DEPARTURES

For One Destination

Annual Report 2014

For the Year Ended March 31, 2014

READY FOR TAKEOFF

With its shift to a holding company structure in April 2013, the ANA Group is spreading its wings and taking to the sky in a quest for further growth.

The global airline industry is currently confronting fierce competition. To ensure that we prevail in this environment, we will advance towards one destination: “To be the world’s leading airline group in customer satisfaction and value creation.”

MISSION STATEMENT

Built on a foundation of security and trust,
"the wings within ourselves" help to fulfill the hopes and dreams of an interconnected world.

MANAGEMENT VISION

It is our goal to be the world's leading airline group in customer satisfaction and value creation.

ANA's WAY

To live up to our motto of "Trustworthy, Heartwarming, Energetic!", we work with:

1. SAFETY:
We always hold safety as our utmost priority, because it is the foundation of our business.

2. CUSTOMER ORIENTATION:
We create the highest possible value for our customers by viewing our actions from their perspective.

3. SOCIAL RESPONSIBILITY:
We are committed to contributing to a better, more sustainable society with honesty and integrity.

4. TEAM SPIRIT:
We respect the diversity of our colleagues and come together as one team by engaging in direct, sincere and honest dialogue.

5. ENDEAVOR:
We endeavor to take on any challenge in the global market through bold initiative and innovative spirit.

SINCE 1952

Founded as a Private Airline Company

ANA starts business with two helicopters as Japan Helicopter & Aeroplane Transports Co., Ltd.

INTERNATIONAL SERVICE

ANA Commences First Scheduled International Passenger Operations

In 1986, ANA begins a Tokyo–Guam route.

NETWORK STRATEGY

ANA Joins Star Alliance

In 1999, ANA joins one of the largest global alliances.

ANA GROUP OVERVIEW

OUR JOURNEY

To Be the World's Leading Airline Group

Milestones to Becoming a Competitive Airline Group

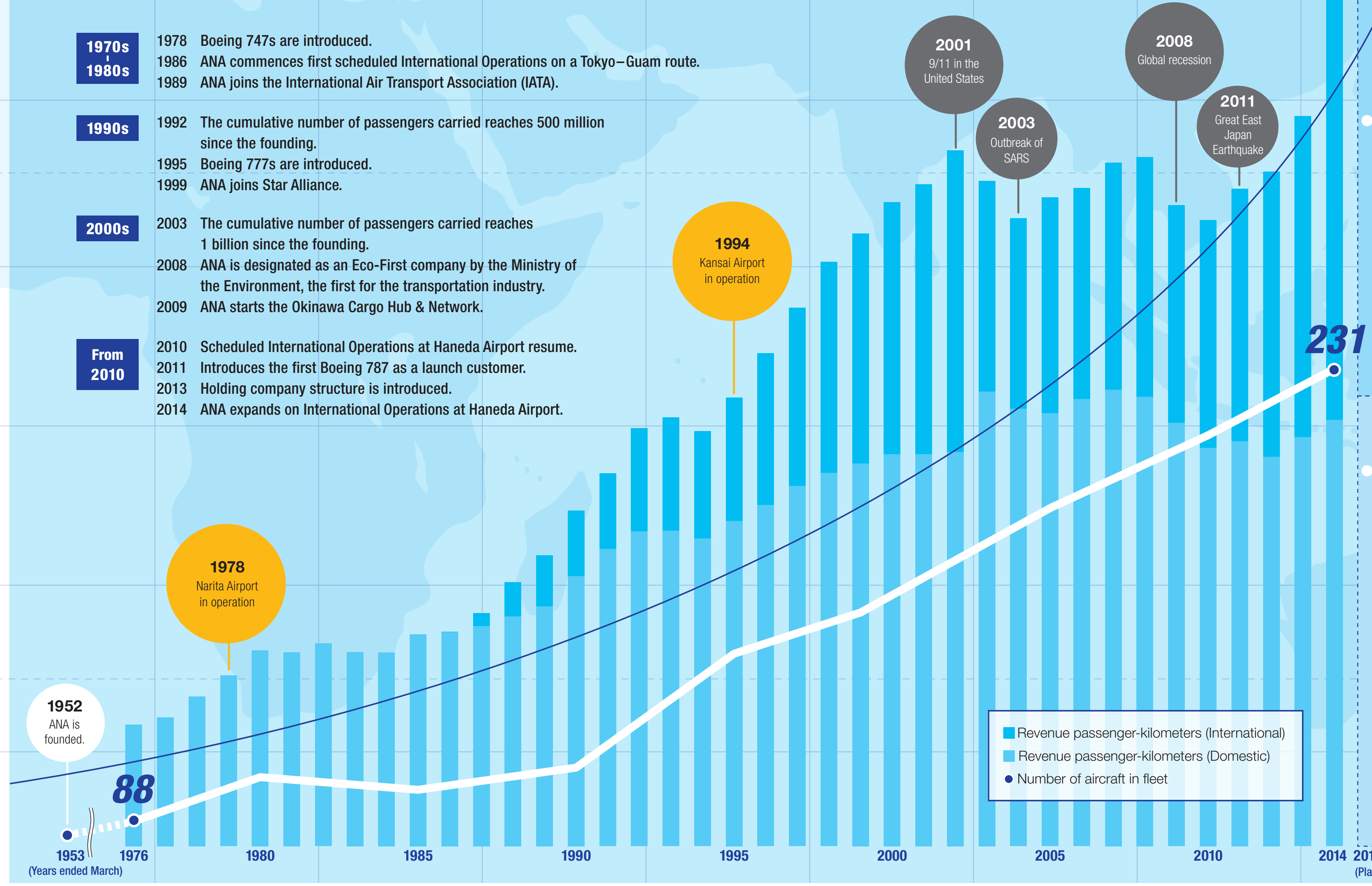
Since our founding in 1952, we have provided air transportation services with safe operations as our top priority.
In 2012, we celebrated the 60th anniversary of our founding.
Today, we have grown to be a major global airline, carrying over 49 million passengers per year.
Looking ahead, we will continue striving to be the world's leading airline group in customer satisfaction and value creation.

1970s–1980s
- 1978 Boeing 747s are introduced.
- 1986 ANA commences first scheduled International Operations on a Tokyo–Guam route.
- 1989 ANA joins the International Air Transport Association (IATA).

1990s
- 1992 The cumulative number of passengers carried reaches 500 million since the founding.
- 1995 Boeing 777s are introduced.
- 1999 ANA joins Star Alliance.

2000s
- 2003 The cumulative number of passengers carried reaches 1 billion since the founding.
- 2008 ANA is designated as an Eco-First company by the Ministry of the Environment, the first for the transportation industry.
- 2009 ANA starts the Okinawa Cargo Hub & Network.

From 2010
- 2010 Scheduled International Operations at Haneda Airport resume.
- 2011 Introduces the first Boeing 787 as a launch customer.
- 2013 Holding company structure is introduced.
- 2014 ANA expands on International Operations at Haneda Airport.



Global Airline Passenger Ranking (ANA)

15th Place

(9th place in terms of number of passengers on domestic operations)

Source: International Air Transport Association (IATA), 2013

ANA International Route Network *(As of July 1, 2014)*

Passenger Service Network

54 routes

938 flights per week

Cargo Freighter Network

18 routes **162** flights per week

ANA Domestic Route Network *(As of July 1, 2014)*

Passenger Service Network

133 routes

1,082 flights per day

Cargo Freighter Network

6 routes **10** flights per day

Glossary

Available Seat-Kilometers (ASK)
- A unit of passenger transport capacity.
- Total number of seats x transport distance (kilometers)

Revenue Passenger-Kilometers (RPK)
- Total distance flown by revenue passengers aboard aircraft.
- Revenue passengers x transport distance (kilometers)

Load Factor
- Indicates the seat occupancy ratio (status of seat sales) as the ratio of revenue passenger-kilometers to available seat-kilometers.
- Revenue passenger-kilometers / available-seat kilometers

Yield
- Unit revenue per revenue passenger-kilometer.
- Revenues / revenue passenger-kilometers

FINANCIAL INDICATORS

Operating revenues +7.9% YoY

Operating revenues increased year on year, reflecting growth in the business scale of operations and efforts to capitalize on an improvement in demand following economic recovery.

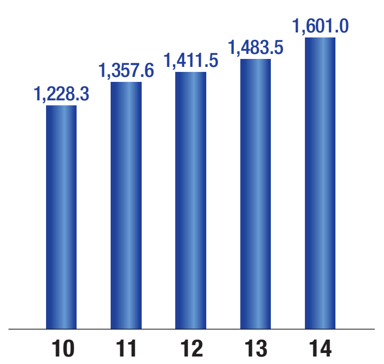
Operating income –36.4% YoY

Operating income decreased year on year due to the large impact of yen depreciation, in addition to an increase in costs due to growth in the business expansion.

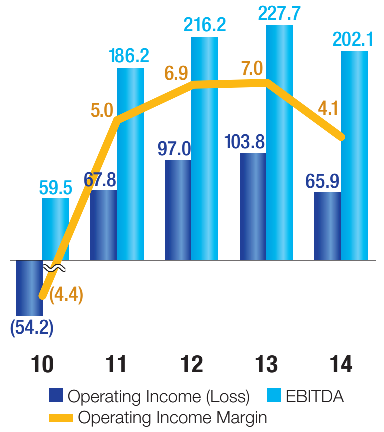
Equity ratio –1.6 points YoY

The equity ratio declined from the previous fiscal year-end, despite recording net income. This was mainly due to accounting changes regarding retirement benefit obligations.

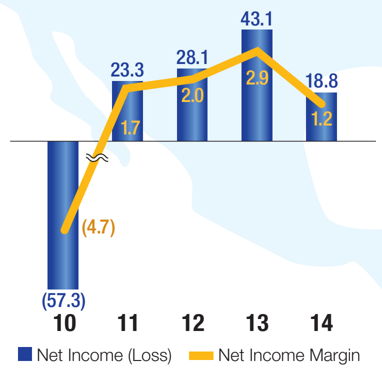
Operating Revenues (¥ Billions)



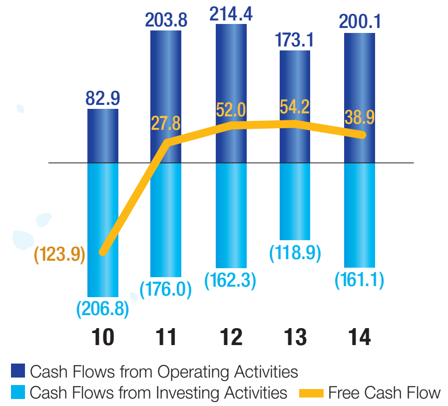
Operating Income (Loss)/ EBITDA*1/ Operating Income Margin (¥ Billions, %)



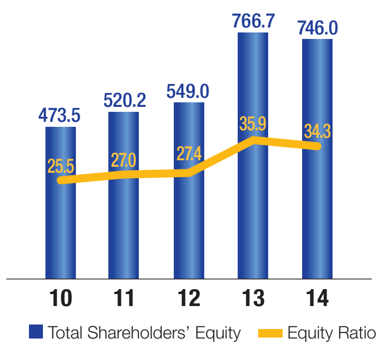
Net Income (Loss)/ Net Income Margin (¥ Billions, %)



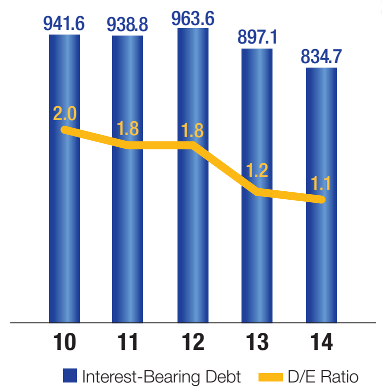
Cash Flows from Operating Activities/ Cash Flows from Investing Activities*2/ Free Cash Flow*2 (¥ Billions)



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



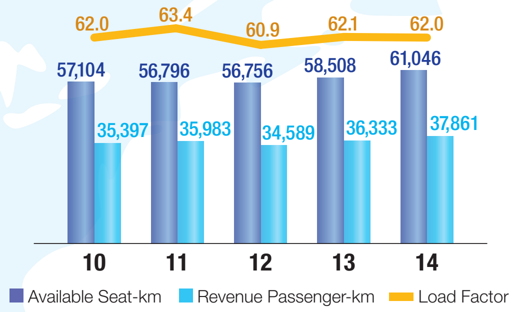
Interest-Bearing Debt*3/ D/E Ratio (Debt/Equity Ratio)*3 (¥ Billions, Times)



OPERATIONAL INDICATORS*4

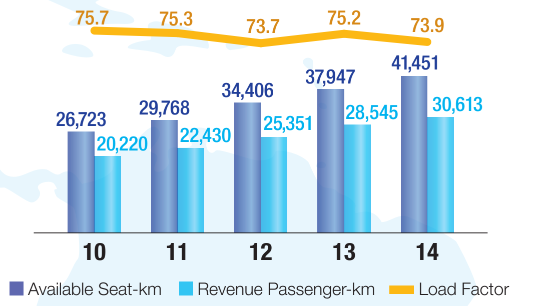
DOMESTIC PASSENGER OPERATIONS

Available Seat-km/Revenue Passenger-km/Load Factor (Millions, %)



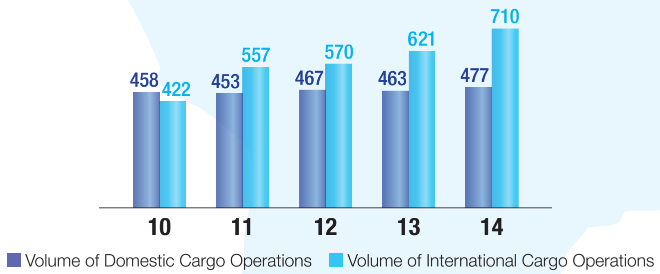
INTERNATIONAL PASSENGER OPERATIONS

Available Seat-km/Revenue Passenger-km/Load Factor (Millions, %)



CARGO

Domestic/International Freight Tonnes Carried (Thousand tons)



*1 EBITDA = operating income + depreciation and amortization *2 Excluding payment for purchase and proceeds from redemption of marketable securities.
*3 Excluding off-balance sheet lease obligations.
*4 For ANA only, excluding Vanilla Air Inc. (previously AirAsia Japan Co., Ltd.)

	2010	2011	2012	2013	2014
ROA (Return on Assets) (%)	(2.8)	3.7	5.1	5.1	**3.2**
ROE (Return on Equity) (%)	(14.4)	4.7	5.3	6.6	**2.5**

	2010	2011	2012	2013	2014
EPS (Earnings per Share) (¥)	(24.67)	9.29	11.22	13.51	**5.41**
BPS (Book-Value per Share) (¥)	188.93	207.35	218.24	218.41	**213.82**

	2010	2011	2012	2013	2014
Cash Dividends (¥)	–	2.00	4.00	4.00	**3.00**
Payout Ratio (%)	–	21.5	35.7	29.6	**55.5**

Unit Revenues
- A unit of revenue per available seat-kilometer.
- Revenues / available seat-kilometers

Unit Cost
- Indicates cost per available seat-kilometer.
- Cost / available seat-kilometers

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 cargo aboard aircraft.
- Revenue cargo (tons) x transport distance (kilometers)

NO.1

Share of Passengers on Domestic Services/ Number of International Flights at Haneda Airport

ANA is now in 1st place in both categories.

5-STAR

The Only Airline in Japan

ANA is certified as a 5-Star Airline from SKYTRAX, the U.K. rating company, for the second consecutive year.

DIVERSITY

Management to Fully Utilize the Diversity of Human Resources

ANA is selected as a "Nadeshiko Brand" company that actively propels womens' promotion.

ABOVE AND BE

The ANA Group has constantly built its relationship of trust with our customers as a matter of the highest priority while working to develop its business and overcoming a host of issues and difficulties. Now, we are seeing enormous business opportunities ahead. With the rise of the global economy, development of the economies in Asia, and an increasing number of visitors to Japan, the business landscape is expanding and the stage is set for us to achieve our goal of being the world's leading airline group.

In March 2014, there was an increase in the number of international slots from/to Haneda Airport. This should open pathways for even further growth for the ANA Group. In our second year under the holding company structure, we will work to become more competitive in terms of quality and cost level. We will invest effectively and steadily for the future to build the optimal business portfolio, while striving to realize sustainable growth as a group.

I ask for your continued support for the ANA Group as we continue our journey.

President & Chief Executive Officer Shinichiro Ito

FY2014–16 ANA GROUP CORPORATE STRATEGY

Operating Income Target

- ¥85.0 billion–¥130.0 billion (FY2014–16)

Business Portfolio Strategy

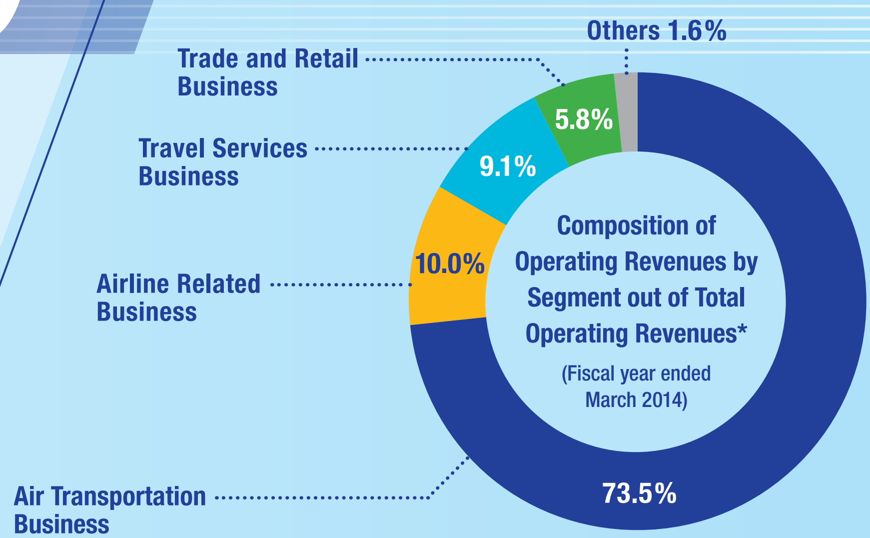
- Enhancement and Development of Revenue Platforms
- Expansion and Diversification of Revenue Domains

Cost Restructuring Initiatives

- Carry out cost reductions of ¥136.5 billion by the fiscal year ending March 2017

YOND

ANA GROUP BUSINESS STRUCTURE



* Total operating revenues are based on consolidated operating revenues before eliminations.

MANAGEMENT MEMBERS

LEAD FROM THE

(Front row, from right) 1. Yoji Ohashi 2. Shinichiro Ito 7. Osamu Shinobe
(Back row, from right) 5. Yoshinori Maruyama 3. Shinya Katanozaka 4. Shigeyuki Takemura 6. Kiyoshi Tonomoto

FRONT

BOARD OF DIRECTORS

1. Yoji Ohashi

Chairman of the Board of Directors

1999: Senior Executive Vice President; Representative Director
2001: President & Chief Executive Officer; Representative Director
2005: Chairman of the Board of Directors, Representative Director
2007: Chairman of the Board of Directors (to present)

2. Shinichiro Ito

President & Chief Executive Officer;
Representative Director;
Chairman of Management Committee;
Head of CSR Promotion Committee;
In charge of Internal Audit;
Chairman, All Nippon Airways Co., Ltd.

2007: Senior Executive Vice President; Representative Director
2009: President & Chief Executive Officer; Representative Director (to present)

3. Shinya Katanozaka

Senior Executive Vice President,
Representative Director; Corporate Executive Officer;
In charge of Human Resources Strategy,
Corporate Planning

2011: Executive Vice President
2013: Senior Executive Vice President; Representative Director (to present)

4. Shigeyuki Takemura

Senior Executive Vice President,
Corporate Executive Officer;
In charge of Government & Industrial Affairs,
Strategic Planning-Asia Pacific,
Airport & Facilities Planning

2010: Executive Vice President
2014: Senior Executive Vice President (to present)

5. Yoshinori Maruyama

Executive Vice President, Corporate Executive Officer;
Chairman of CSR Promotion Committee;
In charge of Public Relations, Executive Secretariat,
Legal & Insurance, General Administration &
CSR Promotion

2009: Member of the Board of Directors
2011: Executive Vice President (to present)

6. Kiyoshi Tonomoto

Executive Vice President, Corporate Executive Officer;
In charge of Finance, Accounting & Investor Relations

2009: Member of the Board of Directors
2011: Executive Vice President (to present)

7. Osamu Shinobe

Member of the Board of Directors,
President & Chief Executive Officer of
All Nippon Airways Co., Ltd.

2009: Executive Vice President
2012: Senior Executive Vice President; Representative Director
2013: Member of the Board of Directors (to present)

Shosuke Mori

External Director
Chairman and Representative Director,
The Kansai Electric Power Co., Inc.

2006: External Director (to present)

Ado Yamamoto

External Director
President and Representative Director,
Nagoya Railroad Co., Ltd.

2013: External Director (to present)

Izumi Kobayashi

External Director
Former Executive Vice President,
Multilateral Investment Guarantee Agency,
The World Bank Group

2013: External Director (to present)

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.

Eiji Ogawa

External Corporate Auditor
Board member and Vice President,
Hitotsubashi University
Professor, Graduate School of Commerce and
Management, Hitotsubashi University

As of June 23, 2014

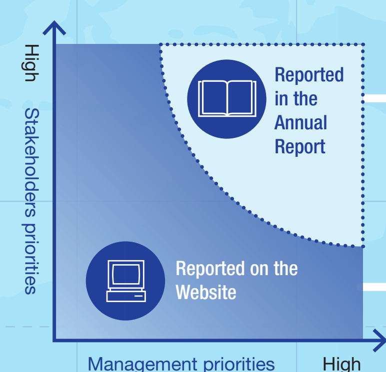
CONTENTS

MANY VIEWS FOR

EDITORIAL POLICY

The ANA Group (ANA HOLDINGS INC. and its consolidated subsidiaries) aims to establish security and reliability through communication with its stakeholders. With Annual Report 2014, we aim to deepen comprehensive understanding of the ANA Group's corporate value by covering management strategies, a business overview, our management structure, and our measures for corporate social responsibility (CSR), among other topics.

We have published information on our 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.



Scope of Report

- This report covers business activities undertaken from April 1, 2013 to March 31, 2014 (includes some activities after April 2014).
- In this report, "the ANA Group" and "the group" refers to ANA HOLDINGS INC. and its consolidated subsidiaries.
- "The company" in the text refers to ANA HOLDINGS INC.
- Any use of "ANA" alone in the text refers to ALL NIPPON AIRWAYS CO., LTD.

ONE DESTINATION

ABOVE AND BEYOND
LEAD FROM THE FRONT

OVER THE RAINBOW

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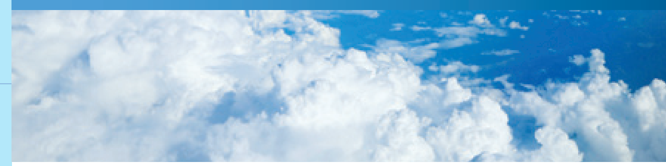
SUSTAINABILITY DRIVERS

ABOVE THE CLOUDS



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FINANCIAL / DATA SECTION

Annual Report (PDF)

http://www.anahd.co.jp/en/investors/irdata/annual/

For Further Information

Corporate Profile: http://www.anahd.co.jp/en/company/

Investor Relations: http://www.anahd.co.jp/en/investors/

FACT BOOK: http://www.anahd.co.jp/en/irdata/annual/#newDataListF

CSR: http://www.anahd.co.jp/en/csr/

Forward-Looking Statements

This annual report contains statements based on the ANA Group'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 group's management based on currently available information. Air transportation, the group'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 ANA Group 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 group'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.

A NEW SUNRISE

OUR OVERALL STRATEGY

Explain the overall image and management thoughts about
FY2014–16 ANA Group Corporate Strategy formulated in February 2014.

OUR STRATEGY TO REACH
FY2014–16 ANA Group Corporate Strategy

The ANA Group set out FY2014–16 ANA Group Corporate Strategy (for the period from the year ending March 2015 to the year ending March 2017) for leading ahead in the competitive environment of the airline industry and achieve further growth. Following is a summary of the strategy's key points.

STAKEHOLDERS

The ANA Group will live up to stakeholders' expectations by steadily carrying out our FY2014–16 ANA Group Corporate Strategy and pursuing our management vision: "To be the world's leading airline group in customer satisfaction and value creation."

MAJOR INITIATIVES OF FY2014–16 ANA GROUP CORPORATE STRATEGY

Business Portfolio Strategy

Enhancement and Development of Revenue Platforms

Taking the Full-Service Carrier (FSC) business, our earnings base, to the next level and expanding the air transportation business while striving to improve profitability in the freighter business

Expansion and Diversification of Revenue Domains

Strengthening resistance to volatility by rebuilding the LCC business, promoting non-airline business' independent management, and advancing strategic investment

Cost Restructuring Initiatives

Brand New Cost Restructuring Initiatives

Promoting greater efficiency in business scale expansion and other new environments by setting benchmarks and making thorough comparisons with competitors

To establish an optimal holding company structure, the ANA Group will endeavor to strike a balance between "promoting independent management of each business company" and "encouraging a sense of unity as a group." The ANA Group aims to strengthen the foundation of group management and maximize its earnings.

FOUNDATION SUPPORTING FY2014–16 ANA GROUP CORPORATE STRATEGY

For details, please see page 44.

Economic Value
- Finance & Treasury
- Infrastructure (aircraft, facilities, IT)

Sustainable Growth

Social Value
- Human Resources & Knowledge
- Environmental Consciousness
- Local Communities

Brand & Trust

Safety

The ANA Group will optimally allocate management resources and realize a foundation for group management which encourages sustainable growth.

ONE DESTINATION

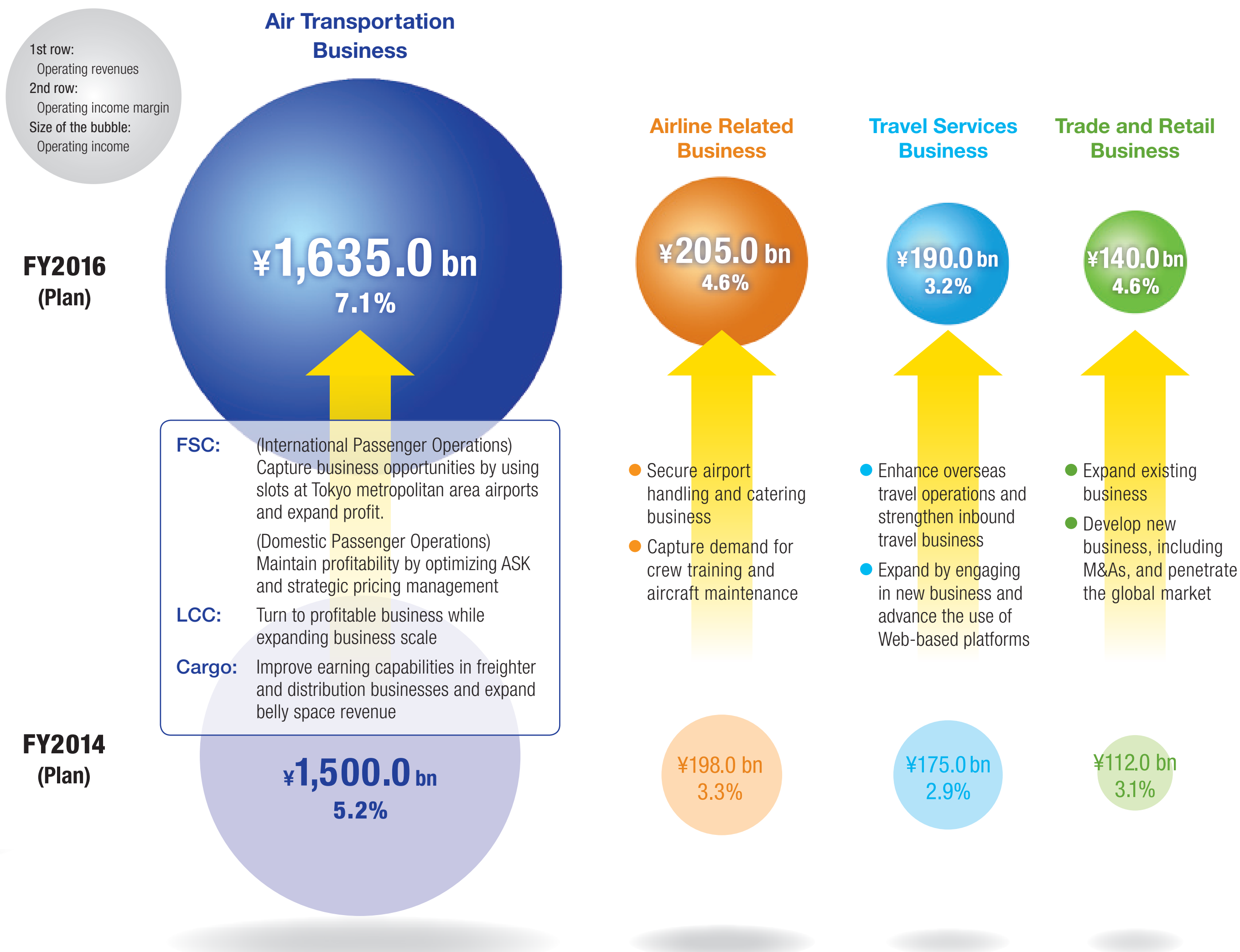
MAJOR INITIATIVES

Theme 1: Business Portfolio Strategy (Enhancement and Development of Revenue Platforms)

■ Improve an earnings power of existing business segments for enhancing and developing our earnings base.

For the air transportation business, the group's largest earnings source, the ANA Group will expand International Passenger Operations as our growth driver while firmly maintaining stable earnings on Domestic Passenger Operations. Furthermore, the group will improve profitability in areas like LCC (low-cost carrier) and freighter businesses to expand and evolve our earnings foundation.

In airline related, travel services and trade and retail businesses, the ANA Group aims for larger contributions to the group's earnings by expanding existing operations, advancing toward new growth opportunities, and actively investing to increase operating revenues acquired from outside the group.



OUR STRATEGY TO REACH

FY2014–16 ANA Group Corporate Strategy

PRIORITY STRATEGIC THEMES

Theme 2: Business Portfolio Strategy (Expansion and Diversification of Revenue Domains)

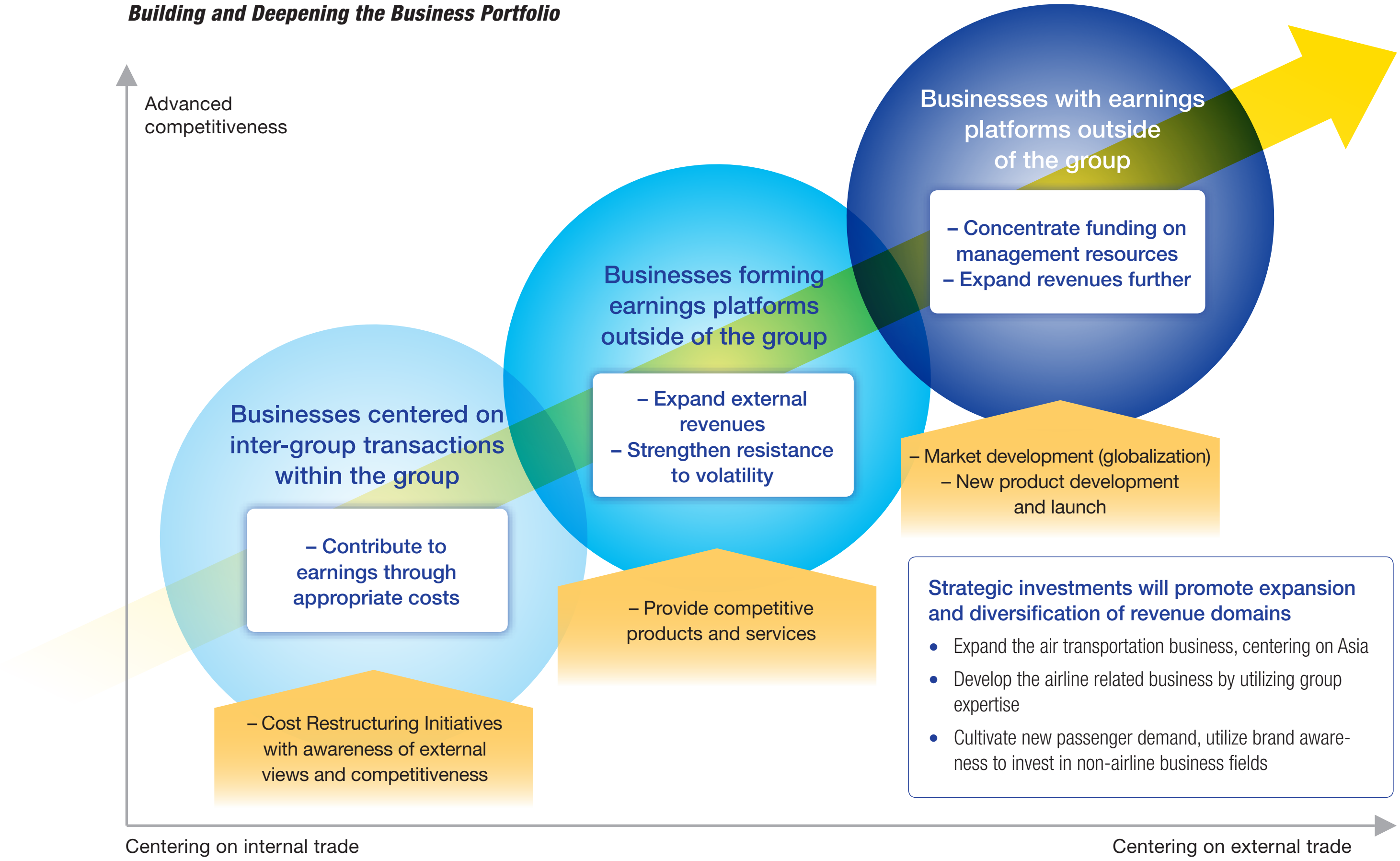
■ Each group company will maximize group-wide earnings growth which will lead to expansion and diversification of revenue domains.

For businesses on inter-group transactions, the ANA Group will raise productivity to improve cost structures to beat the competition even in external markets. This will contribute to group-wide earnings growth. Also, it will enable businesses with earnings bases outside of the group instead of inter-group transactions by providing products and services with market competitiveness. By enlarging the market scope including global expansion, developing new products or doing both, the ANA Group will expand and diversify revenue domains.

Along with this process of existing business evolvement, making strategic investments will add depth and breadth to the expansion of the group's business scope and diversification of revenue domains.

A holding company's role is to work toward business portfolio optimization by evaluating the profitability of individual businesses and properly allocating management resources. The ANA Group aims to expand the top-line and enhance cost competitiveness, while raising resistance to volatility in order to build strong group management.

Building and Deepening the Business Portfolio



PRIORITY STRATEGIC THEMES

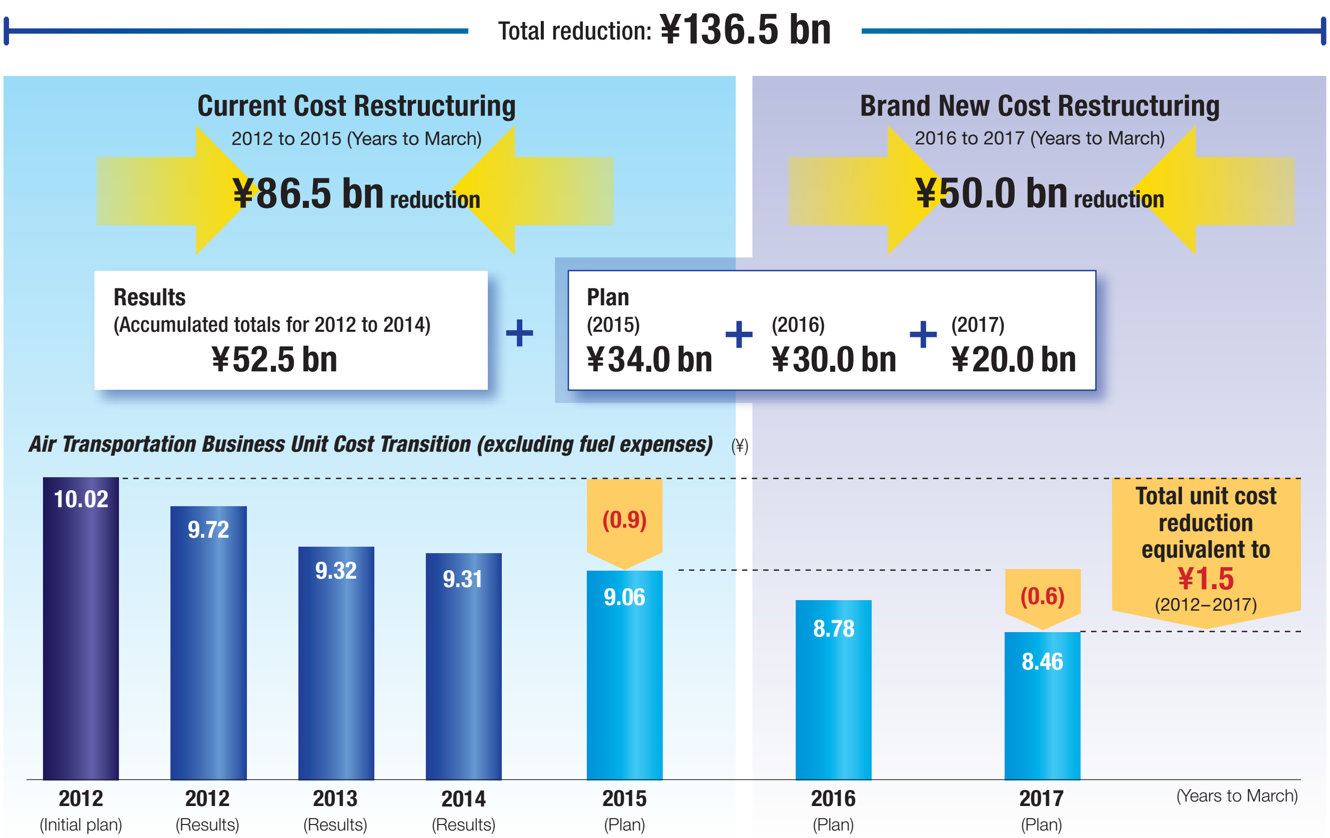
Theme 3: Brand New Cost Restructuring Initiatives

■ Verify the results of cost restructuring initiatives and set out to delve into reforms to develop profitability.

The ANA Group reduced costs by a total of ¥52.5 billion from the fiscal year ended March 2012 to the fiscal year ended March 2014. For the fiscal year ending March 2015, our budget reflects ¥34.0 billion in reductions comprising attainable items. The group thus forecast total cost reductions of ¥86.5 billion over the four years from the fiscal year ended March 2012.

Furthermore, the current Corporate Strategy adds new cost reductions of ¥50.0 billion over the two fiscal years ending March 2016 and March 2017. This brings total reduction benefits to ¥136.5 billion over the six years from the fiscal year ended March 2012. Converted to unit cost of air transportation business (excluding fuel expenses), this represents a reduction of around ¥1.5.

Regarding the Brand New Cost Restructuring Initiatives, the ANA Group will continue with and build on our cost-cutting steps which have been taken so far. Additionally, the group will move to an appropriate cost cognizant of market competitiveness by setting benchmarks to incorporate an outside perspective. Furthermore, the group will bring growing costs related to International Passenger Operations business in line with global standards. Also on the agenda is expanding our concentrated purchasing scope and transforming other business process frameworks. While interweaving such efforts from a multitude of angles, the entire group will strive to meet its goals.



OUR STRATEGY TO REACH

FY2014–16 ANA Group Corporate Strategy

Revenues/Profit Plan

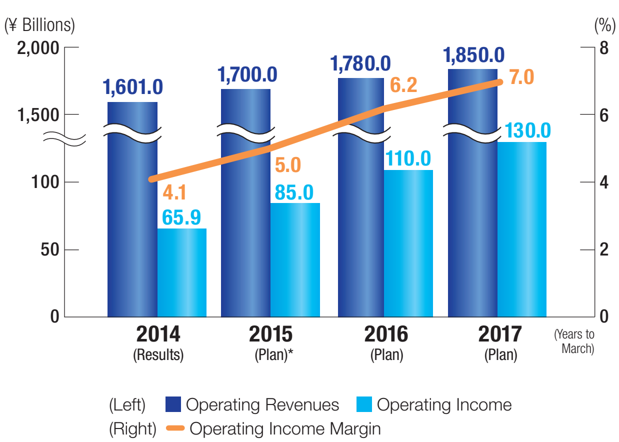
■ The ANA Group looks to swiftly return operating income to the ¥100.0 billion level and enhance top-line profit expansion.

In the fiscal year ended March 2014, revenue increased but income declined. This caused a pause in operating income reaching record highs as in the past two fiscal years. However, full year earnings results ultimately exceeded the forecasts revised at the second quarter announcement.

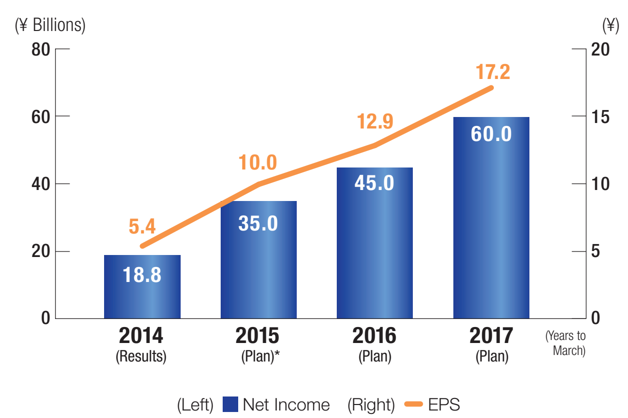
From the fiscal year ending March 2015, the ANA Group plans to expand International Passenger Operations through business opportunities while renewing our efforts to deepen cost restructuring so that top-line growth will solidly link to earnings.

Operating income targets in the current Corporate Strategy start with ¥85.0 billion for the fiscal year ending March 2015, increasing to ¥110.0 billion for the following year and ¥130.0 billion for the fiscal year ending March 2017. While the current Corporate Strategy is in effect, we aim to accomplish record high income again. We believe these goals represent the income levels necessary for obtaining sufficient free cash flow for sustainable growth as a group and meeting the stock market's anticipation.

Operating Revenues/Operating Income/Operating Income Margin



Net Income/EPS



* Figures show a single year plan for the year ending March 2015.

Capital Expenditure/Cash Flow Plan

■ Continue to invest in medium- to long-term growth while securing free cash flow and maintaining financial health.

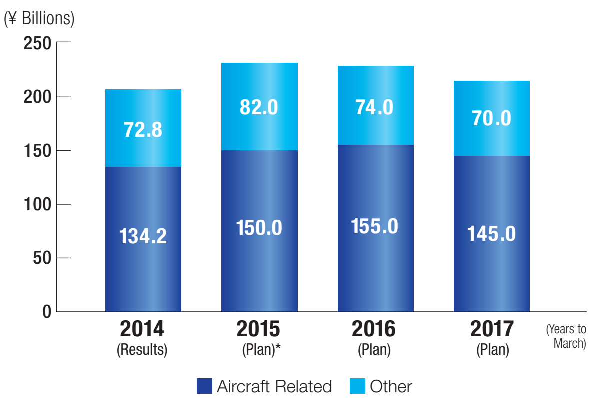
As of the end of March 2014, the ANA Group decided to procure 70 aircraft with delivery spanning through to the fiscal year ending March 2028. While this large investment in medium-term growth is of unprecedented scale, plans allow for capital expenditures to be evened out each fiscal year along with existing investment plans, as well as for free cash flow to be secured. The ANA Group intends to acquire the necessary capital for this expenditure basically by steadily posting operating cash flow and lending from banks to while keeping the appropriate financial leverage. As for strategic investments aiming to expand and diversify revenue domains, the ANA Group is ready to utilize the funds of increased capital through a public offering in 2012 so that we can take action flexibly by proper management decisions without missing any business opportunities.

Financial Indicators and Dividend Policies

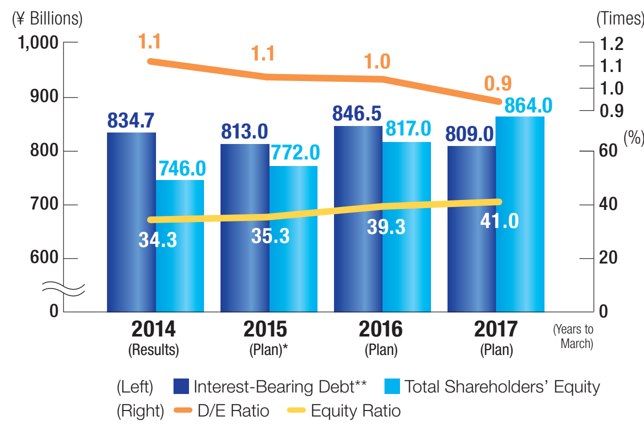
Regarding financial indicators "medium-term value creation goals," we aim for operating income of ¥150.0 billion or above, ROA of 8% or above, and ROE of 10% or above.

The ANA Group has been working to achieve its medium-term value creation goals of operating income of ¥150.0 billion or above, ROA of 8% or above, and ROE of 10% or above. Although the ANA Group will still not be able to meet these medium-term goals with income levels for the fiscal year ending March 2017 set out in our current Corporate Strategy, owing to factors such as soaring fuel expenses caused by yen depreciation, we can expect to put our goals broadly in sight. In addition, we have successfully forged financial footing enabling our future growth strategy while maintaining a stable balance sheet, thanks to the public offering in 2012 and subsequent steady income. Pursuing sustainable growth and increasing corporate value will better position us to further enhance shareholder returns, which the group regards as a top priority for management.

Capital Expenditure Plan



Balance Sheet



** Excluding off-balance sheet lease obligations.

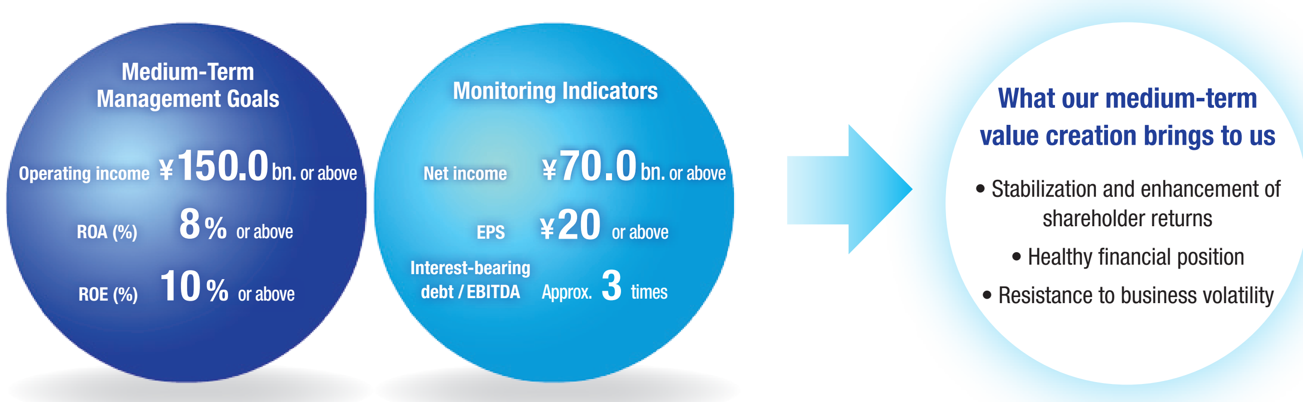
Management Financial Targets (Years to March)

(¥ Billions)	2015 (Plan)*	2016 (Plan)	2017 (Plan)
Operating revenues	1,700.0	1,780.0	1,850.0
Operating income	85.0	110.0	130.0
Recurring profit	55.0	80.0	100.0
Net income	35.0	45.0	60.0
EPS (¥)	10.0	12.9	17.2

	2015 (Plan)*	2016 (Plan)	2017 (Plan)
ROA (%)	4.0	5.4	6.3
ROE (%)	4.6	5.6	7.1
EBITDA	227.0	261.0	284.0
Free Cash Flow	20.0	34.0	51.0

* Figures show a single year plan for the year ending March 2015.

Medium-Term Value Creation Goals



ONE DESTINATION IN SIGHT

Shinichiro Ito
President & Chief Executive Officer

In the fiscal year ended March 2014, we addressed several pressing issues, such as the grounding of Boeing 787 aircraft and sudden yen depreciation. However, the entire ANA Group made efforts to the recovery of revenues and earnings, helped by steady demand of passenger and cargo from the second half of the fiscal year.
Guided by FY2014–16 ANA Group Corporate Strategy, we will step forward to a new growth stage with the expansion of our international route network at Haneda Airport from the end of March 2014.

FY2014–16 ANA Group Corporate Strategy: Background and Direction of Strategy

Eyeing the Tokyo 2020 Olympic and Paralympic Games, the Japanese government aims to increase the number of inbound tourists visiting Japan to 20 million. Coupled with the Japanese economic recovery and vitality, the continuing rapid pace of Asian economic growth, and deregulation in ASEAN's airline industry, we believe these developments will provide tailwinds that will significantly increase airline demand in Japan and Asia. Clearly, the ANA Group will see a growing number of business opportunities in this environment.

Meanwhile, the airline industry in Japan will enter the final stage of expansion of slots from/to the Tokyo metropolitan area airports, which has been phased in over the past few years. One eagerly awaited recent development was the increase in international daytime slots at Haneda Airport from the end of March 2014 and also slots at Narita Airport are slated to increase in March 2015. We have formulated FY2014–16 ANA Group Corporate Strategy to ensure that we steadily capitalize on these business opportunities to drive our growth.

Under our current corporate strategy, the major initiatives are "Enhancement and Development of Revenue Platforms" and "Expansion and Diversification of Revenue Domains" to push forward with our business portfolio strategy. We will also promote "Brand New Cost Restructuring Initiatives" to enhance our profitability, with the aim of becoming a truly tough airline group that is resilient to any change the environment may throw at us.

In the air transportation business, our greatest source of earnings, we will leverage business expansion on International Passenger Operations, a core driver of growth. In parallel, we will work to maintain and stabilize business on Domestic Passenger Operations. In addition, we intend to pursue earnings growth in the airline related, travel services and trade and retail businesses. We will strive to diversify operations while optimally allocating management resources, with a view to increasing the group's overall earnings.

Meanwhile, we have decided that it is imperative to step up Cost Restructuring Initiatives in terms of both substance and scope. These initiatives will be essential to steadily enlarging our earnings capacity as our businesses expansion. In the three years through the fiscal year ended March 2014, we have reduced costs by ¥52.5 billion and budgeted for a reduction in costs by ¥34.0 billion in the fiscal year ending March 2015. Also, under our current Corporate Strategy, we are planning additional cost reductions of ¥50.0 billion. This will result in total planned cost reductions of ¥136.5 billion in the six years through the fiscal year ending March 2017. All group companies will make a concerted effort to enhance productivity and achieve their cost restructuring targets. By doing so, we expect to reduce unit cost of the air transportation business (operating expenses per available seat-kilometers, excluding fuel expenses) by around ¥1.5 compared to our initial plan laid out in the fiscal year ended March 2012.

Furthermore, focusing on the future of the ANA Group 15 years from now, we unveiled plans at the end of March 2014 to procure five different types of 70 aircraft. From a medium- to long-term perspective, we plan to steadily procure the aircraft needed to drive future growth and replace the fleet while maintaining our stable financial condition.

ONE DESTINATION IN SIGHT

Initiatives for the Second Year as a Holding Company Structure

One year has passed since the ANA Group shifted to a holding company structure led by ANA HOLDINGS INC. in April 2013. There has been no change in our policy of separating management policy decision-making from business execution, while optimizing the allocation of management resources and pushing forward with our business portfolio strategy. We will strive to outperform the competition in terms of safety, quality and cost competitiveness, not only in the air transportation business, including cargo and LCC operations, but also in airline related, travel services, trade and retail and other businesses. At the same time, we aim to enhance the value of ANA and our other brands and ensure they contribute to group-wide earnings. We must also cautiously yet boldly advance a host of initiatives. These include developing new businesses and opening up new markets in collaboration with group companies, and making external investments that expand the reach of the group's businesses. Steady earnings growth will pave the way for us to invest in the future and give back to shareholders, employees and society at large, thereby creating a positive cycle of continuous growth.

In our first year under the holding company structure, we successfully executed initiatives that would have been difficult based on the previous management framework. For example, we determined that it was necessary to reform the business model of AirAsia Japan Co., Ltd., which entered service in August 2012, to turn around business performance. Accordingly, we dissolved this joint venture between ANA HOLDINGS INC. and AirAsia Berhad in June 2013, and launched Vanilla Air Inc. as a wholly owned subsidiary of ANA HOLDINGS INC. The series of measures that led up to repositioning this business as a Japanese LCC operation was based on our perspective as a holding company. Other such actions include our pursuit of optimal costs based on benchmarks reflecting an independent viewpoint and the initiation of plans to expand earnings through business diversification.

Since we were used to the airline structure for 60 years before the adoption of a holding company structure, it is also true that it took us some time to shift to the mindset of a holding company.

In light of what we learned from our first year under the holding company structure, we will work on the following two priorities in the second year: optimize group costs and fully introduce the Individual Performance Evaluation System. Based on the benchmarking activities conducted in the fiscal year ended March 2014, we intend to carry out inter-group transactions at competitive prices, in an effort to increase external revenues. Furthermore, as a means of confirming each operating company's degree of achievement against targets, we will aim at maximizing group-wide earnings by accelerating PDCA (Plan-Do-Check-Act) cycles at each operating company.

We plan to continue strengthening corporate governance to support the group's growth under the holding company structure. The supervision and monitoring of external directors and external corporate auditors will help us to enhance the fairness of decision making and transparency of management, as we work to further increase corporate value.

Working as One ANA Group to Prevail Against Tough Competition

In my New Year's Address this year, I called upon all group employees to join me in "Creating a new ANA Group." Going forward, we expect further competition within the airline industry in Japan, compounded by new entry and capacity expansion, including overseas airlines. In the domestic passenger market, the reality is that aggregate demand is decreasing due to the aging of Japanese society and low birthrate, along with a decline in the working age population. However, there are now countless opportunities for expanding our business, primarily in Asia. We still have many agendas that we need to resolve such as utilizing the international slots at Haneda Airport effectively that we have recently obtained. The capabilities of group companies will be vital to achieving these priorities.

I consider that I want to make the ANA Group even stronger. Strengthening each group company is bound to strengthen the group as a collective whole. It will be imperative to push ahead with our “human resources” that are the foundation of our growth strategies under the current Corporate Strategy. We will share among all ANA Group employees the ideas codified in the ANA Group’s Mission Statement and Management Vision, as well as the ANA Group’s Core Value (ANA’s Way), as we develop “human resources” who can overcome barriers created by such factors as nationality, organizations and type of work, and respond flexibly to changes in the times. We have a duty to achieve sustainable growth and contribute to society as well as enhance our economic and social value, while earning the trust of the international community through all manner of corporate business activities. Our “human resources” will be the engine behind these efforts.

We must ensure that we make “our people, our organization, our company, our brands” and “our group even stronger.” We will strive to steadily achieve these five goals, as we work to become an integrated airline group.

Creating Value Unique to the ANA Group

A core strength of the ANA Group lies in its service quality as a leading airline in Japan, in addition to operational aspects such as its expanding network of International Passenger Operations. The ANA Group’s service quality has earned strong recognition worldwide. Notably, the ANA Group became the only airline in Japan to receive the highest 5-Star rating for the second consecutive year from SKYTRAX, a U.K.-based airline consulting and rating company. (For details, please see P.36 of the feature section of this report, “Strengthening the ANA Brand for Growth Strategies.”)

Meanwhile, the top priorities for attaining our medium-term value creation goals in terms of business and financial indicators are to achieve the earnings targets set forth in the current Corporate Strategy, and to ensure a solid financial condition for steadily expanding business.

The ANA Group delivered operating income at the ¥100.0 billion level in the fiscal year ended March 2013. However, operating income in the fiscal year ended March 2014 was forced to decline due to various factors. During the period covered by the current Corporate Strategy, we plan to restore operating income to the ¥100.0 billion mark. In the fiscal year ending March 2017, we are targeting operating income of ¥130.0 billion. This will be a key milestone to attaining our medium-term value creation goals: operating income of ¥150.0 billion or above, ROA of 8% or above, and ROE of 10% or above. We believe that it will be crucial to provide steady, substantive returns to shareholders by further strengthening our resilience to business volatility, while maintaining a stable financial condition.

We will endeavor to develop our businesses by taking full advantage of all the management resources in our group. At the same time, we aim to make the ANA Group well-admired by customers around the world. By honing services and quality with safety as our basic principle, we will meet the expectations of customers and steadily grow and move forward even in the face of fierce competition. As stated in our Management Vision, “It is our goal to be the world’s leading airline group in customer satisfaction and value creation.” We will make effort to respond to anticipations of shareholders.

July 2014

Shinichiro Ito

President & Chief Executive Officer

BEYOND THE SEA

OUR BUSINESS

Explain about the results of the ANA Group's business activities and outlook.


SEGMENTS IN PROFILE

AIR TRANSPORTATION BUSINESS

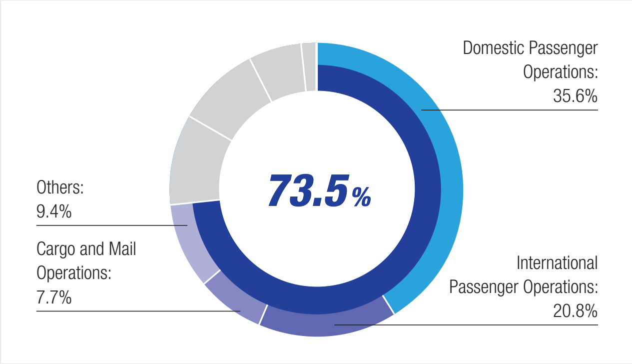
In our Management Vision, we have the goal of "to be the world's leading airline group" and the driving force behind achieving this is the air transportation business. The ANA Group currently ranks 9th in the number of passengers on Domestic Operations and 15th in the number of total Passenger Operations in the world. The share of air transportation business out of total operating revenues of the ANA Group was 73.5% (year ended March 31, 2014). The business consists of three full-service carriers (FSC), All Nippon Airways Co., Ltd., ANA WINGS CO., LTD. and Air Japan Co., Ltd., and one low-cost carrier (LCC), Vanilla Air. The business is comprised of Domestic Passenger Operations, with an earnings foundation that holds the largest share in the Japanese market, International Passenger Operations and Cargo and Mail Operations, which will drive growth over the medium to long term, and it is on these main pillars that we will work to maximize the ANA Group's earnings.

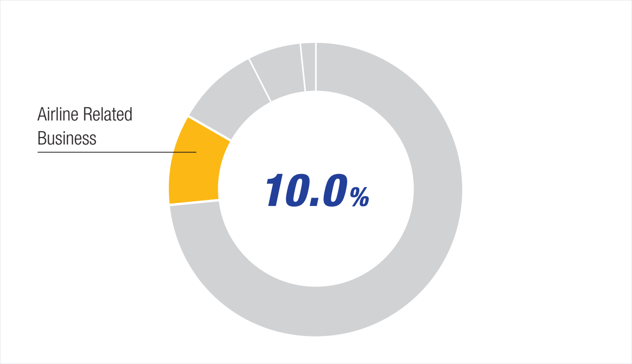
AIRLINE RELATED BUSINESS

ANA Group companies are involved in a variety of businesses in support of air transportation services, including airport ground services, aircraft maintenance, vehicle maintenance, cargo and logistics, in-flight catering and call centers as well as commission work from other airlines in some businesses. The companies are coordinated under the holding company structure and work to expand and enhance their respective operations as members of the ANA Group as it strives for greater growth.

Going forward, we have in our sights further expansion of service offerings to airlines outside the ANA Group with the goal of making an even greater contribution to the group's earnings growth.

Composition of Operating Revenues by Segments Out of Total Operating Revenues

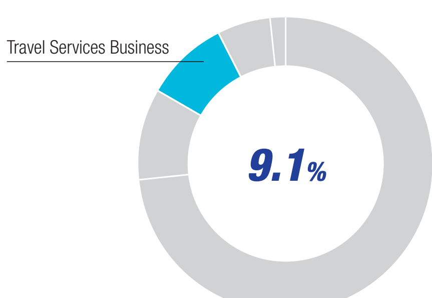


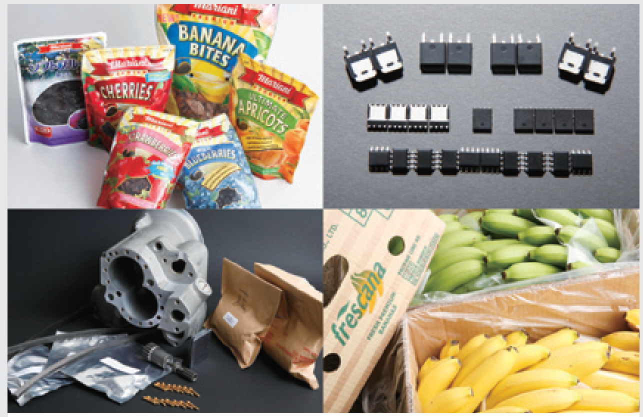


TRAVEL SERVICES BUSINESS

The ANA Sales Group is involved in airline ticketing and travel services. Its ticketing business is targeted at both individual and corporate customers, while the travel services business plans and markets travel packages that combine air transportation services offered by the ANA Group with lodging and other travel options.

Its packages include *ANA Sky Holiday* for domestic travel and *ANA Hallo Tour* for international travel, as well as *ANA Wonder Earth*, which won the Japan Tourism Agency Commissioner's Award at the Tour Grand Prix 2013. A wide variety of travel services are offered, such as inbound travel and travel savings plans.

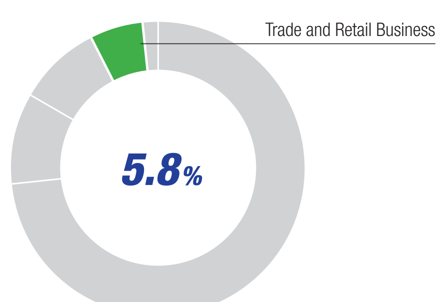




TRADE AND RETAIL BUSINESS

Led by ALL NIPPON AIRWAYS TRADING CO., LTD., the business is involved in aircraft parts procurement, aircraft import/export, leasing and sales, planning and procurement for in-flight services and merchandise sales, airport retail operations and other businesses related to air transportation. It also imports and sells paper, pulp and food products, imports and exports semiconductors and electronic components, provides advertising agency services, and operates an online shopping site.

In recent years, with the increase in foreign visitors to Japan, sales at *ANA DUTY FREE SHOP* at airports have been brisk, and our online shopping site *ANA Shopping A-style* continues to enhance its product lines, enjoying increased transaction volumes.



(Notes)

- The ANA Group's reporting segments have changed from the previous consolidated fiscal year. The "Air Transportation Business" has been reclassified into the "Air Transportation Business," consisting of All Nippon Airways Co., Ltd. and the airline business, and the "Airline Related Business," which includes airport ground services, maintenance and IT system-related operations. Trading operations that had been included in other activities have been separated into the "Trade and Retail Business." These changes have been made in conjunction with the group's shift to a holding company structure and to promote independent management at each ANA Group company.
- Composition of operating revenues by segments out of total operating revenues is based on consolidated operating revenues (before eliminations).

AIR TRANSPORTATION BUSINESS

We will faithfully carry out the initiatives of our Corporate Strategy and achieve a leap forward by our own power.

Osamu Shinobe
Member of the Board of Directors
ANA HOLDINGS INC.
President & Chief Executive Officer
All Nippon Airways Co., Ltd.

Performance in the Fiscal Year Ended March 2014

Operating revenues from the air transportation business in the fiscal year ended March 2014 increased by 7.9% over the previous year to ¥1,395.2 billion due in part to business expansion of International Passenger Operations and the result of enhancing yield management. Operating expenses increased by 10.5% year on year to ¥1,329.8 billion. Along with higher operation-linked expenses, the cost of fuel also rose due to changes in currency rates, among other factors. As a result, operating income decreased by 26.6% year on year to ¥65.3 billion.

Initiatives in the Next Fiscal Year and the Medium-Term Plan

ANA intends to further burnish service offerings of the ANA brand as a full-service carrier.

In Domestic Passenger Operations, appropriate pricing management will be promoted while striving to optimize capacity and demand, and in International Passenger Operations and Cargo and Mail Operations, capacity expansion will be leveraged to capture demands steadily. On the expense front, we will continue to promote Cost Restructuring Initiatives and rein in increases in operation-linked expenses associated with business expansion. Based on these initiatives, our forecasts for the fiscal year ending March 2015 are operating revenues of ¥1,500.0 billion, which would amount to a 7.5% increase year on year, and operating income of ¥78.0 billion, which would be a 19.4% increase.

Domestic Passenger Operations

Steadfastly maintain our earnings foundation by capturing more demand and optimizing ASK to achieve a better balance of supply and demand and by instituting appropriate pricing management.

Performance in the Fiscal Year Ended March 2014

In Domestic Passenger Operations, business demand remained strong throughout the year, while we were also successful in steadily capturing leisure demand.

Our group enhanced the route network with the launch of the Akita–Sapporo (New Chitose) and Narita–Hiroshima routes during the summer flight schedule, and the reopening of the Haneda–Ishigaki and Nagasaki/Kumamoto–Okinawa routes. We also increased the number of flights on certain routes during the winter flight schedule, including the Haneda–Hiroshima/Tokushima, Osaka (Itami)–Fukuoka/Akita, and Sapporo–Sendai routes to improve customers' convenience. Scheduled operation of Boeing 787s, which had been grounded since January 2013, was resumed in June of the same year and left a minimal impact on earnings for this fiscal year. As a result, Available seat-kilometers for the fiscal year increased by 4.3% over the previous year.

In marketing, ANA worked to encourage demand growth by strategic pricing management, such as launching the additional promotional fare, *Tabiwari*, and establishing a business discount fare, *Tokuwari*, on all routes.

As a result, the number of passengers increased by 3.8% over the previous fiscal year to 42.66 million. Although unit price decreased by 2.4% year on year due to changes in the passenger-class mix associated with an expanded range of promotional fares, operating revenues increased by 1.4% year on year to ¥675.1 billion.

Initiatives in the Fiscal Year Ending March 2015 and the Medium-Term Plan

ANA will continue to work to optimize demand and supply by making capacity management in line with seasonal, daily and hourly demand trends and based on the market characteristics of each route. In addition, as one of our flexible pricing management for accommodating currency rates and other market factors, we intend to appropriately incorporate cost fluctuations beyond our manageable extent to defray into passenger fares and thereby firmly maintain profitability.

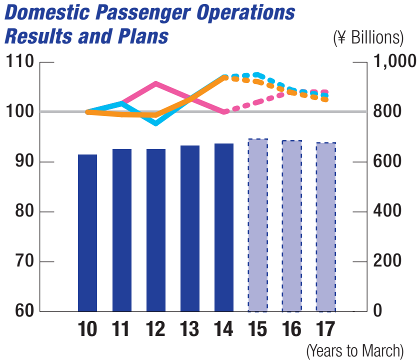
In terms of our route network, we will maximize use of narrow- and mid-body aircraft depending on demand trends to maintain or expand routes and flights, and through reinforcing code share operations with partner airlines we intend to maintain a competitive advantage of network in the market.

In marketing and services, ANA aims to stimulate additional demand by increasing the lineup of *Tabiwari* to respond to customers' various needs, and will strive to be more competitive by continuously improving convenience and comfort through the renewal of airport lounges.

As a result of the above considerations, we are forecasting operating revenues for the fiscal year ending March 2015 of ¥692.0 billion, an increase of 2.5% year on year.

Our assumptions on a year on year basis are as follows: Available seat-kilometers to decrease by 0.8%, Revenue passenger-kilometers to increase by 0.5%, Load factor to improve by 0.8 points, the number of passengers to increase by 0.2%, and unit price to increase by 2.3%.

Domestic Passenger Operations Results and Plans



(Left) Available seat-kilometers Revenue passenger-kilometers Yield
(Right) Passenger revenues

* Figures for Available seat-kilometers, Revenue passenger-kilometers and yield are indexed using the figures for the fiscal year ended March 2010 as 100.

Domestic Passenger Operations Results

(Years ended March 31)	2014	2013	2012	2011	2010
Passenger revenues (¥ Billions)	**675.1**	665.9	651.5	652.6	630.9
Number of passengers (Millions)	**42.66**	41.08	39.02	40.57	39.89
Available seat-kilometers (Billions)	**61.0**	58.5	56.7	56.7	57.1
Revenue passenger-kilometers (Billions)	**37.8**	36.3	34.5	35.9	35.3
Load factor (%)	**62.0**	62.1	60.9	63.4	62.0
Unit revenues (¥)	**11.1**	11.4	11.5	11.5	11.0
Yield (¥)	**17.8**	18.3	18.8	18.1	17.8
Unit price (¥)	**15,823**	16,208	16,698	16,084	15,816

International Passenger Operations

Secure a competitive market advantage by expanding our network in the Tokyo metropolitan area and work to expand earnings with the business serving as a future growth driver.

Performance in the Fiscal Year Ended March 2014

International Passenger Operations performed well thanks to solid business and leisure demand on routes to destinations in North America and Asia. On China routes, where demand had declined due to the impact of Senkaku Islands dispute, business demand remained strong throughout the year, and leisure demand from China resumed growing from the second quarter. As a result, both the number of passengers and revenue recovered to the levels of the year ended March 2012 before this dispute.

ANA worked to enhance its route networks by resuming the Narita–Seattle/San Jose routes in June which had been suspended due to the grounding of Boeing 787s, increasing the number of flights on the Narita–Chicago route, upsizing aircraft and introducing daily flights on the Narita–Yangon route in September. Furthermore, an effort was made to meet active demand on specific Asian routes by upsizing aircraft from October. As a result of the above measures, available seat-kilometers increased by 9.2% compared to the previous year.

In marketing, an effort was made to stimulate leisure demand in Japan by introducing discount fares such as Biz-Wari and Eco-Wari to all destinations, and efforts to capture expanding demand to visit Japan and demand for connecting between North America and Asia were made by highlighting the appeal of the ANA brand to foreign customers.

Starting in the second half in particular, demand was strong, especially business demand, due in part to the effects of Abenomics, so our efforts to promote yield management, with help from yen depreciation, resulted in a higher unit price.

As a result, the number of passengers increased by 1.0% over the previous year to 6.33 million and unit price increased by 12.4%. Therefore, operating revenues increased considerably by 13.5% year on year to ¥395.3 billion.

ANA's International Network from/to Haneda

(Flights increased from March 30, 2014)

New and Increased Routes

(flights/week)

	2013 winter flight schedule			2014 summer flight schedule		
City	Narita	Haneda	Total	Narita	Haneda	Total (Change)
Paris	7	–	7	7	7	14 (+7)
Frankfurt	7	7	14	–	14	14
London	7	–	7	–	7	7
Munich	7	–	7	–	7	7
Singapore	14	7	21	7	14	21
Bangkok	14	7	21	7	14	21
Jakarta	7	–	7	7	7	14 (+7)
Manila	7	–	7	7	7	14 (+7)
Hanoi	–	–	–	–	7	7 (+7)
Vancouver	–	–	–	–	7	7 (+7)

Initiatives in the Fiscal Year Ending March 2015 and the Medium-Term Plan

ANA will continue to promote "Dual Hub Network" in the Tokyo metropolitan area and work to improve top-line revenues in line with business scale expansion to grow an earnings foundation on a par with Domestic Passenger Operations.

The ANA Group has expanded its route network. By utilizing the expansion of daytime slots at Haneda, ANA launched the Haneda–London/Paris/Munich/Hanoi/Jakarta/Manila/Vancouver routes, and increased the number of flights on the Haneda–Frankfurt/Singapore/Bangkok routes from the end of March 2014.

As a result, the ANA Group is now the largest international network carrier at Haneda Airport, which offers easy access to and from central Tokyo and where the ANA Group has an extensive network of domestic routes. Leveraging these advantages, we will work to capture international passenger demand in the Tokyo metropolitan area as well as from Japan's other local cities.

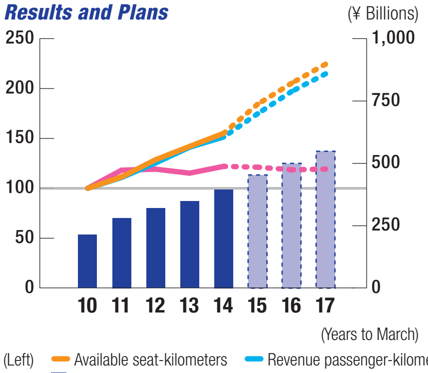
At the same time, we will make efforts to optimize capacity with a focus on the global passenger traffic volume in Narita. Our plans call for expanding capture of connection demand between North America and Asia/China. For example, the operating schedule for the Narita–Jakarta route was changed from a morning departure and arrival to afternoon. In addition, we will raise value by establishing new routes, like the Narita–Dusseldorf route and deploying Boeing 787s from Narita.

In marketing, ANA will establish a competitive, speedy and flexible pricing management. Further in overseas markets, to establish its position as the Japanese airline, ANA will continue promotions of ANA brand as well as appeal of "Japan." Also, we encourage the growth of international transit demand and inbound demand from abroad and enhance our brand recognition by taking advantage of joint venture schemes.

As a result of the above considerations, we are forecasting operating revenues for the fiscal year ending March 2015 of ¥453.5 billion, an increase of 14.7% year on year. With expansion of the international route network through Haneda, our assumptions on a year on year basis are as follows: available seat-kilometers to increase by 18.8%, revenue passenger-kilometers to increase by 15.4%, load factor to decline by 2.1 points, the number of passengers to increase by 14.8%, and unit price to remain nearly flat.

In and after the fiscal year ending March 2016, we intend to further expand capacity centering on the Tokyo metropolitan area and plan to increase available seat-kilometers by around 45% as of the year ending March 2017, compared to this fiscal year under review.

International Passenger Operations Results and Plans



* Figures for Available seat-kilometers, Revenue passenger-kilometers and yield are indexed using the figures for the fiscal year ended March 2010 as 100.

International Passenger Operations Results

(Years ended March 31)	2014	2013	2012	2011	2010
Passenger revenues (¥ Billions)	**395.3**	348.3	320.0	280.6	214.1
Number of passengers (Millions)	**6.33**	6.27	5.88	5.16	4.66
Available seat-kilometers (Billions)	**41.4**	37.9	34.4	29.7	26.7
Revenue passenger-kilometers (Billions)	**30.6**	28.5	25.3	22.4	20.2
Load factor (%)	**73.9**	75.2	73.7	75.3	75.7
Unit revenues (¥)	**9.5**	9.2	9.3	9.4	8.0
Yield (¥)	**12.9**	12.2	12.6	12.5	10.6
Unit price (¥)	**62,393**	55,495	54,403	54,296	45,883

AIR TRANSPORTATION BUSINESS

Cargo and Mail Operations

Capture Asian growth by expanding our network of freighters and make further inroads into global logistics.

Performance in the Fiscal Year Ended March 2014

In Domestic Cargo Operations, since October 2013, demand for home delivery parcel services mainly on the Sapporo and Okinawa routes has been steady, and led to the cargo volume exceeding the previous year, but competition with other companies caused a decline in unit price.

As a result, the volume of domestic cargo handled in the fiscal year ended March 2014 was 477 thousand tons, an increase of 2.9% year on year, and operating revenue was ¥32.1 billion, a decrease of 0.4% year on year. The volume of domestic mail transported was 32 thousand tons, an increase of 3.2% year on year, and mail revenue was ¥3.5 billion, a decrease of 1.2% year on year.

In International Cargo Operations, we acquired firm demand to transport items such as automobile parts from Japan to North America, and worked to capture trilateral cargo traffic between Europe/North America and Asia/China using *the Okinawa Cargo Hub & Network*. In addition, we operated non-scheduled flights to meet extra demand.

As a result, the volume of international cargo handled in the period was 710 thousand tons, an increase of 14.3% year on year, and operating revenue was ¥104.7 billion, an increase of 21.0% year on year. The volume of international mail transported was 33 thousand tons, an increase of 7.5% year on year and operating revenue was ¥5.1 billion, an increase of 33.6% year on year.

Initiatives in the Fiscal Year Ending March 2015 and the Medium-Term Plan

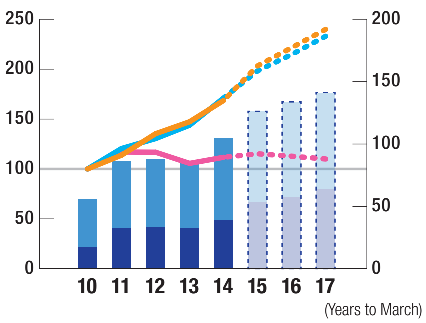
Utilizing both freighters and belly cargo space of passenger aircraft we will leverage our strengths as Japan's only combination carrier, and while capturing growth in Asia through further expansion of *the Okinawa Cargo Hub & Network*, we will continue to develop global logistics.

In addition, along with increasing demand between Europe/North America and Asia/China, Japanese export demand is also expected to grow against a backdrop of the depreciating yen. In this environment, we intend to pursue gradually diminishing operating costs per unit by enhancing freighter utilization, work to raise transportation quality and acquire high-end cargo demand such as cargoes sensitive to thermal change, jolts, or vibration.

As a result of the above considerations, for the fiscal year ending March 2015, we are forecasting operating revenues from Cargo and Mail Operations of ¥168.5 billion, an increase of 15.7% year on year.

ANA intends to increase the number of freighters going forward and expand international cargo operations including *the Okinawa Cargo Hub & Network*. ANA plans to increase Available ton-kilometers by over 40% as of the year ending March 2017, compared to this fiscal year under review.

International Cargo Operations Results and Plans



(Left) Available ton-kilometers (ATK) Revenue ton-kilometers (RTK) Unit price
(Right) Freighter revenues Belly space revenues

* Figures for Available ton-kilometers, Revenue ton-kilometers and unit price are indexed using the figures for the fiscal year ended March 2010 as 100.

Cargo and Mail Operations Results

(Years ended March 31)	2014	2013	2012	2011	2010
Cargo services revenues (¥ Billions)	**145.5**	126.2	128.0	125.0	94.3
Cargo revenues (¥ Billions)	**136.8**	118.8	121.2	118.4	87.5
Mail revenues (¥ Billions)	**8.7**	7.4	6.8	6.5	6.8
Cargo volume (Thousand tons)	**1,187**	1,084	1,038	1,011	881
Mail volume (Thousand tons)	**66**	62	57	53	53

Others

Performance in the Fiscal Year Ended March 2014 and Initiatives in the Fiscal Year Ending March 2015

The Others segment within the air transportation business increased revenues in the fiscal year ended March 2014, from ancillary operations such as contracted handling, maintenance and credit card and mileage programs. As a result, the segment's operating revenues increased by 17.8% year on year to ¥179.1 billion. We are forecasting operating revenues for the fiscal year ending March 2015 of ¥186.0 billion, an increase of 3.8% year on year.

Revenues from the LCC business handled by Vanilla Air Inc. are included in this segment.

LCC Business

ANA HOLDINGS INC. dissolved its LCC joint venture with AirAsia Berhad in June 2013 and changed the name of AirAsia Japan, which had operated as the AirAsia brand, into Vanilla Air Inc. from November 2013, a wholly owned subsidiary of ANA HOLDINGS INC.

Vanilla Air will develop its route network with a focus on pleasure and resort destinations. Since December 2013, it has established the Narita–Okinawa (Naha)/Taipei (Taoyuan)/Sapporo (New Chitose)/Seoul (Incheon) routes in series, and in July 2014, it began the Narita–Amami Oshima route as well.

The airline intends to have around 10 aircraft by the end of the fiscal year ending March 2016 and create new LCC markets centering on East Asia, including Japan. It will continue striving to secure stable earnings by further improving customer service and actively offering promotional fares.

In addition to operating Vanilla Air, we will get engaged in Peach Aviation Ltd., as its largest shareholder, and will work to promote growth in the LCC market in Japan and stimulate demand for inbound travel to Japan with the goal of making the business a future source of earnings for the ANA Group.

Vanilla Air Inc.

Route Network

Company Outline (As of July 2014)

Representative:	Tomonori Ishii, President
Capital:	¥7.5 billion
Aircraft:	Airbus A320
No. of aircraft procured:	6

AIRLINE RELATED BUSINESS

Performance in the Fiscal Year Ended March 2014 and Initiatives in the Fiscal Year Ending March 2015

Contracts increased for airport ground services, which include passenger boarding operations, baggage handling and cargo loading, at New Chitose, Kansai, Narita and other airports, while revenues from international express services (cargo) provided by Overseas Courier Service Co., Ltd. also registered gains. Moreover, revenues from ANA Airport Service Co., Ltd. were also recorded as the company launched airport ground support services at Haneda Airport in April 2013.

As a result, operating revenues increased by 6.4% year on year to ¥189.6 billion, and operating income decreased by 57.1% to ¥2.7 billion.

In the fiscal year ending March 2015, overseas airlines are expected to add more flights as more arrival and departure slots are made available at Tokyo metropolitan area airports and demand for travel to Japan increases, so we plan to expand contracted airport ground support services for both passengers and cargo at airports in Japan and expand international express cargo services for documents, printed materials, and handling highly valuable cargo for destinations both inside and outside of Japan. As a result of the above considerations, for the fiscal year ending March 2015, we are forecasting operating revenues of ¥198.0 billion, an increase of 4.4% and operating income of ¥6.5 billion, an increase of 136.8% year on year.

Pilot Training Business

In July 2013, ANA HOLDINGS INC. acquired all of the shares of Pan Am Holdings, Inc. and its subsidiaries, including Pan Am International Flight Academy (Headquarters: Miami, Florida, U.S.A.; hereinafter collectively, “Pan Am”), for US$139.5 million (approximately ¥13.7 billion). Pan Am is an independent flight simulation and aviation training services provider, established in 1980 as the original pilot training division of Pan American World Airways. Pan Am has achieved steady growth over the years, primarily by capturing demand for pilot training from domestic U.S. carriers, as well as global pilot training demand, including demand from South America and Asia.

Pan Am will continue targeting Asian markets, where demand is expected to increase, and has used a joint venture to establish a pilot training school in Bangkok, Thailand (timely disclosure filed on August 8, 2014 and capital of US$8.3 million, of which the ANA Group invested 75%). By leveraging its high-quality training program and solid business platform, Pan Am seeks to rapidly seize demand for training pilots in the region.

We intend to expand the airline-related business—an area expected to generate significant synergies with the ANA Group’s current businesses—in an effort to diversify our revenue sources.

TRAVEL SERVICES BUSINESS

Performance in the Fiscal Year Ended March 2014 and Initiatives in the Fiscal Year Ending March 2015

In domestic travel services, we got solid performance from the mainstay *ANA Sky Holiday* and *Tabisaku* dynamic packages due to increased demand for travel to the Kanto Region and Okinawa.

In international travel services, operating revenues increased year on year due to the solid performance of *Tabisaku* and *ANA Wonder Earth*, and the expansion of the product lineup to Hawaii and mainland U.S.A. with *ANA Hallo Tour* from October 2013. Furthermore, handling of inbound travel to Japan was strengthened due to increased demand rising from easing the requirements for issuance of visas for visitors from some countries in Southeast Asia.

As a result, operating revenues increased by 7.7% year on year to ¥173.4 billion. However because the cost of overseas travel packages increased due to currency rate depreciation, operating income decreased by 1.1% to ¥4.4 billion.

In domestic travel services for the year ending March 2015, ANA will work to stimulate demand including the development of new business. The lineup will also be expanded around the mainstay *ANA Sky Holiday* packages, as well as products using LCC flights.

Furthermore, marketing of international travel services will be strengthened by establishing new products targeting seniors with taking advantage of the ANA network expansion mainly at Haneda. We aim to capture connecting demand from local cities in Japan on overseas flights.

As a result of the above considerations, for the fiscal year ending March 2015, we are forecasting operating revenues of ¥175.0 billion, an increase of 0.9%, and operating income of ¥5.0 billion, an increase of 12.9% year on year.

TRADE AND RETAIL BUSINESS

Performance in the Fiscal Year Ended March 2014 and Initiatives in the Fiscal Year Ending March 2015

In the Retail business, *ANA FESTA* airport shops performed firmly as well as solid sales by *ANA DUTY FREE SHOP* in airports aided by the expansion of inbound travellers to Japan.

Revenues in *ANA Shopping A-style*, our e-commerce site, increased due to the broader product lineup.

In the Food business, there were increased sales of bananas, one of its core products, in addition to steady sales of other products such as dried fruits and nuts.

As a result, operating revenues increased by 12.8% year on year to ¥110.2 billion and operating income rose by 14.5% to ¥3.3 billion.

In the fiscal year ending March 2015, we will work to further expand earnings by maximizing management resources to enhance existing businesses while making new investments to develop new businesses.

As a result of the above considerations, for the fiscal year ending March 2015, we are forecasting operating revenues of ¥112.0 billion, an increase of 1.6%, and operating income of ¥3.5 billion, an increase of 5.5% year on year.

FEATURE

MOVING FORWARD

Strengthening the ANA Brand for Growth Strategies

—To be a highly evaluated airline in the global market—

Business Model for a Full-Service Carrier

Rated as a 5-Star Airline by SKYTRAX for the Second Consecutive Year

The ANA Group has been expanding its international network at Haneda Airport since the end of March 2014. FY2014–16 ANA Group Corporate Strategy shows expansion on the international network as a future growth driver. Demand for inbound tourism to Japan is expected to grow going forward with Tokyo to host the 2020 Olympic and Paralympic Games. To capture that demand, it is important to advance a multi-brand strategy for providing appropriate value through networks, products and services tailored to the features of customer needs. Working to broaden LCC business and continually increasing the value of the ANA brand that has been built as a full-service carrier are imperative to achieving our goals. Specifically, this involves enhancing the competitiveness of our airline operations and improving profitability, while coming closer to realizing growth as set out in our current Corporate Strategy.

In 2013, ANA was certified as the first 5-Star Japanese airline, which is the highest ranking in the world currently issued by SKYTRAX. This was the result of our efforts to enhance services by front line staff and it was recognition of ANA's high quality products including seating and in-flight meals. Thereafter, ANA keeps accommodating needs and wants in products and services from customers at a global level. This made us worthy of the 5-Star rating for the second consecutive year. We were also awarded the World's Best Airport Services and Best Transpacific Airline of the World Airline Awards in July 2014.

This feature is going to explain the growth strategies to strengthen the ANA brand, as a driving force in winning the 5-Star rating, from the viewpoints of Hospitality, Products & Services and Marketing Strategy.

About SKYTRAX

Established in 1989, SKYTRAX is a rating company for the airline industry and is based in London. Its Airline Star Ranking awards airlines between 1 and 7 Stars. SKYTRAX also holds the World Airline Awards, recognizing the best of over 200 airline companies based on independent online questionnaires and other customer surveys.

The Airline Star Ranking covers over 800 items spanning airport to in-flight services. ANA is one of the seven airlines worldwide holding a 5-Star rating (as of July 2014), which is the highest rating currently.

Key Factor 1 HOSPITALITY

Enhancing the quality of our services and responding to our customer expectations with the spirit of Japanese-style "OMOTENASHI" (hospitality) are essential for ANA to continue growth as a full-service carrier.

Hiroko Kawamoto
Member of the Board of Directors, Executive Vice President
All Nippon Airways Co., Ltd.

Responding to Customer Needs

To aim for enhanced quality as a full-service carrier, we held a Customer Service Skills competition with separate divisions for cabin attendants and ground staff. This competition is designed to generate role models among those in these respective positions. Such initiatives definitely encourage customer satisfaction, get employees applying themselves regardless of the divisions they belong to and are instrumental in developing seamless service.

With a mind to making careful responses to customer requirements, we have firmly established a system of suggesting improvements mindful of the PDCA (Plan-Do-Check-Act) cycle, and quickly share various information received from customers and employees with relevant business units in our drive to improve further. ANA's service quality is improved with the accumulation of these small considerations by applying them on a daily basis while carrying out duties.

"Human Resources" Development to Realize Competitiveness of the ANA Brand

We resumed recruiting cabin attendants as permanent employee in the fiscal year ending March 2015 (company entrance basis), seeking to strengthen service quality, essential to develop ANA's Brand, through enhanced human values. By expanding younger employees' growth opportunities and providing an arena where staff can maximize their abilities, we will cultivate human resources who can take an active role in operations and encourage their high performance including by helping to come up with services that are hard to emulate in an increasingly competitive climate.

Improving service quality requires a foundation wherein each employee's aim to advance their career while building experience leads to the organization's overall growth. On the front lines where there are many female employees, we recognize and support establishing an environment where such valuable human resources can stay with the company for a long time, and it is one of the responsibilities for management to keep such an environment.

The Newly Established "Global Promotion Division" will Strengthen our Response to Global Customers

The ANA Group has approximately 7,300 cabin attendants. Our division's primary role is to enhance the qualification to respond to global customers including training overseas-based cabin attendants and developing new bases abroad. Currently, we have around 400 non-Japanese cabin attendants from China, South Korea, Taiwan and 15 European-based countries. Some attendants have over 10,000 hours of on-duty flight experience, and offer services with an understanding of the Japanese-style *"OMOTENASHI"* that has been well evaluated by Japanese and foreign customers alike.

Eriko Muramatsu
Leader, Overseas Section, Global Promotion, Inflight Service Center,
All Nippon Airways Co., Ltd.

Members of the Global Promotion. Ms. Muramatsu is in the front row, second from left.

FEATURE: Strengthening the ANA Brand and Growth Strategies
—To be a highly evaluated airline in the global market—

The Driving Force behind the SKYTRAX 5-Star Airline Rating and Visible Tasks

Receiving 5-Star Airline rating by SKYTRAX has led to our great confidence as a form of recognition of our efforts because it means ANA's service is superior at a global level. We see our rating as an evaluation of our outstanding development of services, which is given thorough consideration to respond to various customers' requirements. Our service skills are catching up with advanced levels to respond to each customer's needs.

One driving force behind that is diversity of background. Our cabin attendants and ground staff are diverse in terms of nationality, age, employment type, and more. These ideas and suggestions proposed from a variety of angles reflect to the service with regard to those views. Moreover, management's endorsement of staff's experiences, decisions, and actions has created a work environment marked by organization-wide support where failure is not feared. This empowers each and every employee to have confidence in their judgment and take customer service a step further. We believe this embodiment of Japanese-style "*OMOTENASHI*" is tied to our global acclaim.

However, analysis on our 5-Star rating also sheds light on tasks we should do. For instance, we still need to work on our foreign language abilities and other aspects of service for customers worldwide. Language skills require bolstering and ongoing improvement efforts. We also need to be better able to handle irregularities. Any airline can offer a certain level of service under normal operation. It is when there is bad weather, some other irregularities, or customers are in trouble that our true ability as a full-service carrier and the real value of that is put to the test.

ANA Brand Ambassador Supporting the Growth Strategy

We feel the customers on International Passengers Operations are growing thanks to economic recovery. Inbound travelers to Japan are growing and the number of non-Japanese customers flying with ANA is also steadily increasing.

We boast the greatest market share for Domestic Passenger Operations. At the same time, we are an airline group seeking growth opportunities in the global market mainly in Asia. To realize growth while leveraging business opportunities, we must always keep up and improve our service quality's competitive edge and capture air traffic demand expanding globally going forward. Along with this, we need to pursue efficiency and productivity gains and get Cost Restructuring Initiatives underway at all group companies.

Goals like this cannot be achieved on the front lines alone. Rather, we believe it is necessary to pull together all of our strengths, including in product strategy, hardware & product planning, marketing power and network building.

As ANA brand ambassador, we will continue to make our efforts to help to ensure safe, comfortable flights and strengthen airline business profitability.

Scenes after winning SKYTRAX awards in 2013.
(ANA was awarded the Best Aircraft Cabin Cleanliness and World's Best Airport Services)

Key Factor 2 PRODUCTS AND SERVICES

As a division in charge of product and service strategy, we are working with front line staff who provide non-measurable values of service exemplified by "OMOTENASHI" to enhance the ANA brand to be appreciated globally.

Toshitaka Watanabe
Senior Vice President
All Nippon Airways Co., Ltd.

Product Strategy as a Full-Service Carrier

Together with cabin attendants and ground staff, the Product and Service Strategy Department is entrusted with an extremely important role in terms of realizing high-quality service.

While considering the direction of future product and service development is a tough task, we need to constantly seek a "change." To ensure that customers have a comfortable flight, we must devise strategies based on forward-thinking discussions about matters from seating, in-flight meals and entertainment to amenity goods.

What we are attempting to do is to lead the formation of an ideal ANA brand by thinking outside the box. When we actually provide customers in aircraft or in airports with the products we have created, it is important to get that concept across and give it traction within and outside the group.

Products Supporting the Growth of the Air Transportation Business

One of the products ANA can market with pride is business class products on international services. From 2010, we began successively introducing business class seats that are staggered and lie fully flat for long-haul international flights. All of these seats offer direct access to aisles, and have been a hit with customers since their launch. Nearly all aircraft used for trans-Pacific and European routes will be equipped with these seats by the end of March 2015. Further, we have long worked to upgrade in-flight meals and raise the quality of amenity goods. Additionally, we started providing in-flight Wi-Fi service in March 2014 and plan to gradually expand this to aircraft for international services.

These kinds of high-quality products and services are major strengths that underpin ANA's growing international business. At present, we are seeing steady growth in passenger traffic on international flights in step with the ongoing expansion in the scale of our operations. This growth is being driven by both ANA's superior products services and improved air travel demand supported by economic recovery.

Meanwhile, we have been promoting the installation of lightweight, low-profile seating on aircraft for domestic services since 2012. By reducing the weight of aircraft and making preparations for departure more efficient (improving punctuality) without deteriorating onboard comfort, we are also contributing to the Cost Restructuring Initiatives being advanced by all group companies.

The "Papa Mama Chef Team" developing in-flight meals for children

ANA Catering Service Co., Ltd. has formed a "Papa Mama Chef Team" whose members have small children themselves and to develop in-flight meals for kids.

These in-flight meals are designed to delight children with garnishing magic while keeping overall nutritional balance in mind. We will continue to provide such original products which only ANA can produce.

FEATURE: Strengthening the ANA Brand and Growth Strategies
—To be a highly evaluated airline in the global market—

Taking Action to Address Various Needs of Customers

Considering that customers have a myriad of requests for in-flight services, ANA continues to embrace challenges in a multitude of fields in order to become the preferred airline of more customers. In in-flight meal services, for example, ANA is working to provide collaboration menus with world-renowned chefs, along with taking steps to address the worldwide popularity of Japanese cuisine in recent years. With an increasing number of customers choosing Japanese meals on ANA flights, ANA Catering Service Co., Ltd. is now providing overseas catering companies with operational guidance to enhance the quality of Japanese meals served on flights departing from overseas locations. We believe that these measures will help to make ANA the preferred airline of many more foreign travelers visiting Japan, who will only continue to increase in number going forward.

Moreover, in March 2014, we opened the “DINING h” restaurant inside the “ANA SUITE LOUNGE” at Haneda Airport for customers on late-night international flights. The restaurant allows customers to enjoy a full-course meal before departure so that they are able to rest comfortably during their flights. From the standpoint of improving the level of “Customer Experience,” we are pursuing a new concept that integrates airport and in-flight services, considering the total experience of customers at all points of contact with ANA, from before boarding to after their trips.

ANA has the strength of possessing the largest international route network at Haneda Airport. To tie this strength into growth, we think it is important to continue providing choices responding to various needs in a way only ANA is capable of doing.

To Maintain and Improve the ANA Brand Value into the Future

We must always keep in mind a medium- to long-term perspective to develop services and products for the future. In March 2014, we decided to purchase 70 aircraft to be delivered by the fiscal year ending March 2028. This large-scale, unprecedented strategic aircraft order will form the basis of our medium- to long-term growth, which leads to our next-generation in-flight products and services that we have already started taking into consideration. Furthermore, we are also preparing to acquire halal certification to expand and strengthen our in-flight meal services for customers from the Islamic world, said to comprise a population of 1.6 billion. We also plan to expand our in-flight entertainment selections including movies and music, in addition to promoting multilingual support for these.

Going forward, supported by the advantages of the expanding network, we here at product development will present the highest quality products tied in with the efforts of front line staff aiming to provide the highest quality of services.

As a result, we are convinced that we can maintain a steady presence heading into the future to show that the ANA brand is worthy of the 5-Star rating.

Key Factor 3 MARKETING STRATEGY

One of our missions is to leverage our highly acclaimed services and products in building networks to keep up with the global market, and effectively utilize our customer foundation, an Asset, to expand our business horizons.

Takashi Shiki
Member of the Board of Directors, Executive Vice President
All Nippon Airways Co., Ltd.

Raising ANA Brand Recognition by Promoting a Dual-Hub Network for International Passenger Operations

With the expansion of slots at Haneda Airport from the end of March 2014, ANA became the airline with the largest international network at Haneda. Mainly targeting business travel demand for the Tokyo metropolitan area, the move aims to capture international flight demand for which growth continues and to increase unit price and yield. The ANA Group is also leveraging its robust domestic route network to bolster steps to develop demand for connections to international flights from local cities in Japan.

Meanwhile, ANA launched services on new routes at Narita Airport and adjusted flight schedules for routes that overlap with those at Haneda Airport to meet the various needs of customers. We plan to make transit flight schedules more convenient and work with joint venture partners to accommodate customers between Asia and Pacific routes where growth is expected to remain strong.

We will offer increased opportunities for customers to choose to fly ANA by developing a dual-hub network in the greater Tokyo metropolitan area capitalizing on the respective strengths of Haneda and Narita airports. By supporting even more customers' business and travel in this way, we believe ANA's globally renowned services and products will gain wider recognition and our brand's value will rise both in Japan and overseas.

Combining Service & Products with Marketing Power

The Japanese government targets 20 million inbound tourists annually in 2020. The ANA Group's current Corporate Strategy targets expanding available seat-kilometers in International Passenger Operations by around 45% by the fiscal year ending March 2017 compared to the fiscal year ended March 2014. We are not only focusing on demand for flights in and out of Japan but also global passenger traffic, and aim to capture growing demand for travel to Japan.

We also intend to proactively work on Domestic Passenger Operations, including by enhancing domestic airfare lineups to capture demand from inbound travelers for tourism within Japan and planning domestic travel packages.

To capture a greater share of global demand while actively utilizing various alluring destinations within Japan for people abroad, we, the marketing division, need to make efforts on sales initiatives. In addition, the excellent service quality provided by our frontline staff and the ANA brand supported by product development will be invaluable tools to achieve this goal.

Deploying a New Marketing Strategy through our Customer Foundation

ANA's frequent flyer program, ANA Mileage Club (AMC), has around 26 million members. Until now, we have positioned AMC as a scheme to increase airline user's loyalty only. However, we plan to utilize AMC as a customer-related business foundation to expand our earnings domain.

By placing various services offered by group companies within the ANA Group's economic realm, we will use the customer foundation developed by AMC to promote cross selling. For example, we will strive to encourage AMC members to use airport shops and online stores. At the same time, we will also consider sales for our own media, "ANA SKY WEB," as an online advertising media that capitalize on ANA's brand power. Utilizing the customer foundation will enable business expansion not only in the business-to-consumer but also in the business-to-business market.

Recognition of our service quality as 5-Star by SKYTRAX does more than simply contribute to the further growth of air transportation business. By effectively using our customer foundation built on that service quality and our brand value, as assets, potential exists to contribute to the ANA Group's overall operations.

While strengthening ties between the front line, product development divisions and marketing divisions from all group companies, we will polish the ANA brand and pursue the growth of entire group.

Contributing to Enhance a Business Platform by the ANA Card Business

The ANA Card, with credit card functionality, celebrates its 30th anniversary in 2014 and it is a stable revenue source for ANA, because about ¥2.3 trillion transactions were recorded in the year ended March 2014. Also, various fees including annual fees and mile charges are contributed to the revenues. It is highly accepted mainly by ANA's frequent flyers and is used by around 70% of ANA Premium Members. In addition, over 80% of the total transaction value settled by ANA Cards is for items other than airline ticket purchasing which means many customers who have an ANA Card use it regularly in their daily life. Moving ahead, we will keep working to enhance our services to customers with the ANA Card over the long term.

Yukiko Watanabe
Deputy Director, Business Strategy Team, Loyalty Marketing, Marketing,
All Nippon Airways Co., Ltd.

A Loyalty Marketing Division meeting.
Ms. Watanabe is on the far right.

OVER THE RAINBOW

SUSTAINABILITY DRIVERS

Describe the ANA Group's main initiatives aimed at enhancing social value and economic value.

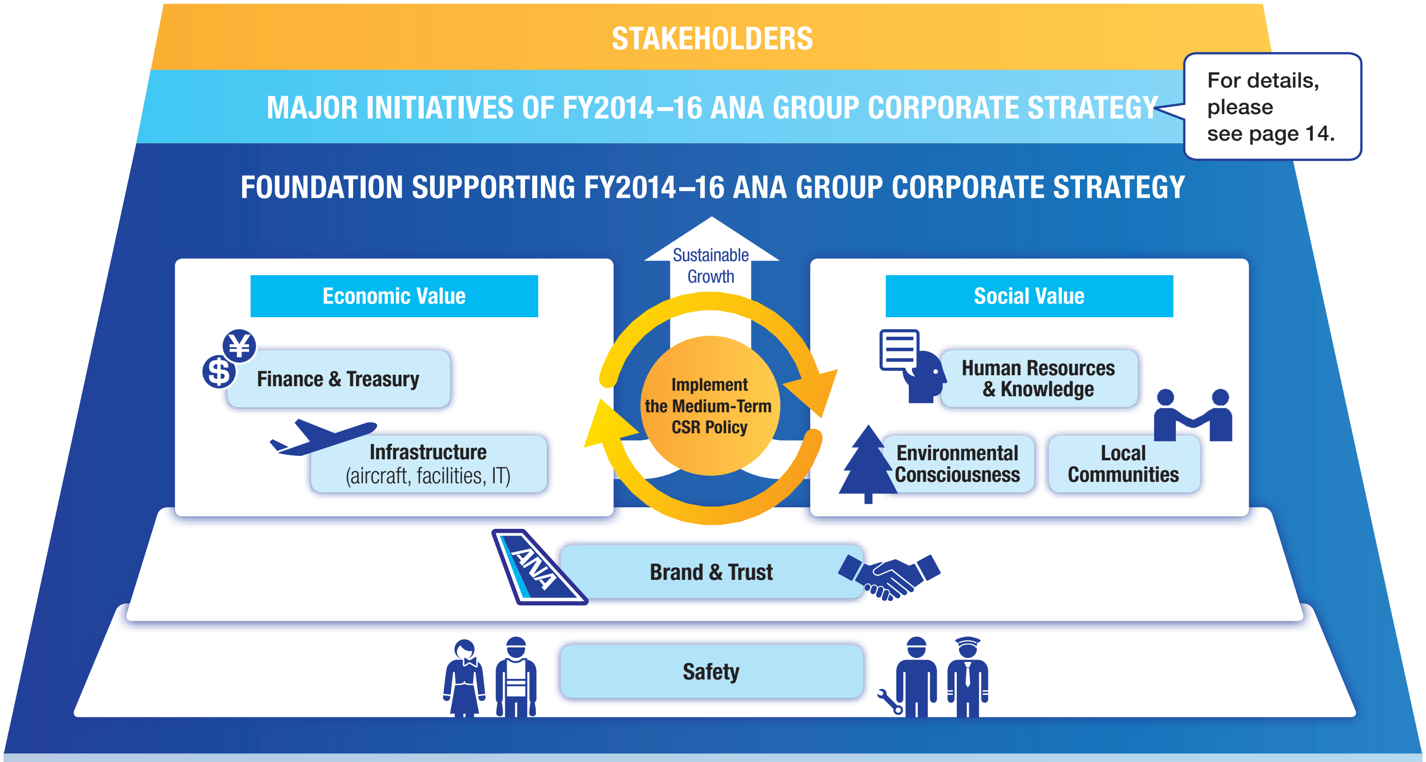
Foundation Supporting FY2014–16 ANA Group Corporate

—Focusing on sustainable growth—

The ANA Group reinforces a group management platform to realize sustainable growth and raise brand value and reliability built on a foundation of safety.

Enhance Social and Economic Value by Applying the Medium-Term CSR Policy

The ANA Group, following its shift to a holding company system, has formulated the Medium-Term CSR Policy as a concrete set of guidelines shared by the group. These guidelines serve to align the group's activities in the same direction in order to increase the entire group's corporate value. In FY2014–16 ANA Group Corporate Strategy, the group has defined the following theme as one of the foundations of the strategy: Implement measures based on the Medium-Term CSR Policy in all manner of corporate activities to increase the group's social and economic value. Through our daily operations, we are striving to build a brand that is trusted by the international community, as well as Japan. In doing so, we seek to achieve the sustainable growth of the group and society as a whole, and thereby fulfill the expectations of our stakeholders.

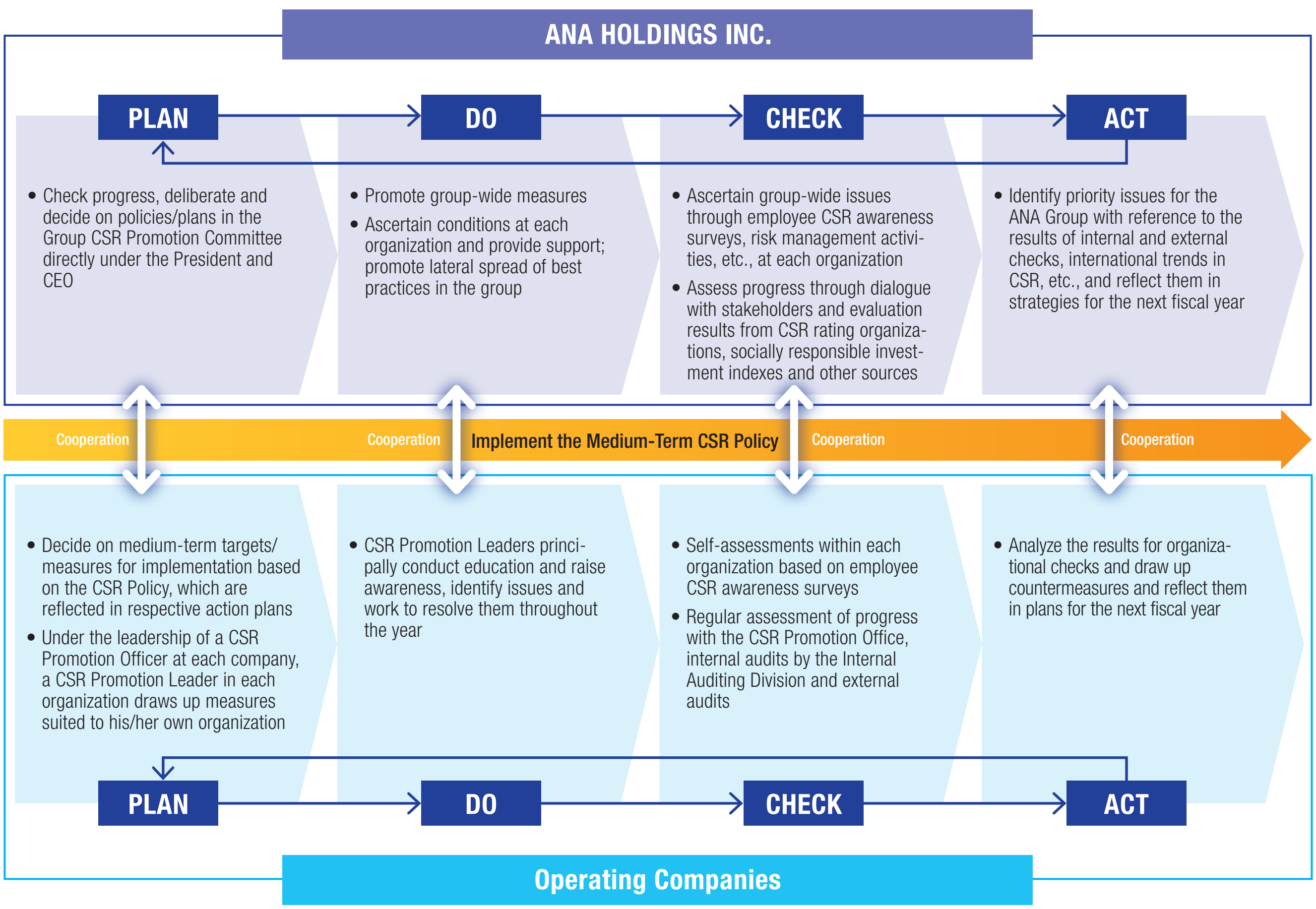


Eight priority issues that the ANA Group must put first

Medium-Term CSR Policy	Direction of measures for FY2014–16 *Specific measures will be examined by each company according to brand and business sector characteristics
Pursue safety and security	Build a system to enhance safety and security in all business processes (flight operations, development, procurement, production, logistics, information disclosure, etc.)
Provide services and products that meet the needs of customers and society	Promote the development of services and products for generating value for both the company and society, in addition to increasing customer satisfaction
Create vibrant workplaces with diverse employees	Create a vibrant group by executing a human resource strategy
Promote CSR in cooperation with business partners	Make a group-wide effort to share and instill the CSR guidelines that the group demands of business partners
Reduce environmental impact	Achieve medium- to long-term environmental targets (Reduce CO_2 emissions = promote fuel reductions and energy conservation) and implement improvements by making actual conditions visible
Promote social contribution that helps to vitalize local communities	Contribute to the development of local communities worldwide and build good relationships that are vital to society
Establish CSR management on a global level	Establish systems according to business sector, country, and regional characteristics, and strengthen PDCA cycles in group-wide risk management activities
Strengthen communication with stakeholders	Bolster systems for disseminating information worldwide to increase the social and economic value of the entire group

PDCA Cycles Based on the Medium-Term CSR Policy

Based on global standards such as the ten principles of the United Nations Global Compact and ISO 26000, a set of international guidelines for CSR, the Medium-Term CSR Policy takes into consideration and decides on issues brought to light by exchanges of opinion inside the group and with experts, deciding in the belief that promoting CSR at the global level is indispensable. Designating the fiscal year ended March 2014 as a year for fortifying our foundation, we once again reviewed our existing CSR promotion structure and the content of our actions to date, and monitored the issues facing operating companies in Japan and overseas and provided the support needed to resolve those issues. Going forward, we will step up these initiatives. We will further solidify our PDCA systems at all group companies, to ensure that we reinforce both the measures of shared issues among all group companies and the measures of each operating company in line with individual business and regional characteristics.



External Reviews

The ANA Group actively utilizes external evaluation items and assessment results as part of uses the checking functions of the abovementioned PDCA cycle, and examination of our own CSR activities based on these external evaluation items and results has led to further improvements. As a result, ANA has been continuously selected for inclusion in the FTSE4Good Index since 2006 and in other major indexes, the Morningstar SRI Index (MS-SRI), and the Dow Jones Sustainability Asia Pacific Index, since 2008.

SNAPSHOT OF RESULTS OF ACTIVITIES BASED ON THE MEDIUM-TERM CSR POLICY

Medium-Term CSR Policy	Objectives in the Fiscal Year Ended March 2014	Achievements in the Fiscal Year Ended March 2014	Progress
Pursue safety and security	Enhance training to maintain safe operations and strengthen operational risk management	• Expanded safety education for all group employees (8,183 people had received emergency evacuation training as of June 30, 2014) • Strengthened risk management functions for customers in flight, at airports and in other settings, in addition to risk management functions for operations	○
	Revise and enhance Business Continuity Plans (BCP)	• Completed the installation of a new disaster preparedness facility and formulated BCPs concerning systems • Issued a BCP information newsletter for employees on a bimonthly basis	○
	Implement measures aimed at zero failures in large-scale systems	• Introduced operational processes in conformity with global standard guidelines and implemented training to address operational disruptions	○
	Raise employee awareness of information leak risks and strengthen management systems	• Enhanced educational opportunities through e-learning and other means for all group employees, and reduced the number of risk events • Identified issues and made improvements at companies holding critical confidential information	○
Provide services and products that meet the needs of customers and society	(ANA brand) Maintain 5-Star Airline certification	• Certified for the second consecutive year as a 5-Star Airline by SKYTRAX	◎
	(ANA brand) Achieve number one ranking in global on-time performance	• Ranked 3rd in the world in the major international airline category by FlightStats	○
	Develop and provide products and services that contribute to a sustainable society	• Developed the “Tastes of Japan by ANA” and international small lot refrigerated goods initiatives to contribute to community revitalization • Strengthened support for customers with disabilities, illness or injury by preparing brochures and other means	○
Create vibrant workplaces with diverse employees	Instill and practice the ANA Group Code of Conduct (ANA’s Way) and continue to strengthen the training of global human resources	• Distributed the ANA Book to all group employees, held 116 safety caravan events in Japan and overseas, and introduced ANA’s Day training • Enhanced global training, facilitated personnel transfers and optimal personnel assignments at the global level, and actively appointed personnel	○
	Promote diversity	• Became the first airline to be selected as a Nadeshiko Brand, a company that excels in promoting women’s success • (ANA) Established numerical targets related to women’s success • Achieved a ratio of employees with disabilities of 2.14% by strengthening activities across the group	◎
	Promote human rights training and awareness raising	• Prepared CSR training materials (including a human rights curriculum) for all group employees in Japan and overseas, and expanded implementation to new employees at group companies, in addition to ANA	○
	Promote occupational health and safety	• Continued to provide mental health training to newly appointed managers • (ANA) Regularly conducted stress checks online and carried out follow-up observations	○
Promote CSR in cooperation with business partners	Strengthen supply chain initiatives	• Implemented CSR monitoring surveys targeting an expanded scope (160 companies) • Introduced an electronic purchasing system at 33 group companies and raised compliance awareness • Improved the inclusion rate for anti-social forces provisions and special agreements prohibiting the transfer of receivables	○
Reduce environmental impact	• Maintain and refer to “ANA FLY ECO 2020” objectives on P.53.		
Promote social contribution that helps to vitalize local communities	Promote group-wide social contribution activities	• Established policies of contribution activities to the environment and the society and started the “Wings Within Ourselves” project based on these policies; shared budget information and expertise among all group companies	○
	Continue to assist with the Great East Japan Earthquake recovery effort by drawing on the ANA Group’s strengths	• Continued to implement support activities such as aviation classes at elementary and junior high schools in Fukushima Prefecture (attended by approximately 1,800 students at 29 schools) and sightseeing flight events on Boeing 747-400 aircraft in Sendai and Fukushima	○
Establish CSR management on a global level	Establish a CSR management system under the holding company structure	• Held three meetings of the CSR Promotion Committee and six meetings of the CSR Promotion Leader Committee • Strengthened measures based on the Medium-Term CSR Policy and shared best practices • Conducted CSR surveys for all employees within and outside of Japan	○
	Strengthen risk management activities at all group companies	• Identified risk issues and established related key measures using a checklist at all group companies	○
	Improve the compliance awareness of all group employees	• Upgraded compliance training at group companies and issued a regular internal legal affairs newsletter (3 times)	○
Strengthen communication with stakeholders	Expand dissemination of information and promote interactive communication	• Held 289 meetings (156 in Japan, 133 overseas) with institutional investors and analysts, released quarterly publications for shareholders, held 3 briefings for retail investors and held 10 briefings for institutional investors during the year • Conducted dialogues inside and outside of Japan including four dialogue events with the Advisory Board	○

Objectives for the Fiscal Year Ending March 2015	Pages in Annual Report/Items on Website
Build a risk management system for safety risks arising from operational changes in matters such as flights, capacity and services	**P48** Pursuing the World's Highest Safety Standard **P60** Risk Management and Compliance Web www.anahd.co.jp/en/csr/safe (•Food Safety and Security Initiatives)
Revise BCPs for major disasters in each division and strengthen system-related measures	
Continue to strengthen efforts aimed at zero failures in large-scale systems	
Strengthen promotion systems and initiatives aimed at zero information leaks and social media flare-ups to zero	
(ANA brand) Maintain the 5-Star Airline rating for the third consecutive year and strengthen response capabilities from customers' viewpoints	**P36** Strengthening the ANA Brand for Growth Strategies **P54** "The Wings Within Ourselves" Connecting the World Web www.anahd.co.jp/en/csr/customers (•Mechanisms for Improving Customer Satisfaction •Universal Design)
Achieve the world's highest standard of on-time performance by enhancing quality and bolstering cost competitiveness	
Continue to promote further development of services and products that contribute to a sustainable society	
Continue to implement ANA's Way, enhance group-wide education and training and improve global awareness and responsiveness	**P50** Shaping Employees to Take on New Challenges Web www.anahd.co.jp/en/csr/employees (•Including Human Rights Initiatives •Promoting Employment of People with Disabilities •Promoting Work-Life Balance •Employee Safety and Health •Labor-Management Relations)
Continue to promote the success of many different employees, including women and seniors	
Promote human rights awareness among all group employees, including overseas	
Continue to strengthen activities based on ANA Group Occupational Safety and Health Policies	
Continuously implement and expand the scope of CSR monitoring surveys Continue to implement awareness-raising activities, and further promote integration and standardization of purchasing processes Improved the inclusion rate for anti-social forces provisions and special agreements prohibiting the transfer of receivables	**P61** Promote CSR in Cooperation with Business Partners Web www.anahd.co.jp/en/csr/partner (•ANA Group Purchasing Policy)
	P52 Toward Becoming a Leading Eco-Friendly Airline Group Web www.anahd.co.jp/en/csr/environment (•Measures for Air Pollution, Chemical Substances and Noise •Resource Saving •Biodiversity)
Instill the "Wings Within Ourselves" project internally and externally and strengthen the development of systems and culture	Web www.anahd.co.jp/en/csr/community (•Environmental Preservation •Human Development •Local Revitalization)
Continue to implement earthquake recovery assistance programs	
Strengthen collaboration with group companies and overseas measures, enhance the CSR awareness of all group employees	**P56** Corporate Governance System **P60** Risk Management and Compliance Web www.anahd.co.jp/en/company/governance Web www.anahd.co.jp/en/company/governance/compliance.html
Entrench PDCA cycles for risk management activities at all group Companies	
Systematically develop compliance training for each employee level and upgrade information on the intranet	
Enrich appropriate and timely display of information and enhance information quality	**P56** Corporate Governance System Web www.anahd.co.jp/en/csr/communications (•Including Responsibility toward Stakeholders and Methods of Holding Dialogue)

PURSUING THE WORLD'S HIGHEST SAFETY STANDARD

8,183 employees

December 2012 to June 2014
* Excluding cabin crew and flight crew because they undergo specialist training

NUMBER OF EMPLOYEES UNDERGOING TRAINING FOR EMERGENCY EVACUATIONS FROM AIRCRAFT

By having all group employees undergo training to understand that they are expected to carry out safety assistance duties as an employee at times of emergency, which leads to further enhance the entire group's safety culture.

ANA Group Safety Principles and the Course of ANA Group Safety Action

Safety is the foundation of the ANA Group management and maintaining safety is the unequivocal mission of every business of the ANA Group, regardless of business category or brand. Within these areas, employees in all categories work together for flight safety, for which mutual understanding and reliance are essential.

Toward that end, we display the ANA Group Safety Principles and the Course of ANA Group Safety Action, which are pledges shared by all ANA Group employees at every ANA Group workplace to build a strong awareness of safety in daily duties and this forms the cornerstone of our activities.

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

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 be accurately reported and shared in a timely manner.
5. Continuous self-improvement for prevention and avoiding re-occurrence.
6. Lessons learned from experiences, and increased skills for risk awareness.

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

We aim to pursue and provide the "World's Highest Safety Standard." Amid a changing management environment where we are expanding the scale of our business, primarily on international routes, we will have to further enhance our safety based on knowledge and experience by assiduously adopting such items as new airline safety programs and audit systems of the world's highest standard, which not only prevents occurrence and recurrence of incidents, but also heightens the ability to respond to unknown and unforeseen risks.

Furthermore, while making safety the core of our operations, we also continue to pursue a variety of forms of safety and security, including passenger safety in aircraft and airports, food safety with in-flight meals and lounge offerings, safety of luggage entrusted to us by passengers and the work safety of all group employees.

For details http://www.anahd.co.jp/en/csr/safe/

Progress on the Medium-Term Target for Safety

To achieve our medium-term target for safety, we will continue to heighten safety from both the personnel development and organization-building aspects.

<Personnel Development to Enhance Safety>

In the year ended March 2014, participatory training for all ANA Group employees was particularly strengthened. In addition to emergency evacuation training from aircraft, we provided education on the history of accidents and incidents and provided safety awareness during new personnel development training held at the ANA Safety Education Center.

Going forward, we will further heighten awareness among each and every employee as a professional, and foster self-realization to maintain flight safety and develop human resources to utilize these.

<System Development to Enhance Safety>

In the year ended March 2014, we established the Safety Promotion Center as an overall umbrella organization for frontline cross-organizational support of flight & traffic operations, cabins and maintenance, as well as to accelerate development of measures and the decision-making process by taking an efficient and optimal perspective of the overall situation. Furthermore, to further enhance the functions of the Safety Management System, we have strengthened the organization to lead to improvements resulting from surveys and analyses conducted from multiple angles.

Going forward, when changing, operations, networks or services, we will grasp in advance any latent safety risks and devise appropriate responses to build a firmer risk management system.

Training for emergency evacuation from an aircraft

A group-wide meeting for safety supervisors

Safety and Security for Passengers

The ANA Group strives organizationally to ensure safety, not only of flights, but also of in-flight products and services the ANA Group provides, eliminating risks inside airports and other facilities to prevent injury or harm to passenger health.

Frontline staff can use a mechanism that enables them to report on anything they realize in the course of carrying out their daily duties that may pose a risk to passenger safety. Discussion of responses based on these reports occurs among supervisors of associated departments at their regular meetings, and initiatives are taken to accelerate improvements.

For example, to reduce risks faced by passengers escorting young children, cabin crews actively contact these passengers and give them cards containing warnings aimed at preventing children from unforeseen injury in cabin. These risk management activities can also be utilized to enhance safety and security in future product development.

A card handed out to passengers accompanied by young children

SHAPING EMPLOYEES TO TAKE ON NEW CHALLENGES

As of the year ended March 2014 | By the year ending March 2021

9.8% → **15.0%**

TARGETED RATIO OF FEMALE MANAGERS AT ANA

ANA aims for development of diverse human resources on a global level, one aspect of which seeks to promote the success of women for bringing reform and new values to organizations.

ANA Group Medium-Term Human Resource Strategy

The ANA Group aims for management that utilizes diverse group-wide human resources on a global level to use the power of people to excel versus the global competition. We aim for a fusion of human resource management for the entire group under a holding company system and independent human resource management for each group company, crossing national, corporate and divisional borders to take on the challenge of securing and developing human resources who think and act ahead of time.

ANA, at the core of the group, reviewed its personnel system in the year ended March 2014 to ensure it could develop human resources with the sense of speediness that it needs to propel its growth strategies. Individual employees actively accumulating experience and improving specialized skills to enable them to work on a global level will provide the driving force for the ANA Group's sustainable growth.

Practical Application of Our Core Values (ANA's Way)

The ANA Group formulated a new Mission Statement, Management Vision and Core Values (ANA's Way) in April 2013 given changes in our operating environment and our shift to a holding company structure. In order to unify and galvanize the group's strengths under this new management structure, the ANA Book, containing the formulation process and thoughts behind it, was distributed to all employees and dissemination and understanding of its contents is continually promoted through such means as workplace explanations and discussions held by personnel supervisors. To date, over 116 such occasions have been created in Japan and abroad. We also set up the ANA Discovery Center, a historical display facility to learn about the history of the challenges we have taken on since our foundation and reaffirm awareness of the DNA we are carrying on, and started ANA's Day training to talk about the kind of future we want to create for the ANA Group. We aim to have the group's entire workforce of 33,000 employees undertake this training by the year ending March 2018.

Scenes from an ANA's Day workshop at a Chicago Airport

In addition, we have introduced a new system of training and assessment reflecting the our Core Values, reaffirmed shared targets and values throughout the group and created a stronger ANA Group by drawing out the practical application of the Core Values in individual employees.

For details http://www.anahd.co.jp/en/csr/employees/

Developing Global Human Resources

To support acceleration of global business development, we have standardized ANA's management qualification system in Japan and overseas based on global job bands to move ahead with the flow of human resources across borders, optimal placement and active training and appointments. In regards to training, we have enhanced liberal arts and raised awareness of human rights, which are among the matters indispensable for being a global human resource. And to respond to passengers' increasingly diverse requirements, we have increased recruitment of non-Japanese cabin crew and set up the Global Promotion Division inside the Inflight Center to strengthen its response capabilities.

Going forward, global response strengthening measures will be systematically incorporated into human development policies. For example, human development of those who will lead the international route business is strengthened to a new level in such ways as dispatching ANA administrative career-track employees overseas up until their 10th year in the company, establishing a system to hone global awareness through actual experience and aiming to achieve group-wide language targets through a partnership deal concluded with EF Education First Ltd. to provide online language classes.

Scenes from a "One Team, One ANA" training session aimed at bringing understanding of different cultures and fostering team spirit

Promotion of Diversity and Inclusion

The ANA Group considers itself as a group that truly utilizes diversity and encourages frank discussion and mutual enhancement regardless of race, age, gender, assignment, role values or any other differences to create a corporate culture that will empower the entire group. In particular, as women make up the majority of employees within ANA, management have made it an issue to continue raising to a higher level utilization of women's various perspectives, sensibilities and values, and have set numerical targets for such matters as the number of female managers and the ratio of female managers (Positive Action Declaration). These various initiatives carried out by the group have earned us a solid reputation and we became the first member of the transportation industry selected for a Nadeshiko Brand designation as a company actively promoting women in the workplace.

Looking ahead, to promote fulfillment of support for placing priority on career development and moving forward with reform of working methods, we are creating an environment where it is easy for women to form the core of the organization. We have also bolstered to a new level the personnel system that utilizes the strengths of all employees, starting with older employees and employees with disabilities to create an organization where individual employees are able to fully demonstrate their abilities.

Scenes from a life career design workshop

NADE SHI KO BRAND 2014

What is the Nadeshiko Brand? The Tokyo Stock Exchange and Ministry of Economy, Trade and Industry (METI) have jointly selected enterprises that are exceptional in encouraging women's success in the workplace, and granted them the "Nadeshiko Brand" designation. Designations started in fiscal 2012 as Prime Minister Shinzo Abe stated that active promotion of women is the core of his government's growth strategy. The Nadeshiko Brand is a sister-brand of METI's Diversity Management Selection 100 award.

TOWARD BECOMING A LEADING ECO-FRIENDLY AIRLINE GROUP

Performance in the Fiscal Year Ended March 2014

Reduced by 13.3% (Compared to the Fiscal Year Ended March 2006)

CO_2 EMISSIONS PER REVENUE TON-KILOMETER

Under the ANA Group's medium- to long-term environmental plan ANA FLY ECO 2020, the ANA Group aims to achieve a 20% reduction in CO_2 emissions for the fiscal year ending March 2021, and the entire company is unified in working toward this goal regarded as a management issue.

The ANA Group's Environmental Management

With air transportation at the core of its business operations, the ANA Group exerts a burden on the global environment, including through CO_2 emissions associated with its business activities and carrying out its responsibilities as a public transportation provider. Starting from this recognition, we seek to minimize our own environmental impact and energetically engage in environmental communication activities to share our "planet mindfulness" with our many customers and other stakeholders.

Our environmental initiatives have received recognition, and in 2008, the ANA Group was first in the airline and transport industry to be certified by Japan's Ministry of the Environment as an Eco-First company.

The ANA Group's ANA FLY ECO 2020 is a medium- to long-term environmental plan which sets objectives based on global targets set by the International Air Transport Association (IATA) for the airline industry, and we are reinforcing these even more for climate change measures the ANA Group should pay particular focus to, such as the reduction of CO_2. Unflagging efforts have resulted in steady reductions of CO_2 emissions per revenue ton-kilometer even amid expanded capacity.

An ANA FLY ECO 2020 poster

Fuel Efficiency Project

In the air transportation business where fuel expenses account for a high ratio of operating expenses, reducing fuel use and CO_2 are important management issues. To give greater certainty to achieving targets we reformed the Fuel Reduction Project Promotion System in the fiscal year ended March 2014, set up working groups under a variety of themes including method of use, visualization, purchasing style and weight reduction, and gathered ideas from a broad, cross-sectional perspective to implement all types of measures.

As a new initiative in our New Energies/Energy Reduction Working Group, we are participating in initiatives for Next Generation Aviation Fuels*, a group comprising organizations from a wide range of fields, including airlines, universities, and trading companies. The group aims to stably secure alternative fuel in Japan by 2020, and our role is to organize a study group to look into fuels produced from algae. Furthermore, to upgrade structures at airports to cope with this target, coordination is moving ahead on conducting trials on ANA commercial flights.

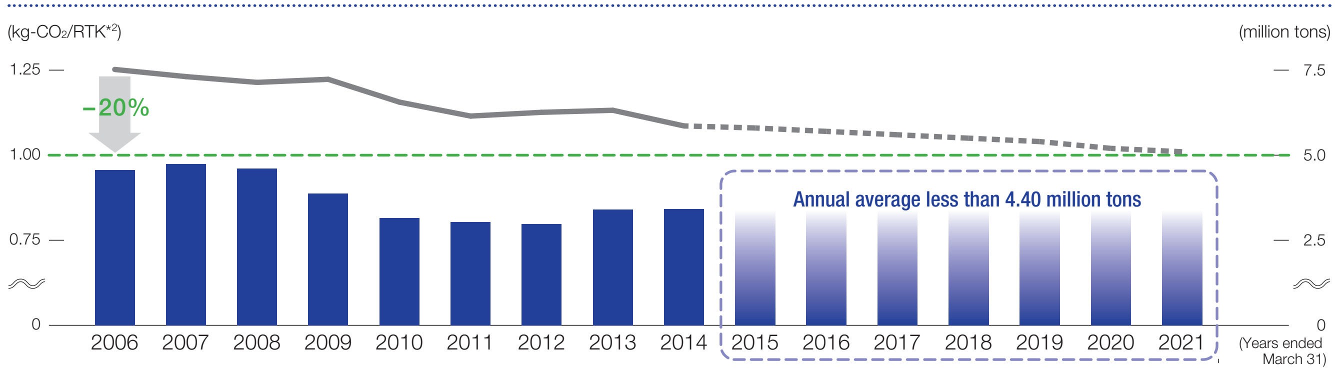
* Next Generation Aviation Fuels are the same thing as alternative aircraft fuels. This refers to alternatives to the crude oil currently used for jet fuel and includes raw materials such as trash, discarded materials, non-edible vegetables, sugar, alcohol and items produced by algae.

For details http://www.anahd.co.jp/en/csr/environment/

Targets and Progress of the ANA Group's Medium- to Long-Term Environmental Plan ANA FLY ECO 2020

Item		Targets	Results in the Fiscal Year Ended March 2014*1
Climate change measures	Reduce CO_2 emissions from aviation fuel	**[Unit Target]** For the fiscal year ending March 2021, achieve a 20% reduction in CO_2 emissions per revenue ton-kilometer (RTK)*2 (total of domestic and international routes) compared with the fiscal year ended March 2006.	We have progressed to a 13.3% reduction compared with the fiscal year ended March 2006. Total emissions were 9.448 million tons, an increase of 4.0% year on year, due to expansion of our domestic and international route networks and an increase in the number of flights. However, we have reduced CO_2 emissions per revenue ton-kilometer to 1.09 kg-CO_2.
		[Total Target] Starting from the fiscal year ended March 2013 through March 2021, keep average annual CO_2 emissions on domestic routes below 4.4 million tons.	Emissions were 4.36 million tons, below our target annual average despite the expansion of our domestic route network, the increase in the number of flights and other factors.
	Reduce ground energy	Reduce energy use at all work sites by 1% each year (in accordance with the revised Law Concerning the Rational Use of Energy).	Total ground energy consumption (crude oil equivalent) at all ANA Group work sites have reached our target of a 1.1% reduction. We established management standards common for all group companies and implemented PDCA (Plan-Do-Check-Act) cycles for reduction activities.
	Introduce alternative aviation fuel	Conduct a study toward the start of full-scale use of alternative aviation fuel by the fiscal year ending March 2021.	Contributed to the establishment of the Next Generation Aviation Fuel Initiative by encouraging associated organizations to get involved in targeting the start of stable supply of alternative fuels by 2020. Supported R&D on fuels made from non-plant materials such as Euglena.
Air pollution measures	Conform with aircraft emission standards	All aircraft, including leased aircraft, to conform to Chapter 4 of the International Civil Aviation Organization (ICAO) emission standards.	All aircraft conformed to the standards.
	Introduce low-pollution vehicles	Actively introduce low-pollution vehicles, and study the use of biofuel.	The ANA Group introduced a total of 1,075 low-pollution vehicles* (approximately 25% of the total). *Hybrid, electric and emission constraint vehicles
Noise measures		All aircraft, including leased aircraft, to conform to Chapter 4 of the ICAO noise standards.	All aircraft conformed to the standards.
Resource savings		Reduce waste and promote paperless operations, including sales.	Overall waste emissions decreased approximately 500 tons, or 3% year on year. Total usage of various types of paper decreased approximately 400 tons, or 8% year on year. In addition to conventional reuse and recycling of copy paper and plastic bags, we have moved ahead on organizing and will stop distribution of paper tickets to passengers.
		Promote 3R activities, including closed recycling of in-flight magazines and other items.	
Environmental contribution activities for local communities		Conduct sustainable forestation that provides new value to communities and society.	The ANA Group continued to conduct ANA Hearty Forest afforestation activities in Minami Sanriku, Miyagi Prefecture. Novelties made from lumber taken from the forests were used at places like the General Meeting of Shareholders. In addition, we continued our support by dispatching employee volunteers to take part in the Ten-Year Coastal Forest Restoration Project in the Tohoku Region damaged by the tsunami that arose following the Great East Japan Earthquake and introducing Environmental Support Miles.
		Enhance environmental education activities through the Team Tyura Sango coral regeneration project.	Heading into its 10th year, the project saw coral polyps cultured at facilities on land being emplaced twice in spring and twice in autumn, and 197 volunteer divers took part. We participated in various events both inside and outside of Okinawa Prefecture on three occasions and conducted awareness raising activities across a broad area.

ANA Group CO_2 Emission Targets and Results*1



(Left) — CO_2 Emissions/RTK*2
(Right) ■ CO_2 Emissions from Domestic Flights

*1 Vanilla Air (previously AirAsia Japan) is not included.
*2 Total distance flown by revenue passengers and cargo aboard aircraft.

“THE WINGS WITHIN OURSELVES” CONNECTING THE WORLD

Performance in the Fiscal Year Ended March 2014

3.5 times Compared with the year ended March 31, 2013

NUMBER OF EXPERIENCE JAPAN FARE* TICKETS ISSUED

The ANA Group is carrying out a variety of initiatives capable only of an airline group so that as many overseas passengers as possible can be transported to various areas of Japan and come into contact with wondrous places of regional areas.

* This system for overseas residents visiting Japan enables them to pay a flat fee for domestic air routes regardless of the carrier that brought them to Japan.

An Airline Group Representative of Japan

In Japan, where depopulation in regional cities and industrial shrinkage are becoming issues, there is an urgent task to spread the word of traditional Japanese charms and tourism resources to the world, and expand flows of people and products to revitalize social economies.

The ANA Group has focused on stimulating overseas demand in Japan, continuing to spread the word about Japanese culture and charms of destinations to the world through the “IS JAPAN COOL?” website. Since the website was launched in February 2012, over 600,000 people have visited the site, giving it a great reputation. At the *JAPAN Expo* in Paris, France, which attracts more than 200,000 visitors, we worked in collaboration with other companies to promote the site, used the overseas event so people could come into contact with Japanese people, products and services, and we actively create opportunities to learn more.

Scenes from the *JAPAN Expo*

Tastes of JAPAN by ANA

For passengers using ANA, since September 2013, we have been deploying the *Tastes of JAPAN by ANA* project enabling an experience of the charms of various regions of Japan through such means as in-flight meals, airport lounges and in-flight entertainment programs. Over a period of approximately four years, the project will introduce the food, sake, sweets and culture of each of Japan’s 47 prefectures as items for which Japan should value and can be proud of. This feature is also attracting the attention of overseas passengers for information about main meals and desserts using regional specialties and Japan’s various types of local sake.

In November 2013, the ANA Group invested in the Cool Japan Fund Inc., a fund established in partnership between the public and private sectors under the leadership of the Ministry of Economy, Trade and Industry to widely support Japan’s attractions from an array of aspects. We will undertake a variety of initiatives utilizing strengths only an airline can possess as we head toward the 2020 Tokyo Olympic and Paralympic Games and contribute to the realization of the government’s target of attracting 20 million inbound foreign tourists to Japan.

For details http//www.anahd.co.jp/en/csr/community/

Taking Japan's Best Directly Overseas through Distribution Reform

ANA Cargo Inc. started an international small lot refrigerated goods next-day delivery service with Yamato Transport Co., Ltd. and the Okinawa prefectural government in October 2013. Stringent quality control standards meant overseas delivery of fresh foodstuffs to Asia was regarded as difficult, but this service made it a reality. Products that Yamato Transport collects from various airports are delivered by ANA to Okinawa (Naha Airport), where 24-hour operation of customs and international reshipment enables the products to be sent to the country of destination the following morning and delivered to customers the same day. By responding to the new Asian need to enjoy high-quality Japanese food with a speedy air transport service and fastidious about freshness, it has spread the enjoyment of high-quality Japanese food to an even greater number of people overseas.

(As of July 2014)

Solving the World's Social Issues

The ANA Group is contributing in its own unique way to deal with social issues such as poverty, unmet medical needs and natural disasters, by supporting the social entrepreneurs on their air transaction.

For example, ANA started the Blue Wing Program in 2013 with five changemakers and the cooperation of Ashoka, the world's largest network of social entrepreneurs based in the U.S. This program can be used to spark interest among many passengers about issues or initiatives going on globally, and presents a system where passengers can easily show their support for a changemaker with whom they empathize with together with ANA.

In addition to this, we are also an official supporter of UNESCO's international cooperation program for education, science and culture, and looking ahead we will continue pursuing initiatives toward the sustainable development of the international community.

Promotional video for the *Blue Wing: Wings for Changemakers campaign*

Using Human Resources and Expertise to Give Back to Society

A feature of the ANA Group is that we actively provide to communities the human resources and expertise we cultivate while going about our daily business activities. We have many initiatives such as dispatching to local government employees with expertise in skills, like product marketing and promotion, to review a community's tourism resources from a third-party perspective to find attractive tourism resources, and holding markets to showcase regional cuisine in the Tokyo metropolitan area and seeking new distribution routes. We recommend employees to take leaves of absence to undertake local government duties and there are currently three ANA Group employees working in regional cities as part of the Ministry of Internal Affairs and Communications' Regional Revitalization Corps.

A market held in Shimbashi, Tokyo

CORPORATE GOVERNANCE SYSTEM

The ANA Group has a system of corporate governance in place that promotes business transparency and accountability to stakeholders, in order to continue enhancing its corporate value.

Accounting Auditors

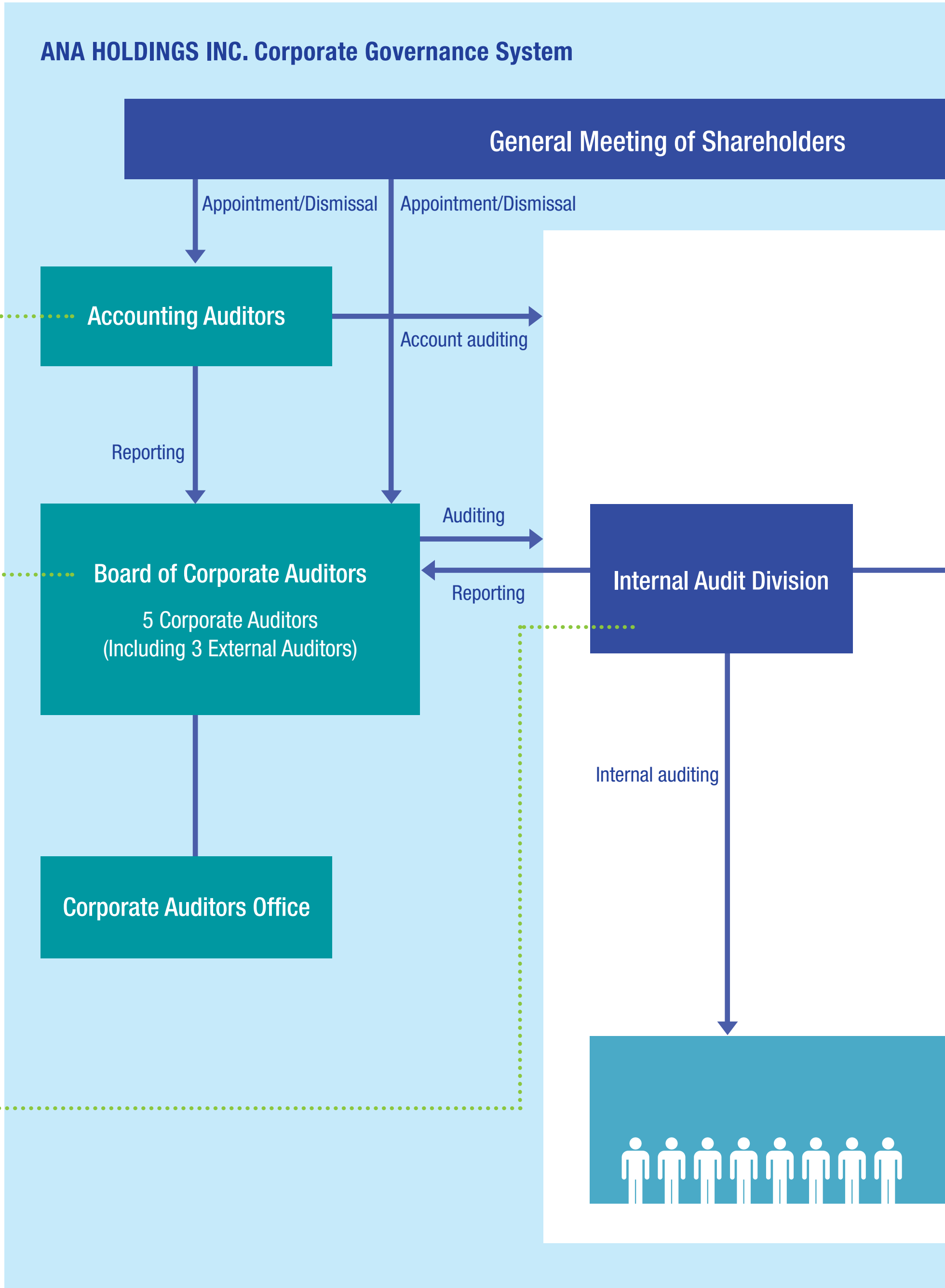
The accounting auditors perform audits of ANA HOLDINGS INC. and its group companies in accordance with the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan. The company prepares for the introduction or amendment of various laws and regulations, accounting standards and other rules by allowing sufficient time for discussions to take place between the accounting auditors and the company's finance division.

Board of Corporate Auditors
Corporate Auditors

The company has adopted a corporate auditor system. Audits by corporate auditors are performed by the five corporate auditors, three of whom are external corporate auditors. Three of the corporate auditors are full-time auditors. Each corporate auditor attends important internal meetings such as meetings of the Board of Directors. The three external corporate auditors are registered as independent officers with the Tokyo Stock Exchange.

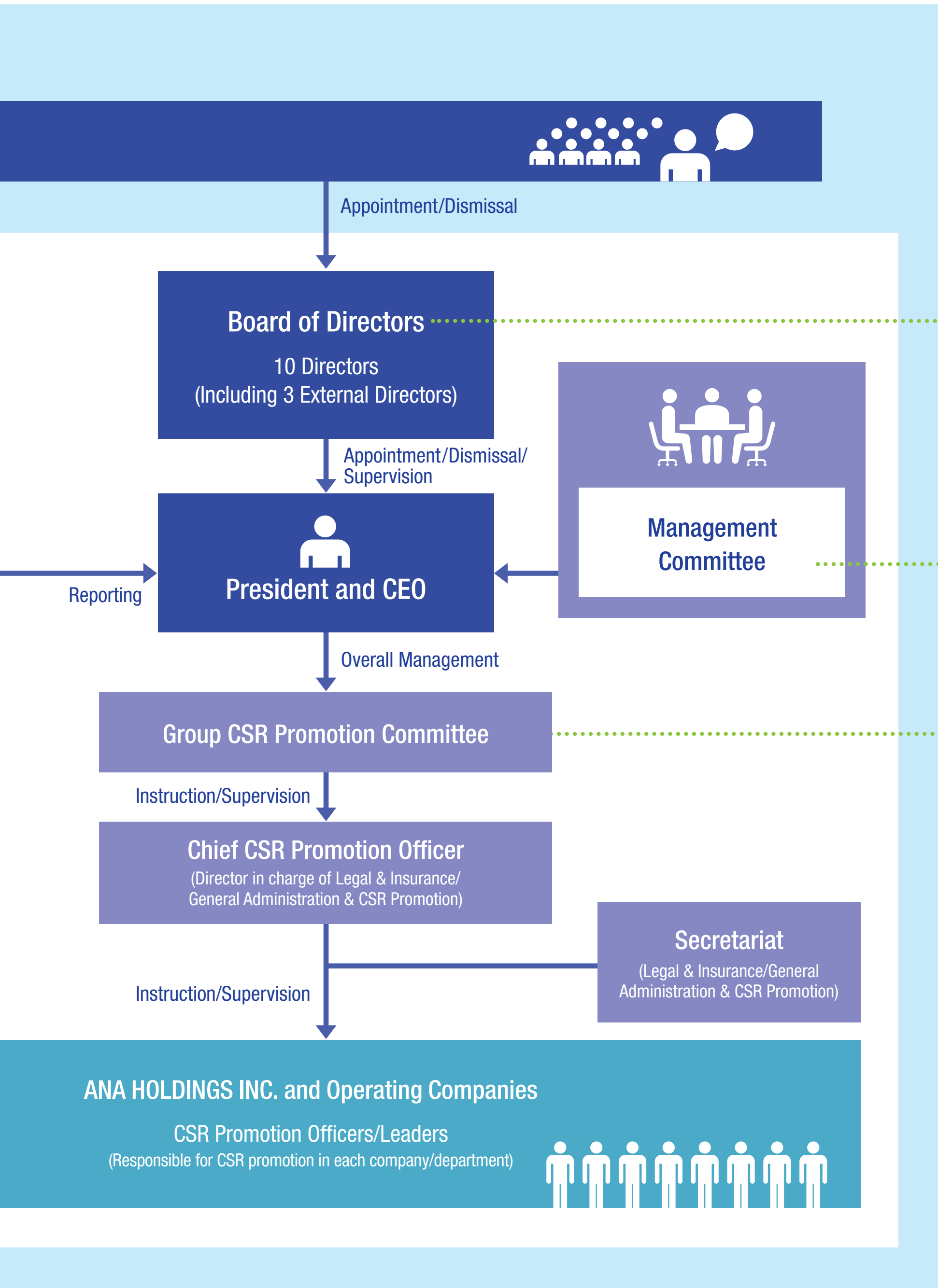
Internal Audit Division

The Internal Audit Division, which reports directly to the CEO, audits the operations and accounts of ANA HOLDINGS INC. and the group companies, and conducts evaluations from a third-party, objective perspective that correspond to the standards in the Financial Instruments and Exchange Act on the reporting system for the internal control over financial reporting within the group. The results of audits are reported to the CEO every month and to the corporate auditors when needed.



Organ of the Company

The company has adopted a corporate auditor system, whereby the Board of Directors and corporate auditors supervise and audit the execution of our corporate directors' duties. Furthermore, we are strengthening the supervisory function of the Board of Directors, including the appointment of external directors. We are also enhancing the auditing function of the corporate auditors, which includes the appointment of full-time external auditors. Under a holding company structure, the company appoints personnel with abundant experience and highly specialized knowledge in various divisions as directors, etc., of each operating company. They are given the authority to oversee divisional operations and to conduct functional and effective execution of business operations.



Board of Directors

The Board of Directors is led by the chairman. In addition to the directors (three of whom are external), five auditors (three of whom are external) attend the meetings. The three external directors are registered as independent officers with the Tokyo Stock Exchange.

Management Committee

The company has established the Management Committee, comprising the full-time directors, full-time corporate auditors and other members, to discuss measures needed to address management issues more swiftly and in greater detail. The committee fulfills a supplementary role to the Board of Directors.

Group CSR Promotion Committee

Under the ANA Group CSR Regulations, the company has established the Group CSR Promotion Committee, which reports directly to the CEO. The committee comprises the full-time directors and full-time corporate auditors. Essential policies and issues of significance related to the group's CSR as a whole are discussed and proposed in this committee. The committee also confirms progress on these matters.

Meeting of Bodies Responsible for Corporate Governance (Fiscal year ended March 31, 2014)

	Times
Board of Directors	14
Board of Corporate Auditors	10
Management Committee	52
Group CSR Promotion Committee	3
Management Advisory Council*	4

* Separately from our statutory governance bodies, we have established the Management Advisory Council to enable the company to receive open and frank opinions and advice, from 7 experts in various industries, regarding all aspects of managing the corporate group.

External Directors and Corporate Auditors

The company appoints external directors and external corporate auditors to receive appropriate advice about the ANA Group's management from a perspective that is independent from its business. This is to further strengthen checks over management. The external corporate auditors exchange appropriate information and opinions as necessary with other auditors as well as internal control departments and the independent auditor to enhance auditing.

The company has not established any standards or policies regarding independence for the appointment of external directors and external corporate auditors. These appointments are made based on consideration of a comprehensive range of factors, including personnel, capital and business relationships between the candidate and the company, as well as any other interests between both parties. The external directors and external corporate auditors are registered as independent officers with the Tokyo Stock Exchange.

(As of June 23, 2014)

		Independent	Material concurrent position	Reasons for appointment
External Directors	Shosuke Mori	○	Chairman and Representative Director of The Kansai Electric Power Co., Inc.	Shosuke Mori was appointed as we expect he will provide effective advice based on his considerable experience and deep insight developed principally as a corporate manager in a business of a highly public nature and provide necessary advice, which the company deemed would further strengthen its management structure.
External Directors	Ado Yamamoto	○	President and Representative Director of Nagoya Railroad Co., Ltd.	Ado Yamamoto was appointed as we expect he will provide effective advice based on his considerable experience and deep insight developed principally as a corporate manager in a transportation business, which the company deemed would further strengthen its management structure.
External Directors	Izumi Kobayashi	○	External Director of Suntory Holdings Limited and External Director of MITSUI & CO., LTD.	Izumi Kobayashi was appointed as we expect she will provide effective advice based on her considerable experience and deep insight developed principally as a representative of a financial institution and multilateral development bank, which the company deemed would further strengthen its management structure.
External Auditors	Sumihito Okawa	○	External Corporate Auditor of Kandenko Co., Ltd.	Sumihito Okawa was appointed as we expect he will provide effective advice based on his considerable experience and deep insight developed principally as a representative of a policy-based financial institution, which the company deemed would further enhance its auditing system.
External Auditors	Shingo Matsuo	○	Advisor of Kyushu Electric Power Co., Inc.	Shingo Matsuo was appointed as we expect he will provide effective advice based on his considerable experience and deep insight developed principally as a corporate manager in a business of a highly public nature, which the company deemed would further enhance its auditing system.
External Auditors	Eiji Ogawa	○	Board member and Vice President, Hitotsubashi University Professor, Graduate School of Commerce and Management, Hitotsubashi University	Eiji Ogawa was appointed as we expect he will provide effective advice based on his accomplishments and deep insight developed principally as a specialist in international finance with width and great extent and by managing a university, which the Company deemed would further enhance its auditing system.

Policies on Determining Remuneration for Directors and Corporate Auditors

1. Basic Policies on Directors' Remuneration

(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 system that enables the company to share profits with its shareholders by working to raise medium- to long-term corporate value.

Based on the policies described above, the Remuneration Advisory Committee, with external directors and outside experts comprising a majority of the members, established the company's remuneration system and standards for remuneration based on other companies' levels as researched by an external institution upon on the company's request. Moreover, external directors receive fixed remuneration (monthly remuneration) only.

2. Basic Policies on Corporate Auditors' Remuneration

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 the company's request.

Remuneration of Directors and Corporate Auditors (Fiscal Year Ended March 31, 2014)

	Total amount of remuneration (millions of yen)	Total amount by remuneration type (millions of yen)		Number of persons entitled to payment
		Basic remuneration	Bonus	
Directors (External Directors)	317 (28)	317 (28)	—	10 (4)
Corporate Auditors (External Corporate Auditors)	104 (46)	104 (46)	—	5 (3)

Audit Fees (Fiscal Year Ended March 31, 2014)

	Compensation paid for audit certification activities (millions of yen)	Compensation paid for non-audit activities (millions of yen)
ANA HOLDINGS INC.	42	1
Consolidated Subsidiaries	83	24
Total	125	26

Notes 1. It was resolved at the 66th Ordinary General Meeting of Shareholders of the company held on June 20, 2011 that the maximum amount of remuneration of directors per year would be 960 million yen.

2. It was resolved at the 60th Ordinary General Meeting of Shareholders of the company held on June 28, 2005 that the maximum amount of remuneration of corporate auditors per month would be 10 million yen.

3. The number of directors as of the end of the fiscal year was 10 (of which the number of external director was 3), and the number of corporate auditors as of the end of the fiscal year was 5 (of which the number of external corporate auditors was 3). The above table includes the remuneration of a director (external director) who resigned at the close of the 68th Ordinary General Meeting of Shareholders of the company held on June 27, 2013.

INTERVIEW WITH AN EXTERNAL DIRECTOR

To prevail in an era of global competition, we will reflect a diverse array of front line specialization and perspectives in management, and use this expertise to enhance the corporate value of the ANA Group.

Izumi Kobayashi
External Director

What are your impressions of the corporate governance structure of ANA HOLDINGS INC.? Please share your opinions on the notable aspects of the ANA Group from a management perspective.

What impressed me upon attending meetings of the Board of Directors of ANA HOLDINGS INC. was that highly positive discussions were being held on a wide range of fields, including airline-related businesses. The Board of Directors acts on the advice of external directors with integrity and speed, making it worthwhile to serve as an external director.

The ANA Group has set forth a growth strategy centered on international business. To drive this strategy forward, it is crucial to see this strategy from the perspective of how to grow the airline industry in Japan while up against global competition. I believe that it is essential to work on issues such as further improving the convenience of international transit passenger in Japan, in order to enhance the value of the ANA Group's existing network further. I also believe that the high level of awareness and hospitality that the ANA Group's staff members provide to customers at airports and in flight are strengths that the ANA Group can be proud of anywhere in the world. The ANA Group should bring these strengths together, and further enhance them as it hones its competitiveness. In so doing, I believe that the ANA Group will be highly evaluated as the world's leading airline group.

What measures do you think are necessary to achieve the goals of FY2014–16 ANA Group Corporate Strategy from a corporate governance perspective?

The recently announced FY2014–16 ANA Group Corporate Strategy sets forth unique strategies from the standpoint of a holding company in terms of business portfolio expansion, investment plans and other aspects. However, looking at the strategy from the point of view of communication with foreign investors and other stakeholders, I believe that it is necessary to discuss the frameworks for ensuring that the main thrust of the strategy is conveyed accurately. In other words, there is a need to discuss measures for recognizing the strategy in each operational front line of the ANA Group, as well as ways of promoting the strategy outside the company as a matter of course.

Furthermore, large numbers of highly specialized staff, such as cockpit crew and cabin attendant, and maintenance and ground staff, are doing outstanding work for the ANA Group. I believe that the ANA Group must enhance its system for reflecting their opinions from the front line in management. The ANA Group needs to incorporate strategic ideas and perspectives born of each standpoint in a well-balanced manner. I believe that such a system will be important to the success of this strategy.

What are your expectations for the ANA Group, starting with promoting diversity?

To promote diversity, the ANA Group needs to appoint personnel with a high degree of specialization to management posts and train them as management professionals, regardless of gender or nationality. In addition to augmenting the specialized knowledge they have developed on the front line with all manner of experience, it is crucial for these personnel to undergo the training needed to participate in management and job rotations.

The ANA Group has seen an increase in the ratio of female managers. I believe that the ANA Group must also revise the work styles of male employees, in order to further expand the stage for women to succeed. Besides focusing on important life events for women, such as marriage, childbirth, and child raising, it is important to develop flexible systems to put the abilities of individuals to good use in management. One example is to enable employees regardless of being male or female to have flexibility to choose working styles based on their stage of life and living environment from time to time.

When I worked at a financial institution, I had the opportunity to discuss "the corporate value of companies" in many different business sectors. Based on this experience, I believe that the quality of service of the ANA Group is a crucial element of the group's corporate value. Through my working experience at an international institution, I recognized the wonderful qualities of Japan, and I can see that the ANA Group, as a Japanese airline, values those unseen services provided from the customer's standpoint. I intend to do my utmost as an external director to ensure that the ANA Group appeals to people around the world by advising on how to hone "ANA's unique attributes," and thereby help to enhance corporate value.

RISK MANAGEMENT AND COMPLIANCE

The ANA Group has established a basic policy on internal control systems in accordance with the Companies Act of Japan. To strengthen and promote corporate governance, the ANA Group is implementing the following measures.

Risk Management

The ANA Group Total Risk Management Regulations set out the basic terms of the group's risk management. Under these regulations, the secretariat of the Group CSR Promotion Committee (General Administration & CSR Promotion and Legal & Insurance), CSR Promotion Officers assigned to group companies, and CSR Promotion Leaders 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 secretariat in the event of a crisis.

Risk Management from a Preventive Perspective

Under the holding company structure, each group company implements autonomous risk management activities. At the same time, ANA HOLDINGS INC. has established risk management cycles (risk identification –> analysis –> evaluation –> study and implementation of controls and countermeasures –> monitoring) for the entire group, in order to monitor the risks within each company and request risk management measures. ANA HOLDINGS INC. confirms and evaluates the progress, effectiveness, and level of achievement of the measures taken with respect to significant risks identified in each organization. The company also takes the lead in implementing measures to address issues faced by the entire group, and confirms progress through the Group CSR Promotion Committee.

Crisis Control in the Event of the Materialization of Risk

The ANA Group 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 of crises. The Emergency Response Manual (ERM) sets out responses to incidents with a direct impact on operations involving the ANA Group's aircraft, and the Crisis Management Manual (CMM) provides responses to other crises including system failures, information leaks, scandals and risks from external sources. Additionally, the ANA Group is strengthening its crisis control system group-wide by conducting practical training and drills periodically every year based on a wide range of crisis scenarios, such as accidents and hijackings.

Information Security

To safeguard information assets, such as the personal information of customers, the ANA Group implements measures in compliance with technical standards, including ISO 27000 and other global standard guidelines, as well as various laws and regulations.

The ANA Group is working to reduce the incidence of crises involving information leaks. The group conducts annual Control Self Assessments (CSA) of the status of compliance with the ANA Group Information Security Management Regulations in all group companies and departments, which have been implemented over the years. The group has also consistently implemented awareness-raising activities to firmly entrench information security rules throughout the organization.

Main Achievements in the Fiscal Year Ended March 2014

- Conducted site visits and interviews by a specialized team, mainly targeting departments of group companies that deal with the personal information of customers
- Implemented four e-learning-based awareness-raising programs for all group officers and employees to instill rules concerning information security

In the fiscal year ending March 2015, the ANA Group will bolster its information security measures by implementing an enlightening program and establishing new Social Media Guidelines that set forth matters requiring attention when group employees use social media, regardless of whether social media is used for private or professional purposes. In addition, the group will establish an Information Security Center in each group company that possesses information security skills and expertise.

Business Continuity Management

The ANA Group has prepared and periodically reviews comprehensive manuals that will help the group fulfill its mission as a public transportation institution by constructing a rapid response system for restoring service even in the event of a major disaster, such as an earthquake in the Tokyo area that causes catastrophic damage.

Main Achievements in the Fiscal Year Ended March 2014

- Commenced operation of a new disaster backup facility
- Implemented regular drills on the use of the safety confirmation system, which can be used to confirm the safety of all group executives and employees and their families, in a short span of time
- Deployed disaster-prevention radios and satellite phones and increased stockpiles at the Head Office and in major airport areas
- Raised awareness by issuing in-house publications to all group executives and employees every other month

Compliance

The ANA Group has constructed a compliance system for the entire group based on the ANA Group Compliance Regulations in order to promote compliance with laws and regulations as well as other standards in its business activities. CSR Promotion Leaders are the driving force behind the compliance system.

ANA HOLDINGS INC. has clearly identified contact points between Legal & Insurance and group companies in order to establish a system that facilitates communication between both parties. At the same time, ANA HOLDINGS INC. provides information on a range of laws and regulations that include legislation related to air transport, the Anti-Monopoly Act and labor laws to each group company individually.

The ANA Group is focusing on minimizing legal risk on a global level through such means as addressing the anti-bribery laws of each country. In these and other ways, the ANA Group is strengthening measures to prevent incidents that could lead to a decrease in corporate value.

Internal Reporting System

ANA HOLDINGS INC. has set out group regulations concerning the handling of internal reporting as subordinate rules to the ANA Group Compliance Regulations, and has established contact points both inside and outside the company. The ANA Group has also installed a helpline to serve as a contact point for internal reporting. It is available to all executives and employees, including temporary personnel. The privacy of the caller and his/her relevant parties is protected, with the assurance that no punitive measures will be taken against those who seek consultation or cooperate in confirming facts.

The group has also commissioned consultation services at an outside law firm. We make employees aware of the consultation services available through methods such as displaying posters within the group and distributing stickers.

Thoroughgoing Fair Competition and Transactions

The group recognizes the serious risks that may occur in the event of a violation of the competition laws of the countries we serve and are implementing measures to address these risks.

Currently, we have Internal Rules for Competition Law Compliance in place and distribute the ANA Group Cartel Prevention Handbook, which provides commentary on these rules through specific case studies, to relevant departments. We also provide periodic education and e-learning for managers. In addition, we must conduct fair competition and transactions in accordance with various laws and regulations related to sales and marketing. Accordingly, we provide seminars on the Act Against Unjustifiable Premiums and Misleading Representations, the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and contract affairs to help compliance staff master the appropriate knowledge.

Protection of Intellectual Property

The ANA Group works to upgrade its system for creating, protecting and using intellectual property, as well as for respecting the intellectual property rights of other companies and preventing infringements. We have clearly identified a contact point for consultation and support on matters related to intellectual property, and we disseminate information through distribution of an internal newsletter and other media for the edification of all group officers and employees.

Promote CSR in Cooperation with Business Partners

The group is aware that we are expected to promote CSR measures not just in our own business activities, but throughout the entire supply chain, which includes suppliers, manufacturers and outsourcing contractors, as part of the ANA Group's social responsibilities. The group added a Supplier Management Policy and CSR Guidelines to the ANA Group Purchasing Policy. The group will emphasize these policies and guidelines in the course of determining business partners and conduct monitoring surveys to confirm the status of their activities after the determination has been made. Looking ahead, the group will step up efforts to encourage our business partners to promote CSR measures by, for example, expanding the scope of respondents covered by the survey.

Overall (internal promotion system)	Voluntary CSR measures (formulation of in-house CSR standards, etc.)		
Human rights and working conditions	Respect and observe international norms on human rights and labor	Fair trading and ethics	Fair business activities that comply with social norms
Safety and health	Consideration for occupational safety and health at workplaces	Quality and safety	Assure product quality and safety
Environment	Measures to reduce environmental impact	Information security	Proper management and safeguards for personal and confidential information

For details, please visit our website at: http://www.anahd.co.jp/en/csr/partner/

ABOVE THE CLOUDS

FINANCIAL / DATA SECTION

We have incorporated financial information and data of the ANA Group that is reference material.

CONSOLIDATED 11-YEAR SUMMARY

ANA HOLDINGS INC. and its consolidated subsidiaries (Note 1)
Years ended March 31

	2014	2013	2012	2011
For the Year				
Operating revenues	**1,601,013**	1,483,581	1,411,504	1,357,653
Operating expenses	**1,535,027**	1,379,754	1,314,482	1,289,845
Operating income (loss)	**65,986**	103,827	97,022	67,808
Income (loss) before income taxes and minority interests	**36,391**	70,876	63,431	35,058
Net income (loss)	**18,886**	43,140	28,178	23,305
Cash flows from operating activities	**200,124**	173,196	214,406	203,889
Cash flows from investing activities	**(64,915)**	(333,744)	(166,323)	(139,619)
Cash flows from financing activities	**(85,569)**	84,549	16,171	(10,596)
Free cash flow	**135,209**	(160,548)	48,083	64,270
Substantial free cash flow (Note 3)	**38,929**	54,256	52,043	27,870
Depreciation and amortization	**136,180**	123,916	119,268	118,440
EBITDA (Note 4)	**202,166**	227,743	216,290	186,248
Capital expenditure	**183,739**	162,752	196,881	211,698
At Year-End				
Total assets	**2,173,607**	2,137,242	2,002,570	1,928,021
Interest-bearing debt (Note 5)	**834,768**	897,134	963,657	938,819
Short-term debt (Note 5)	**188,748**	142,601	127,405	146,395
Long-term debt (Note 5)	**646,020**	754,533	836,252	792,424
Total shareholders' equity (Note 6)	**746,070**	766,737	549,014	520,254
Per Share Data (Yen, U.S. dollars)				
Net income (loss)	**5.41**	13.51	11.22	9.29
Net assets	**213.82**	218.41	218.24	207.35
Cash dividends	**3.00**	4.00	4.00	2.00
Average number of shares during the year (thousand shares)	**3,493,860**	3,192,482	2,511,841	2,507,572
Management Indexes				
Operating income margin (%)	**4.1**	7.0	6.9	5.0
Net income margin (%)	**1.2**	2.9	2.0	1.7
ROA (%) (Note 7)	**3.2**	5.1	5.1	3.7
ROE (%) (Note 8)	**2.5**	6.6	5.3	4.7
Equity ratio (%)	**34.3**	35.9	27.4	27.0
Debt/equity ratio (times) (Note 9)	**1.1**	1.2	1.8	1.8
Interest-bearing debt/EBITDA (times)	**4.1**	3.9	4.5	5.0
Asset turnover (times)	**0.7**	0.7	0.7	0.7
Interest coverage ratio (times) (Note 10)	**12.4**	9.5	10.8	10.7
Current ratio (times)	**1.2**	1.6	1.2	1.1
Payout ratio (%)	**55.5**	29.6	35.7	21.5
Number of employees	**33,719**	32,634	32,884	32,731
Operating Data				
Domestic Passenger Operations				
Passenger revenues	**675,153**	665,968	651,556	652,611
Available seat-km (Millions)	**61,046**	58,508	56,756	56,796
Revenue passenger-km (Millions)	**37,861**	36,333	34,589	35,983
Number of passengers (Thousands)	**42,668**	41,089	39,020	40,574
Load factor (%)	**62.0**	62.1	60.9	63.4
Unit revenues (¥)	**11.1**	11.4	11.5	11.5
Yield (¥)	**17.8**	18.3	18.8	18.1
International Passenger Operations				
Passenger revenues	**395,340**	348,319	320,066	280,637
Available seat-km (Millions)	**41,451**	37,947	34,406	29,768
Revenue passenger-km (Millions)	**30,613**	28,545	25,351	22,430
Number of passengers (Thousands)	**6,336**	6,276	5,883	5,168
Load factor (%)	**73.9**	75.2	73.7	75.3
Unit revenues (¥)	**9.5**	9.2	9.3	9.4
Yield (¥)	**12.9**	12.2	12.6	12.5
Domestic Cargo Operations				
Cargo revenues	**32,116**	32,231	33,248	32,413
Cargo volume (Tons)	**477,081**	463,473	467,348	453,606
International Cargo Operations				
Cargo revenues	**104,736**	86,589	87,978	86,057
Cargo volume (Tons)	**710,610**	621,487	570,684	557,445

Notes: 1. As of March 31, 2014, there were 62 consolidated subsidiaries and 18 equity-method subsidiaries and affiliates.
2. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥102.92=US$1, the approximate exchange rate as of March 31, 2014.
3. Substantial investing cash flow is excluding purchase and redemption of marketable securities (periodic and negotiable deposits of more than 3 months).
4. EBITDA = operating income + depreciation and amortization
5. 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).
6. Total shareholders' equity = shareholders' equity + accumulated other comprehensive income
From the fiscal year ended March 2014, the Accounting Standard for Retirement Benefits (May 17, 2012) has been applied, and the amount affected by liabilities for retirement benefits has been adjusted to be recorded as "Remeasurements of Defined Benefit Plans."

Yen (Millions)							U.S. dollars (Thousands) (Note 2)
2010	2009	2008	2007	2006	2005	2004	**2014**
1,228,353	1,392,581	1,487,827	1,489,658	1,368,792	1,292,813	1,217,596	**15,555,897**
1,282,600	1,384,992	1,403,438	1,397,468	1,279,990	1,215,039	1,183,242	**14,914,759**
(54,247)	7,589	84,389	92,190	88,802	77,774	34,354	**641,138**
(95,593)	(4,445)	115,224	51,064	52,433	45,679	35,221	**353,585**
(57,387)	(4,260)	64,143	32,658	26,722	26,970	24,756	**183,501**
82,991	(39,783)	165,765	158,714	128,525	149,070	89,793	**1,944,461**
(251,893)	(111,139)	(69,827)	(128,298)	(46,449)	(169,247)	(95,882)	**(630,732)**
173,791	114,504	(87,336)	(100,897)	(3,137)	(51,600)	82,867	**(831,412)**
(168,902)	(150,922)	95,938	30,416	82,076	(20,177)	(6,089)	**1,313,729**
(123,902)	(150,922)	95,938	15,001	82,076	(20,177)	(6,089)	**378,245**
113,806	112,881	116,787	88,610	76,201	70,446	64,236	**1,323,163**
59,559	120,470	201,176	180,800	165,003	148,220	98,590	**1,964,302**
209,937	145,709	357,733	251,926	235,580	210,180	147,644	**1,785,260**
1,859,085	1,761,065	1,783,393	1,602,091	1,666,843	1,606,613	1,565,106	**21,119,383**
941,691	897,236	767,876	749,446	846,317	942,256	1,031,713	**8,110,843**
180,775	169,462	136,399	158,724	149,438	204,454	206,557	**1,833,929**
760,916	727,774	631,477	590,722	696,879	737,802	825,156	**6,276,914**
473,552	321,883	452,972	398,223	346,309	214,284	150,086	**7,249,028**
(24.67)	(2.19)	32.93	16.77	15.64	17.26	16.14	**0.05**
188.93	166.50	232.58	204.42	177.89	128.31	97.66	**2.08**
—	1.00	5.00	3.00	3.00	3.00	3.00	**0.03**
2,326,547	1,945,061	1,947,736	1,947,618	1,708,031	1,562,537	1,533,368	
(4.4)	0.5	5.7	6.2	6.5	6.0	2.8	
(4.7)	(0.3)	4.3	2.2	2.0	2.1	2.0	
(2.8)	0.6	5.3	6.0	5.7	5.2	2.7	
(14.4)	(1.1)	15.1	8.8	9.5	14.8	18.2	
25.5	18.3	25.4	24.9	20.8	13.3	9.6	
2.0	2.8	1.7	1.9	2.4	4.4	6.9	
15.8	7.4	3.8	4.1	5.1	6.4	10.5	
0.7	0.8	0.9	0.9	0.8	0.8	0.8	
4.6	—	10.7	8.9	6.3	7.0	4.1	
0.9	0.9	0.9	0.9	1.1	0.8	1.0	
—	—	15.2	17.9	19.2	17.4	18.6	
32,578	33,045	31,345	32,460	30,322	29,098	28,870	
630,976	699,389	739,514	726,063	685,074	658,762	644,861	**6,559,978**
57,104	59,222	62,651	62,414	60,973	60,648	63,148	
35,397	37,596	39,928	40,564	39,712	38,454	38,857	
39,894	42,753	45,557	46,471	45,474	44,486	44,784	
62.0	63.5	63.7	65.0	65.1	63.4	61.5	
11.0	11.8	11.8	11.6	11.2	10.9	10.2	
17.8	18.6	18.5	17.9	17.3	17.1	16.6	
214,124	291,077	311,577	278,478	229,232	210,735	176,956	**3,841,235**
26,723	27,905	28,285	26,607	25,338	25,190	24,626	
20,220	19,360	21,291	20,145	18,769	19,191	16,950	
4,666	4,432	4,827	4,552	4,135	4,116	3,301	
75.7	69.4	75.3	75.7	74.1	76.2	68.8	
8.0	10.4	11.0	10.5	9.0	8.4	7.2	
10.6	15.0	14.6	13.8	12.2	11.0	10.4	
31,829	33,097	30,566	30,574	29,659	29,515	26,670	**312,048**
458,732	475,014	462,569	457,914	440,750	422,397	414,406	
55,750	69,069	72,192	62,195	55,380	50,089	43,205	**1,017,644**
422,449	354,251	332,507	277,571	248,735	234,417	220,476	

7. ROA = (operating income + interest and dividend income) / simple average of total assets
8. ROE = net income / simple average of total shareholders' equity
9. 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 Accounting Standard for Lease Transactions.
10. 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.

Overview

Overview of the ANA Group

The ANA Group, or "the group," comprises the holding company, ANA HOLDINGS INC., 121 subsidiaries and 40 affiliates, including All Nippon Airways Co., Ltd. The group has 62 consolidated subsidiaries and 18 equity-method subsidiaries and affiliates as of the end of March 2014.

In the fiscal year ended March 2014, the group addressed many different pressing issues from the beginning of the year. These included the grounding of Boeing 787 aircraft, decline in profit due to the sudden yen depreciation, and stagnant demand on China routes caused by the Senkaku Islands territorial dispute. Consequently, the group was forced to revise its full-year earnings forecasts at the second quarter financial results. Meanwhile, heading into the second half of the fiscal year, the group started to see improving business conditions supported by the "Abenomics" policies reflected in the demand trends for air travel. Therefore, we were able to post higher earnings than our revised forecasts primarily in the mainstay air transportation business. As a result, the group posted operating revenues of ¥1,601.0 billion, an increase of 7.9% year on year, although operating income decreased 36.4% year on year to ¥65.9 billion and net income declined 56.2% to ¥18.8 billion.

Economic Conditions

General Economic Overview

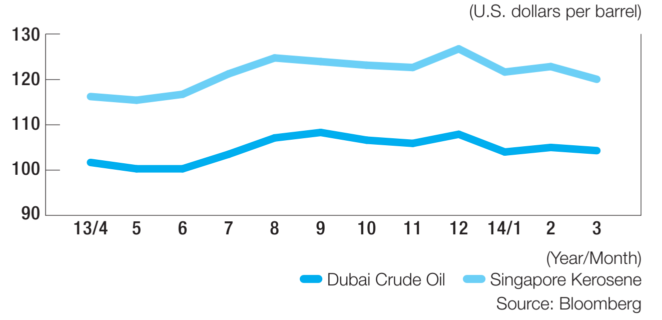
In the fiscal year ended March 2014, the Japanese economy followed a gradual recovery path, showing signs of higher consumer spending, improving corporate earnings and a pickup in capital expenditures. These positive developments were supported by the current Japanese government's bold monetary policies and dynamic fiscal policies aimed at ending deflation. Regarding the fiscal year ending March 2015, there have been some concerns about the drop resulting from the spike in demand ahead of the increase in the consumption tax rate in April. However, the negative impacts are gradually subsiding, and the benefits of various economic policies are coming to the fore. As a result, the Japanese economy is still on the recovery path.

Fuel Price and Exchange Rate Trends

The price of crude oil remained high throughout the fiscal year ended March 2014. As of the end of March 2014, the Dubai crude oil price was $104.8 per barrel, with an average price for the fiscal year of $104.4 per barrel.

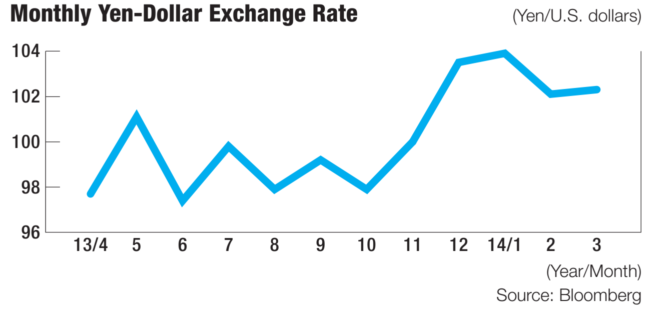
In addition, the market price of Singapore kerosene tracked the price of crude oil and ended the fiscal year at $120.2 per barrel as of the end of March 2014, with an average price for the fiscal year of $121.1 per barrel.

Monthly Prices for Dubai Crude Oil and Singapore Kerosene



The yen weakened sharply from the previous fiscal year. The average exchange rate was ¥98.9 per U.S. dollar during the first half and ¥101.5 per U.S. dollar during the second half. Consequently, the exchange rate averaged ¥100.2 per U.S. dollar for the fiscal year ended March 2014, around ¥17 weaker than in the previous fiscal year.

Monthly Yen-Dollar Exchange Rate



Air Transport Traffic Trends

In fiscal 2013, the number of passengers on scheduled international routes of airlines that are members of the International Air Transport Association (IATA) increased 6.5% compared with the previous year to 1,250 million. Passengers on scheduled domestic routes increased 4.3% to 1,870 million. Moreover, scheduled global air cargo volume increased 2.0%. (Source: IATA World Air Transport Statistics, 2013)

In terms of the air transport traffic in Japan, the number of passengers on trunk routes* increased 6.7% from the previous fiscal year to 39.36 million, while passengers on local routes increased 8.5% from the previous fiscal year to 53.29 million. In total, the number of passengers on scheduled domestic routes in the fiscal year ended March 2014 increased 7.7% compared with the previous fiscal year to 92.64 million, which continued to increase as in the previous fiscal year. The volume of domestic cargo increased 3.2% from the previous fiscal year to 0.93 million tons. The number of passengers carried by Japanese carriers on international routes in the fiscal year ended March 2014 increased 6.2% from the previous fiscal year to 15.09 million. The volume of international cargo handled by Japanese carriers increased 8.1% from the previous fiscal year to 1.23 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report)

Note: Trunk routes refer to routes connecting Sapporo (New Chitose), Tokyo (Haneda), Osaka (Itami), Kansai, Fukuoka, and Okinawa (Naha) airports with one another. Local routes refer to all other routes.

Performance for the Fiscal Year Ended March 2014

Operating Revenues, Expenses and Operating Income

Operating revenues increased 7.9%, or ¥117.4 billion, year on year to ¥1,601.0 billion. The group steadily captured generally increasing demand as it expanded its scale of business, although the decrease in operating revenues of air transportation business, due to the grounding of Boeing 787 from January to May 2013 and the declined demand on China routes caused by Senkaku Islands dispute.

Operating expenses rose ¥155.2 billion, or 11.3%, to ¥1,535.0 billion, primarily due to higher fuel expenses reflecting foreign exchange impacts, in addition to operation-linked expenses. As for Cost Restructuring Initiatives, the group achieved cost reductions of ¥20.5 billion, above the revised full-year target of ¥20.0 billion, which was announced together with earnings for the second quarter of the fiscal year.

Consequently, operating income decreased 36.4%, or ¥37.8 billion, compared with the previous fiscal year to ¥65.9 billion.

Review of Operating Segments

In the fiscal year ended March 2013, the group's reportable segments were categorized under "Air Transportation" and "Travel Services." However, from the perspective of promoting the autonomous management of group companies following the transition to a holding company structure, beginning in April 2013, ANA HOLDINGS INC. and its airlines in the Air Transportation business have been classified as "Air Transportation," and the airport, maintenance, IT and logistics businesses have been reorganized into the "Airline Related" segment, while the trading company business included in "Other" has been split off to be classified as "Trade and Retail." Furthermore, the expenses of the holding company and as cretin items related to the management of the group are now recorded as adjustments. The segment information below has been prepared using the method of classification subsequent to this change (Please refer to "Segments Overview" section on pages 28-35 for additional details).

Air Transportation

Segment operating revenues increased 7.9%, or ¥102.4 billion, compared with the previous fiscal year to ¥1,395.2 billion. Results by business follow.

In domestic passenger operations, both business and leisure demand kept stable trends. The group enhanced its network and improved convenience. On the marketing front, the group stepped up efforts to capture demand by strategic pricing management in order to stimulate demand. The number of passengers on domestic routes therefore increased 3.8% year on year to 42.66 million, while unit price decreased 2.4% year on year to ¥15,823. As a result, operating revenues from domestic passenger operations increased 1.4% to ¥675.1 billion compared with the previous fiscal year despite the negative impact on revenue from the grounding of Boeing 787 aircraft.

In international passenger operations, both business and leisure demand remained stable primarily on North American and Asian routes. Demand on China routes, which had declined, recovered in the second half of the fiscal year to levels seen before the Senkaku Islands dispute, supported by growth in passenger demand to Japan beginning in the summer. In conjunction with an expansion of business scale, the group worked to capture demand for inbound travel to Japan and for trilateral traffic as well as domestic demand in Japan. The group also made efforts to strengthen yield management, along with reaping benefits from yen depreciation. As a result, the number of passengers on international routes increased 1.0% to 6.33 million and unit price increased 12.4% year on year to ¥62,393. Despite some negative impacts from the grounding of Boeing 787 as same as in domestic flights, operating revenues from international passenger operations increased 13.5% compared with the previous fiscal year to ¥395.3 billion.

Segment Information

Yen (Millions)

	Operating Revenues			Operating Income (Loss)			EBITDA		
	2014	2013	Change	2014	2013	Change	2014	2013	Change
Air Transportation	¥1,395,211	¥1,292,719	¥102,492	¥ 65,367	¥ 89,115	¥(23,748)	¥197,279	¥208,778	¥(11,499)
Airline Related	189,639	178,164	11,475	2,745	6,395	(3,650)	6,037	9,440	(3,403)
Travel Services	173,478	161,001	12,477	4,429	4,480	(51)	4,479	4,574	(95)
Trade and Retail	110,278	97,759	12,519	3,317	2,896	421	4,044	3,760	284
Subtotal	1,868,606	1,729,643	138,963	75,858	102,886	(27,028)	211,839	226,552	(14,713)
Other	30,119	28,853	1,266	1,367	1,099	268	1,566	1,349	217
Adjustment	(297,712)	(274,915)	(22,797)	(11,239)	(158)	(11,081)	(11,239)	(158)	(11,081)
Total (Consolidated)	¥1,601,013	¥1,483,581	¥117,432	¥ 65,986	¥103,827	¥(37,841)	¥202,166	¥227,743	¥(25,577)

Notes: 1. "Other" represents all business segments that are not included in the reportable segments, such as facility management, business support and other operations.
2. Adjustments of segment profit represent inter-segment transactions and eliminations, the group management expenses of ANA HOLDINGS, INC., and certain other items. However, these expenses were included in the Air Transportation segment in the fiscal year ended March 2013, because of the difficulty in accounting for the expenses on the current basis in fiscal years before the group shifted to the holding company structure.
3. Segment profit is reconciled with operating income on the consolidated financial statements.
4. EBITDA = operating income + depreciation and amortization

In cargo and mail operations, domestic cargo operating revenues decreased 0.4% year on year to ¥32.1 billion. This decrease reflected a decline in unit price due to competition with other airlines, despite a year-on-year increase in domestic cargo volume.

In international cargo services, operating revenues increased 21.0% from the previous fiscal year to ¥104.7 billion. This increase was due to efforts to capture demand from solid growth in transportation of automobile parts as well as develop trilateral traffic demand by the expansion of the Okinawa Cargo Hub & Network. In mail services, operating revenues from domestic operations declined year on year, whereas operating revenues from international operations were higher than the previous fiscal year. Consequently, operating revenues from cargo and mail operations rose 15.3% year on year to ¥145.5 billion.

Operating revenues from other air transportation operations increased 17.8% year on year to ¥179.1 billion, largely because of increases in revenues from contracted maintenance and handling and ancillary businesses, such as card and mileage services. Revenues from Vanilla Air Inc. (previously AirAsia Japan Co., Ltd.), a wholly owned consolidated subsidiary of ANA HOLDINGS INC., are included in operating revenues from other air transportation operations.

Turning to operating expenses, the group achieved cost reductions of ¥20.5 billion in the fiscal year ended March 2014, through measures such as building an efficient operating structure. These cost cutting efforts were made to curtail increasing operation-linked expenses, such as landing and navigation fees, aircraft leasing expenses and outsourcing expenses, in line with expansion of business scale. However, increased expenses such as higher fuel expenses due to yen depreciation had a larger impact. As a result, operating expenses increased ¥126.2 billion, or 10.5%, to ¥1,329.8 billion.

Consequently, segment profit in the air transportation business decreased ¥23.7 billion, or 26.6%, year on year to ¥65.3 billion.

Breakdown of Air Transportation Expenses

Yen (Millions)

Years ended March 31	2014	2013
Fuel and fuel tax	¥ 366,148	¥ 299,856
Landing and navigation fees	108,294	102,161
Aircraft leasing	79,057	70,182
Depreciation and amortization	129,861	117,784
Aircraft maintenance—parts and contracts	83,140	71,992
Personnel	167,634	172,310
Sales commissions	77,833	70,428
Outsourcing	157,367	137,959
Other	160,510	160,932
Total	¥1,329,844	¥1,203,604

Breakdown of Air Transportation Expenses

Fuel and fuel tax expenses

Fuel and fuel tax expenses increased ¥66.2 billion, or 22.1%, compared with the previous fiscal year to ¥366.1 billion, and accounted for 27.5% of segment operating expenses, compared with 24.9% in the previous fiscal year. The group recorded foreign exchange impacts, including hedge effectiveness, due to yen depreciation. These impacts accounted for about ¥42.0 billion of the year-on-year increase of ¥66.2 billion.

Fuel consumption volume increased mainly due to expanded capacity on international routes. The group is working to control the increase in fuel consumption volume through the continuous efforts to enhance fuel efficiency, including actively introducing fuel-efficient aircraft. In the fiscal year ended March 2014, measures to reduce jet fuel taxes were carried over from the previous fiscal year.

Landing and navigation fees

The number of flights increased 3.0% on domestic routes, increased 1.3% on international routes, and increased 8.1% on cargo routes. Landing and navigation fees increased ¥6.1 billion, or 6.0%, year on year to ¥108.2 billion, due primarily to the increase in flights on international routes.

Aircraft leasing expenses

Aircraft leasing expenses increased ¥8.8 billion, or 12.6%, compared with the previous fiscal year to ¥79.0 billion. The number of leased aircraft in service decreased by two from a year earlier to 52 at the end of the fiscal year, however expenses for blocking seats increased because the scale of code-share operations with domestic partner airlines expanded.

Depreciation and amortization expenses

Depreciation and amortization expenses increased ¥12.0 billion, or 10.3%, compared with the previous fiscal year to ¥129.8 billion. This increase primarily reflected depreciation of aircraft due to the introduction of Boeing 787-8s and other new aircraft. The number of group-owned aircraft increased by three compared with the previous fiscal year-end to 179.

Note: From the fiscal year ended March 2014, the ANA Group has revised the useful lives of certain aircraft in order to more properly reflect their future estimated useful lives. In addition, the ANA Group has changed the depreciation method for equipment excluding aircraft, buildings and leased assets, from the declining balance method to the straight-line method from the fiscal year ended March 2014.

Aircraft maintenance expenses—parts and contracts

Aircraft maintenance expenses increased ¥11.1 billion, or 15.5%, compared with the previous fiscal year to ¥83.1 billion. Primary factors included higher foreign currency-denominated expenses due to yen depreciation and an increase in contracted maintenance.

Personnel expenses

Personnel expenses decreased ¥4.6 billion, or 2.7%, compared with the previous fiscal year to ¥167.6 billion. The main factors were that the group enhanced productivity through Cost Restructuring Initiatives, and that certain personnel expenses transferred to the newly established Airline-Related business were reclassified as outsourcing expenses because of a segment reclassification and realignment of group companies conducted following the transition to a holding company structure.

Sales commissions

Sales commissions increased ¥7.4 billion, or 10.5%, compared with the previous fiscal year to ¥77.8 billion. This was primarily because of higher sales planning expenses partially linked to the increase in operating revenues in conjunction with expansion of business scale.

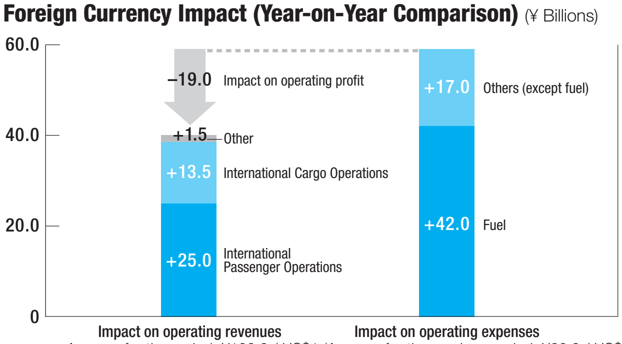
Outsourcing expenses

Outsourcing expenses increased ¥19.4 billion, or 14.1%, to ¥157.3 billion. This mainly reflected the reclassification of certain personnel expenses related to ground handling and other areas to outsourcing expenses because of a segment reclassification and realignment of group companies. Another factor was an increase due to expansion in the scale in the business.

Other expenses

Other expenses decreased ¥0.4 billion, or 0.3%, compared with the previous fiscal year to ¥160.5 billion. Other expenses were mostly unchanged from the previous fiscal year owing to efforts toward Cost Restructuring Initiatives, despite increases in airport lounge, in-flight service and other expenses due to the expansion of business.

Foreign Currency Impact (Year-on-Year Comparison) (¥ Billions)



Average for the period: ¥100.2 / US$1 (Average for the previous period: ¥83.0 / US$1)

Airline Related

Segment operating revenues increased ¥11.4 billion, or 6.4%, to ¥189.6 billion. The main contributing factors were an increase in contracted airport ground support services for foreign airlines, the recording of revenues from ANA AIRPORT SERVICES Co., Ltd., which started a ground handling service and increased revenues from Overseas Courier Services Co., Ltd., and the consolidation of Pan Am Holdings, Inc. and its subsidiaries. Segment profit decreased ¥3.6 billion, or 57.1%, to ¥2.7 billion.

Performance in the Airline Related Segment

Yen (Millions)

Years ended March 31	2014	2013
Segment revenues	¥189,639	¥178,164
Segment operating expenses	186,894	171,769
Segment profit	¥ 2,745	¥ 6,395

Travel Services

Domestic travel services benefited from increased demand for travel to the Kanto and Okinawa areas, and solid performance of the mainstay *ANA Sky Holiday* packages and *Tabisaku* dynamic packages. In international travel services, operating revenues increased year on year due to solid performance of *Tabisaku* and *ANA Wonder Earth* and the expansion of the product lineup with *ANA Hallo Tour*. Consequently, segment operating revenues increased ¥12.4 billion, or 7.7%, compared with the previous fiscal year to ¥173.4 billion. However, the cost of overseas travel products increased due to foreign exchange impacts. As a result, segment profit decreased ¥51 million, or 1.1%, year on year to ¥4.4 billion.

Performance in the Travel Services Segment

Yen (Millions)

Years ended March 31	2014	2013
Segment revenues	¥173,478	¥161,001
Revenues from domestic package products	139,980	129,785
Revenues from international package products	23,247	22,297
Other revenues	10,251	8,919
Segment operating expenses	169,049	156,521
Segment profit	¥ 4,429	¥ 4,480

Trade and Retail

In retail, the *ANA FESTA* airport shops performed well, and in addition to increased sales by *ANA DUTY FREE SHOP* stores in airports, the *ANA* online shopping site *A-style* had increased turnover mainly due to an increase in the number of products traded. In the food business, there were increased sales of core products such as bananas. As a result, segment operating revenues increased ¥12.5 billion, or 12.8%, to ¥110.2 billion. Segment profit rose ¥0.4 billion, or 14.5%, to ¥3.3 billion.

Performance in the Trade and Retail Segment

Yen (Millions)

Years ended March 31	2014	2013
Segment revenues	¥110,278	¥97,759
Segment operating expenses	106,961	94,863
Segment profit	¥ 3,317	¥ 2,896

Other

Due to factors such as stable performance in the building maintenance business and the real estate business, operating revenues in other were ¥30.1 billion, an increase of ¥1.2 billion, or 4.4%,

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year on year, and segment profit was ¥1.3 billion, an increase of ¥0.2 billion, or 24.4%, year on year.

Performance in the Other Businesses Segment

Yen (Millions)

Years ended March 31	2014	2013
Segment revenues	¥30,119	¥28,853
Segment operating expenses	28,752	27,754
Segment profit	¥ 1,367	¥ 1,099

Non-Operating Income (Expenses)

Net non-operating expenses totaled ¥29.5 billion, compared with net non-operating expenses of ¥32.9 billion for the previous fiscal year.

The group recorded special retirement benefit expenses related to an early retirement program, and expenses related to revision of pension plans, which reflected a shift in pension plans from defined benefit plans to defined contribution plans. On the other hand, these expenses were offset by other major factors including a decrease in impairment losses, primarily due to impairment of assets expected to be sold, and lower interest expenses, as well as increases in gain on sale of property and equipment and equity in earnings of non-consolidated subsidiaries and affiliates, including Peach Aviation Limited.

Net Income

As a result of the above, income before income taxes and minority interests decreased 48.7% year on year to ¥36.3 billion. After income taxes and other adjustments, net income decreased 56.2% year on year to ¥18.8 billion. Earnings per share were ¥5.41, compared with ¥13.51 for the previous fiscal year.

Comprehensive income decreased 47.2% year on year to ¥26.7 billion.

Non-Operating Income (Expenses)

Yen (Millions)

Years ended March 31	2014	2013
Interest and dividend income	¥ 3,536	¥ 2,640
Interest expenses	(15,933)	(18,026)
Foreign exchange gain/loss, net	(1,194)	1,967
Gain on sale of property and equipment	2,940	1,024
Loss on sale/disposal of property and equipment	(8,855)	(7,856)
Depreciation of idle assets	(2,051)	(2,012)
Impairment loss	(322)	(5,496)
Equity in earnings of non-consolidated subsidiaries and affiliates	1,336	478
Gain on sale of investments in securities	903	71
Valuation loss on investments in securities	–	(418)
Subsidy	130	360
Surrender value of insurance	–	151
Provision for accrued employees' retirement benefit	(6,368)	(6,369)
Special retirement benefit expenses	(1,548)	(146)
Refurbishment expense for return of lease aircraft	–	(1,422)
Settlement package	1,744	–
Amortization of goodwill	(2,083)	–
Expenses related to revision of pension plans	(3,976)	–
Gain on compensation	107	–
Others, net	2,039	2,103
Total	¥(29,595)	¥(32,951)

Cash Flows

Fundamental Approach

The 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 total interest-bearing debt by managing free cash flow.

In addition to strengthening competitiveness over the medium and long term, the group conducts continuous strategic investment to strengthen competitiveness over the medium and long term, in order while aiming to enhance the stability of financial condition.

In general, the group raises funds mainly through lending from banks and bond issuance, and has concluded commitment lines totaling ¥110.0 billion with 13 leading domestic financial institutions to ensure emergency access to working capital. All of the commitment lines were unused as of the end of March 2014.

In terms of the investment for aircraft as the main capital expenditure, the group is able to take advantage of the Japan Bank for International Cooperation's guarantee system for lending from financial institutions.

Overview of the Fiscal Year Ended March 2014

The group recorded free cash flow in income of ¥135.2 billion, which is the sum of the cash flow from operating activities and investing activities. The cash flow from financing activities totaled ¥85.5 billion. As a result, cash and cash equivalents* increased ¥49.6 billion from a year earlier to ¥240.9 billion as of the end of March 2014.

* Includes the net increase resulting from changes in the scope of consolidation

Cash Flows from Operating Activities

The group recorded income before income taxes and minority interests of ¥36.3 billion, a decrease of ¥34.4 billion compared with ¥70.8 billion for the previous fiscal year. Adjustments for depreciation and amortization and other non-cash items and an increase in accounts and notes payable – trade contributed to the increase in cash provided by operating activities, while an increase in accounts and notes receivable – trade and income taxes paid were among the factors that used cash. As a result, cash flows from operating activities increased ¥26.9 billion compared with the previous fiscal year to ¥200.1 billion.

Interest Coverage Ratio

(Times)

Years ended March 31	2014	2013	2012	2011	2010
Interest coverage ratio	12.4	9.5	10.8	10.7	4.6

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

Cash Flows from Investing Activities

Cash flows from investing activities decreased ¥268.8 billion compared with the previous fiscal year to ¥64.9 billion. Uses of cash included payment for purchase of property and equipment totaling ¥167.8 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 ¥15.8 billion. On the other hand, proceeds from sale of property and equipment, which included aircraft, totaled ¥46.3 billion. Moreover, net proceeds from the sale of time deposits and negotiable certificates of deposit with maturities of more than three months totaled ¥96.2 billion. Excluding these fund transfers, cash flows from investing activities would have been ¥161.1 billion.

Free Cash Flow

As discussed above, cash flows from operating activities totaled income of ¥200.1 billion, and cash flows from investing activities totaled expenditures of ¥64.9 billion. Consequently, free cash flow was income of ¥135.2 billion, a change of ¥295.7 billion from the negative free cash flow in the previous fiscal year. However, substantial free cash flow would have been income of ¥38.9 billion, a decrease of ¥15.3 billion from the previous fiscal year, in the case of excluding periodic and negotiable deposits of more than three months from cash flows from investing activities.

Cash Flows from Financing Activities

Cash flows from financing activities totaled expenditures of ¥85.5 billion, a change of ¥170.1 billion compared with net cash provided by financing activities of ¥84.5 billion for the previous fiscal year. The group used cash totaling ¥14.0 billion for payment for dividends. Cash was also used for the repayment of bonds, long-term debt and finance lease obligations. Meanwhile, the group recorded proceeds from the issuance of bonds and from long-term debt in the fiscal year ended March 2014. In the previous fiscal year, the group procured funds totaling ¥173.7 billion from the issuance of new stock.

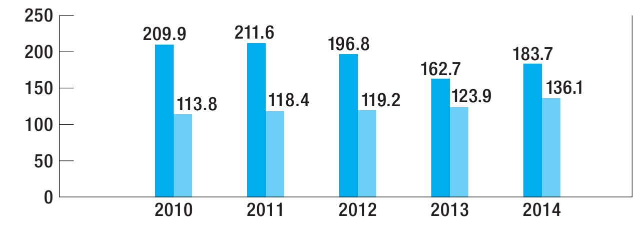
Capital Expenditure and Aircraft Procurement

Capital Expenditure

Capital expenditure of the group mainly comprises the acquisition of aircraft, spare engines and aircraft parts as well as investments related to information systems. Capital expenditure in the fiscal year ended March 2014 increased 12.9% compared with the previous fiscal year to ¥183.7 billion, mainly on investment in aircraft such as the Boeing 787, a strategic aircraft.

By segment, compared with the previous fiscal year capital expenditure increased 10.3% to ¥178.4 billion in the air transportation business, increased 64.0% to ¥3.3 billion in the airline related business, decreased 10.3% to ¥35 million in the travel services business, increased 63.7% to ¥1.9 billion in the trade and retail business, and decreased 7.7% to ¥0.1 billion in the other business.

Capital Expenditure/Depreciation and Amortization (¥ Billions)
Years ended March 31



* Capital investment contains only fixed assets.

Fundamental Approach to Aircraft Procurement

Aircraft are major investments that are used over the long term for more than ten years. Decisions regarding the selection of aircraft types suited to networks and the pursuit of best fleet composition are the most important issues for airline management.

The group has three policies of fleet strategy: increasing cost competitiveness by introducing fuel-efficient aircraft, optimizing supply and demand by increasing the proportion of narrow- and medium-body aircraft, and enhancing productivity by integrating aircraft types. Fundamentally, the group purchases and owns strategic aircraft it intends to use over the medium to long term, and uses operating leases to procure aircraft it intends to use over the short term or for capacity adjustment. The group also uses finance leases from the standpoint of diversifying corporate financing channels. In these and other ways, the group constantly selects the most economical aircraft procurement method.

Decided to Place Firm Orders for 70 Aircraft of Five Types

The ANA Group has decided to place firm orders for 70 aircraft of five types in order to stably secure the aircraft needed to implement its medium- to long-term growth strategy and replace existing aircraft in its fleet. (Timely disclosure filed on March 27, 2014.)

Aircraft type		Number of aircraft ordered	Delivery period
Medium-sized to wide body	Boeing 777-300ER	6	FY2018 to 2019
	Boeing 777-9X	20	FY2021 to 2027
	Boeing 787-9	14	FY2017 to 2021
Narrow body	Airbus A320neo	7	FY2016 to 2018
	Airbus A321neo	23	FY2017 to 2023

Aircraft Procured in the Fiscal Year Ended March 2014

In line with the above fleet strategy, the group's operating fleet increased by one aircraft from a year earlier to 231 aircraft as of the end of March 2014.

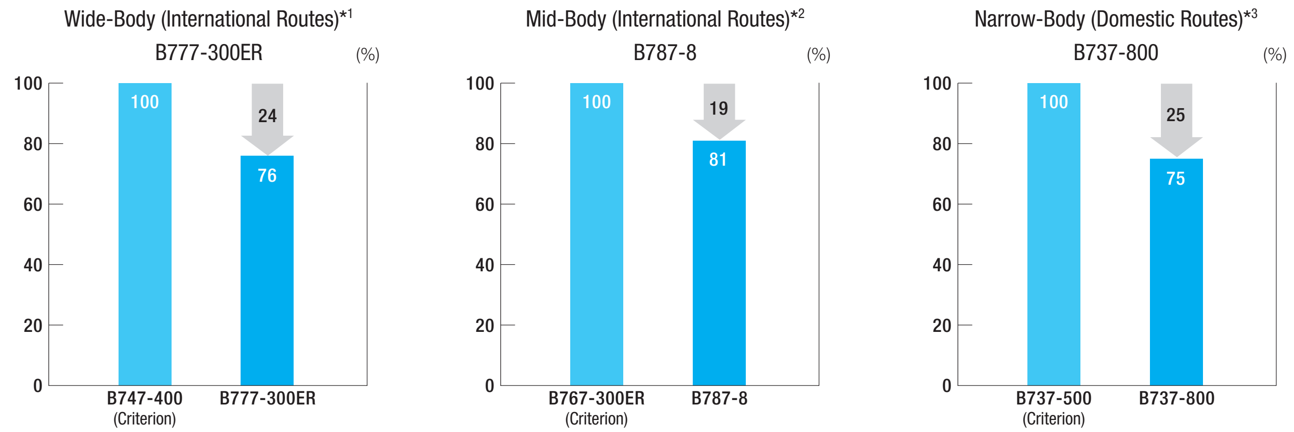
During the fiscal year ended March 2014, the group purchased 16 new aircraft. The aircraft consisted of 10 Boeing 787-8s, two Boeing 777-200s, three Boeing 737-800s, and one Bombardier DHC-8-400. On the other hand, the group sold a total of 17 aircraft during the fiscal year ended March 2014, including four Boeing 747-400Ds and five Boeing 767-300s (of these aircraft, four were leased and will continue to be used). The table below shows changes in the number of aircraft in service, including the return of leased aircraft and aircraft leased outside the group.

Introduction and Retirement, etc., of Aircraft in the Fiscal Year Ended March 2014

	Number of Aircraft in use as of March 31, 2014	( ) changes		Changes in the fiscal year ended March 2014			
Aircraft		Owned	Leased	Total Changes	Remarks		
Boeing 747-400D	1	1 (–4)	0	–4	–4	Sold	
Boeing 777-300	26	23	3				
Boeing 777-200	28	20	8 (+2)	+2	+2	Purchased	
					–2	Sold	Sale and lease-back
					+2	Leased-in	
Boeing 787-8	27	27 (+10)	0	+10	+10	Purchased	
Boeing 767-300	47	27 (–4)	20	–4	+1	Returned from lease out	Sale of aircraft after return from leasing outside of the group
					–1	Sold	
					–4	Sold	
Boeing 767-300F (Freighter)	9	7	2				
Boeing 737-800	24	21 (+1)	3 (+2)	+3	+3	Purchased	
					–2	Sold	Sale and lease-back
					+2	Leased-in	
Boeing 737-700	13	10 (–3)	3	–3	–3	Leased-out	Lease of aircraft outside of the group
Boeing 737-500	15	15 (+1)	0 (–2)	–1	+1	Returned from lease out	Return of aircraft leased outside of the group
					–2	Returned	Purchase of leased aircraft after return on completion of lease
					+2	Purchased	
					–2	Sold	
Airbus A320-200	19	16 (–2)	3 (–1)	–3	–5	Returned	Aircraft used by previously AirAsia Japan Co., Ltd.
					+4	Leased-in	
					–2	Sold	
Bombardier DHC-8-400	21	11 (+4)	10 (–3)	+1	+1	Purchased	
					–3	Returned	Purchase of leased aircraft after return on completion of lease
					+3	Purchased	
Bombardier DHC-8-300	1	1	0				
Total	231	179 (+3)	52 (–2)	+1	+21	Purchased	Purchased five aircraft after return on completion of lease
					+8	Leased-in	Sale and lease-back of four aircraft
					+2	Returned from lease out	
					–17	Sold	Sale of one aircraft after return from leasing outside of the group
					–10	Returned	
					–3	Leased-out	

The above table includes five Airbus A320-200 aircraft, all of which are leased-in for operation by Vanilla Air Inc.
In addition to the above, the group had leased 14 aircraft outside of the group as of March 31, 2014 (13 aircraft as of March 31, 2013).

Fuel Consumption by Aircraft Type



*1. Figures are based on the Narita–New York route.

*2. Figures are per ASK and based on the Narita–Sapporo route, with full capacity.

*3. Figures are per ASK and based on the Haneda–Okinawa route, with full capacity.

Aircraft Procurement Plan for the Fiscal Year Ending March 2015

The group's aircraft procurement plan for the fiscal year ending March 2015 involves the introduction of 17 aircraft to ensure that the group takes advantage of business opportunities available, with emphasis on business expansion on international routes. This will include three Boeing 787-9s, five Boeing 787-8s, one Boeing 777-300, one Boeing 767-300F (Freighter), and seven Boeing 737-800s. On the other hand, the group plans to continue to integrate the number of aircraft type and to steadily improve its cost structure by introducing more fuel-efficient aircraft. The group therefore plans to retire a total of 11 aircraft, including the five Boeing 767-300s, during the fiscal year ending March 2015.

Financial Position

Assets

As of the end of March 2014, total assets increased ¥36.3 billion from a year earlier to ¥2,173.6 billion.

Current assets decreased ¥21.4 billion from a year earlier to ¥696.2 billion, primarily because cash on hand decreased ¥57.4 billion to ¥28.9 billion. Marketable securities increased ¥11.0 billion to ¥344.1 billion. Liquidity available from cash on hand and in banks and marketable securities decreased ¥46.4 billion to ¥373.1 billion.

Total non-current assets increased ¥58.1 billion from a year earlier to ¥1,476.0 billion mainly because aircraft, a component of property and equipment, increased ¥21.6 billion. Deferred income taxes – non-current increased from a year earlier due to the recording of retirement benefit obligations in line with the adoption of new accounting standards, while expanded profit reduced tax loss carry-forwards.

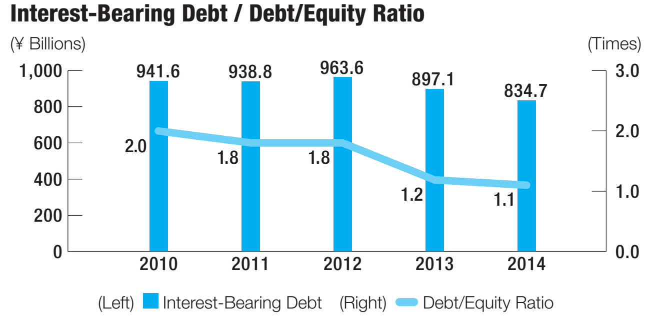
Liabilities

Total liabilities as of the end of March 2014 increased ¥58.1 billion from a year earlier to ¥1,422.3 billion.

Current liabilities increased ¥115.5 billion from a year earlier to ¥573.9 billion. Although the group made scheduled debt repayments during the fiscal year under review, the current portion of long-term debt increased ¥58.4 billion after being moved from long-term debt, and accounts and notes payable increased ¥21.6 billion.

Long-term liabilities decreased ¥57.3 billion from a year earlier to ¥848.3 billion, largely because of a ¥122.7 billion decrease in long-term debt from a year earlier as the group moved long-term debt to current liabilities and controlled new loans. Interest-bearing debt including finance lease obligations therefore decreased ¥62.3 billion from a year earlier to ¥834.7 billion. The debt/equity ratio decreased to 1.1 times from 1.2 times a year earlier. The group recorded net defined benefit liabilities of ¥181.1 billion as of the end of March 2014, including accrued employees' retirement benefits recorded until the end of March 2013, plus unrecognized retirement obligations and other items. The adoption of new accounting standards for retirement benefits had the effect of pushing up long-term liabilities by approximately ¥50.0 billion.

Interest-Bearing Debt / Debt/Equity Ratio



*Excluding off-balance sheet lease obligations

Interest-Bearing Debt

As of March 31	2014	2013
	Yen (Millions)	
Short-term loans:		
Short-term bank loans	¥ 153	¥ 250
Current portion of long-term loans	169,003	110,589
Current portion of bonds and notes	10,000	20,000
Current portion of finance lease obligation	9,592	11,762
	¥188,748	¥142,601
Long-term debt (excluding current portion):		
Loans, principally from banks	¥499,022	¥621,806
Bonds	125,000	105,000
Finance lease obligations	21,998	27,727
	¥646,020	¥754,533
Total interest-bearing debt	¥834,768	¥897,134

Net Assets

As of the end of March 2014, net assets decreased ¥21.8 billion from a year earlier to ¥751.2 billion.

Retained earnings increased ¥5.1 billion from a year earlier to ¥155.8 billion, reflecting net income after payment of cash dividends. Accumulated other comprehensive income decreased ¥21.3 billion from a year earlier to negative ¥4.1 billion. Factors included the recording of remeasurements of defined benefit plans in line with the adoption of new accounting standards, despite an increase in deferred gain on hedging instruments.

As a result, total shareholders' equity, defined as shareholders' equity plus accumulated other comprehensive income, decreased ¥20.6 billion from a year earlier to ¥746.0 billion. The shareholder's equity ratio decreased to 34.3% from 35.9% a year earlier.

Book value per share (BPS) decreased to ¥213.82 per share from ¥218.41 at the end of the previous fiscal year.

Bond Ratings

ANA HOLDINGS INC. 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 the end of March 2014 are as follows:

Bond Ratings

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

Retirement Benefit Obligation

The group 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. The group has adopted defined contribution pension plans as well as defined benefit pension plans. Certain employees are entitled to premium retirement benefits mainly upon retirement.

Certain consolidated subsidiaries of the group shifted part of their defined benefit corporate pension plans (excluding the portion for current pension beneficiaries) to defined contribution pension plans. Through this measure, the group expects to be able to minimize the expanded risk of pension obligations in the future.

Retirement Benefit Obligation and Related Expenses

As of / Years ended March 31	2014	2013
	Yen (Millions)	
Retirement benefit obligation	¥(298,796)	¥(299,651)
Plan assets at fair value	117,740	108,418
Unfunded retirement benefit obligation	(181,056)	(191,233)
Net amount unrecognized	–	60,456
Net liability and asset for retirement benefits in the balance sheet	(181,056)	(130,777)
Prepaid pension cost	–	13
Asset for retirement benefits	45	–
Accrued employees' retirement benefits	–	¥(130,790)
Liability for retirement benefits	¥(181,101)	–
Net periodic pension and severance cost	¥ 25,292	¥ 23,295
Discount rate	1.2–2.0%	1.1–2.5%

Fuel Price and Exchange Rate Hedging

The group has been pursuing and conducting optimal hedge transactions to reduce the impact of volatility in fuel prices and foreign exchange rates on operating expenses, with the objective of controlling the risk of fluctuations in earnings. Moreover, the group has shifted the objective of its hedging policies to stabilizing profitability, not just equalizing expenses, because recent business expansion centered on international routes has led to increases in operating revenues from fuel surcharges and foreign currency revenues.

For fuel hedging, in consideration of the relationship affects of fuel surcharges on operating revenues, the group conducts fuel hedging three years in advance of the applicable period. As of the end of March 2014, the group had a hedge ratio of approximately 65% for the fiscal year ending March 2015, approximately 35% for the fiscal year ending March 2016, and approximately 15% for the fiscal year ending March 2017.

For foreign exchange, the group hedges recurring U.S. dollar payments for fuel expenses mainly and U.S. dollar payments associated with capital expenditure for aircraft and other items, beginning three years prior to the applicable period. The group considers the balance of foreign-currency revenues and foreign-currency expenses with respect to recurring U.S. dollar payments, and uses forward exchange agreements to hedge any portion of foreign-currency expenses in excess of foreign-currency revenues. As of the end of March 2014, the group had a hedge ratio for recurring fuel payments of approximately 75% for the fiscal year ending March 2015, approximately 40% for the fiscal year ending March 2016, and approximately 15% for the fiscal year ending March 2017.

Fuel price sensitivity

Fuel expenses sensitivity to fluctuations in crude oil prices for the fiscal year ending March 2015 is as follows
(calculated at the beginning of the fiscal year, without hedging):

- Fuel expenses: Approx. ¥2.8 billion per year
  (change of US$1/BBL for crude oil)

Foreign exchange rate sensitivity

Operating income sensitivity to foreign exchange rate movements for the fiscal year ending March 2015 is as follows
(calculated at the beginning of the fiscal year, with hedging*):

- Operating income: A decrease of approx. ¥0.1 billion per year
  (¥1 depreciation versus US$1*)

* Assumptions: The foreign currency hedge ratio for fuel expenses is approximately 75% of the level at the beginning of the fiscal year. For foreign currencies other than the U.S. dollar, a depreciation similar to a ¥1 depreciation versus US$1 is assumed.

Allocation of Profits

Basic Policy on Allocation of Profits

Shareholder returns are an important management priority for ANA HOLDINGS INC.

Given an increasingly challenging operating environment, ANA HOLDINGS INC. balances its desire to increase shareholder returns with consideration of trends in business results for the relevant fiscal year. ANA HOLDINGS INC. also takes into account capital expenditure plans needed to secure stable earnings over the medium to long term. In addition, ANA HOLDINGS INC. considers its responsibility to maintain and strengthen financial conditions.

Dividends for the Fiscal Year Ended March 2014 and Plans for the Fiscal Year Ending March 2015

For the fiscal year ended March 2014, ANA HOLDINGS INC. paid cash dividends of ¥3.00 per share, ¥1.00 less than the initially forecast ¥4.00 per share, after due consideration of factors including results for the fiscal year, its financial condition and the future operating environment.

ANA HOLDINGS INC. will base the allocation of profits for the fiscal year ending March 2015 on steady execution of the Corporate Strategy. For the fiscal year ending March 2015, ANA HOLDINGS INC. expects to pay cash dividends of ¥4.00 per share based on its performance forecast announced on April 30, 2014.

OPERATING RISKS

The following risks could have a significant effect on the judgment of investors in the ANA Group, or "the group." Further, the forward-looking statements in the following section are the group's judgments as of March 31, 2014.

(1) Risk of Economic Recession

The airline industry is susceptible to the effects of economic trends, and if the domestic and global economy is sluggish, this may cause decline of demand for air travel due to deterioration in personal consumption and corporate earnings. The international cargo business depends highly on China, other parts of Asia, and North America, and economic conditions in these regions could lead to a decrease in the cargo volume and a reduction in the unit price.

(2) Risks Related to the Group's Management Strategy

1. Risks Related to the Group's Fleet Strategy

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

In addition, elements of 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, ANA HOLDINGS INC. had ordered a large number of aircraft as of March 31, 2014 from The Boeing Company (Boeing). Therefore, should financial or other issues render Boeing unable to fulfill its agreements with the group or companies such as those that maintain Boeing products, the group would be unable to acquire or maintain aircraft in accordance with its Fleet Strategy. Such eventualities could significantly affect the group's medium- to long-term operations.

Delay of Aircraft Development Plans by Mitsubishi Aircraft Corporation

The group has decided to introduce the Mitsubishi Regional Jet (MRJ) that Mitsubishi Aircraft Corporation is developing. But the decision has been made to delay delivery by approximately three and a half years from the initial schedule. Further delivery delays could create obstacles to the group's medium- to long-term operations.

2. Risks Related to Flight Slots

The group has made various investments and operational changes to take advantage of significant business opportunities created by the expansion of slots at Haneda and Narita airports. The annual number of arrival and departure slots at Haneda Airport increased to 447 thousand slots during the fiscal year ended March 2014, but some slots for international routes are yet to be allocated. In addition, the current 270 thousand arrival and departure slots at Narita Airport are planned to increase to a final 300 thousand slots during the year ending March 2015. Given these circumstances, factors including variance between slot allocation of the two Tokyo Metropolitan area airports (Haneda and Narita), commencement of operation and earnings in the applicable routes and the group's projections could affect achievement of the targets of the group management strategy.

3. Risks Related to the LCC Business

In the LCC business, the group might not obtain the desired results from entering the LCC business if it fails to achieve the objective of creating new passenger demand, competition intensifies with domestic or overseas LCCs, or a large number of passengers outflow from ANA flights to LCCs. Moreover, the group may be exposed to economic cost burden if the interests of equity investors do not align, the joint venture does not operate in a manner the group considers appropriate, or if joint venture operations deteriorate. In addition, equity investors other than the ANA Group may experience poor financial results or withdraw from the LCC business.

4. Risks Related to Strategic Investments

The group may enter new businesses and invest in or acquire other companies to further expand its business in growth areas. These initiatives may not produce the intended effects. The group may also expand into foreign countries, primarily in Asia, and enter into businesses with little relation to the airline business. These initiatives may incur unforeseen detriments.

(3) 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 the 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, reductions in oil stockpiles or reserves, speculative investment in crude oil, and natural disasters can affect the 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 group. Accordingly, to control the risk of fluctuations in the price of jet fuel and to stabilize operating income, the group hedges risks using crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions for specific periods of time. In the event that crude oil prices rise over a short period, there are limitations to the group's ability to offset increases in crude oil prices through the ongoing cost reductions as well as raising fares and charges, which could be unable to avoid the influence of remarkable rises of crude oil prices completely, which depending on factors such as hedging transactions.

2. Risk of a Sudden Decrease in Crude Oil Prices

The 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.

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

All of the group's businesses including but not limited to its international routes are exposed to the risk of decreased demand 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 group's performance by causing the number of passengers on the 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 of highly contagious new strains of influenza and other diseases, which could affect the continuity of the group's operations.

(5) Risks Related to Foreign Exchange Rate Fluctuations

Jet fuel purchases account for a significant share of the group's expenses and are conducted in foreign currencies. Therefore, depreciation of the yen significantly affects the group's profits. On the other hand, appreciation of the yen has an increasingly large effect on the 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 denominated in the same foreign currency, thereby minimizing the risk of foreign exchange rate fluctuations. In addition, the group uses forward exchange agreements and currency options for a portion of the foreign currency needed for its jet fuel and aircraft purchases to limit the impact on operating income from the risk of fluctuations in foreign exchange rates and to stabilize and control payment amounts.

(6) Risks Related to the International Situation

The group currently operates international routes, primarily to North America, Europe, China and elsewhere in Asia. Incidents including political instability, international conflicts, large-scale terrorist attacks, or deterioration in diplomatic relations with countries where the group operates could affect the group's performance due to the accompanying decrease in demand for travel on these international routes.

(7) Risks Related to Statutory Regulations

As an airline operator, the 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).

The group's fares, airspace, operating schedule and safety management are subject to a variety of constraints due to these regulations. Further, the group's operations are constrained by the Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

(8) Risks Related to Litigation

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

Upon overall consideration of various circumstances, the company reached a plea bargain agreement with regard to the investigation being conducted by the United States Department of Justice into price adjustments relating to international air cargo and passenger transport services, however no claim amount has been specified with regards to the class action related to air passenger transport, and it is therefore difficult to provide details or give a detailed analysis at this time.

(9) Risks Related to Public-Sector Fees

Public-sector fees include jet fuel taxes and landing and navigation fees. 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 group's performance.

(10) Risks Related to Environmental Regulations

In recent years, numerous Japanese and overseas statutory environmental protection regulations have been introduced or strengthened with regard to such issues as noise, aircraft emissions of CO_2 and other greenhouse gases, use of environmentally polluting substances and their disposal, and energy use at major offices. Compliance with such statutory regulations imposes a considerable cost burden on the group and business activities may be constrained or additional significant expenses incurred if new regulations are introduced, such as a globally shared environment tax related to an international greenhouse gas trading scheme planned for implementation by 2020.

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

Within Japan, changes to aviation policy, material changes in the current competitive and operating environment, or changes in the operations of our competitors could affect the group's profitability.

(12) Risks Related to Competition

The possibility of future increases in costs related to the 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 Shinkansen, on certain routes, passing on costs could diminish competitiveness. Further, because price competition with competitors greatly restricts the passing on of costs, an increase in costs could affect the group's performance.

(13) Risks Related to Ineffective Strategic Alliances

The group is a member of the Star Alliance.

Based on antitrust immunity (ATI) approval, joint venture operations were introduced in collaboration with United Airlines in the network between Asia and the United States, and with Lufthansa and Lufthansa group companies Swiss International Air Lines and Austrian Airlines in the network between Japan and Europe.

However, the benefits of Star Alliance membership might diminish if the alliance is broken up by anti-trust laws in various countries; an alliance partner withdraws from the Star Alliance or changes its business policies; another alliance group becomes more competitive; bilateral alliances between member companies end; an alliance partner performs poorly, restructures or becomes less creditworthy; or restrictions on alliance activities are tightened due to external factors. Such eventualities could affect the group's performance.

(14) Risks Related to Flight Operations

1. Aircraft Accidents

An aircraft accident involving a flight operated by the group or a code-share partner could cause a drop in customer confidence, creating a medium- to long-term downturn in demand that could affect the group's performance. On June 20, 2012, ANA Flight 956 experienced flight instability, and the aircraft was partially damaged during landing. On January 16, 2013, Flight 692 made an emergency landing. MLIT's Transport Safety Board is now determining the cause of these and other incidents, with announcements 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. An aircraft accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft, but aviation insurance would not cover all such direct expenses.

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, all aircraft of the same model are grounded until the measures to improve the airworthiness of the aircraft and equipment have been implemented as directed. Even when the law does not require a directive to be issued, in some cases when safety cannot be confirmed from a technical perspective, operation of the same model is voluntarily suspended and repairs or replacements made. The occurrence of such a situation could affect the group's safety credibility or performance. Of particular note, the group has been consolidating its fleet around the Boeing 787 and other new models. The discovery of a design flaw or technical issue with new aircraft upon which the group depends could profoundly affect the group's performance.

(15) Risks Related to Unauthorized Disclosure of Customer Information

The group holds a large amount of information relating to customers, such as that pertaining to the approximately 26.39 million members (as of the end of March 2014) of the ANA Mileage Club. The Personal Information Protection Law requires proper management of such personal information. The group has established a privacy policy, apprised customers of the group's stance regarding the handling of personal information, and established measures for any assumption to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised when needed 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 costs, in terms of both compensation and loss of public confidence, which could affect the group's performance.

(16) 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 impact flights using affected airports and routes or result in significantly reduced demand for air transportation, which could affect the group's performance.

In particular, the group's data center is located in the Tokyo metropolitan area, while the operational control for all of the group's domestic and international flights is conducted at Haneda Airport and most of the group's passengers use Tokyo Metropolitan airports. As a result, a major disaster, such as an earthquake or a typhoon; a disaster at the above-mentioned facilities, such as a fire; or a strike that closes or limits access to the airports and their facilities could lead to a long-term shutdown of the group's information systems, operational control functions or its operations themselves that could significantly affect the group's performance.

(17) Risks Related to Income and Expense Structure

Expenses that are largely unaffected by passenger load factors, including fixed costs such as aircraft expenses, along with fuel expenses and landing and navigation fees which are largely determined by the type of aircraft, account for a significant proportion of the 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 group's income and expenses.

Moreover, a significant decrease in demand during the summer could affect the group's performance for that fiscal year because passenger service sales typically increase during summer.

(18) Risks Related to IT Systems

The group is highly dependent on information systems for such critical functions as customer service and operational management. A major disruption of one of those systems or of telecommunications networks caused by natural disasters, accidents, computer viruses or unauthorized access, power supply constraints or large-scale power outages would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the group's performance. Further, the group's information systems are also used by its strategic partners, so there is a possibility that the impact of systems failure would not be limited to the group.

(19) Risks Related to Personnel and Labor

Many group employees belong to labor unions. Events including a collective strike by group employees could have an effect on the operation of group's aircraft.

(20) Risk of Inability to Secure Required 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 group's performance.

(21) Financial Risks

1. Increase in the Cost of Raising Funds

The group raises funds to acquire aircraft primarily through bank loans, share issuances and bond issuances. However, the cost of raising funds could increase due to deteriorating conditions in the airline industry, the turmoil in capital and financial markets, changes in the tax system, changes in the government's interest rate policy, changes to the guarantee systems at governmental financial institutions, or a downgrade of ANA HOLDINGS INC.'s credit rating that makes it difficult or impossible to raise funds on terms advantageous to the group. Such eventualities could affect the group's performance.

2. Risks Related to Asset Impairment or Other Issues

The 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 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 FINANCIAL STATEMENTS

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2014 and 2013

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
ASSETS	**2014**	2013	**2014**
Current assets:			
Cash on hand and in banks	**¥ 28,972**	¥ 86,459	**$ 281,500**
Marketable securities (Note 4)	**344,162**	333,134	**3,343,975**
Accounts receivable, less allowance for doubtful accounts (¥236 million ($2,293 thousand) in 2014 and ¥577 million in 2013)	**142,894**	143,208	**1,388,398**
Accounts receivable from and advances to non-consolidated subsidiaries and affiliates	**4,427**	1,199	**43,013**
Inventories	**63,919**	55,474	**621,055**
Deferred income taxes – current (Note 9)	**17,331**	27,581	**168,392**
Prepaid expenses and other current assets	**94,561**	70,645	**918,781**
Total current assets	**696,266**	717,700	**6,765,118**
Investments and long-term receivables:			
Investments in securities (Note 4)	**52,296**	40,050	**508,122**
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 5)	**34,225**	31,932	**332,539**
Lease and guaranty deposits	**11,400**	11,247	**110,765**
Other long-term receivables	**15,692**	23,268	**152,467**
Total investments and long-term receivables	**113,613**	106,497	**1,103,896**
Property and equipment (Notes 6 and 11)**:**			
Flight equipment	**1,495,541**	1,474,990	**14,531,101**
Ground property and equipment	**484,281**	483,726	**4,705,411**
	1,979,822	1,958,716	**19,236,513**
Less accumulated depreciation	**(930,433)**	(930,676)	**(9,040,351)**
	1,049,389	1,028,040	**10,196,162**
Leased assets, net	**17,165**	22,822	**166,780**
Advance payments on aircraft purchase contracts	**139,014**	134,291	**1,350,699**
Construction in progress	**17,546**	11,209	**170,481**
Net property and equipment	**1,223,114**	1,196,362	**11,884,123**
Deferred income taxes – non-current (Note 9)	**66,714**	48,187	**648,212**
Other assets	**73,900**	68,496	**718,033**
Total assets	**¥2,173,607**	¥2,137,242	**$21,119,383**

LIABILITIES AND NET ASSETS	Yen (Millions) 2014	2013	U.S. dollars (Thousands) (Note 3) 2014
Current liabilities:			
Short-term loans, including current portion of long-term debt, and finance lease obligations (Note 6)	¥ 188,748	¥ 142,601	$ 1,833,929
Accounts and notes payable	189,165	160,879	1,837,980
Accounts payable to non-consolidated subsidiaries and affiliates	1,984	1,672	19,277
Advance ticket sales	108,412	82,100	1,053,361
Accrued expenses	44,596	42,190	433,307
Accrued income taxes	10,390	7,246	100,952
Asset retirement obligations (Note 8)	763	699	7,413
Other current liabilities	29,889	21,000	290,410
Total current liabilities	573,947	458,387	5,576,632
Long-term liabilities:			
Long-term debt, less current portion, and finance lease obligations (Note 6)	646,020	754,533	6,276,914
Accrued employees' retirement benefits (Note 7)	–	130,790	–
Net defined benefit liabilities (Note 7)	181,101	–	1,759,628
Deferred income taxes – non-current (Note 9)	2,322	1,701	22,561
Asset retirement obligations (Note 8)	729	801	7,083
Other long-term liabilities	18,197	17,930	176,807
Total long-term liabilities	848,369	905,755	8,242,994
Commitments and contingent liabilities (Note 13)			
Net assets (Notes 9 and 12):			
Shareholders' equity	750,234	749,523	7,289,486
Common stock:			
Authorized – 5,100,000,000 shares			
Issued – 3,516,425,257 shares at March 31, 2014 and 2013	318,789	318,789	3,097,444
Capital surplus	281,955	281,969	2,739,554
Retained earnings	155,820	150,663	1,513,991
Less treasury common stock, at cost (27,132,969 shares at March 31, 2014 and 5,937,475 shares at March 31, 2013)	(6,330)	(1,898)	(61,504)
Accumulated other comprehensive income	(4,164)	17,214	(40,458)
Net unrealized holding gain on securities	10,201	4,693	99,115
Deferred gain on hedging instruments	15,350	12,705	149,144
Remeasurements of defined benefit plans	(30,168)	–	(293,120)
Foreign currency translation adjustments	453	(184)	4,401
Minority interests	5,221	6,363	50,728
Total net assets	751,291	773,100	7,299,757
Total liabilities and net assets	¥2,173,607	¥2,137,242	$21,119,383

See accompanying notes to consolidated financial statements.

FINANCIAL/DATA SECTION

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Years ended March 31, 2014 and 2013

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2014	2013	2014
Operating revenues	¥1,601,013	¥1,483,581	$15,555,897
Operating expenses	1,269,166	1,148,196	12,331,577
Gross profit	331,847	335,385	3,224,319
Selling, general and administrative expenses	265,861	231,558	2,583,181
Operating income	65,986	103,827	641,138
Non-operating income:			
Interest income	787	901	7,646
Dividend income	2,749	1,739	26,710
Foreign exchange gain, net	–	1,967	–
Gain on sale of property and equipment	2,940	950	28,565
Equity in earnings of non-consolidated subsidiaries and affiliates	1,336	478	12,980
Others	4,484	4,223	43,567
Total non-operating income	12,296	10,258	119,471
Non-operating expenses:			
Interest expenses	15,933	18,026	154,809
Foreign exchange loss, net	1,194	–	11,601
Loss on sale of property and equipment	1,855	1,438	18,023
Loss on disposal of property and equipment	5,826	6,089	56,607
Depreciation of idle assets	2,051	2,012	19,928
Provision for accrued employees' retirement benefits	6,368	6,369	61,873
Refurbishment expense for return of lease aircraft	–	1,422	–
Others	2,127	1,764	20,666
Total non-operating expenses	35,354	37,120	343,509
Recurring profit	42,928	76,965	417,100
Extraordinary income:			
Gain on sale of property and equipment	–	74	–
Gain on sale of investments in securities	903	71	8,773
Subsidy	130	360	1,263
Gain on liquidation of subsidiaries and affiliates	653	–	6,344
Settlement package	1,744	–	16,945
Surrender value of insurance	–	151	–
Others	130	44	1,263
Total extraordinary income	3,560	700	34,589
Extraordinary loss:			
Loss on sale of property and equipment	1,087	273	10,561
Impairment loss (Note 18)	322	5,496	3,128
Amortization of goodwill	2,083	–	20,239
Valuation loss on investments in securities	–	418	–
Special retirement benefit expenses	1,548	146	15,040
Loss on liquidation of subsidiaries and affiliates	930	–	9,036
Expenses related to revision of pension plans	3,976	–	38,631
Others	151	456	1,467
Total extraordinary loss	10,097	6,789	98,105
Income before income taxes and minority interests	36,391	70,876	353,585
Income taxes (Note 9):			
Current	13,001	9,294	126,321
Deferred	5,456	19,776	53,012
Total income taxes	18,457	29,070	179,333
Net income before minority interests	17,934	41,806	174,251
Minority interests	(952)	(1,334)	(9,249)
Net income	¥ 18,886	¥ 43,140	$ 183,501

	Yen		U.S. dollars (Note 3)
Net income per share (Note 2 (q))	¥ 5.41	¥ 13.51	$ 0.05

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Years ended March 31, 2014 and 2013

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2014	2013	2014
Net income before minority interests	**¥17,934**	¥41,806	**$174,251**
Other comprehensive income:			
Net unrealized holding gain on securities	**5,434**	4,814	**52,798**
Deferred gain on hedging instruments	**2,608**	3,329	**25,340**
Foreign currency translation adjustments	**637**	633	**6,189**
Share of other comprehensive income of affiliates accounted for by the equity-method	**111**	77	**1,078**
Total other comprehensive income (Note 10)	**¥ 8,790**	¥ 8,853	**$ 85,406**
Comprehensive income	**¥26,724**	¥50,659	**$259,657**
Total comprehensive income attributable to:			
Owners of ANA HOLDINGS INC.	**¥27,676**	¥51,977	**$268,907**
Minority interests	**¥ (952)**	¥ (1,318)	**$ (9,249)**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

ANA HOLDINGS INC. and its consolidated subsidiaries
Years ended March 31, 2014 and 2013

	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 (Note 12)	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred gain on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
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
Issuance of common stock	87,408	87,408			174,816							174,816
Cash dividends paid			(10,062)		(10,062)							(10,062)
Net income			43,140		43,140							43,140
Decrease resulting from purchase of treasury stock				(389)	(389)							(389)
Disposition of treasury stock		(1,162)		2,639	1,477							1,477
Changes in scope of consolidation and application of the equity method			(37)	(59)	(96)							(96)
Net changes of items other than shareholders' equity during the period						4,833	3,371	633		8,837	518	9,355
Total changes during the period	87,408	86,246	33,041	2,191	208,886	4,833	3,371	633	–	8,837	518	218,241
Balance at April 1, 2013	318,789	281,969	150,663	(1,898)	749,523	4,693	12,705	(184)	–	17,214	6,363	773,100
Issuance of common stock												–
Cash dividends paid			(14,041)		(14,041)							(14,041)
Net income			18,886		18,886							18,886
Decrease resulting from purchase of treasury stock				(5,228)	(5,228)							(5,228)
Disposition of treasury stock		(14)		796	782							782
Changes in scope of consolidation and application of the equity method			312		312							312
Net changes of items other than shareholders' equity during the period						5,508	2,645	637	(30,168)	(21,378)	(1,142)	(22,520)
Total changes during the period	–	(14)	5,157	(4,432)	711	5,508	2,645	637	(30,168)	(21,378)	(1,142)	(21,809)
Balance at March 31, 2014	¥318,789	¥281,955	¥155,820	¥(6,330)	¥750,234	¥10,201	¥15,350	¥ 453	¥(30,168)	¥ (4,164)	¥ 5,221	¥751,291

	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 (Note 12)	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred gain on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	$3,097,444	$2,739,691	$1,463,884	$(18,441)	$7,282,578	$45,598	$123,445	$(1,787)	$ –	$ 167,256	$ 61,824	$7,511,659
Issuance of common stock												–
Cash dividends paid			(136,426)		(136,426)							(136,426)
Net income			183,501		183,501							183,501
Decrease resulting from purchase of treasury stock				(50,796)	(50,796)							(50,796)
Disposition of treasury stock		(136)		7,734	7,598							7,598
Changes in scope of consolidation and application of the equity method			3,031		3,031							3,031
Net changes of items other than shareholders' equity during the period						53,517	25,699	6,189	(293,120)	(207,714)	(11,095)	(218,810)
Total changes during the period	–	(136)	50,106	(43,062)	6,908	53,517	25,699	6,189	(293,120)	(207,714)	(11,095)	(211,902)
Balance at March 31, 2014	$3,097,444	$2,739,554	$1,513,991	$(61,504)	$7,289,486	$99,115	$149,144	$ 4,401	$(293,120)	$ (40,458)	$ 50,728	$7,299,757

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Years ended March 31, 2014 and 2013

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2014	2013	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 36,391	¥ 70,876	$ 353,585
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	136,180	123,916	1,323,163
Impairment loss	322	5,496	3,128
Amortization of goodwill	2,726	126	26,486
Loss on disposal and sale of property and equipment	5,976	7,125	58,064
Settlement package	(1,744)	–	(16,945)
(Decrease) in allowance for doubtful accounts	(269)	(291)	(2,613)
Increase in accrued employees' retirement benefits	–	5,179	–
Increase in net defined benefit liabilities	3,464	–	33,657
Interest and dividend income	(3,536)	(2,640)	(34,356)
Interest expenses	15,933	18,026	154,809
Foreign exchange (gain)	(2,733)	(3,010)	(26,554)
Special retirement benefit expenses	1,548	146	15,040
Expenses related to revision of pension plans	3,976	–	38,631
(Increase) decrease in accounts receivable	(20,247)	3,102	(196,725)
(Increase) in other current assets	(16,477)	(8,152)	(160,095)
Increase (decrease) in accounts and notes payable – trade	22,104	(22,660)	214,768
Other, net	37,013	(1,954)	359,628
Cash generated from operations	220,627	195,285	2,143,674
Interest and dividends received	4,752	2,832	46,171
Interest paid	(16,137)	(18,310)	(156,791)
Payments for special retirement	(70)	(492)	(680)
Income taxes paid	(10,817)	(6,119)	(105,101)
Settlement package received	1,769	–	17,188
Net cash provided by operating activities	200,124	173,196	1,944,461
Cash flows from investing activities:			
Payment for purchase of marketable securities	(452,730)	(761,670)	(4,398,853)
Proceeds from redemption of marketable securities	549,010	546,866	5,334,337
Payment for purchase of property and equipment	(167,894)	(149,705)	(1,631,305)
Proceeds from sale of property and equipment	46,326	44,441	450,116
Payment for purchase of intangible assets	(15,845)	(13,047)	(153,954)
Payment for purchase of investments in securities	(4,025)	(4,615)	(39,108)
Proceeds from sale of investments in securities	1,067	86	10,367
Payment for purchase of subsidiaries' shares resulting in changes in scope of consolidation	(16,793)	–	(163,165)
Payment for advances	(313)	(105)	(3,041)
Proceeds from collection of advances	281	524	2,730
Other, net	(3,999)	3,481	(38,855)
Net cash used in investing activities	(64,915)	(333,744)	(630,732)
Cash flows from financing activities:			
(Decrease) increase in short-term loans, net	(117)	250	(1,136)
Proceeds from long-term debt	47,282	17,499	459,405
Repayment of long-term debt	(111,971)	(117,729)	(1,087,942)
Proceeds from issuance of bonds	29,850	29,848	290,031
Repayment of bonds	(20,000)	–	(194,325)
Repayment of finance lease obligations	(11,944)	(11,810)	(116,051)
Proceeds from issuance of new stock by public offering and allocation to third party, net of issuance costs	–	173,718	–
Payment for dividends	(14,041)	(10,062)	(136,426)
Other, net	(4,628)	2,835	(44,966)
Net cash (used in) provided by financing activities	(85,569)	84,549	(831,412)
Effect of exchange rate changes on cash and cash equivalents	584	412	5,674
Net increase (decrease) in cash and cash equivalents	50,224	(75,587)	487,990
Cash and cash equivalents at beginning of year	191,297	265,834	1,858,696
Net (decrease) increase resulting from changes in scope of consolidation	(586)	1,050	(5,693)
Cash and cash equivalents at end of year (Note 17)	¥ 240,935	¥ 191,297	$ 2,340,993

See accompanying notes to consolidated financial statements.

FINANCIAL/DATA SECTION

Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of ANA HOLDINGS INC. (the corporate name was changed from ALL NIPPON AIRWAYS CO., LTD. on April 1, 2013; hereinafter referred to as "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.

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 2014 and 57 subsidiaries for 2013). All significant inter-company accounts and transactions have been eliminated in consolidation.

Investments in certain subsidiaries and significant affiliates (18 companies for 2014 and 19 companies for 2013) 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 5 to 15 years.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method (81 companies for 2014 and 65 companies for 2013) are stated at cost. The equity in undistributed earnings of these companies was not significant.

Certain subsidiaries have fiscal years ending on December 31 and February 28, 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 sheet.

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

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Under the standard, 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 stock in trade of consolidated subsidiaries.

These are stated at cost principally based on the moving average method. Net book value of inventories in the consolidated balance sheet is written down when its net realizable value declines.

(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 ¥50,999 million ($495,520 thousand) and ¥52,826 million of land at March 31, 2014 and 2013, 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 ... Straight-line method

The company and certain subsidiaries employ principally the following useful lives, based upon the company's estimated durability:

Aircraft .... 9–20 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 and 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 capitalized and amortized by the straight-line method over a period of three years.

(i) Bond issuance costs

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

(j) Business commencement expenses

Business commencement expenses are capitalized and amortized by the straight-line method over the period of five years.

(k) Provision for loss on antitrust proceedings

On October 29, 2009, the Republic of Korea Fair Trade Commission issued an "Examiner's Report" to the company with respect to its alleged breach of the South Korea's Antitrust Law in its air freight transport services. Subsequently, the company filed an appeal against a corrective order from the Commission in November 2010 and a decision of the Seoul High Court in May 2012 with the Supreme Court of Korea in June 2012. 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 of the provision may change as the proceedings progress.

(l) 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 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 which are shorter than the average remaining service years of employees. Prior service cost is amortized as incurred by the straight-line method over periods which are shorter than the average remaining service years of employees. See Note 7.

The assumptions used in accounting for the above plans as of March 31, 2014 and 2013 are as follows:

	2014	2013
Discount rate	**1.2%~2.0%**	1.1%~2.5%
Expected return on plan assets	**2.5%~5.5%**	2.5%~7.2%

(m) 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.

(n) Leased assets and amortization

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

(o) Derivatives

The company and its subsidiaries use derivatives, such as forward foreign exchange contracts, interest rate swaps, 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.

(p) 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.

(q) Net income per share

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

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

(r) Revenue recognition

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

(s) 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.

(t) Reclassification

Certain reclassifications have been made to the 2013 financial information in the accompanying financial statements to conform with the 2014 presentation.

(u) 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.

(v) Regarding the accounting of the 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 employees of the company and its subsidiaries to accumulate their own property as a part of the company and its subsidiaries' benefit plan and to endeavor to enhance the ANA Group'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 four 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 sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated statement of cash flows of the company.

(w) Changes in accounting policies

Application of Accounting Standard for Retirement Benefits

From March 31, 2014, the company applies “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) (except for the provisions set forth in Clause 35 of the Accounting Standard for Retirement Benefits and Clause 67 of the Guidance on Retirement Benefits).

These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as net defined benefit liabilities. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as net defined benefit liabilities. The application of the Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits is subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits. In the year ended March 31, 2014, the effect of the relevant change has been added to or deducted from accumulated other comprehensive income (remeasurements of defined benefit plans).

As a result, as of March 31, 2014, the balance of net defined benefit assets was ¥45 million ($437 thousand) and the balance of net defined benefit liabilities was ¥181,101 million ($1,759,628 thousand). In addition, accumulated other comprehensive income decreased by ¥30,168 million ($293,120 thousand), and, net assets per share decreased by ¥8.64 ($0.08).

Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates

Previously, the company and certain consolidated subsidiaries in Japan used the declining-balance method to calculate depreciation of tangible fixed assets, except aircraft, buildings and leased assets. However, from the year ended March 31, 2014, the company and certain consolidated subsidiaries in Japan changed to the straight-line method. Due to significant changes in the airline industry environment, such as the capacity expansion at airports in metropolitan areas, the further deregulation of the airline industry, and the increase in the number of low-cost carriers (LCCs), the company reconsidered the current usage of the facilities of the Air Transportation business. As a result of the review, the company has reached the conclusion that the straight-line method, which allocates the cost equally through the useful life of the asset, is reasonable since a more stable usage is expected in the future than it was in the past.

As a result of the change in the depreciation method, operating income increased by ¥1,345 million ($13,068 thousand), recurring profit increased by ¥1,433 million ($13,923 thousand) and income before income taxes and minority interests increased by ¥1,460 million ($14,185 thousand).

(x) Changes in accounting estimates

From the year ended March 31, 2014, the company and certain consolidated subsidiaries in Japan changed the useful lives of some aircraft to those that reflect the projected use in the future. The impact of the change of useful lives is a decrease of ¥7,899 million ($76,748 thousand) in operating income and ¥7,222 million ($70,171 thousand) in recurring profit and income before income taxes and minority interests.

(y) Unapplied Accounting Standards

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 of May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25. of May 17, 2012)

(1) Outline

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior services, the calculation methods for retirement benefit obligation and service costs and enhancement of disclosures.

(2) Scheduled date of adoption

These accounting standards will be adopted from the beginning of the fiscal year ending March 31, 2015. However, as no retrospective application of this accounting standard is required, it will not be applied to consolidated financial statements for prior years.

(3) Impact of adoption

The impact on the consolidated financial statements as a result of the adoption of this accounting standard is currently being evaluated.

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 ¥102.92 = US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2014. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such a 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, 2014 and 2013 is summarized as follows.

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

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Gross unrealized gain:			
Cost	–	¥1	–
Market value	–	1	–
	–	0	–
Gross unrealized loss:			
Cost	–	–	–
Market value	–	–	–
	–	–	–
Net unrealized gain	–	¥0	–

Other securities having market value are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Gross unrealized gain:			
Cost	¥ 16,794	¥ 15,962	$ 163,175
Market value	32,917	23,990	319,830
	16,123	8,028	156,655
Gross unrealized loss:			
Cost	349,807	336,112	$3,398,824
Market value	349,608	335,851	3,396,890
	(199)	(261)	(1,933)
Net unrealized gain	¥ 15,924	¥ 7,767	$ 154,722

Other securities sold having market value in the years ended March 31, 2014 and 2013 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Proceeds	¥1,021	¥171	$9,920
Gain on sale	903	61	8,773
Loss on sale	–	38	–

Breakdown of securities for which it is extremely difficult to determine the fair value at March 31, 2014 and 2013 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Held-to-maturity bonds	¥ –	¥ –	$ –
Other securities	30,243	27,860	293,849
	¥30,243	¥27,860	$293,849

The redemption schedule of other securities and held-to-maturity debt securities as of March 31, 2014 and 2013 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Bonds:			
Within 1 year	¥ –	¥ –	$ –
Over 1 year to 5 years	1	1	9
Others:			
Within 1 year	344,162	333,134	3,343,975
Over 1 year to 5 years	–	–	–
Total:			
Within 1 year	¥344,162	¥333,134	$3,343,975
Over 1 year to 5 years	1	1	9

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

Investments in and advances to non-consolidated subsidiaries and affiliates at March 31, 2014 and 2013 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Investments in capital stock	¥30,631	¥28,433	$297,619
Advances	3,594	3,499	34,920
	¥34,225	¥31,932	$332,539

6. Short-term loans and long-term debt

Short-term loans at March 31, 2014 and 2013 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Short-term bank loans	¥ 153	¥ 250	$ 1,486
Current portion of long-term loans	169,003	110,589	1,642,081
Current portion of bonds and notes	10,000	20,000	97,162
Current portion of finance lease obligations	9,592	11,762	93,198
	¥188,748	¥142,601	$1,833,929

The interest rate on the above short-term loans was 0.19% per annum in 2014.

Long-term debt at March 31, 2014 and 2013 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Bonds and notes:			
3.2% notes due 2017	¥ 20,000	¥ 20,000	$ 194,325
2.27% notes due 2014	–	10,000	–
2.09% notes due 2014	10,000	10,000	97,162
1.97% notes due 2015	15,000	15,000	145,744
1.84% notes due 2013	–	10,000	–
2.45% notes due 2018	10,000	10,000	97,162
1.71% notes due 2015	20,000	20,000	194,325
1.00% notes due 2016	30,000	30,000	291,488
1.22% notes due 2024	30,000	–	291,488
	135,000	125,000	1,311,698
Loans, principally from banks:			
Secured, bearing interest from 0.21% to 2.20% in 2014 and 0.44% to 2.65% in 2013, maturing in installments through 2028	341,541	344,641	3,318,509
Unsecured, bearing interest from 1.36% to 2.29% in 2014 and 0.92% to 2.29% in 2013, maturing in installments through 2021	326,484	387,754	3,172,211
	668,025	732,395	6,490,720
Finance lease obligations			
Finance lease agreements expiring through 2024	31,590	39,489	306,937
	834,615	896,884	8,109,356
Less current portion	188,595	142,351	1,832,442
	¥646,020	¥754,533	$6,276,914

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, 2014 and 2013:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Property and equipment, at net book value:			
Flight equipment	¥633,760	¥662,054	$6,157,792
Ground property and equipment	31,565	38,950	306,694
Leased assets	11,455	3,139	111,300
	¥676,780	¥704,143	$6,575,787

The aggregate annual maturities of long-term debt after March 31, 2014 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2015	¥188,595	$1,832,442
2016	195,161	1,896,239
2017	74,061	719,597
2018 and thereafter	376,798	3,661,076
	¥834,615	$8,109,356

7. Retirement benefit plans

For the year ended March 31, 2014

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 changes in the retirement benefit obligation during the year ended March 31, 2014 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
	2014	**2014**
Retirement benefit obligation at April 1, 2013	**¥299,651**	**$2,911,494**
Service cost	**14,334**	**139,273**
Interest cost	**4,224**	**41,041**
Actuarial loss	**(5,188)**	**(50,408)**
Retirement benefits paid	**(13,932)**	**(135,367)**
Prior service cost	**(293)**	**(2,846)**
Retirement benefit obligation at March 31, 2014	**¥298,796**	**$2,903,186**

The changes in plan assets during the year ended March 31, 2014 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
	2014	**2014**
Plan assets at April 1, 2013	**¥108,418**	**$1,053,420**
Expected return on plan assets	**3,742**	**36,358**
Actuarial loss	**(2,295)**	**(22,298)**
Contributions by the company	**9,576**	**93,043**
Retirement benefits paid	**(1,701)**	**(16,527)**
Plan assets at March 31, 2014	**¥117,740**	**$1,143,995**

The following table sets forth the funded status of the plans and amounts recognized in the consolidated balance sheet as of March 31, 2014 for the company's and the consolidated subsidiaries' defined benefit plans:

	Yen (Millions)	U.S. dollars (Thousands)
	2014	**2014**
Funded retirement benefit obligation	**¥ 152,707**	**$ 1,483,744**
Plan assets at fair value	**(117,740)**	**(1,143,995)**
	34,967	**339,749**
Unfunded retirement benefit obligation	**146,089**	**1,419,442**
Net liability and asset for retirement benefits in the balance sheet	**181,056**	**1,759,191**
Liability for retirement benefits	**181,101**	**1,759,628**
Asset for retirement benefits	**(45)**	**(437)**
Net liability and asset for retirement benefits in the balance sheet	**¥ 181,056**	**$ 1,759,191**

The components of retirement benefit expense for the year ended March 31, 2014 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
	2014	**2014**
Service cost	**¥14,334**	**$139,273**
Interest cost	**4,224**	**41,041**
Expected return on plan assets	**(3,742)**	**(36,358)**
Amortization of net transitional retirement benefit obligation	**6,368**	**61,873**
Amortization of actuarial loss	**8,157**	**79,255**
Amortization of prior service cost	**(4,049)**	**(39,341)**
Retirement benefit expense	**¥25,292**	**$245,744**

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
	2014	**2014**
Unrecognized net transitional retirement benefit obligation	**¥ 6,376**	**$ 61,951**
Unrecognized actuarial loss	**44,679**	**434,113**
Unrecognized prior service cost	**(4,261)**	**(41,401)**
Total	**¥46,794**	**$454,663**

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 are as follows:

	March 31, 2014
Bonds	**70%**
General accounts	**12%**
Stocks	**7%**
Cash on hand and in banks	**5%**
Other	**5%**
Total	**100%**

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	March 31, 2014
Discount rates	**1.2~2.0%**
Expected rates of return on plan assets	**2.5~5.5%**

The contributions for defined contribution plans of the company and its subsidiaries were ¥1,235 million ($11,999 thousand) for the year ended March 31, 2014.

For the year ended March 31, 2013

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.

The following table sets out the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2013 for the company and consolidated subsidiaries' defined benefit plans:

	Yen (Millions)
	2013
Retirement benefit obligation	¥(299,651)
Plan assets at fair value	108,418
Unfunded retirement benefit obligation	(191,233)
Unrecognized net transitional retirement benefit obligation	12,744
Unrecognized actuarial loss	55,729
Unrecognized prior service cost	(8,017)
	¥(130,777)
Prepaid pension cost	13
Accrued employees' retirement benefits	¥(130,790)

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 year ended March 31, 2013 are as follows:

	Yen (Millions)
	2013
Service cost	¥10,896
Interest cost	6,286
Expected return on plan assets	(3,425)
Amortization of net transitional retirement benefit obligation	6,369
Amortization of actuarial loss	6,926
Amortization of prior service cost	(3,757)
Net periodic pension and severance cost	¥23,295

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 ¥1,260 million and ¥146 million, respectively, for the year ended March 31, 2013.

8. Asset retirement obligations

1. Asset retirement obligations recorded on the consolidated balance sheet

(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 sheet as asset retirement obligations.

(b) Calculation of asset retirement obligations

The company and its subsidiaries estimate the expected period of use as 1 to 30 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, 2014 and 2013:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	**2014**
Balance at beginning of year	**¥1,500**	¥ 2,173	**$14,574**
Liabilities incurred due to the acquisition of property and equipment	**88**	–	**855**
Accretion expense	**327**	408	**3,177**
Liabilities settled	**(448)**	(1,081)	**(4,352)**
Others	**25**	–	**242**
Balance at end of year	**¥1,492**	¥ 1,500	**$14,496**

2. Asset retirement obligations not recorded on the consolidated balance sheet

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 offices 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. 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.

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 normal statutory tax rates of 38.01% in 2014 and 37.42% in 2013.

The company is subject to 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, 2014 and 2013 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Deferred tax assets:			
Accrued employees' retirement benefits	¥ 64,163	¥ 46,240	$ 623,426
Unrealized gain on inventories and property and equipment	11,703	12,694	113,710
Accrued bonuses to employees	9,527	9,139	92,567
Tax loss carry-forward	8,883	16,136	86,310
Valuation loss on investments in securities	2,108	2,258	20,482
Depreciation of property and equipment	1,722	–	16,732
Accrued enterprise tax and business office tax	1,359	1,260	13,204
Other	11,126	8,674	108,103
Total gross deferred tax assets	110,591	96,401	1,074,534
Less valuation allowance	(11,561)	(8,550)	(112,330)
Total net deferred tax assets	99,030	87,851	962,204
Deferred tax liabilities:			
Gain on evaluation for hedging exchange	(8,310)	(7,551)	(80,742)
Unrealized holding gain on securities	(5,594)	(2,669)	(54,353)
Special depreciation reserve	(1,764)	(2,729)	(17,140)
Other	(1,639)	(935)	(15,925)
Total gross deferred tax liabilities	(17,307)	(13,884)	(168,160)
Net deferred tax assets	¥ 81,723	¥ 73,967	$ 794,044

A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the years ended March 31, 2014 and 2013 is as follows:

	2014	2013
Statutory tax rate	38.01%	37.42%
Reconciliation:		
Change in valuation allowance and related adjustments	4.26	1.98
Decrease in deferred tax assets due to tax rate change	4.06	–
Amortization of goodwill	2.91	–
Entertainment expenses not qualifying for deduction	1.82	0.89
Inhabitants tax per capita levy	0.46	0.20
Other	(0.80)	0.53
Effective income tax rate	50.72%	41.02%

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after April 1, 2014. In addition, the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 4 of 2014) and the "Act for Partial Amendment of the Local Corporate Tax Act, etc." (Act No. 11 of 2014) were promulgated on March 31, 2014, and the company is subject to the amended Local Corporate Tax effective for fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the company's deferred tax assets and liabilities was changed from 38.01% to 35.64% for the temporary differences expected to be realized or settled from the fiscal year beginning April 1, 2014. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥1,074 million ($10,435 thousand), and increase deferred income taxes by ¥1,479 million ($14,370 thousand) and deferred gain on hedging instruments by ¥405 million ($3,935 thousand) as of and for the year ended March 31, 2014.

10. Other comprehensive income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2013.

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	**2014**
Net unrealized holding gain on securities:			
Amount arising during the year	**¥ 8,369**	¥ 6,196	**$ 81,315**
Reclassification adjustments for gains and losses realized	**0**	268	**0**
Amount of net unrealized holding gain on securities before tax effect	**8,370**	6,464	**81,325**
Tax effect	**(2,936)**	(1,650)	**(28,527)**
Net unrealized holding gain on securities	**5,434**	4,814	**52,798**
Deferred gain on hedging instruments:			
Amount arising during the year	**31,112**	16,578	**302,293**
Reclassification adjustments for gains and losses realized	**(27,744)**	(11,288)	**(269,568)**
Amount of deferred gain on hedging instruments before tax effect	**3,368**	5,290	**32,724**
Tax effect	**(759)**	(1,961)	**(7,374)**
Deferred gain on hedging instruments	**2,608**	3,329	**25,340**
Foreign currency translation adjustments:			
Amount arising during the year	**637**	633	**6,189**
Foreign currency translation adjustments	**637**	633	**6,189**
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	**111**	77	**1,078**
Share of other comprehensive income of affiliates accounted for by the equity method	**111**	77	**1,078**
Total other comprehensive income	**¥ 8,790**	¥ 8,853	**$ 85,406**

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 Note 2. *Summary of significant accounting policies (n) Leased assets and amortization*.

(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, 2014 and 2013 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	**2014**
Current portion of operating lease obligations	**¥ 33,687**	¥ 32,238	**$ 327,312**
Long-term operating lease obligations	**151,537**	159,900	**1,472,376**
	¥185,224	¥192,138	**$1,799,689**

Note: No impairment loss was allocated to leased assets.

FINANCIAL/DATA SECTION

As lessor

(a) 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, 2014 and 2013 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Current portion of operating lease obligations	¥ 914	¥1,090	$ 8,880
Long-term operating lease obligations	835	1,716	8,113
	¥1,749	¥2,806	$16,993

Note: No impairment loss was allocated to leased assets.

12. Supplementary information for the consolidated statement of changes in net assets

Supplementary information for consolidated statement of changes in net assets for the year ended March 31, 2014 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	3,516,425	–	–	3,516,425
Total	3,516,425	–	–	3,516,425
Treasury stock:				
Common stock (*1, *2, *3)	5,937	24,764	3,568	27,132
Total	5,937	24,764	3,568	27,132

(*1) Treasury stock increased by 151 thousand shares due to the repurchase of shares less than one unit and 24,613 thousand shares due to the purchase by the ESOP Trust.
(*2) Treasury stock decreased by 40 thousand shares due to the sale of shares less than one unit and 3,528 thousand shares due to the sale by the ESOP Trust.
(*3) Treasury stock includes 21,085 thousand shares of the company owned by the ESOP Trust as of March 31, 2014.

(b) Dividends

(1) Dividends paid to shareholders

			Yen (Millions)	U.S. dollars (Thousands)		Yen	U.S. dollars		
Date of approval	Resolution approved by	Type of shares	Amount	Amount	Paid from	Amount per share	Amount per share	Shareholders' cut-off date	Effective date
June 27, 2013	Annual general meeting of shareholders	Common stock (*1)	¥14,041	$136,426	Retained earnings	¥4.00	$0.03	March 31, 2013	June 28, 2013

(*1) The ¥5 million ($48 thousand) paid to the affiliates is not included in the total dividends because the company's shares owned by 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

			Yen (Millions)	U.S. dollars (Thousands)		Yen	U.S. dollars		
Date of approval	Resolution approved by	Type of shares	Amount	Amount	Paid from	Amount per share	Amount per share	Shareholders' cut-off date	Effective date
June 23, 2014	Annual general meeting of shareholders	Common stock (*1)	¥10,467	$101,700	Retained earnings	¥3.00	$0.02	March 31, 2014	June 24, 2014

(*1) The ¥67 million ($650 thousand) paid to the ESOP Trust and the affiliates is not included in the total dividends 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 sharehold-ers 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

At March 31, 2014, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥586,552 million ($5,699,106 thousand).

The company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥688 million ($6,684 thousand) at March 31, 2014.

At March 31, 2013, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥658,541 million.

The company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥941 million at March 31, 2013.

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 prices 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 group 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 limits 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 sheet as of March 31, 2014 and estimated fair value 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).

	Yen (Millions)		
As of March 31, 2014	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	¥ 28,972	¥ 28,972	¥ –
Accounts receivable**	142,148	142,148	–
Marketable securities and investments in securities**	396,846	402,749	5,903
Total assets	567,966	573,869	5,903
Liabilities:			
Trade notes and accounts payable**	¥179,848	¥ 179,848	¥ –
Short-term bank loans	153	153	–
Bonds and notes	135,000	139,044	4,044
Long-term loans	668,025	695,675	27,650
Total liabilities	983,026	1,014,720	31,694
Derivatives*	¥ 23,645	¥ 23,645	¥ –

	U.S. dollars (Thousands)		
As of March 31, 2014	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	$ 281,500	$ 281,500	$ –
Accounts receivable**	1,381,150	1,381,150	–
Marketable securities and investments in securities**	3,855,868	3,913,223	57,355
Total assets	5,518,519	5,575,874	57,355
Liabilities:			
Trade notes and accounts payable**	$1,747,454	$1,747,454	$ –
Short-term bank loans	1,486	1,486	–
Bonds and notes	1,311,698	1,350,991	39,293
Long-term loans	6,490,720	6,759,376	268,655
Total liabilities	9,551,360	9,859,308	307,948
Derivatives*	$ 229,741	$ 229,741	$ –

* 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 sheet 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 if similar new borrowings were entered into.

2. Financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2014	Yen (Millions)	U.S. dollars (Thousands)
Unlisted stocks	¥30,243	$293,849

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, 2014 is summarized as follows:

	Yen (Millions)			
As of March 31, 2014	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	¥ 28,175	¥–	¥ –	¥ –
Accounts receivable	142,148	–	–	–
Held-to-maturity bonds	–	1	–	–
Other marketable securities with maturities	344,162	–	835	3,530
Total	¥514,485	¥1	¥835	¥3,530

	U.S. dollars (Thousands)			
As of March 31, 2014	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	$ 273,756	$–	$ –	$ –
Accounts receivable	1,381,150	–	–	–
Held-to-maturity bonds	–	9	–	–
Other marketable securities with maturities	3,343,975	–	8,113	34,298
Total	$4,998,882	$9	$8,113	$34,298

4. Redemption schedule for bonds, long-term debt and other interest-bearing liabilities is summarized as follows:

	Yen (Millions)			
As of March 31, 2014	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term bank loans	¥ 153	¥ –	¥ –	¥ –
Bonds and notes	10,000	95,000	30,000	–
Long-term loans	169,003	320,769	151,915	26,338
Total	¥179,156	¥415,769	¥181,915	¥26,338

As of March 31, 2014	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
Short-term bank loans	$ 1,486	$ –	$ –	$ –
Bonds and notes	97,162	923,047	291,488	–
Long-term loans	1,642,081	3,116,682	1,476,049	255,907
Total	$1,740,730	$4,039,729	$1,767,537	$255,907

15. Derivatives and hedging activities

The group operates 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 group 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 group utilizes interest rate swaps to minimize the impact of interest rate fluctuations related to their outstanding debt. In addition, the group also enters into a variety of swaps and options in its management of risk exposure related to the commodity prices of fuel. The group and its subsidiaries do not use derivatives for speculative or trading purposes.

The group has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The group 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 group.

The group is 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 values of the derivative instruments outstanding at March 31, 2014, for which hedged accounting has been applied.

(a) Currency-related transactions

	Yen (Millions)		
	Notional amount		
As of March 31, 2014	Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD	¥ 1,037	¥ –	¥ 2
Buy:			
USD	477,871	184,347	16,010
EUR	310	–	13
Others	6	–	(0)
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	57,034	38,751	1,688
Buy:			
USD (Call)	62,254	42,518	3,074
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	8,880	7,930	179
Forward foreign exchange contracts, accounted for as part of accounts receivable:			
Sell:			
USD	91	–	(*)
EUR	12	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Buy:			
USD	19,062	–	(*)
EUR	174	–	(*)
Others	23	–	(*)
Total	¥626,754	¥273,546	¥20,966

As of March 31, 2014	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	$ 10,074	$ –	$ 19
Buy:			
USD	4,643,126	1,791,168	155,555
EUR	3,011	–	131
Others	55	–	(3)
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	554,159	376,516	16,401
Buy:			
USD (Call)	604,878	413,117	29,868
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	86,281	77,050	1,739
Forward foreign exchange contracts, accounted for as part of accounts receivable:			
Sell:			
USD	888	–	(*)
EUR	114	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Buy:			
USD	185,216	–	(*)
EUR	1,686	–	(*)
Others	223	–	(*)
Total	$6,089,711	$2,657,851	$203,711

Note: Calculation of fair value is based on the data obtained from 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 the payables denominated in foreign currencies that are subject to hedge accounting. See Note 14.

(b) Interest-related transactions

As of March 31, 2014	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	¥318,718	¥195,201	(*)

As of March 31, 2014	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	$3,096,759	$1,896,634	(*)

(*) 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

	Yen (Millions)		
	Notional amount		
As of March 31, 2014	Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts, accounted for by deferral method:			
Receive/floating and pay/fixed	¥272,352	¥118,983	¥1,881
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Call)	9,068	–	(50)
Crude oil (Put)	54,260	14,666	46
Buy:			
Crude oil (Call)	65,846	16,367	697
Crude oil (Put)	5,892	–	(3)
Total	¥407,418	¥150,016	¥2,571

	U.S. dollars (Thousands)		
	Notional amount		
As of March 31, 2014	Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts, accounted for by deferral method:			
Receive/floating and pay/fixed	$2,646,248	$1,156,074	$18,281
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Call)	88,107	–	(494)
Crude oil (Put)	527,208	142,496	450
Buy:			
Crude oil (Call)	639,784	159,033	6,778
Crude oil (Put)	57,247	–	(33)
Total	$3,958,596	$1,457,603	$24,981

Note: Calculation of fair value is based on the data obtained from 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.

The “Air Transportation” business segment conducts domestic and international passenger operations, cargo and mail operations and other transportation services. The “Airline Related” business segment conducts air transportation related operations such as airport passenger and ground handling services and maintenance services. The “Travel Services” business segment conducts sales of tickets, planning and sales of branded travel packages using air transportation. The “Trade and Retail” business segment mainly imports and exports goods related to air transportation and is involved in in-store and non-store retailing.

The accounting policies of the segments are substantially the same as those described in the summary of 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, 2014 and 2013 is as follows:

	Yen (Millions)				
	Reportable Segments				
As of and for the year ended March 31, 2014	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Sales, profits or losses and assets by reportable segments					
Operating revenues	¥1,297,945	¥ 41,989	¥163,901	¥ 88,217	¥1,592,052
Intra-group sales and transfers	97,266	147,650	9,577	22,061	276,554
Total	1,395,211	189,639	173,478	110,278	1,868,606
Segment profit	65,367	2,745	4,429	3,317	75,858
Segment assets	2,042,737	115,935	53,608	50,695	2,262,975
Other items					
Depreciation and amortization	131,912	3,292	50	727	135,981
Amortization of goodwill	367	276	–	–	643
Increase in tangible and intangible fixed assets	178,406	3,348	35	1,943	183,732

	Yen (Millions)			
As of and for the year ended March 31, 2014	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments				
Operating revenues	¥ 8,961	¥1,601,013	¥ –	¥1,601,013
Intra-group sales and transfers	21,158	297,712	(297,712)	–
Total	30,119	1,898,725	(297,712)	1,601,013
Segment profit	1,367	77,225	(11,239)	65,986
Segment assets	142,845	2,405,820	(232,213)	2,173,607
Other items				
Depreciation and amortization	199	136,180	–	136,180
Amortization of goodwill	–	643	–	643
Increase in tangible and intangible fixed assets	143	183,875	(136)	183,739

	U.S. dollars (Thousands)				
	Reportable Segments				
As of and for the year ended March 31, 2014	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Sales, profits or losses and assets by reportable segments					
Operating revenues	$12,611,202	$ 407,977	$1,592,508	$ 857,141	$15,468,830
Intra-group sales and transfers	945,064	1,434,609	93,052	214,350	2,687,077
Total	13,556,267	1,842,586	1,685,561	1,071,492	18,155,907
Segment profit	635,124	26,671	43,033	32,228	737,057
Segment assets	19,847,813	1,126,457	520,870	492,567	21,987,708
Other items					
Depreciation and amortization	1,281,694	31,986	485	7,063	1,321,230
Amortization of goodwill	3,565	2,681	–	–	6,247
Increase in tangible and intangible fixed assets	1,733,443	32,530	340	18,878	1,785,192

	U.S. dollars (Thousands)			
As of and for the year ended March 31, 2014	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments				
Operating revenues	$ 87,067	$15,555,897	$ –	$15,555,897
Intra-group sales and transfers	205,577	2,892,654	(2,892,654)	–
Total	292,644	18,448,552	(2,892,654)	15,555,897
Segment profit	13,282	750,340	(109,201)	641,138
Segment assets	1,387,922	23,375,631	(2,256,247)	21,119,384
Other items				
Depreciation and amortization	1,933	1,323,163	–	1,323,163
Amortization of goodwill	–	6,247	–	6,247
Increase in tangible and intangible fixed assets	1,389	1,786,581	(1,321)	1,785,260

As of and for the year ended March 31, 2013	Yen (Millions)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Sales, profits or losses and assets by reportable segments					
Operating revenues	¥1,200,769	¥ 41,986	¥152,390	¥80,349	¥1,475,494
Intra-group sales and transfers	91,950	136,178	8,611	17,410	254,149
Total	1,292,719	178,164	161,001	97,759	1,729,643
Segment profit	89,115	6,395	4,480	2,896	102,886
Segment assets	1,981,781	92,302	49,679	49,595	2,173,357
Other items					
Depreciation and amortization	119,663	3,045	94	864	123,666
Increase in tangible and intangible fixed assets	161,768	2,042	39	1,187	165,036

As of and for the year ended March 31, 2013	Yen (Millions)			
	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments				
Operating revenues	¥ 8,087	¥1,483,581	¥ –	¥1,483,581
Intra-group sales and transfers	20,766	274,915	(274,915)	–
Total	28,853	1,758,496	(274,915)	1,483,581
Segment profit	1,099	103,985	(158)	103,827
Segment assets	78,930	2,252,287	(115,045)	2,137,242
Other items				
Depreciation and amortization	250	123,916	–	123,916
Increase in tangible and intangible fixed assets	155	165,191	(2,439)	162,752

Geographical information

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2014 and 2013 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Japan	¥1,374,313	¥1,310,475	$13,353,216
Overseas	226,700	173,106	2,202,681
	¥1,601,013	¥1,483,581	$15,555,897

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 sheet as of March 31, 2014 and 2013 and cash and cash equivalents in the statement of cash flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2014	2013	2014
Cash on hand and in banks	¥ 28,972	¥ 86,459	$ 281,500
Time deposits with maturities of more than three months	(1,019)	(834)	(9,900)
Marketable securities	344,162	333,134	3,343,975
Marketable securities with maturities of more than three months	(131,180)	(227,462)	(1,274,582)
Cash and cash equivalents	¥ 240,935	¥ 191,297	$ 2,340,993

18. Impairment loss

Due to the slumping performance of certain business assets, falling prices of real estate and asset expected to be sold and idle assets, the net book values of the corresponding assets whose profitability and market prices dropped notably were written down to their recoverable amounts and impairment losses of ¥322 million ($3,128 thousand) were recognized in the year ended March 31, 2014.

For the year ended March 31, 2014			Yen (Millions)	U.S. dollars (Thousands)
Application	Location	Category	Impairment loss	
Business assets	Tokyo	Building	**¥107**	**$1,039**
Idle assets	Okinawa and Tokyo	Building and structures	**¥206**	**$2,001**
		Machinery and equipment	**9**	**87**
		Subtotal	**¥215**	**$2,089**
		Total	**¥322**	**$3,128**

Note: The carrying amounts of certain assets were written down to their memorandum value.

For the year ended March 31, 2013			Yen (Millions)
Application	Location	Category	Impairment loss
Business assets	Hyogo	Building	¥ 481
Assets expected to be sold	Kanagawa and Osaka	Land, buildings and structures	¥4,797
Idle assets	Okinawa	Building	¥ 218
		Total	¥5,496

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%.

19. Subsequent event

Accounting for transfers between retirement benefit plans

On April 1, 2014, ALL NIPPON AIRWAYS CO., LTD., which is the consolidated subsidiary of the company in Japan, transferred partially the defined benefit pension plan (excluding the portion for current pensioners) to a defined contribution pension plan. “Accounting for Transfer between Retirement Benefit Plans” (ASBJ, Guidance No. 1 of January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ, Practical Issues Task Force No. 2 of March 29, 2002, revision issued February 7, 2007) were applied with the portion transferred to retirement contribution pension plans as partial termination of retirement benefit plans.

As a result, a gain will be recognized in extraordinary income in the amount of approximately ¥9,954 million ($96,715 thousand) for the fiscal year ending March 31, 2015.

Independent Auditor's Report

EY
Building a better working world

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Independent Auditor's Report

The Board of Directors
ANA HOLDINGS INC.

We have audited the accompanying consolidated financial statements of ANA HOLDINGS INC. (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended 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 the Company and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 2 (w) Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates and Note 2 (x) Changes in accounting estimates to the consolidated financial statements, which describe that the Company and the certain consolidated subsidiaries in Japan changed the depreciation method and the useful lives of some aircraft. Our opinion is not qualified in respect of these matters.

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

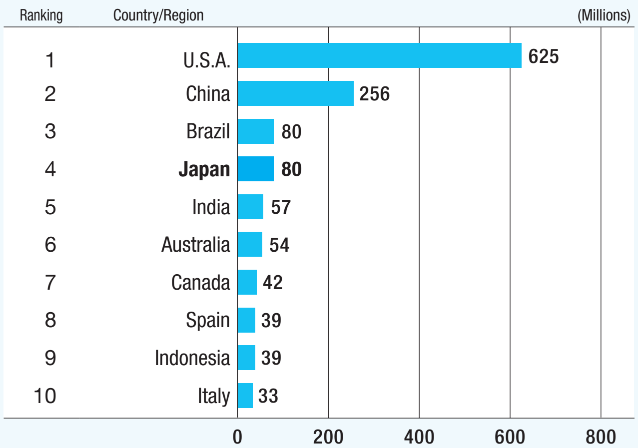
June 23, 2014
Tokyo, Japan

DATA SECTION

Market Data

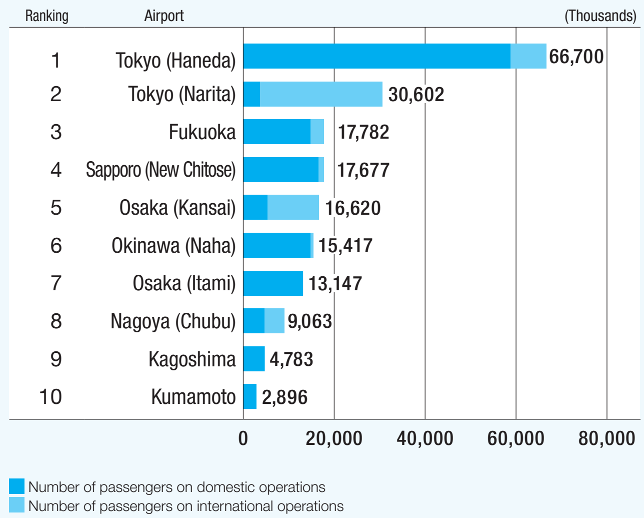
Domestic Passenger Market

The Top 10 Countries on Domestic Routes by Number of Passengers



Source: IATA (International Air Transport Association), 2011

The Top 10 Airports in Japan by Number of Passengers



Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal year ended March 2013

The Top 10 Routes Ranked by Passengers Carried: Flight Distance and Time

Ranking	Route	Number of Passengers (Thousands)	Flight Distance (km)	(Ref.) Flight Time (Hrs)	(Ref.) Shinkansen (Bullet Train) Journey Time (Hrs)
1	Tokyo (Haneda) – Sapporo (New Chitose)	8,950 (+3.1%)	894	1:30	–
2	Tokyo (Haneda) – Fukuoka	7,932 (+4.9%)	1,041	1:45	4:50
3	Tokyo (Haneda) – Osaka (Itami)	5,274 (+5.8%)	514	1:05	2:30
4	Tokyo (Haneda) – Okinawa (Naha)	5,098 (+1.5%)	1,687	2:30	–
5	Tokyo (Haneda) – Kagoshima	2,283 (+3.3%)	1,111	1:45	6:45
6	Tokyo (Haneda) – Kumamoto	2,022 (+6.0%)	1,086	1:40	5:45
7	Tokyo (Haneda) – Hiroshima	1,792 (–1.5%)	790	1:20	3:55
8	Tokyo (Haneda) – Kanazawa (Komatsu)	1,634 (+4.0%)	528	1:00	–
9	Tokyo (Haneda) – Nagasaki	1,553 (+9.8%)	1,143	1:50	–
10	Fukuoka – Okinawa (Naha)	1,511 (+4.0%)	1,008	1:35	–

Note: Figures in parentheses represent comparisons with the previous fiscal year.
Source: Ministry of Land, Infrastructure, Transport and Tourism (from a preliminary report for the fiscal year ended March 2014).

Number of Passengers on Domestic Operations by Airline

	Airline	Number of Passengers (Thousands)	Revenue Passenger-km (Millions)	Available Seat-km (Millions)
2014	ANA	42,668	37,861	61,046
	JAL	31,218	23,745	37,084
	Others	18,757	22,538	32,597
	Total	92,643	84,144	130,727
2013	ANA	41,089	36,333	58,508
	JAL	30,020	23,012	36,443
	Others	14,887	18,572	27,371
	Total	85,996	77,917	122,322
2012	ANA	39,020	34,589	56,756
	JAL	28,965	22,264	35,523
	Others	11,067	14,312	20,470
	Total	79,052	71,165	112,749
2011	ANA	40,574	35,983	56,796
	JAL	33,342	25,399	41,072
	Others	8,295	12,369	17,829
	Total	82,211	73,751	115,697

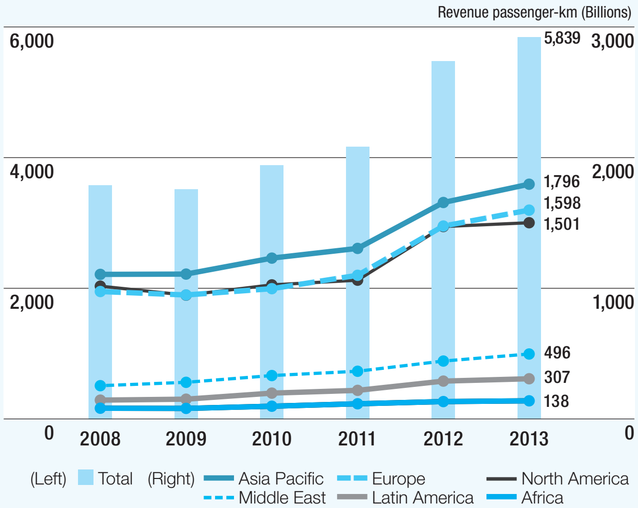
(Years to March)

Notes:
1. ANA and JAL figures are from the company's annual securities reports (consolidated basis).
2. ANA figures for the fiscal years ended March 2012 through 2014 do not include Vanilla Air (previously AirAsia Japan).

Source: Ministry of Land, Infrastructure, Transport and Tourism (Figures for the year ended March 2014 are from a preliminary report)

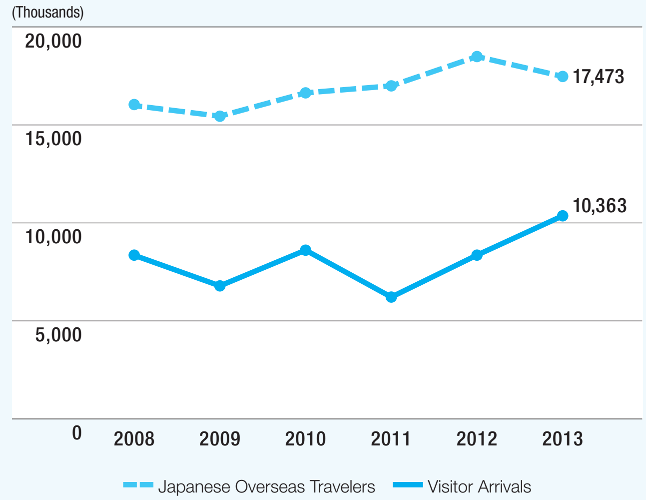
International Passenger Market

Global Air Transportation Passenger Volume by Region



Source: IATA (International Air Transport Association), 2013

Number of Japanese Overseas Travelers/Number of Visitor Arrivals



Source: Japan National Tourism Organization, 2013

Japanese Overseas Travelers – Top 10 Countries/Regions

Ranking	Countries/Regions	Previous year	(Thousands)
1	U.S.A. (exc. Hawai and Guam)	3 (↑)	3,698
2	South Korea	2 (→)	3,518
3	China	1 (↓)	3,518
4	Hawaii	6 (↑)	1,465
5	Taiwan	4 (↓)	1,432
6	Thailand	7 (↑)	1,373
7	Hong Kong	5 (↓)	1,254
8	Guam	8 (→)	929
9	Singapore	9 (→)	757
10	Germany	10 (→)	734

Source: UNWTO, PATA, National Tourism Offices and National Statistical Offices, 2012

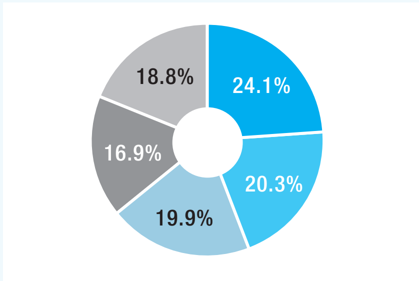
Visitor Arrivals from Overseas – Top 10 Countries/Regions

Ranking	Countries/Regions	Previous year	(Thousands)
1	South Korea	1 (→)	2,456
2	Taiwan	2 (→)	2,210
3	China	3 (→)	1,314
4	U.S.A.	4 (→)	799
5	Hong Kong	5 (→)	745
6	Thailand	6 (→)	453
7	Australia	7 (→)	244
8	U.K.	8 (→)	191
9	Singapore	9 (→)	189
10	Malaysia	12 (↑)	176

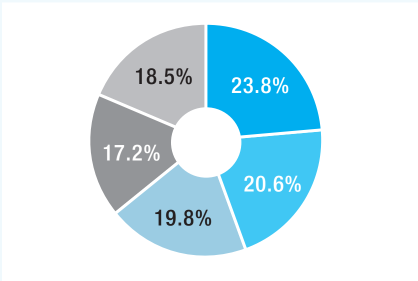
Source: Japan National Tourism Organization, 2013

Shares by Alliance

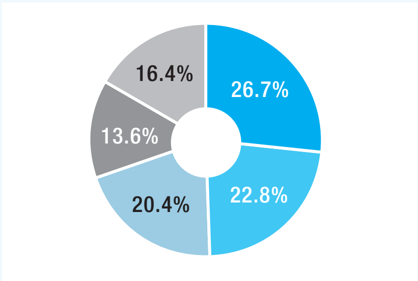
Available Seat-km



Revenue Passenger-km



Operating Revenues



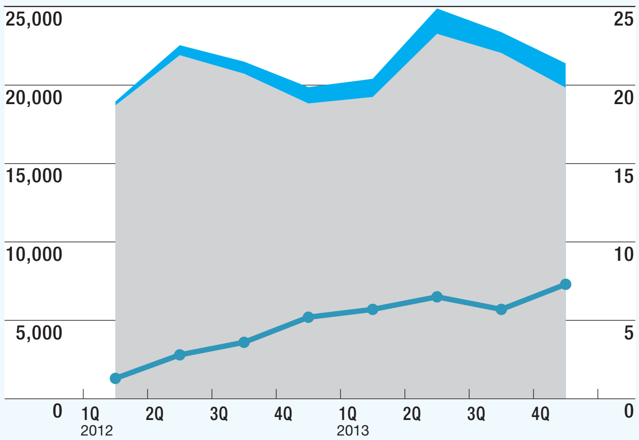
Star Alliance SkyTeam oneworld Low Cost Carrier (LCC) Others

Sources: Star Alliance, April 2014

FINANCIAL/DATA SECTION

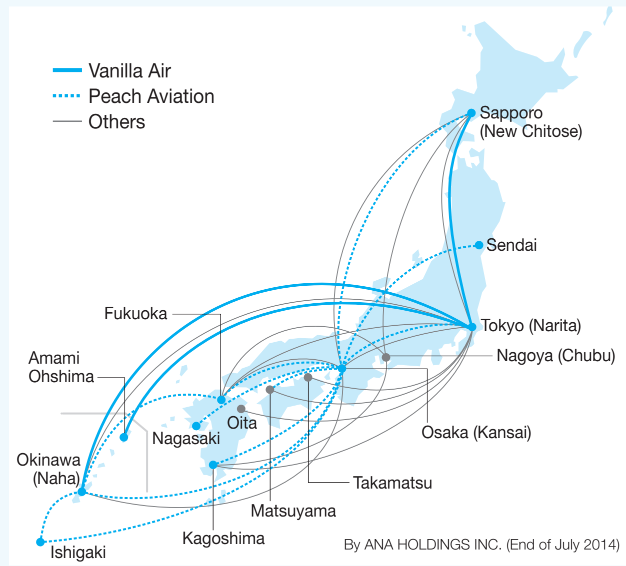
LCC Market

Number of Domestic Passengers and Share of Domestic LCCs



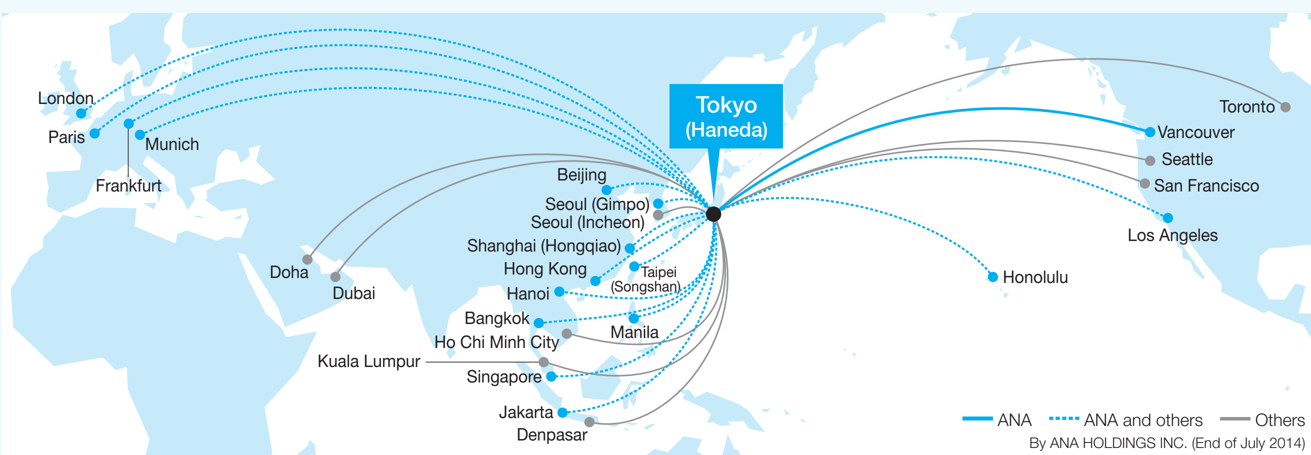
Source: Ministry of Land, Infrastructure, Transport and Tourism (Years ended March 2014)

Domestic Routes Operated by Domestic LCCs



Airport-Related Information

International Routes from/to Haneda



The Top 10 Airports by Number of Passengers

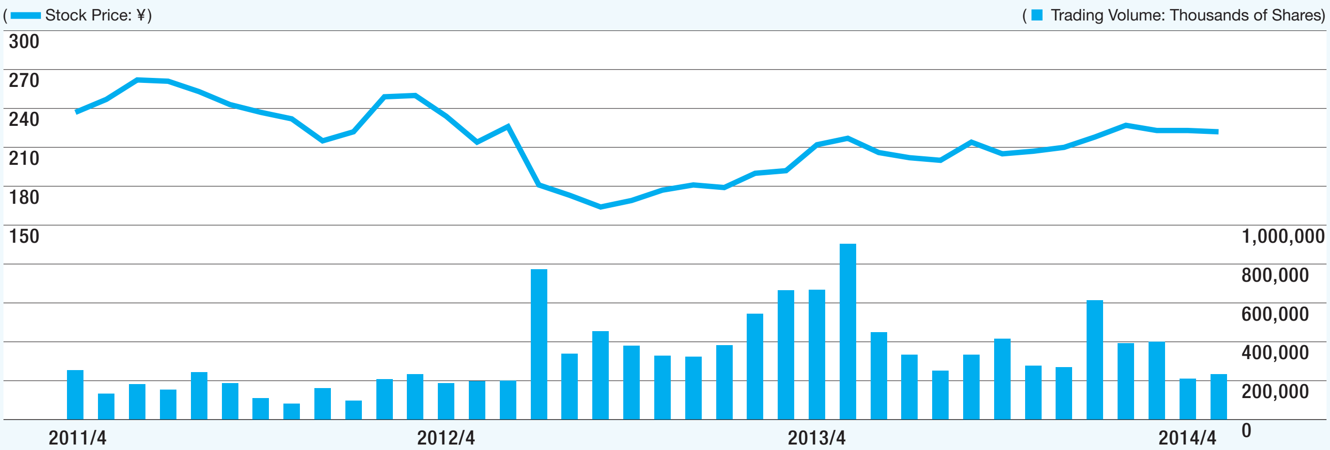
Ranking	Airport (Country/Region)	(Thousands)
1	Atlanta (US)	94,430
2	Beijing (CN)	83,712
3	London (GB)	72,368
4	Haneda (JP)	68,906
5	Chicago (US)	66,883
6	Los Angeles (US)	66,702
7	Dubai (UAE)	66,431
8	Paris (FR)	62,052
9	Dallas/Ft. Worth (US)	60,436
10	Jakarta (ID)	59,701
38	Narita (JP)	35,341

0 25,000 50,000 75,000 100,000

Source: Airports Council International Preliminary Rankings, 2013

Stock-Related Data

Stock Price Range and Trading Volume



Major Shareholders

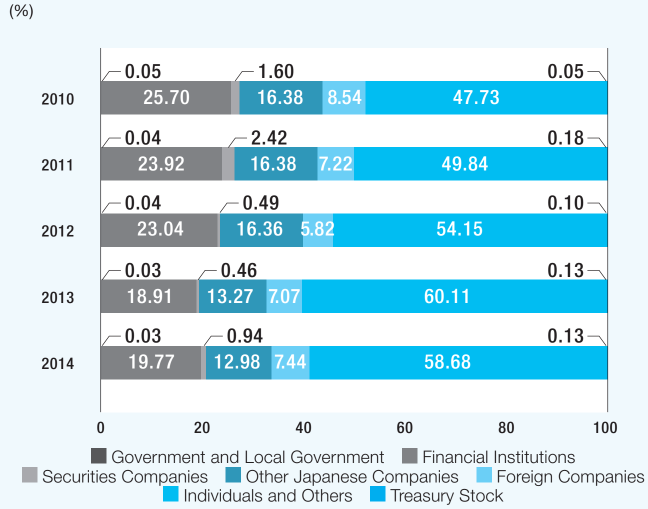
(as of March 31, 2014)

	Number of shares held (Thousand shares)	Shareholding ratio (%)
Nagoya Railroad Co., Ltd.	73,067	2.07%
The Master Trust Bank of Japan, Ltd. (Trust account)	66,817	1.90%
Japan Trustee Service Bank, Ltd. (Trust account)	60,375	1.72%
Japan Trustee Service Bank, Ltd. (Trust account 6)	40,975	1.17%
Japan Trustee Service Bank, Ltd. (Trust account 5)	40,930	1.17%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,397	1.15%
Japan Trustee Service Bank, Ltd. (Trust account 3)	40,257	1.15%
Japan Trustee Service Bank, Ltd. (Trust account 2)	39,560	1.13%
Japan Trustee Service Bank, Ltd. (Trust account 1)	36,879	1.05%
ANA Employee Stock Ownership Association	35,990	1.02%

Notes:
1. The shareholding ratio is calculated excluding the number of treasury shares (4,768,217 shares).
2. Fractions of less than a thousand shares are rounded down.

Distribution of Shareholders

(Years ended March)



Stock Price and Ratios (Consolidated)

(Years ended March)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Stock Price (¥):										
High	247	249	274	329	382	446	486	489	509	403
Low	180	154	208	220	218	316	385	392	321	312
Year-end closing price	223	192	250	248	267	386	439	463	429	366
PER (times):										
High	45.7	18.4	24.4	35.4	–	–	14.8	29.2	32.5	23.3
Low	33.3	11.4	18.5	23.7	–	–	11.7	23.4	20.5	18.1
Year-end closing price	41.2	14.2	22.3	26.7	–	–	13.3	27.6	27.4	21.2
Price/Cash Flow Ratio (times):										
High	5.6	4.8	4.7	5.8	15.8	8.0	5.2	7.9	8.4	6.5
Low	4.1	2.9	3.5	3.9	9.0	5.7	4.1	6.3	5.3	5.0
Year-end closing price	5.0	3.7	4.3	4.4	11.0	6.9	4.7	7.4	7.1	5.9
PBR (times):										
High	1.2	1.1	1.3	1.6	2.0	2.7	2.1	2.4	2.9	3.1
Low	0.8	0.7	1.0	1.1	1.2	1.9	1.7	1.9	1.8	2.4
Year-end closing price	1.0	0.9	1.1	1.2	1.4	2.3	1.9	2.3	2.4	2.9
Earnings per Share (¥)	5.41	13.51	11.22	9.29	(24.67)	(2.19)	32.93	16.77	15.64	17.26
Cash Flow per Share* (¥)	44.38	52.33	58.7	56.53	24.25	55.84	92.89	62.26	60.26	62.34
Equity per Share (¥)	213.82	218.41	218.24	207.35	188.93	166.50	232.58	204.42	177.89	128.31
Cash Dividends per Share (¥)	3.00	4.00	4.00	2.00	–	1.00	5.00	3.00	3.00	3.00

* Cash Flow per Share = (Net Income + Depreciation and Amortization) / Average number of outstanding shares
Source: Tokyo Stock Exchange

Social Data

Human Resources Data (ANA)

	2014	2013	2012
Number of employees (people)[1]	12,416	13,731	12,768
Number of employees hired overseas (people)[1]	1,616	1,504	1,381
Average age of employees (years)[1]	38.6	38.0	38.3
Average years worked (years)[1]	11.8	12.2	12.5
Ratio of female managers (%)[2]	9.8	9.8	9.4
Ratio of female directors (%)	3.0	2.5	2.4
Number of employees on pregnancy or childcare leave (people) / Men	466/4	447/4	409/3
Number of employees on nursing care leave (people)	24	29	19
Employment of people with disabilities (%)[3]	2.14	2.07	1.89
Work-Related Accidents	66	82	50

1. As of the end of each fiscal year
2. As of April 1 of each year
3. As of June 1 of each year

Total of ANA and qualified ANA Group companies (2014: total of 11 companies including one special subsidiary; 2013: total of seven companies including two special subsidiaries; 2012: total of six companies including two special subsidiaries)

Flight-Related Data (Total number of passenger flights on ANA international and domestic routes)

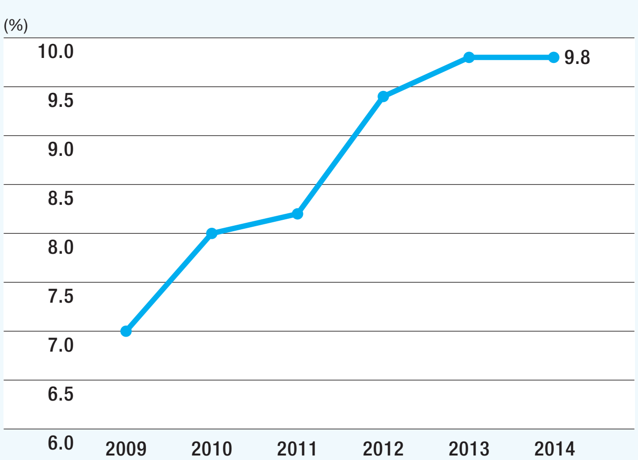
	2014	2013	2012
In-service rate	98.9%	98.2%	97.4%
On-time departure rate[4]	91.9%	92.9%	94.1%
On-time arrival rate[4]	88.1%	89.4%	90.6%

4. Delays of 16 minutes or less, excluding cancelled flight

Customer-Related Data

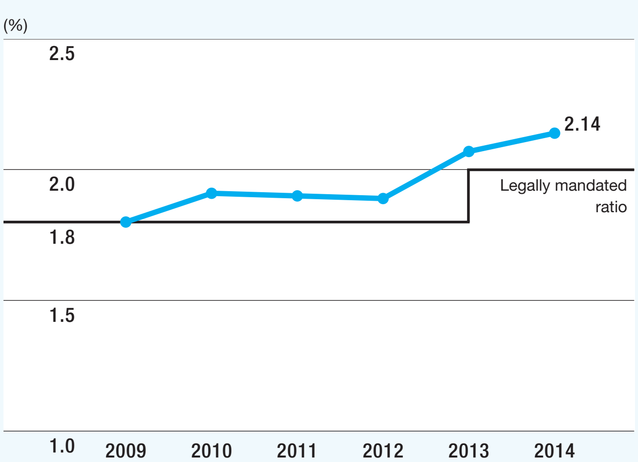
		2014	2013	2012
Number of customer feedback reports		74,982	73,213	71,108
Breakdown of customer feedback reports	Complaint (%)	32.9	36.0	41.1
	Compliment (%)	21.7	21.1	18.9
	Comment/Request (%)	29.4	31.2	27.1
	Other (%)	16.0	11.7	12.9

Ratio of Female Managers*[2]



(As of April 1 of each year)

Ratio of Employees with Disabilities*[3]



(As of June 1 of each year)

Environmental Data*4

Climate Change Countermeasures

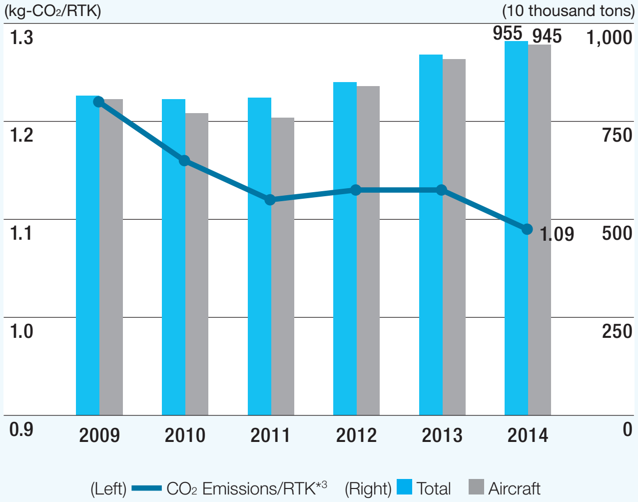
	2014	2013	2012
Carbon dioxide (CO_2) emissions (10,000 ton-CO_2)			
Total	955	920	850
Aircraft	945	909	839
Ground equipment and vehicles	10.4	10.8	11.1
Aircraft CO_2 emissions per RTK*3 (kg-CO_2)	1.09	1.13	1.13
Total energy consumption (crude oil equipment: 10,000 kl)			
Total	389	373	329
Aircraft energy consumption	383	369	322
Ground energy consumption (Power supplied to parked aircraft from ground included)	5.9	6.3	6.3
Fuel-efficient aircraft (jet aircraft only)[1, 2]			
Number of fuel-efficient aircraft (aircraft)[1]	118	107	90
Ratio of fuel-efficient aircraft (%)[1]	52.2	47.1	43.9
Discharge of ozone-depleting substances			
Fluorocarbon (kg)	0	0	0
Halon (kg)	17.7	45.2	95.6

1. As of the end of each fiscal year
2. Boeing 777-200, –200ER, –300 and –300ER; Boeing 787-8; and Boeing 737-700, –700ER and –800

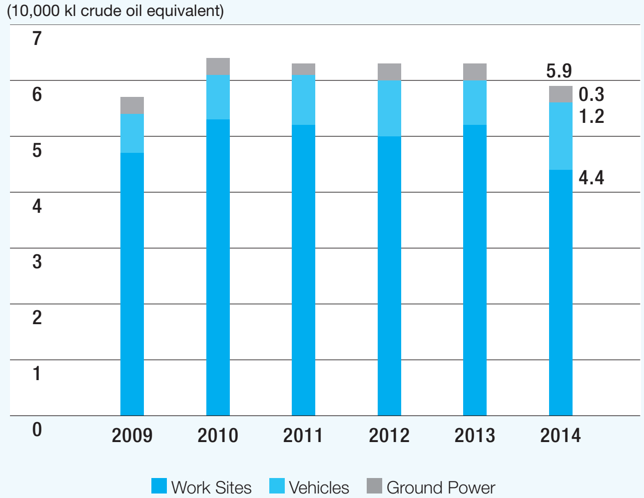
Resource Savings

	2014	2013	2012
Waste produced (thousand tons)			
Total	22.5	23.0	23.6
General waste (cabin waste and sewage included)	16.4	17.8	17.6
General waste (ground included)	2.8	2.7	3.7
Industrial waste	3.3	2.5	2.4
Total paper used (thousand tons)	5.0	5.4	5.4
Total water usage (buildings included)			
Clean water (10,000 tons)	50.6	63.9	59.2
Non-potable water (10,000 tons)	4.3	—	—
Total waste treatment (buildings included) (10,000 tons)	15.5	17.3	13.9

CO_2 Emissions



Ground Energy Consumption

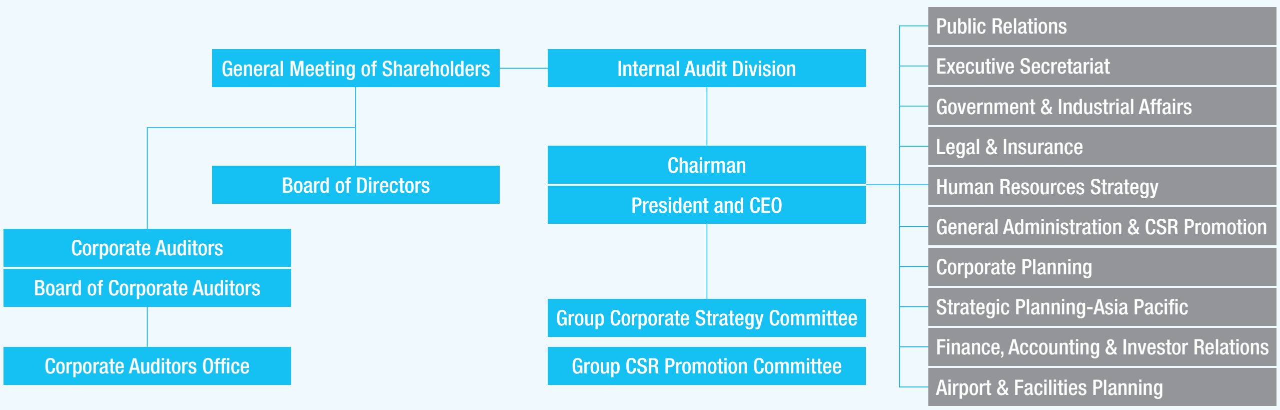


3. Total distance flown by revenue-paying passengers and cargo and cargo abroard aircraft.
4. Vanilla Air (previously AirAsia Japan) is not included.

FINANCIAL/DATA SECTION

The ANA Group

ANA HOLDINGS INC. Organization (As of July 1, 2014)



Number of Subsidiaries and Affiliates (As of March 31, 2014)

Operating Segment	Total of Subsidiaries	of which, consolidated	of which, equity method	Total of Affiliates	of which, equity method
Air Transportation	4	4	—	2	2
Airline Related	49	33	—	5	3
Travel Services	5	5	—	2	1
Trade and Retail	53	11	—	—	—
Others	10	9	1	31	11
Total	121	62	1	40	17

Major Subsidiaries (As of March 31, 2014)

Company Name	Amount of Capital (Millions of yen)	Ratio of Voting Rights Holding (%)	Principal Business
Air Transportation Business			
ALL NIPPON AIRWAYS CO., LTD.	25,000	100.0	Air transportation
Air Japan Co., Ltd.	50	100.0	Air transportation
ANA WINGS CO., LTD.	50	100.0	Air transportation
Vanilla Air Inc.*	7,500	100.0	Air transportation
Airline Related Business			
Overseas Courier Service Co., Ltd.	120	73.4	Express shipping business
ANA Systems Co., Ltd.	80	100.0	Innovation and operation of IT systems
Travel Services Business			
ANA Sales Co., Ltd.	1,000	100.0	Planning and sales of travel packages, etc.
Trade and Retail Business			
ALL NIPPON AIRWAYS TRADING Co., Ltd.	1,000	100.0	Trading and retailing

* Vanilla Air Inc. was renamed from AirAsia Japan Co., Ltd. as of November 1, 2013.

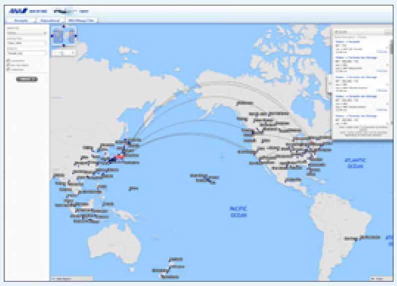
Corporate Data As of March 31, 2014

Corporate Data

Trade Name	ANA HOLDINGS INC.
Date of Foundation	December 27, 1952
Head Office	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan Tel: 81-3-6735-5555
Number of Employees	33,719 (Consolidated)
Paid-in Capital	¥318,789 million
Fiscal Year-End	March 31
Number of Shares of Common Stock	Authorized: 5,100,000,000 shares Issued: 3,516,425,257 shares
Number of Shareholders	551,661

Stock Listings	Tokyo and London
Ticker Code	9202
Administrator of Register of Shareholders (As of April 1, 2014)	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

ANA's Route Network



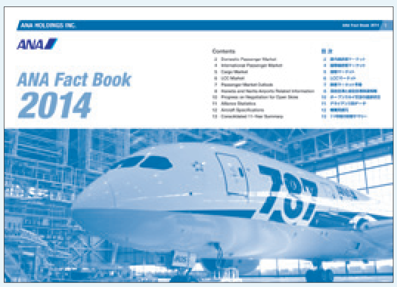
Refer to the following websites.

ANA Domestic Routes: http://www.ana.co.jp/nwrm_de/

ANA International Routes: http://www.ana.co.jp/nwrm_ie/

* For details about Vanilla Air Inc., refer to http://www.vanilla-air.com/en/

Fact Book 2014



Basic data about the airline industry, such as financial data, international and domestic passenger markets and the LCC market data.
A PDF file containing the data can be downloaded.

http://www.anahd.co.jp/en/investors/irdata/annual/#newDataListF

Contact:

ANA HOLDINGS INC.
Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan
- Finance, Accounting & Investor Relations E-mail: ir@anahd.co.jp
- General Administration & CSR Promotion E-mail: csr@anahd.co.jp

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