



## Annual Report 2015

Year ended March 2015



# *Accelerate*

*To Be the World's Leading Airline Group*



# ANA Group's Vision

## 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.**

## 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.**

## 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 worldwide 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.



## To Our Stakeholders

### Shinichiro Ito

Chairman of the Board  
of Directors



### Shinya Katanozaka

President &  
Chief Executive Officer



We at the ANA Group have a Mission Statement that contains the following beliefs.

**“Built on a foundation of security and trust”**.....means that all group operations occur on a foundation of security and trust;

**“the wings within ourselves”**.....connects people and things from around the world;

**“help to fulfill the hopes and dreams of an interconnected world”**.....is to work together with society to create sustainable values for the future.

Based on our brand power and corporate culture we have developed over the 60 years since our founding, we will respond to stakeholders' expectations by connecting group synergies and comprehensive capabilities to our future growth and creating economic and social value.

We will carry on these beliefs to the future contained in our Mission Statement while taking the various management opportunities in front of us and promoting growth strategies.

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

# Our Four Strengths



1952

**Founded as a Private Airline Company**  
ANA starts business with two helicopters



1953

**Commenced First Scheduled Domestic Passenger Operations**  
The Tokyo–Osaka route



1986

**Commenced First Scheduled International Passenger Operations**  
The Tokyo–Guam route

## Unique & Innovative

We generate original values through bold initiatives and an innovative spirit.

## Scale & Expansion

We find support from countless numbers of customers.

- 2004** Started SKIP service, a domestic check-in model, the former Smart-e service (first in the Japanese airline industry)
- 2009** Commenced Okinawa Cargo Hub & Network
- 2011** Invested in Peach Aviation Limited, Japan's first Low Cost Carrier (LCC)  
Established the LCC Vanilla Air Inc. (formerly AirAsia Japan Co., Ltd.)
- 2015** Established MRO Japan Co., Ltd., a dedicated aircraft maintenance company

- 1999** Expanded our network by joining Star Alliance, one of the largest global alliances
- 2003** Number of passengers carried reached over 1 billion
- 2014** No. 1 international network carrier at Haneda
- 2015** Achieved issuance of 28 million ANA Mileage Club Cards

**Introduced the Boeing 787 as its launch customer in 2011**



**No. 1: Largest share of passengers carried on domestic operations**



- ▶ Unique & Innovative
- ▶ Scale & Expansion
- ▶ Quality Leadership
- ▶ Sustainability





# Creating the ANA Brand

## Quality Leadership

We create valuable time and precious space under our motto of "Trustworthy, Heartwarming, Energetic!"

## Sustainability

We have been spreading our wings across the world in concert with society.

## Accumulated Brand Power



- 1996** Introduced full-flat seats in First Class (first in the Japanese airline industry)
- 2007** Awarded Airline of the Year for the first time by Air Transport World magazine
- 2010** Introduced all aisle seating ANA BUSINESS STAGGERED (first in the Japanese airline industry)
- 2014** Awarded No. 1 for second consecutive year in website brand value rankings\*1 for ANA SKY WEB  
Awarded Asia Pacific Airline of the Year by CAPA\*2

- 2006** Selected for inclusion in the FTSE4Good SRI index
- 2008** Designated as an Eco-First company (first in the transportation industry)
- 2014** Designated as a Nadeshiko Brand company (first in the Japanese airline industry)  
Acquired the highest possible AAA rating for sustainable quality evaluation from Sumitomo Mitsui Banking Corporation  
Promoted women through the Positive Action Declaration
- 2015** Stated the Diversity & Inclusion Declaration  
Elected to be an official partner of the Tokyo 2020 Olympic and Paralympic Games

Japan's only airline to win the world's highest 5-Star rating from SKYTRAX for the third consecutive year



ANA is in 3rd place overall in the Nikkei Woman's Ranking of the "Best 100 Companies for Women to Work for in Japan"



\*1 Source: Tribeck Brand Strategies, Inc.  
\*2 Centre For Aviation

2010

Resumed scheduled international operations at Haneda Airport

2013

Shifted to a holding company structure

2014

Expanded international network at Haneda Airport

2015

# ANA Group Value Creation Cycle

Based on the ANA brand we have developed over the years, we will continue to create OUTCOMES (values) to share with stakeholders and repeat reinvestments to be the world's leading airline group.

Accumulated  
Brand Power



## INPUTS

<b>Financial Capital</b>
Financial activities / Earnings
<b>Manufactured Capital</b>
Infrastructure (airports and facilities) / Aircraft / Network
<b>Intellectual Capital</b>
IT systems / Service development capability
<b>Human Capital</b>
Human resources (employees) / Corporate culture / Knowledge / Hospitality
<b>Social and Relationship Capital</b>
Regional industries / Regional communities / Trust
<b>Natural Capital</b>
Tourism resources

Optimal  
Allocation of  
Management  
Resources

Enhancement and  
Development of  
Revenue Platforms

Expansion and  
Diversification of  
Revenue Domains

Cost Restructuring  
Initiatives

Foundation Supporting Value Creation (Corporate Governance)

Mission Statement and Safety Principles

See pages 52-61 for details

2013

Shifted to a holding  
company structure

2014

Expanded international  
network at Haneda Airport

**Safety**

**Human Resources**

## FY2014–16 ANA Group Corporate Strategy

### Development of Products & Services

#### Unique & Innovative

Enhance global competitiveness and respond to environmental changes and market needs.

### Marketing Strategy

#### Scale & Expansion

Pursue expansion and diversification of revenue domains by enhancing our developed marketing capability and customer platform.

### Operations

#### Quality Leadership

Continue to provide safe and comfortable services with Japanese-style hospitality, "OMOTENASHI."

### Communication

#### Sustainability

Respect every precious relationship with stakeholders for sustainable growth.

See pages 30–40 for details

**Environment**

**Society**

2015

## OUTCOMES

Achieve Financial Targets

Stabilize Earnings Structure & Maintain Financial Health

Enhance Customer Convenience and Comfort

Diversify Human Resources Taking on Global Challenges

Accumulate Valued Knowledge

Activate Society

Reduce Environmental Impact

Sharing Values with Stakeholders

Customers

Society

Creditors

Investors and Shareholders

Employees

Business Partners

Government Organizations

Regional Communities

To be  
group  
by

### FY2014–16 ANA Group Corporate Strategy

See page 23 for details

Plans for the Fiscal Year Ending March 2017

(Disclosed February 14, 2014)

Operating Revenues **¥1,850.0 billion**

Operating Income **¥130.0 billion**

Return on Equity (ROE) **7.1%**

Return on Assets (ROA) **6.3%**

Earnings per Share (EPS) **¥17.2**

2020

The Tokyo 2020 Olympic and Paralympic Games

Increase additional slots  
in the Tokyo metropolitan area airports (assumed)





# The world's leading airline group

Become a truly worthy company in the world creating economic and social value.

## The ANA Group's Value Creation Cycle

- Allocate INPUTS (six types of capital) optimally based on the brand power developed since our founding.
- Create OUTCOMES (values) through each group company's business along with the major strategic themes formulated in the FY2014–16 ANA Group Corporate Strategy.
- Achieve sustainable growth by sharing OUTCOMES with stakeholders and reinvesting for the future.
- Aim to be the world's leading airline group by repeating the value creation cycle generating both economic and social value, with support from all over the world.

## Long-term Strategic Vision

See pages 17 to 22 for details

Targets for the Fiscal Year Ending March 2026

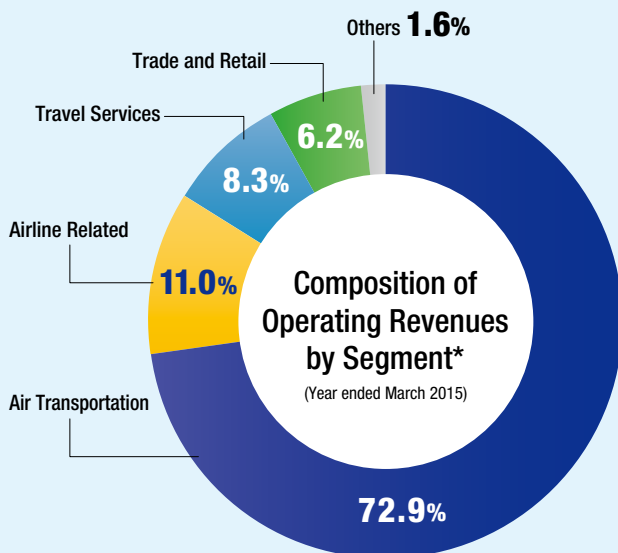
(Disclosed January 30, 2015)

Operating Revenues	<b>¥2,500.0 billion</b>
Operating Income	<b>¥200.0 billion</b>
Return on Equity (ROE)	<b>10%</b>
Return on Assets (ROA)	<b>8%</b>
Earnings per Share (EPS)	<b>¥30</b>

To the future

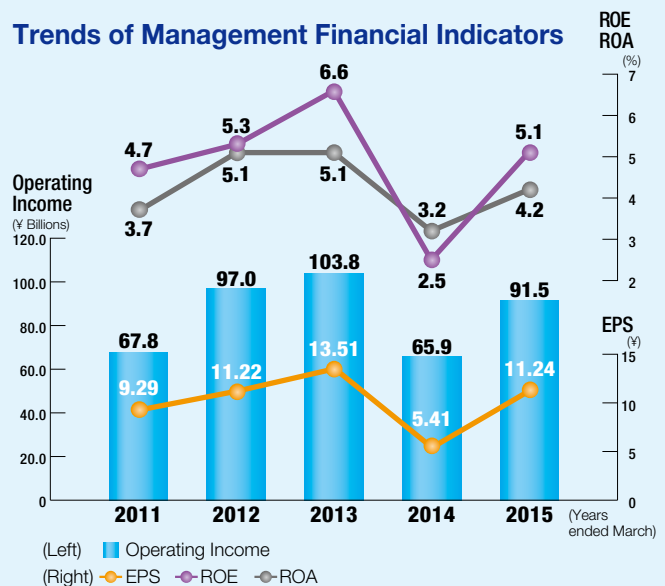
# At a Glance

## Business Domains and Structure



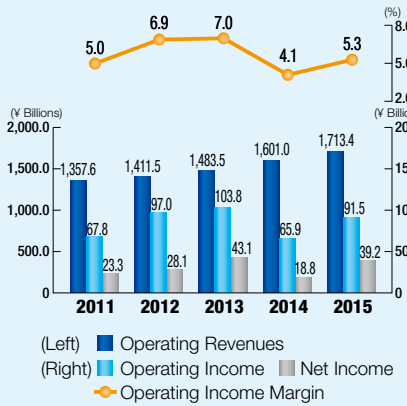
\* Composition calculated with operating revenues before eliminations.

## Trends of Management Financial Indicators

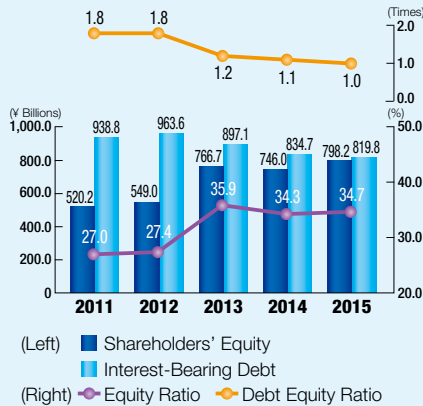


## Financial Indicators

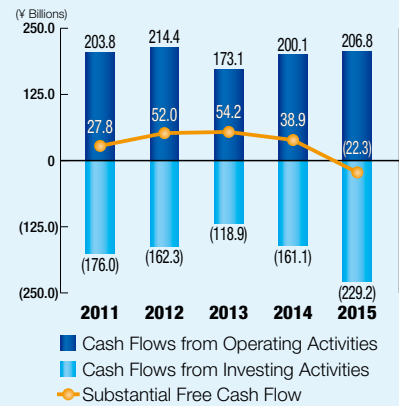
Operating Revenues/  
Operating Income/Net Income/  
Operating Income Margin



Shareholders' Equity/  
Interest-Bearing Debt\*1/  
Equity Ratio/Debt Equity Ratio\*1

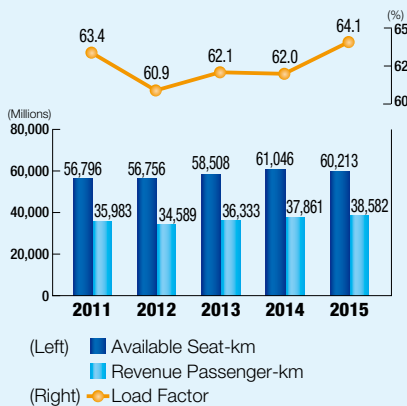


Cash Flows from Operating Activities/  
Cash Flows from Investing Activities\*2/  
Substantial Free Cash Flow\*2

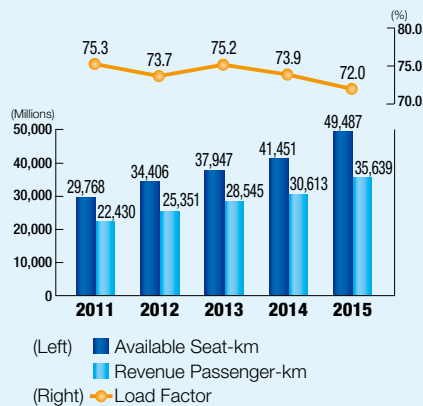


## Operational Indicators

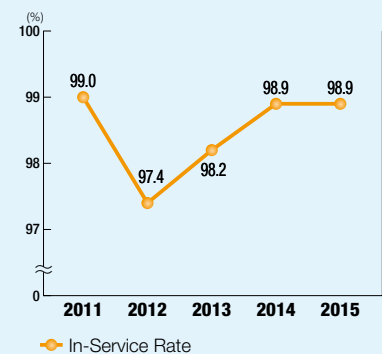
Domestic Passengers\*3  
Available Seat-km/  
Revenue Passenger-km/Load Factor



International Passengers\*3  
Available Seat-km/  
Revenue Passenger-km/Load Factor

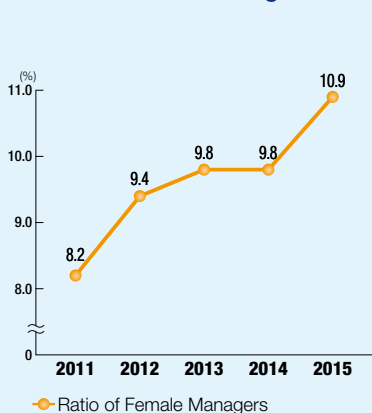


In-Service Rate\*4  
(Domestic and international passenger flights in total)

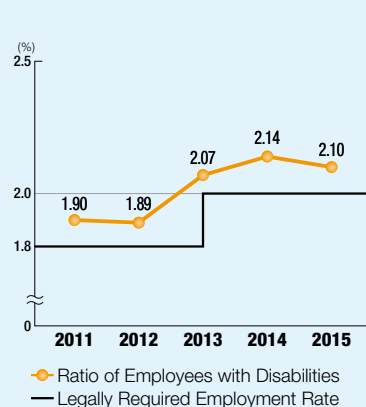


## Sustainability Indicators

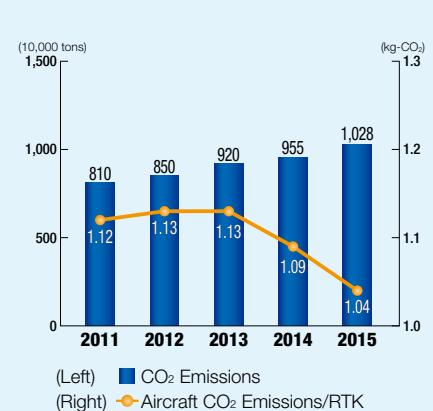
Ratio of Female Managers\*5



Ratio of Employees with Disabilities\*6



Carbon Dioxide (CO<sub>2</sub>) Emissions\*4/  
Aircraft CO<sub>2</sub> Emissions/RTK\*4



\*1 Excluding off-balanced lease obligations.

\*2 Excluding payment for purchase and proceeds from redemption of marketable securities.

\*3 Excluding Vanilla Air Inc. \*4 ANA brand only \*5 ANA only \*6 Total of ANA and qualified ANA Group companies

# Accelerate Value

## ANA Group's Vision

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### *To Be the World's Leading Airline Group*

We will create sustainable value by implementing growth strategies based on the ANA brand we have developed over the years, and share this value with all of our stakeholders as we seek to be the world's leading airline group.

## ANA Group Corporate Strategy

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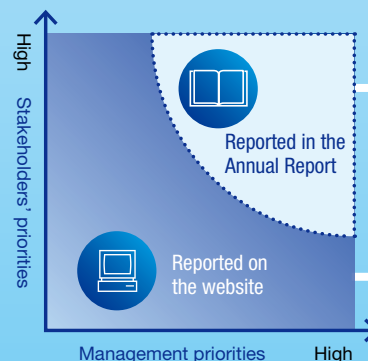


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## Editorial Policy

The ANA Group (ANA HOLDINGS INC. and its consolidated subsidiaries) aims to maximize economic and social value through communication with its stakeholders. With Annual Report 2015, we aim to deepen comprehensive understanding of the ANA Group's corporate value by reporting on management strategies, as well as our business and CSR activities.

We have published information on our activities that we have selected as being of particular importance to the ANA Group and society in general. For more details, please see our website in conjunction with this report.



## Scope of Report

- This report covers business activities undertaken from April 1, 2014 to March 31, 2015 (includes some activities in and after April 2015).
- In this report, "the ANA Group" and "the group" refer 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.



# Creation

## Pursuing Customer Satisfaction and Value Creation

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### Annual Report (Hard Copy and PDF)

(PDF version)

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

### For Further Information (Websites)

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

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

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

Fact Book: <http://www.anahd.co.jp/en/investors/irdata/annual/#newDataListF>

### 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.

From the fiscal year ended March 31, 2015, the group has changed its method of recording jet fuel sales transactions with airline companies that are materially relevant to the group's business. Under the new method, jet fuel sales transactions will be presented on a net basis after offsetting the relevant operating revenues against the cost of revenues. In this report, figures shown on pages 30 to 41 and pages 66 to 109 have been retrospectively restated or revised to reflect the company's annual securities report for the fiscal year ended March 2015.

# *To Be the World's*



**Shinya Katanozaka**  
President &  
Chief Executive Officer

# Leading Airline Group

**We will create sustainable value by implementing growth strategies based on the ANA brand we have developed over the years, and share this value with all of our stakeholders as we seek to be the world's leading airline group.**

## 1. Group Management Policy Under the Holding Company Structure

It is my honor and pleasure to greet you as the new President and Chief Executive Officer of ANA HOLDINGS INC. I am Shinya Katanozaka, and I was appointed to my new post on April 1, 2015. I would like to take this opportunity to express my sincere appreciation for all of our stakeholders' continued interest in and support for the ANA Group. We will boldly work to improve our performance while enhancing our standards of quality to retain the support of our customers. These efforts will be built on a foundation of security and trust, as we firmly believe that "Safety" is the foundation of our business as our utmost priority. We look forward to your unwavering support.

Ever since we transitioned to a holding company structure in April 2013, we have pursued three key themes: (1) Expedite management speed by delegating authority and responsibilities, (2) Ensure fair and equitable group management, and (3) Advance a multi-brand strategy. Mindful of these themes, we are promoting a business portfolio strategy as an airline group focused on the Air Transportation Business.

In the fiscal year ended March 2015, we significantly expanded our international network mainly at Haneda Airport while we started to control capacity on domestic routes for further optimization on demand and supply. As a result, the Air Transportation Business contributed immensely to revenue growth. We achieved increased profits that exceeded plans with the highest operating revenues ever. We made a steady start for the first fiscal year of the FY2014–16 ANA Group Corporate Strategy.

In the fiscal year ending March 2016, we implement our

annual plan based on the current strategy. In International Passenger Operations, a core growth driver of the group, we will spur earnings growth by expanding our network around the Narita routes. In Domestic Passenger Operations, earnings will be firmly maintained by strategic optimization on demand and supply. In the LCC business, new demand is being generated and we seek to turn to a surplus during this fiscal year by improving the unit price through yield management and establishing low-cost operations. Moreover, in the Travel Services Business, we plan to step up our efforts to capture more demand for inbound travelers to Japan. In the Trade and Retail Business, planned initiatives include launching new businesses in Asia.

The ANA Group has continued to implement Cost Restructuring Initiatives since the fiscal year ended March 2012. These initiatives have generated cost reductions totaling ¥87.0 billion in the past four years leading up to March 2015. With an addition of ¥25.0 billion for the fiscal year ending March 2016, we will also enhance our cost competitiveness by improving productivity. Overall, our goal is to achieve the highest profits level ever.

In January 2015, we announced a Long-term Strategic Vision to guide our future growth. Long-term value creation targets were set for the fiscal year ending March 2026, 10 years into the future. Setting these targets has identified our outlook for operating revenues and strategies for each business field. We will effectively allocate management resources, taking favorable external environments for our growth as a tailwind. (For details on the Long-term Strategic Vision, please see pages 17–22.)

# To Be the World's Leading Airline Group

In Japan, the domestic air travel market is maturing due to the low birth rate and aging society. In contrast, the Asian market we are targeting continues to grow more momentum. To increase the group's revenues by capturing growth in overseas markets, we have to develop the ANA Group's competitive products and services, high-quality operations, and brand power including the notion of Japanese-style hospitality "OMOTENASHI."

Peach Aviation Limited, which started services in March 2012 as Japan's first LCC, is a case in point. Peach Aviation has established a position with a company vision of "Bridging Japan and Asia as a Japanese air carrier." Vanilla Air Inc. is also seeking to be a new Japanese LCC that provides

satisfaction more than the price based on the concept of "Simple, Excellent, New Basic." Although these two LCCs target different sources of demand than ANA targets as a full service carrier, the origins of the brand concepts of both companies focus on strong "customer orientation," the ANA Group's DNA. Advancing a multi-brand strategy will expand the entire group's business scale and ensure that we continuously meet the expectations of society. This, in turn, will enable us to achieve value creation across the entire ANA Group.

We will work to attain sustainable growth based on our Long-term Strategic Vision and our medium-term corporate strategy, which is designed to realize the vision.

## 2. Direction of Long-term Growth Strategies

The ANA Group currently\* operates with approximately 900 domestic flights per day and approximately 1,400 international flights per week with a fleet of around 260. The group has 35,000 employees who are working day and night to fulfill our first priority of safety. Our initiatives are highly evaluated by external organizations; for example, ANA was certified as a 5-Star airline for the third consecutive year since 2013 in the World Airline Rating issued by SKYTRAX.

More than 60 years have passed since our founding. I believe that the main driving force behind our outstanding growth to date has been our ambitious spirit, which has been fostered with our hope to continuously grow together with society. Looking back, we have constantly attempted to spur our own growth and the advancement of society. For example, we decided to expand to an international network rather than be satisfied with only a domestic network. Another ambitious step was becoming the launch customer for the Boeing 787 ahead of any other airline in the world.

In our next stage of advancement, we believe that the

ANA Group has a role to bring the international community closer together by facilitating the global movement of people and products. That is why we intend to connect the expansive opportunities ahead of us with the group's earnings, as we establish a solid position as a leading airline in Asia and expand our activities on a global scale.

One example is our multi-brand strategy. This ambitious undertaking will ensure that the ANA Group continues to be chosen by customers as it meets the needs of society. Under the strategy, ANA will provide an outstanding network covering the entire world with the highest level of service, whereas Vanilla Air and Peach Aviation will provide simple service with low prices that will generate a demand in the market for inbound travelers to Japan, as well as in Japan's domestic market. In these and other ways, we aim to increase the value of the entire group by having each business build its own network and driving the evolution of their products and services based on their unique attributes. Our current efforts are also focused on fostering the pilot training business and



the aircraft maintenance, repair and overhaul (MRO) business, from which we can expect effective synergies within the Air Transportation Business. We will establish new sources of future earnings as a part of our business portfolio strategy, while taking into the consideration of volatility caused by business fluctuations.

The Long-term Strategic Vision sets forth key financial targets for 10 years in the future. We plan to announce a new medium-term corporate strategy during the year ending

March 2016 to serve as a specific roadmap for attaining our operating income and return on equity (ROE) targets. The group's financial position has improved significantly as a result of our strong business performance in the past few years. By taking over the current corporate strategy, accelerating management speed and value creation, we intend to provide stable and strong shareholder returns in the years ahead.

\* As of July 1, 2015 including Vanilla Air Inc. and Peach Aviation Limited

### 3. Our Value Creation Cycle for Sustainable Growth

Until now, we have expanded the scale of our business by promoting the ANA brand in markets worldwide along with the ANA Group's Mission Statement. In the course of advancing our growth strategies, with nurturing LCC brands, we must establish a sustainable value creation cycle based on the brand power we have developed over the years.

The ANA Group's value creation cycle is presented on pages 3 to 6 of this report. In the Air Transportation Business and every other business, our group companies will formulate business strategies by addressing key themes such as safety, human resources, the environment and society to create values. This undertaking will also help to enhance the ANA brand. Through a range of initiatives, including fostering new businesses, developing new markets, and making external investments that expand the reach of its businesses, the ANA Group will create economic and social value that will be shared with all stakeholders and reinvested for future growth. We are confident that this process will help to ensure sustainable growth.

Corporate governance will serve as a foundation for continuously implementing this value creation cycle. As a holding company, ANA HOLDINGS is responsible for setting the group's overall management policies and targets, as well as supervising business at each operating company. ANA HOLDINGS ensures that business process is efficient and effective by assigning highly experienced and specialized personnel as directors and other key figures to each operating company, and delegating management authority. In the process, management will ensure that the group's governance, the cornerstone of its growth, functions effectively. Management is committed to fulfilling its "accountability" to stakeholders and maintaining its "visibility."



Meanwhile, our human resources are directly responsible for promoting the value creation cycle. In the past, we have faced various challenges. In every situation, all of our group companies and divisions have gathered their knowledge and resources to overcome difficulties. As we expand our International Operations, it is necessary to reinforce our capability to accommodate multiple languages and cultures. This is the reason why we vigorously push ahead with the globalization of our human resources.

The ANA Group kicked off a Diversity and Inclusion Declaration for the start of the fiscal year ending March 2016. The purpose of this declaration is to create an organization

# *To Be the World's Leading Airline Group*

that generates unique innovation by leveraging diversity and individuality. We would like the ANA Group to be a corporate group that boldly rises above global competition and adversity while flexibly adapting to changing environments. Our expanding business scale will provide group employees with a broader range of opportunities to succeed and sharpen their abilities. Without becoming complacent with the current

status, we will continue to build an environment where every group employee can reach their full potential and stay true to our motto of "Trustworthy, Heartwarming, Energetic!"

We would like to be chosen by customers from among many airline groups and to continue to lead the global airline industry while growing together with society. Based on the ANA brand we have developed over the years, we will share economic and social value with all of our stakeholders by having all group employees pull together to pursue an even higher level of quality. We hope that you will share in our excitement for the ANA Group as we continuously endeavor to be the world's leading airline group in customer satisfaction and value creation.

July 2015

President & Chief Executive Officer

*Shinya Katanozaka*



# Long-term Strategic Vision

In January 2015, the ANA Group announced its Long-term Strategic Vision for taking business opportunities for our growth strategies. The main thrust of this vision is to enhance management for value creation. This will be achieved by sustainable growth in the Air Transportation Business and expansion and diversification of revenue domains in non-airline businesses. The following is an outline of our vision.



## Context of the Long-term Strategic Vision

In the fiscal year ended March 2015, the ANA Group recorded the highest operating revenues driven by the Air Transportation Business. Moreover, we achieved far higher earnings growth than initially planned as a result of controlling cost increases while expanding business scale. We made a steady start for the first year of our current medium-term corporate strategy.

The Japanese economy has recently followed a gradual recovery path with positive signs of the government's Abenomics policies such as increases in stock prices and wages. The number of travelers to Japan has continued to trend upwards. Therefore, the Japanese government's target of inbound tourists of 20 million in 2020 is now expected to be reached ahead of time. In the airline industry, discussions are now underway to increase additional flight slots at airports in the

Tokyo metropolitan area. To implement our growth strategies by taking these business opportunities as a tailwind, we have drawn up our Long-term Strategic Vision. It sets 10-year targets for value creation and business scale, with identification of strategic themes and other elements in each business. Carrying out our future business portfolio strategy, we will strive to create long-term value by effectively allocating resources, along with the vision as our management guideline.

We plan to formulate a new medium-term corporate strategy during the fiscal year ending March 2016 to realize the growth scenario set forth in the Long-term Strategic Vision. We will continue to enhance the group's profitability by executing investments as necessary and maintain our financial health.

# Business Environment Awareness

## Business Environment

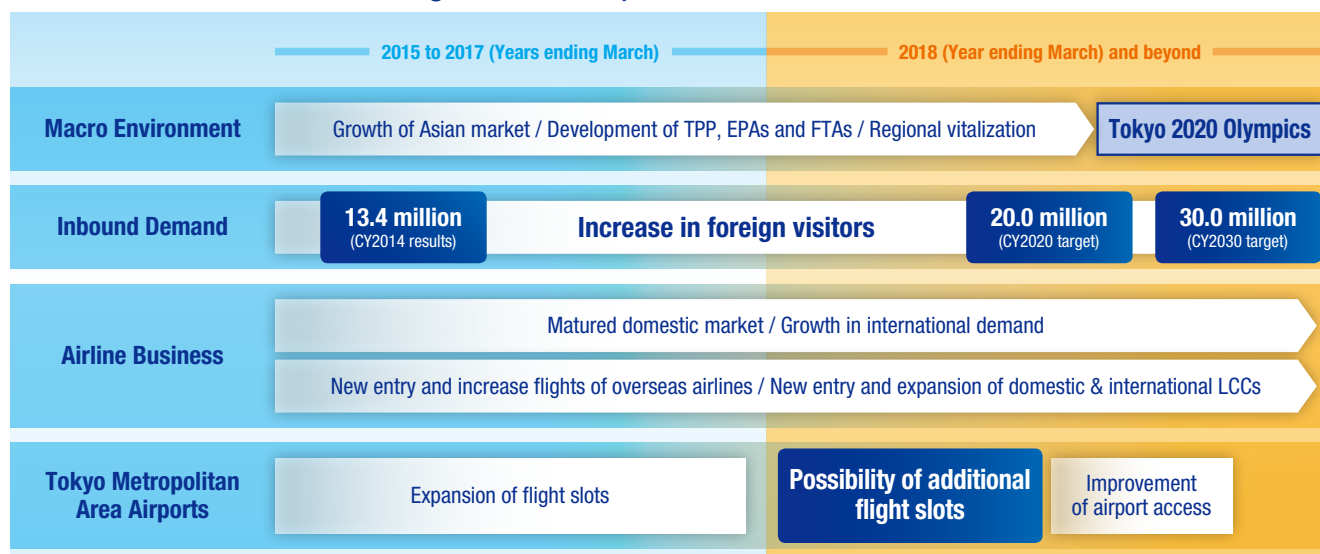
In 2014, the number of inbound travelers to Japan reached an all-time high of 13.41 million, due to exemptions or relaxations in visa requirements, expansion of the tax-free system, the weakening yen trend and other factors. The Japanese government is taking the lead in advancing the “2015 Action Program toward the Realization of Japan as a Tourism-Oriented Country.” Under this program, the government is targeting 20 million inbound travelers to Japan in 2020. With the number continuing to trend upward, it now appears increasingly likely that the target will be achieved ahead of schedule.

Meanwhile, progress is expected to be made on the Trans Pacific Partnership (TPP), Economic Partnership Agreements (EPAs) and Free Trade Agreements (FTAs) in step with economic growth in the Asia-Pacific economic region. This should catalyze still more vigorous international movement of airline passengers and cargo. In addition, the Japanese government is implementing regional vitalization policies that could create more opportunities to export Japan’s traditional arts and crafts as well as agricultural and fishery produce. This could also add new vitality to Japan’s regional cities. As Japanese society continues to face concerns of the low birth rate and aging society, the domestic market for air travel is maturing. However, it is expected that regional vitalization will help to create demand for domestic air travel by overseas visitors for tourism purposes.

## The Airline Industry

Following the decision to host the Tokyo 2020 Olympic and Paralympic Games, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has begun looking into ways to further slot expansion in the Tokyo metropolitan area airports. There is a high possibility that slots at Haneda and Narita airports could be increased by 2020 based on discussions currently under way to upgrade airport capabilities. These discussions are looking at various technical options, such as changing runway operations in both airports and flight paths. Furthermore, there are expectations for improved airport access through upgrades to the transportation infrastructure, including express highway extensions.

## Business Environment Surrounding the ANA Group





# Future Path of Business Portfolio

In April 2013, the ANA Group transitioned to a holding company structure. The group has been working to optimally allocate management resources by advancing a business portfolio strategy. The main thrust of our strategy is to drive earnings expansion by developing and enhancing the Air Transportation Business. Also, we are working to diversify our revenue domains by enlarging the group's business portfolio including strategic investments.

Looking at the past 10 years from the fiscal year ended March 2006 to the present, the group has increased operating revenues from businesses mainly on International Passenger and Cargo and Mail operations, even while maintaining operating revenues from Domestic Passenger Operations. In the fiscal year ending March 2016, the ANA Group expects operating revenues to be approximately 1.3 times larger than the level 10 years earlier.

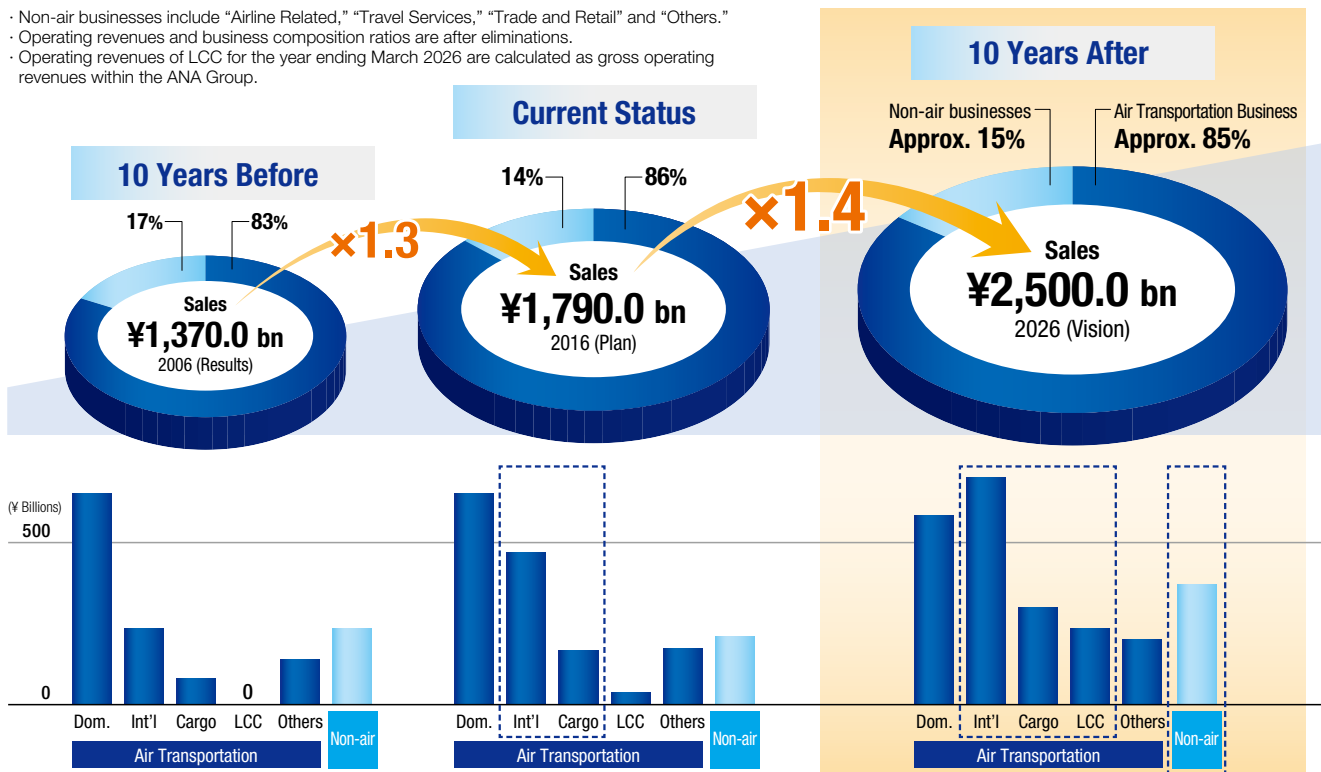
Meanwhile, under the Long-term Strategic Vision, the ANA Group seeks to sustain growth in our core business, the Air Transportation Business, while expanding revenue domains by nurturing non-airline businesses.

In the Airline Transportation Business, our growth will be driven by three businesses as growth drivers, namely International Passenger, Cargo and Mail, and LCC operations, while revenues from Domestic Passenger Operations is expected to take a downward turn. In addition, we will expand the Travel Services and Trade and Retail businesses by capturing demand from inbound travelers to Japan. In parallel, we will expand contracted services such as the pilot training business and MRO business in the Asian region, where growing air travel demand is anticipated. Through these measures, we are targeting a higher growth rate for operating revenues from non-airline businesses than in the Air Transportation Business.

In the fiscal year ending March 2026, we envision operating revenues of around ¥2,500.0 billion, roughly 1.4 times the current level, for the entire group. By fostering the fields that promise to capture synergies with the Air Transportation Business for future earnings sources, we will be able to better control revenue volatility. We pursue solid group management that is resilient to event risk and other changes in the external environment.

## Future Path of Business Portfolio

- Non-air businesses include "Airline Related," "Travel Services," "Trade and Retail" and "Others."
- Operating revenues and business composition ratios are after eliminations.
- Operating revenues of LCC for the year ending March 2026 are calculated as gross operating revenues within the ANA Group.



(Years ending March)

\* Timely disclosure filed on April 30, 2015

# Business Scale and Capacity in the Air Transportation Business

## ANA Brand

### Domestic Business

The domestic passenger market is maturing due to the low birth rate and aging society, extensions to Shinkansen (bullet train) routes and other factors. On ANA-brand domestic flights, we intend to promote further optimization of demand and supply with controlling capacity in terms of available seat-kilometers. We plan to firmly maintain our profitability by implementing appropriate pricing and yield management as we hold our current top market share.

During the second half of the fiscal year ending March 2016, we plan to implement strategic optimization on demand and supply by introducing a new fleet management model "Dynamic Fleet Assign Model." This model will enable us to flexibly match aircraft size to peaks and troughs in demand depending on season, day of the week, and time of day, while taking into consideration the market characteristics of each route. (Please see page 28 for details.)

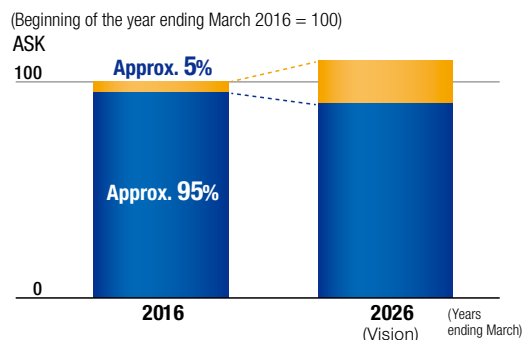
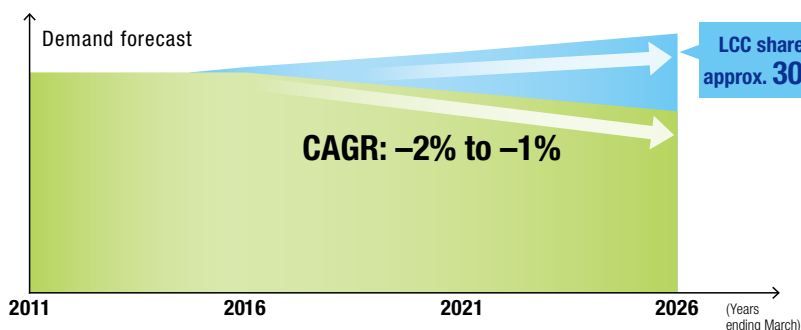
### International Business

Demand for both passenger and cargo services is expected to grow primarily in the Asia-Pacific region. With capturing demand for inbound travel to Japan, we will continue to expand the capacity on ANA-brand flights to create a global network.

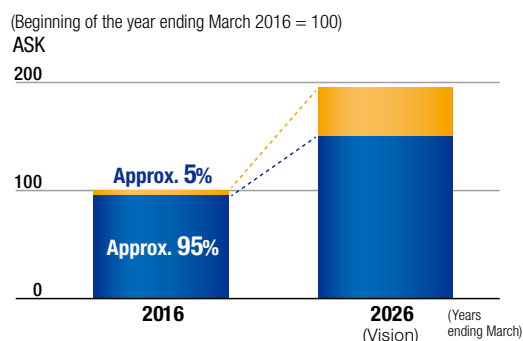
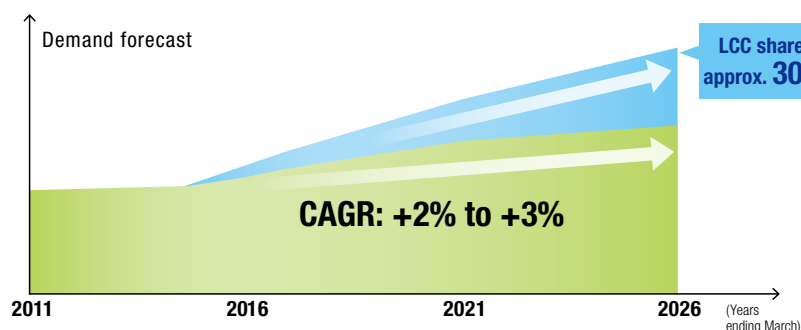
## LCC Brand

Our LCCs have created new sources of demand that differ from those of the ANA brand. There is significant opportunity for expanding our LCC operations, including growing demand for inbound travelers to Japan. The ANA Group operates two LCCs: Vanilla Air Inc. and Peach Aviation Limited. Under this dual-LCC structure, we will maintain our position as the top LCC operator in Japan and increase the number of new routes.

### Domestic Passenger Operations



### International Passenger Operations



■ Full Service Carrier Latent Demand ■ LCC Latent Demand  
(Japan arrivals/departures, including other carriers, based on MLIT and ANA HOLDINGS estimations.)

■ ANA Brand ■ LCC Brand

# Approach to International Network Expansion

According to “Worldwide Market Forecast 2014–2033” announced by Japan Aircraft Development Corporation, air passenger traffic demand between the Asia-Pacific region and North America/Europe is projected to increase over the long term. Notably, air travel demand within the Asia-Pacific region is predicted to show a compound annual growth rate (CAGR) of +6.0% through 2033. In the international route market, which is expected to continue growing, The ANA Group will expand its network with both the ANA and LCC brands for different purposes.

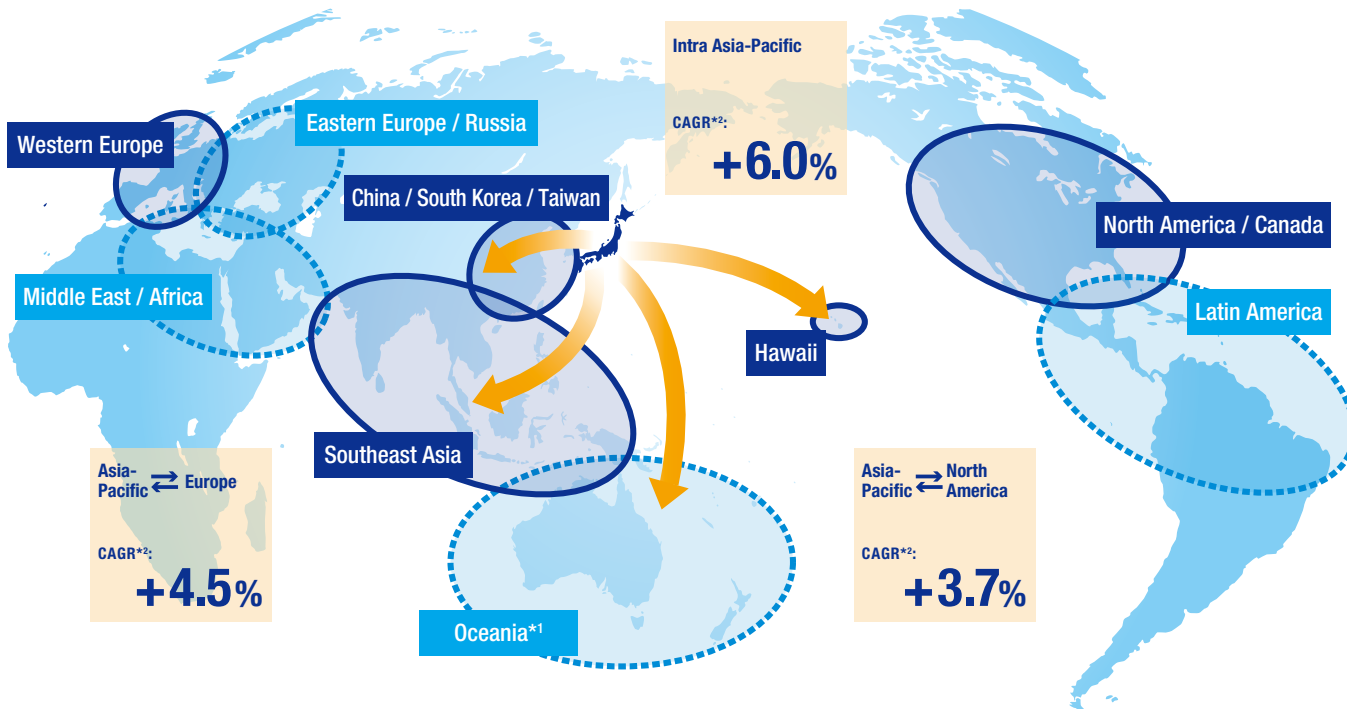
In areas where ANA already operates, we seek to capture greater demand by deploying optimal-sized aircraft, providing convenient flight schedules and increasing frequencies. In areas where ANA has yet to operate, such as Eastern Europe and Russia, the Middle East and Africa, Oceania\*<sup>1</sup> and Central and South America, we will consider operating ANA flights and exploring ways to strengthen alliances beyond existing frameworks.

Meanwhile, in LCC operations, we will capture firm demand by expanding our destinations primarily to major Asian cities. We will also explore the launch of medium-haul flights to resort destinations, such as those in Oceania and Hawaii.

Our fleet plans will support long-term growth in the Air Transportation Business. As part of these plans, the group decided to place orders for 70 aircraft in March 2014 and 15 additional aircraft in January 2015. We will procure aircraft appropriately to secure resources for medium- to long-term growth and replacement of existing aircraft, which enable us to expand our network swiftly if the number of slots increases at Tokyo metropolitan area airports. For details, please see the feature article titled “Fleet Strategy of the ANA Group” on pages 24 to 28.

\*<sup>1</sup> Timely disclosure filed on July 16, 2015: ALL NIPPON AIRWAYS CO., LTD. decided to commence non-stop flights from Haneda to Sydney starting from December 11, 2015.

## Visions for Network Expansion and Worldwide Air Traffic Forecast



ANA Brand    ○ Regions currently in service  
 ○ Regions considered for future routes    LCC Brand    → Regions considered for future routes

Source: “Worldwide Market Forecast 2014–2033,” Japan Aircraft Development Corporation  
<sup>\*2</sup> Figures indicate the annual average growth rate of revenue passenger-km from 2013 to 2033

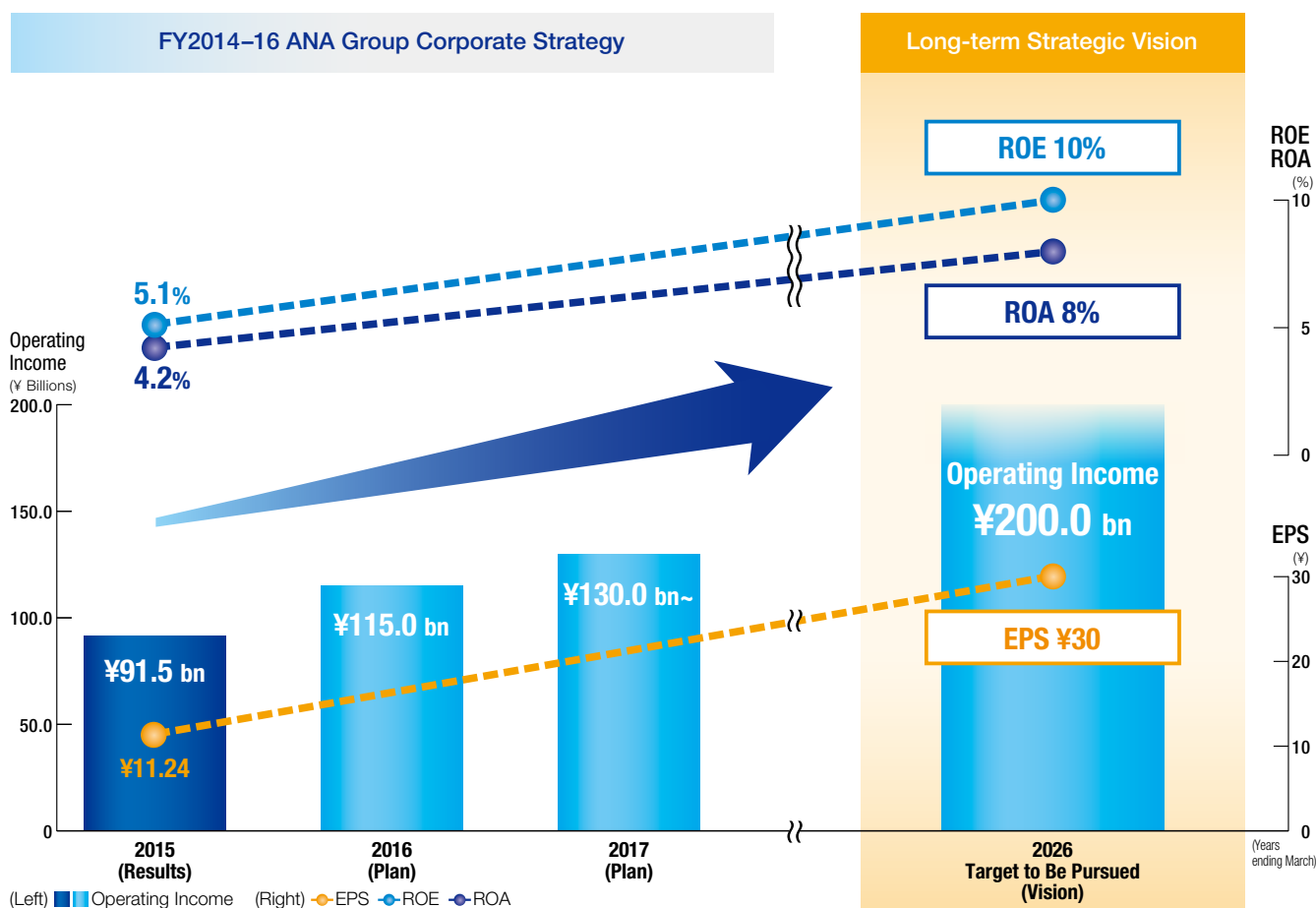
## Long-term Value Creation Targets

For the fiscal year ending March 2026, the ANA Group is targeting operating revenues of around ¥2,500.0 billion by strengthening the Air Transportation Business mainly on International Operations and expanding non-airline businesses while diversifying revenue domains. We will aim to increase operating income by approximately ¥100 billion to ¥200 billion compared with the fiscal year ended March 2015. This represents an approximate two-fold increase.

Based on these targets, our return on equity (ROE) in the fiscal year ending March 2026 is expected to increase by approximately 5 points over the 5.1% recorded in the fiscal year ended March 2015 to approximately 10%. We will enhance our capital efficiency by both expanding our business scale and improving profitability.

Earnings per share (EPS) is projected to increase to approximately ¥30 in the fiscal year ending March 2026. This represents an approximate three-fold increase from ¥11.24, our actual EPS for the fiscal year ended March 2015.

Our financial base has been significantly fortified and improved, compared with 10 years ago. We will pursue further value creation with the full preparation for future growth.



Note: Figures for the fiscal year ended March 2015 are actual results. Operating income for the fiscal year ending March 2016 is from the plan announced in April 2015. Figures for the fiscal years ending March 2017 and March 2026 are plan values based on materials published in January 2015.



# Progress in the FY2014–16 ANA Group Corporate Strategy

In the fiscal year ended March 2015, the ANA Group recorded its highest operating revenues, thanks to a significant contribution from higher revenues in its core Air Transportation Business, while implementing Cost Restructuring Initiatives which exceeded plans. As a result, operating income significantly increased and surpassed initially projected figures in the medium-term corporate strategy.

The following is an overview of our progress on the major initiatives in the strategy and our plans for the fiscal year ending March 2016.

(Years ending March)

(¥ Billions)	2015		2016	
	Results	Diff. from initial plans	Plan	Diff. from initial plans
Operating revenues	1,713.4	+13.4	1,790.0	+10.0
Operating income	91.5	+6.5	115.0	+5.0
Operating income margin (%)	5.3	+0.3 pts	6.4	+0.2 pts
Net income	39.2	+9.2	52.0	+7.0
EBITDA	222.8	-7.1	252.0	-9.0
Earnings per share (¥)	11.24	+2.64	14.88	+1.98

## Major Initiatives

1

### Enhancement and Development of Revenue Platforms

In the fiscal year ended March 2015, the ANA Group realized increased revenues in line with expanded capacity in International Operations. The group also generated revenue growth in Domestic Passenger Operations while shifting to a policy of controlling capacity.

In the Airline Related Business, the group increased contracted services from airlines outside the group, particularly for airport ground handling. In the Travel Services and Trade and Retail businesses, the group captured demand for inbound travelers to Japan.

## Major Initiatives

2

### Expansion and Diversification of Revenue Domains

In the fiscal year ended March 2015, the ANA Group worked to establish new revenue sources. In contracted services, the group set up Pan Am International Flight Training Center (Thailand) Limited and prepared to launch an aircraft MRO business at Okinawa (Naha) Airport\*. In the Travel Services and Trade and Retail Businesses, the group established a joint venture travel company to generate and capture inbound demand, and joined a new business in a commercial facility in Singapore.

\* Timely disclosure filed on June 1, 2015: MRO Japan was established with plans to commence operations at Naha Airport in the second half of the fiscal year ending March 2018. Operations will be started at Itami Airport in September 2015, and relocated to Naha Airport when aircraft maintenance facilities are completed. Until then, MRO Japan is scheduled to be capitalized at ¥10.0 million (ANA HOLDINGS' shareholding: 100%), and after relocation at ¥1.0 billion (ANA HOLDINGS' shareholding: 45%).

## Major Initiatives

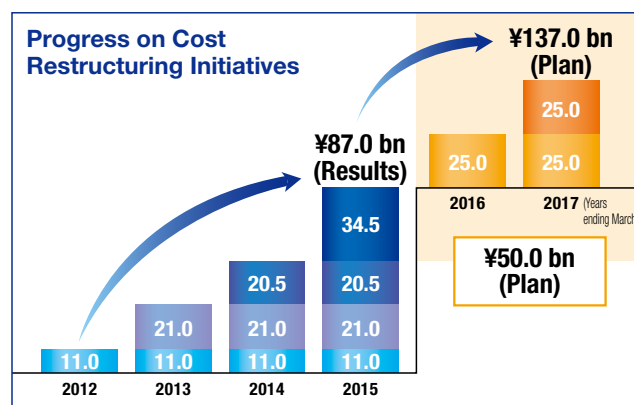
3

### Cost Restructuring Initiatives

Cost Restructuring Initiatives undertaken since the fiscal year ended March 2012 have reduced costs by ¥87.0 billion over the four years through the fiscal year ended March 2015. For example, the group is implementing productivity improvement and operational innovation

activities, such as rationalization of the pilot training program and appropriate fuel loading.

Under the current strategy, the group aims to reduce costs by an additional ¥50.0 billion over the next two years through the fiscal year ending March 2017 by introducing a new cost management method across the organization.



### Plans for the Fiscal Year Ending March 2016

The ANA Group develops annual plans based on current medium-term corporate strategy and keeps working to boost its earnings power in the fiscal year ending March 2016.

We are targeting operating revenues of ¥1,790.0 billion and operating income of ¥115.0 billion, which exceeds initial plans and would be our highest to date. EPS is projected at ¥14.88, approximately ¥2 higher than planned in the corporate strategy.

We will continue to accelerate management speed and strive to enhance profitability through our growth strategy, aiming to create value over the medium to long term.

# Fleet Strategy of the ANA Group

The ANA Group operates around 255 aircraft\* as of March 31, 2015.

The group will continue to procure aircraft for superior safety, fuel and economic efficiency, as well as comfort, and expand its international network.

In this feature, we present the group's medium- to long-term fleet strategy, which forms our foundation to be the world's leading airline group.

\* Including aircraft operated by Vanilla Air Inc. and Peach Aviation Limited, but not aircraft leased outside of the group.

## Aircraft Procurement Objectives and Benefits

**70 aircraft**

Timely disclosure filed on March 27, 2014

Stable aircraft procurement as resources for medium- to long-term growth and replacement

**15 aircraft**

Timely disclosure filed on January 30, 2015

Maintain profitability on domestic operations by optimizing demand and supply

Flexible aircraft utilization, including international operations

Implement a fleet strategy for medium- to long-term growth

Corresponding with expansion at Tokyo metropolitan area airports

### Description of aircraft orders

Orders announced in March 2014:  
**70 aircraft**

	Aircraft type	Number of aircraft ordered	Delivery period (Years ending March)
Mid- and wide-body	Boeing 777-9X	20	2022 to 2028
	Boeing 777-300ER	6	2019 to 2020
	Boeing 787-9	14	2018 to 2022
Narrow-body	Airbus A321neo	23	2018 to 2024
	Airbus A320neo	7	2017 to 2019

Orders announced in January 2015:  
**15 aircraft**

Mid- and wide-body	Boeing 787-10	3	2020 to 2021
	Airbus A321ceo	4	2017
Narrow-body	Airbus A321neo	3	2021 to 2022
	Boeing 737-800	5	2016



## Approach to Fleet Strategy and Procurement Policy

In March 2014, the ANA Group decided to place orders for 70 aircraft to secure the aircraft needed to achieve medium- to long-term growth and replacement of existing aircraft over the next 15 years. The procurement of these aircraft will lead to gradual progress on the integration of aircraft types, which will bring a range of benefits. In addition to improving aircraft utilization, we will be able to streamline personnel training and assignment, such as for cockpit crew and mechanics, and generate cost savings by reducing inventories of aircraft maintenance parts and other items.

Moreover, in January 2015, the ANA Group placed additional orders for 15 new aircraft, mainly narrow-body aircraft. We will optimize demand and supply by introducing the “Dynamic Fleet Assign Model” to maintain profitability. (Please see page 28 for details.) Also, the orders will increase the flexibility of aircraft utilization, including international operations. Accordingly, if the additional expansion of Tokyo metropolitan area airports is approved in the near future, the ANA Group will be able to rapidly expand its international network.

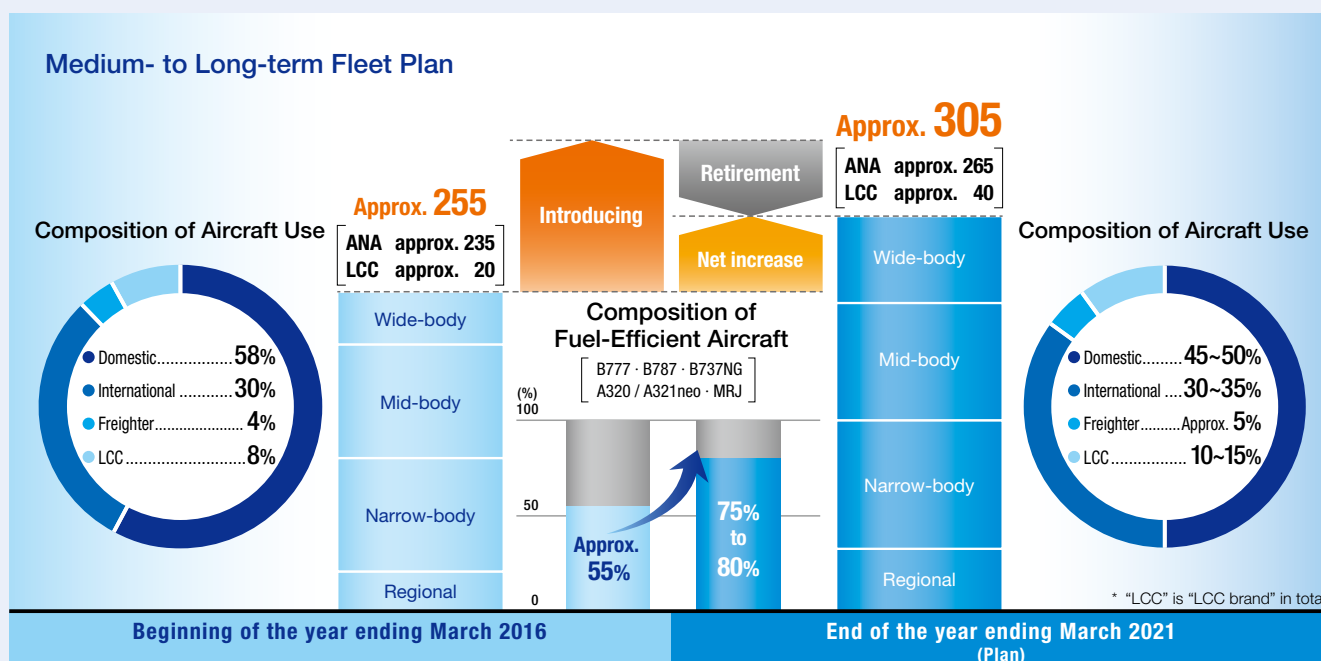
ANA HOLDINGS has strategically positioned International Passenger Operations as a growth driver for the entire group. Our main aircraft for attaining this growth is the Boeing 787 Dreamliner, a new medium-body aircraft. Thanks to its dramatically improved fuel efficiency, the Dreamliner enables us to fly long-haul routes using medium-body aircraft, which was not

possible with previous medium-body aircraft. Therefore, the Dreamliner has opened up a wider range of opportunities than ever for us to expand the group’s international network.

As the launch customer of the Boeing 787, the ANA Group participated in the development of this aircraft for many years, and has reflected its needs and desires into the standard design. As of June 30, 2015, the ANA Group had 37 Boeing 787 aircraft in service. We have streamlined the flow of our operations as we accumulate maintenance expertise on the aircraft.

The ANA Group is also involved in the development of the Mitsubishi Regional Jet (MRJ), which will be in service on domestic operations in the near future. Development of the MRJ is designated as a national project of Japan. By reflecting the knowledge the group has developed in the past into this aircraft, we intend to actively contribute to the MRJ project as a customer.

We plan to secure the funds needed for these capital expenditures, including aircraft, by using cash on hand, cash flows and debt financing such as bank loans and bonds issuance. We also plan to introduce certain aircraft using operating leases based on sale and lease-back arrangements. Mindful of generating a certain level of free cash flow consistently, we intend to invest these capital expenditures while maintaining financial health at all times.



1

## Aircraft Procurement Plan

Through negotiations with aircraft manufacturers, we pursue optimal aircraft quality, economic efficiency and productivity in order to contribute to lean business operations.

**Koichi Yabuki**  
 Leader, Aircraft Purchasing  
 ALL NIPPON AIRWAYS CO., LTD.



The ANA Purchasing department conducts procurement activities (purchasing, sales, leasing, etc.) for ANA Group aircraft (including engines, seats, galleys and other related facilities and equipment) based on the fleet plans drawn up by ANA HOLDINGS. In this section, I will present the duties of the department, with an emphasis on our negotiations with aircraft manufacturers.

### Pursuit of Aircraft Quality

Enhancing various aspects of aircraft quality such as safety and comfort is a crucial priority for successfully competing with other airlines. It is particularly important for aircraft in service on international routes to provide a comfortable cabin environment for passengers. In the course of our negotiations with aircraft manufacturers, we prepare a test cabin layout based on our service standards and verify the seat configuration concerning comfort. The Boeing 787, the group's main aircraft, utilizes leading-edge technologies to provide passengers with a comfortable cabin environment. Notably, passengers have highly evaluated various aspects of the aircraft, such as the humidity and atmospheric pressure level in the cabin, which previously tended to become too dry and low respectively.

These technologies will ensure greater passenger comfort and will be adopted in the next generation of Boeing 777-9X aircraft we have ordered.

### Pursuit of Economic Efficiency

Fuel costs represent the highest share of ANA's operating costs. As fuel prices experience significant fluctuations, we are steadily deploying fuel-efficient aircraft. The composition of fuel-efficient aircraft will increase from approximately 55% at the beginning of the year ending March 2016 to 75–80% by the end of the year ending March 2021.

### Pursuit of Productivity

In the course of considering the aircraft we will deploy in the future, it is important to ensure compatibility between our future aircraft and aircraft currently in service. For example, by setting common specifications, such as of cockpit design and other features, across new and existing aircraft, we are able to shorten the training period needed for flight crew to transition to new aircraft types, and to reduce costs by standardizing aircraft maintenance parts. In these and other ways, we will also pursue higher productivity from an operational viewpoint.

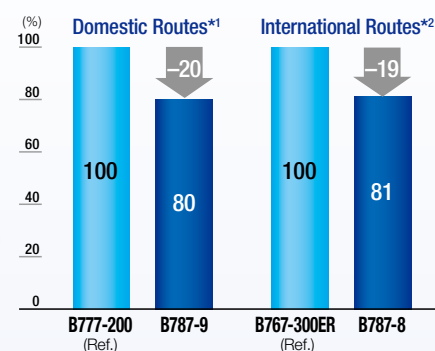
## Fuel Savings by Aircraft Type



**Kazumi Tanioka**  
 Performance Engineering Team  
 Flight Operations Standards  
 Operation Support Center  
 ALL NIPPON AIRWAYS CO., LTD.

The ANA Group introduced the Boeing 787-9 in July 2014. This new aircraft is far more fuel efficient than the similar-sized Boeing 777-200, being around 15 tons lighter and equipped with leading-edge Rolls Royce engines. On the Haneda–Fukuoka route, the Boeing 787-9 is about 20% more fuel efficient than the Boeing 777-200 in terms of jet fuel consumption per passenger. In addition to that superiority, engine noise levels during takeoff are 3–4 decibels quieter than the Boeing 777-200, and its quietness can be realized when you'd see a takeoff of the Boeing 787.

### Fuel Consumption by Aircraft Type



\*1 Figures are per ASK and based on the Haneda–Fukuoka route, with full passengers.  
 \*2 Figures are per ASK and based on the Narita–Singapore route, with full passengers.



## 2

## Network Expansion and Aircraft Deployment Plan

**We will structure our optimal network with newly procured aircraft for medium- to long-term growth.**

**Naohiro Terakawa**

Leader, Network Planning, Marketing & Sales  
ALL NIPPON AIRWAYS CO., LTD.



The ANA Network Planning department conducts duties related to the formulation and execution of the ANA Brand Air Transport Business Plan (planning routes, frequencies and flight schedules). In this section, I would like to explain our approach to deploying new aircraft on various routes.

### Deployment of Aircraft on International Routes

The Boeing 787's superior performance of fuel efficiency and flight range enable us to deploy these medium-body aircraft on long-haul routes that previously required wide-body jets. In fact, we already offer Boeing 787 services to cities such as Dusseldorf and San Jose and steadily capture demand.

At this time, there are two types of Boeing 787: the baseline model (Boeing 787-8) and the stretched model (Boeing 787-9). This enables a choice of aircraft size, including the wide-body of the Boeing 777, depending on demand trends. Prioritizing customer convenience, we will gauge the characteristics of each route and expand our network interconnecting Japan to the world with the Boeing 787 as our main aircraft.

### Deployment of Aircraft on Domestic Routes

As the Japanese market matures, we are optimizing demand and supply on domestic operations with controlling capacity. Looking ahead, we plan to promote the "Dynamic Fleet Assign Model" by deploying narrow-body aircraft such as the Airbus A321neo and the Boeing 737-800. We expect to develop efficient operations with smaller narrow-body aircraft by introducing the MRJ in the near future to maintain profitability on domestic operations.



## Efficient Support for Safe Flight Operations

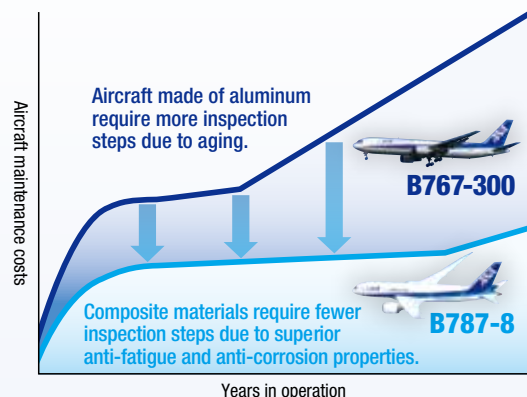


**Tomoko Ikemori**

Aircraft Maintenance Department  
ANA Base Maintenance Technics  
Co., Ltd.

Engineers constantly need to update their knowledge and skills. We must obtain national certification as a class 1 aircraft maintenance engineer for each type of aircraft. The greater use of composite materials as well as state-of-the-art electronics and avionics in new aircraft have led to better maintenance methods. As a result, the group has reduced the amount of labor and costs expended on aircraft maintenance compared with outlays for existing aircraft. We need to improve efficiency and continue maintaining aircraft to ensure safety and reliability. It is our mission to provide comfortable flights to customers flying with ANA.

### Reduction in Maintenance Costs

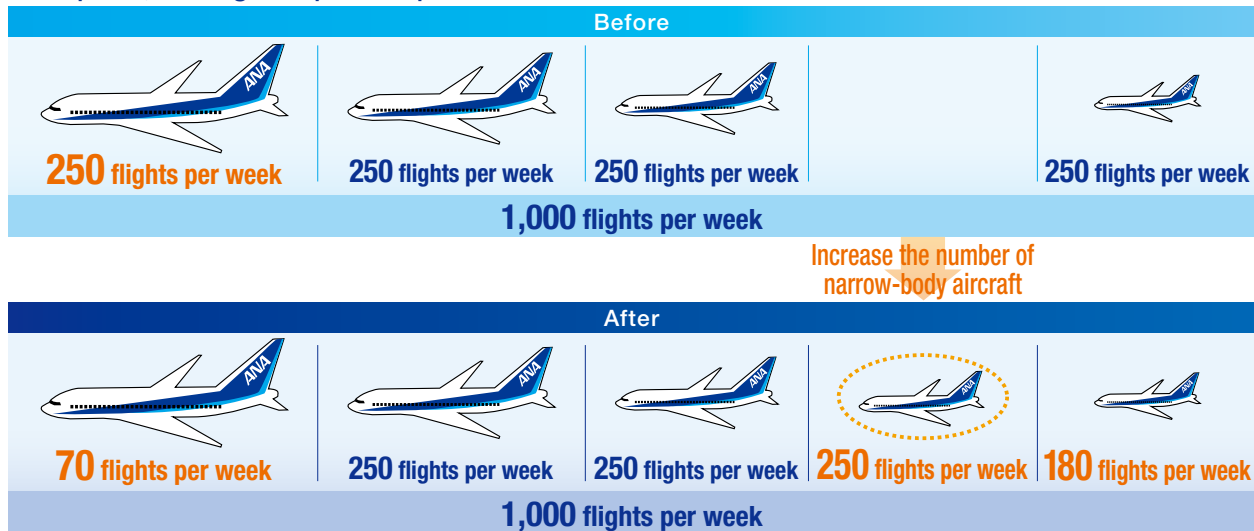


Column **Dynamic Fleet Assign Model**

In Domestic Passenger Operations, the basic approach of the group has been expanding revenues by maximizing its aircraft utilization as high as possible. Going forward, we will introduce the “Dynamic Fleet Assign Model.” Under this approach, we plan to implement flexible fleet management by deploying additional narrow-body aircraft according to demand trends on domestic routes, which greatly fluctuate depending on the season and day of the week.

Narrow-body aircraft will primarily be operated on low-demand days, while wide-body aircraft will be operated on days with firm demand, such as weekends and holidays. This approach will allow us to simultaneously control our variable operating expenses and maximize revenues. By strategically optimizing demand and supply, we will firmly maintain profitability in Domestic Passenger Business.

**Example: 1,000 Flights Operated per Week**

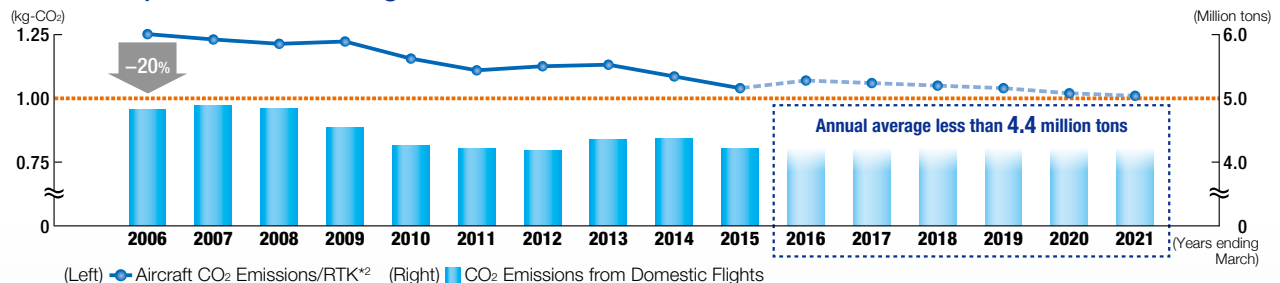


**Seeking to Reduce CO<sub>2</sub> Emissions**

The ANA Group regards continuously reducing CO<sub>2</sub> emissions as a materiality theme as part of the process of expanding capacity centered on international routes. Accordingly, under ANA FLY ECO 2020, the group’s medium- to long-term environmental plan spanning 2012 to 2020, the group has set targets for reducing CO<sub>2</sub> emissions in line with global standards. (For details, please see page 49.)

Notably, the ANA Group was the launch customer for the Boeing 787, an aircraft that features dramatically improved fuel efficiency. As one of the world’s leading eco-friendly airlines, the ANA Group will continue to take a range of initiatives to achieve its targets for reducing CO<sub>2</sub> emissions. These will include actively introducing fuel-efficient aircraft, effectively deploying narrow-body aircraft, and implementing the Fuel Efficiency Project.

**ANA Group CO<sub>2</sub> Emission Targets and Results\*<sup>1</sup>**



\*<sup>1</sup> ANA brand only

\*<sup>2</sup> Total distance flown by revenue passengers and cargo aboard aircraft.

## ANA Group's Business Fields and Four Materiality Themes

The ANA Group creates value through its various businesses mainly on the Air Transportation while addressing the shared materiality themes of Safety, Human Resources, the Environment and Society.

We will provide an overview of each business, our response to materiality themes and a description of Corporate Governance, which forms the foundation for supporting all of these ideas.

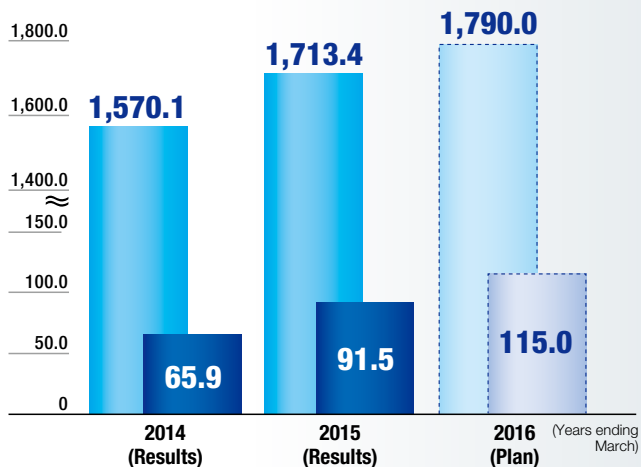


Pursuing Customer Satisfaction and Value Creation

## Segments in Profile

### Consolidated Operating Revenues and Operating Income

(¥ Billions)  
2,000.0



### Segment Operating Revenues and Operating Income

(Years ending March)

(¥ Billions)	2015		2016	
	Results	YoY (%)	Plan	YoY (%)
Air Transportation	1,484.6	+8.8	1,545.0	+4.1
	81.6	+24.9	104.0	+27.3
Airline Related	223.7	+18.0	235.0	+5.0
	9.0	+228.7	9.0	-0.3
Travel Services	169.0	-2.5	175.0	+3.5
	4.5	+3.1	5.0	+9.5
Trade and Retail	127.0	+15.2	140.0	+10.2
	4.0	+22.6	5.0	+22.9
Others	32.5	+8.2	30.0	-7.9
	1.6	+18.8	1.0	-38.4
Adjustment	-323.6	—	-335.0	—
	-9.4	—	-9.0	—
Total (Consolidated)	1,713.4	+9.1	1,790.0	+4.5
	91.5	+38.7	115.0	+25.6

(Top: Operating revenues; Bottom: Operating income)

### Air Transportation



### Airline Related



### Travel Services



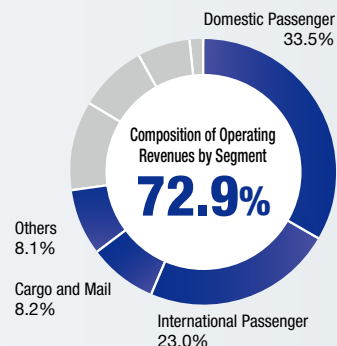
### Trade and Retail





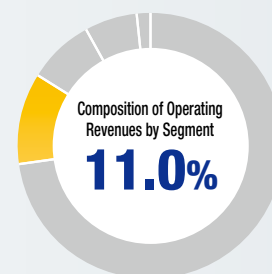
Air Transportation is our core business “to be the world’s leading airline group,” a goal set forth in our Management Vision. Looking at its global rankings, the ANA Group currently ranks 9th in terms of the number of passengers on domestic operations and 15th in terms of the total number of passengers, including international operations. The Air Transportation generated 72.9% of the total operating revenues of the ANA Group in the year ended March 31, 2015. This business is undertaken by the three full service carriers ALL NIPPON AIRWAYS CO., LTD., ANA WINGS CO., LTD. and Air Japan Co., Ltd., and one LCC, Vanilla Air Inc.

Air Transportation mainly comprises Domestic Passenger Operations, International Passenger Operations, and Cargo and Mail Operations. In Domestic Passenger Operations, we seek to maintain profitability by optimizing demand and supply while retaining the largest share in the Japanese market. Meanwhile, International Passenger and Cargo and Mail Operations will serve as our growth drivers over the medium and long terms. It is on these main pillars that we will work to maximize the ANA Group’s earnings.



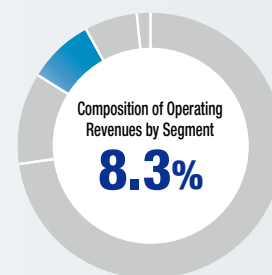
ANA AIRPORT SERVICES Co., Ltd., ANA Base Maintenance Technics, Co., Ltd., ANA TELEMART CO., LTD. and certain other ANA Group companies are involved in a variety of businesses in support of the Air Transportation. These businesses include airport ground services, aircraft maintenance, vehicle maintenance, cargo and logistics, in-flight catering and call centers, as well as commission work from airlines outside the group. Under the holding company structure, the ANA Group companies will work closely with one another with the aim of enlarging their businesses.

Looking ahead, we will expand and diversify our earnings sources by progressing businesses that have strong synergies with the group’s existing businesses, such as the pilot training business and the aircraft maintenance, repair and overhaul (MRO) business.



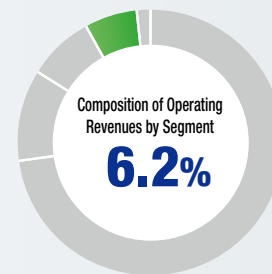
The ANA Sales Group is involved in airline ticketing and travel services. Its ticketing business is targeted at both individual and corporate customers, while the Travel Services plans and markets travel packages that combine air transportation services offered by the ANA Group with lodging and other travel options. A wide variety of travel services are offered, including travel packages such as ANA Sky Holiday for domestic travel and ANA Hallo Tour and ANA Wonder Earth for international travel, as well as travel savings plans.

This business strengthens its initiatives to capture growing demand for inbound travelers to Japan. As part of these efforts, H.I.S. ANA Navigation JAPAN Co., Ltd. was set up as a joint venture with H.I.S. Co., Ltd. in the fiscal year ended March 31, 2015.



ALL NIPPON AIRWAYS TRADING CO., LTD. and others are 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 the fiscal year ended March 2015, we expanded sales at our airport duty free shops and other airport retail operations, and commenced exports of Japanese food products to address growing overseas demand for Japanese cuisine. We have also been taking steps to increase earnings. Measures include capturing active demand by in-bound travelers to Japan and launching new businesses in Asia.



Note: Composition calculated with operating revenues before eliminations.



# Air Transportation

Op. Revenues **¥1,484.6 bn**  
Up **8.8%** YoY

We will faithfully implement our current corporate strategy while closely considering changes in the business environment. Also, we will enhance our competitiveness as the group's core business in order to be the world's leading airline group.



**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 2015

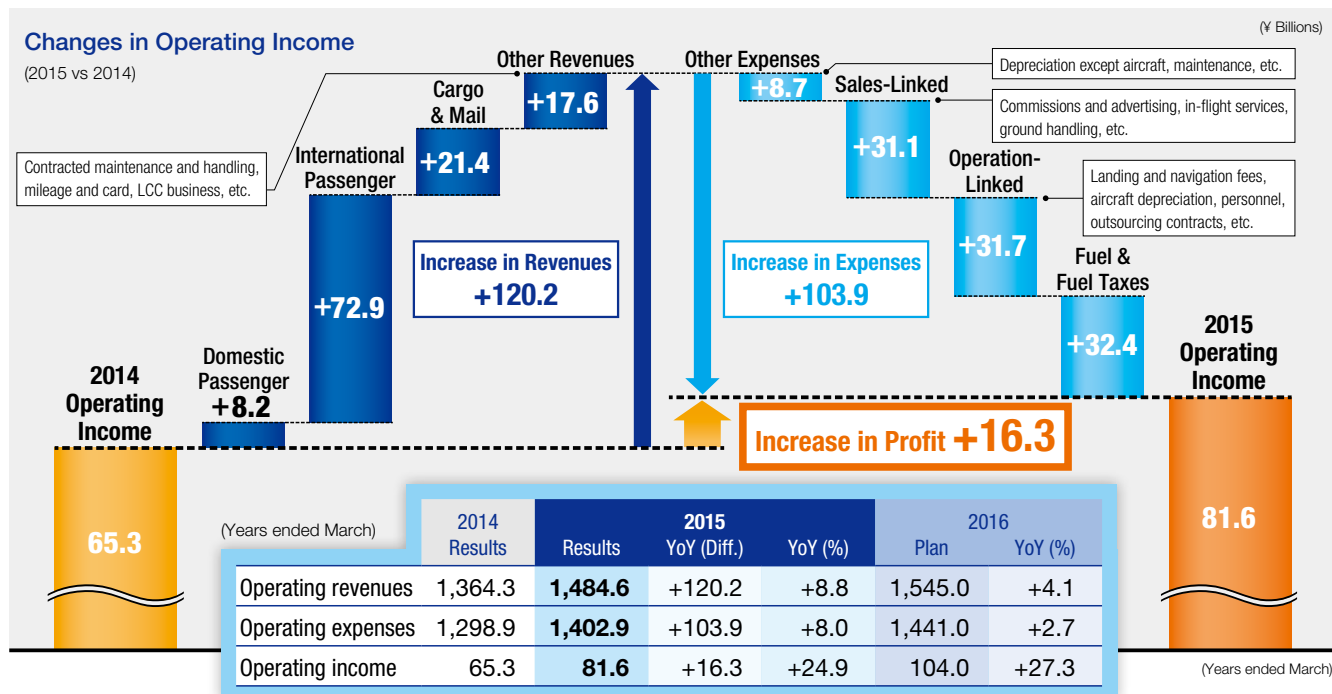
Operating revenues from the Air Transportation business in the fiscal year ended March 2015 increased by 8.8% over the previous fiscal year to ¥1,484.6 billion. Operating revenues achieved the highest record, driven by significant top-line growth in International Operations, where we expanded our network, and by higher operating revenues from Domestic Passenger Operations, where we continued to control capacity by optimizing demand and supply. Operating expenses increased by 8.0% year on year to ¥1,402.9 billion. This was the result of higher sales- and operation-linked expenses, which were partly offset by steadily implemented increasing Cost Restructuring Initiatives.

As a result, operating income for the fiscal year increased by 24.9% year on year to ¥81.6 billion, higher than our annual plans.

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

Based on the corporate strategy, ANA will continue to expand its network in International Operations, and optimize demand and supply in Domestic Passenger Operations. Cost Restructuring Initiatives will also be steadily advanced. At the same time, we will continue to improve our service quality, which has awarded the highest 5-Star rating for the third consecutive year from SKYTRAX. (For details, please see page 38.) Through these initiatives, we intend to enhance our competitiveness as we drive further earnings growth.

Through these initiatives, our plans for the fiscal year ending March 2016 are operating revenues of ¥1,545.0 billion, an increase of 4.1% year on year, and operating income of ¥104.0 billion, an increase of 27.3% year on year.



## Domestic Passenger Operations

Firmly maintain our profitability by continuing to control capacity while optimizing demand and supply and stimulating demand through appropriate pricing management.

### Performance in the Fiscal Year Ended March 2015

In Domestic Passenger Operations, ANA shifted to a policy of controlling capacity from the fiscal year ended March 31, 2015. We successfully captured demand by flexible pricing management, including raising normal fares and offering effective promotional fares. As a result, ANA achieved higher operating revenues year on year.

In terms of our route network, ANA launched three new routes, the Osaka (Itami)–Aomori, Sapporo (New Chitose)–Aomori and Haneda–Nagoya (Chubu) routes. We also increased the frequencies on 10 routes, including the Haneda–Iwami/Tottori routes, which made use of slots allocated by a competition scheme at Haneda Airport. During the summer holiday season, we operated ANA Galaxy Flights on the Haneda–Okinawa (Naha) route in cooperation with regional organizations. These special flights make effective use of passenger aircraft operated as regular cargo flights in the late night and early morning hours. They were highly

evaluated among customers and have helped to activate the local community. During the peak of air travel demand in August, ANA was the world's first airline to deploy the Boeing 787-9 on regular flights to further meet customer demand.

On the services front, we carried out the *Tastes of JAPAN by ANA* project—an initiative designed to introduce Japan's cultural and tourism resources by incorporating regional goods from across Japan into ANA's in-flight and airport lounge services. Through this project, we worked to promote the appeal of various regions of Japan on the world stage and to make our services more competitive.

As a result of these initiatives, available seat-kilometers for the fiscal year were reduced by 1.4% year on year which was more suppressive than our annual plans. However, the number of passengers increased by 1.3% and operating revenues rose by 1.2% to ¥683.3 billion.

### Initiatives in the Fiscal Year Ending March 2016 and the Medium-Term Plan

In the fiscal year ending March 2016, ANA plans to continually control capacity, as in the fiscal year ended March 2015. However, we will also continue working to increase operating revenues by capturing more demand and optimizing demand and supply.

In terms of our route network, we will utilize slots of low-noise aircraft at Osaka (Itami) Airport, in addition to continuously strengthening cooperation with partner carriers. Efforts will be made to upgrade the network according to demand, while taking into consideration the impact of the entry of the Hokuriku Shinkansen bullet train. Moreover, we plan to introduce "Dynamic Fleet Assign Model" as a new fleet management model during the second half of the fiscal year ending March 31, 2016 to strategically optimize demand and supply. (For details, please see page 28.)

In marketing and sales, we will keep the current level of normal

fares that were revised in the fiscal year ended March 31, 2015. Meanwhile, we will flexibly provide the business discount fare *Tokuwari*, and the promotional fare *Tabiwari*, according to demand trends. In addition, we will stimulate additional demand by establishing new domestic fares for inbound travelers to Japan.

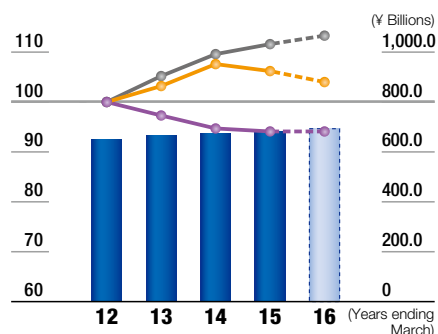
On the services front, ANA will enhance services for ANA Mileage Club members, for example, revising the redemption of miles required for domestic flight awards. We will also strive to make our services more competitive by enhancing in-flight Premium Class meals and airport lounge services.

Through these initiatives, although we are planning a 2.0% decrease year on year in available seat-kilometers for the fiscal year ending March 31, 2016, we expect the number of passengers to increase by 0.5% and operating revenues to increase by 1.4% to ¥693.0 billion.

### Domestic Passenger Operations Results and Plans

(Years ending March)	2014 Results	2015 Results	YoY (%)	2016 (Plan) YoY (%)
Number of passengers (Thousands)	42,668	43,203	+1.3	+0.5
Available seat-kilometers (Millions)	61,046	60,213	-1.4	-2.0
Revenue passenger-kilometers (Millions)	37,861	38,582	+1.9	+1.5
Load factor (%)	62.0	64.1	+2.1 pts*	+2.3 pts*
Passenger revenues (¥ Billions)	675.1	683.3	+1.2	+1.4
Unit revenues (¥)	11.1	11.3	+2.6	+3.4
Yield (¥)	17.8	17.7	-0.7	-0.1
Unit price (¥)	15,823	15,818	-0.0	+0.9

\* Difference



(Left) Available Seat-Kilometers Revenue Passenger-Kilometers (Right) Passenger Revenues Yield

\* Figures for available seat-kilometers, revenue passenger-kilometers, and yield are indexed using the figures for the fiscal year ended March 2012 as 100.

## International Passenger Operations

As the group's growth driver, expand earnings further by strengthening the dual-hub function at Tokyo metropolitan area airports.

### Performance in the Fiscal Year Ended March 2015

In International Passenger Operations, we are implementing a dual-hub network strategy that leverages the strengths of both Haneda and Narita airports. Guided by this strategy, we dramatically increased our capacity against an increase in slots at Haneda. We also captured a broader range of demand globally by promoting our marketing activities. As a result, we achieved revenue growth largely in line with expansion in the scale of our business.

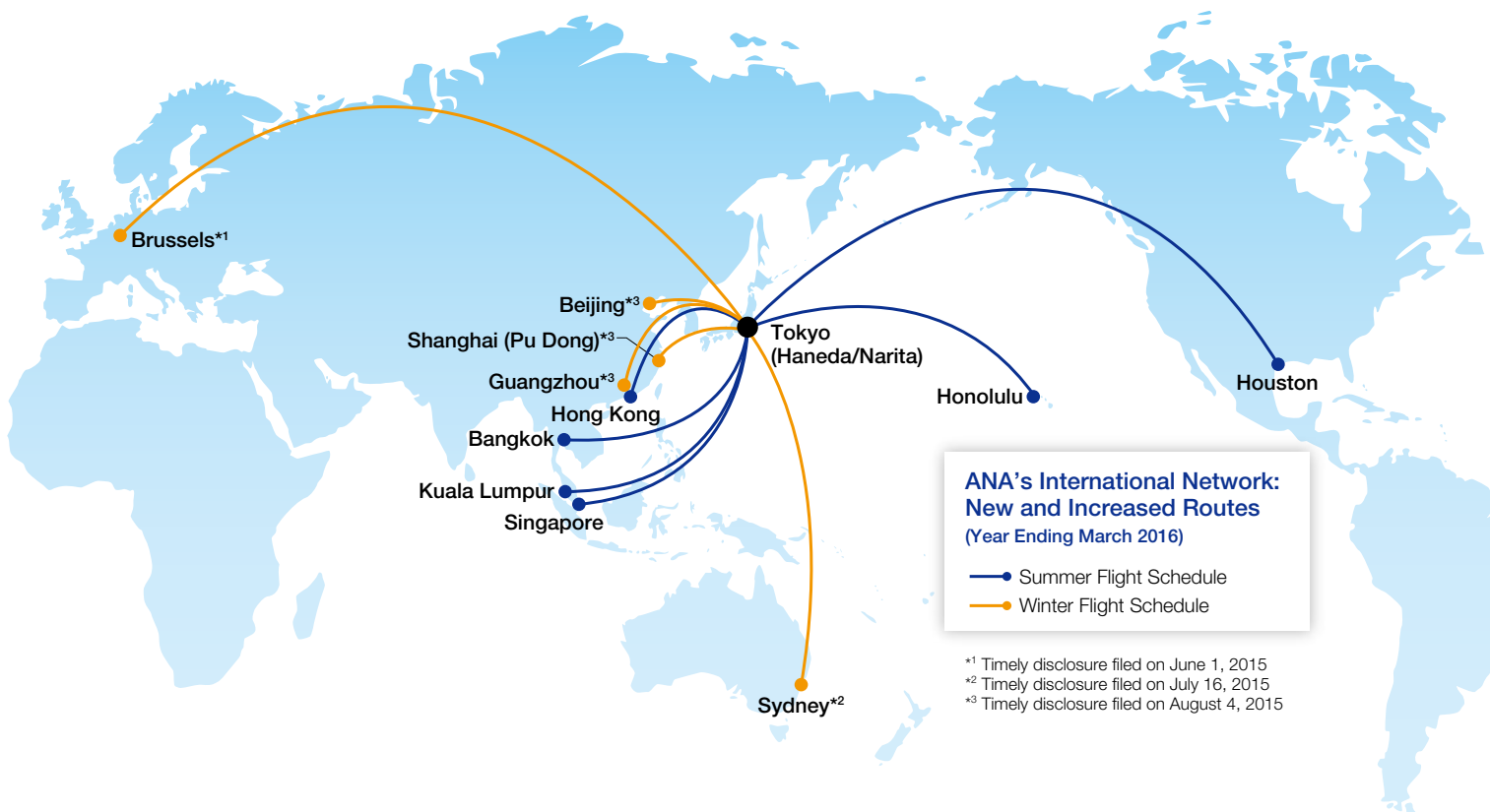
In terms of our route network, we launched seven new routes from/to Haneda, consisting of routes to London, Paris, Munich, Hanoi, Jakarta, Manila and Vancouver, beginning in the 2014 summer flight schedule. In addition, we increased flights on the Haneda–Frankfurt/Singapore/Bangkok routes. As a result, the ANA Group became the largest international network carrier operating at Haneda. Turning to Narita, we launched a new Narita–Dusseldorf route, and rescheduled certain Asian routes to enhance connectivity flights between North America.

In marketing and sales, ANA strove to capture more demand from the Tokyo metropolitan area and various regions of Japan by leveraging the competitive advantages of Haneda, which offers

outstanding access from central Tokyo and serves as a key hub for the ANA group's expansive domestic network. Meanwhile, the main focus of overseas marketing was to capture increasing demand for inbound travelers to Japan in addition to transit demand for travel between Asia and North America via Narita.

On the services front, we upgraded and expanded the "ANA SUITE LOUNGE" and "ANA LOUNGE" at Haneda. As for in-flight services, we expanded our collaborating menu with highly acclaimed hotels and restaurants to enhance our in-flight business class meal services. In certain aircraft, we also introduced in-flight entertainment programming with over 300 channels in multiple languages.

Revenue passenger-kilometers increased by 16.4% year on year while available passenger-kilometers increased by 19.4%, and operating revenues rose by 18.5% to ¥468.3 billion thanks to appropriate yield management.





## Initiatives in the Fiscal Year Ending March 2016 and the Medium-Term Plan

In the fiscal year ending March 2016, the group plans to enhance its competitiveness by expanding its network mainly at Narita airport. Despite a projected decrease in fuel surcharge revenue in line with declining crude oil prices, we will continue to target revenue growth by capturing demand for flights from/to Japan, as well as trilateral demand between Asia and North America via Japan.

The ANA Group continues to expand its international route network with the launch of the Narita–Houston route in June 2015, and the Narita–Kuala Lumpur route in September 2015. During the 2015 summer flight schedule, we will successively increase frequencies on the Narita–Singapore/Bangkok/Honolulu routes. During the winter flight schedule, we will launch the Narita–Brussels\*<sup>1</sup>, Haneda–Sydney\*<sup>2</sup>, and Haneda–Guangzhou\*<sup>3</sup> routes, and increase frequencies on the Haneda–Beijing/Shanghai (Pu Dong)\*<sup>3</sup> routes.

In the marketing and sales, we aim to capture more demand from global passenger traffic. Taking advantage of our joint venture scheme with United Airlines, one of our Star Alliance partners, we will strengthen our approach for capturing demand from the non-Japanese market. Houston serves as the gateway to the southern U.S., as well as Mexico and Central and South America. Therefore, efforts will be made connecting demand with these cities. Meanwhile, we will work for further penetration of position regarding our Haneda flights in the market as this is the second year since we have expanded our network. Our main target will be demand for business travel. In overseas business, the group will strive to capture demand for inbound travelers to Japan by continuing promotions of the ANA brand as well as the appeal of “Japan.”

Through these initiatives, for the fiscal year ending March 2016, we plan available seat-kilometers to increase by 10.4% year on

year, revenue passenger-kilometers to increase by 10.8%, and operating revenues to increase by 4.2% to ¥488.0 billion.

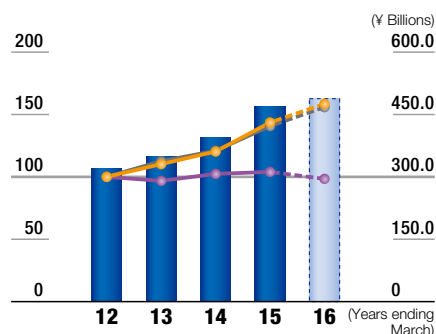
Regarding the Tokyo 2020 Olympic and Paralympic Games, discussions are being held on expanding the additional slots at Tokyo metropolitan area airports. The ANA Group sees this as a tremendous business opportunity to capture demand from the Asia-Pacific region. Therefore, we will continue to push ahead with our growth strategy.



## International Passenger Operations Results and Plans

(Years ending March)	2014 Results	2015 Results	YoY (%)	2016 Plan (YoY %)
Number of passengers (Thousands)	6,336	<b>7,208</b>	+13.8	+8.7
Available seat-kilometers (Millions)	41,451	<b>49,487</b>	+19.4	+10.4
Revenue passenger-kilometers (Millions)	30,613	<b>35,639</b>	+16.4	+10.8
Load factor (%)	73.9	<b>72.0</b>	-1.8 pts*	+0.3 pts*
Passenger revenues (¥ Billions)	395.3	<b>468.3</b>	+18.5	+4.2
Unit revenues (¥)	9.5	<b>9.5</b>	-0.8	-5.7
Yield (¥)	12.9	<b>13.1</b>	+1.8	-6.0
Unit price (¥)	62,393	<b>64,972</b>	+4.1	-4.2

\* Difference



(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 2012 as 100.





## Cargo and Mail

Maximize the ANA Group's competitiveness as a combination carrier expanding its freighter network within Asia

### Performance in the Fiscal Year Ended March 2015

In Domestic Cargo Operations, although cargo volume decreased from the previous fiscal year, the group made every effort to increase the unit price. As a result, operating revenues rose by 1.5% year on year to ¥32.5 billion.

In International Cargo Operations, we launched the Okinawa–Singapore–Narita route and the Narita–Jakarta route in May as a freighter network, in addition to expanding our passenger aircraft network. We secured firm demand such as automobile parts from Japan to North America and Asia, as we worked to capture trilateral cargo traffic using the *Okinawa Cargo Hub & Network*. Moreover, we have been contributing to the Japanese government's growth strategy and the vitalization of regional industries.

Notably, under a stronger partnership with Yamato Transport Co., Ltd., we have sped up the exports of agricultural and fishery produce from across Japan to international destinations.

Furthermore, in December 2014, ANA launched a joint venture with Lufthansa Cargo AG between Japan and Europe with the aim of strengthening its market competitiveness. This joint venture is the world's first scheme to obtain antitrust immunity (ATI) as an air cargo business.

As a result, available ton-kilometers increased by 21.0% year on year, and revenue ton-kilometers rose by 22.8% from the previous fiscal year. Consequently, international cargo revenues increased by 19.1% to ¥124.7 billion.

### Initiatives in the Fiscal Year Ending March 2016 and the Medium-Term Plan

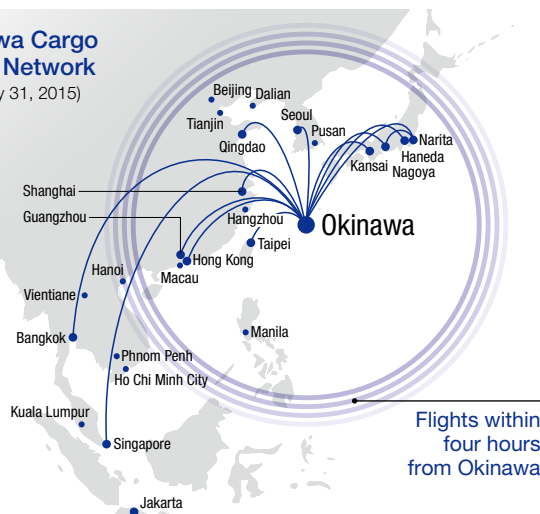
In Domestic Cargo Operations, we will work to enhance our marketing capabilities by introducing a new loading reservation system.

In International Cargo Operations, we will further enhance our competitiveness in the Asia-Pacific region by increasing our cargo fleet to 12 freighters together with the benefits of our expanded passenger aircraft network. Efforts will be made to steadily capture demand from/to Japan by, for example, capturing high-end cargo demand using the Okinawa Cargo Hub & Network as well as demand for trilateral cargo traffic. In addition, we will expand our cargo business on routes from Europe to Japan through our air cargo joint venture business with Lufthansa Cargo AG. Also, preparations will be made to launch a joint business with United Airlines targeting a transpacific route.

Through these initiatives, for the fiscal year ending March 2016, we are planning ¥179.0 billion in operating revenues from Cargo and Mail, both domestic and international routes in total.

### Okinawa Cargo Hub & Network

(As of July 31, 2015)

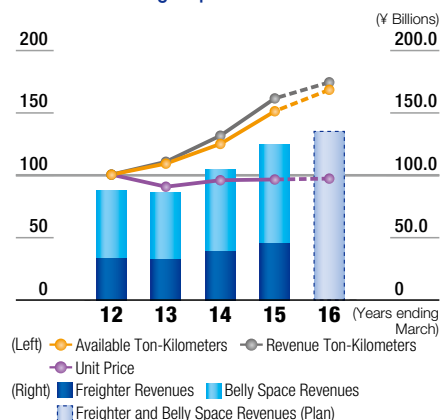


### Cargo and Mail Results

(Years ended March)

		2014 Results	2015 Results	YoY (%)
<b>Cargo and mail services revenues (¥ Billions)</b>		145.5	166.9	+14.7
<b>Domestic cargo</b>	Cargo revenues (¥ Billions)	32.1	32.5	+1.5
	Available ton-kilometers (Millions)	1,973	1,883	-4.6
	Revenue ton-kilometers (Millions)	473	476	+0.7
	Cargo volume (Thousand tons)	477	475	-0.3
<b>International cargo</b>	Cargo revenues (¥ Billions)	104.7	124.7	+19.1
	Available ton-kilometers (Millions)	4,530	5,484	+21.0
	Revenue ton-kilometers (Millions)	2,937	3,608	+22.8
	Cargo volume (Thousand tons)	710	841	+18.5

### International Cargo Operations Results and Plans



\* Figures for available ton-kilometers, revenue ton-kilometers and unit price are indexed using the figures for the fiscal year ended March 2012 as 100.





## Others

In the Others segment within the air transportation business, the group increased revenues from ancillary business such as contracted ground handling and mileage and card programs. The group also achieved higher revenues from LCC business operated by Vanilla Air Inc. As a result, the segment's operating revenues in

the fiscal year ended March 2015 increased by 11.9% year on year to ¥165.9 billion.

For the fiscal year ending March 2016, operating revenues are planned to increase by 11.5% year on year to ¥185.0 billion.

## LCC Business

Vanilla Air Inc. operates from its main hub at Narita Airport. As of August 31, 2015, Vanilla Air operates three domestic routes (Narita–Okinawa (Naha)/Sapporo (New Chitose)/Amami Oshima), and three international routes (Narita–Taipei (Taoyuan)/Hong Kong/Kaohsiung). With eight Airbus A320-200 aircraft, Vanilla Air is developing its network mainly on pleasure and resort destinations.

In the fiscal year ended March 2015, Vanilla Air gradually achieved market recognition from the start of the year onward. As a result, the load factor in the fourth quarter reached 88.6%, improving more than 10 points compared with the first half of the fiscal year. Although Vanilla Air posted an operating loss on a full-year basis, its performance steadily improved in every quarter.

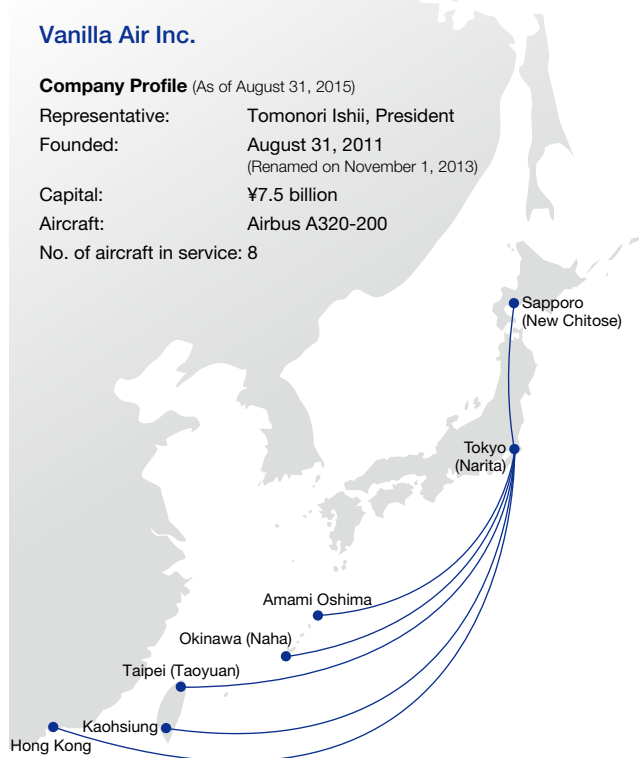
In the fiscal year ending March 2016, Vanilla Air plans to improve its unit price by enhancing yield management, along with efforts to increase ancillary revenues and capture demand for inbound travelers to Japan by upgrading its online advertising. Vanilla Air will also implement cost control initiatives such as the launch of fuel efficiency project. Through these initiatives, we plan to achieve profitability on a single-year basis.



### Vanilla Air Inc.

#### Company Profile (As of August 31, 2015)

Representative: Tomonori Ishii, President  
 Founded: August 31, 2011  
 (Renamed on November 1, 2013)  
 Capital: ¥7.5 billion  
 Aircraft: Airbus A320-200  
 No. of aircraft in service: 8



Pursuing Customer Satisfaction and Value Creation

# Airline Related

Op. Revenues **¥223.7 bn**  
 Up **18.0% YoY** ↗

## Performance in the Fiscal Year Ended March 2015 and Initiatives in the Fiscal Year Ending March 2016

Contracts increased for airport ground handlings, which include passenger boarding operations, baggage handling and other services for airlines outside the group at Haneda, Kansai, Okinawa (Naha) and other airports. In addition, the group began recording operating revenues of ANA Cargo Inc., which commenced operations in April 2014. As a result, for the fiscal year ended March 2015, the segment's operating revenues increased by 18.0% year on year to ¥223.7 billion and operating income rose 228.7% to ¥9.0 billion.

In the fiscal year ending March 2016, overseas airlines are

expected to increase additional flights to Japan as demand for travel to Japan increases. Therefore, the group expects to see an increase in contracts for airport ground handling for both passengers and cargo in Japan. Accordingly, the group will aim to drive earnings growth from these and other revenues.

Through these initiatives, for the fiscal year ending March 2016, we are planning operating revenues of ¥235.0 billion, an increase of 5.0% year on year, and operating income of ¥9.0 billion, which would be roughly the same level as the previous fiscal year.

### Awarded the World's Highest 5-Star Rating from SKYTRAX for the Third Consecutive Year



**World's Best Airport Services**



**Best Airline Staff in Asia**

In 2015, the U.K.-based rating company SKYTRAX awarded ANA the world's highest 5-Star rating in the World Airline Rating for the third consecutive year. ANA is the only airline in Japan to receive the 5-Star rating.

We were also chosen as the world's best airline in two categories of the World Airline Awards held by SKYTRAX in 2015.

These awards are seen as an evaluation of ANA's achievements in working to enhance every aspect of quality, from check-in counters to airport lounges, in-flight meals, in-flight entertainment and much more, while expanding its network mainly on international operations.



### Award History

#### World Airline Rating

2013	5 STAR AIRLINE	Won for the third consecutive year
2014	5 STAR AIRLINE	
2015	5 STAR AIRLINE	

#### World Airline Awards

2011	World's Best Airport Services / Staff Service Excellence, Asia
2012	Best Transpacific Airline
2013	World's Best Airport Services / Best Cabin Cleanliness
2014	World's Best Airport Services / Best Transpacific Airline
2015	World's Best Airport Services / Best Airline Staff in Asia

# Travel Services

Op. Revenues **¥169.0 bn**  
**Down 2.5% YoY** ↓

## Performance in the Fiscal Year Ended March 2015 and Initiatives in the Fiscal Year Ending March 2016

In domestic travel services, revenues decreased year on year, due to trends in sales of our mainstay *ANA Sky Holiday* travel packages. For these products, travel demand to the Kanto region, around the Tokyo metropolitan area, declined from the previous fiscal year, despite steady growth to the Kansai and Kyushu regions.

In international travel services, revenues increased year on year, as we worked to capture transit demand from various regional cities in Japan by upgrading and expanding the product lineup of our mainstay *ANA Halo Tour* travel packages with expansion in our Haneda routes. Another factor of increase was strong direct sales via the Internet.

As a result, the segment's operating revenues decreased by 2.5% year on year to ¥169.0 billion. However, operating income rose 3.1% to ¥4.5 billion as the group worked to control costs.

In the fiscal year ending March 2016, we will enhance our products mainly on *ANA Sky Holiday*, our core brand in domestic travel services, as we strive to create new sources of demand by launching travel products targeting women and seniors. Meanwhile, in international travel services, we will enhance our product lineup and expand sales of high-value-added products such as *ANA Wonder Earth*. In addition, we aim to increase our sales from

inbound demand by producing additional varieties of domestic travel packages for foreign visitors to Japan.

Through these initiatives, for the fiscal year ending March 2016, we are planning operating revenues of ¥175.0 billion, an increase of 3.5% year on year, and operating income of ¥5.0 billion, an increase of 9.5%.



Pursuing Customer Satisfaction and Value Creation

## New Company Founded to Capture Growing Demand for Inbound Travel to Japan

In November 2014, ANA Sales Co., Ltd. founded H.I.S. ANA Navigation JAPAN Co., Ltd. as a joint venture with H.I.S. Co., Ltd. The new venture will seek to create demand for inbound travel to Japan and to activate various regions of Japan.

H.I.S. ANA Navigation JAPAN will provide personalized domestic travel packages for inbound travelers to Japan, who are expected to steadily grow in number. These travel services will fully leverage ANA's expansive domestic routes and H.I.S.'s network of more than 100 branches outside Japan.

H.I.S. ANA Navigation JAPAN commenced sales in April 2015 and will first work closely with local municipalities to increase market recognition overseas to internationally promote the appeal of various regions in Japan.

Through its marketing activities, the ANA Group seeks to encourage even greater use of both ANA's international and domestic routes.

### H.I.S. ANA Navigation JAPAN Co., Ltd.

**Company Profile** (As of June 30, 2015)  
 Representative: Shigekazu Fukaki, Chief Executive Officer  
 Founded: November 4, 2014  
 Capital: ¥90.0 million  
 Start of operations: April 1, 2015  
 Shareholding ratio: H.I.S. Co., Ltd. (51%)  
 ANA Sales Co., Ltd. (49%)





## Trade and Retail

Op. Revenues **¥127.0 bn**  
Up **15.2% YoY** ↗

### Performance in the Fiscal Year Ended March 2015 and Initiatives in the Fiscal Year Ending March 2016

In the retail business, ANA DUTY FREE SHOP and ANA FESTA airport shops achieved solid sales mainly against growing numbers of inbound travelers to Japan, as well as passenger growth thanks to the expansion in Haneda routes. In the aerospace & electronics business, semiconductor assembly orders increased. In the food business, we began exporting Japanese food products to capture growing demand for Japanese cuisine, particularly in Asia.

As a result, for the fiscal year ended March 2015, the segment's operating revenues increased 15.2% year on year to ¥127.0 billion and operating income rose 22.6% to ¥4.0 billion.

In the fiscal year ending March 2016, we will continue working to strengthen the platform of our existing businesses by capturing increasing demand of inbound travelers to Japan. In addition, ALL

NIPPON AIRWAYS TRADING CO., LTD. plans to enter the food court management business at a retail facility in Singapore via Global Retail Partners PTE LTD., a joint venture company founded in March 2015. Leveraging the tenant management knowledge which will be developed through this business, ALL NIPPON AIRWAYS TRADING will work to nurture new businesses in various Southeast Asian countries in the future.

Through these initiatives, for the fiscal year ending March 2016, we are planning operating revenues in the segment of ¥140.0 billion, an increase of 10.2% year on year and operating income of ¥5.0 billion, an increase of 22.9%.



# Questions & Answers for Our Business

Q

How will the ANA Group deal with a decline in air travel demand triggered by an economic recession or event risk?



A

In the past, the ANA Group has responded to various event risks with flexible measures according to each situation.

In response to a sharp decline in air travel demand, we have worked to control costs through initiatives that have had an immediate effect such as downsizing aircraft or reducing the frequencies on the affected routes. In addition, we carried out measures of temporary cost-cutting and a temporary leave program for group employees. We have also implemented personnel initiatives such as adjusting recruitment and offering early voluntary retirement programs with no impact on future business plans. In recent years, we have introduced performance-linked bonus plans and transitioned to defined contribution pension plans. These actions enable us to establish frameworks for stabilizing earnings

and minimizing risks.

The group has also been implementing Cost Restructuring Initiatives since the fiscal year ended March 2012. Over the four years through March 31, 2015, the group has reduced costs by a total of ¥87.0 billion. From April 1, 2015 to March 31, 2017, we will work to achieve additional cost reductions of ¥50.0 billion to improve the cost competitiveness of the entire group.

The group is already maintaining stable financial conditions. Therefore, we now have a certain degree of resilience to event risks. Looking ahead, we will expand and diversify our revenue domains by nurturing non-airline businesses to build a group resilient against changes in the external environment.

Q

How will the ANA Group respond to the shortage of pilots associated with growth in the air travel market?



A

The ANA Group recruits pilots based on a long-term personnel plan along with its corporate strategy.

The ANA Group's largest source is the group's pilot training program. Every year, we recruit several dozens of trainees. We are securing pilots in a stable and systematic manner by having the trainees complete a variety of training and screening processes.

We are also taking steps to promote diversifying our sources of pilots. Since December 2014, we have been assigning working pilots from the ANA Group to Independent Administrative Institution CIVIL AVIATION COLLEGE. We dispatch our pilots as instructors to help instill in the students the aptitude, skills and knowledge which are essential to work as professional pilots. This will help us

to secure a supply of qualified human resources for the group. In addition, the ANA Group is making partnerships with universities that have pilot training courses. Through these, the group is securing a steady source of pilots while providing the assistance needed to broaden the pool of students who obtain pilot licenses.

Looking at initiatives within the group, we are working to enhance the productivity of pilots while constantly remaining mindful of safety, such as revising the labor agreement of pilots. The group will steadily integrate aircraft types over the medium- to long-term. This will enable us to streamline training programs for transitioning pilots to different aircraft types and to shorten training periods.



# Safety Initiatives

## ● Vision

Safety is the foundation of ANA Group management and maintaining safety is the unequivocal mission of every business of the ANA Group. No matter what the circumstances, we will continue to give top priority to the unwavering pursuit of safety and security.



## Risks

Any breach of safety could lead to a loss of public trust. In addition, a safety breach could have a significant, direct impact on the group's business.

## Number of Employees Undergoing Training for Emergency Evacuations from Aircraft

(the total from December 2012 to March 2015)

# 11,702 employees

The purpose of this training is to ensure that employees understand their safety assistance duties during emergencies, while further enhancing the entire group's safety culture.

## Number of Employees Undergoing Training at the ANA Group Safety Education Center

(the total from August 2013 to March 2015)

# 13,022 employees

Every employee considers what he or she can do to maintain safety by learning about topics such as the tragic nature of air accidents and the causal mechanisms behind them.



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

Safety is the foundation of ANA Group management and maintaining safety is the unequivocal mission of every business of the ANA Group. This principle is codified in the ANA Group Safety Principles as a pledge shared by all group officers and employees. Moreover, we have drawn up the Course of ANA Group Safety Action to further solidify the group's safety management system based on two key

pillars of the ANA Group Safety Principles: an integrated management system that assures safety and individual performance and dedication. The ANA Group Safety Principles and the Course of ANA Group Safety Action are shared at every ANA Group workplace. They are crucial guidelines to put into practice for ensuring that every employee acts on the group's commitment to safety in their daily duties.

### 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

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

## Medium-Term Target for Safety: Earning Trust by Ensuring Safety and Security

The ANA Group is working to pursue and provide the "World's Highest Safety Standard." This means providing safety, which we must ensure as a company, and security, which is created as a result of providing customer safety. By doing so, we ultimately enhance trust, which is earned through the accumulation of our steadfast daily efforts on the safety and security fronts.

We strive to ensure safe aircraft operations as a matter of

course. We are also pursuing a variety of other forms of safety in the group's business, including the safety and security aspects of food services, cargo, and information. We are constantly mindful of the fact that safety today does not guarantee safety tomorrow. With this in mind, we will continuously pursue safety and security in order to earn public trust.

## Medium-Term Target for Safety and Update on Progress

Under the medium-term target for safety, we remain focused on personnel development and organization building, with a view to shifting our safety activities from reactive to proactive and predictive.

### <Personnel Cultivation to Ensure Safety>

In addition to developing human resources that are able to spread awareness and proactively consider measures to prevent a recurrence of safety issues, we will continue to pursue safety by approaching safety matters sincerely and with humility. One way we will do this is by preserving the memory of past air accidents and hijacking incidents. To foster a safety-conscious atmosphere and culture along these lines, we conducted safety tour events at 43 airports and offices in Japan and overseas in the fiscal year ended March 2015. These events were attended by 1,976 employees. Remarkably, around 300 employees took part in three safety lectures given by Osamu Shinobe, President & Chief Executive Officer of ANA.

We continue to focus on providing emergency evacuation training, a program initiated in 2012 using a mock-up of an aircraft, and holding ANA's Day, an event held since 2013 in which all ANA Group employees learn about the history of accidents and unsafe events at the ANA Safety Education Center.

### <System Development to Enhance Safety>

We have newly introduced the Change Management approach for corresponding to State's civil aviation Safety Programme for Japan (SSP). Starting a new process, changing a pre-existing process or discontinuing a pre-existing process increase the risk of mistakes and failure. The Change Management approach provides a framework for predicting the potential safety risks associated with these three changes, developing appropriate responses and countermeasures and managing the process itself.

Since September 2014, the ANA Group has also participated in the Safety Trend Evaluation, Analysis & Data Exchange System (STEADES), a safety program established by the International Air Transport Association (IATA). By sharing information with overseas airlines through this program, we intend to pursue the "World's Highest Safety Standard."



Safety Tour events



Emergency aircraft evacuation training



Training at the ANA Safety Education Center

### Assertion Builds Safety

The ANA Group defines assertion as "the constructive and cooperative expression of opinions and other remarks" based on mutual respect for one another. The maintenance divisions have adopted assertion as a keyword for building strong teams. To illustrate with an example, aircraft are made of tens of thousands of parts. One missing part, or a problem with a single part, can be enough to potentially compromise flight safety. Every member of every maintenance division strives to foster a culture in which everyone feels free to speak up and share anything they might notice, no matter how small, so that they can prevent maintenance issues from arising. The assertion cycle involves requesting the attention of others, speaking up and thanking others based on interpersonal and interorganizational awareness of issues. Going forward, we intend to further instill the assertion cycle in every worksite.



# Human Resources Initiatives

● Vision

Human resources are the ANA Group's greatest asset. By developing and enhancing an environment where every employee can grow with initiative and independence, we intend to put the group on a path to steady growth.



Risks

The ANA brand and public trust cultivated since our founding are underpinned by every ANA Group member. If we neglect to nurture human resources, accumulate expertise and develop the necessary environment for human resources, this could have an effect on the group's growth.

Ratio of Female Managers at ANA

**9.8% → 10.9%**

(As of March 31, 2014) (As of March 31, 2015)

ANA will develop an environment that always makes the most of a multitude of perspectives and sensibilities as a foundation for future business development.

Number of Participants in ANA's Day

(the total from August 2013 to March 2015)

**13,022 employees**

This event seeks to encourage understanding and sharing of the ANA Group's Mission Statement and ANA's Way.



## ANA Group Human Resources Strategy

The ANA Group will boldly match global competition by shaping a solid organization around diverse, multi-talented individuals on a group-wide, global level.

Human resources strategy	Hone collective capabilities by facilitating diversity and inclusion, and the success of multi-faceted individuals.
Human resources development strategy	Continue to implement ANA's Way, enhance global responsiveness and promote group-wide talent management.
Develop the personnel system and infrastructure	Develop a global platform and appoint diverse group-oriented human resources in support of career advancement.

### Practical Application of Our Core Values (ANA's Way) and Passing On Our DNA to Future Generations

The ANA Group implements initiatives to pass on its DNA, which has been developed over more than 60 years, along with promoting understanding of the Mission Statement, Management Vision and Core Values (ANA's Way).

In 2013, the ANA Group opened the ANA Discovery Center for employees to review and consider the principles of Challenge and Endeavor in the group's DNA. This training program allows participants to discuss the principles embraced over the years and those they will continue to embrace in years ahead and pass on to future generations.

The ANA Group also conducts the ANA's Way Roadshow as an opportunity for dialogue between the ANA's Way promotion team and worksites worldwide. As of March 31, 2015, about 4,500 employees had participated.

We revamped the Good Job Card System designed to help implement ANA's Way and aimed to foster a culture of mutual encouragement among employees who practice ANA's Way. Under the new system, for every Good Job message, ¥1 will be donated to child protection facilities operated by the Japanese Red Cross Society. In this way, we realize our aspirations to contribute to the hopes and dreams of an interconnected world, as stated in our Mission Statement.



ANA's Way Roadshow



ANA Discovery Center



## Making Cabin Attendants Full-Time Employees

From April 2014, ANA has revised how it recruits cabin attendants by hiring them as full-time employees, not contract employees. With this change, ANA will expand the roles of cabin attendants and their range of duties from an early stage. This will also create an optimal environment and allow for systems to be put in place

to facilitate the long-term, stable employment of cabin attendants. Through these measures, ANA will continue to enhance human resources development to ensure that it provides world-class services that drive the ANA brand forward.

## Developing Diverse Human Resources to Take On Global Challenges

To accelerate global business development, we are implementing a range of human resources measures. These measures include proactively recruiting personnel overseas, including cabin crew, and shifting to an overseas branch management system centered on locally recruited staff. Other strategies include promoting interaction between overseas and Japanese staff, and dispatching young Japanese ANA employees overseas at an early stage in

their careers. Additionally, we operate management qualification and performance review systems which meet global standards. We are also actively supporting improvements in education (liberal arts), the development of foreign language skills and other areas. The goal is to nurture globally responsive human resources that are able to represent the group in negotiations and collaborations with overseas business partners.

## ANA Health Frontier Declaration

In 2006, ANA formulated the ANA Health Frontier Declaration, which aims to enhance corporate vitality and curtail rising medical costs by promoting employee health and enhancing the quality of life (QoL). Guided by this declaration, employees, the Company, and health insurance unions have made a concerted effort to implement activities such as lifestyle improvement programs and mental health support initiatives. As a result, we have steadily

improved our numerical performance in terms of defined health targets, namely body mass index (BMI), the smoking ratio, and health checkup assessment results. We believe that promoting good health will help to boost the motivation of employees and increase our corporate value. Based on this belief, we will continue to actively promote good health among all employees, with a view to enhancing the Group's overall vitality.

## Aiming to be an Active Group Regardless of Disability

The ANA Group has worked diligently to employ people with disabilities by sharing recruitment expertise possessed by group companies and approaches to new lines of work. As of April 2015, the ANA Group had more than 550 employees at all 37 group companies with disabilities who are performing a variety of duties, satisfying the legally required number of workers under the Act on the Promotion of Disabled Persons of Japan.

In May 2013, the Osaka Document Center was set up as a joint project by ANA WING FELLOWS VIE OJI Co., Ltd. and ANA Aero Supply Systems in Osaka. The facility has 18 employees with disabilities who convert aircraft maintenance logs and other information into electronic data, and has been generating considerable interest in the community, with many people in charge at vocational support facilities and special-needs schools visiting the center. In June 2014, the center received a Certificate of Appreciation jointly signed by the Governor of Osaka Prefecture and the Mayor of Osaka City.

In Kawasaki City, Kanagawa Prefecture, a convenience store was opened in July 2014 in the ANA Tonomachi Business

Center. All the convenience store staff have disabilities, including employees with hearing disabilities. Despite these challenges, customers are able to interact with the store staff in unique ways not seen at other convenience stores. For example, some customers use non-verbal means of communication, such as greeting staff using sign language.

Looking ahead, the ANA Group aims to remain a vibrant corporate group where anyone can work energetically and positively, regardless of whether they have a disability.

### Voice



"I never imagined that I could work at a convenience store with my hearing disability. However, I wear an armband that shows I am hard of hearing. I also use a sheet that lists product names, payment methods and other information to communicate with customers and I really feel my work is worthwhile. I work energetically and positively so that all of our customers can enjoy shopping at the store."

# The ANA Group's Diversity & Inclusion

## Making Individuality a Source of Strength for the ANA Group

As the fiscal year ending March 2016 kicked off, the ANA Group formulated the ANA Group Diversity & Inclusion Declaration. To date, the ANA Group has produced many accomplishments through Diversity & Inclusion (D&I) initiatives such as promoting the employment of people with disabilities and women's success in the workplace. However, as globalization advances rapidly, D&I are becoming increasingly crucial. With this declaration as a starting point, we will encourage all of our employees to understand the significance of and actively engage in D&I. In doing so, we seek to shape an ANA Group that is able to generate new value by respecting the diversity of organizations and groups and by harnessing the differences between individuals as a source of strength.

### ANA Group Diversity & Inclusion Declaration

- We will:
- Respect the diversity of employees based on the belief that D&I will serve as a new source of value creation (innovation).
  - Strive to create workplaces that maximize the strengths of individuals, where every individual is able to fully demonstrate his or her strengths.
  - Create an ANA Group that enjoys unwavering trust and generates constant innovation by enabling everyone to work energetically and positively.

### Promoting Women's Success through Positive Action\*

The ANA Group considers itself 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, and one that aims for a corporate culture that will empower the entire group. The ANA Group has announced its support for the aim of the Positive Action Promotion created by the Ministry of Health, Labour and Welfare, as well as set its own numerical targets for promoting women's success.

\* Positive Action refers to voluntary and proactive measures undertaken by companies to eliminate disparities that have effectively arisen between male and female workers due to entrenched notions regarding gender-based roles and related precedents.

Moreover, the ANA-Women's Innovative Network for Diversity (ANA-WINDS), a network of the ANA Group's female managers, was set up to help transform the mindset of women across group companies and departments.



### ANA Clinches 3rd Place Overall in the Nikkei Woman's Ranking of the "Best 100 Companies for Women to Work for in Japan"

At ANA, where female employees represent 55% of all employees, women already fulfill crucial roles and serve as a major competitive force that underpins quality in many worksites. However, as the airline industry experiences increasingly fierce competition, promoting women's success will be vital to rising above the next stage of competition, which will require the group to harness diversity as a strength. Therefore, the ANA Group will continue to advance career development support and reform working methods as part of efforts to develop an environment and culture where it is easy for women to form the core of the organization.



#### Initiative Example

The ANA Group sees D&I and a sound work-life balance as sources of corporate competitiveness. Accordingly, we are advancing a variety of initiatives to achieve these priorities.

The ANA Group is a founding member of the Ikuboss Alliance, a corporate network that aims to develop supervisors ("Ikubosses") who are able to support the careers and personal lives of subordinates and staff with whom they work based on work-life balance considerations, while ensuring that their organizations produce the best possible results. At the same time, Ikubosses are able to enjoy both their own professional and private lives.

The ANA Group participates in the "Father's Day Off" project involving both companies and NPOs. Based on the theme of "first birthdays," this project seeks to celebrate a child's first birthday by having the father take that day off, as well as marks a heartfelt celebration of the parents' first year as mother and father.





# ☐☐☐ Making Diversity & Inclusion (D&I) a Cornerstone of Our Corporate Culture ☐☐☐

## —Meeting D&I Requirements in a Fast-Changing World—



**Osamu Shinobe**  
Member of the Board of Directors  
ANA HOLDINGS INC.  
President & Chief Executive Officer  
ALL NIPPON AIRWAYS CO., LTD.

### Dialogue



**Izumi Kobayashi**  
Outside Director  
ANA HOLDINGS INC.



**Mr. Shinobe** What must a company accomplish to survive in today's fast-changing world? Charles Darwin's Theory of Evolution offers some insight into this question: "It is not the strongest of the species that survive, nor the most intelligent that survives. It is the one that is most adaptable to change." This principle tells us that there are two ways to ensure a company's survival: (1) Adapt the thinking and behavior of the company's current employees in line with the environment; and/or (2) Recruit employees who are able to successfully adapt to the changing environment. In essence, a company is able to promptly adapt to its environment when it has a diverse and inclusive workforce that reflects a variety of backgrounds.

**Ms. Kobayashi** Looking at the ANA Group, the first major change in the environment that comes to mind is globalization. While expanding the share of its international flights, it must recruit more local personnel who are able to deal with differences not only in language but also in customs. This means that the ANA Group must step up recruitment of local personnel who are already familiar with their countries' customs and do not require any additional training in this respect.

**Mr. Shinobe** It is difficult to skillfully negotiate multiple languages and cultures in situations where you only have Japanese people to do so. That is why ANA is now expanding its recruitment activities for cabin crews to Hong Kong, Shanghai, Bangkok and other locations.

### —Finding a Place for Every Employee to Reach their Full Potential—

**Mr. Shinobe** I believe that we must now pay closer attention to how we gauge individual talent. For example, the main thrust of personnel assignments should be to find a place for each employee to reach their full potential. We should not merely increase the number of women in a workplace because we think it has too few female employees.

**Ms. Kobayashi** D&I at Japanese companies often ends up as a discussion about how many female officers should be appointed to

management. However, I sense that you are looking at D&I from the deeper standpoint of ensuring corporate sustainability.

**Mr. Shinobe** Ideally, D&I should be considered from the perspective of sustainability. However, the reality is that we still have a long way to go. To illustrate, there may be many employees who still believe that it is easier to get work done in an organization with a homogeneous workforce. In this day and age, however, companies that do not embrace D&I will clearly be left behind.

### —Imperatives for Reshaping Employee Awareness—

**Mr. Shinobe** From a very young age, we have been taught to believe that "there is only one correct answer" to test questions and other situations. I feel that this notion discourages us from thinking flexibly.

**Ms. Kobayashi** In the real world, sometimes there are no correct answers at all; other times there is more than one correct answer. There are even situations where every option is correct. Because the ANA Group gives the highest priority to safety, manuals must be followed to the letter. That being said, employees should not take the approach of blindly doing only what is specified in the manual, or not doing something unless the manual says so. I believe that it is crucial for every individual to determine what he or she is able to accomplish, and act accordingly.

**Mr. Shinobe** I couldn't agree more. It is imperative that we develop frameworks and programs that encourage people to give each other credit where credit is due, particularly for doing a good job. It is also vital for us to build human relationships as a foundation for all that we do. Ultimately, this will help us to jettison the notion that "there is only one correct answer." We need to positively affirm our differences in thinking, personality, and ability, and ensure that every individual involved in the ANA Group can perform to their fullest. Provided that this principle is shared as a common goal, individuals should be free to determine how they go about getting their work done. The entire management team, including myself, is committed to executing management that embraces D&I—one that makes the most of each person's talent, character, and individuality.

# Environmental Initiatives

## ● Vision

Recognizing that its business activities affect the environment, the ANA Group is implementing innovative environmental protection activities to become a leading eco-friendly airline group.



## Risks

Amid increased activity to draw up international regulations to combat climate change in the airline sector, any delay in responding to regulations could lead to losses for operating companies.

## CO<sub>2</sub> Emissions per Revenue Ton-Kilometer

(Compared with the Fiscal Year Ended March 2006)

Reduced by **17.1%**

The ANA Group is working together to achieve its medium- to long-term environmental target of a 20% reduction in CO<sub>2</sub> emissions by the fiscal year ending March 2021.

## Total Usage of Various Types of Paper

(Compared with the Fiscal Year Ended March 2009)

Reduced by **43%**

By promoting use of the Internet and other measures, the ANA Group is working to reduce paper usage while keeping the same level of service quality, primarily by enhancing our website.

## The ANA Group's Environmental Management

The ANA Group formulated an Environmental Action Plan in 1999 to become a leading eco-friendly airline. In 2008, we became the first company in the airline and transport industry to be certified by Japan's Ministry of the Environment as an Eco-First company. Since the fiscal year ended March 2013, we have launched ANA FLY ECO 2020 as the ANA Group's medium- to long-term environmental plan based on the recognition that the reduction of CO<sub>2</sub> emissions during aircraft operations has been our top priority. This plan includes objectives based on global targets established by the International Civil Aviation Organization (ICAO). With the slogan "Toward Cleaner Skies," we will extensively work to implement measures to help mitigate climate change.



An ANA FLY ECO 2020 poster

## Introducing New Aircraft Models and a Fuel Efficiency Project

The ANA Group plans to move ahead with introducing new aircraft that may achieve remarkable improvements in fuel efficiency and noise reduction. The ANA Group will lead the airline industry by actively introducing environmental initiatives.

Furthermore, we have worked to increase fuel efficiency through a project undertaken since 2008. However, we have been influenced by persistently high crude oil prices, increased fuel-related costs due to the yen's depreciation, and an increase in total CO<sub>2</sub> emissions due to the expansion of international services. Under the circumstances, since April 2014, we have revamped the framework under the key themes of unified group-wide implementation and visualization. We will extensively work to achieve the project's objectives by proposing and sharing a variety of ideas to lead to results.

### Examples of Initiatives in the Fuel Efficiency Project

#### Flight methods

- Utilize efficient flight methods (during flight, landing and taxiing)
- Optimize fuel on board using iPads

#### Aircraft maintenance

- Reduce the weight of aircraft
- Improve engine performance
- Increase use of ground power

#### Airport and in-flight operations

- Optimize flight plans
- Coordinate in-flight and ground operations to ensure on-time flight operations
- Reduce the weight of cargo and cabin equipment and items

#### Fleet and route planning

- Promote introduction of fuel-efficient aircraft
- Plan highly profitable routes
- Efficiently assign aircraft

## Initiatives to Reduce Our Environmental Impact

Item		Targets	Results in the fiscal year ended March 2015
Climate change measures	Reduce CO <sub>2</sub> emissions from aviation fuel	<b>[Unit Target]</b> For the fiscal year ending March 2021, achieve a 20% reduction in CO <sub>2</sub> emissions per revenue ton-kilometer (total of domestic and international routes) compared with the fiscal year ended March 2006.	We have progressed to a 17.1% reduction compared with the fiscal year ended March 2006. Total emissions were 10.163 million tons, an increase of 7.6% year on year, due to expansion in International Passenger Operations. However, we have reduced CO <sub>2</sub> emissions per revenue ton-kilometer to 1.04 kg-CO <sub>2</sub> .
		<b>[Total Target]</b> Starting from the fiscal year ended March 2013 through March 2021, keep average annual CO <sub>2</sub> emissions on domestic routes below 4.4 million tons.	Emissions were 4.22 million tons, which was below our target annual average.
	Reduce ground energy	Reduce energy use at all worksites by 1% each year (in accordance with the revised Law Concerning the Rational Use of Energy).	Total ground energy consumption increased (up 0.9% year on year on a crude oil equivalent basis) in step with expansion in International Passenger Operations. We will continue working to reduce ground energy consumption by adhering to our energy management standards.
	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.	Participated as a steering member of the Initiatives for Next Generation Aviation Fuels, which targets the start of a stable supply of alternative fuels by 2020. Contributed to formulating a roadmap as the secretariat for a subcommittee on biofuel production using microalgae. Concurrently supported continued 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 1,700 low-pollution vehicles* (approximately 33.1% 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.  Promote 3R activities, including closed recycling of in-flight magazines and other items.	Overall waste emissions increased by 6,400 tons year on year, reflecting the impact of an increase in waste emissions from aircraft cabins mainly due to expansion in International Passenger Operations. Total usage of various types of paper decreased approximately 300 tons, or about 6%. We will continue working to reduce waste emissions through resource conservation and recycling initiatives.
Environmental contribution activities for local communities		Conduct sustainable forestation that provides new value to communities and society.  Enhance environmental education activities through the Team Tyura Sango coral regeneration project.	The ANA Group continued to conduct ANA Hearty Forest afforestation activities in Minamisanriku Town, Miyagi Prefecture. 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 by introducing Environmental Support Miles.  Heading into its 11th year, the project saw coral polyps cultured at facilities on land being replaced twice in spring and twice in autumn, and 167 volunteer divers took part. We participated in various events both inside and outside Okinawa Prefecture on two occasions and widely publicized our activities.

### Initiatives to Reduce Our Environmental Impact

#### Promoting an Energy-Efficient Descent Method

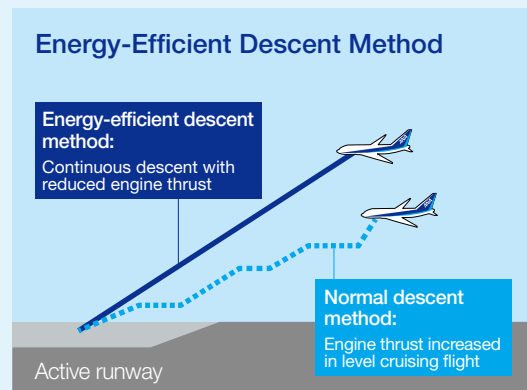
This descent method involves a continuous descent with minimum engine thrust and no periods of level flight from the start of descent. It is effective for reducing both CO<sub>2</sub> emissions and noise.

#### Reducing Thrust Reverser Usage and Employing Single-Engine Taxiing

While ensuring safety, the ANA Group is reducing CO<sub>2</sub> emissions and noise by reducing the use of thrust reversers and using single-engine taxiing after landing. The decision to employ these procedures is made by captains based on a comprehensive range of factors.

#### Washing Engines

The ANA Group washes engine compressors to clear away dust and restore engine performance, improve fuel efficiency, and reduce CO<sub>2</sub> emissions.





# Relationships with Society

## ● Vision

We have an obligation to address social issues to fulfill the hopes and dreams of an interconnected world, and to help solve those issues by harnessing the power of the “wings within ourselves.” Accordingly, we will continue to tackle new challenges to advance together with society.



## Risks

Society is being dramatically reshaped with the change of the times. Losing touch with those changes and society’s needs could not only lead to a loss of public trust in the ANA Group, it could also have an impact on business operations.

## Total Number of Visitors to the “IS JAPAN COOL?” Website

# Over 800,000 People

The website is generating interest among large numbers of people worldwide by spreading the word about Japan’s variety of attractions from a unique viewpoint.

## Number of Continuous Years the “Lily of the Valley” Flower Gift Event Has Been Held

# 60 Years

The ANA Group has held the “Lily of the Valley” flower gift event every year since 1956, with 2015 marking the 60th year of this tradition.

## Spreading Japan’s Appeal Worldwide

ANA was founded in 1952 based on a pledge to rebuild Japan’s air transportation industry through efforts led by the Japanese people. Ever since, ANA has advanced in step with Japan’s growth, and it therefore believes that it has an obligation to contribute to the revitalization of Japan’s society and economy. We have continued to spread the word globally about Japan’s appeal from many different angles using approaches that are unique to ANA.

The “IS JAPAN COOL?” website is designed to stimulate demand for inbound travel to Japan. Through this website, we take an in-depth look at the attractive qualities of Japanese culture and Japan’s distinctive cities from our unique vantage point, and continuously share what we find with the world. Since its launch in February 2012, the website has generated significant interest by attracting more than 800,000 visitors.

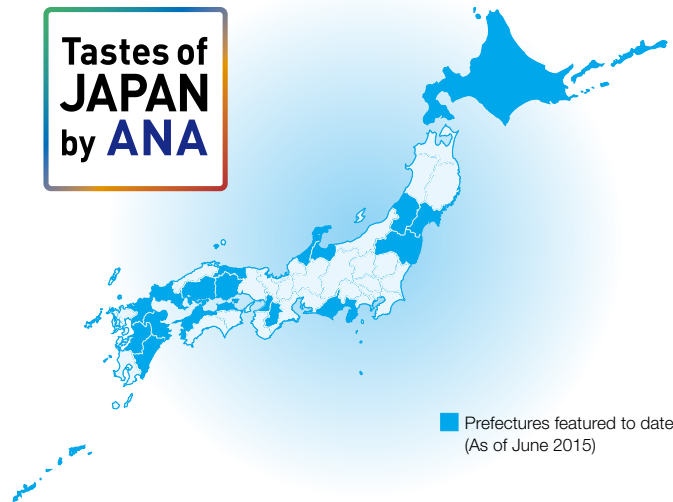
Since September 2013, we have been deploying the *Tastes of JAPAN by ANA* project, which is designed to proudly introduce Japanese values to customers worldwide. Over a period of approximately four years, the project will successively highlight, under the themes of food, sake, sweets and culture, each of Japan’s prefectures through in-flight meals and entertainment and other services. The project will successively feature three prefectures every three months until all 47 prefectures are covered.

In addition, we are a co-sponsor of the Japan Pavilion of Expo Milano 2015, the world’s first expo based on the theme of food. Under the banner of “Harmonious Diversity,” the Japan Pavilion introduces Japan’s diverse food and food culture, among other

aspects of the country.

Traditional Japanese charms and tourism resources are now attracting global attention. On the other hand, Japan faces urgent concerns such as the depopulation of regional cities and fears over the decline of traditional industries. As a matter of course, we will help to achieve the Japanese government’s target of attracting more than 20 million overseas visitors to Japan by 2020. In addition, we intend to join forces with the Japanese national and local governments to be a bridge that joins Japan’s values to the world. Doing so will allow us to fulfill our obligation to pave the way for ANA’s bright future as a company that was nurtured in Japan.

**Tastes of  
JAPAN  
by ANA**



■ Prefectures featured to date  
(As of June 2015)



## Delivering Japanese Goods to China and Asia

In 2009, in cooperation with the Okinawa Prefectural Office, we established a huge distribution hub linking Japan and China and Eastern Asia from our cargo base at Okinawa (Naha) Airport. From 2013, we have successively strengthened our partnership with Yamato Transport. Specifically, we have enhanced the quality of service by integrating the networks and expertise of both companies. Furthermore, we publicized our international cargo distribution network at the Okinawa Great Trade Fair business convention held in November 2014, which was attended by buyers representing 16 countries.

With almost all major Chinese and Asian cities located within four hours of flight from Okinawa, products from all over Japan can be aggregated at Okinawa via Haneda. Okinawa (Naha) Airport is operating 24 hours and enables us to provide next-day delivery of all products to customers. By successfully developing an international high-speed delivery service, we will help sales channels overseas and reduce the costs of companies by shrinking their inventories, and thereby become a major driving force behind regional economy vitalization.



Okinawa Great Trade Fair

## Solving the World's Social Issues

The Okazaki Kaheita International Scholarship Foundation was established in 1990 for the purpose of achieving world peace and friendship by empowering people in Asian countries. To date, scholarships have been awarded to more than 100 students in Asian countries. The wishes of Mr. Okazaki, the second President, have been handed down to the present, and we continue to make contributions in ways unique to ANA to address global social issues.

From 2013, we cooperated with Ashoka, the world's largest network of social entrepreneurs, as part of the Blue Wing Program. As a member of this network, we are supporting five changemakers who are attempting to solve a variety of social issues.

In June 2015, we entered into a partnership with the Global Health Innovative Technology Fund to promote future global use of Japanese technology for medical research and development, collaborating not only to prevent the transmission of diseases, but also their eradication.



Blue Wing Program website

## Advancing Together with Communities

Every year since 1956, ANA has delivered lily of the valley flowers, which signify happiness, to patients across the country as part of its "Lily of the Valley" Flower Gift Event. For the 60th event held in 2015, an ANA Group cabin crew visited 47 hospitals nationwide and delivered bookmarks decorated with pressed lily of the valley flowers.

In 2013, ANA became the world's first official sponsor of UNESCO, as part of its assistance for international cooperation programs in education, science and culture. In Japan, we continue to implement activities aimed at preserving Japan's culture and natural environment for future generations. Examples include preservation activities at the Kamigamo Shrine, which is a UNESCO World Heritage Site in Kyoto.

The ANA Group has collectively named and promotes various environmental and social contribution activities undertaken in Japan and overseas as the "Wings Within Ourselves" project. We will continue to advance together with communities through activities including aviation classes and participation in local festivals.



Preservation activities at the Kamigamo Shrine

## Management Members



(Front row, from left) Shinichiro Ito, Shinya Katanozaka, Osamu Shinobe  
(Back row, from left) Yuji Hirako, Toyoyuki Nagamine, Kiyoshi Tonomoto, Shigeyuki Takemura, Shosuke Mori, Ado Yamamoto and Izumi Kobayashi

### BOARD OF DIRECTORS

#### 1. Shinichiro Ito

Chairman of the Board of Directors,  
Representative Director

2007: Senior Executive Vice President,  
Representative Director

2009: President & Chief Executive Officer,  
Representative Director

2015: Chairman of the Board of Directors,  
Representative Director (to present)

#### 2. Shinya Katanozaka

President & Chief Executive Officer  
Representative Director

Chairman of the ANA Group Management Committee  
Head of the Group Corporate Strategy Committee  
Head of the Group CSR Promotion Committee  
In charge of the Internal Audit

2011: Executive Vice President

2013: Senior Executive Vice President,  
Representative Director

2015: President & Chief Executive Officer,  
Representative Director (to present)

#### 3. 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)

#### 6. Yuji Hirako

Corporate Executive Officer  
Director, In charge of Finance,  
Accounting & Investor Relations

2015: Member of the Board of Directors  
(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)

#### 8. Shosuke Mori

Outside Director

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

2006: Outside Director (to present)



#### 4. Kiyoshi Tonomoto

Executive Vice President,  
Corporate Executive Officer  
Chairman of the Group CSR Promotion Committee  
In charge of Executive Secretariat, Legal &  
Insurance, Director of Corporate Communication  
2009: Member of the Board of Directors  
2011: Executive Vice President (to present)

#### 9. Ado Yamamoto

Outside Director  
Chairman and Representative Director,  
Nagoya Railroad Co., Ltd.  
2013: Outside Director (to present)

#### 5. Toyoyuki Nagamine

Corporate Executive Officer  
Director, In charge of Human Resources Strategy,  
Okinawa Region, Director of Corporate Planning  
2015: Member of the Board of Directors (to present)

#### 10. Izumi Kobayashi

Outside Director  
Former Executive Vice President,  
Multilateral Investment Guarantee Agency,  
The World Bank Group  
2013: Outside Director (to present)

### Audit and Supervisory Board Members

#### Sumihito Okawa

Outside Audit and Supervisory Board Member

#### Yoshinori Maruyama

Audit and Supervisory Board Member

#### Eiji Kanazawa

Audit and Supervisory Board Member

#### Shingo Matsuo

Outside Audit and Supervisory Board Member  
Adviser of Kyushu Electric Power Co., Inc.

#### Eiji Ogawa

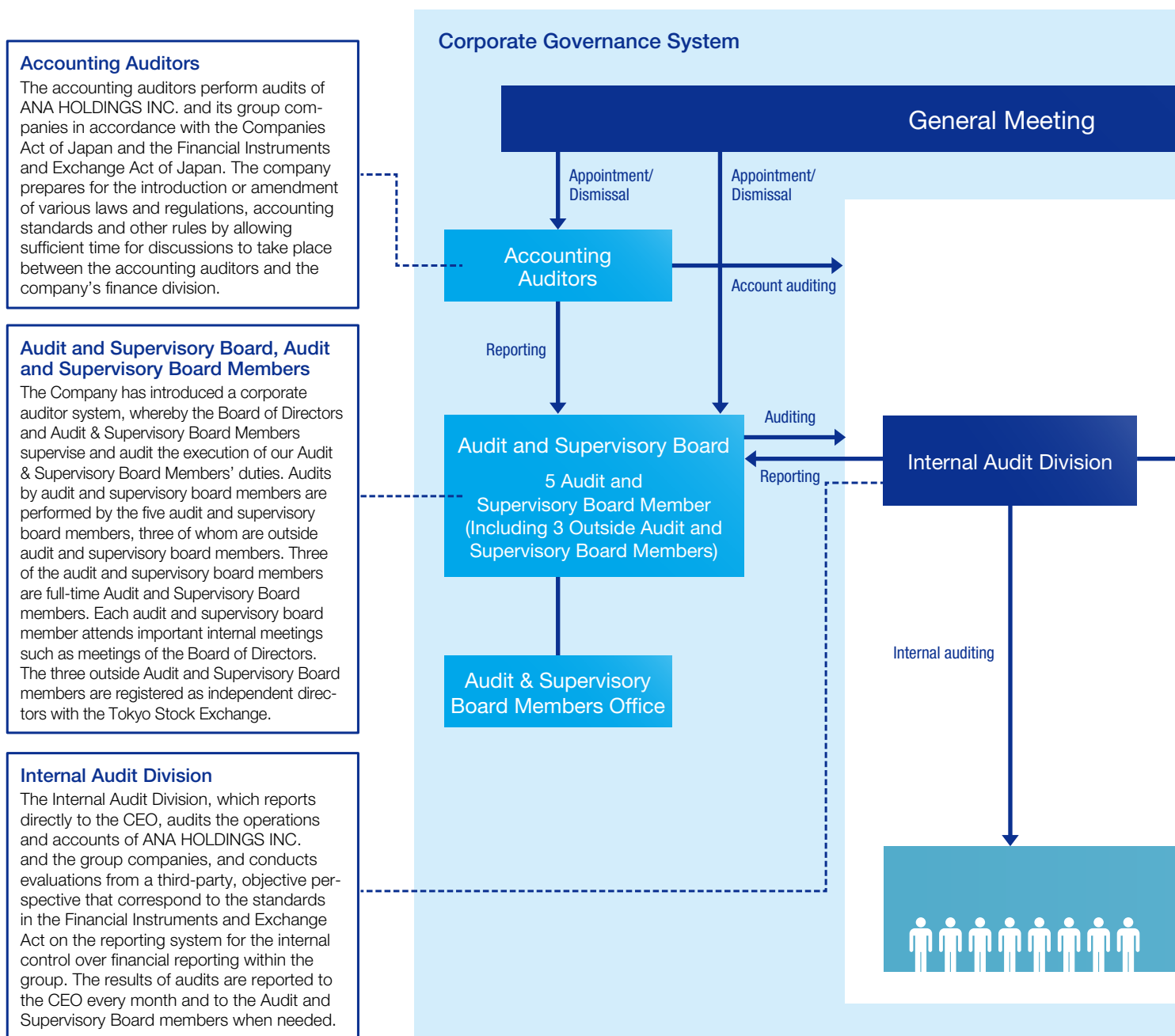
Outside Audit and Supervisory Board Member  
Professor, Graduate School of Commerce  
and Management, Hitotsubashi University

As of June 29, 2015

## Corporate Governance Framework and Fundamental Approach

To continuously raise corporate value it requires management commitment to fulfilling its accountability to stakeholders and maintaining its visibility, which makes building a corporate governance framework necessary. In a harsh management environment, a management structure capable of enhancing competitiveness is crucial, which is why we are employing the holding company structure. As a holding company, ANA HOLDINGS INC. is responsible for setting the group's overall management policies and targets, as well as overseeing business execution at each operating company. Furthermore,

the company has established the Group Corporate Strategy Committee, which plays a supplementary role to the Board of Directors and is composed of full-time directors, full-time Audit and Supervisory Board members and others in order to deliberate on matters more quickly and in greater detail. Under the holding company structure, each operating company appoints persons fully knowledgeable about the business and well-versed in management as directors, who are given the authority to oversee business at the operating companies, to conduct functional and effective execution of management activities.





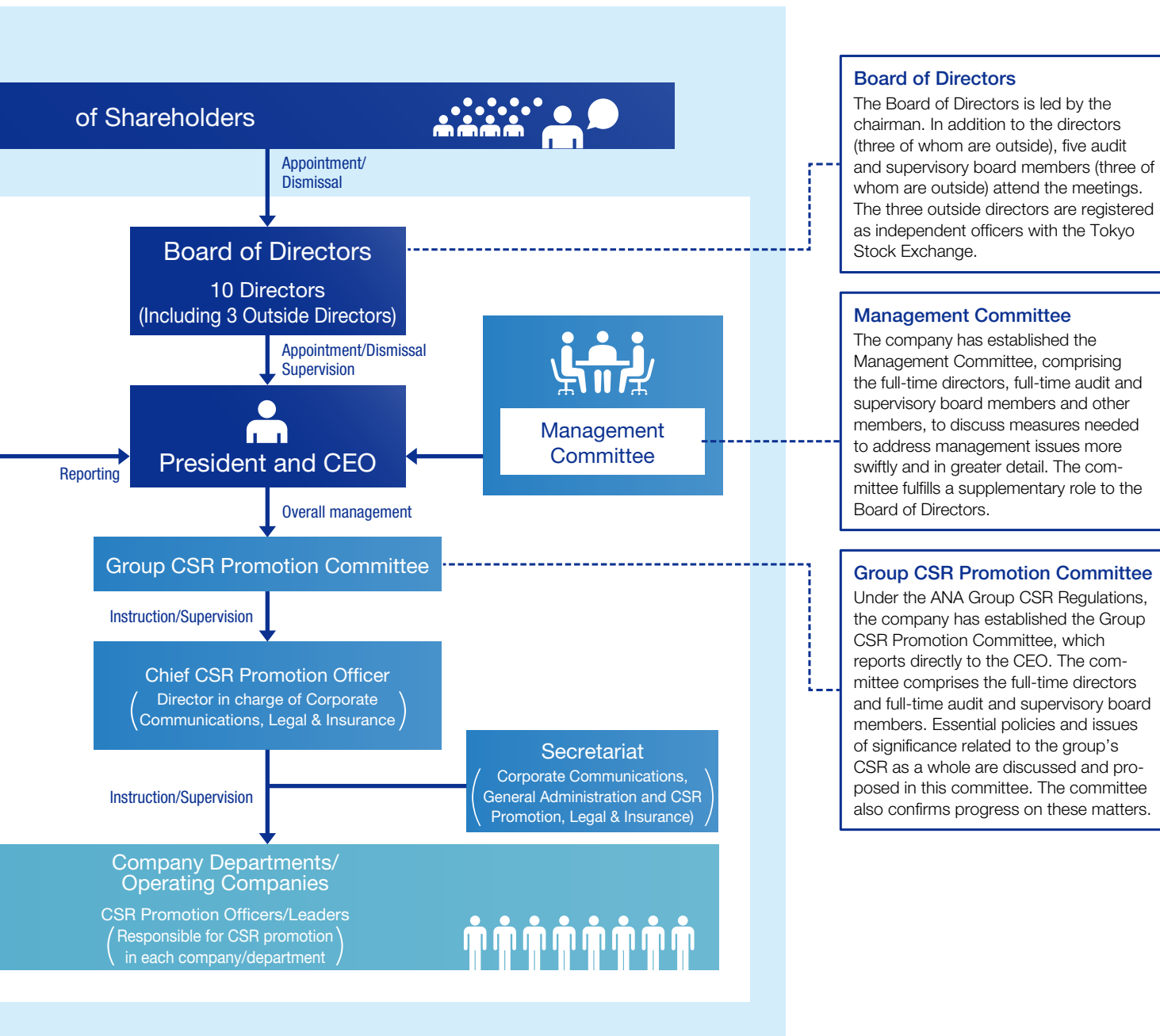
The company has adopted a corporate auditor system, whereby the Board of Directors and Audit and Supervisory Board members supervise and audit the execution of our audit and supervisory board members' duties. Furthermore, we are strengthening the supervisory function of the Board of Directors, including through the appointment of outside directors. We are also enhancing the auditing function of the Audit and Supervisory Board members, which includes the appointment of full-time outside audit and supervisory board members.

(For details, refer to the securities report or report on corporate governance (June 29, 2015) on the ANA Website)

### Meeting of Bodies Responsible for Corporate Governance (Years ended March 2015)

	Times
Board of Directors	13
Audit and Supervisory Board	13
Group Corporate Strategy Committee	44
Group CSR Promotion Committee	3
Management Advisory Council*	4

\* Separate 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.



#### Board of Directors

The Board of Directors is led by the chairman. In addition to the directors (three of whom are outside), five audit and supervisory board members (three of whom are outside) attend the meetings. The three outside 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 audit and supervisory board members 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 audit and supervisory board members. 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.

# Policy on Determining Remuneration for Directors and Audit and Supervisory Board Members / Outside Directors and Outside Audit and Supervisory Board Members

## Outside Directors and Outside Audit and Supervisory Board Members

The company appoints outside directors and outside audit and supervisory board members 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 outside audit and supervisory board members exchange appropriate information and opinions as necessary with other audit and supervisory board members as well as internal control departments and the accounting auditor to enhance auditing.

The company has not established any standards or policies regarding independence for the appointment of outside directors and outside audit and supervisory board members. 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 outside directors and outside audit and supervisory board members have been registered as independent officers with the Tokyo Stock Exchange.

(As of June 29, 2015)

	Independent Officers	Material concurrent position	Reasons for appointment
Outside Directors	Shosuke Mori	○	The Kansai Electric Power Co., Inc. Chairman and Representative Director
	Ado Yamamoto	○	Nagoya Railroad Co., Ltd. Chairman and Representative Director
	Izumi Kobayashi	○	External Director of Suntory Holdings Limited and External Director of MITSUI & CO., LTD.
Outside Audit and Supervisory Board Members	Sumihito Okawa	○	Outside Corporate Auditor of Kandenko Co., Ltd.
	Shingo Matsuo	○	Advisor of Kyushu Electric Power Co., Inc.
	Eiji Ogawa	○	Professor, Graduate School of Commerce and Management, Hitotsubashi University

## Policies on Determining Remuneration for Directors and Audit and Supervisory Board Members

### 1. Basic Policies on Directors' Remuneration

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

- Ensure transparency, fairness and objectivity of remuneration and establish a remuneration level worthy of his/her roles and responsibilities.
- Reinforce incentives for achieving management objectives by introducing performance-linked remuneration based on management strategies.
- 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 outside 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, outside directors receive fixed remuneration (monthly remuneration) only.

### 2. Basic Policies on Audit and Supervisory Board Members' Remuneration

Remuneration for an audit and supervisory board member 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 Audit and Supervisory Board Members (Fiscal Year Ended March 31, 2015)

Management Members	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 (Outside Directors)	375 (30)	326 (30)	49 (—)	9 (3)
Audit and Supervisory Board Members (Outside Audit and Supervisory Board Members)	104 (46)	104 (46)	— (—)	6 (4)

#### Audit Fees (Fiscal Year Ended March 31, 2015)

Category	Compensation paid for audit certification activities (millions of yen)	Compensation paid for non-audit activities (millions of yen)
ANA HOLDINGS INC.	46	6
Consolidated Subsidiaries	79	0
Total	125	7

- Notes
- 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.
  - 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 audit and supervisory board members per month would be 10 million yen.
  - The number of directors as of the end of the fiscal year was 10 (of which the number of outside directors was 3), and the number of audit and supervisory board members as of the end of the fiscal year was 5 (of which the number of outside audit and supervisory board members was 3). The above table includes the remuneration of a director (outside director) who resigned at the close of the 69th Ordinary General Meeting of Shareholders of the company held on June 23, 2014.

## Interview with an Outside Director

**As a fellow manager in the transportation industry, I am focused on our societal mission of how to provide safe and reliable transportation services.**

**Ado Yamamoto**, *Outside Director*  
(Chairman and Representative Director, Nagoya Railroad Co., Ltd.)



### Could you please share your impressions of management policies and discussions in Board of Directors meetings of ANA HOLDINGS?

Lively discussions are held at every meeting of the Board of Directors of ANA HOLDINGS. The Board of Directors discusses opinions and questions on each matter, covering topics such as investments, partnerships, and finance. Even outside directors and audit and supervisory board members point out any doubts or reservations they may have on these matters. In these and other ways, the Board of Directors is functioning effectively as a decision-making and supervisory body for setting management policies and goals. I believe the agenda items put forward at the meetings are commendable because many are ambitious and focused on growth strategies. I hope management will continue to embrace new challenges on every front while retaining this corporate culture.

I feel that many of the issues and themes brought up in the Board of Directors meetings have much in common with railway companies. In the transportation industry, our public mission—and the foundation of management—is to provide reliable and stable transportation services that give top priority to safety. Therefore, I am strongly interested in whether systems that firmly guarantee safety are in place at various ANA Group businesses. Since my appointment as an outside director, I have visited some operational line divisions, and been briefed on their duties. In every workplace, I felt that executives and employees alike have a strong sense of pride and confidence in their work. I believe that I have witnessed the true source of the ANA Group's commitment to safety.

When discussing future business expansion and other related topics in meetings of the Board of Directors, I believe that occasionally sharing my respective experiences will provide a useful reference for charting a future course for management.

### Following the formulation of the Corporate Governance Code, which aspects do you think will be important for management to keep in mind?

The ANA Group has long appointed multiple independent outside directors and outside audit and supervisory board members. This progressive spirit has been preserved to this day. Therefore, my understanding is that the ANA Group has been steadily putting in place a management structure in line with the intent and purpose

of the Corporate Governance Code. I also believe the ANA Group is working in earnest to conduct management with an emphasis on fairness, impartiality and transparency. Actions have included the announcement of the medium-term corporate strategy, dialogue with shareholders through investor relations activities, and the establishment of the Remuneration Advisory Committee, which consists of a majority of outside directors and outside experts.

In terms of corporate governance, the ANA Group has already put in place an effective governance framework to a certain extent—one that reflects the perspective of diversity—most notably through the appointment of a female outside director. Looking ahead, I believe that it will be crucial to not only instill awareness of these goals among group employees, but strive to obtain the understanding of a broad range of stakeholders, including shareholders.

### What are your expectations for the ANA Group as it strives to achieve its Long-term Strategic Vision announced in January 2015?

Amid seismic shifts in the business environment, the ANA Group has unveiled its Long-term Strategic Vision for the next 10 years. With this announcement, I believe that the ANA Group has laid out a clear management vision for pursuing growth strategies driven by the expansion of international business. Today, the ANA Group has successfully established itself as the leading company in Japan's airline industry. However, competition with overseas airlines will only continue to intensify further. To achieve sustained growth into the future, ANA HOLDINGS must provide overall leadership, while the group companies work in unison to continuously tackle ambitious challenges to reach the group's goals.

To do so, management will need to embrace an expansive perspective that anticipates the future, and all employees must be willing and able to give their very best effort. It will be imperative for management to show the entire group that it has an unwavering resolve to rise above any challenge, and equally crucial for employees to put management's resolve into action with promptness and speed.

The ANA Group is working beyond the Air Transportation Business to nurture new businesses that will serve as future earnings drivers, such as the pilot training business and the MRO business. This corporate culture is highly commendable from my standpoint as an outside director. I am excited about the ANA Group's growth prospects as it takes to the skies around the world.

# CSR Management

We aim to be the world’s leading airline group by continuing to create economic value and social value through means unique to the ANA Group, with safety as the foundation of management.

## Promoting Global CSR to Fulfill Our Long-term Strategic Vision

Under the FY2014–16 ANA Group Corporate Strategy, we have positioned CSR as a foundation for executing our strategy. Accordingly, the entire group has steadily implemented activities based on the Medium-Term CSR Policy, which sets forth specific guidelines for enhancing corporate value. Under the Long-term Strategic Vision unveiled in January 2015, we will work to create

value and solve social issues in an increasingly diversified and complicated international society by undertaking businesses unique to the ANA Group, as its growth horizons continue to expand globally. By doing so, we aim to become a corporate group able to grow together with society.

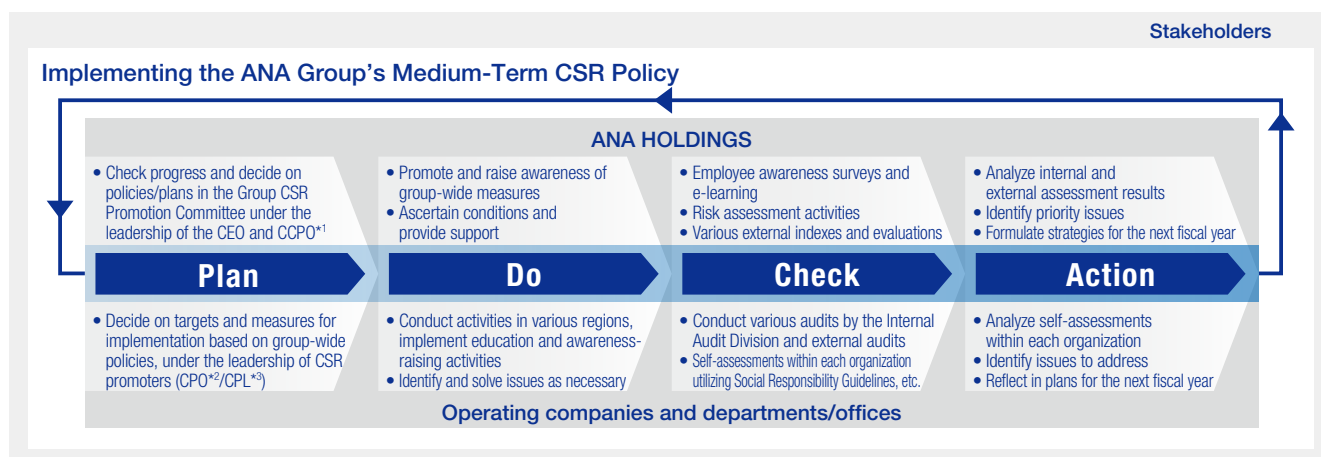
### Priority Issues of the Medium-Term CSR Policy

Medium-Term CSR Policy	Direction of measures for FY2014–16 <small>* Specific measures will be examined by each company according to brand and business sector characteristics</small>
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 <sub>2</sub> 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 economic and social value of the entire group

### Advancing the Priority Issues of the Medium-Term CSR Policy

With the hosting of the Rugby World Cup 2019 and the Tokyo 2020 Olympic and Paralympic Games, Japanese companies will attract greater international attention going forward. In this environment, the ANA Group’s true worth as a responsible enterprise operating in the global market will be put to the test. The Medium-Term CSR Policy was formulated to reflect the group’s respect for global social norms such as the United Nations Global Compact and ISO 26000. As we

implement this policy, we will further strengthen our PDCA functions across the entire group based on stakeholder feedback obtained through a variety of communication channels. We will advance our CSR activities to the next stage by identifying issues that have a particularly high social significance and a large impact on our business operations.



\*1 CCPO: Chief CSR Promotion Officer \*2 CPO: CSR Promotion Officer \*3 CPL: CSR Promotion Leader



## Strengthening Group-Wide Governance

In the fiscal year ended March 2015, the group formulated the Social Responsibility Guidelines, which serve as a code of conduct that all group executives and employees must observe. The guidelines were drawn up by revising the existing ANA Group Code of Conduct to firmly entrench group-wide PDCA functions in the course of implementing the Medium-Term CSR Policy. To make the guidelines known to all personnel, the group has prepared briefing materials, training tools and other resources that clearly convey the conduct expected of every group executive and employee. Other activities include granting awards to recognize group activities that harness innovative ideas to help solve social issues and enhance the group's corporate value. Moreover, the group is working to increase the human rights awareness of employees in a variety of ways. These include hosting dialogue sessions on the theme of human rights with external experts.

### Social Responsibility Guidelines

- ① We will provide security and satisfaction to customers and society.
- ② We will obey the statutes and rules of each country and area.
- ③ We will manage information appropriately and communicate with integrity.
- ④ We will respect human rights and diversity.
- ⑤ We will take actions that reflect consideration for the environment.
- ⑥ We will help to build a positive society.

## Promote CSR in Cooperation with Business Partners

The group is aware of the importance of promoting CSR measures, including compliance, 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. These policies and guidelines are used as standards to determine the group's business partners. The group also conducts monitoring surveys to regularly confirm the status of its business partners' activities to ensure that they continue to understand and comply with policies and guidelines after they have been selected.

CSR Guidelines	
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
Safety and health	Consideration for occupational safety and health at workplaces
Environment	Measures to reduce environmental impact
Fair trading and ethics	Fair business activities that comply with social norms
Quality and safety	Assure product quality and safety
Information security	Proper management and safeguards for personal and confidential information

## Participation in the UN Global Compact

The ANA Group has participated in the UN Global Compact since 2008. The UN Global Compact is a voluntary undertaking that companies and other organizations can join to help build a global framework for achieving sustainable growth. The signatory companies are required to observe 10 principles in the areas of human rights, labor, the environment and anti-corruption in their business activities.



## External Reviews of the ANA Group

The ANA Group has been continuously selected for inclusion in the FTSE4Good Index for nine consecutive years since 2006. This selection recognizes the group as an enterprise that satisfies outstanding social responsibility standards in terms of taking proactive steps to safeguard the environment, building constructive relationships with stakeholders, and implementing human rights protection measures.



# 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 27001 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 2015

- Conducted local risk assessments, mainly targeting departments of group companies that deal with the personal information of customers. The risk assessments were led by the Information Security Center, which possesses information security skills and expertise.
- Implemented four e-learning-based awareness-raising programs for all group officers and employees to instill rules concerning information security, along with formulating Social Media Guidelines and raising awareness within the group.

In the fiscal year ending March 2016, the Information Security Center will continue conducting risk assessments, including at overseas bases, and is steadily preparing to respond to the Social Security and Tax Number System, for which government procedures will commence from January 2016.

## 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 2015

- Opened and started operating a new disaster management facility to address earthquakes
- Revised Business Continuity Plans (BCPs) and conducted simulation drills
- Revised operating procedures for backup systems and strengthened response framework based on hypothetical damage to systems
- 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

## Compliance

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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.

In addition, the ANA Group has established the ANA Group Anti-Bribery Rules to address the anti-bribery laws of various countries. In parallel, ANA HOLDINGS INC. has clearly identified contact points between Legal & Insurance and the group's overseas branches. In these and other ways, the group is focusing on minimizing legal risk on a global level and 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. A helpline 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.

# Snapshot of Results of Activities Based on the Medium-term CSR Policy

Medium-Term CSR Policy	Objectives in the fiscal year ended March 2015	Achievements in the fiscal year ended March 2015
Pursue safety and security	Build a risk management system for safety risks arising from operational changes in matters such as flights, capacity and services	<ul style="list-style-type: none"> <li>Expanded safety education for all group employees (approximately 45% of all eligible personnel had received emergency evacuation training)</li> <li>Introduced systems for managing safety risks arising from operational changes</li> </ul>
	Revise Business Continuity Plans (BCPs) in each division and strengthen system-related measures	<ul style="list-style-type: none"> <li>Commenced operation of a new disaster preparedness facility</li> <li>Revised BCPs and conducted simulation drills</li> </ul>
	Implement measures to prevent large-scale system failures	<ul style="list-style-type: none"> <li>Introduced operational processes in conformity with global standard guidelines</li> <li>Made operational improvements to rapidly identify the extent of disruptions and conducted disruption response drills</li> </ul>
	Implement measures to prevent any information leaks, inappropriate social media postings by employees and other contingencies	<ul style="list-style-type: none"> <li>Enhanced information security training opportunities for all employees</li> <li>Formulated social media guidelines and promoted awareness-raising activities</li> <li>Implemented information security assessments of companies holding critical confidential information</li> </ul>
Provide services and products that meet the needs of customers and society	(ANA brand) Maintain 5-Star Airline certification Achieve the world's highest level of service	<ul style="list-style-type: none"> <li>Certified for the third consecutive year as a 5-Star Airline in the World Airline Ratings by SKYTRAX, and rated the World's Best Airline in two categories of the SKYTRAX World Airline Awards: World's Best Airport Services and Best Airline Staff in Asia</li> </ul>
	Develop and provide products and services that contribute to a sustainable society	<ul style="list-style-type: none"> <li>Contributed to an increase in the number of inbound visitors to Japan and community revitalization by presenting the appeal of various regions of Japan to customers globally through services and in other ways, as part of the "Tastes of JAPAN by ANA" program</li> <li>Enhanced the halal-certified menu for in-flight meals</li> <li>ANA Sales Co., Ltd. placed 1st in the travel services category of the Japanese Customer Satisfaction Index (JCSI)</li> </ul>
Create vibrant workplaces with diverse employees	Instill and practice ANA's Way and continue to strengthen the training of global human resources	<ul style="list-style-type: none"> <li>Conducted 80 ANA's Way Roadshow events worldwide and ANA's Day training for all group employees (13,022 participants)</li> <li>Enhanced global training, facilitated personnel transfers and optimized personnel assignments at the global level. Actively appointed personnel and started operating globally unified management qualification and performance review systems</li> <li>(ANA) Revised personnel and remuneration systems to encourage transformation and ambition</li> </ul>
	Promote diversity	<ul style="list-style-type: none"> <li>Formulated the ANA Group Diversity &amp; Inclusion Declaration</li> <li>(ANA) Steadily improved the ratio of female managers (9.8%→10.9%)</li> <li>Achieved targeted number of female directors (4 employed)</li> <li>Employees with disabilities is 2.10% due to strengthening activities across the group</li> <li>Started operating a re-employment support program within the group for retired employees</li> </ul>
	Promote human rights training and awareness raising	<ul style="list-style-type: none"> <li>Continued to provide CSR training (including a human rights curriculum) to all employees</li> <li>Held a dialogue event with external experts on human rights and diversity</li> </ul>
	Promote occupational health and safety	<ul style="list-style-type: none"> <li>Continued to provide mental health training to newly appointed managers, and conducted mental health seminars available to all group employees</li> <li>Conducted group-wide joint stress checks and carried out follow-up observations</li> </ul>
Promote CSR in cooperation with business partners	Strengthen supply chain initiatives	<ul style="list-style-type: none"> <li>Implemented CSR monitoring surveys (98 companies)</li> <li>Introduced an electronic purchasing system at 33 group companies and raised compliance awareness</li> <li>Improved the inclusion rate for anti-social forces provisions and special agreements prohibiting the transfer of receivables</li> </ul>
Reduce environmental impact	Please see Initiatives to Reduce Our Environmental Impact (P.49)	
Promote social contribution that helps to vitalize local communities	Promote contribution activities led by each business site	<ul style="list-style-type: none"> <li>Implemented contribution activities at domestic and overseas business sites as part of the "Wing Within Ourselves" project</li> </ul>
	Continue to assist with the Great East Japan Earthquake recovery effort by drawing on the ANA Group's strengths	<ul style="list-style-type: none"> <li>Dispatched employee volunteers to disaster-hit areas in Fukushima Prefecture and Minamisanriku Town, Miyagi Prefecture (6 times per year)</li> <li>Conducted activities in partnership with the Japanese Red Cross Society</li> </ul>
	Conduct global social contribution activities	<ul style="list-style-type: none"> <li>Implemented programs such as mileage donations as an official UNESCO supporter</li> <li>Entered into a partnership with the Global Health Innovative Technology (GHIT) Fund</li> </ul>
Establish CSR management on a global level	Establish a CSR management system	<ul style="list-style-type: none"> <li>Held three meetings of the Group CSR Promotion Committee and six meetings of the CSR Promotion Leader Committee</li> <li>Formulated and raised awareness of the Social Responsibility Guidelines, which serve as a code of conduct for all group executives and employees</li> <li>Surveyed the awareness of all employees</li> <li>Enhanced CSR training of all employees hired outside Japan, and granted awards to recognize outstanding initiatives in the group</li> </ul>
	Entrench PDCA cycles for risk management activities at all group companies	<ul style="list-style-type: none"> <li>Identified risk issues and established related key measures using a checklist</li> </ul>
	Enhance the compliance awareness of all group employees	<ul style="list-style-type: none"> <li>Upgraded training at group companies, and enhanced information provided internally by issuing a regular internal legal affairs newsletter (4 times) and distributing an email-based newsletter to the group's legal affairs personnel (6 times)</li> </ul>
Strengthen communication with stakeholders	Expand dissemination of information and promote interactive communication	<ul style="list-style-type: none"> <li>Held 327 meetings (169 in Japan, 158 overseas) with institutional investors and analysts, released quarterly publications for shareholders, held 18 briefings for retail investors and held 8 briefings for institutional investors during the year</li> <li>Conducted dialogues inside and outside of Japan (Includes four dialogue events with the Advisory Board, and one dialogue event on human rights and diversity with external experts)</li> </ul>



Progress	Objectives for the fiscal year ending March 2016	Pages in annual report/Items on website
○	· Achieve even more effective risk management cycles	<b>P.42</b> Safety Initiatives <b>P.60</b> Risk Management and Compliance <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/safe/">http://www.anahd.co.jp/en/csr/safe/</a> (Including ●ANA Group Safety Principles ●Food Safety and Security Initiatives)
○	· Expand the coverage of BCPs and enhance the substance of regular drills	
○	· Strengthen the promotion framework and measures for preventing large-scale system failures	
○	· Strengthen the framework and measures for preventing any information leaks, inappropriate social media postings by employees and other contingencies · Strengthen information security assessments and expand the assessment scope	
◎	· Maintain the 5-Star Airline rating for the fourth consecutive year and strengthen response capabilities from customers' viewpoints	<b>P.32–40</b> Segment Overview <b>P.50</b> Relationships with Society <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/customers/">http://www.anahd.co.jp/en/csr/customers/</a> (Including ●Mechanisms for Improving Customer Satisfaction)
○	· 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, improve global responsiveness and develop global human resources, and build a strong organization that leverages a broad spectrum of individuality	<b>P.44</b> Human Resources Initiatives <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/employees/">http://www.anahd.co.jp/en/csr/employees/</a> (Including ●Promoting Diversity and Inclusion ●Promoting Employment of People with Disabilities ●Developing Global Human Resources ●Human Rights Initiatives)
○	· Continue to promote the success of many different employees, including women and seniors	
○	· Promote human rights awareness among all group employees, including those overseas	
○	· Continue to strengthen activities based on ANA Group Occupational Safety and Health Policies · Formulate a new health promotion policy based on current priorities, such as promoting employee health and curtailing rising medical costs	
○	· Implement and expand the scope of CSR monitoring surveys (120 companies) · Explore a corporate information management platform modeled on IT governance · Strengthen a contract document management system based on legal compliance and internal control	<b>P.59</b> Promote CSR in Cooperation with Business Partners <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/partner/">http://www.anahd.co.jp/en/csr/partner/</a> (Including ●ANA Group Purchasing Policy)
○	· Popularize contribution activities by actively making use of expertise within the group	<b>P.48</b> Environmental Initiatives <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/environment/">http://www.anahd.co.jp/en/csr/environment/</a> (Including ●Efforts to Reduce CO <sub>2</sub> Emissions)
○	· Expand contribution activities to the promotion of tourism and industry in disaster-hit areas by fostering cooperation within the ANA Group	<b>P.50</b> Relationships with Society <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/community/">http://www.anahd.co.jp/en/csr/community/</a> (Including ●Towards building a Greener Earth ●Vitalizing Local Communities through our Business ●Growing the Next Generation)
○	· Take specific steps to address global issues and contribute to World Heritage Site conservation activities in partnership with UNESCO	
○	· Strengthen collaboration with group companies and overseas measures, enhance the CSR awareness of all group employees	<b>P.54</b> Corporate Governance Framework and Fundamental Approach <b>P.58</b> CSR Management <b>P.60</b> Risk Management and Compliance <b>Web</b> <a href="http://www.anahd.co.jp/en/company/governance/">http://www.anahd.co.jp/en/company/governance/</a> (●Corporate Governance System) <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/group/promotion.html">http://www.anahd.co.jp/en/csr/group/promotion.html</a> (●CSR Promotion System) <b>Web</b> <a href="http://www.anahd.co.jp/en/company/governance/compliance.html">http://www.anahd.co.jp/en/company/governance/compliance.html</a> (●Risk Management and Compliance) <b>Web</b> <a href="http://www.anahd.co.jp/en/csr/communications/">http://www.anahd.co.jp/en/csr/communications/</a> (●Responsibility to and Engagement with Stakeholders)
○	· Promote risk management activities at all group companies	
○	· Systematically develop compliance training for each employee level · Implement support measures for legal issues at overseas business sites	
○	· Enrich appropriate and timely disclosure of information and enhance information quality	

## Consolidated 11-Year Summary

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

	2015	2014	2013	2012
<b>For the Year</b>				
Operating revenues (Note 3)	1,713,457	1,601,013	1,483,581	1,411,504
Operating expenses (Note 3)	1,621,916	1,535,027	1,379,754	1,314,482
Operating income (loss)	91,541	65,986	103,827	97,022
Income (loss) before income taxes and minority interests	77,983	36,391	70,876	63,431
Net income (loss)	39,239	18,886	43,140	28,178
Cash flows from operating activities	206,879	200,124	173,196	214,406
Cash flows from investing activities	(210,749)	(64,915)	(333,744)	(166,323)
Cash flows from financing activities	(30,424)	(85,569)	84,549	16,171
Free cash flow	(3,870)	135,209	(160,548)	48,083
Substantial free cash flow (Note 4)	(22,350)	38,929	54,256	52,043
Depreciation and amortization	131,329	136,180	123,916	119,268
EBITDA (Note 5)	222,870	202,166	227,743	216,290
Capital expenditures	274,702	183,739	162,752	196,881
<b>At Year-End</b>				
Total assets	2,302,437	2,173,607	2,137,242	2,002,570
Interest-bearing debt (Note 6)	819,831	834,768	897,134	963,657
Short-term debt (Note 6)	210,029	188,748	142,601	127,405
Long-term debt (Note 6)	609,802	646,020	754,533	836,252
Shareholders' equity (Note 7)	798,280	746,070	766,737	549,014
<b>Per Share Data (Yen, U.S. dollars)</b>				
Earnings per share	11.24	5.41	13.51	11.22
Book value per share	228.45	213.82	218.41	218.24
Cash dividends	4.00	3.00	4.00	4.00
Average number of shares during the year (Thousand shares)	3,492,380	3,493,860	3,192,482	2,511,841
<b>Management Indexes</b>				
Operating income margin (%)	5.3	4.1	7.0	6.9
Net income margin (%)	2.3	1.2	2.9	2.0
ROA (%) (Note 8)	4.2	3.2	5.1	5.1
ROE (%) (Note 9)	5.1	2.5	6.6	5.3
Equity ratio (%)	34.7	34.3	35.9	27.4
Debt/equity ratio (Times) (Note 10)	1.0	1.1	1.2	1.8
Interest-bearing debt/EBITDA (Times)	3.7	4.1	3.9	4.5
Asset turnover (Times)	0.7	0.7	0.7	0.7
Interest coverage ratio (Times) (Note 11)	14.7	12.4	9.5	10.8
Current ratio (Times)	1.0	1.2	1.6	1.2
Payout ratio (%)	35.6	55.5	29.6	35.7
Number of employees	34,919	33,719	32,634	32,884
<b>Operating Data</b>				
<b>Domestic Passenger Operations</b>				
Passenger revenues	683,369	675,153	665,968	651,556
Available seat-km (Millions)	60,213	61,046	58,508	56,756
Revenue passenger-km (Millions)	38,582	37,861	36,333	34,589
Number of passengers (Thousands)	43,203	42,668	41,089	39,020
Load factor (%)	64.1	62.0	62.1	60.9
Unit revenues (¥)	11.3	11.1	11.4	11.5
Yield (¥)	17.7	17.8	18.3	18.8
<b>International Passenger Operations</b>				
Passenger revenues	468,321	395,340	348,319	320,066
Available seat-km (Millions)	49,487	41,451	37,947	34,406
Revenue passenger-km (Millions)	35,639	30,613	28,545	25,351
Number of passengers (Thousands)	7,208	6,336	6,276	5,883
Load factor (%)	72.0	73.9	75.2	73.7
Unit revenues (¥)	9.5	9.5	9.2	9.3
Yield (¥)	13.1	12.9	12.2	12.6
<b>Domestic Cargo Operations</b>				
Cargo revenues	32,584	32,116	32,231	33,248
Cargo volume (Tons)	475,462	477,081	463,473	467,348
<b>International Cargo Operations</b>				
Cargo revenues	124,772	104,736	86,589	87,978
Cargo volume (Tons)	841,765	710,610	621,487	570,684

Notes: 1. As of March 31, 2015, there were 64 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 ¥120.17=US\$1, the approximate exchange rate as of March 31, 2015.

3. Effective from the fiscal year ended March 2015, revenue of jet fuel which is resold to airlines outside the group is offset by its purchasing cost and the net amount is recorded in operating revenues.

4. Substantial free cash flow is excluding purchase and redemption of marketable securities (periodic and negotiable deposits of more than 3 months).

5. EBITDA = operating income + depreciation and amortization

6. 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).

Yen (Millions)							U.S. dollars (Thousands) (Note 2)
2011	2010	2009	2008	2007	2006	2005	2015
1,357,653	1,228,353	1,392,581	1,487,827	1,489,658	1,368,792	1,292,813	<b>14,258,608</b>
1,289,845	1,282,600	1,384,992	1,403,438	1,397,468	1,279,990	1,215,039	<b>13,496,846</b>
67,808	(54,247)	7,589	84,389	92,190	88,802	77,774	<b>761,762</b>
35,058	(95,593)	(4,445)	115,224	51,064	52,433	45,679	<b>648,939</b>
23,305	(57,387)	(4,260)	64,143	32,658	26,722	26,970	<b>326,529</b>
203,889	82,991	(39,783)	165,765	158,714	128,525	149,070	<b>1,721,552</b>
(139,619)	(251,893)	(111,139)	(69,827)	(128,298)	(46,449)	(169,247)	<b>(1,753,757)</b>
(10,596)	173,791	114,504	(87,336)	(100,897)	(3,137)	(51,600)	<b>(253,174)</b>
64,270	(168,902)	(150,922)	95,938	30,416	82,076	(20,177)	<b>(32,204)</b>
27,870	(123,902)	(150,922)	95,938	15,001	82,076	(20,177)	<b>(185,986)</b>
118,440	113,806	112,881	116,787	88,610	76,201	70,446	<b>1,092,860</b>
186,248	59,559	120,470	201,176	180,800	165,003	148,220	<b>1,854,622</b>
211,698	209,937	145,709	357,733	251,926	235,580	210,180	<b>2,285,944</b>
1,928,021	1,859,085	1,761,065	1,783,393	1,602,091	1,666,843	1,606,613	<b>19,159,831</b>
938,819	941,691	897,236	767,876	749,446	846,317	942,256	<b>6,822,260</b>
146,395	180,775	169,462	136,399	158,724	149,438	204,454	<b>1,747,765</b>
792,424	760,916	727,774	631,477	590,722	696,879	737,802	<b>5,074,494</b>
520,254	473,552	321,883	452,972	398,223	346,309	214,284	<b>6,642,922</b>
9.29	(24.67)	(2.19)	32.93	16.77	15.64	17.26	<b>0.09</b>
207.35	188.93	166.50	232.58	204.42	177.89	128.31	<b>1.90</b>
2.00	—	1.00	5.00	3.00	3.00	3.00	<b>0.03</b>
2,507,572	2,326,547	1,945,061	1,947,736	1,947,618	1,708,031	1,562,537	
5.0	(4.4)	0.5	5.7	6.2	6.5	6.0	
1.7	(4.7)	(0.3)	4.3	2.2	2.0	2.1	
3.7	(2.8)	0.6	5.3	6.0	5.7	5.2	
4.7	(14.4)	(1.1)	15.1	8.8	9.5	14.8	
27.0	25.5	18.3	25.4	24.9	20.8	13.3	
1.8	2.0	2.8	1.7	1.9	2.4	4.4	
5.0	15.8	7.4	3.8	4.1	5.1	6.4	
0.7	0.7	0.8	0.9	0.9	0.8	0.8	
10.7	4.6	—	10.7	8.9	6.3	7.0	
1.1	0.9	0.9	0.9	0.9	1.1	0.8	
21.5	—	—	15.2	17.9	19.2	17.4	
32,731	32,578	33,045	31,345	32,460	30,322	29,098	
652,611	630,976	699,389	739,514	726,063	685,074	658,762	<b>5,686,685</b>
56,796	57,104	59,222	62,651	62,414	60,973	60,648	
35,983	35,397	37,596	39,928	40,564	39,712	38,454	
40,574	39,894	42,753	45,557	46,471	45,474	44,486	
63.4	62.0	63.5	63.7	65.0	65.1	63.4	
11.5	11.0	11.8	11.8	11.6	11.2	10.9	
18.1	17.8	18.6	18.5	17.9	17.3	17.1	
280,637	214,124	291,077	311,577	278,478	229,232	210,735	<b>3,897,154</b>
29,768	26,723	27,905	28,285	26,607	25,338	25,190	
22,430	20,220	19,360	21,291	20,145	18,769	19,191	
5,168	4,666	4,432	4,827	4,552	4,135	4,116	
75.3	75.7	69.4	75.3	75.7	74.1	76.2	
9.4	8.0	10.4	11.0	10.5	9.0	8.4	
12.5	10.6	15.0	14.6	13.8	12.2	11.0	
32,413	31,829	33,097	30,566	30,574	29,659	29,515	<b>271,149</b>
453,606	458,732	475,014	462,569	457,914	440,750	422,397	
86,057	55,750	69,069	72,192	62,195	55,380	50,089	<b>1,038,295</b>
557,445	422,449	354,251	332,507	277,571	248,735	234,417	

7. 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 in remeasurements of defined benefit plans.

8. ROA = (operating income + interest and dividend income) / simple average of total assets

9. ROE = net income / simple average of total shareholders' equity

10. 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.

11. Interest coverage ratio = cash flows from operating activities / interest expenses

# Management's Discussion and Analysis

Effective from the fiscal year ended March 2015, revenue of jet fuel which is resold to airlines outside the group is offset by its purchasing cost and the net amount is recorded in operating revenues. In this report, figures shown on pages 30 to 41 and pages 66 to 109 have been retroactively restated.

## Overview

### Overview of the ANA Group

The ANA Group, or "the group," comprises the holding company, ANA HOLDINGS INC., 119 subsidiaries and 42 affiliates, including ALL NIPPON AIRWAYS CO., LTD. The group has 64 consolidated subsidiaries and 18 equity-method subsidiaries and affiliates as of the end of March 2015.

The fiscal year ended March 2015 (fiscal 2014) was the first year of the FY2014–16 ANA Group Corporate Strategy. The ANA Group saw this as an important year and promoted its businesses accordingly. The Air Transportation Business significantly increased operating revenues thanks to a major contribution from international operations which took advantage of slot expansion at Haneda Airport. The group also achieved results exceeding the plan in terms of Cost Restructuring Initiatives.

As a result, the group recorded its highest operating revenues of ¥1,713.4 billion, an increase of 9.1% year on year, operating income increased by 38.7% to ¥91.5 billion and net income by 107.8% to ¥39.2 billion.

### Economic Conditions

#### General Economic Overview

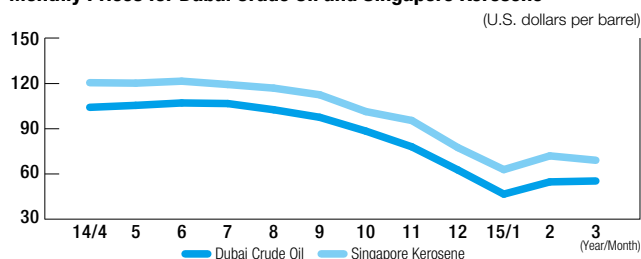
Under a firm trend in personal consumption, the Japanese economy continued to recover gradually in the fiscal year ended March 2015, with signs of corporate earnings starting to improve. In the next fiscal year, lower crude oil prices and various government policies are likely to sustain this gradual recovery, even though there are still concerns for risks such as a downturn in the global economy.

#### Fuel Price and Exchange Rate Trends

The price of Dubai crude oil changed substantially in the fiscal year ended March 2015 due to concerns for the balance between demand and supply. After trading for over \$100 per barrel in the previous fiscal year, the price began declining sharply in the autumn of 2014 to where it was trading in the \$40s per barrel range in January 2015. After that, the price rebounded somewhat in response to rising geopolitical risks surrounding the oil producing nations in the Middle East. As of the end of March 2015, the Dubai crude oil price was \$54.7 per barrel, with an average price for the fiscal year of \$84.4 per barrel.

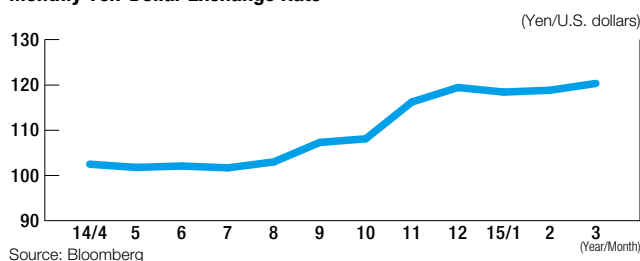
In addition, the market price of Singapore kerosene tracked the price of crude oil and ended at \$66.6 per barrel as of the end of March 2015, with an average price for the fiscal year of \$99.2 per barrel.

#### Monthly Prices for Dubai Crude Oil and Singapore Kerosene



During the fiscal year ended March 2015, the yen weakened sharply from the previous fiscal year. During the first half, the average exchange rate was ¥103.0 per U.S. dollar. During the second half, it was ¥116.8 per U.S. dollar, reflecting further expansion of monetary easing by the Bank of Japan. Consequently, the average exchange rate was ¥109.9 per U.S. dollar for the fiscal year ended March 2015, around ¥9 higher than the previous fiscal year.

#### Monthly Yen-Dollar Exchange Rate



#### Air Transport Traffic Trends

In 2014, the number of passengers on scheduled international routes that are members of the International Air Transport Association (IATA) increased by 6.2% compared with the previous year to approximately 1,330 million. Passengers on scheduled domestic routes increased by 5.6% to approximately 1,990 million. Moreover, scheduled global air cargo volume increased by 4.5%. (Source: IATA World Air Transport Statistics, 2014)

In the fiscal year ended March 2015, in terms of air transport traffic in Japan, the number of passengers on trunk routes\* increased by 2.1% from the previous fiscal year to 40.17 million and passengers on local routes by 3.6% to 55.03 million. In total, the number of passengers on scheduled domestic routes increased by 2.9% to 95.20 million. The volume of domestic cargo decreased by 0.6% to 0.92 million tons. The number of passengers carried by Japanese carriers on international routes increased by 9.1% to 16.45 million. The volume of international cargo handled by Japanese carriers increased by 14.8% to 1.42 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report)

\* Trunk routes refer to routes connecting Sapporo (New Chitose), Haneda, Narita, 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 2015

#### Operating Revenues, Expenses and Operating Income

Operating revenues in the fiscal year ended March 2015 were higher for the Air Transportation Business, our core business, as well as the Airline Related Business and Trade and Retail Business. As a result, consolidated operating revenues increased by 9.1%, or ¥143.3 billion, year on year to ¥1,713.4 billion.



Although business scale linked-costs increased as well as expenses in foreign currencies due to the weaker yen, the group worked to control costs including through the Cost Restructuring Initiatives that reduced expenses by ¥34.5 billion, which exceeded our annual plans. The group's operating expenses increased by 7.8%, or ¥117.7 billion, to ¥1,621.9 billion.

Consequently, operating income increased by 38.7%, or ¥25.5 billion, to ¥91.5 billion.

The total amount generated by the steady implementation of Cost Restructuring Initiatives since the fiscal year ended March 2012 was accumulative ¥87.0 billion for the four years ended March 2015.

## Changes in the Basis of Recording Sales Amounts

Consolidated subsidiary ALL NIPPON AIRWAYS CO., LTD. recorded revenue of jet fuel resold to airlines outside the group, which was offset by its purchasing cost and the net amount was recorded in operating revenues, effective from the fiscal year ended March 2015.

This change in accounting policy was also applied retroactively to the figures for the fiscal year ended March 2014.

This change was made due to the significant increase in the amount of money from such transactions. By recording a net amount, the company will be able to appropriately reflect its business performance. As a result of this change, operating revenues and operating expenses decreased compared to the figures prior to the retroactive adjustment. However, operating income, recurring income, and net income before income taxes and minority interests were unaffected.

## Review of Operating Segments

Since the transition to a holding company structure in the previous fiscal year ended March 2014, the group's reportable segments have been categorized under "Air Transportation," "Airline Related," "Travel Services," and "Trade and Retail."

(Please refer to the "Segment Overview" section on pages 32–40 for details.)

## Segment Information

Yen (Millions)

(Years ended March)	Operating Revenues			Operating Income			EBITDA		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Air Transportation	¥1,484,600	¥1,364,343	¥120,257	¥81,667	¥ 65,367	¥16,300	¥207,104	¥197,279	¥ 9,825
Airline Related	223,780	189,639	34,141	9,024	2,745	6,279	13,720	6,037	7,683
Travel Services	169,078	173,478	(4,400)	4,565	4,429	136	4,621	4,479	142
Trade and Retail	127,029	110,278	16,751	4,067	3,317	750	5,023	4,044	979
Subtotal	2,004,487	1,837,738	166,749	99,323	75,858	23,465	230,468	211,839	18,629
Others	32,574	30,119	2,455	1,624	1,367	257	1,808	1,566	242
Adjustment	(323,604)	(297,712)	(25,892)	(9,406)	(11,239)	1,833	(9,406)	(11,239)	1,833
Total (Consolidated)	¥1,713,457	¥1,570,145	¥143,312	¥91,541	¥ 65,986	¥25,555	¥222,870	¥202,166	¥20,704

Notes: 1. "Others" 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 the elimination of inter-segment transactions and group management expenses of ANA HOLDINGS INC. and certain other items.

3. Segment Operating Income is reconciled with operating income on the consolidated financial statements.

4. EBITDA = operating income + depreciation and amortization

## Air Transportation

Segment operating revenues increased by 8.8%, or ¥120.2 billion, compared with the previous fiscal year to ¥1,484.6 billion. Results by business are as follows.

In domestic passenger operations, the group implemented flexible pricing management by controlling its capacity through optimizing demand and supply, such as by raising normal fares from July 2014 and setting promotional fares effectively to stimulate demand according to market trends. As a result, the number of passengers in the fiscal year ended March 2015 increased by 1.3% year on year to 43.20 million. Unit price was ¥15,818, mostly the same level as the previous fiscal year. Operating revenues increased by 1.2% to ¥683.3 billion.

In international passenger operations, the group is implementing a dual-hub network strategy that leverages the strengths of both Haneda and Narita airports. Through this strategy, the group dramatically increased capacity in a slot expansion at Haneda. The group captured a broad range of demand, such as demand in the

Tokyo metropolitan area and various regions in Japan, inbound demand to Japan and trilateral traffic demand via Japan. As a result, the number of passengers increased by 13.8% to 7.20 million and unit price by 4.1% to ¥64,972. Operating revenues increased by 18.5% to ¥468.3 billion.

In cargo and mail operations, operating revenues of domestic cargo increased by 1.5% year on year to ¥32.5 billion. In International cargo services, operating revenues increased by 19.1% to ¥124.7 billion. The increase in international cargo was the result of efforts to secure firm demand such as for automobile parts from Japan to North America and Asia, along with capturing more demand for trilateral cargo traffic by expanding the network. In mail services, operating revenues from domestic operations increased by 4.2% year on year to ¥3.7 billion and operating revenues from international operations increased by 14.9% to ¥5.8 billion. Consequently, operating revenues from cargo and mail increased by 14.7% to ¥166.9 billion.

In Others of the segment, the group increased revenues from contracted handling as well as ancillary businesses such as mileage and card programs. The group also recorded higher revenues from Vanilla Air Inc. As a result, operating revenues from Others increased by 11.9% year on year to ¥165.9 billion.

Turning to operating expenses, the group worked to control rising costs by Cost Restructuring Initiatives to enhance productivity and streamline operational processes, while increased sales- and operation-linked expenses had a larger impact. As a result, operating expenses increased by 8.0%, or ¥103.9 billion, year on year to ¥1,402.9 billion.

Consequently, the segment's profit increased by 24.9%, or ¥16.3 billion, year on year to ¥81.6 billion.

### Breakdown of Operating Revenues and Expenses

	Yen (Millions)		
(Years ended March)	2015	2014	Change
Segment Operating Revenues	<b>¥1,484,600</b>	¥1,364,343	¥120,257
Domestic			
Passenger	<b>683,369</b>	675,153	8,216
Cargo	<b>32,584</b>	32,116	468
Mail	<b>3,743</b>	3,592	151
International			
Passenger	<b>468,321</b>	395,340	72,981
Cargo	<b>124,772</b>	104,736	20,036
Mail	<b>5,894</b>	5,129	765
Others	<b>165,917</b>	148,277	17,640
Segment Operating Expenses	<b>1,402,933</b>	1,298,976	103,957
Fuel and Fuel Tax	<b>367,698</b>	335,280	32,418
Landing and Navigation Fees	<b>114,332</b>	108,294	6,038
Aircraft Leasing Fees	<b>91,515</b>	79,057	12,458
Depreciation and Amortization	<b>125,437</b>	129,861	(4,424)
Aircraft Maintenance	<b>92,680</b>	83,140	9,540
Personnel	<b>167,158</b>	167,634	(476)
Sales Commissions and Promotion	<b>102,663</b>	77,833	24,830
Contracts	<b>171,200</b>	157,367	13,833
Others	<b>170,250</b>	160,510	9,740
Segment Operating Income	<b>¥ 81,667</b>	¥ 65,367	¥ 16,300

### Fuel and Fuel Tax

Fuel and fuel tax expenses increased by 9.7% or ¥32.4 billion compared with the previous fiscal year to ¥367.6 billion, and accounted for 26.2% of segment operating expenses, compared with 25.8% in the previous fiscal year. The main components of the increase of ¥32.4 billion were price factors (including hedging) of around ¥10.5 billion and volume factors of around ¥22.0 billion.

Fuel consumption volume increased due to capacity expansion on international operations. The group is working to control the increase in fuel consumption volume through continuous fuel conservation efforts, including actively introducing fuel-efficient aircraft. In the fiscal year ended March 2015, measures to reduce jet fuel taxes were carried over from the previous fiscal year.

### Landing and Navigation Fees

The number of flights increased by 2.0% year on year for passenger aircraft on domestic operations, 13.4% for passenger aircraft on international operations and 10.8% for freighters on cargo operations, excluding Vanilla Air flights. Landing and navigation fees increased by 5.6%, or ¥6.0 billion, to ¥114.3 billion, due primarily to the expansion of international business.

### Aircraft Leasing Fees

Aircraft leasing expenses increased by 15.8%, or ¥12.4 billion compared with the previous fiscal year to ¥91.5 billion. The number of leased aircraft in service increased by five from the end of previous fiscal year, to 57 at the end of March 2015. Also, expenses for hard blocking seats increased along with the scale of code-share operations with domestic partner carriers.

### Depreciation and Amortization

Depreciation and amortization expenses decreased by 3.4%, or ¥4.4 billion compared with the previous fiscal year to ¥125.4 billion. Although the number of group-owned aircraft increased by six compared with the end of the previous fiscal year to 185. The expenses decreased mainly due to two factors: (1) a change in depreciation policies instituted in the previous fiscal year, and (2) appropriate investments, for example, revising IT-related system specifications in the fiscal year ended March 2015.

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

### Aircraft Maintenance

Aircraft maintenance expenses increased by 11.5%, or ¥9.5 billion compared with the previous fiscal year to ¥92.6 billion. Primary factors included higher costs for replacing aircraft parts and contracting expenses in foreign currencies due to yen depreciation. Also, costs related to contracted maintenance increased.

### Personnel

Personnel expenses decreased by 0.3%, or ¥0.4 billion compared with the previous fiscal year to ¥167.1 billion. Even as the group expanded its business scale, personnel expenses declined year on year because the group worked to control increases in the number of employees by enhancing productivity through Cost Restructuring Initiatives.

### Sales Commissions and Promotion

Sales commissions and promotion increased by 31.9%, or ¥24.8 billion compared with the previous fiscal year to ¥102.6 billion. This was primarily because of operating revenue growth that resulted in an increase of expenses for sales commissions and promotion with the business scale expansion.

## Contracts

Contracts expenses increased by 8.8%, or ¥13.8 billion compared with the previous fiscal year to ¥171.2 billion. This was mainly due to an increase in outsourced operations, including transactions between reportable segments, with the business scale expansion.

## Others

Others increased by 6.1%, or ¥9.7 billion compared with the previous fiscal year to ¥170.2 billion. Expenses related to airport lounges and in-flight services increased mainly due to enhancing services with the business scale expansion. Another factor was an increase in advertising expenses.

## Airline Related

Segment operating revenues in the fiscal year ended March 2015 increased by 18.0%, or ¥34.1 billion year on year, to ¥223.7 billion. The main contributing factors were an increase in contracted services for airlines outside the group, and the start of operations by ANA Cargo Inc. Segment profit increased by 228.7%, or ¥6.2 billion, to ¥9.0 billion.

### Performance in the Airline Related Segment

	Yen (Millions)		
(Years ended March)	2015	2014	Change
Segment Operating Revenues	¥223,780	¥189,639	¥34,141
Segment Operating Expenses	214,756	186,894	27,862
Segment Operating Profit	¥ 9,024	¥ 2,745	¥ 6,279

## Travel Services

In domestic travel services, revenues decreased year on year due to trends in sales of our mainstay *ANA Sky Holiday* travel packages. For these products, travel demand to the Kanto region, around the Tokyo area, declined from the previous fiscal year, despite steady growth to the Kansai and Kyushu regions. In international travel services, revenues increased year on year as we worked to capture transit demand from various regional cities in Japan by upgrading and expanding the product lineup of our mainstay *ANA Hallo Tour* travel packages with expansion in our Haneda routes. Another factor for the increase was capturing growing inbound demand, and this led the increase of revenues from foreign visitors to Japan. As a result, the segment's operating revenues decreased by 2.5%, or ¥4.4 billion year on year, to ¥169.0 billion. However, operating income increased by 3.1%, or ¥0.1 billion, to ¥4.5 billion as the group worked to control costs.

### Performance in the Travel Services Segment

	Yen (Millions)		
(Years ended March)	2015	2014	Change
Segment Operating Revenues	¥169,078	¥173,478	¥ (4,400)
Domestic Package Products	133,045	139,980	(6,935)
International Package Products	26,132	23,247	2,885
Other Revenues	9,901	10,251	(350)
Segment Operating Expenses	164,513	169,049	(4,536)
Segment Operating Profit	¥ 4,565	¥ 4,429	¥ 136

## Trade and Retail

In the retail business, *ANA DUTY FREE SHOP* and *ANA FESTA* airport shops achieved solid sales mainly due to growing numbers of inbound travelers to Japan, as well as passenger growth, thanks to expansion in Haneda routes. In the aerospace & electronics business, semiconductor assembly orders increased. In the food business, we began exporting Japanese food products to meet growing demand for Japanese cuisine, particularly in Asia. As a result, for the fiscal year ended March 2015, the segment's operating revenues increased by 15.2%, or ¥16.7 billion, year on year to ¥127.0 billion and operating income increased by 22.6%, or ¥0.7 billion, to ¥4.0 billion.

### Performance in the Trade and Retail Segment

	Yen (Millions)		
(Years ended March)	2015	2014	Change
Segment Operating Revenues	¥127,029	¥110,278	¥16,751
Segment Operating Expenses	122,962	106,961	16,001
Segment Operating Profit	¥ 4,067	¥ 3,317	¥ 750

## Others

Due to factors such as a solid performance in the building maintenance business and steady growth in the real estate business, the segment's operating revenues were ¥32.5 billion, an increase of ¥2.4 billion, or 8.2% year on year. The segment's profit was ¥1.6 billion, an increase of ¥0.2 billion, or 18.8%.

### Performance in Other Segment

	Yen (Millions)		
(Years ended March)	2015	2014	Change
Segment Operating Revenues	¥32,574	¥30,119	¥2,455
Segment Operating Expenses	30,950	28,752	2,198
Segment Operating Profit	¥ 1,624	¥ 1,367	¥ 257

## Non-Operating Income / Expenses

Net non-operating expenses totaled ¥13.5 billion, compared with net non-operating expenses of ¥29.5 billion for the previous fiscal year.

Primary factors behind this change included the recording of a gain on revision of retirement benefit plans of ¥9.9 billion due to pension plan revisions at ALL NIPPON AIRWAYS CO., LTD., an increase in equity in earnings of non-consolidated subsidiaries and affiliates, and a decrease in interest expenses.

Note: On April 1, 2014, certain consolidated subsidiaries of the group shifted their defined benefit 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 risk of increasing pension obligations in the future.

### Non-Operating Income / Expenses

(Years ended March)	Yen (Millions)	
	2015	2014
Interest and dividend income	¥ 1,727	¥ 3,536
Interest expenses	(13,732)	(15,933)
Foreign exchange gain/loss, net	(4,379)	(1,194)
Gain on sale of property and equipment	3,006	2,940
Loss on sale/disposal of property and equipment	(9,550)	(8,855)
Depreciation of idle assets	—	(2,051)
Impairment loss	(111)	(322)
Equity in earnings of non-consolidated subsidiaries and affiliates	2,150	1,336
Gain on sale of investments in securities	296	903
Loss on sale of investments in securities	(222)	—
Valuation loss on investments in securities	(409)	—
Provision for accrued employees' retirement benefit	(6,137)	(6,368)
Special retirement expenses	(89)	(1,548)
Gain on return of substituted portion of welfare pension fund	943	—
Gain on revision of retirement plans	9,945	—
Settlement received	—	1,744
Amortization of goodwill	—	(2,083)
Expenses related to revision of pension plans	(55)	(3,976)
Others, net	3,059	2,276
<b>Total</b>	<b>¥(13,558)</b>	<b>¥(29,595)</b>

## Net Income

As a result of the above, income before income taxes and minority interests increased by 114.3%, or ¥41.5 billion year on year, to ¥77.9 billion. After income taxes and other adjustments, net income increased by 107.8%, or ¥20.3 billion, to ¥39.2 billion. Earnings per share were ¥11.24, compared with ¥5.41 for the previous fiscal year.

Comprehensive income increased by 113.8%, or ¥30.4 billion year on year, to ¥57.1 billion including an increase in net unrealized holding gain on securities.

## Revisions to the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to a Change in the Income Tax Rate

Following the promulgation of various relevant laws, the effective tax rates used to calculate deferred tax assets and deferred tax liabilities, which are limited to those expected to be resolved on or after April 1, 2015, were revised from 35.64% in the previous fiscal year to 33.10% for deferred tax assets and liabilities expected to be recovered or paid from April 1, 2015 to March 31, 2016, and to 32.34% for deferred tax assets and liabilities expected to be recovered or paid on or after April 1, 2016. As a result of this change, the amount of deferred tax assets, net the amount of deferred tax liabilities, decreased by ¥5.1 billion. Income taxes recorded in the fiscal year ended March 2015 increased by ¥5.5 billion, net unrealized holding gain on securities increased by ¥1.4 billion, deferred gain on hedging instruments increased by ¥0.2 billion and remeasurements of defined benefit plans decreased by ¥1.3 billion.

## Cash Flows

### Fundamental Approach

The ANA Group's fundamental approach to cash management is to conduct continuous investments strategically to strengthen its competitiveness over the medium- to long-terms, in parallel with maintaining healthy financial conditions.

Capital expenditures are ordinarily kept within cash flows from operating activities, including repayment of lease obligations, to generate free cash flow which enables us to increase shareholders' equity and control total interest-bearing debt.

The group's primary means of raising funds are borrowing from banks and issuing bonds. The group has concluded commitment lines totaling ¥150.0 billion with 13 leading domestic financial institutions to ensure stable emergency access to working capital. All of the commitment lines were unused as of the end of March 2015.

In terms of investment in aircraft, our primary assets, the group is able to take advantage of programs such as the Japan Bank for International Cooperation's guarantee system for borrowing from financial institutions.

### Increase in the Amount of Commitment Lines

In January 2015, the company increased the amount of its commitment lines from ¥110.0 billion to ¥150.0 billion. Considering the company's expansion in international operations, the amount of commitment line was increased to ensure an adequate level of liquidity on hand to tolerate any sharp decline in revenues from the occurrence of event risks or other contingencies. While taking a close look at our financial condition and future business environment, we will also optimize cash on hand to enhance our capital efficiency.



## Overview of the Fiscal Year Ended March 2015

The group recorded free cash flow of negative ¥3.8 billion, which was the sum of cash flows from operating activities and investing activities. Cash flows from financing activities totaled expenditures of ¥30.4 billion. As a result, cash and cash equivalents\* decreased by ¥31.9 billion compared with the end of fiscal year ended March 2014 to ¥208.9 billion as of the end of March 2015.

\* 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 ¥77.9 billion, an increase of ¥41.5 billion compared with ¥36.3 billion for the year ended March 2014. As a result of adjustments for non-cash items including depreciation and amortization, accounts and notes payable and accounts and notes receivable, and income taxes paid, cash flows from operating activities were ¥206.8 billion, ¥6.7 billion more than in the previous fiscal year.

### Interest Coverage Ratio\*

(Years ended March)	2015	2014
Interest coverage ratio	14.7	12.4

(Times)

\* Interest coverage ratio = cash flows from operating activities / interest expenses

### Cash Flows from Investing Activities

Cash flows from investing activities totaled expenditures of ¥210.7 billion, ¥145.8 billion more than in the previous fiscal year. Uses of cash included payment for purchase of property and equipment totaling ¥241.7 billion resulting from payments upon receipt of aircraft and other assets such as spare parts and advance payments for aircraft to be introduced. In addition, payment for purchase of intangible assets, including investment in software, used cash of ¥32.9 billion. On the other hand, proceeds from the sale of property and equipment, which included aircraft, totaled ¥50.8 billion. Substantial cash flows from investing activities would have been ¥229.2 billion, excluding net proceeds of ¥18.4 billion from periodic and negotiable deposits of more than three months.

### Free Cash Flow

As mentioned above, cash flows from operating activities totaled income of ¥206.8 billion, and cash flows from investing activities totaled expenditures of ¥210.7 billion. Consequently, free cash flow was negative ¥3.8 billion, a change of ¥139.0 billion from positive free cash flow in the previous fiscal year. Substantial free cash flow would have been negative ¥22.3 billion, a change of ¥61.2 billion from a positive amount in the previous fiscal year, mainly due to the increase in payment for purchase of property and equipment, excluding net proceeds from periodic and negotiable deposits of more than three months.

### Cash Flows from Financing Activities

Cash flows from financing activities totaled expenditures of ¥30.4 billion, ¥55.1 billion less than in the previous fiscal year. Cash was also used for the repayment of bonds, long-term debt, finance lease obligations and payment for dividends, while recording proceeds from the issuance of bonds and from long-term debt in the fiscal year ended March 2015.

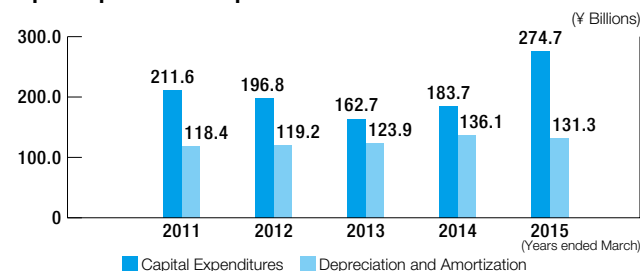
## Capital Expenditures and Aircraft Procurement

### Capital Expenditures

Capital expenditures of the group mainly comprise the acquisition of aircraft, spare engines and aircraft parts as well as investments related to information systems. Capital expenditures in the fiscal year ended March 2015 increased by 49.5% compared with the previous fiscal year to ¥274.7 billion, mainly reflecting investment in aircraft such as the Boeing 787.

By segment, compared with the previous fiscal year, capital expenditures increased by 50.0% to ¥267.6 billion in Air Transportation, increased by 117.0% to ¥7.2 billion in Airline Related, increased by 942.9% to ¥0.3 billion in Travel Services, decreased by 6.2% to ¥1.8 billion in Trade and Retail, and increased by 123.1% to ¥0.3 billion in Others.

### Capital Expenditures\*/Depreciation and Amortization



\* 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 pursuit of the best fleet composition are the most important issues for airline management.

The ANA Group's fleet strategy is based on three basic policies: strengthening cost competitiveness by introducing fuel-efficient aircraft, optimizing demand and supply 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 employs operating leases to procure aircraft to use over the short term, or for capacity adjustment. The group also may use finance leases for diversifying corporate financing methods. In these and other ways, the group constantly selects the most economical aircraft procurement method.

## Aircraft Procured in the Fiscal Year Ended March 2015

Based on the above fleet strategy, the group's aircraft in service increased by 11 compared with the end of the fiscal year ended March 2014 to 242 as of the end of the fiscal year ended March 2015. During this fiscal year, the group purchased 11 new aircraft, consisting of one Boeing 777-300, two Boeing 787-9s, five Boeing 787-8s, and three Boeing 737-800s. On the other hand, the group sold 13 aircraft during this fiscal year, including one Boeing 747-400 and five Boeing 767-300s, of these aircraft, two were leased to 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.

### Changes in the Number of Aircraft in Service in the Fiscal Year Ended March 2015

Aircraft	Number of aircraft as of March 31, 2015	() changes		Remarks	
		Owned	Leased		
Boeing 747-400D	0 (-1)	0 (-1)	0	Sold	-1
Boeing 777-300	27 (+1)	24 (+1)	3	Purchased	+1
Boeing 777-200	28	20	8		
Boeing 787-9	2 (+2)	2 (+2)	0	Purchased	+2
Boeing 787-8	32 (+5)	30 (+3)	2 (+2)	Purchased	+5
				Sold	-2
				Leased-in	+2
Sale and lease-back					
Boeing 767-300	42 (-5)	25 (-2)	17 (-3)	Returned	-3
				Purchased	+3
				Sold	-5
Purchase of leased aircraft after return on completion of lease					
Boeing 767-300F (Freighter)	10 (+1)	7	3 (+1)	Leased-in	+1
Airbus A320-200	20 (+1)	12 (-4)	8 (+5)	Leased-in	+5
				Sold	-4
Aircraft used by Vanilla Air Inc. Includes aircraft used by Vanilla Air Inc.					
Boeing 737-800	31 (+7)	24 (+3)	7 (+4)	Purchased	+3
				Leased-in	+4
Boeing 737-700	12 (-1)	9 (-1)	3	Leased-out	-1
Boeing 737-500	17 (+2)	17 (+2)	0	Returned from lease out	+2
Bombardier DHC-8-400	21	15 (+4)	6 (-4)	Returned	-4
				Purchased	+4
Purchase of leased aircraft after return on completion of lease					
Bombardier DHC-8-300	0 (-1)	0 (-1)	0	Sold	-1
Total	242 (+11)	185 (+6)	57 (+5)	Purchased	+18
				Leased-in	+12
				Returned from lease out	+2
				Sold	-13
				Returned	-7
				Leased-out	-1
Includes seven aircraft purchased after return on completion of lease Includes sale and lease-back of two aircraft					

Including Airbus A320-200 operated by Vanilla Air Inc. (8 as of March 31, 2015, 5 as of March 31, 2014)

Excluding aircraft leased outside the group (12 as of March 31, 2015, 14 as of March 31, 2014)

## Aircraft Procurement Plan for the Fiscal Year Ending March 2016

The group's aircraft procurement plan for the fiscal year ending March 2016 involves the introduction of 23 aircraft to promote expansion on international operations and the use of narrow-body aircraft on domestic operations for the purpose of optimizing demand and supply. This will include two Boeing 777-300s, nine Boeing 787-9s, three Boeing 787-8s, five Boeing 737-800s, three Boeing 737-500s, and one Boeing 767-300F (Freighter). On the other hand, the group plans to retire five aircraft comprising three Boeing 767-300s and two Airbus A320-200s during the fiscal year ending March 2016.

The group plans to continue to integrate aircraft types and steadily control costs by introducing fuel-efficient aircraft.

## Financial Position

### Assets

Total assets increased by ¥128.8 billion compared with the end of the year ended March 2014 to ¥2,302.4 billion as of the end of the fiscal year ended March 2015.

Current assets decreased by ¥3.4 billion during this fiscal year to ¥692.7 billion, primarily because marketable securities decreased by ¥65.4 billion to ¥278.6 billion while cash on hand increased by ¥14.9 billion to ¥43.9 billion. As a result of ongoing investment mainly on aircraft, liquidity on hand from cash on hand and in banks and marketable securities decreased by ¥50.5 billion to ¥322.5 billion.

Total non-current assets increased by ¥132.8 billion during this fiscal year to ¥1,608.9 billion. This was mainly because aircraft, a component of property and equipment, and advance payments on aircraft increased. Also contributing was an increase in investments in securities under investments and long-term receivables, resulting from a gain in evaluation at fair value. Deferred income taxes decreased during the fiscal year due to a change in the income tax rate and the application of tax-effect accounting on the increase in investments in securities.

### Interest-Bearing Debt

As of the end of March

#### Short-term loans:

Short-term loans	200	153	47
Current portion of long-term loans	138,263	169,003	(30,740)
Current portion of bonds and notes	65,000	10,000	55,000
Finance lease obligations	6,566	9,592	(3,026)

#### Long-term debt (excluding current portion):

Long-term loans	514,403	499,022	15,381
Bonds	75,000	125,000	(50,000)
Finance lease obligations	20,399	21,998	(1,599)

#### Total interest-bearing debt

¥819,831      ¥834,768      ¥(14,937)

## Liabilities

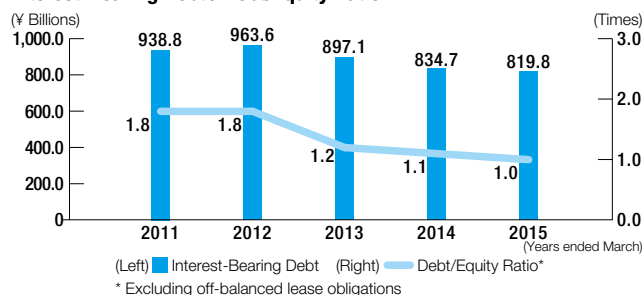
Total liabilities increased by ¥76.5 billion compared with the end of the previous fiscal year to ¥1,498.8 billion as of the end of the fiscal year ended March 2015.

Current liabilities increased by ¥92.7 billion during the fiscal year to ¥666.6 billion. This was primarily because the current portion of bonds and notes increased by ¥55.0 billion after being moved from long-term debt, and accrued income taxes increased by ¥15.7 billion.

Long-term liabilities decreased by ¥16.1 billion during the fiscal year to ¥832.2 billion, mainly because of a ¥50.0 billion decrease in bonds and notes, and a ¥20.5 billion decrease in net defined benefit liabilities.

Interest-bearing debt including finance lease obligations decreased by ¥14.9 billion during the fiscal year to ¥819.8 billion. The debt/equity ratio decreased to 1.0 times from 1.1 times. The debt/equity ratio including off-balanced lease obligations decreased to 1.1 times from 1.3 times.

### Interest-Bearing Debt / Debt/Equity Ratio\*



## Net Assets

Net assets increased by ¥52.2 billion compared with the end of the previous fiscal year to ¥803.5 billion as of the end of the fiscal year ended March 2015.

Retained earnings increased by ¥33.5 billion during this fiscal year to ¥189.3 billion, reflecting net income after payment of cash dividends. Accumulated other comprehensive income increased by ¥17.3 billion during this fiscal year to positive ¥13.1 billion. Factors included an increase in net unrealized holding gain on securities.

As a result, shareholders' equity increased by ¥52.2 billion during this fiscal year to ¥798.2 billion. The shareholders' equity ratio increased to 34.7% from 34.3% compared with the previous fiscal year.

Book value per share (BPS) increased to ¥228.45 from ¥213.82.

## Bond Ratings

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

R&I's outlook was revised from Stable to Positive during the fiscal year ended March 2015. Bond ratings as of the end of March 2015 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	(Revised December 2010) Negative -> Stable	(Revised December 2014) Stable -> Positive

## Retirement Benefit Obligation

The group has welfare pension fund plans, defined benefit corporate pension plans and lump-sum retirement benefit plans. In addition, the group has adopted defined contribution pension plans. Certain employees are entitled to additional benefits upon retirement.

Certain consolidated subsidiaries adopting defined benefit corporate pension plans and lump-sum retirement benefit plans use a simplified method for calculating retirement benefit expenses and liabilities.

### Retirement Benefit Obligation and Related Expenses

As of the end of March	Yen (Millions)	
	2015	2014
Retirement benefit obligation	¥(240,684)	¥(298,796)
Plan assets at fair value	80,199	117,740
Unfunded retirement benefit obligation	(160,485)	(181,056)
Liability for retirement benefits	(160,562)	(181,101)
Asset for retirement benefits	77	45
Net liability and asset for retirement benefits in the balance sheet	(160,485)	(181,056)
Retirement benefit expenses of defined benefit corporate pension plans	17,049	25,292
Main basis for actuarial calculations		
Discount rates	0.8–1.6%	1.2–2.0%
Expected rates of return on plan assets	1.5–5.5%	2.5–5.5%
Contribution to defined contribution pension plans	¥ 11,937	¥ 1,235



## Fuel Price and Exchange Rate Hedging

The group has been pursuing and conducting optimal hedge transactions that reduce the impact of volatility in fuel prices and foreign exchange rates, in order to control the risk of fluctuation in earnings. The group's objective of its hedging is to stabilize profitability, not just to equalize expenses, because recent business expansion, mainly on international operations, had led to increases in fuel surcharge and foreign currency revenues.

For fuel, in consideration of fuel surcharge revenues, the group conducts fuel hedging three years in advance of the applicable period. As of the end of March 2015, the group had a hedge ratio of approximately 60% for the fiscal year ending March 2016, approximately 30% for the fiscal year ending March 2017, and approximately 10% for the fiscal year ending March 2018.

For foreign exchange, the group hedges U.S. dollar payments for fuel expenses three years in advance, and payments associated with capital expenditures for aircraft and other items five years in advance of the applicable periods. The group considers the balance of foreign currency revenues, linked to foreign exchange market fluctuations, and foreign currency expenses with respect to U.S. dollar payments, and uses forward exchange agreements to hedge any portion of foreign currency expenses in excess of foreign currency reserves. As of the end of March 2015, the group had a hedge ratio for fuel payments of approximately 85% for the fiscal year ending March 2016, approximately 50% for the fiscal year ending March 2017, and approximately 15% for the fiscal year ending March 2018.

### Fuel price sensitivity

Fuel price sensitivity to fluctuations in crude oil prices for the fiscal year ending March 2016 is as follows (calculated at the beginning of the fiscal year, excluding hedging):

- Fuel expenses: Approximately ¥3.2 billion per year  
(change of US\$1/BBL of crude oil)

### Foreign exchange rate sensitivity

Operating income sensitivity to foreign exchange rate movements for the fiscal year ending March 2016 is as follows (calculated at the beginning of the fiscal year, including hedging\*):

- Operating income: A decrease of approximately ¥0.0 billion per year  
(¥1 depreciation versus US\$1\*)

\* Assumptions: The foreign currency hedge ratio for fuel expenses is approximately 85% 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 the company.

The company intends to increase shareholder returns with consideration of trends in business results for the relevant fiscal year and capital expenditure plans to secure stable earnings over the medium to long term. In addition, the company considers its responsibility to maintain healthy financial conditions.

### Dividends for the Fiscal Year Ended March 2015 and Plans for the Fiscal Year Ending March 2016

For the fiscal year ended March 2015, the company paid cash dividends of ¥4.00 per share as initially planned, after due consideration of factors including results for the fiscal year, its financial conditions and the future business environment.

For the fiscal year ending March 2016, the company expects to pay cash dividends of ¥5.00 per share, ¥1.00 more than in the fiscal year ended March 2015, based on its performance forecast announced on April 30, 2015.

# 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, 2015.

## (1) Risk of Economic Recession

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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 passenger and cargo businesses depend on overseas markets, especially China, other parts of Asia, and North America, and economic conditions in these regions could lead to a decrease in the passenger and cargo volume as well as a reduction in the unit price.

## (2) Risks Related to the Group’s Management Strategy

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### 1. Risks Related to the Group’s Fleet Strategy

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

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

#### 1) Dependence on The Boeing Company

In accordance with the above Fleet Strategy, the group has ordered a large number of the aircraft 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 affect the group’s operations.

#### 2) 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, with delivery scheduled for the first quarter of the fiscal year ending March 2018. Delivery delays could create obstacles to the group’s 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 slots at Haneda Airport has been increased to 447 thousand, but some slots for international routes have yet to be allocated. In addition, the annual number of slots at Narita Airport has been increased to 300 thousand as of March 31, 2015. However, many slots that had not been allocated at the initial stage have yet to be allocated. Accordingly, the group expects to make use of those slots in the future. In the event that the slot allocation of the two Tokyo metropolitan area airports (Haneda and Narita), the operation schedule and earnings from the applicable routes differ from the group’s projections, this 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, or if competition intensifies with domestic or overseas LCCs. Additionally, flight crew shortages and outflows of flight crew personnel to other airlines could preclude the execution of the group management strategy. Furthermore, customers could turn away from LCCs as a result of accidents and other safety incidents caused by LCCs, including those overseas.

## 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 investments and other initiatives may not produce the intended effects. Moreover, if the interests of equity investors do not align, the joint venture may not operate in the manner the group considers appropriate. If joint venture operations deteriorate, the group may be exposed to an economic cost burden. In addition, equity investors other than the group may experience poor financial results or withdraw from the business.

The group may also expand into foreign countries, and enter into businesses with remote relation to the airline business. These initiatives may incur unforeseen detriments.

## (3) Risks Related to Crude Oil Price Fluctuations

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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. For these reasons, the group may be unable to avoid the influence of a sharp increase in crude oil prices completely, depending on factors such as hedging positions.

## 2. Risk of 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, in addition to decreases in or expiration of fuel surcharges, hedge positions 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 of highly contagious new strains of influenza and other diseases, or due to increased virulence caused by changes in its profile, which could affect the continuity of the group's operations.

## (5) Risks Related to Foreign Exchange Rate Fluctuations

The group's expenditures in foreign currencies are greater than its revenues in foreign currencies. Therefore, depreciation of the yen affects the group's profits more than a little. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses denominated in the same foreign currency to limit the impact on operating income from the risk of fluctuations in foreign exchange rates. In addition, the group uses forward exchange agreements and currency options for a portion of the foreign currency needed for its purchases of aircraft and jet fuel 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. Going forward, incidents including political instability, international conflicts, large-scale terrorist attacks, or deterioration in diplomatic relations with countries where the group operates and has offices and other bases 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 could be subject to various lawsuits in connection with its business activities, which could affect the group's performance. Moreover, the followings may result in lawsuits or 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**

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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**

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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<sub>2</sub> 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**

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Within Japan, there could be material changes in the current competitive and operating environment, such as changes in aviation policy or regional policy, as well as changes in the standing of competitors due to mergers or capital tie-ups stemming from bankruptcies and other factors. These changes could affect the group's performance.

## **(12) Risks Related to Competition**

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The possibility of future increases in costs related to the group's operations due to such factors as jet fuel expenses, financing cost, and responses to environmental regulations cannot be ruled out. If such costs increase, in order to secure income, it will be necessary for the group to cut costs through such means as reducing indirect fixed costs, and to 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, price competition with competitors greatly restricts the passing on of costs that could affect the group's performance.

## **(13) Risks Related to Ineffective Strategic Alliances**

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The group belongs to the Star Alliance.

Based on antitrust immunity (ATI) approval, joint venture operations are 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, Austrian Airlines and Lufthansa Cargo AG in the network between Japan and Europe.

However, the benefits of Star Alliance membership might diminish if the alliance is broken up by antitrust 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**

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### **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 and impair the group's public reputation, creating a medium- to long-term downturn in demand that could significantly affect the group's performance. On June 20, 2012, ANA Flight 956 experienced a hard landing, resulting in partial damage to the aircraft. MLIT's Transport Safety Board is now determining the cause of this incident, with announcements of the final results of the investigation 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 might be 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 might be 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 and Other Data**

The group holds a large amount of information relating to customers, such as that pertaining to the approximately 27.90 million members (as of the end of March 2015) 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 to counter any foreseeable contingency to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised to eliminate any potential security gaps. Despite these precautions, the occurrence of a major leak of personal information caused by unauthorized access, an error in conducting business or some other factor could carry significant 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 or operational restriction 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 area 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 the airports or limits their access 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 have a large impact on 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 group's aircraft operation.

## **(20) Risk of Inability to Secure Required Personnel**

The start of LCC business and other factors have increased demand for flight crews and other personnel. 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. In addition, a change of supply-demand balance in labor markets could lead to personnel shortages in airport handling and other operations, as well as a sharp increase in wage levels.

## **(21) Financial Risks**

### **1. Increase in the Cost of Financing**

The group raises funds to acquire aircraft primarily through bank loans, share issuances and bond issuances. However, the cost of financing 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 the company's credit rating that makes it difficult or impossible to finance 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, 2015 and 2014

ASSETS	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2015	2014	2015
<b>Current assets:</b>			
Cash on hand and in banks	¥ 43,901	¥ 28,972	\$ 365,324
Marketable securities (Note 4)	278,692	344,162	2,319,147
Accounts receivable, less allowance for doubtful accounts (¥185 million (\$1,539 thousand) in 2015 and ¥236 million in 2014)	147,691	142,894	1,229,017
Accounts receivable from and advances to non-consolidated subsidiaries and affiliates	4,037	4,427	33,594
Inventories	63,370	63,919	527,336
Deferred income taxes – current (Note 9)	33,216	17,331	276,408
Prepaid expenses and other current assets	121,876	94,561	1,014,196
<b>Total current assets</b>	<b>692,783</b>	<b>696,266</b>	<b>5,765,024</b>
<b>Investments and long-term receivables:</b>			
Investments in securities (Note 4)	83,914	52,296	698,294
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 5)	36,761	34,225	305,908
Lease and guaranty deposits	10,153	11,400	84,488
Other long-term receivables	62,785	15,692	522,468
<b>Total investments and long-term receivables</b>	<b>193,613</b>	<b>113,613</b>	<b>1,611,159</b>
<b>Property and equipment (Notes 6 and 11):</b>			
Flight equipment	1,526,849	1,495,541	12,705,741
Ground property and equipment	502,938	484,281	4,185,220
	<b>2,029,787</b>	<b>1,979,822</b>	<b>16,890,962</b>
Less accumulated depreciation	(953,645)	(930,433)	(7,935,799)
	<b>1,076,142</b>	<b>1,049,389</b>	<b>8,955,163</b>
Leased assets, net	12,918	17,165	107,497
Advance payments on aircraft purchase contracts	200,859	139,014	1,671,457
Construction in progress	5,289	17,546	44,012
<b>Net property and equipment</b>	<b>1,295,208</b>	<b>1,223,114</b>	<b>10,778,130</b>
<b>Deferred income taxes – non-current (Note 9)</b>	<b>34,835</b>	<b>66,714</b>	<b>289,881</b>
<b>Other assets</b>	<b>85,998</b>	<b>73,900</b>	<b>715,636</b>
<b>Total assets</b>	<b>¥2,302,437</b>	<b>¥2,173,607</b>	<b>\$19,159,831</b>

LIABILITIES AND NET ASSETS	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2015	2014	2015
<b>Current liabilities:</b>			
Short-term loans, including current portion of long-term debt, and finance lease obligations (Note 6)	¥ 210,029	¥ 188,748	\$ 1,747,765
Accounts and notes payable	183,232	189,165	1,524,773
Accounts payable to non-consolidated subsidiaries and affiliates	3,813	1,984	31,730
Advance ticket sales	120,449	108,412	1,002,321
Accrued expenses	49,911	44,596	415,336
Accrued income taxes	26,179	10,390	217,849
Asset retirement obligations (Note 8)	81	763	674
Other current liabilities	72,983	29,889	607,331
<b>Total current liabilities</b>	<b>666,677</b>	<b>573,947</b>	<b>5,547,782</b>
<b>Long-term liabilities:</b>			
Long-term debt, less current portion, and finance lease obligations (Note 6)	609,802	646,020	5,074,494
Net defined benefit liabilities (Note 7)	160,562	181,101	1,336,123
Deferred income taxes – non-current (Note 9)	2,779	2,322	23,125
Asset retirement obligations (Note 8)	744	729	6,191
Other long-term liabilities	58,321	18,197	485,320
<b>Total long-term liabilities</b>	<b>832,208</b>	<b>848,369</b>	<b>6,925,255</b>
<b>Commitments and contingent liabilities</b> (Note 13)			
<b>Net assets</b> (Note 12):			
Shareholders' equity	785,082	750,234	6,533,094
Common stock:			
Authorized – 5,100,000,000 shares			
Issued – 3,516,425,257 shares at March 31, 2015 and 2014	318,789	318,789	2,652,816
Capital surplus	282,209	281,955	2,348,414
Retained earnings	189,353	155,820	1,575,709
Less treasury common stock, at cost (22,069,782 shares at March 31, 2015 and 27,132,969 shares at March 31, 2014)	(5,269)	(6,330)	(43,846)
Accumulated other comprehensive income	13,198	(4,164)	109,827
Net unrealized holding gain on securities	30,684	10,201	255,338
Deferred gain on hedging instruments	5,279	15,350	43,929
Remeasurements of defined benefit plans	(26,620)	(30,168)	(221,519)
Foreign currency translation adjustments	3,855	453	32,079
Minority interests	5,272	5,221	43,871
<b>Total net assets</b>	<b>803,552</b>	<b>751,291</b>	<b>6,686,793</b>
<b>Total liabilities and net assets</b>	<b>¥2,302,437</b>	<b>¥2,173,607</b>	<b>\$19,159,831</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries  
Years ended March 31, 2015 and 2014

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2015	2014	2015
<b>Operating revenues</b>	<b>¥1,713,457</b>	¥1,570,145	<b>\$14,258,608</b>
<b>Operating expenses</b>	<b>1,335,084</b>	1,238,298	<b>11,109,960</b>
<b>Gross profit</b>	<b>378,373</b>	331,847	<b>3,148,647</b>
<b>Selling, general and administrative expenses</b>	<b>286,832</b>	265,861	<b>2,386,885</b>
<b>Operating income</b>	<b>91,541</b>	65,986	<b>761,762</b>
<b>Non-operating income:</b>			
Interest income	775	787	6,449
Dividend income	952	2,749	7,922
Equity in earnings of non-consolidated subsidiaries and affiliates	2,150	1,336	17,891
Gain on sale of property and equipment	2,325	2,940	19,347
Other	6,297	4,484	52,400
<b>Total non-operating income</b>	<b>12,499</b>	12,296	<b>104,010</b>
<b>Non-operating expenses:</b>			
Interest expenses	13,732	15,933	114,271
Foreign exchange loss, net	4,379	1,194	36,440
Loss on sale of property and equipment	3,147	1,855	26,187
Loss on disposal of property and equipment	6,332	5,826	52,692
Depreciation of idle assets	—	2,051	—
Provision for accrued employees' retirement benefits	6,137	6,368	51,069
Other	3,184	2,127	26,495
<b>Total non-operating expenses</b>	<b>36,911</b>	35,354	<b>307,156</b>
<b>Recurring profit</b>	<b>67,129</b>	42,928	<b>558,616</b>
<b>Extraordinary income:</b>			
Gain on sale of property and equipment	681	—	5,666
Gain on sale of investments in securities	296	903	2,463
Gain on transfer of benefit obligation relating to employees' pension fund	943	—	7,847
Subsidy	23	130	191
Gain on liquidation of subsidiaries and affiliates	—	653	—
Settlement received	—	1,744	—
Gain on revision of retirement benefit plan	9,945	—	82,757
Other	97	130	807
<b>Total extraordinary income</b>	<b>11,985</b>	3,560	<b>99,733</b>
<b>Extraordinary loss:</b>			
Loss on sale of property and equipment	71	1,087	590
Impairment loss (Note 18)	111	322	923
Amortization of goodwill	—	2,083	—
Loss on sale of investments in securities	222	—	1,847
Valuation loss on investments in securities	409	—	3,403
Special retirement benefit expenses	89	1,548	740
Loss on liquidation of subsidiaries and affiliates	—	930	—
Settlement package	165	—	1,373
Expenses related to revision of pension plans	55	3,976	457
Other	9	151	74
<b>Total extraordinary loss</b>	<b>1,131</b>	10,097	<b>9,411</b>
<b>Income before income taxes and minority interests</b>	<b>77,983</b>	36,391	<b>648,939</b>
<b>Income taxes</b> (Note 9):			
Current	30,971	13,001	257,726
Deferred	6,985	5,456	58,125
<b>Total income taxes</b>	<b>37,956</b>	18,457	<b>315,852</b>
<b>Net income before minority interests</b>	<b>40,027</b>	17,934	<b>333,086</b>
<b>Minority interests</b>	<b>788</b>	(952)	<b>6,557</b>
<b>Net income</b>	<b>¥ 39,239</b>	¥ 18,886	<b>\$ 326,529</b>
		Yen	U.S. dollars (Note 3)
<b>Net income per share</b> (Note 2 (p))	<b>¥ 11.24</b>	¥ 5.41	<b>\$ 0.09</b>

See accompanying notes to consolidated financial statements.



## Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries  
Years ended March 31, 2015 and 2014

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2015	2014	2015
<b>Net income before minority interests</b>	<b>¥ 40,027</b>	¥17,934	<b>\$333,086</b>
<b>Other comprehensive income:</b>			
Net unrealized holding gain on securities	20,232	5,434	168,361
Deferred gain on hedging instruments	(10,021)	2,608	(83,390)
Foreign currency translation adjustments	3,181	637	26,470
Remeasurements of defined benefit plans	3,458	—	28,775
Share of other comprehensive income of affiliates accounted for by the equity-method	265	111	2,205
<b>Total other comprehensive income</b> (Note 10)	<b>17,115</b>	8,790	<b>142,423</b>
<b>Comprehensive income</b>	<b>¥ 57,142</b>	¥26,724	<b>\$475,509</b>
<b>Total comprehensive income attributable to:</b>			
Owners of ANA HOLDINGS INC.	¥ 56,298	¥27,676	\$468,486
Minority interests	¥ 844	¥ (952)	\$ 7,023

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, 2015 and 2014

	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 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
<b>Balance at April 1, 2013</b>	¥318,789	¥281,969	¥150,663	¥(1,898)	¥749,523	¥ 4,693	¥ 12,705	¥ (184)	¥ —	¥ 17,214	¥ 6,363	¥773,100
Cumulative effects of changes in accounting policy												
Restated balance at April 1, 2013												
Changes during the year												
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			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)
<b>Balance at April 1, 2014</b>	318,789	281,955	155,820	(6,330)	750,234	10,201	15,350	453	(30,168)	(4,164)	5,221	751,291
Cumulative effects of changes in accounting policy			3,715		3,715							3,715
Restated balance at April 1, 2014	318,789	281,955	159,535	(6,330)	753,949	10,201	15,350	453	(30,168)	(4,164)	5,221	755,006
Changes during the year												
Cash dividends paid			(10,467)		(10,467)							(10,467)
Net income			39,239		39,239							39,239
Decrease resulting from purchase of treasury stock				(49)	(49)							(49)
Disposition of treasury stock		254		1,110	1,364							1,364
Changes in scope of consolidation			1,046		1,046							1,046
Net changes of items other than shareholders' equity during the period						20,483	(10,071)	3,402	3,548	17,362	51	17,413
Total changes during the period	—	254	29,818	1,061	31,133	20,483	(10,071)	3,402	3,548	17,362	51	48,546
<b>Balance at March 31, 2015</b>	¥318,789	¥282,209	¥189,353	¥(5,269)	¥785,082	¥30,684	¥ 5,279	¥3,855	¥(26,620)	¥ 13,198	¥ 5,272	¥803,552

	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 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
<b>Balance at April 1, 2014</b>	\$2,652,816	\$2,346,301	\$1,296,663	\$(52,675)	\$6,243,105	\$ 84,888	\$127,735	\$ 3,769	\$(251,044)	\$(34,650)	\$43,446	\$6,251,901
Cumulative effects of changes in accounting policy			30,914		30,914							30,914
Restated balance at April 1, 2014	2,652,816	2,346,301	1,327,577	(52,675)	6,274,020	84,888	127,735	3,769	(251,044)	(34,650)	43,446	6,282,816
Changes during the year												
Cash dividends paid			(87,101)		(87,101)							(87,101)
Net income			326,529		326,529							326,529
Decrease resulting from purchase of treasury stock				(407)	(407)							(407)
Disposition of treasury stock		2,113		9,236	11,350							11,350
Changes in scope of consolidation			8,704		8,704							8,704
Net changes of items other than shareholders' equity during the period						170,450	(83,806)	28,309	29,524	144,478	424	144,903
Total changes during the period	—	2,113	248,131	8,829	259,074	170,450	(83,806)	28,309	29,524	144,478	424	403,977
<b>Balance at March 31, 2015</b>	\$2,652,816	\$2,348,414	\$1,575,709	\$(43,846)	\$6,533,094	\$255,338	\$ 43,929	\$32,079	\$(221,519)	\$109,827	\$43,871	\$6,686,793

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries  
Years ended March 31, 2015 and 2014

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2015	2014	2015
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 77,983	¥ 36,391	\$ 648,939
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	131,329	136,180	1,092,860
Impairment loss	111	322	923
Amortization of goodwill	908	2,726	7,555
Loss on disposal and sale of property and equipment	6,544	5,976	54,456
Settlement received	—	(1,744)	—
Settlement package	165	—	1,373
(Decrease) in allowance for doubtful accounts	(79)	(269)	(657)
(Decrease) increase in net defined benefit liabilities	(2,906)	3,464	(24,182)
Interest and dividend income	(1,727)	(3,536)	(14,371)
Interest expenses	13,732	15,933	114,271
Foreign exchange (gain)	(662)	(2,733)	(5,508)
Special retirement benefit expenses	89	1,548	740
(Gain) on revision of retirement benefit plan	(9,945)	—	(82,757)
(Gain) on transfer of benefit obligation relating to employees' pension fund	(943)	—	(7,847)
Expenses related to revision of pension plans	55	3,976	457
(Increase) in accounts receivable	(438)	(20,247)	(3,644)
(Increase) in other current assets	(2,777)	(16,477)	(23,108)
Increase in accounts and notes payable – trade	1,536	22,104	12,781
Other, net	21,857	37,013	181,883
Cash generated from operations	234,832	220,627	1,954,164
Interest and dividends received	2,177	4,752	18,116
Interest paid	(14,118)	(16,137)	(117,483)
Settlement package received	—	1,769	—
Settlement package paid	(165)	—	(1,373)
Payments for special retirement	(1,567)	(70)	(13,039)
Income taxes paid	(14,280)	(10,817)	(118,831)
<b>Net cash provided by operating activities</b>	<b>206,879</b>	<b>200,124</b>	<b>1,721,552</b>
<b>Cash flows from investing activities:</b>			
Payment for purchase of marketable securities	(395,280)	(452,730)	(3,289,340)
Proceeds from redemption of marketable securities	413,760	549,010	3,443,122
Payment for purchase of property and equipment	(241,733)	(167,894)	(2,011,591)
Proceeds from sale of property and equipment	50,839	46,326	423,058
Payment for purchase of intangible assets	(32,969)	(15,845)	(274,352)
Payment for purchase of investments in securities	(3,655)	(4,025)	(30,415)
Proceeds from sale of investments in securities	411	1,067	3,420
Payment for purchase of subsidiaries' shares resulting in changes in scope of consolidation	—	(16,793)	—
Payment for advances	(96)	(313)	(798)
Proceeds from collection of advances	202	281	1,680
Other, net	(2,228)	(3,999)	(18,540)
<b>Net cash (used in) investing activities</b>	<b>(210,749)</b>	<b>(64,915)</b>	<b>(1,753,757)</b>
<b>Cash flows from financing activities:</b>			
(Decrease) in short-term loans, net	(511)	(117)	(4,252)
Proceeds from long-term debt	165,062	47,282	1,373,570
Repayment of long-term debt	(180,450)	(111,971)	(1,501,622)
Proceeds from issuance of bonds	14,921	29,850	124,165
Repayment of bonds	(10,000)	(20,000)	(83,215)
Repayment of finance lease obligations	(10,266)	(11,944)	(85,428)
Proceeds from issuance of common stock to minority shareholders	221	—	1,839
Payment for dividends	(10,467)	(14,041)	(87,101)
Other, net	1,066	(4,628)	8,870
<b>Net cash (used in) financing activities</b>	<b>(30,424)</b>	<b>(85,569)</b>	<b>(253,174)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>703</b>	<b>584</b>	<b>5,850</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(33,591)</b>	<b>50,224</b>	<b>(279,529)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>240,935</b>	<b>191,297</b>	<b>2,004,951</b>
<b>Net increase (decrease) resulting from changes in scope of consolidation</b>	<b>1,593</b>	<b>(586)</b>	<b>13,256</b>
<b>Cash and cash equivalents at end of year (Note 17)</b>	<b>¥208,937</b>	<b>¥240,935</b>	<b>\$1,738,678</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries

## 1. Basis of presenting consolidated financial statements

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The accompanying Consolidated Financial Statements of ANA HOLDINGS INC. (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 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

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### (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 (64 subsidiaries for 2015 and 62 subsidiaries for 2014). All significant inter-company accounts and transactions have been eliminated in consolidation.

Investments in certain subsidiaries and significant affiliates (18 companies for 2015 and for 2014) 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 (79 companies for 2015 and 81 companies for 2014) 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

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except payables and receivables hedged by qualified forward exchange contracts, and differences arising from the translation are included in the Consolidated Statement of Income.

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 the components of net assets excluding minority interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in the Consolidated Financial Statements.

### (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

Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

### (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 ¥51,813 million (\$431,164 thousand) and ¥50,999 million of land at March 31, 2015 and 2014, 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 principally 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) Retirement benefits**

The retirement benefit plans of the Company and certain subsidiaries covers substantially all employees other than directors, officers and audit and supervisory board members. 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 plans, 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 benefit formula 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, 2015 and 2014 are as follows:

	2015	2014
Discount rates	0.8%~1.6%	1.2%~2.0%
Expected rates of return on plan assets	1.5%~3.8%	2.5%~5.5%

ALL NIPPON AIRWAYS CO., LTD., which is a consolidated subsidiary of the Company in Japan, has transferred a part of its defined benefit pension plan (excluding the portion for current pensioners) to a defined contribution pension plan applying “Accounting for Transfer between Retirement Benefit Plans” (Accounting Standards Board of Japan; hereinafter, “ASBJ” Guidance No. 1 of January 31, 2002) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ, PITF No. 2 of March 29, 2002, revision issued on February 7, 2007) and the retirement pension plan corresponding to the transferred portion to the defined contribution pension plan is terminated partially.

As a result, ¥9,945 million (\$82,757 thousand) is recorded as extraordinary income for the fiscal year ended March 31, 2015.

#### (l) Income taxes

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. See Note 9.

#### (m) 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.

#### (n) 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.

#### (o) Appropriation of retained earnings

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

#### (p) Net income 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.

#### (q) Revenue recognition

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

#### (r) Cash equivalents

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

#### (s) Reclassification

Certain reclassifications have been made to the 2014 financial information in the accompanying financial statements to conform with the 2015 presentation.

#### (t) Frequent flyer program

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

#### **(u) Trust Type Employee Stock Ownership Incentive Plan**

The Company introduced a “Trust Type Employee Stock Ownership Incentive Plan” (the “Plan”). The purposes of the 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 a 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.

#### **(v) Changes in accounting policies**

##### **Application of Accounting Standard for Retirement Benefits**

Effective from April 1, 2014, the Company and its domestic subsidiaries adopted Section 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and the main clause of Section 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of March 26, 2015). As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, net defined benefit liabilities decreased by ¥5,719 million (\$47,590 thousand) and retained earnings increased by ¥3,715 million (\$30,914 thousand). The effects of these changes on operating income, recurring profit, and income before income taxes and minority interests were immaterial in the Consolidated Financial Statements for the fiscal year ended March 31, 2015.

##### **Application of Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts**

The Company applies “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force (PITF) No. 30 of March 26, 2015) as of April 1, 2014. For accounting treatment of trust contracts concluded before April 1, 2014, the Company does not apply the revised Practical Solution but continues to apply the accounting treatment that was applied previously.

##### **Changes in basis of recording sales amounts**

ALL NIPPON AIRWAYS CO., LTD. (hereinafter referred to as “ANA”) had recorded sales and cost of sales for jet fuel sales transactions involving airlines that have a strong business relationship with ANA on a gross basis. However, from April 1, 2014, ANA changed its recognition method to a net basis, offsetting the sales and cost of sales amounts.

Due to the increasing significance of this sales transaction, ANA changed to a net method to better reflect its business performance.

This change in accounting policy is applied retroactively, and the figures on the Consolidated Statement of Income for the fiscal year ended March 31, 2014 are retroactively adjusted.

As a result of this change, sales and cost of sales amounts decreased by ¥30,868 million (\$256,869 thousand) each compared with the figures that would have been recognized prior to the retroactive adjustment. However, gross sales amount, operating income, recurring profit, and income before income taxes and minority interests were unaffected.

#### **(w) Transactions of delivering the Company's own stock to employees etc. through Trusts**

The Company has been conducting transactions that involve delivering its own stock to the ESOP Group through a trust for the welfare of its employees.

The Company introduced the Plan on July 12, 2013 as an incentive for the Group employees to work in unison to overcome the current harsh business environment and achieve further growth, and as a measure to advance their welfare. The aim of the Plan is to promote employees' asset building by encouraging their stock acquisition and holding through the expansion of the "ALL NIPPON AIRWAYS CO., LTD. Employee Stock Ownership Association," "ANA Group Employee Stock Ownership Association" and "ALL NIPPON AIRWAYS TRADING Co., Ltd. Employee Stock Ownership Association" (the "Stock Ownership Association").

The Plan is an incentive plan for all employees who participate in the Stock Ownership Association. Under the Plan, the "ANA Group Employee Stock Ownership Trust" (the "ANA Group ESOP Trust"), which was established to transfer the Company's shares to the Stock Ownership Association, acquires the Company's shares all at once in advance to the extent that the Stock Ownership Association plans to acquire them over a certain period of time.

If a gain on sale of shares is then accumulated within the ANA Group ESOP Trust through the sale of the Company's shares to the Stock Ownership Association by the termination of the trust, it is distributed to the Group employees who meet the beneficiary requirements (all individuals who have participated in the Stock Ownership Association during the trust period, including retirees) as residual assets.

The Company guarantees the borrowings for the ANA Group ESOP Trust's acquisition of the Company's shares, and will repay any borrowings outstanding at the termination of the trust pursuant to the guarantee agreement.

Although the Company applies "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force (PITF) No. 30 of March 26, 2015), such transactions have been accounted for by the method prior to the application.

The book value of the trust is ¥3,346 million (\$27,843 thousand) as of March 31, 2015 and ¥4,449 million as of March 31, 2014, and the Company's own stock held by the trust is recorded as treasury shares in shareholders' equity. The number of shares at the end of the current fiscal year is 15,859 thousand shares, the average number of shares during the current fiscal year is 17,914 thousand shares, the number of shares at the end of the previous fiscal year is 21,085 thousand shares, and the average number of shares during the previous fiscal year is 22,167 thousand shares. For the purpose of calculating per share information, the number of shares at the end of the periods and the average number of shares during the periods are included in the number of treasury shares that are deducted.

Book values of borrowings by application of the gross method are ¥3,292 million (\$27,394 thousand) as of March 31, 2015 and ¥4,638 million as of March 31, 2014.

### **3. Financial statements translation**

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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 ¥120.17 = US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2015. 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, 2015 and 2014 is summarized as follows.

Other securities having market value are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Gross unrealized gain:			
Cost	¥ 18,800	¥ 16,794	\$ 156,445
Market value	63,455	32,917	528,043
	44,655	16,123	371,597
Gross unrealized loss:			
Cost	283,030	349,807	2,355,246
Market value	282,844	349,608	2,353,698
	(186)	(199)	(1,547)
Net unrealized gain	¥ 44,469	¥ 15,924	\$ 370,050

Other securities sold having market value in the years ended March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Proceeds	¥356	¥1,021	\$2,962
Gain on sale	296	903	2,463
Loss on sale	222	—	1,847

Breakdown of securities for which it is extremely difficult to determine the fair value at March 31, 2015 and 2014 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Held-to-maturity bonds	¥ —	¥ —	\$ —
Other securities	29,791	30,243	247,907
	¥29,791	¥30,243	\$247,907

The redemption schedule of other securities and held-to-maturity debt securities as of March 31, 2015 and 2014 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Bonds:			
Within 1 year	¥ 1	¥ —	\$ 8
Over 1 year to 5 years	—	1	—
Others:			
Within 1 year	278,692	344,162	2,319,147
Over 1 year to 5 years	—	—	—
Total:			
Within 1 year	¥278,693	¥344,162	\$2,319,156
Over 1 year to 5 years	—	1	—

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

Investments in and advances to non-consolidated subsidiaries and affiliates at March 31, 2015 and 2014 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Investments in capital stock	¥33,113	¥30,631	\$275,551
Advances	3,648	3,594	30,356
	¥36,761	¥34,225	\$305,908

## 6. Short-term loans and long-term debt

Short-term loans at March 31, 2015 and 2014 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Short-term bank loans	¥ 200	¥ 153	\$ 1,664
Current portion of long-term loans	138,263	169,003	1,150,561
Current portion of bonds and notes	65,000	10,000	540,900
Current portion of finance lease obligations	6,566	9,592	54,639
	¥210,029	¥188,748	\$1,747,765

The interest rates on the above short-term loans were between 0.08% and 6.00% per annum in 2015.

Long-term debt at March 31, 2015 and 2014 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Bonds and notes:			
3.20% notes due 2017	¥ 20,000	¥ 20,000	\$ 166,430
2.09% notes due 2014	—	10,000	—
1.97% notes due 2015	15,000	15,000	124,823
2.45% notes due 2018	10,000	10,000	83,215
1.71% notes due 2015	20,000	20,000	166,430
1.00% notes due 2016	30,000	30,000	249,646
1.22% notes due 2024	30,000	30,000	249,646
1.20% notes due 2026	15,000	—	124,823
	140,000	135,000	1,165,016
Loans, principally from banks:			
Secured, bearing interest from 0.21% to 3.54% in 2015 and 0.21% to 2.20% in 2014, maturing in installments through 2035	360,001	341,541	2,995,764
Unsecured, bearing interest from 0.92% to 2.23% in 2015 and 1.36% to 2.29% in 2014, maturing in installments through 2024	292,665	326,484	2,435,424
	652,666	668,025	5,431,189
Finance lease obligations			
Finance lease agreements expiring through 2025	26,965	31,590	224,390
	819,631	834,615	6,820,595
Less current portion	209,829	188,595	1,746,101
	¥609,802	¥646,020	\$5,074,494

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.

The following assets were pledged as collateral for short-term and long-term debt at March 31, 2015 and 2014:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Property and equipment, at net book value:			
Flight equipment	<b>¥660,626</b>	¥633,760	<b>\$5,497,428</b>
Ground property and equipment	<b>30,480</b>	31,565	<b>253,640</b>
Leased assets	<b>13,140</b>	11,455	<b>109,345</b>
	<b>¥704,246</b>	¥676,780	<b>\$5,860,414</b>

The aggregate annual maturities of long-term debt after March 31, 2015 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2016	<b>¥209,829</b>	<b>\$1,746,101</b>
2017	<b>89,420</b>	<b>744,112</b>
2018	<b>108,434</b>	<b>902,338</b>
2019 and thereafter	<b>411,948</b>	<b>3,428,043</b>
	<b>¥819,631</b>	<b>\$6,820,595</b>

## 7. Retirement benefit plans

The Company and certain consolidated subsidiaries adopt defined contribution pension plans as well as defined benefit pension plans, i.e., welfare pension fund plans, defined benefit corporate pension plans and lump-sum payment plans. Premium severance pay may be paid at the time of retirement of eligible employees in certain cases.

Certain consolidated subsidiaries adopting defined benefit corporate pension plans and lump-sum payment plans use a simplified method for calculating retirement benefit expenses and liabilities.

The changes in the retirement benefit obligation for the years ended March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Balance at the beginning of the year	¥298,796	¥299,651	\$2,486,444
Cumulative effect of change in accounting policy	(5,719)	—	(47,590)
Restated balance at the beginning of the year	293,077	299,651	2,438,853
Service cost	9,211	14,334	76,649
Interest cost	2,252	4,224	18,740
Actuarial gain and loss	2,240	(288)	18,640
Retirement benefits paid	(16,064)	(18,832)	(133,677)
Accrued prior service cost	10,690	(293)	88,957
Decrease due to transition to the defined contribution pension plans	(59,557)	—	(495,606)
Other	(1,165)	—	(9,694)
Balance at the end of the year	¥240,684	¥298,796	\$2,002,862

The changes in plan assets for the years ended March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Balance at the beginning of the year	¥117,740	¥108,418	\$ 979,778
Expected return on plan assets	1,462	3,742	12,166
Actuarial gain and loss	2,976	2,605	24,764
Employer contributions	3,213	9,576	26,737
Retirement benefits paid	(6,370)	(6,601)	(53,008)
Decrease due to transition to the defined contribution pension plans	(38,822)	—	(323,058)
Balance at the end of the year	¥ 80,199	¥117,740	\$ 667,379

The following table sets forth the funded status of the plans and amounts recognized in the Consolidated Balance Sheets as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Funded retirement benefit obligation	¥ 96,848	¥ 152,707	\$ 805,924
Plan assets at fair value	(80,199)	(117,740)	(667,379)
Unfunded retirement benefit obligation	16,649	34,967	138,545
Net liability and asset for retirement benefits in the balance sheet	160,485	181,056	1,335,483
Liability for retirement benefits	160,562	181,101	1,336,123
Asset for retirement benefits	(77)	(45)	(640)
Net liability and asset for retirement benefits in the balance sheet	¥160,485	¥ 181,056	\$1,335,483

The components of retirement benefit expense for the years ended March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Service cost	¥ 9,211	¥14,334	\$ 76,649
Interest cost	2,252	4,224	18,740
Expected return on plan assets	(1,462)	(3,742)	(12,166)
Amortization of net transitional retirement benefit obligation	6,137	6,368	51,069
Amortization of actuarial gain and loss	3,546	8,157	29,508
Amortization of prior service cost	(2,635)	(4,049)	(21,927)
Retirement benefit expense	¥17,049	¥25,292	\$141,874

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Prior service cost	¥ 15,497	¥—	\$ 128,958
Actuarial gain and loss	(16,618)	—	(138,287)
Net transitional retirement benefit obligation	(6,376)	—	(53,058)
Total	¥ (7,497)	¥—	\$ (62,386)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Unrecognized net transitional retirement benefit obligation	¥ —	¥ 6,376	\$ —
Unrecognized actuarial gain and loss	28,061	44,679	233,510
Unrecognized prior service cost	11,236	(4,261)	93,500
Total	¥39,297	¥46,794	\$327,011

The fair values of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 are as follows:

	2015	2014
Bonds	55%	70%
General accounts	15%	12%
Stocks	13%	7%
Cash on hand and in banks	0%	5%
Other	17%	5%
Total	100%	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 are as follows:

	2015	2014
Discount rates	0.8~1.6%	1.2~2.0%
Expected rates of return on plan assets	1.5~5.5%	2.5~5.5%

The contributions to the defined contribution plans of the Company and its subsidiaries are ¥11,937 million (\$99,334 thousand) and ¥1,235 million for the years ended March 31, 2015 and 2014, respectively.



## 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, 2015 and 2014:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Balance at beginning of year	¥1,492	¥1,500	\$12,415
Liabilities incurred due to the acquisition of property and equipment	—	88	—
Accretion expense	25	327	208
Liabilities settled	(721)	(448)	(5,999)
Other	29	25	241
Balance at end of year	¥ 825	¥1,492	\$ 6,865

### 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 office at airport facilities including Tokyo International Airport, Narita International Airport, New Chitose Airport, Chubu Centrair International Airport, Osaka International Airport, Kansai International Airport, Fukuoka Airport and Naha Airport. 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 35.64% in 2015 and 38.01% in 2014.

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, 2015 and 2014 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Deferred tax assets:			
Net defined benefit liabilities	¥ 51,842	¥ 64,163	\$ 431,405
Loss on evaluation for hedging exchange	13,107	—	109,070
Unrealized gain on inventories and property and equipment	11,563	11,703	96,222
Accrued bonuses to employees	10,070	9,527	83,797
Tax loss carry-forward	7,539	8,883	62,736
Long-term unearned revenue	2,595	309	21,594
Valuation loss on investments in securities	1,900	2,108	15,810
Depreciation of property and equipment	1,874	1,722	15,594
Accrued enterprise tax and business office tax	1,704	1,359	14,179
Other	9,606	10,817	79,936
Total gross deferred tax assets	111,800	110,591	930,348
Less valuation allowance	(12,221)	(11,561)	(101,697)
Total net deferred tax assets	99,579	99,030	828,651
Deferred tax liabilities:			
Gain on evaluation for hedging exchange	(15,794)	(8,310)	(131,430)
Unrealized holding gain on securities	(14,478)	(5,594)	(120,479)
Special taxation measures law reserve	(1,009)	(1,764)	(8,396)
Other	(3,026)	(1,639)	(25,180)
Total gross deferred tax liabilities	(34,307)	(17,307)	(285,487)
Net deferred tax assets	¥ 65,272	¥ 81,723	\$ 543,163

“Long-term unearned revenue,” included in “Other” of deferred tax assets in the previous fiscal year, is reported separately in the current fiscal year due to an increase in materiality. To reflect this change in presentation the amount for the previous fiscal year was reclassified.

As a result, ¥309 million in “Other” of deferred tax assets in the previous fiscal year is included in “Long-term unearned revenue.”

A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014
Statutory tax rate	35.64%	38.01%
Reconciliation:		
Decrease in deferred tax assets due to tax rate change	7.11	4.06
Changes in valuation allowance	2.13	4.26
Entertainment expenses not qualifying for deduction	0.99	1.82
Adjustment for foreign income	0.60	—
Exclusion of dividend income from gross revenue	0.44	0.14
Inhabitants tax per capita levy	0.24	0.46
Other	1.52	1.97
Effective income tax rate	48.67%	50.72%

“Exclusion of dividend income from gross revenue,” included in “Other” in the previous fiscal year, is reported separately in the current fiscal year due to an increase in materiality. To reflect this change in presentation, the percentage for the previous fiscal year was reclassified.

As a result, 0.14% in “Other” in the previous fiscal year is included in “Exclusion of dividend income from gross revenue.”

“Amortization of goodwill,” reported separately in the previous fiscal year, is included in “Other” in the current fiscal year due to a decrease in materiality. To reflect this change in presentation, the percentage for the previous fiscal year was reclassified.

As a result, 2.91% in “Amortization of goodwill” in the previous fiscal year is included in “Other.”

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015 and, as a result, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 35.64% to 33.10% and 32.34% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively.

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥5,179 million (\$43,097 thousand), and increase deferred income tax expense by ¥5,538 million (\$46,084 thousand), unrealized holding gain on securities by ¥1,474 million (\$12,265 thousand), deferred gain on hedging instruments by ¥224 million (\$1,864 thousand), and remeasurements of defined benefit plans by ¥(1,339) million (\$ (11,142) thousand) as of and for the year ended March 31, 2015.

## 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, 2015 and 2014.

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Net unrealized holding gain on securities:			
Amount arising during the year	<b>¥ 29,114</b>	¥ 8,369	<b>\$ 242,273</b>
Reclassification adjustments for gains and losses realized	<b>4</b>	0	<b>33</b>
Amount of net unrealized holding gain on securities before tax effect	<b>29,118</b>	8,370	<b>242,306</b>
Tax effect	<b>(8,886)</b>	(2,936)	<b>(73,945)</b>
Net unrealized holding gain on securities	<b>20,232</b>	5,434	<b>168,361</b>
Deferred gain on hedging instruments:			
Amount arising during the year	<b>(20,239)</b>	31,112	<b>(168,419)</b>
Reclassification adjustments for gains and losses realized	<b>4,854</b>	(27,744)	<b>40,392</b>
Amount of deferred gain on hedging instruments before tax effect	<b>(15,385)</b>	3,368	<b>(128,026)</b>
Tax effect	<b>5,364</b>	(759)	<b>44,636</b>
Deferred gain on hedging instruments	<b>(10,021)</b>	2,608	<b>83,390</b>
Foreign currency translation adjustments:			
Amount arising during the year	<b>3,181</b>	637	<b>26,470</b>
Foreign currency translation adjustments:	<b>3,181</b>	637	<b>26,470</b>
Remeasurements of defined benefit plans			
Amount arising during the year	<b>(9,103)</b>	—	<b>(75,751)</b>
Reclassification adjustments for gains and losses realized	<b>16,600</b>	—	<b>138,137</b>
Amount of remeasurements of defined benefit plans before tax effect	<b>7,497</b>	—	<b>62,386</b>
Tax effect	<b>(4,039)</b>	—	<b>(33,610)</b>
Remeasurements of defined benefit plans	<b>3,458</b>	—	<b>28,775</b>
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	<b>379</b>	111	<b>3,153</b>
Reclassification adjustments for gains and losses realized	<b>(114)</b>	—	<b>(948)</b>
Share of other comprehensive income of affiliates accounted for by the equity method	<b>265</b>	111	<b>2,205</b>
<b>Total other comprehensive income</b>	<b>¥ 17,115</b>	¥ 8,790	<b>\$ 142,423</b>

## 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, (m) 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, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Current portion of operating lease obligations	¥ 37,953	¥ 33,687	\$ 315,827
Long-term operating lease obligations	162,692	151,537	1,353,848
	¥200,645	¥185,224	\$1,669,676

Note: No impairment loss was allocated to leased assets.

### 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, 2015 and 2014 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Current portion of operating lease obligations	¥419	¥ 914	\$3,486
Long-term operating lease obligations	415	835	3,453
	¥834	¥1,749	\$6,940

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, 2015 consisted of the following:

#### (a) Type and number of outstanding shares

Type of shares	Number of shares (Thousands)			
	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 <sup>(*1, *2, *3)</sup>	27,132	181	5,245	22,069
Total	27,132	181	5,245	22,069

(\*1) Treasury stock increased by 181 thousand shares due to the repurchase of shares less than one unit.

(\*2) Treasury stock decreased by 19 thousand shares due to the sale of shares less than one unit and 5,226 thousand shares due to the sale by the ESOP Trust.

(\*3) Treasury stock includes 15,859 thousand shares of the Company owned by the ESOP Trust as of March 31, 2015.

## (b) Dividends

### (1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Yen (Millions)	U.S. dollars (Thousands)	Paid from	Yen	U.S. dollars	Shareholders' cut-off date	Effective date
			Amount	Amount		Amount per share	Amount per share		
June 23, 2014	Annual general meeting of shareholders	Common stock <sup>(*)1</sup>	¥10,467	\$87,101	Retained earnings	¥3.00	\$0.02	March 31, 2014	June 24, 2014

(\*)1 The ¥67 million (\$557 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.

### (2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Date of approval	Resolution approved by	Type of shares	Yen (Millions)	U.S. dollars (Thousands)	Paid from	Yen	U.S. dollars	Shareholders' cut-off date	Effective date
			Amount	Amount		Amount per share	Amount per share		
June 29, 2015	Annual general meeting of shareholders	Common stock <sup>(*)1</sup>	¥13,977	\$116,310	Retained earnings	¥4.00	\$0.03	March 31, 2015	June 30, 2015

(\*)1 The ¥68 million (\$565 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 shareholders either as a return of capital or as dividends subject to the approval of the shareholders. Under the Law, however, such distributions can be made at anytime by resolution of the shareholders or by the Board of Directors if certain conditions are met.

## 13. Commitments and contingent liabilities

At March 31, 2015, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥1,619,220 million (\$13,474,411 thousand).

The Company and its consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥191 million (\$1,589 thousand) at March 31, 2015.

At March 31, 2014, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥586,552 million.

The Company and its consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥688 million at March 31, 2014.



## 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, thereby 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, thereby 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 due date management and 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, 2015 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).

As of March 31, 2015	Yen (Millions)		
	Carrying value	Estimated fair value	Difference
<b>Assets:</b>			
Cash on hand and in banks	¥ 43,901	¥ 43,901	¥ —
Accounts receivable**	144,321	144,321	—
Marketable securities and investments in securities**	365,928	379,131	13,203
Total assets	¥554,150	¥567,353	¥13,203
<b>Liabilities:</b>			
Trade notes and accounts payable**	¥182,198	¥182,198	¥ —
Short-term bank loans	200	200	—
Bonds and notes	140,000	143,287	3,287
Long-term loans	652,666	672,524	19,858
Total liabilities	¥975,064	¥998,209	¥23,145
Derivatives*	¥ 8,195	¥ 8,195	¥ —
<b>U.S. dollars (Thousands)</b>			
As of March 31, 2015	Carrying value	Estimated fair value	Difference
<b>Assets:</b>			
Cash on hand and in banks	\$ 365,324	\$ 365,324	\$ —
Accounts receivable**	1,200,973	1,200,973	—
Marketable securities and investments in securities**	3,045,086	3,154,955	109,869
Total assets	\$4,611,383	\$4,721,253	\$109,869
<b>Liabilities:</b>			
Trade notes and accounts payable**	\$1,516,168	\$1,516,168	\$ —
Short-term bank loans	1,664	1,664	—
Bonds and notes	1,165,016	1,192,369	27,352
Long-term loans	5,431,189	5,596,438	165,249
Total liabilities	\$8,114,038	\$8,306,640	\$192,602
Derivatives*	\$ 68,195	\$ 68,195	\$ —

\* 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 the 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, 2015	Yen (Millions)	U.S. dollars (Thousands)
Unlisted stocks	<b>¥29,791</b>	<b>\$247,907</b>

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, 2015 is summarized as follows:

As of March 31, 2015	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash in banks	<b>¥ 42,822</b>	<b>¥—</b>	<b>¥ —</b>	<b>¥ —</b>
Accounts receivable	<b>144,321</b>	<b>—</b>	<b>—</b>	<b>—</b>
Held-to-maturity bonds	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other marketable securities with maturities	<b>278,692</b>	<b>—</b>	<b>1,510</b>	<b>3,430</b>
<b>Total</b>	<b>¥465,836</b>	<b>¥—</b>	<b>¥1,510</b>	<b>¥3,430</b>

As of March 31, 2015	U.S. dollars (Thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash in banks	<b>\$ 356,345</b>	<b>\$—</b>	<b>\$ —</b>	<b>\$ —</b>
Accounts receivable	<b>1,200,973</b>	<b>—</b>	<b>—</b>	<b>—</b>
Held-to-maturity bonds	<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>
Other marketable securities with maturities	<b>2,319,147</b>	<b>—</b>	<b>12,565</b>	<b>28,542</b>
<b>Total</b>	<b>\$3,876,474</b>	<b>\$—</b>	<b>\$12,565</b>	<b>\$28,542</b>

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

As of March 31, 2015	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term bank loans	<b>¥ 200</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>
Bonds and notes	<b>65,000</b>	<b>30,000</b>	<b>30,000</b>	<b>15,000</b>
Long-term loans	<b>138,263</b>	<b>296,374</b>	<b>180,077</b>	<b>37,952</b>
<b>Total</b>	<b>¥203,463</b>	<b>¥326,374</b>	<b>¥210,077</b>	<b>¥52,952</b>

As of March 31, 2015	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	<b>\$ 1,664</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Bonds and notes	<b>540,900</b>	<b>249,646</b>	<b>249,646</b>	<b>124,823</b>
Long-term loans	<b>1,150,561</b>	<b>2,466,289</b>	<b>1,498,518</b>	<b>315,819</b>
<b>Total</b>	<b>\$1,693,126</b>	<b>\$2,715,935</b>	<b>\$1,748,165</b>	<b>\$440,642</b>

## 15. Derivatives and hedging activities

The group operates internationally and is 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 its 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, 2015 for which hedged accounting has been applied.

### (a) Currency-related transactions

As of March 31, 2015	Yen (Millions)			Fair value
	Notional amount		Total	
	Total	Maturing after one year		
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:				
Sell:				
USD	¥ 557	¥ —		¥ (0)
Other	1	—		0
Buy:				
USD	729,965	405,512		98,695
EUR	503	—		(27)
Other	0	—		(0)
Currency option contracts for accounts payable, accounted for by deferral method:				
Sell:				
USD (Put)	79,986	59,482		3,311
Buy:				
USD (Call)	86,930	64,158		7,946
Currency swap contracts for accounts payable, accounted for by deferral method:				
Receive/USD and pay/JPY	9,955	5,160		1,278
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:				
USD	164	—		(*)
EUR	30	—		(*)
Other	1	—		(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:				
USD	17,924	—		(*)
EUR	442	—		(*)
Other	16	—		(*)
<b>Total</b>	<b>¥926,474</b>	<b>¥534,312</b>		<b>¥111,203</b>

As of March 31, 2015		U.S. dollars (Thousands)		
		Notional amount		Fair value
		Total	Maturing after one year	
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:				
Sell:				
	USD	\$ 4,635	\$ —	\$ (0)
	Other	8	—	0
Buy:				
	USD	6,074,436	3,374,486	821,294
	EUR	4,185	—	(224)
	Other	0	—	(0)
Currency option contracts for accounts payable, accounted for by deferral method:				
Sell:				
	USD (Put)	665,607	494,982	27,552
Buy:				
	USD (Call)	723,391	533,893	66,122
Currency swap contracts for accounts payable, accounted for by deferral method:				
	Receive/USD and pay/JPY	82,840	42,939	10,634
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:				
	USD	1,364	—	(*)
	EUR	249	—	(*)
	Other	8	—	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:				
	USD	149,155	—	(*)
	EUR	3,678	—	(*)
	Other	133	—	(*)
<b>Total</b>		<b>\$7,709,694</b>	<b>\$4,446,301</b>	<b>\$925,380</b>

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, 2015		Yen (Millions)		
		Notional amount		Fair value
		Total	Maturing after one year	
Interest rate swap hedging long-term loans, accounted for by short-cut method:				
	Receive/floating and pay/fixed	¥286,598	¥193,776	(*)

As of March 31, 2015		U.S. dollars (Thousands)		
		Notional amount		Fair value
		Total	Maturing after one year	
Interest rate swap hedging long-term loans, accounted for by short-cut method:				
	Receive/floating and pay/fixed	\$2,384,938	\$1,612,515	(*)

(\*) The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term loans since amounts in such derivative contracts accounted for by the short-cut method are handled together with the long-term loans that are subject to hedge accounting. See Note 14.



### (c) Commodity-related transactions

As of March 31, 2015	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Commodity (crude oil) swap contracts, accounted for by deferral method: Receive/floating and pay/fixed	<b>¥315,300</b>	<b>¥139,487</b>	<b>¥ (95,990)</b>
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Call)	—	—	—
Crude oil (Put)	<b>26,934</b>	<b>6,877</b>	<b>(5,313)</b>
Buy:			
Crude oil (Call)	<b>31,171</b>	<b>8,652</b>	<b>(1,705)</b>
Crude oil (Put)	—	—	—
<b>Total</b>	<b>¥373,405</b>	<b>¥155,016</b>	<b>¥(103,008)</b>

As of March 31, 2015	U.S. dollars (Thousands)		
	Notional amount		Fair value
	Total	Maturing after one year	
Commodity (crude oil) swap contracts, accounted for by deferral method: Receive/floating and pay/fixed	<b>\$2,623,782</b>	<b>\$1,160,747</b>	<b>\$(798,785)</b>
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Call)	—	—	—
Crude oil (Put)	<b>224,132</b>	<b>57,227</b>	<b>(44,212)</b>
Buy:			
Crude oil (Call)	<b>259,390</b>	<b>71,998</b>	<b>(14,188)</b>
Crude oil (Put)	—	—	—
<b>Total</b>	<b>\$3,107,306</b>	<b>\$1,289,972</b>	<b>\$(857,185)</b>

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, 2015 and 2014 is as follows:

As of and for the year ended March 31, 2015	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	¥1,388,187	¥ 50,047	¥160,070	¥105,262	¥1,703,566
Intra-group sales and transfers	96,413	173,733	9,008	21,767	300,921
Total	1,484,600	223,780	169,078	127,029	2,004,487
Segment profit	81,667	9,024	4,565	4,067	99,323
Segment assets	2,110,920	139,249	57,030	49,970	2,357,169
Other items					
Depreciation and amortization	125,437	4,696	56	956	131,145
Amortization of goodwill	6	788	—	114	908
Increase in tangible and intangible fixed assets	267,621	7,264	365	1,823	277,073

As of and for the year ended March 31, 2015	Yen (Millions)			
	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments				
Operating revenues	¥ 9,891	¥1,713,457	¥ —	¥1,713,457
Intra-group sales and transfers	22,683	323,604	(323,604)	—
Total	32,574	2,037,061	(323,604)	1,713,457
Segment profit	1,624	100,947	(9,406)	91,541
Segment assets	130,901	2,488,070	(185,633)	2,302,437
Other items				
Depreciation and amortization	184	131,329	—	131,329
Amortization of goodwill	—	908	—	908
Increase in tangible and intangible fixed assets	319	277,392	(2,690)	274,702

As of and for the year ended March 31, 2015	U.S. dollars (Thousands)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Sales, profits or losses and assets by reportable segments					
Operating revenues	\$11,551,859	\$ 416,468	\$1,332,029	\$ 875,942	\$14,176,300
Intra-group sales and transfers	802,305	1,445,726	74,960	181,135	2,504,127
Total	12,354,164	1,862,195	1,406,990	1,057,077	16,680,427
Segment profit	679,595	75,093	37,987	33,843	826,520
Segment assets	17,566,114	1,158,766	474,577	415,827	19,615,286
Other items					
Depreciation and amortization	1,043,829	39,077	466	7,955	1,091,328
Amortization of goodwill	49	6,557	—	948	7,555
Increase in tangible and intangible fixed assets	2,227,020	60,447	3,037	15,170	2,305,675

As of and for the year ended March 31, 2015	U.S. dollars (Thousands)			
	Other	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reportable segments				
Operating revenues	\$ 82,308	\$14,258,608	\$ —	\$14,258,608
Intra-group sales and transfers	188,757	2,692,885	(2,692,885)	—
Total	271,065	16,951,493	(2,692,885)	14,258,608
Segment profit	13,514	840,034	(78,272)	761,762
Segment assets	1,089,298	20,704,585	(1,544,753)	19,159,831
Other items				
Depreciation and amortization	1,531	1,092,860	—	1,092,860
Amortization of goodwill	—	7,555	—	7,555
Increase in tangible and intangible fixed assets	2,654	2,308,329	(22,384)	2,285,944

As of and for the year ended March 31, 2014	Yen (Millions)				
	Reportable Segments				Subtotal
	Air Transportation	Airline Related	Travel Services	Trade and Retail	
Sales, profits or losses and assets by reportable segments					
Operating revenues	¥1,267,077	¥ 41,989	¥163,901	¥ 88,217	¥1,561,184
Intra-group sales and transfers	97,266	147,650	9,577	22,061	276,554
Total	1,364,343	189,639	173,478	110,278	1,837,738
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

As of and for the year ended March 31, 2014	Yen (Millions)			
	Other	Total	Adjustments	Consolidated
	Sales, profits or losses and assets by reportable segments			
Operating revenues	¥ 8,961	¥1,570,145	¥ —	¥1,570,145
Intra-group sales and transfers	21,158	297,712	(297,712)	—
Total	30,119	1,867,857	(297,712)	1,570,145
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

### Geographical information

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2015 and 2014 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
	Japan	¥1,420,276	¥1,343,445
Overseas	293,181	226,700	2,439,718
	¥1,713,457	¥1,570,145	\$14,258,608

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, 2015 and 2014 and cash and cash equivalents in the Statement of Cash Flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2015	2014	2015
Cash on hand and in banks	¥ 43,901	¥ 28,972	\$ 365,324
Time deposits with maturities of more than three months	(956)	(1,019)	(7,955)
Marketable securities	278,692	344,162	2,319,147
Marketable securities with maturities of more than three months	(112,700)	(131,180)	(937,838)
Cash and cash equivalents	¥ 208,937	¥ 240,935	\$1,738,678

## 18. Impairment loss

Due to the slumping performance of certain business assets, for which there are no plans for future use, and falling prices of 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 ¥111 million (\$923 thousand) were recognized in the year ended March 31, 2015.

For the year ended March 31, 2015			Yen (Millions)	U.S. dollars (Thousands)
Application	Location	Category	Impairment loss	
Idle assets	Chiba and Hiroshima	Tools, furniture, and fixtures	¥ 10	\$ 83
		Land	101	840
		Total	¥111	\$923

Note: The recoverable value of the assets is calculated at fair value less costs to sell. The carrying amounts of tools, furniture, and fixtures were written down to their memorandum value and that of land was rationally assessed by considering the appraisal value based on fixed asset tax.

For the year ended March 31, 2014			Yen (Millions)
Application	Location	Category	Impairment loss
Business assets	Tokyo	Building	¥107
Idle assets	Okinawa and Tokyo	Building and structures	¥206
		Machinery and equipment	9
Subtotal			¥215
Total			¥322

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

## 19. Subsequent event

None

## Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100  
Fax: +81 3 3503 1197  
www.shinnihon.or.jp

### 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, 2015, 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, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

#### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

*Ernst & Young ShinNihon LLC*

June 29, 2015  
Tokyo, Japan

A member firm of Ernst & Young Global Limited



# Glossary

## Passenger Operation Terms

### Available Seat-Kilometers

A unit of passenger transport capacity, analogous to “production capacity.” Total number of seats x transport distance (kilometers).

### Revenue Passenger-Kilometers

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

### Load Factor

Indicates the 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.

### Revenue Management

This management technique maximizes revenues by enabling the best mix of revenue-paying passengers through yield management that involves optimum seat sales in terms of optimum timing and price based on network and fare strategy.

### Optimizing Demand and Supply

Involves flexibly controlling production capacity (available seat-kilometers) according to demand trends in ways such as increasing or decreasing the frequencies on routes and optimizing aircraft size.

## Cargo Operation Terms

### Available Ton-Kilometers

A unit of cargo transport capacity expressed as “production capacity.” Total cargo capacity (tons) x transport distance (kilometers).

### Revenue Ton-Kilometers

Total distance carried by each revenue-paying cargo aboard aircraft. Revenue-paying cargo (tons) x transport distance (kilometers).

### Freighter

Dedicated cargo aircraft. Seats are removed from the cabin space where passengers would normally sit, and the space is filled with containers or palletized cargo.

### Belly Space

The space below the cabin on passenger aircraft that is used to transport cargo.

### Combination Carrier

An airline that conducts cargo operations that strategically combine the use of both freighters (dedicated cargo aircraft) and belly space

(cargo space below the cabin on passenger aircraft).

### Okinawa Cargo Hub & Network

The ANA Group’s unique cargo network. With Okinawa (Naha) Airport as an international cargo hub, the network uses late-night connecting flights in a hub and spoke system servicing major Asian cities.

## Airline Industry and Company Terms

### IATA

The International Air Transport Association. Founded in 1945 by airlines operating flights primarily on international routes. Functions include managing arrival and departure slots at airports and settling receivables and payables among airline companies. More than 250 airlines are IATA members.

### ICAO

The International Civil Aviation Organization. A specialized agency of the United Nations created in 1944 to promote the safe and orderly development of international civil aviation. More than 190 countries are ICAO members.

### Star Alliance

Established in 1997, Star Alliance was the first and is the world’s largest airline alliance. ANA became a member in October 1999. As of July 2015, 27 airlines from around the world, including regional airlines, are members.

### Code-Sharing

A system in which airline alliance partners allow each other to add their own flight numbers on other partners’ scheduled flights. The frequent result is that multiple companies sell seats on one flight. Also known as jointly operated flights.

### Antitrust Immunity (ATI)

Granting of advance approval for immunity from competition laws when airlines operating international routes cooperate on planning routes, setting fares, conducting marketing activities or other areas, so that the airlines are not in violation of the competition laws of such countries. In Japan, the United States and South Korea, the relevant department of transportation grants ATI based on an application (in countries other than these three, it is common for a bureau such as a fair trade commission to be in charge), but in the European Union the business itself performs a self-assessment based on the law. ATI approval is generally based on the two conditions that the parties do not have the power to control the market and approval will increase user convenience.

### Joint Venture

A joint business in the international airline industry between two or more airlines. Restrictions such as bilateral air agreements between countries and caps on foreign capital investments still exist in the international airline industry. Therefore, airlines form ATI-based joint ventures, instead of the commonly known methods used in other industries such as capital tie-ups and M&As, etc. By forming joint ventures, airlines in the same global alliance are able to offer travelers a broader, more flexible network along with less expensive fares, thus strengthening their competitiveness against other alliances (or joint ventures).

### Full Service Carrier (FSC)

An airline company that serves a wide range of markets based on a route network that includes code-sharing connecting demand. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network carriers or legacy carriers when compared with low cost carriers (LCCs).

### Low Cost Carrier (LCC)

An airline that provides air transportation services at low fares based on a low-cost system that includes using a single type of aircraft, charging for in-flight services, and simplifying sales. Fundamentally, LCCs operate frequent short- and medium-haul point-to-point flights (flights between two locations).

### Maintenance, Repair and Overhaul (MRO) Business

A business that is contracted to provide aircraft maintenance services using its own maintenance crew and other personnel, along with dedicated facilities. Services include the maintenance, repair and overhaul of aircraft and other equipment owned by airlines.

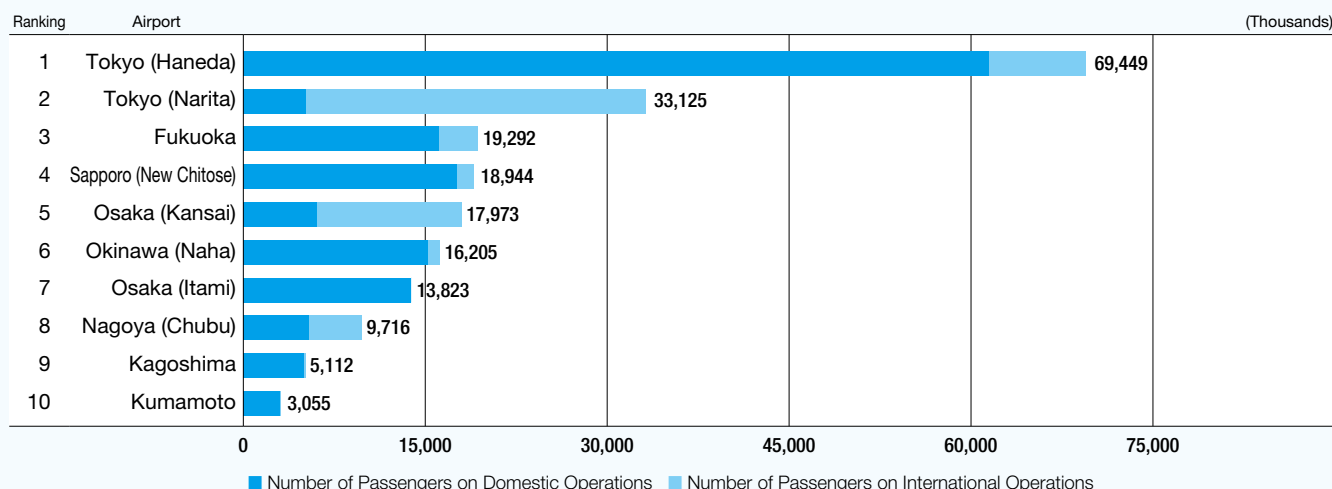
### Dual Hub Network Strategy

A strategy for using the two largest airports in the Tokyo metropolitan area (Haneda and Narita) for different yet complementary strategic aims and functions. At Haneda, which offers excellent access from central Tokyo, the strategy targets overall air travel demand in the Tokyo metropolitan area, including the outskirts of Tokyo, as well as demand for connecting flights from various Japanese cities to international routes that harness ANA’s existing domestic route network. Meanwhile, at Narita, the strategy aims to capture transit demand for travel between third countries via Narita, focusing on trans-Pacific travel between North America and Asia/China. This will be accomplished by upgrading and expanding the international route network and enhancing connecting flights by setting efficient flight schedules.

## Market Data

### Domestic Passenger Market

#### The Top 10 Airports in Japan by Number of Passengers



Source: Ministry of Land, Infrastructure, Transport and Tourism, 2014

Note: Compilation from reports on Status of Airport Operations, fiscal year ended March 2013

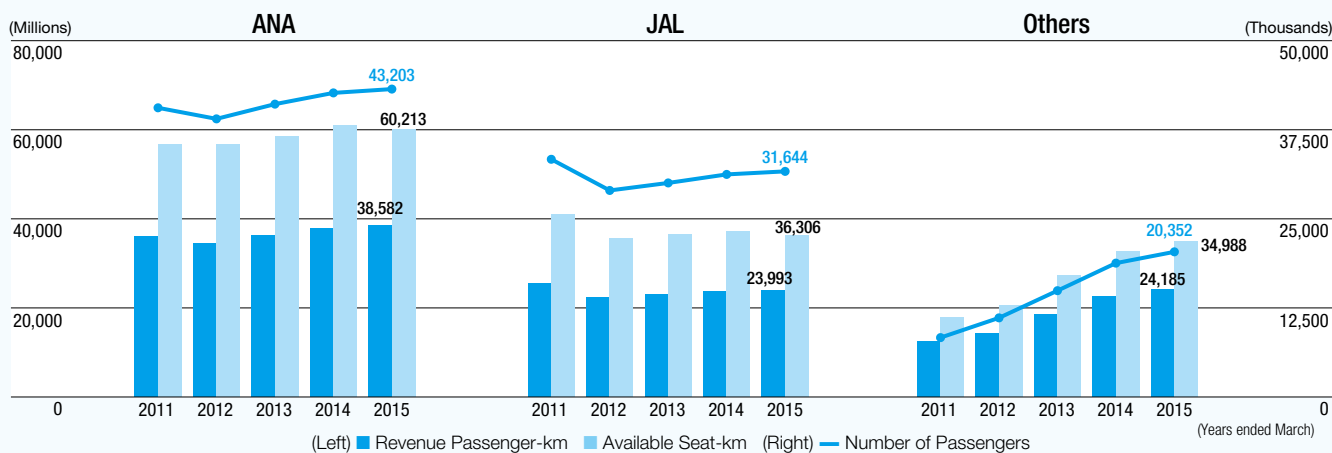
#### The Top 5 Routes by Passengers Carried: Flight Distance and Time

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)	8,908 (-0.5%)	894	1:30	—
2	Tokyo (Haneda) – Fukuoka	8,223 (+3.7%)	1,041	1:45	4:55
3	Tokyo (Haneda) – Osaka (Itami)	5,274 (+0.0%)	514	1:05	2:30
4	Tokyo (Haneda) – Okinawa (Naha)	4,904 (-3.7%)	1,687	2:30	—
5	Tokyo (Haneda) – Kagoshima	2,246 (-1.6%)	1,111	1:45	6:45

Source: Ministry of Land, Infrastructure, Transport and Tourism, a preliminary report for the fiscal year ended March 2015

Note: Figures in parentheses represent comparisons with the previous fiscal year.

#### Number of Passengers on Domestic Operations by Airline



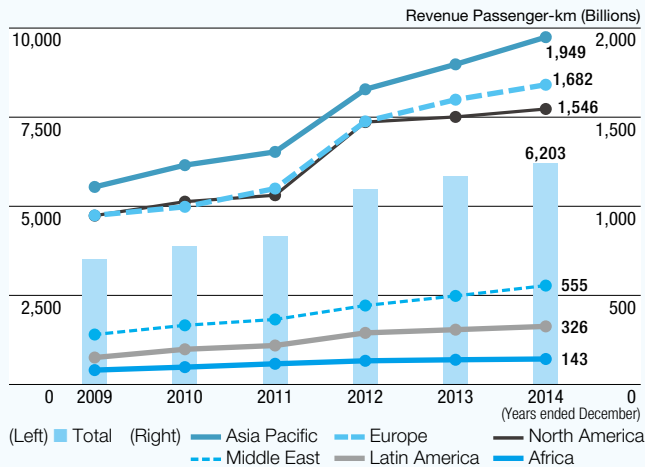
Sources: 1. Figures for ANA, JAL: The companies' annual securities reports (consolidated basis).

2. Figures for Total: Ministry of Land, Infrastructure, Transport and Tourism, a preliminary report for the fiscal year ended March 2015.

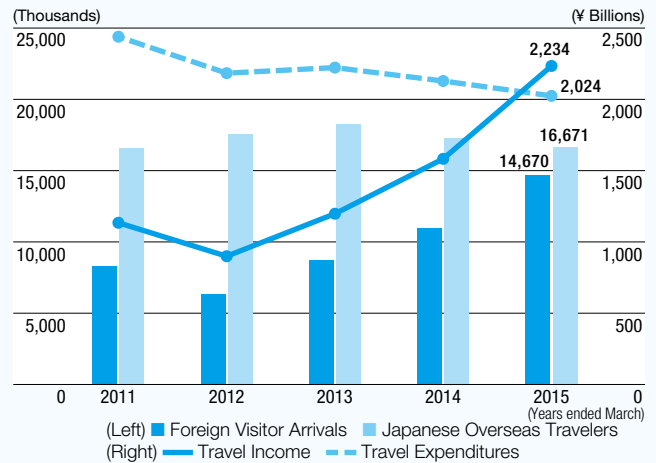
Note: Figures for ANA exclude Vanilla Air Inc.

## International Passenger Market

### Global Air Transportation Passenger Volume by Region



### Number of Japanese Overseas Travelers / Foreign Visitor Arrivals / Travel Income/Expenditures\*1



### Top 10 Countries/Regions for Japanese Overseas Travelers

2013			2012	
Ranking	Country/Region	(Thousands)	Ranking	(Thousands)
1	U.S.A.*2	3,730	1	3,698
2	China	2,877	3	3,518
3	South Korea	2,747	2	3,518
4	Thailand	1,536	6	1,373
5	Hawaii	1,523	4	1,465
6	Taiwan	1,421	5	1,432
7	Hong Kong	1,057	7	1,254
8	Guam	893	8	929
9	Singapore	832	9	757
10	Germany	711	10	734

Source: UNWTO, PATA, National Tourism Offices and National Statistical Offices, 2014  
\*2 U.S.A. (excluding Hawaii and Guam)

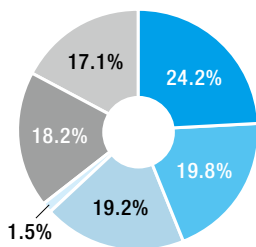
### Top 10 Countries/Regions for Foreign Visitor Arrivals

2014			2013	
Ranking	Country/Region	(Thousands)	Ranking	(Thousands)
1	Taiwan	2,830	2	2,211
2	South Korea	2,755	1	2,456
3	China	2,409	3	1,314
4	Hong Kong	926	5	746
5	U.S.A.	892	4	799
6	Thailand	658	6	454
7	Australia	303	7	245
8	Malaysia	250	10	177
9	Singapore	228	9	189
10	U.K.	220	8	192

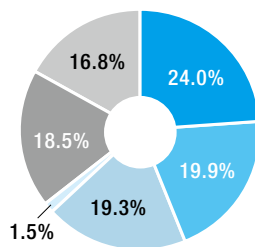
Source: Japan National Tourism Organization, 2015

### Shares by Alliance

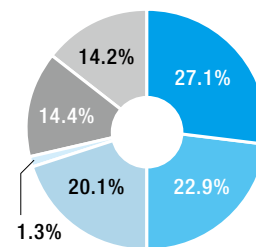
#### Available Seat-km



#### Revenue Passenger-km



#### Operating Revenues

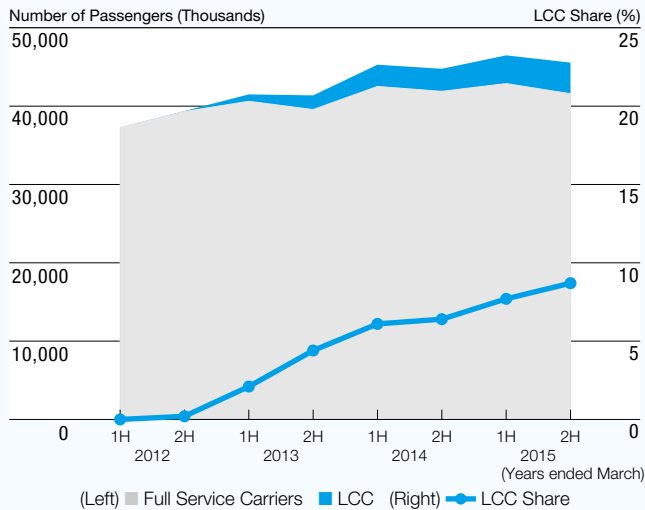


■ Star Alliance ■ SkyTeam ■ oneworld ■ Etihad Airways Partners ■ LCC ■ Others

Source: Star Alliance, April 2015

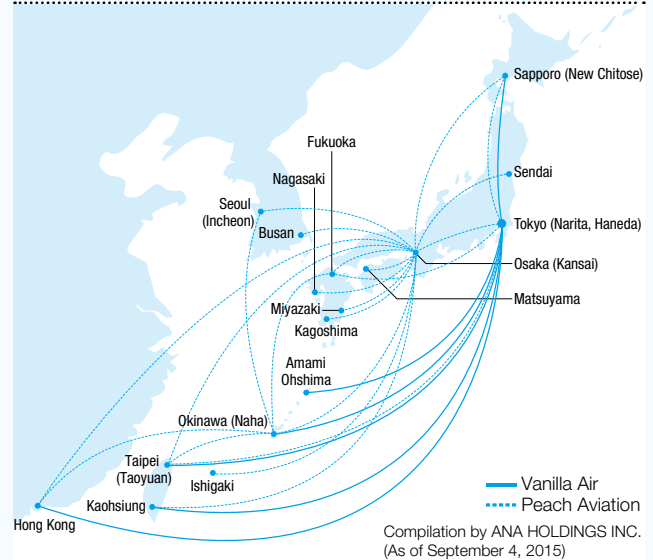
## LCC Market

### Number of Domestic Passengers and Shares of Domestic LCCs



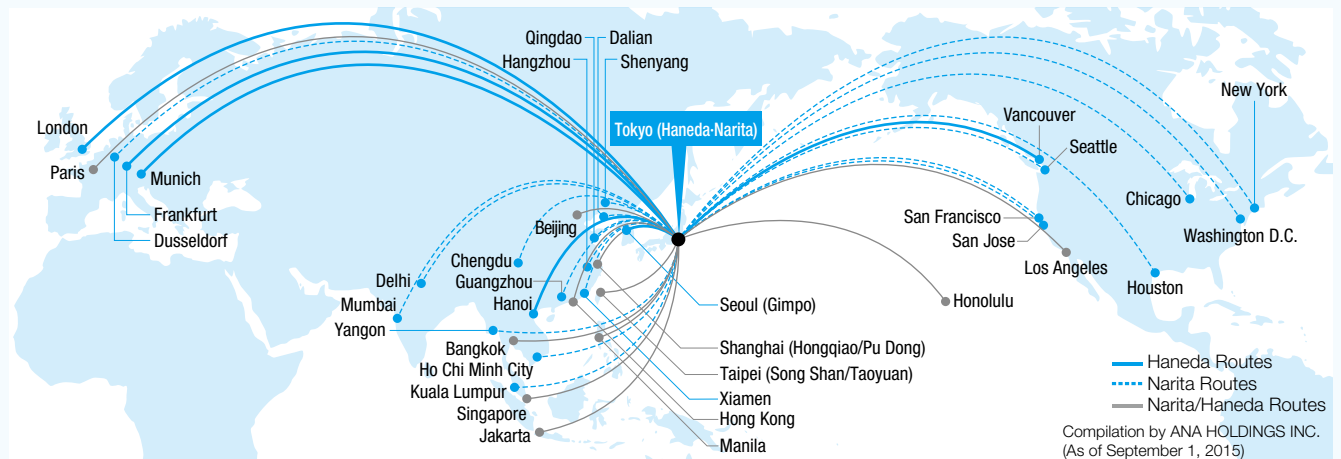
Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal year ended March 2015

### Routes Operated by Vanilla Air Inc. and Peach Aviation Limited

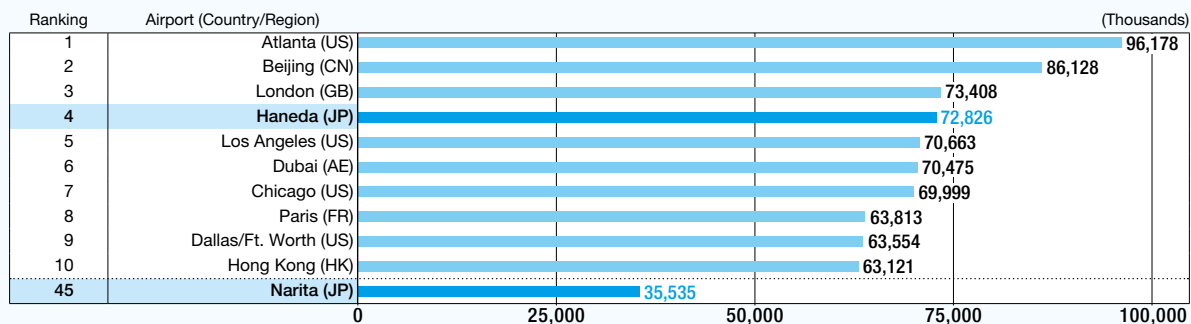


## Airport-Related Information

### ANA-Operated International Routes from Tokyo Metropolitan Area Airports

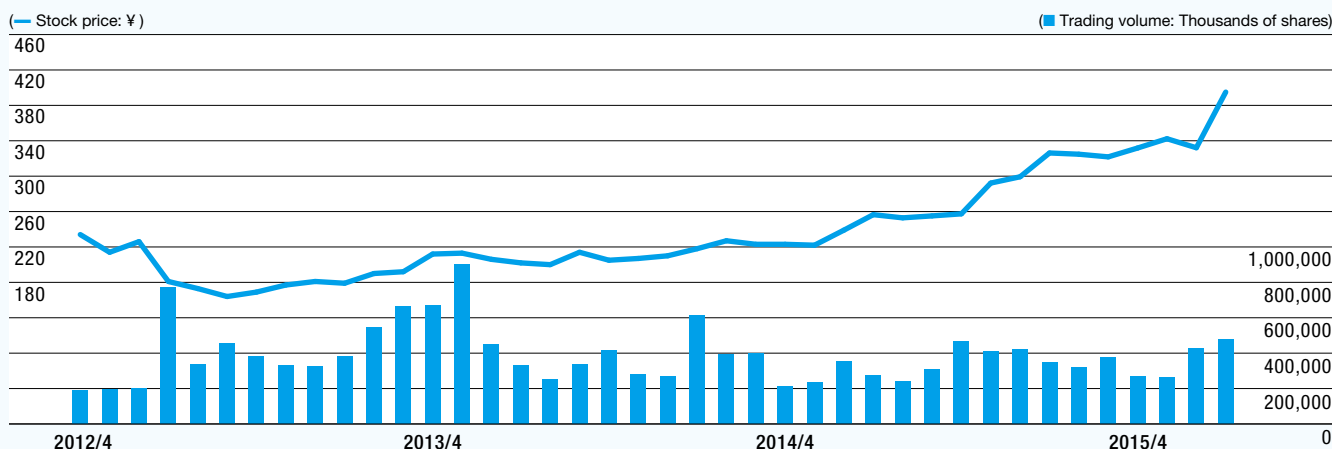


### The Top 10 Airports by Number of Passengers



## Stock-Related Data

### Stock Price Range and Trading Volume



### Major Shareholders

(As of the end of March 2015)

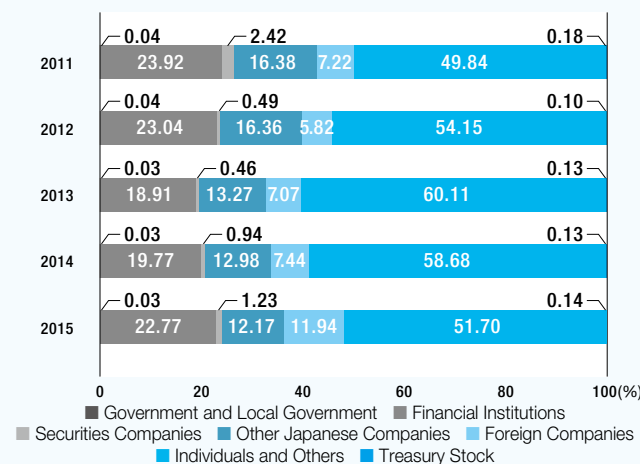
	Number of shares held (Thousand shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust account)	98,177	2.80%
Japan Trustee Service Bank, Ltd. (Trust account)	82,798	2.36%
Nagoya Railroad Co., Ltd.	73,067	2.08%
Japan Trustee Service Bank, Ltd. (Trust account 1)	40,921	1.17%
Japan Trustee Service Bank, Ltd. (Trust account 5)	40,899	1.16%
THE BANK OF NEW YORK MELLON SA/NV 10	40,681	1.16%
Japan Trustee Service Bank, Ltd. (Trust account 6)	40,663	1.16%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,397	1.15%
Japan Trustee Service Bank, Ltd. (Trust account 3)	40,267	1.15%
Japan Trustee Service Bank, Ltd. (Trust account 2)	40,140	1.14%

Notes: 1. The shareholding ratio is calculated excluding the number of treasury shares (4,931,030 shares).

2. Fractions of less than a thousand shares are rounded down.

### Distribution of Shareholders

(As of the end of March)



### Stock Price and Ratios (Consolidated)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Stock price (¥):										
High	342	247	249	274	329	382	446	486	489	509
Low	218	180	154	208	220	218	316	385	392	321
Year-end closing price	321	223	192	250	248	267	386	439	463	429
PER (Times):										
High	30.4	45.7	18.4	24.4	35.4	—	—	14.8	29.2	32.5
Low	19.4	33.3	11.4	18.5	23.7	—	—	11.7	23.4	20.5
Year-end closing price	28.6	41.2	14.2	22.3	26.7	—	—	13.3	27.6	27.4
Price/Cash flow ratio (Times):										
High	7.0	5.6	4.8	4.7	5.8	15.8	8.0	5.2	7.9	8.4
Low	4.5	4.1	2.9	3.5	3.9	9.0	5.7	4.1	6.3	5.3
Year-end closing price	6.6	5.0	3.7	4.3	4.4	11.0	6.9	4.7	7.4	7.1
PBR (Times):										
High	1.5	1.2	1.1	1.3	1.6	2.0	2.7	2.1	2.4	2.9
Low	1.0	0.8	0.7	1.0	1.1	1.2	1.9	1.7	1.9	1.8
Year-end closing price	1.4	1.0	0.9	1.1	1.2	1.4	2.3	1.9	2.3	2.4
Earnings per share (¥)	11.24	5.41	13.51	11.22	9.29	(24.67)	(2.19)	32.93	16.77	15.64
Cash flow per share* (¥)	48.84	44.38	52.33	58.7	56.53	24.25	55.84	92.89	62.26	60.26
Book value per share (¥)	228.45	213.82	218.41	218.24	207.35	188.93	166.50	232.58	204.42	177.89
Cash dividends per share (¥)	4.00	3.00	4.00	4.00	2.00	—	1.00	5.00	3.00	3.00

\* Cash flow per share = (Net income + Depreciation and Amortization) / Average number of outstanding shares



## Social Data

### Human Resources Data (ANA)

	2015	2014	2013
Number of employees (People)* <sup>1</sup>	12,360	12,416	13,731
Number of employees hired overseas (People)* <sup>1</sup>	1,341	1,334	1,455
Average age of employees (Years)* <sup>1</sup>	36.0	36.0	38.8
Average years worked (Years)* <sup>1</sup>	10.0	10.1	13.1
Ratio of female managers (%)* <sup>2</sup>	10.9	9.8	9.8
Ratio of female directors (%)	9.7	3.0	2.5
Number of employees on pregnancy or childcare leave (People) / Men	590/5	466/4	447/4
Number of employees on nursing care leave (People)	11	24	29
Employment of people with disabilities (%)* <sup>3</sup>	2.10	2.14	2.07
Work-related accidents	77	66	82

(Years ended March)

\*<sup>1</sup> As of the end of each fiscal year

\*<sup>2</sup> As of April 1 of each year

\*<sup>3</sup> As of June 1 of each year

Total of ANA and qualified ANA Group companies (2015: total of 12 companies including 1 special subsidiary; 2014: total of 11 companies including 1 special subsidiary; 2013: total of 7 companies including 2 special subsidiaries)

### Flight-Related Data (Total Number of Passenger Flights on ANA International and Domestic Routes)

	2015	2014	2013
In-service rate (%)	98.9	98.9	98.2
On-time departure rate (%)* <sup>4</sup>	91.4	91.9	92.9
On-time arrival rate (%)* <sup>4</sup>	87.6	88.1	89.4

(Years ended March)

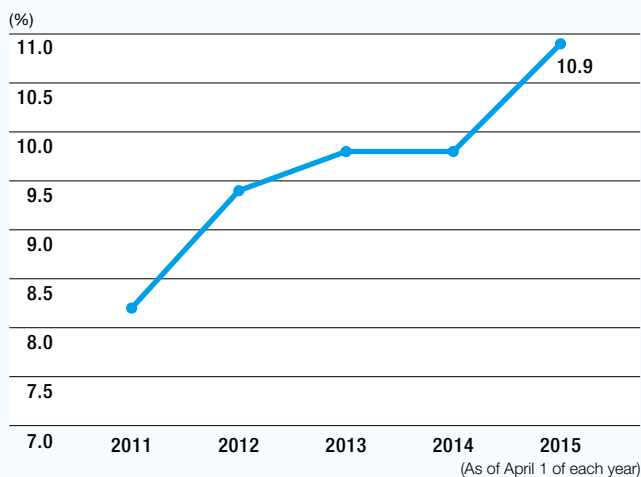
\*<sup>4</sup> Delays of 16 minutes or less, excluding cancelled flights

### Customer-Related Data

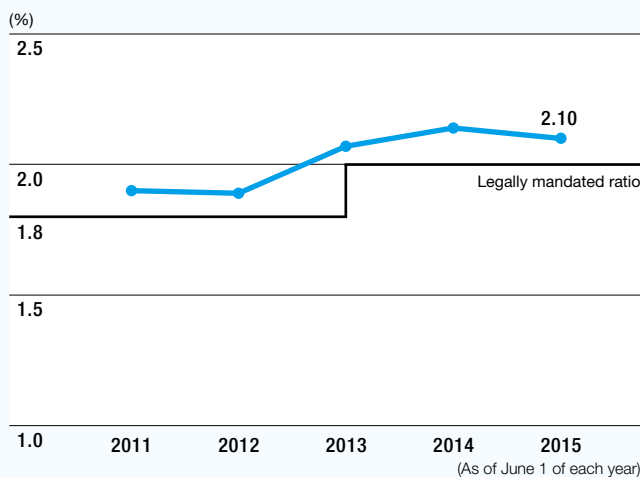
	2015	2014	2013
Number of customer feedback reports	70,472	74,982	73,213
Breakdown of customer feedback reports (%)			
Complaint	32.2	32.9	36.0
Compliment	20.6	21.7	21.1
Comment/Request	27.9	29.4	31.2
Other	19.3	16.0	11.7

(Years ended March)

### Ratio of Female Managers



### Ratio of Employees with Disabilities



# Environmental Data\*<sup>1</sup>

\*<sup>1</sup> ANA brand only.

## Climate Change Countermeasures

	2015	2014	2013
<b>Carbon dioxide (CO<sub>2</sub>) emissions (10,000 tons)</b>			
Total	1,028	955	920
Aircraft	1,016	945	909
Ground equipment and vehicles	11.7	10.4	10.8
<b>Aircraft CO<sub>2</sub> emissions per RTK (kg-CO<sub>2</sub>)</b>	1.04	1.09	1.13
<b>Total energy consumption (Crude oil equivalent: 10,000 kl)</b>			
Total	397	389	373
Aircraft energy consumption	390	383	369
Ground energy consumption (Power supplied to parked aircraft from ground included)	6.5	5.9	6.3
<b>Fuel-efficient aircraft (Jet aircraft only)*<sup>2,3</sup></b>			
Number of fuel-efficient aircraft (Aircraft)* <sup>2</sup>	132	118	107
Ratio of fuel-efficient aircraft (%)* <sup>2</sup>	62.0	52.2	47.1
<b>Discharge of ozone-depleting substances</b>			
Fluorocarbon (kg)	0	0	0
Halon (kg)	0	17.7	45.2

\*<sup>2</sup> As of the end of each fiscal year

(Years ended March)

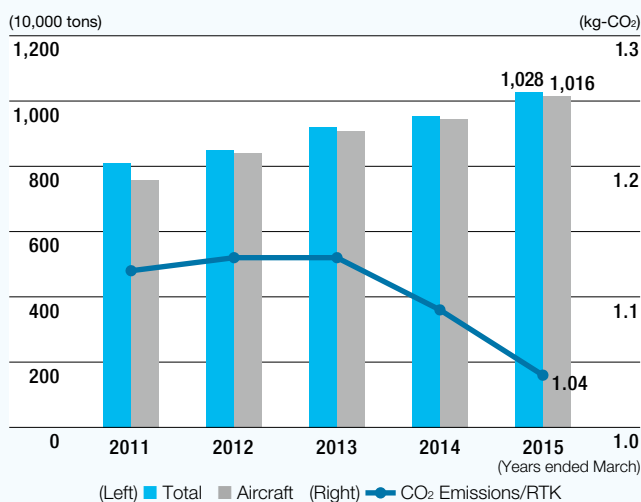
\*<sup>3</sup> Boeing 777-200, -200ER, -300, -300ER, 787-8, 787-9, 737-700, -700ER and -800

## Resource Savings

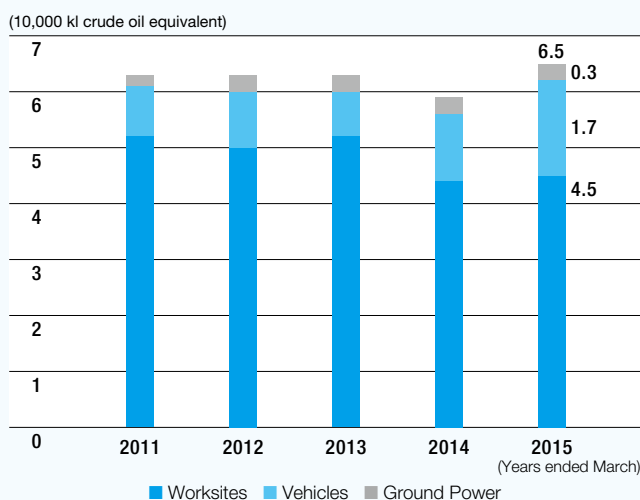
	2015	2014	2013
<b>Waste produced (Thousand tons)</b>			
Total	28.9	22.5	23.0
General waste (Cabin waste and sewage included)	21.8	16.4	17.8
General waste (Ground waste included)	2.6	2.8	2.7
Industrial waste	4.5	3.3	2.5
<b>Total paper used (Thousand tons)</b>	4.7	5.0	5.4
<b>Total water usage (Buildings included)</b>			
Clean water (10,000 tons)	53.5	50.6	63.9
Non-potable water (10,000 tons)	6.9	4.3	—
<b>Total waste treatment (Buildings included) (10,000 tons)</b>	14.6	15.5	17.3

(Years ended March)

## CO<sub>2</sub> Emissions

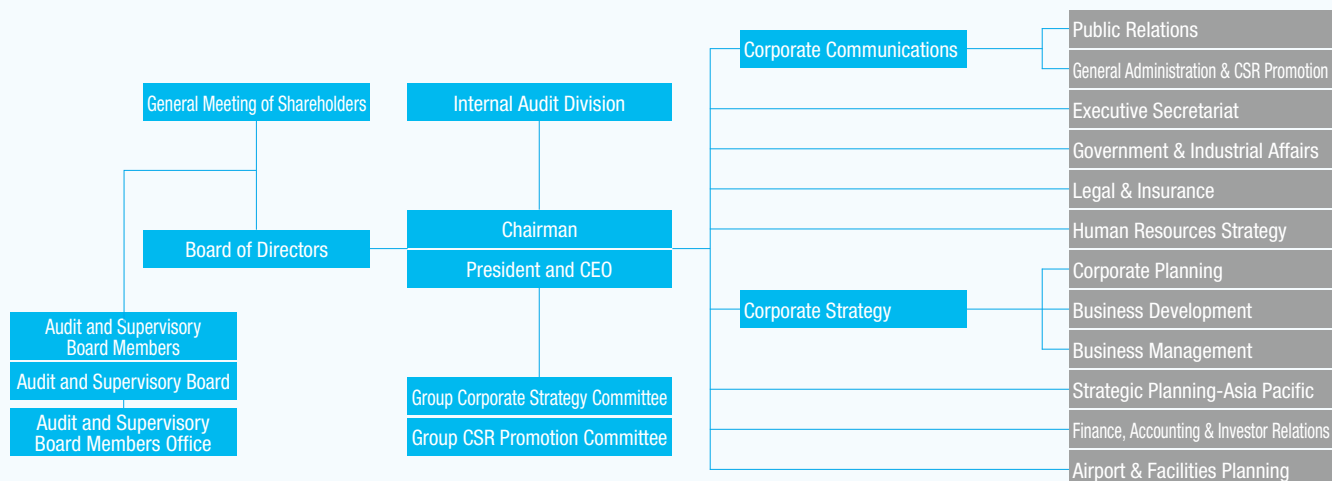


## Ground Energy Consumption



# The ANA Group Profile

## ANA HOLDINGS INC. Organization (As of July 1, 2015)



## Number of Subsidiaries and Affiliates (As of the end of March 2015)

Operating segment	Total of subsidiaries	of which, consolidated	of which, equity method	Total of affiliates	of which, equity method
Air Transportation	4	4	—	3	2
Airline Related	47	35	—	6	3
Travel Services	5	5	—	2	1
Trade and Retail	53	11	—	1	—
Others	10	9	1	30	11
Total	119	64	1	42	17

## Major Subsidiaries (As of the end of March 2015)

Company name	Amount of capital (Millions of yen)	Ratio of voting rights holding (%)	Principal business
<b>Air Transportation Business</b>			
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
<b>Airline Related Business</b>			
ANA Cargo Inc.	100	100.0	Cargo operations
Overseas Courier Service Co., Ltd.	120	91.5	Express shipping business
ANA Systems Co., Ltd.	80	100.0	Innovation and operation of IT systems
<b>Travel Services Business</b>			
ANA Sales Co., Ltd.	1,000	100.0	Planning and sales of travel packages, etc.
<b>Trade and Retail Business</b>			
ALL NIPPON AIRWAYS TRADING Co., Ltd.	1,000	100.0	Trading and retailing

## Corporate Data (As of the end of March 2015)

### Corporate Data

<b>Trade Name</b>	ANA HOLDINGS INC.	<b>Stock Listings</b>	Tokyo and London
<b>Date of Foundation</b>	December 27, 1952	<b>Ticker Code</b>	9202
<b>Head Office</b>	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan Tel: 81-3-6735-5555	<b>Administrator of Register of Shareholders</b>	(As of April 1, 2015) Sumitomo Mitsui Trust Bank, Limited (Stock Transfer Agency Department) 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
<b>Number of Employees</b>	34,919 (Consolidated)	<b>Independent Auditor</b>	Ernst & Young ShinNihon LLC
<b>Paid-In Capital</b>	¥318,789 million	<b>American Depository Receipts</b>	Ratio (ADR:ORD): 1:2 Exchange: OTC (Over-the-Counter) Symbol: ALNPY CUSIP: 016630303
<b>Fiscal Year-End</b>	March 31		Depository: 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: <a href="http://www.adrbnymellon.com">http://www.adrbnymellon.com</a>
<b>Number of Shares of Common Stock</b>	Authorized: 5,100,000,000 shares Issued: 3,516,425,257 shares		
<b>Number of Shareholders</b>	513,937		

### ANA's Route Network



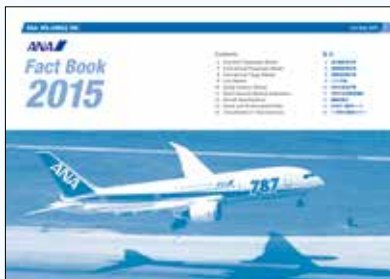
Refer to the following websites.

**ANA Domestic Routes:** [http://www.ana.co.jp/nwrm\\_de/](http://www.ana.co.jp/nwrm_de/)

**ANA International Routes:** [http://www.ana.co.jp/nwrm\\_ie/](http://www.ana.co.jp/nwrm_ie/)

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

### Fact Book 2015



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.

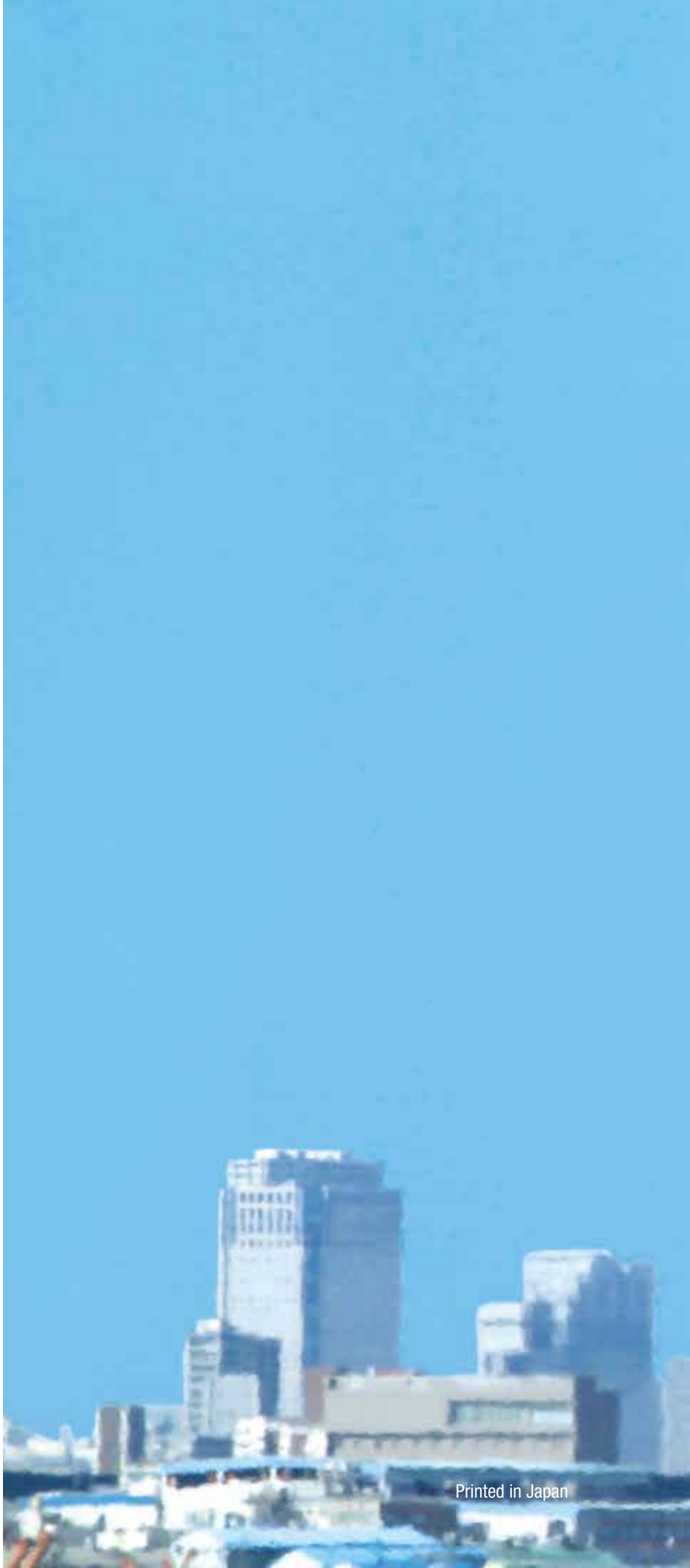
Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan

■ Finance, Accounting & Investor Relations E-mail: [ir@anahd.co.jp](mailto:ir@anahd.co.jp)

■ General Administration & CSR Promotion E-mail: [csr@anahd.co.jp](mailto:csr@anahd.co.jp)



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