel reduction measures. In addition, we were able to reduce CO_2 emissions on domestic routes to our targeted level.

ANA Group CO_2 Emission Targets and Results



Initiatives to Reduce Our Environmental Impact

Reducing the fuel consumption of aircraft leads directly to reducing environmental impact. From early on, we have actively undertaken a variety of reductions in fuel consumption, including in aircraft and in flight. Below are examples of the ANA Group's initiatives.

Aircraft

Actively Introducing Aircraft with High Environmental Performance

The Boeing 787, which Boeing developed with the cooperation of the ANA Group, and for which the ANA Group was the launch customer, offers high environmental performance thanks to innovation in engine performance and weight reduction made possible through the use of carbon fiber composite materials. The Boeing 787 offers approximately 20% better fuel efficiency than the Boeing 767.

The ANA Group introduced six Boeing 787 aircraft in the fiscal year ended March 2012, with plans to introduce a total of 55 aircraft.

Winglet Installation

A small wing attached to the tip of a main wing can reduce the air resistance generated during flight. Winglets on the Boeing 767-300ER on long-haul flights have reduced fuel consumption by approximately 5%, and have reduced annual CO_2 emissions by 2,100 tons per aircraft.

Winglet installation

In Flight

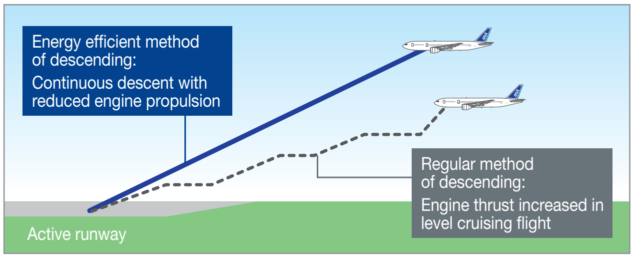
Flight Management Equipment: Introduction of Data Link Functions

Our enhanced equipment calculates the optimal speed and course for flight conditions and automatically carries out actions such as adjustments to engine output. We have also introduced functions that incorporate wind data as a condition for a course. These features allow us to optimize cruising altitude and the point to begin descent.

Promoting an Energy Efficient Descent Method

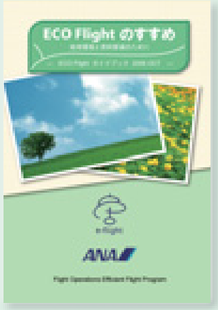
Descending continuously from the start of descent to landing, without leveling off, is effective in reducing CO_2 emissions and noise. We are expanding the practice at targeted airports, beginning with late-night and early-morning time slots at Kansai International Airport.

▶ Energy Efficient Descent



RNAV (Area Navigation)

In June 2002, the ANA Group introduced RNAV navigation, which uses radio navigation facilities, satellite and on-board equipment to determine an aircraft's position and fly it along the scheduled flight path. Compared with conventional navigation, RNAV enables faster and shorter flights, reducing fuel consumption and CO_2 emissions.



Promoting Eco Flights

Efficient Flight Program (EFP) Promotion Project

Firmly committed to safety as a premise, ANA Group flight crews take personal initiative in discussing ideas about how they can make their flights Eco Flights, and conduct flight operations with each individual taking the environment into consideration while ensuring safety, comfort, stability and on-time performance.

Since 2008, flight crews have been taking the initiative in codifying their collective expertise in *Promoting Eco Flights*, an Eco Flight guidebook, which contributes to further improvements in implementation of Eco Flights. For example, pilots formerly used thrust reversers to reduce an aircraft's landing length, thus increasing engine thrust. Currently, they land with the engines in idle to the extent possible, after determining that it is safe to do so based on an assessment of runway conditions and other factors. This change reduces CO_2 emissions and mitigates noise pollution for more environmentally friendly landings.

Other

Proactive Use of Ground Power Units

Normally, parked aircraft use an internal compact gas turbine to supply electricity for air conditioning, lighting and other purposes. However, the ANA Group proactively supplies electricity to aircraft from more power-efficient ground power units and maintenance-use power supply vehicles, which greatly reduces CO_2 emissions.

Engine Washing and Replacement

The ANA Group washes engine compressor sections with water, using specialized vehicles developed by the Group. During engine use, the compressor section collects fine dust and fuel efficiency drops. For this reason, we perform regular washings to maintain engine peak performance. Degradation of parts through engine use over long periods is another cause of reduced fuel efficiency. We have replaced a total of 30 engines on Boeing 767, 747, and 777 aircraft with new units.

Engine washing

Use of Flight Simulators

To reduce fuel consumption and CO_2 emissions and to address noise issues and limited air space, the ANA Group conducts the majority of its training and evaluation of pilots using ground-based flight simulators.

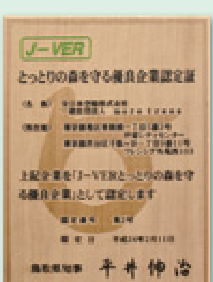
Reducing Weight on Flights

We continuously reduce the size, weight, and number of all items carried on board flights. We have rethought the number of reserve items on board, reduced the weight of our in-flight shopping catalogue *ANA Sky Shop* by changing the paper quality and reducing the page count, and lightened tableware and glasses. From April 2012, we switched the manuals carried by cabin crew to digital versions using tablet devices, cutting the weight of manuals carried per person to one third.

In addition, the ANA Group has introduced and uses 700 new lightweight cargo containers. By changing the materials of each container to carbon fiber-reinforced plastic for exterior portions and a stain- and water-resistant canvas material for the opening section, we achieved a weight reduction of 30 kilograms (about 30%) compared with a conventional aluminum container.

Furthermore, the amount of water carried on board both domestic and overseas routes is regularly reviewed to further reduce weight on flights. Since 2010, we have been reusing water remaining on aircraft as recycled wastewater in our company facilities at Haneda Airport.

Lightweight tableware in Business Class of new aircraft on international routes



Certificate as "the blue-chip firm which protects a forest in Tottori"

e-flight

Original mini-Boeing 787 Badge

e-Flight 2011: Ecological Initiatives with Our Customers, Starting with the Boeing 787

Since 2006, we have conducted "e-flights" in order to provide opportunities for environmental communication to think about the global environment together with our customers. In the fiscal year ended March 2012, we undertook a number of initiatives keyed to our introduction of the Boeing 787, which excels in environmental performance. In a campaign to enable easy in-flight participation in carbon offsets, we gave participants presents of original mini-Boeing 787 badges made of wood thinned from forests. Nearly 9,000 customers took part, offsetting about 546 tons of CO_2. In addition, as a result of our use of Tottori Prefecture's offset credit program under the Japan Verified Emission Reduction (J-VER) scheme,* the prefecture recognized ANA's contributions to forest conservation by certifying us as "the blue-chip firm which protects a forest in Tottori."

* A scheme established by the Ministry of the Environment of Japan in November 2008 that certifies as credits the domestic, voluntary reduction or sink-base removal of greenhouse gas emissions.

Corporate Governance

(As of June 19, 2012)

Fundamental Approach

The ANA Group believes that it is essential to institute a system of corporate governance that promotes business transparency and accountability to stakeholders in order to continue enhancing its corporate value.

Governing Bodies of the Company

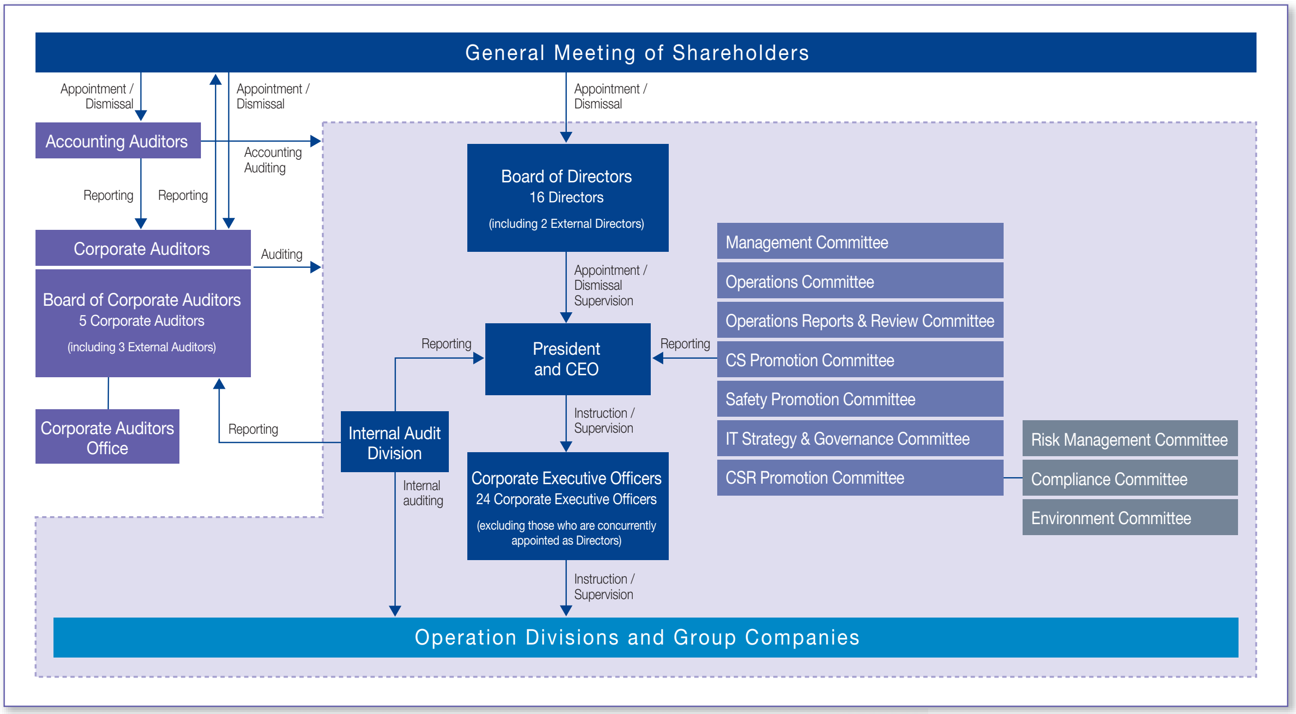
The management system of All Nippon Airways Co., Ltd. ("ANA" or "the Company") comprises 16 directors, five corporate auditors, and 36 corporate executive officers (including those who are both directors and corporate executive officers). ANA's Articles of Incorporation stipulate that the number of directors shall not exceed 20.

Based on its belief that a competitive management structure is indispensable in a severe operating environment, ANA appoints persons fully knowledgeable about the business and well-versed in management as directors, and posts personnel with abundant experience and highly specialized knowledge in the various divisions as corporate executive officers, who are given the authority to oversee divisional operations, to conduct functional and effective execution of management activities. In addition, ANA has adopted an auditing system comprising the Board of Directors and corporate auditors, to supervise and audit the execution of duties by directors. Further, ANA has strengthened the supervisory functions of the Board of Directors through measures such as appointment of external directors and has enhanced the auditing capabilities of corporate auditors by appointing full-time external corporate auditors.

Under the Corporation Law of Japan, important issues must be considered by the Board of Directors, which makes the final decision on them. All directors including the two external directors and the five corporate auditors including the three external corporate auditors attend meetings of the Board of Directors, which are led by the chairman of the board.

For important administrative issues, the Management Committee, which is chaired by the president and includes directors who are also corporate executive officers, corporate auditors and others as members, makes drafts and proposals, and decides on specific management activities. In addition, the executive vice president of Operations & Airport Services chairs the Operations Committee, which handles structural issues related to ANA Group operations. Its perspective covers organization, cultivation of human assets, systems, regulations and authority in investigating and deciding on interdivisional solutions among the relevant Group airlines. The CSR Promotion Committee, the supreme decision-making body for CSR promotion, is supervised by the president and is

▶ Corporate Governance System



composed of board members. The Risk Management Committee, the Compliance Committee and the Environment Committee are subordinate organizations under the CSR Promotion Committee.

In February 2011, ANA also established a Remuneration Advisory Committee, with a majority employed outside ANA including external directors, in order to enhance the transparency of the process of deciding the remuneration of directors to build a fair and appropriate remuneration structure.

Moreover, in order to hear frank and open opinions and advice about the ANA Group's management, ANA has established the Advisory Board, which consists of seven members with a range of backgrounds.

Enhancement of Internal Control System and Risk Management System

An internal control system should be built by management with the four objectives of "business effectiveness and efficiency," "reliability of financial reporting," "observance of laws and regulations for business activities" and "conservation of assets." Specifically, considering risk management, compliance and internal audits to be instrumental in achieving these objectives, the ANA Group founded its internal control system, which comprises the three pillars of the Risk Management Committee, the Compliance Committee, and the Internal Audit Division.

In addition, based on the ANA Group Internal Control Regulations for Financial Reporting that it set out in response to the requirement to establish a system for internal control of financial reporting, ANA maintains and operates internal controls and conducts ongoing evaluations, and it confirmed their effectiveness throughout the entire Group in the fiscal year ended March 2012.

Risk Management

The ANA Group Total Risk Management Regulations set out the basic terms of the Group's risk management. Under these regulations, the Risk Management Committee, General Administration, which is a committee secretariat, and CSR Promotion Leaders assigned to major divisions and Group companies facilitate risk management activities. The role of CSR Promotion Leaders is to promote risk management in each company and department by executing risk countermeasures according to plans and to take swift action while contacting the committee and secretariat in the event of a crisis. Moreover, in addition to the Risk Management Subcommittee, the Risk Management Committee has established subcommittees with expertise in specific risks, such as the Information Security Subcommittee and the Security Trade Control Subcommittee, to which it delegates the response to certain risks, such as new types of influenza.

In response to the various risks in its operating environment, ANA has structured a system with two approaches to managing the various risks it faces in the course of its business. The risk management approach entails a preventative perspective, with the goal of advance preparation and control. The crisis control approach is for handling risks that actually materialize.

For the risk management approach with a preventative perspective, ANA has built a risk management cycle (identification → analysis → evaluation → study and implementation of controls and countermeasures → monitoring) with the goal of minimizing risk, and has been carrying out risk management activities. Continuing from the previous fiscal year, in the fiscal year ended March 2012 the various divisions as well as the domestic and overseas offices of the various Group companies discussed the progress, effectiveness and level of achievement of the measures taken with respect to the major risks they had identified and carried out a final evaluation of the results of the activities. At the same time, these parties once again identified the risks for the following fiscal year, and reported the result at the management committees including CSR Promotion Committee and Risk Management Committee. In the field of information security, the Group established an intranet to introduce Control Self Assessment (CSA) in all departments, and is enhancing measures to firmly establish awareness regarding the rules on information security such as conducting four sessions of awareness training for all ANA Group executives and employees using video materials (e-learning).

Under the crisis control approach of preparation for emergencies, ANA has constructed a response system based on detailed manuals in order to minimize damage and ensure safe and secure future operations by investigating the causes. The Emergency Response Manual (ERM) sets out responses to incidents with a direct impact on operations such as accidents or hijacking involving the ANA Group's aircraft, and the Crisis Management Manual (CMM) provides responses to other crises including systems failure, information leaks, scandals and risks from external sources. Responses to accidents and hijacking are drilled and practiced every year. The ANA Group as a whole is also promoting the creation of a safety confirmation system for when crises occur.

Compliance

In enhancing internal control, compliance is an important structural element in addition to the risk management function. ANA is promoting education and enlightenment based on the ANA Group Compliance Regulations in order to fulfill its compliance responsibilities by constructing a compliance system for the entire Group.

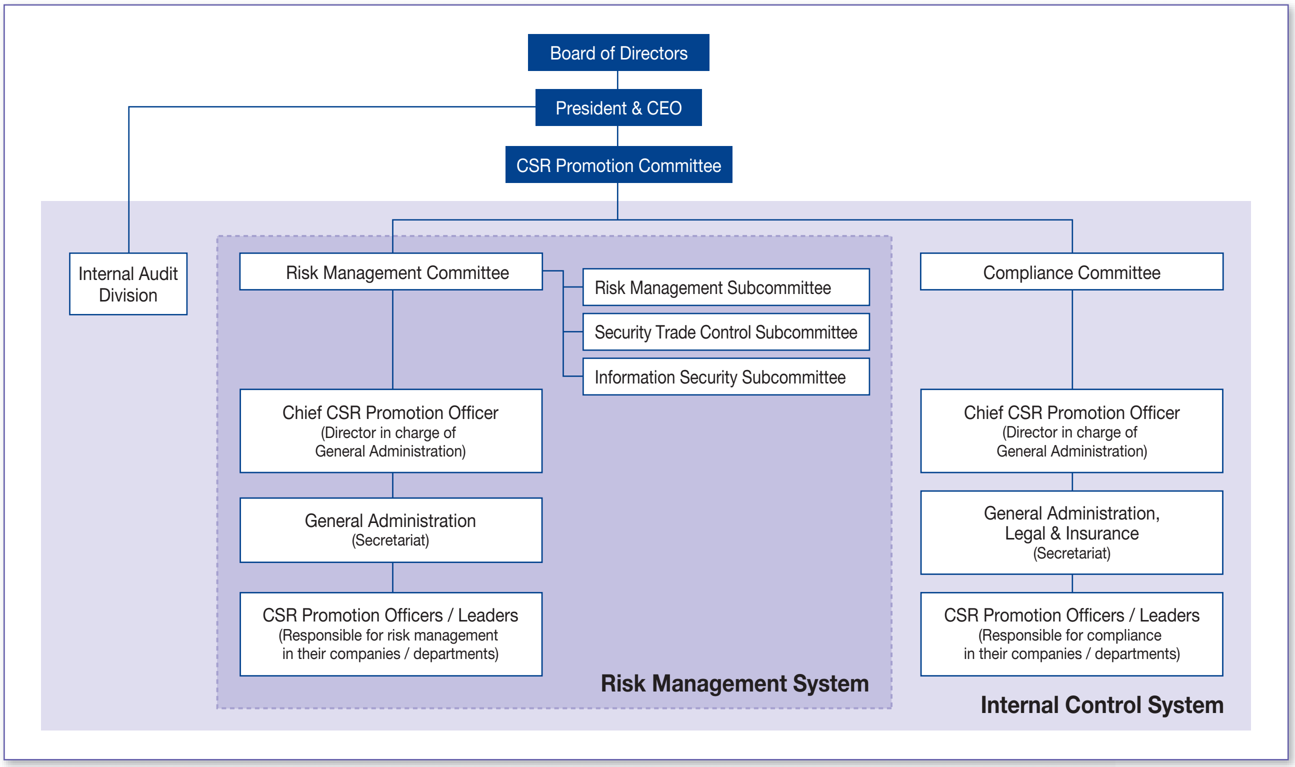
At the top of the compliance promotion system is the Compliance Committee, which is composed of the senior managers responsible for compliance in each department. These are mainly corporate executive officers. Under this committee are the CSR Promotion Leaders assigned to major ANA divisions and Group companies, who conduct evaluations of the level of compliance awareness and promote and strengthen compliance throughout the ANA Group. As an initiative in the fiscal year ended March 2012, ANA created DVD educational materials explaining the ANA Group Code of Conduct in Japanese, English, and Chinese, and distributed them to all offices, including overseas branches. In addition, continuing from the previous fiscal year, ANA designated October as CSR promotion month, and conducted education and awareness enhancement through group training and e-learning programs on themes such as risk management and antitrust laws. In November, ANA conducted a compliance awareness survey of all Group employees.

ANA has set out regulations concerning the handling of internal reporting and has established internal reporting contact points inside the Company and outside the Company at a law firm. ANA disseminates information about the internal reporting system throughout the ANA Group and to its business partners.

Internal Audits, Audits by Corporate Auditors, and Account Audits

The Internal Audit Division conducts internal audits and reports directly to the president. It carries out operational audits, accounting audits and evaluations for ANA and ANA Group companies pursuant to the “Evaluation System for Internal Controls for Financial Reporting” under the Financial Instruments and Exchange Law of Japan. The Division conducts regularly scheduled audits according to the plan for the fiscal year and unscheduled audits at the will of senior management. Scheduled audits are conducted from an independent and objective standpoint based on risk analysis of ANA’s divisions and Group companies. In the fiscal year ended March 2012, the

▶ Internal Control System and Risk Management System



Internal Audit Division emphasized audits of the consistency of departments' action plans with the Group's Mid-term Corporate Strategy, and the management of departments' operations. Audits were conducted in about 20 locations, focused on headquarters, front-line departments and overseas workplaces. Auditing results are reported to the president each month and to the corporate auditors on a quarterly basis.

Audits by corporate auditors are performed by the five corporate auditors, three of whom are external corporate auditors. Primarily conducted by a full-time external corporate auditor with a financial institution background, the audits are carried out by full-time corporate auditors well-versed in ANA's internal operations and highly independent external corporate auditors. Each corporate auditor conducts audits of operations at each office and surveys of subsidiaries, reporting the results to the Board of Corporate Auditors and to the representative directors and sharing opinions on the results. The auditors share information and opinions with the Internal Audit Division and the independent auditors on a quarterly basis and work to enhance auditing. To support audits by corporate auditors, ANA established the Corporate Auditors Office, which reports directly to the Board of Corporate Auditors, to enhance the audit structure in cooperation with the Internal Audit Division, which reports directly to the president, and the independent auditors.

As for account auditing, Ernst & Young ShinNihon LLC audits the Company, its work sites, and its Group companies in accordance with the Corporation Law of Japan and the Financial Instruments and Exchange Law of Japan. Auditing results are reported to ANA's management and to the Board of Corporate Auditors.

▶ Independent Auditors Engaged in Audits

Name of Certified Public Accountant		Name of Audit Corporation
Engagement Partner	Masatsugu Hamada	Ernst & Young ShinNihon LLC
	Kenzo Oka	
	Tadahiko Kamio	

Note: The audit corporation has voluntarily adopted a system whereby their executive officers cease from ANA account auditing after a specified period.

There are 12 certified public accountants and 19 other staff members assisting with audit services.

External Directors and Corporate Auditors

External Directors

As part of corporate governance at ANA, the Company appoints external directors to receive appropriate advice about ANA's management from an independent perspective, because the Company has judged that it would further strengthen its management structure. ANA has two external directors: Mr. Misao Kimura and Mr. Shosuke Mori. Their appointments have been based on the assessment that Mr. Kimura, as a manager within the transport industry, and Mr. Mori, as a manager of a business with a strong public interest, are able to use their managerial experience and broad insights to provide appropriate advice to the Company's management from a third-party perspective, which would further strengthen its management structure.

Mr. Kimura serves as an adviser of Nagoya Railroad Co., Ltd. This company is a major ANA shareholder, but not a primary shareholder because it owns less than 5% of issued shares. Nagoya Railroad transacts business with the ANA Group including consignment sales of airline tickets, but is not a major ANA customer or supplier. Mr. Kimura therefore has no conflict of interest with common shareholders.

Mr. Mori is the chairman of the board of directors of The Kansai Electric Power Co., Inc. While the ANA Group has normal transactions with the company as a customer for electric power, there is no particular interest at stake.

In their positions on the Board of Directors, both use their abundant experience and broad insights to make statements as they deem necessary. They also provide advice and exchange opinions with representative directors as needed outside of meetings of the Board of Directors.

External Corporate Auditors

ANA has three external corporate auditors: Mr. Sumihito Okawa, Mr. Shingo Matsuo and Mr. Tatsuo Kondo.

Mr. Okawa assumed his position as full-time corporate auditor in June 2011. As Mr. Okawa served as the representative of a policy finance institution and Mr. Matsuo and Mr. Kondo are top executives of highly public businesses, the Company deemed that they would further enhance its auditing system by making use of their abundant experience and deep insight, and appointed them as external corporate auditors.

As a full-time corporate auditor, Mr. Okawa attends meetings of the Board of Directors, the Board of Auditors, the Management Committee and other regularly scheduled meetings of officers, and conducts visiting audits of offices and divisions inside and outside the Company. In addition to attending meetings of the Board of Directors and the Board of Auditors, Mr. Matsuo and Mr. Kondo also exchange opinions with the representative directors as needed.

There are no particular interests at stake between the ANA Group and Mr. Okawa, Mr. Matsuo, and Mr. Kondo. While the ANA Group, as a customer for electric power, has normal transactions with Kyushu Electric Power Co., Inc., for which Mr. Matsuo serves as adviser, and with Hokkaido Electric Power Co., Inc., for which Mr. Kondo serves as director and adviser, there is no particular interest at stake.

As of the end of March 2012, the ANA Group has outstanding borrowings from Development Bank of Japan Inc. with which Mr. Okawa was formerly affiliated. However, this was due to the ANA Group's past receipt of emergency funding under the Support System for Emergency Response, etc., which the Group is repaying according to schedule.

Status of Independent Officers

ANA has appointed five independent officers: Mr. Kimura and Mr. Mori, the external directors, and Mr. Okawa, Mr. Matsuo and Mr. Kondo, the external corporate auditors.

▶ Meetings of Bodies Responsible for Corporate Governance

In the fiscal year ended March 2012, bodies responsible for corporate governance met the following number of times.

Board of Directors	13 times
Board of Corporate Auditors	9 times
Advisory Board	4 times
Management Committee	45 times
Operations Committee	11 times
CSR Promotion Committee	3 times
Risk Management Committee	4 times
Compliance Committee	2 times

Remuneration of Directors and Corporate Auditors

The basic policies used in determination of remuneration of a director of the Company are as follows.

(i) Ensure transparency, fairness and objectivity of remuneration and establish a remuneration level worthy of his/her roles and responsibilities.

(ii) Reinforce incentives for achieving management objectives by introducing performance-linked remuneration based on management strategies.

(iii) Aim to establish a remuneration scheme that enables the Company to share profits with its shareholders by working to raise medium-to-long-term corporate value.

Based on the above policies, in February 2011 the Company formed the Remuneration Advisory Committee, with external directors and outside experts comprising a majority of the members.

The Committee commissioned a study of the remuneration levels at other companies to an external institution specializing in such research, and established ANA's remuneration system and standards. The directors' remuneration system, which was introduced from August 2011, newly set annual bonuses in addition to the existing fixed remuneration (monthly remuneration), thereby enhancing the connection with the Company's performance.

External directors receive fixed remuneration (monthly remuneration) only.

Remuneration for a corporate auditor consists of fixed remuneration (monthly remuneration) determined by taking into consideration his/her function and the need to appoint and retain a capable person. The standards for remuneration were set based on other companies' levels as researched by an external institution upon ANA's request.

The retirement allowance system was abolished in 2004.

▶ Remuneration of Directors and Corporate Auditors

	Number Serving	Year Ended March 2012 Remuneration Paid
Directors	17	¥555 million
(External Directors)	(2)	(¥18 million)
Corporate Auditors	6	¥88 million
(External Corporate Auditors)	(4)	(¥40 million)
Total	23	¥644 million

Note: As of March 31, 2012, there were 17 directors (including 2 external directors) and 5 corporate auditors (including 3 external corporate auditors).

▶ Breakdown of Audit Fees

Breakdown of fees paid to certified public accountants and other parties	
Fees for certification of audit	¥123 million
Fees for non-audit services	¥2 million

Ordinary General Meeting of Shareholders and Resolutions

ANA makes it possible for shareholders to exercise their voting rights using electronic methods. In addition to exercise by the Internet or mobile phone, institutional investors can vote via the electronic proxy voting platform operated by ICJ (Investor Communications Japan, Inc.).

Moreover, in addition to the notice of the Ordinary General Meeting of Shareholders and other materials, video coverage of General Meetings is posted on ANA's website at the close of the meeting.

http://www.ana.co.jp/ir/soukai/index.html (in Japanese)

▶ Resolutions

1. Appropriation of Surplus

This item was approved as proposed. The amount of the year-end dividend was set at ¥4.00 per share.

2. Approval of the Agreement for the Absorption-Type Company Split

This item was approved as proposed.

Effective April 1, 2013, the air transportation and other operations of ANA will be transferred by means of an absorption-type company split to ANA HOLDINGS INC., a wholly owned subsidiary of ANA, and the Company will change to a holding company structure.

3. Partial Amendments to the Articles of Incorporation

This item was approved as proposed. The amendments are as follows:

In connection with the transition in the management structure to a holding company, the Company shall change its corporate name and business purpose.

These amendments shall become effective as of April 1, 2013, subject to the absorption-type company split agreement under Item 2 coming into force, and the Company will change its corporate name to ANA HOLDINGS INC.

4. Election of 16 Directors of the Company

This item was approved as proposed, The following 16 people were elected as Directors and assumed their office: Yoji Ohashi, Shinichiro Ito, Hayao Hora, Osamu Shinobe, Katsumi Nakamura, Keisuke Okada, Shigeyuki Takemura, Hiroyuki Ito, Shinya Katanozaka, Yoshinori Maruyama, Kiyoshi Tonomoto, Akira Okada, Ken Nishimura, Koichi Uchizono, Misao Kimura and Shosuke Mori.

5. Election of 2 Corporate Auditors of the Company

This item was approved as proposed. Eiji Kanazawa and Shingo Matsuo were elected as Corporate Auditors and assumed their office.

Approach to Information Disclosure

To establish a highly transparent management structure and to be accountable to its stakeholders, it is important that ANA disclose important company information as well as information useful for understanding the Company's business activities from the stakeholders' perspective in a swift, accurate and fair manner. In accordance with the Securities Listing Regulations, ANA makes timely disclosures through securities exchanges and strives to offer more information to its stakeholders through the press and its company website. In addition to financial results, annual and quarterly securities reports, stock information, financial data and monthly traffic results are available on ANA's website. Investors can also view webcasts of presentations of financial results.

http://www.ana.co.jp/eng/aboutana/corporate/ir/index.html

Enhancing Communication with Shareholders and Investors

ANA focuses on initiatives for active communication with its shareholders and investors.

Specifically, ANA holds presentations for individual shareholders and investors in the various regions of Japan throughout the fiscal year. The Company also holds presentations and conference calls for securities analysts and institutional investors at the time of quarterly earnings announcements and holds briefings on medium-term management strategy whenever necessary. In addition, ANA actively holds individual meetings with its shareholders and investors. For foreign institutional investors, ANA conducts regular overseas investor relations activities, primarily in North America, Europe, Hong Kong and Singapore.

In-Flight Service

... We invite readers to enjoy a serving of performance data.

This section helps readers make the most of this annual report by collecting detailed performance information including operating and financial data by year, business data, environmental and CSR data, and stock information.

Consolidated 11-Year Summary

All Nippon Airways Co., Ltd. and its consolidated subsidiaries (Note 1)
Years ended March 31

	2012	2011	2010	2009
For the Year				
Operating revenues	**1,411,504**	1,357,653	1,228,353	1,392,581
Operating expenses	**1,314,482**	1,289,845	1,282,600	1,384,992
Operating income (loss)	**97,022**	67,808	(54,247)	7,589
EBITDA (Note 3)	**216,290**	186,248	59,559	120,470
Income (loss) before income taxes and minority interests	**63,431**	35,058	(95,593)	(4,445)
Net income (loss)	**28,178**	23,305	(57,387)	(4,260)
Cash flows from operating activities	**214,406**	203,889	82,991	(39,783)
Cash flows from investing activities	**(166,323)**	(139,619)	(251,893)	(111,139)
Cash flows from financing activities	**16,171**	(10,596)	173,791	114,504
Free cash flow	**48,083**	64,270	(168,902)	(150,922)
Depreciation and amortization	**119,268**	118,440	113,806	112,881
Capital expenditure	**196,881**	211,698	209,937	145,709
At Year-End				
Total assets	**2,002,570**	1,928,021	1,859,085	1,761,065
Interest-bearing debt (Note 4)	**963,657**	938,819	941,691	897,236
Short-term debt (Note 4)	**127,405**	146,395	180,775	169,462
Long-term debt (Note 4)	**836,252**	792,424	760,916	727,774
Total shareholders' equity (Note 5)	**549,014**	520,254	473,552	321,883
Per Share Data (Yen, U.S. dollars)				
Net income	**11.22**	9.29	(24.67)	(2.19)
Net assets	**218.24**	207.35	188.93	166.50
Cash dividends	**4.00**	2.00	—	1.00
Average number of shares during the year (thousand shares)	**2,511,841**	2,507,572	2,326,547	1,945,061
Management Indexes				
Operating income margin (%)	**6.9**	5.0	(4.4)	0.5
Net income margin (%)	**2.0**	1.7	(4.7)	(0.3)
ROA (%) (Note 6)	**5.1**	3.7	(2.8)	0.6
ROE (%) (Note 7)	**5.3**	4.7	(14.4)	(1.1)
Equity ratio (%)	**27.4**	27.0	25.5	18.3
Debt/equity ratio (times) (Note 8)	**1.8**	1.8	2.0	2.8
Asset turnover (times)	**0.7**	0.7	0.7	0.8
Interest coverage ratio (times) (Note 9)	**10.8**	10.7	4.6	—
Current ratio (times)	**1.2**	1.1	0.9	0.9
Payout ratio (%)	**35.7**	21.5	—	—
Number of employees	**32,884**	32,731	32,578	33,045
Operating Data				
Domestic Passenger Operations				
Passenger revenues (¥ millions / $ thousands)	**651,556**	652,611	630,976	699,389
Available seat-km (millions)	**56,756**	56,796	57,104	59,222
Revenue passenger-km (millions)	**34,589**	35,983	35,397	37,596
Number of passengers (thousands)	**39,020**	40,574	39,894	42,753
Load factor (%)	**60.9**	63.4	62.0	63.5
Unit revenues (¥)	**11.5**	11.5	11.0	11.8
Yield (¥)	**18.8**	18.1	17.8	18.6
International Passenger Operations				
Passenger revenues (¥ millions / $ thousands)	**320,066**	280,637	214,124	291,077
Available seat-km (millions)	**34,406**	29,768	26,723	27,905
Revenue passenger-km (millions)	**25,351**	22,430	20,220	19,360
Number of passengers (thousands)	**5,883**	5,168	4,666	4,432
Load factor (%)	**73.7**	75.3	75.7	69.4
Unit revenues (¥)	**9.3**	9.4	8.0	10.4
Yield (¥)	**12.6**	12.5	10.6	15.0
Domestic Cargo				
Cargo revenues (¥ millions / $ thousands)	**33,248**	32,413	31,829	33,097
Cargo volume (tons)	**467,348**	453,606	458,732	475,014
International Cargo				
Cargo revenues (¥ millions / $ thousands)	**87,978**	86,057	55,750	69,069
Cargo volume (tons)	**570,684**	557,445	422,449	354,251

Notes: 1. As of March 31, 2012, there were 62 consolidated subsidiaries and 22 equity-method subsidiaries and affiliates.
2. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥82.19=US$1, the approximate exchange rate as of March 31, 2012.
3. EBITDA = operating income + depreciation and amortization
4. Lease obligations are included from the fiscal year ended March 2008 as a result of the early application of the Accounting Standard for Lease Transactions (revised March 30, 2007).
5. Total shareholders' equity = shareholders' equity + accumulated other comprehensive income

	Yen (Millions)						U.S. dollars (Note 2) (Thousands)
2008	2007	2006	2005	2004	2003	2002	2012
1,487,827	1,489,658	1,368,792	1,292,813	1,217,596	1,215,909	1,204,514	17,173,670
1,403,438	1,397,468	1,279,990	1,215,039	1,183,242	1,218,506	1,181,546	15,993,210
84,389	92,190	88,802	77,774	34,354	(2,597)	22,968	1,180,459
201,176	180,800	165,003	148,220	98,590	59,255	84,305	2,631,585
115,224	51,064	52,433	45,679	35,221	(54,821)	(7,178)	771,760
64,143	32,658	26,722	26,970	24,756	(28,256)	(9,456)	342,839
165,765	158,714	128,525	149,070	89,793	85,952	33,993	2,608,662
(69,827)	(128,298)	(46,449)	(169,247)	(95,882)	(52,478)	(123,927)	(2,023,640)
(87,336)	(100,897)	(3,137)	(51,600)	82,867	(63,364)	69,104	196,751
95,938	30,416	82,076	(20,177)	(6,089)	33,474	(89,934)	585,022
116,787	88,610	76,201	70,446	64,236	61,852	61,337	1,451,125
357,733	251,926	235,580	210,180	147,644	129,863	132,408	2,395,437
1,783,393	1,602,091	1,666,843	1,606,613	1,565,106	1,442,573	1,510,982	24,365,129
767,876	749,446	846,317	942,256	1,031,713	945,395	1,017,823	11,724,746
136,399	158,724	149,438	204,454	206,557	83,916	221,481	1,550,127
631,477	590,722	696,879	737,802	825,156	861,479	796,342	10,174,619
452,972	398,223	346,309	214,284	150,086	121,954	138,641	6,679,815
32.93	16.77	15.64	17.26	16.14	(18.42)	(6.17)	0.13
232.58	204.42	177.89	128.31	97.66	79.57	90.40	2.66
5.00	3.00	3.00	3.00	3.00	—	—	0.04
1,947,736	1,947,618	1,708,031	1,562,537	1,533,368	1,533,940	1,533,744	
5.7	6.2	6.5	6.0	2.8	(0.2)	1.9	
4.3	2.2	2.0	2.1	2.0	(2.3)	(0.8)	
5.3	6.0	5.7	5.2	2.7	0.3	2.0	
15.1	8.8	9.5	14.8	18.2	(21.7)	(6.5)	
25.4	24.9	20.8	13.3	9.6	8.5	9.2	
1.7	1.9	2.4	4.4	6.9	7.8	7.3	
0.9	0.9	0.8	0.8	0.8	0.8	0.8	
10.7	8.9	6.3	7.0	4.1	3.8	1.2	
0.9	0.9	1.1	0.8	1.0	1.1	0.9	
15.2	17.9	19.2	17.4	18.6	—	—	
31,345	32,460	30,322	29,098	28,870	28,907	29,095	
739,514	726,063	685,074	658,762	644,861	646,854	662,772	7,927,436
62,651	62,414	60,973	60,648	63,148	62,565	60,980	
39,928	40,564	39,712	38,454	38,857	40,388	38,780	
45,557	46,471	45,474	44,486	44,784	47,133	45,796	
63.7	65.0	65.1	63.4	61.5	64.6	63.6	
11.8	11.6	11.2	10.9	10.2	10.3	10.8	
18.5	17.9	17.3	17.1	16.6	16.0	17.1	
311,577	278,478	229,232	210,735	176,956	185,481	169,660	3,894,221
28,285	26,607	25,338	25,190	24,626	25,974	26,928	
21,291	20,145	18,769	19,191	16,950	18,719	17,799	
4,827	4,552	4,135	4,116	3,301	3,784	3,438	
75.3	75.7	74.1	76.2	68.8	72.1	66.1	
11.0	10.5	9.0	8.4	7.2	7.1	6.3	
14.6	13.8	12.2	11.0	10.4	9.9	9.5	
30,566	30,574	29,659	29,515	26,670	24,330	24,746	404,526
462,569	457,914	440,750	422,397	414,406	383,583	386,727	
72,192	62,195	55,380	50,089	43,205	40,393	32,937	1,070,422
332,507	277,571	248,735	234,417	220,476	195,669	152,942	

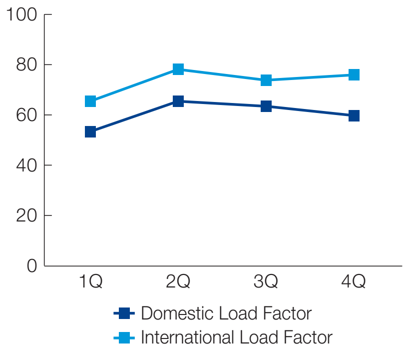
6. ROA = (operating income + interest and dividend income) / simple average of total assets
7. ROE = net income / simple average of total shareholders' equity
8. Debt/equity ratio = interest-bearing debt / total shareholders' equity. Interest-bearing debt includes lease obligations from the fiscal year ended March 2008 as a result of the early application of the Accounting Standard for Lease Transactions.
9. Interest coverage ratio = cash flows from operating activities / interest expenses
* Yen amounts are rounded down to the nearest million. Percentages are rounded to the nearest number. U.S. dollar translations are rounded down.

Air Transportation Data

Year ended March 31, 2012 by quarter

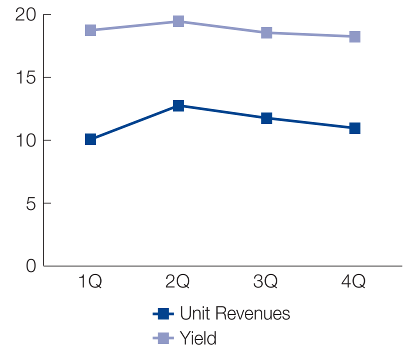
Domestic and International Load Factor

(%)



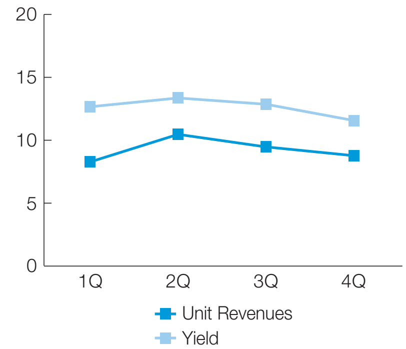
Domestic Unit Revenues and Yield

(¥)



International Unit Revenues and Yield

(¥)



Domestic Operations

		April-June 2011	July-September 2011	October-December 2011	January-March 2012	Year ended March 2012
Passengers (Thousands)		8,164	11,052	10,335	9,467	39,020
	Year-on-year change	–14.7%	–3.0%	–2.5%	+4.9%	–3.8%
Available seat-km (Millions km)		13,331	15,076	14,311	14,036	56,756
	Year-on-year change	–2.1%	+2.0%	–0.5%	+0.2%	–0.1%
Revenue passenger-km (Millions km)		7,149	9,904	9,114	8,421	34,589
	Year-on-year change	–14.9%	–3.2%	–2.2%	+4.8%	–3.9%
Load factor (%)		53.6	65.7	63.7	60.0	60.9
	Year-on-year difference	–8.0	–3.5	–1.1	+2.6	–2.4
Unit revenues (¥)		10.1	12.8	11.8	11.0	11.5
	Year-on-year change	–4.2%	+0.3%	–0.1%	+2.9%	–0.1%
Yield (¥)		18.8	19.5	18.6	18.3	18.8
	Year-on-year change	+10.1%	+5.7%	+1.6%	–1.6%	+3.9%
Cargo volume (Thousand tons)		108	120	128	109	467
	Year-on-year change	+4.7%	+4.1%	+1.9%	+1.6%	+3.0%

International Operations

		April-June 2011	July-September 2011	October-December 2011	January-March 2012	Year ended March 2012
Passengers (Thousands)		1,273	1,566	1,487	1,554	5,883
	Year-on-year change	+4.0%	+13.8%	+14.0%	+23.2%	+13.8%
Available seat-km (Millions km)		8,326	8,592	8,624	8,862	34,406
	Year-on-year change	+25.1%	+18.2%	+11.1%	+9.7%	+15.6%
Revenue passenger-km (Millions km)		5,470	6,734	6,389	6,757	25,351
	Year-on-year change	+6.8%	+14.1%	+9.1%	+21.8%	+13.0%
Load factor (%)		65.7	78.4	74.1	76.2	73.7
	Year-on-year difference	–11.2	–2.9	–1.4	+7.6	–1.7
Unit revenues (¥)		8.3	10.5	9.5	8.8	9.3
	Year-on-year change	–13.7%	–1.6%	+1.3%	+8.6%	–1.3%
Yield (¥)		12.7	13.4	12.9	11.6	12.6
	Year-on-year change	+1.1%	+1.9%	+3.2%	–2.3%	+0.9%
Cargo volume (Thousand tons)		140	136	151	141	570
	Year-on-year change	+6.2%	–2.1%	–1.1%	+7.4%	+2.4%

Industry Trends

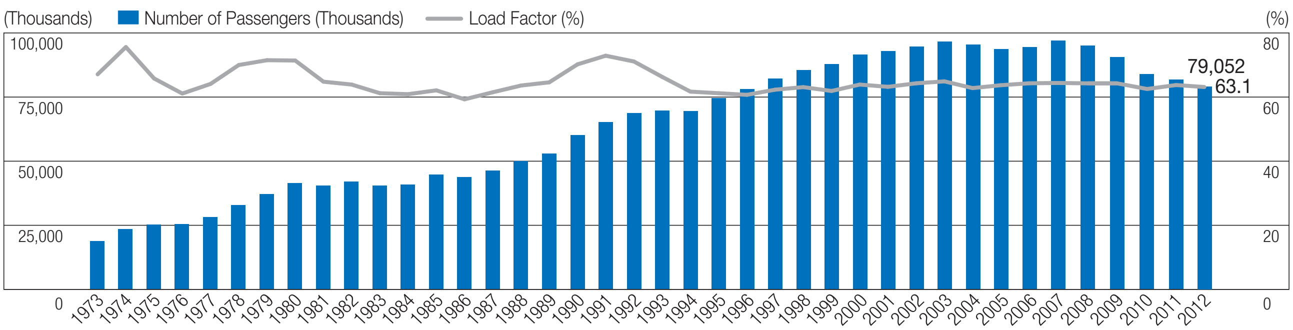
Top 20 Airlines by Number of Revenue Passengers

(Thousands)

Ranking	Airline	Number of Passengers	Ranking	Airline	Number of Passengers
1	Delta Air Lines	113,731	11	Air China	48,575
2	Southwest Airlines	110,587	12	easyJet	47,510
3	American Airlines	86,042	13	Qantas Airways	47,161
4	China Southern Airlines	80,545	14	Continental Airlines	45,180
5	Ryanair	76,422	**15**	**All Nippon Airways**	**41,911**
6	Lufthansa	63,012	16	TAM Airlines	35,506
7	China Eastern Airlines	53,933	17	Gol Airlines	34,558
8	US Airways	52,921	18	British Airways	34,031
9	United Airlines	50,473	19	Air Berlin	33,774
10	Air France	49,769	20	Emirates	32,730

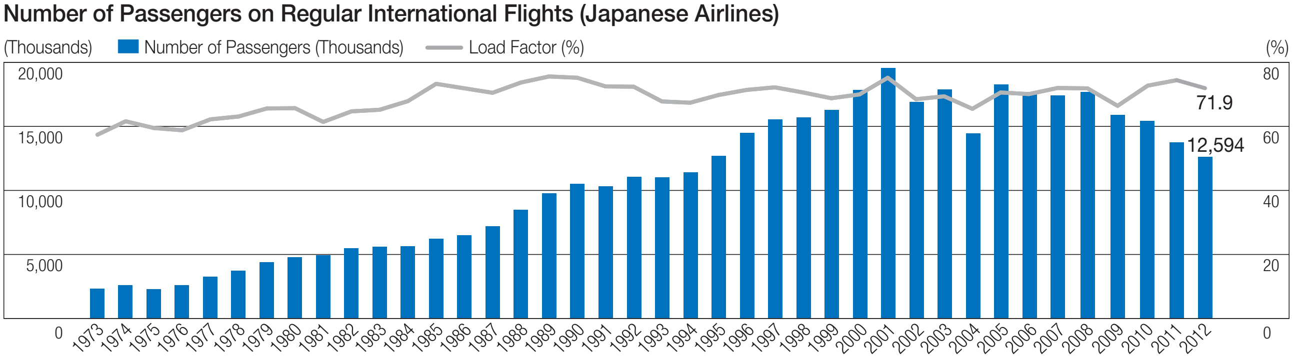
Source: IATA World Air Transport Statistics, 2011

Number of Passengers on Regular Domestic Flights (Japanese Airlines)



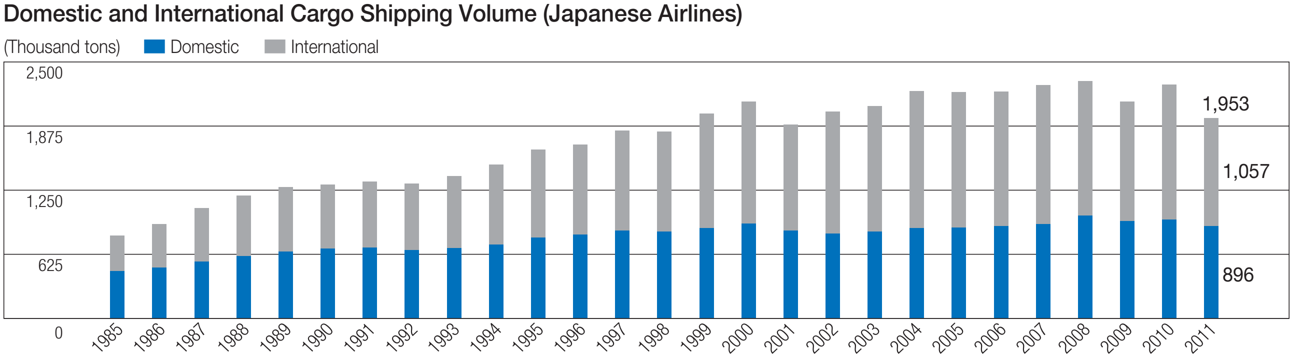
(Years ended March 31)
Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics
Note: Figures for the year ended March 2012 are from a preliminary report.

Number of Passengers on Regular International Flights (Japanese Airlines)



(Years ended March 31)
Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics
Note: Figures for the year ended March 2012 are from a preliminary report.

Domestic and International Cargo Shipping Volume (Japanese Airlines)



(Calendar years)
Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics
Note: Figures for 2011 are from a preliminary report.

Environmental Data

Years ended March 31

Climate Change Countermeasures

	2012	2011	2010
Carbon dioxide (CO_2) emissions (10,000 ton-CO_2)			
Total	850	810	771
Aircraft (total carbon emissions)	839	799	759
Ground equipment and vehicles (total emissions)	11.1	11.4	11.9
CO_2 emissions per RTK (kg-CO_2 / RTK)	1.13	1.12	1.16
Total energy consumption (crude oil equivalent) (crude oil 10,000 kℓ)			
Total	329	313	298
Aircraft energy consumption	322	307	292
Ground energy consumption (Power supplied to parked aircraft from ground included)	6.28	6.35	6.4
Fuel-efficient aircraft*			
Number of fuel-efficient aircraft (aircraft)	90	82	70
Ratio of fuel-efficient aircraft (%)	43.9	40.6	36.6

* Boeing 787, Boeing 777-200, 200ER, 300 and 300ER, and Boeing 737-700, 700ER and 800

Air Pollution Countermeasures

	2012	2011	2010
Total number of vehicles (vehicles)	3,978	3,693	3,520
Low-pollution, low-emission vehicles			
Number of low-pollution, low-emission vehicles (vehicles)	985	883	794
Ratio of low-pollution, low-emission vehicles (%)	24.8	23.9	22.6

Resource Savings

	2012	2011	2010
Waste produced (10,000 tons)			
Total	2.36	2.12	2.35
In-flight operations–Total cabin waste and sewage	1.76	1.49	1.73
Ground operations–Total ground waste	0.61	0.62	0.62
Total paper consumption (tons)	5,382	5,810	7,253

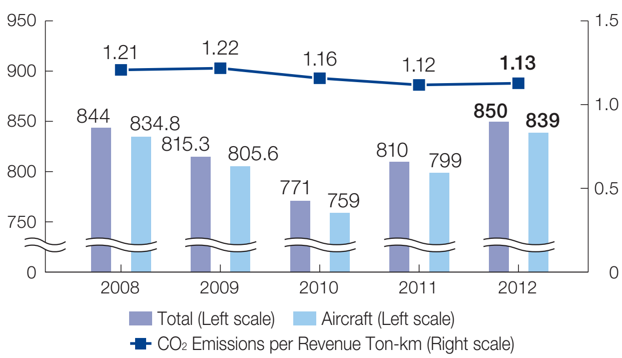
Other

	2012	2011	2010
Ozone depletion (halon and fluorocarbon (aircraft)/amount of discharge) (kg)	0	0	0
Total water usage (buildings) (10,000 tons)	59.2	54.9	66.7
Total waste treatment (buildings) (10,000 tons)	13.9	11.6	14.1
Amount of PCB (polychlorinated biphenyl) in storage (tons)	13.8	11.4	11.4

Note: The above data was compiled from the environmental activities of ANA and a limited number of ANA Group companies (Air transportation, Maintenance, Ground handling, Catering, Vehicle maintenance, Building maintenance, etc.) for each fiscal year. Figures do not include data for all ANA Group companies.

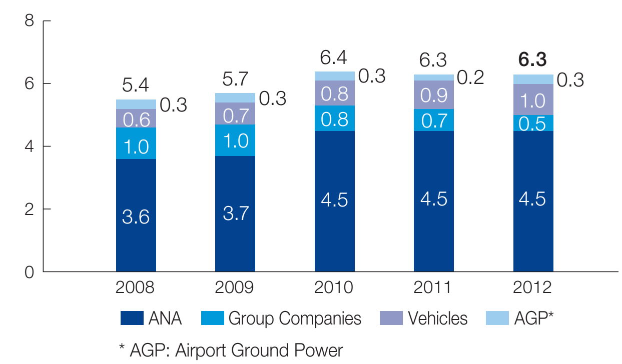
ANA Group CO_2 Emissions

(10 kilotons) (kg-CO_2 / RTK)



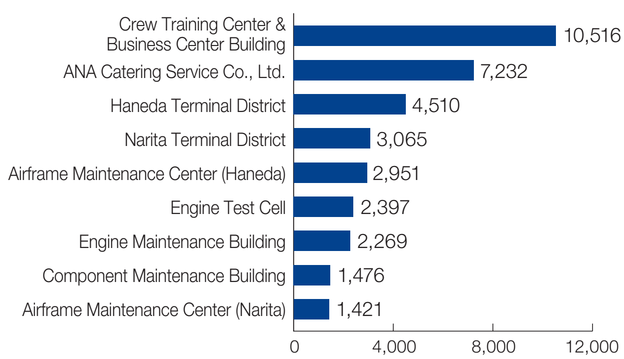
Ground Energy Consumption

(10,000 kℓ crude oil equivalent)



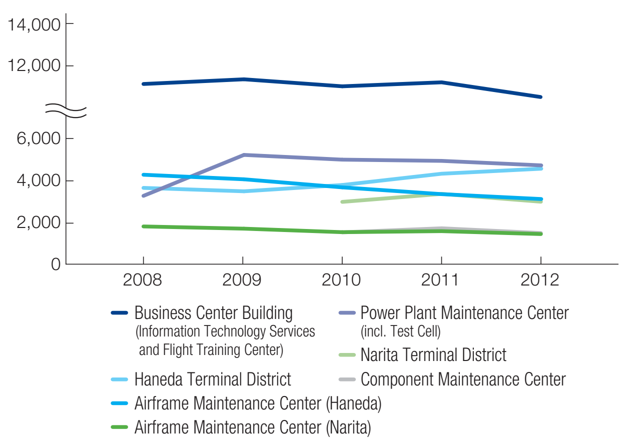
Energy Consumption by Major Work Site

(kℓ crude oil equivalent)



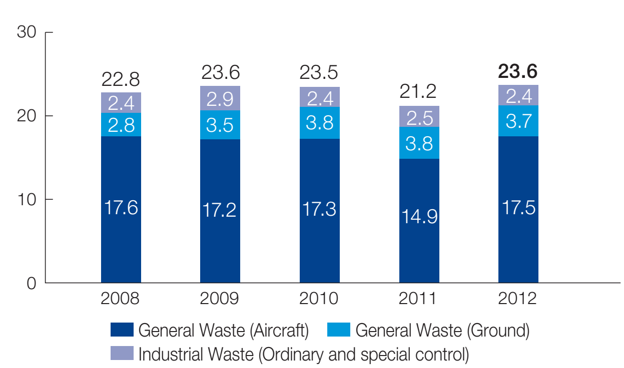
Energy Consumption by Major Offices

(kℓ crude oil equivalent)



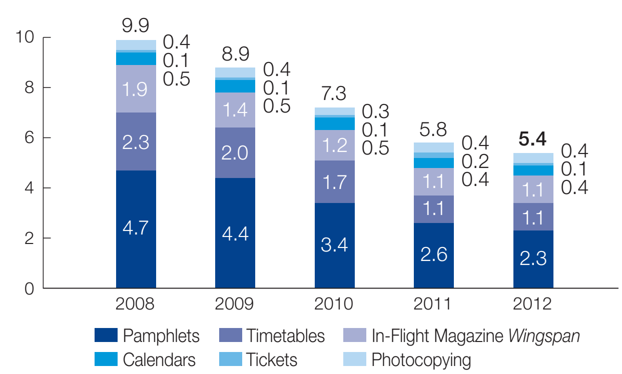
Waste Produced

(Thousand tons)



Paper Used

(Thousand tons)

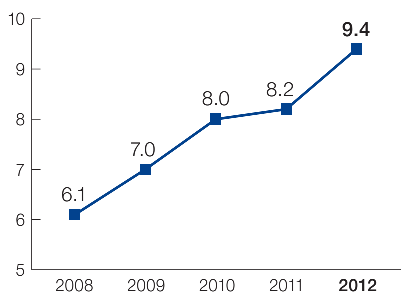


Social Data

Years ended March 31

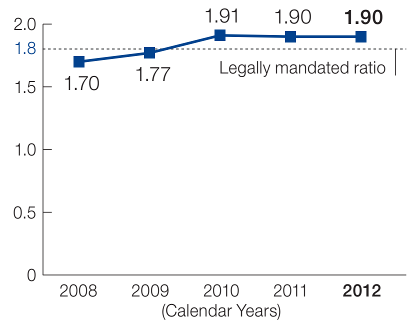
Ratio of Female Managers

(%)



Ratio of Employees with Disabilities

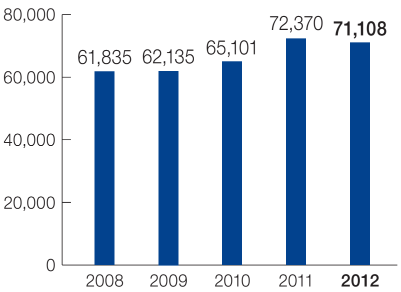
(%)



* To 2010: Total of ANA and one special subsidiary
From 2011: Total of ANA, two special subsidiaries and three ANA Group companies

Customer Feedback Reports

(Reports)



Human Resources Data

	2012	2011	2010
Number of employees (people)	11,387	12,848	12,900
Average age of employees (years)	39.0	38.6	38.3
Average years worked (years)	13.3	12.7	12.7
Global human assets (included in number of employees) (people)	1,381	1,322	1,333
Ratio of female employees (%)	50.3	50.9	49.7
Ratio of female managers (%)	9.4	8.2	8.0
Number of employees on pregnancy or childcare leave (people)	409	349	327
Number of employees on nursing care leave (people)	19	23	9
Employment of people with disabilities (%)	1.90	1.90	1.91

Note: The above data was compiled from ANA and a limited number of ANA Group companies (ANA Wing Fellows Co., Ltd. for the fiscal years ended March 2010 and 2011, and ANA Wing Fellows Co., Ltd., Vie Oji Ltd., Air Nippon Co., Ltd., Air Japan Co., Ltd., ANA WINGS CO., LTD. and ANA BUSINESS CREATE Co., Ltd. for the fiscal year ended March 2012) for each fiscal year. Figures do not include data for all ANA Group companies.

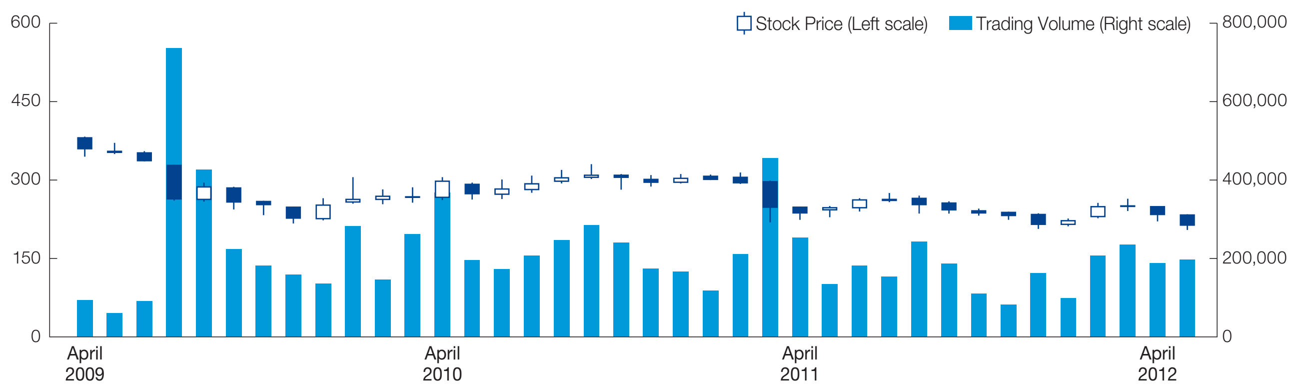
Customer-Related Data

	2012	2011	2010
Customer feedback reports (reports)	71,108	72,370	65,101
Composition by flight type			
Domestic routes (%)	55.5	55.1	60.3
International routes (%)	33.3	33.3	28.2
Other (%)	11.2	11.6	11.5
Composition by feedback type			
Complaint (%)	41.1	41.9	40.1
Compliment (%)	18.9	16.3	17.1
Comment/request (%)	27.1	29.2	31.2
Other (%)	12.9	11.6	11.6

Stock-Related Data

As of March 31, 2012

Stock Price Range and Trading Volume

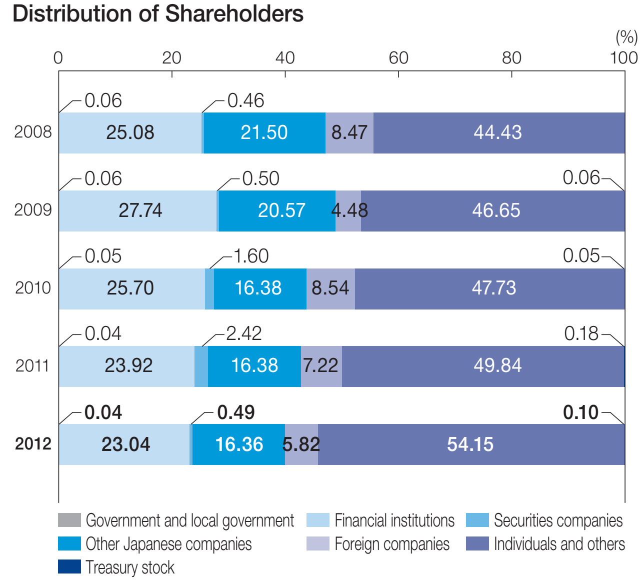


Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares in issue
Nagoya Railroad Co., Ltd.	71,982	2.85%
Japan Trustee Services Bank, Ltd. (trust account)	56,730	2.25%
The Master Trust Bank of Japan, Ltd. (trust account)	41,597	1.65%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,397	1.60%
SSBT OD05 OMNIBUS ACCOUNT- TREATY CLIENTS	31,942	1.27%
All Nippon Airways Co., Ltd. Employee Stock Ownership Association	31,561	1.25%
Mitsui Sumitomo Insurance Co., Ltd.	30,770	1.22%
Nippon Life Insurance Company	30,681	1.22%
Aioi Nissay Dowa Insurance Co., Ltd.	28,547	1.13%
Sumitomo Mitsui Banking Corporation	26,820	1.06%

Notes: 1. Equity position is calculated excluding treasury stock (2,609,672 shares).
2. Numbers of shares less than one thousand have been omitted.

Distribution of Shareholders



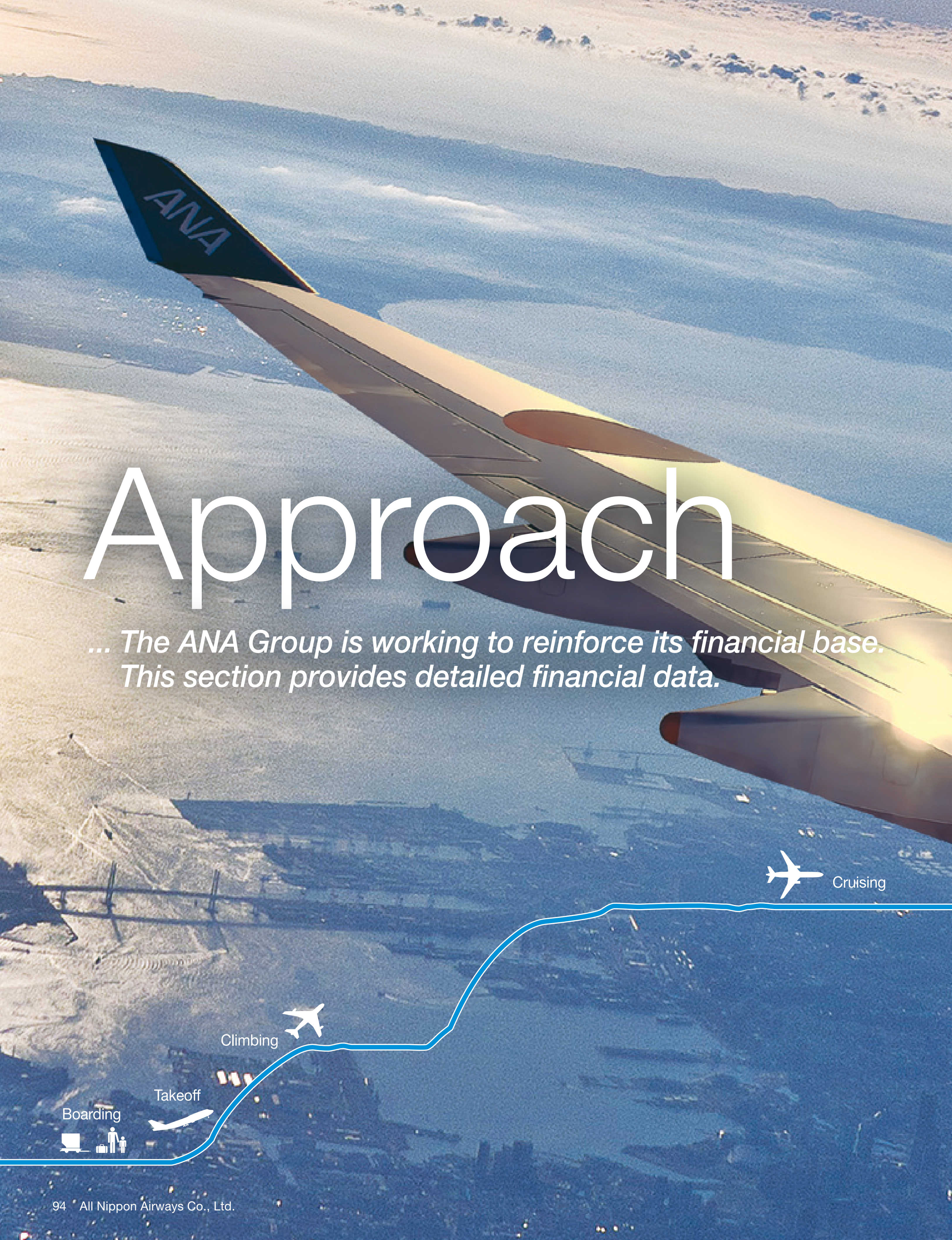
Stock Price and Ratios (Consolidated)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Stock Price* (¥):										
High	274	329	382	446	486	489	509	403	364	380
Low	208	220	218	316	385	392	321	312	191	202
PER (times):										
High	24.4	35.4	—	—	14.8	29.2	32.5	23.3	22.6	—
Low	18.5	23.7	—	—	11.7	23.4	20.5	18.1	11.8	—
Price / Cash Flow Ratio (times):										
High	14.3	5.8	15.8	8.0	5.2	7.9	8.9	6.8	6.3	17.4
Low	10.9	3.9	9.0	5.7	4.1	6.3	5.6	5.3	3.3	9.20
PBR (times):										
High	1.3	1.6	2.0	2.7	2.1	2.4	2.9	3.1	3.7	4.8
Low	1.0	1.1	1.2	1.9	1.7	1.9	1.8	2.4	2.0	2.5
Earnings per Share (¥)	11.22	9.29	(24.67)	(2.19)	32.93	16.77	15.64	17.26	16.14	(18.42)
Equity per Share (¥)	218.24	207.35	188.93	166.50	232.58	204.42	177.89	128.31	97.66	79.57
Cash Dividends per Share (¥)	4.00	2.00	—	1.00	5.00	3.00	3.00	3.00	3.00	—

* Tokyo Stock Exchange

Approach

... The ANA Group is working to reinforce its financial base. This section provides detailed financial data.



In-Flight Service
Approach
Landing

Management's Discussion and Analysis

Overview

Overview of the ANA Group

The ANA Group, or the "Group," consists of All Nippon Airways Co., Ltd. ("ANA" or the "Company"), its 108 subsidiaries and 41 affiliates. The Group has 62 consolidated subsidiaries and 22 equity-method subsidiaries and affiliates.

During the fiscal year ended March 2012, the ANA Group moved to minimize the effect on cash flow from the sharp decrease in demand due to the impact of the Great East Japan Earthquake (the "Earthquake") by taking steps to stimulate demand and by implementing emergency cost improvement measures to increase revenues and reduce costs by approximately ¥30 billion. In addition, in the second half of the fiscal year the ANA Group moved up implementation of a portion of the ¥100 billion cost reduction plan scheduled to begin in the fiscal year ending March 2013. As a result, the ANA Group achieved record-high operating income and increased net income year on year.

Mid-Term Corporate Strategy

As the outlook remained unclear, with the impact of the Earthquake, concerns about a global economic downturn set against the sovereign debt crisis in Europe, soaring oil prices and fluctuations in exchange rates, the ANA Group worked toward achieving its corporate vision of being one of the leading airline groups in Asia by entering the low-cost carrier (LCC) business, introducing the world's first commercial Boeing 787 flights, and preparing for a merger with Air Nippon Co., Ltd. that was completed on April 1, 2012.

The Japanese airline industry is at a major turning point, with capacity expansion at airports in the Tokyo area, further progress in liberalizing the airline business, and the establishment of a spate of new LCCs. These circumstances will usher in an era of full-scale competition with full-service carriers from Asia, Europe and North America, and LCCs in addition to existing Japanese carriers. Furthermore, factors such as Shinkansen extensions should intensify competition with providers of other forms of transportation.

The ANA Group therefore formulated the ANA Group FY2012-2013 Corporate Strategy in February 2012 to prevail in this era of full-scale competition and to achieve further growth and progress in the future. The ANA Group will expand its international route network by taking advantage of opportunities including the internationalization of Haneda Airport, successive capacity expansions at Narita Airport, the introduction of the Boeing 787, and its joint ventures with alliance partners. Concurrently, the ANA Group intends to achieve its corporate vision of being one of the leading airline groups in Asia by strengthening its operating base with a focus on a multi-brand strategy, Group reorganization, and cost restructuring during its renaissance as a stronger corporate group that customers consistently choose.

Overview of the ANA Group FY2012-2013 Corporate Strategy

Management Themes	• Foundation for growth strategies • Successive reinforcement of financial position • Group reorganization **Continuing from Previous Plan:** • Enhance managerial efficiency through maximum utilization of management resources • Establish solid revenue foundations resistant to volatility
Major Initiatives	**Multi-Brand Strategy** • Expand the international route network while establishing ANA as a full-service carrier brand distinct from LCCs • Achieve a thoroughly low-cost operating system and create new demand based on the new LCC business model
	Group Reorganization • Separate management and execution, and use a holding company to formulate strategy and allocate resources from the perspective of overall optimization • Delegate authority and responsibility to Group companies in order to accurately determine customer needs and serve them quickly with optimum quality and cost • Allow each operating company to focus on execution of its own operations to promote the multi-brand strategy and maximize earnings
	Cost Restructuring • Innovate business processes and flatten the organizational structure to optimize facilities, information technology and indirect personnel structure • Restructure productivity for competitive advantage using global standards, with a focus on front-line staff

Economic Conditions

General Economic Overview

In the fiscal year ended March 2012, harsh conditions continued in the Japanese economy because of the impact of the Earthquake in March 2011. Overall, the economy recovered moderately as consumer spending remained steady and corporate investment showed signs of rebounding. However, the outlook remained uncertain due to concerns about a downturn in overseas economies set against issues such as the sovereign debt crisis in Europe, fluctuations in exchange rates and soaring oil prices.

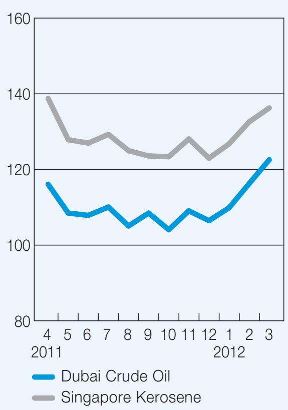
Fuel Price and Exchange Rate Trends

The price of crude oil remained high throughout the fiscal year ended March 2012. As of the end of March 2012, the Dubai crude oil price was $120.40 per barrel, with an average price for the fiscal year of $110.10 per barrel.

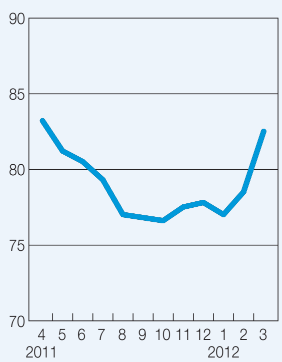
In addition, the market price of Singapore kerosene tracked the price of crude oil and ended the fiscal year at $135.40 per barrel as of the end of March 2012, with an average price for the fiscal year of $128.40 per barrel.

The yen remained strong throughout the fiscal year, with the yen-dollar exchange rate hitting a record high ¥75.30 per dollar in October 2011. The average exchange rate was ¥79.60 per dollar during the first half and ¥78.30 per dollar during the second half. Consequently, the exchange rate averaged ¥79.00 per dollar for the fiscal year ended March 2012.

Prices for Dubai Crude Oil and Singapore Kerosene
(Year ended March 31, 2012)
(U.S. dollars per barrel)



Monthly Yen-Dollar Exchange Rate
(Year ended March 31, 2012)
(Yen / U.S. dollars)



Air Transport Traffic Trends

In 2011, the number of passengers on scheduled international routes of airlines that are members of the International Air Transportation Association (IATA) increased 6.5% compared with the previous year to 810 million. Passengers on scheduled domestic routes increased 2.9% to 1,100 million. Moreover, scheduled global air cargo volume decreased 0.7%. (Source: IATA World Air Transport Statistics, 2011)

The number of passengers on scheduled domestic routes in the fiscal year ended March 2012 decreased 3.8% compared with the previous fiscal year to 79.05 million. The number of passengers on trunk routes decreased 3.1% from the previous fiscal year to 33.60 million. The number of passengers on local routes decreased 4.4% from the previous fiscal year to 45.46 million. The volume of domestic cargo decreased 4.4% from the previous fiscal year to 0.90 million tons. The number of passengers carried by Japanese airlines on international routes in the fiscal year ended March 2012 decreased 8.1% from the previous fiscal year to 12.59 million. The volume of international cargo handled by Japanese airlines decreased 14.5% from the previous fiscal year to 1.07 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report)

Performance for the Fiscal Year Ended March 2012

Operating Revenues and Operating Income

Operating revenues increased 4.0%, or ¥53.8 billion, year on year to ¥1,411.5 billion. While the impact of the Earthquake depressed operating revenues, the ANA Group's efforts to stimulate demand resulted in higher operating revenues, primarily from international passenger operations.

Several factors allowed the Group to limit the year-on-year increase in operating expenses to 1.9%, or ¥24.6 billion, for a total of ¥1,314.4 billion even as operating revenues increased through expansion of the scale of operations. The Group precisely matched capacity with demand and implemented emergency cost improvement measures immediately after the Earthquake to increase revenues and reduce costs by approximately ¥30 billion. In addition, in the second half of the fiscal year the Group moved up implementation of a portion of the ¥100 billion cost reduction plan scheduled to begin in the fiscal year ending March 2013. Consequently, operating income increased 43.1%, or ¥29.2 billion, compared with the previous fiscal year to a record high ¥97.0 billion.

Review of Operating Segments

Air Transportation

Segment operating revenues increased 3.6% compared with the previous fiscal year to ¥1,262.5 billion due to factors including recovery in business travel demand, measures to stimulate demand and the introduction of the Boeing 787. (Please refer to the Air Transportation section on pages 36-48 for additional details on each business.)

Domestic Passenger Operations

With demand depressed by the Earthquake, the ANA Group worked to stimulate demand and match capacity with demand. The Group largely shook off the depressed demand caused by the Earthquake by the end of the fiscal year. In addition, In November 2011, ANA was first in the world to introduce scheduled flight service for the Boeing 787, deploying it on Haneda–Okayama and Haneda–Hiroshima routes and then successively on other routes. While the number of passengers on domestic routes

Years ended March 31,	Yen (Millions) 2012	2011	2010
Air Transportation Expenses			
Fuel and fuel tax	¥ 263,123	¥ 256,292	¥ 249,920
Landing and navigation fees	94,532	93,842	92,443
Aircraft leasing	67,131	63,934	60,383
Depreciation and amortization	117,234	116,287	111,366
Aircraft maintenance – parts and contracts	45,760	46,296	56,286
Personnel	251,064	243,347	229,760
Sales commissions	63,532	67,098	76,577
Outsourcing	86,371	83,804	81,521
Other	185,335	186,888	188,388
	1,174,082	1,157,788	1,146,644
Travel Services Expenses	155,045	156,744	166,994
Other Business Expenses	134,328	134,150	134,143
Total Operating Expenses	1,463,455	1,448,682	1,447,781
Intercompany Eliminations	(148,973)	(158,837)	(165,181)
Consolidated Operating Expenses	¥1,314,482	¥1,289,845	¥1,282,600

decreased 3.8% year on year due to the impact of the Earthquake, unit price increased 3.8% from the previous fiscal year as a result of improved passenger composition due to the comparatively smaller decrease in business demand and enhanced competitiveness. Operating revenues from domestic passenger operations therefore decreased 0.2%, or ¥1.0 billion, compared with the previous fiscal year.

International Passenger Operations

As demand recovered gradually from May 2011, the ANA Group appropriately deployed aircraft to match capacity with demand. Moreover, efforts to stimulate demand for inbound travel to Japan included campaigns to attract study tours from various countries and other proactive methods to enhance Japan's image. The Group also implemented successful marketing programs in tandem with capacity expansion. As a result, the number of passengers on international routes increased 13.8% from the previous fiscal year, and unit price increased 0.2% year on year. Consequently, operating revenues from international passenger operations increased 14.0%, or ¥39.4 billion, compared with the previous fiscal year.

Cargo and Mail Operations

Domestic cargo operating revenues increased 2.6% year on year to ¥33.2 billion. In international cargo services, the appreciation of the yen and economic conditions made the operating environment harsh, especially for air cargo exports from Japan. However, international cargo volume increased 2.4% year on year because the ANA Group aggressively worked to secure cargo volume, and operating revenues from international cargo services increased 2.2% from the previous fiscal year to ¥87.9 billion. In mail services, operating revenues from both domestic and international operations increased year on year.

The ANA Group was able to limit the year-on-year increase in operating expenses in the air transportation segment to 1.4%, or ¥16.2 billion, for a total of ¥1,174.0 billion even as operating revenues increased through expansion of the scale of operations. This was the result of emergency cost improvement measures implemented immediately after the Earthquake that reduced costs by ¥32.0 billion. Also, the Group reduced costs by ¥11.0 billion by successfully moving up implementation of a portion of the ¥100 billion cost reduction plan scheduled to begin in the fiscal year ending March 2013.

Operating expenses rose year on year primarily because capacity increased in international passenger operations and expenses increased due to the sharp rise in fuel prices. An additional factor was an increase in the capacity-related expenses of landing and navigation fees, aircraft leasing expenses and personnel expenses.

Consequently, segment profit in the air transportation segment increased 46.3% year on year to ¥88.4 billion.

A breakdown of operating expenses is presented above.

• Fuel and fuel tax expenses

Fuel and fuel tax expenses increased 2.7% compared with the previous fiscal year to ¥263.1 billion, and accounted for 22.4% of segment operating expenses, compared with 22.1% in the previous fiscal year.

The ANA Group curbed fuel consumption volume to a certain extent by matching capacity with demand with emphasis on domestic routes, and conducted measures including engine washing and fuel management to increase fuel efficiency through optimal altitude operation. However, expanded capacity on international routes resulted in an overall increase in fuel consumption volume.

The appreciation of the yen was a factor reducing the cost of crude oil, but fuel costs increased because the average market price for crude oil remained at a high level compared with the previous fiscal year.

Fuel tax expenses decreased because the jet fuel tax was lower.

• Landing and navigation fees

The number of flights increased 1.2% on domestic routes, increased 16.3% on international routes, and increased 3.2% on cargo routes. Landing and navigation fees increased 0.7% year on year to ¥94.5 billion, primarily because of the increase in flights on international routes.

• Aircraft leasing expenses

Aircraft leasing expenses increased 5.0% compared with the previous fiscal year to ¥67.1 billion. The number of leased aircraft decreased by 10 from a year earlier to 60 at the end of the fiscal year, but expenses for blocking seats increased because the number of routes shared with domestic partner airlines increased.

• Depreciation and amortization expenses

Depreciation and amortization expenses increased 0.8% compared with the previous fiscal year to ¥117.2 billion, primarily due to depreciation of aircraft. The number of Group-owned aircraft increased by 14 compared with the previous fiscal year to 166.

• Aircraft maintenance expenses – parts and contracts

Aircraft maintenance expenses decreased 1.2% compared with the previous fiscal year to ¥45.7 billion because the ANA Group internalized overseas maintenance that it had been outsourcing. Other primary factors included lower expenses for engine maintenance.

• Personnel costs

Personnel costs increased 3.2% compared with the previous fiscal year to ¥251.0 billion. Cost structure improvements allowed the ANA Group to reduce personnel costs according to plan in ways such as revising bonus payment levels and reducing managers' salaries. However, personnel costs rose because of factors such as an increase in performance-linked compensation due to the substantial improvement in performance for the fiscal year ended March 2012.

• Sales commissions

Sales commissions decreased 5.3% compared with the previous fiscal year to ¥63.5 billion, primarily because of reduced sales planning expenses.

• Outsourcing expenses

The ANA Group limited the increase in outsourcing expenses to ¥86.3 billion, a decrease of 3.1% compared with the previous fiscal year. Lower operating and handling costs resulting from effectively matching capacity with demand partially offset increased expenses due to the addition of subsidiaries to the scope of consolidation, outsourcing of handling to external airlines, and other factors.

• Other expenses

Other expenses decreased 0.8% compared with the previous fiscal year to ¥185.3 billion because the ANA Group reduced advertising, rental and other controllable expenses.

Travel Services

In domestic travel services, demand for travel to the Kanto and Tohoku regions dropped sharply in the first half of the fiscal year because of the impact of the Earthquake. However, sales from the second half of the fiscal year exceeded the same period of the previous year. Revenues from domestic travel services were essentially unchanged year on year as a result.

In international travel services, overseas travel decreased temporarily because of the Earthquake, but the impact of the appreciation of the yen and measures to stimulate demand supported a recovery to pre-Earthquake levels from July 2011 onward for all destinations other than China. Revenues from international travel services increased year on year as a result.

Consequently, segment operating revenues decreased 0.3% compared with the previous fiscal year to ¥158.9 billion. Operating expenses decreased 1.1% year on year to ¥155.0 billion due to cost reductions. As a result, segment profit increased 48.2% year on year to ¥3.9 billion.

Performance in the Travel Services Segment

	Yen (Millions)		
Years ended March 31,	2012	2011	2010
Revenues from domestic package products	¥126,296	¥127,627	¥132,459
Revenues from international package products	23,509	21,558	21,189
Other revenues	9,147	10,196	13,328
Total	158,952	159,381	166,976
Segment operating expenses	155,045	156,744	166,994
Segment profit (loss)	3,907	2,637	(18)

Other Businesses

The Other Businesses segment includes information systems, product sales, logistics and facility management. All Nippon Airways Trading Co., Ltd. handles product sales operations. Revenues from its customer service operations, which center on airport and in-flight retail sales, were weak because of the impact of the Earthquake, while handling volume decreased in its aircraft business.

Operating revenues in the other businesses segment decreased 0.4% compared with the previous fiscal year to ¥138.4 billion. Operating expenses were essentially unchanged year on year at ¥134.3 billion because of cost reduction initiatives. Consequently, segment profit decreased 14.3% year on year to ¥4.1 billion.

Performance in the Other Businesses Segment

Years ended March 31,	2012	2011	2010
	Yen (Millions)		
Revenues from product sales	¥ 90,231	¥ 93,799	¥ 92,958
Revenues from information systems	26,042	24,950	25,780
Revenues from building management	19,032	17,226	15,132
Other revenues	3,147	2,988	3,616
Total	138,452	138,963	137,486
Segment operating expenses	134,328	134,150	134,143
Segment profit	4,124	4,813	3,343

Note: Effective the fiscal year ended March 2011, the ANA Group changed its reportable segments to air transportation, travel services and other businesses. Figures for the fiscal year ended March 2010 have been restated accordingly.

Non-Operating Income (Expenses)

Net non-operating expenses totaled ¥33.5 billion, compared with net non-operating expenses of ¥32.7 billion for the previous fiscal year. Gain on sale of property and equipment, which includes aircraft, increased ¥3.7 billion compared with the previous fiscal year, while loss on sale or disposal of property and equipment, which includes aircraft parts, decreased ¥3.4 billion compared with the previous fiscal year. In addition, reversal of provision for loss on antitrust proceedings of ¥16.7 billion, loss on antitrust settlement of ¥6.8 billion, and loss on adjustment for changes of accounting standard for asset retirement obligations of ¥2.1 billion recognized in the previous fiscal year did not recur in the fiscal year ended March 2012.

Net Income

As a result of the above, income before income taxes and minority interests increased 80.9% year on year to ¥63.4 billion. Income taxes totaled ¥35.2 billion due to reversal of a portion of deferred tax assets as a result of a reduction in the corporate tax rate. Net income increased 20.9% year on year to ¥28.1 billion. Earnings per share were ¥11.22, compared with ¥9.29 for the previous fiscal year.

Comprehensive income was ¥33.1 billion. While the ANA Group recognized a net unrealized holding gain on securities, compared with a net unrealized holding loss for the previous fiscal year, deferred gain on hedging instruments decreased ¥13.8 billion year on year.

Non-Operating Income (Expenses)

Years ended March 31,	2012	2011	2010
	Yen (Millions)		
Interest and dividend income	¥ 2,452	¥ 2,597	¥ 2,672
Interest expenses	(19,578)	(19,314)	(18,160)
Gain on sale of property and equipment	4,166	414	1,115
Loss on sale or disposal of property and equipment	(8,618)	(12,161)	(14,182)
Impairment loss	(1,746)	(315)	(1,253)
Valuation loss on investments in securities	(10)	(3,536)	(644)
Equity in income (loss) of affiliates	526	684	(204)
Gain on sale of investments in securities	158	—	18
Gain on return of substituted portion of welfare pension fund	—	38	1,723
Amortization of net transitional retirement benefit obligation	(6,396)	(6,425)	(6,423)
Special retirement benefit expenses	(2,442)	(192)	(4,467)
Reversal of provision for loss on antitrust proceedings	—	16,729	—
Loss on antitrust settlement	—	(6,835)	—
Expenses related to antitrust proceedings	—	(693)	(856)
Provision for loss on antitrust proceedings	—	—	(648)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(2,130)	—
Refurbishment expense for return of lease aircraft	(2,170)	(2,846)	(1,899)
Others, net	67	1,235	1,862
Total	¥(33,591)	¥(32,750)	¥(41,346)

Cash Flows

Fundamental Approach to Sources of Funds

The ANA Group's fundamental approach to sources of funds is to keep capital expenditures within the limits of operating cash flows including repayment of lease obligations, and to expand capital while controlling interest-bearing debt by managing free cash flow. In addition, to strengthen competitiveness over the medium and long term, the Group conducts continuous strategic investment while aiming to enhance financial soundness.

The ANA Group raises funds mainly through bank loans and bond issuance, and has concluded commitment lines totaling ¥110.0 billion with 14 leading domestic financial institutions to ensure emergency access to working capital. All of the commitment lines were unused as of March 31, 2012.

The ANA Group's capital expenditure is mainly for aircraft, and the Group is able to use the Japan Bank for International Cooperation's guarantee system for loans from financial institutions.

Overview of the Fiscal Year Ended March 2012

Free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, totaled ¥48.0 billion, while net cash provided by financing activities totaled ¥16.1 billion. As a result, cash and cash equivalents increased ¥64.2 billion from a year earlier to ¥265.8 billion.

Cash Flows from Operating Activities

Net cash provided by operating activities increased ¥10.5 billion compared with the previous fiscal year to ¥214.4 billion. Robust operating performance resulted in income before income taxes and minority interests of ¥63.4 billion, an increase of ¥28.3 billion compared ¥35.0 billion for the previous fiscal year. Adjustment for depreciation and amortization and other non-cash items, a decrease in accounts receivable, and an increase in accounts and notes payable – trade contributed to the increase in cash provided by operating activities, while income taxes paid were among the factors that used cash.

	2012	2011	2010	2009	2008
Debt/Equity Ratio (Times)	1.8	1.8	2.0	2.8	1.7
Interest Coverage Ratio (Times)	10.8	10.7	4.6	—	10.7

Note: Interest coverage ratio = Cash flows from operating activities / Interest expenses

Cash Flows from Investing Activities

Net cash used in investing activities increased ¥26.7 billion compared with the previous fiscal year to ¥166.3 billion. Uses of cash included payment for purchase of property and equipment totaling ¥181.1 billion resulting from payments upon receipt of aircraft and other assets such as spare parts and advance payments for planned introductions of aircraft. In addition, payment for purchase of intangible assets used cash of ¥15.6 billion. On the other hand, proceeds from sale of property and equipment, which included aircraft leased after sale, totaled ¥40.5 billion. Moreover, payment for purchase of marketable securities totaled ¥231.7 billion while proceeds from redemption of marketable securities totaled ¥227.7 billion, reflecting purchases and redemptions of negotiable certificates of deposit.

Free Cash Flow

As discussed above, net cash provided by operations totaled ¥214.4 billion, and net cash used in investing activities totaled ¥166.3 billion. Consequently, free cash flow totaled ¥48.0 billion.

Cash Flows from Financing Activities

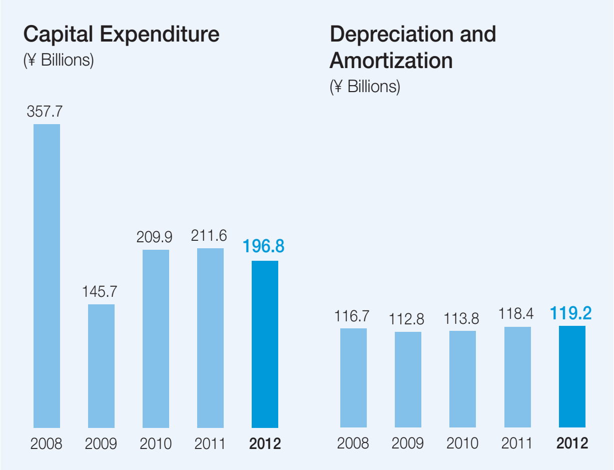
Net cash provided by financing activities totaled ¥16.1 billion, while in the previous fiscal year, financing activities used net cash totaling ¥10.5 billion. The ANA Group used cash to repay long-term debt and leases and redeem bonds. The Group also enhanced liquidity by procuring funds, with proceeds from long-term debt totaling ¥180.4 billion.

Capital Expenditure and Aircraft Procurement

Capital Expenditure

The ANA Group's capital expenditure mainly comprises the acquisition of aircraft, aircraft engines and aircraft parts, and investments related to information systems. Capital expenditure in the fiscal year ended March 2012 decreased 7.0% compared with the previous fiscal year to ¥196.8 billion, centered on investment in aircraft such as the strategic Boeing 787.

By segment, compared with the previous fiscal year capital expenditure decreased 7.6% to ¥194.5 billion in the air transportation segment, decreased 51.5% to ¥0.03 billion in the travel services segment, and increased 9.2% to ¥5.1 billion in the other businesses segment.



Fundamental Approach to Aircraft Procurement

Aircraft are major investments that are in use for more than ten years. Decisions regarding the selection of aircraft types suited to networks and programs to optimize fleet composition are among the most important issues for airline management.

ANA's Fleet Strategy encompasses three policies: increasing cost competitiveness by introducing fuel-efficient aircraft, matching capacity with demand by increasing the proportion of medium-body aircraft, and increasing productivity by integrating the number of aircraft types.

Fundamentally, ANA purchases and owns strategic aircraft it intends to use over the medium-to-long term, and selects the most economical method on a case-by-case basis, including leases, for procuring aircraft it intends to use over the short-term or for capacity adjustment.

Aircraft Procured in the Fiscal Year Ended March 2012

In line with the above Fleet Strategy, the ANA Group's operating fleet increased by four aircraft from a year earlier to 226 aircraft as of March 31, 2012.

Newly Introduced Aircraft

During the fiscal year ended March 2012, the ANA Group purchased 15 new aircraft. The aircraft consisted of six Boeing 787-8s, four Boeing 767-300s, two Boeing B737-800s, and three Bombardier DHC-8-400s.

In addition, the ANA Group purchased 10 aircraft upon the completion of their lease term, consisting of one Boeing 737-500, seven Airbus A320-200s, and two Bombardier DHC-8-300s.

Retired Aircraft

The ANA Group retired 11 aircraft, returning four after lease and selling or disposing of seven. The aircraft consisted of three Boeing 747-400s (one returned, two sold), two Boeing 767-300s (one returned, one sold), one Boeing B737-500 (sold), three Airbus A320-200s (two returned, one sold), and two Bombardier DHC-8-300s (sold).

The ANA Group leased back four Boeing 767-300s after sale.

Leased Aircraft

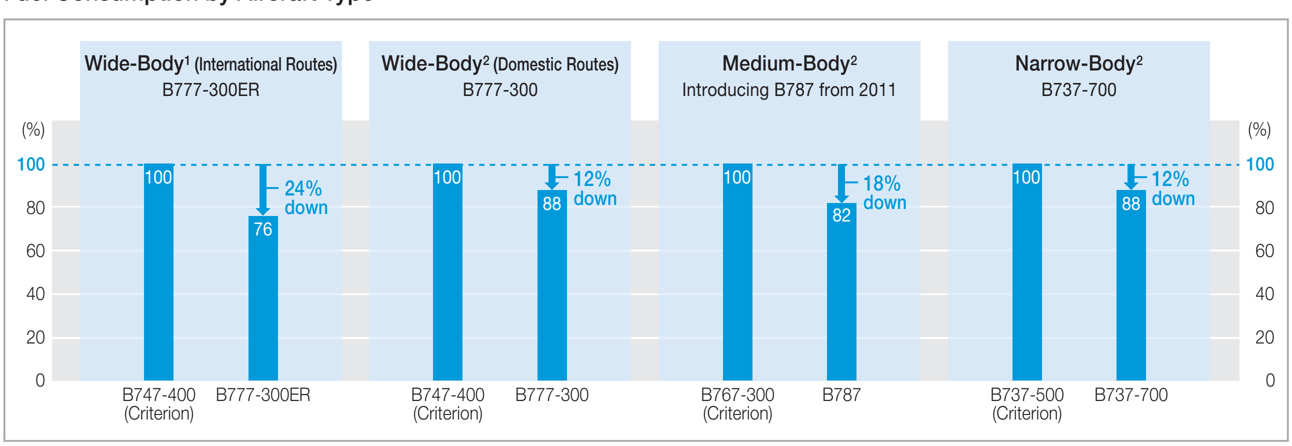
As of March 31, 2012, the ANA Group increased aircraft leased outside the Group by one, a CRJ700, to a total of 12 aircraft. The 12 aircraft encompassed one Boeing 767-300, four Boeing 737-500s, four Boeing 737-400s, and three CRJ700s.

Aircraft in Service

As of March 31, 2012	Total	Owned	Leased
Boeing 747-400	8 (-3)	8 (-2)	0 (-1)
Boeing 777-300	26	23	3
Boeing 777-200	23	18	5
Boeing 787-8	6 (+6)	6 (+6)	0
Boeing 767-300	57 (+3)	38 (-1)	19 (+4)
Boeing 767-300F (Cargo freighter)	9 (-1)	7	2 (-1)
Boeing 737-800	17 (+2)	16 (+2)	1
Boeing 737-700	18	14	4
Boeing 737-500	16 (-1)	9	7 (-1)
Airbus A320-200	25 (-3)	21 (+6)	4 (-9)
Bombardier DHC-8-400	18 (+3)	5 (+3)	13
Bombardier DHC-8-300	3 (-2)	1	2 (-2)
Total	226 (+4)	166 (+14)	60 (-10)

Notes: 1. Figures in parentheses show changes from the previous fiscal year-end.
2. Only the number of aircraft in the ANA Group Operating Fleet is presented.
3. The above table does not include aircraft leased outside the ANA Group (12 aircraft as of March 31, 2012, 11 aircraft as of March 31, 2011).

Fuel Consumption by Aircraft Type



Notes: 1. Figures are based on Narita–New York route.
2. Figures are per seat and based on Tokyo–Sapporo route, domestic-use aircraft with full capacity.

As of March 31,	Yen (Millions) 2012	2011	2010
Short-term loans:			
Short-term bank loans	¥ —	¥ 166	¥ 29,096
Current portion of long-term loans	115,962	115,036	99,820
Current portion of bonds and notes	—	20,000	40,000
Current portion of finance lease obligations	11,443	11,193	11,859
	127,405	146,395	180,775
Long-term debt (excluding current portion):			
Loans, principally from banks	716,663	665,161	628,609
Bonds	95,000	95,000	95,000
Finance lease obligations	24,589	32,263	37,307
	836,252	792,424	760,916
Total interest-bearing debt	¥963,657	¥938,819	¥941,691

Aircraft Procurement Plan for the Fiscal Year Ending March 2013

The ANA Group's aircraft procurement plan for the fiscal year ending March 2013 involves the introduction of 22 aircraft to ensure that the Group takes advantage of business opportunities available from creating and stimulating new demand, primarily on international routes. This will include 14 strategic Boeing 787s, two Boeing 777-200ER aircraft, four Boeing 737-800 aircraft, and two Bombardier DHC-8-400 aircraft. On the other hand, the Group plans to integrate the number of aircraft and to steadily improve its cost structure by aggressively introducing fuel-efficient aircraft. The Group therefore plans to retire a total of 21 aircraft, including Boeing 747-400s, during the fiscal year ending March 2013.

Financial Position

Assets

As of March 31, 2012, total assets increased ¥74.5 billion from a year earlier to ¥2,002.5 billion.

Current assets increased ¥76.5 billion from a year earlier to ¥548.7 billion, primarily because cash on hand increased due to the rebound in results. Marketable securities increased ¥63.2 billion, and accounts receivable increased ¥28.2 billion. Liquidity available from cash on hand and in banks and marketable securities increased ¥68.1 billion.

Total non-current assets decreased ¥1.6 billion from a year earlier to ¥1,453.6 billion. Property and equipment increased ¥30.6 billion because of the acquisition and refurbishment of aircraft and advance payments on aircraft purchase contracts for planned aircraft introductions in the future. On the other hand, deferred income taxes – non-current decreased because expanded profitability reduced tax loss carry-forwards. The ANA Group purchased 15 new aircraft, purchased 10 aircraft upon the completion of their lease term, returned four leased aircraft, sold seven aircraft, and leased back four aircraft after sale. Flight equipment therefore increased ¥36.5 billion, while leased assets decreased ¥8.5 billion from a year earlier, and the total of construction in progress and advance payments on aircraft purchase contracts increased ¥15.0 billion.

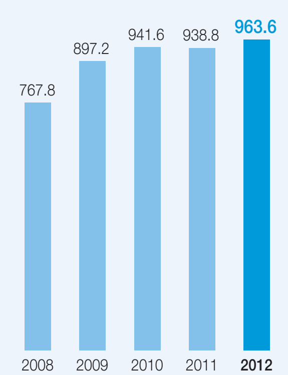
Moreover, deferred income taxes – non-current decreased ¥32.5 billion from a year earlier.

Liabilities

Total liabilities as of March 31, 2012 increased ¥46.0 billion from a year earlier to ¥1,447.7 billion. Factors including redemption of bonds and scheduled debt repayment partially offset new borrowings to raise funds.

Current liabilities increased ¥13.4 billion from a year earlier to ¥461.0 billion. The ANA Group redeemed bonds totaling ¥20.0 billion that were added to the current portion of long-term debt in the previous fiscal year, but accounts and notes payable – trade increased ¥20.0 billion, advance ticket sales rose, and other current liabilities, which includes foreign currency derivative liabilities, increased ¥10.5 billion.

Interest-Bearing Debt
(¥ Billions)



As of / Years ended March 31,	Yen (Millions) 2012	2011	2010
Retirement benefit obligation	¥(265,140)	¥(269,579)	¥(268,131)
Plan assets at fair value	96,072	95,924	96,703
Unfunded retirement benefit obligation	(169,068)	(173,655)	(171,428)
Net amount unrecognized	42,993	50,267	52,220
	(126,075)	(123,388)	(119,208)
Prepaid pension cost	—	12	217
Accrued employees' retirement benefits	¥(126,075)	¥(123,400)	¥(119,425)
Net periodic pension and severance cost	¥ (23,331)	¥ (22,705)	¥ (23,731)
Discount rate	1.5～2.5%	1.6～2.5%	2.5%

Long-term liabilities increased ¥32.5 billion from a year earlier to ¥986.6 billion. Long-term debt, less current portion, and finance lease obligations increased ¥43.8 billion from a year earlier because the ANA Group raised funds.

Interest-bearing debt including finance lease obligations increased ¥24.8 billion from a year earlier to ¥963.6 billion because of the new borrowings discussed above.

The debt/equity ratio was 1.8 times, unchanged from a year earlier.

Net Assets

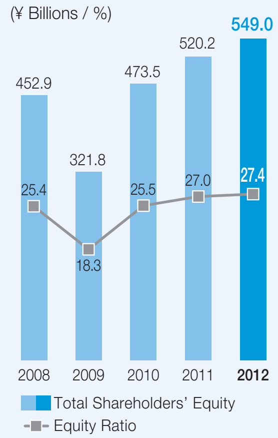
As of March 31, 2012, net assets increased ¥28.5 billion from a year earlier to ¥554.8 billion.

Capital surplus totaled ¥195.7 billion. Retained earnings increased ¥22.7 billion from a year earlier to ¥117.6 billion because the ANA Group generated net income for the fiscal year.

Accumulated other comprehensive income totaled ¥8.3 billion, an increase of ¥4.9 billion from a year earlier. Factors included an increase of ¥4.3 billion in deferred gain on hedging instruments for fuel and foreign exchange hedging transactions.

As a result, total shareholders' equity, defined as shareholders' equity plus accumulated other comprehensive income, increased ¥28.7 billion from a year earlier to ¥549.0 billion. The equity ratio increased 0.4 percentage points to 27.4% from 27.0% a year earlier.

Total Shareholders' Equity / Equity Ratio
(¥ Billions / %)



Book value per share (BPS) increased ¥10.89 to ¥218.24 from ¥207.35 at the end of the previous fiscal year.

Bond Ratings

ANA has obtained ratings on its long-term debt from Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I).

Bond ratings as of March 31, 2012 are as follows:

	JCR (Revised October 2007)	R&I (Revised September 2007)
Issuer rating	A-	BBB+
Long-term senior debt	A-	
Commercial paper	J-1	a-2
Outlook	December 2010 Negative → Stable	January 2011 Negative → Stable

Retirement Benefit Obligation

ANA and its domestic consolidated subsidiaries have defined benefit plans that encompass welfare pension fund plans, defined benefit corporate pension plans and lump-sum retirement benefit plans. ANA and certain consolidated subsidiaries have adopted defined contribution pension plans as well as defined benefit pension plans. Certain employees, such as those who participate in the ANA Group's early retirement program, are entitled to premium retirement benefits.

Fuel Price and Exchange Rate Hedging

The ANA Group has been conducting hedge transactions with the objective of equalizing operating expenses by controlling the risk of fluctuations in fuel prices and foreign exchange rates, which significantly affect operating expenses. Moreover, the ANA Group has shifted the objective of its hedging policies to stabilizing operating income in addition to equalizing expenses because recent business expansion centered on international routes has increased the need to control the risk of fluctuation in operating revenues.

For fuel hedging, the ANA Group flexibly targets the optimum hedging ratio for stabilizing operating income in consideration of increases or decreases in operating revenues centered on fuel surcharges and fluctuations in fuel prices. The ANA Group conducts fuel hedging three years in advance of the applicable period. As of April 2012, the Group had a hedge ratio of approximately 40% for the fiscal year ending March 2013, approximately 20% for the fiscal year ending March 2014, and approximately 5% for the fiscal year ending March 2015.

For foreign exchange, the ANA Group hedges U.S. dollar payments for fuel, aircraft and other items beginning three years prior to the applicable period. In addition, operating revenues denominated in foreign currencies have been increasing because of business expansion on international routes. The Group has therefore enhanced efforts to effectively mitigate foreign exchange rate risk for both operating revenues and expenses through methods such as allocating revenues earned in foreign currencies to payment of expenses in foreign currencies. As of April 2012, the Group had a hedge ratio of approximately 40% for the fiscal year ending March 2013, approximately 25% for the fiscal year ending March 2014, approximately 10% for the fiscal year ending March 2015, and approximately 5%* for the fiscal year ending March 2016.

Fuel price sensitivity for the fiscal year ending March 2013 without hedging is as follows (as of April 30, 2012):

- Sensitivity to oil prices: approximately ¥1.9 billion increase in fuel cost per US$1/BBL increase in unit price
- Sensitivity to foreign exchange rates: approximately ¥2.5 billion increase in fuel cost per ¥1 depreciation versus US$1

* The hedge ratio of approximately 5% for the fiscal year ending March 2016 exceeds the three-year hedge period because it is based on former policies.

Allocation of Profits

Basic Policy on Allocation of Profits

Shareholder returns are an important management priority for the ANA Group. Given an increasingly challenging operating environment, ANA balances its desire to increase allocation of profits to shareholders with considerations of trends in business results for the relevant fiscal year. ANA also takes into account its need to make substantial capital expenditures to secure a stable operating base and greater profitability over the medium-to-long term. In addition, ANA considers its responsibility for strengthening its finances to support future business development.

Dividends for the Fiscal Year Ended March 2012 and Plans for the Fiscal Year Ending March 2013

For the fiscal year ended March 2012, ANA paid cash dividends of ¥4.00 per share after due consideration of factors including results for the fiscal year, its financial condition and the future operating environment.

ANA has decided dividends for the fiscal year ending March 2013 in light of its basic policy after comprehensively considering factors including the operating environment and performance. For the fiscal year ending March 2013, ANA expects to pay cash dividends of ¥4.00 per share based on its performance forecast (announced April 27, 2012).

Operating Risks

The following risks could have a significant effect on the judgment of investors in the ANA Group. Further, the forward-looking statements in the following section are the ANA Group's judgments as of the fiscal year ended March 31, 2012.

(1) Risk of Economic Recession

An economic recession in Japan could reduce demand for air transportation due to a slowdown in personal consumption and worsening corporate earnings. A recession overseas could weaken passenger demand and cause sluggishness in distribution, which could affect the ANA Group's operations.

(2) Risk from the Impact of the Nuclear Power Station Accident

The government has announced that the nuclear reactors at the Fukushima Daiichi Nuclear Power Station are in cold shutdown, but has not canceled the evacuation area it established around the power station. If the impact of the accident expands or a similar accident occurs, the government would be likely to expand its no-fly zones or establish new ones so that current flight paths could not be used, which could affect air transportation on domestic routes.

In addition, the occurrence of electricity supply restrictions and large-scale power outages could render the ANA Group unable to maintain the operation of required systems such as reservation and operational control systems, which could affect the provision of services and flights.

(3) Risks Related to ANA Group's Management Strategy

1. Risks Related to ANA Group's Fleet Strategy

In air transportation operations, the ANA Group is pursuing a Fleet Strategy centered on using medium-body and narrow-body aircraft, integrating aircraft models, and introducing highly economical aircraft. This strategy involves ordering aircraft from The Boeing Company, Bombardier Inc. and Mitsubishi Aircraft Corporation. Delays in delivery from any of the three companies for financial or other reasons could create obstacles to the ANA Group's medium-to-long-term operations.

In addition, measures related to the Fleet Strategy could prove ineffective or their expected benefits could diminish significantly due to the factors given below.

Dependence on The Boeing Company

In accordance with the above Fleet Strategy, the Company had ordered 79 aircraft as of the end of May 2012, 61 of which have been ordered from The Boeing Company (Boeing). Therefore, should Boeing be unable to fulfill its agreements with ANA due to financial or other issues, the Group would be unable to acquire aircraft in accordance with its Fleet Strategy. Such eventualities could significantly affect the ANA Group's performance.

Delivery of the Boeing 787 was delayed. The ANA Group therefore received its first Boeing 787 on September 26, 2011 Japan time, and had received delivery of seven Boeing 787s as of the end of May 2012. Significant delays in future scheduled deliveries of the Boeing 787 could create obstacles to the ANA Group's medium-to-long-term operations.

Delay of Aircraft Development Plan by Mitsubishi Aircraft Corporation

In accordance with the above Fleet Strategy, the Company has decided to introduce the Mitsubishi Regional Jet (MRJ) that Mitsubishi Aircraft Corporation is developing. Delivery was planned to start from the fiscal year ending March 2014, but the decision has been made to delay delivery by approximately two years. Further delivery delays could create obstacles to the ANA Group's medium-to-long-term operations.

2. Risks Related to the International Competitiveness of Haneda Airport and Narita Airport

Reduced competitiveness of Haneda Airport and Narita Airport as international airports relative to international airports in other countries, primarily in Asia, could reduce demand at both airports for connecting flights between North America or Europe and Asian countries. This could affect the operations of the ANA Group, which uses both airports as hubs.

3. Risks Related to Flight Slots

ANA has made various investments and operational changes to take advantage of significant business opportunities created by the expansion of capacity at the two Tokyo-area airports, including the opening of a new runway at Haneda Airport and the introduction of a simultaneous arrival and departure system at Narita Airport. However, while the current 350 thousand annual daytime slots at Haneda Airport are planned to increase to 407 thousand slots in the second stage of slot increases during the fiscal year ending March 2014 at the earliest, the specific allocation has not been announced in detail. In addition, the current 250 thousand arrival and departure slots at Narita Airport are planned to increase to 270 thousand slots during the fiscal year ending March 2013 and finally to 300 thousand slots as of the end of March 2015 at the earliest, although the allocation of the increased slots has not been decided. Given these circumstances, variance between the actual increase in the number of arrival and departure slots, slot allocation and timing of expansion of the two Tokyo-area airports (Haneda and Narita) and the ANA Group's projections could affect achievement of the targets of the ANA Group management strategy.

4. Risks Related to Cargo Business Strategy

The international cargo business, including the express business, is highly dependent on shipments of cargo to and from China and other parts of Asia. Economic conditions in Asia may cause the volume of cargo the ANA Group handles and shipping prices to decrease.

5. Risks Related to the LCC Business

ANA has made equity investments and is now operating in the LCC business. However, the ability of the LCC business model to generate sustained earnings in Japan as it does overseas is not clear because of conditions inherent in Japan, including high landing and navigation fees, the scarcity of uncongested secondary airports and the concentration of population in Tokyo. The ANA Group might not obtain the desired results from entering the LCC business if it fails to achieve the objective of creating new airline demand, competition intensifies with domestic or overseas LCCs, or a large number of passengers switch from ANA Group flights to LCCs. In addition, equity investors other than ANA may experience poor results or withdraw from the LCC business.

(4) Risks Related to Crude Oil Price Fluctuations

Jet fuel is a crude oil derivative and its price tracks the price of crude oil. Variance that exceeds ANA Group estimates for factors that affect the price of crude oil, including political instability in oil-producing countries, increased demand for crude oil due to rapid economic growth in emerging countries, reduction in oil stockpiles or reserves, and speculative investment in crude oil, can affect the ANA Group's performance as follows.

1. Risk of Increase in Crude Oil Prices

Generally, an increase in the price of crude oil causes an increase in the price of jet fuel, which imposes substantial additional costs on the ANA Group. Accordingly, to control the risk of fluctuations in the price of jet fuel and to stabilize operating income, ANA hedges risks using crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions for specific periods of time. The Company's hedging transactions are limited to a certain percentage of scheduled purchases of fuel in Japan and overseas, with plans for hedging volume set quarterly. Individual hedge transactions are maintained within limits that are set in such a way that the Company's transactions will not affect the spot market, and margins are settled monthly without any physical delivery.

The ANA Group has a hedge ratio of approximately 40% of fuel volume it expects to procure during the fiscal year ended March 2013. However, if crude oil prices rise further in the future, the prices of hedging instruments will generally rise with the same trend as market conditions, and moreover there are limitations to the ANA Group's ability to offset increases in crude oil prices through the cost reductions it is implementing and higher fares and charges, which could affect the ANA Group's performance over the medium-to-long term.

2. Risk of Sudden Decrease in Crude Oil Prices

The ANA Group hedges against changes in the price of crude oil. Therefore, a sudden decrease in oil prices during a given fiscal year may not directly contribute to earnings because hedge position and other market conditions may preclude the immediate reflection of a sudden drop in crude oil prices in results.

(5) Risks Related to Pandemic Illnesses Including New Strains of Influenza

All of the ANA Group's businesses including but not limited to its international routes are exposed to the risk of decreased demand from an increase in damage due to the outbreak and spread of major illnesses including new strains of influenza. The spread of disease and the harm it may cause, including reduced desire to travel by air among customers due to rumors, could affect the ANA Group's performance by causing the number of passengers on the ANA Group's domestic and international routes to drop sharply.

Furthermore, more employees and contractors than expected could fall ill due to the spread or increased virulence caused by a change in the virulence of highly contagious new strains of influenza and other diseases, which could affect the continuity of the ANA Group's operations.

(6) Risks Related to Foreign Exchange Rate Fluctuations

Jet fuel purchases account for a significant share of the ANA Group's expenses and are conducted in foreign currencies. Therefore, depreciation of the yen significantly affects the ANA Group's profits. On the other hand, appreciation of the yen has an increasingly large effect on ANA Group revenues because of growth in revenue from international routes. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses in the same foreign currency, thereby minimizing the risk of foreign exchange rate fluctuations. In addition, the Group limits the impact on operating income from the risk of fluctuations in foreign exchange rates by using forward exchange agreements and currency options for a portion of the foreign currency needed for its jet fuel and aircraft purchases to alleviate the effect of foreign currency exchange fluctuations and to stabilize and control payment amounts.

(7) Risks Related to the International Situation

The ANA Group currently operates international routes, primarily to North America, Europe, China and elsewhere in Asia. The occurrence of any future political instability, international conflicts, large-scale terrorist attacks, or other incidents could affect the ANA Group's performance due to the accompanying decrease in demand on these international routes.

(8) Risks Related to Statutory Regulations

As an airline operator, the ANA Group undertakes operations based on the stipulations of statutory regulations relating to airline operations. The Group is required to conduct passenger operations and cargo operations on international routes in accordance with the stipulations of international agreements, including treaties, bilateral agreements, and the decisions of the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO). Further, the Group's operations are constrained by Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

(9) Risks Related to Litigation

The ANA Group's businesses are subject to various lawsuits that could affect the ANA Group's performance. Moreover, the following may result in lawsuits or other legal action in the future, which could result in similar investigations in other countries and regions.

U.S. Price Fixing Allegations

In October 2010, ANA agreed to a plea bargaining arrangement in connection with a U.S. Department of Justice (USDOJ) investigation of charges including price fixing for international air cargo and passenger operations upon due consideration of the circumstances surrounding the investigation. Also in October 2010, ANA agreed to settle a class action suit in connection with cargo services related to the USDOJ investigation.

No specific damages have been sought in a class action suit in connection with air passenger services, making detailed analysis of the situation difficult at this time.

(10) Risks Related to Public-Sector Fees

Public-sector and other fees related to the air transportation business include jet fuel taxes, landing fees and facility usage fees for aids to navigation. The Japanese government is currently implementing temporary measures to reduce jet fuel taxes and landing fees but could scale back or terminate these measures in the future, which could affect the ANA Group's performance.

(11) Risks Related to Environmental Regulations

In recent years, as part of the preservation of the global environment, numerous Japanese and overseas statutory environmental protection regulations have been introduced or strengthened with regard to such issues as aircraft emissions of CO_2 and other greenhouse gases, use of environmentally polluting substances and their disposal, and energy use at major offices. The ANA Group shoulders a considerable cost burden in order to adhere to such statutory regulations. However, the Group may have to shoulder a large additional cost burden if current regulations are strengthened or if new regulations, such as changes to the European Union Emission Trading System or environmental taxes, are introduced by the governments of EU countries.

(12) Risks Related to the Operating Environment of the Airline Industry

The operating environment of the airline industry is changing dramatically. In the global airline industry, the progress of government Open Skies policies, the rise of LCCs, the restoration of bankrupt airlines to competitiveness through public support and corporate rehabilitation procedures, mergers and acquisitions among existing airline companies and other developments are taking place as significant changes occur in the competitive environment.

In Japan, airline administrative policies are changing and the government is providing support for the operations of competitor Japan Airlines Co., Ltd., which is undergoing corporate rehabilitation with the goal of relisting its shares. Material changes in the competitive and operating environment could affect the ANA Group's performance.

(13) Risks Related to Competition

The possibility of future increases in costs related to the ANA Group's air transportation operations due to such factors as jet fuel expenses, the cost of raising funds, and responses to environmental regulations cannot be denied. If such costs increase, in order to secure income, it is necessary for the Group to reduce indirect fixed costs, reduce costs by enhancing efficiency through the standardization of aircraft types, and pass on costs through higher fares and charges. However, because the Group is in competition with other airlines and LCCs in Japan and overseas as well as with alternative forms of transportation, such as the bullet train called the Shinkansen, on certain routes, passing on costs could diminish competitiveness. Further, price competition with competitors greatly restricts the passing on of costs, which could affect the ANA Group's performance.

(14) Risks Related to Ineffective Strategic Alliances

Mainly through its membership in the Star Alliance, the Company enjoys a variety of benefits, including not only passenger composition, network expansion and market diversification as a result of heightened name recognition outside Japan, but also the sale of tickets by alliance partners (code-sharing) and the usage of its flights by members of other companies' mileage plans.

In addition, on April 1, 2011 ANA, United Airlines and Continental Airlines initiated a joint venture covering trans-Pacific routes based on antitrust immunity (ATI) approval. (United Airlines and Continental Airlines unified their flight code to UA in March 2012.) On June 1, 2011, ANA received ATI approval from MLIT for a joint venture with Deutsche Lufthansa AG initiated on routes between Japan and Europe in stages during the second half of the fiscal year ended March 2012. The joint venture was fully operational as of April 1, 2012.

However, the benefits of Star Alliance membership would diminish if a strategic partner withdrew from the Star Alliance, an alliance between two of the member airlines ended, operating conditions deteriorated or the Star Alliance was restructured, or restrictions on the alliance's activities were tightened due to external factors. Such eventualities could affect the ANA Group's performance.

(15) Risks Related to Flight Operations

1. Aircraft Accidents

An aircraft accident involving a flight operated by the ANA Group or a code share partner could cause a drop in customer confidence and social evaluation, creating a medium-to-long-term downturn in demand that could affect the Group's performance. On September 6, 2011, the flight attitude of ANA Flight 140 temporarily became unstable. On February 5, 2012, the rear section of ANA Flight 731 came in contact with the runway during landing. MLIT's Transport Safety Board is now determining the cause of these and other incidents, with announcement of the final results of these investigations planned in the future.

A major accident suffered by a competitor could similarly lead to a reduction in aviation demand that could affect the Group's performance. Although an aircraft accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft, such direct expenses would be largely met by aviation insurance.

2. Technical Circular Directives

If an issue arises that significantly compromises the safety of an aircraft, MLIT by law issues a technical circular directive. In some cases, operations of the same type of aircraft are not permitted until the aircraft's safety has been confirmed. Further, even when the law does not require the issuance of a technical circular directive, in some cases, when safety cannot be confirmed in accordance with in-house regulations, the operation of the same type of aircraft is voluntarily suspended, or the same type of aircraft is repaired or exchanged. The occurrence of such a situation could affect the safety credibility of the ANA Group's aircraft or the Group's performance. The ANA Group will completely verify the performance and other features through actual operation when introducing new aircraft such as the Boeing 787.

(16) Risks Related to Unauthorized Disclosure of Customer Information

The ANA Group holds a large amount of information relating to customers, such as that pertaining to the approximately 23.00 million members (as of the end of March 2012) of the ANA Mileage Club (the ANA mileage program). The Personal Information Protection Law requires proper management of such personal information. The Group has established a privacy policy, apprised customers of ANA's stance regarding and approach to the handling of personal information, and established full measures to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously revised to eliminate any potential security gaps. Despite these precautions, the occurrence of a major leak of personal information caused by unauthorized access, an error in conducting business or some other factor could carry significant cost, in terms of both compensation and loss of public confidence, which could affect the Group's performance.

(17) Risks Related to Disasters

The extended closure of airports or flight path restrictions due to disasters including an earthquake, a tsunami, a flood, a typhoon, heavy snow, a volcanic eruption, an infectious disease, a strike, or a riot could affect flights through the closed airports or using the restricted flight paths or result in significantly reduced demand for air transportation, which could affect the ANA Group's performance.

In particular, the ANA Group's data center is located in the Tokyo area, while the operational control for all of the ANA Group's domestic and international flights is conducted at Haneda Airport. Further, more than 60% of the ANA Group's passengers on domestic routes use Haneda Airport. As a result, a major disaster, such as an earthquake or a typhoon, in the Tokyo area or a disaster, such as a fire, at the above-mentioned facilities could lead to a long-term shutdown of the ANA Group's information systems, operational control functions or its operations themselves that could significantly affect the ANA Group's performance.

(18) Risks Related to Income and Expense Structure

Fixed costs such as aircraft expenses and personnel expenses, along with expenses that are largely unaffected by seat utilization as determined by aircraft model, such as fuel expenses and landing and navigation fees, account for a significant proportion of the ANA Group's costs, which limits the Group's ability to immediately change the scale of its operations in response to changes in economic conditions. Therefore, decreases in the number of passengers or volume of cargo could affect the ANA Group's income and expenses.

(19) Risks Related to IT Systems

The air transportation business uses information systems to carry out tasks that are essential for customer service and flight operations, including reservations and sales, boarding procedures, operational control, and operational management, and can be said to be an industry sector that is highly dependent on information systems. A major disruption of one of those systems or of telecommunications networks would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the ANA Group's performance. Further, the ANA Group's information systems are also used by its strategic partners, so the impact of systems failure would not be limited to the ANA Group.

A large-scale power outage or mandated electricity conservation could cause concerns about insufficient supply of electricity to operate key ANA systems including reservations and operational management, and could affect ANA's ability to maintain system operations.

(20) Risks Related to Personnel and Labor

1. Risks Related to Strikes

Many ANA Group employees belong to labor unions. Events including a collective strike, work stoppage or sabotage by ANA Group employees could affect the operation of ANA Group aircraft.

2. Risk of Inability to Secure Required Flight Crews or Other Personnel

The start of LCC flights and other factors have increased demand for flight crews and other personnel. At the same time, a certain amount of time is required to cultivate and train flight crews and other personnel. Inability to secure the required number of competent flight crews and other personnel in a timely manner could affect the ANA Group's performance.

(21) Financial Risks

1. Increase in the Cost of Raising Funds

The ANA Group raises funds to acquire aircraft primarily through bank loans, capital increases and bond issuances. However, the cost of raising funds could increase due to turmoil in capital and financial markets, changes in the tax system, changes to systems at governmental financial agencies, or a downgrade of ANA's credit rating that makes it difficult or impossible to raise funds on terms advantageous to the Company. Such eventualities could affect the ANA Group's performance.

2. Risks Related to Asset Impairment or Other Issues

The ANA Group owns extensive property and equipment as a function of its businesses. If the profitability of various operations deteriorates, or a decision is made to sell an asset, the ANA Group may be required to recognize asset impairment losses on property and equipment or loss on sale of property and equipment in the future.

Consolidated Balance Sheets

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
As of March 31, 2012 and 2011

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
ASSETS	**2012**	2011	**2012**
Current assets:			
Cash on hand and in banks	**¥ 41,867**	¥ 36,956	**$ 509,392**
Marketable securities (Note 4)	**237,104**	173,874	**2,884,827**
Accounts receivable, less allowance for doubtful accounts (¥1,160 million ($14,113 thousand) in 2012 and ¥1,242 million in 2011)	**125,562**	95,855	**1,527,704**
Accounts receivable from and advances to non-consolidated subsidiaries and affiliates	**1,857**	2,959	**22,593**
Inventories	**49,859**	55,459	**606,630**
Deferred income taxes – current (Note 9)	**30,269**	38,618	**368,280**
Prepaid expenses and other current assets	**62,201**	68,466	**756,795**
Total current assets	**548,719**	472,187	**6,676,225**
Investments and long-term receivables:			
Investments in securities (Note 4)	**32,157**	31,028	**391,251**
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 5)	**29,865**	23,494	**363,365**
Lease and guaranty deposits	**11,662**	12,345	**141,890**
Other long-term receivables	**19,383**	31,732	**235,831**
Total investments and long-term receivables	**93,067**	98,599	**1,132,339**
Property and equipment (Notes 6 and 11)**:**			
Flight equipment	**1,433,274**	1,344,806	**17,438,544**
Ground property and equipment	**485,711**	486,578	**5,909,611**
	1,918,985	1,831,384	**23,348,156**
Less accumulated depreciation	**(968,232)**	(904,815)	**(11,780,411)**
	950,753	926,569	**11,567,745**
Leased assets, net	**27,305**	35,904	**332,218**
Advance payments on aircraft purchase contracts	**234,309**	219,974	**2,850,821**
Construction in progress	**7,508**	6,753	**91,349**
Net property and equipment	**1,219,875**	1,189,200	**14,842,134**
Deferred income taxes – non-current (Note 9)	**68,887**	93,116	**838,143**
Other assets	**72,022**	74,919	**876,286**
Total assets	**¥2,002,570**	¥1,928,021	**$ 24,365,129**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Yen (Millions) 2012	2011	U.S. dollars (Thousands) (Note 3) 2012
Current liabilities:			
Short-term loans, including current portion of long-term debt, and finance lease obligations (Note 6)	¥ 127,405	¥ 146,395	$ 1,550,127
Accounts and notes payable – trade	179,473	160,630	2,183,635
Accounts payable to non-consolidated subsidiaries and affiliates	893	1,561	10,865
Advance ticket sales	71,192	50,832	866,188
Accrued expenses	51,159	46,383	622,447
Accrued income taxes	3,912	4,787	47,597
Asset retirement obligations (Note 8)	1,146	1,614	13,943
Other current liabilities	25,865	35,389	314,697
Total current liabilities	461,045	447,591	5,609,502
Long-term liabilities:			
Long-term debt, less current portion, and finance lease obligations (Note 6)	836,252	792,424	10,174,619
Accrued employees' retirement benefits (Note 7)	126,075	123,400	1,533,945
Deferred income taxes – non-current (Note 9)	1,787	1,951	21,742
Asset retirement obligations (Note 8)	1,027	977	12,495
Other long-term liabilities	21,525	35,324	261,893
Total long-term liabilities	986,666	954,076	12,004,696
Commitments and contingent liabilities (Note 13)			
Net assets (Notes 9 and 12)**:**			
Shareholders' equity	540,637	516,803	6,577,892
Common stock: Authorized – 5,100,000,000 shares Issued – 2,524,959,257 shares at March 31, 2012 and 2011	231,381	231,381	2,815,196
Capital surplus	195,723	196,330	2,381,348
Retained earnings	117,622	94,892	1,431,098
Less treasury common stock, at cost (9,266,449 shares at March 31, 2012 and 15,903,528 shares at March 31, 2011)	(4,089)	(5,800)	(49,750)
Accumulated other comprehensive income	8,377	3,451	101,922
Net unrealized holding (loss) on securities	(140)	(810)	(1,703)
Deferred gain on hedging instruments	9,334	5,010	113,566
Foreign currency translation adjustments	(817)	(749)	(9,940)
Minority interests	5,845	6,100	71,115
Total net assets	554,859	526,354	6,750,930
Total liabilities and net assets	¥2,002,570	¥1,928,021	$24,365,129

Consolidated Statements of Operations and Comprehensive Income

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2012, 2011 and 2010

Consolidated Statements of Operations

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2012	2011	2010	2012
Operating revenues:				
Passenger	¥ 971,622	¥ 933,248	¥ 845,100	$ 11,821,657
Cargo	121,226	118,470	87,579	1,474,948
Incidental and other	318,656	305,935	295,674	3,877,065
	1,411,504	1,357,653	1,228,353	17,173,670
Operating expenses:				
Aircraft and flight operations	401,846	389,091	377,954	4,889,232
Aircraft maintenance	105,270	103,001	110,433	1,280,812
In-flight services	71,165	68,367	64,935	865,859
Flight control and ground handling	264,601	260,561	252,057	3,219,381
Reservations, sales and advertising	170,462	160,225	172,390	2,073,999
General and administrative	43,505	44,578	46,994	529,322
Depreciation and amortization	119,268	118,440	113,806	1,451,125
Others	138,365	145,582	144,031	1,683,477
	1,314,482	1,289,845	1,282,600	15,993,210
Operating income (loss)	97,022	67,808	(54,247)	1,180,459
Non-operating expenses:				
Interest and dividend income	2,452	2,597	2,672	29,833
Interest expenses	(19,578)	(19,314)	(18,160)	(238,204)
Gain on sale of property and equipment	4,166	414	1,115	50,687
Loss on sale or disposal of property and equipment	(8,618)	(12,161)	(14,182)	(104,854)
Impairment loss (Note 18)	(1,746)	(315)	(1,253)	(21,243)
Valuation loss on investments in securities	(10)	(3,536)	(644)	(121)
Equity in income (loss) of affiliates	526	684	(204)	6,399
Gain on sale of investments in securities	158	—	18	1,922
Gain on return of substituted portion of welfare pension fund	—	38	1,723	—
Amortization of net transitional retirement benefit obligation	(6,396)	(6,425)	(6,423)	(77,819)
Special retirement benefit expenses	(2,442)	(192)	(4,467)	(29,711)
Reversal of provision for loss on antitrust proceedings	—	16,729	—	—
Loss on antitrust settlement	—	(6,835)	—	—
Expenses related to antitrust proceedings	—	(693)	(856)	—
Provision for loss on antitrust proceedings	—	—	(648)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(2,130)	—	—
Refurbishment expense for return of lease aircraft	(2,170)	(2,846)	(1,899)	(26,402)
Others, net	67	1,235	1,862	815
	(33,591)	(32,750)	(41,346)	(408,699)
Income (loss) before income taxes and minority interests	63,431	35,058	(95,593)	771,760
Income taxes (Note 9)**:**				
Current	4,967	4,657	2,796	60,433
Deferred	30,283	7,377	(40,821)	368,451
	35,250	12,034	(38,025)	428,884
Net income (loss) before minority interests	28,181	23,024	(57,568)	342,876
Minority interests	3	(281)	(181)	36
Net income (loss)	¥ 28,178	¥ 23,305	¥ (57,387)	$ 342,839

	Yen			U.S. dollars (Note 3)
Net income (loss) per share (Note 2 (p))	¥ 11.22	¥ 9.29	¥ (24.67)	$ 0.13

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2012	2011	2010	2012
Income (loss) before minority interests	¥28,181	¥23,024	¥(57,568)	$342,876
Other comprehensive income:				
Net unrealized holding gain (loss) on securities	658	(2,350)	130	8,005
Deferred gain on hedging instruments	4,324	18,222	69,385	52,609
Foreign currency translation adjustments	(69)	(492)	(194)	(839)
Share of other comprehensive income of associates accounted for by the equity method	8	(27)	6	97
Total other comprehensive income (Note 10)	¥ 4,921	¥15,353	¥ 69,327	$ 59,873
Comprehensive income	¥33,102	¥38,377	¥ 11,759	$402,749
Total comprehensive income attributable to:				
Owners of All Nippon Airways Co., Ltd.	¥33,104	¥38,662	¥ 11,929	$402,774
Minority interests	¥ (2)	¥ (285)	¥ (170)	$ (24)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2010, 2011 and 2012

	Yen (Millions)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock (Note 12)	Capital surplus (Note 12)	Retained earnings (Note 12)	Less treasury common stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2009	¥160,001	¥125,720	¥123,830	¥(6,394)	¥403,157	¥ 1,391	¥(82,597)	¥ (68)	¥(81,274)	¥3,914	¥325,797
Issuance of stock by public offering and allocation to third party	71,380	71,380			142,760						142,760
Cash dividends paid			(1,933)		(1,933)						(1,933)
Net loss			(57,387)		(57,387)						(57,387)
Decrease resulting from purchase of treasury stock				(2,463)	(2,463)						(2,463)
Disposition of treasury stock		(465)		1,841	1,376						1,376
Net changes of items other than shareholders' equity during the period						125	69,385	(194)	69,316	2,623	71,939
Total changes during the period	71,380	70,915	(59,320)	(622)	82,353	125	69,385	(194)	69,316	2,623	154,292
Balance at March 31, 2010	231,381	196,635	64,510	(7,016)	485,510	1,516	(13,212)	(262)	(11,958)	6,537	480,089
Net income			23,305		23,305						23,305
Decrease resulting from purchase of treasury stock				(56)	(56)						(56)
Disposition of treasury stock		(305)		1,373	1,068						1,068
Changes in scope of consolidation and application of the equity method			7,077	(101)	6,976	52			52		7,028
Net changes of items other than shareholders' equity during the period						(2,378)	18,222	(487)	15,357	(437)	14,920
Total changes during the period	—	(305)	30,382	1,216	31,293	(2,326)	18,222	(487)	15,409	(437)	46,265
Balance at April 1, 2011	231,381	196,330	94,892	(5,800)	516,803	(810)	5,010	(749)	3,451	6,100	526,354
Cash dividends paid			(5,018)		(5,018)						(5,018)
Net income			28,178		28,178						28,178
Decrease resulting from purchase of treasury stock				(25)	(25)						(25)
Disposition of treasury stock		(607)		1,721	1,114						1,114
Changes in scope of consolidation and application of the equity method			(430)	15	(415)						(415)
Net changes of items other than shareholders' equity during the period						670	4,324	(68)	4,926	(255)	4,671
Total changes during the period	—	(607)	22,730	1,711	23,834	670	4,324	(68)	4,926	(255)	28,505
Balance at March 31, 2012	¥231,381	¥195,723	¥117,622	¥(4,089)	¥540,637	¥ (140)	¥ 9,334	¥(817)	¥ 8,377	¥5,845	¥554,859

	U.S. dollars (Thousands) (Note 3)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock (Note 12)	Capital surplus (Note 12)	Retained earnings (Note 12)	Less treasury common stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2011	$2,815,196	$2,388,733	$1,154,544	$(70,568)	$6,287,906	$(9,855)	$ 60,956	$(9,113)	$ 41,988	$74,218	$6,404,112
Cash dividends paid			(61,053)		(61,053)						(61,053)
Net income			342,839		342,839						342,839
Decrease resulting from purchase of treasury stock				(304)	(304)						(304)
Disposition of treasury stock		(7,385)		20,939	13,553						13,553
Changes in scope of consolidation and application of the equity method			(5,231)	182	(5,049)						(5,049)
Net changes of items other than shareholders' equity during the period						8,151	52,609	(827)	59,934	(3,102)	56,831
Total changes during the period	—	(7,385)	276,554	20,817	289,986	8,151	52,609	(827)	59,934	(3,102)	346,818
Balance at March 31, 2012	$2,815,196	$2,381,348	$1,431,098	$(49,750)	$6,577,892	$(1,703)	$113,566	$(9,940)	$101,922	$71,115	$6,750,930

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2012, 2011 and 2010

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2012	2011	2010	2012
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	¥ 63,431	¥ 35,058	¥ (95,593)	$ 771,760
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	119,268	118,440	113,806	1,451,125
Impairment loss	1,746	315	1,253	21,243
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,130	—	—
Loss on antitrust settlement	—	6,835	—	—
Loss on disposal and sale of property and equipment	4,789	11,749	13,134	58,267
Increase in allowance for doubtful accounts	210	153	606	2,555
Increase in accrued employees' retirement benefits	2,212	4,517	882	26,913
Interest expenses	19,578	19,314	18,160	238,204
Interest and dividend income	(2,452)	(2,597)	(2,672)	(29,833)
Foreign exchange (gain) loss	(333)	359	43	(4,051)
(Increase) decrease in accounts receivable	(28,756)	1,088	(5,699)	(349,872)
(Increase) decrease in other current assets	(6,197)	14,835	6,214	(75,398)
Increase in accounts and notes payable – trade	20,049	9,738	1,551	243,934
Other, net	44,785	10,025	13,045	544,895
Cash generated from operations	238,330	231,959	64,730	2,899,744
Interest and dividends received	3,220	2,235	2,801	39,177
Interest paid	(19,866)	(19,137)	(18,083)	(241,708)
Income taxes (paid) received	(5,299)	(3,392)	37,386	(64,472)
Loss on antitrust settlement paid	—	(6,985)	—	—
Other, net	(1,979)	(791)	(3,843)	(24,078)
Net cash provided by operating activities	214,406	203,889	82,991	2,608,662
Cash flows from investing activities:				
Payment for purchase of marketable securities	(231,730)	(106,460)	(116,000)	(2,819,442)
Proceeds from redemption of marketable securities	227,770	142,860	71,000	2,771,261
Payment for purchase of property and equipment	(181,196)	(188,113)	(186,173)	(2,204,599)
Proceeds from sale of property and equipment	40,577	38,190	9,963	493,697
Payment for purchase of intangible assets	(15,685)	(23,585)	(23,764)	(190,838)
Proceeds from sale of investments in securities	602	502	338	7,324
Payment for sale of subsidiary's stock with changes in scope of consolidation	—	—	(2,374)	—
Payment for advances	(108)	(3,126)	(3,289)	(1,314)
Proceeds from collection of advances	956	765	2,201	11,631
Other, net	(7,509)	(652)	(3,795)	(91,361)
Net cash used in investing activities	(166,323)	(139,619)	(251,893)	(2,023,640)
Cash flows from financing activities:				
Decrease in short-term loans, net	(166)	(28,930)	(17,475)	(2,019)
Proceeds from long-term debt	180,481	161,504	194,320	2,195,899
Repayment of long-term debt	(128,053)	(109,736)	(94,063)	(1,558,011)
Proceeds from issuance of bonds	—	19,909	—	—
Repayment of bonds	(20,000)	(40,000)	(30,000)	(243,338)
Repayment of finance lease obligations	(11,950)	(14,269)	(12,286)	(145,394)
Proceeds from issuance of new stock by public offering and allocation to third party, net of issuance cost	—	—	141,841	—
Payment for dividends	(5,018)	—	(1,933)	(61,053)
Other, net	877	926	(6,613)	10,670
Net cash provided by (used in) financing activities	16,171	(10,596)	173,791	196,751
Effect of exchange rate changes on cash and cash equivalents	(26)	(257)	(136)	(316)
Net increase in cash and cash equivalents	64,228	53,417	4,753	781,457
Cash and cash equivalents at beginning of year	201,606	148,189	143,436	2,452,926
Cash and cash equivalents at end of year (Note 17)	¥ 265,834	¥ 201,606	¥ 148,189	$ 3,234,383

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

All Nippon Airways Co., Ltd. and its consolidated subsidiaries

1 Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of All Nippon Airways Co., Ltd. (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles and practices generally accepted in Japan but is presented herein as additional information.

(Additional information)

Effective April 1, 2012, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Statement No. 24, December 4, 2009) and "Implementation Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Implementation Guidance No. 24, December 4, 2009).

2 Summary of significant accounting policies

(a) Principles of consolidation and accounting for investments in non-consolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries (62 subsidiaries for 2012, 64 subsidiaries for 2011 and 72 subsidiaries for 2010). All significant inter-company accounts and transactions have been eliminated in consolidation.

Investments in certain subsidiaries and significant affiliates (22 companies for 2012, 25 companies for 2011 and 24 companies for 2010) are accounted for by the equity method of accounting. The difference between the cost and the underlying net equity in the net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method of accounting is amortized using the straight-line method over a period of five years.

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method of accounting (65 companies for 2012, 66 companies for 2011 and 68 companies for 2010) are stated at cost. The equity in undistributed earnings of these companies was not significant.

Certain foreign subsidiaries have fiscal years ending on December 31 and necessary adjustments for significant transactions, if any, are made on consolidation.

(b) Foreign currency translation

The balance sheet accounts of foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for components of shareholders' equity which are translated at historic exchange rates. Revenues and expenses are translated at the rates of exchange prevailing when such transactions are made. Resulting translation differences are recorded in minority interests and in foreign currency translation adjustments under the net assets section of the consolidated balance sheets.

Foreign currency payables and receivables are principally translated at the rate of exchange in effect at the balance sheet date, except payables and receivables hedged by qualified forward exchange contracts.

(c) Marketable securities and investment securities

Securities are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. See Note 4.

(d) Allowance for doubtful receivables

A general provision is made for doubtful receivables based on past experience. Provisions are also made against specific receivables as and when required.

(e) Inventories

Inventories include aircraft spare parts, supplies and merchandise of consolidated subsidiaries.

These are stated at cost principally based on the moving average method. Net book value of inventories in the consolidated balance sheets is written down when their net realizable values decline.

(f) Property and equipment and depreciation (excluding leased assets)

Property and equipment excluding leased assets are stated at cost less accumulated depreciation. Ground property and equipment includes ¥56,545 million ($687,979 thousand), ¥57,279 million and ¥51,617 million of land at March 31, 2012, 2011 and 2010, respectively. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

Aircraft ....Straight-line method
Buildings ....Straight-line method
Other ground property
and equipment.......................Declining balance method

The Company and certain subsidiaries employ principally the following useful lives:

Aircraft....................................17-20 years
Buildings ....3-50 years

Major additions and improvements are capitalized at cost. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

The Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired. The assets of the Company and its domestic consolidated subsidiaries are grouped by individual property in the case of rental real estate, assets expected to be sold, idle assets, and by management accounting categories in the case of business assets. An impairment loss is required to be recognized when the carrying amount of the assets significantly exceeds their recoverable amount. See Note 18.

(g) Intangible assets and amortization (excluding leased assets)

Intangible assets included in other assets are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over five years, the estimated useful life of purchased software.

(h) Stock issuance costs

New stock issuance costs are principally capitalized and amortized over a period of three years.

(i) Bond issuance costs

Bond issuance costs are principally capitalized and amortized over a period of redemption of bonds by the straight-line method.

(j) Provision for loss on antitrust proceedings

In December 2007, the European Commission antitrust authorities claimed that the Company may have violated EU competition law with regard to cargo transportation. However, the Company received a notice that the Commission closed proceedings in November 2010. As a consequence, no surcharge was imposed on the Company.

The Company recorded the reversal of provision for loss on antitrust proceedings as non-operating income for the year ended March 31, 2011.

On October 29, 2009, the Korea Fair Trade Commission issued an "Examiner's Report" to the Company with respect to its alleged breach of South Korea's antitrust laws in its air freight transport services. The Company received a corrective order from the Commission in November 2010 but a revocation of that disposition is being sought. A provision is recorded based on the estimated loss at the balance sheet dates considering the possibility of such loss in the future. The estimated amount may change as the proceedings progress.

(k) Retirement benefits

The retirement benefit plan of the Company and certain subsidiaries covers substantially all employees other than directors, officers and corporate auditors. Under the terms of this plan, eligible employees are entitled, upon mandatory retirement or earlier voluntary severance, to lump-sum payments or annuity payments based on their compensation at the time of leaving and years of service with the Company and subsidiaries.

The Company and certain significant domestic subsidiaries have trustee employee pension funds to provide coverage for part of the lump-sum benefits or annuity payments.

The Company and certain consolidated subsidiaries adopt defined contribution pension plans as well as defined benefit pension plans.

For defined benefit pension plan, accrued retirement benefits for employees at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit obligation and the fair market value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gains or losses and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated service years of eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 8 years through 19 years) which are the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods (principally 8 years through 19 years) which are the average remaining service years of employees. See Note 7.

The assumptions used in accounting for the above plans as of March 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Discount rate	1.5%~2.5%	1.6%~2.5%	2.5%
Expected return on plan assets	1.0%~6.6%	1.0%~6.6%	1.0%~10.3%

(l) Deferred tax accounting

Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is charged to operations in the period that includes the enactment date. See Note 9.

(m) Leased assets and amortization

Leased assets arising from transactions under finance lease contract which do not transfer ownership to lessee are amortized to residual value of zero by the straight-line method using the term of contract as useful life.

(n) Derivatives

The Company and its subsidiaries use derivatives, such as forward foreign exchange contracts, interest rate swaps and commodity options and swaps, to limit their exposure to fluctuations in foreign exchange rates, interest rates and commodity prices. The Company and its subsidiaries do not use derivatives for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gains or losses charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which an unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates. Interest rate swaps that qualify for hedge accounting are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

(o) Appropriation of retained earnings

Under the Corporation Law of Japan (the “Law”), the appropriation of unappropriated retained earnings of the Company with respect to a financial period is made by resolution of the Company’s shareholders at a general meeting to be held subsequent to the close of the financial period and the accounts for that period do not therefore reflect such appropriation. See Note 12.

(p) Net income (loss) per share

The computation of net income (loss) per share of common stock is based on the weighted average number of shares outstanding during each year.

Net income (loss) per share assuming full dilution is not disclosed due to nonexistence of dilutive shares.

(q) Revenue recognition

Passenger revenues, cargo and other operating revenues are recorded when services are rendered.

(r) Cash equivalents

For the purpose of the statements of cash flows, cash and short-term, highly liquid investments with a maturity of three months or less are treated as cash equivalents. See Note 17.

(s) Reclassification

Certain reclassifications have been made to the 2010 and 2011 financial information in the accompanying financial statements to conform with the 2012 presentation.

(t) Frequent flyer program

The Company accrues a frequent flyer liability for the mileage credits that are earned and to be used based on assumptions including analyses of previous experience under the program, anticipated behavior of customers, expectations of future awards to be issued, and analysis of current accumulated mileage balances.

(u) Regarding the accounting of Trust Type Employee Stock Ownership Incentive Plan

The Company introduced a “Trust Type Employee Stock Ownership Incentive Plan.” The purposes of this plan are to: increase incentives for the Company’s employees to accumulate their own property as a part of the Company’s benefit plan and to endeavor to enhance the Company’s corporate value; as well as to ensure stable provision of the Company’s shares to the Employee Stock Ownership Group (the “ESOP Group”).

Under this plan, the “Employee Stock Ownership Trust” (the “ESOP Trust”), which was established for the purpose of transferring the Company’s shares to the ESOP Group, acquires the Company’s shares in advance in a quantity sufficient for the ESOP Group to obtain for the next five years, and subsequently sells those shares to the ESOP Group.

Taking the conservative view and focusing on the economic substance, the accounting treatment for the acquisition and sale of the Company’s shares is based on the assumption that the Company and the ESOP Trust form substantially a single entity given that the Company guarantees the ESOP Trust’s liability. Therefore, the Company’s shares owned by the ESOP Trust as well as the assets and liabilities and income and expenses of the ESOP Trust are included in the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and consolidated statements of cash flows of the Company. The number of the Company’s shares owned by the ESOP Trust as of March 31, 2012 was 5,708,000 shares.

3 Financial statements translation

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥82.19=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 30, 2012. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate. Translations of United States dollars are rounded down to the nearest thousand and therefore the totals shown in tables do not necessarily agree with the sums of the individual amounts.

4 Marketable securities and investments in securities

Market value information at March 31, 2012 and 2011 is summarized as follows:

Held-to-maturity securities having market value are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Gross unrealized gain:			
Cost	¥ 1	¥ 1	$12
Market value	1	1	12
	0	0	0
Gross unrealized loss:			
Cost	—	—	—
Market value	—	—	—
	—	—	—
Net unrealized gain	¥ 0	¥ 0	$ 0

Other securities having market value are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Gross unrealized gain:			
Cost	¥ 6,903	¥ 5,762	$ 83,988
Market value	10,112	8,880	123,031
	3,209	3,118	39,043
Gross unrealized loss:			
Cost	247,391	184,732	3,009,989
Market value	245,944	182,750	2,992,383
	(1,447)	(1,982)	(17,605)
Net unrealized gain	¥ 1,762	¥ 1,136	$ 21,438

Other securities sold having market value in the years ended March 31, 2012, 2011 and 2010 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2012	2011	2010	2012
Proceeds	¥26	¥ 5	¥ 99	$316
Gain on sale	0	0	5	0
Loss on sale	4	—	121	48

Breakdown of securities for which it is extremely difficult to determine the fair value at March 31, 2012 and 2011 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Cost:			
Held-to-maturity bonds	¥ —	¥ —	$ —
Other securities	27,528	23,063	334,931
	¥27,528	¥23,063	$334,931

The redemption schedule of other securities and held-to-maturity debt securities as of March 31, 2012 and 2011 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Bonds:			
Within 1 year	¥ 2	¥ 12	$ 24
Over 1 year to 5 years	1	1	12
Others:			
Within 1 year	237,102	173,862	2,884,803
Over 1 year to 5 years	200	200	2,433
Total:			
Within 1 year	¥237,104	¥173,874	$2,884,827
Over 1 year to 5 years	201	201	2,445

5 Investments in and advances to non-consolidated subsidiaries and affiliates

Investments in and advances to non-consolidated subsidiaries and affiliates at March 31, 2012 and 2011 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Investments in capital stock	¥26,429	¥20,051	$321,559
Advances	3,436	3,443	41,805
	¥29,865	¥23,494	$363,365

6 Short-term loans and long-term debt

Short-term loans at March 31, 2012 and 2011 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Short-term bank loans	¥ —	¥ 166	$ —
Current portion of long-term loans	115,962	115,036	1,410,901
Current portion of bonds and notes	—	20,000	—
Current portion of finance lease obligations	11,443	11,193	139,226
	¥127,405	¥146,395	$1,550,127

The interest rates on the above short-term loans were between 0.02% and 1.48% per annum in 2011.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Bonds and notes:			
3.2% notes due 2017	¥ 20,000	¥ 20,000	$ 243,338
3% notes due 2011	—	10,000	—
2.27% notes due 2014	10,000	10,000	121,669
1.44% notes due 2011	—	10,000	—
2.09% notes due 2014	10,000	10,000	121,669
1.97% notes due 2015	15,000	15,000	182,503
1.84% notes due 2013	10,000	10,000	121,669
2.45% notes due 2018	10,000	10,000	121,669
1.71% notes due 2015	20,000	20,000	243,338
	95,000	115,000	1,155,858
Loans, principally from banks:			
Secured, bearing interest from 0.44% to 2.70% in 2012 and 0.67% to 2.70% in 2011, maturing in installments through 2026	377,859	407,786	4,597,384
Unsecured, bearing interest from 1.09% to 2.29% in 2012 and 1.09% to 2.29% in 2011, maturing in installments through 2021	454,766	372,411	5,533,106
	832,625	780,197	10,130,490
Finance lease obligations			
Finance lease agreements expiring through 2024	36,032	43,456	438,398
	963,657	938,653	11,724,747
Less current portion	127,405	146,229	1,550,127
	¥836,252	¥792,424	$10,174,619

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligation becomes due, or in the event of default and certain other specified events, to offset cash deposits against such obligations due to the bank.

Certain bonds and notes and foreign currency loans are guaranteed by domestic and foreign banks.

The following assets were pledged as collateral for short-term and long-term debt at March 31, 2012:

	Yen (Millions)	U.S. dollars (Thousands)
Property and equipment, at net book value:		
Flight equipment	¥692,081	$8,420,501
Ground property and equipment	39,835	484,669
	¥731,916	$8,905,170

The aggregate annual maturities of long-term debt after March 31, 2012 are as follows:

Year ending March 31,	Yen (Millions)	U.S. dollars (Thousands)
2013	¥127,405	$ 1,550,127
2014	137,083	1,667,879
2015	186,420	2,268,159
2016 and thereafter	512,749	6,238,581
	¥963,657	$11,724,747

7 Retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service and the conditions under which termination occurs.

One domestic consolidated subsidiary applied for an exemption from the payment of the benefits related to future and past employee services and received approval from the Minister of Health, Labour and Welfare on February 1, 2008 and April 1, 2009 and paid the minimum policy reserve to the Japanese government on March 11, 2010. As a result, gain on return of substituted portion of welfare pension fund was recognized in the amount of ¥1,723 million for the year ended March 31, 2010.

One domestic consolidated subsidiary applied for an exemption from the payment of the benefits related to future and past employee services and received approval from the Minister of Health, Labour and Welfare on May 1, 2008 and January 1, 2011, and gain on return of substituted portion of welfare pension fund was recognized in the amount of ¥38 million for the year ended March 31, 2011.

The following table sets out the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2012 and 2011 for the Company and consolidated subsidiaries' defined benefit plans:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Retirement benefit obligation	¥(265,140)	¥(269,579)	$(3,225,939)
Plan assets at fair value	96,072	95,924	1,168,901
Unfunded retirement benefit obligation	(169,068)	(173,655)	(2,057,038)
Unrecognized net transitional retirement benefit obligation	19,114	25,700	232,558
Unrecognized actuarial loss	36,812	41,327	447,889
Unrecognized prior service cost	(12,933)	(16,760)	(157,354)
	¥(126,075)	¥(123,388)	$(1,533,945)
Prepaid pension cost	—	12	—
Accrued employees' retirement benefits	¥(126,075)	¥(123,400)	$(1,533,945)

The government sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2012	2011	2010	2012
Service cost	¥10,937	¥10,766	¥10,778	$133,069
Interest cost	6,452	6,527	6,682	78,501
Expected return on plan assets	(3,347)	(3,466)	(3,302)	(40,722)
Amortization of net transitional retirement benefit obligation	6,396	6,425	6,423	77,819
Amortization of actuarial loss	6,717	6,284	7,147	81,725
Amortization of prior service cost	(3,824)	(3,831)	(3,997)	(46,526)
Net periodic pension and severance cost	¥23,331	¥22,705	¥23,731	$283,866

Besides the above net periodic pension and severance cost, the costs for other retirement and pension plans such as a defined contribution plan and for supplemental retirement benefit were ¥1,129 million ($13,736 thousand) and ¥2,442 million ($29,711 thousand), respectively, for the year ended March 31, 2012, and ¥980 million and ¥192 million for the year ended March 31, 2011, and ¥921 million and ¥4,467 million for the year ended March 31, 2010.

8 Asset retirement obligations

1. Asset retirement obligations recorded on the consolidated balance sheets

(a) Overview of asset retirement obligations

The Company and its subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property and have entered into real estate lease contracts for the Head Office, sales branches, airport branches and some other offices. As the Company and its subsidiaries have restoration obligations for such properties at the end of each lease period, related legal obligations required by law and the contracts are recorded on the consolidated balance sheets as asset retirement obligations.

(b) Calculation of asset retirement obligations

The Company and its subsidiaries estimate the expected period of use as 1 to 33 years and calculate the amount of asset retirement obligations with a discount rate of 0% to 2.27%.

The following table indicates the changes in asset retirement obligations for the years ended March 31, 2012 and 2011:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Balance at beginning of year	¥2,591	¥2,980	$31,524
Liabilities incurred due to the acquisition of property and equipment	112	—	1,362
Accretion adjustment	392	89	4,769
Liabilities settled	(632)	(270)	(7,689)
Others	(290)	(208)	(3,528)
Balance at end of year	¥2,173	¥2,591	$26,438

2. Asset retirement obligations not recorded on the consolidated balance sheets

The Company and its subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property and have entered into real estate lease contracts for land and office at airport facilities including Tokyo International Airport, Narita International Airport, New Chitose Airport, Chubu Centrair International Airport, Osaka International Airport, Kansai International Airport, Fukuoka Airport and Naha Airport, and at training facilities in Shimojishima Airport. The Company and its subsidiaries have restoration obligations when they vacate and clear such facilities. However, as the roles of the above airports are especially important in public transportation, it is beyond the control of the Company alone to determine when to vacate and clear such facilities, and it is also impossible to make reasonable estimates as there are currently no relocation plans for the above properties. Therefore, the Company and its subsidiaries do not record asset retirement obligations for the related liabilities.

(Change in accounting policy)

Effective April 1, 2010, the Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Statement No. 18, March 31, 2008) and “Implementation Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Implementation Guidance No. 21, March 31, 2008).

9 Income taxes

The Company is subject to a number of taxes on income (corporation tax, inhabitants taxes and enterprise tax) which in aggregate resulted in a normal statutory tax rate of 40.16% in 2012 and 2011.

The Company adopted the consolidated taxation system for consolidated taxation purposes, and has consolidated all qualified, wholly owned domestic subsidiaries.

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at March 31, 2012 and 2011 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Deferred tax assets:			
Accrued employees' retirement benefits	¥ 44,682	¥ 49,433	$ 543,642
Tax loss carry-forward	34,897	58,411	424,589
Unrealized gain on inventories and property and equipment	12,451	13,720	151,490
Accrued bonuses to employees	12,080	11,619	146,976
Loss on evaluation for hedging exchange	2,590	13,850	31,512
Valuation loss on investments in securities	2,188	2,534	26,621
Impairment loss	1,205	878	14,661
Other	7,888	9,371	95,972
Total gross deferred tax assets	117,981	159,816	1,435,466
Less valuation allowance	(6,612)	(5,589)	(80,447)
Total net deferred tax assets	111,369	154,227	1,355,018
Deferred tax liabilities:			
Gain on evaluation for hedging exchange	(8,180)	(17,207)	(99,525)
Special depreciation reserve	(3,678)	(4,987)	(44,749)
Unrealized holding gain on securities	(1,193)	(1,139)	(14,515)
Other	(949)	(1,111)	(11,546)
Total gross deferred tax liabilities	(14,000)	(24,444)	(170,337)
Net deferred tax assets	¥ 97,369	¥129,783	$1,184,681

A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2010 is not disclosed because of the loss before income taxes and minority interests.

The reconciliation for the years ended March 31, 2012 and 2011 is as follows:

	2012	2011
Statutory tax rate	40.16%	40.16%
Reconciliation:		
Entertainment expenses not qualifying for deduction	1.00	1.78
Inhabitants tax per capita levy	0.26	0.53
Decrease in deferred tax assets due to tax rate change	14.44	—
Loss on antitrust proceedings	—	6.81
Change in valuation allowance and related adjustments	1.02	(13.46)
Other	(1.31)	(1.49)
Effective income tax rate	55.57%	34.33%

Amendments to Japanese tax regulations were enacted into law on December 2, 2011. Consequently, the statutory income tax rate utilized for deferred tax assets and liabilities expected to be settled or realized in the period from April 1, 2012 to March 31, 2015 is 37.42% and subsequent to March 31, 2015 the rate is 35.03%. Due to this change, deferred tax assets decreased by ¥8,596 million, income taxes deferred increased by ¥9,157 million, net unrealized holding loss on securities increased by ¥153 million, and deferred gain or loss on hedges increased by ¥408 million.

Boarding
Takeoff
Climbing
Cruising
In-Flight Service
Approach
Landing

10 Other comprehensive income

Effective the year ended March 31, 2011, the Company adopted "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan Statement No. 25, June 30, 2010). In accordance with this standard, other comprehensive income for the years ended March 31, 2011 and 2010 are not required to be presented.

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the year ended March 31, 2012:

	Yen (Millions)	U.S. dollars (Thousands)
	2012	2012
Net unrealized holding gain on securities:		
Amount arising during the year	¥ 540	$ 6,570
Reclassification adjustments for gains realized in net income	(1)	(12)
Amount before tax effect	539	6,557
Tax effect	119	1,447
Net unrealized holding gain on securities	658	8,005
Deferred gain on hedging instruments:		
Amount arising during the year	(242)	(2,944)
Reclassification adjustments for gains realized in net income	6,795	82,674
Amount before tax effect	6,553	79,729
Tax effect	(2,229)	(27,120)
Deferred gain on hedging instruments	4,324	52,609
Foreign currency translation adjustments:		
Amount arising during the year	(69)	(839)
Foreign currency translation adjustments	(69)	(839)
Share of other comprehensive income of affiliates accounted for by the equity method:		
Amount arising during the year	8	97
Share of other comprehensive income of affiliates accounted for by the equity method	8	97
Total other comprehensive income	¥ 4,921	$ 59,873

11 Leases

As lessee

(a) Finance leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as assets.

Tangible fixed lease assets include mainly aircraft, flight equipment and host computers. Intangible fixed lease assets include software. The amortization method for leased assets is described in "2. Summary of significant accounting policies (m) Leased assets and amortization."

As lessee

(b) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2012 and 2011 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Current portion of operating lease obligations	¥ 30,297	¥ 31,362	$ 368,621
Long-term operating lease obligations	144,896	145,595	1,762,939
	¥175,193	¥176,957	$2,131,561

Note: No impairment loss was allocated to leased assets.

As lessor

(c) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2012 and 2011 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2012	2011	2012
Current portion of operating lease obligations	¥ 883	¥1,153	$10,743
Long-term operating lease obligations	1,907	2,188	23,202
	¥2,790	¥3,341	$33,945

Note: No impairment loss was allocated to leased assets.

12 Supplementary information for consolidated statements of changes in net assets

Supplementary information for consolidated statements of changes in net assets at March 31, 2012 consisted of the following:

(a) Type and number of outstanding shares

Number of shares (Thousands)

Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	2,524,959	—	—	2,524,959
Total	2,524,959	—	—	2,524,959
Treasury stock:				
Common stock (*1,*2,*3)	15,903	103	6,740	9,266
Total	15,903	103	6,740	9,266

(*1) Treasury stock increased by 99 thousand shares due to the repurchase of shares less than one unit and 3 thousand shares due to the purchase by an affiliate.
(*2) Treasury stock decreased by 51 thousand shares due to the sale of shares less than one unit and 4,525 thousand shares due to the sale by the ESOP Trust and 66 thousand shares due to the change of scope of equity method and 2,097 thousand shares due to a share exchange.
(*3) Treasury stock includes 5,708 thousand shares of the Company owned by the ESOP Trust as of March 31, 2012.

(b) Dividends

(1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 20, 2011	Annual general meeting of shareholders	Common stock (*1)	¥5,018	$61,053	Retained earnings	¥2.00	$0.02	March 31, 2011	June 21, 2011

(*1) The ¥22 million ($267 thousand) paid to the ESOP Trust and the affiliates is not included in the total dividends amount because the Company's shares owned by the ESOP Trust and the affiliates are recognized as treasury stock.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 19, 2012	Annual general meeting of shareholders	Common stock (*1)	¥10,062	$122,423	Retained earnings	¥4.00	$0.04	March 31, 2012	June 20, 2012

(*1) The ¥26 million ($316 thousand) paid to the ESOP Trust and the affiliates is not included in the total dividends amount because the Company's shares owned by the ESOP Trust and the affiliates are recognized as treasury stock.

In accordance with the Law, the Company provides a legal reserve which is included in retained earnings. The Law provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of the legal reserve and the additional paid-in capital account equals 25% of the common stock account. The Law provides that neither additional paid-in capital nor the legal reserve is available for the payment of dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that, if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. Under the Law, however, such distributions can be made at anytime by resolution of the shareholders or by the Board of Directors if certain conditions are met.

13 Commitments and contingent liabilities

Commitments outstanding for the acquisition or construction of property and equipment amounted to ¥603,434 million ($7,341,939 thousand) and ¥773,686 million at March 31, 2012 and 2011, respectively.

The Company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥833 million ($10,135 thousand) and ¥814 million at March 31, 2012 and 2011, respectively.

14 Financial instruments

Overview

(a) Policy for financial instruments

The Company and its subsidiaries (collectively, the "Group") limit their fund management to short-term time deposits and raise funds through borrowings from financial institutions including banks. The Company and its subsidiaries use derivatives for the purpose of reducing risk described below and do not enter into derivatives for speculative or trading purposes.

(b) Types of financial instruments, related risk and risk management

Trade receivables – accounts receivable – are exposed to credit risk in relation to customers. In accordance with the internal policies of the Group for managing credit risk arising from receivables, the Group monitors credit worthiness of their main customers periodically and monitors due dates and outstanding balances by individual customer, whereby making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

Marketable securities and investments in securities are exposed to risk of market price fluctuations. Those securities are composed of mainly the shares of other companies with which the Group has business relationships. The Group periodically reviews the fair values of such financial instruments and the financial position of the issuers, whereby making efforts to identify and mitigate risks of impairment.

Substantially all trade payables – accounts and notes payable – have payment due dates within one year.

Borrowings are taken out principally for the purpose of making capital investments and certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term debt bearing interest at variable rates, the Group utilizes interest rate swap transactions as a hedging instrument. Interest rate swaps that qualify for hedge accounting are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

For derivatives, in order to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies, the Group enters into forward foreign exchange contracts for specific receivables and payables denominated in foreign currencies mainly for aircraft purchase commitments. In addition, to reduce the interest rate fluctuation risk associated with financial assets and liabilities, the Group uses interest rate swap transactions for specific financial assets and liabilities. Furthermore, the Group enters into commodity derivative transactions such as swaps and options to mitigate the fluctuation risk of commodity price of fuel and stabilize operating profit.

① *Management of Credit Risks (risks such as breach of contract by customers)*

The Group, with respect to trade receivables, exercises the due date management and the outstanding balance management in accordance with internal policies. The Group makes best efforts to identify and mitigate risks of bad debts from major customers with financial difficulties by periodically monitoring their creditworthiness.

As for derivatives, the Group believes that the credit risks are extremely low, as it enters into derivative transactions only with reputable financial institutions with a sound credit profile.

② *Management of Market Risks (fluctuation risks such as exchange rate and interest rate)*

In order to reduce the foreign currency exchange risks, the Group, in principle, utilizes forward foreign exchange contracts for receivables and payables in foreign currencies. In order to mitigate the interest rate fluctuation risks of the debts, the Company utilizes interest rate swap transactions.

As for marketable securities and investment securities, the Group periodically reviews the fair values and the financial conditions of the issuers to identify and mitigate risks of impairment.

There are internal policies for derivative transactions which set forth authorization levels and maximum upper limit on transaction volumes and the Group enters into the derivative transactions in accordance with such policies. Moreover, meetings are held principally on a monthly basis with attendance of board members responsible for derivatives to determine methods and ratios for offsetting risks as well as to report and confirm results of derivative transactions.

③ *Management of Liquidity Risks Related to Financing (risks that the Group cannot meet the due date of payables)*

The Group manages the liquidity risks by setting a financial plan in order to procure and invest funds, which are necessary for the operation of the Group for a certain period of time, in accordance with the business operating plan and the budget.

(c) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 15 *Derivatives and hedging activities* are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets and estimated fair value as of March 31, 2012 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

As of March 31, 2012

	Yen (Millions)		
	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	¥ 41,867	¥ 41,867	¥ —
Accounts receivable (**)	124,028	124,028	—
Marketable securities and investments in securities (**)	268,162	263,368	(4,794)
Total assets	434,057	429,263	(4,794)
Liabilities:			
Trade notes and accounts payable (**)	¥ 180,804	¥ 180,804	¥ —
Bonds and notes	95,000	99,744	4,744
Long-term loans	832,625	844,780	12,155
Total liabilities	1,108,429	1,125,328	16,899
Derivatives (*)	¥ 14,921	¥ 14,921	¥ —

As of March 31, 2012

	U.S. dollars (Thousands)		
	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	$ 509,392	$ 509,392	$ —
Accounts receivable (**)	1,509,040	1,509,040	—
Marketable securities and investments in securities (**)	3,262,708	3,204,380	(58,328)
Total assets	5,281,141	5,222,812	(58,328)
Liabilities:			
Trade notes and accounts payable (**)	$ 2,199,829	$ 2,199,829	$ —
Bonds and notes	1,155,858	1,213,578	57,719
Long-term loans	10,130,490	10,278,379	147,889
Total liabilities	13,486,178	13,691,787	205,608
Derivatives (*)	$ 181,542	$ 181,542	$ —

(*) The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

(**) Accounts receivable, marketable securities and investments in securities, and trade notes and accounts payable in the above table are not reconciled to those accounts indicated in the accompanying consolidated balance sheets and notes since certain reclassifications have been made to those accounts while the above table represents amounts that are directly compiled from the notes to consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

1) Cash on hand and in banks and 2) accounts receivable

Since these items are settled in a short period of time, their carrying value approximates fair value.

3) Marketable securities and investments in securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, refer to Note 4. *Marketable securities and investments in securities* of the notes to the consolidated financial statements.

Liabilities

1) Trade notes and accounts payable and 2) short-term bank loans

Since these items are settled in a short period of time, their carrying value approximates fair value.

3) Bonds and notes

The fair value of bonds issued by the Company is present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

4) Long-term loans

The fair value of long-term loans is based on the present value of the total of principal and interest discounted by the interest rate to be applied to similar new borrowings.

2. Financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2012	Yen (Millions)	U.S. dollars (Thousands)
Unlisted stocks	¥27,528	$334,931

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2012 is summarized as follows.

As of March 31, 2012

	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash in banks	¥ 41,027	¥ —	¥ —	¥ —
Accounts receivable	124,028	—	—	—
Held-to-maturity bonds	—	1	—	—
Other marketable securities with maturities	237,104	200	—	—
Total	¥402,159	¥201	¥ —	¥ —

As of March 31, 2012

	U.S. dollars (Thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash in banks	$ 499,172	$ —	$ —	$ —
Accounts receivable	1,509,040	—	—	—
Held-to-maturity bonds	—	12	—	—
Other marketable securities with maturities	2,884,827	2,433	—	—
Total	$4,893,040	$2,445	$ —	$ —

4. Redemption schedule for bonds, long-term debt and other interest-bearing liabilities is summarized as follows.

As of March 31, 2012

	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds and notes	¥ —	¥ 65,000	¥ 30,000	¥ —
Long-term loans	115,962	459,203	222,256	35,204
Total	¥115,962	¥524,203	¥252,256	¥35,204

As of March 31, 2012

	U.S. dollars (Thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Bonds and notes	$ —	$ 790,850	$ 365,007	$ —
Long-term loans	1,410,901	5,587,090	2,704,173	428,324
Total	$1,410,901	$6,377,941	$3,069,181	$428,324

15 Derivatives and hedging activities

The Company and certain of its subsidiaries operate internationally and are exposed to the risk of changes in foreign exchange rates, interest rates and commodity prices of fuel. In order to manage these risks, the Company and its subsidiaries utilize forward exchange contracts to hedge certain foreign currency transactions related to purchase commitments, principally of flight equipment, and foreign currency receivables and payables. Also, the Company and its subsidiaries utilize interest rate swaps to minimize the impact of interest rate fluctuations related to their outstanding debt. In addition, the Company also enters into a variety of swaps and options in its management of risk exposure related to the commodity prices of fuel. The Company and its subsidiaries do not use derivatives for speculative or trading purposes.

The Company has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The Company enters into derivative transactions in accordance with these internal guidelines. Derivative and hedging transactions initiated by respective operational departments have been examined by the accounting department and these transactions, including their measures and ratios, have been monitored by management generally on a monthly basis. Assessment of hedge effectiveness is examined at inception and, on an ongoing basis, periodically. The consolidated subsidiaries have adopted the same procedures for hedging activities as the Company.

The Company and its subsidiaries are also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions.

Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2012, for which hedged accounting has been applied.

(a) Currency-related transactions

As of March 31, 2012

	Yen (Millions)		
	Notional amount		
	Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD	¥ 3,312	¥ —	¥ 17
EUR	4	—	(0)
Buy:			
USD	180,031	96,204	(7,967)
EUR	49	—	1
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	50,318	28,498	1,744
Buy:			
USD (Call)	55,732	31,872	(763)
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	7,585	1,200	201
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Sell:			
USD	160	—	(*)
EUR	19	—	(*)
Buy:			
USD	13,184	—	(*)
EUR	254	—	(*)
Others	6	—	(*)
Total	¥310,654	¥157,774	¥(6,767)

As of March 31, 2012

	U.S. dollars (Thousands)		
	Notional amount		
	Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD	$ 40,296	$ —	$ 206
EUR	48	—	(0)
Buy:			
USD	2,190,424	1,170,507	(96,933)
EUR	596	—	12
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	612,215	346,733	21,219
Buy:			
USD (Call)	678,087	387,784	(9,283)
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	92,286	14,600	2,445
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Sell:			
USD	1,946	—	(*)
EUR	231	—	(*)
Buy:			
USD	160,408	—	(*)
EUR	3,090	—	(*)
Others	73	—	(*)
Total	$3,779,705	$1,919,625	$(82,333)

Note: Calculation of fair value is based on the data obtained from counterparties' financial institutions.
(*) The estimated fair value of forward foreign exchange contracts is included in the estimated fair value of accounts payable since the amounts in such derivative contracts accounted for as part of accounts payable are handled together with payables denominated in foreign currencies that are subject to hedge accounting. See Note 14.

(b) Interest-related transactions

As of March 31, 2012

	Yen (Millions)		
	Notional amount		
	Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans, accounted for by short-cut method:			
Receive/floating and pay/fixed	¥444,203	¥381,449	(*)

As of March 31, 2012

	U.S. dollars (Thousands)		
	Notional amount		
	Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans, accounted for by short-cut method:			
Receive/floating and pay/fixed	$5,404,586	$4,641,063	(*)

(*) The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term loans since amounts in such derivative contracts accounted for by the short-cut method are handled together with the long-term loans that are subject to hedge accounting. See Note 14.

(c) Commodity-related transactions

As of March 31, 2012

	Yen (Millions)		
	Notional amount		
	Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts, accounted for by deferral method:			
Receive/floating and pay/fixed	¥ 98,637	¥37,233	¥18,737
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Put)	13,295	—	—
Buy:			
Crude oil (Call)	14,774	—	2,951
Total	¥126,706	¥37,233	¥21,688

As of March 31, 2012

	U.S. dollars (Thousands)		
	Notional amount		
	Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts, accounted for by deferral method:			
Receive/floating and pay/fixed	$1,200,109	$453,011	$227,971
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Put)	161,759	—	—
Buy:			
Crude oil (Call)	179,754	—	35,904
Total	$1,541,623	$453,011	$263,876

Note: Calculation of fair value is based on the data obtained from counterparties' financial institutions.

16 Segment information

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

Air transportation includes domestic and international passenger operations, cargo and mail operations and other transportation services. Travel services encompass sales of tickets, planning and sales of branded travel packages using "Air transportation".

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 2. Segment performance is evaluated based on operating income or loss. Intra-group sales are recorded at the same prices used in transactions with third parties.

Segment information for the years ended March 31, 2012 and 2011 is as follows:

	Yen (Millions)						
	Reportable Segments						
As of and for the year ended March 31, 2012	Air transportation	Travel services	Subtotal	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments							
Operating revenues	¥1,173,596	¥150,180	¥1,323,776	¥ 87,728	¥1,411,504	¥ —	¥1,411,504
Intra-group sales and transfers	88,985	8,772	97,757	50,724	148,481	(148,481)	—
Total	¥1,262,581	¥158,952	¥1,421,533	¥138,452	¥1,559,985	¥(148,481)	¥1,411,504
Segment profit	¥ 88,499	¥3,907	¥ 92,406	¥ 4,124	¥ 96,530	¥ 492	¥ 97,022
Segment assets	¥1,911,248	¥ 45,922	¥1,957,170	¥129,200	¥2,086,370	¥ (83,800)	¥2,002,570
Other items:							
Depreciation and amortization	¥ 117,234	¥ 161	¥ 117,395	¥ 1,873	¥ 119,268	¥ —	¥ 119,268
Increase in tangible and intangible fixed assets	¥ 194,521	¥ 33	¥ 194,554	¥ 5,169	¥ 199,723	¥ (2,842)	¥ 196,881

As of and for the year ended March 31, 2012	U.S. dollars (Thousands)						
	Reportable Segments						
	Air transportation	Travel services	Subtotal	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments							
Operating revenues	$14,279,060	$1,827,229	$16,106,290	$1,067,380	$17,173,670	$ —	$17,173,670
Intra-group sales and transfers	1,082,674	106,728	1,189,402	617,155	1,806,557	(1,806,557)	—
Total	$15,361,735	$1,933,957	$17,295,692	$1,684,535	$18,980,228	$(1,806,557)	$17,173,670
Segment profit	$ 1,076,761	$ 47,536	$ 1,124,297	$ 50,176	$ 1,174,473	$ 5,986	$ 1,180,459
Segment assets	$23,254,021	$ 558,729	$23,812,750	$1,571,967	$25,384,718	$(1,019,588)	$24,365,129
Other items:							
Depreciation and amortization	$ 1,426,377	$ 1,958	$ 1,428,336	$ 22,788	$ 1,451,125	$ —	$ 1,451,125
Increase in tangible and intangible fixed assets	$ 2,366,723	$ 401	$ 2,367,124	$ 62,890	$ 2,430,015	$ (34,578)	$ 2,395,437

As of and for the year ended March 31, 2011	Yen (Millions)						
	Reportable Segments						
	Air transportation	Travel services	Subtotal	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments							
Operating revenues	¥1,121,272	¥146,945	¥1,268,217	¥ 89,436	¥1,357,653	¥ —	¥1,357,653
Intra-group sales and transfers	97,020	12,436	109,456	49,527	158,983	(158,983)	—
Total	¥1,218,292	¥159,381	¥1,377,673	¥138,963	¥1,516,636	¥(158,983)	¥1,357,653
Segment profit	¥ 60,504	¥ 2,637	¥ 63,141	¥ 4,813	¥ 67,954	¥ (146)	¥ 67,808
Segment assets	¥1,848,754	¥ 36,602	¥1,885,356	¥119,350	¥2,004,706	¥ (76,685)	¥1,928,021
Other items:							
Depreciation and amortization	¥ 116,287	¥ 223	¥ 116,510	¥ 1,930	¥ 118,440	¥ —	¥ 118,440
Increase in tangible and intangible fixed assets	¥ 210,592	¥ 68	¥ 210,660	¥ 4,734	¥ 215,394	¥ (3,696)	¥ 211,698

Segment information for the year ended March 31, 2010 is as follows:

As of and for the year ended March 31, 2010	Yen (Millions)						
	Reportable Segments						
	Air transportation	Travel services	Subtotal	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments							
Operating revenues	¥ 989,991	¥150,763	¥1,140,754	¥ 87,599	¥1,228,353	¥ —	¥1,228,353
Intra-group sales and transfers	98,677	16,213	114,890	49,887	164,777	(164,777)	—
Total	¥1,088,668	¥166,976	¥1,255,644	¥137,486	¥1,393,130	¥(164,777)	¥1,228,353
Segment profit (loss)	¥ (57,976)	¥ (18)	¥ (57,994)	¥ 3,343	¥ (54,651)	¥ 404	¥ (54,247)
Segment assets	¥1,779,757	¥ 41,488	¥1,821,245	¥117,096	¥1,938,341	¥ (79,256)	¥1,859,085
Other items:							
Depreciation and amortization	¥ 111,366	¥ 295	¥ 111,661	¥ 2,179	¥ 113,840	¥ (34)	¥ 113,806
Increase in tangible and intangible fixed assets	¥ 207,930	¥ 33	¥ 207,963	¥ 3,409	¥ 211,372	¥ (1,435)	¥ 209,937

Geographical information

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2012, 2011 and 2010 are summarized as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2012	2011	2010	2012
Japan	¥1,251,572	¥1,199,474	¥1,110,224	$15,227,789
Overseas	159,932	158,179	118,129	1,945,881
	¥1,411,504	¥1,357,653	¥1,228,353	$17,173,670

Notes: 1. Overseas consists substantially of America, Europe, China and Asia.
2. Net sales of overseas indicate sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.

17 Supplementary cash flow information

A reconciliation of the difference between cash on hand and in banks stated in the consolidated balance sheets as of March 31, 2012, 2011 and 2010 and cash and cash equivalents in the statements of cash flows for the years then ended is as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2012	2011	2010	2012
Cash on hand and in banks	¥ 41,867	¥ 36,956	¥ 13,246	$ 509,392
Time deposits with maturities of more than three months	(575)	(612)	(631)	(6,995)
Marketable securities	237,104	173,874	180,576	2,884,827
Marketable securities with maturities of more than three months	(12,562)	(8,612)	(45,002)	(152,840)
Cash and cash equivalents	¥265,834	¥201,606	¥148,189	$3,234,383

18 Impairment loss

Due to slumping performance of business assets, falling prices of estate assets and assets expected to be sold and idle assets, the net book values of assets whose profitability and market prices dropped notably were written down to their recoverable amounts and impairment losses of ¥1,746 million ($21,243 thousand) was recognized in the year ended March 31, 2012.

For the year ended March 31, 2012

Application	Location	Category	Yen (Millions) Impairment loss	U.S. dollars (Thousands) Impairment loss
Business assets	in Saitama	Building, Structures, Machinery and Equipment	¥ 189	$ 2,299
Assets expected to be sold		Aircraft	¥1,551	$18,870
Idle assets		Software	¥ 6	$ 73
		Total	¥1,746	$21,243

Note: The recoverable value of the assets is calculated by value in use, real estate appraisal, or fair value less costs to sell, with future cash flows discounted at a rate of 3.5%

For the year ended March 31, 2011

Application	Location	Category	Yen (Millions) Impairment loss
Business assets	in Chiba, Niigata and Shizuoka	Land	¥201
Assets expected to be sold	in Chiba	Land	¥114
		Total	¥315

Note: The recoverable value of the assets is calculated by value in use, real estate appraisal, or fair value less costs to sell, with future cash flows discounted at a rate of 3.5%

For the year ended March 31, 2010

Application	Location	Category	Yen (Millions) Impairment loss
Business assets	in Hokkaido	Aircraft	¥ 284
		Buildings and Others	785
		Subtotal	¥1,069
Assets expected to be sold	in Shizuoka and Gunma	Buildings	¥ 13
		Land	15
		Subtotal	¥ 28
Idle assets	in Osaka	Land	¥ 156
		Total	¥1,253

Note: The recoverable value of the assets is calculated by value in use, real estate appraisal, or fair value less costs to sell, with future cash flows discounted at a rate of 2.5- 3.5%

19 Subsequent event

The Company and its consolidated subsidiary Air Nippon Co., Ltd. ("ANK") merged on April 1, 2012 in a decision made at the meetings of their Boards of Directors held on November 25, 2011.

(a) Objective of the Merger

The Company will merge with ANK. This move will enable both the Company and ANK to fully utilize their corporate resources, while building a production structure that can respond with stability and flexibility to future business expansion and changes in the business environment. In addition, by consolidating overlapping duties and functions, the two companies expect to make further progress in streamlining operations.

(b) Merger date

April 1, 2012

(c) Method of merger

This was an acquisition and merger, with the Company surviving and ANK to be dissolved.

(d) Allocation of shares related to the merger

Because ANK was a wholly-owned subsidiary of the Company, there were no issue of new shares, increase in capital, or payment of funds resulting from the merger.

(e) Handling of new share warrants and corporate bonds with preemptive rights resulting from the merger

ANK, the extinct company, issued no new share warrants or corporate bonds with preemptive rights.

The Company will move to a holding company structure on April 1, 2013. At the meeting of Board of Directors of the Company held on May 15, 2012, it was resolved that all business in which the Company is engaged (excluding, however, businesses involving control or supervision of the companies in which shares are held by the Company and businesses involving group management; hereafter referred to as the "Business") should be transferred by means of a company split to ANA HOLDINGS INC. (corporate name is scheduled to be changed to ALL NIPPON AIRWAYS CO., LTD. on April 1, 2013; hereafter referred to as the "Successor Company"), which is a wholly owned subsidiary of ALL NIPPON AIRWAYS CO., LTD. An absorption-type split agreement was signed on the same day between the Company and the Successor Company (hereafter referred to as the "Absorption-type Company Split"). The effective date for the Absorption-type Company Split shall be April 1, 2013.

The Absorption-type Company Split and the amendments to the Articles of Incorporation (changes of corporate name and business purpose) were conditional on the related agenda items gaining approval at the 67th Ordinary General Meeting of Shareholders held on June 19, 2012 and on necessary approvals being granted by the relevant governing authorities.

Subsequent to the Absorption-type Company Split, as of April 1, 2013, the corporate name of the Company shall be changed to ANA HOLDINGS INC., and its business purpose shall be revised in line with the move to a holding company structure.

I. Absorption-type Company Split Pursuant to Move to Holding Company Structure

1. Background and Objectives of the Absorption-type Company Split

Japan's airline industry is facing a major transition period, including the expansion of airport capacity in Metropolitan Tokyo, further moves toward deregulation of the airline industry, the inauguration of a wave of new Low Cost Carriers (LCCs) and increased competition from other modes of transport and carriers elsewhere in Asia. In order to respond speedily to the changes, and to further achieve the goals set forth in its recently established FY2012-13 ANA Group Corporate Strategy, the Company has decided to shift to a holding company structure, transferring the Business to the Successor Company by the Absorption-type Company Split, which is seen as the optimal organizational structure for building a multi-brand strategy between the existing ANA brand and the new LCC brand. The purposes of this shift are to strengthen the Group's management and to enable autonomous management of each of the Group's companies.

2. Summary of the Absorption-type Company Split

(1) Timetable

Approval of the agreement for the Absorption-type Company Split by the meeting of Board of Directors

(for the Company and the Successor Company)..................... May 15, 2012

Conclusion of the agreement................. May 15, 2012

Approval by the Ordinary General Meeting of Shareholders

(for the Company and the Successor Company).................... June 19, 2012

Effective date........................April 1, 2013 (scheduled)

Note: This Absorption-type Company Split will require approvals from the relevant governing authorities.

(2) Method

The method employed will be an absorption-type company split where all shares of the Successor Company to be issued at the time of the Absorption-type Company Split will be allotted to the Company *("butteki-kyushu-bunkatsu").*

(3) Share Allocation

1,000 shares of common stock shall be issued by the Successor Company, with the shares being allocated in their entirety to the Company.

(4) Subscription Rights and Bonds with Subscription Rights

No subscription rights or bonds with subscription rights have been issued by the Company.

(5) Decrease in Capital, etc., due to the Absorption-type Company Split

There will be no change in capital of the Company.

(6) Rights and Obligations to Be Transferred to the Successor Company

All assets, liabilities, employment contracts and other rights and obligations of the Company related to the Business (excluding those relevant to aircraft, aircraft spare parts and aircraft fuel or such other items as otherwise provided for in the Absorption-type Company Split agreement signed on May 15, 2012) shall be transferred to the Successor Company as of the effective date. The liabilities to be succeeded by the Successor Company shall be jointly and severally assumed by the Company as well.

(7) Expected Performance of Obligations

In view of the fact that the amount of assets of both the Company and the Successor Company will exceed the amount of liabilities even after the Absorption-type Company Split and in view of the fact that currently there are no foreseen circumstances that might hinder the performance of obligations after the Absorption-type Company Split, it has been determined that there are no expected issues in the performance of obligations, either for the Company or for the Successor Company.

3. Overview of Business to Be Transferred

(1) Business to be transferred

The Business (as defined in the opening paragraph; regularly scheduled air transportation business, etc.)

(2) Operating Results for Business to be Transferred (Year ended March 31, 2012)

Revenue of the business to be transferred (a)	1,206.4 billion yen
Non-consolidated revenue of the Company (b)	1,233.4 billion yen
Ratio (a/b)	97.8%

Note: The Company merged with Air Nippon Co., Ltd., a wholly owned subsidiary of the Company, on April 1, 2012. The revenue of the business to be transferred (a) and the non-consolidated revenue of the Company (b) have therefore been adjusted to reflect the merger and are the estimated amounts for the year ended March 31, 2012.

(3) Breakdown of Assets and Liabilities to be Transferred (As of March 31, 2012)

Current assets	160.3 billion yen
Fixed assets	153.4 billion yen
Total	313.7 billion yen
Current liabilities	187.9 billion yen
Fixed liabilities	113.3 billion yen
Total	301.2 billion yen

Note: The Company merged with Air Nippon Co., Ltd., a wholly owned subsidiary of the Company, on April 1, 2012. The assets and liabilities to be transferred have therefore been adjusted to reflect the merger and are the estimated amounts as of March 31, 2012. The amount of assets and liabilities to be transferred will be finalized after making adjustments for any of the increase or decrease by the time of the Absorption-type Company Split to the amounts stated above.

4. Projected Status of the Company Following the Absorption-type Company Split (As of April 1, 2013 (scheduled))

Splitting Company

1) Corporate Name	ANA HOLDINGS INC.

Note: As of April 1, 2013, the corporate name will be changed from the current “ALL NIPPON AIRWAYS CO., LTD.” to “ANA HOLDINGS INC.”

2) Headquarters	1-5-2 Higashi Shimbashi, Minato-ku, Tokyo
3) Representative	Shinichiro Ito, President and C.E.O.
4) Business	Businesses involving group management, etc.
5) Capital	231,381 million yen
6) Accounting Closing Date	March 31

5. Projected Status of Successor Company after the Absorption-type Company Split (As of April 1, 2013 (scheduled))

Successor Company

1) Corporate Name	ALL NIPPON AIRWAYS CO., LTD.

Note: As of April 1, 2013, the corporate name will be changed from the current “ANA HOLDINGS INC.” to “ALL NIPPON AIRWAYS CO., LTD.”

2) Headquarters	1-5-2 Higashi Shimbashi, Minato-ku, Tokyo
3) Representative	To be determined.
4) Business	Regularly scheduled air transportation business, etc.
5) Capital	10,000 million yen
6) Accounting Closing Date	March 31

6. Prospective Impact on Financial Results

The impact of the Absorption-type Company Split on the Company’s consolidated operating results will not be significant. After the Absorption-type Company Split, the operating revenue of the Company will be comprised of dividend income from each of the Group’s companies, income from leasing aircraft, and fuel sales, etc., while the expenditures of the Company will primarily be operating costs as a holding company and expenses related to aircraft, fuel and so forth.

II. Amendments to Articles of Incorporation

1. Purpose of Amending the Articles of Incorporation

Pursuant to the shift to a holding company structure, the corporate name of the Company will be changed to ANA HOLDINGS INC. and the business purpose will be changed to management as a holding company, etc. Amendments to the Articles of Incorporation will be effective as of the effective date of the Absorption-type Company Split, provided that the Absorption-type Company Split has come into effect.

2. Schedule for Amendments to Articles of Incorporation

Date of Ordinary General Meeting of Shareholders to approve amendments to Articles of Incorporation:	June 19, 2012
Effective date for Amendments to Articles of Incorporation:	April 1, 2013 (scheduled)

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
All Nippon Airways Co., Ltd.

We have audited the accompanying consolidated financial statements of All Nippon Airways Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2012 and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of All Nippon Airways Co., Ltd. and consolidated subsidiaries as at March 31, 2012 and 2011, and their consolidated financial performance and cash flows for each of the three years in the period ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 19, 2012

Tokyo, Japan

Glossary

Passenger Operation Terms

Available Seat-Kilometers
A unit of passenger transport capacity. Total number of seats x transport distance (kilometers).

Revenue Passenger-Kilometers
Total distance flown by revenue-paying passengers aboard aircraft. Revenue-paying passengers x transport distance (kilometers).

Load Factor
Indicates the status of seat sales by showing the relationship between the total number of seats available and the number of paying passengers who occupy them. Revenue passenger-kilometers ÷ available seat-kilometers. Differs from seat utilization, which includes non-paying passengers.

Unit Revenues
Quantifies revenue management performance by showing unit revenue per seat kilometer. Revenue ÷ available seat-kilometers = load factor x yield.

Yield
Unit revenue per revenue-paying passenger per kilometer (or mile). Calculated as revenue ÷ revenue passenger-kilometers.

Revenue Management
This management technique maximizes revenue by enabling the best mix of revenue-paying passengers through yield management that involves optimum seat sales in terms of optimum timing and price based on network and fare strategy.

Unit Cost
Indicates cost per unit in the airline industry. Calculated as cost per seat per transport distance (kilometer). Total cost ÷ available seat-kilometers.

Matching Capacity with Demand
Involves flexibly adjusting capacity (available seat-kilometers) according to demand trends in ways such as increasing or decreasing the number of flights on routes and optimizing aircraft deployment through downgauging and other measures.

Passenger Composition
Component ratio of multiple passenger groups including businesses, individual and leisure travelers. Also refers to management of this ratio.

Cargo Operation Terms

Available Ton-Kilometers
A unit of cargo transport capacity. Total cargo capacity (tons) x transport distance (kilometers).

Revenue Ton-Kilometers
Total distance flown by revenue-paying cargo aboard aircraft. Revenue-paying cargo (tons) x transport distance (kilometers).

Freighter
Dedicated cargo aircraft. Seats are removed from the cabin space where passengers would normally sit, and the space is filled with containers or palletized cargo.

Belly Space
The space below the cabin on passenger aircraft that is used to transport cargo.

Airline Industry and Company Terms

IATA
The International Air Transport Association. Founded in 1945 by airlines operating flights primarily on international routes. Functions include managing arrival and departure slots at airports and settling receivables and payables among airline companies. As of June 2012, more than 240 airlines were IATA members.

ICAO
The International Civil Aviation Organization. A specialized agency of the United Nations created in 1944 to promote the safe and orderly development of international civil aviation. As of June 2012, 191 countries including Japan were ICAO members.

Star Alliance
Established in 1997, Star Alliance was the first and is the largest airline alliance. ANA became a member in October 1999. As of June 2012, 27 airlines from around the world, including regional airlines, are members. Star Alliance had a 27.1 percent share of available seat-kilometers worldwide in 2011.

Code Sharing
A system in which airline alliance partners allow each other to add their own flight numbers on other partners' scheduled flights. The frequent result is that multiple companies sell seats on one flight. Also known as jointly operated flights.

Antitrust Immunity (ATI)
Predicated on Open Skies agreements among countries, authorities such as the U.S. Department of Transportation may exempt alliances among airlines from antitrust regulations.

ATI approval allows airline alliance partners to operate joint ventures in which the parties can jointly set route and schedule plans, fares and products, and coordinate marketing and sales strategies.

Full-Service Carrier (FSC)
An airline company that serves a wide range of markets based on a route network that includes connecting flights. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network carriers or legacy carriers when compared to a low-cost carrier (LCC).

Low-Cost Carrier (LCC)
An airline that provides air transportation services at low fares based on a low-cost system that includes using a single type of aircraft, charging for in-flight services, and simplifying sales. Fundamentally, LCCs operate frequent short- and medium-haul point-to-point flights (flights between two locations).

Other Air Transportation Terms

Hub and Spoke System
A network modeled on a wheel that consists of a network of routes radiating outward from central hub airports like spokes to peripheral airports. Airlines can use the hub and spoke model to raise operating efficiency by connecting small spoke airports in small cities where demand is lower to hub airports in large cities.

Express Business
An integrated delivery business that provides door-to-door service between sender and recipient. With the operation of the Okinawa Cargo Hub & Network since October 2009, the ANA Group has been developing the international express business targeting business-to-business logistics.

Okinawa Cargo Hub & Network
The ANA Group's unique cargo network. With Naha (Okinawa) Airport as an international cargo hub, it uses late-night connecting flights in a hub and spoke system servicing major Asian cities.

ANA Route System

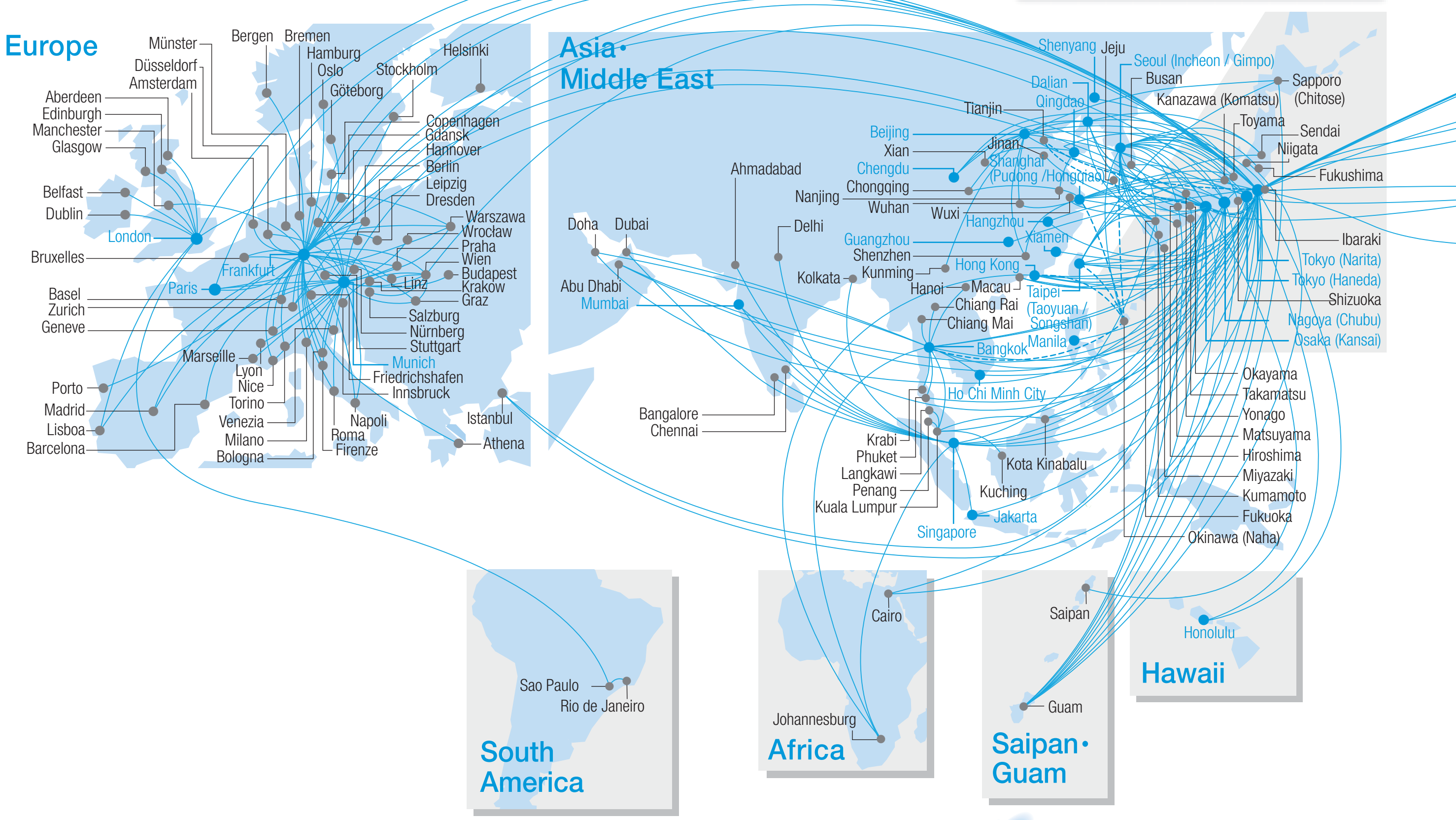
(As of July 1, 2012)

International Network

Passengers
Number of routes: 48
Number of flights: 812 per week
(ANA Group flights only)

Cargo
Number of routes: 18
Number of flights: 154 per week

● Cities served by the ANA Group
● Cities served by code-sharing
--- Routes for cargo flights only

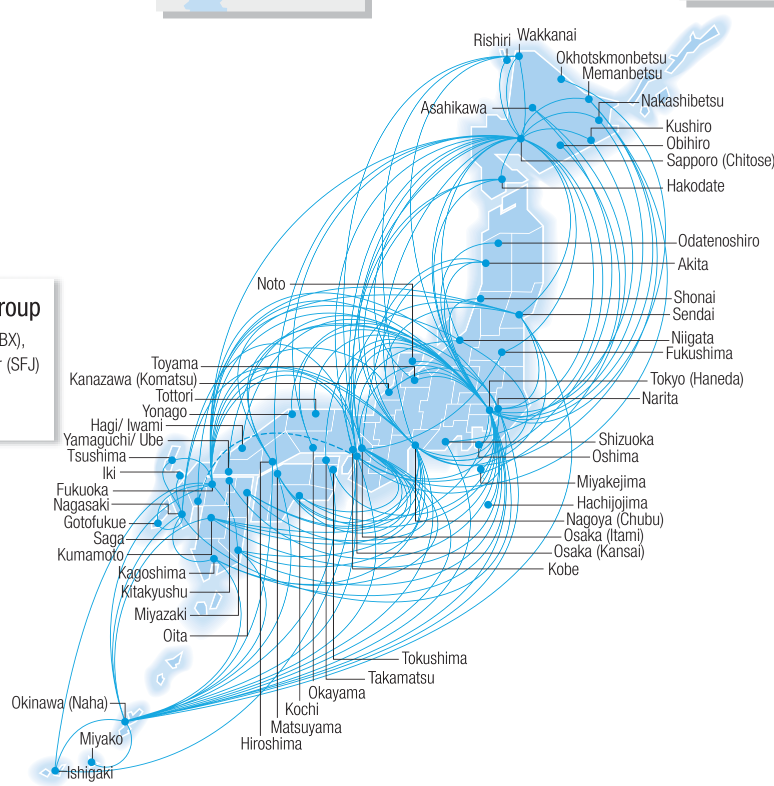


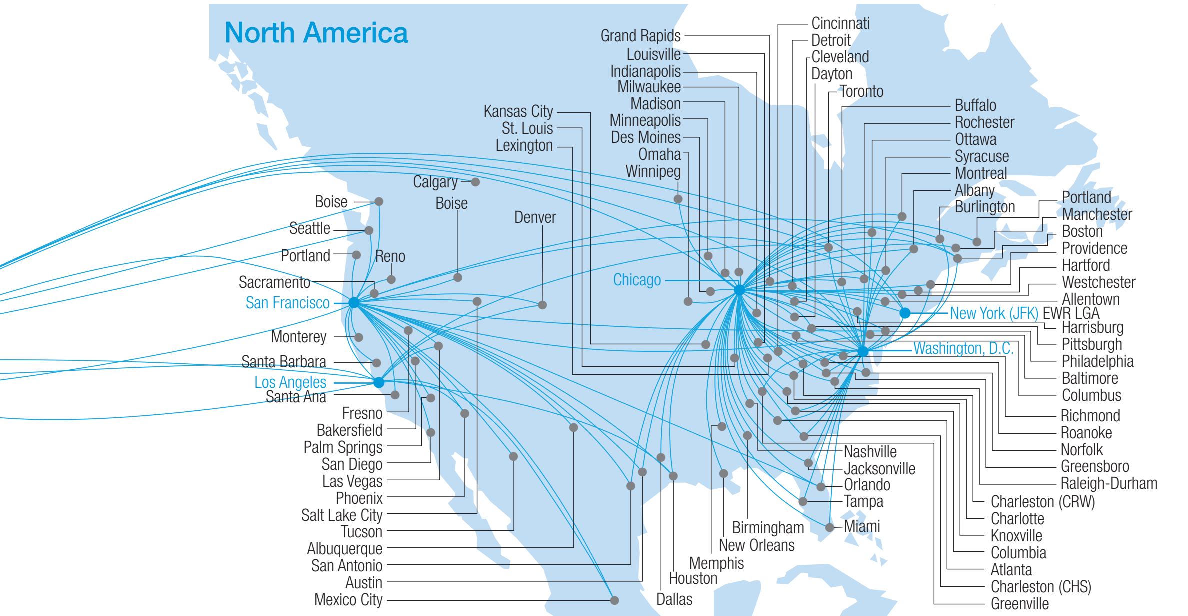
Domestic Network

Passengers
Number of routes: 127
Number of flights: 1,018 per day

Cargo
Number of routes: 6
Number of flights: 9 per day

● Cities served by the ANA Group
Includes code-sharing with IBEX Airlines (IBX), Air Do (ADO), Skynet Asia (SNA), Star Flyer (SFJ) and Oriental Air Bridge (ORC)
--- Routes for cargo flights only





North America

Chicago

Philadelphia, New York (LGA), Boston, Indianapolis, Charlotte, Cincinnati, St. Louis, Nashville, Pittsburgh, Baltimore, Minneapolis, Washington, D.C. (DCA), Omaha, Kansas City, Grand Rapids, Cleveland, Greensboro, Columbus, Dallas, Tampa, Dayton, Detroit, Des Moines, Toronto, Hartford, Madison, Milwaukee, Atlanta, Albany, Allentown, Winnipeg, Westchester

Orlando, Ottawa, Columbia, San Antonio, Syracuse, Charleston (CHS), New York (EWR), Knoxville, Birmingham, Buffalo, Harrisburg, Houston, Providence, Miami, Montreal, Richmond, Louisville, Lexington, Roanoke, Raleigh-Durham, Rochester, Washington (IAD), Austin, Greenville, Jacksonville, Charleston (CRW), New Orleans, Norfolk, Burlington, Portland, Manchester, Memphis

Washington, D.C.

Orlando, Chicago, Charlotte, Philadelphia, Boston, Columbus, Raleigh-Durham, Atlanta, Albany, Ottawa, Cleveland, Greenville, Greensboro, Columbia, Jacksonville, Syracuse, Tampa

Charleston (CHS), Detroit, Toronto, New York (EWR), New York (JFK), New York (LGA), Burlington, Buffalo, Harrisburg, Pittsburgh, Providence, Montreal, Richmond, Roanoke, Rochester, Norfolk, Miami

San Francisco

Los Angeles, Las Vegas, Phoenix, Fresno, San Diego, Seattle, Portland, Sacramento, Santa Barbara, Denver, Monterey, Albuquerque, Austin, San Antonio, Santa Ana

Salt Lake City, Vancouver, Houston, Boise, Baltimore, Mexico City, Reno, Orlando, Tucson, New York (EWR), Palm Springs, Philadelphia, Bakersfield, Boston

Europe

Munich

Bruxelles, Nürnberg, Hannover, Berlin, Düsseldorf, Hamburg, Stuttgart, Zurich, Geneve, Praha, Lyon, Paris, Marseille

Nice, Budapest, Roma, Milano, Firenze, Bologna, Napoli, Madrid, Barcelona, Warszawa, Wrocław, Wien, Graz

Frankfurt

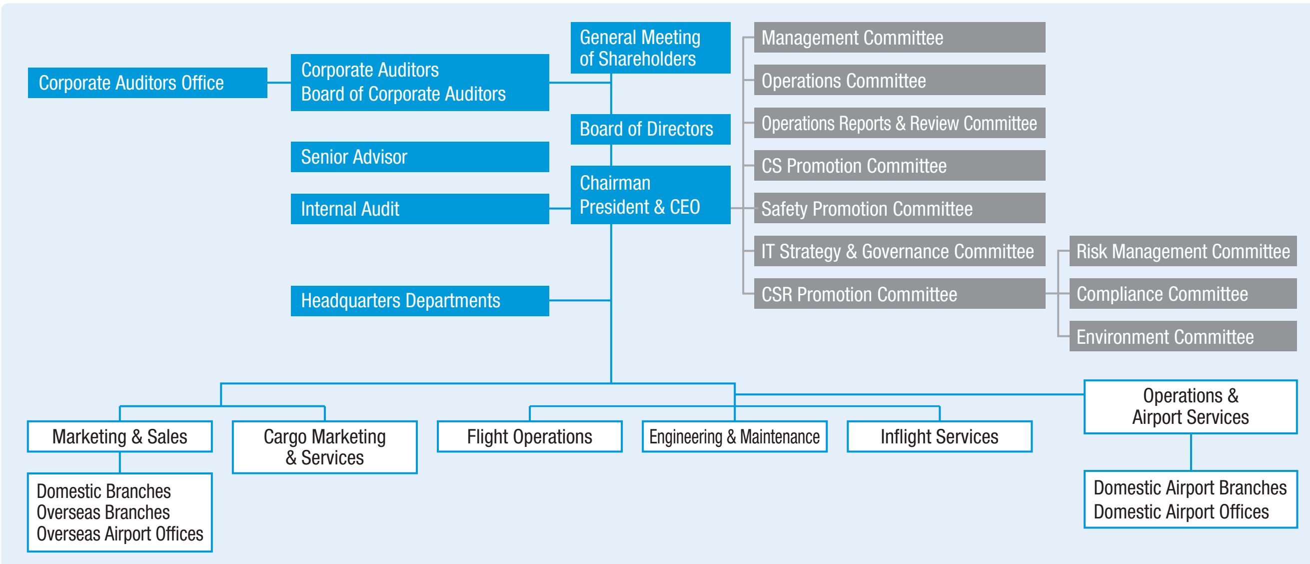
Athena, Amsterdam, Göteborg, Wien, Venezia, Oslo, Graz, Copenhagen, Stuttgart, Geneve, Stockholm, Zurich, Düsseldorf, Torino, Dresden, Nice, Nürnberg, Hannover, Hamburg, Firenze, Praha, Friedrichshafen

Bruxelles, Bremen, Bergen, Helsinki, Berlin, Bologna, Madrid, Münster, Munich, Milano, Leipzig, Lisboa, Linz, Roma, Warszawa, Basel, Paris, Manchester, Napoli, Gdansk, Krakow, Porto

The ANA Group

As of March 31, 2012

ANA Group Organization



Number of Subsidiaries and Affiliates

Operating Segment	Total of Subsidiaries	of which, consolidated	of which, equity method	Total of Affiliates	of which, equity method
Air Transportation	50	34	–	7	4
Travel Services	5	5	–	1	1
Other Businesses	53	23	5	33	12
Total	108	62	5	41	17

Major Subsidiaries

Principal Subsidiaries and Affiliates	Principal Businesses/Relationship with the Company	Paid-in Capital[1]	Percentage Owned by the Parent
Air Transportation			
Air Nippon Co., Ltd.[2] (ANK)	Joint transportation services, leasing of ANA aircraft and other assets, maintenance for other airlines	¥ 100 million	100.0%
ANA WINGS CO., LTD. (AKX)	Joint transportation services, leasing of ANA aircraft and other assets, maintenance for other airlines	50	100.0
Air Japan Co., Ltd. (AJX)	Leasing of ANA aircraft and other assets, maintenance for other airlines, leasing of ANA offices	50	100.0
ANA Catering Service Co., Ltd.	In-flight food purchasing	100	100.0
ANA Airport Handling Co., LTD.[3]	ANA aircraft ground handling, airport customer services for other airlines, leasing of ANA offices and warehouses	100	100.0
New Tokyo Airport Service Co., Ltd.	Outsourcing of ANA aircraft ground handling, leasing of ANA offices	60	100.0
ANA TELEMART CO., LTD.	Outsourcing of reservation and information services for ANA airline customers, leasing of ANA offices	50	100.0
ANA Sky Pal Co., Ltd.	Outsourcing of airport services for ANA customers, leasing of ANA offices	30	100.0
ANA Aircraft Maintenance Co., Ltd.	Outsourcing of ANA aircraft maintenance, leasing of ANA land and offices	100	100.0
Overseas Courier Service Co., Ltd.	Express shipping	120	73.4
Travel Services			
ANA Sales Co., Ltd.	Sales of airlines tickets, etc., leasing of ANA offices	1,000	100.0
Other Businesses			
INFINI TRAVEL INFORMATION, INC.	ANA Computer Reservation System terminal development, facility leasing	4,000	60.0
ANA Information Systems Planning Co., Ltd.	Software purchasing, outsourcing of ANA information systems maintenance and administration, leasing of ANA offices	52	100.0
All Nippon Airways Trading Co., Ltd.	Purchasing of aircraft-related products	1,000	100.0
Sky Building Service Co., Ltd.	Outsourcing of ANA facility management, leasing of ANA offices	80	93.6

Notes: 1. Figures for paid-in capital of each company are stated before intercompany eliminations.
2. Air Nippon Co., Ltd. merged with All Nippon Airways Co., Ltd. on April 1, 2012.
3. During the fiscal year ended March 2012, International Airport Utility Co., Ltd. changed its corporate name to ANA Airport Handling Co., LTD.

Corporate Data

As of March 31, 2012

Corporate Data

Trade Name
All Nippon Airways Co., Ltd.

Date of Foundation
December 27, 1952

Head Office
Shiodome City Center, 1-5-2 Higashi-Shimbashi,
Minato-ku, Tokyo 105-7133, Japan
Tel: 81-3-6735-1000

Offices

◆ **Japan**
Tokyo, Sapporo, Nagoya, Osaka, Fukuoka, Okinawa, and 29 other cities

◆ **Overseas**

- United States
  San Francisco, Los Angeles, Chicago, New York, Washington, D.C., Honolulu
- Europe
  London, Moscow, Frankfurt, Hamburg, Dusseldorf, Geneva, Zurich, Rome, Paris, Brussels
- Asia
  Beijing/Tianjin, Dalian/Shenyang, Qingdao, Shanghai/Hangzhou, Chengdu, Xiamen, Guangzhou, Hong Kong, Taipei, Seoul, Mumbai, Bangkok, Yangon, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Manila

Number of Employees
32,884 (Consolidated)

Paid-in Capital* ¥231,381 million

Fiscal Year-End March 31

Number of Shares of Common Stock*
Authorized: 5,100,000,000 shares
Issued: 2,524,959,257 shares

Number of Shareholders 405,076

Stock Listings Tokyo, Osaka and London

Ticker Code 9202

Administrator of Register of Shareholders (As of April 1, 2012)
Sumitomo Mitsui Trust Bank, Limited
(Stock Transfer Agency Department)
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Independent Auditor
Ernst & Young ShinNihon LLC

American Depositary Receipts
Ratio (ADR:ORD): 1:2
Exchange: OTC (Over-the-Counter)
Symbol: ALNPY
CUSIP: 016630303
Depositary: The Bank of New York Mellon
101 Barclay Street, 22 West, New York, NY 10286, U.S.A.
TEL: 1-201-680-6825
U.S. Toll Free: 1-888-269-2377 (888-BNY-ADRS)
URL: http://www.adrbnymellon.com

* Due to the issuance of new shares and offering of shares as resolved by the board of directors of the Company at a meeting held on July 3, 2012, paid-in capital and number of shares of common stock issued are scheduled to be as follows.
Paid-in Capital: ¥318,789 million
Number of Shares of Common Stock Issued: 3,516,425,257 shares

Websites

Investor Relations Website: ANA IR Search
http://www.ana.co.jp/eng/aboutana/corporate/ir/

CSR Website: ANA CSR Search
http://www.ana.co.jp/eng/aboutana/corporate/csr/

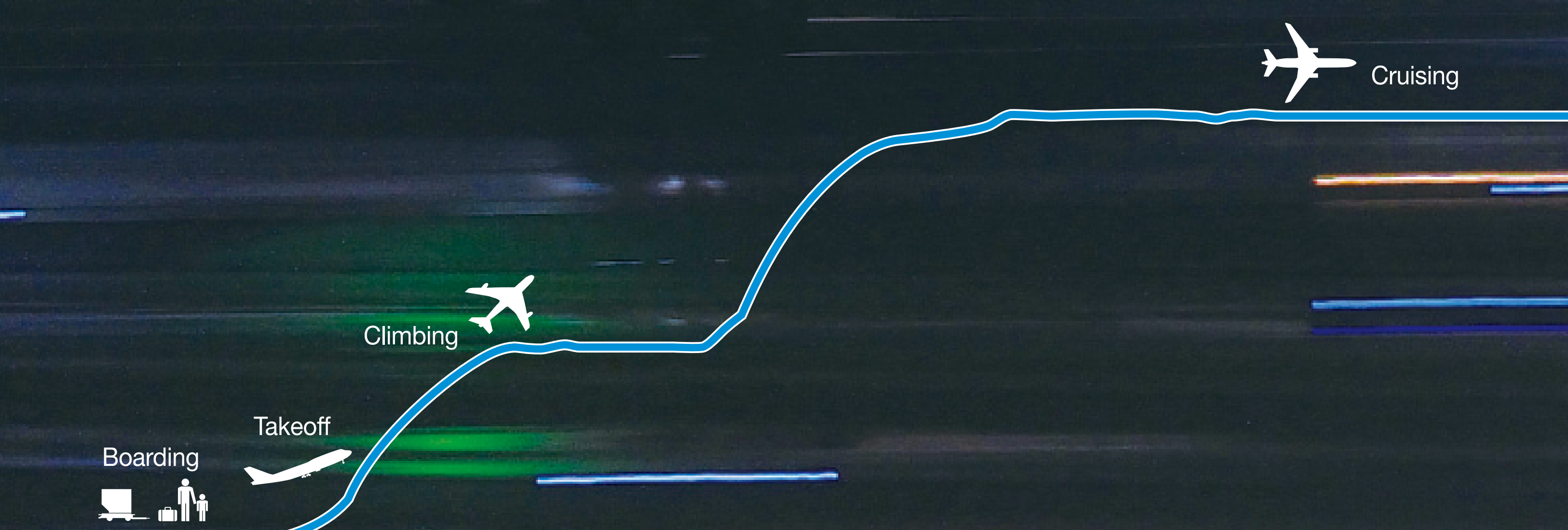
Contact:

All Nippon Airways Co., Ltd.
Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7133, Japan
Investor Relations E-mail: ir@ana.co.jp
CSR E-mail: csr@ana.co.jp

Landing

... We hope your trip through Annual Report 2012 was enjoyable.

As always, we thank you for your support and look forward to seeing you again.




In-flight Service
Approach
Landing


ANA
JA801A
DREAMLINER